Agenda

• Group Headlines
• Financial Results
• Business and Markets
• Delivering the Improvement Plan
• Outlook
Group Headlines

**Revenue**

![Revenue Chart](chart1)

- Revenue 2012: £528m
- Revenue 2013: £484m
- Decline: -8%

**Operating Profit* and Margin***

![Operating Profit Chart](chart2)

- Operating Profit 2012: £63m
- Operating Profit 2013: £63m
- Margin 2012: 12%
- Margin 2013: 13%

**Operating Cash Flow**

![Operating Cash Flow Chart](chart3)

- Cash Flow 2012: £78m
- Cash Flow 2013: £40m

**Headline Earnings* and Dividend per Share**

![Headline Earnings Chart](chart4)

- EPS 2012: £43.5
- EPS 2013: £44.4
- EPS Growth: +2%

**Group 12 Month Order Book**

![Group Order Book Chart](chart5)

- Order Book Mar 2012: £248m
- Order Book Sep 2012: £248m
- Order Book Mar 2013: £207m

**Improvement Plan**

- On track:
  - Challenging market conditions
  - Strong pipeline
  - Cost reduction target raised to £40m

**2013/14 Target Operating Profit:**

- >£100m

* Before exceptional items
Financial Results

Colin Child
Group Finance Director
## Financial Results – Before Exceptional Items

<table>
<thead>
<tr>
<th></th>
<th>2012/13 £m</th>
<th>2011/12 £m</th>
<th>Change</th>
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<tbody>
<tr>
<td>Revenue</td>
<td>483.7</td>
<td>528.3</td>
<td>(8%)</td>
</tr>
<tr>
<td>Operating profit</td>
<td>63.2</td>
<td>63.1</td>
<td>-</td>
</tr>
<tr>
<td>Finance expense</td>
<td>(4.1)</td>
<td>(5.4)</td>
<td></td>
</tr>
<tr>
<td>Profit before tax</td>
<td>59.1</td>
<td>57.7</td>
<td>2%</td>
</tr>
<tr>
<td>Taxation</td>
<td>(13.9)</td>
<td>(13.9)</td>
<td></td>
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<tr>
<td>Profit after tax</td>
<td>45.2</td>
<td>43.8</td>
<td>3%</td>
</tr>
</tbody>
</table>

**Headline earnings per share**
- 44.4p (2%)

**Dividend per share**
- 42.3p (-)

**Print volume (notes)**
- 6.3bn (2%)

**Paper volume (tonnes)**
- 8,700 (21%)
### 2011/12 → 2012/13: Revenue*

<table>
<thead>
<tr>
<th>Business Units</th>
<th>2012/13 £m</th>
<th>2011/12 £m</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Currency</strong></td>
<td>296</td>
<td>339</td>
</tr>
<tr>
<td><strong>Solutions</strong></td>
<td></td>
<td></td>
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<tr>
<td>Cash Processing Solutions</td>
<td>61</td>
<td>66</td>
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<tr>
<td>Security Products</td>
<td>42</td>
<td>48</td>
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<tr>
<td>Identity Systems</td>
<td>85</td>
<td>75</td>
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<tr>
<td><strong>Total</strong></td>
<td>188</td>
<td>189</td>
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<tr>
<td><strong>Total</strong></td>
<td>484</td>
<td>528</td>
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</table>

* After intra group eliminations
### 2011/12 → 2012/13: Operating Profit*

<table>
<thead>
<tr>
<th>Business Units</th>
<th>2012/13 £m</th>
<th>2011/12 £m</th>
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</thead>
<tbody>
<tr>
<td><strong>Currency</strong></td>
<td>38</td>
<td>45</td>
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<tr>
<td><strong>Solutions</strong></td>
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<tr>
<td>Cash Processing</td>
<td>-</td>
<td>2</td>
</tr>
<tr>
<td>Solutions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Security Products</td>
<td>9</td>
<td>7</td>
</tr>
<tr>
<td>Identity Systems</td>
<td>16</td>
<td>9</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>25</td>
<td>18</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>63</td>
<td>63</td>
</tr>
</tbody>
</table>

**Operating Profit**

- **Exchange**: 63 £m (2011/12) → 63 £m (2012/13)
- **Mix/Volume**: (17) £m
- **Cotton Price**: 6 £m
- **Process Improvement**: 5 £m
- **Procurement**: 4 £m
- **Facility Optimisation**: 3 £m
- **Other**: 1 £m

* Before exceptional items
## Operating Cash Flow

<table>
<thead>
<tr>
<th></th>
<th>2012/13 £m</th>
<th>2011/12 £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating profit before</td>
<td>63.2</td>
<td>63.1</td>
</tr>
<tr>
<td>exceptional items</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td>26.3</td>
<td>26.6</td>
</tr>
<tr>
<td>Working capital</td>
<td>(14.2)</td>
<td>11.9</td>
</tr>
<tr>
<td>Special pension fund</td>
<td>(16.2)</td>
<td>(23.1)</td>
</tr>
<tr>
<td>contributions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>(1.4)</td>
<td>3.6</td>
</tr>
<tr>
<td>**Operating cash flow before</td>
<td>57.7</td>
<td>82.1</td>
</tr>
<tr>
<td>exceptional items</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash costs of exceptional</td>
<td>(17.3)</td>
<td>(3.7)</td>
</tr>
<tr>
<td>items</td>
<td></td>
<td></td>
</tr>
<tr>
<td>**Cash flow from operating</td>
<td>40.4</td>
<td>78.4</td>
</tr>
<tr>
<td>activities</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### 2012/13 Working Capital Movement

<table>
<thead>
<tr>
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<th>£m</th>
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</thead>
<tbody>
<tr>
<td>Creditors</td>
<td>4</td>
</tr>
<tr>
<td>Debtors</td>
<td>(14)</td>
</tr>
<tr>
<td>Advance</td>
<td>2</td>
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<tr>
<td>Payments</td>
<td></td>
</tr>
<tr>
<td>Inventory</td>
<td>(5)</td>
</tr>
<tr>
<td>All Other</td>
<td>(1)</td>
</tr>
<tr>
<td>Working</td>
<td>(14)</td>
</tr>
<tr>
<td>Capital Movement</td>
<td></td>
</tr>
</tbody>
</table>

© De La Rue 2013
## Net Debt

<table>
<thead>
<tr>
<th></th>
<th>2012/13 £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening net debt</td>
<td>(24.8)</td>
</tr>
<tr>
<td>Cash flow from operating activities</td>
<td>40.4</td>
</tr>
<tr>
<td>Tax and interest</td>
<td>(10.8)</td>
</tr>
<tr>
<td>Capital expenditure</td>
<td>(37.1)</td>
</tr>
<tr>
<td>Dividends</td>
<td>(42.3)</td>
</tr>
<tr>
<td>Other</td>
<td>(2.1)</td>
</tr>
<tr>
<td>Closing net debt</td>
<td>(76.7)</td>
</tr>
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</table>

### Bank Covenants

<table>
<thead>
<tr>
<th>Bank Covenants</th>
<th>Required</th>
<th>Actual</th>
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<tbody>
<tr>
<td>EBIT: Net interest payable</td>
<td>&gt;4x</td>
<td>16x</td>
</tr>
<tr>
<td>Net Debt: EBITDA</td>
<td>&lt;3x</td>
<td>1x</td>
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</tbody>
</table>

### Cash Conversion**

<table>
<thead>
<tr>
<th></th>
<th>2011/12</th>
<th>2012/13</th>
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</thead>
<tbody>
<tr>
<td>Operating Cash Flow*</td>
<td>58</td>
<td>35</td>
</tr>
<tr>
<td>Special Pension Contributions</td>
<td>16</td>
<td></td>
</tr>
<tr>
<td>Capital Expenditure</td>
<td>(37)</td>
<td></td>
</tr>
<tr>
<td>Advanced Payments</td>
<td>(2)</td>
<td></td>
</tr>
</tbody>
</table>

* Before exceptional items
** Cash Conversion = operating cash flow excluding exceptional items, special pension fund contributions and movement in advance payments (2012/13: +£2m, 2011/12: -£13m), less capital expenditure, divided by operating profit before exceptional items
## Exceptional Items

<table>
<thead>
<tr>
<th></th>
<th>2012/13 £m</th>
<th>2011/12 £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Improvement Plan</td>
<td>(7.6)</td>
<td>(24.1)</td>
</tr>
<tr>
<td>Paper production quality issues</td>
<td>-</td>
<td>(0.7)</td>
</tr>
<tr>
<td>Total exceptional items</td>
<td>(7.6)</td>
<td>(24.8)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Tax credit on exceptional items</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Credit in period</td>
<td>2.1</td>
<td>6.2</td>
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<tr>
<td>Prior year tax credits</td>
<td>4.4</td>
<td>7.0</td>
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<tr>
<td>Total</td>
<td>6.5</td>
<td>13.2</td>
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Business and Markets

Tim Cobbold
Chief Executive
De La Rue Business Overview

Currency
- Banknote substrates and security features
- Design, origination and printing

Cash Processing Solutions
- High speed cash sorting and inspection equipment
- Service, maintenance and spares
- Cash management solutions

Security Products
- Design, origination and printing of secure products
- Government Revenue Solutions and authentication

Identity Systems
- Design, origination and printing of identity documents
- Personalisation solutions

Proportion of Group 2012/13

<table>
<thead>
<tr>
<th>Solutions</th>
<th>Revenue</th>
<th>Operating Profit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Currency</td>
<td>61%</td>
<td>60%</td>
</tr>
<tr>
<td>Cash Processing Solutions</td>
<td>13%</td>
<td>-</td>
</tr>
<tr>
<td>Security Products</td>
<td>9%</td>
<td>14%</td>
</tr>
<tr>
<td>Identity Systems</td>
<td>17%</td>
<td>26%</td>
</tr>
</tbody>
</table>
Currency Market – Characteristics

Over Capacity in the Paper Market
- Price pressure
- Radece insolvency
- Cashflow challenges for some players

Impacting Banknote Market
- More competitive
- Increased pricing pressure
- Shorter lead times
Currency Market - Technology

Commercial Market – Integrated Business

Components → Substrate → Banknote

- Sold to SPMs and SPWs

Applied Features* (Foils and Stripes)

<table>
<thead>
<tr>
<th>Billions of notes</th>
<th>2011/12</th>
<th>2017/18F</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>20</td>
<td>30</td>
</tr>
<tr>
<td>5</td>
<td>25</td>
<td>35</td>
</tr>
<tr>
<td>10</td>
<td>30</td>
<td>40</td>
</tr>
<tr>
<td>15</td>
<td>35</td>
<td>50</td>
</tr>
<tr>
<td>20</td>
<td>40</td>
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+5% p.a.

Premium Threads*

<table>
<thead>
<tr>
<th>Billions of notes</th>
<th>2011/12</th>
<th>2017/18F</th>
</tr>
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<tbody>
<tr>
<td>0</td>
<td>25</td>
<td>35</td>
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<tr>
<td>5</td>
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<td>40</td>
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<td>10</td>
<td>35</td>
<td>50</td>
</tr>
<tr>
<td>15</td>
<td>40</td>
<td></td>
</tr>
</tbody>
</table>

+5% p.a.

* De La Rue Forecast
Long Term Trend and Market Variability

De La Rue Printed Banknote Volume

- **Billions of notes**
- **Year:** 2001/02 to 2012/13
- **Volume:** Yellow
- **Overspill:** Dark Green
- **CAGR 4%**

Market Overspill (Print)

- **Billions of notes**
- **Year:** 2008/09 to 2014/15
- **Forecast**

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* De La Rue Forecast
Currency – Order Intake and Order Book

Banknote Order Intake (6 month rolling average)

Revenue

Profitability

Currency 12 Month Order Book

-14%

Currency

£m

0 25 50 75 100 125 150 175 200

March 2011 155

September 2011 176

March 2012 183

September 2012 195

March 2013 158

Distribution of Currency Orders

ROW

UK & Ireland

South & Central America

Far East

Middle East

Africa

Commercial Market Shares*

Print

Substrate

DLR

G&D

Goznak

Crane

FCO

G&D

Fedrigoni

KOMSCO

Landqart

Securency

Avjo

Other

DLR

G&D

Goznak

Crane
Solutions

Cash Processing Solutions

- Revenue
- Operating Profit*

Security Products

- Revenue
- Operating Profit*

Identity Systems

- Revenue
- Operating Profit*

Vaultex

- A collaborative partnership with De La Rue, utilising De La Rue’s ECM™ Business Intelligence software
- Processing capacity has increased by over 15 per cent in the past 18 months

Government Revenue Solutions Cameroon

- Dual language, web based product authentication system to monitor the delivery of tax stamps
- Unique code on each stamp is checked by handheld scanners for authenticity
- Basis for a wider consumer and revenue protection programme

UK Passport

- Between March and July 2012 De La Rue rolled out a local passport personalisation solution which is critical to Her Majesty’s Passport Office’s seven regional issuing offices
- This enables HM Passport Office to provide eligible customers with a full passport in as little as four hours

* Before exceptional items
Solutions Markets – Long Term Growth Opportunities

**Annual Passport Renewals Market***
- Migration of machine readable passports to ePassport
- Existing ePassport renewals

**Government Revenue Solutions Market***
- FCTC Protocol requirement
- From stamp to track and trace solution
- Lumpy, complex sales and implementation process

* De La Rue Forecast
Delivering the Improvement Plan

Tim Cobbold
Chief Executive
Improvement Plan

Fundamental Strengths

- Brand and reputation
- Longstanding customer relationships
- Strong integrated competitive position
- Record of innovation
- Cash generative model

Opportunities

- Focus, focus, focus
- Deepen and broaden ‘One De La Rue’
- Improve sales and marketing effectiveness
- Maximise technological capability
- Develop supply chain

Target: 2013/14 Operating Profit of >£100m

Follow on strategy well advanced - to be communicated H2 2013/14
## Improvement Plan – On Track

### Target: 2013/14 Operating Profit of >£100m

<table>
<thead>
<tr>
<th>Initiative</th>
<th>Customer Focus</th>
<th>Innovation</th>
<th>Professionalism</th>
<th>Operational Excellence</th>
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<tbody>
<tr>
<td></td>
<td>• Country and regional sales plans</td>
<td>• Product innovation</td>
<td>• Standardise processes</td>
<td>• Procurement</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• New business models and partnerships</td>
<td>• Talent and reward</td>
<td>• Process improvement</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>• Facility optimisation</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Top line growth</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Margin protection</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Market share</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Competitive positioning</td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Top line growth</td>
<td>• Best practice</td>
<td>• Low “cost”</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Market share</td>
<td>• Lower “cost”</td>
<td>• Quality</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Competitive positioning</td>
<td>• Engagement</td>
<td>• Margin</td>
</tr>
<tr>
<td>Outcomes</td>
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</tbody>
</table>

### Revenue Growth
- • Top line growth
- • Margin protection
- • Market share

### Cost Reduction
- • Low “cost”
Customer Focus – Identifying Opportunities

Country Plans

- Stage I – Identify opportunities
- Stage II – Set vision and targets
- Stage III – Actions identified and progressed
  - Over 40 countries completed
  - New targets identified

Barbados

- New family of banknotes issued May 2013, first major redesign since 1973
- Close partnership with the Central Bank of Barbados
- Passport supplier

Fiji

- In December 2012 the Reserve Bank of Fiji unveiled its new series of banknotes
- Long term design project with the Reserve Bank commemorating Fiji’s biodiversity
- The $5 is the first note in circulation using De La Rue’s Safeguard™ polymer substrate
Innovation and Design

Polymer – Safeguard™
- First notes in circulation
- Pipeline of opportunity
- Three further orders received from central banks and state print works
- Investment in capacity on track
- Many security features in development

State of the Art Technology Centre
- £4m Investment
- Industry leading facility
- On track for completion mid 2013

Queen’s Award for Enterprise Innovation
- Awarded for Optiks™ thread
- 12th Queen’s Award

Industry Leading Design
- Since 2007, De La Rue has won 10 international design awards
- Integrated design team ~ 40 people
- End to end project management of new design introduction
- Counterfeit, security feature and durability evaluation
- Full DFMEA analysis for design led manufacture
Operational Excellence – Process Improvement

**Quality**
- Quality spine – world class tools and systems
- Advanced Product Quality Planning
- FMEA and control plans – industry first
- Quality issues down 60%

**Cost**
- Process improvement savings of £8m per annum
- Factories modernised and reorganised
- Factory management restructured and delayered
- Modernised T&C’s, working with employees and unions

**Delivery**
- New Libya banknotes designed in partnership with customer
- Contract awarded late 2012
- First notes in circulation Feb' 2013 - 2nd anniversary of the revolution

**Investment**
- Significantly faster throughputs
- Reduced changeover times
- Innovative process quality assurance
Operational Improvement - Procurement

Phase I to III: Consolidation of supply base continues
Phase IV & V: Supplier development programme for top 25 suppliers

- Supplier quality assurance
  - Driving quality improvements into the supply base
  - Right first time – increased to 97%
- Supplier relationship management
  - Partnering with suppliers to accelerate innovation

### Savings per annum

<table>
<thead>
<tr>
<th></th>
<th>2011/12</th>
<th>2012/13</th>
<th>2013/14*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Savings £m</td>
<td>5</td>
<td>9</td>
<td>15</td>
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</table>

### Phase

<table>
<thead>
<tr>
<th></th>
<th>I</th>
<th>II</th>
<th>III</th>
<th>IV</th>
<th>V</th>
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</thead>
<tbody>
<tr>
<td>Targeted Savings £m</td>
<td>4</td>
<td>6</td>
<td>5</td>
<td>TBA</td>
<td>TBA</td>
</tr>
</tbody>
</table>

### Key Supplier Assessment Progress

- at minimum level 23%
- at target level 73%
- at grade A status 4%

Cotton (Comber) Market Prices

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Facility Optimisation

Phasing: 11/12 12/13 Today 13/14
H1 H2 H1 H2 H1 H2

Phase II: Implementation
- Complete
- Saving £6m per year

Process Standardisation

Phasing: 11/12 12/13 Today 13/14
H1 H2 H1 H2 H1 H2

Phase IV: Linking enquiry to order process to Supply Chain
- Process spine implemented
  - Process improvements
  - Improving customer service
  - Reducing lead times
  - Improving quality in Supply Chain
- Sophisticated sales and operational planning process deployed
### Revised Improvement Plan Cost Savings

<table>
<thead>
<tr>
<th></th>
<th>Original Improvement Plan Target for 2013/14</th>
<th>Actual saving in 2012/13</th>
<th>Revised Improvement Plan Target for 2013/14</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£m</td>
<td>£m</td>
<td>£m</td>
</tr>
<tr>
<td><strong>Cost savings:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Procurement</td>
<td>12</td>
<td>9</td>
<td>15</td>
</tr>
<tr>
<td>Facility optimisation</td>
<td>6</td>
<td>3</td>
<td>6</td>
</tr>
<tr>
<td>Process improvement</td>
<td>12</td>
<td>8</td>
<td>19</td>
</tr>
<tr>
<td></td>
<td>30</td>
<td>20</td>
<td>40</td>
</tr>
<tr>
<td><strong>Exceptional cost</strong></td>
<td>25</td>
<td>32</td>
<td>35*</td>
</tr>
</tbody>
</table>

* Revised May 2012
Outlook

- Strong pipeline of order opportunities
  - To be secured for delivery in the year
- Higher overspill levels
- Cost savings target raised to £40m per annum

Board confident of delivery in line with the Improvement Plan > £100m for the year

* Before exceptional items
** See slide 9 for definition
De La Rue

INNOVATING FOR THE FUTURE