

# 4imprint Group

## COVID-19 update

Trading update

Media

19 March 2020

**Price** **1,315p**

**Market cap** **£427m**

£1:\$1.15

Net cash (\$m) at end February 2020 51

Shares in issue 28.1m

Free float 98.2%

Code FOUR

Primary exchange LSE

Secondary exchange N/A

### Share price performance



### Business description

4imprint is the leading direct marketer of promotional products in the US, Canada, the UK and Ireland. In FY19, 97% of revenues were generated in the US and Canada.

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4imprint has updated the market for the current impact of COVID-19 on its business, which has changed markedly in the last few days. When we reported on the FY19 results on 3 March, order intake was up 13% y-o-y. Since 10 March, the disruption to the US economy has started to take hold and order levels have dropped significantly. The extent and duration of this phase is uncertain, and we have therefore withdrawn our forecasts for now. The group has a high degree of control over its variable costs in marketing spend and an exceptionally strong balance sheet, with cash of \$51m at the end of February and no debt.

Year end	Revenue (\$m)	PBT* (\$m)	EPS* (c)	DPS (c)	P/E (x)	Yield (%)
12/18	738.4	46.1	129.4	70.0	11.7	4.6
12/19	860.8	55.6	153.9	84.0	9.9	5.5
12/20e	N/A	N/A	N/A	N/A	N/A	N/A
12/21e	N/A	N/A	N/A	N/A	N/A	N/A

Note: \*PBT and EPS are normalised, excluding amortisation of acquired intangibles, exceptional items and share-based payments.

4imprint's strong supply chain relationships helped mitigate the impact of the initial phase of the COVID-19 pandemic when it was purely based in China. Now it is taking a firmer hold across the US (97% of group revenues), the logistics of moving product around are starting to be more complicated. Again, strong supplier relationships should help but may not be able to counter the physical limitations. At the FY19 results on 3 March, total orders received were up over 13% y-o-y, and management reports that this level continued for another week. Since then, orders have dropped (and been volatile), with the three trading days to 18 March seeing orders at around 40% of prior year levels. We have withdrawn our forecasts from the market until there is more clarity over the possible length and extent of the disruption. There are two factors that provide some comfort. One, that 4imprint's marketing spend is a variable cost and the group's core expertise is around finessing the ROI on it. Secondly, as at the balance sheet date, the group had \$41.1m of cash and no debt (\$39.1m under IFRS 16). By end of February, this figure was \$51m.

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