

International Greetings

Christmas happy

Trading update

Media

29 January 2014

The update indicates that International Greetings traded well over the important Christmas period and that the group is on track to meet forecasts for the year. Cash performance has been better than anticipated, despite the substantial capital expenditure programme, and net debt at end March should be lower than our current estimate of £44m. FY15 should be when the hard work starts to pay off and profits lift off the current plateau, with the payment of dividend approaching, emphasising the low rating.

Year end	Revenue (£m)	PBT* (£m)	EPS* (p)	DPS (p)	P/E (x)	Yield (%)
03/12	220.8	7.6	7.6	0.0	9.8	N/A
03/13	225.2	7.8	8.7	0.0	8.6	N/A
03/14e	230.5	7.8	8.7	0.0	8.6	N/A
03/15e	237.3	8.9	9.9	0.0	7.5	N/A

Note: *PBT and EPS are normalised, excluding amortisation of acquired intangibles, share-based payments and exceptional items.

The investment programme in Wales has proceeded on time and to budget, with commissioning of the new water-based, high-definition, high-speed flexographic presses on track for the spring of this year. There have been further upgrades in facilities in the US, in automated packing and in China, where the manufacture of gift bags is being extended. With the bulk of group sales in very high volumes of low unit cost ticket items, the emphasis on maximising efficiency in manufacturing should give the group further competitive edge.

The share price performance has been improving with the management's growing record of delivering on large projects and progress in bringing down the debt. We still see further upside based on our DCF and the value of the underlying business assets, which indicate a range of 84-88p.

Price 74.5p
Market cap £43m

Net debt (£m) at 30 Sept 13	85
Shares in issue	57.8m
Free float	49%
Code	IGR
Primary exchange	AIM
Secondary exchange	N/A

Share price performance



Business description

International Greetings is one of the world's leading designers, innovators and manufacturers of gift packaging and greetings, stationery and creative play products.

Analysts

Fiona Orford-Williams	+44 (0)20 3077 5739
Jane Anscombe	+44 (0)20 3077 5740

media@edisongroup.com

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