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PRESENTATION

Operator

Good day, ladies and gentlemen. Welcome to the Quarter 2 2018 Iconix Brand Group Earnings Conference Call. (Operator Instructions) As a reminder, this call will be recorded.

I would now like to introduce your host for today's conference, Cristina Cosentino. Please go ahead.

Cristina Cosentino

Good morning, and welcome to the Iconix Brand Group's Second Quarter 2018 Earnings Conference Call. On today's call, we have with us, Peter Cuneo, our Interim Chief Executive Officer and Chairman; and Dave Jones, our finance -- our Chief Financial Officer.

During today's call, we will be making some forward-looking statements within the meaning of the federal securities laws. The statements that are not historical facts contained in this conference call are forward-looking statements that involve a number of risks, uncertainties and other factors, all of which are difficult or impossible to predict, and many of which are beyond the control of the company. This may cause actual results, performance or achievements of the company to be materially different from the results, performance or achievements expressed or implied by such forward-looking statements. The words belief, anticipate, expect, confident and similar expressions identify forward-looking statements. Listeners are cautioned to not place undue reliance on these forward-looking statements, which speak only as of the date the statement was made.

I would now like to turn the call over to Peter Cuneo, Interim CEO and Chairman.

F. Peter Cuneo - *Iconix Brand Group, Inc. - Executive Chairman & Interim CEO*

Thanks, Cristina, and good morning, everyone. As we noted in our press release, our financial results for the second quarter met our expectations. Dave Jones will provide more details on our performance shortly. But first, I would like to update everyone on several important communications that we have made during the second quarter.

First, we recently announced a cooperation agreement with Sports Direct International. As a part of the agreement, we have immediately appointed Justin Barnes as a Director of Iconix and as a member of our Nominating and Governance Committee and a member of our CEO Search Committee. We will include Mr. Barnes on our slate of director nominees at our 2018 Annual Meeting, which will be held on September 27. Additionally, Jim Marcum, a current member of our board, will continue to serve on the board as a Sports Direct designee. He will be included by the company on its slate of Director nominees at the 2018 Annual Meeting.

The company also agreed to establish a Steering Committee consisting of board and management members. The committee will undertake a further operational review of the company's business. We are pleased that Sports Direct is engaged in our business, and we believe the recent cooperation agreement is a positive step for the company and its future.

In other key developments this quarter, our Umbro business at Target continued to perform ahead of our expectations. Our Umbro Kids business continues to grow across all stores and online, with new assortments in core soccer apparel, as well as increased equipment offerings for the upcoming fall soccer season. We are also expanding our product assortment to include both men's and women's fashion apparel, which will be launching later this month.

Starter at Amazon is also moving forward. As previously discussed, the set-up of the business in the e-com-only environment takes longer than a traditional bricks-and-mortar introduction. But sales on Amazon for the month of July were strong and included a participation in Prime Day and a Starter deal of the day.

We are anticipating a doubling of the Starter Black business this year versus 2017 as our core licensee, G-III, continues to advance the brand. Most significantly, Starter will be returning to the football field as the official on-field outfitter of uniforms and sideline apparel for all the teams in the Alliance of American Football League, as just announced with our partner G-III. The AAF is led by some of the most respected football minds in the game and will feature 8 teams, each with a 50-player roster. They will play a 10-week regular schedule, beginning on February 9 next year. The broadcast will be aired on CBS.

The culmination of the season will be 2 playoff rounds and a championship game on the weekend of April 26.

In addition, we are exploring off-the-field marketing opportunities for Starter as well. And as you might imagine, this is a very significant opportunity for Starter.

Our international division has sustained its growth trajectory, with its fourth consecutive quarter of organic growth. Our strong international management team and [off a] structure, working across 5 continents with multiple brands, provides a diversified base of revenue.

Our team is able to deliver overall organic growth despite market fluctuations, setbacks in local markets or problems with a specific brand or licensee. We expect our international business to continue to show year-on-year growth for the remainder of the year.

Regarding the company's CEO search, we are well into the process and we hope to have a definitive announcement in the near term.

Finally, everyone is aware that our current share price is below $1. This may eventually be a Nasdaq listing problem for us. Obviously, we are working every day to generate new business for the company and organically drive the company's value. But in addition, if needed, in September, at our Annual Shareholders Meeting, we will ask for shareholder approval to reverse split our stock.

As we prepare to enter the next phase in the reinvention of Iconix, with a well-diversified board and a soon-to-be-announced CEO, we continue to see inbound interest every day for many of our brands. We believe the licensing business continues to have much unrealized value, and we are working with our global business partners every day to develop new innovative ways to go to market.

We continue to believe that our business model has to include a direct-to-consumer outreach business for many of our brands, and we are working to build that capability now. Our business is stable and is coupled with a sound balance sheet. The transformation of Iconix is progressing.

And now, Dave, please take us through the details of the quarter.

David K. Jones - *Iconix Brand Group, Inc. - Executive VP & CFO*

Thank you, Peter. Let's start with the women's segment. As expected, revenue in the women's segment was down 39% and 40% for the 3 and 6 months ended June 30, respectively. As previously discussed, the decline was principally the results of our transition of our Danskin, OP and Mossimo DTRs or direct-to-retail relationships. We're working to build new businesses for these brands to offset the impact of the DTR transitions.

Our new brand positioning for Danskin continues to be well received by licensees. As an example, one of our great licensees, UNITED LEGWEAR, recently signed up to license Danskin for the socks and headwear categories in department stores, specialty stores and off-price. Importantly, we also recently secured an agreement with Walmart to continue the Danskin Now Girls Dance Business both in-store and online. This is meaningful for the brand and shows the strength of Danskin's heritage in dance.

Ocean Pacific has had some recent wins as we signed a new license agreement for footwear and accessories starting in the Spring '19 season, with one of our Umbro and Danskin licensees. Ocean Pacific has also been successful in gaining focused surf distribution this year, going into Spring '19, which is helping the brand to reestablish its authenticity and heritage. We are in conversations to develop an elevated collection at higher distribution, and we are currently presenting home and beach concepts to some significant retailers.

During the quarter, we changed our assumptions and strategy for relaunching Mossimo as it winds down at Target in 2018. As a result, we recorded an impairment charge of approximately $73 million on the Mossimo trademark, which in turn resulted in an almost $38 million goodwill charge in the women's segment. Despite the impairment charges, we believe we have significant opportunities for Mossimo, which we hope to be able to discuss in the third quarter.

In the men's segment, revenue was up 5% for the quarter and 1% year-to-date. As Peter mentioned, part of the success in the men's segment is coming from our multi-year Umbro distribution agreement with Target. Since its launch in February of this year, performance has exceeded our expectations.

Men's and women's fashion apparel is launching at Target this month, and we are happy to report that our inventory is in shape to provide meaningful results.

As we look forward to 2019, we are working with Target on initiatives for the Women's World Cup and category expansions, which should provide some additional traction for the brand.

Buffalo continues to be a strong performer in 2018. As I mentioned before, we expect the business will have difficult comps in the back half of the year compared to its 2017 strong performance in the second half. In 2018, we've signed a new children's sportswear license and we are working closely with our partner, Global Brands Group, to expand the Buffalo business outside of the U.S.

PONY has reestablished itself as one of our most desirable iconic brands, as evidenced by 3 new license agreements for PONY signed in the second quarter, including a new license in footwear, women's apparel and kids apparel.

Home segment was down 11% year-over-year in both the quarter and year-to-date. However, it should be noted that a portion of this decline is due to timing in our Charisma business. As such, we expect a pickup in the Charisma business in the second half. In fact, we've expanded programs in bath, sheets and utility in 2018, and our retail sales are up 30% year-to-date for the first 7 months of 2018 for Charisma.

Fieldcrest continues to be an important brand at Target, with growth in bath, bedding and utility. Fieldcrest sales -- retail sales were up 9% year-over-year, and gaining momentum into the back half of the year on the strength of the new towel introduction, which was touted recently as the best overall towel by Business Insider and is available exclusively at Target.

As we mentioned previously, the growth of our home business has been negatively impacted by the terms of a renewal of the Waverly Inspirations contract at Walmart. Per the terms of the renewal, guaranteed minimums were eliminated, but we expect the sales volumes to be consistent with the prior year by the end of 2018.

Helping to offset some of the impact of this change, we have signed a direct-to-retail license with Christmas Tree Shops in 2018, with deliveries scheduled for early 2019. We have also expanded into a major home textiles category, bath, with a new licensee that will begin providing product at the end of the year.

Finally, we've begun active curation of specific capsules with unique prints and color palettes, in collaboration with key retail partners, which should provide additional positive traction in 2019.

The new revenue recognition standard negatively impacts the Royal Velvet DTR, with JCPenney, in particular, and as a result, the home segment will record less revenue in 2018 than the current guaranteed minimum royalty for that DTR.

Our International division continues to be a strong component of our business despite a challenging retail environment in several regions and disruptive swings in foreign currency exchange rates. In Q2, our international business grew 4% above last year and is up 15% year-to-date, with significant strength across Europe, India and parts of Southeast Asia.

As previously discussed, the first quarter benefited from our Umbro-sponsored team, Peru, qualifying for the World Cup. The international business is driven by 6 key brands anchored by Umbro and Lee Cooper.

In the second quarter, we negotiated several long-term renewals for Umbro in key geographies across Latin America, the Middle East and Europe. In China, Umbro signed a brand collaboration deal with GXG, a leading men's retailer with over 2,000 locations. We've also secured a new 10-year license for Joe Boxer in China.

Lee Cooper recently signed a new long-term license for footwear in India with Future Group, who is also our Lee Cooper apparel licensee, bringing together all categories with one powerful partner with expectations for significant growth in the years ahead.

Additional highlights from the second quarter include a 5-year renewal for Mossimo in the Philippines, while adding several new territories in preparation for platform rollout of Mossimo across Southeast Asia.

And in the U.K., we've signed a new 4-year license for Ed Hardy across apparel, footwear and accessories, which has already been extended to include apparel and footwear in Italy and Ed Hardy footwear in Spain. Ignoring currency translation risks, we expect the international business to continue to perform very well for the remainder of the year.

Our SG&A expenses in the second quarter were $28.6 million, a 7% increase compared to $26.8 million in the second quarter of '17. However, '18 includes $2.7 million of special charges, primarily consisting of severance charges, and $2.9 million of costs associated with recent debt financings. Adjusting for these items in '18 and special charges of about $2.5 million in '17, SG&A actually decreased approximately $1.2 million or 5%. Similarly, SG&A expenses in the 6 months included special charges of $5.4 million, $8.3 million of costs associated with debt financings, $2.6 million of restructuring costs and a $1.1 million noncash purchase accounting adjustment. Adjusting for these items in '18 and special charges of $4.7 million in '17, SG&A actually decreased $2.7 million or 6%.

We are on track with our previously announced cost savings plans to obtain annual savings of approximately $12 million through rightsizing our expense structure and appropriately aligning it to the current business.

Our income statement for the quarter and 6 months includes a number of one-time items, including costs associated with terminating licensees, litigation settlements, gains on sales of trademarks and the gain of deconsolidation of one of our joint ventures. Our earnings release issued today has details and reconciliations related to all such items.

Turning to the balance sheet. We had $95.6 million of cash on hand at the end of the quarter, $55.8 million of which was in the U.S. and unrestricted. It should be noted that during the second quarter due in part to the new U.S. tax laws, we elected to treat all foreign operations as branches of the U.S. As a result, we will be able to utilize foreign cash generation in the U.S. with minimal tax consequences. Our debt balances have declined approximately $38 million from $827 million at the end of '17 to $789 million at the end of the second quarter. Of the $789 million outstanding, $486.8 million relates to our securitization facility, which has a weighted average interest rate of approximately 4.6% and matures in January 2020.

Our 5.75% convertible notes represent approximately $111 million of the balance. It should be noted that the first interest payment on those notes, which is due August 15, will be paid in stock. These notes, unless otherwise converted, will mature in January 2023.

Finally, our senior secured term loan represents approximately $191 million of the total, bears interest at LIBOR plus 7% and matures in 2023. We are in compliance with financial covenants related to our indebtedness and our current 3-year projections show us to be in compliance through 2020. Due to a decrease in our debt service coverage ratio within the securitization facility, 25% of residual royalty collections are currently restricted until that ratio increases. We are currently forecasting that, that restriction could increase to 100% during 2019, but we also expect the ratio to return to a normal level in 2020. Such cash restriction has been assumed in all of our financial projections.

Through 6 months of 2018, the company generated $31.4 million of free cash flow, and we continue to expect to generate approximately $50 million to $70 million of free cash flow for the full year. Free cash flow is driven by many factors, including working capital changes. A reconciliation to cash provided by operating activities is included in our earnings press release. As detailed in our earnings press release today, we've revised our previous GAAP net income guidance due to the trademark and goodwill impairment. We are currently anticipating to be at the lower end of our full year revenue and non-GAAP net income guidance, and we're maintaining our full year free cash flow guidance.

We'd now like to open up the call for questions.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) And our first question comes from Eric Beder with Small Capital Consumer.

Eric Beder

It's Eric Beder from Small Cap Consumer Research. Just a few quick questions. So the DTR world is changing. You guys seem to be doing a lot of different things. What is the -- when you look at the longer term, what is the future of DTRs in the domestic market [lies]? And how do you respond to that?

F. Peter Cuneo - *Iconix Brand Group, Inc. - Executive Chairman & Interim CEO*

Well, we think that -- this is Peter. We think that there is a future for DTRs domestically, but the terms around them probably will change somewhat. The -- these contracts will have more flexibility, I think, on both side, and could include situations where if the retailer is not recognizing their original projections for any particular brand, that there will be various outs or reductions in the contractual obligations of these -- contracts could also convert to a nonexclusive basis in the future. I don't think that we're going to see DTRs and arrangements at all the way they were in the past, for obvious reasons, for obvious changes in the industry.

David K. Jones - *Iconix Brand Group, Inc. - Executive VP & CFO*

Eric, it's Dave. I would say, while I think the deals that we look at currently today are structured a bit differently, as Peter mentioned. I think the question we generally get is are retailers disengaging with brands. And I think the answer is no, and the best example we have is Umbro at Target today. So that's not a typical historical DTR relationship, but the Umbro brand is exclusive to Target in the U.S. And early stages is looking like it's very successful. So I think brands are definitely still important to retailers, in particular, in the sports categories, but we've seen that across the board. We've mentioned a couple of new DTRs in the prepared script today. So I think, if that's the question, I think the answer is brands are still very important, and in the right situations, I think big retailers are willing to make commitments to brands.

Eric Beder

Okay. You mentioned that on the convertible debt, you're going to paying that out, the interest payment, out in stock. What was the thought process of why you decided to do it that way?

David K. Jones - *Iconix Brand Group, Inc. - Executive VP & CFO*

I think, as we've said before, we are -- as we are in a transition period with some of these big brands, we're obviously looking to be responsible and conserve cash. We have the option under the convertible notes to pay in stock. And so for -- this is the first payment under the notes. And so for those, we have elected to pay stock this time around. I believe we can make that election at every interest payment. And at this point, it is important for us to continue to invest brands, and so it's a sensible approach for us to take. But we've got flexibility there, going forward.

Eric Beder

And finally, on the international side, it seems like that's working out really well. What do you have left in terms of potential joint ventures that you could collapse if you want to? And could you remind us where you are completely direct internationally now?

David K. Jones - *Iconix Brand Group, Inc. - Executive VP & CFO*

So we still have at least 5, I think, is the number of joint ventures out there. We don't have -- while we talk to our joint venture partners all the time and consider different alternatives, I don't think there's any current plans to take any of those back. As you know, Global Brands Group is one of our partners in quite a few of those joint ventures, and we've got a great relationship there and work well with those guys. So while in the past, in certain territories, we have found it beneficial to take control of the joint venture, I think we're comfortable with the way they're all operating now. We, in many cases, are managing the business day to day, so it's a good arrangement.

Operator

And our next question comes from John Broderick with Permit Capital.

John Charles Broderick - *Permit Capital, LLC - Partner and Analyst*

First question is about the free cash flow guidance for this year. Does that include the cash that's being -- that's going to be restricted by the secured notes?

David K. Jones - *Iconix Brand Group, Inc. - Executive VP & CFO*

Sorry, John. I just -- we didn't hear the first part of the question. Can you repeat that?

John Charles Broderick - *Permit Capital, LLC - Partner and Analyst*

Sure. Does the -- the free cash flow guidance for 2018, is that net or gross of the restricted cash, the cash that's being restricted by the secured notes?

David K. Jones - *Iconix Brand Group, Inc. - Executive VP & CFO*

Yes. That's the gross amount. So -- and the number is small for 2018, but that is the gross amount, so it includes the cash that will be restricted within the securitization. I think in this current quarter, it's about $1 million of cash. And then just to remind you, the free cash flow number we give is before our debt service, which is about 11 -- sorry, principal payments, which is about $11 million a quarter.

John Charles Broderick - *Permit Capital, LLC - Partner and Analyst*

Okay. And second question, more of a strategic question. You got 30-some-odd brands, and I think this question has been asked before. You -- is there any -- what's the thought process now around maybe pruning the brand portfolio, getting it down to -- you've got so many different initiatives, in so many different brands, in so many different geographies, pruning it down to something that might perhaps be a little bit more manageable, sort of identifying what's non-core and what's core and raising cash through sales of properties?

F. Peter Cuneo - *Iconix Brand Group, Inc. - Executive Chairman & Interim CEO*

John, this is Peter. As you know, we started shedding some brands last year. You may recall that we sold our, if you will, our entertainment silo, which consisted of Peanuts and Strawberry Shortcake for $345 million. I think you probably know that, virtually, all of those funds went to pay down debt. We also sold Sharper Image last year for around $100 million. Both of those -- also all went to pay down debt. Both of those transactions were well above the prices that we had paid for those particular brands. And the entertainment business, certainly, is -- has a completely different dynamic based on, of course, creative content, and so a very different dynamic from our other businesses. We continue to be open to proposals to buy other brands. But at this point, what we're seeing is that people are not willing to pay the kind of multiples that we would like to get for those brands. Also, the brands that are getting a lot of attention are actually some of our best growing brands. Umbro would be a very good example, we're growing, of course, we mentioned at Target. We also are growing in China and, in general, we've got good growth in Europe as well. So for us to offer a brand like Umbro for sale would be very difficult right now. We would not be recognizing the value we see in the brand in the future. So while we're very open to entertaining offers at this point, there's certainly nothing available at a fire sale price.

David K. Jones - *Iconix Brand Group, Inc. - Executive VP & CFO*

Okay. John, it's Dave. Just a couple of things. One thing to add to that. The way we kind of organize the brands today is in, I'll call it, 2 buckets, which is maintain and reinvent. So as you know, we've got a couple of brands like Mossimo and PONY and a few others that gets a lot of attention and focus from the management team as we reinvent them, as they're transitioning out of their historical DTR homes. And then we've got a bunch of brands that we call, maintain, that are good brands, that are stable, that generate solid results and provide royalty revenue for us. And typically, if and when we look at those as a potential sale candidate, we wind up saying, "Well, why would we sell them. They generate nice cash for us. They're good brands. We have a good fixed cost team both domestically and internationally that curates the brand." So it's -- I would say, while we don't have any current plans, we'll look at sales opportunistically. But we're really focused on growth right now.

Operator

(Operator Instructions) And our next question comes from James Schainuck with Jewel Investments.

James Steven Schainuck - *Jewel Investments, LLC - Chief Compliance Officer*

A question on organic growth. If we hold aside the brands that are being repositioned, Mossimo, Danskin Now, Ocean Pacific, and we look forward a few years, do you think the business, in terms of royalty dollars, will be bigger then or smaller then?

F. Peter Cuneo - *Iconix Brand Group, Inc. - Executive Chairman & Interim CEO*

No, we think that the business will be bigger. Our long-term projections, including overall increases in revenue. I was going to say that one of the things that is difficult for, I think, for forecasting is simply that we have a number of larger brands, as you know, coming down very rapidly from very high levels. And it will take time to reposition those brands elsewhere. This is not a business where we can snap our fingers and find a new DTR or a new major licensee for big brands. But, overall, we do expect a -- an increase in revenues for those brands.

James Steven Schainuck - *Jewel Investments, LLC - Chief Compliance Officer*

You would, just to be clear, you're talking about -- or what I'm talking about is the existing business, excluding the recapture of revenues from Mossimo, Danskin Now and Ocean Pacific. In other words, organic growth of the existing brands, excluding the ones that you're inactive with right now, in a sense. Do you think that there will be organic growth in the brand, excluding Mossimo, Danskin Now and Ocean Pacific?

F. Peter Cuneo - *Iconix Brand Group, Inc. - Executive Chairman & Interim CEO*

Yes, we think we're capable of some organic growth, particularly in the international segment.

David K. Jones - *Iconix Brand Group, Inc. - Executive VP & CFO*

John (sic) [James], it's Dave. I think a good example is to look, we have a portfolio of brands and you manage them, right? And some just naturally go up and some go down and, obviously, there's a lot of effort behind that. A great example is London Fog. London Fog is a brand that's over 100 years old, but I would say, over the last 24 months, has gained a lot of traction and has become a very relevant brand. Always was, but it's organically growing and we're finding that through category expansion and different collabs, there's a lot of buzz around the brand. So when you look at it, and you can take 100-year-old brand and make it exciting again and forecast organic growth for the next couple of years, that's what these brands have. That's why they're iconic brands. And so that's one example I think, in the men's segment, there's been a pretty significant decline over the last 4 or 5 years. So those are -- a couple of those are poised for growth. Again, Ed Hardy has been getting a lot of traction lately and is a buzz brand, as is PONY. Our PONY business, over the last couple years, has been negligible. But it's a tremendous brand and really pops to the top of the list whenever people are interested in a brand to acquire. But we're also finding that there's a lot of consumer interest in PONY. And as I mentioned in the prepared notes, we signed 3 new licenses in the U.S. during the quarter and 1 nice new license in Mexico. So yes, I think these brands are iconic. And yes, we do definitely expect that, overall, we can grow these brands organically over the next couple years.

James Steven Schainuck - *Jewel Investments, LLC - Chief Compliance Officer*

And just on the repositioning of the brands. If you took the year-ago or so run rate revenue wise of Mossimo, Danskin Now and Ocean Pacific when they were integrated, what do you think as a percentage of 100% would they end up getting to a few years from now as you work your magic and get them reintegrated?

David K. Jones - *Iconix Brand Group, Inc. - Executive VP & CFO*

I -- it's a difficult question right now. We've, obviously got some projections, and I would say, over the next 3 years, we probably round numbers expect to get maybe 50% of that business back. As I mentioned, we've changed the -- our initial thoughts on Mossimo changed a bit over the last quarter. We still think that we've got some really cool opportunities with Mossimo, and we're working on those. And so it will depend a little bit on the direction they go in. But if you remember, we have -- they were very big businesses in big retailers, but with a very small royalty rate. So our thought process is that we don't need to get back those billions of dollars of retail revenue. But in fact, if we get to hundreds of millions of retail revenue, which is not a small task, we can earn similar royalty revenue from that.

James Steven Schainuck - *Jewel Investments, LLC - Chief Compliance Officer*

So just to be clear, you're talk -- I'm really talking about, in a way, sort of net royalty to the company. Are you saying that you could be equivalent a few years out from now to your previous run rate? Let's call it EBITDA, in a sense, for those brands. Do you think your EBITDA, in a sense, can be comparable?

David K. Jones - *Iconix Brand Group, Inc. - Executive VP & CFO*

No, I don't think so. They were very significant numbers. And so, like I said, I would think over the next 3 years, I think the plan has about 50% replacement.

James Steven Schainuck - *Jewel Investments, LLC - Chief Compliance Officer*

Okay. Then finally, the maturities in early 2020, in particular, can you comment on how you envision dealing with those?

David K. Jones - *Iconix Brand Group, Inc. - Executive VP & CFO*

Yes. I think it's -- we've said in the last call, we were starting to look at it, and we certainly are with our bankers. We will, after this quarter now, begin a process of talking to actual investors. I think there's -- we have quite a few options, it's still early in the process. We have, obviously, as all of the securitized brands come to maturity within the securitization facility, it makes a lot of sense to think about a new securitization facility. We've got international brands that potentially, could be contributed to that. We've got a term loan and convertible note that have a second on all those asset. So I think we need to think bigger picture and keep the whole balance sheet in mind as we look at the 2020 maturity. But again, I think it's early in the process, but we are certainly starting the process. And we've got -- we work with Guggenheim and they've done a great job for us in the past and have been very creative, and I think all that has resulted in a pretty solid balance sheet today. When you look at the rates that we're paying on the debt, we've got L plus 7%, we've got a 5.75% convert, call it, 4.5% securitization. So very reasonable, and I think the company and our bankers have done a pretty good job, so far.

Operator

And I'm not showing any further questions at this time. This does conclude today's question-and-answer session. Ladies and gentlemen, thank you for participating in today's conference. This does conclude today's program. You may all disconnect, and everyone have a great day.

F. Peter Cuneo - *Iconix Brand Group, Inc. - Executive Chairman & Interim CEO*

Thank you.
