



DeLaRue

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De La Rue plc

Preliminary Results
20 May 2009

Introduction

James Hussey
Chief Executive



Preliminary Results 2008/09

AGENDA

- Highlights
- Financial Results
- Business Overview & Strategy
- Summary and Outlook
- Q&As

Highlights – Continuing Group

- Underlying revenue growth of 3.5%*
- Operating profit margin** up 2.2% pts driven by productivity, volume efficiencies and FX benefits
- PBT** up 18.5% to £105m
- Currency operating profit up 25 per cent to £82.8m
- Central cost reduction programme largely complete
- Strong underlying operating cash flow from continuing operations of £89m***
- Extension of Bank of England contract for 5 years
- Return to shareholders of £460m in November 2008
- Final dividend of 27.4p, making a total of 41.1p for the year, up 92%
- Good order book coverage in all businesses for 2009/2010

*Adjusted for exchange and disposal of De La Rue Smurfit

**Excluding exceptional items

***Before special pension contribution of £15m and exceptional cash items of £4.5m



Financial Results

Simon Webb
Finance Director

Financial Results continuing operations

Year to 28 March 2009	2008/09	2007/08*	
	£m	£m	
Revenue	502.4	467.0	7.6%
Operating profit before exceptional items	96.5	79.2	21.8%
Share of profits of associated companies	8.9	7.1	
Interest - on net cash balances	1.4	2.0	
- retirement benefit obligation	(1.8)	0.3	
Profit before tax and exceptional items	105.0	88.6	18.5%

* 2007/08 restated to exclude discontinued operations

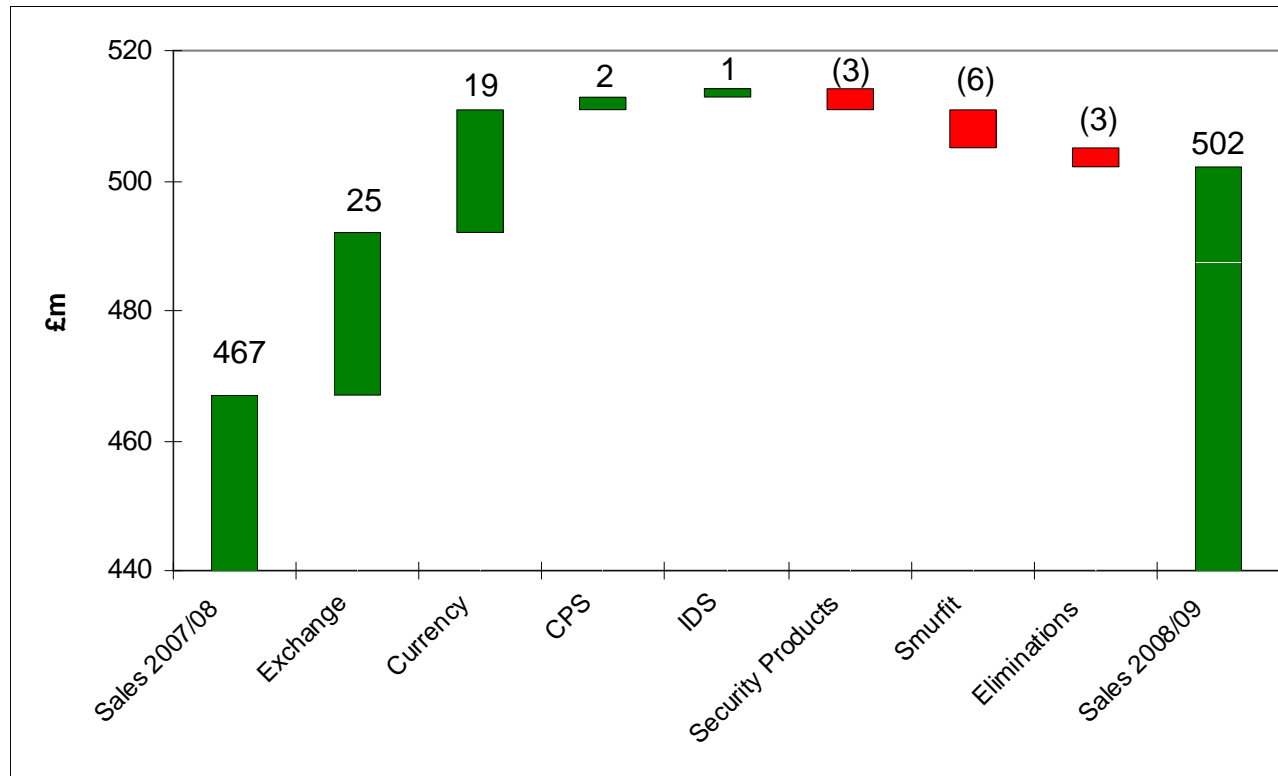
Group Earnings

Year to 28 March 2009	2008/09 £m	2007/08* £m	
PBT (pre-exceptional items)	105.0	88.6	18.5%
Exceptional items	(8.9)**	2.6	
	96.1	91.2	
Taxation (continuing activities)	(28.5)	(24.7)	
Minority Interests	(1.1)	(0.3)	
Earnings – Continuing Operations	66.5	66.2	0.5%
Discontinued operations (after tax)	296.5	21.9	
Total Group Earnings	363.0	88.1	

* 2007/08 restated to exclude discontinued operations

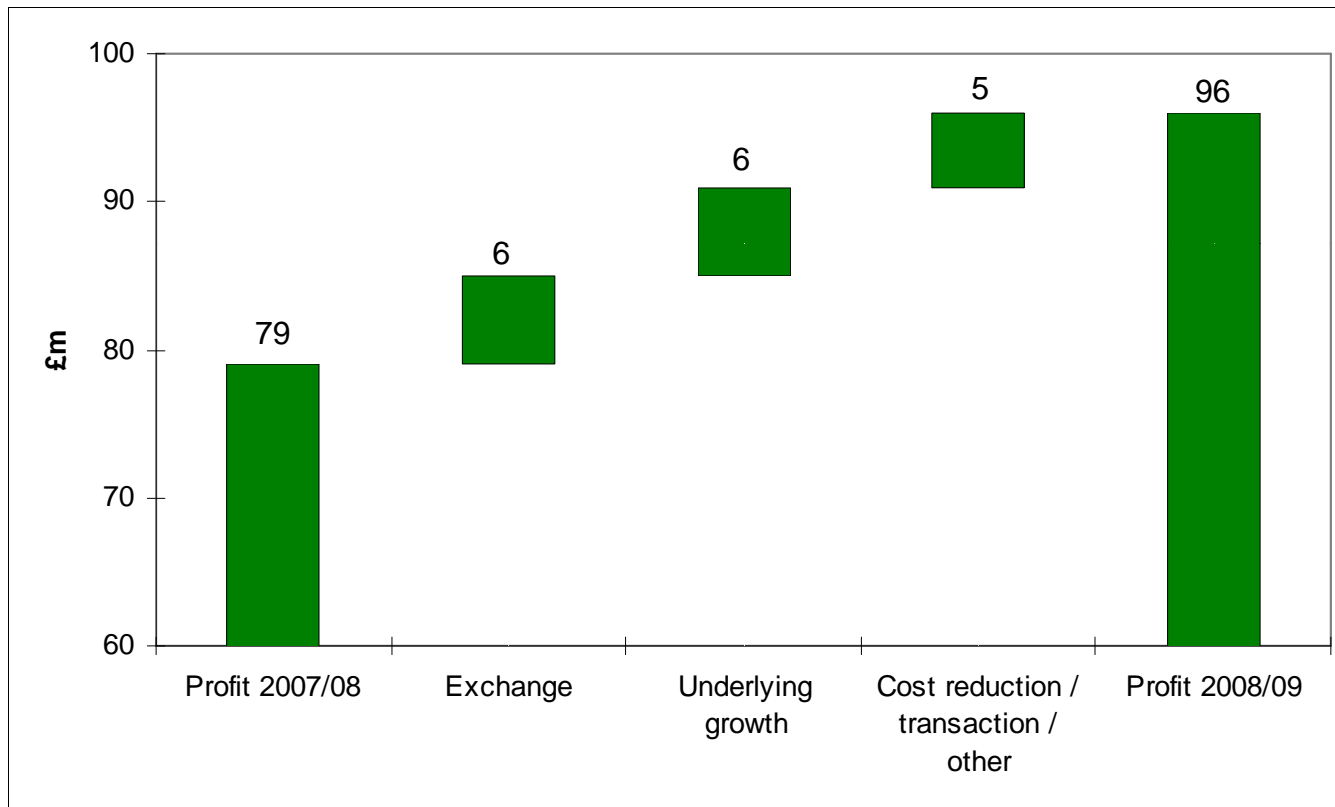
** Exceptional item 2008/09 reflects restructuring costs associated with downsizing the central organisation

Revenue grew by £35m



- Underlying growth 3.5% excluding exchange/Smurfit

Operating profits grew by £17m



- Underlying operating profit growth of 8%

Associates

	2008/09 £m	2007/08 £m
Profit before tax	12.5	10.4
Tax	(3.6)	(3.3)
Profit after tax	8.9	7.1

- 20% holding in Camelot
- New licence effective from 1 February 2009

Taxation

	2008/09 £m		2007/08 £m	
Continuing operations				
- Tax on operating profits	29.4	28%	24.7	28%
- Tax on exceptional items	(0.9)	10%	-	-
	28.5	30%	24.7	28%

Discontinued Operations

	Pre Tax £m	Tax £m	Net £m
Sale proceeds (cash and debt free)	360.0		
Net cash in business	9.2		
Net assets disposal	(49.1)		
Rationalisation/transaction costs	(16.6)		
Other non cash items	13.3		
Net profit on sale	316.8	(32.9)	283.9
Profit from discontinued operations (5 months to 1 September 2008)	17.6	(5.0)	12.6
Total profit from discontinued operations	334.4	(37.9)	296.5

Headline earnings per share

	2008/09	2007/08	
Headline earnings (continuing operations pre exceptional items)	£74.5m	£63.6m	17%
Average number of shares	130.7m	152.5m	
Headline EPS, continuing operations	57.0p	41.7p	37%
Underlying EPS*	76.2p	65.0p	17%

* Based on 97.8m shares for both years

Operating Cash Flow

	2008/09 £m	2007/08 £m
Operating Profit pre-exceptional items	96.5	79.2
Depreciation	21.3	22.1
Advance payments	(23.3)	(7.2)
Other working capital	10.3	3.1
Pension fund contribution	(12.0)	(12.0)
Other	(3.9)	1.5
Underlying* cash flow from operating activities	88.9*	86.7

*Before £15m special pension contribution and cash flow on exceptional items of £4.5m

Analysis of debt

	March 09 £m	March 08 £m
Gross debt	(83.2)	(10.0)
Cash	50.1	116.7
Net (debt)/cash	(33.1)	106.7

- Facilities : £50m fixed drawn down
£125m revolving
- Renewal date : May 2011
- Well within key banking covenants
 - Net debt / EBITDA < 3 times (Actual 0.3 times)
 - EBIT / Net interest > 4 times (n/a)

UK Pension Scheme

- IAS19 balance sheet deficit increased to £68m (March 08: £21m)
- Reflects the drop in the market value of the assets partially offset by contributions of £27m
 - £12m (2nd annual additional contribution)
 - Special contribution of £15m following Cash Systems disposal
- 55% held in equities
- Result of the triennial valuation is due towards the end of financial year

Dividend

- Final dividend proposed 27.4p (2007/2008: 14.9p)
- Together with interim dividend paid in January 2009 of 13.7p, gives full year dividend of 41.1p and represents 92% growth
- In line with previously announced dividend policy



Business Overview & Strategy

James Hussey
Chief Executive

DE LA RUE plc

Currency

Revenue	£348.6m
Operating Profit	£82.8m
Operating Margin	23.7%

Cash Processing Solutions

Revenue	£66.0m
Operating Profit	£0.4m
Operating Margin	0.6%

Security Products

Revenue	£69.7m
Operating Profit	£11.0m
Operating Margin	15.8%

Identity Systems

Revenue	£30.4m
Operating Profit	£2.3m
Operating Margin	7.6%



Currency

- Consistent 3% growth in banknote volumes –
 - no visible impact from global economic decline
 - launch of a number of new banknote families
 - overspill reduced
- Margin improvement reflects strong sales mix, productivity improvements and foreign exchange
- Increased paper output achieved by enhanced productivity
- Good progress on integrating CPS offering for Central Banks with that of Currency
- Extension of Bank of England contract for five years

	2008/09	2007/08
Revenue	348.6	316.7
Operating Profit	82.8	66.5
<i>Operating Profit Margin</i>	23.7%	21.0%

Security Products

- Underlying revenue down due to impact of economic downturn on brand licensing
- Continued good performance
- Strong innovation from Holographics feeding through into sales into the Currency business
- Profitability improved by internal component revenue and productivity improvements throughout supply chain

	2008/09	2007/08
Revenue	69.7	74.8
Operating Profit	11.0	8.4
<i>Operating Profit Margin</i>	15.8%	11.2%

Identity Systems

- Double-digit revenue growth and strong order book growth
- Success in capturing opportunities in e-solutions, including
 - launch of chipped RFID card securing major renewal
 - first integrated national ePassport and e-identity card programme
- Profitability reflects absence of higher margin one-off projects and impact of investment in Malta ePassport factory

	2008/09	2007/08
Revenue	30.4	26.5
Operating Profit	2.3	3.9
<i>Operating Profit Margin</i>	7.6%	14.7%

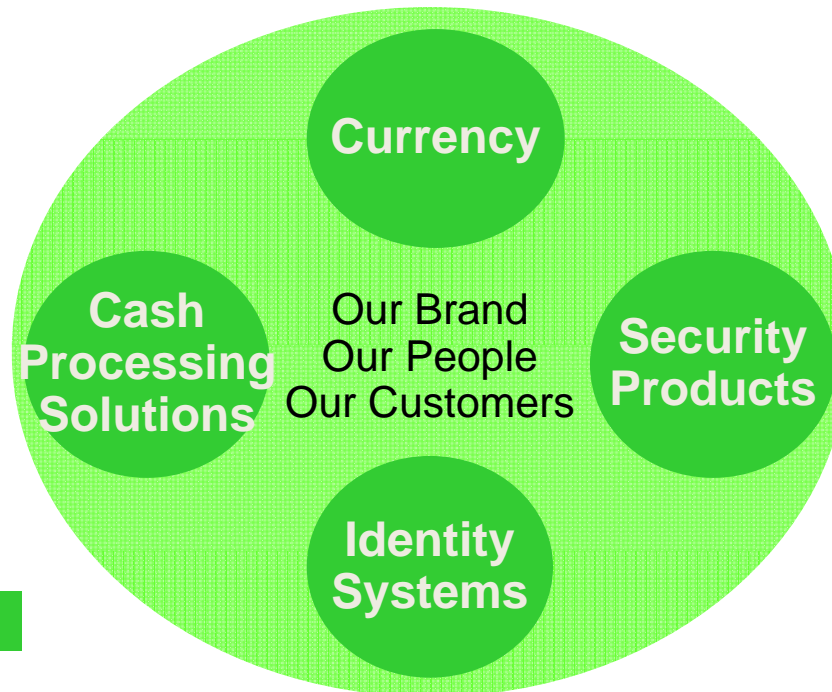
Six steps to value

- Focus on currency, security, identity and authentication systems
- Drive for high margins & cost management
- Maintain superior cash conversion
- Continue to invest in capability and innovation
- Actively manage the balance sheet
- Return surplus cash to shareholders

Focus on currency, security, identity and authentication systems

Core Markets

Synergies



Capabilities

Competitive advantage

Benefits of a focused Group

- Internal and external synergies :
 - Brand using our global reputation more effectively
 - Innovation & technology maximising solutions from our IP investments
 - Skills project/data/implementation management
 - Processes best practice teams
 - Assets utilisation of factory footprint & overheads
 - Knowledge market understanding / customer intimacy
- “One De La Rue” capitalises on its strengths for customers, investments for shareholders
 - a culture that makes sense to employees

“One De La Rue” – all elements contributing

	GROWTH DRIVER	CONTRIBUTION TO ONE DE LA RUE	GAME CHANGER
CURRENCY	Evolving Central Bank policy	Engine of the De La Rue brand	Develop SPW services; Euro 2012
CPS	Customer productivity in cash handling	Capitalise on Currency offering	15 year service model
SECURITY PRODUCTS	Threat of counterfeiting	Capitalising on IP and internal sales	Replicate brand licensing model
IDENTITY SYSTEMS	Growth of e-identity	Reputation and relationships	Capitalise on ID authentication growth

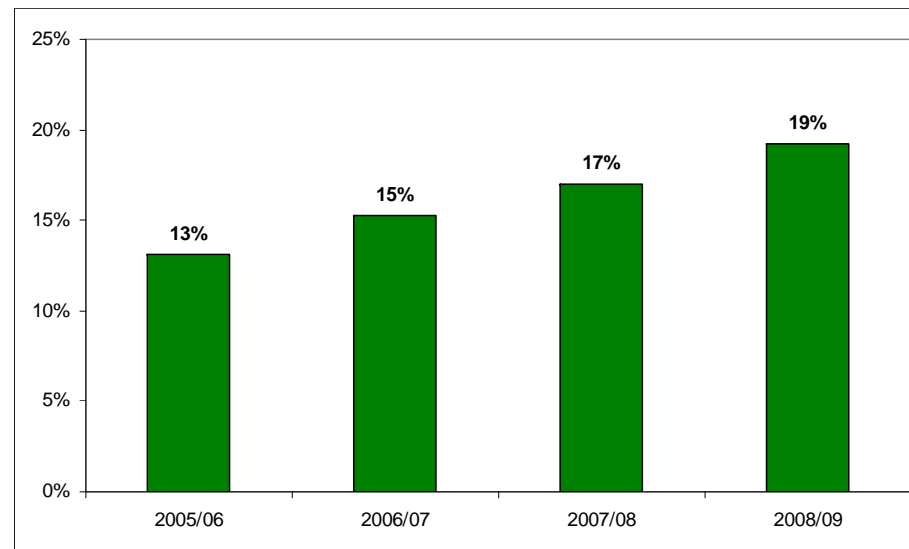
Drive for high margins and cost management

High margins

- continually drive processes to
 - sell value
 - lead on innovation
 - maximise operational efficiencies
 - move up value chain

Costs

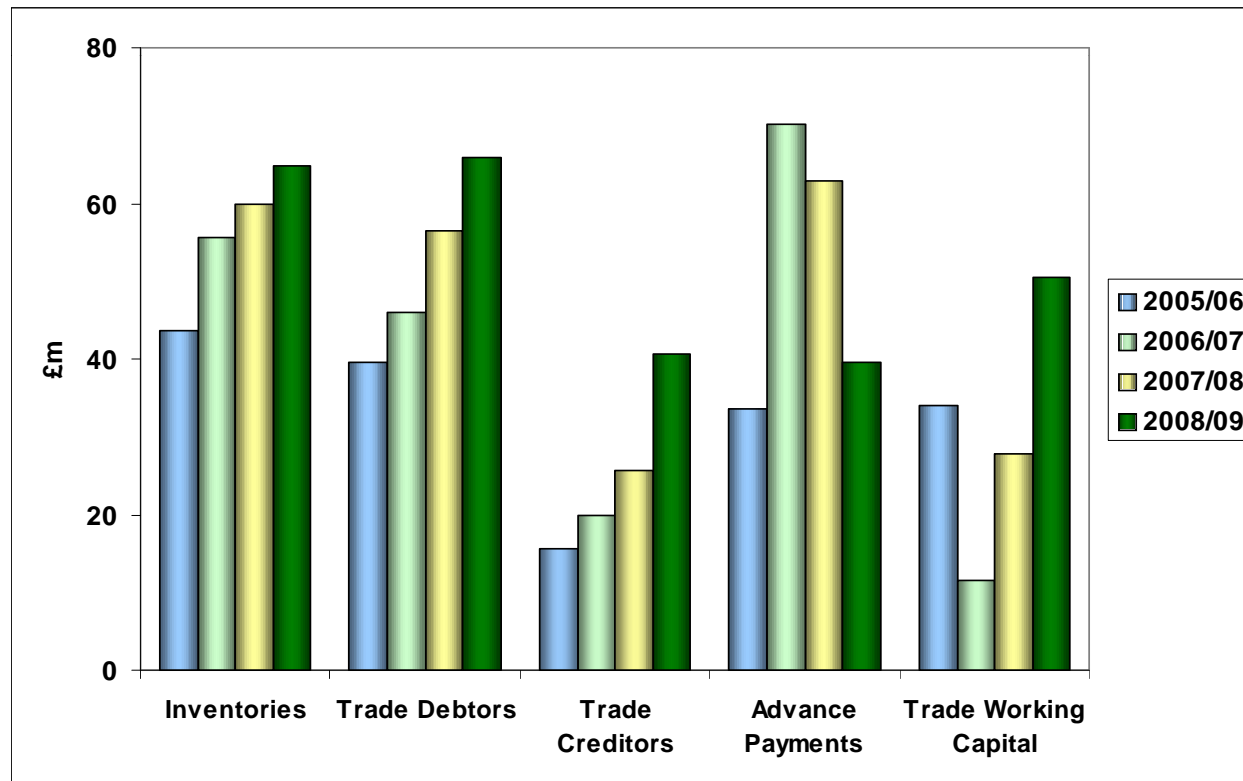
- alignment of central costs to smaller plc now complete
- continually drive culture to
 - improve productivity
 - better procurement
 - monitor & control overheads



Margin improvement in continuing Group

Maintain superior cash conversion

	Stock days	Debtor days
March 2006	102	59
March 2007	63	37
March 2008	57	37
March 2009	58	39



Continue to invest in capability and innovation

Fixed assets: £29m spend in 2008/09

- building capability, not capacity
- drives higher margin work
- approximates depreciation over 5-10 years

R & D: 31 patent applications 2008/09

- directly connects with capability investment to drive value
 - eg. Gemini™ feature in >80 denominations in >20 countries
- Increasing licensing agreements

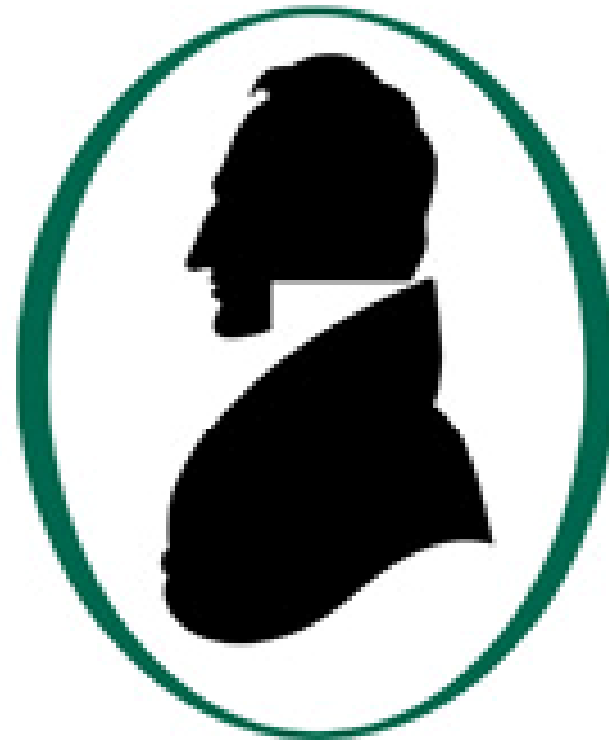
People/skills

- monitor employee participation
- measure performance – appraisal training
- manage cross-SBU benefits via teams



Outlook

As indicated in March, De La Rue entered the year with good order book coverage across its businesses which is expected to continue despite the uncertain global economic environment. As a result, the Board has confidence in the outlook for the current year.



DeLaRue



Banknotes Overspill vs. Base

