

## Exit IG Design: Uncertainty provides opportunity to lock in profits

<b>Company:</b>	IG Design Group (IGR LN)	<b>Market Cap:</b>	£111mio
<b>Industry:</b>	Gift packaging/craft	<b>Net cash:</b>	\$40mio
<b>Country:</b>	US, UK, worldwide	<b>Revenue:</b>	\$1bn
<b>Date:</b>	28 <sup>th</sup> November 2022	<b>Net Income:</b>	\$0mio (0%)
<b>Dividend:</b>	-	<b>Free Cash Flow:</b>	\$0mio (0%)
<b>Entry:</b>	£93mio	<b>Exit:</b>	£111mio

### Some positive signs...

Given the strong trading update ahead of the results, yet a cautious outlook, I re-entered IG Design after having sold at around £90mio market cap with the view of getting compensated when results are released. However, meanwhile the retail sector has taken quite a hit. Although it appears to be primarily affecting lower clothing demand, I remain extra cautious on anything retail related at this point despite some very positive aspects... On the one hand, IG Design is more focused on the US market, and hence should be somewhat shielded from a weaker consumer. On the other hand, IG Design sells their products mostly to discounters, such as Walmart, Aldi and Poundland, and hence might benefit from consumers trading down to cheaper products. The trading update from Card Factory, which is active in the UK, has also been very positive<sup>1</sup>.

### Uncertainty remains high

Ultimately, the company has promoted its new CFO to CEO after 6 months in the job and hence is still looking for a new CFO. The lockdowns and chaos in China and how this is affecting IG Design's supply chain is another big question mark. Given that liquidity in this name is quite low and that uncertainty remains quite high, I decided to close the position out and take profits.



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<sup>1</sup> <https://otp.tools.investis.com/clients/uk/cardfactory/rns/regulatory-story.aspx?cid=853&newsid=1644669>

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