

11 July 2016

IG Design Group PLC (the “Company” or “Design Group”)

Acquisition of Lang Companies Inc (“Lang”)

IG Design Group plc (formerly International Greetings plc), one of the world’s leading designers, innovators and manufacturers, of gift packaging and greetings, social expression giftware, stationery and creative play products, is pleased to announce today the acquisition, of 100% of the share capital of Lang Companies Inc., the design-led supplier of high-quality branded consumer indoor and outdoor home décor and lifestyle products, based in the USA.

The acquisition, made through Design Group’s US subsidiary, was satisfied by a net cash consideration of \$3.6m. The consideration represents a multiple of estimated EBITDA to 31 March 2016 (\$1.25m) of just over four times less a working capital adjustment of \$1.7m.

Operating under three brands: Lang, Wells St. and Turner Licensing, Lang’s products include design-led giftware and gift calendars, with licenses such as NBA and NFL. The business has resilient revenue streams with a complementary range of customer channels. It has live trading relationships with many US based national chains and in excess of 3,000 specialist gift stores. Additionally, Lang has established a direct to consumer sales channel through its own website and catalogues with over 150,000 direct customers.

In the year to 31 May 2015, Lang’s audited accounts reported turnover of \$34.4m and loss before tax of \$2m. Net liabilities were reported as \$14.9m. However, Design Group will not acquire the historical debt structure and the business will be delivered at closing with net working capital of \$8.3m. The EBITDA estimate stated above of \$1.25m is, in the Directors opinion, a more meaningful estimate of the underlying profitability of Lang to 31 March 2016.

The acquisition is underpinned by some modest management synergies arising immediately, but more meaningful sourcing synergies arising from 17/18 onwards due to the seasonal nature of the business. Additional cross selling synergies may also be available.

The total transaction and restructuring costs are estimated to be £1m which will be treated as exceptional costs.

Commenting on the acquisition, Paul Fineman, Chief Executive, said:

“Lang’s slogan is “We Start with Great Art” and this fits exactly with Design Group’s own natural focus. In terms of product, markets and culture, Lang is highly complementary to what we already do, offering scale, synergies and additional channels to market for Design Group Americas, our fastest growing business. I am delighted to welcome Lang into the Design Group fold.”

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