

# Card Factory

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## Card Factory delivers lower earnings in full year but forecasts special dividend at interims

Card Factory PLC (LON:CARD) shares moved up in early deals on Tuesday after its full-year earnings came in lower, as expected, and a special dividend was planned for the new year.

The FTSE 250-greeting card retailer reported underlying earnings (EBITDA) of £89.4m, down 4.9% on the prior year but just within the expected range of £89m-£91m that it forecast in a January trading update.

### READ: Card Factory slides as it reports flat YTD sales and predicts "another difficult year" for 2020

The figure also just edged over the £89m figure predicted last week by analysts at UBS.

Meanwhile, like-for-like sales shrank 0.1% in the year compared to the 2.9% growth previously, despite revenues rising 3.3% to £436m. Pre-tax profits fell 8.3% to £66.6m.

The stagnant sales were mainly driven by a drop in consumer footfall over the year, reflecting a wider decline for the sector, although the company did see 56.3% growth in sales from its online channel which it said was a "profitable contributor".

However, the group's 'Getting Personal' division, which focuses on personalised gifts, was "disappointing", with increasing customer acquisition costs and pricing competition resulting in a "substantial" reduction in underlying EBITDA, which dropped 58.6% in the year to £1.2m.

The total ordinary dividend for the year was maintained at 9.3p per share, although the 5p special dividend paid in December was lower than the 15p payment previously, taking total dividends for the year to 14.3p from 24.3p the year before.

Looking ahead, Card Factory reiterated its expectations that EBITDA for the new fiscal year would be "broadly flat" in light of the external pressures.

However, the group's chief executive Karen Hubbard said the company was "satisfied" with its performance in the first two months of the new year, citing "record seasonal performances" from Valentine's Day and Mother's Day over the period.

She also said that subject to trading conditions in the first half, the group expects to declare a special dividend around the time of its interim results.

The news brought some cheer to investors, with the shares up 3.2% in early deals at 182.7p.

## Shares "dead money at best", says broker

**Price:** 50.1

**Market Cap:** £171.24 m

### 1 Year Share Price Graph



### Share Information

**Code:** CARD

**Listing:** LON

**52 week High Low**  
184.7 22

**Sector:** Fashion & brands

**Website:**

### Company Synopsis:

*Card Factory is a chain of greeting card and gift stores in United Kingdom founded by Dean Hoyle and his wife Janet; the first store opened in 1997. It is listed on the London Stock Exchange and is a constituent of the FTSE 250 Index.*

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In a note to clients, analysts at Peel Hunt were less enthused by the results, saying while the dividend guidance "may please some", the shares were "dead money at best".

"In general it's a "steady as she goes" statement," the broker said, with the results having been effectively pre-announced in January and thus the figures were "not a surprise".

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