

De La Rue on the Turn

The announcement of De La Rue's 2019/2020 full year this month have confirmed that its financial performance was in line with previous communications and, says the company, demonstrate its recovery and viability as a business.



CEO Clive Vacher

According to the company, this past financial year has seen record sales of SAFEGUARD® polymer banknotes, the issuance of many new banknotes containing De La Rue's security features and a reassuring pipeline of confirmed orders for the year ahead. The emerging picture of stability has added to recent perceptions created by De La Rue's rigorous COVID-19 business continuity planning and execution, as outlined in last months' Currency News.

Over the past year De La Rue reports that SAFEGUARD has gone from strength to strength, being selected as the substrate of choice for multiple new polymer banknotes issued across the Caribbean, Africa, Europe, Asia Pacific and the UK. The Bank of England £20 was launched in February, followed by £20s of the three Scottish banks, and De La Rue believes the momentum behind the global transition towards polymer will continue to build.

However, with 84% of all banknote denominations currently on paper, the role of all security features also remains vital in ensuring confidence in currency for the foreseeable future.

De La Rue reports that its two new security features IGNITE® and PUREIMAGE™ were issued for the first time in the past year. The premium colour-shifting thread IGNITE features in the new Bangladesh Bank 100 taka commemorative note and will also feature in another new series of banknotes due to be issued later in the year, whilst the next generation holographic thread PUREIMAGE made its debut in the new Gambian 10 dalasi banknote and will appear in more banknotes in the future.

Meanwhile KINETIC STARCHROME® remains De La Rue's most popular thread for new designs and continues to show a strong uptake rate, having been selected for eight new banknotes issued in 2019.

De La Rue says that the end of the 2020/2021 financial year marked the symbolic end of a period that saw significant management change and some uncertainty. The Chairman, CEO, senior independent director and most of the executive team left or resigned in the first half of the year. Clive Vacher, with 16 years of experience turning around companies, took up the position of Chief Executive Officer in October last year, expressing his desire to build a growing and sustainable De La Rue business.

Since then the company has restructured into separate Authentication and Currency divisions, with Ruth Euling as Managing Director of the Currency Division, supported by a leadership team that has extensive experience in the currency sector. The business claims to be 'operating in a more integrated manner and moving faster, with alignment at all levels of the company'. A three-year Turnaround Plan, based on data-driven intensive work carried out by an extended leadership team of 18 people, was launched in February.

De La Rue says the Turnaround Plan has accelerated, prioritising a return to sustainable growth, greater efficiencies and investing in products where the greatest customer demand is observed.

As part of this, a cost reduction programme has been necessary in order to build a sustainable long-term business. On 17 June De La Rue reported that it has initiated a consultation process in relation to a proposal to cease banknote printing at its Gateshead facility in the UK. Under current plans De La Rue will maintain its existing capacity and the delivery flexibility associated with manufacturing facilities in four countries: Sri Lanka, Kenya, Malta and Debden in the UK (which was the Bank of England printworks).

Critical expertise will be maintained where possible and risk-mitigation plans will focus on minimising any impact of banknote deliveries. De La Rue will also retain its polymer and security features facility in the UK, whilst maintaining a strategic partnership with Portals banknote papermill.

The other aspect of the Turnaround Plan is investing for growth, with De La Rue announcing the raising of equity capital in order to invest in the areas of the business where it sees the strongest customer demand, notably new equipment to double the Currency Division's capacity for polymer production and to support security feature growth. Its security features portfolio, although one of the largest in the sector, will be further enhanced by its next generation feature NEXUS™; De La Rue announced that the Qatar Central Bank will be the first central bank to adopt NEXUS but isn't disclosing any more information at this moment in time (see below).

CEO Clive Vacher said: 'we are now well underway with our plans to turn around the company, with opportunities to grow our revenue and reduce our cost base. Our cost cutting initiatives will enable us to compete harder in the currency market, while the development of security features and polymer will drive growth for this division. Authentication and polymer continue to show strong growth and we see an increasing pipeline of new opportunities.'

With a new leadership team, streamlined structure, plans in place for sustainable growth and investment secured for areas experiencing strong demand, it now appears that De La Rue is indeed 'turning around', with a clear direction for the future.

What Is NEXUS?

De La Rue is remaining tight-lipped about NEXUS, due to make its debut in a Qatari banknote. But the clue could lie in the name. The word NEXUS is defined as a thing that is of greatest importance. It is also defined as an interconnection. Both allude to a strongly integrated public recognition security feature. Currency News will report on this as more information becomes available.