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DLX.N - Q4 2020 Deluxe Corp Earnings Call

EVENT DATE/TIME: FEBRUARY 04, 2021 / 9:45PM GMT

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## PRESENTATION

### Operator

Ladies and gentlemen, thank you for standing by, and welcome to the Deluxe Fourth Quarter and Full Year 2020 Earnings Conference Call. (Operator Instructions) Please be advised that today's conference is being recorded. (Operator Instructions) And now I would like to turn the conference over to your host, Chief Communications and HR Officer, Jane Elliott. Please go ahead.

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**Jane M. Elliott** - *Deluxe Corporation - Chief Communications & HR Officer*

Thank you, and welcome to the Deluxe Fourth Quarter and Full Year 2020 Earnings Call. Joining me on today's call is Barry McCarthy, our President and Chief Executive Officer; and Keith Bush, our Chief Financial Officer. At the end of today's prepared remarks, we will take questions.

Before we begin, I'd like to remind everyone that comments made today during -- regarding management's intentions, projections, financial estimates or expectations about the company's future strategy or performance are forward-looking in nature as defined in the Private Securities Litigation Reform Act of 1995. These comments are subject to risks and uncertainties, including risks related to COVID-19 which could cause our actual results to differ materially from our projections. Additional information about factors that may cause our actual results to differ from projections is contained in our press release issued today and filed with the SEC on Form 8-K in the company's Form 10-K for the year ended December 31, 2019, and in other company SEC filings.

On the call today, we will discuss non-GAAP financial measures, including adjusted EBITDA and free cash flow. In our press release and our filings with the SEC, you will find additional disclosures regarding the non-GAAP measures, including reconciliations of these measures to the most comparable measures under U.S. GAAP.

Now I'll turn it over to Barry.

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**Barry C. McCarthy** - *Deluxe Corporation - President, CEO & Director*

Thanks, Jane, and good afternoon, everyone. I'm proud of the performance we delivered in 2020, particularly in the light of the unprecedented challenges we faced due to COVID-19. Under the leadership of our newly expanded management team, which had been in place just 75 days before the pandemic took hold, we made significant progress on our historic transformation, executing on our strategy and operating in 4 new segments. We further optimized our portfolio, completing targeted divestitures and exit during the past year.

We also ended 2020 with the lowest net debt in 2.5 years and paid our regular quarterly dividend, demonstrating our disciplined stewardship and financial strength. Although I'm proud of how well our team has executed, the impact of COVID-19 on our financial performance was clear. We reported revenue of \$1.79 billion for the full year 2020, a decline of 11% compared to 2019.

You'll note, at our Q1 earnings call, we had forecasted 20% adjusted EBITDA margins for the full year 2020. Fast forward 9 months later, I'm very pleased to report that we achieve this goal, delivering adjusted EBITDA margin of 20.4% for the full year despite the macroeconomic impact from COVID.

Importantly, COVID did not change our focus or strategy. And one thing has become increasingly clear. Our company's diverse portfolio and business model are highly durable. We have the right strategy, right segments and right team to weather any major macroeconomic storm. We're a sales driven company now. We continue to invest the strong cash flow from checks and promotional solutions to grow payments and cloud solutions, each of which is well positioned in secular growth markets.

Now I'd like to take a moment to review the 4 core pillars of our strategy. First, sales. Continue to unify our go-to-market sales approach in order to drive growth, selling more of what we have to new and existing customers, breaking our previous dependence on acquisition-only growth. But also resulted in escalating debt.

Second, payments and cloud. We focus on these secular growth businesses. Sell what we have, build new products and migrate to a recurring revenue model.

Third, promotional solutions profitability. Adjust revenue mix and distribution channels moving to a recurring revenue model.

Fourth, our checks business gained market share. Capture the share while holding margins flat by making smart investments, giving us strong cash flow to invest in payments and cloud.

The strength of this strategy and our significant progress on our transformation is compelling and is undeniable despite COVID-19 impact. Let me explain. In 2019, we promised to become a sales-driven company, and that's exactly what we did. We estimate Deluxe delivered full year sales driven growth in 2020 for the first time in more than a decade, excluding COVID impacts, of course. We achieved this result by building an employee ownership and sales culture, fundamentally changing our go-to-market approach.

Instead of having dozens of separate sales organizations, calling on a customer, selling one product at a time, we built a unified sales team with a complete review of our customers' relationship with us. Complementing these efforts, we have product experts ready to help close the sale. This integrated go-to-market strategy is a key part of our One Deluxe strategy. And this strategy is working.

In 2020, we signed more than 3,900 deals. We added many new logos and expanded many of our existing relationships. In fact, since we began One Deluxe, we sold 6 of the top 10 deals of the last decade, including the largest sale in the company's history. Here's just a flavor of our wins in 2020.

Truist Bank. They signed a multiyear deal in our check business. SunTrust had been a long-time customer of Deluxe. So with the merger of SunTrust and BB&T, we're pleased to have been selected as the trusted partner for the new combined entity. This deal is the single largest total contract value in the company's history. We further grew check market share with additional strategic takeaways with a 2 national or super regional banks and more.

Our check's retention rate is the highest in 5 years. Synovus expanded its relationship with us to include our entire receivables as a service platform. Being selected by Synovus Treasury Management to be their digital transformation partner is clear evidence our integrated receivables as a service platform is what the market demands. Payments further added our expanded relationships with PNC and Sirius XM radio. We also expanded our relationship with Alliance Data and Citibank. Alliance Data joined our receivables management solutions, and Citibank joined our Deluxe Payment Exchange.

Promotional Solutions also built on a key relationship. As you know from previous calls, we're a customer of Salesforce. But importantly, now Salesforce is a customer of Deluxe. Salesforce can now utilize our digital deluxe brand center platform to manage their digital assets, promotional products, marketing collateral and other essential supplies. With our growing relationship with Salesforce and other opportunities in our pipeline, we're well positioned to expand our sales efforts in the technology industry in 2021 and beyond.

In our telesales centers, we've delivered record average order value, growing 7.5% over last year. And our sales team signed more than 200 cross-sell deals, totaling \$35 million in total contract value. Cross-sell has been an elusive goal for this company for more than a decade, and we delivered in 2020. Of course, all of these wins are scheduled to onboard in 2021, timing of which will be dictated by COVID lockdowns and restrictions.

But here's the bottom line. Our One Deluxe approach is working, enabling us to set new sales records in the middle of a pandemic.

Now let's talk division specifics. Our top growth segment, payments, which did not even exist in its current form until January 2020, had a successful year. In addition to Synovus, Sirius XM Radio, Alliance Data and all the other newly signed clients and distribution partners, integrated receivables continues to benefit from positive secular outsourcing trends as new and long-standing customers focus on speed and efficiency.

COVID has put a spotlight on an additional Deluxe competitive advantage, the strength of our balance sheet, and our leadership. During the pandemic, we benefited as a number of institutions shifted volume away from our competitors to the safety of Deluxe. In cloud solutions, our other targeted growth area, we made important progress in adding a number of new clients. You can see we did experience significant directly related COVID impact, the financial institutions deferred marketing campaign spend, impacting our data-driven marketing business. Additionally, our website services also experienced weakened demand during the year.

We did see encouraging signs for recovery in our incorporation services, as we previously announced. We're particularly optimistic about data-driven marketing as the recovery unfolds. We're already deeply engaged in planning multiple large-scale marketing campaigns for our financial institution customers, adding to our confidence for 2021 and beyond.

Next, we're going to talk about Promotional Solutions business, and I'm going to talk about 2 areas. First is business essentials, where we deliver custom forms and more that businesses consume in their routine operations. Second is branded merchandise used to promote a business. Encouragingly, we saw volume returning in our business essentials as the year progressed. We expect to see a rebound in branded merchandise as events and physical promotion return as COVID fades.

Further, I'm extremely proud of the speed with which the promotional services team adapted to the new reality, adjusting our product mix. We sold \$31 million of personal protective equipment in 2020, a business we had not been in previously, really had no source of supply, no way to book an order and no sales training at the beginning of the pandemic. It's a great example of innovative thinking and speed this organization can now deliver. We also signed many new customers focused on our turnkey managed brand services program, giving us more confidence in our future profitable growth.

Salesforce is just one of these examples. Fourth is our check business. Consistent with previous economic slowdowns, the secular decline in checks was higher due to the impacts of COVID. We expect the business to rebound in line with historical secular trends as the economy recovers. Encouragingly, we witnessed a sequential increase in new check customers resulting from new business start-ups as 2020 unfolded. This is important evidence of the ongoing necessity of checks. We were also encouraged to see acceleration of self-service and digital order volume acceleration throughout the year, proving our digital strategy works.

Our multiple check wins and expanding market share, bring important new revenue, providing a partial offset to secular declines. Clearly, in 2020, we have made significant and measurable progress in all 4 pillars of our strategy to become a sales driven growth, trusted business technology company, which we achieved all of this in the middle of a pandemic with a new team.

Next, I want to briefly outline our progress in 3 areas that are helping to accelerate our transformation. These 3 critical areas are: talent; technology infrastructure; and efficient operating footprint. First, talent. In 2020, we further built out our team, expanding products, business development and innovation. An example of how talent is helping us succeed is our development of the medical payment exchange or MPX. MPX is the only healthcare option that digitally attaches a check payment to the explanation of payment, delivering them together electronically. This is important because it doesn't require any workflow changes for anyone.

To accelerate our MPX progress, we announced our joint venture with ECHO Health in April of 2020. We also continue to foster a culture of empowerment, inclusion, diversity and equity, enabling our employee owners to bring their full authentic selves to work. In doing so, we're more

directly reflecting the diverse communities and customers we serve. All of this helped us achieve status as a 2020 great place to work. Our company had never before been so recognized.

Second, technology infrastructure. We continue to execute on our previously discussed upgrade, advancing optimization and efficiencies.

Third is an efficient operating footprint. We took full advantage of the new work-from-home reality to drive efficiency and productivity. We closed an additional 24 sites during the year, reducing our location count by 60% in the last 2 years. We're particularly encouraged by the future operating savings and significant capital avoidance we will achieve by relocating both our Minnesota headquarters and Atlanta technology facilities to more efficient spaces.

I do want to discuss M&A for a moment. As you know, since I joined Deluxe, we have paused on acquisitions to reduce debt, strengthen the balance sheet, optimize the portfolio, get our talent and technology infrastructure in place, and importantly, expand our sales capabilities. As I've outlined today, we've now delivered on all of these fronts and are, once again, ready to look at opportunistic ways to augment our business through acquisition, particularly in our higher growth engines of payments and cloud solutions.

In summary, we are very encouraged by our success on all 4 of our strategic pillars and in our transformative talent, technology infrastructure and operating footprint initiatives. Our solid performance in the midst of the pandemic gives us confidence in our future post pandemic.

For 2021, we look forward to closing the year as a sales driven mid single-digit revenue growth company with margins in the low to mid-20s, continuing to drive enhanced value for all shareholders. Now I'll pass it to Keith for more financial details.

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**Keith A. Bush** - *Deluxe Corporation - Senior VP & CFO*

As Barry mentioned, Deluxe delivered in 2020. We delivered EBITDA margin in line with our plan and guidance. We took swift action to address COVID at the onset, and we sustained this focus through the year. The result, we delivered EBITDA margin in line with our commitments, reduced net debt to its lowest level in 2.5 years, and we continue to invest for growth. Before I get into the details, I want to express my gratitude to all my fellow employee owners who worked tirelessly and overcame many challenges this year.

The foundational work we began in 2019 made 2020 a successful year of transformation and continued innovation that produced measurable progress, positioning us to deliver full year sales driven growth. That said, we felt the continuing effects of the COVID-19 pandemic in our financial results. Our total revenue in the quarter was \$454.5 million, a decline of 12.9% as compared to the same period last year. However, an increase of 3.4% from the third quarter.

For the full year, total revenue declined 10.8% to \$1.791 billion. We reported GAAP net income of \$24.7 million in the quarter and \$8.8 million for the full year. A comparison of reported 2019 and 2020 full year results is difficult given each year was impacted by asset impairment charges. Our measures of adjusted earnings and adjusted EBITDA exclude these noncash charges, along with restructuring, integration and other costs. These adjustments are detailed in the reconciliations provided in our release.

Our adjusted EBITDA for the quarter was \$94.9 million, resulting in \$364.5 million for the full year. Adjusted EBITDA margin for the quarter was 20.9%, bringing full year performance to 20.4%. As previously committed, our cost containment initiatives improved our adjusted EBITDA margin performance from the first quarter low by more than 300 basis points. This brought both Q4 and full year adjusted EBITDA margin into the low end of our pre-pandemic long-term adjusted EBITDA margin guidance range. A closer discussion of Q4 segment performance helps demonstrate the resiliency of our new portfolio approach. If payments continues to experience year-on-year revenue growth, cloud continued to expand EBITDA margins versus prior year.

Promotional expanded revenue more than 15% sequentially versus Q3, and check maintained a strong EBITDA margin despite significant COVID related headwinds to the business. Consistent with our expectations, and as we had shared at the third quarter call, payments grew Q4 revenue 3% to \$78 million as compared to prior year, achieving 12% growth for the year and ending at \$301.9 million.

We did see less onetime hardware revenue in the quarter against a tough Q4 2019 compare. Treasury management led the growth with encouraging demand for our integrated receivables. As Barry mentioned, the team expanded the number of FI partners that have moved to our full suite of capabilities. We will continue to work with these partners to onboard these services and work to expand the number of full-service clients in 2021. Adjusted EBITDA decreased in the quarter and for the full year by \$4.5 million and \$6.3 million, respectively. For the year, adjusted EBITDA margin was 22.6%, well within the range of our pre-pandemic guide on slightly lower revenue performance. We expect to achieve double-digit revenue growth for the year, with Q1 growth in low single digits as expected while we continue to work on implementing the many new clients we signed in 2020.

We continue to invest to drive growth. And as such, we're assuming adjusted EBITDA margins in the low 20% area through the year. Cloud Solutions revenue declined 27.1% to \$59.2 million in the quarter and ended the year at \$252.8 million, resulting in a decline of 20.6% compared to 2019. Q4 data-driven marketing solutions revenue remained flat sequentially versus Q3, but experienced a decline versus prior year, consistent with pandemic induced financial industry slowdowns in marketing spend.

What you can't see in the revenue performance is a number of new data-driven marketing clients that signed during the quarter and will benefit us in future periods. Web and hosted solutions saw declines to loss of customers discussed last year, the economic impact of the macroeconomic environment and expected attrition from our decisions to exit certain nonstrategic product lines.

In Q4, cloud achieved a 160 basis point improvement in adjusted EBITDA margin versus prior year. And expanded 20 basis points to 24.4% for the full year, reflecting solid performance against pre-pandemic guide of significantly less revenue. We expect the loss of revenue associated with Q4 2020 product exits will continue to impact the business into 2021, but we anticipate cloud margins to remain healthy in the low to mid-20% range. Promotional Solutions fourth quarter 2020 sequential revenue grew by 15.3% from Q3 to \$144 million. The year-over-year rate of decline moderated to down 16.6%, reflecting the continued impact of market conditions.

Adjusted EBITDA margin for the fourth quarter was 14%, down from the prior quarter peak. Full year revenue declined 17.4% to \$529.6 million with an adjusted EBITDA margin of 12.6%, and was greatly impacted by macroeconomic conditions in 2020.

In Promotional Solutions, we're seeing a modest rebound in business essentials, but continue to feel COVID-related impacts most acutely in marketing promotional products, where revenues are tied to events and branded merchandise. We believe the business will continue to improve, but we are expecting -- we are not expecting a rapid recovery in 2021. We are anticipating improved adjusted EBITDA margins throughout 2021 in the low to mid-teens as a result of cost actions taken in 2020, including changes in key distribution relationships throughout 2020 and continuing in 2021.

Check's fourth quarter revenue declined 10% from last year to \$173.3 million due to the secular trend combined with the impact of the pandemic. Q4 adjusted EBITDA margin levels of 48.1% held largely steady versus Q3, declining only 10 basis points sequentially despite lower revenue levels, but remain lower than 2019 levels as a result of increased selling costs, new wins and technology investments in support of our One Deluxe strategy. Full year check revenue declined 9.4% to \$706.5 million as compared to last year, and adjusted EBITDA margin decreased to 48.4%.

Based on the high renewal rates and new businesses won in 2020, we do anticipate check recovery rates in 2021 to return to mid single-digit declines consistent with the recovery from previous economic slowdowns. Free cash flow, defined as cash provided by operating activities less capital expenditures, was \$155 million for 2020, a decline of \$65.1 million as compared to last year.

The decline was primarily the result of lower earnings, partially offset by lower interest, taxes, integration and lower CapEx. We did not repurchase common stock in Q4, and we will continue to evaluate future repurchases in 2021. We ended the quarter with strong liquidity of \$425 million, including \$123 million in cash. During the quarter, we reduced the amount drawn under the credit facility by \$200 million, ending the year with \$840 million drawn, a reduction of \$44 million in the year. Resulting net debt continued to decrease through the year, ending at \$717 million, the lowest level in 2.5 years. Our Board approved a regular quarterly dividend of \$0.30 per share on all outstanding shares. The dividend will be payable on March 1, 2021, to all shareholders of record on February 16, 2021.

Our strong execution and solid financial position give us confidence to establish guidance for the full year of 2021. The specific timing for economic recovery remains uncertain. Our expectation is, though, for first quarter of 2021 will feel much like a continuation of the fourth quarter of 2020 as a result of the ongoing pandemic. We are poised for a recovery to begin in the second quarter, enabling us to exit the year a sales driven mid single-digit revenue growth company. All of this means we expect to achieve full year 2021 revenue growth of 0% to 2% with full year 2021 adjusted EBITDA margin of 20% to 21%.

We expect to invest approximately \$90 million in CapEx to continue with important transformation work, innovation investments and building future scale across all our product categories.

Before I pass it back to Barry, I want to summarize for you. Our very strong financial stewardship, combined with our new leadership team, winning sales strategy and ownership culture allowed us to not only protect but improve the company's financial strength while simultaneously positioning us well for 2021 and beyond. COVID certainly took its toll, but our strong team delivered in the worst of times, and we proved our cash-generating business model is highly durable, and our transformation is real. All of this gives us much confidence in our future. Now back to Barry.

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**Barry C. McCarthy** - *Deluxe Corporation - President, CEO & Director*

Thanks, Keith. In early 2020, we could not have anticipated the year that was in front of us, but Deluxers have always had the grit to succeed. Our team just put our heads down and went to work. We're proud of our progress on our strategy and transformation to become a trusted business technology company. We're proud of our strengthened balance sheet and improved portfolio. We're proud to be a sales driven revenue growth company, our cross-sell results an all-time record sales success. But what's more impressive to me, we did all of this in the middle of a global pandemic. I now have great confidence we'll be a sales driven company, growing low to mid-single digits with margins in the low to mid-20s over the long-term and expect to be that company exiting this year. We've done the work. We've completed the preparations and laid the groundwork. And now our company is well positioned for the future. I can't close without recognizing the extraordinary contribution of my fellow Deluxers.

Our team went to work and got the job done. We're a team living our purpose of values and ownership culture because we're all shareholders, too. Now we'll take questions.

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## QUESTIONS AND ANSWERS

### Operator

(Operator Instructions) First question comes from the line of Charlie Strauzer with CJS.

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**Charles S. Strauzer** - *CJS Securities, Inc. - Senior MD*

Just a couple of quick questions on the quarter. Despite having some modest sequential revenue growth from Q3, gross margins did have a decline of about 250 basis points from Q3 sequentially. And just wanted to see if there's anything kind of onetime in nature built into that, that we should think about.

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**Barry C. McCarthy** - *Deluxe Corporation - President, CEO & Director*

Charlie, I'll have Keith give you some more detail. But in Q4, we saw some continuing effects of COVID and we continue to invest for the future, and which is what's given us so much confidence going into 2021. If your question is, do we think that's a permanent change? We do not, and the forecast or the guidance that Keith just provided, we believe we will deliver a full year performance in '21 with margin of 20% to 21%.



**Keith A. Bush** - *Deluxe Corporation - Senior VP & CFO*

Thanks, Barry. Yes, Charlie, that's accurate. There's -- we were right in line with where we expected to be in the quarter.

**Charles S. Strauzer** - *CJS Securities, Inc. - Senior MD*

Got it. Okay. And then on the check business, I know sales were down 10%. Any sense of what volumes look like in the quarter and for the year?

**Barry C. McCarthy** - *Deluxe Corporation - President, CEO & Director*

I think what we saw was consistent, Charlie. With every other economic slowdown where the consumption of checks on the business-to-business environment slows is there's just more -- less commerce being conducted. And that's consistent both in volume and our revenue. We have seen what we consider important green shoots in that business just on the run rate of the business. As you know, the single largest source of new customers for us during the pandemic has been new business starts, which we think is a great leading indicator for us. And then also going into the new year, we have won a significant number of new check customers that, of course, will be onboarding as the year unfolds, with it that also helps moderate the secular decline in checks.

**Charles S. Strauzer** - *CJS Securities, Inc. - Senior MD*

Great. And just picking up on the new business starts. Do you have any kind of data points about potentially how many new small business customers you had organically in the quarter?

**Barry C. McCarthy** - *Deluxe Corporation - President, CEO & Director*

Charlie, we don't produce that statistic. But what I can tell you is, if you -- we had an announcement in December, where we talked about double-digit increase in the consumption of our incorporation services. And then we're seeing a number of new business and corporations coming to us for checks and logo design and other parts of our business. So we are encouraged by that, but we don't publish a specific number.

**Charles S. Strauzer** - *CJS Securities, Inc. - Senior MD*

Got it. Understood. And then just shifting to the guidance you gave for 2021. Can you maybe give us a little bit more insight into the assumptions forming that guidance and perhaps some additional color for Q1 in terms of the profitability in the quarter? Is that -- I know you alluded that it would be similar to Q4, but is that just for sales? Or is that sales and profitability?

**Barry C. McCarthy** - *Deluxe Corporation - President, CEO & Director*

Yes. And so we think that Q1 is going to look a lot like a continuation of Q4. COVID has not gone away. And on top of that, we're lapping what you'll recall was a particularly strong Q1 where we had -- we're delivering sales driven growth for the first time in a decade in the first 2 months of the year. So we think that we will see -- we expect margins to be consistent with Q4. And we think for the full year, we're confident about delivering that as well. What we did say, and Charlie, I'm sure, as you're building your model, this will be helpful to you. We think that Q1 will be consistent or continuation of what would happen in Q4. But we're confident that we'll end the year and exit the year as a mid- single-digit revenue growth company with margins in the 20% to 21% range. So you can do the math and understand what -- how we're expecting the overall macro economy to rebound in our business with it.

**Operator**

(Operator Instructions) Our next question comes from the line of Chris McGinnis with Sidoti & Company.



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**Christopher Paul McGinnis** - Sidoti & Company, LLC - Special Situations Equity Analyst

Nice quarter. You guys did a great job there. I guess, just hitting on the guidance a little bit. Can you just maybe talk a little bit about your outlook for costs in the sense of just the operating cost or the corporate costs, however you want to lay it out. In the sense that as things start to strengthen, should you see some of this -- maybe some of the cuts that you took in '20 for COVID to come back? Can you just talk a little bit about your cost structure and how you see that playing out for the year?

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**Barry C. McCarthy** - Deluxe Corporation - President, CEO & Director

Absolutely. So we're very disciplined in 2020 in adjusting our cost to the new reality, and we took further actions in the fourth quarter -- further material actions, in the fourth quarter to position us for 2021. So that -- because we were aggressive in the actions early in the year, we were able to deliver the financial performance for the whole year that we just reported, but we also have positioned us well for '21 here and going forward. Again, which is why we feel like we can guide for the full year at 20% or 21% because we've gone after sort of every aspect of the company's cost. You heard us talk about how we've gone after real estate closing 60% of our sites. We implement technology that is taking out duplicate operating expenses across the enterprise where we have invested in sales, but we're being super efficient about that. And so we will be onboarding those business as the year unfolds.

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**Christopher Paul McGinnis** - Sidoti & Company, LLC - Special Situations Equity Analyst

Great. And just one point on the -- I know you've closed some of the main offices. You opened up the others. Can you just talk about is that a cost saving differential? Does that kind of offset each other once Atlanta gets up and running and you get back to [camp]?

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**Barry C. McCarthy** - Deluxe Corporation - President, CEO & Director

Yes. Chris, it's actually -- this is one of the things that, I think, talks to the savvy of our team. We will actually have less operating expense as a result of this and have a superior workplace environment that gives us the flexibility for the future. So just sort of by way of comparison, our explanation, we have exited our -- and sold our headquarter facility in the Twin Cities. And we've taken a lease in Downtown, Minneapolis, and we will be able to take occupancy later in the year. The great part about that strategy is we were able to free up the cash that was being held in that old real estate assets.

But more importantly, we avoided at least \$40 million of CapEx to modernize that infrastructure and modernize that physical plant. And instead, we're going to end up with a company with its operating footprints in a more attractive location with more employee benefits and amenities. And we'll do it from less cost and less CapEx, materially less both. So we think it's one of those examples of the company being very opportunistic and moving quickly to seize an opportunity, which is what we did. And a similar situation with our technology center in Atlanta.

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**Christopher Paul McGinnis** - Sidoti & Company, LLC - Special Situations Equity Analyst

Great. And then just wins on the check side. I think you talked about the strength of your balance sheet. Are there still more opportunities out there? And anything close to what you did? Congrats on that announcement.

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**Barry C. McCarthy** - Deluxe Corporation - President, CEO & Director

Absolutely. We are chasing a number of material additional check opportunities. Nothing that we're obviously in a position to guarantee or discuss today. But I will talk to you as the strength of our company's performance through this, well, short of what we all would have liked from a financial robustness, security, reliability, strength of our balance sheet. All of those things that we did this year, and continue to do to manage this company responsibly, is we're getting rewarded for it because we're winning business as a result of that strong financial stewardship.

The other thing that I would tell you, Chris, is the market seems to really respond well and customers really respond well when they understand -- we said what we were going to do, and then we did what we said we were going to do. We said this year, we were going to resegment the company into 4 clear operating segments. We did it. We said we're going to deliver a sales driven growth company. We did it, and we delivered sales driven growth for the full year, of course, excluding COVID. We reduced our debt. We improved our balance sheet. We cleaned up our portfolio of products. We built a world class team. We executed our technology platform. We rightsized our real estate footprint. And we did all of that in the middle of COVID and still delivered the margin we said we were going to deliver for the company.

So that just gives us a lot of confidence. And I think, honestly, it gives our customers a lot of confidence and our management team in our balance sheet, which is just a great way to start a conversation with a new customer.

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**Christopher Paul McGinnis** - *Sidoti & Company, LLC - Special Situations Equity Analyst*

Great. And just a few more questions, if you don't mind. Just around the data-driven management. You talked about some new wins there, just timing of that coming on board. I guess, just in talking to the customer base, is that a mid kind of year kind of adoption? Or do you think that's later? Just can you remind us -- shed a little bit light on that thing?

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**Barry C. McCarthy** - *Deluxe Corporation - President, CEO & Director*

Chris, I would have had a perfect crystal ball on that. But we expect -- as we said earlier, we're working on a number of large-scale marketing plans for a number of large financial institutions. And where exactly they will fall, we don't have exact precision on. We have a lot of confidence in the scale and the scope of those programs and what the revenue that would generate for our company would be. Will it be all in Q1? I don't think so. I don't think anyone would expect that as the COVID crisis continues. But we would expect to see that continue to accelerate through the year as markets and small business and the whole community opens again as we start moving past COVID. And we would expect -- we fully expect that the banks will be aggressive as things reopen to try to win new customers.

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**Christopher Paul McGinnis** - *Sidoti & Company, LLC - Special Situations Equity Analyst*

Great. Congrats on the quarter and to good luck in Q1.

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**Operator**

We have a follow-up question from the line of Charlie Strauser with CJS.

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**Charles S. Strauser** - *CJS Securities, Inc. - Senior MD*

Just a couple more questions. You talked about possibly resuming M&A again, Barry. Just thoughts on valuation, obviously, a lot of valuations have skyrocketed in the public markets. Is that something that could potentially make it more difficult for you to do?

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**Barry C. McCarthy** - *Deluxe Corporation - President, CEO & Director*

Certainly, if we were going to go after, which we are not, but if you go after some of the ultra-high flying, ultra-high PE companies, that would be very difficult for us to execute on. But we think there are a number of good quality assets that we could reasonably afford, they'll be accretive to shareholders and that could benefit from all the work we've done here becoming a sales-driven growth company with a great balance sheet, that we think bringing those assets into our company, we could create additional value, leveraging all the things that we've worked on and built-in the last 2 years.

So we will be very responsible here. And I think importantly, we don't feel any pressure. We don't have to transact. We've done the work. We like our business model. We won't do anything stupid. We don't need to do anything stupid. But we do think that there's potential that there'll be some very intriguing assets that are available to us, and we have now positioned the company well to go after them if we think it's the right fit.

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**Charles S. Strauzer** - *CJS Securities, Inc. - Senior MD*

Great. And just one last question on the M&A front. Are you factoring in any acquisitions into your guidance for the year?

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**Barry C. McCarthy** - *Deluxe Corporation - President, CEO & Director*

There's not. And that is a real break from the past, right, where we said we're going to become -- again, we said we've become a sales driven record growth company, we are. We're not baking in that we're going to go buy things that aren't identified (inaudible) we said we (inaudible), the good old-fashioned way by selling, selling, selling, porting and making our customers happy and doing it all over again.

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**Operator**

And it looks like we have another follow-up from the line of Chris McGinnis with Sidoti & Company.

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**Christopher Paul McGinnis** - *Sidoti & Company, LLC - Special Situations Equity Analyst*

Just one quick one. You have a CapEx number for 2021?

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**Keith A. Bush** - *Deluxe Corporation - Senior VP & CFO*

Sure. We're -- our guide there is about \$90 million.

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**Operator**

And I'm showing no further questions. So with that, I'll turn the call back over to Chief Communications and HR Officer, Jane Elliott, for any closing remarks.

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**Jane M. Elliott** - *Deluxe Corporation - Chief Communications & HR Officer*

Thanks, operator. Before we conclude, I'd like to mention the following conferences where management will present. JPMorgan 2021 Global High-Yield and Leveraged Finance conference on March 2; and Sidoti Virtual Investor conference on March 24.

Thank you for joining. And until next time, stay safe and healthy. Thanks, everybody.

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**Operator**

Ladies and gentlemen, thank you for participating in today's conference. This does conclude the program. And you may now disconnect.

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