PROSEGUR CASH

FY 2017 Results Presentation
February, 2018

Cash in the media

Relevant news of the quarter

Cash is and will be necessary in the future

Kenneth Rogoff, economist and professor at Harvard University, pointed out the need to maintain cash, regardless of the progress of other means of payment. Among other things, he stated that cash helps not only to reverse the absolute lack of privacy but also to avoid the exclusion of certain strata of the society in the economy. In terms of fraud, he commented that removing the higher value denominated notes from the circulation may help, but in any case will make it disappear.

Source: Voxeu.org

Cash gains ground as a way of saving

Between 2007 and 2014, cash increased as a percentage of GDP from 13.3% to 16.1% in the United Kingdom, while in the US and the Eurozone the data collected showed a similar trend. This conclusion is included in the study, "Assessing recent increases in cash demand", carried out by Clemens Jobst, chief economist at the National Bank of Austria, and Helmut Stix, researcher at the same institution.

Source: Econstor

Cash trends in the Eurozone

According to the latest study published by the European Central Bank, "The use of cash by households in the euro area", 79% of payments continue to be made in cash. The ECB also remarked the notable differences between countries as, for example, Spain and Germany still have levels above 80% while others like Finland and Denmark are closer to 50%.
The study also stated that only 19% of transactions are paid by credit or debit card and that new means of payment only represent 2% of the total.

Source: European Central Bank

Bitcoin problems

According to the report "How bad is Bitcoin for the world?", the main problems that the cryptocurrency must overcome are the following: (1) its volatility, which seems excessive to be considered as a mean of payment, (2) the economic waste, as it requires a huge amount of electricity, (3) its low security and (4) its anonymity and lack of regulation, which allows the financing of illegal activities.

Source: Citibank

Agenda

1. Highlights of the year
2. Regional overview
3. Financials
4. Conclusions
5. Annex I: Income Statement Reconciliation

Hightlights of the year

Main themes

Total sales growth +11.6%
(Organic growth +12.7)

EBIT margin expansion of 14 bps
(from 18.6% to 18.7%)

50 million euros invested in M&A
(5 acquisitions)

New products increasing as a % sales
(from 6.4% to 8.7%)

Free Cash Flow of 197 M€(1)
(Conversion ratio: 75%(2))

Capital structure optimization
(8y+ Eurobond at 1.375% coupon)

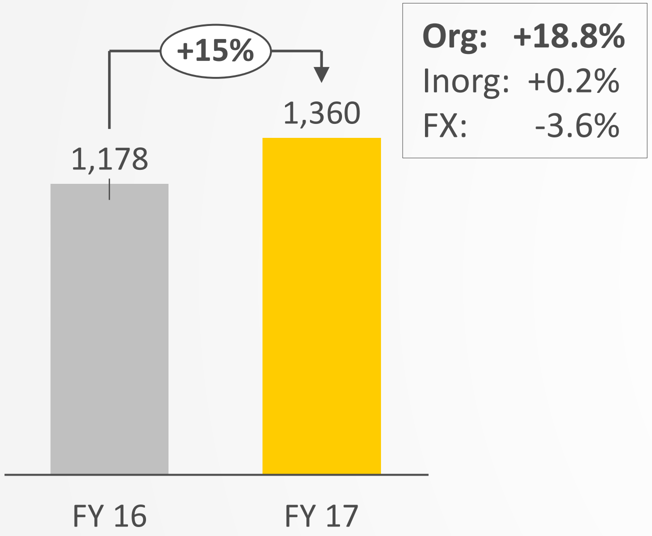
(1) Free Cash Flow = EBITDA - Provisions - Taxes - Capex – Working Capital Variation
(2) Conversion Ratio: (EBITDA - Capex) / EBITDA

Agenda

Regional overview

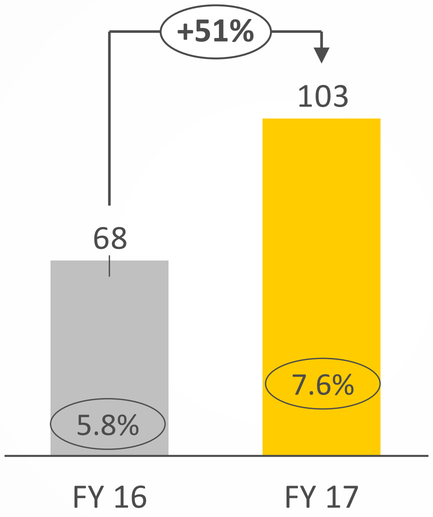
LatAm [71% of total sales]

Sales (M€)



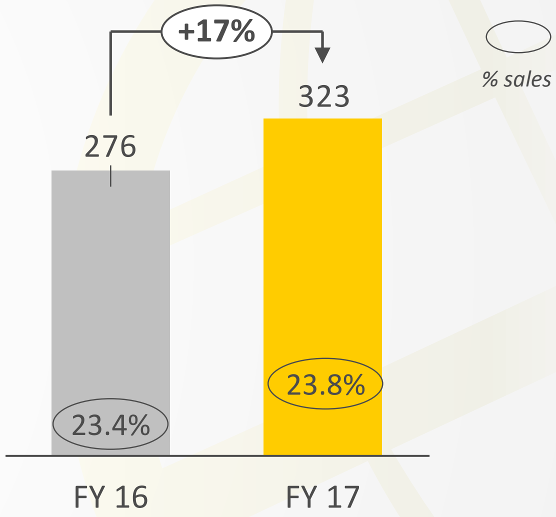
- During the second semester:
  - **Organic growth normalization,** without any extraordinary items
  - **Strong** currency **depreciation**

New Products (M€)



- **Retail automation, AVOS and International Transport**

EBIT Margin (M€)

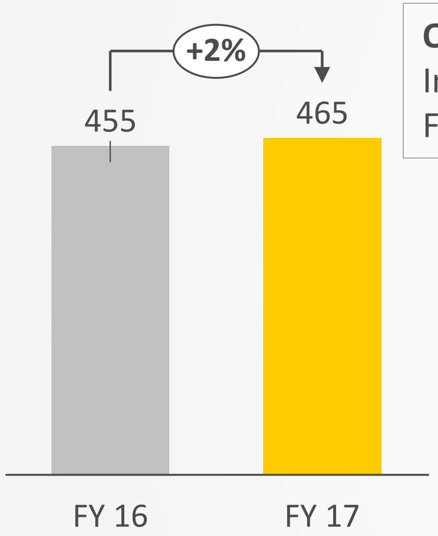


- **Margin expansion continues** despite the optimization plans launched in 2H and one-offs coming from M&A

Regional overview

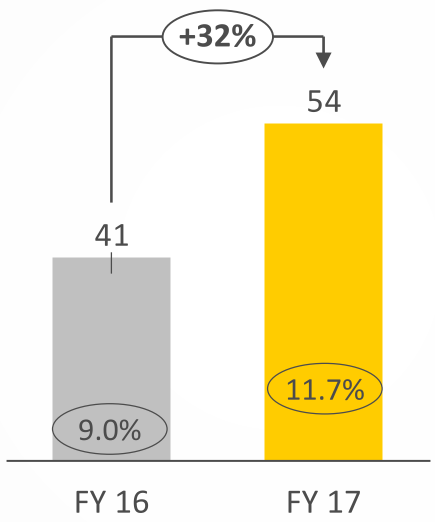
Europe [24% of total sales]

Sales (M€)

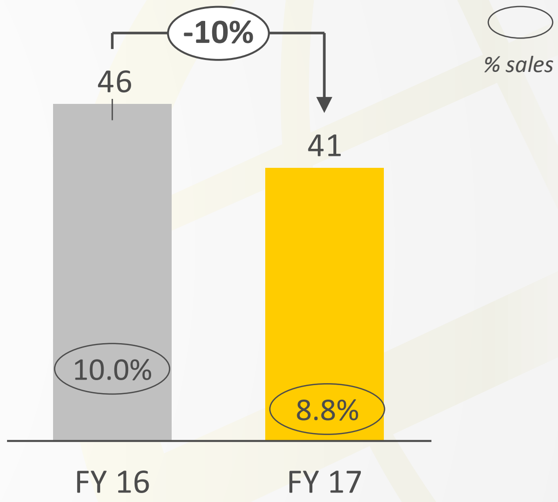


Org: **+1.0%**
Inorg: +1.2%
FX: 0.0%

New Products (M€)



EBIT Margin (M€)



- **Positive organic performance** weighed down by **France**
- **Inorganic growth coming from Contesta supporting** our organic growth

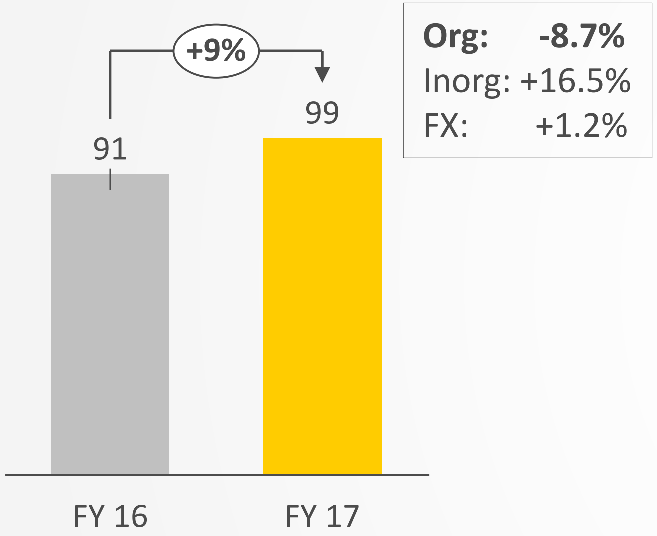
- **AVOS and Retail Automation**

- Margin impacted by **France**

Regional overview

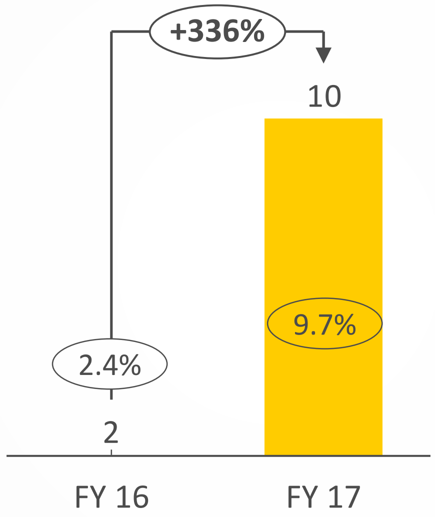
AOA [5% of total sales]

Sales (M€)



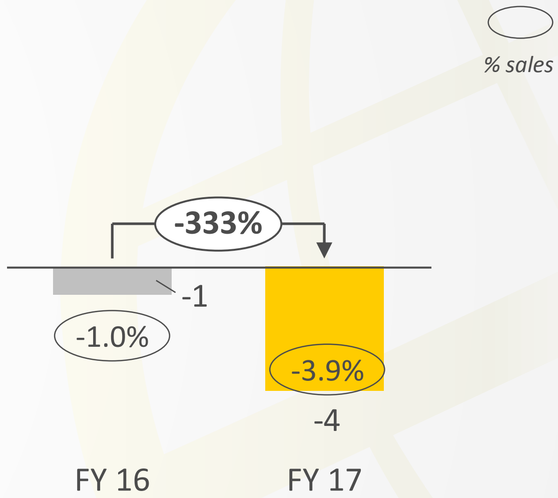
- **Highly competitive market. Contract loss** at the end of the year
- **Positive M&A contribution**
- **Currency effect very negative in Q4.** Overall, positive

New Products (M€)



- **ATMs, Valuable Cargo, Retail Automation**

EBIT Margin (M€)



- **Australia** strongly impacted by **the loss of the contract**
- Partially offset by the **improvement in our JVs**

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Financials

P&L

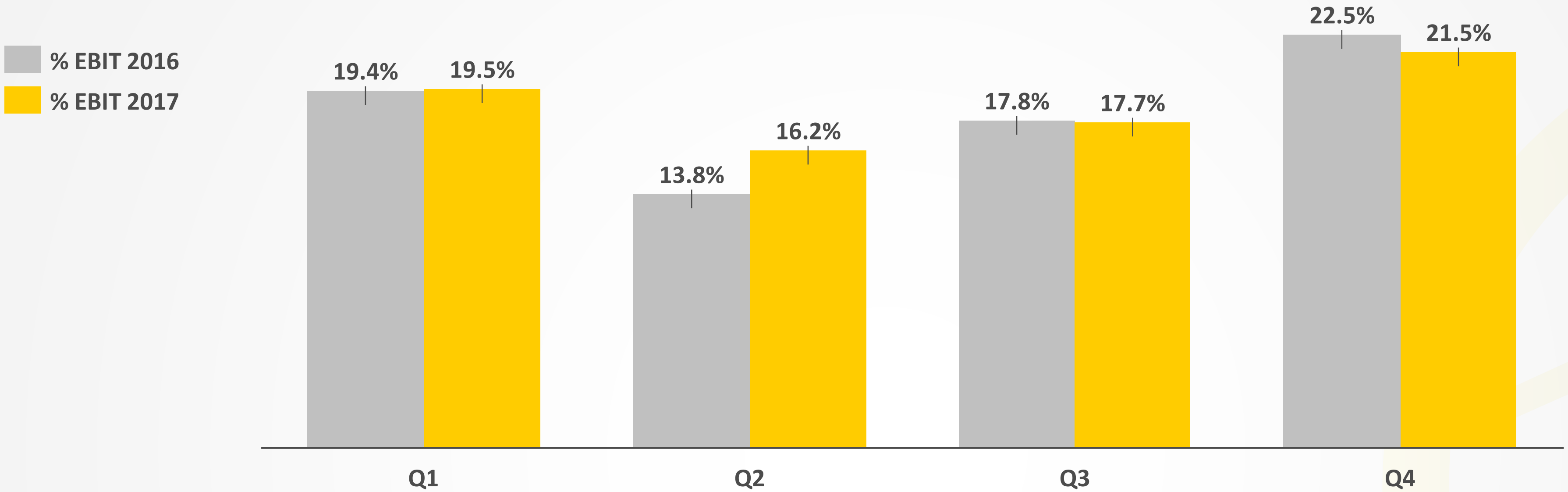
Million Euros	FY 2016 business[1]	FY 2017 business[1]	% VAR
Sales	1,724	**1,924**	**+11.6%**
EBITDA	382	**428**	**+12.0%**
Margin	*22.2%*	*22.2%*	
Depreciation	-47	-51	+8.7%
EBITA	**335**	**377**	**+12.4%**
Amortization of intangibles	-15	-17	+13.6%
EBIT	**320**	**360**	**+12.4%**
Margin	*18.6%*	*18.7%*	
Financial result	-30	-1	-97.7%
EBT	290	**360**	**+23.9%**
Margin	*16.8%*	*18.7%*	
Taxes	-105	**-123**	**+17.1%**
Tax rate	*36.3%*	*34.3%*	
Net Profit from continuing operations	**185**	**236**	**+27.8%**
Margin	*10.7%*	*12.3%*	
Net consolidated Profit	**184**	**236**	**+28.2%**
Margin	*10.7%*	*12.3%*	

- **Double digit growth in Sales and EBIT** despite the FX rate headwinds during the 2H
- **EBIT margin expansión** to 18.7% (14 bps)
- In terms of profitability, **our seasonality has deferred from the past** due to exceptional events
- **Financial results positively impacted by** gains arising from **foreign currency transactions**
- **Tax rate improved** to 34.3%

(1) Business figures exclude the impact of the intercompany transactions between Prosegur Cash and Prosegur Compañía de Seguridad associated to the IPO restructuring process. Among them we highlight the sale of certain Licensed Trademarks, the sale of real estate assets in Argentina and the sale of the Security Business of Brazil (see annex I for reconciliation between accounting and business)

Financials

Seasonality



During the first semester 2017:

(+) Extraordinary volumes in LatAm

(+) Positive currency effect

(-) France and Australia

During the second semester 2017:

(~) Normalization of volumes in LatAm

(-) Negative currency effect

(-) France and Australia (contract loss)

(-) Optimization plan in LatAm

(-) Others (integration costs, commercial)

- **In 2017, our traditional seasonality profile has not been achieved**

Financials
Cash Flow

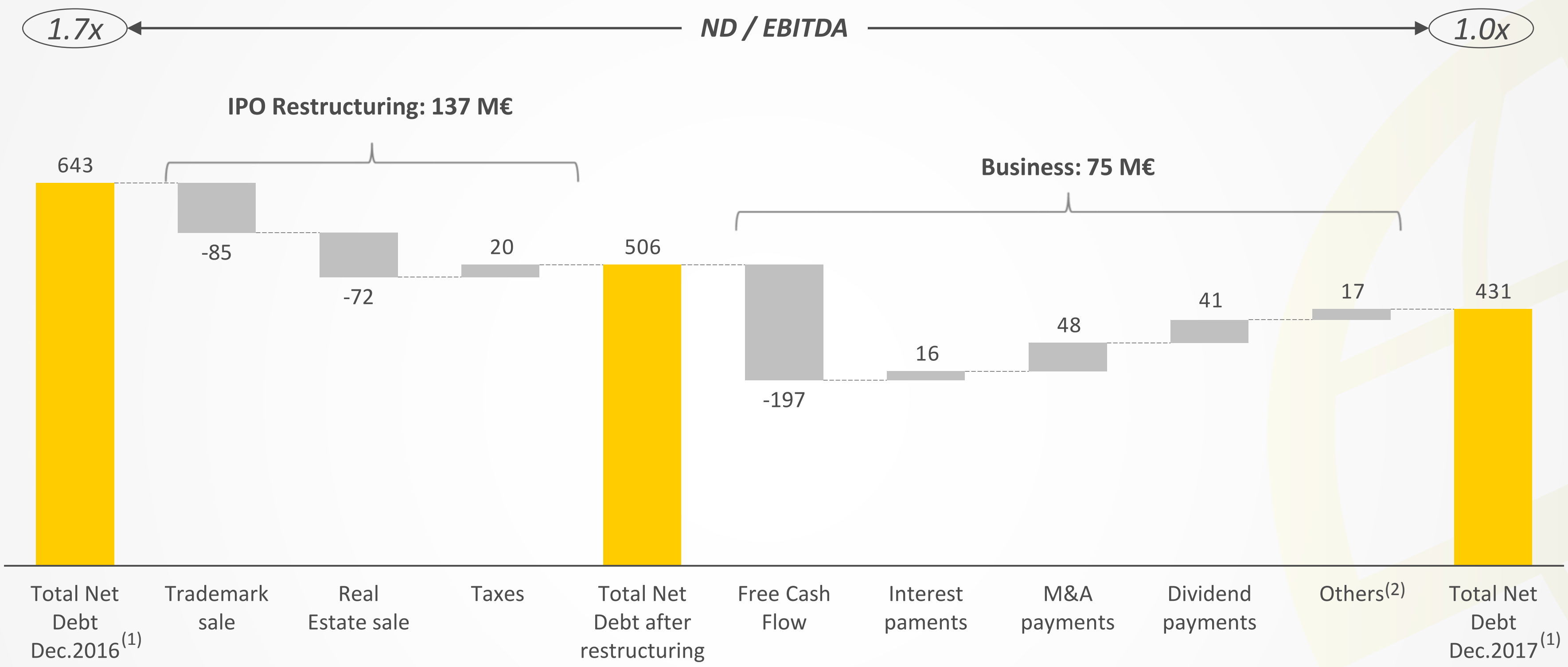
Million Euros	FY 2017
EBITDA (business)	428
Provisions and other non cash items	6
Income tax	(121)
Acquisition of PP&E	(105)
Changes in working capital	(11)
Free Cash Flow	**197**
Interest payments	(16)
Payments for acquisitions of subsidiaries	(48)
Trademark sale	85
Real Estate sale	72
Other outflows	(90)
Total Net Cash Flow	**201**
Initial net financial position (Dec. 2016)	**611**
Net increase / (decrease) in cash	201
Exchange rate	(14)
Final net financial position (Dec. 2017)	**424**

- **Capex** ~ 5.5% over sales as a result of higher investments in **client-oriented** capex **and infrastructures**
- **Working capital under control**
- **50 M€ invested in five acquisitions**
- **Approved dividend** of 107.4 M€ **in December 2017**. **First installment already disbursed (40%)**

Financials

Total Net Debt

Million Euros



- **Total Net Debt reduction** of 212 M€
- **Average cost of debt** for 2017: **1.85%**
- **S&P Credit Rating (Sept. 2017): BBB, Stable Outlook**

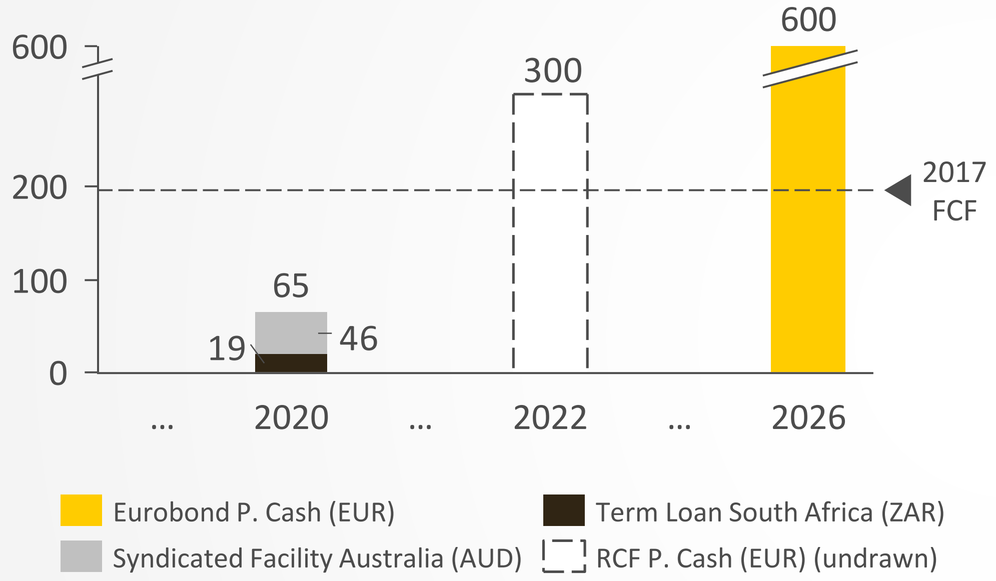
(1) Total Net Debt = Net Financial Position (424 M€) + Deferred Payments (28 M€) – Treasury Stock (2 M€) - Others (19 M€)

(2) Mainly Includes the fx rate impact

Financials
Capital Structure

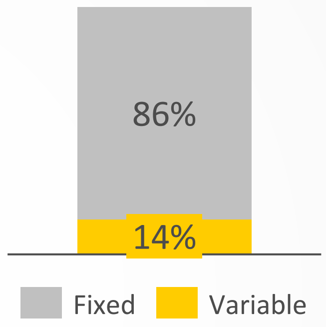
Million Euros

Debt maturity profile (main facilities)

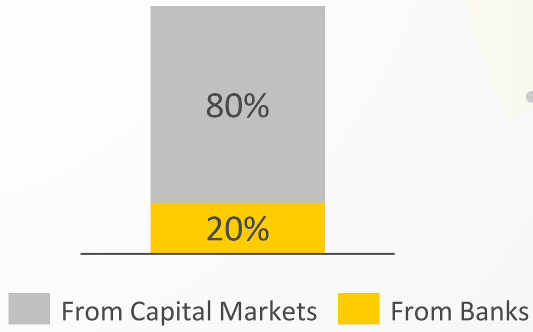


- **Nov'17:** 600 M€ **Bond**, 8y+, **1.375% coupon**
- **Average maturity** of debt **> more than seven years**
- More than **800 M€ in firepower**

Debt by nature



- **Attractive** long term **fixed rate cost ensured**



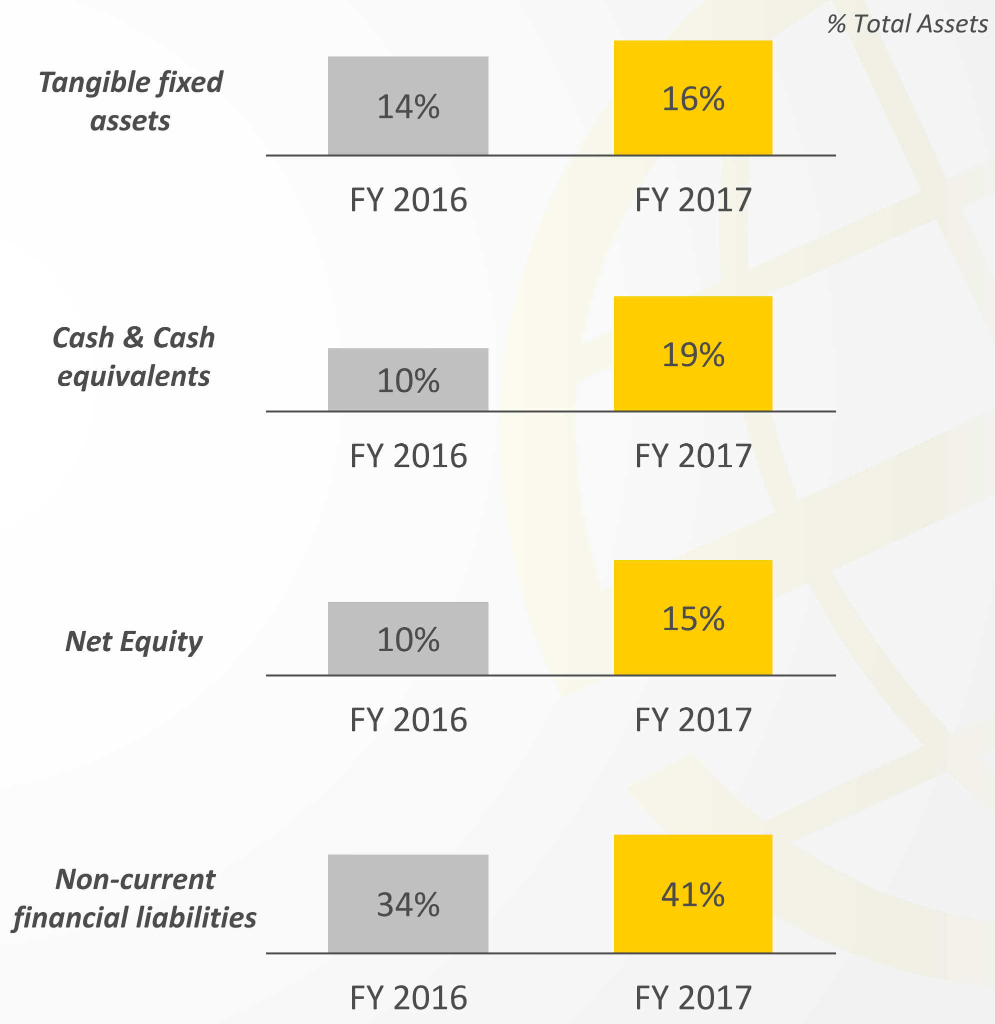
- **Diversification** of our sources of financing

Financials

Balance Sheet

Million Euros	FY 2016	FY 2017
Non-current assets	834	830
Tangible fixed assets	266	279
Intangible assets	491	478
Others	76	72
Current assets	1,057	877
Inventories	7	6
Trade receivables and others	594	508
Cash and cash equivalents	189	318
Non-current assets held for sale	267	46
TOTAL ASSETS	1,891	1,707
Net Equity	186	264
Non-current liabilities	794	851
Financial liabilities	635	697
Other non-current liabilities	160	154
Current liabilities	911	592
Financial liabilities	87	78
Other liabilities	639	488
Liabilities held for sale	185	27
TOTAL EQUITY AND LIABILITIES	1,891	1,707

We continue to strengthen our Balance Sheet:



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Summary of the year

Mid-Term Commitment	2017 Performance	
• **Mid-single digit** top-line organic growth in € terms	• Top-line organic growth in € terms: **+10.2%**	✓
• **Maintain or slightly expand** our profitability levels	• **Our EBIT margin improved** 14 bps, vs. last year, **to 18.7%**	✓
• **M&A between 50-150M€** p.a. on average	• **50 M€ invested** in five acquisitions in Australia, Spain and LatAm	✓
• **Higher penetration of new products** within our revenue mix	• New Products represented **8.7% of sales vs. 6.4%** in 2016	✓
• **Net Debt to EBITDA ratio below 2.5x**	• Net Debt to EBITDA ratio of **1.0x**	✓
• Dividends: **Payout between 50 – 60%**	• Payout ratio of **60% (107.4 M€)**	✓

Conclusions

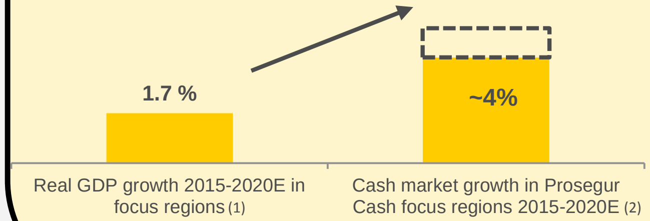
ACT

Our Strategy
“Accelerate Profitable Growth”

1 Agility (A)

“We need to be fast and efficient when executing our operations and strategy to continue growing organically above our markets“

Expected growth in our footprint



2 Consolidation (C)

“Our ambition is to lead the consolidation of the sector both in existing markets and in new markets, to capture synergies and promote growth”

> 500 cash companies globally

3 Transformation (T)

“The development of new products with higher added value will allow us to keep advancing through the value chain”

Third wave of Outsourcing

- Added Value Outsourced Services (AVOS
- Retail automation
- ATM management

Light Corporate Team supporting business units

(1) Real GDP growth sourced from IMF and weighted by Prosegur Cash 2015-2020E revenues

(2) Cash market growth sourced from Freedonia January 17(Asia Pacific, LatAm and Western Europe) weighted by Prosegur Cash 2015-2020E revenue by region.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Agenda

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5. **Annex I: Income Statement Reconciliation**

Annex

Income Statement Reconciliation

Million Euros	FY 2016 accounting	FY 2017 accounting	Trademark FY 2016 not assign.	Trademark FY 2017 not assign.	Real Estate FY 2016 not assign.	Real Estate FY 2017 not assign.	Corporate Restruc. and Others FY 2016 not assign.	Corporate Restruc. and Others FY 2017 not assign.	FY 2016 business[(1)]	FY 2017 business [(1)]
Sales	1,724	**1,924**	-	-	-	-	-	-	1,724	**1,924**
EBITDA	447	**513**	-14	-85	-51	+0	-0	-	382	**428**
Margin	*25.9%*	*26.7%*							*22.2%*	*22.2%*
Depreciation	-47	-51	-	-	-	-	-	-	-47	-51
EBITA	**400**	**462**	-14	-85	-51	+0	-0	-	**335**	**377**
Amortization of intangibles	-15	-17							-15	-17
EBIT	**385**	**445**	-14	-85	-51	+0	-0	-	**320**	**360**
Margin	*22.4%*	*23.1%*							*18.6%*	*18.7%*
Financial result	-9	-1	-	-	-	-	-21	-	-30	-1
EBT	376	**444**	-14	-85	-51	+0	-21	-	290	**360**
Margin	*21.8%*	*23.1%*							*16.8%*	*18.7%*
Taxes	-150	-140	0	+9	+12	0	+32	+7	-105	**-123**
Tax rate	*39.8%*	*31.5%*							*36.3%*	*34.3%*
Net profit from continuing operations	**226**	**304**	-14	-76	-39	+0	+11	+7	**185**	**236**
Margin	*13.1%%*	*15.8%*							*10.7%*	*12.3%*

(1) Business figures exclude the impact of the intercompany transactions between Prosegur Cash and Prosegur Compañía de Seguridad associated to the IPO restructuring process. Among them we highlight the sale of certain Licensed Trademarks, the sale of real estate assets in Argentina and the sale of the Security Business of Brazil

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