



PROSEGUR
CASH



9M 2017
Results

Cash in the media

Sweden on the way to becoming an economy without cash (and its consequences)

BBC World tells the dynamics of the use of cash in the Nordic country, without letting go the worry that generates that large segments of the population are left behind in this transition.

There are close to a million people who can not deal with cards: the elderly, the ex-convicts, the tourists, the immigrants. The banks do not care; because (these groups) are not profitable.

[Source: BBC](#)

Another major cyber attack highlights the risks of cashless society

The firm, Equifax, based in Atlanta, manages information of about 820 million people around the world, and on September 7 recognized that between May and July had suffered a computer attack that could have exposed data of 143 million people.

The data accessed by the cyber pirates included credit card numbers of 209,000 consumers and personal information documents of 182,000 individuals. This event, in addition to causing the resignation of its president, comes to demonstrate the dangers of having the economy digitized in its entirety.

[Source: El Pais](#)

The costs of demonetization in India

The country's largest lender State Bank of India (SBI) has said in a research report that banks stand to lose Rs 3,800 crore annually due to the investment in card-swipe machines as costs outstrip revenues.

The key reason behind the loss is that average monthly transactions in a point of sale (PoS) terminal continues to be around 150 per month, while the transaction charges on debit cards have been reduced sharply.

[Source: The Times of India](#)

Cash only, in Puerto Rico

Cash is the only means of payment that remains in force after the tragedy of Hurricane Maria.

With energy and communication failures still widespread after nine days of Hurricane Maria, much of Puerto Rico has become a "cash-only" zone. Those who desperately need to buy food, gas and ice can not use their credit cards or pay through their mobile applications.

[Source: New York Times](#)

Highlights of the period

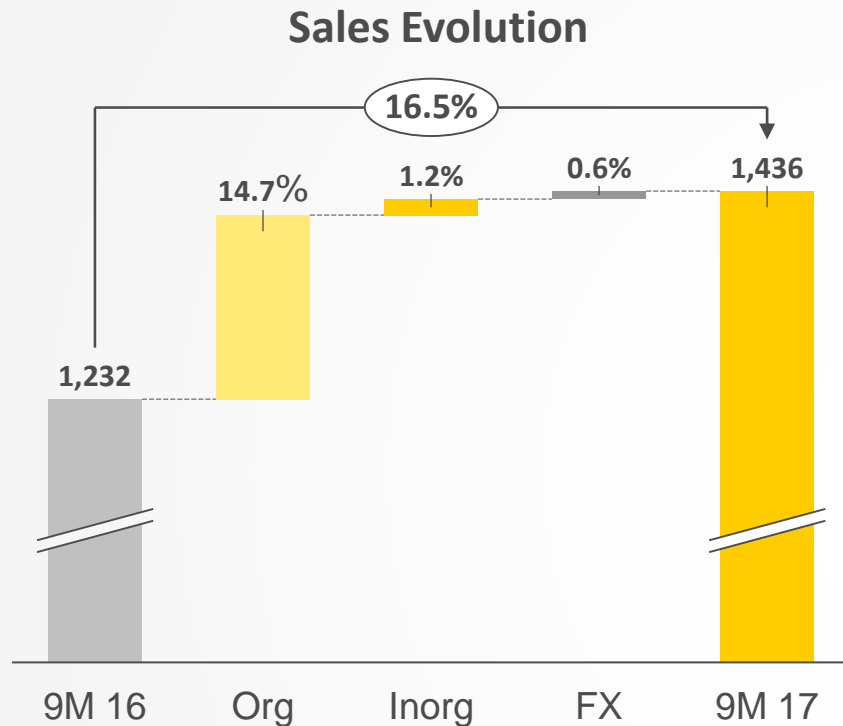
- ✓ Sales grew 16.5% (**14.7% organic**)
- ✓ New products accounting for **8.4%** of sales and continuing to grow
- ✓ EBIT margin improving, both in absolute and relative terms
- ✓ Free Cash Flow generation of **138 M€ ***

* Free Cash Flow = EBITDA – Provisions – Taxes – Working Capital Variation - Capex



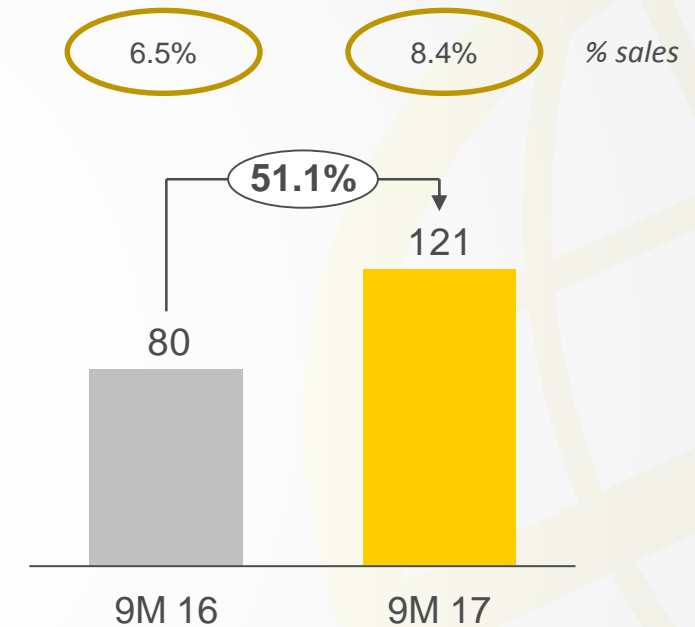
Consolidated growth

Million Euros



- **Strong organic growth** despite negative impacts of France and Australia
- **Selective M&A.** We closed the acquisition of **Contesta in Spain**, reinforcing our position in AVOS
- **Currency effect** practically **non-existent**

New Products Evolution



- **New products continue to develop at a good pace** gaining weight amongst our sales mix

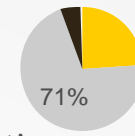
M&A Activity Update



On September the 20th, Prosegur CASH announced the acquisition of **CONTESTA**

- **650** employees and c. **turnover of 14 Mn €**
- Carries out **AVOS activities in the front-office area**, complementing the existing platform
- Specialised in the **insurance sector**

- Including Contesta, **4 acquisitions** have been made during the year, **valued at c. 35 Mn €**

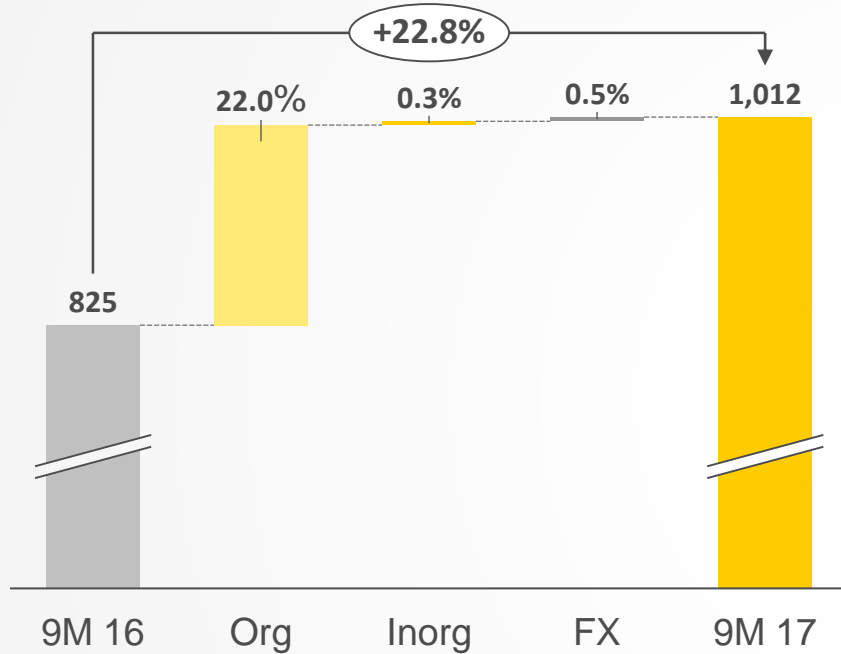


LatAm

% over total sales 9M 17

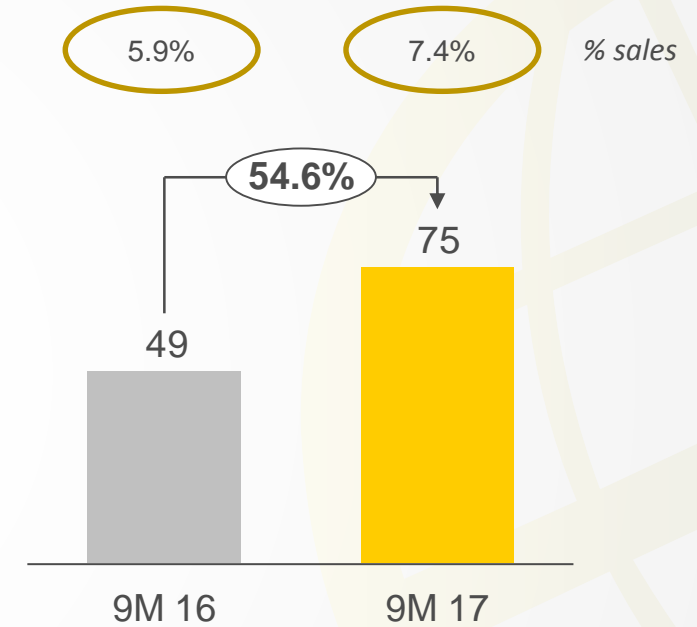
Million Euros

Sales Evolution



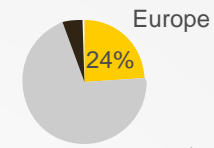
- Organic growth without any extraordinary items
- Currency effect practically negligible

New Products Evolution



- New products continue to grow, supported by the retail automation

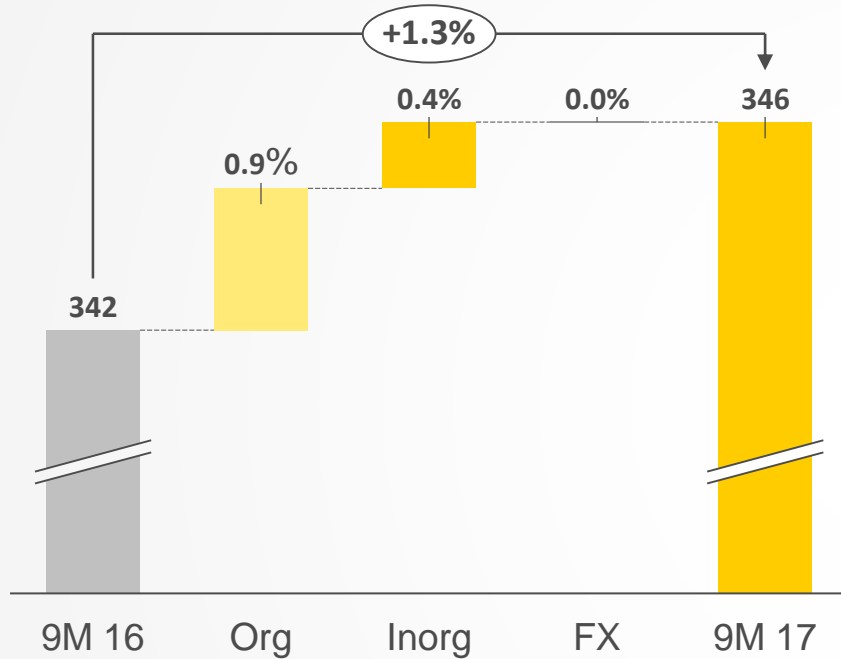
EUROPE Growth



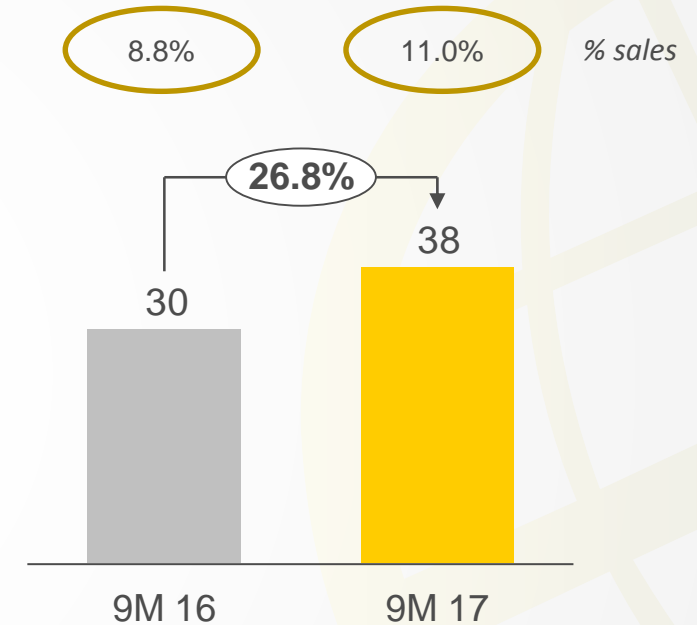
% over total sales 9M 17

Million Euros

Sales Evolution

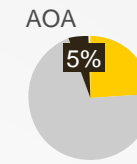


New Product Evolution



- **Organic growth in line** with the rest of the year
- Difficult situation in the **French** market
- **Acquisition of Contesta in Spain closed.** Complements organic growth and supports AVOS operations

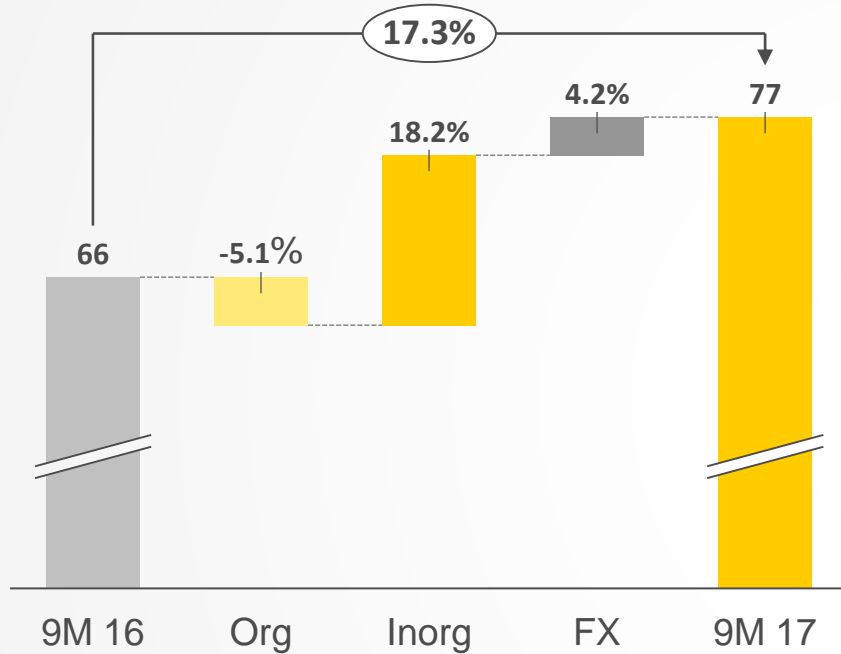
- **New products** continue to grow thanks to the development of the **AVOS** segment



% over total sales 9M 17

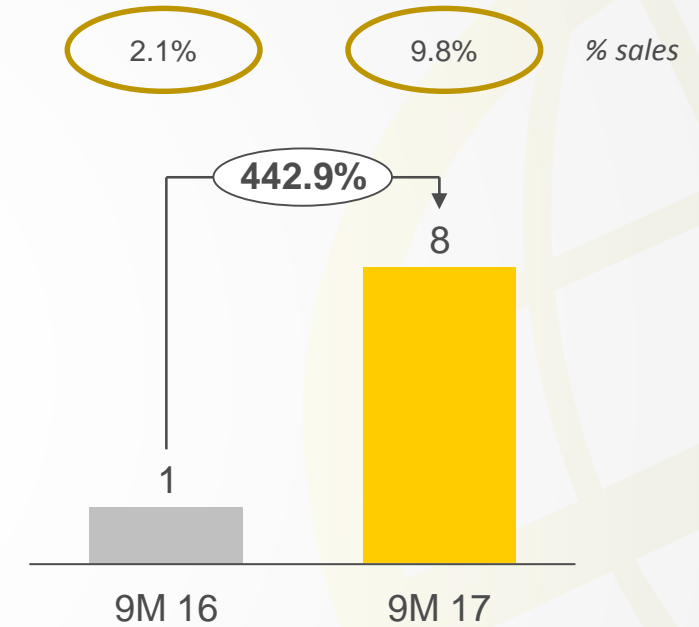
Million Euros

Sales Evolution



- **Highly competitive market**, in line with previous quarters
- Positive **M&A** contribution
- Positive, but **decelerating**, currency effect

New Products Evolution



- **New products** are showing a positive performance in **ATMs, International Transport and Retail Automation**

P&L Evolution

Million Euros	9M 2016 business ⁽¹⁾	9M 2017 business ⁽¹⁾	% VAR
Sales	1,232	1,436	+17%
EBITDA	255	305	+20%
<i>Margin</i>	20.7%	21.3%	
Depreciation	-34	-38	+11%
EBITA	220	267	+21%
Amortization of intangibles	-11	-12	+13%
EBIT	210	255	+22%
<i>Margin</i>	17.0%	17.8%	
Financial result	-16	3	-119%
EBT	194	258	+33%
<i>Margin</i>	15.7%	18.0%	
Taxes	-70	-88	+27%
<i>Tax rate</i>	35.9%	34.1%	
Net profit from continuing operations	124	170	+37%
<i>Margin</i>	10,1%	11,8%	

- **Growth in sales and EBIT still at double digit** even without the positive exchange-rate effect of the first semester
- **Q3 EBIT margin back to normal.** Without the effect of extraordinary items, it maintains a **similar profitability to last year**, despite:
 - Deterioration in **France and Australia**
 - **Commercial expenditures for new products**
 - **M&A integration costs**
 - **Optimization measures** in some LATAM countries
- Financial results continue to be positive due to **gains** arising from **foreign currency transactions**

(1) Business figures exclude the impact of the intercompany transactions between Prosegur Cash and Prosegur Compañía de Seguridad associated to the IPO restructuring process, basically the sale of certain Licensed Trademarks and some real estate assets in Argentina (see annex for reconciliation between accounting and business)

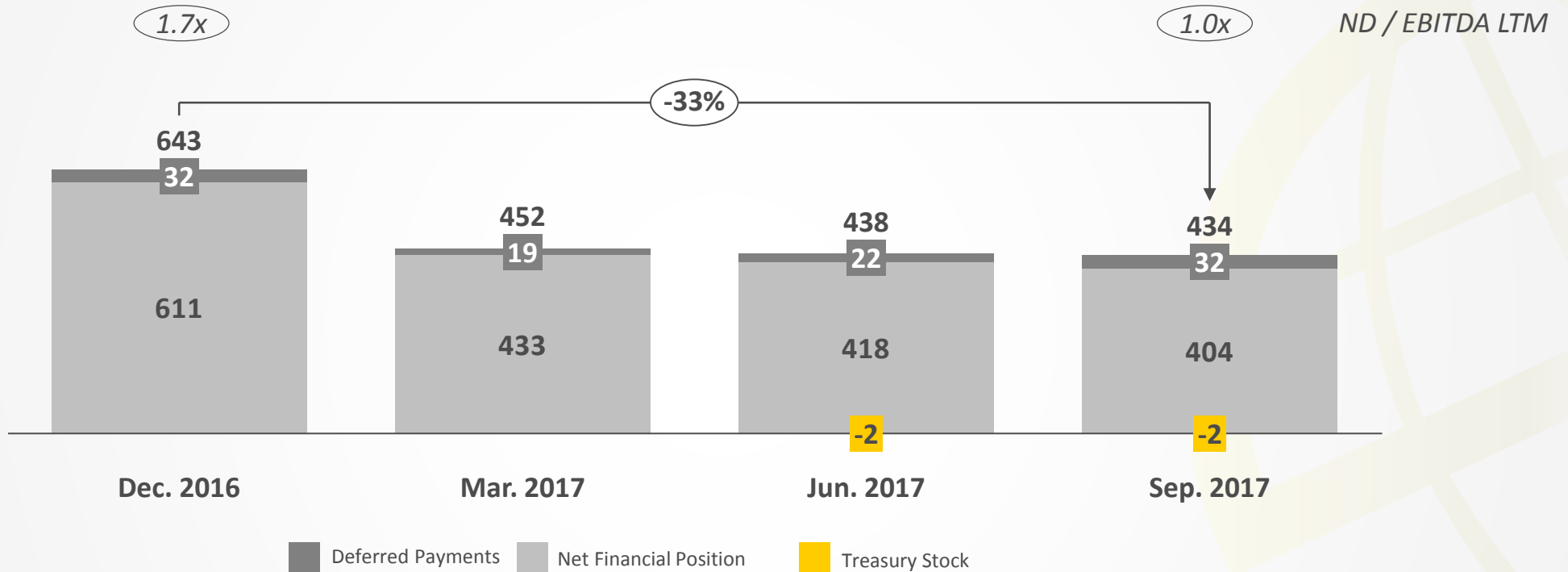
Cash Flow Evolution

Million Euros	9M 2017
EBITDA (business)	305
Provisions and other non cash items	12
Income tax	(99)
Acquisition of property, plant and equipment	(71)
Working capital variation	(10)
Free Cash Flow	138
Interest payments	(12)
Payments for acquisitions of subsidiaries	(43)
Trademark sale	85
Other cash flows from investment and financing activities	52
Total Net Cash Flow	220
Initial net financial position (Dec. 2016)	611
Net increase / (decrease) in cash	220
Exchange rate	(12)
Final net financial position (Sep. 2017)	404

- Capex affected by **security investments**
- **Working capital under control** and in line with typical business seasonality

Total Net Debt Evolution

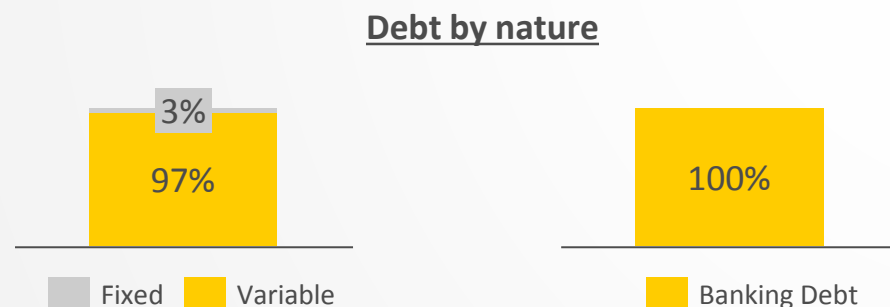
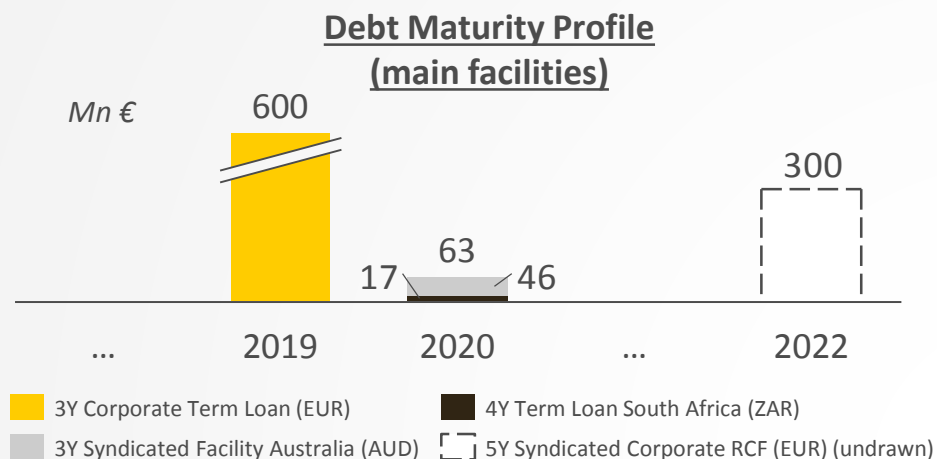
Million Euros



- **Net debt reduction** close to 210 Mn €
- **Average cost of debt** for the period **1.8%**

Capital Structure

Potential access to debt capital markets



Key Considerations

- A** Extending the average maturity of our debt, benefiting from long-term investor demand
- B** Ensuring an **attractive fixed rate cost** of debt
- C** **Diversifying sources of financing** freeing up bank credit (greater flexibility)

- Rating confirmation from S&P in **September 2017** (BBB, Stable Outlook)

Balance Sheet Evolution

Million Euros

FY 2016 9M 2017

	FY 2016	9M 2017
Non-current assets	878	857
Tangible fixed assets	266	275
Intangible assets	491	484
Others	121	99
Current assets	1,057	1,005
Inventories	7	7
Trade receivables and others	594	496
Cash and cash equivalents	189	339
Non-current assets held for sale	267	163
TOTAL ASSETS	1,935	1,863
Equity	186	330
Non-current liabilities	839	874
Financial liabilities	635	673
Other non-current liabilities	204	200
Current liabilities	911	659
Financial liabilities	87	78
Other liabilities	639	426
Liabilities held for sale	185	155
TOTAL EQUITY AND LIABILITIES	1,935	1,863

- Close to **340 M€ in Cash**
- **Improving our equity position**

Conclusions

- ✓ **Excellent year** in terms of **growth**
 - **One-off effects** during the first half
 - **Neutral currency effect** on a cumulative basis
- ✓ **New products** maintaining their **positive momentum**
- ✓ **Profitability improvement**, both in absolute and percentage terms
- ✓ Committed to maintain our **financial discipline** and our **cash flow generation**





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Annex

Income Statement Reconciliation

Million Euros			<u>Trademark</u>		<u>Real Estate</u>		<u>Other</u>			
	9M 2016 accounting	9M 2017 accounting	9M 2016 not assign.	9M 2017 not assign.	9M 2016 not assign.	9M 2017 not assign.	9M 2016 not assign.	9M 2017 not assign.	9M 2016 business ⁽¹⁾	9M 2017 business ⁽¹⁾
Sales	1,232	1,436	-	-	-	-	-	-	1,232	1,436
EBITDA	312	390	-11	-85	-47	+0	-	-	255	305
<i>Margin</i>	25.3%	27.2%							20.7%	21.3%
Depreciation	-34	-38	-	-	-	-	-	-	-34	-38
EBITA	278	352	-11	-85	-47	+0	-	-	220	267
Amortization of intangibles	-11	-12							-11	-12
EBIT	267	340	-11	-85	-47	+0	-	-	210	255
<i>Margin</i>	21.7%	23.7%							17.0%	17.8%
Financial result	-1	3	-	-	-	-	-15	-	-16	3
EBT	267	343	-11	-85	-47	+0	-15	-	194	258
<i>Margin</i>	21.6%	23.9%							15.7%	18.0%
Taxes	-93	-97	+3	+9	+16	0	+5	-	-70	-88
<i>Tax rate</i>	35.0%	28.3%							35.9%	34.1%
Net profit from continuing operations	173	246	-8	-76	-31	+0	-10	-	124	170
<i>Margin</i>	14.1%	17.1%							10.1%	11.8%

(1) Business figures exclude the impact of the intercompany transactions between Prosegur Cash and Prosegur Compañía de Seguridad associated to the IPO restructuring process, basically the sale of certain Licensed Trademarks and some real estate assets in Argentina

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