De La Rue expects profits to level for the coming year

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e La Rue the UK-based bank note manufacturer has been hit by ongoing fallout from the loss of its passport division, supply chain inflation and the impacts of the pandemic as its annual profits stagnated with a similar outcome expected for the next year.

The company reported operating profits of £36.4 million for the full year slightly down on last year's £38.1 million. Revenues increased 16.4% to £90.3 million.

De La Rue said that the loss of the passport contract Franco-Dutch company Gemalto in 2019 was still impacting the business.

It has also agreed a £57m reduction in cash payments to the pension scheme. However, the company said that pensions would not be impacted and that the deal with the trustees of the scheme would "strengthen" employee rights.

De La Rue said it had experienced further economic headwinds since the end of its financial year, and was now creating a realistic expectation of how far it could mitigate them and the company told investors in its trading update back in January that it had been affected by supply chain shortages in chips and other raw materials.

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Clive Vacher, CEO of De La Rue since 2019, said that the company was being cautious on predictions and performance would “probably be flat” for the next 12 month period.

“Like any company, I don’t know anyone who knows exactly what the world is going to do over the next 12 months and therefore we have an abundance of caution. With the progress of the business I’m very comfortable and we’re driving towards being a company that will be able to generate some very substantial free cash flow.”

The De La Rue share price dropped by just over 8% in early trading on the announcement.