PROSEGUR COMPAÑÍA DE SEGURIDAD, S.A. AND SUBSIDIARIES

INTERIM QUARTERLY FINANCIAL INFORMATION

Interim financial statements for the first quarter of 2019

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

RESULTS FROM JANUARY-MARCH 2019

Million of euros

CONSOLIDATED RESULTS	2018	2019	% Var.
Sales	**1,007.8**	**993.0**	**-1.5%**
EBITDA	**133.3**	**115.8**	**-13.1%**
Margin	*13.2%*	*11.7%*	
Depreciation Property, Plant and Equipment	(28.1)	(42.7)	**51.8%**
Amortization Intangible assets	(5.9)	(6.0)	**1.5%**
EBIT	**99.3**	**67.2**	**-32.4%**
Margin	*9.9%*	*6.8%*	
Financial Results	(0.2)	(13.8)	**8374.6%**
EBT	**99.1**	**53.3**	**-46.2%**
Margin	*9.8%*	*5.4%*	
Taxes	(36.3)	(23.1)	**-36.4%**
Net Result	**62.8**	**30.3**	**-51.8%**
Minority Interests	17.0	8.5	**-49.9%**
Consolidated Net Result	**45.8**	**21.7**	**-52.6%**
Margin	*4.5%*	*2.2%*	
Earnings per share (Euros per share)	**0.1**	**0.0**	**-52.6%**

PERFORMANCE IN THE PERIOD

- The business turnover has decreased by 1.5% over that of 2018, of which 7.4% is due to pure organic growth, 5.2% to inorganic growth and exchange rates and the application of IAS 29 and 21.42 has represented a negative effect of 14.1%.

- The EBIT has decreased by 32.4% compared to financial year 2018 having reached EUR 67.2 million, with an 6.8% margin on sales, mainly as a result of the devaluation of the currencies and the application of IAS 29 and 21.42 to Argentina’s results, which has been designated a hyperinflationary economy.

- The consolidated net result has been of EUR 21.7 million, a drop of 52.6% over that of 2018.

INTERIM FINANCIAL STATEMENTS (JANUARY – MARCH 2019)

(In millions of euros)

1. BUSINESS PERFORMANCE

Details of the business performance of the main consolidated income statement items for January-March of 2019 and 2018 were as follows:

a) Sales

Prosegur sales during the period from January to March 2019 totalled EUR 993.0 million, compared to EUR 1,007.8 million in the same period in 2018, accounting for a drop of 1.5%. Of total sales growth, 7.4% was pure organic growth, 5.2% was inorganic growth through acquisitions in 2019 and 2018, and the effects of exchange rates and the application of IAS 29 and 21.42 has represented a decrease in sales of 14.1%.

The inorganic growth relates mainly to acquisitions in the United States, Brazil and Iberoamerica in the month of February 2019, as detailed in point 2, as well as to the acquisitions made in 2018. All acquisitions have begun to form part of the consolidation scope as of the same month of their acquisition.

The table below shows the breakdown of Prosegur's sales by business line:

Million of euros			
Sales	**Prosegur Total**		
	2018	**2019**	**% Var.**
Security	**493.5**	**492.6**	**-0.2%**
% of total	*49.0%*	*49.6%*	
Cash	**449.5**	**432.1**	**-3.9%**
% of total	*44.6%*	*43.5%*	
Alarms	**64.8**	**68.3**	**5.3%**
% of total	*6.4%*	*6.9%*	
Total sales	**1,007.8**	**993.0**	**-1.5%**

In regard to the distribution of sales by business line, during the period from January to March 2019, Security sales have reached EUR 492.6 million with a drop of 0.2% over the same period the year before. Cash sales have decreased by 3.9%, reaching EUR 432.1 million. Alarm sales have increased by 5.3%, reaching EUR 68.3 million.

b) EBIT

Operating earnings (EBIT) for the period from January to March of financial year 2019 amounted to EUR 67.2 million, while in the same period in 2018 it totalled EUR 99.3 million, accounting for a drop of 32.4%. The EBIT margin over sales in January-March 2019 was 6.8%, compared to that of 9.9% in the previous year. Among other reasons, this decrease is owing to the strong devaluation of the currencies and to the application of IAS 21 and 29, although a positive growth was obtained in terms of local currency.

c) Financial results

The net financial expenses of Prosegur during the period from January to March 2019 have reached EUR 13.8 million, compared to EUR 0.2 million in the same period in 2018, accounting for an increase of EUR 13.6 million. The main variations in financial expenses were as follows:

- Net financial expenses from interest payments in the period from January to March 2019 have reached EUR 6.6 million, compared to EUR 9.9 million in 2018 which accounts for a decrease of EUR 3.3 million, essentially owing to a decrease in the financing cost of the bonds issued.

- The net financial income for exchange rate differences amounted to EUR 3.6 million from January to March 2019 compared to the net financial income for exchange rate differences that amounted to EUR 9.7 million in 2018, therefore representing decreased revenue in the amount of EUR 6.1 million, as a result of the differences arising due to transactions in foreign currencies other than the functional currency of each country, mainly in Argentina.

- The net financial expenses from the net monetary position amounted to EUR 10.8 million in January to March 2019. No revenue for that concept was recorded in the same period of the previous year, since the item arises as a result of the application of the IAS 29 and IAS 21.42 applicable as of 1 July 2018, and reflects the exposure to the change in the purchasing power of the Argentine currency.

Net results

Consolidated net profit for the period from January to March 2019 totalled EUR 21.7 million, compared with EUR 45.8 million in the same period of 2018, accounting for a drop of 52.6%.

The effective tax rate is 43.2% in the first quarter of 2019, compared to 36.6% in the same quarter of 2018, implying an increase of 6.6 percentage points, mainly as a result of applying the adjustment for hyperinflation in Argentina.

2. SIGNIFICANT EVENTS AND TRANSACTIONS

Significant events

Prosegur acquired the following companies in the month of February 2019:

- In Brazil, 68.17% of Cipher, S.A. which an additional presence in the United States and the United Kingdom a security company that supplies cybersecurity services.
- In the United States, 100% of Command Security Corporation, and 78.9% of Best Security Acquisition, LLC, both of which are security companies.
- In Iberoamerica Prosegur acquired 100% of VN Global BPO S.A. and Grupo N S.A., companies that supply services for new products regarding the AVOS division.

Subsequent significant events

On 11 April, Prosegur Cash reinforced its operations in the ROW region by acquiring 49% of a security company in Indonesia. This company provides cash in transit and cash management services.

In addition, on 4 April Prosegur Cash entered into negotiations with Loomis AB, both by means of subsidiaries, for the sale and purchase of their operations in France. The closing of this transaction is planned for the third quarter of 2019 and is subject to the appropriate approval by the French authorities with competence in foreign investment. The final price of the transaction will be determined and paid at closing.

3. CONSOLIDATED FINANCIAL INFORMATION

The consolidated financial information has been prepared in accordance with the International Financial Reporting Standards (IFRS) applicable at 31 March of 2019. Such accounting standards have been applied both to financial years 2019 and 2018.

The treatment of Argentina as a hyperinflationary economy must be taken into account for the purposes of comparing the two periods. The financial statements of the Argentine subsidiaries whose functional currency is the Argentine peso have been re-stated in terms of the current unit of measurement at closing date of March before being included in the consolidated financial statements of the first quarter. In accordance with the criteria contained in IFRS-EU, the comparative figures for January to March 2018 have not been restated.

The financial statements submitted were prepared applying IFRS 16 dated 1 January 2019, and the comparative figures for the previous period of January to Madrid 2018 were not restated in accordance with IFRS-EU criteria. This standard establishes that companies that are lessee in lease contracts will recognise in the consolidated balance sheet the liabilities and assets of lease contracts (except short-term and low-value lease agreements). According to the previous standard, the Prosegur Group contracts were classified as an operating lease, and payments were recorded on the basis of the conditions and term of the lease. Moreover, the operating lease expense has been replaced by a charge for straight-line amortisation of right-of-use assets and an interest expense on lease liabilities. The Prosegur Group opted to apply the combined modified retrospective transition method.

In addition, the financial statements submitted were prepared by applying IFRIC 23 dated 1 January 2019. This standard establishes how each uncertain tax treatment should be considered, whether separately, or jointly with one or several other uncertain tax treatments, on the basis of the approach that best predicts the resolution of the uncertainty.

Million of euros

CONSOLIDATED BALANCE SHEET	31/12/2018	31/03/2019
Non current assets	**1,720.5**	**1,952.8**
Property, plant and equipment	700.1	819.5
Goodwill	570.1	651.9
Intangible assets	272.2	279.9
Investment properties	45.3	44.2
Investments in associates	29.4	29.8
Non current financial assets	19.3	23.6
Other non current assets	84.1	103.9
Current assets	**2,099.2**	**2,035.4**
Inventories	76.1	83.3
Debtors	974.9	1,055.6
Non current assets held for sale	0.6	0.6
Treasury and other financial assets	1,047.6	895.9
ASSETS	**3,819.7**	**3,988.3**
Equity	**1,066.4**	**1,027.3**
Share capital	37.0	37.0
Treasury shares	(52.8)	(52.4)
Retained earnings and other reserves	1,013.5	972.2
Minority interests	68.7	70.5
Non-Current Liabilities	**1,676.3**	**1,825.5**
Debts with credit institutions and other financial liabilities	1,391.6	1,464.1
Other non-current liabilities	284.7	361.3
Current Liabilities	**1,077.0**	**1,135.5**
Debts with credit institutions and other financial liabilities	150.8	231.4
Trade and other payables	877.9	848.3
Other current liabilites	48.3	55.7
EQUITY AND LIABILITIES	**3,819.7**	**3,988.3**

The main variations in the amounts on the consolidated balance sheet at 31 March 2019 with respect to the closing balances of financial year 2018 are summarised as follows:

a) Property, Plant and Equipment

Investments made in PPE during the period from January to March 2019 have amounted to EUR 41.7 million. As a result of the application of IFRS 16, an asset has been recognised at the current amount of all future payments associated with operating leases.

b) Goodwill

During the first quarter of 2019 no impairment losses in goodwill have been registered.

c) Net equity

The changes in net equity during the period from January to March 2019 arose under net profit in the period, the reserve for cumulative translation differences and the impacts associated with the first application of IFRS 16 and IFRIC 23.

d) Other non-current liabilities

The change of other non-current liabilities is mainly associated with the first application of IFRIC 23.

e) Net debt

Prosegur calculates net debt as total bank borrowings (current and non-current), minus cash and cash equivalents, and minus other current financial assets.

Net debt at 31 March 2019 amounted to EUR 581.4 million, having increased by EUR 156.7 million over the amount at 31 December 2018 (EUR 424.7 million), isolating the effect of IFRS 16. The increase is associated with M&A investments made in 2019.

At 31 March 2019, the annualised net debt/EBITDA ratio has reached 1.6 and the net debt/shareholder equity ratio has reached 0.7. In both cases the debt associated to the application of IFRS 16 has been included in order to be comparable.

At 31 March 2019, financial liabilities correspond mainly to:

- Issue of uncovered bonds due in February 2023 amounting to EUR 696 million (interests included).
- Issue of uncovered bonds via the subsidiary Prosegur Cash, S.A. due in February 2026 amounting to EUR 595 million (including interest).
- A 4-year bullet loan for ZAR 272 million (EUR 16.7 million) to finance part of the acquisition of SBV Services Proprietary Limited.
- Prosegur, through its subsidiary Prosegur Australia Investments PTY Limited, contracted a syndicated financing operation as of April 2017, amounting to AUD 70 million over three years.

The total net cash flow generated in the period from January to March 2019 was as follows:

Million of euros	
CONSOLIDATED CASH FLOW	**31/03/2019**
EBITDA	115.8
Adjustments to profit or loss	18.4
Income tax	(31.2)
Change in working capital	(48.4)
Interest payments	(14.6)
OPERATING CASH FLOW	**40.1**
Acquisition of Property, plant and equipment	(41.7)
Payments acquisition of subsidiaries	(99.0)
Dividend payments	(27.4)
Other payments/collections	(21.4)
CASH FLOW FROM INVESTMENT / FINANCING	**(189.4)**
TOTAL NET CASH FLOW	**(149.3)**
INITIAL NET DEBT (31/12/2018)	**(424.7)**
Net (Decrease) / Increase in treasury	(149.3)
Exchange rate effect	(7.4)
NET DEBT AT THE END OF THE PERIOD (31/03/2019)	**(581.4)**

4. ALTERNATIVE PERFORMANCE MEASURES

In order to comply with ESMA Guidelines on APM's, Prosegur presents this additional information to enhance the comparability, reliability and understanding of its financial reporting. The company presents its profit/(loss) in accordance with International Financial Reporting Standards (IFRS). However, Management considers that certain alternative performance measures provide additional useful financial information that should be taken into consideration when assessing its performance. Management also uses these APMs to make financial, operating and planning decisions, as well as to assess the company's performance. Prosegur provides those APMs it deems appropriate and useful for users to make decisions and those it is convinced represent a true and fair view 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.
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 of Euros)	**31.03.2019**	**31.12.2018**
Non-Current Assets held-for-sale	0.6	0.6
Inventories	83.3	76.1
Trade and other receivables	889.6	820.9
Current tax assets	166.0	154.0
Cash and cash equivalents	406.3	558.4
Other current financial assets	489.6	489.3
Deferred tax assets	103.9	84.1
Trade and other payables	(754.4)	(794.8)
Current tax liabilities	(94.0)	(78.6)
Current financial liabilities	(231.4)	(150.7)
Other current liabilities	(55.7)	(48.3)
Deferred tax liabilities	(57.8)	(58.5)
Provisions	(280.8)	(201.6)
Total Working Capital	**665.2**	**850.9**

Adjusted EBIT Margin (Million of Euros)	**31.03.2019**	**31.03.2018**
EBIT	67.2	99.3
plus: items not assigned	-	-
Adjusted EBIT	67.2	99.3
Revenues	993.0	1,007.8
Adjusted EBIT Margin	**6.8%**	**9.9%**

Organic Growth (Million of Euros)	**31.03.2019**	**31.03.2018**
Revenues for current year	993.0	1,007.8
Less: Revenues for the previous year	1,007.8	1,066.7
Less: Inorganic Growth	52.4	8.2
Effect of exchange rate fluctuations	(142.1)	(150.5)
Total Organic Growth	**74.9**	**83.4**

Inorganic Growth (Million of Euros)	**31.03.2019**	**31.03.2018**
Cash ROW	8.2	0.5
Cash Europe	2.6	4.4
Cash Ibero-America	20.7	1.5
ROW Alarms	-	1.1
Alarms Ibero-America	-	0.7
ROW Security	20.9	0.0
Total Inorganic Growth	**52.4**	**8.2**

Effect of exchange rate fluctuations (Million of Euros)	**31.03.2019**	**31.03.2018**
Revenues for current year	993.0	1,007.8
Less: Revenues for the current year at exchange rates of previous year	1,135.1	1,158.3
Effect of exchange rate fluctuations	**(142.1)**	**(150.5)**

Cash Flow Conversion Rate (Million of Euros)	**31.03.2019**	**31.12.2018**
EBITDA	115.8	133.3
Less: items not assigned	-	-
Adjusted EBITDA	115.8	133.3
CAPEX	41.7	40.6
Cash Flow Conversion Rate (adjusted EBITDA - CAPEX / adjusted EBITDA)	**64%**	**70%**

Net Financial Debt (Million of Euros)	**31.03.2019**	**31.12.2018**
Financial liabilities	1,695.6	1,542.3
Less: not assigned financial liabilities	-	-
Adjusted financial liabilities **(A)**	1,695.6	1,542.3
Not assigned financial liabilities with group companies **(B)**	-	-
Cash and cash equivalents	(406.3)	(558.4)
Less: not assigned cash and cash equivalents	-	-
Less: adjusted cash and cash equivalents **(C)**	(406.3)	(558.4)
Less: not assigned current investments in group companies **(D)**	-	-
Less: other financial current assets **(E)**	(489.6)	(489.3)
Less: IFRS 16 debt **(F)**	(127.4)	
Total Net Financial Debt (A+B+C+D+E+F)	**672.2**	**494.6**
Less: other non-bank payables **(G)**	(90.8)	(69.9)
Total Net Financial Debt (excluding other non-bank payables corresponding to deferred payments for M&A acquisitions) **(A+B+C+D+E+F+G)**	**581.4**	**424.7**

EBITA (Million of Euros)	**31.03.2019**	**31.03.2018**
Consolidated profit for the year	21.7	45.8
Minority interests	8.5	17.0
Income tax expenses	23.1	36.3
Net finance costs	13.8	0.2
Amortizations	6.0	5.9
EBITA	**73.1**	**105.2**

EBITDA (Million of Euros)	**31.03.2019**	**31.03.2018**
Consolidated profit for the year	21.7	45.8
Minority interests	8.5	17.0
Income tax expenses	23.1	36.3
Net finance costs	13.8	0.2
Depreciation and amortization	48.7	34.0
EBITDA	**115.8**	**133.3**