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deluxe

Deluxe Reports Third Quarter 2016 Financial Results

Revenue increase 4.3% over last year

Diluted EPS of $1.19 increased 5.3%; Adjusted diluted EPS of $1.22 increased 5.2%

ST. PAUL, Minn.--(BUSINESS WIRE)-- Deluxe Corporation (NYSE: DLX), a leader in providing small businesses and financial institutions with products and services to drive customer revenue, announced its financial results for the third quarter ended September 30, 2016. Key financial highlights include:

	Q3 2016	Q3 2015	% Change
Revenue	$458.9 million	$439.8 million	4.3%
Net Income	$58.7 million	$56.9 million	3.2%
Diluted EPS – GAAP	$1.19	$1.13	5.3%
Adjusted Diluted EPS – Non-GAAP	$1.22	$1.16	5.2%

A reconciliation of diluted earnings per share (EPS) on a GAAP basis and adjusted diluted EPS on a non-GAAP basis is provided after the Forward-Looking Statements.

Revenue was in the middle of the range of the prior outlook and adjusted diluted EPS was at the top end of the range in the prior outlook driven primarily by strong operating results in the Financial Services segment.

“Our strategy of diversifying and growing top-line revenue continued to show progress in the quarter with marketing solutions and other services now accounting for over a third of total revenue,” said Lee Schram, CEO of Deluxe. “During the quarter, we acquired Payce Payroll - a full service payroll and tax filing firm and Inkhead – a technology-based marketer that helps small businesses promote their business. Looking ahead into next year, we believe we continue to be well positioned to deliver another year of growth in revenue, earnings and cash flow from operations.”

Third Quarter 2016 Highlights:

- Revenue increased 4.3% year-over-year, primarily due to growth in the Financial Services (FS) segment which grew 10.9%. The FS segment includes the results of Datamyx LLC and FISC Solutions which were acquired in the fourth quarter of 2015. The Small Business Services segment grew 3.4% in the quarter. Revenue from marketing solutions and other services increased 16.1% year-over-year and accounted for 33.5% of consolidated revenue in the quarter.

- Gross margin was 63.8% of revenue, the same as in the third quarter of 2015. Previous price increases and improvements in manufacturing productivity were offset by increased delivery and material costs.
- Selling, general and administrative (SG&A) expense increased 4.6% from last year primarily due to additional SG&A expense from acquisitions partially offset by continued cost reduction initiatives in all segments and lower incentive compensation expense. SG&A as a percent of revenue was 43.2% in the quarter compared to 43.1% last year.
- Operating income increased 3.2% year-over-year and includes restructuring and transaction-related costs in both periods. Adjusted operating income, which excludes these items, increased 3.7% year-over-year from higher revenue and continued cost reductions.
- Diluted EPS increased 5.3% year-over-year. Excluding restructuring and transaction-related costs in both periods, adjusted diluted EPS increased 5.2% year-over-year driven primarily by stronger operating performance, cost management initiatives and lower average shares outstanding.

Segment Highlights
Small Business Services

- Revenue was $298.9 million and increased 3.4% year-over-year due primarily to growth in marketing solutions and other services. From a channel perspective the company experienced growth in the online, major accounts and dealer channels and also realized revenue benefits from previous price increases.
- Operating income decreased 2.3% from last year to $50.7 million. Adjusted operating income, which excludes restructuring and transaction-related costs in both periods, decreased 0.8% year-over-year due to acquisitions and higher brand awareness spend, but was partly offset by price increases, cost reductions and lower incentive compensation expense.

Financial Services

- Revenue was $123.0 million and increased 10.9% year-over-year. The increase in revenue was primarily due to growth in marketing solutions and other services, which includes incremental revenue from the Datamyx and FISC Solutions acquisitions, as well as the impact of previous price increases, partially offset by the secular decline in check usage.
- Operating income increased 22.6% from last year to $28.7 million. Adjusted operating income, which excludes restructuring costs in both periods and transaction-related costs in 2015, increased 20.2% year-over-year driven by the continued benefits of cost reductions, price increases and lower incentive compensation expense, partially offset by the secular decline in check usage.

Direct Checks

- Revenue of $37.0 million declined 7.3% year-over-year due primarily to the secular decline in check usage.
- Operating income decreased 8.5% year-over-year to $12.9 million. Adjusted operating income, which excludes restructuring costs in the current quarter, decreased 7.8%

year-over-year due to lower order volume and unfavorable mix but was partly offset by cost reductions.

Other Highlights

- Cash provided by operating activities for the first nine months of 2016 was $208.1 million, a decrease of $11.1 million compared to 2015, driven primarily by higher income tax payments, higher contract acquisition payments and an incentive payment related to a previous acquisition, partially offset by stronger earnings and lower interest payments.
- The Company repurchased $15.0 million of common stock in open market transactions during the quarter, bringing the year-to-date total to $44.9 million.
- At the end of the third quarter, the company had $617.8 million of total debt outstanding which includes approximately $418.0 million outstanding on the Company's credit facility.
- On October 13, the Company announced the planned redemption of all of its $200 million 6.00% Senior Notes Due 2020. The early debt extinguishment is expected to generate a loss of approximately $0.11 per diluted share in the fourth quarter of 2016, primarily related to a contractual call premium and associated redemption fees. The early debt extinguishment is being financed through an expansion of the existing credit facility.

Outlook

Fourth Quarter 2016:	Current Outlook (10/27/2016)
Revenue	$481 to $491 million
Diluted EPS	$1.23 to $1.28
Adjusted Diluted EPS – Non-GAAP	$1.34 to $1.39

Full Year 2016:	Prior Outlook (7/28/2016)	Current Outlook (10/27/2016)
Revenue	$1.855 to $1.875 billion	$1.850 to $1.860 billion
Marketing Solutions & Other Services Revenue	$620 to $630 million	$620 to $625 million
Diluted EPS - GAAP	$4.87 to $4.97	$4.78 to $4.83
Adjusted Diluted EPS - Non-GAAP	$4.90 to $5.00	$4.95 to $5.00
Operating Cash Flow	$320 to $330 million	$315 to $320 million
Contract Acquisition Payments	approx. $20 million	approx. $25 million
Capital Expenditures	approx. $43 million	approx. $43 million
Depreciation and Amortization	approx. $95 million	approx. $95 million
Cost and Expense Reductions	approx. $50 million	approx. $50 million
Effective Tax Rate	approx. 33%	approx. 33%

Earnings Call Information
A live conference call will be held today at 11:00 a.m. ET (10:00 a.m. CT) to review the financial results. Listeners can access the call by dialing 1-615-247-0252 (access code 85848975). A presentation also will be available via a simultaneous webcast on the investor relations website at www.deluxe.com/investor. Alternatively, an audio replay of the call will be available on the investor relations website or by calling 1-404-537-3406 (access code 85848975).

Upcoming Management Presentations

- November 14 – Global Mizuho Investor Conference – New York, NY
- December 1 – Credit Suisse Annual Technology Conference – Scottsdale, AZ

About Deluxe Corporation
Deluxe is a growth engine for small businesses and financial institutions. 4.5 million small business customers utilize Deluxe's service and product solutions, including website development and hosting, email marketing, social media, search engine optimization and logo design, in addition to our industry-leading checks and forms offerings. Deluxe serves approximately 5,100 financial institutions with a diverse portfolio of financial technology solutions that enable them to grow revenue and manage their customers throughout their lifecycle, including our best-in-class check program solutions. Deluxe is also a leading provider of checks and accessories sold directly to consumers. For more information, visit us at www.deluxe.com, www.facebook.com/deluxecorp or www.twitter.com/deluxecorp.

Forward-Looking Statements
Statements made in this release concerning Deluxe, “the Company’s” or management’s intentions, expectations, outlook or predictions about future results or events are “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements reflect management’s current expectations or beliefs, and are subject to risks and uncertainties that could cause actual results or events to vary from stated expectations, which variations could be material and adverse. Factors that could produce such a variation include, but are not limited to, the following: the impact that a deterioration or prolonged softness in the economy may have on demand for the Company’s products and services; the inherent unreliability of earnings, revenue and cash flow predictions due to numerous factors, many of which are beyond the Company’s control; declining demand for the Company’s check and check-related products and services due to increasing use of other payment methods; intense competition in the check printing business; continued consolidation of financial institutions and/or additional bank failures, thereby reducing the number of potential customers and referral sources and increasing downward pressure on the Company’s revenue and gross profit; risks that the Small Business Services segment strategies to increase its pace of new customer acquisition and average annual sales to existing customers, while at the same time maintaining its operating margins, are delayed or unsuccessful; risks that the Company’s recent acquisitions do not produce the anticipated results or revenue synergies; risks that the Company’s cost reduction initiatives will be delayed or unsuccessful; performance shortfalls by one or more of the Company’s major suppliers, licensors or service providers; unanticipated delays, costs and expenses in the development and marketing of products and services, including web services and financial technology solutions; the failure of such products and services to deliver the expected revenues and other financial targets; risks of unfavorable outcomes and the costs to defend litigation and other disputes; and the impact of governmental laws and regulations. Our forward-looking statements speak only as of the time made, and we

assume no obligation to publicly update any such statements. Additional information concerning these and other factors that could cause actual results and events to differ materially from the Company's current expectations are contained in the Company's Form 10-K for the year ended December 31, 2015.

Diluted EPS Reconciliation
The table below is provided to assist in understanding the comparability of the Company's results of operations for 2016 and 2015. The Company's management believes that adjusted diluted EPS provides useful additional information for investors because it provides better comparability of ongoing performance to prior periods given that it excludes the impact of certain items during 2016 and 2015 (loss on debt extinguishment, restructuring and transaction-related costs) that impact the comparability of reported net income and which management believes to be non-indicative of ongoing operations. It is reasonable to expect that one or more of these excluded items will occur in future periods, but the amounts recognized can vary significantly from period to period and may not directly relate to the Company's ongoing operations. The presentation below is not intended as an alternative to results reported in accordance with generally accepted accounting principles (GAAP) in the United States of America. Instead, the Company believes that this information is a useful financial measure to be considered in addition to GAAP performance measures.

Adjusted EPS reconciles to reported EPS as follows:

	Actual	
	Q3 2016	**Q3 2015**
Adjusted Diluted EPS	$1.22	$1.16
Restructuring-related costs	(0.02)	(0.02)
Transaction-related costs	(0.01)	(0.01)
Reported Diluted EPS	$1.19	$1.13

	Outlook	
	Q4 2016	**Full Year 2016**
Adjusted Diluted EPS	$1.34 - $1.39	$4.95 - $5.00
Loss on debt extinguishment	(0.11)	(0.11)
Restructuring-related costs	--	(0.05)
Transaction-related costs	--	(0.01)
Reported Diluted EPS	$1.23 - $1.28	$4.78 - $4.83

DELUXE CORPORATION
CONSOLIDATED CONDENSED STATEMENTS OF INCOME
(Dollars and shares in millions, except per share amounts)
(Unaudited)

	Quarter Ended September 30,	
	2016	**2015**

Product revenue	**$364.7**		**$361.8**	
Service revenue	**94.2**		**78.0**	
Total revenue	**458.9**		**439.8**	
Cost of products	**(133.7)**	(29.1%)	**(132.6)**	(30.2%)
Cost of services	**(32.6)**	(7.1%)	**(26.7)**	(6.1%)
Total cost of revenue	**(166.3)**	(36.2%)	**(159.3)**	(36.2%)
Gross profit	**292.6**	63.8%	**280.5**	63.8%
Selling, general and administrative expense	**(198.3)**	(43.2%)	**(189.6)**	(43.1%)
Net restructuring charges	**(2.0)**	(0.4%)	**(1.5)**	(0.3%)
Operating income	**92.3**	20.1%	**89.4**	20.3%
Interest expense	**(4.9)**	(1.1%)	**(4.4)**	(1.0%)
Other income	**0.8**	0.2%	**0.9**	0.2%
Income before income taxes	**88.2**	19.2%	**85.9**	19.5%
Income tax provision(1)	**(29.5)**	(6.4%)	**(29.0)**	(6.6%)
Net income	**$58.7**	12.8%	**$56.9**	12.9%
Weighted-average dilutive shares outstanding	**48.9**		**49.8**	
Diluted earnings per share	**$1.19**		**$1.13**	
Capital expenditures	**$10.0**		**$10.2**	
Depreciation and amortization expense	**23.1**		**18.8**	
Number of employees-end of period	**6,027**		**5,789**	
Non-GAAP financial measure - EBITDA(2)	**$116.2**		**$109.1**	
Non-GAAP financial measure - Adjusted EBITDA(2)	**118.8**		**111.2**	

(1) The income tax provision for the quarter ended September 30, 2016 reflects a benefit of $0.2 million related to the adoption of Accounting Standards Update No. 2016-09, *Improvements to Employee Share-Based Payment Accounting*. Among other things, this standard requires that excess tax benefits related to share-based compensation be included in income tax expense. Previously, these tax benefits were included in additional paid-in capital on the consolidated balance sheet.

(2) Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) and Adjusted EBITDA are not measures of financial performance under generally accepted accounting principles (GAAP) in the United States of America. We disclose EBITDA and Adjusted EBITDA because we believe they are useful in evaluating our operating performance compared to that of other companies in our industry, as the calculation eliminates the effects of long-term financing (i.e., interest expense), income taxes, the accounting effects of capital investments (i.e., depreciation and amortization) and in the case of Adjusted EBITDA, certain items (i.e., restructuring and related costs, transaction-related costs and loss on debt extinguishment) which may vary for companies for reasons unrelated to overall operating performance. In our case, depreciation and amortization of intangibles and interest expense in the current year and in previous years have been impacted by acquisitions. Certain transactions in 2016 and 2015 also impacted the comparability of reported net income. We

believe that measures of operating performance which exclude these impacts are helpful in analyzing our results. We also believe that an increasing EBITDA and Adjusted EBITDA depict increased ability to attract financing and an increase in the value of our business. We do not consider EBITDA and Adjusted EBITDA to be measures of cash flow, as they do not consider certain cash requirements such as interest, income taxes or debt service payments. We do not consider EBITDA or Adjusted EBITDA to be substitutes for operating income or net income. Instead, we believe that EBITDA and Adjusted EBITDA are useful performance measures which should be considered in addition to GAAP performance measures. EBITDA and Adjusted EBITDA are derived from net income as follows:

	Quarter Ended September 30, 2016	2015
Adjusted EBITDA	$118.8	$111.2
Restructuring-related costs	(2.1)	(1.7)
Transaction-related costs	(0.5)	(0.4)
EBITDA	116.2	109.1
Income tax provision	(29.5)	(29.0)
Interest expense	(4.9)	(4.4)
Depreciation and amortization expense	(23.1)	(18.8)
Net income	$58.7	$56.9

DELUXE CORPORATION
CONSOLIDATED CONDENSED STATEMENTS OF INCOME
(Dollars and shares in millions, except per share amounts)
(Unaudited)

	Nine Months Ended September 30, 2016		2015	
Product revenue	**$1,090.7**		**$1,075.7**	
Service revenue	**278.2**		**233.6**	
Total revenue	**1,368.9**		**1,309.3**	
Cost of products	**(391.2)**	(28.6%)	**(384.6)**	(29.4%)
Cost of services	**(99.2)**	(7.2%)	**(83.3)**	(6.4%)
Total cost of revenue	**(490.4)**	(35.8%)	**(467.9)**	(35.7%)
Gross profit	**878.5**	64.2%	**841.4**	64.3%
Selling, general and administrative expense	**(598.6)**	(43.7%)	**(575.2)**	(43.9%)
Net restructuring charges	**(4.0)**	(0.3%)	**(2.7)**	(0.2%)
Operating income	**275.9**	20.2%	**263.5**	20.1%
Loss on debt extinguishment	**—**	—	**(8.9)**	(0.7%)
Interest expense	**(15.3)**	(1.1%)	**(15.3)**	(1.2%)
Other income	**1.3**	0.1%	**2.2**	0.2%
Income before income taxes	**261.9**	19.1%	**241.5**	18.4%
Income tax provision(1)	**(86.7)**	(6.3%)	**(82.6)**	(6.3%)
Net income	**$175.2**	12.8%	**$158.9**	12.1%

Weighted-average dilutive shares outstanding	**49.1**	**50.0**
Diluted earnings per share	**$3.55**	**$3.16**
Capital expenditures	**$32.2**	**$29.5**
Depreciation and amortization expense	**67.7**	**54.4**
Number of employees-end of period	**6,027**	**5,789**
Non-GAAP financial measure - EBITDA[2]	**$344.9**	**$311.2**
Non-GAAP financial measure - Adjusted EBITDA[2]	**350.0**	**324.3**

[1] The income tax provision for the nine months ended September 30, 2016 reflects a benefit of $1.7 million related to the adoption of Accounting Standards Update No. 2016-09, I*mprovements to Employee Share-Based Payment Accounting*. Among other things, this standard requires that excess tax benefits related to share-based compensation be included in income tax expense. Previously, these tax benefits were included in additional paid-in capital on the consolidated balance sheet.

[2] See the discussion of EBITDA and Adjusted EBITDA on the previous page. EBITDA and Adjusted EBITDA are derived from net income as follows:

	Nine Months Ended September 30,	
	2016	**2015**
Adjusted EBITDA	$350.0	$324.3
Restructuring-related costs	(4.1)	(3.2)
Transaction-related costs	(1.0)	(1.0)
Loss on debt extinguishment	—	(8.9)
EBITDA	344.9	311.2
Income tax provision	(86.7)	(82.6)
Interest expense	(15.3)	(15.3)
Depreciation and amortization expense	(67.7)	(54.4)
Net income	$175.2	$158.9

DELUXE CORPORATION
CONSOLIDATED CONDENSED BALANCE SHEETS
(In millions)
(Unaudited)

	September 30, 2016	**December 31, 2015[1]**	**September 30, 2015[1]**
Cash and cash equivalents	$80.1	$62.4	$62.9

Other current assets	292.4	261.6	247.4
Property, plant and equipment-net	83.7	85.7	82.8
Intangibles-net	313.9	285.3	227.8
Goodwill	989.6	976.4	883.8
Other non-current assets	181.4	170.8	185.4
Total assets	$1,941.1	$1,842.2	$1,690.1
Short-term debt and current portion of long-term debt	$1.0	$1.0	$51.1
Other current liabilities	327.5	316.0	290.2
Long-term debt	616.8	628.0	465.1
Deferred income taxes	80.7	81.1	94.6
Other non-current liabilities	65.2	71.0	69.0
Shareholders' equity	849.9	745.1	720.1
Total liabilities and shareholders' equity	$1,941.1	$1,842.2	$1,690.1
Shares outstanding	48.6	49.0	49.2

(1) Prior period amounts have been revised to correct a prior period error. We corrected the presentation from current to non-current of amounts borrowed under our credit facility and the related asset for debt issuance costs. This revision was not material to previously issued balance sheets and had no impact on previously reported amounts for total assets, total liabilities or shareholders' equity.

In addition, during the first quarter of 2016, we adopted Accounting Standards Update No. 2015-03, *Simplifying the Presentation of Debt Issuance Costs*, which requires that debt issuance costs, other than those associated with our credit facility, be presented in the balance sheet as a reduction of the related debt liability. Prior period amounts have been revised to reflect the adoption of this standard.

DELUXE CORPORATION
CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS
(In millions)
(Unaudited)

	Nine Months Ended September 30,	
	2016	**2015**
Cash provided (used) by:		
Operating activities:		
Net income	$175.2	$158.9
Depreciation and amortization of intangibles	67.7	54.4
Loss on debt extinguishment	—	8.9
Contract acquisition payments	(17.2)	(9.8)

Other	(17.6)	6.8
Total operating activities	208.1	219.2
Investing activities:		
Purchases of capital assets	(32.2)	(29.5)
Payments for acquisitions	(64.6)	(50.9)
Proceeds from company-owned life insurance policies	4.1	4.0
Other	2.3	0.7
Total investing activities	(90.4)	(75.7)
Financing activities:		
Net change in debt, including debt redemption costs	(16.9)	(48.8)
Dividends	(44.1)	(45.0)
Share repurchases	(44.9)	(47.0)
Shares issued under employee plans	6.9	5.5
Other	(4.0)	0.2
Total financing activities	(103.0)	(135.1)
Effect of exchange rate change on cash	3.0	(7.0)
Net change in cash and cash equivalents	17.7	1.4
Cash and cash equivalents: Beginning of period	62.4	61.5
Cash and cash equivalents: End of period	$80.1	$62.9

During the first quarter of 2016, we elected to adopt Accounting Standards Update No. 2016-09*, Improvements to Employee Share-Based Payment Accounting*. Among other things, this standard requires that excess tax benefits related to share-based compensation be reported as operating activities in the statement of cash flows. Prior to 2016, they are reported as financing activities. This change resulted in a $2.1 million increase in cash provided by operating activities for the nine months ended September 30, 2016. In addition, the standard requires that employee taxes paid when an employer withholds shares for tax-withholding purposes be reported as financing activities in the statement of cash flows. We previously reported these cash outflows as operating activities. The consolidated cash flow statement for the nine months ended September 30, 2015 has been restated to reflect this change.

DELUXE CORPORATION
SEGMENT INFORMATION
(In millions)
(Unaudited)

	Quarter Ended September 30, 2016	Quarter Ended September 30, 2015
Revenue:		
Small Business Services	$298.9	$289.0
Financial Services	123.0	110.9
Direct Checks	37.0	39.9
Total	$458.9	$439.8

Operating income:[1]		
Small Business Services	$50.7	$51.9
Financial Services	28.7	23.4
Direct Checks	12.9	14.1
Total	$92.3	$89.4
Operating margin:[1]		
Small Business Services	17.0%	18.0%
Financial Services	23.3%	21.1%
Direct Checks	34.9%	35.3%
Total	20.1%	20.3%

	Nine Months Ended September 30,	
	2016	**2015**
Revenue:		
Small Business Services	$877.4	$848.2
Financial Services	374.5	335.1
Direct Checks	117.0	126.0
Total	$1,368.9	$1,309.3
Operating income:[1]		
Small Business Services	$150.8	$149.5
Financial Services	84.5	69.3
Direct Checks	40.6	44.7
Total	$275.9	$263.5
Operating margin:[1]		
Small Business Services	17.2%	17.6%
Financial Services	22.6%	20.7%
Direct Checks	34.7%	35.5%
Total	20.2%	20.1%

The segment information reported here was calculated utilizing the methodology outlined in the Notes to Consolidated Financial Statements included in our Annual Report on Form 10-K for the year ended December 31, 2015.

[1] Operating income includes the following restructuring and transaction-related costs:

	Quarter Ended September 30,		**Nine Months Ended September 30,**	
	2016	**2015**	**2016**	**2015**
Small Business Services	$2.0	$1.2	$3.7	$2.8
Financial Services	0.5	0.9	1.2	1.4

Direct Checks	0.1	—	0.2	—
Total	$2.6	$2.1	$5.1	$4.2

The table below is provided to assist in understanding the comparability of the Company's results of operations for the quarters and nine months ended September 30, 2016 and 2015. The Company's management believes that operating income by segment, excluding restructuring and transaction-related costs, provides useful additional information for investors because it provides better comparability of ongoing performance to prior periods given that it excludes the impact of items that impact the comparability of reported operating results and which management believes to be non-indicative of ongoing operations. It is reasonable to expect that one or more of these excluded items will occur in future periods, but the amounts recognized can vary significantly from period to period and may not directly relate to the Company's ongoing operations. The presentation below is not intended as an alternative to results reported in accordance with generally accepted accounting principles (GAAP) in the United States of America. Instead, the Company believes that this information is a useful financial measure to be considered in addition to GAAP performance measures.

DELUXE CORPORATION
SEGMENT OPERATING INCOME
EXCLUDING RESTRUCTURING AND TRANSACTION-RELATED COSTS
(In millions)
(Unaudited)

	Quarter Ended September 30,	
	2016	**2015**
Adjusted operating income:[1]		
Small Business Services	$52.7	$53.1
Financial Services	29.2	24.3
Direct Checks	13.0	14.1
Total	$94.9	$91.5
Adjusted operating margin:[1]		
Small Business Services	17.6%	18.4%
Financial Services	23.7%	21.9%
Direct Checks	35.1%	35.3%
Total	20.7%	20.8%

	Nine Months Ended September 30,	
	2016	**2015**
Adjusted operating income:[1]		
Small Business Services	$154.5	$152.3
Financial Services	85.7	70.7
Direct Checks	40.8	44.7

Total	$281.0	$267.7
Adjusted operating margin:(1)		
Small Business Services	17.6%	18.0%
Financial Services	22.9%	21.1%
Direct Checks	34.9%	35.5%
Total	20.5%	20.4%

(1) Operating income excluding restructuring and transaction-related costs reconciles to reported operating income as follows:

	Quarter Ended September 30,		**Nine Months Ended September 30,**	
	2016	**2015**	**2016**	**2015**
Adjusted operating income	$94.9	$91.5	$281.0	$267.7
Restructuring and transaction-related costs:				
Small Business Services	(2.0)	(1.2)	(3.7)	(2.8)
Financial Services	(0.5)	(0.9)	(1.2)	(1.4)
Direct Checks	(0.1)	—	(0.2)	—
Total	(2.6)	(2.1)	(5.1)	(4.2)
Reported operating income	$92.3	$89.4	$275.9	$263.5

View source version on businesswire.com:
http://www.businesswire.com/news/home/20161027005250/en/

Deluxe Corporation
Ed Merritt, 651-787-1068
Interim Chief Financial Officer, Treasurer and VP of Investor Relations

Source: Deluxe Corporation