



**PROSEGUR COMPAÑÍA DE SEGURIDAD, S.A. AND
SUBSIDIARIES**

INTERIM FINANCIAL INFORMATION - QUARTERLY REPORT

Interim financial report for the first quarter of 2018

(Translation from the original in Spanish. In the event of discrepancy,
the Spanish language version prevails)



PROSEGUR



RESULTS OF THE JANUARY - MARCH 2018 PERIOD

Million euros			
CONSOLIDATED RESULTS	2017	2018	% Var.
Sales	1,066.7	1,007.8	-5.5%
EBITDA	130.2	133.3	2.4%
<i>Margin</i>	<i>12.2%</i>	<i>13.2%</i>	
Depreciation Property, plant and Equipment	(25.6)	(28.1)	9.8%
Amortization Intangible assets	(6.4)	(5.9)	-8.6%
EBIT	98.2	99.3	1.2%
<i>Margin</i>	<i>9.2%</i>	<i>9.9%</i>	
Financial Results	(12.9)	(0.2)	-98.7%
EBT	85.2	99.1	16.2%
<i>Margin</i>	<i>8.0%</i>	<i>9.8%</i>	
Taxes	(41.2)	(36.3)	-12.0%
Net Result	44.0	62.8	42.6%
Minority Interests	3.8	17.0	354.2%
Consolidated Net Result	40.3	45.8	13.9%
<i>Margin</i>	<i>3.8%</i>	<i>4.5%</i>	
Earnings per share (Euros per share)	0.1	0.1	13.9%

DEVELOPMENTS OF THE PERIOD

- ☉ Turnover decreased by 5.5% compared to 2017; 7.8% corresponds to pure organic growth, 0.8% to inorganic growth and the effect of exchange rate has a negative impact of 14.1%.
- ☉ EBIT increased by 1.2% compared to 2017, reaching 99.3 million euros, with a margin over sales of 9.9%.
- ☉ The consolidated net result amounted to 45.8 million euros, which represents an increase of 13.9% with respect to 2017.



INTERIM FINANCIAL REPORT (JANUARY – MARCH 2018)

(In million euros)

The corporate restructuring plan implemented over the course 2017, had an impact on EBIT of EUR 3.4 million and on tax of EUR 9.6 million. Without both these effects, the income statement for the period between January and March 2017 would be as follows:

Million euros			
CONSOLIDATED RESULTS	2017 Adjusted	2018	% Var.
Sales	1,066.7	1,007.8	-5.5%
EBITDA	133.6	133.3	-0.2%
<i>Margin</i>	12.5%	13.2%	
Depreciation of Property, Plant and Equipment	(25.6)	(28.1)	9.8%
Amortization of Intangible Assets	(6.4)	(5.9)	-8.6%
EBIT	101.6	99.3	-2.2%
<i>Margin</i>	9.5%	9.9%	
Financial Results	(12.9)	(0.2)	-98.7%
EBT	88.6	99.1	11.8%
<i>Margin</i>	8.3%	9.8%	
Taxes	(31.6)	(36.3)	14.8%
Net Result	57.0	62.8	10.1%
Minority Interests	3.8	17.0	354.2%
Consolidated Net Result	53.3	45.8	-14.0%
<i>Margin</i>	5.0%	4.5%	
Earnings per share (Euros per share)	0.1	0.1	-14.0%



1. EVOLUTION OF THE BUSINESSES

The evolution of the most significant items in the consolidated income statement for the period from January to March of the 2018 and 2017 financial years is detailed below:

a) Sales

Prosegur's sales from January to March 2018 amounted to 1,007.8 million euros, which represents a decrease of 5.5% from the 1,066.7 million euros registered in the same period in 2017. 7.8% of total growth corresponds to pure organic growth, 0.8% corresponds to inorganic growth associated to the acquisitions and sales that have taken place during 2017 and 2018 and the effect of the exchange rate has represented a decrease of 14.1%.

The following most relevant aspects related to the consolidation perimeter of Prosegur have an impact on the variation of the sales figure in terms of inorganic growth:

- In Australia, the company Cash Services Australia Pty Limited, was incorporated into the consolidation perimeter in February 2017. Turnover contributed in the January 2018 period amounted to 0.5 million euros.
- In South Africa, the client portfolio acquired from CSS Tactical Proprietary Limited was incorporated into the consolidation perimeter in March 2017. The turnover reported in the January-February 2018 period amounted to 1.1 million euros.
- In Spain, the companies of the Grupo Contesta were incorporated into the consolidation perimeter in September 2017. The turnover reported in the January-March 2018 period amounted to 4.4 million euros.
- In Paraguay, various assets acquired to Omni S.A. were incorporated into the consolidation perimeter in December 2017. The turnover reported in the January-March 2018 period has amounted to 0.7 million euros.



The following table shows the distribution of sales by business line:

Million euros			
Sales	Prosegur Total		
	<u>2017</u>	<u>2018</u>	<u>% Var.</u>
Security	519.4	493.5	-5.0%
<i>% of total</i>	<i>48.7%</i>	<i>49.0%</i>	
Cash	486.5	449.5	-7.6%
<i>% of total</i>	<i>45.6%</i>	<i>44.6%</i>	
Alarms	60.7	64.8	6.8%
<i>% of total</i>	<i>5.7%</i>	<i>6.4%</i>	
Total sales	1,066.7	1,007.8	-5.5%

With regard to sales distribution by business line in the January-March 2018 period, sales of the Security business amounted to 493.5 million euros which represents a decrease of 5.0% compared to the same period of the previous financial year. Sales of Cash dropped by 7.6% to 449.5 million euros. Sales of Alarms stood at 64.8 million euros, increasing by 6.8%.

b) Operating results

The net operating income (EBIT) of the January- March 2018 period amounted to 99.3 million euros, while in the same period of 2017 was 98.2 million euros, which represents an increase of 1.2%. The EBIT sales margin in the January-March 2018 period stood at 9.9%, while the margin of the previous period was 9.2%. Isolating the effect of the company's restructuring, which ended in 2017, the EBIT margin over sales in the January-March 2017 period stood at 9.5%. This growth reflects the structural improvement of the security activity in Brazil, as well as the increase in sales of the higher margin new solutions in all business lines.

c) Financial results

Prosegur's net financial expenses for the January - March 2018 period stood at 0.2 million euros compared to 12.9 million euros in the same period of 2017, representing a decrease of 12.7 million euros. The main variations in financial expenses are the following:

- Net financial expenses for interest in the January - March 2018 period were 9.9 million euros, compared to 13.0 million euros in 2017, which represents a decrease of 3.1 million euros, mainly due to the impact in 2017 of the early cancellation of the syndicated loan and the reduction of debt in subsidiaries with a higher cost in 2018.



- Net financial income from exchange differences amounted to 9.7 million euros in the January - March 2018 period compared to net financial income from exchange differences in 2017 which amounted to 0.1 million euros, which means an increase of 9.6 million euros, as a result of the differences arising from transactions in foreign currency other than the functional currency of each country, mainly in Argentina.

Net results

The consolidated net result in the January - March 2018 period amounted to 45.8 million euros compared to 40.3 million euros in the same period of 2017, which represents an increase of 13.9%.

The effective tax rate stood at 36.6% in the first quarter of 2018, compared to 48.4% in the first quarter of 2017, which represents a decrease of 11.8 percentage points due to the corporate restructuring that the Company concluded in 2017. The total cost recorded for this concept in the first quarter of 2017 amounted to 9.6 million euros. If we isolate this effect, the effective tax rate stood at 35.7% in the first quarter of 2017 compared to 36.6% in the first quarter of 2018, remaining stable with respect to the previous year.

2. SIGNIFICANT EVENTS AND TRANSACTIONS

Significant events

In January 2018, Invesco Limited has reduced its stake on the Company to less than 1% of Prosegur's total outstanding shares.

On February 8, 2018, Prosegur issued simple bonds for a nominal amount of 700 million euros and final maturity on 8 February 2023. The bonds are listed on an official organized secondary market, the Irish Stock Exchange. The bonds accrue an annual coupon of 1.00% payable yearly in arrears.

Subsequent events

On 2 April 2018, simple bonds issued on 2 April 2013 for 500 million euros have been settled upon maturity.



3. CONSOLIDATED FINANCIAL INFORMATION

The consolidated financial information has been drawn up in accordance with the International Financial Reporting Standards (IFRS) applicable on March 31, 2018. These accounting principles have been applied in the 2018 and 2017 financial periods.

These financial statements have been drawn up in accordance with IFRS 9 and IFRS 15, on 1 January 2018.

The only identified impact associated with IFRS 9 is a new model for calculating the impairment of financial assets, changing the calculation method to the expected credit loss over the life of the asset.

With respect to IFRS 15, an asset has been recognized for the incremental costs of obtaining a contract, Incremental cost of obtaining a contract, and it has been charged in the income statement to the same extent in which income related with the asset has varied.



Million euros		
CONSOLIDATED BALANCE SHEET	31/12/2017	31/03/2018
Non current assets	1,480.6	1,516.4
Property, plant and equipment	587.0	637.5
Goodwill	520.4	516.2
Intangible assets	245.0	231.8
Investments in associates	29.8	29.6
Non current financial assets	12.1	11.5
Other non current assets	86.3	89.7
Current assets	2,343.0	2,832.0
Inventories	70.7	71.7
Debtors	1,100.1	1,117.1
Non current assets held for sale	51.0	45.7
Treasury and other financial assets	1,121.2	1,597.5
ASSETS	3,823.6	4,348.4
Equity	1,143.4	1,156.5
Share capital	37.0	37.0
Treasury shares	(53.1)	(53.1)
Retained earnings and other reserves	1,085.1	1,091.6
Minority interests	74.4	81.0
Non-Current Liabilities	947.7	1,659.3
Debts with credit institutions and other financial liabilities	717.3	1,401.7
Other non-current liabilities	230.4	257.6
Current Liabilities	1,732.5	1,532.6
Debts with credit institutions and other financial liabilities	701.0	589.1
Trade and other payables	987.4	898.0
Other current liabilities	44.1	45.5
EQUITY AND LIABILITIES	3,823.6	4,348.4



The main changes in the items of the consolidated balance sheet as of 31 March 2018 with respect to the end of 2017 are summarized below:

a) Property, plant and equipment

Investments in property, plant and equipment during the January - March 2018 period amounted to 40.6 million euros. In accordance with IFRS 15, an asset has been recognized for those costs that are incremental for obtaining a contract.

b) Goodwill

During the first quarter of 2018, impairment losses on goodwill have not been recognized.

c) Equity

Equity variations during the January to March 2018 period are attributable to the net result for the period, the evolution of reserves due to cumulative translation differences and the impacts associated with the application of IFRS 9 and IFRS 15.

d) Net debt

Prosegur calculates net debt as total debt with credit institutions (including current and non-current borrowings), less cash and cash equivalents, and less other current financial assets.

Net debt as of 31 March 2018 stood at 349.6 million euros, which represents an increase of 97.8 million euros since 31 December 2017 (251.8 million euros). The increase in net debt is explained by the decline in cash flow due to the spin-off of the security business in Brazil on 31 December 2017.

As of March 31, 2018, the ratio of total net debt to annualized EBITDA was 0.7 and the ratio of total net debt to equity stood at 0.3.

As of 31 March 2018, financial liabilities correspond mainly to:

- Straight bond issue amounting to 514 million euros (including interest) maturing in April 2018.
- Straight bond issue amounting to 694 million euros (including interest) maturing in February 2023.
- Straight bond issue made by the subsidiary Prosegur Cash S.A. amounting to 594 million euros (including interest) maturing in February 2026.



- 272 million South African rand (18.6 million euros) 4-year loan with bullet repayment to finance part of the acquisition of SBV Services Proprietary Limited.
- In April 2017, Prosegur, through its subsidiary company Prosegur Australia PTY Limited, entered into a 70 million Australian dollars syndicated financing facility with a three-year maturity period.

Below is the total net cash flow generated in the January – March 2018 period;

Million euros	
CONSOLIDATED CASH FLOW	31/03/2018
EBITDA	133.3
Adjustments to profit or loss	(15.4)
Income tax	(17.8)
Change in working capital	(86.4)
Interest payments	(8.0)
OPERATING CASH FLOW	5.7
Acquisition of Property, plant and equipment	(40.6)
Payments acquisition of subsidiaries	(0.7)
Dividend payments	(46.6)
Other payments/collections	(2.2)
CASH FLOW FROM INVESTMENT / FINANCING	(90.1)
TOTAL NET CASH FLOW	(84.4)
INITIAL NET DEBT (31/12/2017)	(251.8)
Net (Decrease) / Increase in treasury	(84.4)
Exchange rate effect	(13.4)
NET DEBT AT THE END OF Q1 (31/03/2018)	(349.6)



4. ALTERNATIVE PERFORMANCE MEASURES

In order to comply with the ESMA Guidelines on APM's, Prosegur presents this additional information to improve the comparability, reliability and comprehensibility of its financial information. The Company presents its results in accordance with the generally accepted accounting standards (IFRS), however, the Company's Management considers that certain Alternative Performance Measures provide useful additional information that should be taken into consideration when evaluating the Company's performance. The Company's Management also uses these APM's to make financial, operational and planning decisions, and to evaluate the performance of the Company. Prosegur provides the APM's it considers relevant to the decision-making needs of users and firmly believes that they provide a true picture of its financial information.



APM	Definition and calculation	Purpose
Working capital	A financial measure showing the Group's operational liquidity. Working capital is calculated as current assets less current liabilities, plus deferred tax assets less deferred tax liabilities, less non-current provisions.	Positive working capital is needed to ensure that a company is able to continue operating and has sufficient funds with which to meet its current debt obligations and imminent operating expenses. The management of working capital requires the Group to control inventories, accounts receivable and payable and cash.
EBIT Margin	EBIT Margin is calculated as results from operating activities divided by total revenue.	EBIT margin provides a view of the company's operating results in comparison with the total revenue.
Adjusted EBIT Margin	Adjusted EBIT Margin is calculated as results from operating activities, after eliminating the results that can not be assigned to any segment, divided by total revenue.	Adjusted EBIT Margin provides a view of the company's operating pure results in comparison with the accrued revenue.
Organic Growth	Organic Growth is calculated as the increase or decrease in revenue between two periods adjusted for acquisition and divestitures and changes in exchange rate.	Organic Growth provides a view of the company's organic revenue growth.
Inorganic Growth	Company calculates Inorganic growth for a given period as the aggregation of all the revenues from all the acquired entities during the last 12 months.	Inorganic Growth provides a view of the company's increase or decrease of revenue due to M&A or Sales variations.
Effect of exchange rate fluctuations	The Group calculates the Effect of exchange rate fluctuations as the different of Revenues for the current year less revenues for the current year at exchange rates of previous year.	The Effect of exchange rate fluctuations provides the impact of the currencies in the company's revenues.
Cash Flow Conversion	The Group calculates Cash Flow Conversion Rate as the ratio between EBITDA minus capital expenditures over EBITDA.	Cash Flow Conversion provides the capacity of cash generation of the company.
Net Financial Debt	The Group calculates Net Financial Debt as the sum of current and non-current financial liabilities (including other non-bank payables corresponding to deferred payments for M&A acquisitions and financial liabilities with Group companies) less cash and cash equivalents, less current investments in group companies, less other current financial assets.	Net Financial Debt provides the absolute figure of the Groups level of debt.
EBITA	EBITA is calculated on the Group's Consolidated profit for the year without factoring in loss from discontinued operation net of tax, income tax expenses, net finance income or cost and amortisation of goodwill or of intangible assets, but including amortisation of software.	EBITA provides a view of the company's earnings before interest, taxes and amortisation of goodwill or of intangible assets.
EBITDA	EBITDA is calculated on the Group's Consolidated profit without factoring in loss from discontinued operations net of tax, income tax expenses, net finance income or cost and any depreciation or amortisation of goodwill.	EBITDA provides an accurate view of what a company is earning or losing from its business. EBITDA excludes non-cash variables, which can vary significantly from one company to another, depending on the accounting policies applied. Depreciation and amortisation are non-monetary variables and are therefore of limited interest to investors.



Working Capital (Million Euros)	31.03.2018	31.12.2017
Non-Current Assets held-for-sale	45.7	51.0
Inventories	71.7	70.7
Trade and other receivables	958.7	941.6
Current tax assets	158.4	158.5
Cash and cash equivalents	1,107.2	630.9
Other current financial assets	490.3	490.3
Deferred tax assets	89.7	86.3
Trade and other payables	(745.7)	(850.7)
Current tax liabilities	(140.1)	(122.3)
Current financial liabilities	(589.1)	(701.0)
Other current liabilities	(45.5)	(44.1)
Deferred tax liabilities	(36.3)	(30.8)
Provisions	(207.8)	(214.1)
Total Working Capital	1,157.2	466.3

Adjusted EBIT Margin (Million Euros)	31.03.2018	31.03.2017
EBIT	99.3	98.2
plus: items not assigned	-	3.4
Adjusted EBIT	99.3	101.6
Revenues	1,007.8	1,066.7
Adjusted EBIT Margin	9.9%	9.5%

Organic Growth (Million Euros)	31.03.2018	31.03.2017
Revenues for current year	1,007.8	1,066.7
Less: Revenues for the previous year	1,066.7	897.4
Less: Inorganic Growth	8.2	2.5
Effect of exchange rate fluctuations	(150.5)	55.0
Total Organic Growth	83.4	111.8

Inorganic Growth (Million Euros)	31.03.2018	31.03.2017
Procesos Tecnicos de Seguridad y Valores	-	1.4
Toll+CSA	0.5	3.8
Grupo Contesta	4.4	-
CSS Tactical Proprietary Limited	1.1	-
Omni S.A.	0.7	-
Others	1.5	(2.7)
Total Inorganic Growth	8.2	2.5

Effect of exchange rate fluctuations (Million Euros)	31.03.2018	31.03.2017
Revenues for current year	1,007.8	1,066.7
Less: Revenues for the current year at exchange rates of previous year	1,158.3	1,011.7
Effect of exchange rate fluctuations	(150.5)	55.0



Cash Flow Conversion Rate (Million Euros)	31.03.2018	31.12.2017
EBITDA	133.3	130.2
Less: items not assigned	-	3.4
Adjusted EBITDA	133.3	133.6
CAPEX	40.6	43.8
Cash Flow Conversion Rate (adjusted EBITDA - CAPEX / adjusted EBITDA)	70%	67%

Net Financial Debt (Million Euros)	31.03.2018	31.12.2017
Financial liabilities	1,990.8	1,418.4
<i>Less: not assigned financial liabilities</i>	-	-
Adjusted financial liabilities (A)	1,990.8	1,418.4
Not assigned financial liabilities with group companies (B)	-	-
Cash and cash equivalents	(1,107.2)	(630.9)
<i>Less: not assigned cash and cash equivalents</i>	-	-
Less: adjusted cash and cash equivalents (C)	(1,107.2)	(630.9)
Less: not assigned current investments in group companies (D)	-	-
Less: other financial current assets (E)	(490.3)	(490.3)
Total Net Financial Debt (A+B+C+D+E)	393.3	297.2
Less: other non-bank payables (F)	(43.7)	(45.4)
Total Net Financial Debt (excluding other non-bank payables corresponding to deferred payments for M&A acquisitions) (A+B+C+D+E+F)	349.6	251.8

EBITA (Million Euros)	31.03.2018	31.03.2017
Consolidated profit for the year	45.8	40.3
Minority interests	17.0	3.8
Income tax expenses	36.3	41.2
Net finance costs	0.2	12.9
Amortizations	5.9	6.4
EBITA	105.2	104.6

EBITDA (Million Euros)	31.03.2018	31.03.2017
Consolidated profit for the year	45.8	40.3
Minority interests	17.0	3.8
Income tax expenses	36.3	41.2
Net finance costs	0.2	12.9
Depreciation and amortization	34.0	32.0
EBITDA	133.3	130.2