



PROSEGUR
CASH

Results Presentation First Half 2017



Cash in the media

Costs of bank cyber thefts hit SWIFT profit last year

LONDON (Reuters) - Dealing with cyber hacks on banks ate into profit last year at the SWIFT messaging system, which financial institutions use to move trillions of dollars each day.

Hackers stole \$81 million from the Bangladesh central bank in February last year after gaining access to its SWIFT terminal and the emergence of other successful and unsuccessful hacks rocked faith in a system previously seen as totally secure.

Source: Reuters

Cash is still king despite rise of contactless payment

BoE says value of notes in circulation last year rose by fastest pace in a decade.

Demand for cash continues to grow in the UK and the vast majority of other countries, despite technological advances that allow people to pay using contactless cards, mobile phones and digital currencies.

The value of Bank of England notes in circulation rose by 10 per cent last year, the fastest pace in a decade. The total value reached £70bn for the first time, said Victoria Cleland, chief cashier and director of notes at the bank, on Tuesday.

Source: Financial Times

The Death of Cash? Not So Fast: Demand for U.S. Currency at Home and Abroad, 1990-2016

It would seem that physical currency should be fading out as the world of payments is increasingly electronic, with new technologies emerging at a rapid pace, and as governments look to restrictions on large-denomination notes as a way to reduce crime and tax evasion.

Nonetheless, demand for U.S. dollar banknotes continues to grow, and consistently increases at times of crisis both within and outside the United States because it remains a desirable store of value and medium of exchange in times and places where local currency or bank deposits are inferior.

Source: Ruth Judson, Board of Governors of the Federal Reserve System

Why Europe Still Needs Cash?

The ECB's supreme objective is to ensure price stability. To support that objective, it supplies safe central-bank liquidity, in the form of both bank-held central-bank reserves and banknotes (the latter being the sole notes with the status of legal tender in the eurozone).

If Europe were to abolish cash, it would cut off people's only direct link to central-bank money. In a democracy, such a link helps to foster public acceptance of central-bank independence, by reinforcing the trust and support of the people in the conduct of effective monetary policymaking.

Source: Project Syndicate, Yves Mersch

Highlights of the first semester

- ✓ Sales grew **22%** (16% organic)
- ✓ New products increasing to **8.2%** (from 6.5% last year)
- ✓ EBIT margin expanding **120 bps** to 17.8%
- ✓ Free Cash Flow generation of **92 M€***
- ✓ One acquisition signed in Spain (AVOS related)

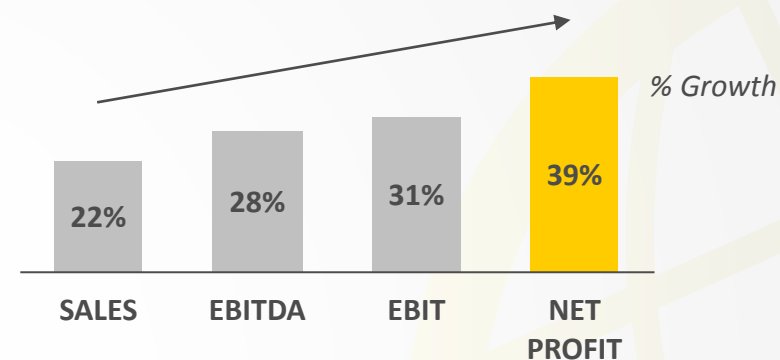


* Free Cash Flow = EBITDA – Provisions – Taxes – Working Capital Variation - Capex

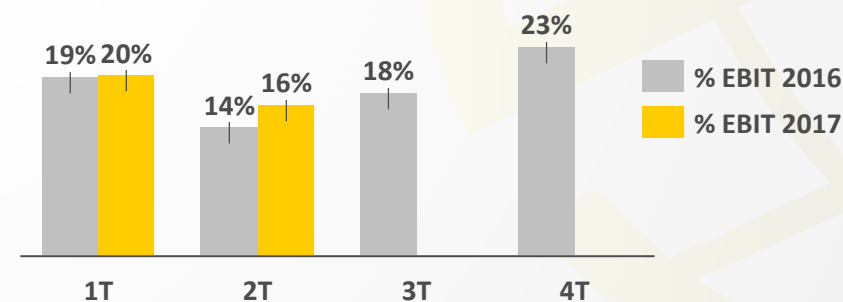
P&L Evolution

Million Euros	H1 2016 business ⁽¹⁾	H1 2017 business ⁽¹⁾	% VAR
Sales	788	964	+22%
EBITDA	160	205	+28%
<i>Margin</i>	20.3%	21.3%	
Depreciation	-22	-25	+15%
EBITA	138	180	+31%
Amortization of intangibles	-7	-8	+13%
EBIT	131	172	+31%
<i>Margin</i>	16.6%	17.8%	
Financial result	-1	4	-899%
EBT	130	176	+35%
<i>Margin</i>	16.5%	18.2%	
Taxes	-45	-57	+28%
<i>Tax rate</i>	34.4%	32.6%	
Net profit from continuing operations	85	119	+39%
<i>Margin</i>	10.8%	12.3%	
Consolidated Net profit	85	119	+39%
<i>Margin</i>	10.8%	12.3%	

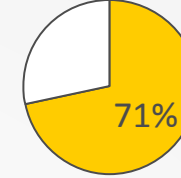
Profitability improvement across the P&L



2Q 2017 improved significantly vs. previous year

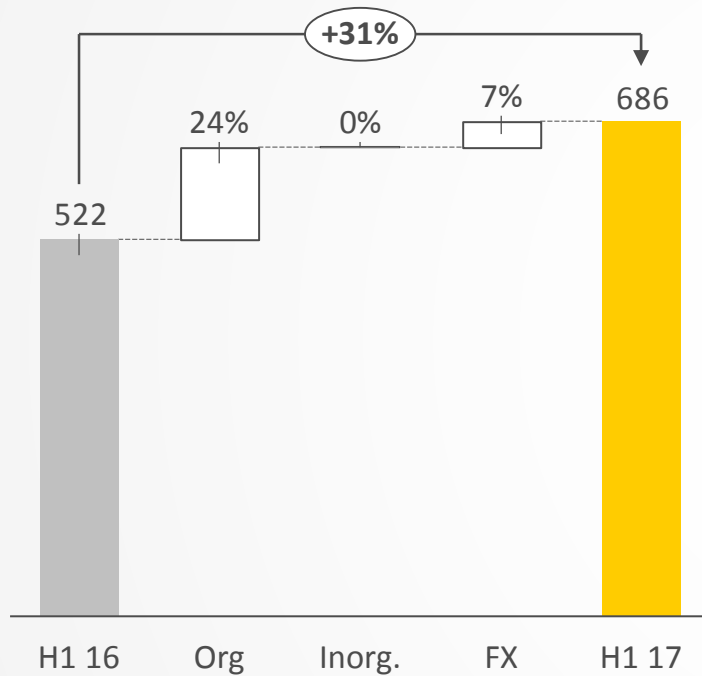


(1) Business figures exclude the impact of the intercompany transactions between Prosegur Cash and Prosegur Compañía de Seguridad associated to the IPO restructuring process, basically the sale of certain Licensed Trademarks and some real estate assets in Argentina (see annex for reconciliation between accounting and business)



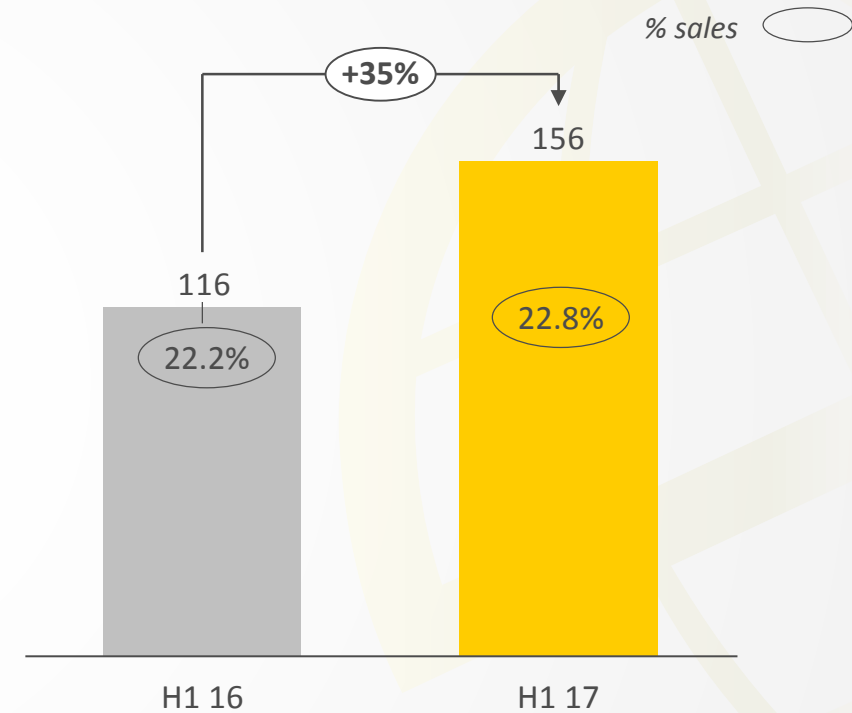
Share of Group's
1H 17 revenue

Sales (M€)



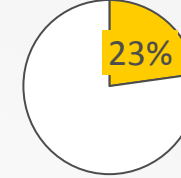
- **Strong organic growth** in almost all our geographies
- **Positive currency effect** (but slowing down vs. Q1)

EBIT margin (M€)



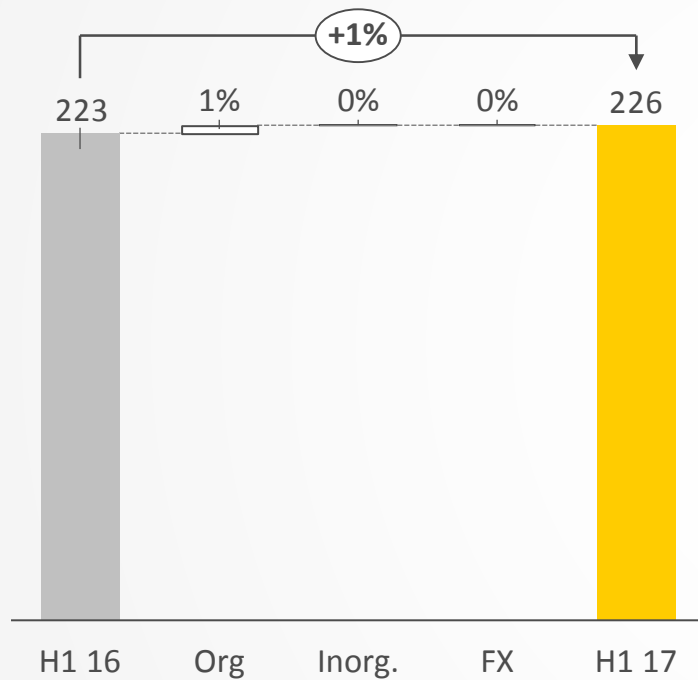
- **Margin expansion** continues

EUROPE Region



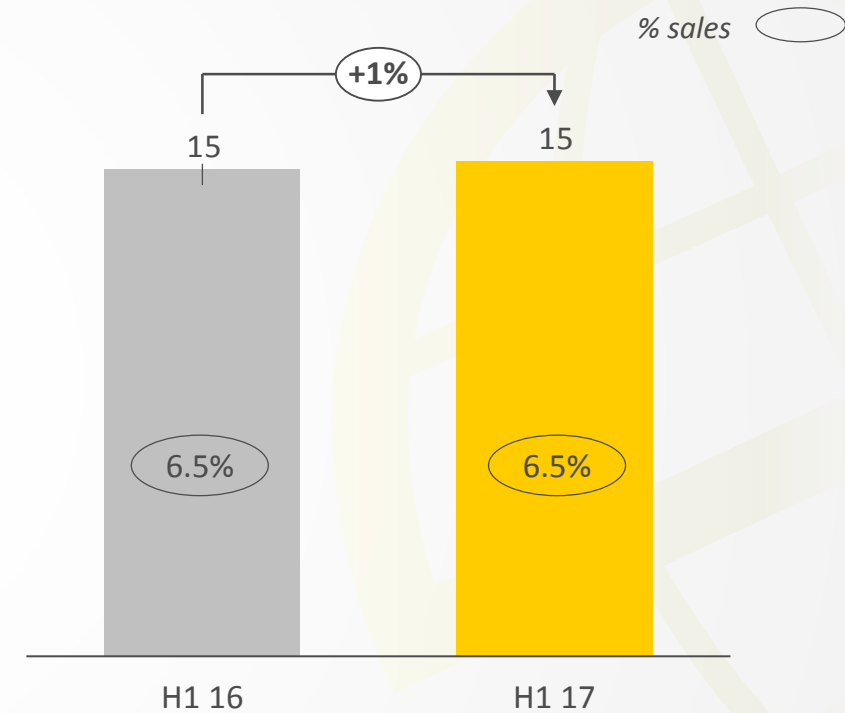
Share of Group's
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Sales (M€)

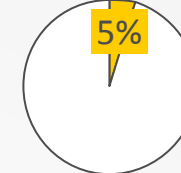


- **Positive organic performance** weighed down by the deterioration of France (c.3% Ex-France)

EBIT margin (M€)

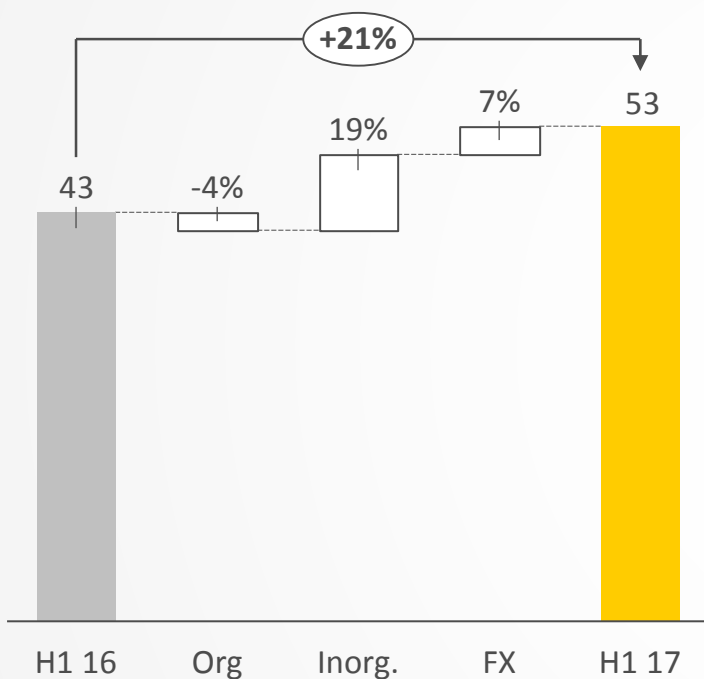


- **Maintenance of profitability** despite the one-off costs related to our new base in Paris



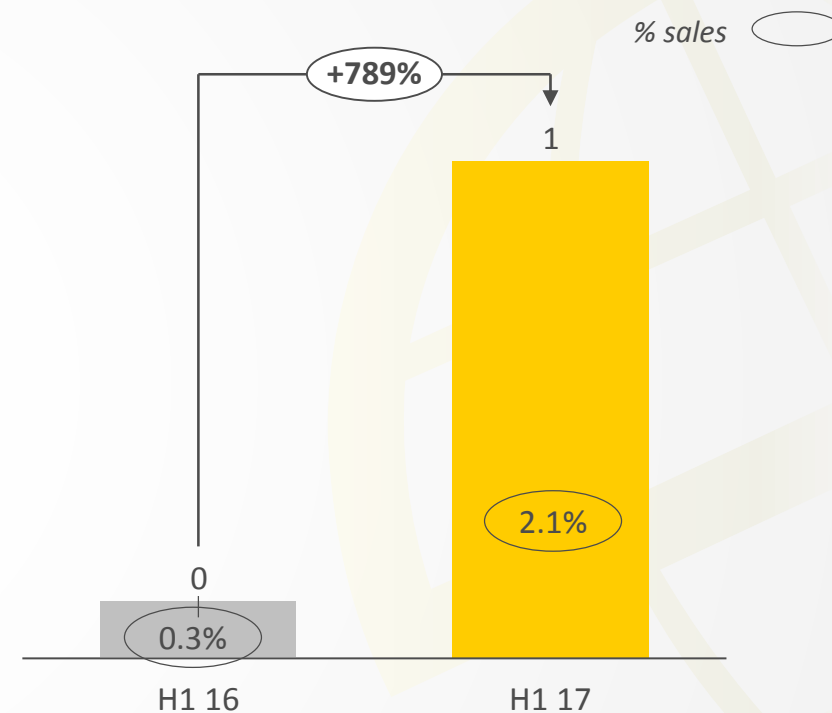
Share of Group's
1H 17 revenue

Sales (M€)



- **Market competition**
- **M&A** positive contribution
- **Positive currency effect** (but slowing down vs. Q1)

EBIT margin (M€)



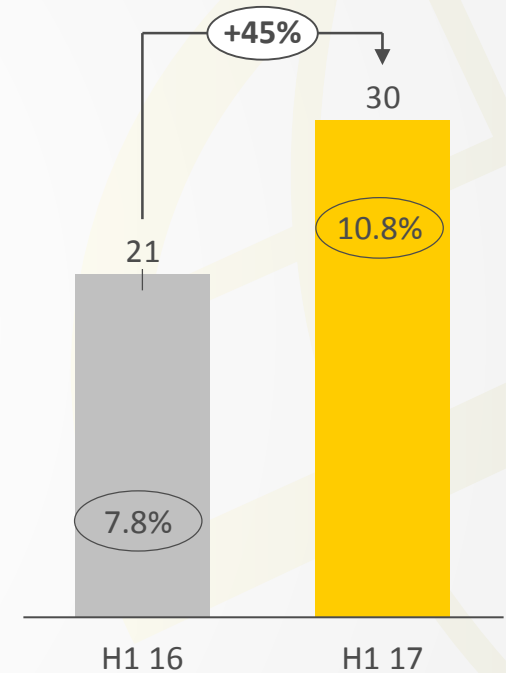
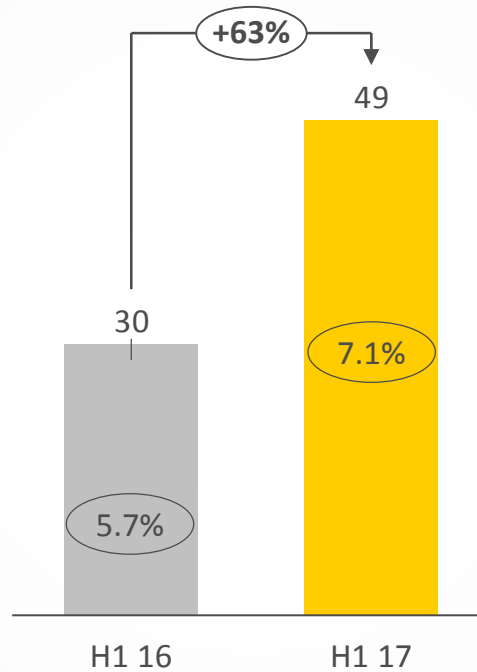
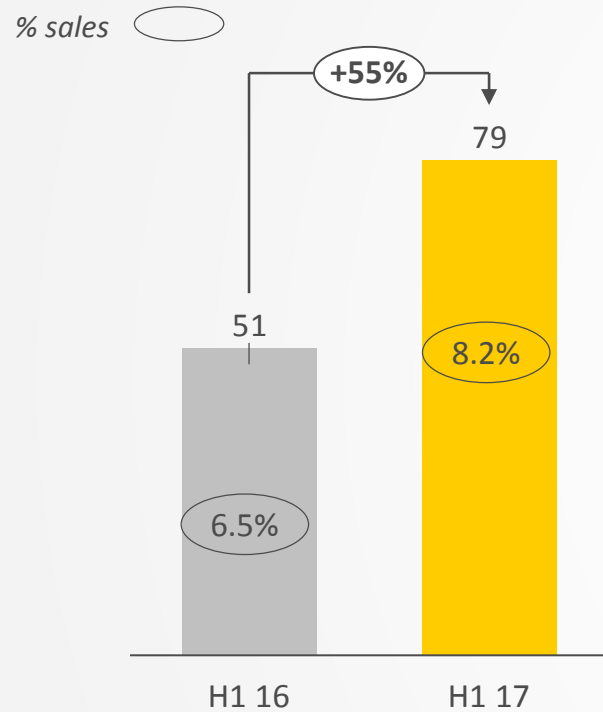
- EBIT benefiting from the **operational turn-around of our JVs**

New Products development

TOTAL CASH (M€)

LATAM (M€)

ROW (M€)



- New products **accelerating** specially in **LATAM**

- **Retail Automation** and International Transport

- **Retail Automation, AVOS** and ATM management

Cash Flow Evolution

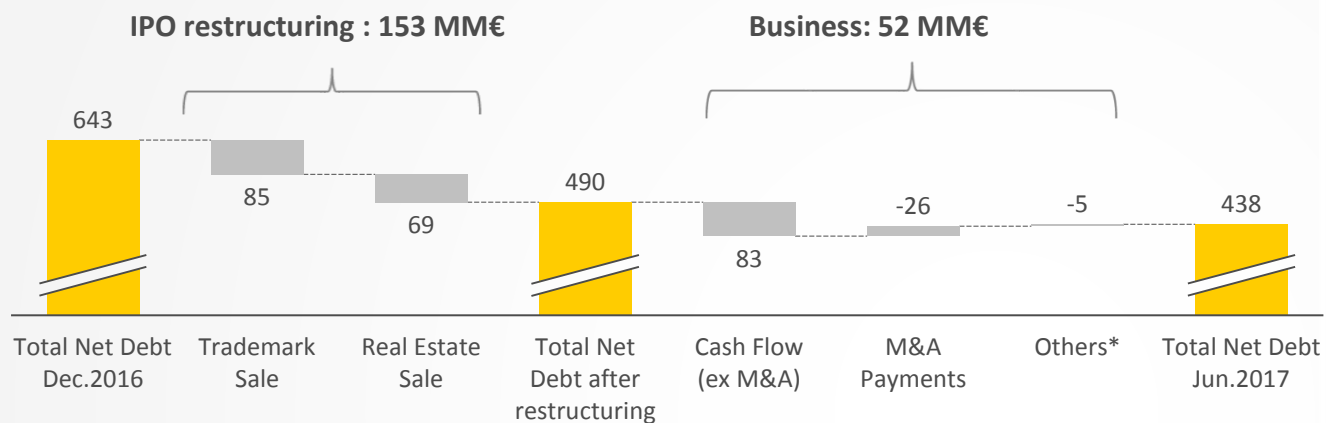
<i>Million Euros</i>	H1 2017
EBITDA (business)	205
Provisions and other non cash items	13
Income tax	(84)
Acquisition of property, plant and equipment	(48)
Working capital variation	6
Free Cash Flow	92
Interest payments	(9)
Payments for acquisitions of subsidiaries	(26)
Trademark sale	85
Other cash flows from investment and financing activities	60
Total Net Cash Flow	202
Initial net financial position (Dec. 2016)	611
Net increase / (decrease) in cash	202
Exchange rate	(8)
Final net financial position (Jun. 2017)	418

- Capex still affected by **security investments**
- **Working capital under control**

Total Net Debt Evolution

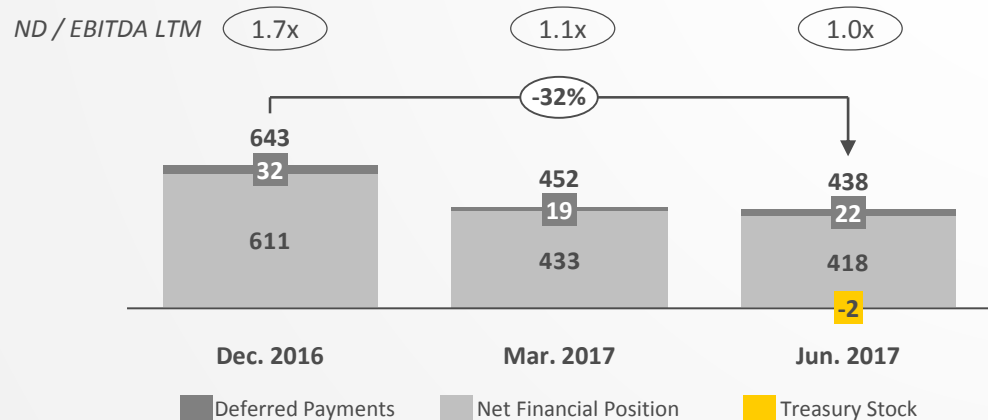
Million Euros

Cash generation



*Others: Net variation in deferred payments balance, FX impact, Treasury Stock and others

Total Net Debt



- Net debt reduction
- Average cost of debt for the period **1.7%**
- S&P Rating (Mar. 2017): **BBB**, Stable outlook

Balance Sheet Evolution

Million Euros

FY 2016 H1 2017

	FY 2016	H1 2017
Non-current assets	878	849
Tangible fixed assets	266	269
Intangible assets	491	471
Other	121	108
Current assets	1.057	990
Inventories	7	8
Trade receivables and others	594	532
Cash and cash equivalents	189	299
Non-current assets held for sale	267	151
TOTAL ASSETS	1.935	1.839
Equity	186	303
Non-current liabilities	839	882
Financial liabilities	635	676
Other non-current liabilities	204	206
Current liabilities	911	654
Financial liabilities	87	61
Other current liabilities	639	438
Liabilities held for sale	185	155
TOTAL EQUITY AND LIABILITIES	1.935	1.839

- Close to **300 M€** in cash
- Improving our **equity** position

Conclusions

- ✓ Our **growth dynamics** remain **robust**
- ✓ **New products** maintain their **positive momentum**
- ✓ **Profitability improvement**, both in absolute and relative figures
- ✓ Committed to our **financial discipline**



Q&A

Annex

Income Statement Reconciliation

Trademark

Real Estate

<i>Millones Euros</i>	H1 2016 accounting	H1 2017 accounting	H1 2016 not assigned	H1 2017 not assigned	H1 2016 not assigned	H1 2017 not assigned	H1 2016 business ⁽¹⁾	H1 2017 business ⁽¹⁾
Sales	788	964					788	964
EBITDA	170	290	-7	-85	-4	+0	160	205
<i>Margin</i>	21.6%	30,1%					20.3%	21.3%
Depreciation	-22	-25					-22	-25
EBITA	148	265	-7	-85	-4	+0	138	180
Amortization of intangibles	-7	-8					-7	-8
EBIT	141	257	-7	-85	-4	+0	131	172
<i>Margin</i>	17.9%	26.6%					16.6%	17.8%
Financial result	-1	4					-1	4
EBT	141	261	-7	-85	-4	+0	130	176
<i>Margin</i>	17.9%	27.0%					16.5%	18.2%
Taxes	-48	-66	+2	+9	+1	0	-45	-57
<i>Tax rate</i>	33.9%	25.4%					34.4%	32.6%
Net profit from continuing operations	93	194	-5	-76	-3	+0	85	119
<i>Margin</i>	11.8%	20.2%					10.8%	12.3%

(1) Business figures exclude the impact of the intercompany transactions between Prosegur Cash and Prosegur Compañía de Seguridad associated to the IPO restructuring process, basically the sale of certain Licensed Trademarks and some real estate assets in Argentina

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