

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): April 28, 2016

DELUXE CORPORATION

(Exact name of registrant as specified in its charter)

Minnesota
(State or other jurisdiction
of incorporation)

1-7945
(Commission
File Number)

41-0216800
(I.R.S. Employer
Identification No.)

3680 Victoria St. North, Shoreview, Minnesota
(Address of principal executive offices)

55126-2966
(Zip Code)

Registrant's telephone number, including area code: (651) 483-7111

N/A
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communication pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Section 2 - Financial Information

Item 2.02 Results of Operations and Financial Condition.

Furnished as Exhibit 99.1 is a press release of Deluxe Corporation reporting results from first quarter 2016.

Section 9 - Financial Statements and Exhibits

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

99.1 Press Release, dated April 28, 2016, of Deluxe Corporation reporting results from first quarter 2016.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: April 28, 2016

DELUXE CORPORATION

/s/ J. Michael Schroeder

J. Michael Schroeder
Senior Vice President,
General Counsel and Secretary

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Exhibits

99.1 Press Release, dated April 28, 2016, of Deluxe Corporation reporting results from first quarter 2016

Deluxe Corporation

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St. Paul, MN 55164-0235
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Ed Merritt

Treasurer and VP of Investor Relations
(651) 787-1068

April 28, 2016

DELUXE REPORTS FIRST QUARTER 2016 FINANCIAL RESULTS*Revenue increases 5.9% over last year - exceeds high end of outlook**Diluted EPS \$1.18; Adjusted diluted EPS of \$1.19 increases 14.4% - exceeds high end of outlook**Raises full year outlook for diluted EPS and adjusted diluted EPS*

St. Paul, Minn. – April 28, 2016 – 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 first quarter ended March 31, 2016. Key financial highlights include:

	<u>Q1 2016</u>	<u>Q1 2015</u>	<u>% Change</u>
Revenue	\$459.3 million	\$433.6 million	5.9%
Net Income	\$58.1 million	\$45.9 million	26.6%
Diluted EPS – GAAP	\$1.18	\$0.91	29.7%
Adjusted Diluted EPS – Non-GAAP	\$1.19	\$1.04	14.4%

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.

Both revenue and adjusted diluted EPS exceeded the high-end of the range in the prior outlook driven primarily by stronger operating results in the Financial Services segment. Results from the Small Business Services and Direct Checks segments were near the high end of expectations in the prior outlook. First quarter 2015 diluted EPS on a GAAP basis included a \$0.12 per share charge related to the early redemption of the Company's \$200 million 2019 Senior Notes in March 2015.

"We delivered very strong first quarter results in spite of what appears to be an overall continued sluggish economy," said Lee Schram, CEO of Deluxe. "We continue to see growth in marketing solutions and other services which increased over 19 percent from last year and accounted for over 31 percent of total company revenue in the quarter. Our transformation to a marketing and financial technology services provider continues to make tremendous progress and we believe we are well positioned to deliver another year of strong revenue, earnings and cash flow growth."

First Quarter 2016 Highlights:

- Revenue increased 5.9% year-over-year, primarily due to the Financial Services segment which grew 14.1% and includes the results of Datamyx LLC and FISC Solutions which were acquired in the fourth quarter of 2015, as well as growth of 4.8% for the Small Business Services segment. Revenue from marketing solutions and other services increased 19.4% year-over-year and accounted for 31.3% of consolidated revenue in the quarter.
- Gross margin was 64.2% of revenue, compared to 64.8% in the first quarter of 2015. Unfavorable product revenue mix and increased delivery and material costs were partly offset by price increases early in the quarter, an increase in service margins and improvements in manufacturing productivity.

- Selling, general and administrative (SG&A) expense increased 3.2% from last year primarily due to additional SG&A expense from acquisitions, but was partially offset by continued cost reduction initiatives in all segments. SG&A as a percent of revenue was 43.9% in the quarter compared to 45.0% last year.
- Operating income increased 8.6% year-over-year and includes restructuring and transaction-related costs in both periods. Adjusted operating income, which excludes these items, increased 9.1% year-over-year from higher revenue and continued cost reductions.
- Diluted EPS increased 29.7% year-over-year. Excluding restructuring and transaction-related costs in both periods and a loss on debt retirement in 2015, adjusted diluted EPS increased 14.4% year-over-year driven primarily by stronger operating performance in addition to a lower effective income tax rate, lower average shares outstanding and lower interest expense.

Segment Highlights

Small Business Services

- Revenue was \$290.3 million and increased 4.8% year-over-year due primarily to growth in marketing solutions and other services and, from a channel perspective, growth in the online, distributor and dealer channels. Price increases also benefitted the quarter while unfavorable foreign exchange rates negatively impacted revenue growth by approximately 0.6 percentage points year-over-year.
- Operating income increased 3.2% from last year to \$51.1 million. Adjusted operating income, which excludes restructuring and transaction-related costs in both periods, increased 4.4% year-over-year due primarily to cost reductions, partly offset by product revenue mix and investments in revenue-generating initiatives, including acquisitions.

Financial Services

- Revenue was \$127.2 million and increased 14.1% year-over-year. The increase in revenue was primarily due to growth in marketing solutions and other services, which includes revenue from the Datamyx and FISC Solutions acquisitions of approximately \$13 million, as well as the impact of price increases early in the quarter, partially offset by the secular decline in check usage.
- Operating income increased 30.9% from last year to \$26.7 million. Adjusted operating income, which excludes restructuring and transaction-related costs in both periods, increased 30.0% year-over-year driven by price increases and the continued benefits of cost reductions, partially offset by the secular decline in check usage.

Direct Checks

- Revenue of \$41.8 million declined 7.3% year-over-year due primarily to the secular decline in check usage, partially offset by higher conversion rates from an improved call center incentive plan.
- Operating income decreased 3.9% year-over-year to \$14.8 million, due to lower order volume partly offset by lower costs and a higher mix of reorders.

Other Highlights

- Cash provided by operating activities for the first quarter of 2016 was \$72.7 million, a decrease of \$5.8 million compared to 2015, driven primarily by higher contract acquisition payments, an incentive payment related to a previous acquisition and income tax payments, partially offset by stronger earnings and lower interest payments.
- The Company repurchased \$15 million of common stock in open market transactions during the quarter.
- At the end of the first quarter, the company had \$615 million of total debt outstanding.

Outlook

	Current Outlook (4/28/2016)	
Second Quarter 2016:		
Revenue	\$445 to \$453 million	
Diluted EPS	\$1.15 to \$1.20	
	Prior Outlook (1/28/2016)	Current Outlook (4/28/2016)
Revenue	\$1.835 to \$1.875 billion	\$1.845 to \$1.875 billion
Marketing Solutions & Other Services Revenue	\$615 to \$630 million	\$615 to \$630 million
Diluted EPS – GAAP	\$4.75 to \$4.95	\$4.84 to \$4.99
Adjusted Diluted EPS – Non-GAAP	\$4.75 to \$4.95	\$4.85 to \$5.00
Operating Cash Flow	\$315 to \$330 million	\$320 to \$330 million
Contract Acquisition Payments	approx. \$15 million	approx. \$20 million
Capital Expenditures	approx. \$43 million	approx. \$43 million
Depreciation and Amortization	approx. \$87 million	approx. \$91 million
Cost and Expense Reductions	approx. \$50 million	approx. \$50 million
Effective Tax Rate	approx. 33.8%	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 1-330-863-3277 (access code 72299618). 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 72299618).

Upcoming Management Presentations

- May 10 - SunTrust Robinson Humphrey Internet & Digital Media Conference in San Francisco
- May 18 - Needham Internet and Software Conference in New York
- June 2 - Macquarie Global Emerging Leaders Conference in New York
- June 8 - R.W. Baird Consumer, Technology and Services Conference in New York

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 alternative 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 is a useful financial measure because certain items during 2016 and 2015 (restructuring and transaction-related costs and loss on debt extinguishment) impact the comparability of reported net income. 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	
	Q1 2016	Q1 2015
Adjusted Diluted EPS	\$1.19	\$1.04
Loss on debt extinguishment	—	(0.12)
Restructuring-related costs	(0.01)	(0.01)
Reported Diluted EPS	<u>\$1.18</u>	<u>\$0.91</u>

	Outlook	
	Q2 2016	Full Year 2016
Adjusted Diluted EPS	\$1.15 to \$1.20	\$4.85 to \$5.00
Restructuring-related costs	—	(0.01)
Reported Diluted EPS	<u>\$1.15 to \$1.20</u>	<u>\$4.84 to \$4.99</u>

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

	Quarter Ended March 31,			
	2016		2015	
Product revenue	\$366.2		\$355.0	
Service revenue	93.1		78.6	
Total revenue	459.3		433.6	
Cost of products	(130.6)	(28.4%)	(123.8)	(28.6%)
Cost of services	(33.7)	(7.3%)	(28.9)	(6.7%)
Total cost of revenue	(164.3)	(35.8%)	(152.7)	(35.2%)
Gross profit	295.0	64.2%	280.9	64.8%
Selling, general and administrative expense	(201.5)	(43.9%)	(195.3)	(45.0%)
Net restructuring charges	(0.9)	(0.2%)	(0.3)	(0.1%)
Operating income	92.6	20.2%	85.3	19.7%
Loss on debt extinguishment	—	—	(8.9)	(2.1%)
Interest expense	(5.2)	(1.1%)	(6.5)	(1.5%)
Other income	0.2	—	0.4	0.1%
Income before income taxes	87.6	19.1%	70.3	16.2%
Income tax provision ⁽¹⁾	(29.5)	(6.4%)	(24.4)	(5.6%)
Net income	\$58.1	12.6%	\$45.9	10.6%
Weighted average dilutive shares outstanding	49.2		50.1	
Diluted earnings per share	\$1.18		\$0.91	
Capital expenditures	\$10.2		\$9.5	
Depreciation and amortization expense	21.9		17.7	
Number of employees-end of period	5,817		5,755	
Non-GAAP financial measure - EBITDA ⁽²⁾	\$114.7		\$94.5	
Non-GAAP financial measure - Adjusted EBITDA ⁽²⁾	115.7		103.9	

⁽¹⁾ Our income tax provision for the quarter ended March 31, 2016 reflects a benefit of \$0.5 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 March 31,	
	2016	2015
Adjusted EBITDA	\$115.7	\$103.9
Restructuring-related costs	(0.9)	(0.3)
Transaction-related costs	(0.1)	(0.2)
Loss on debt extinguishment	—	(8.9)
EBITDA	114.7	94.5
Income tax provision	(29.5)	(24.4)
Interest expense	(5.2)	(6.5)
Depreciation and amortization expense	(21.9)	(17.7)
Net income	\$58.1	\$45.9

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

	March 31, 2016	December 31, 2015⁽¹⁾	March 31, 2015⁽¹⁾
Cash and cash equivalents	\$71.0	\$62.4	\$58.3
Other current assets	241.6	263.6	236.6
Property, plant & equipment-net	84.1	85.7	85.3
Intangibles-net	282.7	285.3	210.2
Goodwill	976.5	976.4	879.3
Other non-current assets	176.9	168.8	193.3
Total assets	<u>\$1,832.8</u>	<u>\$1,842.2</u>	<u>\$1,663.0</u>
Short-term debt and current portion of long-term debt	\$417.0	\$435.0	\$319.0
Other current liabilities	289.6	316.0	296.1
Long-term debt	198.0	194.0	193.8
Deferred income taxes	81.0	81.1	94.9
Other non-current liabilities	63.3	71.0	79.5
Shareholders' equity	783.9	745.1	679.7
Total liabilities and shareholders' equity	<u>\$1,832.8</u>	<u>\$1,842.2</u>	<u>\$1,663.0</u>
Shares outstanding	48.9	49.0	49.9

⁽¹⁾ 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 be presented in the balance sheet as a reduction of the related debt liability. The consolidated balance sheets as of December 31, 2015 and March 31, 2015 have been restated to reflect this change.

DELUXE CORPORATION
CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS

(In millions)
(Unaudited)

	Quarter Ended March 31,	
	2016⁽¹⁾	2015⁽¹⁾
Cash provided (used) by:		
Operating activities:		
Net income	\$58.1	\$45.9
Depreciation and amortization of intangibles	21.9	17.7
Loss on debt extinguishment	—	8.9
Contract acquisition payments	(9.3)	(2.9)
Other	2.0	8.9
Total operating activities	72.7	78.5
Investing activities:		
Purchases of capital assets	(10.2)	(9.5)
Payments for acquisitions	(6.7)	(7.6)
Other	(4.1)	0.5
Total investing activities	(21.0)	(16.6)
Financing activities:		
Net change in debt, including debt redemption costs	(18.3)	(49.2)
Dividends	(14.7)	(15.0)
Share repurchases	(15.0)	—
Shares issued under employee plans	2.6	3.4
Other	(1.3)	0.1
Total financing activities	(46.7)	(60.7)
Effect of exchange rate change on cash	3.6	(4.4)
Net change in cash and cash equivalents	8.6	(3.2)
Cash and cash equivalents: Beginning of period	62.4	61.5
Cash and cash equivalents: End of period	\$71.0	\$58.3

⁽¹⁾ 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 \$0.6 million increase in cash provided by operating activities for the first quarter of 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 quarter ended March 31, 2015 has been restated to reflect this change.

DELUXE CORPORATION
SEGMENT INFORMATION

(In millions)
(Unaudited)

	Quarter Ended March 31,	
	2016	2015
Revenue:		
Small Business Services	\$290.3	\$277.0
Financial Services	127.2	111.5
Direct Checks	41.8	45.1
Total	<u>\$459.3</u>	<u>\$433.6</u>
Operating income:⁽¹⁾		
Small Business Services	\$51.1	\$49.5
Financial Services	26.7	20.4
Direct Checks	14.8	15.4
Total	<u>\$92.6</u>	<u>\$85.3</u>
Operating margin:⁽¹⁾		
Small Business Services	17.6%	17.9%
Financial Services	21.0%	18.3%
Direct Checks	35.4%	34.1%
Total	20.2%	19.7%

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.

⁽²⁾ Operating income includes the following restructuring and transaction-related costs:

	Quarter Ended	
	March 31,	
	2016	2015
Small Business Services	\$0.8	\$0.2
Financial Services	0.2	0.3
Direct Checks	—	—
Total	<u>\$1.0</u>	<u>\$0.5</u>

The table below is provided to assist in understanding the comparability of the Company's results of operations for the quarters ended March 31, 2016 and 2015. The Company's management believes that operating income by segment, excluding restructuring and transaction-related costs, is a useful financial measure because these items impacted the comparability of reported operating income during 2016 and 2015. 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 March 31,	
	2016	2015
Adjusted operating income:⁽¹⁾		
Small Business Services	\$51.9	\$49.7
Financial Services	26.9	20.7
Direct Checks	14.8	15.4
Total	\$93.6	\$85.8
Adjusted operating margin:⁽¹⁾		
Small Business Services	17.9%	17.9%
Financial Services	21.1%	18.6%
Direct Checks	35.4%	34.1%
Total	20.4%	19.8%

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

	Quarter Ended March 31,	
	2016	2015
Adjusted operating income	\$93.6	\$85.8
Restructuring and transaction-related costs:		
Small Business Services	(0.8)	(0.2)
Financial Services	(0.2)	(0.3)
Direct Checks	—	—
Total	(1.0)	(0.5)
Reported operating income	\$92.6	\$85.3

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