



2017 Half Year Results



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Highlights

Kevin Lyons-Tarr, CEO



Highlights

Group revenue

\$298.91m

↑ 11%

Underlying* profit before tax

\$16.49m

↑ 15%

Underlying* basic EPS

41.28c

↑ 11%

Interim dividend

18.10c

↑ 11% (\$)

↑ 12% (£)

Net cash

\$33.26m

2017 Half Year Results

Financial Review

David Seekings, CFO



Group Income Statement (Underlying)

	H1 2017	H1 2016	Change	FY 2016	
	\$'000	\$'000	%	\$'000	
Revenue	298,911	270,222	11%	558,223	<ul style="list-style-type: none"> • Revenue up 11% <ul style="list-style-type: none"> ○ US \$290.17m ○ UK \$8.74m
Gross profit	99,071	89,887	10%	184,095	<ul style="list-style-type: none"> • Gross profit % remains settled
<i>Gross profit %</i>	33.1%	33.3%		33.0%	
Marketing costs	(56,703)	(50,872)	11%	(96,703)	<ul style="list-style-type: none"> • Marketing activity driving growth
Selling costs	(12,188)	(11,667)	4%	(23,166)	
Admin & central costs	(13,653)	(13,017)	5%	(25,849)	
Underlying operating profit	16,527	14,331	15%	38,377	<ul style="list-style-type: none"> • Admin & central costs includes Head Office cost of \$1.67m (2016 H1: \$1.85m)
<i>Operating margin</i>	5.53%	5.30%		6.87%	
Net finance (expense)/income	(37)	1		(24)	
Underlying profit before tax	16,490	14,332	15%	38,353	<ul style="list-style-type: none"> • Operating margin % remains within target bandwidth
Underlying EPS	41.28c	37.28c	11%	99.01c	

Group Income Statement (non-operating)

	H1 2017	H1 2016	FY 2016
	\$'000	\$'000	\$'000
Underlying profit before tax	16,490	14,332	38,353
Share option related charges	(292)	(211)	(430)
Exceptional items	(102)	(2,461)	(2,940)
Defined benefit pension admin costs	(145)	(150)	(311)
Pension finance charges	(254)	(372)	(521)
Profit before tax	15,697	11,138	34,151
Tax	(4,709)	(3,230)	(9,672)
Profit after tax	10,988	7,908	24,479
Basic EPS	39.16c	28.22c	87.27c

- Share option charges are in respect of Exec 2015 Incentive Plan and 2016 US & UK SAYE schemes
- Exceptional charges much smaller following DB pension scheme buy-out
- DB pension admin costs paid by the Plan
- Effective tax rate 30% (2016 H1: 29%)
- EPS up 39% mainly due to lower exceptional charge

Cash Flow

	H1 2017	H1 2016	FY 2016
	\$'000	\$'000	\$'000
At start of period	21,683	18,381	18,381
Underlying operating profit	16,527	14,331	38,377
Depreciation and amortisation	1,256	1,172	2,389
Change in working capital	10,734	13,398	6,260
Capital expenditure	(864)	(1,404)	(3,267)
Operating cash flow	27,653	27,497	43,759
Contributions to defined benefit pension	(1,663)	(15,429)	(17,354)
Tax and interest	(3,340)	(1,998)	(9,446)
Proceeds from issue of ordinary shares	0	65	65
Purchase of own shares by ESOT	(734)	(65)	(335)
Exceptional items	0	(140)	(172)
Exchange and other	343	(726)	(1,074)
Free cash flow	22,259	9,204	15,443
Dividends to Shareholders	(10,679)	(7,584)	(12,141)
Net cash inflow in the period	11,580	1,620	3,302
At end of period	33,263	20,001	21,683

- Depreciation and capex profiles settled
- Strong working capital control
- 2016 contributions to DB pension scheme include \$14.5m lump sum payment
- Tax relates to US federal and state payments on account
- Dividends per share increasing

Balance Sheet

	H1 2017	H1 2016	FY 2016
	\$'000	\$'000	\$'000
Fixed assets	19,687	19,472	20,020
Deferred tax asset	5,143	3,118	5,030
	24,830	22,590	25,050
Inventories	4,432	3,646	4,179
Receivables	44,619	41,429	39,800
Payables	(56,226)	(48,601)	(40,363)
	(7,175)	(3,526)	3,616
Deferred tax liability	(1,640)	(1,160)	(1,601)
Other liabilities	(1,247)	(339)	(133)
Net cash	33,263	20,001	21,683
Pension deficit	(19,505)	(16,376)	(19,290)
	10,871	2,126	659
Net assets	28,526	21,190	29,325

- Ongoing fixed capital requirements remain low
- Deferred tax asset relates principally to pensions and losses
- Negative working capital at half year
- Net cash \$33.26m
- Pension liability de-risked

Pension Deficit

	H1 2017	H1 2016	FY 2016
	\$'000	\$'000	\$'000
Liability	(35,967)	(33,837)	(34,357)
Assets	16,462	17,461	15,067
Deficit	(19,505)	(16,376)	(19,290)
Deferred Tax	3,478	3,112	3,453
Net deficit at period end	(16,027)	(13,264)	(15,837)
The change in deficit is analysed as follows:			
IAS 19 deficit at start of period	19,290	23,114	23,114
Pension administration costs	145	150	311
Exceptional items	102	2,321	2,772
Pension finance costs	254	372	521
Actuarial loss	324	7,776	12,938
Contributions from employer	(1,663)	(15,429)	(17,353)
Exchange gain	1,053	(1,928)	(3,013)
IAS 19 deficit at end of period	19,505	16,376	19,290
Discount rate	2.63%		2.68%
Inflation rate (RPI)	3.30%		3.30%

- Buy-in to buy-out project completed in 2016
- Old Scheme in process of being wound-up
- New Plan in place for remaining 416 members (2016 FY: 420)
- New schedule of contributions negotiated with the Trustee
 - Cash \$3.25m/yr
 - Contributions rise by 3% per year
 - Rectification period 5yrs 7mths (31 January 2023)

2017 Financial Guidance

- Directly comparable accounting periods 2017 v 2016
- 2017 capex c.\$3.2m; depreciation charge c.\$2.7m
- 2017 tax rate c.30% (2016: 28%); underlying c.30% (2016: 28%)
- Share-based payment (IFRS2) charge \$0.6m in 2017
- Average shares in issue is c.28.04m; fully diluted c.28.14m
- DB pension scheme 2017:
 - Exceptional charge much lower, c.\$0.4m
 - Admin charges in P&L c.\$0.3m
 - Contributions c.\$3.3m (all cash)
- 2017 interim dividend cash cost \$5.1m; due September 2017

2017 Half Year Results

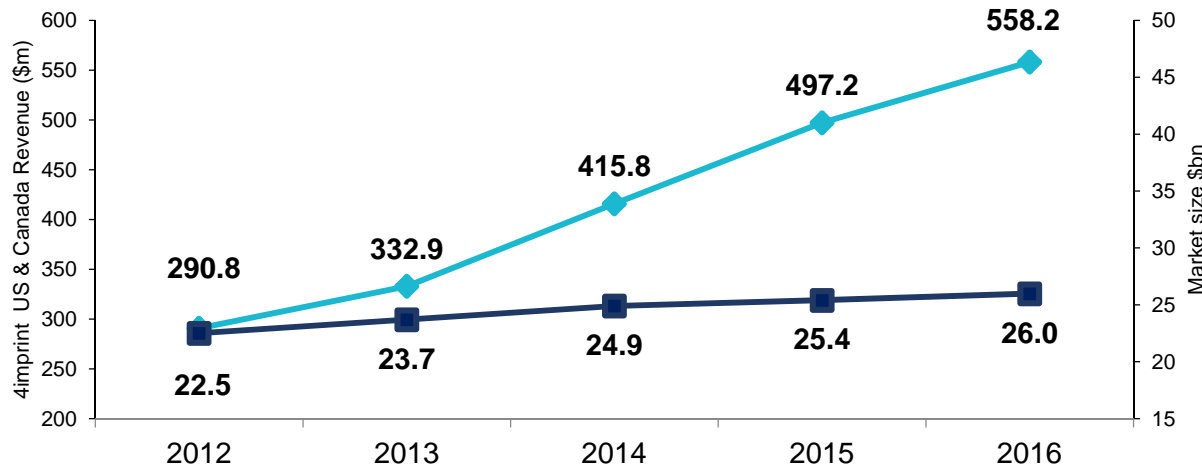
Operational Review

Kevin Lyons-Tarr, CEO

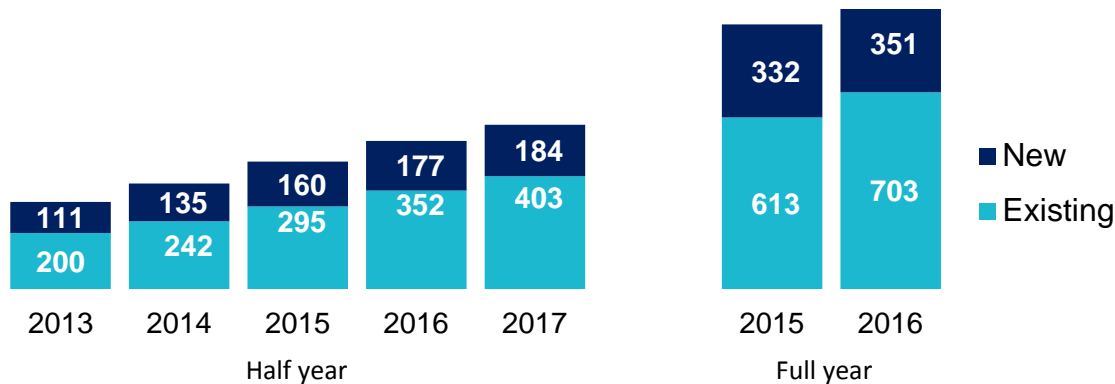


Market Beating Growth

Growth History - 4imprint v Market



No. of orders received ('000)

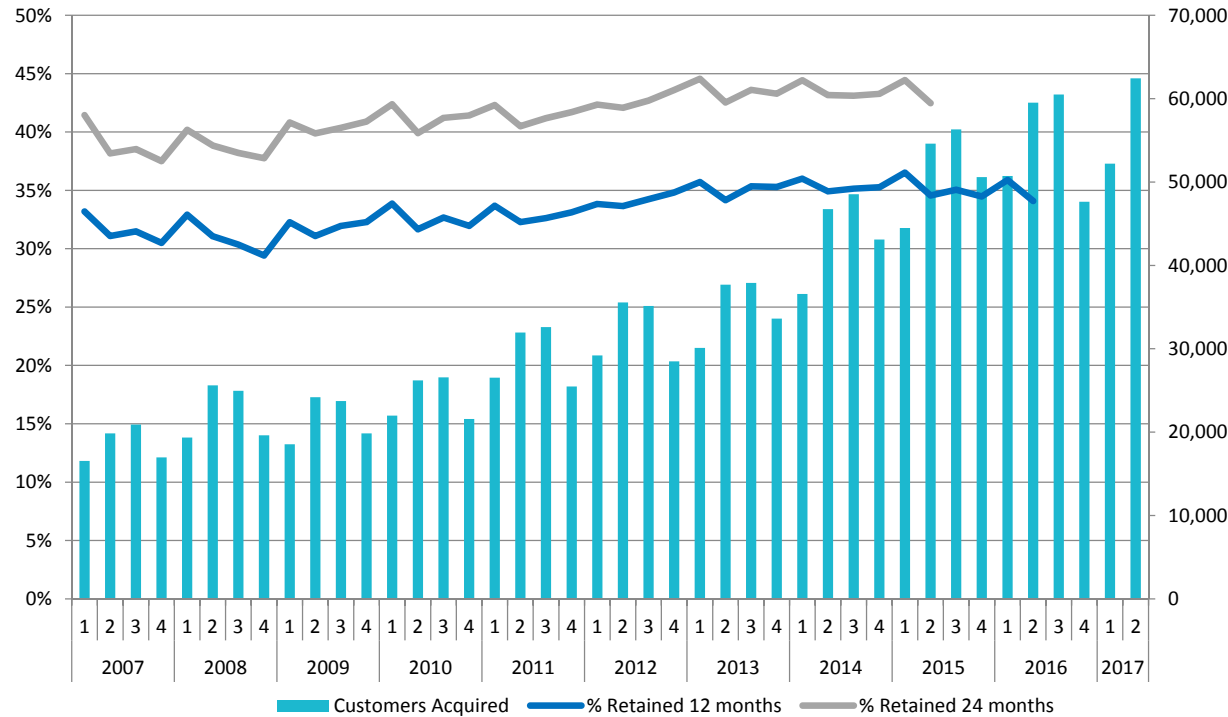


- North America revenue \$290.17m, +11%
- Industry +~3% (US)
- UK revenue £6.94m, +11% in underlying currency
- 587k total orders received, +11%
- New customer orders +4%; 125k new customers acquired, in line with expectations
- Existing customer orders +14%



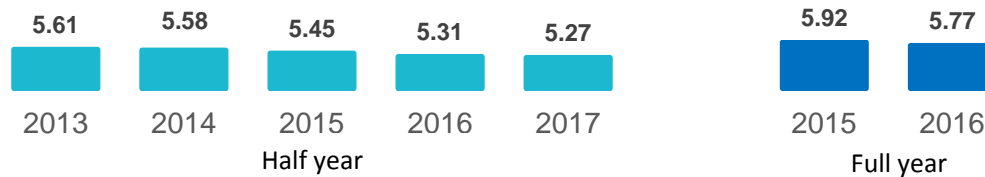
Marketing Effectiveness

US and Canada Acquired and Retention %



- Total marketing spend +11% at \$56.70m, (2016 H1: \$50.87m)
- Mix continues to evolve; online now 43% of total
- Catalogue spend flat with prior year as circulation plan re-phased towards H2
- Revenue per marketing dollar KPI essentially flat; well managed in keeping with overall strategy

Revenue/Marketing \$



Operational Highlights

- New private label drinkware brand launched – reFresh®
- Crossland® private label apparel brand now well established
- Apparel, tradeshow and drinkware categories all growing at above average rate
- Continuous enhancements to desktop/mobile website design, performance and functionality



Data Driven Marketing: 2017 H2 Initiatives



Catalogue:

- H2 increases in most titles, driven by the data



Internet:

- Paid search still growing; rate of increase based on yield on expenditure



Retention:

- Refinement of Blue Box™ sample mailing models, content and automation



Brand/content:

- Testing of brand orientated advertising and content marketing techniques continues

Outlook

Trading in the first half of the year was in line with our expectations, reflecting a planned re-phasing of some of our marketing activities towards the second half of 2017.

A firm foundation is in place for further organic revenue growth in the second half.

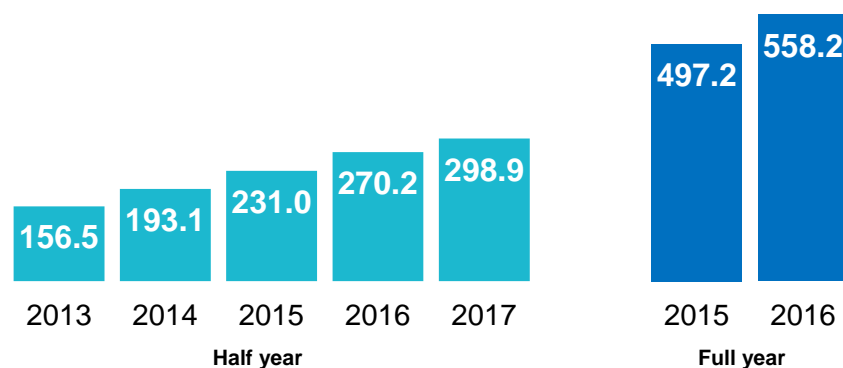


Appendices

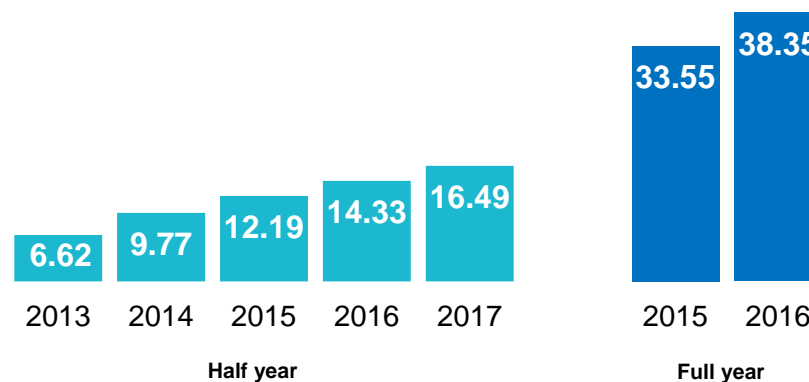


Five Year Results Summary[†]

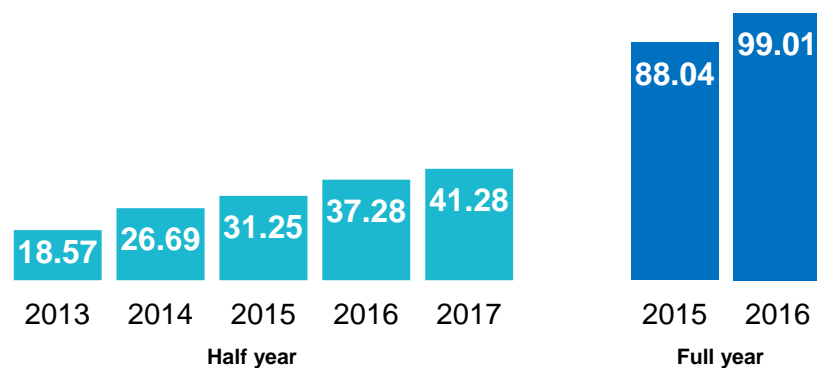
Revenue (\$m)



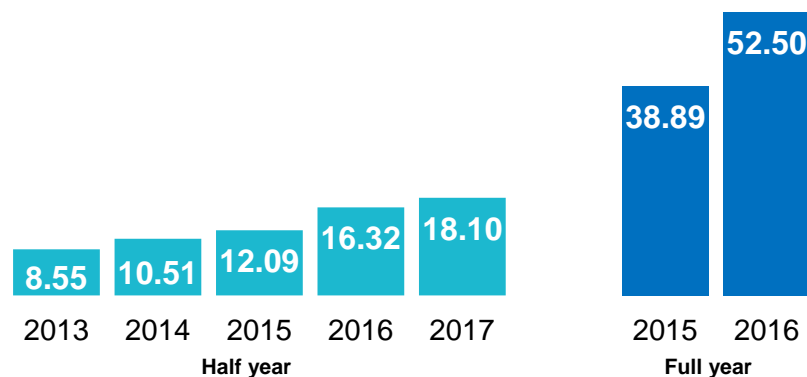
Underlying* profit before tax (\$m)



Underlying* EPS (cents)



Dividend per share (cents)



Exchange rate 2017: 1.26 (2016: 1.35)

*Underlying is before share option related charges, defined benefit pension charges and exceptional items

† Continuing operations

Business Model

<p>Customer proposition</p> <ul style="list-style-type: none">→ Fast, easy and convenient→ Expansive and relevant product range→ Industry-leading customer guarantee	<ul style="list-style-type: none">• Online or via telephone• Free samples and artwork• Remarkable customer service <ul style="list-style-type: none">• On-time shipment or your order is free• Lowest prices or double the difference• Total satisfaction or your money back
<p>'Drop ship' from suppliers</p> <ul style="list-style-type: none">→ Unrestricted access to tens of thousands of products→ Efficient deliveries to short lead times→ Minimal investment in inventory	<ul style="list-style-type: none">• Supplier holds the stock• Supplier prints the product• Order shipped direct to customer <ul style="list-style-type: none">• Merchandisers work closely with suppliers• Product range continually updated
<p>Application of technology</p> <ul style="list-style-type: none">→ Customer-facing, websites & mobile→ Proprietary order processing platform→ Sophisticated database analytics	<ul style="list-style-type: none">• Mature, scalable systems• Efficient order processing• Supplier integration <ul style="list-style-type: none">• Data-driven marketing• Innovative web technology
<p>Innovative marketing</p> <ul style="list-style-type: none">→ Data-driven heritage and discipline→ Online and offline techniques→ Catalogue, search engine, email, social	<ul style="list-style-type: none">• New customer acquisition• Growing customer file <ul style="list-style-type: none">• Existing customer retention• Blue Box™

Shareholder List

As at 17 July 2017	No. of shares	%
BlackRock Inc	3,569,340	12.7
Standard Life	3,274,001	11.7
JP Morgan Chase & Co	1,784,102	6.4
Mr. K.J. Minton	1,600,290	5.7
Fidelity Worldwide Investment (FIL)	1,170,937	4.2
Invesco	1,126,372	4.0
Baillie Gifford & Co	975,396	3.5
AXA SA	952,155	3.4
Unicorn Asset Management	906,966	3.2
Hoegh Capital Partners	802,377	2.9