



**PhotoBox Holdco Limited**  
**Results for the 16 months ended 30 April 2012**

*Strong momentum at both PhotoBox and Moonpig*  
*Continued customer acquisition, geographic expansion and continued product and platform innovation*

PhotoBox Holdco Limited (the “Group”), the European market leader in personalised publishing and owner of the PhotoBox and Moonpig brands, today announces summary results for the 16 months ended 30 April 2012 and proforma results for the 12 months ended 30 April 2012.

The results demonstrate strong momentum from both the PhotoBox and Moonpig brands and a successful first year for the enlarged Group, following the landmark acquisition of Moonpig by PhotoBox in July 2011. Both brands strengthened their leading market positions through product expansion, mobile developments, clever marketing and geographic expansion.

*Note: in 2011, the Group changed its year end date, bringing all operating business into line with a 30 April year end date. As such, the Group’s consolidated audited financial statements cover a 16 month period of account, with Moonpig’s results consolidated only for the period since acquisition. Therefore, the numbers presented here also provide a proforma overview of the Group’s financial performance for the 12 month period ended 30 April 2012 (FY12) and the 12 month comparative period ended 30 April 2011 (FY11) to allow like-for-like comparison*

**Key Financial Metrics**

	<b>16 months ended 30 April 2012</b>	<b>12 months ended 30 April 2012 (proforma)<sup>2</sup></b>	<b>12 months ended 30 April 2011 (proforma)<sup>2</sup></b>
Revenue (£m)	143.6	130.3	106.6
Gross Profit (£m)	73.0	66.6	54.8
Gross Margin (%)	50.8	51.1	51.4
Adj. EBITDA <sup>1</sup> (£m)	17.1	16.5	13.1
Adj. EBITDA Margin (%)	11.9	12.7	12.3
Statutory loss for the period	(22.0)	n.a.	n.a.

<sup>1</sup> Earnings before Interest, Tax, Depreciation, Amortisation and excludes share option expense, costs associated with the acquisition of Moonpig.com Limited, impairment charges and indemnity recoveries, foreign exchange gains/losses and other exceptional items. Includes £0.2m foreign exchange gain for statutory 16 month reporting only.

<sup>2</sup> Unaudited proforma consolidation including Moonpig.com for the entire period adjusted to reflect the impact of changes to VAT regulation (in particular Low Value Consignment Relief) as if the changes had been in place for all periods.

**Operational Headlines**

- Strong year-on-year Group revenue growth of 22%, driven by both PhotoBox and Moonpig brands
- Moonpig growth driven by the success of its expansion into gifting (flowers, alcohol, chocolate, wall decor) as well as the successful launch of its mobile apps
- PhotoBox growth driven by the success of its photobook and wall decor offerings in core UK and French markets as well as continued international growth outside core geographies
- Strong and stable gross margin of over 51% across the business with improving Adj. EBITDA profitability of close to 13% in FY12
- Changes to the Low Value Consignment Relief (“LVCR”) scheme has led to a net exceptional impairment charge (net of amounts recovered from an indemnity) for the Moonpig acquisition of £23.0m in the group statutory accounts

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

*“These are still early days for personalised products in Europe and both Moonpig and PhotoBox are clear market leaders in their respective segments. Following the successful Moonpig acquisition and integration, we are well positioned to take advantage of the increasing desire from consumers for self-expression products. We’re confident that continuous product innovation and the launch of new, engaging and easy to use mobile platforms for our brands will allow us to continue our success story for the medium and long term.”*

**Performance Review**

The Group performed strongly during the year, growing proforma revenue by 22% to £130 million driven by continued growth at both PhotoBox and Moonpig, primarily through an acceleration in customer numbers and strong customer loyalty. The executive team continued to focus on ensuring robust operational management, increasing proforma Adj. EBITDA by 26% year-on-year and expanding our proforma Adj. EBITDA margin from 12.3% to 12.7%.

The PhotoBox brand continued its trend of growth, achieving 23% year-on-year FX adjusted revenue growth. PhotoBox delivered key strategic objectives including successful expansion of its offering and revenues in the wall decor category, helping to drive market share gains, whilst also achieving significant growth in new markets outside the UK and France.

Moonpig’s strategy to provide “thoughtful personalised cards and gifts for every occasion” led to proforma revenue growth of 20%. Moonpig expanded its product range (flowers, alcohol, chocolate, wall decor) and continued to evolve its market-leading brand via humorous, high-quality TV advertising. Despite aggressive competitive activity, Moonpig successfully maintained its commanding market share in the UK market.

Both Moonpig and PhotoBox launched interactive Facebook apps during the year, and recognising the increasing importance of mobile as a platform for personalised cards, Moonpig surpassed the one million downloads milestone for its app. Mobile now generates a double-digit share of Moonpig’s total transactions.

Since the Moonpig acquisition in July 2011, both brands have continued to display dynamic growth trends that reinforce the decision to bring PhotoBox and Moonpig together. The acquisition has afforded an improved margin performance through cross-marketing and the realisation of production synergies across the Group, in particular following the consolidation of gifts and wall decor products in the Group’s London plant.

Proforma Adj. EBITDA increased to £16.5m or 13% of revenue for FY12 (FY11: £13.1m) as a result of the group’s scale and controlled operating expenses – a confirmation of the solid business model for the group. Statutory accounts show a £22.0m loss after tax for the 16 month period, as a result of one-time expenses in connection with the Moonpig acquisition and a net impairment charge of £23.0m on the Moonpig investment. The charge specifically relates to the impact of the UK Government’s removal of the LVCR

scheme following a change in legislation which took effect in April 2012. The impact of this has been to reduce reported net revenue and gross margin on goods produced in the Channel Islands and shipped to the UK by an amount equivalent to VAT on these shipments.

## **Outlook**

The PhotoBox Group has entered the next financial period with solid sales momentum across both of its brands. Since fiscal year end, both brands have released multiple new products, enhancements to their websites and mobile applications, and new marketing initiatives. The Group remains confident in its capacity to strengthen the leadership position of both the PhotoBox and Moonpig brands through the upcoming seasonal peak, and continues to pursue its stated aim to develop and lead the consumer personal publishing market in Europe.

## **Contacts**

**FTI Consulting LLP**

Matt Dixon / Jon Snowball

**+44 (0)20 7831 3113**

## **About PhotoBox**

The PhotoBox Group operates the PhotoBox and Moonpig brands. PhotoBox is the European leader in online photo products with over 22 million members across Western Europe. Moonpig is UK's leading online cards service with over 12 million single personalised cards sent per year, in many cases with an accompanying gift.

By leveraging technology, manufacturing, web-design and merchandising capabilities, our PhotoBox and Moonpig brands offer customers the tools to create a huge range of personalised gifts and keepsakes. These include professionally-bound photo books, personalised cards, personalised wall decor, plus high-quality photo prints and other photo-related merchandise: all of which help them to celebrate special occasions and share best loved memories.

The PhotoBox Group is led by Stan Laurent, President & Chief Executive Officer, and backed by leading venture capital and private equity firms including Index Ventures, Highland Capital Partners, HarbourVest and Insight Ventures.