

# **Deluxe Corporation**

**Credit Suisse Leveraged Finance  
Media & Telecom Conference**

**November 16, 2007**

# Presentation Scope

- Today's comments limited to information already publicly released:
  - 10-K for 2006, filed February 16, 2007
  - 10-Q for Q3-2007, filed October 31, 2007
- All estimates and projections are subject to risks and uncertainties that could cause actual future results to differ materially from those estimated or projected, including the risk factors set forth in the 10-K
- Non-GAAP financial measures are reconciled to their comparable GAAP financial measures in our quarterly earnings releases filed on Form 8-K, and posted on [www.deluxe.com](http://www.deluxe.com)

# Deluxe Attendees

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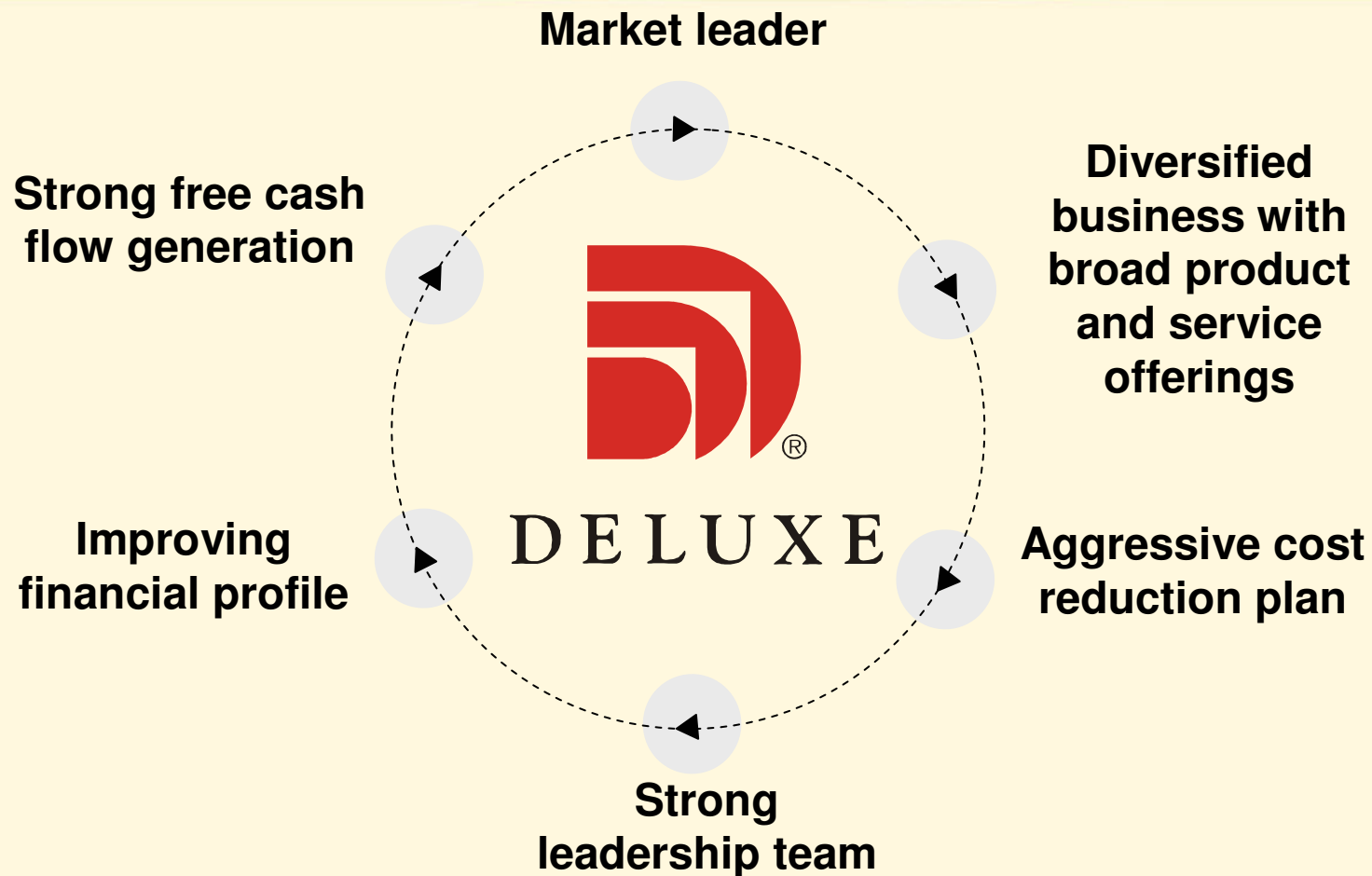
**Rick Greene**

■ Senior Vice President and Chief Financial Officer

**Jeff Johnson**

■ Assistant Treasurer

# Business Overview



**A strong sustainable cash flow engine**

# Market Leader

## Consolidated Deluxe Fiscal 2006

Revenue \$1.64 billion  
Operating income \$198 million

### Small Business Services (59%)

Revenue \$970 million  
Operating income \$87 million  
Brands: >25  
Channel/industry size: >\$50bn

- Serves 6 million of 26 million small businesses in the U.S.
- Custom full color printing & web-to-print capabilities

### Financial Services (28%)

Revenue \$458 million  
Operating income \$46 million  
Brands: 1  
Channel/industry size: ~\$1.5bn

- 7,500 FIs serviced
- 90+% retention rate
- New product offerings:
  - Deluxe Impressions<sup>SM</sup> Suite
  - DeluxeCalling<sup>SM</sup>
  - Deluxe ID Theftblock<sup>®</sup>

### Direct Checks (13%)

Revenue \$212 million  
Operating income \$65 million  
Brands: 2  
Channel/industry size: ~\$400 mm

- Nation's leading direct-to-consumer check supplier
- 42 million lifetime customers
- Continually introduce new services and accessories

**Leadership position, long-term customer relationships and value-added services drive future growth**

# Segment Overview

## Small Business Services

## Financial Services

## Direct Checks

### Revenue Mix %

59%

28%

13%

### Recent Highlights

- 4% revenue growth in 2006
- Five consecutive quarters delivering double digit operating margins
- Acquired Johnson Group; sold industrial packaging line

- Reduced rate of revenue decline from 15% in 2006 to less than 1% in 2007 (through Q3)
- Achieved record client retention rates
- Increased check volume nearly 2% in 2007 (through Q3)

- Reduced rate of revenue decline from 14% in 2006 to less than 1% in 2007 (through Q3)
- Secured FSI contract expanding advertising

### Strategy

- Improve current 15% SOW (~6M customers)
- Grow new customers
- Focus on 'sweet spot'

- Continue strong retention & new acquisition rates
- Simplify core; take out cost
- New relevant loyalty & monitoring/protection offers

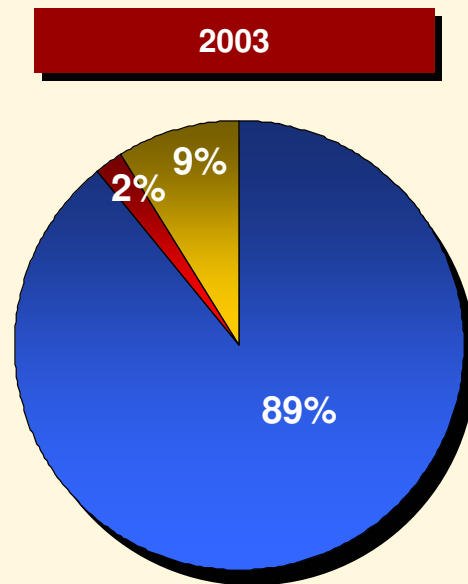
- Modest marketing increase to gain share
- Premium features / accessories
- Use as incubator



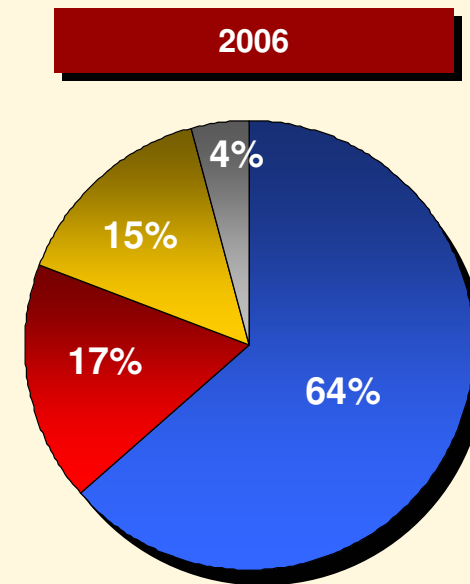
DELUXE

# Diversified Business with Broad Product and Service Offerings

■ Checks and related services ■ Other printed products ■ Accessories and promotional products ■ Packaging supplies and other



Total = \$1.24 billion



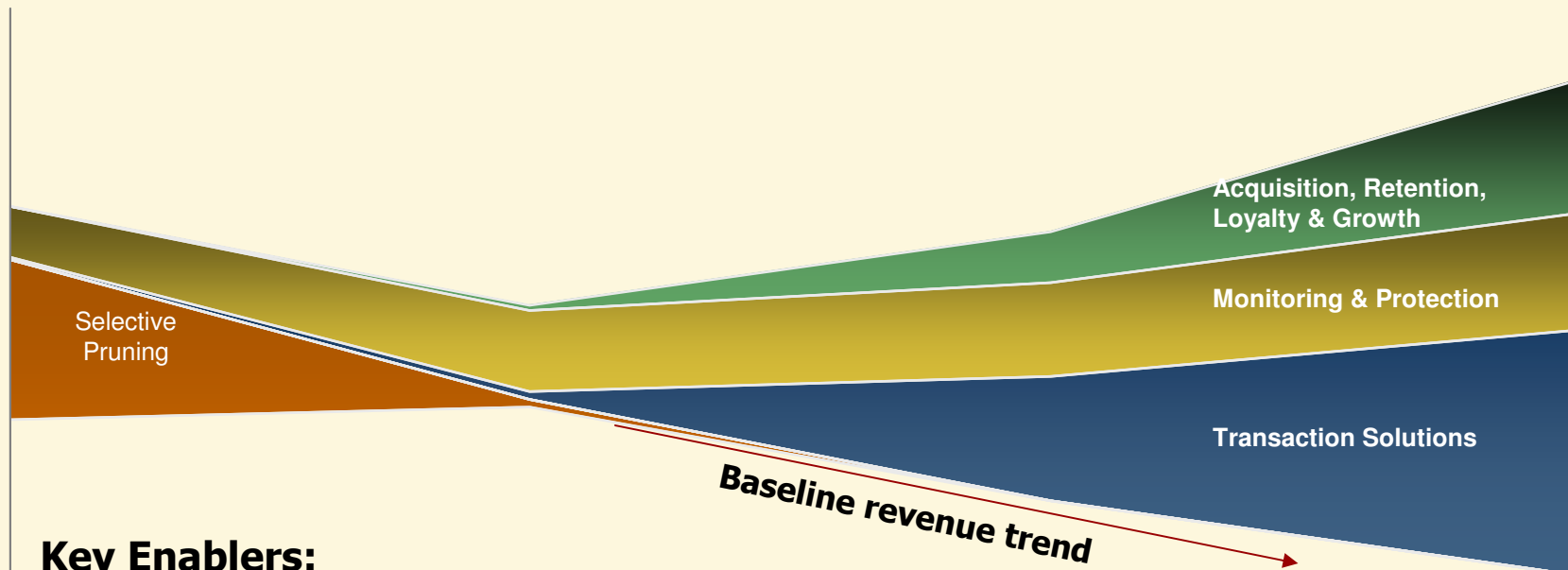
Total = \$1.64 billion

- Non-check revenue 36% of total (11% in 2003)
- Low customer concentration
- Broad customer base: typically 3 – 5 year contracts with FS clients

Check Target  
Mix < 50%

# Revenue Growth Drivers

## Drivers of future growth



### Key Enablers:

- Increase e-commerce capabilities
- Improve analytics
- Focus on key vertical segments and merchandising

**Developing annuity streams for consistent revenue growth**



# Cost/Expense Reduction Initiative

## DELUXE ENTERPRISE

### Go-to-Market (Selling, Marketing, Customer Care)

- Simplify sales process
- Tighter integration of field sales
- Marketing and analytics integration
- SBS & FS call center integration
- Product harmonization

1/3 COGS  
2/3 SG&A

15-20%

### Fulfillment (Manufacturing and Supply Chain)

- Align supply chain
- Indirect spend
- Accelerate Lean principles
- Common manufacturing practices
- Product simplification
- Standardization

35-40%

### Infrastructure (IT, Finance, HR, Legal, Real Estate)

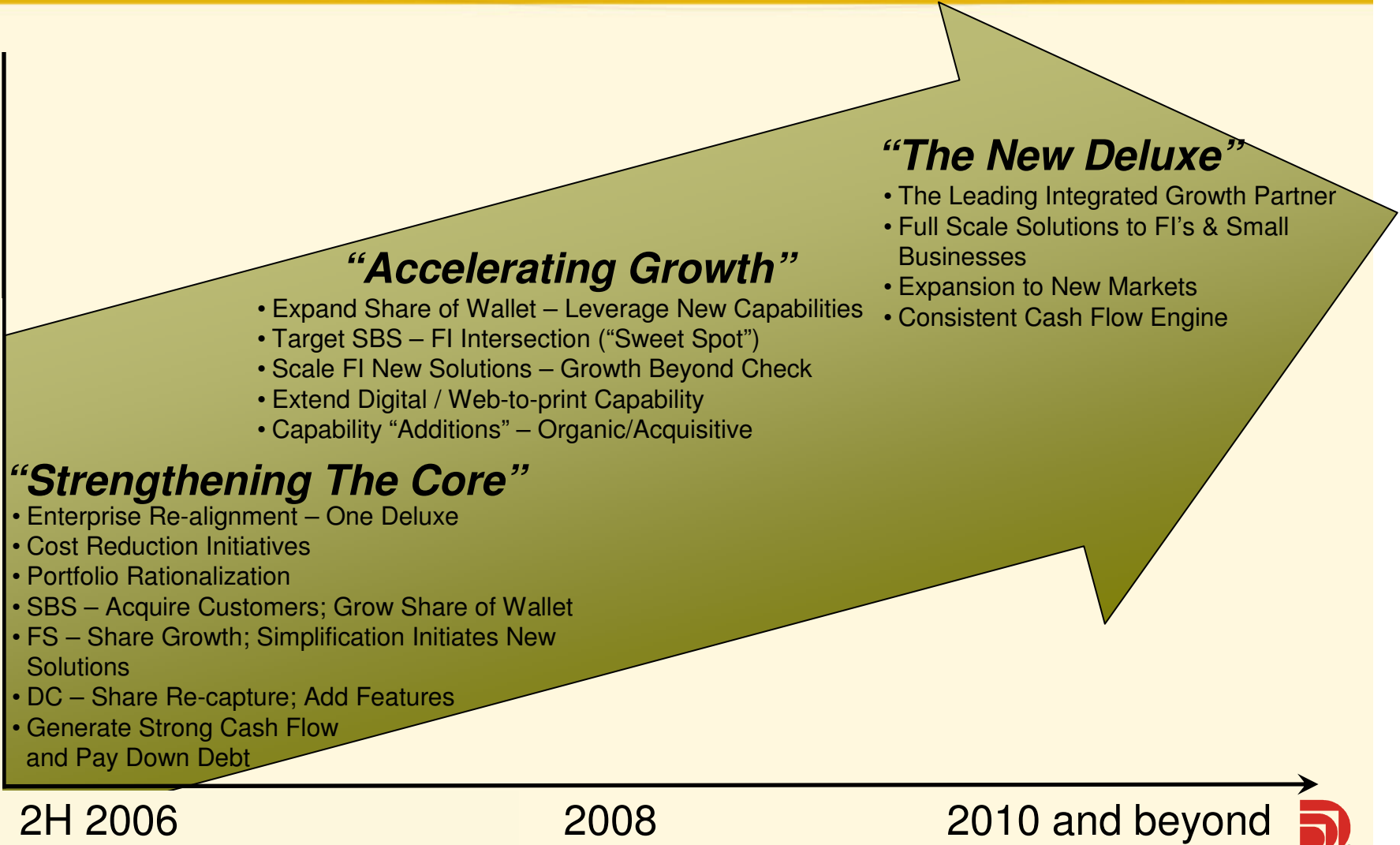
- I/T infrastructure
- Outsourcing relationships
- Standardization & best practices
- Aligned Structures
- Space Utilization
- Competitive benefits

40-45%

- Expect to realize at least 60% of the \$150 million in 2007
- Reductions will not be linear

**\$150 Million of Reductions Ahead of Expectations**  
**Announced Additional \$75 million for 2008 and 2009**

# Deluxe Transformational Journey



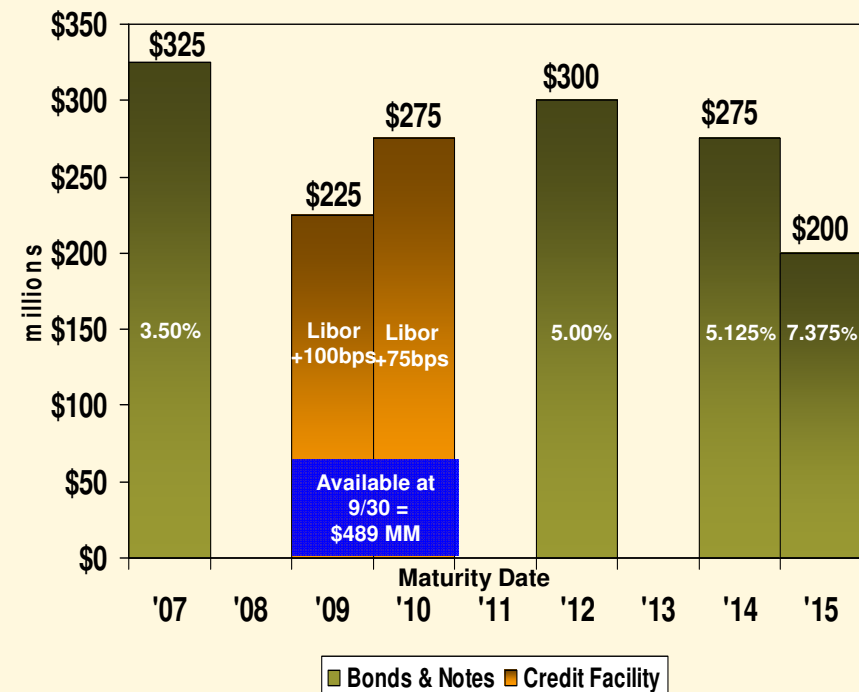
# 2007 Full Year Outlook

		Small Business Services	Financial Services	Direct Checks
Revenue	\$1.608B to \$1.615B	Up, low single digits (excl. Industrial Products Sale)	Down, only single digits	Down, only single digits
		<ul style="list-style-type: none"> <li>Revenue growth</li> <li>Margin expansion</li> </ul>	<ul style="list-style-type: none"> <li>Share growth</li> <li>Accelerate new offerings</li> </ul>	<ul style="list-style-type: none"> <li>Share re-capture</li> <li>Premium features / accessories</li> </ul>
EPS	\$2.75 to \$2.80	Consistent double-digit Op Margins	Low double-digit Op Margins	~30% Op Margins
		<ul style="list-style-type: none"> <li>Focused execution of cost reduction initiatives</li> <li>Full year tax rate of approximately 35%</li> </ul>		
Op. Cash Flow	\$240M to \$250M	Cash Flow – Continued strong cash flow and debt reduction		
		<ul style="list-style-type: none"> <li>Higher earnings &amp; controllable working capital improvements</li> <li>Cap Ex ~\$30M; Contract acquisition payments ~\$15</li> <li>Depreciation &amp; amortization ~\$70M</li> <li>Continued strong debt reduction - \$190M to \$200M</li> </ul>		

Factors

# Financing Sources

- Issued \$200M long-term notes in May, 2007
  - Proceeds remained in short-term investments at end of Q3
- October 1, fully repaid our \$325M obligation on schedule
  - Liquidated short-term investments
  - Drew \$120 million against credit facilities



**Strengthening balance sheet, cash flows, and financial ratios;  
share repurchase not primary focus**

# Why is Deluxe An Attractive Investment?

- New, results-oriented management team
  - 5 consecutive quarters exceeding external commitments
- Aggressive turnaround on track – incremental \$75 million of cost savings
- Consistently deliver strong cash flow results
  - Debt paydown: \$150 million in 2006; \$190-200 million in 2007
- Excellent customer base leveragable for future growth
  - 6 million small businesses
  - 7,500 financial institutions
  - 42 million lifetime consumers
- Strengthening balance sheet for growth

*Thank You!*

