



RESULTS PRESENTATION. THIRD QUARTER 2019



Consumers need a right to use cash.

Each payment method has its advantages depending on the consumer's needs and preferences. Cash has several features which cannot be matched by electronic payment services (privacy, financial inclusion, resiliency to natural disasters, it also contributes to a more competitive retail payments market, etc.). Cash needs protecting

Source: The European Consumer Organization

LINK announces new measures for UK's access to cash.

The UK's largest cash machine network, has announced new measures to enable free access to cash in every high-street. On top of that, LINK has taken a step further by announcing, for the first time, that it will directly commission free-to-use ATMs in communities with poor access to cash

Source: Link

Amazon reinvents cash as a payment option.

With the launch of Amazon PayCode, already available in 19 countries around the world, and now also in the United States, Amazon keeps providing its customers with the option to pay its online shopping in cash. And this is because "customers love the convenience of paying in cash" according to Ben Volk, Director, Payments at Amazon

Source: Amazon

Uber customers paid more than \$6 billion in cash last year.

In some markets in Latin America, Europe, the Middle East, and Africa, Uber allows consumers to pay cash for their rides and / or meal deliveries. In 2018, cash-paid trips accounted for nearly 13% of Uber's global gross bookings of \$49.8 billion, which represented c.\$6.5 billion in cash payments." reported Marketwatch

Source: Marketwatch

Agenda

1. Highlights of the period

2. Regional dynamics

3. Financial results

4. Conclusions



Main themes

1.
Highlights of the period



1

Macro Environment

- **Still negatively impacted by the currency depreciation and the application of the hyperinflationary accounting in Argentina (IAS 21 & 29) vs. 9M 2018 although to a lesser extent than in previous quarters**

2

Agility

- **Local currency growth reached 18.0%⁽¹⁾ in 9M 2019**
- **EBIT margin recovery continued in euro terms**

3

Consolidation

- **5 acquisitions completed** during the first nine months of the year (3 LatAm, 1 Europe, 1 AOA) for an **accumulated EV close to 70 M€**
- **Divestments in South Africa (June) and France (July) already closed**

4

Transformation

- **New Products represented 16.0%** of total sales in **9M 2019**
- **New Products sales grew 52% in euros** on the back of our Smart Cash solutions, AVOS and ATMs

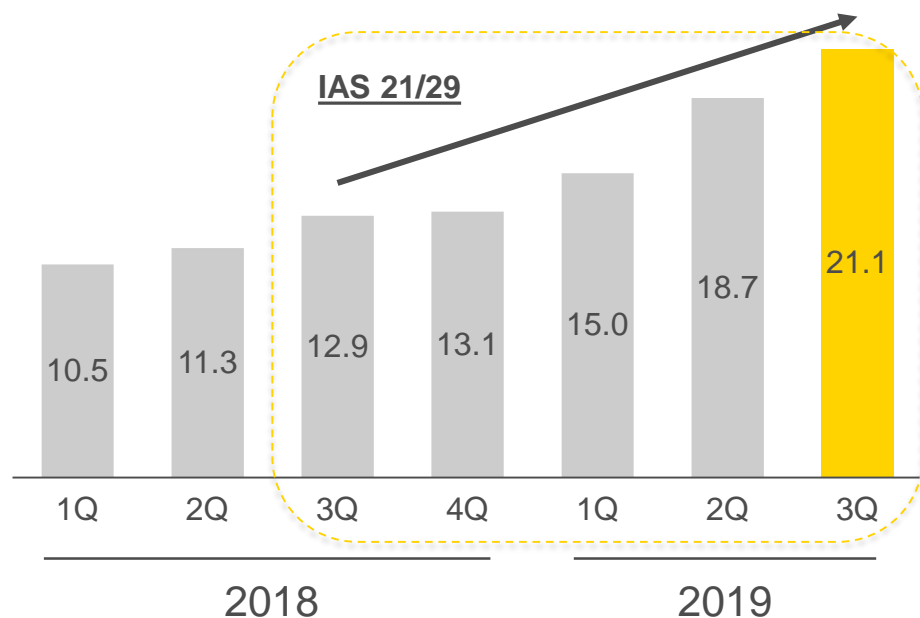
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Financial Discipline

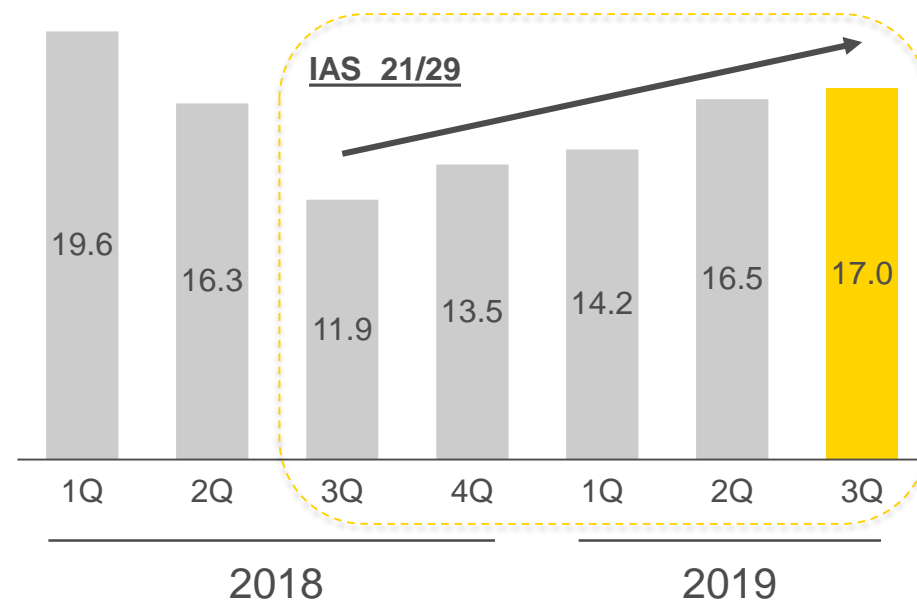
- **Free Cash Flow generation of 93 M€ (Total Net Debt EBITDA Ratio < 2.0x)**
- **S&P Rating confirmed (BBB, Outlook stable)**

(1) Includes organic and inorganic growth

**% Local Growth⁽¹⁾
by quarter**



**% EBIT Margin
by quarter**

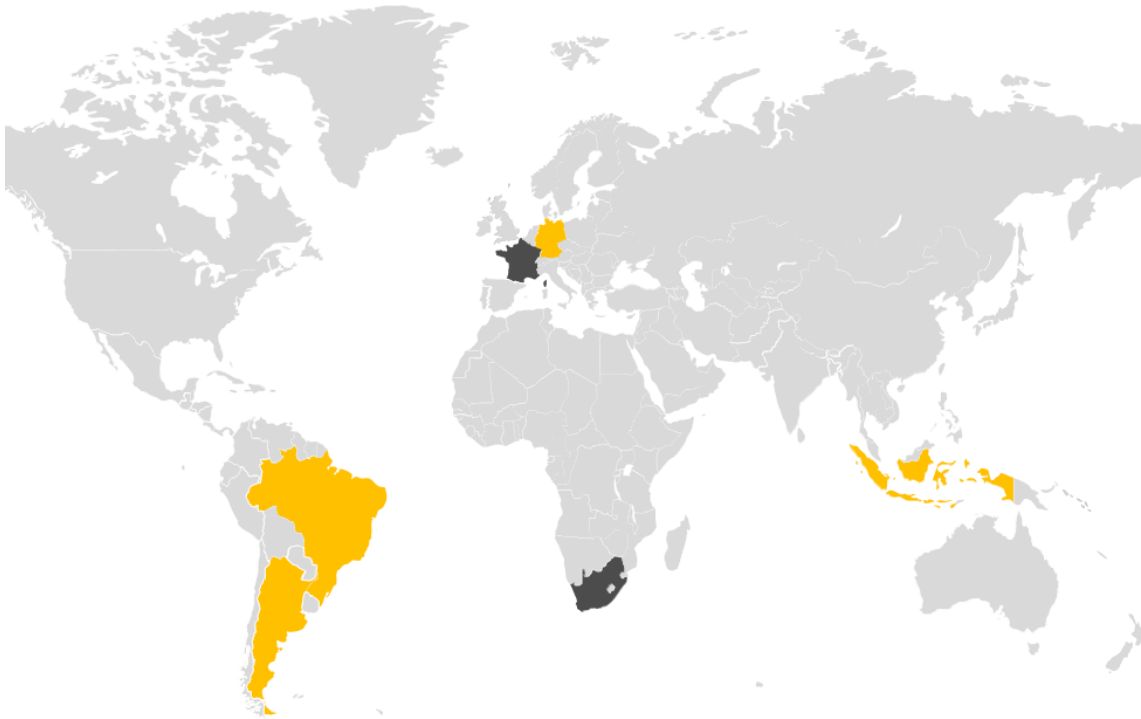


Gradual improvement in our growth and margins continued as a result of (i) the strength of our underlying business; (ii) non-recurring volumes in LatAm; (iii) the impact of the divestments undertaken in South Africa and France

(1) Includes organic and inorganic growth

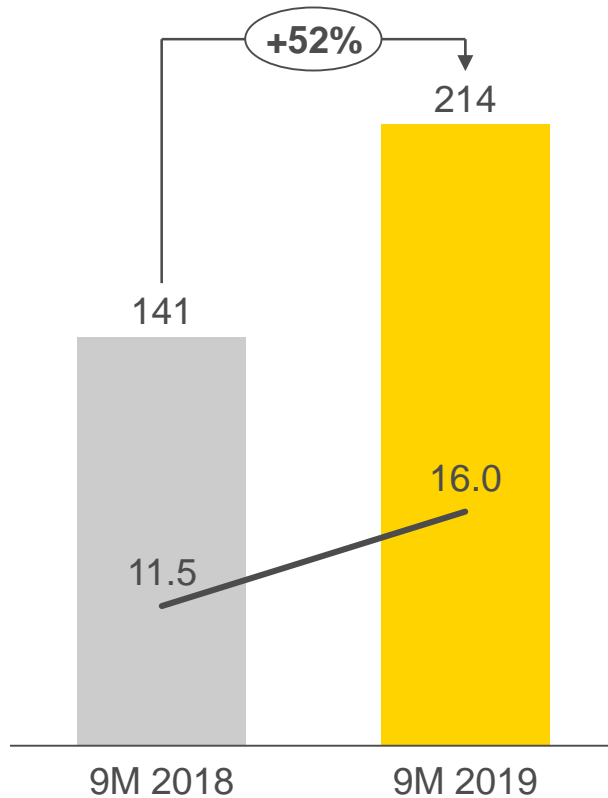
Consolidation

1.
Highlights of the period



- **5 deals** in 9M 2019 (3 LatAm, 1 Europe, 1 AOA). **Accumulated EV ~70 M€**
- **Divestments in South Africa (June) and France (July)** already executed
- **Annual target** of M&A investment for 2019 **between 50M€ - 150 M€**

New Products sales⁽¹⁾ (M€) and weight vs. Total Sales (%)



- **New Products sales reached 214 M€ (+52% vs. 9M 2018), contributing 16% of total revenues**
- **Organic growth pace remains solid**
- **Positive performance of SmartCash solutions, AVOS and ATMs**

Agenda

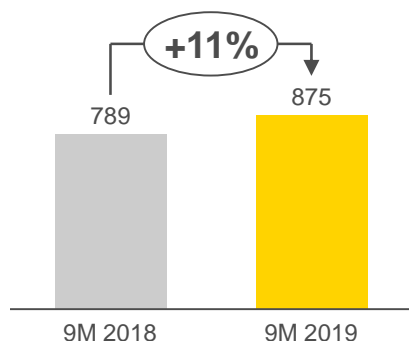
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LatAm

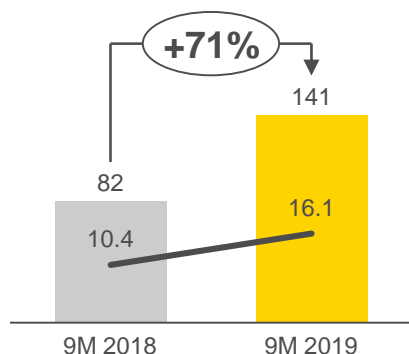
[65% of the total sales⁽¹⁾ in 9M 2019 vs 65% in 9M 2018]

Total Sales (M€)



Org: +16.2%
Inorg: +7.2%
FX⁽²⁾: (12.4)%

New Products Sales (M€) and Weight (%)



- **Organic growth acceleration** versus previous quarters **explained by:**
 - **Positive contribution from all the countries**
 - **Cost increase pass-through to clients**
 - **Higher volumes, although some of them are temporal in nature**
- **Inorganic contribution in line** with previous quarters
- **Adverse currency impact** although less than in 6M 2019
- **New Products positive momentum remained** and now represents 16% of total revenues (vs. 10% in 9M 2018)

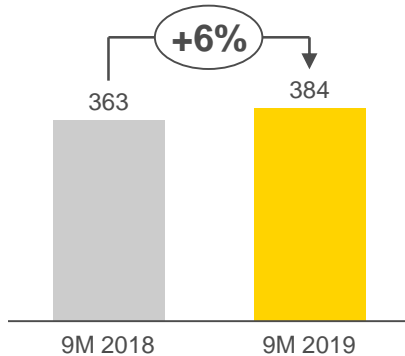
Europe

[29% of the total sales in 9M 2019 vs 30% in 9M 2018]

2.
Regional dynamics

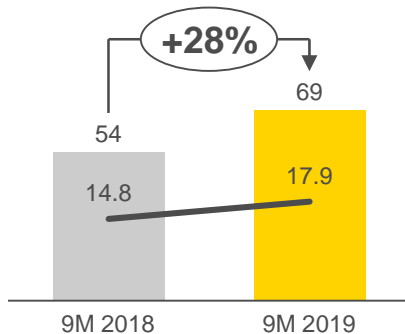


Total Sales (M€)



Org:	+5.1%
Inorg:	+0.6%
FX:	0.0%

New Products Sales (M€) and Weight (%)

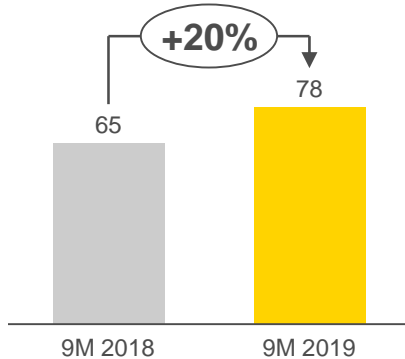


- **Organic growth** in line with previous quarters. **Positive trend continues**
- Lower inorganic growth due to the **sale of France**
- **New Products continue gaining weight within the sales mix** (c.18% in 9M 2019 vs. 15% a year ago)

AOA

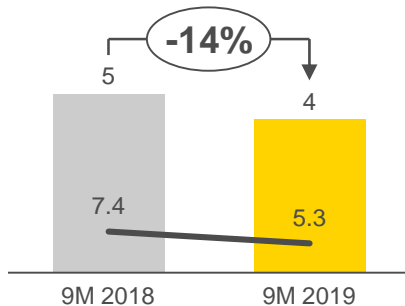
[6% of the total sales in 9M 2019 vs 5% in 9M 2018]

Total Sales (M€)



Org: (5.6)%
Inorg: +27.1%
FX: (1.6)%

New Products Sales (M€) and Weight (%)



- Regarding the organic growth of the region:
 - Australia remains in line with previous quarters
 - Partially offset by the positive performance of the Philippines

- New products consolidating the change of trend, posting growth vs. same quarter in 2018

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- 3. Financial results**
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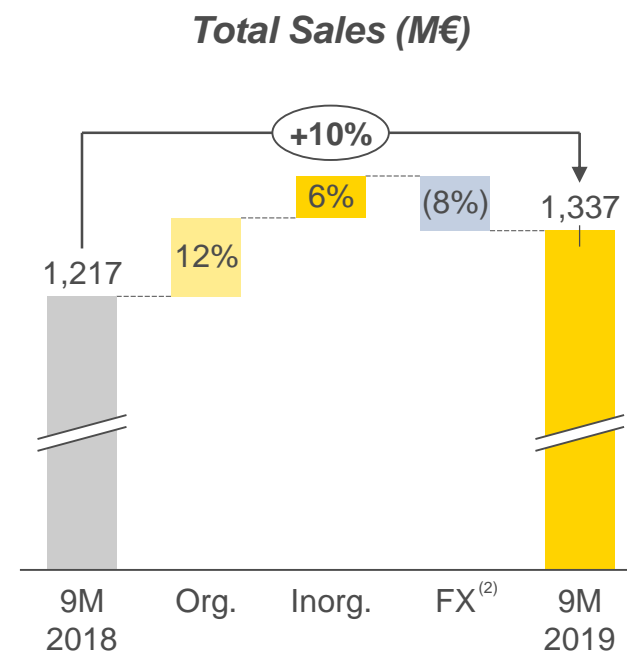


Profit and Loss Account⁽¹⁾

3.
Financial results



<i>Million Euros</i>	9M 2018	9M 2019	% VAR
Sales	1,217	1,337	+9.8%
EBITDA	250	288	+15.3%
<i>Margin</i>	20.5%	21.5%	
Depreciation	(40)	(62)	+55.8%
EBITA	210	226	+7.6%
<i>Margin</i>	17.3%	16.9%	
Amortization of intangibles	(12)	(13)	+13.9%
EBIT	198	213	+7.3%
<i>Margin</i>	16.3%	15.9%	
Financial result	14	(32)	-333%
EBT	212	181	-14.6%
<i>Margin</i>	17.4%	13.5%	
Taxes	(72)	(55)	-24.0%
<i>Tax rate</i>	33.9%	30.1%	
Net Profit from continuing operations	140	126	-9.8%
<i>Margin</i>	11.5%	9.5%	
Net Consolidated Profit	140	127	-9.5%
<i>Margin</i>	11.5%	9.5%	



(1) 2018 and 2019 figures according to IAS 21 & 29 (hyperinflation accounting). In addition, 2019 figures are reported according to IAS 16 (leasings), in force since 1Q 2019; (2) Includes FX and IAS 21 & 29 impact.

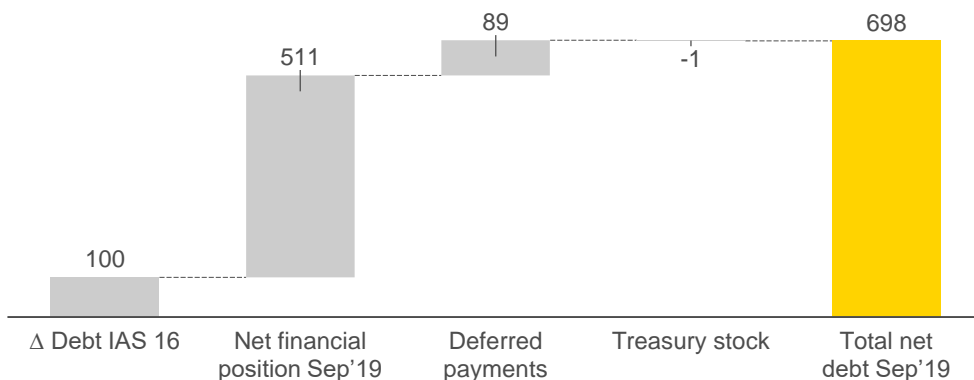
Cash Flow (1)

Million Euros	9M 2018	9M 2019
EBITDA	250	288
Provisions and other items	41	1
Income tax	(87)	(63)
Acquisition of PP&E	(63)	(70)
Changes in working capital	(21)	(62)
Free Cash Flow	120	93
% Conversion ⁽²⁾	75%	76%
Interest payments	(7)	(9)
Payments for acquisitions of subsidiaries	(37)	2
Dividend payment	(66)	(88)
Restructuring operations	18	-
Others	-	-
Total Net Cash Flow	27	(2)
Net financial position (BoP)	(424)	(491)
Net increase / (decrease) in cash	27	(2)
Exchange rate	(43)	(18)
Net financial position (EoP)	(440)	(511)

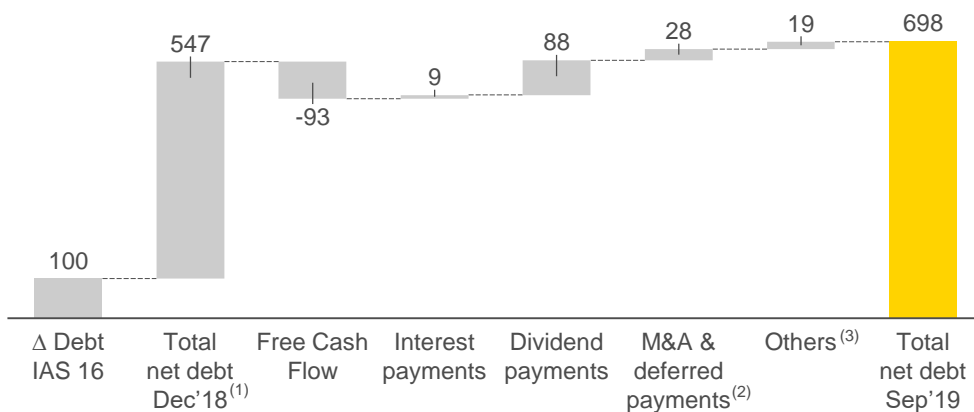
- **SmartCash capex increased**, almost doubling the investments made in 9M 2018
- **Working capital outflows derived from local growth and collection delays** in Peru, Chile and Germany
- **The conversión ratio slightly improved** to 76% in the period
- **M&A payments** were offset by the South African and French divestments
- **Fourth instalment of dividend disbursed (25% vs. 20% in 2018)**

Total Net Debt

Total net debt reconciliation (Sep'19)



Total net debt variation (Dec'18 vs Sep'19)



Cost of debt optimization

- 1.7% in 9M 2019 (2.1% in 9M 2018)

Deleveraging in 3Q 2019

- Total net debt to LTM EBITDA⁽⁴⁾ 1.8x (vs. 2.1x as of Jun'19)

S&P Rating confirmed (Oct' 2019)

- BBB, Outlook stable

Balance Sheet⁽¹⁾

3.
Financial results



<i>Million Euros</i>	FY 2018	9M 2019
Non-current assets	937	1,059
Tangible fixed assets	333	423
Intangible assets	535	568
Others	69	69
Current assets	769	800
Inventories	20	17
Trade receivables and others	475	531
Cash and cash equivalents	274	252
Non-current assets held for sale	1	-
TOTAL ASSETS	1,706	1,860
Net Equity	238	303
Non-current liabilities	866	887
Financial liabilities	688	698
Other non-current liabilities	178	190
Current liabilities	602	669
Financial liabilities	132	253
Other liabilities	470	416
Liabilities held for sale	-	-
TOTAL EQUITY AND LIABILITIES	1,706	1,860

— **Tangible fixed assets increase** due to IAS 16 and capex investments

— **Intangible assets increase** due to M&A investments

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- **Positive evolution of traditional business and new solutions**

- **Margin recovery continues, accelerated by our divestments**

- **Financial discipline**
 - Deleverage during the year
 - Rating confirmation from S&P

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INVESTOR RELATIONS (pablo.delamorena@prosegur.com)

