



PROSEGUR CASH, S.A. AND SUBSIDIARIES

INTERIM QUARTERLY FINANCIAL INFORMATION

Interim financial statements for the first quarter of 2020

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



RESULTS FOR JANUARY TO MARCH 2020 AND FOR JANUARY TO MARCH 2019

Million euros			
CONSOLIDATED RESULTS	1Q 2019	1Q 2020	% Var.
Sales	432.1	415.3	-3.9%
EBITDA	85.9	75.7	-11.8%
<i>Margin</i>	<i>19.9%</i>	<i>18.2%</i>	
Depreciation Property, plant and Equipment	(20.1)	(23.1)	14.9%
EBITA	65.8	52.6	-20.0%
<i>Margin</i>	<i>15.2%</i>	<i>12.7%</i>	
<i>Amortization Intangible assets</i>	<i>(4.4)</i>	<i>(5.0)</i>	<i>13.4%</i>
EBT	61.4	47.7	-22.4%
<i>Margin</i>	<i>14.2%</i>	<i>11.5%</i>	
Financial Results	(10.3)	(1.5)	-85.1%
BAI	51.1	46.2	-9.7%
<i>Margin</i>	<i>11.8%</i>	<i>11.1%</i>	
Taxes	(19.8)	(18.4)	-7.1%
Net Result from continuing operations	31.3	27.8	-11.3%
Net result from discontinuing operations	-	-	
Net Result	31.3	27.8	-11.3%
Minority Interests	-	(0.2)	-
Consolidated Net Result	31.30	28.0	-10.7%
<i>Margin</i>	<i>7.2%</i>	<i>6.7%</i>	
Earnings per share (Euros per share)	0.02	0.02	

PERFORMANCE IN THE PERIOD

- Sales at Prosegur Cash in the January-March period of 2020 amounted to EUR 415.3 million, down 3.9% on the EUR 432.1 million in the same period of the previous year. The negative exchange rate impact and the result of the application of IAS 29 and 21, which was -12.9%, were partially offset by positive organic growth of 7.3% and a positive inorganic contribution of 1.7%.



- Likewise, EBITA in the reporting period amounted to EUR 52.6 million, implying a 12.7% ratio in relation to sales.
- The reduction in EBITA as compared to the same period of the previous year can be explained primarily by currency depreciation and lower volumes and amounts transported as a result of the restrictions on movement implemented by governments to tackle the Covid-19 pandemic.
- Consolidated net profit was EUR 28.0 million, compared to EUR 31.3 million in 2019.



INTERIM FINANCIAL STATEMENTS (JANUARY – MARCH 2020)

1. BUSINESS PERFORMANCE

Details of the business performance of the main consolidated income statement items for the period January-March 2020 and their comparison for the period January-March 2019 is detailed below:

a) Sales

- Sales at Prosegur Cash in the January-March period of 2020 amounted to EUR 415.3 million, down 3.9% on the EUR 432.1 million in the same period of the previous year. The negative exchange rate impact and the result of the application of IAS 29 and 21, which was -12.9%, were partially offset by positive organic growth of 7.3% and a positive inorganic contribution of 1.7%.

The table below shows the breakdown of Prosegur Cash's sales by geographical area and business line:

Million of euros												
Sales	Europe			AOA			Ibero-America			Prosegur Cash Total		
	2019	2020	% Var.	2019	2020	% Var.	2019	2020	% Var.	2019	2020	% Var.
Cash in transit	65.4	60.4	-7.7%	18.1	16.7	-7.7%	178.8	164.9	-7.8%	262.3	242.0	-7.7%
% of total	52.8%	51.1%		71.1%	65.3%		63.2%	60.7%		60.7%	58.3%	
Cash management	36.3	33.1	-8.9%	6.0	7.5	23.7%	62.8	57.1	-9.0%	105.1	97.6	-7.1%
% of total	29.3%	28.0%		23.7%	29.2%		22.2%	21.0%		24.3%	23.5%	
New products	22.2	24.8	11.9%	1.3	1.4	6.2%	41.2	49.5	20.0%	64.7	75.7	17.0%
% of total	17.9%	21.0%		5.2%	5.5%		14.6%	18.2%		15.0%	18.2%	
Total sales	123.9	118.2	-4.6%	25.4	25.6	0.6%	282.8	271.5	-4.0%	432.1	415.3	-3.9%

The divestment of the businesses in France in 2019 and Mexico in the first quarter of 2020, coupled with currency depreciation and lower volumes and amounts transported as a result of the restrictions on movement implemented by governments to tackle the Covid-19 pandemic, explain the generalised decline in Transportation and Cash Management services.



Moreover, note the sound performance by New Products, which performed strongly in all geographical areas thanks to a combination of organic growth and selective acquisitions.

The table below shows sales growth by region, with a breakdown of the contribution by organic growth, the effects of changes in the consolidation perimeter and the exchange rate impact (the latter includes, for both periods, the effect of applying IAS 29 due to the Argentine economy being considered hyperinflationary):

Millions of euros						
Sales	1Q 2019	1Q 2020	% Var.	Organic	Inorganic	Exchange Rate
Europe	123.9	118.2	-4.6%	2.2%	-6.7%	0.0%
Ibero-America	282.8	271.5	-4.0%	10.3%	5.2%	-19.6%
AOA	25.4	25.6	0.5%	-1.1%	2.7%	-1.1%
Total sales	432.1	415.3	-3.9%	7.3%	1.7%	-12.9%



b) Earnings before interest, taxes and amortisation

EBITA for the first quarter of 2020 amounted to EUR 52.6 million, a decrease of 20.0% on the same period of 2019 when the figure was EUR 65.8 million.

The EBITA margin over sales in January-March 2020 was 12.7%, compared to 15.2% in the previous year.

This reduction in EBITA as compared to the same period of the previous year can be explained primarily by currency depreciation and lower volumes and amounts transported as a result of the restrictions on movement implemented by governments to tackle the Covid-19 pandemic.

Moreover, in the first quarter of 2020, the company performed a series of acquisitions in Brazil, Colombia and Ecuador. These acquisitions are still being integrated, and their margins are lower than the average of the Prosegur Cash Group. The company expects that, as these projected synergies are obtained, these margins will improve and contribute more significantly to growth by the Group.

c) Financial results

From January to March 2020, Prosegur Cash obtained a negative financial result of EUR 1.5 million compared to a negative result of EUR 10.3 million in the same period of 2019, i.e. an improvement of EUR 8.8 million as compared with the previous year. The main changes in the financial result were as follows:

- The financial expenses for payment of interest in January to March 2020 were EUR 13.9 million, compared to EUR 5.8 million in the same period in 2019, accounting for an expense increase of EUR 8.1 million.
- The positive differences of exchange rates in January-March 2020 totalled EUR 13.1 million, compared with EUR 1.9 million in the same period of 2019.
- The net finance expenses from the net monetary position amounted to EUR 0.7 million in January-March 2020 vs. EUR 6.4 million in the same period of 2019.



Net results

The net consolidated result for January to March 2020 totalled EUR 28.0 million, compared to EUR 31.3 million during the same period in 2019.

The effective tax rate was 39.8% in the first quarter of 2020, compared with 38.7% in the first quarter of 2019.

2. SIGNIFICANT EVENTS AND TRANSACTIONS

Significant events

Business combinations

In the January-March 2020, in Latin America Prosegur Cash acquired a number of security companies and assets in Brazil, Ecuador and Colombia providing cash in transit, cash management and administrative banking services.

In February 2020 the sale of 100% of the Cash business in Mexico was completed.

Subsequent significant events

As a result of the Covid-19 pandemic, in the first quarter of 2020 various governments introduced lockdown measures to promote social isolation and thereby contain the spread of the virus. These measures, along with an unprecedented global slowdown, have unquestionably had an impact on the performance of our activities since March.

In this connection, Prosegur Cash has decided to implement various initiatives globally to adapt its cost structure to the more moderate activity, in order to safeguard its cash flow generation and ensure rapid access to its existing liquidity lines.

As a result of the current uncertainty and the varied pace of the pandemic's spread and the various governmental measures implemented, it is very difficult to gauge the impacts of the Covid-19 outbreak on the income statement.



3. CONSOLIDATED FINANCIAL INFORMATION

The consolidated financial data was prepared in accordance with International Financial Reporting Standards (IFRS-EU) applicable at 31 March 2020. Such accounting standards have been applied both to financial years 2020 and 2019.

The treatment of Argentina as a hyperinflationary economy should be taken into account in order to understand the consolidated financial statements. 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 from March 2020 and December 2019 before being included in the consolidated financial statements.



Millions of euros		
CONSOLIDATED BALANCE SHEET	31/12/2019	31/03/2020
Non current assets	1,089.1	1,078.0
Property, plant and equipment	345.1	333.4
Goodwill	375.5	445.3
Intangible assets	216.7	163.9
Rights of use	91.6	77.5
Investments in associates	7.5	6.6
Non current financial assets	4.7	4.1
Other non current assets	47.9	47.2
Current assets	845.2	960.0
Inventories	14.1	12.7
Trade and other receivables	455.9	413.6
Accounts receivables with Prosegur Group	67.7	39.1
Treasury and other financial assets	307.4	494.6
ASSETS	1,934.3	2,038.0
Equity	243.6	179.2
Share capital	30.0	30.0
Retained earnings and other reserves	213.6	149.2
Non-Current Liabilities	902.8	1,177.0
Debts with credit institutions and other financial liabilities	646.6	932.3
Other non-current liabilities	182.2	181.3
Non-current lease liabilities	74.1	63.4
Current Liabilities	787.9	681.8
Debts with credit institutions and other financial liabilities	210.5	226.2
Current lease liabilities	31.4	30.8
Trade and other payables	442.2	361.7
Accounts payable with Prosegur Group	95.7	55.9
Other current liabilities	8.1	7.2
EQUITY AND LIABILITIES	1,934.3	2,038.0



The main variations in the consolidated balance sheet at 31 March of 2020 compared to the close of financial year 2019 are summarised as follows:

a) Property, Plant and Equipment

Investment in PPE during the period from January to March 2020 amounted to EUR 15.9 million, destined mainly to investment in armouring and properties.

b) Rights-of-use and lease liabilities

The asset recognised in the balance sheet for the current amount of all future payments associated to operating leases in March 2020 amounted to EUR 77.5 million. EUR 63.4 million and EUR 30.8 million, respectively, were recorded under non-current and current lease liabilities.

c) Goodwill

During the first three months of 2020 no impairment losses in goodwill have been registered.

d) Investments in associates

The change in investments in associates relates mainly to the results at equity-accounted investees.

e) Net equity

The changes in net equity in the first three months of 2020 arose mainly under net profit in the period and the reserve for cumulative translation differences.

f) Net financial position

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



Financial position at 31 March 2020 has amounted to EUR 538.2 million, having decreased by EUR 78.1 million over the amount at 31 December 2019 (EUR 460.1 million). This does not include lease liabilities.

At 31 March 2020, the annualised financial position/EBITDA ratio has reached 1.35 and the financial position/shareholder equity ratio has reached 3.00.

At 31 March 2020, the liabilities for debts with credit entities corresponded mainly to the following:

- Issue of uncovered bonds due in February 2026 amounting to EUR 599 million (interests included).

Prosegur Cash, through its subsidiary Prosegur Australia Investments PTY Limited, contracted a syndicated financing operation as of April 2017, amounting to AUD 70 million with varying maturities from 2021 through 2023.

- Since February 2017, Prosegur Cash has had a syndicated financing operation for a credit facility amounting to EUR 300 million maturing in 2025.

g) Trade and other payables

This heading includes mainly trade payables and income tax and other tax payables to public treasury.



The total net cash flow generated in the period from January to March 2020 was as follows:

Million euros	
CONSOLIDATED CASH FLOW	31/03/2020
EBITDA	75.7
Adjustments to profit or loss	6.8
Income tax	(11.9)
Change in working capital	(31.3)
Interest payments	(9.5)
OPERATING CASH FLOW	29.8
Acquisition of Property, plant and equipment	(15.9)
Payments acquisition of subsidiaries	(30.3)
Dividend payments	(22.2)
Other flows for investment / financing activities	(32.4)
CASH FLOW FROM INVESTMENT / FINANCING	(100.8)
TOTAL NET CASH FLOW	(71.0)
INITIAL NET DEBT (31/12/2019)	(460.1)
Net (Decrease) / Increase in treasury	(71.0)
Exchange rate effect	(7.2)
NET DEBT AT THE END OF THE PERIOD (31/03/2020)	(538.2)



e) ALTERNATIVE PERFORMANCE MEASURES

In order to meet ESMA guidelines on Alternative Performance Measures (hereinafter, APMs), the Prosegur Cash Group 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-EU). 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. The Prosegur Cash Group 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.
CAPEX	Capex (<i>Capital Expenditure</i>) represents the money a company spends on equipment assets that generates a profit or return, or by increasing the value of existing fixed assets. CAPEX includes additions of both property, plant and equipment and of software as part of its intangible assets.	CAPEX is an important indicator of a company's life cycle at a given point in time. When a company experiences rapid growth, CAPEX will exceed the depreciation of its fixed assets, indicating that the value of its equipment is increasing quickly. In contrast, CAPEX that is similar to or even below fixed asset depreciation is a clear sign that the company is experiencing capital depletion, and may be a symptom of the company's decline.
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.
Cash Flow Conversion	The Group calculates Cash Flow Conversion Rate as the ratio between EBITDA minus capital expenditures over EBITDA.	Cash Flow Conversion provides the capacity of cash generation of the company.
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 Euros)	31.03.2020	31.12.2019
Non-Current Assets held-for-sale	-	-
Inventories	12.7	14.1
Trade and other receivables	343.0	381.1
Current receivables with Prosegur group companies	39.1	67.7
Current tax assets	70.3	73.4
Cash and cash equivalents	494.6	307.4
Deferred tax assets	47.2	47.9
Trade and other payables	(261.5)	(346.8)
Current tax liabilities	(99.9)	(93.9)
Financial liabilities	(526.2)	(210.5)
Current payables with Prosegur group companies	(55.9)	(95.7)
Short term lease liabilities	(30.8)	(31.4)
Other current liabilities	(7.2)	(8.1)
Deferred tax liabilities	(34.7)	(37.6)
Provisions	(146.6)	(146.1)
Total Working Capital	(155.9)	(78.5)
Adjusted EBIT Margin (Million Euros)	31.03.2020	31.03.2019
EBIT	47.7	61.4
Revenues	415.3	432.1
Adjusted EBIT Margin	11.5%	14.2%
Organic Growth (Million Euros)	31.03.2020	31.03.2019
Revenues for current year	415.3	432.1
Less: Revenues for the previous year	432.1	449.5
Less: Inorganic Growth	7.1	31.9
Effect of exchange rate fluctuations	(55.6)	(84.8)
Total Organic Growth	31.6	35.5
Inorganic Growth (Million Euros)	31.03.2020	31.03.2019
Europe	(8.3)	2.6
AOA	0.7	8.2
Ibero-America	14.8	21.1
Total Inorganic Growth	7.1	31.9
Effect of exchange rate fluctuations (Million Euros)	31.03.2020	31.03.2019
Revenues for current year	415.3	432.1
Less: Revenues for the current year at exchange rate of previous year	470.9	516.9
Effect of exchange rate fluctuations	(55.6)	(84.8)
Cash Flow Conversion Rate (Million Euros)	31.03.2020	31.03.2019
EBITDA	75.7	85.9
CAPEX	15.9	18.4
Cash Flow Conversion Rate (adjusted EBITDA - CAPEX / adjusted EBITDA)	79%	79%



Net Financial Debt (Million Euros)	31.03.2020	31.12.2019
Financial liabilities	1,158.5	856.9
Leasing financial debt	94.2	105.5
Adjusted financial liabilities (A)	1,252.7	962.4
Not financial liabilities with group companies (B)	-	0.2
Cash and cash equivalents	(494.6)	(307.4)
Less: adjusted cash and cash equivalents (C)	(494.6)	(307.4)
Less: Own Shares (D)	(1.2)	(1.5)
Total Net Financial Debt (A+B+C+D)	756.9	653.7
Less: other non-bank payables (E)	(125.7)	(89.6)
Own Shares (F)	1.2	1.5
Less: Leasing financial debt (G)	(94.2)	(105.5)
Total Net Financial Debt (excluding other non-bank payables corresponding to deferred payments for M&A acquisitions) (A+B+C+D+E+F+G)	538.2	460.1

EBITA (Million Euros)	31.03.2020	31.03.2019
Consolidated profit for the year	27.8	31.3
Loss from discontinued operation, net of tax	(0.2)	-
Income tax expenses	18.4	19.8
Net finance income / (costs)	1.5	10.3
Amortizations	5.0	4.4
EBITA	52.6	65.8

EBITDA (Million Euros)	31.03.2020	31.03.2019
Consolidated profit for the year	27.8	31.3
Loss from discontinued operations, net of tax	(0.2)	-
Income tax expenses	18.4	19.8
Net finance income / (costs)	1.5	10.3
Depreciation and amortization	28.0	24.5
EBITDA	75.7	85.9