

## Iconix Brand Group Inc (ICON)

Price:	\$29.56	Net Tang. Bk Value Incl. Cash, Excl.	\$890,390,000.00	Net Tang. Book Yr. 5 (Inc. Cash):	\$1,194,871,775.00
Market Cap:	\$1,685,511,200	Goodwill (NTBVIC):		Avg. Year FCF/Share:	\$67,967,757.50
Cash:	\$314,740,000	NTBVIC/Market Downside Recovery:	52.83%	Year 5 Disposition FCF Multiple:	3.0
Debt:	\$1,223,000,000	Op. Cash Flow:	\$71,734,924	Year 5 Disposition Price:	\$1,398,775,047.49
Net Cash:	-\$908,260,000	Implied Years to Fill Gap:	11.08		
Enterprise Value:	\$2,593,771,200	Today's Equity if 5x Op. CF:	\$1,105,594,772		
		Net Tang. Book+ Gain Disposition:			\$1,398,775,047.49
Shares Outstanding:	57,020,000	IRR:			-3.66%
				Price:	\$24.53
				Target Market Cap:	\$1,398,775,047
				Target Enterprise Value:	\$2,307,035,047

\* Our future intrinsic value measures the total return, which includes both capital appreciation and dividend income.

The stock is selling slightly above our intrinsic value calculation. It is an interesting business model and we were attracted to it for its' high margins. It is essentially a specialized patent acquiror which licenses the brand names out to retailers.

The Co. issued a lot of debt to acquire ownership of brandnames, and has built up \$230MM in goodwill, which we abhor.

Joe Boxer, Rocawear, Mossimo are some of their brands.

It looks like whole sale and retail customers (including Walmart, Target, KMart, Li & Fung), pay the Co. for the right to use the brands. The CO. doesn't actually make the clothing and accessories. There is no cost for the Co related to COGS.

The high debt balance and the stagnant growth rate is concerning. If it is like a VC or PE firm, which acquires a portfolio of brand names, expecting a handful of the investments to generate the bulk of the cash flow and averages out to a return higher than the cost of debt. So we can expect to see higher earnings if the Co. starts selling the brand rights to other buyers. The only alternative is to license the brands out to more customers, but we doubt there would be many domestic customers which would shell out cash to sell a third party brand, when they could develop their own private label. So, international clients may be the best option.

Year	Present Value	Holding Period					Terminal Value			Sale Price
	0	1	2	3	4	5	6	7	8	TBV at Year 5 + 3 Years FCF
<b>Tangible Book Value</b>	<b>890.39</b>	<b>951.29</b>	<b>1,012.18</b>	<b>1,073.08</b>	<b>1,133.98</b>	<b>1,194.87</b>				<b>1,194.87</b>
Annual Change		60.90	60.90	60.90	60.90	60.90				
<b>Annual FCF</b>	<b>199.95</b>	<b>68.73</b>	<b>67.96</b>	<b>67.57</b>	<b>67.62</b>	<b>67.97</b>	<b>67.97</b>	<b>67.97</b>	<b>67.97</b>	<b>203.90</b>
Annual Op. Cash Flow	202.18	71.73	70.96	70.57	70.62	70.97	70.97	70.97	70.97	
Annual PP&E Investment	(2.23)	(3.00)	(3.00)	(3.00)	(3.00)	(3.00)	(3.00)	(3.00)	(3.00)	
<b>Today's Tangible Book Value</b>	<b>890.39</b>	<b>944.34</b>	<b>1,001.56</b>	<b>1,062.25</b>	<b>1,126.61</b>	<b>1,194.87</b>				<b>1,398.78</b>
Intrinsic Value IRR	6.06%									
<b>Market Price</b>	<b>1,685.51</b>	<b>1,623.81</b>	<b>1,564.37</b>	<b>1,507.10</b>	<b>1,451.93</b>	<b>1,398.78</b>				<b>1,398.78</b>
Market Price IRR	-3.66%									

Debt	0.00%	0.00
Equity	100.00%	1,685.51
<b>Total</b>	<b>100.00%</b>	<b>1,685.51</b>

	Present Value	Holding Period					Terminal Value			Sale Price	
	Historic	ProForma	1	2	3	4	5	6	7	8	
Book Equity	1116.08	1,685.51	1,747.22	1,808.93	1,870.64	1,932.36	1,994.07				
Goodwill	225.69	795.12	795.12	795.12	795.12	795.12	795.12				
Debt	<b>1171</b>	<b>1,171.00</b>	<b>1,171.00</b>	<b>1,171.00</b>	<b>1,171.00</b>	<b>1,171.00</b>	<b>1,171.00</b>				
Debt Interest Rate		7.00%	7.00%	7.00%	7.00%	7.00%	7.00%				
Additional Interest Expense		-1.25	-1.25	-1.25	-1.25	-1.25					
<b>Tangible Book Value</b>	<b>890.39</b>	<b>890.39</b>	<b>952.10</b>	<b>1,013.81</b>	<b>1,075.52</b>	<b>1,137.23</b>	<b>1,198.95</b>				<b>1,198.95</b>
Annual Change			61.71	61.71	61.71	61.71	61.71				
<b>Annual FCF</b>	<b>199.95</b>		<b>69.55</b>	<b>68.77</b>	<b>68.38</b>	<b>68.43</b>	<b>68.78</b>	<b>68.78</b>	<b>68.78</b>		<b>206.35</b>
Annual Net Income	109.41		61.71	61.71	61.71	61.71	61.71	61.71	61.71		
<b>Annual Op. Cash Flow</b>	<b>202.18</b>		<b>72.55</b>	<b>71.77</b>	<b>71.38</b>	<b>71.43</b>	<b>71.78</b>	<b>71.78</b>	<b>71.78</b>		
Dividend Payments											
Annual PP&E Investment	(2.23)		(3.00)	(3.00)	(3.00)	(3.00)	(3.00)	(3.00)	(3.00)		
Debt Paydown	0.00						0.00	0.00	0.00		

<b>Sale Price in Year 5</b>											<b>1,405.29</b>
<b>Remaining Debt Balance</b>											<b>0.00</b>
<b>Capital Left for Equity Investor</b>											<b>1,405.29</b>
Dividend Payments											0.00
<b>Total Cash In Flow</b>											<b>1,405.29</b>
<b>Invested Equity</b>	<b>1,685.51</b>	<b>1,625.32</b>	<b>1,567.28</b>	<b>1,511.31</b>	<b>1,457.34</b>	<b>1,405.29</b>					
IRR	-3.57%										

<u>Value Creation</u>	
TBV Growth (equals sum of NI Year 1-5)	308.56
Cash Flow (Year 6-8)	206.35
<b>Total</b>	<b>514.90</b>

<u>Value Dilution</u>	
Debt	0.00
Goodwill	569.43
Additional Interest	-6.27
<b>Total</b>	<b>563.16</b>



SN VALUATION

LBO Pro Forma Income Statement

Name:

Iconix Brand Group Inc

Ticker:

ICON

	Historical				Forecasted				
	12 months ending 2009-12-31	12 months ending 2010-12-31	12 months ending 2011-12-31	12 months ending 2012-12-31	2013	2014	2015	2016	2017
Revenue	232.06	332.56	369.85	353.82	353.82	353.82	353.82	353.82	353.82
COGS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Gross margin	232.06	332.56	369.85	353.82	353.82	353.82	353.82	353.82	353.82
SG&A	79.56	138.53	140.99	138.37	141.53	141.53	141.53	141.53	141.53
R&D	0.00	0.00	0.00	0.00	35.38	35.38	35.38	35.38	35.38
Unusual expense	0.14	-2.69	0.09	0.00	0.00	0.00	0.00	0.00	0.00
Other operating expense	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Depreciation is: Included within COGS					0.00	0.00	0.00	0.00	0.00
Operating Income (EBITA)	152.56	196.72	228.77	215.45	176.91	176.91	176.91	176.91	176.91
Interest income/(expense)	-35.30	-33.83	-16.24	-32.98	-83.22	-83.22	-83.22	-83.22	-83.22
Gain (loss) on sale of asset	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Income before tax	117.26	162.89	212.53	182.47	93.69	93.69	93.69	93.69	93.69
Tax	41.23	52.41	71.29	58.96	32.79	32.79	32.79	32.79	32.79
Income after tax	76.03	110.48	141.24	123.51	60.90	60.90	60.90	60.90	60.90
Minority Interest	-0.92	-11.63	-15.14	-14.10	0.00	0.00	0.00	0.00	0.00
Equity in affiliates	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net income	75.11	98.85	126.11	109.41	60.90	60.90	60.90	60.90	60.90
*Figures are in millions (\$)									
EPS (based off today's share count)	\$1.32	\$1.73	\$2.21	\$1.92	\$1.07	\$1.07	\$1.07	\$1.07	\$1.07
P/E (historical today's price; forecasted intrinsic price)	22.44	17.05	13.37	15.41	26.67	25.69	24.75	23.84	22.97
Revenue Growth	N/A	43.31%	11.21%	-4.33%	0.00%	0.00%	0.00%	0.00%	0.00%
Tax Rate	35.16%	32.18%	33.54%	32.31%	35.00%	35.00%	35.00%	35.00%	35.00%
Implied Debt Interest Rate	-5.33%	-5.79%	-2.56%	-3.62%	-7.11%	-7.11%	-7.11%	-7.11%	-7.11%
Margins									
COGS	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Gross margin	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
SG&A	34.20%	41.66%	38.12%	39.11%	40.00%	40.00%	40.00%	40.00%	40.00%
R&D	0.00%	0.00%	0.00%	0.00%	10.00%	10.00%	10.00%	10.00%	10.00%
Unusual expense	0.06%	-0.81%	0.02%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Other operating expense	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Depreciation is: Included within COGS	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Operating Income (EBITA)	65.74%	59.15%	61.85%	60.89%	50.00%	50.00%	50.00%	50.00%	50.00%
Interest income/(expense)	-15.21%	-10.17%	-4.32%	-9.32%	-23.52%	-23.52%	-23.52%	-23.52%	-23.52%
Gain (loss) on sale of asset	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Other	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Income before tax	50.53%	48.98%	57.46%	51.57%	26.48%	26.48%	26.48%	26.48%	26.48%
Tax	17.77%	15.76%	16.66%	16.66%	9.27%	9.27%	9.27%	9.27%	9.27%
Income after tax	32.76%	33.22%	38.19%	34.91%	17.21%	17.21%	17.21%	17.21%	17.21%
Minority Interest	-0.40%	-3.50%	-4.09%	-3.99%	0.00%	0.00%	0.00%	0.00%	0.00%
Equity in affiliates	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Net income	32.37%	29.72%	34.10%	30.92%	17.21%	17.21%	17.21%	17.21%	17.21%

	As of 2009-12-31	As of 2010-12-31	As of 2011-12-31	As of 2012-12-31	As of 2013-03-31	Adjustment		Adjusted Proforma	2011	2012	2013	2014	2015
						+	-						
Cash	195.38	118.64	167.72	238.67	314.74			314.74	383.47	451.43	519.00	586.61	654.58
Short term investment	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
<b>Cash and Short term</b>	<b>195.38</b>	<b>118.64</b>	<b>167.72</b>	<b>238.67</b>	<b>314.74</b>			<b>314.74</b>	<b>383.47</b>	<b>451.43</b>	<b>519.00</b>	<b>586.61</b>	<b>654.58</b>
Accounts Receivable	62.67	65.51	79.67	85.25	112.00			112.00	112.00	112.00	112.00	112.00	112.00
Other receivables	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
<b>Total Receivables</b>	<b>62.67</b>	<b>65.51</b>	<b>79.67</b>	<b>85.25</b>	<b>112.00</b>			<b>112.00</b>	<b>112.00</b>	<b>112.00</b>	<b>112.00</b>	<b>112.00</b>	<b>112.00</b>
Total Inventory	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Prepaid Expenses	14.55	36.68	20.93	22.57	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Other Current Assets	8.05	5.04	16.18	19.86	90.56			90.56	90.56	90.56	90.56	90.56	90.56
<b>Current Assets</b>	<b>280.65</b>	<b>225.87</b>	<b>284.50</b>	<b>366.35</b>	<b>517.30</b>	<b>0.00</b>	<b>0.00</b>	<b>517.30</b>	<b>586.03</b>	<b>653.99</b>	<b>721.56</b>	<b>789.17</b>	<b>857.14</b>
PP&E, Gross	9.06	14.89	18.14	19.85	20.00			20.00	23.00	26.00	29.00	32.00	35.00
Change in Depreciation	0.69	1.80	2.45	2.78	2.78			2.78	2.78	2.78	2.78	2.78	2.78
Accumulated Depreciation	2.61	4.41	6.86	10.26	11.00			11.00	13.78	16.56	19.34	22.12	24.90
<b>PP&amp;E, Net</b>	<b>6.45</b>	<b>10.48</b>	<b>11.28</b>	<b>9.59</b>	<b>9.00</b>			<b>9.00</b>	<b>9.22</b>	<b>9.44</b>	<b>9.66</b>	<b>9.88</b>	<b>10.10</b>
Goodwill	170.74	192.78	223.27	225.69	225.69	0.00		225.69	225.69	225.69	225.69	225.69	225.69
Intangibles	1,254.69	1,400.55	1,551.00	1,769.51	1,962.00			1,962.00	1,953.94	1,946.66	1,939.77	1,932.83	1,925.54
Long term investments	43.56	59.68	46.28	64.77	64.64			64.64	64.64	64.64	64.64	64.64	64.64
Other long term assets	46.54	62.11	44.98	45.33	42.70			42.70	42.70	42.70	42.70	42.70	42.70
<b>Long Term Assets</b>	<b>1,521.98</b>	<b>1,725.60</b>	<b>1,876.81</b>	<b>2,114.89</b>	<b>2,304.03</b>			<b>2,304.03</b>	<b>2,296.19</b>	<b>2,289.13</b>	<b>2,282.46</b>	<b>2,275.74</b>	<b>2,268.67</b>
<b>Total Assets</b>	<b>1,802.63</b>	<b>1,951.47</b>	<b>2,161.31</b>	<b>2,481.24</b>	<b>2,821.33</b>	<b>0.00</b>	<b>0.00</b>	<b>2,821.33</b>	<b>2,882.23</b>	<b>2,943.12</b>	<b>3,004.02</b>	<b>3,064.92</b>	<b>3,125.81</b>
Accounts Payable	0.00	0.00	0.00	0.00	44.00			44.00	44.00	44.00	44.00	44.00	44.00
Accrued Expense	0.00	0.00	0.00	0.00	32.00			32.00	32.00	32.00	32.00	32.00	32.00
Other current Liabilities	14.80	20.30	17.42	15.21	38.57			38.57	38.57	38.57	38.57	38.57	38.57
<b>Total Current Liabilities</b>	<b>14.80</b>	<b>20.30</b>	<b>17.42</b>	<b>15.21</b>	<b>114.57</b>	<b>0.00</b>	<b>0.00</b>	<b>114.57</b>	<b>114.57</b>	<b>114.57</b>	<b>114.57</b>	<b>114.57</b>	<b>114.57</b>
Notes Payables/Short Term Debt	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Current port. Of LT Debt/Capital Leases	93.25	36.38	322.42	52.00	52.00			52.00	52.00	52.00	52.00	52.00	52.00
Long term Debt	569.13	548.01	310.97	859.72	1,171.00	0.00	0.00	1,171.00	1,171.00	1,171.00	1,171.00	1,171.00	1,171.00
Capital Lease Obligations	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
<b>Total Interest Earning Debt</b>	<b>662.38</b>	<b>584.39</b>	<b>633.39</b>	<b>911.72</b>	<b>1,223.00</b>	<b>0.00</b>	<b>0.00</b>	<b>1,223.00</b>	<b>1,223.00</b>	<b>1,223.00</b>	<b>1,223.00</b>	<b>1,223.00</b>	<b>1,223.00</b>
Deferred Income tax	117.09	138.58	174.24	206.91	215.86			215.86	215.86	215.86	215.86	215.86	215.86
Minority Interest	60.62	102.55	104.52	113.69	192.06			192.06	192.06	192.06	192.06	192.06	192.06
Other liabilities	14.12	26.01	19.74	14.66	-20.47			-20.47	-20.47	-20.47	-20.47	-20.47	-20.47
<b>Total Liabilities</b>	<b>869.01</b>	<b>871.83</b>	<b>949.31</b>	<b>1,262.19</b>	<b>1,725.02</b>	<b>0.00</b>	<b>0.00</b>	<b>1,725.02</b>	<b>1,725.02</b>	<b>1,725.02</b>	<b>1,725.02</b>	<b>1,725.02</b>	<b>1,725.02</b>
Redeemable Preferred Stock	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Non-redeemable Preferred Stock	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Common Stock	0.07	0.07	0.08	0.08	0.08		0.00	0.08	0.08	0.08	0.08	0.08	0.08
Additional Paid-in capital	725.50	752.80	802.19	815.93	871.00	0.00	0.00	871.00	871.00	871.00	871.00	871.00	871.00
Dividends Paid	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Retained Earnings	195.47	294.32	420.42	529.83	565.00		0.00	565.00	625.90	686.79	747.69	808.59	869.48
Treasury Stock	-7.86	-10.83	-33.15	-159.69	-320.00		0.00	-320.00	-320.00	-320.00	-320.00	-320.00	-320.00
Other Equity	-4.03	0.00	-0.48	0.00	0.00		0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Total Equity</b>	<b>909.15</b>	<b>1,036.36</b>	<b>1,189.06</b>	<b>1,186.15</b>	<b>1,116.08</b>	<b>0.00</b>	<b>0.00</b>	<b>1,116.08</b>	<b>1,176.98</b>	<b>1,237.87</b>	<b>1,298.77</b>	<b>1,359.67</b>	<b>1,420.56</b>
<b>Liability + Equity</b>	<b>1,778.16</b>	<b>1,908.19</b>	<b>2,138.37</b>	<b>2,448.34</b>	<b>2,841.10</b>	<b>0.00</b>	<b>0.00</b>	<b>2,841.10</b>	<b>2,902.00</b>	<b>2,962.89</b>	<b>3,023.79</b>	<b>3,084.69</b>	<b>3,145.58</b>
<b>Variance</b>	24.47	43.28	22.94	32.90	-19.77			-19.77	-19.77	-19.77	-19.77	-19.77	-19.77
<b>Debt/Equity</b>	0.73	0.56	0.53	0.77	1.10			1.10	1.04	0.99	0.94	0.90	0.86
Inventory Turnover	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!			#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Inventory Turnover Days	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!			#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Days Inventory Outstanding	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!			#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Accounts Receivable Turnover	3.70	5.08	4.64	4.15	3.16			3.16	3.16	3.16	3.16	3.16	3.16
Accounts Receivable Turnover Days	98.57	71.90	78.63	87.94	115.54			115.54	115.54	115.54	115.54	115.54	115.54
Days Payable Outstanding	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!			#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Days Sales Outstanding	98.57	71.90	78.63	87.94	115.54			87.94	115.54	115.54	115.54	115.54	115.54
Cash Conversion Cycle	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!			#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Net tangible assets/share	(\$9.05)	(\$9.77)	(\$10.26)	(\$14.19)	(\$18.79)			(\$17.58)	(\$16.39)	(\$15.20)	(\$14.01)	(\$12.81)	(\$12.81)

	12 months ending 2009-12-31	12 months ending 2010-12-31	12 months ending 2011-12-31	12 months ending 2012-12-31	2011	2012	2013	2014	2015
Net Income	76.03	110.48	141.24	123.51	60.90	60.90	60.90	60.90	60.90
Depreciation	0.69	1.80	2.45	2.78	2.78	2.78	2.78	2.78	2.78
<b>Net Income + Depreciation</b>	<b>76.72</b>	<b>112.28</b>	<b>143.69</b>	<b>126.29</b>	<b>63.68</b>	<b>63.68</b>	<b>63.68</b>	<b>63.68</b>	<b>63.68</b>
Amortization	7.33	8.31	6.99	5.53	8.06	7.28	6.89	6.94	7.29
Deferred Taxes	17.14	13.45	27.74	24.39	0.00	0.00	0.00	0.00	0.00
Non Cash Items	19.83	38.59	9.24	29.33	0.00	0.00	0.00	0.00	0.00
Change in Working capital	1.85	-6.90	-10.04	16.64	0.00	0.00	0.00	0.00	0.00
Accounts Receivable	0.00	-2.84	-14.16	-5.58	0.00	0.00	0.00	0.00	0.00
Other Receivables	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Inventory	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Prepaid Expenses	0.00	-22.13	15.75	-1.64	0.00	0.00	0.00	0.00	0.00
Accounts Payable	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Cash from Operating Activities</b>	<b>122.87</b>	<b>165.73</b>	<b>177.62</b>	<b>202.18</b>	<b>71.73</b>	<b>70.96</b>	<b>70.57</b>	<b>70.62</b>	<b>70.97</b>
Capital Expenditures Expenditures	-4.02	-3.28	-3.81	-2.23	-3.00	-3.00	-3.00	-3.00	-3.00
Long term investment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Investing Activities	-83.15	-175.88	-153.72	-242.93	0.00	0.00	0.00	0.00	0.00
<b>Cash from Investing Activities</b>	<b>-87.17</b>	<b>-179.16</b>	<b>-157.53</b>	<b>-245.16</b>	<b>-3.00</b>	<b>-3.00</b>	<b>-3.00</b>	<b>-3.00</b>	<b>-3.00</b>
Financing Cash flow items	0.38	18.99	-2.77	-18.52	0.00	0.00	0.00	0.00	0.00
Total Cash Dividends Paid	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Issuance (Retirement) of Stock	153.85	-0.89	9.79	-125.78	0.00	0.00	0.00	0.00	0.00
Issuance (Retirement) of Current Portion Debt	-	-	-	-	0.00	0.00	0.00	0.00	0.00
Issuance (Retirement) of Long Term Debt	-60.94	-81.42	21.98	258.24	0.00	0.00	0.00	0.00	0.00
<b>Cash from Financing Activities</b>	<b>93.29</b>	<b>-63.32</b>	<b>29.00</b>	<b>113.94</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
Foreign Exchange effect	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Beginning Cash Balance	-128.98	0.00	0.00	0.00	314.74	383.47	451.43	519.00	586.61
<b>Net Change in Cash</b>	<b>128.98</b>	<b>-76.75</b>	<b>49.08</b>	<b>70.95</b>	<b>68.73</b>	<b>67.96</b>	<b>67.57</b>	<b>67.62</b>	<b>67.97</b>
Ending Cash Balance	0.00	0.00	49.08	70.95	383.47	451.43	519.00	586.61	654.58
Capex to Revenue	1.73%	0.99%	1.03%	0.63%	0.85%	0.85%	0.85%	0.85%	0.85%
Depreciation to Sales	0.30%	0.54%	0.66%	0.79%	0.79%	0.79%	0.79%	0.79%	0.79%
Amortization to Sales	3.16%	2.50%	1.89%	1.56%	2.28%	2.06%	1.95%	1.96%	2.06%
A/R to Sales	27.01%	19.70%	21.54%	24.09%	24.09%	24.09%	24.09%	24.09%	24.09%
Distributable FCF/EV Yield	1.38%	-0.52%	0.77%	-1.66%	2.65%	2.62%	2.60%	2.61%	2.62%
Dividend Yield	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>FCF (Ops-Investing)</b>	<b>118.85</b>	<b>162.45</b>	<b>173.81</b>	<b>199.95</b>	<b>68.73</b>	<b>67.96</b>	<b>67.57</b>	<b>67.62</b>	<b>67.97</b>

# SN VALUATION

# LBO Debt Schedule

Ticker:

ICON

	Proforma	2013	2014	2015	2016	2017
<b>Net Change in Cash</b>	<b>70.95</b>	<b>68.73</b>	<b>67.96</b>	<b>67.57</b>	<b>67.62</b>	<b>67.97</b>
Current Portion Debt Repayment						
Long Term Debt Repayment						
<b>Outstanding Debt</b>	<b>1,223.00</b>	<b>1,223.00</b>	<b>1,223.00</b>	<b>1,223.00</b>	<b>1,223.00</b>	<b>1,223.00</b>
Current Portion Debt Balance	52.00	52.00	52.00	52.00	52.00	52.00
Long Term Debt Balance	1,171.00	1,171.00	1,171.00	1,171.00	1,171.00	1,171.00
Forward Libor Curve		3.00%	3.00%	3.00%	3.00%	3.00%
Spread		4.00%	4.00%	4.00%	4.00%	4.00%
<b>Interest Rate</b>		<b>7.00%</b>	<b>7.00%</b>	<b>7.00%</b>	<b>7.00%</b>	<b>7.00%</b>
<b>Interest Expense</b>		<b>85.61</b>	<b>85.61</b>	<b>85.61</b>	<b>85.61</b>	<b>85.61</b>
Cash Balance		238.67				
Interest @ 1.0%		2.39	2.39	2.39	2.39	2.39
<b>Net Interest Expense/(Income)</b>		<b>83.22</b>	<b>83.22</b>	<b>83.22</b>	<b>83.22</b>	<b>83.22</b>
<b>Net Interest Rate</b>		<b>7.11%</b>	<b>7.11%</b>	<b>7.11%</b>	<b>7.11%</b>	<b>7.11%</b>
EBITDA		176.91	176.91	176.91	176.91	176.91
<b>EBITDA/Interest Expense Coverage</b>		<b>2.07</b>	<b>2.07</b>	<b>2.07</b>	<b>2.07</b>	<b>2.07</b>

## Interest Rate Coverage Table

Debt Rating	2013	2014	2015	2016	2017
AAA					
AA					
A+					
A					
A-					
BBB					
BB+					
BB					
B+					
B	B	B	B	B	B
B-					
CCC					
CC					
C					
D					

\*Source: NYU; Professor Damodaran

## Altman Z Score

Company Name:

Iconix Brand Group Inc

Ticker:

ICON

Period	2009	2010	2011	2012	2013	2014	2015	2016	2017
Working Capital	265.85	205.57	267.08	402.73	471.46	539.42	606.99	674.60	742.57
Total Assets	1,802.63	1,951.47	2,161.31	2,821.33	2,882.23	2,943.12	3,004.02	3,064.92	3,125.81
<b>X1</b>	<b>0.15</b>	<b>0.11</b>	<b>0.12</b>	<b>0.14</b>	<b>0.16</b>	<b>0.18</b>	<b>0.20</b>	<b>0.22</b>	<b>0.24</b>
Retained Earnings	195.47	294.32	420.42	565.00	625.90	686.79	747.69	808.59	869.48
Total Assets	1,802.63	1,951.47	2,161.31	2,821.33	2,882.23	2,943.12	3,004.02	3,064.92	3,125.81
<b>X2</b>	<b>0.11</b>	<b>0.15</b>	<b>0.19</b>	<b>0.20</b>	<b>0.22</b>	<b>0.23</b>	<b>0.25</b>	<b>0.26</b>	<b>0.28</b>
EBITDA	152.56	196.72	228.77	215.45	176.91	176.91	176.91	176.91	176.91
Total Assets	1,802.63	1,951.47	2,161.31	2,821.33	2,882.23	2,943.12	3,004.02	3,064.92	3,125.81
<b>X3</b>	<b>0.08</b>	<b>0.10</b>	<b>0.11</b>	<b>0.08</b>	<b>0.06</b>	<b>0.06</b>	<b>0.06</b>	<b>0.06</b>	<b>0.06</b>
Market Value of Equity	1,685.51	1,685.51	1,685.51	1,685.51	1,623.81	1,564.37	1,507.10	1,451.93	1,398.78
Total Liabilities	869.01	871.83	949.31	1,725.02	1,725.02	1,725.02	1,725.02	1,725.02	1,725.02
<b>X4</b>	<b>1.94</b>	<b>1.93</b>	<b>1.78</b>	<b>0.98</b>	<b>0.94</b>	<b>0.91</b>	<b>0.87</b>	<b>0.84</b>	<b>0.81</b>
Net Sales	232.06	332.56	369.85	353.82	353.82	353.82	353.82	353.82	353.82
Total Assets	1,802.63	1,951.47	2,161.31	2,821.33	2,882.23	2,943.12	3,004.02	3,064.92	3,125.81
<b>X5</b>	<b>0.13</b>	<b>0.17</b>	<b>0.17</b>	<b>0.13</b>	<b>0.12</b>	<b>0.12</b>	<b>0.12</b>	<b>0.12</b>	<b>0.11</b>
<b>Altman Z Score</b>	<b>1.90</b>	<b>2.00</b>	<b>2.01</b>	<b>1.42</b>	<b>1.39</b>	<b>1.41</b>	<b>1.43</b>	<b>1.44</b>	<b>1.46</b>

$$Z = 1.2 \times X1 + 1.4 \times X2 + 3.3 \times X3 + 0.6 \times X4 + 1.0 \times X5$$

Z-SCORE ABOVE 3.0 –The company is considered 'Safe' based on the financial figures only.

Blue

Z-SCORE BETWEEN 2.7 and 2.99 – 'On Alert'. This zone is an area where one should 'Exercise Caution'.

Green

Z-SCORE BETWEEN 1.8 and 2.7 – Good chance of the company going bankrupt within 2 years.

Yellow

Z-SCORE BELOW 1.80- Probability of Financial Catastrophe is Very High.

Red