

DLX has an approximate 0.11% weighting in the **S&P MidCap**

**Sector:** Industrials  
**Sub-Industry:** Commercial Printing  
**Peer Group:** Printing - Specialty

**Summary:** This company provides various personalized printed products, promotional products, and merchandising materials to small businesses, financial institutions, and consumers.

**Quantitative Evaluations**

**S&P Quality Ranking : B**



**S&P Fair Value Rank: 2+**



**Fair Value Calc: \$17.70 (Overvalued)**

**S&P Investability Quotient Percentile**



DLX scored lower than 69% of all companies for which an S&P Report is available.

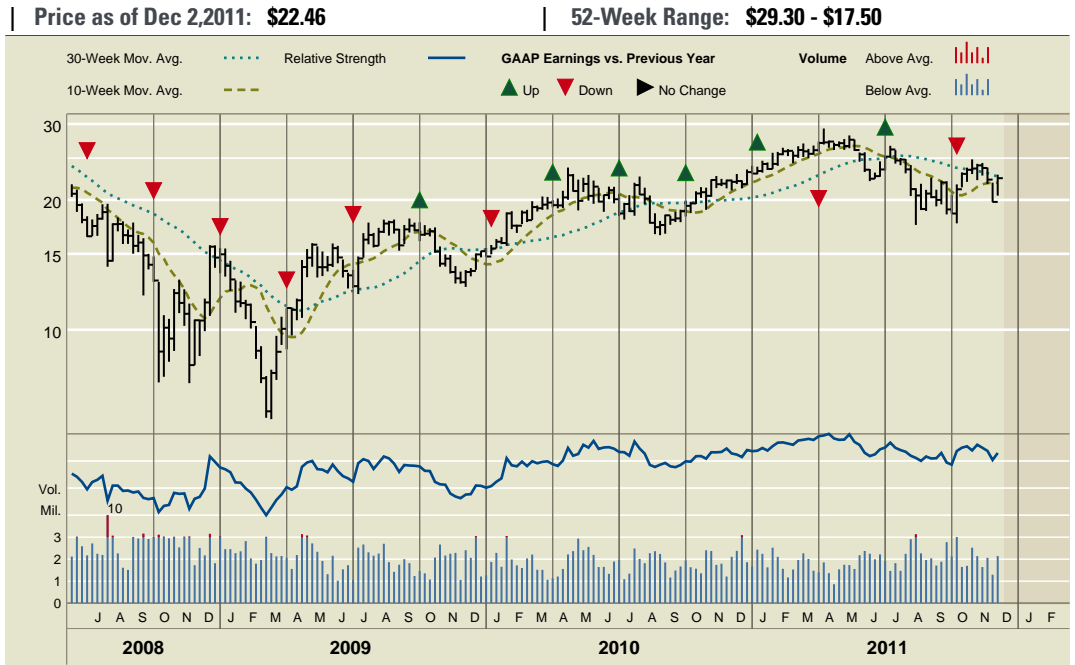
**Volatility: Average**



**Technical Evaluation: BEARISH**

Since November, 2011, the technical indicators for DLX have been BEARISH.

**Relative Strength Rank: Moderate**



**Investment Strategy**

Key financial variables to consider in assessing the investment merits of an industrial company are the following:

**Sales:** What is the trend? Is future sales growth expected to be greater than the past 5-year and 9-year growth average? Accelerating sales growth ultimately provides the fuel behind earnings growth.

**Net Margin:** As a key measure of company profitability, a rising net margin assesses management capability to wring out more net income from incremental sales.

**% LT Debt to Capitalization:** A rising percentage implies greater financial risk, all else being equal. Rising debt leverage without a concomitant rise in Return on Equity should raise warning signals of potential cash flow problems. Percentages above 40%-50% should also be considered a warning.

**% Return on Equity:** A key performance measurement of capital efficiency assesses what investment returns management can earn on a company's existing capital base. A sustained percentage above 20% is considered above average.

**Key Growth Rates and Averages**

Past Growth Rate (%)	1 Year	3 Year	5 Year	9 Year
Sales	4.31	-4.84	-4.73	1.23
Net Income	54.33	1.38	-1.38	-6.74

**Ratio Analysis (Average)**

Net Margin	10.94	8.52	8.12	10.52
%LT Debt to Capitalization	76.78	85.23	92.00	116.53
% Return on Equity	89.34	143.64	NM	NM

**Revenues/Earnings Data** Fiscal year ending Dec. 31

Revenues (Million \$)	2011	2010	2009	2008	2007	2006
1Q	349.8	335.1	339.5	377.1	403.8	411.4
2Q	346.3	348.0	332.1	364.0	399.9	403.0
3Q	355.1	367.6	332.3	362.7	388.6	398.1
4Q	--	351.5	340.3	364.9	414.0	427.2
Year	--	1,402	1,344	1,469	1,606	1,640
Earnings per Share (\$)	2011	2010	2009	2008	2007	2006
1Q	0.63	0.66	0.24	0.53	0.68	0.47
2Q	0.68	0.65	0.54	0.63	0.69	-0.06
3Q	0.71	1.00	0.56	0.27	0.62	0.61
4Q	--	0.68	0.59	0.60	0.77	0.92
Year	--	2.97	1.94	2.05	2.76	1.95

**Next earnings report expected: NA**

Historical GAAP earnings are as reported.

**Key Stock Statistics**

Average Daily Volume	<b>0.371 mil.</b>	Beta	<b>2.03</b>
Market Capitalization	<b>\$1.141 Bil.</b>	Trailing 12 Month EPS	<b>\$2.70</b>
Institutional Holdings (%)	<b>78</b>	12 Month P/E	<b>8.3</b>
Shareholders of Record	<b>7,611</b>	Current Yield (%)	<b>4.45</b>

Value of \$10,000 Invested five yrs Ago : **\$11,723**

**Please read the required disclosures and Reg. AC certification on the last page of this report.**

This report was prepared by Standard & Poor's Quantitative Services.

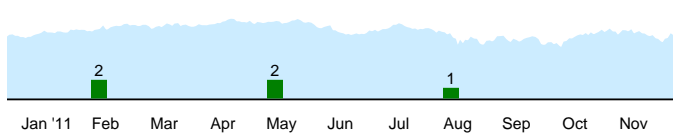
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**Wall Street Opinions/Average (Mean) Opinion: Buy/Hold**

	No. of Ratings	% of Total	1 Mo. Prior	3 Mo. Prior
Buy	1	25	1	2
Buy/Hold	1	25	1	1
Hold	2	50	2	1
Weak Hold	0	0	0	0
Sell	0	0	0	0
No Opinion	0	0	0	0
<b>Total</b>	<b>4</b>	<b>100</b>	<b>4</b>	<b>4</b>

**Insider Moves**

Insider Buys    Insider Sells    Price History



**Dividend Data** Dividend have been paid since 1921

Amount(\$)	Date Decl.	Ex. Div. Date	Stock of Record	Payment Date
0.250	Jan.27	Feb.16	Feb.21	Mar.07 '11
0.250	Apr.28	May.19	May.23	Jun.06 '11
0.250	Aug.3	Aug.18	Aug.22	Sep.06 '11
0.250	Oct.27	Nov.17	Nov.21	Dec.05 '11

**Company Financials** Fiscal year ending Dec. 31

Per Share Data & Valuation Ratios (\$)	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Tangible Book Value	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM
Cash Flow	4.43	3.28	2.97	4.07	3.60	5.23	5.82	4.57	4.43	3.76
Earnings	2.97	1.94	2.05	2.76	1.95	3.10	3.93	3.49	3.36	2.69
Dividends	1.00	1.00	1.00	1.00	1.30	1.60	1.48	1.48	1.48	1.48
Payout Ratio	34%	52%	49%	36%	67%	52%	38%	42%	44%	55%
Prices:High	24.00	18.11	33.20	44.95	31.56	43.20	45.09	48.46	50.13	42.65
Prices:Low	14.96	6.20	7.52	25.13	12.98	29.70	36.02	35.14	33.02	18.85
P/E Ratio:High	8	9	16	16	16	14	11	14	15	16
P/E Ratio:Low	5	3	4	9	7	10	9	10	10	7

**Income Statement Analysis (Million \$)**

Revenue	1,402	1,344	1,469	1,606	1,640	1,716	1,567	1,242	1,284	1,278
Operating Income	366	295	292	336	323	413	442	384	403	378
Depreciation	73.9	67.8	46.5	67.9	84.9	108	93.9	60.1	58.2	74.0
Interest Expense	44.2	46.3	50.4	55.3	56.7	56.6	32.9	19.2	5.08	5.58
Pretax Income	236	155	160	218	143	251	317	299	341	298
Effective Tax Rate	NA	36%	34%	34%	29%	37%	37%	36%	37%	38%
Net Income	153	99	106	144	101	158	199	192	214	186

**Balance Sheet & Other Financial Data (Million \$)**

Cash	17.4	12.8	15.6	21.6	11.6	6.87	15.5	2.97	125	9.57
Current Assets	171	160	167	192	202	214	240	78.9	200	84.0
Total Assets	1,309	1,211	1,218	1,211	1,267	1,426	1,499	563	669	538
Current Liabilities	212	243	284	298	665	491	571	388	215	367
Long Term Debt	748	743	774	774	577	903	954	381	307	10.1
Common Equity	226	117	53.1	41.1	-65.7	-82.0	-178	-298	64.3	78.7
Total Capital	974	860	836	815	527	889	858	125	425	134
Capital Expenditures	43.9	44.3	31.9	32.3	41.3	55.7	43.8	22.0	40.7	28.8
Cash Flow	227	167	152	211	185	266	293	253	272	260
Current Ratio	0.8	0.7	0.6	0.7	0.3	0.4	0.4	0.2	0.9	0.2
% Long Term Debt of Capitalization	76.8	86.4	92.5	95.0	109.4	101.5	111.2	304.0	72.1	7.5
% Net Income of Revenue	10.9	7.4	7.2	8.9	6.1	9.2	12.7	15.5	16.7	14.5
% Return on Assets	12.2	8.2	8.7	11.6	7.5	10.8	19.3	31.2	35.5	31.1
% Return on Equity	89.3	116.8	224.8	NM	NM	NM	NM	NM	299.8	108.9

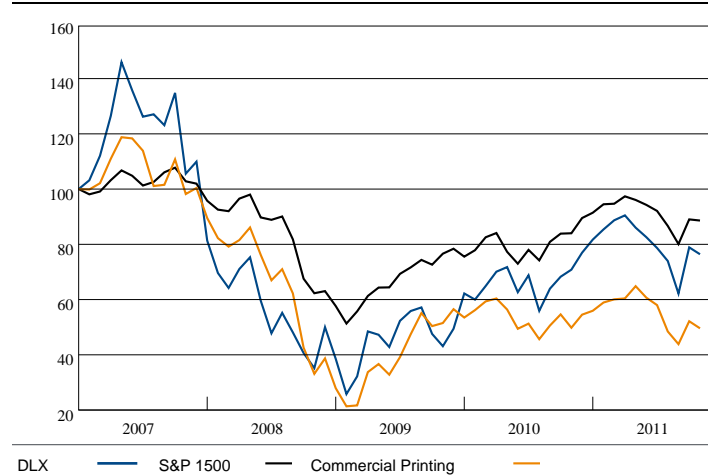
Data as orig. reptd; bef. results of disc opers/spec. items. Per share data adj. for stk. divs. as of ex-div date. NA-Not Available. NM-Not Meaningful. NR-Not Ranked.

Office: 3680 Victoria Street North, Shoreview, MN, 55126-2966  
Tel: 651-483-7111  
Website: <http://www.deluxe.com>  
Chrmn: S. P. Nachtsheim  
CEO: L. Schram

Dirs: R. C. Baldwin, C. A. Haggerty, D. J. McGrath, C. E. McKissack, N. Metviner, S. P. Nachtsheim, M. A. O'Dwyer, M. R. Redgrave, L. Schram  
General Counsel, SVP & Secy: A. C. Scarfone

CIO: W. Glaus  
Investor Contact & SVP: T. D. Peterson  
Founded: 1915  
Domicile: Minnesota  
Employees: 5,765

**Stock Performance**



	Company(%)	Industry(%)	S&P 1500(%)
YTD Return	1.9	-10.5	-1.2
One Year Return	6.5	-7.0	1.7
Three Year Return (% Annualized)	39.2	14.9	14.5
Five Year Return (% Annualized)	3.2	-12.1	-1.9
Value of \$10,000 Invested 5 Years Ago	\$11,723	\$5,233	\$9,101

**Sub-Industry Outlook**

Our fundamental outlook for the commercial printing sub-industry for the next 12 months is neutral. Growth in the general printing industry is dependent to a large extent on the performance of the U.S. economy, and we think any meaningful improvement in the economy could help the shares. We expect digital publishing content, delivered via e-books and other electronic storage means and via web-based delivery, to continue to grow as a medium in light of improved devices and delivery methods being available. Additionally, we see e-mails, online video placement and the web continuing to replace pamphlets, inserts and direct mail catalogs as a means of advertising.

Check printers have been beleaguered for years by fierce competition, rapid growth in discount check printing, online banking and consistent consolidation in the financial services industry, which is their major segment customer. We believe the major check printers will continue to restructure, consolidate and refocus their businesses away from mainly check printing and move toward other financial services that have more favorable growth prospects.

The large general printers are usually quite diversified and provide printing, digital imaging, multimedia and software packaging and distribution services to a wide range of customers. Major specialty printers are also expanding into supply chain management, where, in our view, profit margin and revenue growth prospects are better than for traditional printing services. Following their customers, many have also been expanding their international presence. We expect continued consolidation in the highly fragmented commercial

print industry aimed at achieving economies of scale. However, we are concerned that near-term excess industry capacity is likely to cause price competition and shrink operating margins.

Finally, we expect printing industry companies in general to continue to utilize strong free cash flows to repurchase shares and pay above-average dividends.

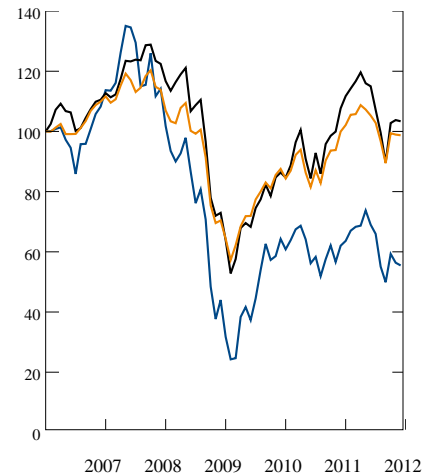
Year to date through October 31, the S&P Commercial Printing Index fell 4.4%, versus a 0.5% decline for the S&P 1500. In 2010, the sub-industry index fell 3.5%, versus a 14.2% increase for the 1500.

--Jim Corridore

**Stock Performance**

**GICS Sector: Industrials**  
**Sub-Industry: Commercial Printing**

Based on S&P 1500 Indexes  
Month-end Price Performance as of 11/30/11



Sub-Industry      Sector      S&P 1500

**NOTE:** All Sector & Sub-Industry information is based on the Global Industry Classification Standard (GICS)

**Sub-Industry : Commercial Printing Peer Group\*: Printing - Specialty**

Peer Group	Stock Symbol	Stk.Mkt. Cap. (Mil. \$)	Recent Stock Price(\$)	52 Week High/Low(\$)	Beta	Yield (%)	P/E Ratio	Fair Value Calc.(\$)	Quality Ranking	S&P IQ %ile	Return on Revenue (%)	LTD to Cap (%)
<b>Deluxe Corp</b>	<b>DLX</b>	<b>1,141</b>	<b>22.46</b>	<b>29.30/17.50</b>	<b>2.03</b>	<b>4.5</b>	<b>8</b>	<b>18.10</b>	<b>B</b>	<b>31</b>	<b>10.9</b>	<b>76.8</b>
Cenveo Inc	CVO	200	3.16	6.85/2.64	2.26	Nil	NM	1.70	C	17	NA	134.8
Champion Industries	CHMP	9	0.80	2.38/0.73	0.38	Nil	3	NA	B-	10	0.4	64.4
Consolidated Graphics	CGX	510	49.18	60.84/30.52	1.83	Nil	16	42.90	B-	26	3.9	33.0
Donnelley(R.R.)& Sons	RRD	2,785	14.83	21.34/12.90	1.96	7.0	13	13.00	B-	26	2.2	58.6
Ennis Inc	EBF	364	13.96	20.25/12.08	1.40	4.4	9	NA	B+	84	8.1	12.7
Multi-Color Corp	LABL	393	24.34	28.00/16.48	0.87	0.8	15	22.80	B	21	5.4	39.9
Standard Register	SR	57	2.33	3.79/2.26	1.44	8.6	7	NA	B-	7	0.4	48.1
Transcontinental Inc 'A'	TCLAC	NA	0.00	17.23/9.96	NA	Nil	NM	NA	NR	NA	7.0	36.0

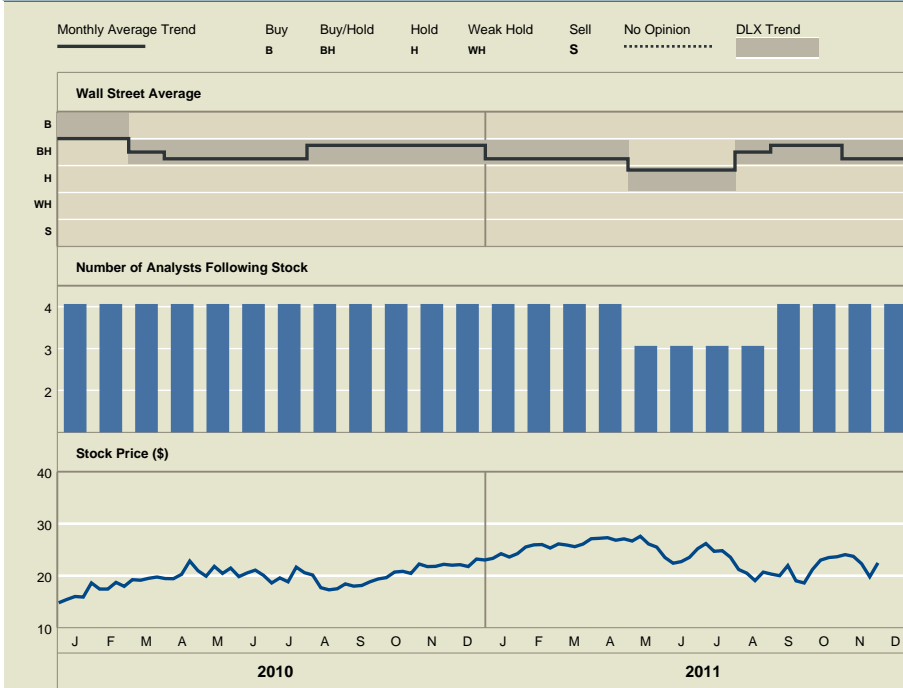
NA-Not Available NM-Not Meaningful NR-Not Rated. \*For Peer Groups with more than 15 companies or stocks, selection of issues is based on market capitalization.

**S&P Analyst Research Notes and other Company News**

**September 21, 2011**

Effective October 31, 2011, Thomas L. Morefield will be retiring from Deluxe Corp. Mr. Morefield is currently serving as senior vice president, Financial Services, and was a named executive officer in the company's most recent proxy statement.

**Analysts' Recommendations**



Of the total 4 companies following DLX, 4 analysts currently publish recommendations.

	No. of Ratings	% of Total	1 Mo. Prior	3 Mos. Prior
Buy	1	25	1	2
Buy/Hold	1	25	1	1
Hold	2	50	2	1
Weak Hold	0	0	0	0
Sell	0	0	0	0
No Opinion	0	0	0	0
<b>Total</b>	<b>4</b>	<b>100</b>	<b>4</b>	<b>4</b>

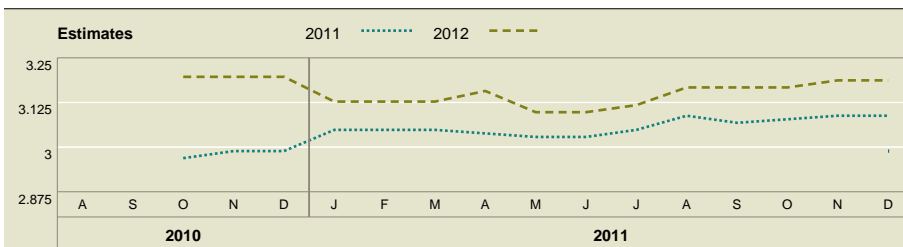
**Wall Street Consensus Opinion**

**BUY/HOLD**

**Companies Offering Coverage**

CJS Securities, Inc.  
D.A. Davidson & Co.  
RBC Wealth Management, Inc.  
Sidoti & Company, LLC

**Wall Street Consensus Estimates**



Fiscal Years	Avg Est.	High Est.	Low Est.	# of Est.	Est. P/E
2012	3.19	3.25	3.15	4	7.0
2011	3.09	3.13	3.05	4	7.3
<b>2012 vs. 2011</b>	<b>▲ 3%</b>	<b>▲ 4%</b>	<b>▲ 3%</b>	<b>0%</b>	<b>▼ -4%</b>
Q4'12	0.84	0.86	0.83	3	26.7
Q4'11	0.81	0.85	0.78	4	27.7
<b>Q4'12 vs. Q4'11</b>	<b>▲ 4%</b>	<b>▲ 1%</b>	<b>▲ 6%</b>	<b>▼ -25%</b>	<b>▼ -4%</b>

**Wall Street Consensus vs. Performance**

For fiscal year 2011, analysts estimate that DLX will earn \$3.09. For the 3rd quarter of fiscal year 2011, DLX announced earnings per share of \$0.71, representing 23% of the total annual estimate. For fiscal year 2012, analysts estimate that DLX's earnings per share will grow by 3% to \$3.19.

A company's earnings outlook plays a major part in any investment decision. Standard & Poor's organizes the earnings estimates of over 2,300 Wall Street analysts, and provides their consensus of earnings over the next two years. This graph shows the trend in analyst estimates over the past 15 months.

**Glossary**

**S&P Quality Ranking** - Growth and stability of earnings and dividends are deemed key elements in establishing S&P's quality ranking for common stocks, which are designed to capsule the nature of this record in a single symbol. It should be noted that, however, that the process also takes into consideration certain adjustments and modifications deemed desirable in establishing such rankings. The final score for each stock is measured against a scoring matrix determined by analysis of the scores of a large and representative sample of stocks. The range of scores in the array of this sample has been aligned with the following ladder of rankings:

A+	Highest	B	Lower
A	High	B-	Below Average
A-	Above Average	C	Lowest
B+	Average	D	In Reorganization
NR	Not Ranked		

**S&P Fair Value Rank** - Using S&P's exclusive proprietary quantitative model, stocks are ranked in one of five groups, ranging from Group 5, listing the most undervalued stocks, to Group 1, the most overvalued issues. Group 5 stocks are expected to generally outperform all others. A positive (+) or negative (-) Timing Index is placed next to the Fair Value ranking to further aid the selection process. A stock with a (+) added to the Fair Value Rank simply means that this stock has a somewhat better chance to outperform other stock with the same Fair Value Rank. A stock with a (-) has a somewhat lesser chance to outperform other stocks with the same Fair Value Rank. The Fair Value rankings imply the following: 5-Stock is significantly undervalued; Fair Value Rank. A stock with a (-) has a somewhat lesser chance to outperform other stocks with the same Fair Value Rank. The Fair Value rankings imply the following: 5-Stock is significantly undervalued; 4-Stock is moderately undervalued; 3-Stock is fairly valued; 2-Stock is modestly overvalued; 1-Stock is significantly overvalued.

**Funds From Operations (FFO)** - FFO is Funds from Operations and equal to a REIT's net income, excluding gains or losses from sales of property, plus real estate depreciation.

**Fair Value Calculation** - The current price at which a stock should sell today as calculated by S&P's computers using our quantitative model based on the company's earnings, growth potential, return on equity relative to the S&P 500 and its industry group, price to book ratio history, current yield relative to the S&P 500, and other factors.

**Investability Quotient (IQ)** - The IQ is a measure of investment desirability. It serves as an indicator of potential medium-to-long-term return and as a caution against downside risk. The measure takes into account variables such as technical indicators, earnings estimates, liquidity, financial ratios and selected S&P proprietary measures.

**Standard & Poor's IQ Rationale:**

	Raw Score	Max Value
Proprietary S&P Measures	24	115
Technical Indicators	16	40
Liquidity/Volatility Measures	16	20
Quantitative Measures	14	75
<b>IQ Total</b>	<b>70</b>	<b>250</b>

**Volatility** - Rates the volatility of the stock's price over the past year.

**Technical Evaluation** - In researching the past market history of prices and trading volume for each company, S&P's computer models apply special technical methods and formulas to identify and project price trends for the stock.

**Relative Strength Rank** - Shows, on a scale of 1 to 99, how the stock has performed versus all other companies in S&P's universe on a rolling 13-week basis.

**Global Industry Classification Standard (GICS)** - An industry classification standard, developed by Standard & Poor's in collaboration with Morgan Stanley Capital International (MSCI). GICS is currently comprised of 10 Sectors, 24 Industry Groups, 67 Industries, and 147 Sub-Industries.

**Dividends on American Depositary Receipts (ADRs) and American Depositary Shares (ADSs) are net of taxes (paid in the country of origin).**

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