



# Cash in the media

## Relevant news

### **Championing the Choice for Cash.**

Accepting cash and providing access to it, through an in-store ATM, can attract and retain customers.

An study conducted by Cardtronics in partnership with Scansion found that 80% of consumers use some of the cash dispensed from an ATM to buy goods in those stores. The same study showed that when an ATM is present, shopper spending triples in convenience stores and doubles in drug stores.

[Source: Cardtronics & Scansion](#)

### **Southeast Asia. Cash is saving electronic commerce.**

According to the white paper “State of e-Commerce in South East Asia 2017”, published by iPrice, cash is an important part of online payment options in Southeast Asia.

The lack of infrastructures and the low penetration of credit cards in the region means that merchants are offering cash on delivery as an payment solution.

[Source: iPrice](#)

### **Mexico. The prohibition to pay with cash in transportation apps has been declared invalid by the Supreme Court.**

This decision is a key precedent for Uber and other companies seeking to reach millions of Mexicans who do not have a credit card.

In a country where more than 60 percent of the population lacks a bank account, cash payments are a business imperative for Uber, analysts say.

[Source: Reuters](#)

### **Sweden. Central Bank to take concrete measures to ensure that cash does not disappear as a means of payment.**

The Riksbank believes it is important for banks not only to provide deposit facilities to businesses but to also offer deposit services to individual citizens.

This is a service that consumers can reasonably expect of credit institutions. There must also be symmetry between withdrawal and deposit facilities.

[Source: The Riksbank](#)

# Agenda

1. **Highlights of the period**
2. Regional overview
3. Financial results
4. Final remarks
5. Annex: Income statement reconciliation

# Highlights of the period

## Main themes

1

### Macro environment

- **“Cash in circulation”**, our main **driver**, continues to **grow**
- Strong **currency depreciation** still not offset by inflation
- **Argentina** classified as **hyperinflationary country** (IAS 21 & 29)

2

### Resilient business model

- **Local growth** accelerating to **11.6%**
- **EBIT margin improvement in local terms** in most of the countries.
- **Consolidated EBIT margin** mainly impacted by **forex and IAS 21 & 29**

3

### New products evolution

- **11.5% of total sales** (growth > 40% ex-forex)
- Strong growth in **retail automation, AVOS and ATMs**

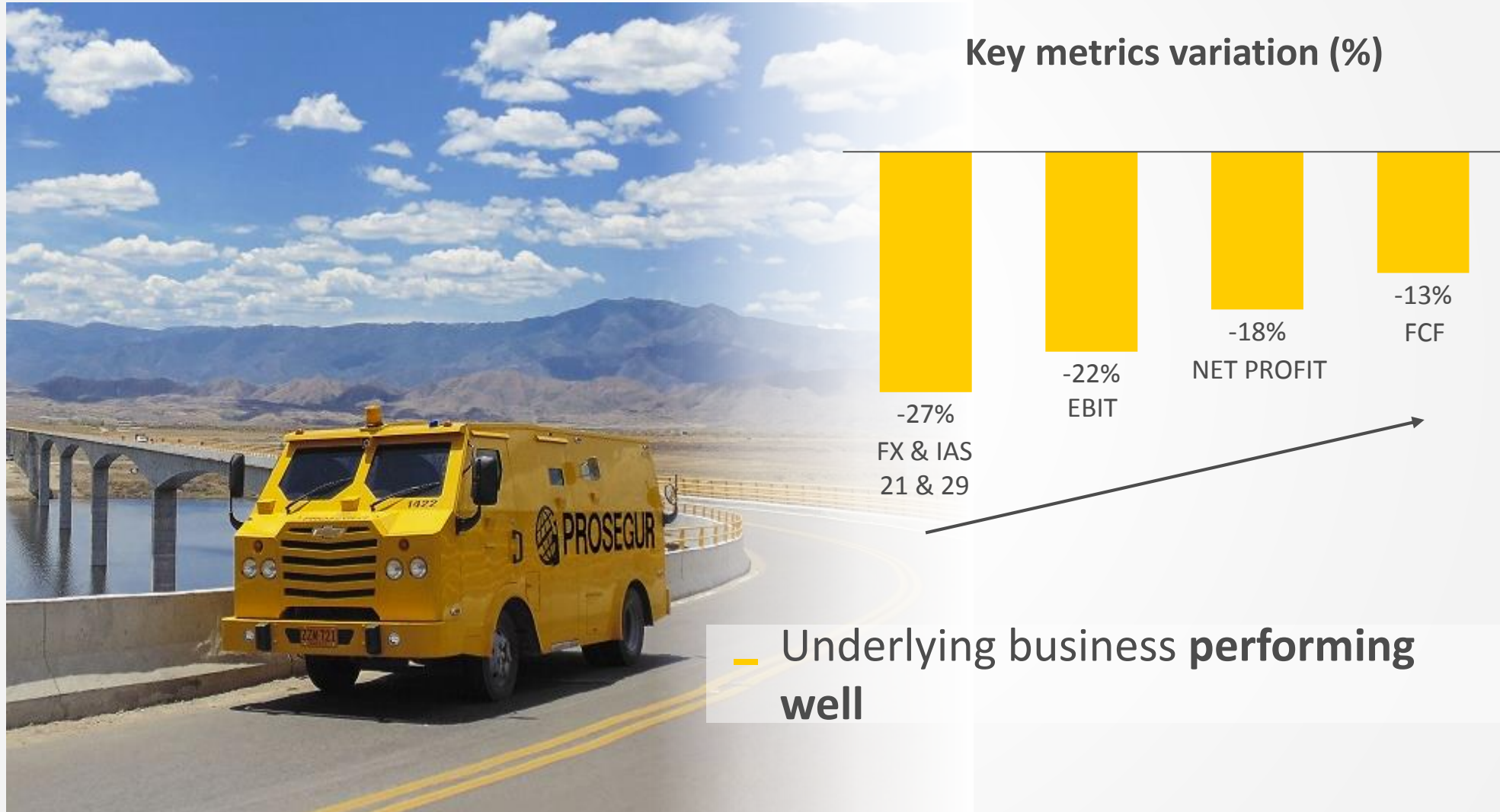
4

### Solid free cash flow generation

- Accumulated Free Cash Flow of **120 M€**
- **Higher weight of client-oriented capex** within the total amount of investment

# Resilience

Severe currency headwinds mitigated along our financial magnitudes



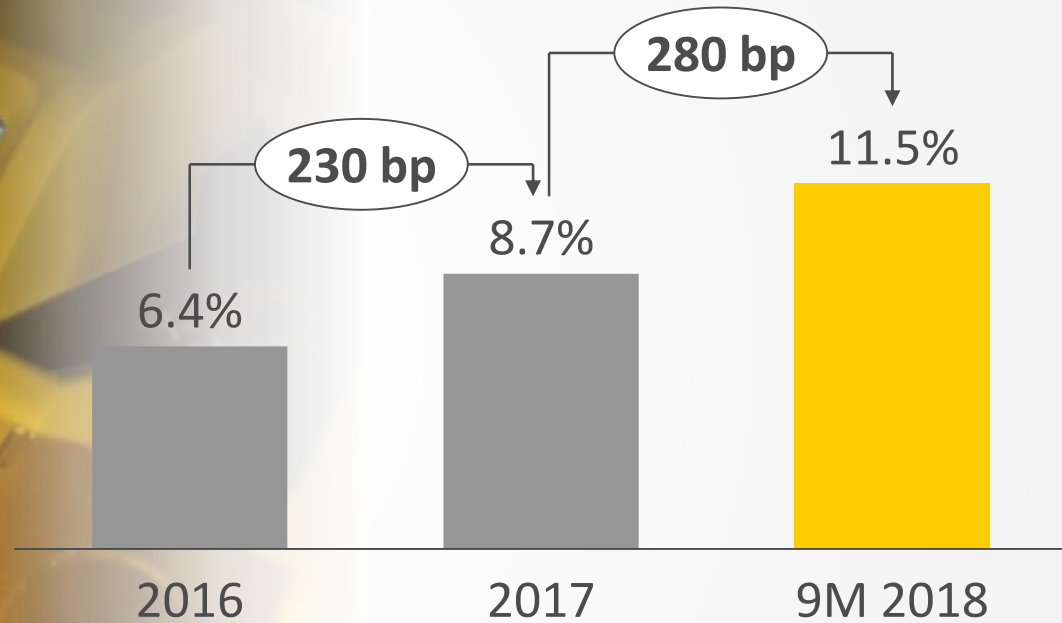


# New products

New services gaining weight within our business mix



New products as a % of sales



— Sales in 9M 2018 **141 M€**

— Growth **16.2 %** (> 40% ex-forex)

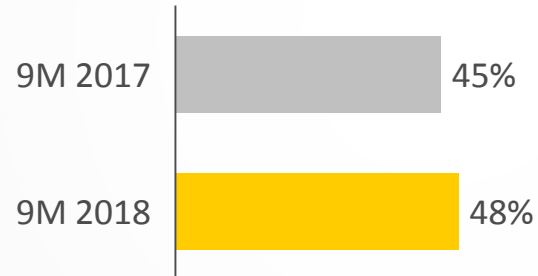
# Free Cash Flow

## Free Cash Flow generation of 120 M€

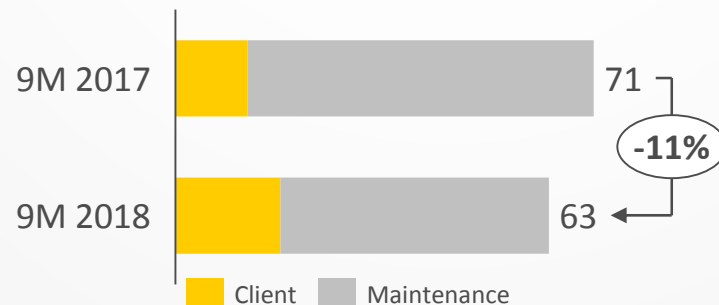
Conversion Ratio (%):  
(EBITDA – Capex) / EBITDA



Free Cash Flow / EBITDA (%)



Capex evolution (M€):  
Client vs. Maintenance



**IAS 21 & 29 not affecting**  
cash flow generation

**Stable conversion ratio**

**Higher investment in client-**  
**oriented capex**

# Agenda

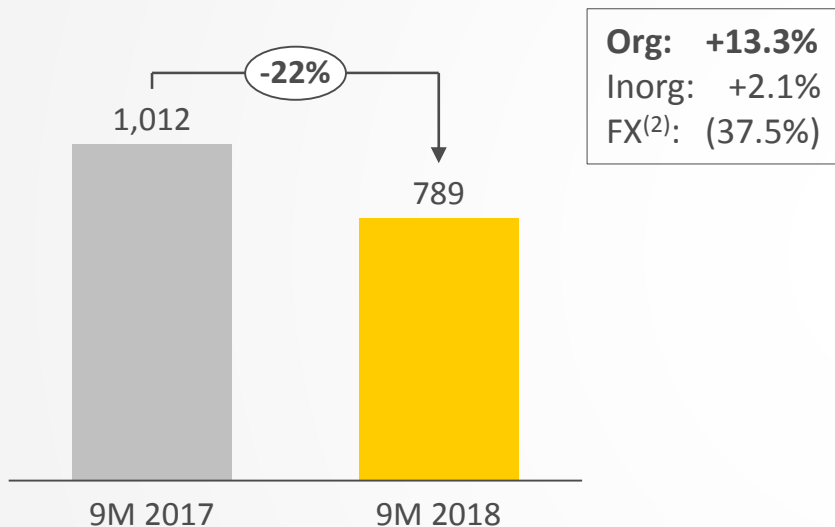
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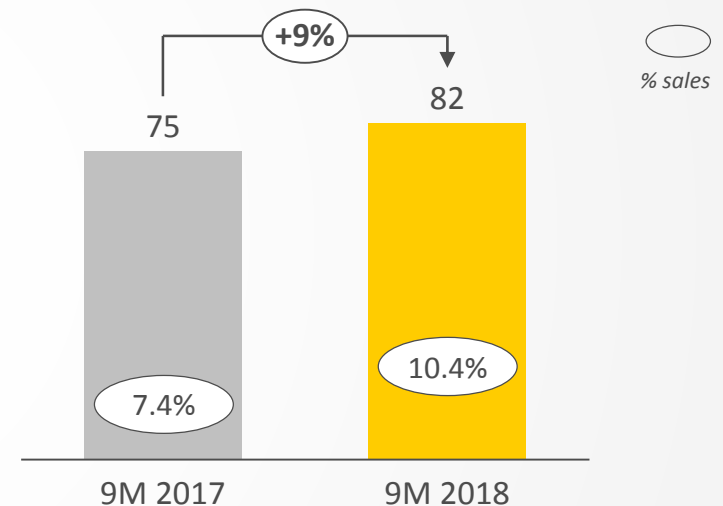
# Regional overview

LatAm [65% sales]<sup>(1)</sup>

Sales (M€)



New Products (M€)



- **Comparison** vs. previous year **affected by one-offs** in 2017
- **Higher contribution from inorganic growth (Central America)**
- **In addition of IAS 21 & 29, currency depreciation continues** in all geographies

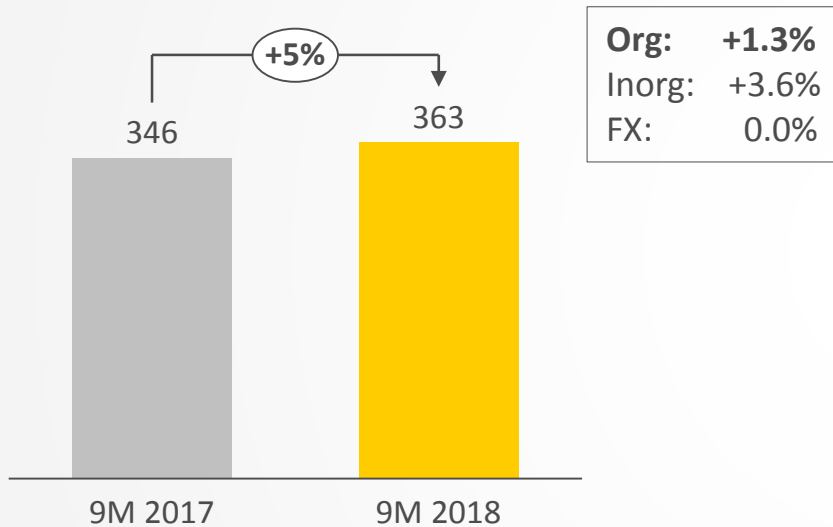
- **Retail automation, ATMs and valuable cargo**

(1) 2018 figures according to IAS 21 & 29 (hyperinflation accounting); (2) Includes FX and IAS 21 & 29

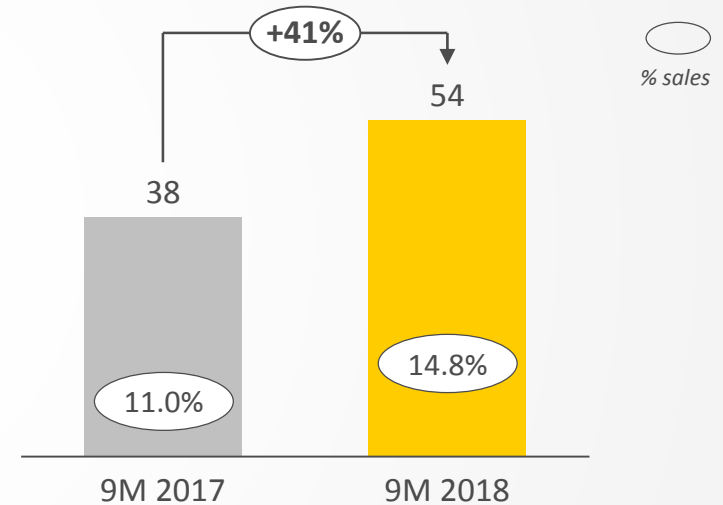
# Regional overview

## Europa [30% sales]

Sales (M€)



New Products (M€)



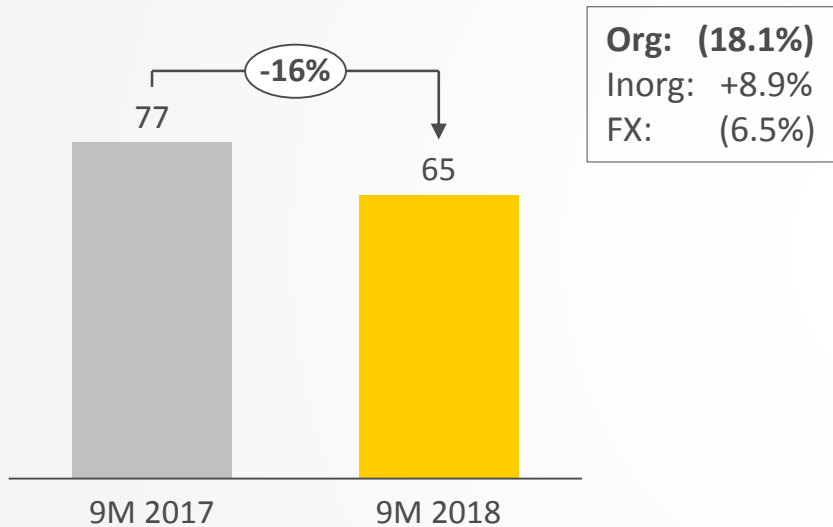
- **Organic growth improvement** despite France
- **M&A complementing** our organic growth

- **AVOS and retail automation**

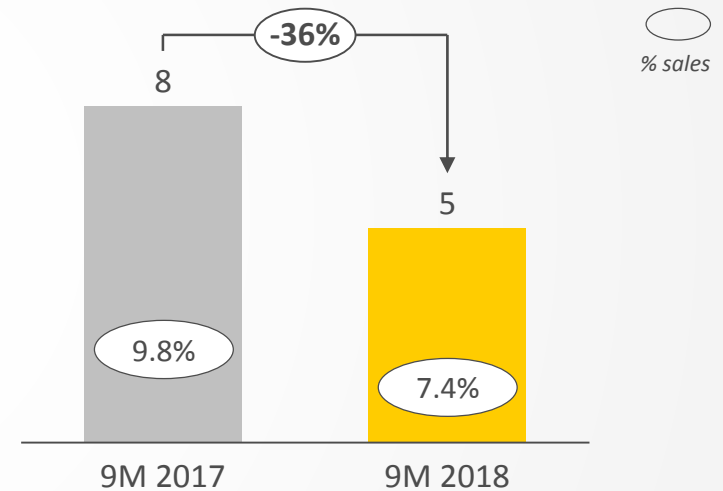
# Regional overview

## AOA [5% sales]

Sales (M€)



New Products (M€)



- **Gradual recovery** of volume in **Australia** since the beginning of the year
- M&A contribution from the **Philippines**
- Strong currency **depreciation**

- **Decrease in ATM services**

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# Hyperinflationary accounting

Argentina declared hyperinflationary country during the third quarter

<b>Context</b>	<ul style="list-style-type: none"><li>• Argentina's <b>cumulative inflation &gt; 100%</b> during the last three years</li><li>• IAS 21 &amp; 29 <b>retroactive application since 01/18</b></li></ul>	
<b>2018 Reporting Impact<sup>(1)</sup></b>	<b>BALANCE</b>	<ul style="list-style-type: none"><li>• <b>Restatement</b> of non-monetary assets and liabilities (formerly at historical cost)</li></ul>
	<b>P&amp;L</b>	<ul style="list-style-type: none"><li>• <b>Restatement</b> of income statement captions</li><li>• <b>Higher D&amp;A</b> as a consequence of the restatement of BS items</li><li>• "Euro" conversion at the <b>end of the period exchange rate</b> (previously at the average exchange rate)</li></ul>
<b>Cash Flow Impact</b>	<ul style="list-style-type: none"><li>• Hyperinflationary accounting <b>DOES NOT AFFECT</b> cash generation</li></ul>	

(1) 2017 financial information has not been restated

# Financial results

## Profit and loss account<sup>(1)</sup>

<i>Million Euros</i>	9M 2017	9M 2018	% VAR
<b>Sales</b>	<b>1,436</b>	<b>1,217</b>	<b>-15.2%</b>
<b>EBITDA</b>	<b>305</b>	<b>250</b>	<b>-18.1%</b>
<i>Margin</i>	21.3%	20.5%	
Depreciation	(38)	(40)	4.7%
<b>EBITA</b>	<b>267</b>	<b>210</b>	<b>-21.4%</b>
<i>Margin</i>	18.6%	17.3%	
Amortization of intangibles	(12)	(12)	-3.3%
<b>EBIT</b>	<b>255</b>	<b>198</b>	<b>-22.3%</b>
<i>Margin</i>	17.8%	16.3%	
Financial result	3	14	353.3%
<b>EBT</b>	<b>258</b>	<b>212</b>	<b>-17.9%</b>
<i>Margin</i>	18.0%	17.4%	
Taxes	(88)	(72)	-18.5%
<i>Tax rate</i>	34.1%	33.9%	
<b>Net Profit from continuing operations</b>	<b>170</b>	<b>140</b>	<b>-17.5%</b>
<i>Margin</i>	11.8%	11.5%	
<b>Net Consolidated Profit</b>	<b>170</b>	<b>140</b>	<b>-17.6%</b>
<i>Margin</i>	11.8%	11.5%	

Local growth mitigating currency effect and the application of IAS 21 & 29

Translational risk with no impact in the underlying business

Consolidated EBIT mainly margin impacted by forex and IAS 21 & 29

Positive financial result

(1) 2018 figures according to IAS 21 & 29 (hyperinflation accounting). 2017 business figures exclude the impact of the intercompany transactions between P. Cash and PCS associated to the IPO restructuring process in 2017. For reconciliation purposes between accounting and business figures please refer to the Annex at the end of this presentation.



# Financial results

## Cash Flow<sup>(1)</sup>

Million Euros	9M 2017	9M 2018
EBITDA	305	250
Provisions and other non-cash items	12	41
Income tax	(99)	(87)
Acquisition of PP&E	(71)	(63)
Changes in working capital	(10)	(21)
<b>Free Cash Flow</b>	<b>138</b>	<b>120</b>
<i>% Conversion<sup>(2)</sup></i>	<i>77%</i>	<i>75%</i>
Interest payments	(12)	(7)
Payments for acquisitions of subsidiaries	(43)	(37)
Trademark sale	85	-
Real Estate sale	52	-
Brazilian Security business sale	-	18
Dividend payment	-	(66)
<b>Total Net Cash Flow</b>	<b>220</b>	<b>27</b>
<b>Net financial position at the BoP (December)</b>	<b>(611)</b>	<b>(424)</b>
Net increase / (decrease) in cash	220	27
Exchange rate	(12)	(43)
<b>Net financial position at the EoP (September)</b>	<b>(404)</b>	<b>(440)</b>

(1) 2018 figures according to IAS 21 & 29 (hyperinflation accounting); (2) Conversion ratio: (EBITDA - Capex) / EBITDA

Higher investments in **client-oriented capex (~ 30%)**

**Calendar effect** impacting our working capital

**Lower interest payments**

**M&A payments** during Q3

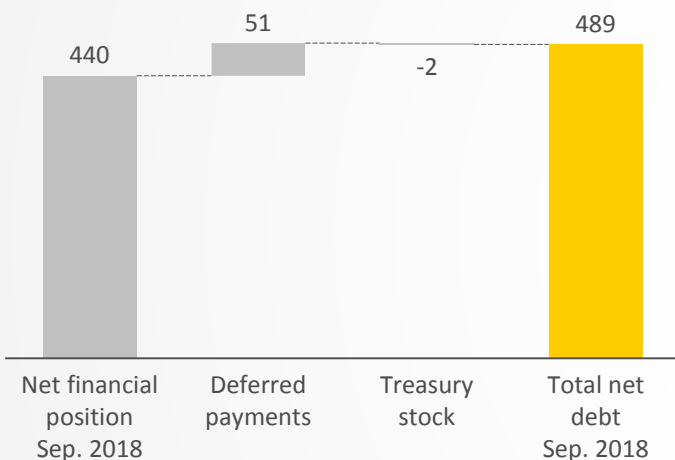
**Dividend cash-out** (second, third fourth instalments of 2017 amount)

# Financial results

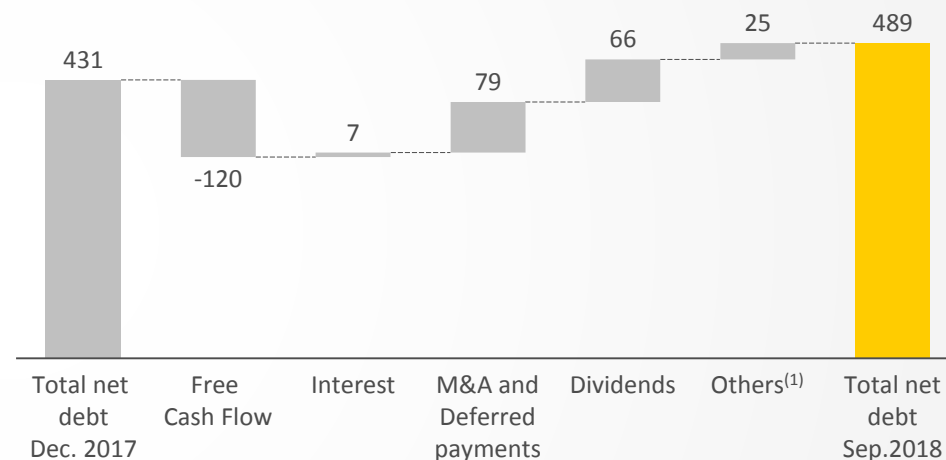
## Total net debt

Million Euros

**Total net debt reconciliation  
(September 2018)**



**Total net debt variation  
(December 2017 vs September 2018)**



Average  
Cost of Debt  
**2.06%**

Rating S&P  
**BBB**  
*Outlook stable  
(October 2018)*

Net debt /  
EBITDA LTM<sup>(2)</sup>  
**1.3x**

(1) Mainly Includes fx rate impact and the sale of the Brazilian security business; (2) 2018 figures according to IAS 21 & 29 (hyperinflation accounting)

# Financial results

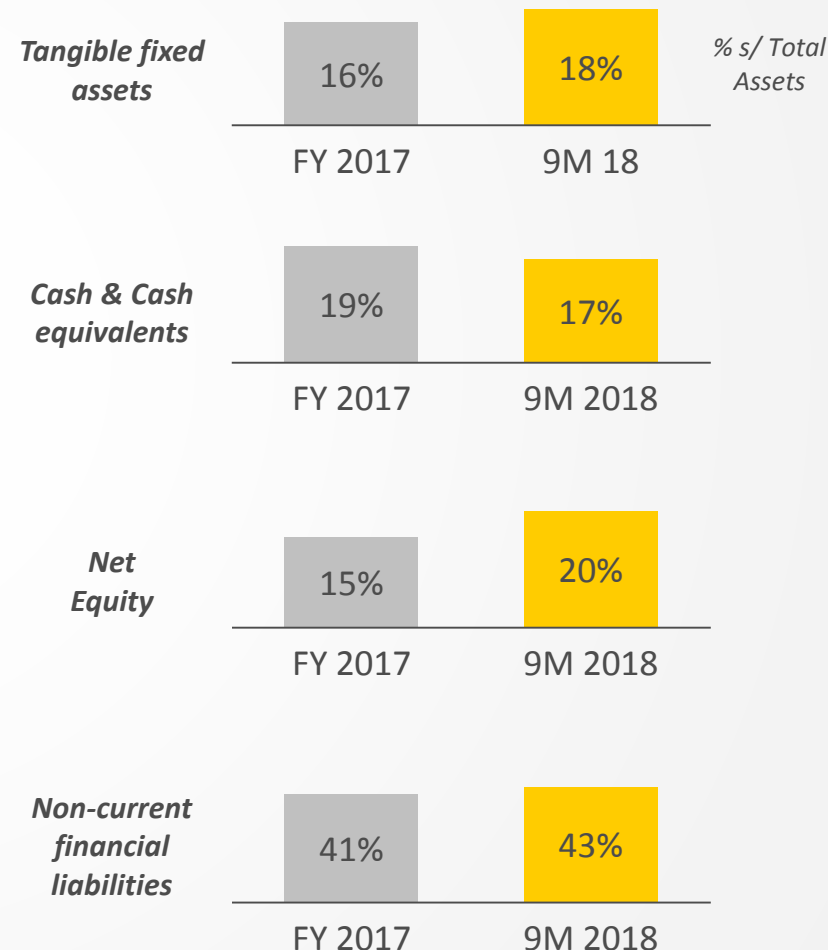
## Balance sheet<sup>(1)</sup>

Million Euros

FY 2017 9M 2018

	FY 2017	9M 2018
<b>Non-current assets</b>	<b>830</b>	<b>859</b>
Tangible fixed assets	279	295
Intangible assets	478	498
Others	72	66
<b>Current assets</b>	<b>877</b>	<b>738</b>
Inventories	6	15
Trade receivables and others	508	458
Cash and cash equivalents	318	264
Non-current assets held for sale	46	1
<b>TOTAL ASSETS</b>	<b>1,707</b>	<b>1,598</b>
<b>Net Equity</b>	<b>264</b>	<b>317</b>
<b>Non-current liabilities</b>	<b>851</b>	<b>833</b>
Financial liabilities	697	695
Other non-current liabilities	154	139
<b>Current liabilities</b>	<b>592</b>	<b>466</b>
Financial liabilities	78	61
Other liabilities	488	386
Liabilities held for sale	27	0
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,707</b>	<b>1,598</b>

Main Balance Sheet captions keep improving:



(1) 2018 figures according to IAS 21 & 29 (hyperinflation accounting).

# Agenda

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# Final remarks

**Resilient business model**

**Committed with ACT Strategy**

**Cash Flow generation**



# Agenda

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5. **Annex: Income statement reconciliation**



# Annex

## Income statement reconciliation 9M 2018<sup>(1)</sup>

Million Euros			<u>Trademark</u>		<u>Real Estate</u>		<u>Corporate Restruc. and Others</u>			
	9M 2017 accounting	9M 2018 accounting	9M 2017 not assign.	9M 2018 not assign.	9M 2017 not assign.	9M 2018 not assign.	9M 2017 not assign.	9M 2018 not assign.	9M 2017 business	9M 2018 business
<b>Sales</b>	<b>1,436</b>	<b>1,217</b>	-	-	-	-	-	-	<b>1,436</b>	<b>1,217</b>
<b>EBITDA</b>	<b>390</b>	<b>250</b>	-85	-	+0	-	-	-	<b>305</b>	<b>250</b>
<i>Margin</i>	27.2%	20.5%							21.3%	20.5%
Depreciation	(38)	(40)	-	-	-	-	-	-	(38)	(40)
<b>EBITA</b>	<b>352</b>	<b>210</b>	-85	-	+0	-	-	-	<b>267</b>	<b>210</b>
<i>Margin</i>	24.5%	17.3%							18.6%	17.3%
Amortization of intangibles	(12)	(12)	-	-	-	-	-	-	(12)	(12)
<b>EBIT</b>	<b>340</b>	<b>198</b>	-85	-	+0	-	-	-	<b>255</b>	<b>198</b>
<i>Margin</i>	23.7%	16.3%							17.8%	16.3%
Financial result	3	14	-	-	-	-	-	-	3	14
<b>EBT</b>	<b>343</b>	<b>212</b>	-85	-	+0	-	-	-	<b>258</b>	<b>212</b>
<i>Margin</i>	23.9%	17.4%							18.0%	17.4%
Taxes	(97)	(72)	+9	-	-	-	-	-	(88)	(72)
<i>Tax rate</i>	28.3%	33.9%							34.1%	33.9%
<b>Net profit from continuing operations</b>	<b>246</b>	<b>140</b>	-76	-	+0	-	-	-	<b>170</b>	<b>140</b>
<i>Margin</i>	17.1%	11.5%							11.8%	11.5%

(1) 2018 figures according to IAS 21 & 29 (hyperinflation accounting). 2017 business figures exclude the impact of the intercompany transactions between P. Cash and PCS 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

## Disclaimer

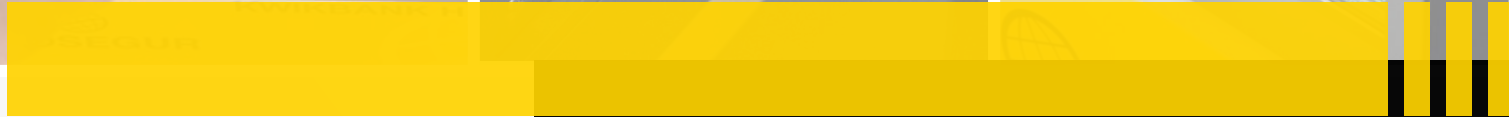
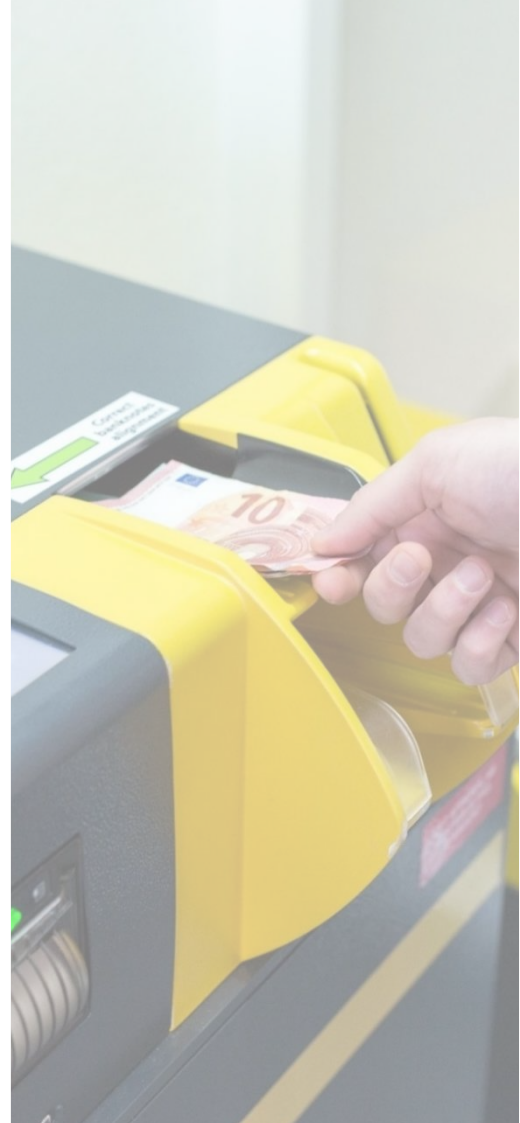
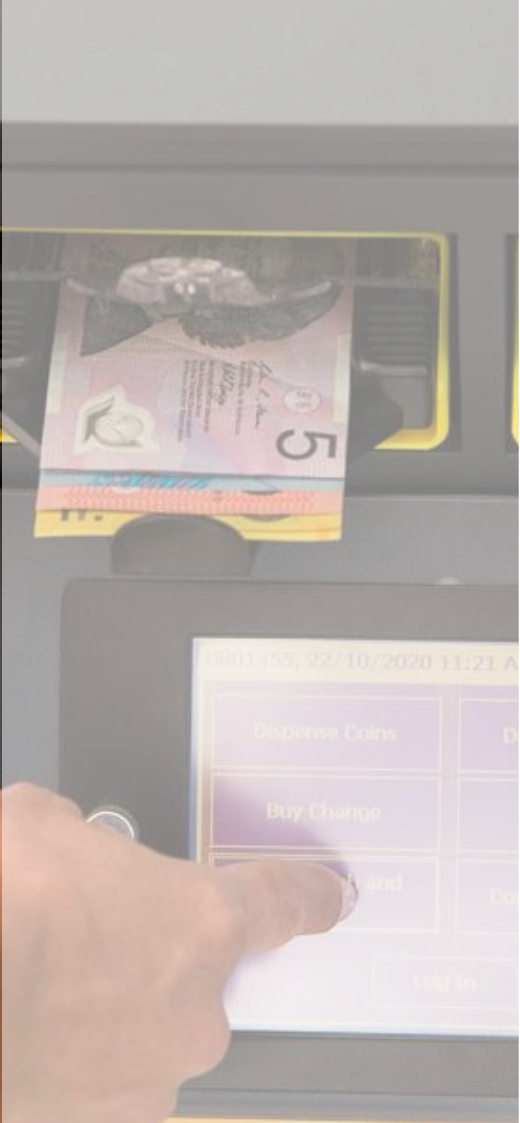
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