

Sell – De La Rue (DLAR)

October 15, 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
948p	965p (17p/1.8% above)	890p (58p/6.1% below)	3.4x	10%

Technical Observations - For

- Pattern of falling waves, volume evaporated on recent rally
- Recent resistance at prior highs
- Stops above 200-day moving average
- Point & Figure shows continued downtrend
- Shares underperforming FTSE 100

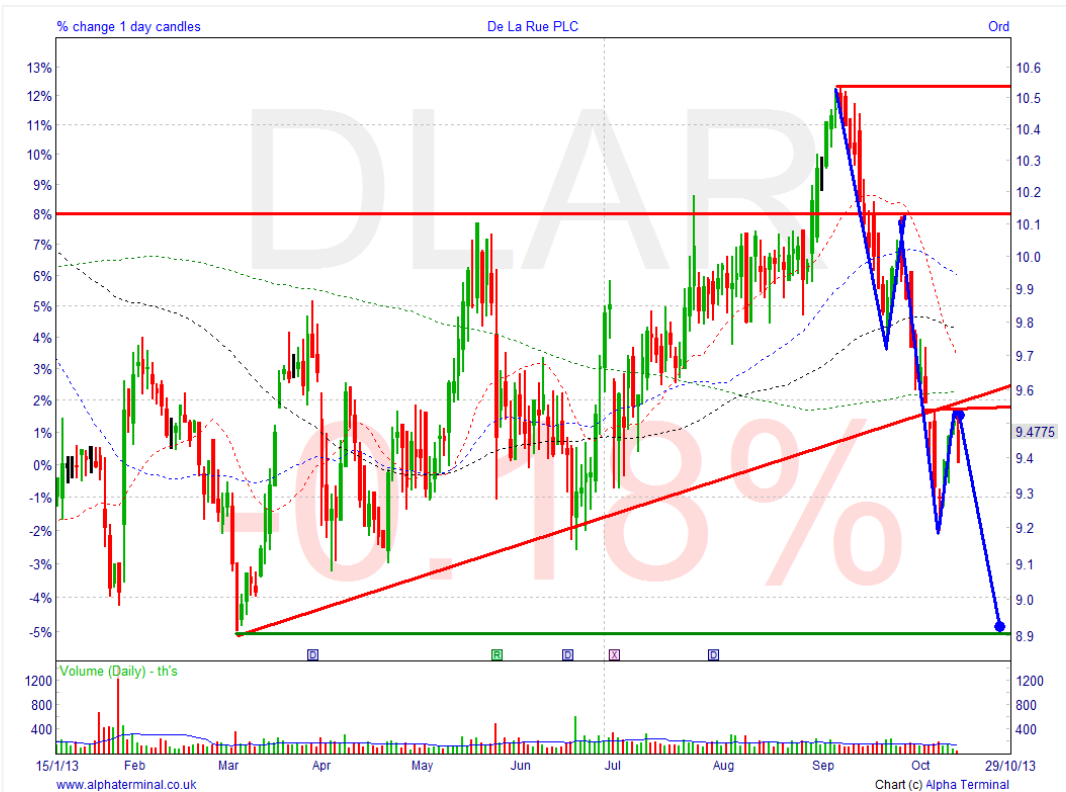
Technical Observations - Against

- MACD may have bottomed out
- RSI suggests oversold
- Momentum back at recent lows
- Stochastics oversold
- Pattern strong but some indicators at odds

News / Broker Comments / Important Dates / Observations **

Company says Q1 trading in-line with expectations, making good progress with £40m line annual cost reduction target (25 Jul). Investec says Q1 update encouraging, with improved order intake underpinning FY 14 forecasts. Restructuring should help with cash flow generation to fund M&A or special divs (25 Jul). Limited broker coverage and thus updates. If everyone's a buyer/holder, who's left to buy? If everyone's a buyer/holder, who's left to Buy? **Next Event:** Interim results, 27 Nov (Est), Ex-div 5 Dec (Est)

Latest Broker 12m Consensus: **2 x Buy, 3 x Hold, 0 x Sell** (Source: Digital Look, AlphaTerminal) (U = Upgrade / D = Downgrade)
18-Sept, Investec, Add (D), TP 1070p (U); **16-Sept,** Citigroup, Buy; **3-Sept,** JPMorgan, Overweight; **25-Jul,** Morningstar, Hold, TP 990p; **25-Jul,** Numis, Add, TP 991p (D); **5-Jun,** Goldman Sachs, Neutral, TP 1090p (D);



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, travelers checks, drivers licenses and ATM mechanisms, as well as security papers, threads and tear tapes. (FTSE 250)

Graph: 10-months (daily)

Stock last used as Trade Idea;
24-May-2013

****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



Moving averages on price:
Green: 200-period, Black: 100-period, Red: 50-period, Red: 20-period

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



Share	1wk	1m	3m	1yr	2yr	3yr	4yr	5yr
Perf %	-0.11	-6.69	-2.52	-10.05	13.31	44.12	4.98	11.58

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