

# **PROSEGUR**

## **FY 2018 Results Presentation**



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# Highlights of the Period

## Sustained Growth

- Total revenues **€3,939 million**
- Growth in local currency terms: **8%**
- **Inorganic growth** in all three business lines



## Cash

- **Strong resilience** of the business against adverse FX
- **High growth** in local currency terms
- Increased penetration of the **New Solutions**



## Macro Impact

- Results in Euros affected by **strong devaluation of main currencies**
- Argentina **IAS 21&29**



## Security

- **Strong growth** in Spain
- **Brazil recovery** slowed down due to elections
- Operations initiated in the **US**



## Excellent Cash Flow

- **Increased operating cash flow** vs. 2017 reaching an EBITDA to cash conversion ratio **above 75%**



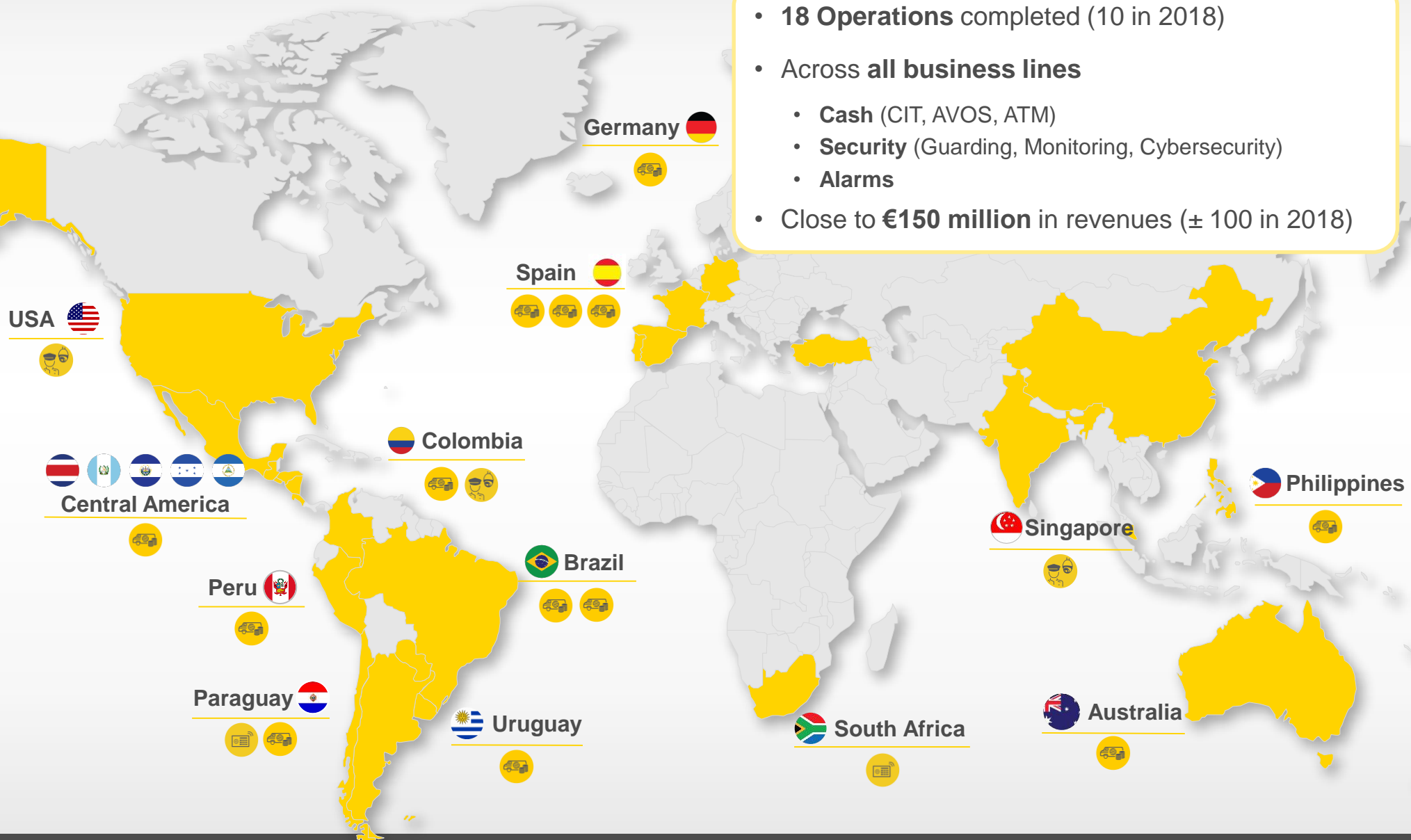
## Alarms

- Focus on customer quality and **churn rate reduction**
- **Growth exceeding industry average**
- Operations initiated in **Turkey**



## Recent M&A

- **18 Operations** completed (10 in 2018)
- Across **all business lines**
  - **Cash** (CIT, AVOS, ATM)
  - **Security** (Guarding, Monitoring, Cybersecurity)
  - **Alarms**
- Close to **€150 million** in revenues ( $\pm 100$  in 2018)



# US Market Entry



- Guarding
- Monitoring / Technology
- Systems Integrator
- Cybersecurity

- Activity initiated in **December 2018**
- **Acquisition** of a group of companies with **high specialization** in their respective service offerings
- Creation of a “Pure Player” in **Enterprise Risk Security**
- Focus on **Integrated and Advanced Security Solutions**
- **Relevant presence** in regions with the highest **growth potential**
- Strategy based on both **organic and inorganic growth**

Consolidated Results	FY 2017 <sup>(1)</sup>	FY 2018 <sup>(2)</sup>	% Variation
<i>In millions of Euros</i>			
<b>Sales</b>	4,291	<b>3,939</b>	(8.2)%
<b>EBITDA</b>	<b>522</b>	<b>456</b>	(12.6)%
<i>Margin</i>	12.2%	11.6%	
Depreciation	(104)	(129)	
<b>EBITA</b>	<b>417</b>	<b>327</b>	(21.7)%
<i>Margin</i>	9.7%	8.3%	
Amortisation of intangibles and others	(25)	(26)	
<b>EBIT</b>	<b>392</b>	<b>301</b>	(23.2)%
<i>Margin</i>	9.1%	7.7%	
Financial Result	(45)	(21)	
<b>Profit before Taxes</b>	<b>347</b>	<b>280</b>	(19.4)%
<i>Margin</i>	8.1%	7.1%	
Taxes	(127)	(100)	
<i>Tax rate</i>	36.6%	35.7%	
<b>Net profit</b>	<b>220</b>	<b>180</b>	(18.3)%
Minority Interests	48	48	
<b>Net Consolidated Profit</b>	<b>172</b>	<b>132</b>	(23.2)%
<b>Earnings per share (Euros per share)</b>	<b>0.3</b>	<b>0.2</b>	



**8% growth in local currency**

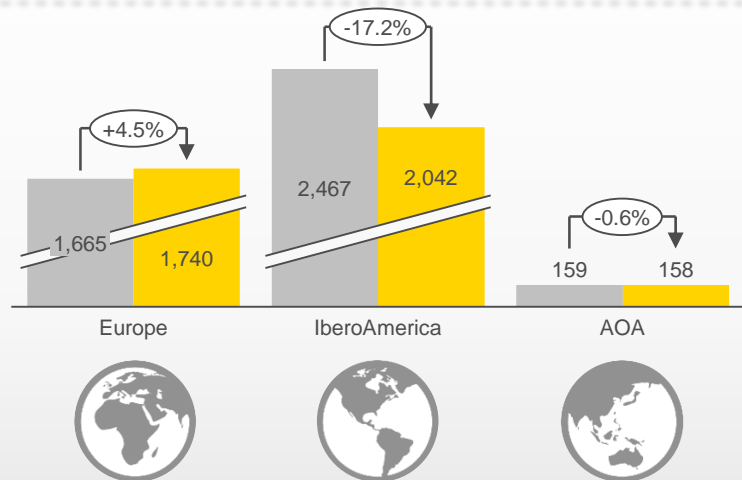
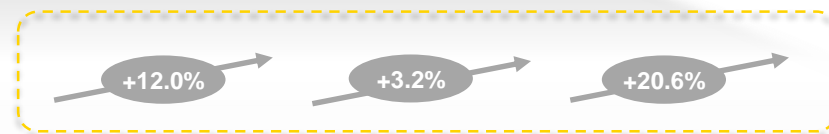
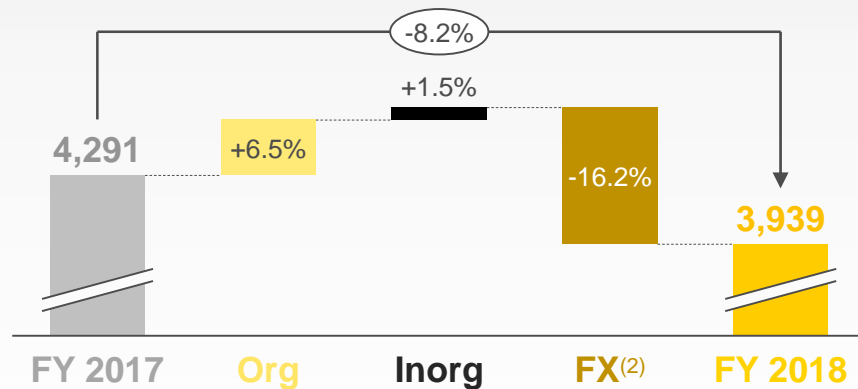


**EBIT decrease in Euro-terms** mainly explained by application of **IAS 21&29** and **adverse macro environment**

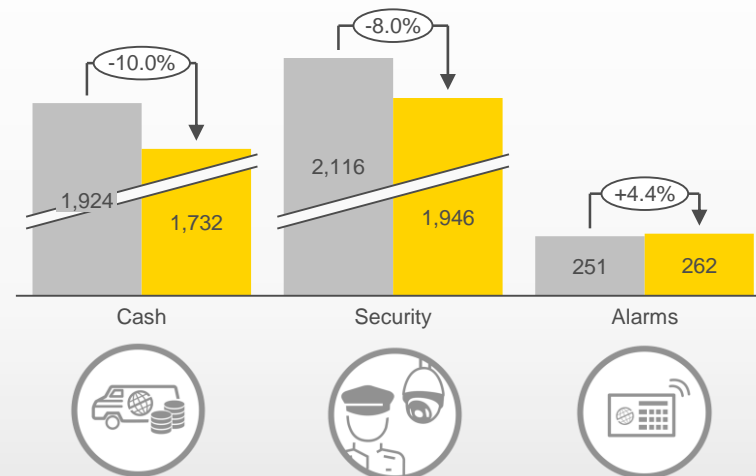
# Consolidated Revenues by Region and Business Line

In millions of Euros

Growth in Local Currency<sup>(1)</sup>  
 Growth in Euros



■ FY 2017  
■ FY 2018

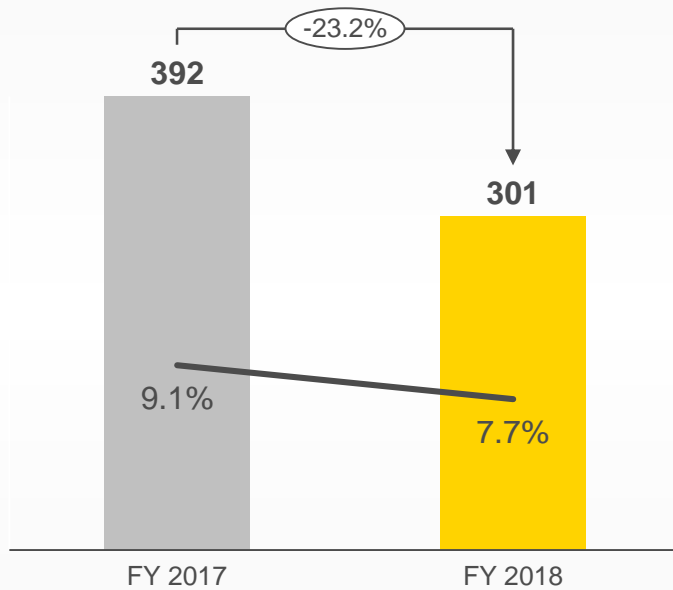


<sup>(1)</sup> Includes organic growth and growth from acquisitions. <sup>(2)</sup> Includes exchange rate effect and IAS 21 & 29.

# Consolidated EBIT and Cash Flow Generation

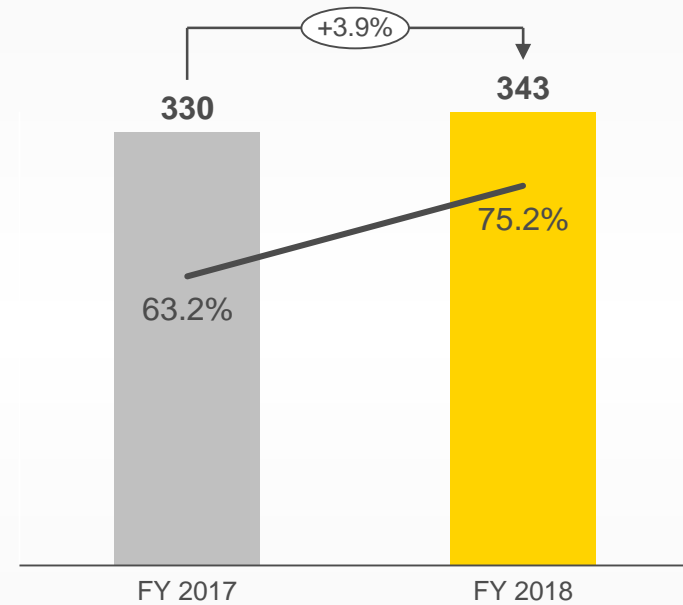
In millions of Euros

## EBIT



— EBIT Margin  
■ EBIT

## Operating Cash Flow Generation



— % Cash/EBITDA  
■ Operating Cash Flow

# Results per Business Line

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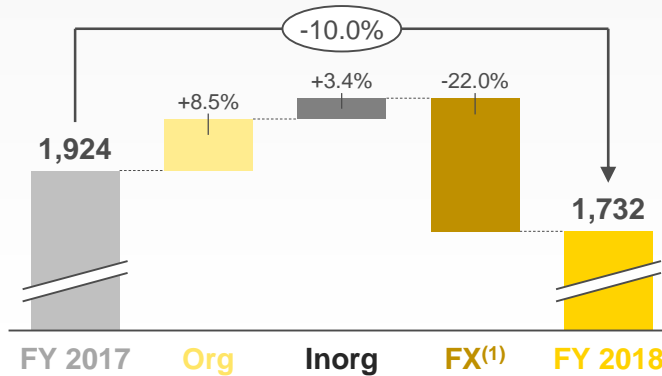
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# PROSEGUR CASH

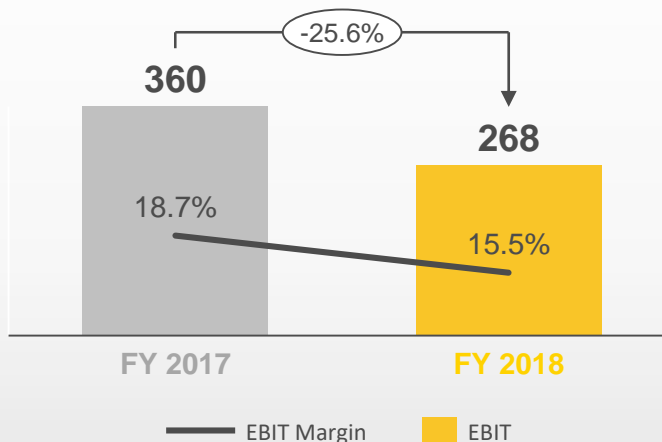


Sales



**Acceleration of growth in local currency to 12%**, including the adverse effect of **France** and **Australia**

EBIT & Margin

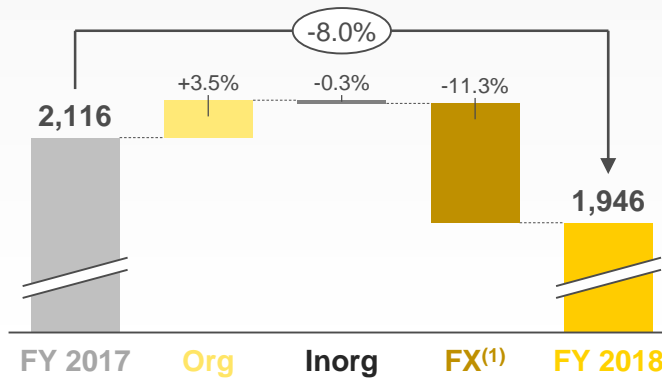


**Margin contraction in Euro-terms** deriving mainly from **FX**, **IAS 21&29** and **integration costs**

# PROSEGUR SECURITY

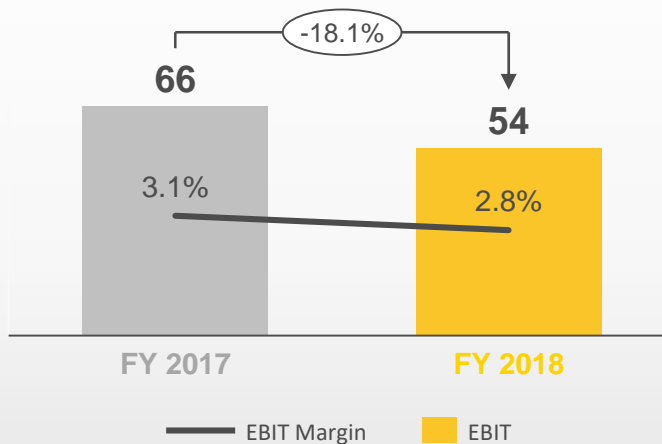


Sales



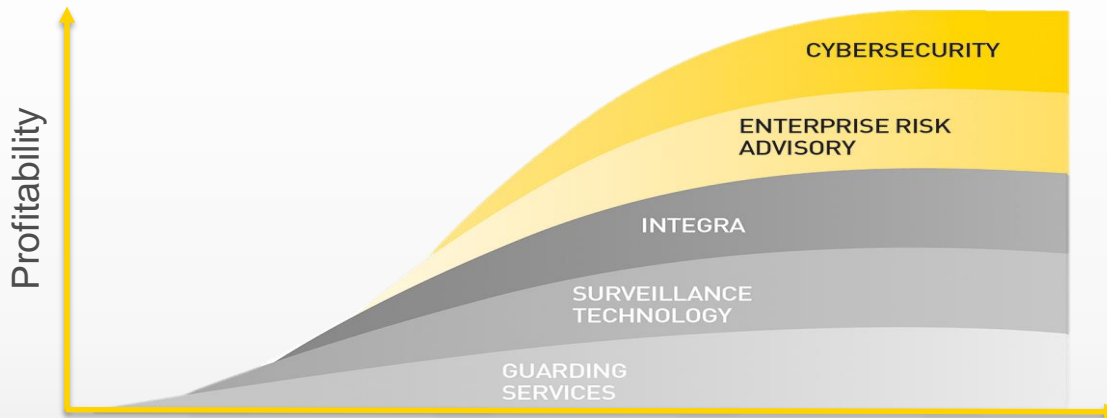
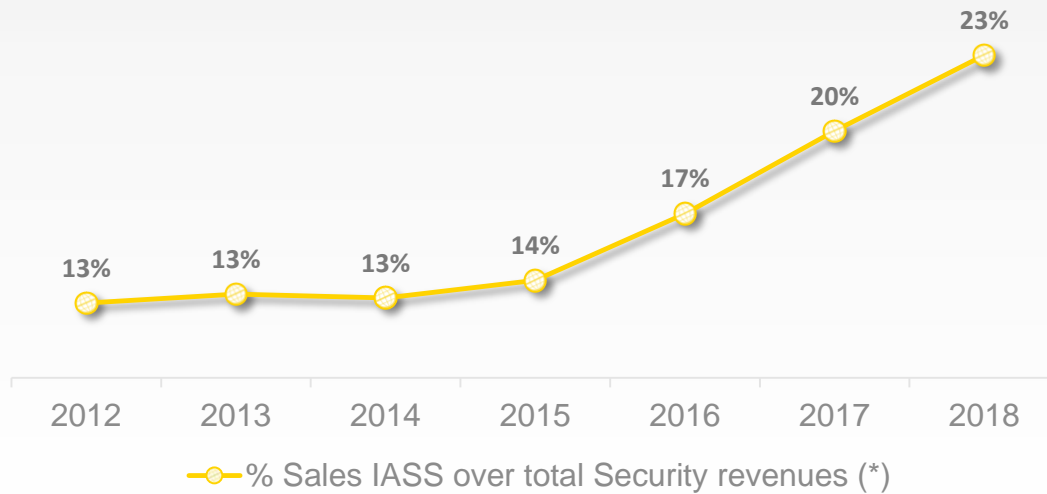
Client portfolio optimization leads to a temporary deterioration of organic growth

EBIT<sup>(2)</sup> & Margin



Profitability affected by the slowdown of the Brazilian economy and LatAm FX

## Evolution of “Integrated & Advanced Security Solutions”



- Strong **organic growth** of new services enhanced by **M&A in strategic geographies**
- **Cybersecurity & Enterprise Risk Advisory** complementing Integrated and Advanced Solutions
- Integration of **traditional guarding** reinforced by **monitoring services** as well as new highly automated **value-added solutions**
- Present in **all regions** with relevant projects in each market.

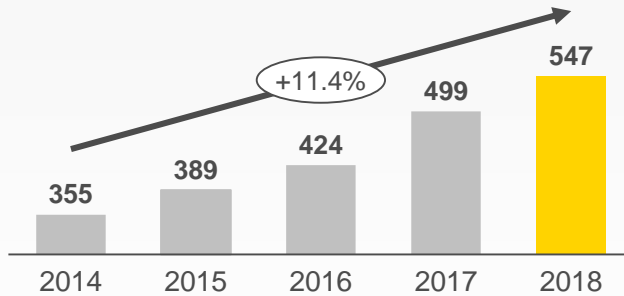
- **Logistics Operator - Brazil**
  - **Steel Manufacturer - Spain**
  - **Aerospace - France**
  - **Government - Singapore**
- +€26 million / year**  
**+5 years** average contract duration

(\*) Includes Cybersecurity & Enterprise Risk Advisory.

# PROSECUR ALARMS



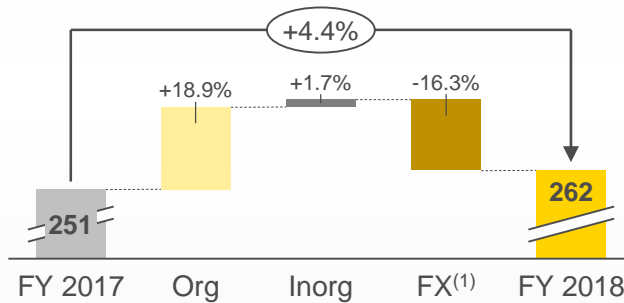
## BTC



Net additions **increase** of **10%** vs. same period in 2017

**Growth** still **above industry average**, despite Argentina slowdown

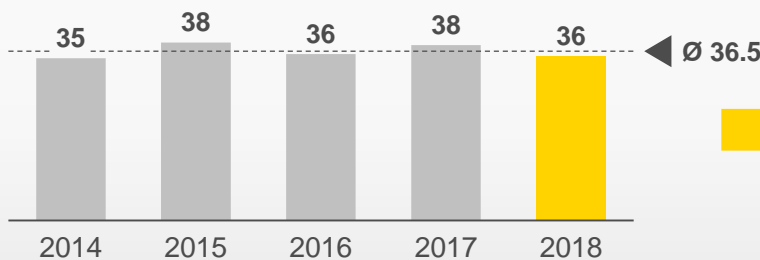
## Sales



**Sustained organic growth** in revenues close to **20%**

Strong currency impact

## ARPU





**Recurring monthly fee** remains **in line** with historic trend, in spite of the adverse macro environment in Ibero-America

**Positive evolution** in local currency terms

# Implementation of strategic measures in the Alarm Business





## Bancarisation of client portfolio

-  Bancarisation level of **total BTC (as of Dec-18)**: **74%**
-  Bancarisation level of **4Q18 new additions**: **83%**






## Consumer financing of the up-front payment to be offered to potential clients

-  **Initiative** already being rolled-out with leading financial institutions in **Spain**
-  **Customer solvency screening**



## Back-office automation through Smart platform

-  **Smart** penetration level of **total BTC (as of Dec-18)**: **15%**
-  **Smart** penetration level of **4Q18 new additions**: **58%**

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- Churn reduction**
  - Improved **portfolio quality**
  - Cost **efficiencies**
  - Reduction on **insolvencies**
  - Acquisition of **new clients**

# Financial Information

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# Consolidated Cash Flow

In millions of Euros

FY 2017<sup>(1)</sup> FY 2018<sup>(2)</sup>

	FY 2017 <sup>(1)</sup>	FY 2018 <sup>(2)</sup>
<b>EBITDA</b>	<b>522</b>	<b>456</b>
Provisions and other non-cash items	33	14
Tax on profit (ordinary)	(124)	(102)
Changes in working capital	(67)	(5)
Interests payments	(34)	(20)
<b>Operating cash flow</b>	<b>330</b>	<b>343</b>
Acquisition of property, plant & equipment	(208)	(214)
Payments for acquisitions of subsidiaries	(59)	(83)
Dividend payments	(330)	(118)
Other flows	757	(35)
<b>Cash flow from investing / financing</b>	<b>160</b>	<b>(450)</b>
<b>Total net cash flow</b>	<b>490</b>	<b>(107)</b>
<b>Initial net financial position</b>	<b>(712)</b>	<b>(252)</b>
Net increase / (decrease) in cash	490	(107)
Exchange rate	(30)	(66)
<b>Final net financial position</b>	<b>(252)</b>	<b>(425)</b>



**Improved EBITDA to operating cash flow conversion, exceeding 75%**

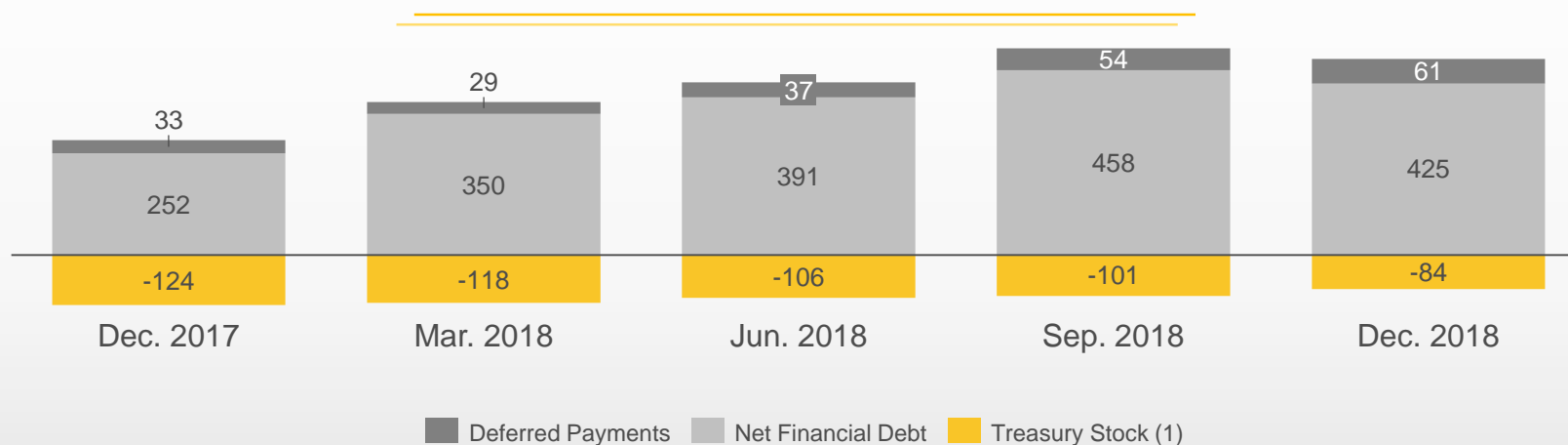
## — Total Net Debt

### ◆ Net Financial Debt

- ◆ Increase of **173 million Euros** vs. year-end 2017, maintaining low leverage
- ◆ Average cost of debt **decreases close to 60 bps** vs. the same period in 2017 (**1.65%** vs. 2.23%)
- ◆ **Successful amend and extend** exercise of **RCFs** (February 2019), **improving margin** and **extending tenor**

### ◆ Ratios

- ◆ Net Financial Debt / EBITDA **0.9x**
- ◆ Net Financial Debt / Equity **0.4x**





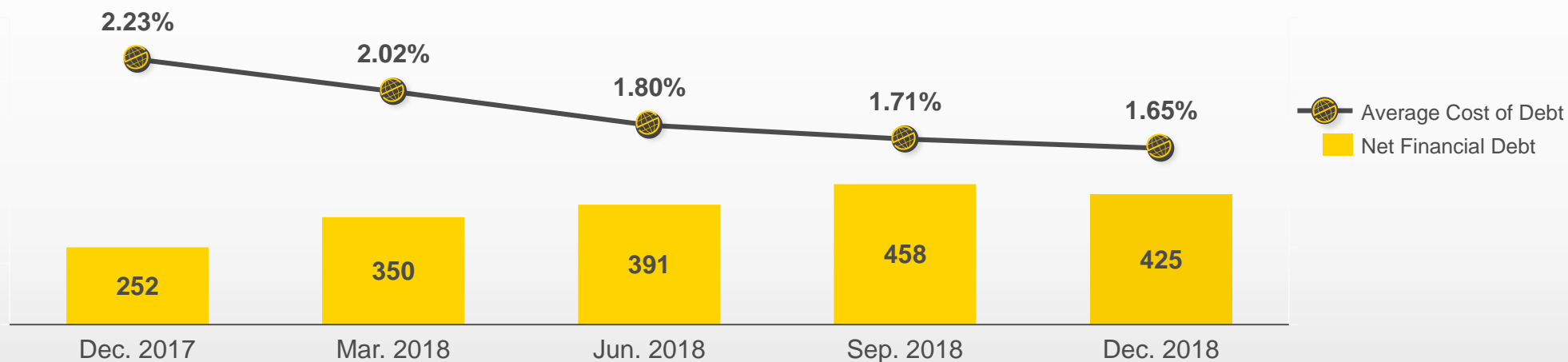
# Financial Result Breakdown

*In millions of Euros*

	FY 2017	FY 2018
<b>Financial Expenses</b>	(57)	<b>(28)</b>
<b>FX<sup>(1)</sup></b>	12	<b>7</b>
<b>Financial Result</b>	(45)	<b>(21)</b>



The Group's **debt optimization process** has led to a **reduction of financial expense** of more than **50%**



# Balance Sheet

<i>In millions of Euros</i>	FY 2017	FY 2018 <sup>(1)</sup>
<b>Non-current Assets</b>	<b>1,481</b>	<b>1,721</b>
Tangible fixed assets and real estate investments	587	745
Intangible assets	765	842
Others	128	133
<b>Current Assets</b>	<b>2,343</b>	<b>2,099</b>
Inventory	71	76
Customer and other receivables	1,151	975
Cash and equivalents and other financial assets	1,121	1,048
<b>TOTAL ASSETS</b>	<b>3,824</b>	<b>3,820</b>
<b>Net Equity</b>	<b>1,143</b>	<b>1,066</b>
Share capital	37	37
Treasury shares	(53)	(53)
Retained earnings and other reserves	1,085	1,013
Minority interests	74	69
<b>Non-current Liabilities</b>	<b>948</b>	<b>1,676</b>
Bank borrowings and other financial liabilities	717	1,392
Other non-current liabilities	230	285
<b>Current Liabilities</b>	<b>1,733</b>	<b>1,077</b>
Bank borrowings and other financial liabilities	701	151
Trade payables and other current liabilities	1,031	926
<b>TOTAL NET EQUITY AND LIABILITIES</b>	<b>3,824</b>	<b>3,820</b>

<sup>(1)</sup> 2018 figures have been elaborated applying IAS 21 and 29.

## — Conclusions and Final Remarks

- ◆ **Sustained organic growth**, despite a difficult year defined by **adverse FX**, highlighting the **strength of our business model**
- ◆ **Outstanding operating cash flow generation** evidencing the excellent performance of the underlying business in local currency terms
- ◆ **Stable market dynamics** in all businesses with **strong M&A activity** across all regions
- ◆ Entry of the **Security** business in the **US market**
- ◆ Further **optimization** of **financial expense** through refinancing in benign market conditions. Strong **improvement of corporate costs**





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