

## The resources we rely on

The business model on the previous pages shows how we provide solutions to our customers' challenges. Here, we look in more detail at the resources and relationships we rely on to do so.

### Our people



Our business depends on the skills, experience and commitment of over 2,760 employees at 20 locations. We're careful to maintain a mix of 'home-grown' talent that we've developed ourselves with people from outside the industry. Such individuals bring with them a range of skill sets and perspectives that add a new dimension to our business.

We hire talented people and reward them through a performance-based incentive scheme. Every employee is offered the opportunity to grow his or her knowledge and abilities.

We invest in training and development programmes to help our people be the best they can be. We encourage them to strive for and attain ambitious goals and to be passionate about both our company and our local communities. This approach can only flourish in a supportive, transparent and collaborative working environment. We have high ethical standards, extensive health, safety and wellbeing programmes.



 Find out more about our employees  
[www.delarue.com/ar2018](http://www.delarue.com/ar2018)


### Intellectual property and shared knowledge



Innovation is the driving force behind De La Rue. Over 200 years, we've amassed a huge store of expertise in how to stay ahead of the counterfeiter, whether through physical security or digital solutions. And we're adding to that resource every day – we've committed to doubling our R&D spend by 2020 and have more than 1,000 current patents, with another 500 pending. Our increased investment and focus on R&D means that we're launching more products and services, faster and more regularly. Product development is also accelerated through partnerships and, where appropriate, mergers and acquisitions.

We aim to develop once and use multiple times, deploying a platform-based approach to share technologies across our three segments – which means that all our customers can benefit from De La Rue's innovation. We also share our expertise with customers, regulators and policymakers through international forums such as ICAO<sup>1</sup>, WCO<sup>2</sup>, the Global Compact for Migration, through industry affiliations such as the Secure Identity Alliance and through collaborations such as our Joint Charter with the Bank of England. This creates a more secure world for everyone.



 Find out more about innovation  
[www.delarue.com/ar2018](http://www.delarue.com/ar2018)

<sup>1</sup> ICAO – International Civil Aviation Organisation.

<sup>2</sup> WCO – World Customs Organisation.

## Manufacturing excellence



We manufacture through seven centres of excellence on three continents. Our objective is to maintain stable and flexible operations in order to manage factors such as fluctuations in demand and product mix.

We continue to invest in our manufacturing capabilities. In the last two years, we've invested more than £20m in new machinery and equipment, including a polycarbonate line and security print line in our Malta plant and a banknote varnishing line in our Kenya plant. We also work closely with our manufacturing partners to ensure high quality products and efficient delivery.

Each site maintains strict international health and safety standards to support employees, and in October 2017 we launched a new SAFE campaign to increase safety awareness across the business. Quality is assured by ISO standards and common working practices which are shared across all operations and which have established De La Rue as a beacon of manufacturing excellence. Our plant in Kenya is the only site in Africa to have achieved ISO14298 – the highest possible level of secure printing accreditation.

 Find out more about our capability  
[www.delarue.com/ar2018](http://www.delarue.com/ar2018)

## Financial strength

We are a cash generative business with a five year cash conversion average standing at 135%. The business has generated cash flows of £323m over the last five years and our net debt/EBITDA is at 0.66x versus our bank covenant of 3.0x. During the last year we sold our paper business and improved our cash flow through better cash management – together, these have reduced our net debt by £71m.

# £323m

Cash flow generated over the last five years

We use our financial strength to support business operations, fund strategic acquisitions such as the purchase of DuPont Authentication in 2017, and enable us to deliver on our commitment to double R&D spend by 2020.

 Find out more about our financials  
[www.delarue.com/ar2018](http://www.delarue.com/ar2018)

## Suppliers and partners




We depend on suppliers to provide timely and cost-effective delivery of high quality components for banknotes, ID documents and product authentication labels. We secure these supplies by entering into strong and long-lasting relationships with trusted suppliers and other partners, all of whom we expect to comply to our ethical and environmental standards.

We recognise the value of close partnerships and work with our industry's leading suppliers to encourage and support innovations that lead to benefits for society at large. For example, we operate

technical partnerships with ink suppliers and manufacturers of printing equipment to develop secure print features and identify efficiency savings.

We also collaborate with our manufacturing and commercial partners to ensure that we provide the best quality products and services to our customers. Just as suppliers and partners support our aims, so we support theirs – sharing best practice in order to boost efficiency and achieve common goals. All our suppliers and partners are required to adhere to our Code of Business Principles.



 Find out more about our supply chain  
[www.delarue.com/ar2018](http://www.delarue.com/ar2018)