



PROSEGUR
CASH

**First Quarter 2018
Results Presentation**

Cash in the media

Relevant news of the quarter

PayPal wooing the unbanked

Cashless PayPal will now allow its customers to withdraw cash at ATMs thanks to a soon-to-be-launched PayPal debit card. In an announcement to the Wall Street Journal, PayPal stated that it will begin to offer more traditional banking services. This offer is set to be launched sometime during 2018.

PayPal already made a first move to accommodate the under- and unbanked via the PayPal Cash card which allows users to upload cash to their PayPal card for their online purchases. This time, however, users will also be able to retrieve cash.

The plight of the unbanked has been identified as a new business opportunity for large payment giants such as Amazon and Square.

Source: The Wall Street Journal

The limits on cash are ineffective against money laundering and terrorist financing

The publication of Nikos Pasas, professor in Criminology and Criminal Justice, in the Journal of Financial Crime analyzes the errors that are being committed in the evaluation of the impact of this type of policies.

In addition to analyzing the current regulations, he believes that the digitalization of means of payment will increase citizen distrust in governments and will harm the most vulnerable sectors of the population. On top of that, he also concludes that these limits could have a lower than expected impact and that it is likely that criminals would adapt to new forms of crime.

Source: Journal of Financial Crime

Cash is far from dead and its use is rising according to the BIS

The Bank for International Settlements (BIS) stated in its latest quarterly review that, despite all the technological improvements in payments in recent years, the use of good old-fashioned cash is still rising in most, though not all, advanced and emerging market economies.

Cash in circulation has actually risen in recent years, from 7 percent of GDP in 2000 to 9 percent in 2016, being the largest increases registered in Hong Kong and Japan.

The resilience of cash as a social institution reminds us of the importance of understanding the economic functions of money, beyond just the innovations in technology.

Source: BIS

In Shadow of Facebook, Cashless Sweden Fears Data Privacy Risks

The world's oldest central bank says new regulations might be needed to safeguard the privacy of consumers in a cashless age. The need to address the issue recently grew more urgent after it emerged that private user data stored by Facebook Inc. was misused by a third party.

Sweden has rapidly become the most cashless society as consumers abandon paper money in favor of cards and payment apps. But if the payment systems are run by private companies, that may be a problem and a stricter regulation of the use of that information might be needed.

Cash will never have the privacy risk.

Source: Central Bank of Sweden

Agenda

- 1. Highlights of the quarter**
2. Regional overview
3. Financials
4. Conclusions
- 5. Annex: Income Statement Reconciliation**

Highlights of the quarter

Main themes

Double digit organic growth excluding France (total growth negatively impacted by currency)

EBIT margin expansion of 13 bps despite the extraordinary Q1 2017 (from 19.5% al 19.6%)

New products keep increasing as a % sales (from 7.9% to 10.5%)

Free Cash Flow of 47 M€ ⁽¹⁾, better than last year. Conversion ratio also improved to 82%⁽²⁾

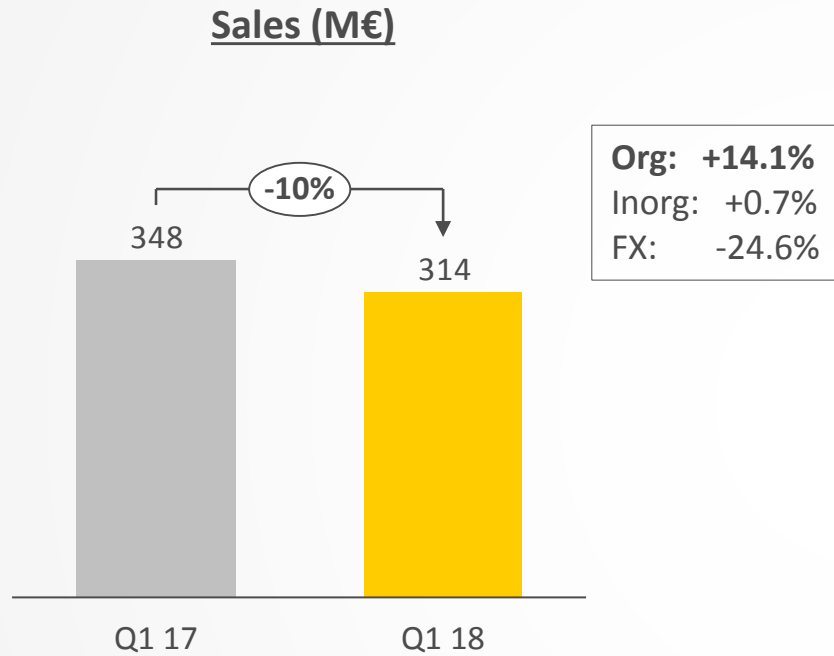


Agenda

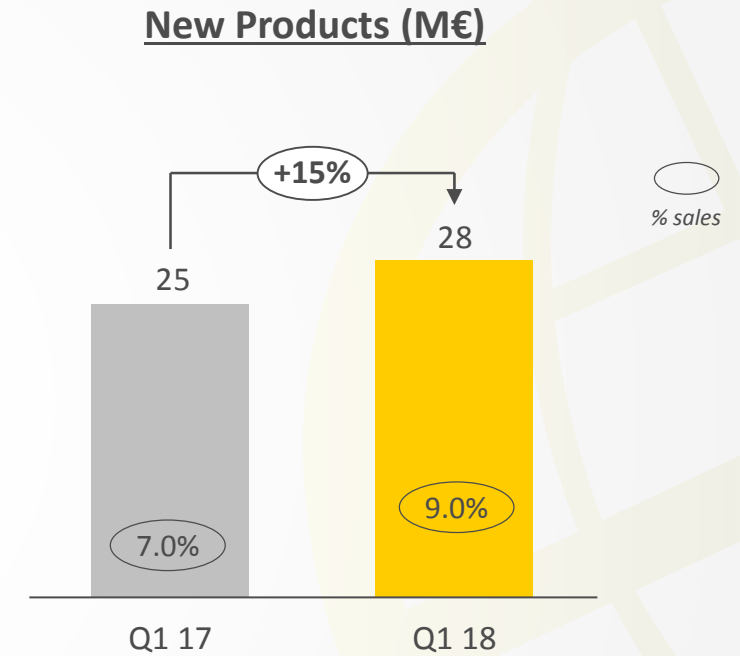
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Regional overview

LatAm [70% of total sales]



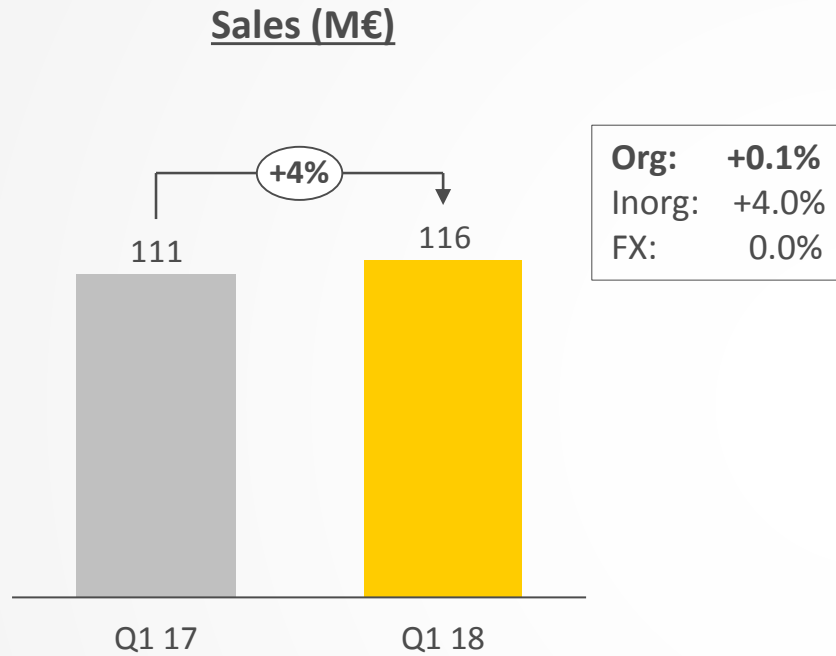
- Comparison vs. previous year affected by one-offs
- Healthy organic growth in our main countries
- Strong currency devaluation in all geographies



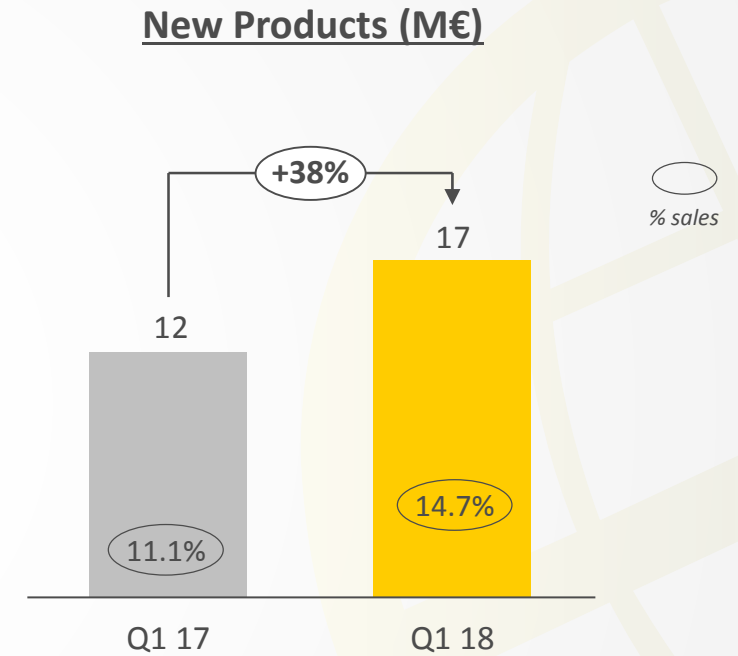
- Retail automation, ATMs and valuable cargo

Regional overview

Europa [26% of total sales]



- **Total growth** weighed down by **France**
- **Rest of the countries** **doing very well in organic terms**
- **2017 M&A** complementing our organic growth



- **Retail automation and AVOS**

Regional overview

France

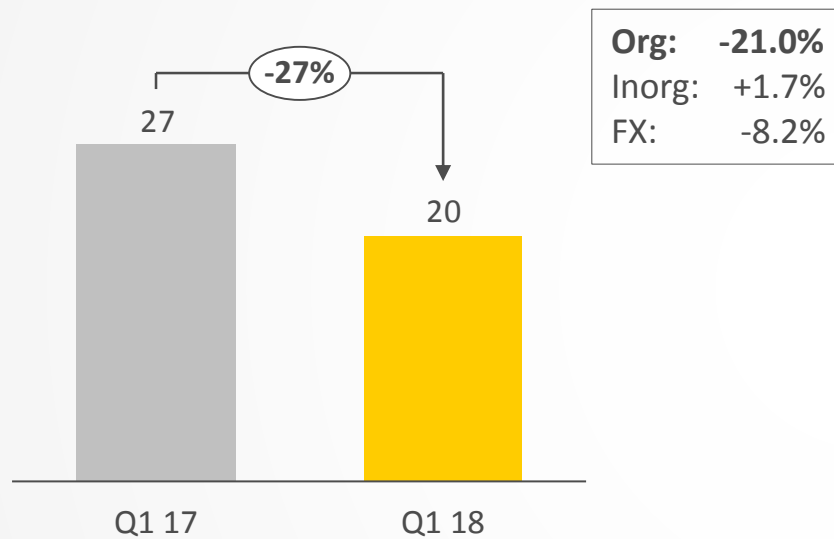


- Relevant position in the **Eastern Region** of the country
- **New branch in Paris since 2017**
- **2018 and mid-term strategy:**
 - Become the third **national operator**
 - Opening between **10 – 15 new branches**
 - **Cover more than 75% of the population**
 - **Capture new volume** due to geographical expansion and greater national presence

Regional overview

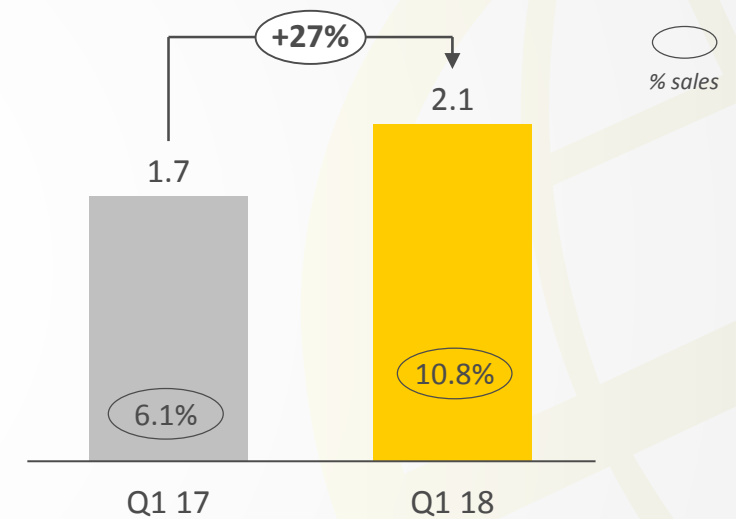
AOA [4% of total sales]

Sales (M€)



- **Contract exit completion** and starting to capture new volume
- **Positive contribution from 2017 M&A**
- **Important currency devaluation**

New Products (M€)



- **Retail automation and ATMs**

Agenda

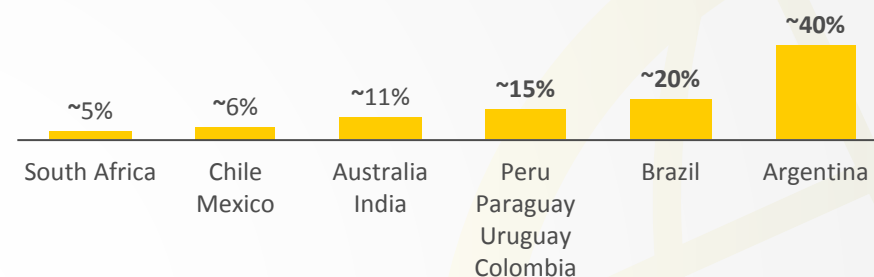
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Financials

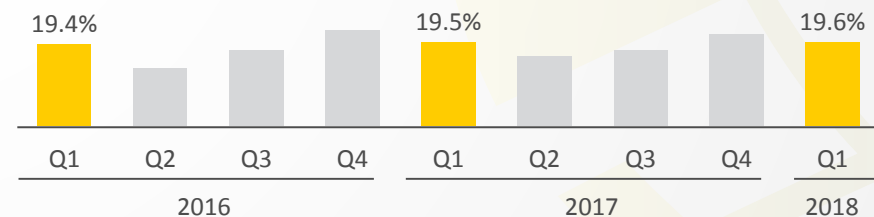
P&L

Million Euros	Q1 2017 business (1)	Q1 2018 business (1)	% VAR
Sales	487	450	-7.6%
EBITDA	112	105	-6.2%
<i>Margin</i>	23.0%	23.3%	
Depreciation	-13	-13	0.0%
EBITA	99	92	-7.0%
Amortization of intangibles	-4	-4	-7.1%
EBIT	95	88	-7.0%
<i>Margin</i>	19.5%	19.6%	
Financial result	-4	6	-250.4%
EBT	91	94	+3.5%
<i>Margin</i>	18.7%	20.9%	
Taxes	-30	-32	+3.9%
<i>Tax rate</i>	33.5%	33.6%	
Net Profit from continuing operations	60	62	+3.4%
<i>Margin</i>	12.4%	13.9%	
Net consolidated Profit	60	62	+3.4%
<i>Margin</i>	12.4%	13.9%	

Strong currency devaluation vs euro



Relative improvement in EBIT terms despite the absence of positive one-offs



(1) Business figures exclude the impact of the intercompany transactions between Prosegur Cash and Prosegur Compañía de Seguridad associated to the IPO restructuring process in 2017. For reconciliation purposes between accounting and business figures please check annex I at the end of this presentation.

Financials

Cash Flow

Million Euros	Q1 2017 business	Q1 2018 business
EBITDA	112	105
Provisions and other non-cash items	6	17
Income tax	(33)	(26)
Acquisition of PP&E	(25)	(19)
Changes in working capital	(17)	(30)
Free Cash Flow	43	47
<i>% Conversion</i>	<i>77%</i>	<i>82%</i>
Interest payments	(7)	(6)
Payments for acquisitions of subsidiaries	(8)	(7)
Trademark sale	85	-
Real Estate sale	64	-
Brazilian Security business sale	-	18
Dividend payment	-	(21)
Total Net Cash Flow	176	30
Net financial position at the beginning of the period (December)	(611)	(424)
Net increase / (decrease) in cash	176	30
Exchange rate	2	(6)
Net financial position at the end of the period (March)	(433)	(400)

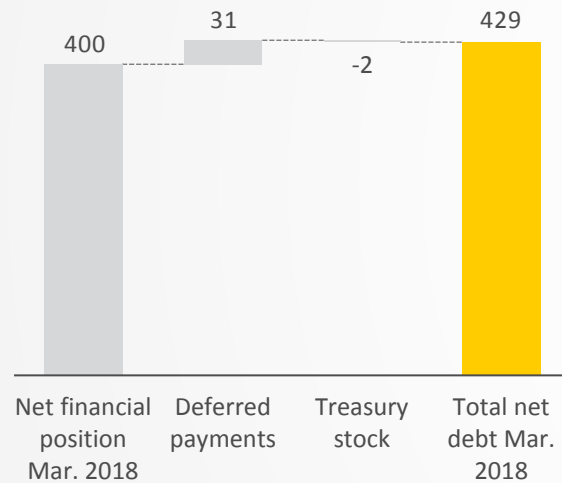
- **Capex** ~ 4.2% over sales. Higher investments in **client-oriented capex**
- **Working capital** increases due to the **calendar effect**
- **M&A investment** in LatAm
- **Brazilian Security business sold** to Prosegur for 18M€
- **Dividend payment** (second installment, 20%)

Financials

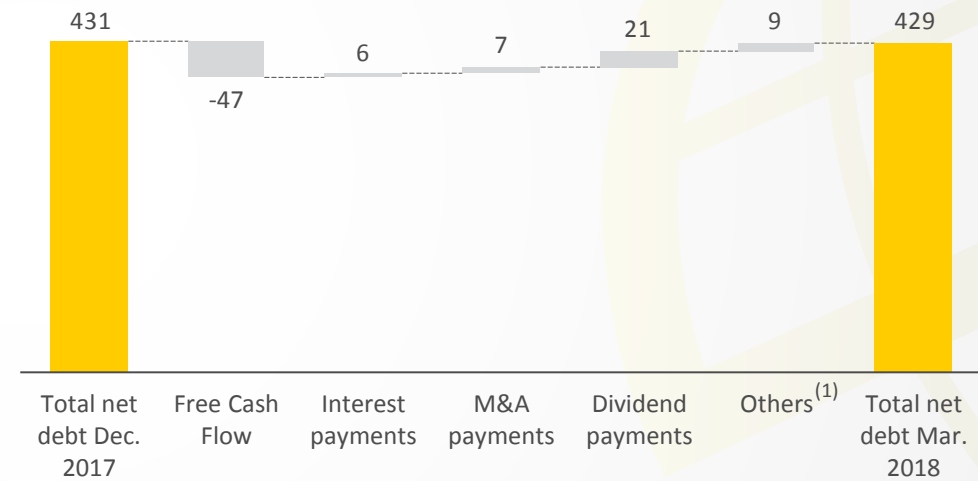
Total Net Debt

Million Euros

**Total Net Debt reconciliation
(March 2018)**



**Total Net Debt variation
(December 2017 vs March 2018)**



- **Average cost of debt** during the quarter **2.1%**
- **S&P Credit Rating** (Sept. 2017): **BBB, Stable Outlook**
- **Net debt to EBITDA ratio at 1.0x**, similar to December 2017

(1) Mainly Includes the fx rate impact, the deferred payments variation and the sale of the Brazilian security business

Financials

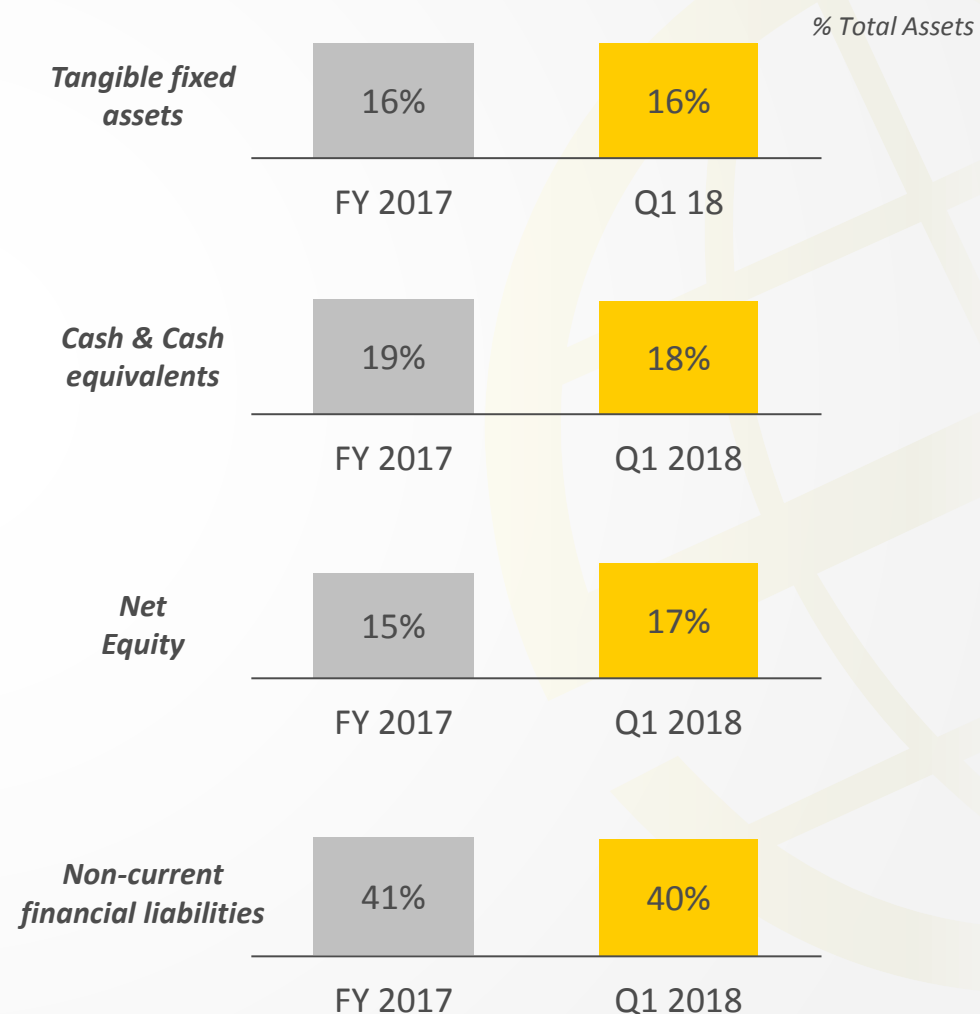
Balance Sheet

Million Euros

FY 2017 Q1 2018

	FY 2017	Q1 2018
Non-current assets	830	821
Tangible fixed assets	279	278
Intangible assets	478	466
Others	72	77
Current assets	877	891
Inventories	6	14
Trade receivables and others	508	537
Cash and cash equivalents	318	315
Non-current assets held for sale	46	24
TOTAL ASSETS	1.707	1.712
Net Equity	264	290
Non-current liabilities	851	840
Financial liabilities	697	690
Other non-current liabilities	154	150
Current liabilities	592	582
Financial liabilities	78	54
Other liabilities	488	504
Liabilities held for sale	27	24
TOTAL EQUITY AND LIABILITIES	1.707	1.712

Maintenance or reinforcement of the main captions of our Balance Sheet:



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Conclusions

Summary of the quarter

Resilient business model

Profitability improvement

The weight of new products exceeds
10% of sales

Cash generation remains solid



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Annex

Income Statement Reconciliation

<i>Million Euros</i>			<u>Trademark</u>		<u>Real Estate</u>		<u>Corporate Restruc. and Others</u>			
	Q1 2017 accounting	Q1 2018 accounting	Q1 2017 <i>not assign.</i>	Q1 2018 <i>not assign.</i>	Q1 2017 <i>not assign.</i>	Q1 2018 <i>not assign.</i>	Q1 2017 <i>not assign.</i>	Q1 2018 <i>not assign.</i>	Q1 2017 business ⁽¹⁾	Q1 2018 business ⁽¹⁾
Sales	487	450	-	-	-	-	-	-	487	450
EBITDA	196	105	-85	-	+1	-	-	-	112	105
<i>Margin</i>	40.2%	23.3%							23.0%	23.3%
Depreciation	-13	-13	-	-	-	-	-	-	-13	-13
EBITA	183	92	-85	-	+1	-	-	-	99	92
Amortization of intangibles	-4	-4	-	-	-	-	-	-	-4	-4
EBIT	179	88	-85	-	+1	-	-	-	95	88
<i>Margin</i>	36.7%	19.6%							19.5%	19.6%
Financial result	-4	6	-	-	-	-	-	-	-4	6
EBT	175	94	-85	-	+1	-	-	-	91	94
<i>Margin</i>	35.9%	20.9%							18.7%	20.9%
Taxes	-39	-32	+9	-	-	-	-	-	-30	-32
<i>Tax rate</i>	22.6%	33.6%							33.5%	33.6%
Net profit from continuing operations	135	62	-76	-	+1	-	-	-	60	62
<i>Margin</i>	27.8%	13.9%							12.4%	13.9%

(1) Business figures exclude the impact of the intercompany transactions between Prosegur Cash and Prosegur Compañía de Seguridad associated to the IPO restructuring process in 2017. 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

Legal advice

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