moonpig group plc

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FY25 Full Year Results – Presentation Script

Year Ended 30 April 2025

26 June 2025

Corporate participants

- **Nickyl Raithatha** Moonpig Group plc - Chief Executive Officer
- **Andy MacKinnon** Moonpig Group plc - Chief Financial Officer

Section 1 (00:00) - Overview

Nickyl Raithatha - Chief Executive Officer

Hi and welcome to the Moonpig Group full year results presentation. I'm Nickyl Raithatha, Chief Executive, and I'm here today with Andy MacKinnon, our CFO.

First, I'd like to draw your attention to the disclaimer, please do take a moment to read it.

In terms of the running order today, I'll give a quick overview of the year just gone. Then I'll turn to Andy to run through the financials in more detail and then I'll close with an overview of our strategic update.

As a reminder, we are the undisputed online leader in a category that is still in the early stages of digital transition. Our strategy is simple and effective: we lead with cards and we attach gifts, maximising both customer loyalty and profitability. Our competitive advantage lies in how we use technology and data to create a highly personalised experience. With over 100 million reminders and a rapidly growing base of 920,000 subscription members, we drive exceptional customer loyalty. Nearly 90% of our revenue now comes from existing customers, a clear sign of the strength and stickiness of our model.

This loyalty translates directly into outstanding financial performance. We generate Adjusted EBITDA margins of 27%, benefit from strong cash conversion, and expect to deliver compound Adjusted EPS growth of 15% over the medium term. These fundamentals give Moonpig Group all the hallmark characteristics of a true platform business - scalable, profitable, and built for sustainable growth.

Turning to the year just gone, it's been another strong period for the Group. In FY25, Moonpig delivered just under 9% revenue growth, outperforming a challenging consumer backdrop. This was underpinned by strong growth in customer numbers and a return to healthy growth in gift attach. At Greetz, revenue trends continue to improve. The business saw a 2% decline in constant currency, an improvement from the 7% decline in the prior year. We ended the year at the top end of our profitability range, delivering Adjusted EBITDA margins of 27.6% and Adjusted EPS growth of 18%. With leverage now at our target levels, we have initiated shareholder distributions for the first time, launching both a buyback and a dividend during the second half.

The growth at Moonpig is a direct result of the strategic investments we've made in data and technology over the past several years. And these investments continue to pay off, as we drive higher customer lifetime value period after period. Features like Moonpig Plus, occasion reminders, and enhanced creative tools are all increasing customer loyalty and frequency. One particular highlight this year has been the return to growth in gift attach rate, which rose by 70 basis points in the second half. This reflects the impact of new brand launches and continued improvements to our recommendation algorithms. We've also made strong progress in international expansion, with high growth across Ireland, Australia, and the US, whilst maintaining a disciplined and capital-efficient approach.

The new financial year is off to a strong start, with trading in line with expectations. Moonpig has returned to double-digit revenue growth, Greetz is tracking flat year-on-year, and our experience business is gaining operational momentum. For the full year, we expect to grow Adjusted EBITDA in the mid-single digits and deliver Adjusted EPS growth in the range of 8-12%.

With that, I'll pass on to Andy to take you through the results in more detail.

Section 2 (04:09) – Financial performance

Andy MacKinnon - Chief Financial Officer

Thanks, Nickyl. And good morning, everyone.

We're pleased to report another strong set of financial results, with continued year-on-year growth underpinned by the performance of the Moonpig brand.

Group revenue increased to £350 million, in line with previous guidance. Adjusting for the prior year benefit of excess breakage on Covid-era Experiences vouchers, this equates to year-on-year growth of 4.4%. Moonpig revenue grew by 8.6% year-on-year.

We delivered Adjusted EBITDA of £96.8 million, with a margin of 27.6% driven in particular by continued strong gross margin performance at Moonpig.

Adjusted EPS grew by 18% year-on-year, reflecting a significantly lower net finance charge. This includes the benefits of deleveraging and the refinancing of our bank debt to lower-cost, more flexible facilities in the final quarter of FY24.

Finally, we generated £66 million of Free Cash Flow, up from £61 million the year before. This strong, predictable and consistent cash generation enabled us to reduce net leverage to just below 1.0x, in line with our medium-term target, whilst also funding a £25 million buyback and our first dividend payment.

These results are underpinned by a resilient revenue model, built on loyal customer cohorts that continue to drive engagement and repeat purchase.

We use technology to harness our unique data on gifting intent, enabling strong customer retention. The chart here shows the longevity and consistency of our customer cohorts, spanning more than a decade and a half. Every year we profitably acquire a new cohort, and they stack one on top of another, driving compound customer base growth.

At both Moonpig and Greetz, existing customers now account for nine tenths of total revenue, giving us a high-quality and predictable revenue base. It also means that most of our growth opportunity lies in deepening engagement with existing customers, encouraging them to make more of their greeting card purchases with us and to attach a gift more often. And because our marketing activity focuses on acquiring new customer relationships rather than buying traffic, this supports high profitability and strong cash generation.

Together, Moonpig and Greetz delivered revenue growth of 6.3% year-on-year, driven by a 4.1% increase in order volume. That growth in orders was fuelled by strong new customer acquisition, which expanded our active customer base to 12 million. Headline purchase frequency remained flat at 2.94 orders per active customer. However, this is impacted by the mix effect of acquiring a large new customer cohort, where frequency is naturally lower.

We have continued to rapidly scale the underlying drivers of purchase frequency. Membership of Plus grew by 70% to 920,000 and the programme now accounts for more than one in five orders at Moonpig. Use of creative features increased by 45% to 15 million. And our database of reminders grew by 12% to 101 million. Reminders now drive four in every ten Moonpig orders, underscoring their importance in building customer engagement and repeat purchase.

Alongside growth in volume, we've also seen an increase in average order value, which rose by 2.1% year-on-year. A key driver of this was gift attach rate growth, which strengthened through the year, with increases of 0.2 percentage points in the first half and 0.7 in the second. That took the full year attach rate to 17.7%.

AOV also benefited from higher postage prices. In part, this reflects the pass-through of Royal Mail's first-class stamp price increases. But we've also seen strong uptake of tracked next-day delivery for card-only orders, which we offer at an affordable price point.

As we discussed at the half year, we're also seeing growth in sales where we act as agent, including for gift experiences and, following the launch of our partnership with The Entertainer in September 2024, for children's toys. Both categories are scaling well. For agency sales, revenue is based on the commission we earn, rather than the gross transaction value.

Looking ahead to FY26, AOV is an area where we see clear momentum. Attach rate is benefiting from the launch of new trusted brands such as Next in home and beauty, and we also have some exciting partnerships set to launch in the year ahead. The growth in tracked card delivery should also provide a tailwind for average order value. That strong attach rate performance is also reflected in our revenue mix, with both cards and gifting showing healthy year-on-year growth.

Moonpig and Greetz both operate a card-first strategy, and more than 19 out of every 20 orders at these brands includes a card. Card revenue grew by 8.1%, driven by strong order volumes and the higher average order value. The uplift in AOV reflects a combination of pricing, including the pass-through of Royal Mail's first-class stamp price increases, and upsell to larger card formats.

Attached gifting revenue grew by 5.0%, underpinned by a strengthening in attach rate as the year progressed. This was partly offset by increased promotional intensity at Greetz, and by strong growth in sales of toys and digital gifts on a commission basis. Let's turn now to performance by brand.

Across the year, we delivered revenue growth of 8.6% at Moonpig. That reflects growth in the active customer base, a strengthening in gift attach rate, and rising penetration of our exclusive guaranteed delivery service. Moonpig has also made a strong start to the new financial year, with revenue growing at a double-digit rate across the year to date.

At Greetz, the rate of revenue reduction moderated to 2.4% on a constant currency basis. We're increasingly leveraging central technology platform capabilities, including reminders, Plus subscriptions and card creativity features, to drive customer engagement and loyalty at Greetz. Greetz saw a softer start to the second half of FY25, but recent performance has been encouraging. Since April, revenue has been in line with prior year at constant currency.

I'll turn next to Experiences, where we're now seeing strong operational momentum. The headline decrease in FY25 revenue includes the prior year benefit from £5.9 million from temporary excess breakage on Covid-era vouchers, which was recognised across last year. Excluding that, the year-on-year reduction would have been £3.5 million, or around 8 per cent.

We expect a similar underlying rate of year-on-year revenue growth in the first half of FY26, but we are encouraged by the operational progress we're making.

We hit two major milestones during the year. First, we completed a multi-year re-platforming of the Experiences technology stack, which has freed the team to focus on building consumer-facing features that support revenue growth. Second, we strengthened the divisional management team, particularly in commercial leadership roles.

These changes are beginning to make an impact. We've launched a range of new website features that improve product discovery and make it easier to search by location. We're also starting to see enhancements to the proposition, with the first new products live and a strong pipeline of launches ahead, including partnerships with well-known brands in new categories. We're well placed to build on this operational momentum in the months ahead.

We have grown our gross margin rate to 59.6%, driven by a 1.8 percentage point increase in Moonpig gross margin rate, which reached 57.0%. That strong performance at Moonpig reflects several factors: effective intake margin management on gifting, further efficiencies at our UK fulfilment centre, including benefits from insourcing balloon fulfilment, and more targeted discounting through personalised promotions.

We also saw growth in income streams with a 100% gross margin rate, including Plus subscription membership fees and commission from selling toys and gift experiences as an agent. Together, these contributed £11 million of revenue over the year. Partly offsetting that, the growth of our Plus subscription programme, which now accounts for over one in five Moonpig orders, has increased the volume of member discounts.

At Greetz, the gross margin rate fell by one percentage point, mainly due to additional promotional activity. By contrast, the gross margin rate for Experiences improved, as the prior year included provisions for old gift box inventory, which no longer affect results.

The growth in gross profit enabled us to deliver Adjusted EBITDA of £96.8 million, equivalent to a margin rate of 27.6%.

For the Moonpig segment, Adjusted EBITDA margin increased to 31.2%, driven by the 1.8 percentage point improvement in gross margin. This was only partly offset by a return to more normal levels of indirect cost management. As we noted last year, we took a cautious approach to controlling costs in response to the external environment.

At Greetz, Adjusted EBITDA margin was lower, reflecting the operational leverage impact of reduced revenue; and at Experiences, the year-on-year movement reflects the benefit of excess breakage revenue in the prior year, which carried a 100% gross margin.

So, we've seen strong delivery at the Adjusted EBITDA level. That translated into even stronger performance further down the P&L, particularly as net finance costs came down significantly. This meant that we delivered 16% growth in Adjusted PBT, whilst growing Adjusted basic EPS by 18% to 15.0 pence.

Depreciation and amortisation totalled £18.9 million, a year-on-year increase, but slightly below our expectations. With higher capital expenditure coming through next year, we expect D&A for FY26 to be between £20 million and £23 million, and over time we expect this charge to track growth in capex.

Net finance costs fell by £9.6 million. This reflects lower utilisation of our revolving credit facility, and the benefit of refinancing in February 2024 onto a lower-cost, more flexible facility. The year-on-year reduction was made larger by a £3.1 million charge last year for the accelerated amortisation of fees on our previous facility. For FY26, we expect net finance costs to remain broadly flat. Forward curves suggest lower rates ahead, but we came off a 3.0 per cent SONIA cap part-way through FY25, which means that we're now paying a higher effective rate of interest. For this reason, despite the market outlook, our actual interest costs are likely to remain stable in the near term. Over the medium term, we expect net finance costs to rise, as net debt increases in line with our leverage target of 1.0x Adjusted EBITDA.

Let's now turn to how our profit translates into cash. We consistently generate strong Free Cash Flow. That's down to our high-margin, asset-light business model and our negative net working capital position. In FY25, Free Cash Flow increased from £61 million to £66 million. We expect this to continue rising as profits grow. As in previous years, cash generation was heavily weighted into the second half, with around 85% of Free Cash Flow delivered in H2. That reflects the seasonality of our trading and working capital, and we expect a similar shape in future years.

Total capex, both tangible and intangible, was £13.3 million, equivalent to 3.8% of revenue. That's slightly below our medium-term target range of 4% to 5%, because in line with IFRS, a greater share of our technology team's work was expensed rather than capitalised, for example because they related to SaaS configuration projects. In FY26, we expect the capex-to-revenue ratio to increase for two reasons. First, we expect more projects to meet capitalisation criteria. Second, we expect mid-single digit millions of tangible capex each year in FY26 and FY27 to fund automation and insourcing at our UK fulfilment centre.

Our consistent cash generation supports balance sheet strength and underpins our disciplined capital allocation. Our strong cash generation has brought net leverage down to just below our medium-term target of 1.0x, and we expect to stay around that level at the end of FY26. It's likely to be a little higher at the half year, reflecting normal seasonality in trading and working capital.

Back in October, we announced a new capital allocation policy, which sets out a clear hierarchy. Our first priority is investment for organic growth, and that means continued investment in technology, customer acquisition and automation across our operations. Next come dividends, followed by selective, value-accretive M&A, and finally share buybacks where we have excess capital.

We also introduced a progressive dividend policy, targeting a cover ratio of three to four times over the medium term. For FY25, the Board has declared a total dividend of 3.0 pence per share, which is five times covered by Adjusted EPS.

With our growth priorities fully funded, and no M&A currently in view, our focus has shifted to returning excess capital to shareholders. In the second half of FY25, we completed our first share buyback, repurchasing and cancelling £25 million of shares. In FY26 we intend to repurchase up to £60 million, with a first-half programme of £30 million already underway. We only carry out buybacks when they're funded from excess capital and are accretive to Adjusted EPS.

Now to close, I'll provide an update on current trading, and our outlook for FY26.

Since the start of the year, trading across the Group has been in line with our expectations, including strong Father's Day trading. Moonpig is growing at double-digit levels and Greetz revenue is in line with the prior year. At Experiences, we continue to build on recent operational momentum.

For FY26, we expect Group Adjusted EBITDA to grow at a mid-single digit percentage rate and growth in Adjusted earnings per share at between 8% and 12%, with continued strong free cash flow generation funding ongoing investment in our growth strategy and consistent returns to shareholders.

With respect to the medium term, we continue to target double-digit revenue growth, Adjusted EBITDA margin of 25% to 27% and mid-teens growth in Adjusted EPS.

And now I'll hand back to Nickyl, who will talk through our strategic progress over the year.

Section 3 (18:55) – Strategic progress

Nickyl **Raithatha – Chief Executive Officer**

Thank you, Andy. I'll now give an update on the strategic progress we've been making across the business.

As I mentioned up front, we are the clear online leader in a category that is still in the early stages of digital transition. Our strategy is simple and effective: we lead with cards and attach gifts, maximising both customer loyalty and profitability.

Cards are not just the starting point of the journey; they're the engine of our data advantage. They provide incredibly rich insight into customer behaviour, which we use to build loyalty, to increase purchase frequency, and to cross-sell gifts in a highly personalised way. With over 60% of cards typically given alongside a gift, our model enables us to capture this incremental gifting opportunity without additional marketing spend, by using our cross-sell page to surface relevant gifts based on each customer's preferences.

What makes this model particularly powerful is the way it compounds over time. We profitably acquire sticky customers, who then layer on top of previous cohorts. With nearly 90% of revenue coming from existing customers, this is the foundation of our ability to drive sustainable, profitable growth.

We see a long runway for growth ahead, and it’s most clearly reflected in the three compounding levers that drive our model. First, we’re continuing to capture more card buyers across our markets. Second, we’re increasing the number of cards each customer sends through us annually. And third, we’re driving more gifts into the basket with each purchase. These levers work together to create a powerful compounding effect: expanding our customer base, deepening engagement and increasing order value over time. Together, they underpin our expectation for sustained double-digit growth over the medium term. Over the past five years we’ve made clear progress across all three levers, demonstrating the strength and resilience of our growth model.

It’s been a strong year for customer acquisition, matched by exceptional retention across our base, driving our active customers up to 12 million now. A seamless customer journey remains central to our success. This year, we introduced new features such as social login and “Magic Link”, both of which have materially improved conversion rates by making it easier than ever for customers to engage with our platform.

We also launched Moonpig Guaranteed Delivery, a UK-exclusive product that’s quickly become a core differentiator for the brand. Over a third of customers are now choosing it over a first-class stamp, making it not just a commercial success but a clear USP that sets us further apart from the competition.

Our use of data and technology is a key driver of loyalty through both targeted retention features and innovations that elevate the customer experience. Reminders remain one of our most powerful assets, driving nearly 40% of our business. We’ve now surpassed 100 million active reminders, demonstrating both scale and engagement.

We've also introduced two market-leading AI-powered creative features - Handwriting and Stickers. Both have been enthusiastically adopted by customers, contributing to a 45% year-on-year increase in the use of creative features. We are delivering on our promise to be the world’s most personalised card.

Another major loyalty driver is Moonpig Plus, our subscription service, which continues to deliver meaningful value to both customers and to the business. We’re now approaching one million members, with clear uplifts in order frequency, attach rates, and strong renewal behaviour. We remain very excited about the role Moonpig Plus will play in driving long-term value.

It’s also been a pivotal year for our gifting business, with a strong return to gift attach rate growth that accelerated through the year. We’ve significantly upgraded the quality of our range, onboarding loved and trusted brands and launching a new model for working with strategic category partners. These now include The Entertainer, Virgin Wines, Next home and beauty, and The Fragrance Store and we have a strong pipeline of new partners ahead.

At the same time, emerging AI technologies are powering a new generation of recommendation algorithms, directly increasing gift conversion rates. With this combination of a stronger product range and smarter tech, we expect the momentum in attach rate to continue in the medium-term.

The recovery at Greetz has taken longer than we originally anticipated, reflecting both ongoing consumer headwinds in the Netherlands and a slower-than-expected timeline for realising the benefits of our Group technology platform.

Over the past six months, we’ve made this a strategic focus and we are now seeing signs of progress, with the business returning to a more stable footing and positioned to benefit from the Group’s scale and capabilities.

We’ve completed key infrastructure migrations in the Netherlands, bringing secondary service providers, such as CRM and payments, onto our unified Group stack. In parallel, we’ve harmonised the underlying data architecture at Greetz, including the deployment of an AI tagging tool to align content and product data.

We've also recognised that some customer behaviours in the Netherlands differ meaningfully from those in the UK. In response, we're building a configuration layer within our platform to localise the user experience where needed. A good example is the delivery selector, where Dutch customers prioritise price, while UK customers tend to prioritise speed. As a result, Greetz is now positioned better than ever to benefit from our Group technology platform.

The transformation of our Experiences business has now entered its final phase. Two major enablers are now in place: the technology re-platforming is complete and the team has been fully reshaped. As a result, we are starting to see strong operational momentum today.

As expected, there is a natural time lag between revamping the customer proposition and seeing the full financial impact. We do not anticipate a material change in the financial trajectory in the next few months, but the internal progress that we're seeing gives us confidence in the medium-term upside. In the past period, the new technology platform has enabled a high velocity of feature development and optimisation. This is making it significantly easier for customers to browse, to discover, and to select the perfect experience, enhancing the overall journey.

At the same time, our proposition is getting stronger. Our pipeline of partners is now meaningfully ahead of previous periods, with multiple new launches imminent across immersive experiences, subscriptions and premium food and drink brands. We're also expanding distribution, particularly through Moonpig's digital gifting flow, but also via Amazon and select high street retailers.

Looking beyond the transformation programme and the current macro environment, we see four clear long-term growth drivers for the Experiences business. Number one: increasing order volumes through range expansion, stronger marketing, and enhanced tech capability. Number two: growing average order value, supported by pricing optimisation and more intelligent upselling. Number three: scaling third-party distribution, which remains a significant untapped opportunity. And number four: boosting the value of each order by upselling directly to gift recipients.

With the transformation nearing completion and these growth levers in place, our Experiences brands are well positioned to deliver long-term growth as market conditions improve.

Our expansion into new international markets continues at a really healthy pace, with combined revenues growing 36% year-on-year to nearly £12 million. We're particularly encouraged by our progress in Australia, where we've seen clear benefits from annualising our marketing efforts. This has significantly reduced customer acquisition costs and brought us meaningfully closer to the point of profitability. In parallel, we've seen strong improvements in customer lifetime value, driven by higher gift attach rates, making Australia a clear priority in the year ahead as we focus on achieving profitable growth in that market.

Our other two markets also continue to perform well. Ireland remains profitable and is growing at over 20%, while in the US, we remain in the experimentation phase, focused on learning, testing, and refining the model before scaling further.

In summary, the Group enters FY26 with strong momentum and a clear path ahead. Our technology platform is now fully embedded and driving double-digit growth at Moonpig, with Greetz stabilising and poised to benefit from the full strength of Group capabilities. We're seeing meaningful progress in Experiences and expect that momentum to build through the year as new partners, products, and channels come online. Our model continues to deliver strong earnings growth, high margins, and consistent free cash flow, enabling us to start paying dividends and make significant share buybacks, whilst continuing to invest for the long term.

As we look ahead, our focus remains on executing against our growth levers, scaling our international opportunity, and further enhancing our customer proposition through technology. We remain confident in our ability to deliver our medium-term targets and to create sustained value for shareholders.

Thank you for listening, and see you shortly at the Q&A.

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