

PhotoBox Group Accelerates Revenue Growth in the 12 months ended 30 April 2014



- Year-on-Year Group revenue growth accelerates to 18.8% with mobile sales a key driver
- Over 2 million Photobooks created and 11.8 million Moonpig cards stamped and sent
- £50m four year revolving credit facility secured with Barclays and RBS to help fund potential M&A

London, UK – Thursday 12 June – PhotoBox Holdco Limited (the “Group”), Europe’s leading digital consumer service for personalised products and gifts and operator of the PhotoBox, Moonpig, PaperShaker and Sticky9 brands today announces financial results for the 12 months ended 30 April 2014.

The financial results reflect a confident year for the Group with both PhotoBox and Moonpig delivering another year of solid double-digit revenue growth and overall Group revenue growth accelerating to 18.8%. This robust financial performance was driven by increases in order numbers and average order values across all four of the Group’s consumer brands. Investments made by the Group over the past twelve months in mobile sales platforms have been rewarded by enthusiastic customer take-up, with PhotoBox and Moonpig mobile orders both significantly higher year-on-year (“YoY”).

Key Financial Metrics

	12 months ended 30 April 2014	12 months ended 30 April 2013	YoY Growth
Revenue (£m)	175.3	147.6	+18.8% (+17.6% FX adjusted)
Gross Profit (£m)	91.6	77.4	+18.4%
Gross Margin (%)	52%	52%	
Underlying EBITDA¹ (£m)	19.8	19.6	+1.2%

Operational Headlines

- 18.8% YoY Group Revenue growth (+17.6% FX adjusted), up from 13.3%² in FY13 (15.5% FX adjusted) proving the continued, international popularity of personalised gifting
- Strong Group Gross Margin maintained at 52%
- Underlying EBITDA marginally higher YoY in spite of increased investments in marketing, mobile sales platforms and expansion in growth markets

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- Smartphone and tablet shoppers a significant contributor to growth, evidenced by a threefold increase in PhotoBox's share of mobile transactions and a 65.0% increase in Moonpig's share of mobile transactions
 - Deep customer loyalty, with 68.4% of the Group's sales from repeat customers
 - Highly cash generative, with £21.3m of Net Cash Generated from Operating Activities³ in the year

Commenting on the results Stan Laurent, Group Chief Executive Officer said:

"I am proud to report on another year of strong, even accelerated growth driven by the development of our multi-brand product offerings, our international expansion and our mobile routes to market. All three of these growth engines are firing on all cylinders and meeting with great consumer response. The £50m credit facility secured today gives us additional firepower to further accelerate our plans via targeted acquisitions. We're excited to lead the way in the increasingly mobile-centric world of online personalised products in Europe."

Performance Review

The key points of this year's Group financial performance can be characterised as follows:

Group revenue momentum continues to build

Group results reflect another year of strong performance across the business. Group revenue grew by 18.8% YoY to £175.3m, with each one of our four brands contributing to this double-digit performance. Whilst PhotoBox and Moonpig continued to deliver consistent, confident revenue growth this year, each of our four brands delivered increases in order numbers and average order volumes while maintaining healthy levels of repeat customer revenue.

Group Gross Margin remained high at 52%, enabled by the continued scale effects of higher order volumes and an ongoing focus on tight operational control. Gross Profit increased by 18.4% YoY to £91.6m and Underlying EBITDA was marginally higher YoY at £19.8m, in spite of significant investments made this year in marketing activities, the development of mobile sales platforms and expansion in growth markets.

During the year a number of new sales records were set across the Group, particularly at PhotoBox which shipped 2m photobooks: the highest ever annual volume. Seasonal events also continue to provide the Group with opportunities to drive additional growth. During this year's Christmas season, our four brands recorded more than 100,000 orders on their peak December trading days – equivalent to more than one order per second over a 24 hour period – and shipped over 9m Christmas cards and gifts worldwide. And, as mobile platforms fuel sales growth, mobile devices themselves have opened up exciting new product opportunities, with sales of personalised tablet and smartphone covers 150% higher at Christmas 2013 compared to 2012.

Mobile platforms and product innovation drive sales and loyalty

During the year, the Group successfully launched new versions of its PhotoBox and Moonpig smartphone and tablet apps in addition to the launch of a new Photobox-branded photobook app for iPad. Both brands also revamped their websites to improve usability for tablet and mobile users. Today, the Group operates mobile apps in seven countries and intends to increase this figure further in the year ahead.

The growth potential of mobile can be clearly seen in this year's customer adoption rates. Over the past 12 months, smartphone and tablet shoppers generated a threefold increase in PhotoBox's share of mobile transactions and a 65.0% increase in Moonpig's share of mobile transactions. In the final quarter of the financial year, nearly 38.0% of all Moonpig transactions were made on a mobile device, compared to 19.0% in the prior year.

Investment in market share expansion, international development and product innovation

Today, PhotoBox Group operates in 20 markets and ships products to 120 countries. The Group increased its market share in long-standing markets such as the UK and France, and also replicated this success with growth significantly above Group average in its other European and Australian markets.

The Group also focused on broadening its market reach further through investment in its younger PaperShaker and Sticky9 brands. PaperShaker – synonymous with stylish birth announcements and invitations – expanded its range of products and designs and added to its UK launch with launches in France and in Germany. Sticky9 – famous for its Instagram photo fridge magnets – localised its service for nine countries and expanded its product range to now include three sizes of magnets, phone cases and tablet covers.

New credit facility secured

In addition to the strong financial performance outlined today, the Group is also pleased to announce that it has secured new funding to fuel potential future M&A activity. Following strong operating cashflow generation during the year, the Group completed the repayment of a £50m debt facility raised to fund the Moonpig acquisition just after year-end. Having repaid this facility in just three years, the Group is today pleased to confirm that it has secured a new, four year, £50m revolving credit facility from Barclays and Royal Bank of Scotland. PhotoBox Group intends to use these funds for potential target M&A activity, which would support its geographic, product and mobile expansion as it continues to build on its position as the leading consumer service for personalised products in Europe.

Outlook

The Photobox Group enters FY15 in a confident position, bolstered by a strong FY14 financial performance and by the Group's enhanced ability to invest in future growth opportunities. The current financial year has started promisingly, with each of the Group's four brands delivering record Father's day sales. The management team's focus will continue to rest on driving strong, profitable revenue growth from its operations, driven by product innovation, excellent service, further investment in mobile and continued international expansion.

1. Underlying EBITDA is defined as earnings before net finance costs, taxation, depreciation and amortization, excluding exceptional and non-recurring items, share option expense and foreign exchange gains/(losses)
2. FY12 comparative is the unaudited proforma consolidation including Moonpig.com for the entire period, and adjusted to reflect the impact of changes to VAT regulation as if the changes had been in place for all periods
3. Net Cash Generated from Operating Activities is defined as cash generated from operations, plus interest received, less tax paid

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About PhotoBox Group

The PhotoBox Group is a leading digital consumer service for personalised products and gifts in Europe and parent of the flagship branded retail channels PhotoBox, Moonpig.com, Sticky9 and Paper-Shaker.com. From photobooks and unique artwork to the very latest personalised apparel, gifts and greeting cards, the Group's products enable customers across 20 countries to share memories, celebrate great moments and inject personal expression into their everyday lives. The Group has 700 employees across Europe and is backed by leading international private equity firms including Insight Venture Partners, Index Ventures, HarbourVest Partners, Quadrille Capital and Greenspring Associates.