

# Mossberg's Investor Digest

## Best Idea Profile:

Wilhelmina Intl (OTCBB: WHLM.OB)

### DESCRIPTION:

Headquartered in Dallas, Texas; Wilhelmina International, Inc. is a worldwide leader in fashion modeling and talent management. Wilhelmina provides full-service fashion modeling and talent management services while specializing in the representation and management of models, entertainers, artists and athletes. The Company's customers and clientele includes leading retailers, designers, advertising agencies and catalog companies worldwide. Wilhelmina's core fashion model management business is headquartered in New York City and also includes locations in Los Angeles and Miami, as well as a growing network of licensees comprising leading modeling agencies in various local markets across the U.S. and in Panama.

### KEY INVESTMENT CONSIDERATIONS:

**Sizeable Market** – The modeling industry is closely tied to the state of the advertising industry. Advertising expenditures on major media providers including newspapers, magazines, television, cinema, outdoor and Internet amounted to approximately \$156 billion in FY2010 for North America-Wilhelmina's primary market.

**Established Franchise** – The Company's established franchise is competitive with other major industry players. Founded by renowned fashion model Wilhelmina Cooper in 1967, the company has over 43 years of talent management experience and contacts. This franchise cannot easily be replicated.

**Diversification and Depth** – Wilhelmina currently has long standing client relationships and a number of business activities that provide exposure to diverse markets and demographics. The Company has nearly 1,400 active models serving 2,000 clients. The top 100 customers of Wilhelmina together accounted for no more than approximately 62% of overall gross revenues in the last fiscal year.

**Restructuring** – Modeling is dependent on the state of the advertising industry which is highly cyclical. After the recession of 2008, the Company focused on cutting costs while recruiting top agents and developing new talent in key areas. As a result, Wilhelmina has realized significant growth its gross billings due to its deeper bench of agents and new talent, along with a general improvement in the advertising industry.

**Unique Market Exposure** – Wilhelmina and Paris-based Elite SA are the only publicly traded modeling agencies. All other fashion talent management firms are privately-held.

**Stock Buyback** – The Company has authorized a stock repurchase program whereby it can repurchase up to 500,000 shares of its outstanding Common Stock. The stock repurchase plan will be funded through the Company's cash on hand.

**Recent Results** – Wilhelmina recently reported Q3FY2011 revenues of \$13.5 vs. \$12.2 million (an 11% increase). The Company remained profitable after expenses of \$401,000 and \$1,238,000 in charges for amortization (of which \$374,000 and \$1,166,000 was related to amortization of intangibles).

### VALUATION:

Wilhelmina left the recent recession with a leaner expense structure. The company has a solid business that is experiencing a recovery. The stock currently trades for 5.7x trailing Ebitda. This may prove to be a reasonable price for some unique exposure in one of only two publicly traded companies in this industry.

#### Wilhelmina Intl(OTCBB:WHLM.OB)

Investment Data (as of 11/22/11)

<b>Recent Price</b>	<b>\$0.189</b>
52-Week Range	\$0.10 - \$0.27
Fiscal Year End	Dec
Dividend	NA
Yield	NA
Shares Outstanding	129MM
Average Trading Volume (3 mos)	74k
Market Capitalization	\$24MM
Cash	\$2MM
Long Term Debt	NA
Enterprise Value (EV)	\$21MM
Book Value (Per Share)	\$0.17
TTM Revenue	54MM
P/ Revenue	0.44x
TTM EPS	\$0.02
P/ EPS	12.6x
TTM EBITDA	\$4.3M
EV/ EBITDA	4.9x