

PROSEGUR

9M 2018 Results Presentation



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Highlights of the Period

Total Sales of

€2,829m

8.1%
Sustained Organic Growth

EBIT

€224m

Reflecting mainly the impact of the LatAM macro environment and FX

Net Profit

€155m

Remains stable

Good **Operating Cash Flow**, despite Ibero-America's exchange rate

9M 2017

43%

9M 2018

48%

Op. Cash Flow / EBITDA conversion ratio

539,000

Connected Alarms

14%

Growth despite adverse environment in LatAm

S&P

BBB Stable

Rating confirmed without changes

Consolidated Results	9M 2017 ⁽¹⁾	9M 2018 ⁽²⁾	% Variation
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In millions of euros

Sales	3,184	2,829	(11.2)%
EBITDA	374	332	(11.4)%
<i>Margin</i>	11.8%	11.7%	
Depreciation	(77)	(90)	
EBITA	297	242	(18.5)%
<i>Margin</i>	9.3%	8.6%	
Amortisation of intangibles and others	(19)	(18)	
EBIT	279	224	(19.8)%
<i>Margin</i>	8.8%	7.9%	
Financial result	(31)	13	
Profit before Taxes	247	237	(4.3)%
<i>Margin</i>	7.8%	8.4%	
Taxes	(89)	(82)	
<i>Tax rate</i>	36.1%	34.7%	
Net Profit	158	155	(2.2)%
Minority interests	34	39	
Net Consolidated Profit	124	116	(6.5)%
Earnings per share (Euros per share)	0.2	0.2	

 Organic growth **above 8%**

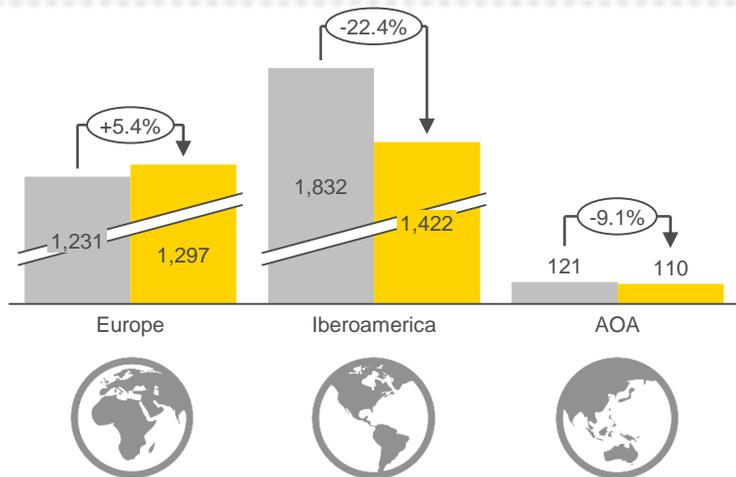
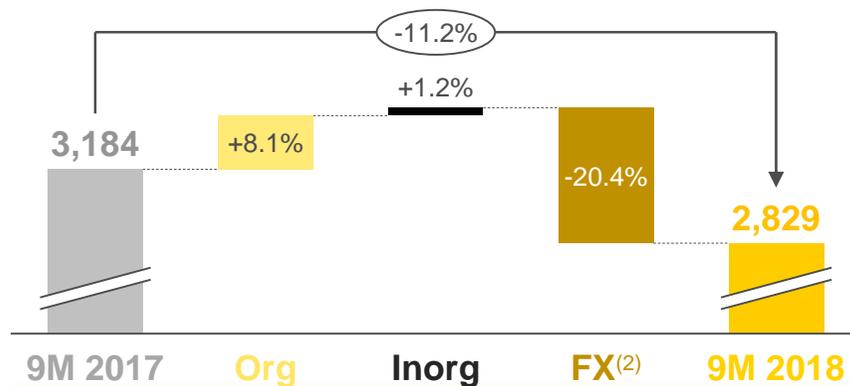
 **EBIT evolution** mainly justified by macro environment and accounting treatment of **IAS 21 and 29**

 **Net Profit and EPS** remain **stable**

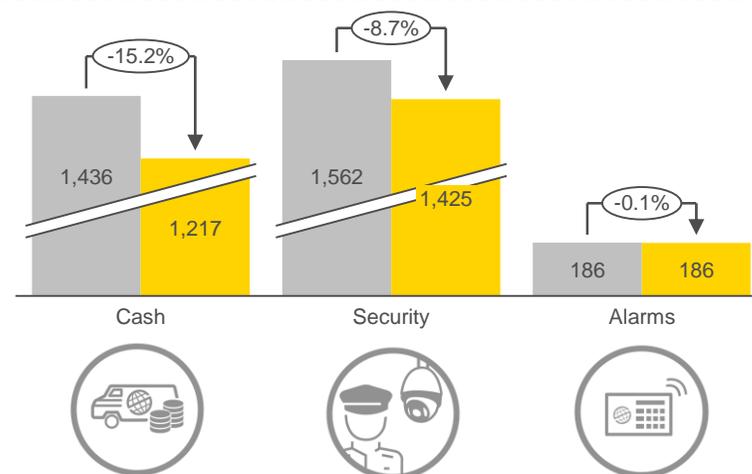
Consolidated Revenues by Region and Business Line

In millions of Euros

% → Growth in Local Currency ⁽¹⁾
% → Growth in Euros



■ 9M 2017
 ■ 9M 2018

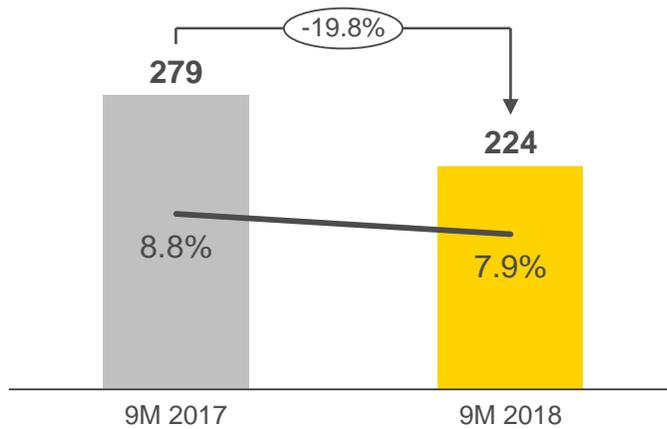


⁽¹⁾ Includes organic growth and growth from acquisitions. ⁽²⁾ Includes exchange rate effect and IAS 21 & 29

Consolidated EBIT and Cash Flow Generation

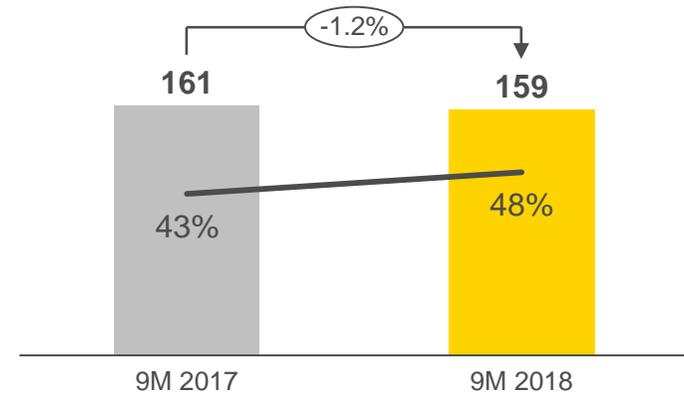
In millions of Euros

EBIT



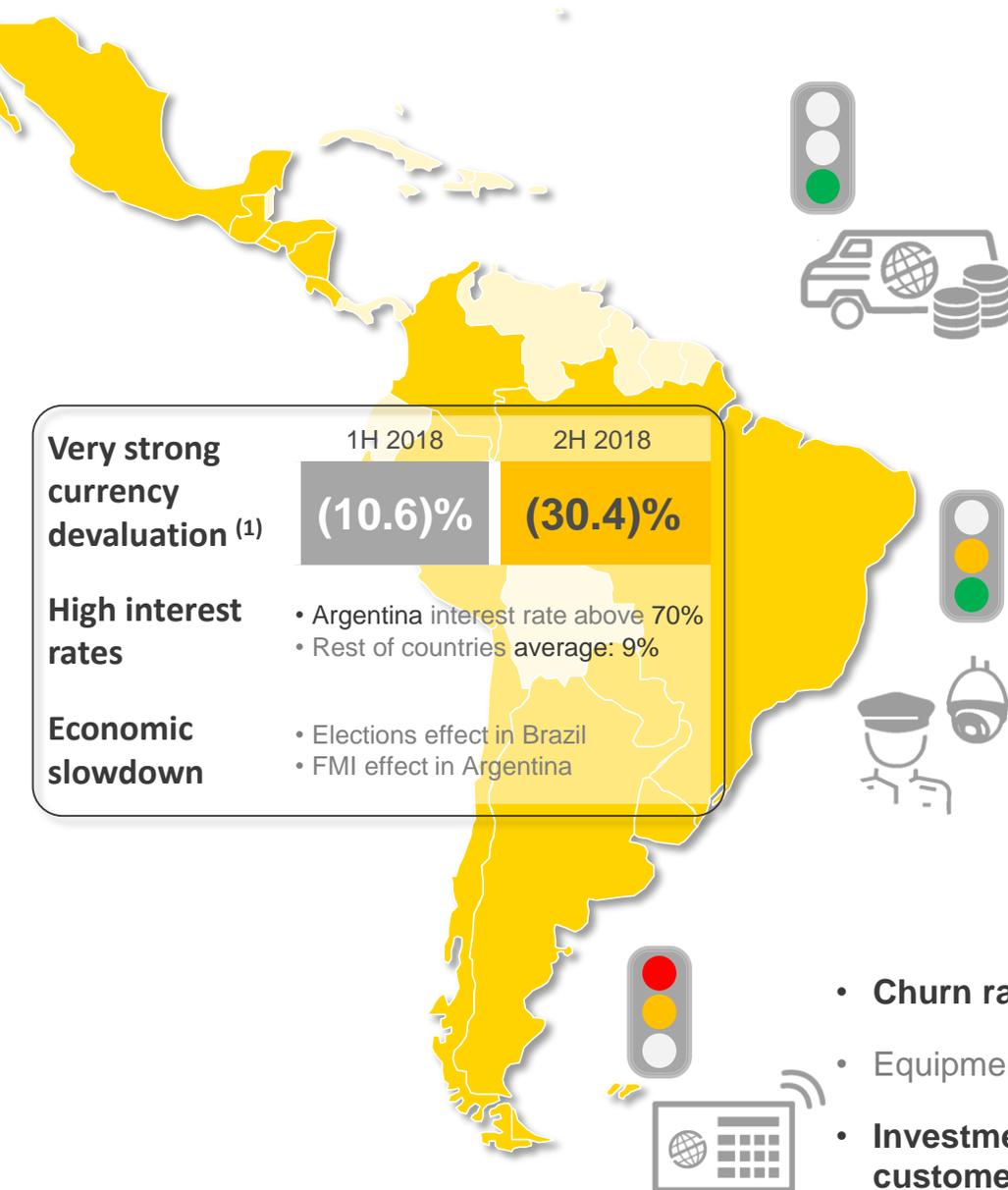
— EBIT Margin
■ EBIT

Operating Cash Flow Generation



— Op. Cash Flow / EBITDA conversion ratio
■ Operating Cash Flow

Situation of Businesses in Ibero-America



- **Increased volumes** of transported cash
- High interest rates **benefit** and **accelerate** logistics activity
- **Favourable scenario** for developing **cash automation solutions**

- **Inflation transfer** to market performing as planned
- **Volumes growth slows down** in line with the economy
- **Suitable situation** to focus on **client portfolio optimization**

- **Churn rate increases** due to macro pressure over consumption
- Equipment **import costs rise** as a result of currency devaluation
- **Investment in growth** is reduced and focus is rather placed on **customer retention**

⁽¹⁾ BRL-ARS weighted compound depreciation

Results by Business Line



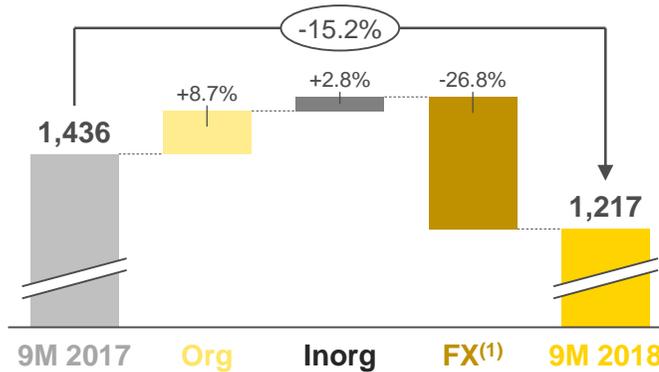
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PROSEGUR CASH

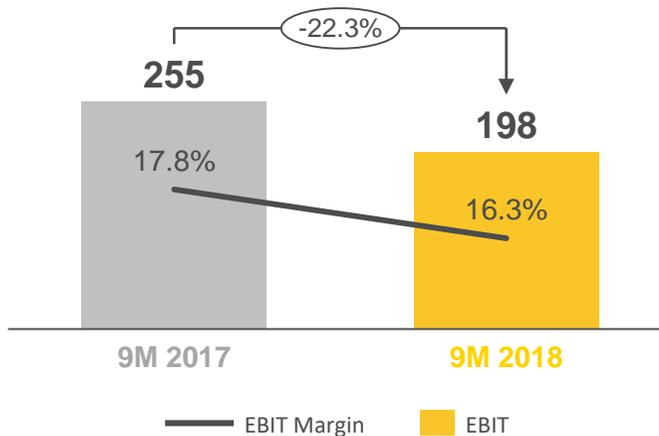


Sales



Organic revenues growth close to **9%**
Significant **negative FX** effect

EBIT & Margin

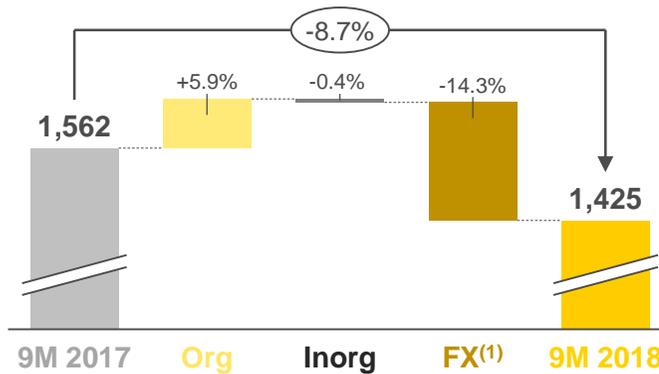


Margin contraction deriving mainly from macro environment in Ibero-America

PROSEGUR SECURITY

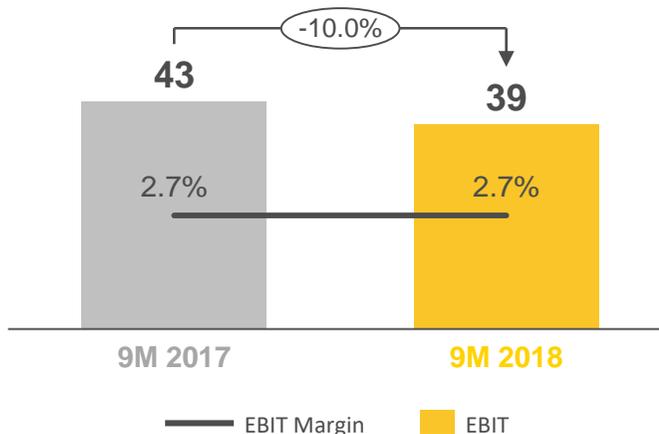


Sales



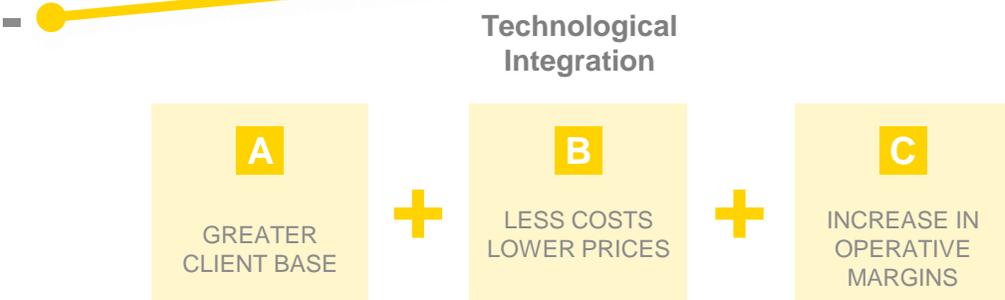
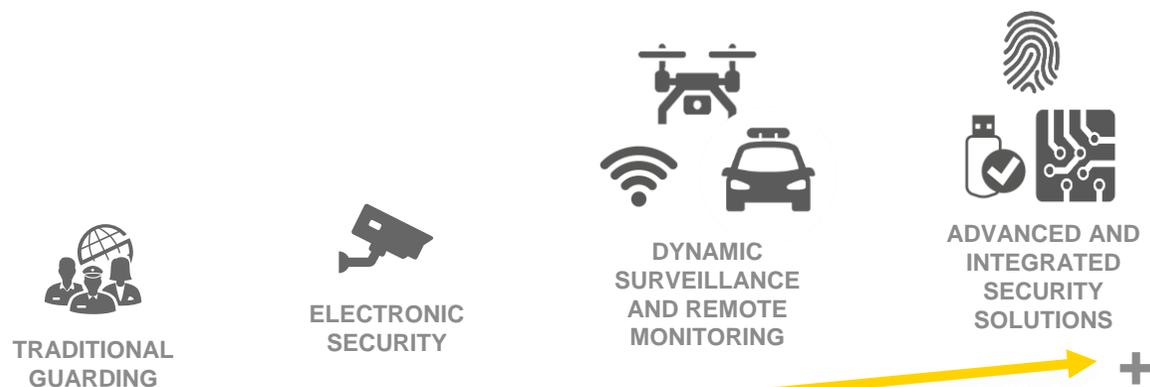
Sustained organic growth close to 6%, in line with 1H18 figures

EBIT⁽²⁾ & Margin



Profitability remains stable despite the Brazilian slowdown and the strong currency effect

Evolution of “Integrated & Advanced Security Solutions”

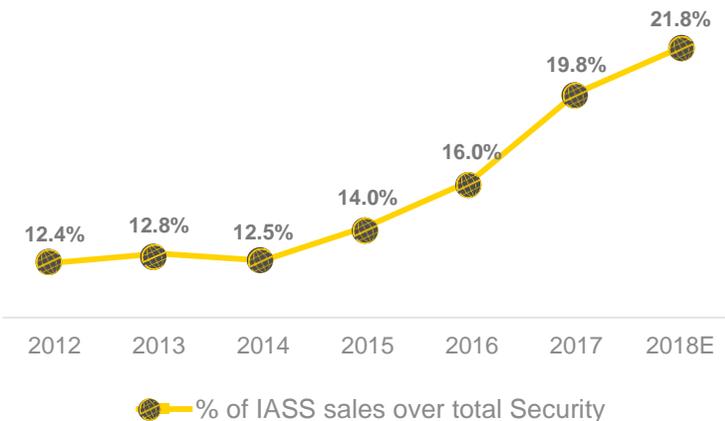


Solutions already present in more than of our client portfolio

30%

- **Strong organic growth** of these new services reinforced by **M&A in strategic geographies**
- Combination of **traditional guarding** capabilities with **remote monitoring** operations and highly automated new **value-added services**
- Main structural pillar of **margin improvement** for the whole business unit
- Deployed and **present in all countries** where the group operates

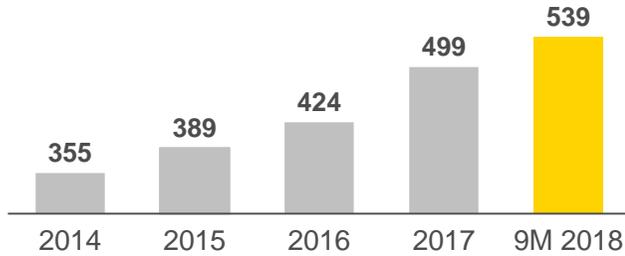
Continued increase in sales of Integrated & Advanced Security Solutions



PROSEGUR ALARMS



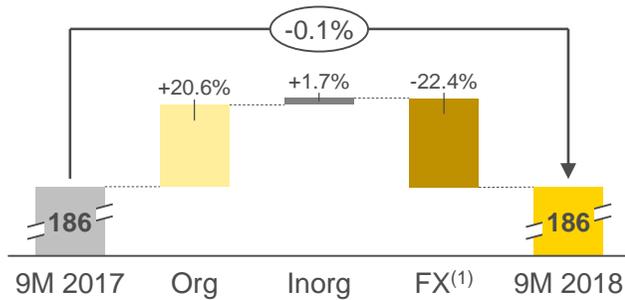
BTC



14% growth in net additions compared to the same period in 2017

Growth rate higher than the industry average

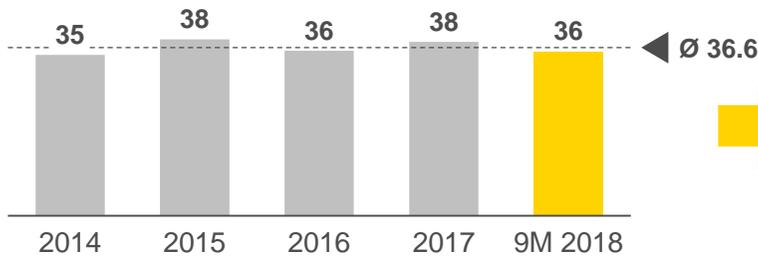
Sales



Organic revenues **growth** greater than **20%**

Strong negative currency impact

ARPU



Sustained healthy levels, despite Ibero-America's FX

Improvement in local currency

Financial Information



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Consolidated Cash Flow

<i>In million Euros</i>	9M 2017 ⁽¹⁾	9M 2018 ⁽²⁾
EBITDA	374	332
Provisions and other non-cash items	33	37
Tax on profit (ordinary)	(106)	(96)
Changes in working capital	(109)	(92)
Interests payments	(31)	(22)
Operating cash flow	161	159
Acquisition of property, plant & equipment	(141)	(140)
Payments for acquisitions of subsidiaries	(50)	(54)
Dividend payments	(55)	(92)
Other flows	766	(2)
Cash flow from investing / financing	520	(288)
Total net cash flow	682	(129)
Initial net financial position	(712)	(252)
Net increase / (decrease) in cash	682	(129)
Exchange rate	(20)	(77)
Final net financial position	(51)	(458)



High and sustained cash conversion ratio

Total Net Debt

◆ Net Financial Debt

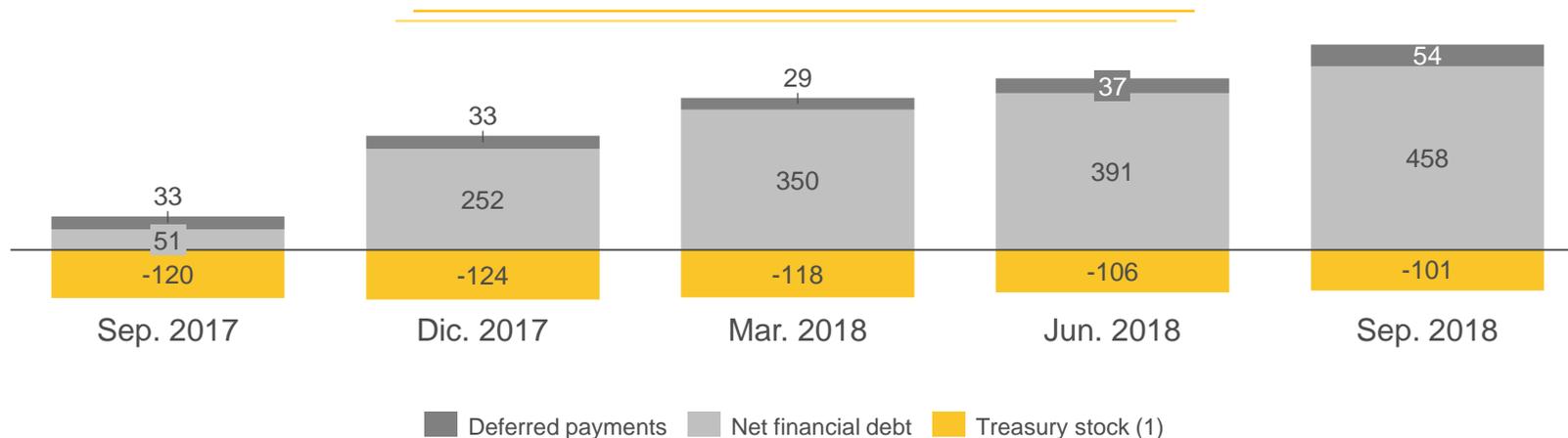
- ◆ Increase of **206 million Euros** vs. year-end 2017, maintaining low leverage level
- ◆ Average cost of debt **decreases by 50 basis points** vs. the same period in 2017 (**1.7%** vs. **2.2%**)

◆ Ratios

- ◆ Net Financial Debt / EBITDA annualised **1.0x**
- ◆ Net Financial Debt / Equity **0.4x**

◆ Rating

- ◆ **Ratified by S&P (October 1, 2018) BBB, stable Outlook**

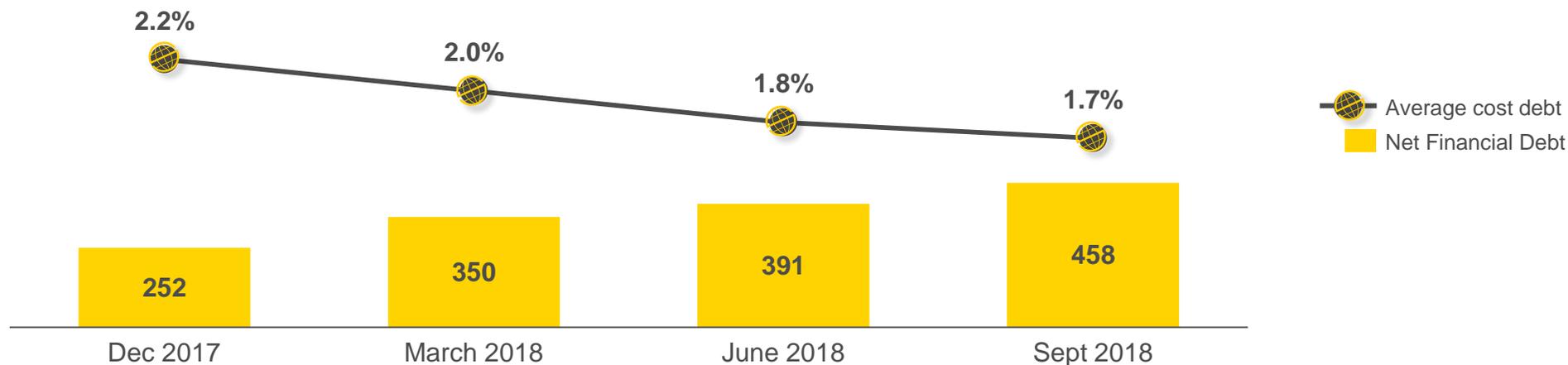


Financial Result Breakdown

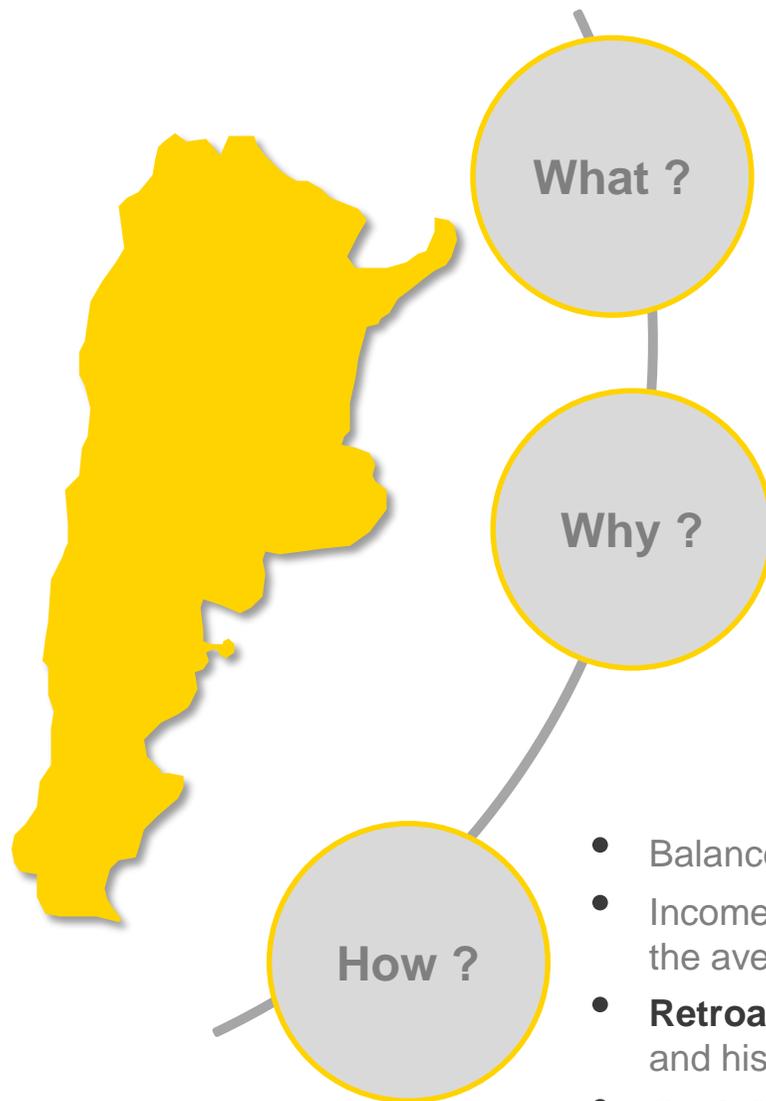
In millions of Euros

	9M 2017	9M 2018
Financial Expenses	(35)	(22)
FX⁽¹⁾	4	35
Financial Result	(31)	13

Significant **financial cost optimisation**, resulting from the debt optimization process initiated at the end of 2017



— Argentina – IAS 21 & 29



- On 01 July 2018, **Argentina** was declared **hyperinflationary country** by both the European agency **ESMA**⁽¹⁾ and the North American **IPTF**⁽¹⁾, obliging all companies submitting financial statements under IFRS and US GAAP to reflect inflation in their accounts
- The **cumulative inflation rate** of the last three years (**2016-2018**) exceeds **100%**
- **Until the situation is reversed**, the application of these accounting rules will **remain in place**
- Balance sheet: **revaluation of non-monetary items**
- Income statement: the applicable **exchange rate** is the **closing** rate, replacing the average exchange rate of each month
- **Retroactive nature** from 01 January 2018 onwards for the income statement and historically for balance sheet
- **Cash flow: no impact** on **cash generation**

Balance Sheet

<i>In millions of Euros</i>	FY 2017	9M 2018 ⁽¹⁾
Non-current Assets	1,481	1,601
Tangible fixed assets and real estate investments	587	682
Intangible assets	765	793
Others	128	126
Current Assets	2,343	2,047
Inventory	71	72
Customer and other receivables	1,151	1,020
Cash and equivalents and other financial assets	1,121	955
TOTAL ASSETS	3,824	3,648
Net Equity	1,143	1,139
Share capital	37	37
Treasury shares	(53)	(53)
Retained earnings and other reserves	1,085	1,068
Minority interests	74	86
Non-current Liabilities	948	1,628
Bank borrowings and other financial liabilities	717	1,394
Other non-current liabilities	230	234
Current Liabilities	1,733	882
Bank borrowings and other financial liabilities	701	78
Trade payables and other current liabilities	1.031	804
TOTAL NET EQUITY AND LIABILITIES	3,824	3,648

⁽¹⁾ 2018 figures have been elaborated applying IAS 21 and 29

— Conclusions and Final Remarks

- ◆ **Solid and sustained organic growth**, highlighting the strengths of the businesses
- ◆ Excellent **Net Profit** which remains **stable** despite exchange rate impact and the application of IAS 21 & 29
- ◆ **High** and **sustained** capacity of **cash flow conversion**
- ◆ Continued **optimisation** of **financial cost**
- ◆ **Ratification of the BBB Stable Outlook rating** in the current complex macroeconomic environment



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