

Non-IFRS measures

De La Rue plc publishes certain additional information in a non-statutory format in order to provide readers with an increased insight into the underlying performance of the business. The Directors are of the opinion that these measures give a better understanding of the underlying performance of the business. Amortisation of acquired intangible assets is a non-cash item and by excluding this from the adjusted operating profit metrics this is deemed to be a more meaningful metric of the contribution from the underlying business. The measures the Group uses along with appropriate reconciliations where applicable are shown below.

Adjusted operating profit

Adjusted operating profit represents earnings from continuing operations adjusted to exclude exceptional items and amortisation of acquired intangible assets.

	2016 £m	2017 £m	2018 £m
Operating profit from continuing operations on an IFRS basis	66.8	70.2	123.0
– Amortisation of acquired intangible assets	–	0.1	0.7
– Exceptional items (Gain)/Loss	3.6	0.4	(60.9)
Adjusted operating profit from continuing operations	70.4	70.7	62.8

Adjusted basic earnings per share

Adjusted earnings per share are the earnings attributable to equity shareholders, excluding exceptional items and amortisation of acquired intangible assets and discontinued operations divided by the weighted average number of ordinary shares dual share in issue. It has been calculated by dividing the De La Rue plc's adjusted operating profit from continuing operations for the period by the weighted average number of ordinary shares in issue excluding share held in the employee share trust.

	2016 £m	2017 £m	2018 £m
Profit attributable to equity shareholders of the Company from continuing operations on an IFRS basis	47.4	47.9	95.4
– Exceptional items	3.6	0.4	(60.9)
– Amortisation of acquired intangibles	–	0.1	0.7
– Tax on amortisation of acquired intangibles	–	–	(1.2)
– Tax on exceptional items	(2.3)	(0.6)	9.7
Adjusted profit attributable to equity shareholders of the Company from continuing operations	48.7	47.8	43.7
Weighted average number of ordinary shares for basic earnings	101.3	101.6	101.9

	2016 pence per share	2017 pence per share	2018 pence per share
Basic earnings per ordinary share continuing operations on an IFRS basis	46.8p	47.2p	93.7
Basic adjusted earnings per ordinary share for continuing operations	48.1p	47.1p	42.9

Adjusted EBITDA and adjusted EBITDA margin

Adjusted EBITDA represents earnings from continuing operations before the deduction of interest, tax, depreciation, amortisation and exceptional items. The EBITDA margin percentage takes the applicable EBITDA figure and divides this by the continuing revenue in the period.

	2016 £m	2017 £m	2018 £m
Profit before interest and taxation from continuing operations on an IFRS basis	66.8	70.2	123.0
– Depreciation	23.0	24.3	21.9
– Amortisation	3.0	2.5	3.3
EBITDA on an IFRS basis	92.8	97.0	148.2
– Exceptional items (Gain)/Loss	3.6	0.4	(60.9)
Adjusted EBITDA	96.4	97.4	87.3
EBITDA margin on an IFRS basis	20.4%	21.0%	30.0%
Adjusted EBITDA margin	21.2%	21.1%	17.7%

Return on capital employed (ROCE)

Return of capital employed is the ratio of the operating profit before exceptional items and adjusting items over capital employed, where capital employed equals net assets, excluding pensions, tax interest and long term liabilities.

Cash conversion

Cash conversion is the ratio of adjusted operating cash flow divided by the adjusted operating profit.