

Buy – De La Rue (DLAR)

May 24, 2013

Leveraged products involve a high level of risk and you can lose more than your original investment. They are not suitable for everyone so please ensure you understand the risks involved and if necessary please obtain investment advice from a financial adviser before investing. This report is not a personal recommendation and does not take into account your personal circumstances or appetite for risk.

Trade parameters:				
Opening Price	Stop Loss	Profit Limit	Reward vs. Risk	CFD Margin
990p	20p away (970p)	50p away (1040p)	2.5x	10%

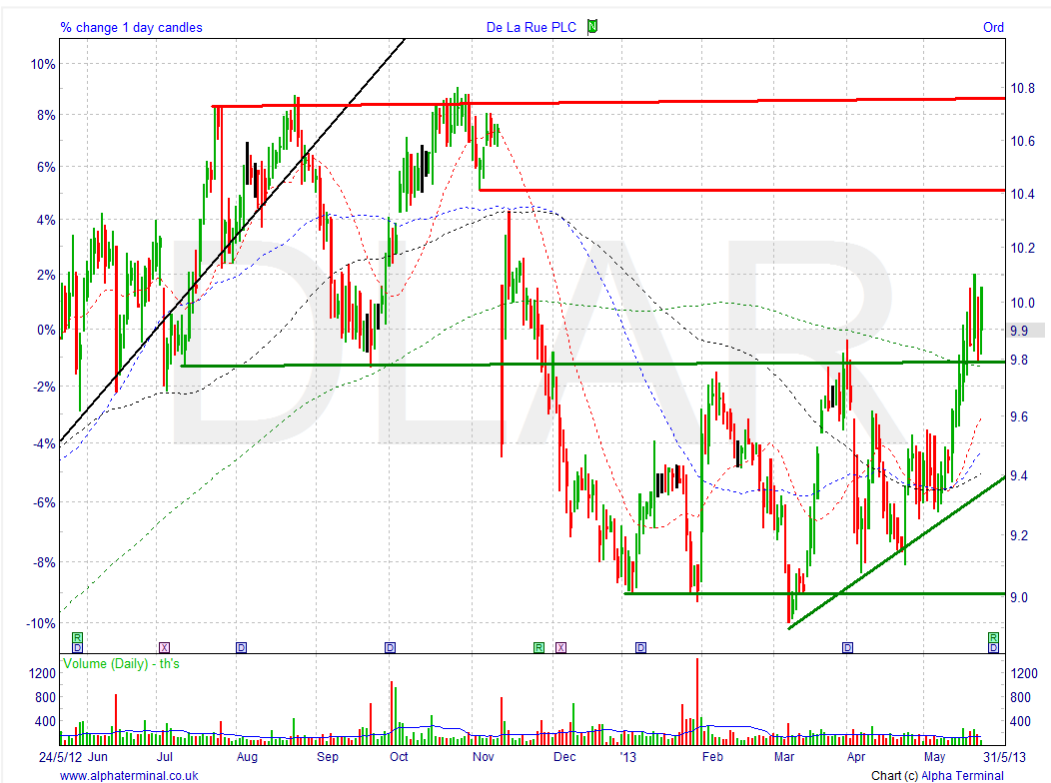
- Observations - For**
- Breakout above prior highs; could negate negative signals
 - Potential support from 200-day moving average again
 - Underperformance of shares vs. FTSE100 slowed up
 - ADX (trend strength) now strong and rising
 - MACD above zero and still rising

- Observations - Against**
- Stochastics suggests overbought
 - RSI turned down from recent highs
 - Momentum close to prior highs
 - Shares been underperforming FTSE100
 - Directional indicators could converge bearishly

News / Broker Comments / Important Dates / Observations **

Dow Jones Intelligence suggests DLAR is a leveraged buyout waiting to happen with low valuation and solid balance sheet offering upside for opportunistic capital abitrageurs (25 Mar). Investec upgrades to Buy from Hold, TP to 960p from 940p, after Q3 update – delayed orders now received, underpinning FY 14 (1 Feb). Limited newsflow and broker consensus. Often benefits from talk of countries leaving Eurozone, needing own currency reprinted. **Next Event: Preliminary FY 2013 results, 29 May (next Weds);** Ex-div early July

Latest Broker 12m Consensus: 1 x Buy, 2 x Hold, 0 x Sell (Source: Digital Look, Alpha Terminal, Brokerforecasts.com) (U = Upgrade / D = Downgrade)
22-Apr, Investec, Add, TP 960p; **25-Mar**, Morningstar, Hold; **4-Feb**, JPMorgan Cazenove, Overweight, TP 1170p (U); **1-Feb**, Panmure, Hold, TP 932p



Stock description

De La Rue plc group specializes in the supply of cash handling equipment and security products. The Company produces approximately 150 national currencies, electric transaction solutions and identity systems. Their various security items include stamps, vouchers, passports, travellers cheques, drivers licenses and ATM mechanisms, as well as security papers, threads and tear tapes (FTSE 250)

Graph: 1-year (daily)

Stock last used as Trade Idea;
N/A

****Source:** DowJones Newswires, Reuters News or Company Press releases, Bloomberg.com

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Graph: 1-year (daily) - ADX and Directional Indicators, MACD & Volume



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Graph: 1-year (daily) - RSI, Momentum and Performance relative to FTSE 100



Share Perf %	1wk	1m	3m	1yr	2yr	3yr	4yr	5yr
	0.89	-16.89	-14.01	-7.79	-9.42	-4.84	14.37	12.19

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