

# Full Year Results Presentation

Year ended 30 April 2021

27 July 2021



# Disclaimer

This presentation and the discussion which follows it may include certain forward-looking statements with respect to the business, strategy and plans of the Company (together with its subsidiaries, the “Group”) and its current goals and expectations relating to its future financial condition and performance. Statements that are not historical or current facts, including statements about the Group or its directors’ and/or management’s beliefs and expectations, are forward-looking statements. These forward-looking statements may include words such as “aims”, “anticipates”, “believes”, “continues”, “estimates”, “expects”, “goal”, “intends”, “likely”, “may”, “plans”, “projected”, “seeks”, “sees”, “should”, “targets”, “will” or the inverse of such terms or other similar words. These forward-looking statements involve known and unknown risks and uncertainties and other factors, many of which are beyond the Group’s control and all of which are based on current beliefs and expectations about future events. They are necessarily based upon a number of estimates and assumptions that, while considered reasonable by the Company, are inherently subject to significant risks, uncertainties, contingencies and other important factors. Known and unknown factors could cause actual results to differ materially from those projected in the forward-looking statements, such as (but not limited to) future market and economic conditions, currency fluctuations, the behaviour of other market participants, the response of customers to sales and marketing activities, the performance, security and reliability of the Group’s online platform and other information technology systems, the cost of, and potential adverse results in, litigation involving any of the Group’s intellectual property, changes in business strategy, political, economic and regulatory changes in the countries in which the Group operates or changes in economic or technological trends or conditions, and the success of the Group in managing the risks of the foregoing. As a result, investors are cautioned not to place undue reliance on such forward-looking statements. Forward-looking statements speak only as of their date and the Company expressly disclaims any obligation to supplement, amend, update or revise any of the forward-looking statements made herein, except where it would be required to do so in accordance with its regulatory or legal obligations.

# Agenda



1

**Overview – Nickyl Raithatha**

2

**Financial performance – Andy MacKinnon**

3

**Strategic progress – Nickyl Raithatha**

# Becoming the Ultimate Gifting Companion

Creating better, more personal, connections between people that care about each other



Ensuring the **perfect range** of cards and gifts for **every occasion**



Building our brands so receiving our product always **means more**



Leveraging data and technology to make the **gifting experience effortless**



# A year of record performance and execution against strategy



- 1 Strong set of results in a year which has delivered an **enduring transformation** and a **step change in scale** of the business
  - 2 **Revenue and Adjusted EBITDA** both **more than doubled**
- Delivering against the growth levers set out at IPO**
- Completion of **technology and data re-platforming** project
  - Acceleration in **app penetration** and milestone of over **50m reminders** collected
  - Significant **investment in brand**, reinforcing market leadership position
  - Commercial proposition strengthened through **card and gift range** expansion, and extension of **market leading dispatch cut-off** for next day delivery
- 3
  - 4 Strategy delivery and slower than expected easing of lockdown have driven better trading in the year to date and an **upgrade to expectations for FY22**
  - 5 Continued confidence in **medium-term targets and growth opportunity**

# FY21 Financial and Operational Highlights

## Strong set of financial results



**Revenue**  
**£368.2m, +113% YoY**  
**50.9m orders**



**Adjusted EBITDA**  
**£92.1m, +107% YoY**  
**25.0% adjusted margin**



**Total gifting revenue**  
**£169.8m, +133% YoY**  
**46% of total revenue**

## Technology and data platform driving our growth flywheel



**Completion of three-year technology re-platforming**  
Custom designed

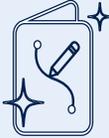


**Rich data pools**  
**190m transactions<sup>1</sup>**  
**Over 50m reminders**



**Number #1 App**  
**37% app penetration<sup>2</sup>**  
**6.1m downloads<sup>3</sup>**

## Further enhancing our leading customer proposition



**Card range expansion**  
**27,000 total designs**  
**10,000 increase in year**



**Gift range enhancement**  
**1,400 gifts**  
**70 new brand partners**



**Extended cut-off times<sup>4</sup>**  
**10pm Netherlands**  
**9pm UK**

Note: <sup>1</sup>Cumulative transactions as of April 2021 for Moonpig and from September 2018 (acquisition of Greetz) to April 2021 for Greetz; <sup>2</sup> App penetration refers to app orders as a percentage of total orders, for Moonpig only; <sup>3</sup>Number of app downloads is for Moonpig only; <sup>4</sup>Latest cut off time for weekday next day delivery

# Financial performance

Andy MacKinnon



# Powerful financial model and transformational acceleration

## Strong Top Line Growth

- ✓ Triple digit revenue growth to £368.2 million<sup>1</sup>
- ✓ Accelerating revenue growth amplified by the extended UK and NL lockdown



## High Customer Retention

- ✓ 75% of revenue from existing customers in FY21
- ✓ A data-driven customer retention flywheel driving lifetime value



## High Margins

- ✓ Adjusted EBITDA margin of 25.0% in line with medium term guidance
- ✓ Strong operating leverage driving £92.1 million Adjusted EBITDA



## Robust Cash Generation

- ✓ Capex light and negative net working capital
- ✓ Operating Cash Conversion of 106%

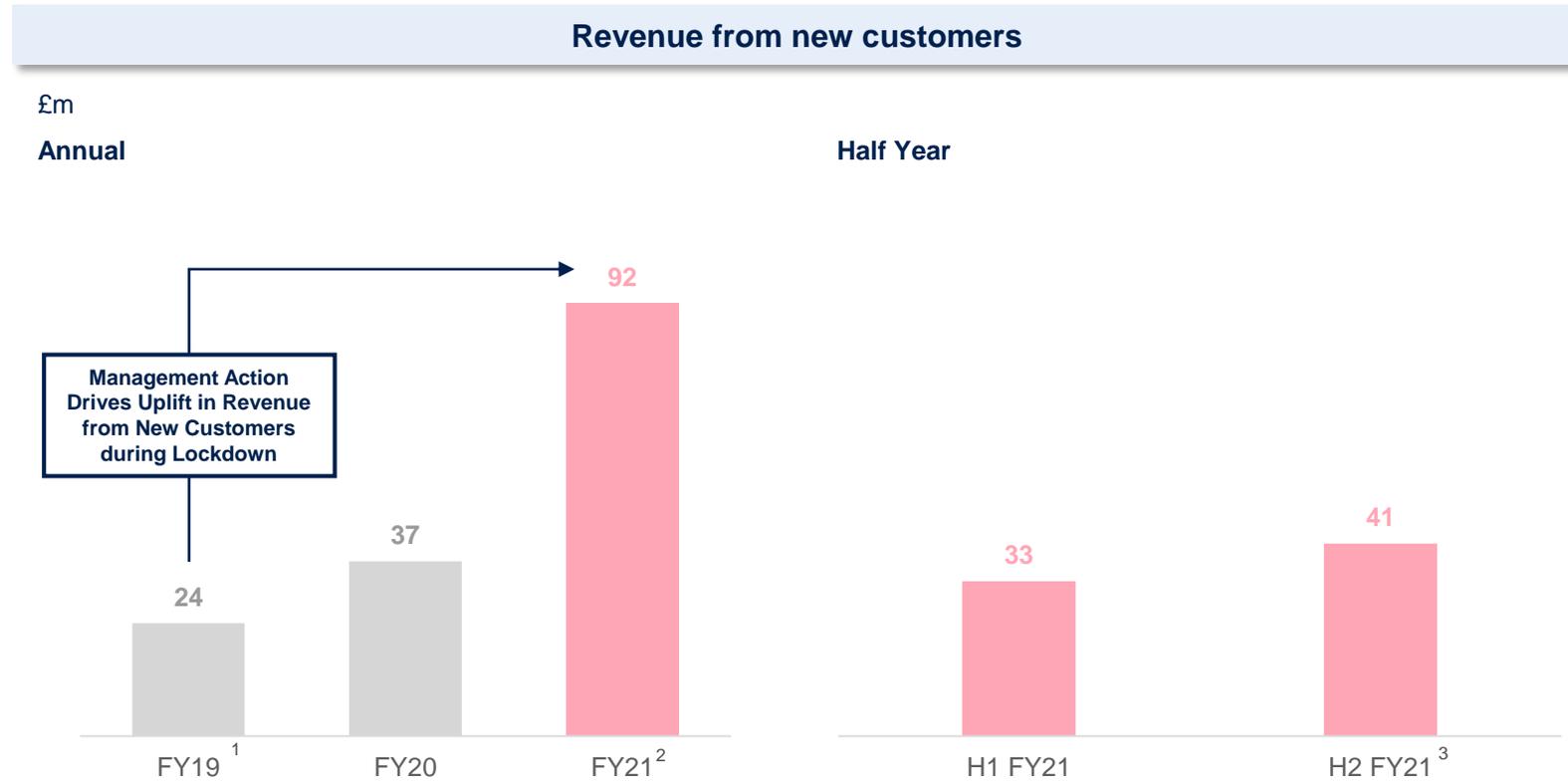
Underpinned by our data-driven customer retention model, which drives strong customer loyalty and lifetime value

# Strong orders growth and re-investment of AOV growth



- **Orders increased by 109%**, driven by uplift in new customer acquisition and elevated purchase frequency during lockdown
- **Re-investment of the AOV growth** that was driven through increased attached gifting. We chose to increase promotional activity to drive customer behaviours that align with higher retention and frequency (e.g. reminder setting, app downloads)

# Exceptional growth in revenue from new customers



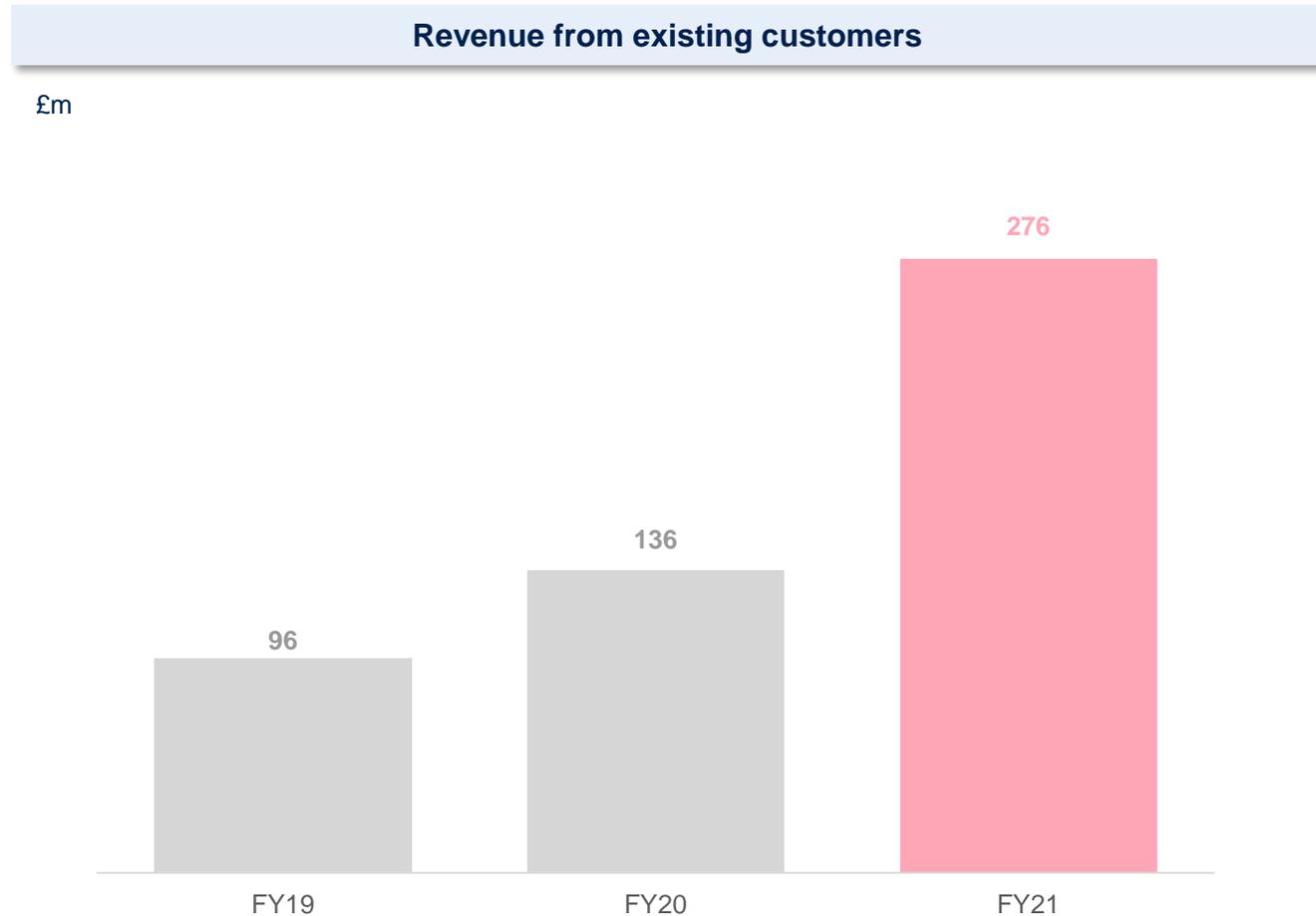
- **Significant uplift** in new customer acquisition during lockdown, from mid-March 2020 onwards (impacting FY20 and FY21)
- **Repeat behavior** of customers **acquired** during the past year is consistent with **historical cohorts**

Exceptional growth in new customers driven by management's actions to capture the opportunity during lockdown

Source: Company information

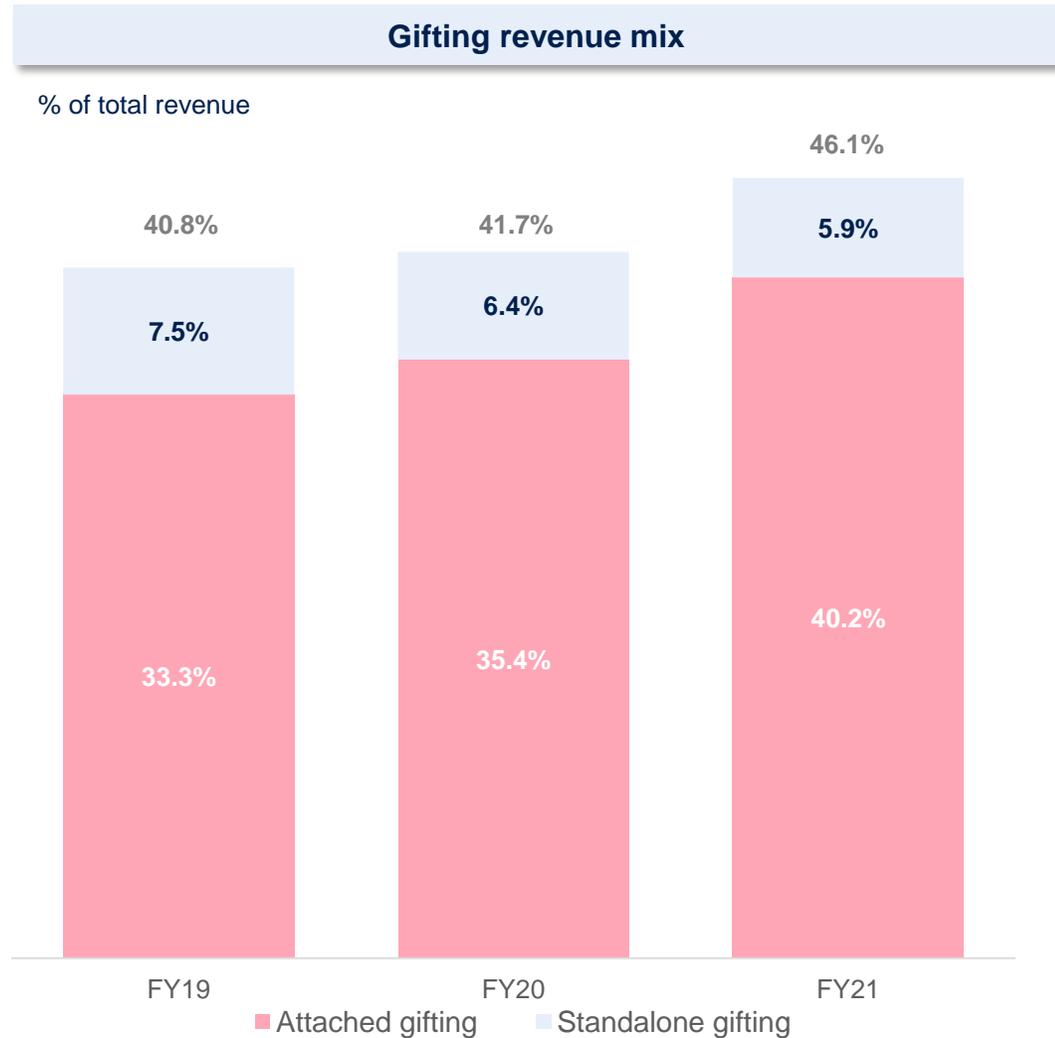
Notes: <sup>1</sup> Greetz included from acquisition; September 2018 onwards <sup>2</sup> FY21 contains revenue from customers acquired in both H1 FY21 and H2 FY21 <sup>3</sup> H2 FY21 revenue only from new customers acquired in H2 FY21.

# Elevated frequency driving growth in revenue from existing customers



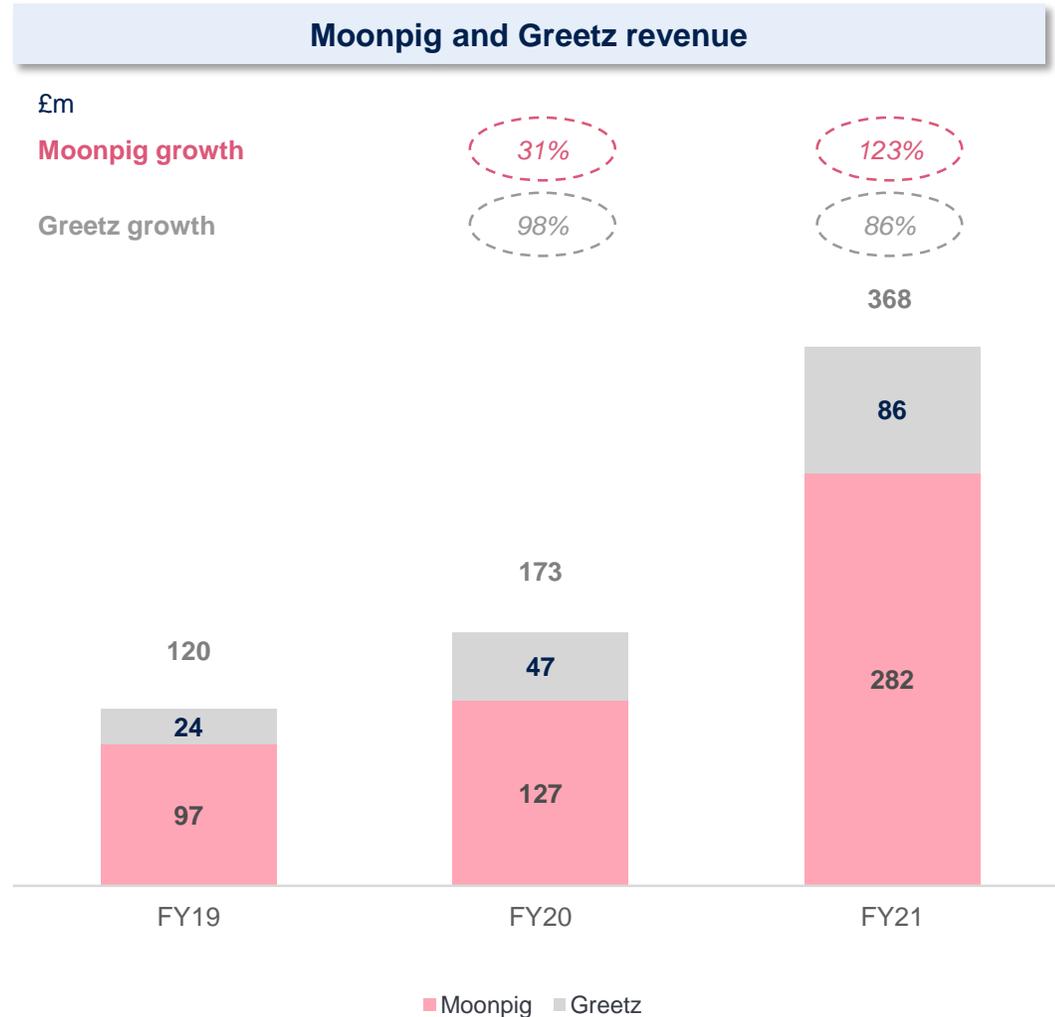
- Existing customer revenue increased due to **unusually elevated frequency**
- Underpinned by increased app penetration, contextual recommendations, reminder setting and targeted marketing

# Delivering against the opportunity in gifting



- Attached gifting boosted by **temporary increase in proportion of orders sent direct** to recipient in lockdown
- Underlying increase in attached gifting revenue, reflecting management's ongoing actions in:
  - **Broadening merchandise** offering
  - **Optimising digital user** experience
  - Better leveraging data to **produce more personalised gifting** recommendations

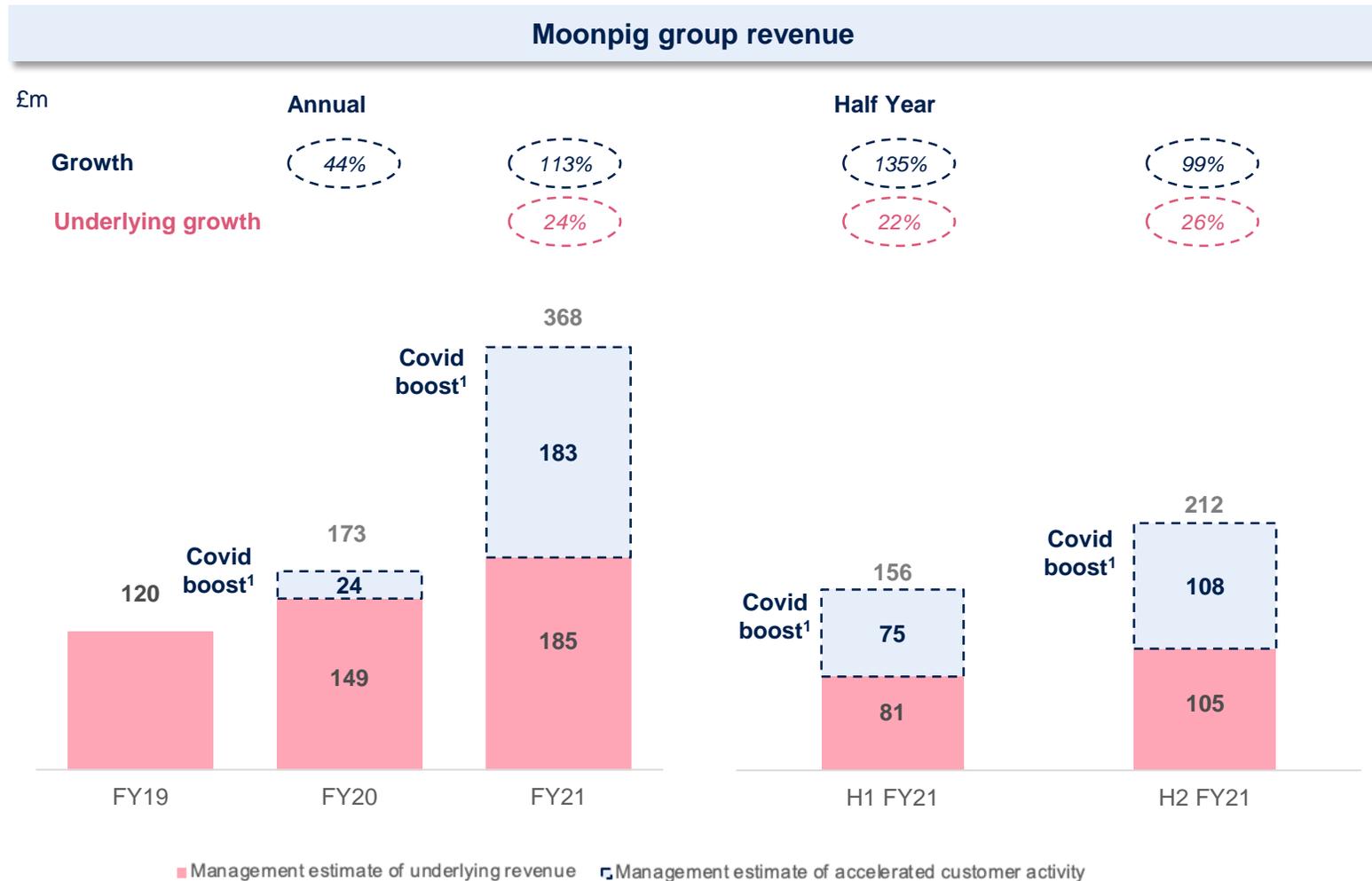
# Exceptional revenue growth across both segments



- Group revenue increased by **113%** year on year
- Successful application of the **Moonpig strategy and operational playbook** to **Greetz** delivered **strong growth** across both brands
- **Stronger revenue growth at Moonpig** reflects the benefit from our **new technology and data platform**. Migration of Greetz to this platform is ongoing until the end of calendar 2022

Notes: Greetz acquired in August 2018 and included from acquisition, September 2018 onwards.

# Continued double-digit underlying revenue growth



## Drivers of Covid Boost

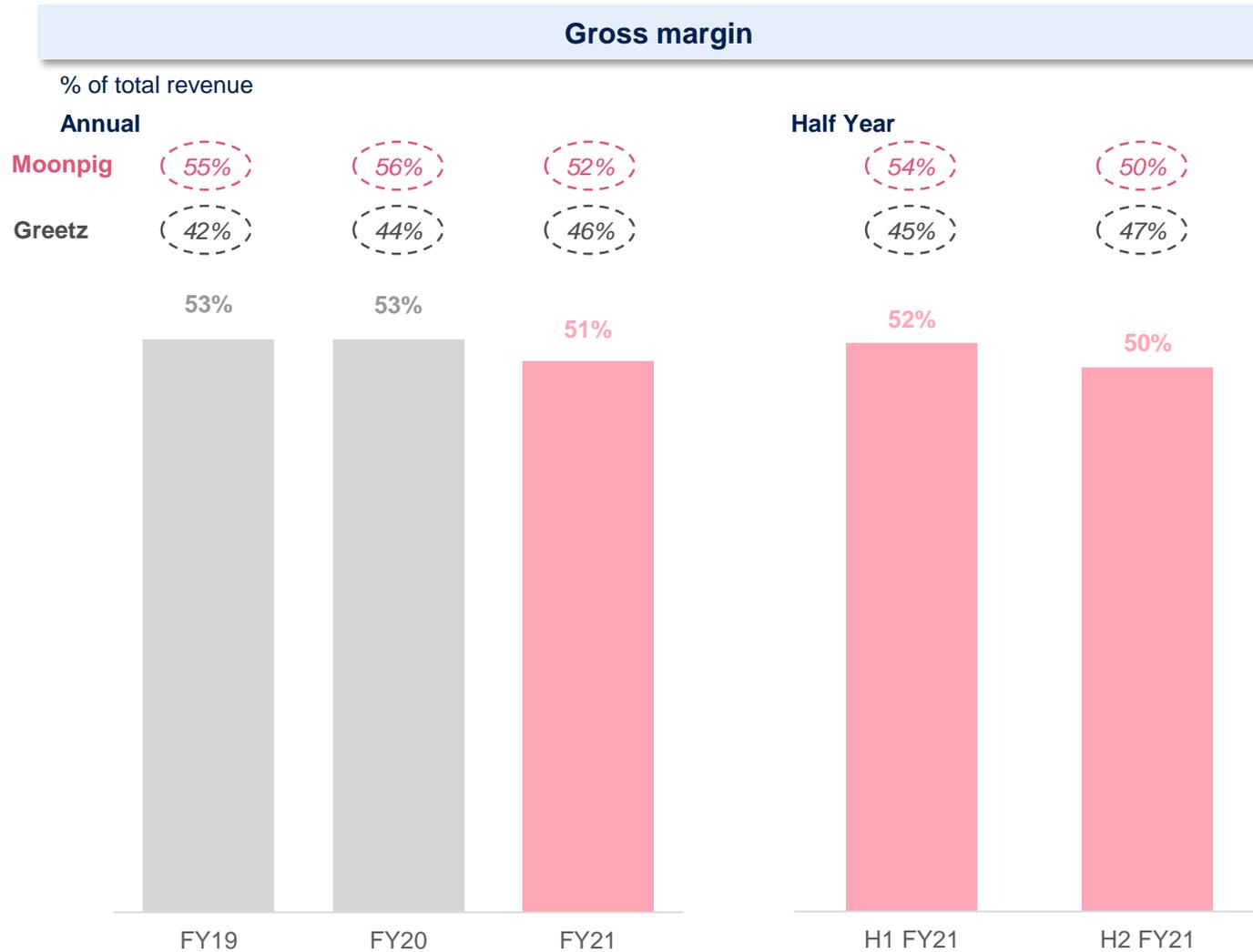
- Significant Uplift in New Customer Acquisition
- Significant Uplift in Existing Frequency

## Anticipated Lasting Impact of Covid Boost

- Enlarged Customer Base
- Expected Frequency Uplift (c.5% by FY23)<sup>2</sup>
- Higher Adjusted EBITDA Margin (c. 24%-25%)<sup>3</sup>

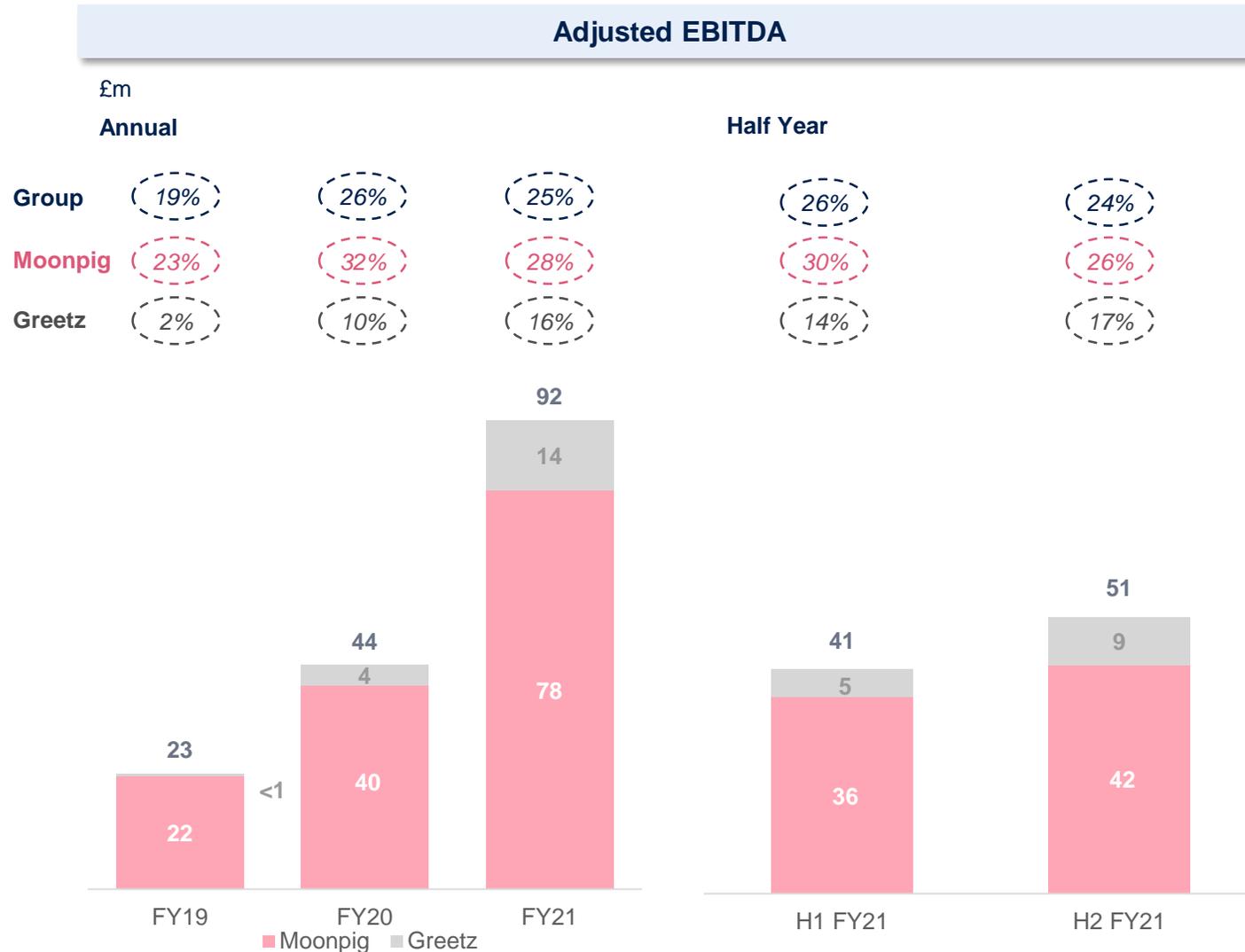
Notes: Greetz acquired in August 2018 and included from acquisition, September 2018 onwards. <sup>1</sup> Underlying revenue and management estimates of accelerated customer activity as a result of COVID-19 / lockdowns are a management belief statement. <sup>2</sup> Growth from FY19 <sup>3</sup> Medium term target

# Gross profit margin reflective of investment and category mix



- Group gross profit increased by **103%** to £186m
- Group gross margin rate decreased to **51%**, driven by:
  - Growth in **attached gifting mix**
  - Moonpig **promotional activity** to drive app downloads and reminder setting
  - Increased **outsourced card fabrication**
- Greetz gross margin improved to **46%**, driven by strategic focus shift to prioritise **card growth, improved promotional discipline** and **operational efficiencies**

# Adjusted EBITDA more than doubled year-on-year



- Adjusted EBITDA **+107%** driven by **revenue growth** and benefits from scale and historical investments to build operating leverage
- We chose to **prioritise market share capture** over short term profit margin rate with additional investment in:
  - Marketing** to drive new customer acquisition
  - Maintaining **operational resilience**
  - Promotional discounting** to drive app download and reminder setting

Note: Adjusted EBITDA is an Alternative Performance Measure. It is calculated as operating profit adding back depreciation and amortisation and adjusting items. Refer to the details set out in the Results Announcement for the year ended 30 April 2021, issued on 27 July 2021.

# Strong operating cash flow and cash conversion

£m	2021	2020
<b>Adjusted EBITDA</b>	92.1	44.4
Less: Capital expenditure	(10.8)	(7.7)
Add back: (Increase) in inventories	(12.0)	(0.2)
Add back: (Increase) in trade and other receivables	(1.8)	(1.1)
Add back: Increase in trade and other payables	29.7	15.6
<b>Operating cash flow</b>	97.2	51.0
<b>Operating cash conversion</b>	106%	115%

Note: <sup>1</sup> Operating cash conversion = operating cashflow/ Adjusted EBITDA

- Operating cash conversion remains strong at **+106%**
- Total capex £10.8m:
  - Ongoing development of our **proprietary technology platform**
  - Raising **production capacity** to meet elevated lockdown volumes
- Increase in inventory for temporary additional **resilience of supply** during lockdown and to **support gifting revenue growth**
- **1.25x** Net Debt / LTM Adjusted EBITDA at FY21, comfortably below guidance at IPO

# Capital allocation priorities focus on investment in growth

## Organic investment to drive growth

1

### Marketing

- Customer acquisition
- Promotional activity for app downloads and reminder setting

### Technology

- Data science capabilities
- In-house expertise and platform

### Operations

- Enhance flexibility and scalability of production footprint

## M&A

2

- **Relevant, value-accretive M&A opportunities**
- **Current markets** and in adjacent areas or technology that will **accelerate our medium-term goals**

## Shareholder returns

3

- Do **not** intend to pay a **dividend** as we continue to invest in growth
- Will continue to evaluate dividend policy and shareholder returns over time

Capital allocation priorities remain unchanged

# Current trading, outlook and guidance

## Current Trading and Outlook

- The new financial year has started moderately ahead of expectations, consistent with the slower lifting of lockdown restrictions in the UK and the Netherlands
- As restrictions have eased, we have seen customer purchase frequency start to normalise from elevated levels, and we expect this to continue until frequency is c.5% ahead of pre-Covid-19 levels, in line with previous expectations
- Repeat behaviour of customers acquired during the past year is consistent with historical cohorts, hence we expect that there will be an enduring uplift in the scale of the business
- In line with our approach during the second half of FY21, we will continue to prioritise additional investments in marketing and market share capture over short term maximisation of profit margin rate

## FY22 Guidance

- We now expect Group revenue in FY22 to be approximately £250m to £260m, implying 45% to 50% growth compared to FY20, and an underlying double-digit growth compared to FY21
- As previously stated, this represents a year-on-year decrease in headline revenue, reflecting normalisation of purchase frequency and a headwind from the large cohort of new customers following historical second year spending patterns

## Medium Term Targets

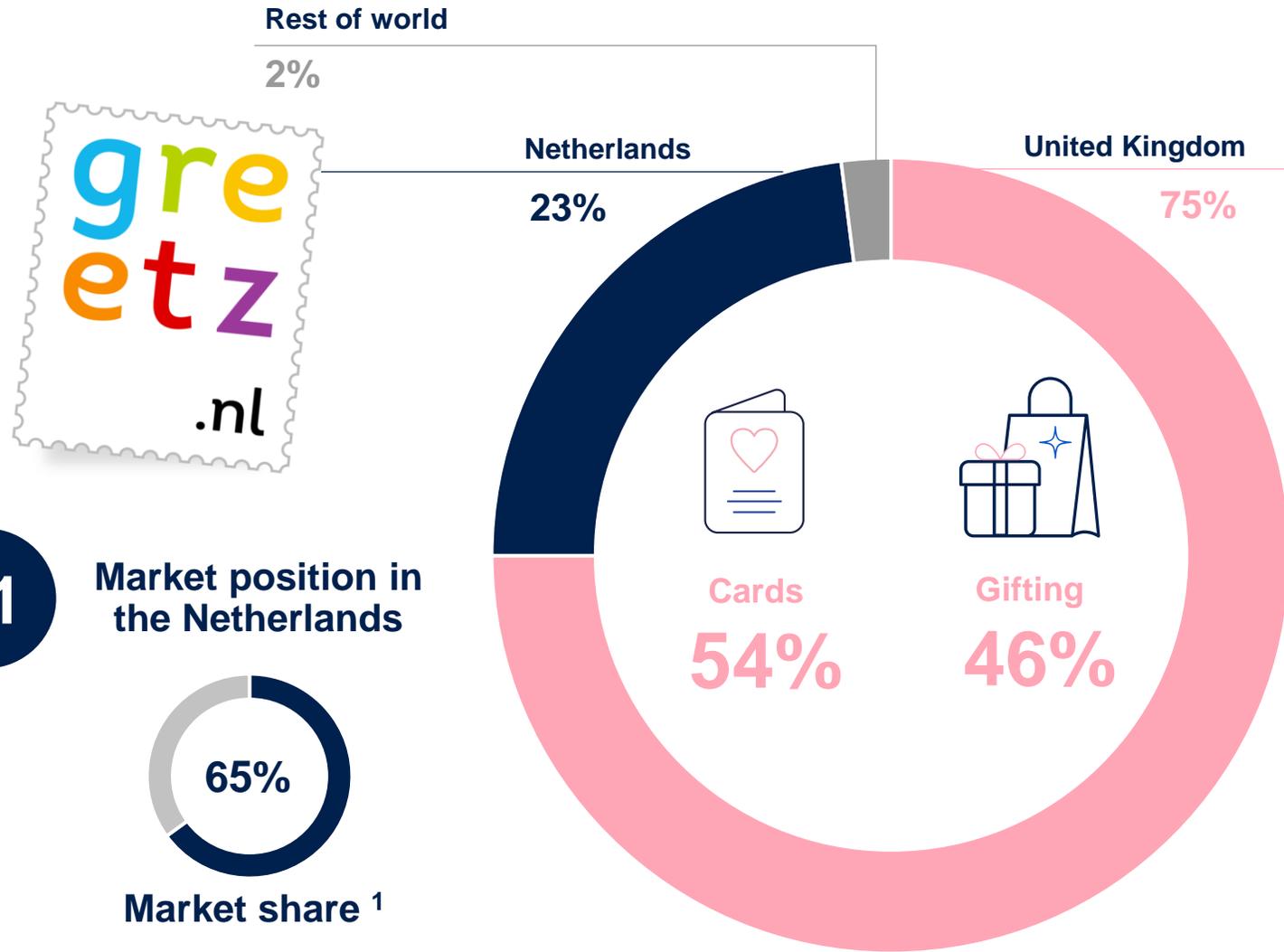
- We continue to target annual percentage revenue growth in the mid-teens in the medium term
- We continue to target an Adjusted EBITDA margin of c.24-25% in the medium term



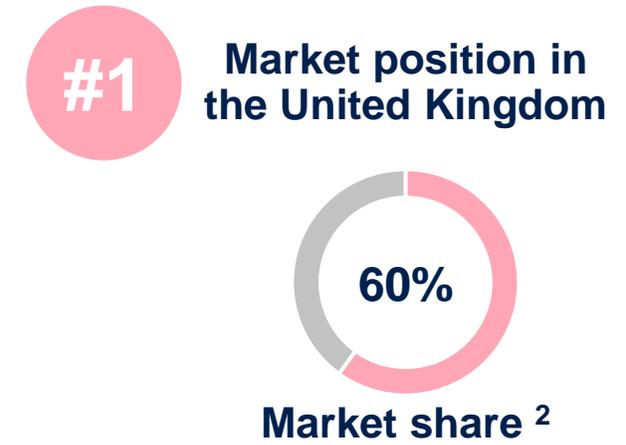
# Strategic progress

Nickyl Raithatha

# The clear online market leader in a market shifting rapidly online



# moonpig



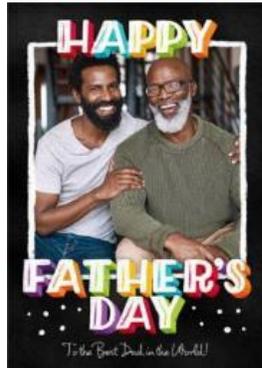
Note: <sup>1</sup> OC&C estimates in 2019 - Greetz market share among the top 3 online card players; <sup>2</sup> OC&C estimates in 2019 - Moonpig market share in the UK among card specialists

# Our Card-first Strategy Provides a Disruptive Gifting Platform with Clear Competitive Advantages...



Card-first

*Profitable customer acquisition  
with high loyalty*

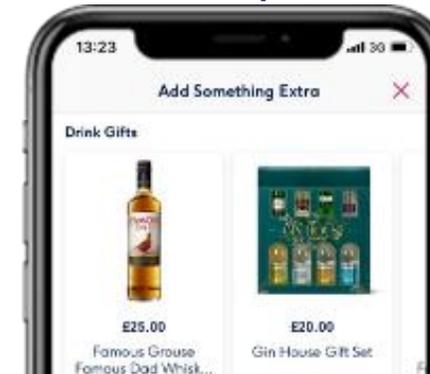


- ✓ 54<sup>(1)</sup> million card buyers in UK & NL
- ✓ Structural shift to online
- ✓ Market leadership supports profitable customer acquisition
- ✓ High frequency, recurring purchase occasions
- ✓ Loyal customers



Gift Attach

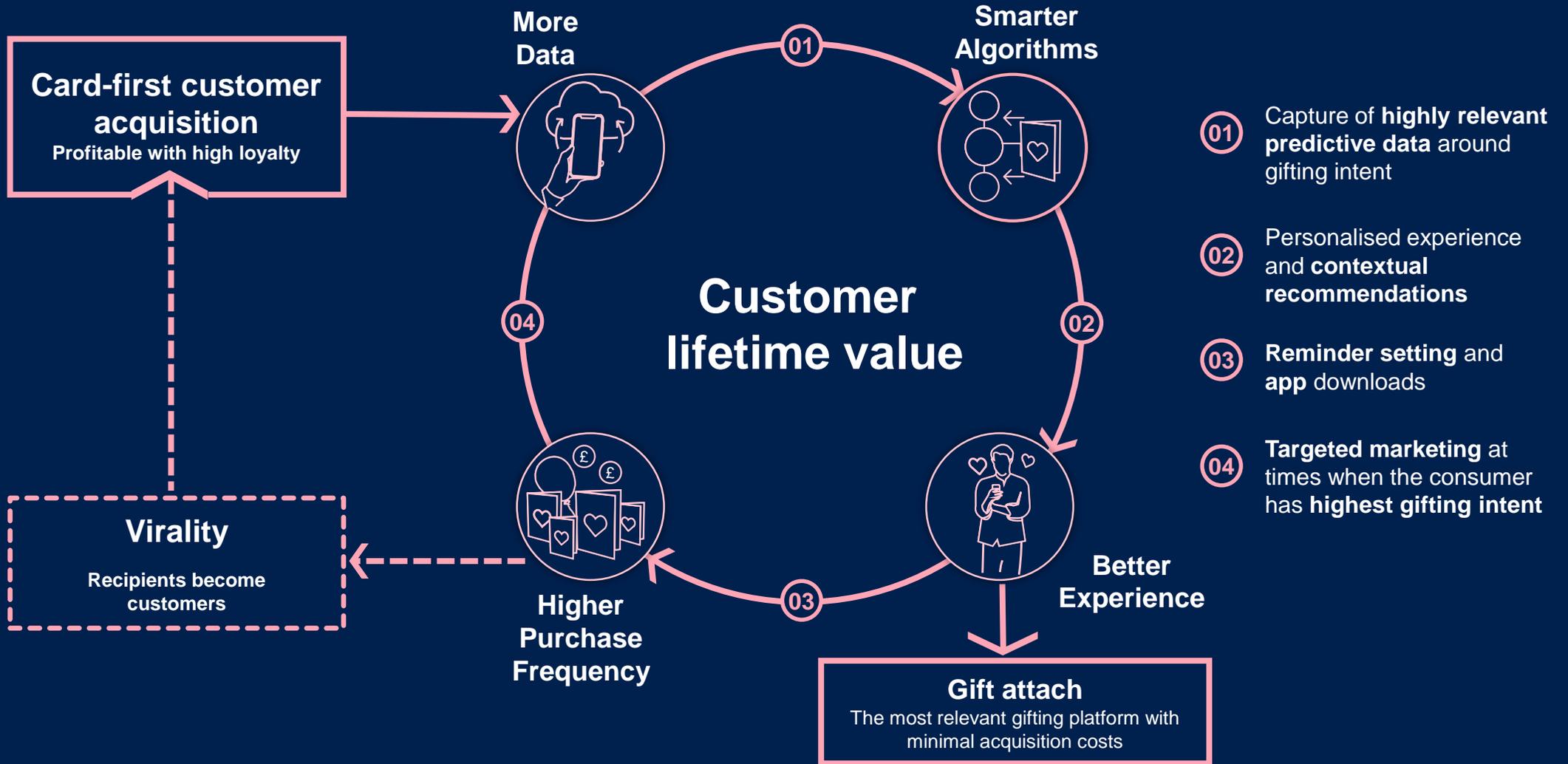
*The most relevant gifting platform  
with minimal acquisition cost*



- ✓ >70%<sup>(2)</sup> cards given with a gift
- ✓ Card-first journey drives highly relevant gift recommendations
- ✓ Purchase intent high post card creation
- ✓ Zero marketing costs, supporting high margins
- ✓ Sidesteps expensive online competition for gifts/flowers

# A data-driven growth flywheel ...

**Virtuous Cycle driving strong customer retention and lifetime value**



# ... with distinct competitive advantages

1



## Brand power

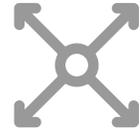
Clear market leader,  
with **two** category defining  
brands and 89%<sup>1</sup> **prompted  
brand awareness**

**Media purchasing power** multiple  
times higher than nearest  
competitor

**Viral effect** driving growth:  
recipients become customers

**Card first strategy underpins  
profitable unit economics**

2



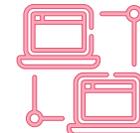
## Scale

73m cards and gifts  
**Up to 450k orders per day**  
3x scalability at peak

Capturing **>3x** customer data  
daily vs nearest competitor,  
reinforcing **data driven  
competitive advantage**

Intelligent operations network  
providing **scalability and  
resilience**

3



## Rich data pools

Proprietary algorithms  
optimised across:

**>50m reminders**  
**>190m transactions<sup>2</sup>**

**Self-learning algorithm  
intelligence**

**Historical intent data flywheel**  
driving future purchases

4



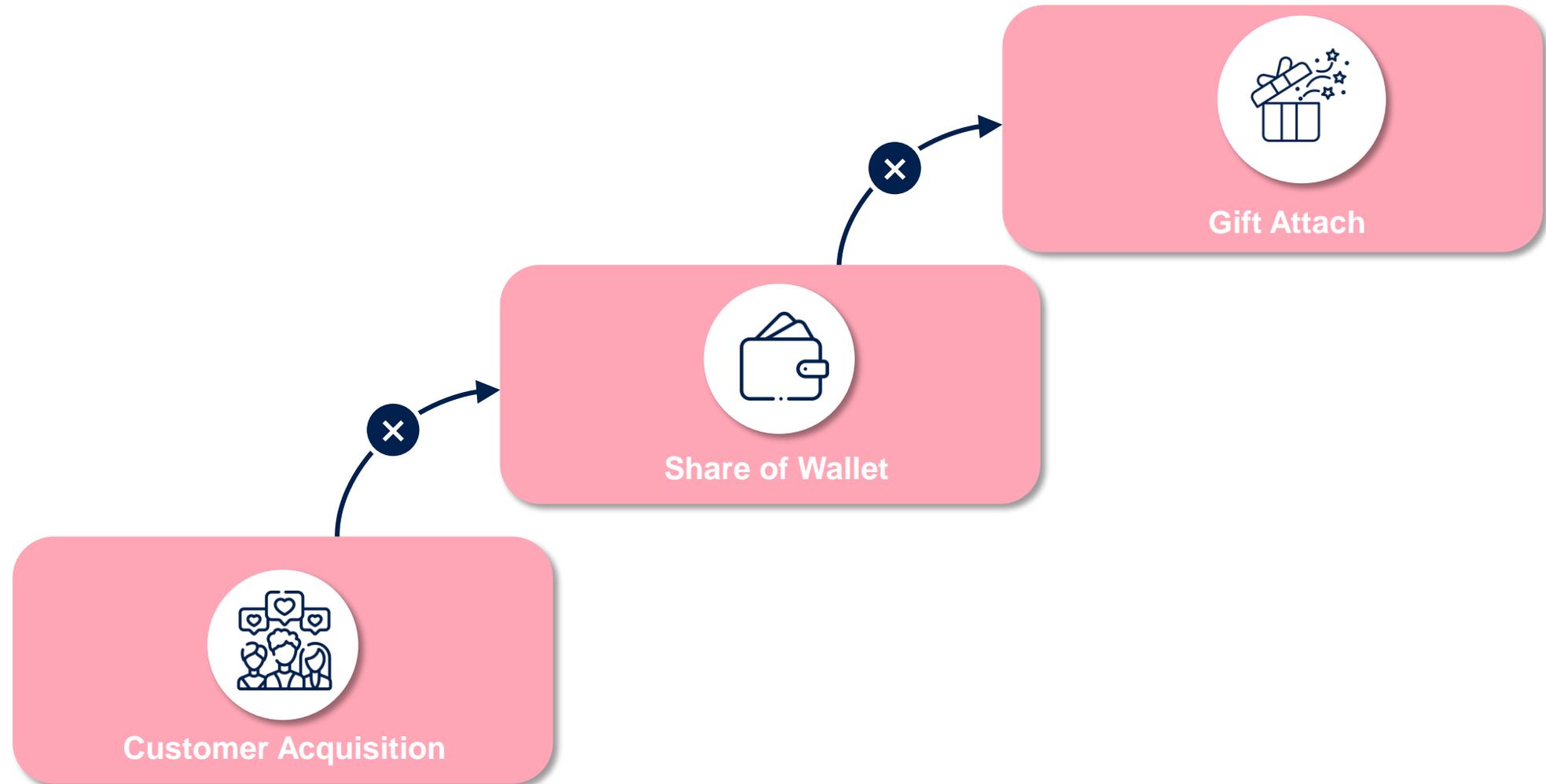
## World class platform

Proprietary technology  
platform, constantly  
optimised through  
**culture of experimentation**

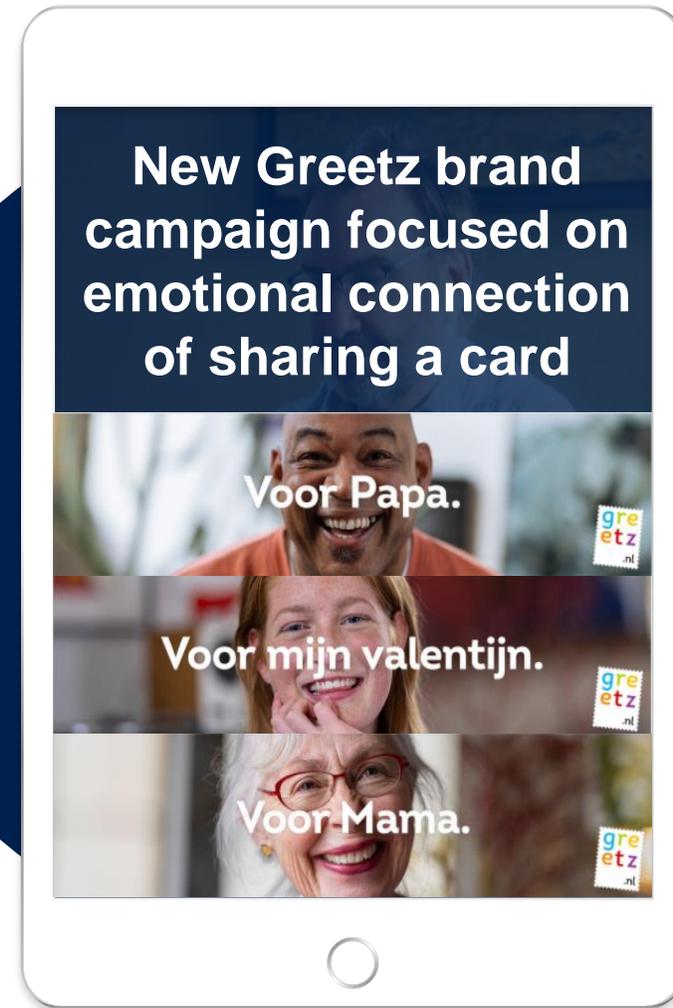
Personalisation of experience  
**self-improving** with  
incremental datasets

**Smart routing technology**  
drives market leading  
cut-off times

# We are delivering against our core growth levers



# We have invested in marketing to further strengthen our market-leading brands



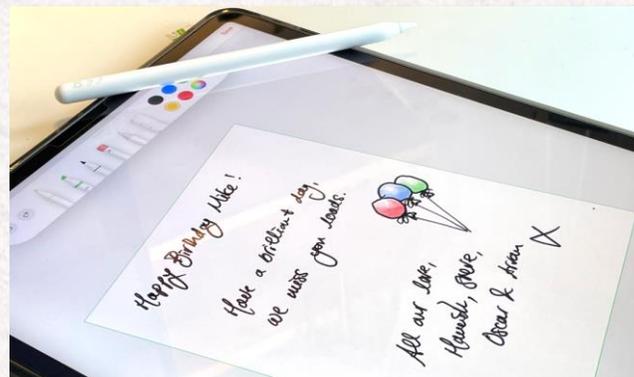
# New products, features and service offerings are extending our market reach

## Group cards



- **Launched** on the Moonpig Apps in the second half of FY21
- **Group Cards enable** Moonpig customers to **collect messages from friends, family or colleagues**

## Digital handwriting

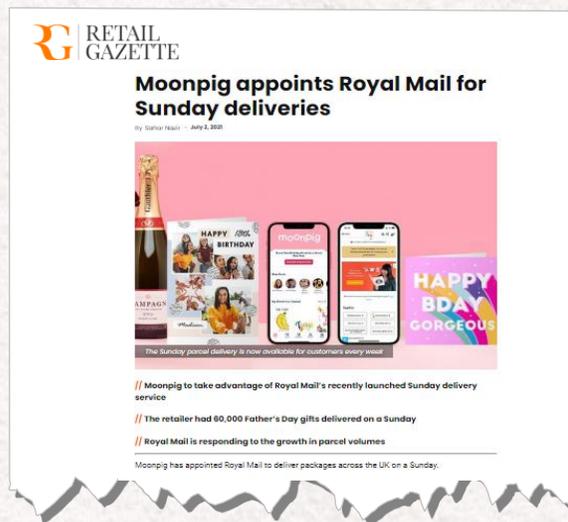


- Our **digital handwriting and handwriting upload features** allows customers to add **messages and doodles**, adding a further touch of personalisation to their cards
- **One third** of iOS users use our **handwriting upload feature**<sup>1</sup>

## Service offering



- **Cut-off times for next day delivery extended to 10pm in NL and 9pm in UK**
- **Introduced enhanced order-tracking features across entire gifting range**
- **Sunday delivery recently launched in UK**



Note: (1) Hotjar survey January 2021

# Continued innovation is improving user experience and driving customer lifetime value

## Expansion of card range

**27,000**

- Total card design range

**+59%**

- YoY growth in card design range

**Gaming themed cards**

- Added April 2021

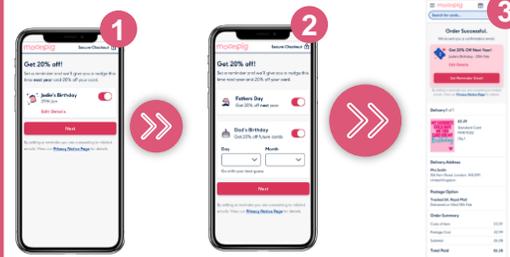


Create a Group Card





## Reminder collection



**Customers are much more likely to set a reminder if:**

- Information **pre-filled**
- Incentive is clear**

**We introduced a number of optimisations to:**

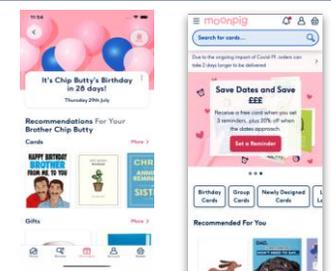
- Make it as easy as possible to set a reminder **in the purchase journey**
- Allow a customer to set an **additional reminder** in the purchase journey
- Set a reminder **post** purchase if they chose not to do so earlier



## Personalisation

Our reminder landing pages recommended **relevant cards & gifts** in one place

By tailoring the results to the **relationship & occasion** this feature makes reminders even more valuable to customers



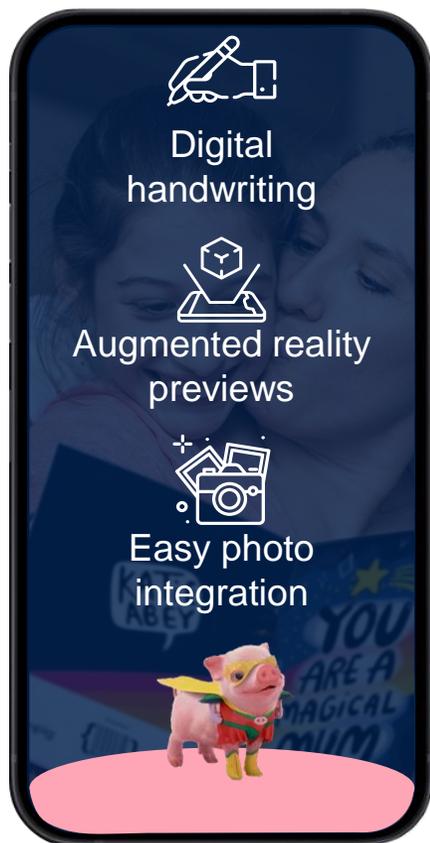
**Recommended For You** is a new algorithm which takes the cards you have purchased from us **12 months before** and **recommends similar cards** for your occasion this year

**>>>** This **product carousel** is the **second most clicked** on content on the Moonpig homepage



# We have made significant progress on our journey to becoming an app-first company

New differentiated app features launched in FY21



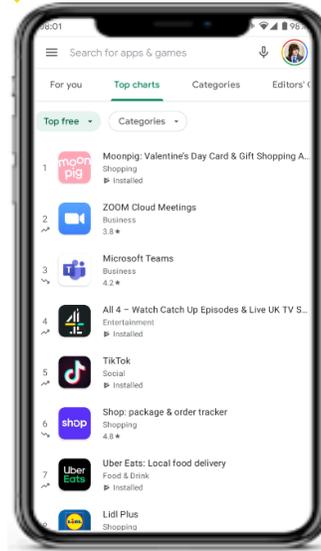
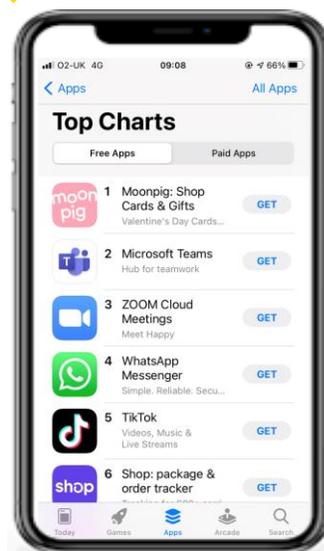
The market leading gifting app ...



iOS: All Apps<sup>(1)</sup>



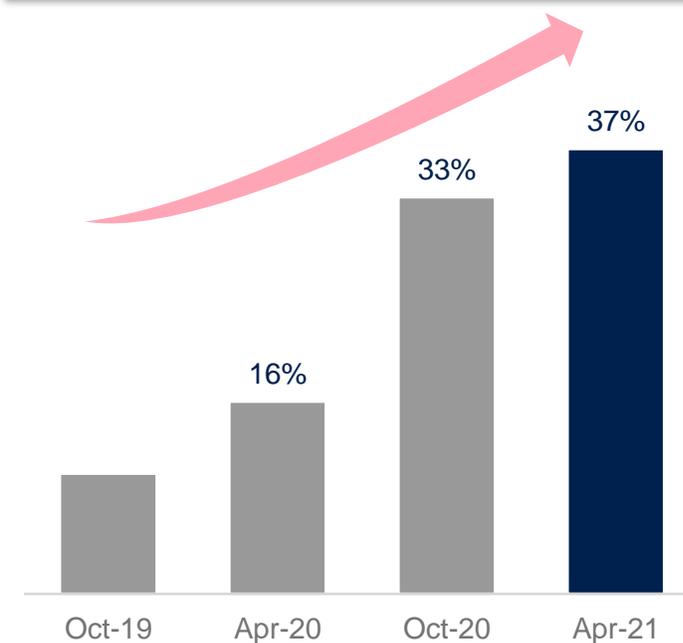
Android: Free Apps<sup>(2)</sup>



**6.1m annual downloads<sup>(3)</sup>  
with 25m total orders<sup>(4)</sup>**

... rapidly growing in share

App orders as % of total orders<sup>(5)</sup>



The best experience for our customers, with a consistently higher lifetime value once customers migrate onto the app

Note: (1) Moonpig screenshot as of February 2020. Also number 1 in June 2020. (2) Moonpig as of June 2020. (3) year ended 30 April 2021 Moonpig only. (4) Moonpig.com lifetime cumulative orders. (5) Moonpig

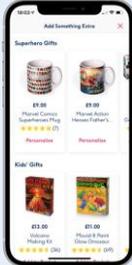
# We have materially expanded our gifting proposition, underpinning growth in attached gifting revenue

Commercial proposition	FY 21 achievement
 <p><b>Gift brand partnerships</b></p>	<p><b>&gt;70</b> new brand partnerships</p> 
 <p><b>New gift categories</b></p>	<p><b>1,400 SKU</b> total gifting range</p> <p><b>+40%</b> YoY growth in gifting range</p> 
 <p><b>Premiumisation</b></p>	<p><b>Champagne and luxury gifting range substantially upgraded</b></p> 
 <p><b>Personalisation</b></p>	<p><b>30</b> Global Design Platform publishers</p> <p><b>23</b> publishers' ranges with personalised designs</p> 

# Upgraded algorithms and user experience complement the expanding gift range to drive more relevance for the customer

**Evolution of recommendation algorithms**



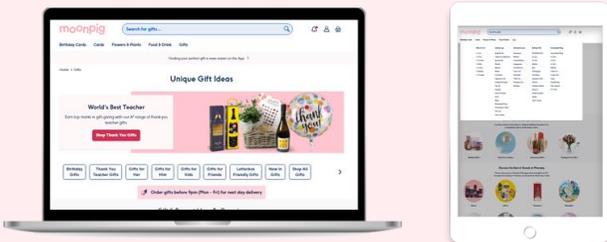


Constantly improving algorithms to collect and leverage data to allow more personal and relevant gift recommendations

Significant increase in conversion rate and the proportion of customers attaching gifts

**Improved gift journey through enhanced search and navigation**

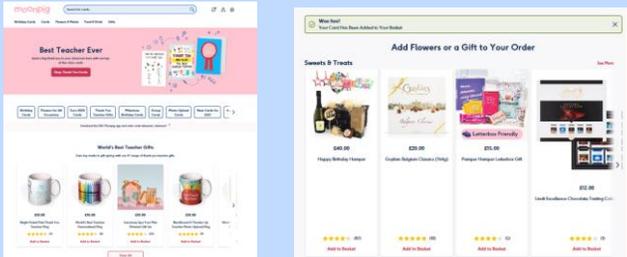




Customers can quickly navigate between products, with enhanced filters

**Increasing opportunities to attach across customer journey**





Surface relevant recommendations earlier in the user journey and increasing the number of opportunities to attach across the customer journey

# Our new ESG strategy commits us to eight long-term goals

<b>Environment</b> 	<b>People</b> 	<b>Communities</b> 
<p><b>1</b> <b>Net zero carbon emissions</b> (Scope 1 and Scope 2) by 2030</p>	<p><b>4</b> Increase the combined leadership representation of <b>women and ethnic minorities to at least 50%</b> by 2025</p>	<p><b>6</b> Invest £1.0m between 2020-2025 leveraging the <b>Moonpig Group Foundation</b> to causes that spark moments of joy</p>
<p><b>2</b> <b>100% sustainably sourced paper</b>, card and packaging by 2022</p>	<p><b>5</b> Reach and maintain an <b>engagement score at or above 72%</b> in line with the New Tech benchmark</p>	<p><b>7</b> New hires into <b>technical roles</b> to be at least <b>45% from women</b> by 2025</p>
<p><b>3</b> <b>Reforest at least 330 hectares of woodland</b> by 2025</p>		<p><b>8</b> Reach and maintain a customer <b>net promoter score of at least 70</b></p>

# Strong results and an enduring business transformation



moonpig  
group plc

1

**Strong set of results in a year which has delivered an enduring transformation and a step change in scale of the business**

2

**Revenue and Adjusted EBITDA both more than doubled**

3

**We are delivering against strategy set out at IPO**

4

**Strategy delivery and slower than expected easing of lockdown have driven better trading in the year to date and an upgrade to expectations for FY22**

5

**Continued confidence in medium-term targets and the growth opportunities ahead of us**

# Q&A



# Appendix

# Net debt

## Net debt

£m	April 2021	April 2020
Borrowings	(169)	(27)
Lease liabilities	(12)	(14)
Cash and cash equivalents	66	12
<b>Net debt</b>	<b>(115)</b>	<b>(28)</b>

## Ratio of net debt to Adjusted EBITDA

£m	April 2021	April 2020
Net debt	115	28
Adjusted EBITDA	92	44
<b>Net debt to Adjusted EBITDA</b>	<b>1.25x</b>	<b>0.64x</b>

- In connection with the demerger, the Group entered into a **Senior Facilities Agreement** comprising a **5-year Term Loan B of £175m** and a **£20m Revolving Credit Facility** (undrawn at year end)
- Net debt to Adjusted EBITDA of 1.25x, lower than anticipated at IPO
- This reflects the Group's **strong trading performance** and **cash flow generation**

# Full P&L

£m	April 2021	April 2020	April 2019
Revenue	368	173	120
Cost of sales	(182)	(81)	(57)
<b>Gross profit</b>	<b>186</b>	<b>92</b>	<b>63</b>
Selling and administrative expenses	(149)	(59)	(49)
Other income	2	-	-
<b>Operating profit</b>	<b>39</b>	<b>33</b>	<b>14</b>
Finance income	1	1	1
Finance costs	(6)	(2)	(1)
<b>Profit before taxation</b>	<b>33</b>	<b>32</b>	<b>14</b>
Taxation	(12)	(1)	(0)
<b>Profit after taxation</b>	<b>21</b>	<b>31</b>	<b>14</b>
<b>Profit attributable to:</b>			
Equity holders of the Company	21	31	14
<b>Earnings per share</b>			
Basic (pence)	6.1	NA	NA
Diluted (pence)	6.0	NA	NA

Note: Line items shown are rounded figures but totals calculated from unrounded figures

# Adjusted EBITDA reconciliation

£m	April 2021	April 2020	April 2019
Operating profit	39	33	14
Depreciation and amortisation	12	10	6
Adjusting items	42	1	3
IPO Admission related transaction costs	11	-	-
IPO Admission related bonuses	4	-	-
Recognition and remeasurement of pension indemnity	2	(2)	-
Pension provision	(2)	3	-
IPO Admission related share-based payment charges	27	-	-
Restructuring and other	-	1	3
<b>Adjusted EBITDA</b>	<b>92</b>	<b>44</b>	<b>23</b>

Note: Line items shown are rounded figures but totals calculated from unrounded figures