

24th May 2012

International Greetings PLC

Trading Update

International Greetings PLC, one of the world's leading designers, innovators and manufacturers of gift packaging & greetings, stationery and creative play products, announces the following trading update for the year ended 31 March 2012.

We are pleased to confirm the progress reported in the first half of our financial year continued with annual sales in line with expectations at over £220m. Our focus on gross margins has continued to show benefits, with adjusted profit before exceptional items and tax towards the upper end of market expectations.

Progress in reducing net debt has been satisfactory and at the year-end we expect to report net debt of approximately £42m (2011 £44.4m). This level of debt, together with improved profitability, will bring 2012 year end leverage (net debt/EBITDA) below 3x (2011: 3.5x) and on track for our medium term target of under 2x.

The relocation of our factory in China completed during the period and is now fully operational. Exceptional costs in effecting the relocation were higher than expected but anticipated payback on the project remains favourable at two years. Additionally our investment in a new high speed printing press in the Netherlands is complete and fully commissioned. This will provide us with state of the art production facilities to support our growth objectives in Continental Europe.

In the year ahead, the Group continues to focus on best value sourcing and manufacturing, and will selectively consider further investment opportunities to this end. The strategy to adjust the balance of our business has made good headway, which is reflected in our margin. There is opportunity to underpin this progress by focussing on a consolidated but stronger portfolio of global brands.

The Group expects to publish its results for the year ended 31 March 2012 on 4 July 2012.

Paul Fineman, CEO commented:

"In challenging markets with continued inflationary pressures on costs, we continue to focus on providing exceptional value to customers, through great design, innovative solutions and excellent customer service that goes the extra mile. We look forward to building further success in the new financial year on the foundations we have created."

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