Group Headlines

Revenue

- Revenue grew by 6% from £484m in 2013 to £513m in 2014.

Underlying Operating Profit and Margin*

- Underlying Operating Profit increased by 43% from £63m in 2013 to £90m in 2014.
- Underlying Operating Margin increased from 13% in 2013 to 18% in 2014.

Underlying Operating Cash Flow **

- Underlying Operating Cash Flow increased from £73m in 2013 to £99m in 2014.

Underlying Earnings** and Dividend per Share

- Underlying Earnings doubled from £38.5p in 2013 to £60.7p in 2014.
- Dividend per Share increased from £42.3p in 2013 to £42.3p in 2014.

Group 12 Month Order Book

- Group 12 Month Order Book increased from £207m in Mar 2013 to £232m in Sep 2013 and £218m in Mar 2014.

Summary

- Good order book
- Pricing pressure in Currency
- Further operational efficiency opportunities available
- Unchanged expectations for 2014/15

* Before exceptional items and the impact of IAS 19
** Before exceptional items

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Financial Results

Colin Child
Chief Operating Officer
## Financial Results

<table>
<thead>
<tr>
<th></th>
<th>2013/14 £m</th>
<th>2012/13* £m</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td>513.3</td>
<td>483.7</td>
<td>6%</td>
</tr>
<tr>
<td><strong>Underlying operating profit pre IAS 19</strong></td>
<td>90.5</td>
<td>63.2</td>
<td>43%</td>
</tr>
<tr>
<td><strong>Underlying operating margin pre IAS 19</strong></td>
<td>17.6%</td>
<td>13.1%</td>
<td></td>
</tr>
<tr>
<td><strong>Underlying profit before tax</strong></td>
<td>77.3</td>
<td>51.3</td>
<td>51%</td>
</tr>
<tr>
<td><strong>Taxation</strong></td>
<td>(16.1)</td>
<td>(12.0)</td>
<td></td>
</tr>
<tr>
<td><strong>Underlying profit after tax</strong></td>
<td>61.2</td>
<td>39.3</td>
<td>56%</td>
</tr>
<tr>
<td><strong>Underlying earnings per share</strong></td>
<td>60.7p</td>
<td>38.5p</td>
<td>58%</td>
</tr>
<tr>
<td><strong>Dividend per share</strong></td>
<td>42.3p</td>
<td>42.3p</td>
<td>-</td>
</tr>
<tr>
<td><strong>Print volume (notes)</strong></td>
<td>6.2bn</td>
<td>6.3bn</td>
<td>(2%)</td>
</tr>
<tr>
<td><strong>Paper volume (tonnes)</strong></td>
<td>9,600</td>
<td>8,700</td>
<td>10%</td>
</tr>
</tbody>
</table>

* Restated to reflect the amendments to IAS 19 Employee Benefits  ** Before exceptional items

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## 2012/13 → 2013/14: Revenue & Operating Profit

<table>
<thead>
<tr>
<th>Business Units</th>
<th>2013/14 £m</th>
<th>2012/13 £m</th>
<th>2013/14 £m</th>
<th>2012/13 £m</th>
<th>Margin 2013/14</th>
<th>Margin 2012/13</th>
</tr>
</thead>
<tbody>
<tr>
<td>Currency</td>
<td>341</td>
<td>296</td>
<td>62</td>
<td>38</td>
<td>18</td>
<td>13</td>
</tr>
<tr>
<td>Solutions</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash Processing Solutions</td>
<td>53</td>
<td>61</td>
<td>(4)</td>
<td>-</td>
<td>(8)</td>
<td>-</td>
</tr>
<tr>
<td>Security Products</td>
<td>42</td>
<td>42</td>
<td>10</td>
<td>9</td>
<td>24</td>
<td>21</td>
</tr>
<tr>
<td>Identity Systems</td>
<td>77</td>
<td>85</td>
<td>22</td>
<td>16</td>
<td>29</td>
<td>19</td>
</tr>
<tr>
<td>Total</td>
<td>513</td>
<td>484</td>
<td>90</td>
<td>63</td>
<td>18</td>
<td>13</td>
</tr>
</tbody>
</table>
## Underlying Operating Cash Flow and Net Debt

<table>
<thead>
<tr>
<th></th>
<th>2013/14</th>
<th>2012/13</th>
</tr>
</thead>
<tbody>
<tr>
<td>Underlying operating profit</td>
<td>89.3</td>
<td>61.5</td>
</tr>
<tr>
<td>Depreciation</td>
<td>28.3</td>
<td>26.3</td>
</tr>
<tr>
<td>Working capital</td>
<td>(18.5)</td>
<td>(14.8)</td>
</tr>
<tr>
<td>Underlying operating cash flow</td>
<td>99.1</td>
<td>73.0</td>
</tr>
<tr>
<td>Capital expenditure</td>
<td>(34.9)</td>
<td>(37.1)</td>
</tr>
<tr>
<td>Special pension fund contributions</td>
<td>(11.5)</td>
<td>(16.2)</td>
</tr>
<tr>
<td>Net cash cost of exceptional items</td>
<td>(4.0)</td>
<td>(17.3)</td>
</tr>
<tr>
<td>Tax, interest and dividend</td>
<td>(58.0)</td>
<td>(53.1)</td>
</tr>
<tr>
<td>Other</td>
<td>(3.9)</td>
<td>(1.2)</td>
</tr>
<tr>
<td>Net cash flow</td>
<td>(13.2)</td>
<td>(51.9)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2013/14</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening net debt</td>
<td>(76.7)</td>
</tr>
<tr>
<td>Net cash flow</td>
<td>(13.2)</td>
</tr>
<tr>
<td>Closing net debt</td>
<td>(89.9)</td>
</tr>
</tbody>
</table>
## Exceptional Items

<table>
<thead>
<tr>
<th></th>
<th>2013/14</th>
<th>2012/13</th>
</tr>
</thead>
<tbody>
<tr>
<td>Improvement Plan</td>
<td>(3.5)</td>
<td>(7.6)</td>
</tr>
<tr>
<td>Legacy indirect tax issue</td>
<td>(2.2)</td>
<td>-</td>
</tr>
<tr>
<td>Gain on sale of fixed assets</td>
<td>4.5</td>
<td>-</td>
</tr>
<tr>
<td>CPS asset impairment</td>
<td>(14.2)</td>
<td>-</td>
</tr>
<tr>
<td>Other</td>
<td>(2.1)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total exceptional items</strong></td>
<td>(17.5)</td>
<td>(7.6)</td>
</tr>
<tr>
<td><strong>Net cash cost of exceptional items</strong></td>
<td>(4.0)</td>
<td>(17.3)</td>
</tr>
<tr>
<td><strong>Tax credit on exceptional items</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Credit in period</td>
<td>0.9</td>
<td>2.1</td>
</tr>
<tr>
<td>Prior year tax credits</td>
<td>3.3</td>
<td>4.4</td>
</tr>
<tr>
<td><strong>Total tax on exceptional items</strong></td>
<td>4.2</td>
<td>6.5</td>
</tr>
</tbody>
</table>
De La Rue Business Overview

Proportion of Group 2013/14

<table>
<thead>
<tr>
<th>Revenue</th>
<th>Operating Profit*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Currency</td>
<td></td>
</tr>
<tr>
<td>66%</td>
<td>69%</td>
</tr>
<tr>
<td>Cash Processing Systems</td>
<td></td>
</tr>
<tr>
<td>11%</td>
<td>(5%)</td>
</tr>
<tr>
<td>Solutions</td>
<td></td>
</tr>
<tr>
<td>Security Products</td>
<td></td>
</tr>
<tr>
<td>8%</td>
<td>12%</td>
</tr>
<tr>
<td>Identity Systems</td>
<td></td>
</tr>
<tr>
<td>15%</td>
<td>24%</td>
</tr>
</tbody>
</table>

- **Currency**
  - Banknotes – design, origination and printing
  - Substrates – paper and polymer
  - Security Components – threads and holograms

- **Cash Processing Systems**
  - High speed cash sorting and inspection equipment
  - Specialist vault management software
  - Service, maintenance and spares

- **Solutions**
  - Design, origination and print of secure products
  - Secure track and trace software
  - Solution integration and support

- **Identity Systems**
  - Design, origination and print of identity documents
  - Identity management and personalisation software
  - Solution integration and support

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* Before exceptional items and the impact of IAS 19
Currency – Market Overview

Global Substrate Market* (c157k Tonnes)
- State paper mills (SPM)
- Commercial paper market
- Polymer
- Overspill from SPMs

Substrate Market Share* (Commercial Market)
- Arjo
- Fabriano
- KOMSCO
- Landqart
- Securency
- Goznak
- Crane
- G&D
- DLR
- Other

Global Print Market* (c157 billion notes)
- State print works (SPW)
- Overspill from SPWs
- Commercial print market

Print Market Share* (Commercial Market)
- Arjo
- Fabriano
- KOMSCO
- Landqart
- Securency
- Goznak
- Crane
- G&D
- DLR
- Other
- FCO

Global Banknote Issuance
- CAGR 4%

Estimate* Source: De La Rue Estimate

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Solutions – Cash Processing Solutions

Overview
- Disappointing performance
  - Competitive pressures and margin erosion
  - Reduced large sorter volumes
  - Reduction in service revenue

Action Plan
- Target breakeven for 2014/15
  - Re-structured CPS leadership team
  - Cost reduction actions underway
  - Initial focus on capabilities and operational excellence

Market Summary
- Increasing cash in circulation and central bank de-centralisation driving automation
- Market opportunity as central banks continue to replace sorter fleets over the next 3-5 years
- Commercial cash processors seeking to reduce cost and increase efficiency through automation and software

* Before exceptional items and the impact of IAS 19
Solutions – Security Products

Overview

• Increased operating profit
  • Benefits from cost reduction programme
  • Full year effects of reduced costs following relocation of manufacturing from Dunstable to Gateshead

Products and Services

• Diverse portfolio
  • Traditional security print products in mature markets
    – Stamps, security paper, cheques and labels
  • Digital and security print solutions in developing markets
    – Government Revenue Solutions - technically complex, long term contracts

* Before exceptional items and the impact of IAS 19
Solutions – Identity Systems

Overview

- Strong operational performance
  - Delivered further operating efficiencies
  - Unusually high number of longer term contracts completed

Products and Services

- Broad portfolio
  - Highly secure ID documents
    - Machine readable passports, ID cards and visa stickers
  - Fully integrated identity solutions
    - ePassports, eID, personalisation solutions
  - Focus on higher value, longer term ePassport and ID schemes

Commercial Market Annual Passport Issuance**
(c.40 million annual issues)

- Top 35 available contracts
- Supplied by De La Rue

* Before exceptional items and the impact of IAS 19
**Source: De La Rue Estimate
Improvement Plan

2010/11 – 2013/14 Profit Trail

Foundations in place for future growth

- Renewed customer focus
- Accelerated innovation
- Greater professionalism
- Focus on quality, cost and delivery
- Operational excellence rolled out

Continuous improvement is embedded in De La Rue’s culture
Looking Ahead

Philip Rogerson
Chairman
• Good order book
• Pricing pressure in Currency
• Target breakeven for CPS
• Identity Systems reverts to typical contract maturity profile
• Further benefits from operational excellence

Board's expectations for 2014/15 remain unchanged
Longer Term – Continued Focus

- **Profit Growth**
- **Cash Generation**
- **Revenue Growth**
- **Continuous Improvement**

- **Currency**
  - Focus on the whole market
  - Invest in technology
  - Grow polymer

- **Solutions**
  - ePassport
  - Government Revenue Solutions
  - Invest in flexibility and responsiveness
  - Operational excellence

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Revenue Growth – Currency

Focus on the whole market

Commercial Paper Mills
Commercial Print Works
Central Banks
State Print Works
State Paper Mills

Opportunity

Security Components
Security Components
Security Components
Security Components
Security Components

Design, consultancy and innovation

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Revenue Growth – Currency

Invest in technology

- Invested in state of the art micro-optic technology
- Expansion of scientific research team
- Enhanced security features pipeline

New security features

Supporting Core
- Kinetic StarChrome®
- Spectrum™
- Long Wide Windows

Polymer Acceleration
- Mask™ for polymer
- Iridescent on polymer
- Magnetic ‘thread’ on polymer
- Spark® Orbital™ for polymer

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Revenue Growth – Currency

Grow polymer

Opportunity for De La Rue
- Small but growing market
- Build on Safeguard™ momentum
- Investing to accelerate progress
- Strong pipeline of new features

Market

Global Substrate* (c157k Tonnes)

- 48%
- 43%
- ~1-6%
- 3%

*Source: De La Rue Estimate
Revenue Growth – Solutions

**ePassports**

**Market**

- **Total Passport Market**
  - (c.134 million annual issues)

- De La Rue has c.30% share of commercial market

**Opportunity for De La Rue**

- Global trend towards ePassports (>50%) - largely N.America and Europe
- Lower level of adoption within the commercial market
- Ideally placed to provide customers with a fully integrated ePassport solution

*Source: De La Rue Estimate*
Revenue Growth – Solutions

Government Revenue Solutions

De La Rue “Trust Centre”

- Design and print stamps
- Systems manage stamp inventory and codes
- Ensures transparent relationship between producer and government

Market opportunity for De La Rue

- The market is developing quickly as governments seek to optimise indirect taxes and duties
- Predominantly tobacco and alcohol, but increasing market opportunity outside of these areas
- FCTC* standardising approach to tobacco control and illicit trade
  - FCTC supported by 178 countries
  - 53 countries have signed up to implement the Illicit Trade Protocol

*Framework Convention on Tobacco Control
Continuous Improvement

Invest in flexibility and responsiveness

- Reduced lead times
  - Improved order management process
  - Enhanced machine throughputs

Operational excellence

- Simple, structured methodology
- Improved quality
- Reduced cost through standardised manufacturing processes
Conclusion

• Good results
• Continuous improvement is embedded into the culture of De La Rue
• Long term opportunities within De La Rue’s core markets

Board’s expectations for 2014/15 remain unchanged