



MAXIMISING SHAREHOLDER VALUE

Agreement to sell Cash Systems

Leo Quinn

Chief Executive

Teleconference

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DeLaRue

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Agenda

- Key drivers for sale
- Agreement to sell Cash Systems for £360m
- Capital Return of £460m to shareholders
- Financial performance
- De La Rue plc going forward
- Q&As

Key Drivers for Sale

- Crystallises the value created in Cash Systems since 2004
- Focuses De La Rue on Governments, Central Banks & International Corporations, reducing exposure to retail/commercial banking sector
- Intention to build on its position as a world leading manufacturer and supplier of banknote printing and banknote paper, and of security features and authentication systems and products used in payment and identity transactions

Agreement to Sell Cash Systems for £360m

- Agreement to sell Cash Systems to The Carlyle Group
- Cash consideration of £360m, on cash and debt free basis
- Businesses sold: BTA, DTP & OEM (excluding CPS)
- Turnover £286.6m, EBIT £35.5m

Subject to conditions

- Shareholder approval – Class 1 Circular and EGM
- Regulatory approvals

Completion targeted before end of September 08

Crystallises value built since 2004

Capital Return of c.£460m to Shareholders

- Proposed return of c.£460m, equivalent to 305 pence per share
- Comprising:
 - Net disposal proceeds of c.£330m
 - After advanced pension contribution (£15m) and estimated restructuring costs (£10m)
 - Plus £160m special dividend announced at Prelims (which will be incorporated into a single capital return)
- By way of B share scheme and share consolidation
(option to receive capital return as either income or capital)
- Details of capital return to be sent to shareholders after sale completion

Accelerating Shareholder Value

- Crystallises investment created in Cash Systems since 2004
- Enhances financial characteristics of De La Rue
 - improves Group margins with strong cash conversion
 - good visibility markets with long-term growth drivers
 - includes retained interest in Camelot, UK lottery operator
- Anticipated reduction in underlying cost structure of £17.8m by c.50% over 18 months
 - one off cost of £10m
 - simplified business structure
 - focused customer base

Strongly positioned to drive outstanding returns

Going Forward - Security Paper and Print

MARKET

- Global banknote demand growing at GDP+
- Limited number of competitors
- C.15% of market served by commercial printers
- High barriers to new entrants
- More aggressive banknote recirculation policy

COMPETITIVE

- Market leader
- Established competitors
- Refreshed capital asset base
- Strong brand loyalty (high level of trust)
- Long term customer relationships

PRODUCT / SERVICE

- Market leading security features - strong IP portfolio
- Vertical integration paper to holograms
- Strong delivery capability
- SPW business opportunity
- Threat of counterfeiting drives new note design

FINANCIAL

- GDP+ sales growth but lumpy
- Consistent strong cash generation
- Order book visibility c.12 months in 2008/09
- Long term stability
- Moderate future capex requirements

Good market, strong competitive position, well positioned for the future, outstanding financial returns

Segmental analysis – 2007/2008

	EXISTING GROUP		RETAINED GROUP	
	Turnover £m	Operating Profit £m	Turnover £m	Operating Profit £m
SECURITY PAPER AND PRINT DIVISION				
Currency	316.7	79.5	316.7	79.5
Security Print	74.8	9.8	74.8	9.8
Identity Systems	26.5	4.6	26.5	4.6
Eliminations	(9.4)	-	(9.4)	-
Sub Total	408.6	93.9	408.6	93.9
Allocated Overhead		(14.3)		(14.3)
TOTAL SECURITY PAPER AND PRINT DIVISION	408.6	79.6	408.6	79.6
CASH SYSTEMS DIVISION				
Cash Systems	286.6	43.4	-	-
Cash Processing Solutions	58.4	1.0	58.4	1.0
Sub Total	345.0	44.4	-	-
Allocated Overhead	-	(9.3)	-	(9.3)
TOTAL CASH SYSTEMS DIVISION	345.0	35.1		
Total operating profit	753.6	114.7	467.0	71.3
Share of Associates (Camelot)		7.1		7.1
	£753.6m	£121.8m	£467.0m	£78.4m

Dividend policy and future capital returns

- As announced on May 22, the Board has agreed a new dividend policy of approximately 1.75 times, based on the underlying earnings for the year
- The Board intends to maintain a progressive dividend policy and is prepared to consider different levels of dividend cover as a result of any short term fluctuations in earnings
- The Board will monitor the shape of the balance sheet and, where appropriate, consider return of surplus cash to shareholders

Outlook

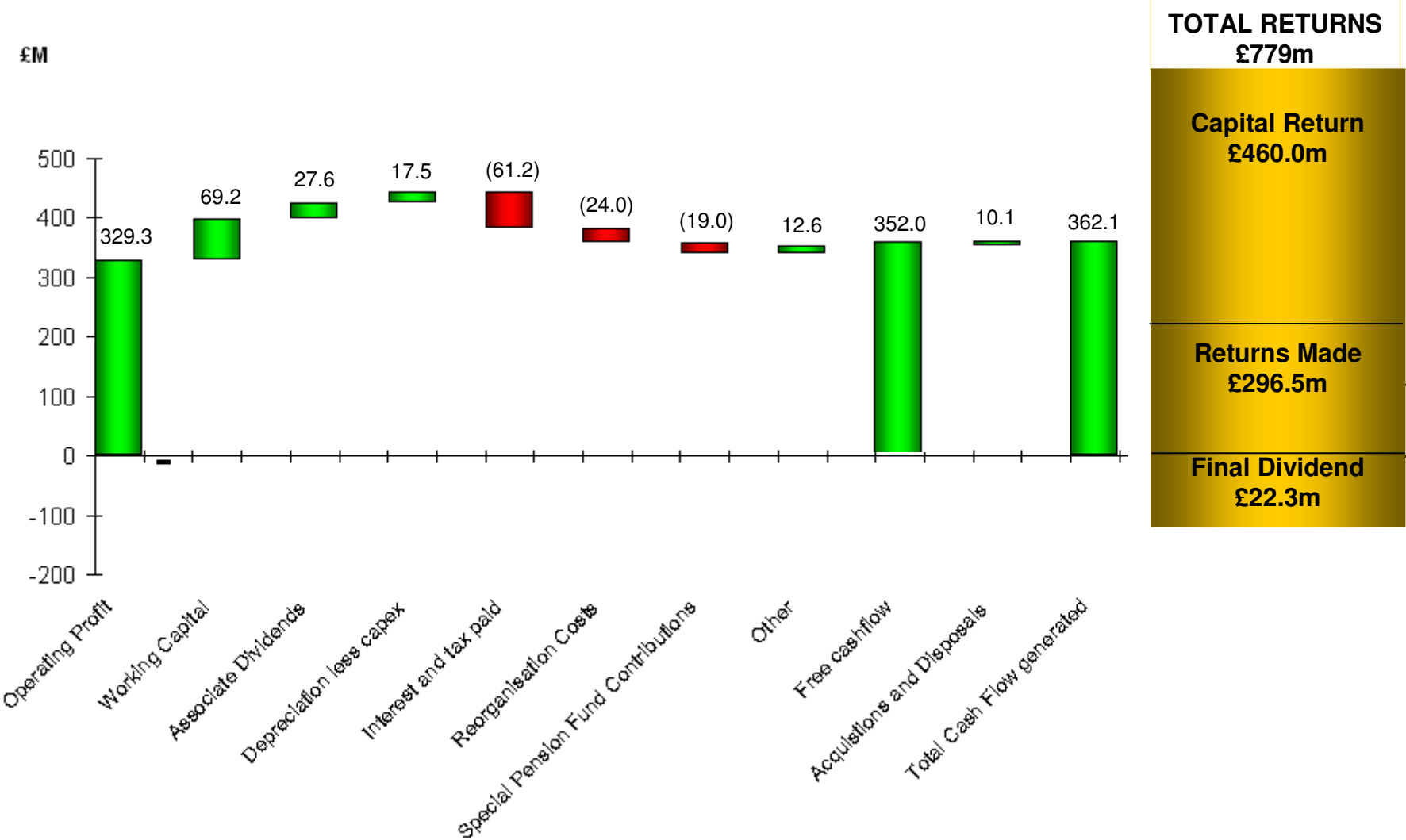
“We enter 2008/09 with order books in both divisions at a four year high.

“In Currency, this is expected to result in the business continuing to operate throughout the current year at the high levels of capacity experienced in 2007/08.

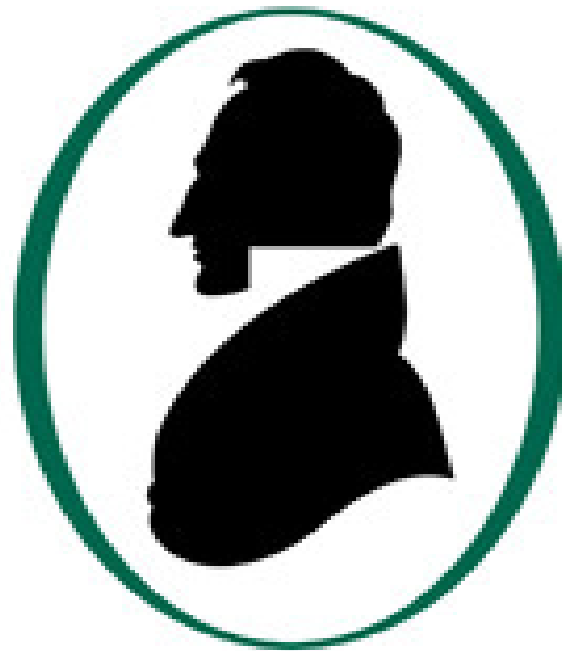
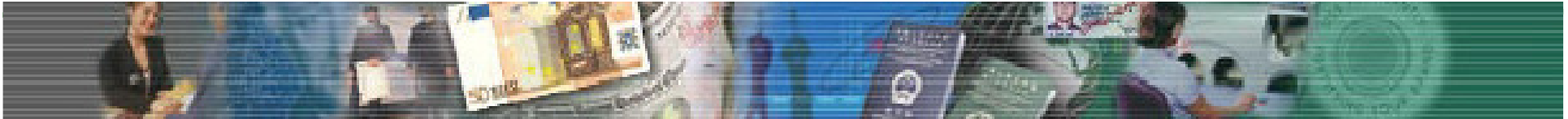
“Thus, despite the more uncertain financial environment, we remain confident in the outlook for the year ahead.”

- Preliminary Results, 22 May 2008

Maximising Shareholder Value 2004-2008

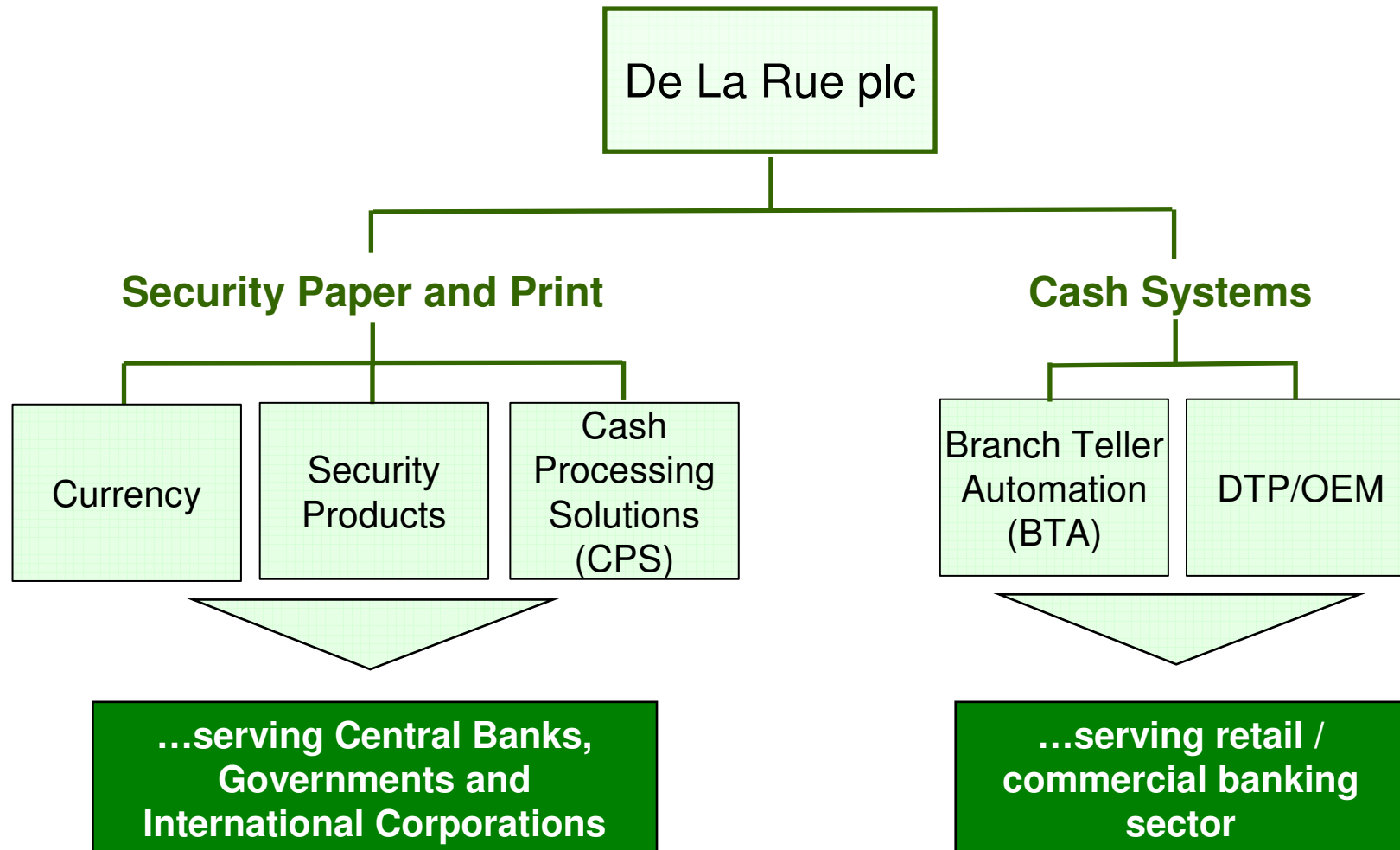


2004 – 2008 c.£780m returns to Shareholders



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De La Rue – Structure 2008



Future organisation aligned around customers