

4imprint Group

Resilience in uncertain markets

FY24 results

Media

12 March 2025

4imprint's results are in line with January's trading update, showing a resilient performance in continued challenging markets. The group has attractive cash conversion characteristics and cash had accumulated on the balance sheet. 4imprint intends to pay a special dividend of 250c on top of the regular payment of 240c (special dividend also paid in June 2023). Current trading conditions reflect the uncertain macroeconomic backdrop, with 4imprint's business closely aligned to sentiment in corporate America. Historically, such periods have given 4imprint, with its strong balance sheet, opportunities to increase market share, while its flexible marketing mix allows it to adapt and protect operating margins. Taking a more cautious stance on this year's outlook until conditions clarify, our revenue forecast pares back 8%, with a knock-on effect on FY26.

Year end	Revenue (\$m)	PBT (\$m)	EPS (¢)	DPS (¢)	P/E (x)	Yield (%)
12/22	1,140.3	103.7	285.57	160.00	21.7	2.6
12/23	1,326.5	140.7	377.85	215.00	16.4	3.5
12/24	1,367.9	154.4	416.27	240.00	14.9	3.9
12/25e	1,320.0	144.1	388.27	255.00	16.0	4.1
12/26e	1,390.1	156.3	417.66	270.00	14.8	4.4

Note: PBT and EPS are normalised, excluding amortisation of acquired intangibles, exceptional items and share-based payments. DPS excludes special dividends.

FY24 figures as guided, plus special dividend

January's trading update indicated FY24 revenue growth of 3% and a PBT of \$153m, so these results represent a slight margin uplift. The recommendation of a special dividend is not unexpected, given the build-up in cash resources and limited capital requirements of the business. We have updated our FY25 and FY26 estimates to reflect the more cautious macroeconomic outlook.

Taking a long-term view

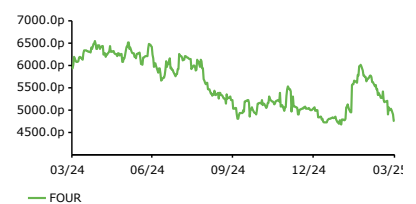
4imprint has a history of holding its nerve in difficult trading periods, maintaining investment and retaining employees, as during the pandemic. This allows it to continue to build market share and improve its positioning into an eventual rebound. It is already the leading distributor in the large North American promotional products market (FY24: \$26.6bn, as estimated by industry body ASI), but the market is highly fragmented and its share is only 5%. The ability to flex its marketing mix also gives management the levers to adapt and protect margins where it makes sense to do so. On tariffs, again 4imprint has been there before, so understands where the stresses lie and what its mitigation options. The more substantive potential impact is the trickle down on the US economy, which would affect all participants.

Valuation: Well below level indicated by DCF

4imprint's share price is down 14% ytd but the valuation remains ahead of the marketing services sector. It historically traded at a higher premium, reflecting its earnings' quality, attractive cash conversion and distribution policies. A discounted cash flow (WACC of 9%, terminal growth of 3%, as before) gives an implied value of £52.89. This is down from January's £60.25 on the updated forecasts and 4% shift in the exchange rate, but is still well ahead of the current share price.

Price	4,790.00p
Market cap	£1,349m
	US\$1.29/£
Net cash as at 31 December 2024 (lease debt only)	\$148.0m
Shares in issue	28.2m
Free float	97.6%
Code	FOUR
Primary exchange	LSE
Secondary exchange	N/A

Share price performance



%	1m	3m	12m
Abs	(17.1)	(4.6)	(15.1)
52-week high/low		6,641.5p	4,550.0p

Business description

4imprint Group is a leading direct marketer of promotional products in the United States, Canada, the UK and Ireland. In FY24, 98% of revenues were generated in the US and Canada.

Next events

AGM trading update	21 May 2025
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Good second half performance despite challenges

4imprint managed to maintain a good gross margin performance in the second half, which reflects the group's ability to manage pricing and sourcing arrangements with its trusted supplier base. Its key lever for profitability levels is its marketing spend. The advantages of being able to actively manage the mix of media shows through in the important metric of revenue per marketing dollar, which took a clear step up when television brand-based advertising was added back in FY18. We discussed the marketing approach in more detail in our December [Outlook note](#).

Customer orders were softer in the second half. Total order numbers at the end of H1 were up 4% and by the year-end, the increase had moderated to +2%. New customer orders were 8% down at the half year and 9% down at the full year. However, average order values held at +2%, reflecting changes in the merchandising mix, with more apparel, shifts in customer preferences and some pricing benefit.

Exhibit 1: Half-year progression

\$m	H124	H224	FY24	y-o-y change/ prior year
Revenue	667.5	700.1	1,367.9	3.1%
Gross profit	214.3	221.0	435.3	8.3%
Gross profit margin	32.1%	31.6%	31.8%	30.3%
Marketing costs	(87.4)	(86.3)	(173.7)	8.6%
Rev per mktg \$	7.64	8.12	7.88	8.3%
Operating profit	69.9	78.2	148.1	8.7%
Operating margin	10.5%	11.2%	10.8%	10.3%

Source: Company accounts

Changes to forecasts in light of market challenges

Given the degree of current uncertainty on the potential impact of tariffs and other initiatives on the US economic environment, we think it prudent to trim our forecasts for the current year and for FY26. Given this backdrop, we do not feel that initiating FY27 numbers is sensible at this stage. Should the trading environment be more stable, we would anticipate 4imprint outperforming US GDP growth by a modest amount, with revenue growth of mid-single digits.

Trading conditions in the first weeks of the current year have been broadly as they were in H224, with order intake levels slightly down year-on-year.

Exhibit 2: Summary changes to forecasts

\$m	Previous FY25	New FY25	Change	Previous FY26	New FY26	Change
Revenue	1,430	1,320	-7.7%	1,500	1,390	-7.3%
Operating profit	152.0	138.1	-9.1%	160.4	149.3	-6.9%
PBT	158.0	144.1	-8.8%	167.4	156.3	-6.6%
EPS (\$)	4.23	3.88	-8.2%	4.44	4.18	-5.9%

Source: Edison Investment Research

Still plenty of cash resource

4imprint ended FY24 with cash and short-term bank deposits of \$147.6m. This was despite the \$20m programme to extend the Oshkosh distribution centre, again described in more detail in our Outlook note, which also contains video footage of the centre in operation. Management's capital allocation policy prioritises organic growth investment (typified by this project), followed by dividend payments, then M&A (which remains unlikely given the structure of the market), then other shareholder distributions.

The intention to pay a special dividend sits comfortably within this framework and is not the first that the group has paid, the last being in respect of FY22 paid in June 2023. Our modelling suggests that the cash levels by the end of FY25 will be around \$133m, from the \$148m at end FY24, building again in FY26e.

Exhibit 3: Financial summary

	\$000s	2022	2023	2024	2025e	2026e
Year end 31 December		IFRS	IFRS	IFRS	IFRS	IFRS
PROFIT & LOSS						
Revenue		1,140.3	1,326.5	1,367.9	1,320.0	1,390.1
Cost of Sales		(818.7)	(924.6)	(932.5)	(897.6)	(945.3)
Gross Profit		321.6	401.9	435.4	422.4	444.8
EBITDA		106.4	142.6	155.1	145.2	156.4
Operating profit (before amort. and excepts.)		102.9	136.2	148.1	138.1	149.3
Intangible Amortisation		0.0	0.0	0.0	0.0	0.0
Exceptionals		0.0	0.0	0.0	0.0	0.0
Pensions and share options		(0.8)	(1.1)	(1.4)	(2.9)	(2.0)
Operating Profit		102.9	136.2	148.1	138.1	149.3
Net Interest		0.8	4.5	6.3	6.0	7.0
Net pension finance charge		0.0	0.0	0.0	0.0	0.0
Profit Before Tax (norm)		103.7	140.7	154.4	144.1	156.3
Profit Before Tax (IFRS)		103.7	140.7	154.4	144.1	156.3
Tax		(23.6)	(34.5)	(37.2)	(35.3)	(38.3)
Profit After Tax (norm)		80.1	106.2	117.2	108.8	118.0
Profit After Tax (IFRS)		80.1	106.2	117.2	108.8	118.0
Discontinued businesses		0.0	0.0	0.0	0.0	0.0
Net income (norm)		80.1	106.3	117.2	109.6	118.1
Net income (IFRS)		80.1	104.4	117.2	108.8	118.0
Average Number of Shares Outstanding (m)						
Average Number of Shares Outstanding (m)		28.1	28.1	28.2	28.2	28.3
EPS - normalised fully diluted (c)		285.6	377.9	416.3	388.3	417.7
EPS - (IFRS) (c)		285.0	377.0	415.3	387.4	417.5
Dividend per share (c)		160.0	215.0	240.0	255.0	270.0
Special dividend per share (c)		200.0	0.0	250.0	0.0	0.0
Gross Margin (%)						
Gross Margin (%)		28.2	30.3	31.6	32.0	32.0
EBITDA Margin (%)						
EBITDA Margin (%)		9.5	10.8	11.3	11.0	11.3
Operating Margin (before GW and except.) (%)						
Operating Margin (before GW and except.) (%)		9.0	10.3	10.8	10.5	10.7
BALANCE SHEET						
Fixed Assets		47.9	51.4	58.0	55.0	52.0
Intangible Assets		1.0	1.0	1.0	1.0	1.0
Other intangible assets		1.0	0.5	0.3	0.3	0.3
Tangible Assets		29.3	34.7	49.3	47.9	46.5
Right of use assets		13.1	11.4	4.2	2.6	1.0
Deferred tax assets		2.4	3.8	3.2	3.2	3.2
Retirement benefit asset		1.2	0.0	0.0	0.0	0.0
Current Assets		192.4	186.9	229.5	210.8	273.3
Stocks		18.1	13.6	17.1	17.0	18.1
Debtors		87.5	68.4	64.4	60.3	64.8
Cash and short-term deposits		86.8	104.5	147.6	133.1	190.1
Other		0.0	0.4	0.4	0.4	0.4
Current Liabilities		(87.4)	(91.3)	(96.9)	(91.7)	(94.6)
Creditors		(86.0)	(89.9)	(95.0)	(89.8)	(92.7)
Short term borrowings		0.0	0.0	0.0	0.0	0.0
Lease liabilities		(1.4)	(1.4)	(1.9)	(1.9)	(1.9)
Long Term Liabilities		(12.7)	(12.5)	(5.5)	(5.5)	(5.5)
Long term borrowings		0.0	0.0	0.0	0.0	0.0
Lease liabilities		(12.3)	(10.9)	(3.4)	(3.4)	(3.4)
Other long term liabilities		(0.4)	(1.6)	(2.1)	(2.1)	(2.1)
Net Assets		140.2	134.5	90.7	168.6	225.3
CASH FLOW						
Operating Cash Flow		101.3	166.9	162.1	161.3	167.6
Net Interest		0.7	3.9	6.3	6.0	7.0
Tax		(20.8)	(33.8)	(35.8)	(36.4)	(39.2)
Capex		(8.0)	(9.7)	(19.6)	(4.1)	(4.0)
Acquisitions/disposals		(1.7)	0.0	0.0	0.0	0.0
Pension contributions		(4.4)	(6.5)	0.0	0.0	0.0
Financing		(0.9)	2.5	(2.0)	(0.9)	(0.9)
Dividends		(18.7)	(110.8)	(65.5)	(139.9)	(73.7)
Other/ Capital portion of lease repayments		(2.4)	5.3	(1.4)	(0.5)	0.0
Net Cash Flow		45.2	17.8	44.1	(14.5)	56.8
Opening net debt/(cash and short-term deposits)		(41.6)	(86.8)	(104.5)	(147.6)	(133.1)
Net impact of disposals etc		0.0	0.0	0.0	0.0	0.0
Other		0.0	0.0	(1.0)	0.0	0.0
Closing net debt/(cash)		(86.8)	(104.5)	(147.6)	(133.1)	(189.9)

Source: Company accounts, Edison Investment Research

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