17th April 2013

International Greetings PLC ("the Company" or "the Group")

Major Investment and Pre Close Trading Statement

International Greetings PLC, one of the world's leading designers, innovators and manufacturers of gift packaging & greetings, stationery and creative play products, is pleased to today announce a major new investment initiative, new banking facilities and a trading update.

Highlights

- A major capital investment proceeding in the Company's UK gift-wrap manufacturing facilities in South Wales and at its manufacturing facilities in Savannah, Georgia, USA.
- Bank support secured for the investment; improved and extended facilities agreed
- Key target of double digit growth to adjusted EPS (fully diluted pre-exceptional earnings per share) for FY13 substantively in line with expectations
- Current year order book is developing well including contracts for the supply of Christmas gift packaging with all four of the UK's leading Supermarket multiple retailers

Major New Investment funded by New Bank Facilities

The Board is pleased to announce that it has secured funding for and commenced the implementation of a major capital investment (c £6m net of grants) in the Company's gift-wrap manufacturing facilities in the UK. This involves the rationalisation of gift-wrap printing to one site instead of two, the retirement of old presses and investment in new state of the art printing equipment. This investment will enhance the quality and environmental footprint of the Company's products whilst sustaining its competitive position in a core product category. Execution of the investment will take 12 months, after which point pay-back is expected to be approximately three years, excluding the potential to subsequently dispose of a surplus freehold site valued in excess of £1m.

The Company is also undertaking a smaller scale, but faster pay back investment of £0.5m at its manufacturing facilities in Savannah, Georgia, USA.

The combined effect of the initiatives to update the manufacturing capability within the Group, including residual costs relating to the transition in China, creates an additional exceptional charge in FY12/13 of just under £1m. Further exceptional charges relating to accelerated depreciation on equipment to be replaced, decommissioning and other associated costs will also arise in later years.

The Board is also pleased to confirm its bank's support for these pivotal investments. To finance the initiatives the Company has entered into renewed and extended facilities in the UK, providing greater flexibility at lower all-in cost and representing a like-for-like saving of 0.8 per cent per annum on core facilities. The ability of the Company to enter into more attractive facilities with its bank reflects the debt repayment profile of the Group over the past few years and the improved cash generation profile of the Group once the capital expenditure associated with the above investment has been completed. The funding of these important incremental investments with debt will slightly defer the achievement of our leverage target of less than 2x Debt/EBITDA but this remains a key goal.

Trading Update

The Board is pleased to confirm its key target of adjusted EPS (fully diluted pre-exceptional earnings per share) for the full year should be substantively in line with expectations. This has been achieved principally through strong growth to aggregate profit in the Company's wholly owned businesses, in particular the USA. In addition, pressure on margins due to geographical sales mix and higher freight costs has been mitigated through effective overhead initiatives and modest top line growth. However, the impact of lower sales and contribution from our Australian JV will result in only a marginal increase in reported profit before exceptional items and tax on the prior year.

The completed relocation of our production facilities within China as well as a strong order book provides the Company with operationally compelling low season manufacturing opportunities in all regions. In order to pursue these opportunities the Company has increased its working capital investment in February and March, which has translated into reported net debt (at constant exchange rates) and leverage at the end of the March 2013 being at a similar level to the prior year.

Outlook

The current year order book is developing well including contracts for the supply of Christmas gift packaging with all four of the UK's leading Supermarket multiple retailers, as well as material new contracts with a leading UK £1 retailer and Canada's largest $1 store chain.

The investments highlighted above together with less buoyant markets in Australia will however impact growth in the new financial year. Post completion of the investment the Board expects to see a sharp acceleration in both earnings and net debt reduction as the return on investment comes through and new growth opportunities are seized.

The Group expects to publish its preliminary results for the year ended 31 March 2013 on 3 July 2013.

Paul Fineman, CEO commented:

"We are encouraged that the Group is delivering double digit EPS growth at a time of fiercely competitive global markets, reflecting the importance of our continued focus on creating efficiencies, leveraging scale and balancing the geographical, product category and seasonality of our activities. We are confident that these important new investments will ensure the Group is well placed to achieve our 3 year plan of double digit average EPS growth whilst also remaining committed to our debt reduction programme to reduce leverage to below 2x Debt/EBITDA."

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