



**RESULTS PRESENTATION. SECOND QUARTER 2019**



### **Over half of US mobile-payment users hate the idea of life without cash.**

A research study conducted by market research company Origin, reveals that consumers prefer not to choose between cash and digital payments, but carry both hand-in-hand. Cash, like other forms of payment instruments, continues to play an important role in US society.

Source: Cashless Culture, The marketer's Guide to the Emerging Cashless Consumer

### **Call to action: British Government is protecting the future of cash.**

In an attempt to guarantee the future of cash and ensure its availability for years to come, British Chancellor Philip Hammond announced last 3 May 2019 that plans are to be set in place to secure the nation's access to cash by establishing a task force of cooperative efforts.

Source: British Government

### **Congressional Committee calls for a "moratorium" on Facebook's Libra Project.**

It appears that these products may lend themselves to an entirely new global financial system that is intended to rival U.S. monetary policy and the dollar. This raises serious privacy, trading, national security, and monetary policy concerns for the broader global economy.

Source: House of Representatives (Committee on Financial Services)

### **Pay cash for your Google apps.**

Lack of access to credit and online banking is one of the many reasons why users choose free-to-play and ad-supported applications rather than in-app purchases, TechCrunch reports. Millions of consumers depend on cash for everyday transactions and moving forward with this decision would gravitate more users and position the company in a competitive, emerging market.

Source: Google, TechCrunch

# Agenda

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1. Highlights of the period

2. Regional dynamics

3. Financial results

4. Conclusions



## Main themes

1.  
Highlights of the period



1

### Macro Environment

- **Strong currency depreciation vs. first semester 2018**
- In addition, **hyperinflation in Argentina (IAS 21 & 29)** since Q3 2018

2

### Agility

- **Local currency growth accelerating to 16.8%<sup>(1)</sup>**
- **EBIT margin improving in constant currency. In euro terms, EBIT margin was impacted by forex, indirect costs, Australia and France**

3

### Consolidation

- **3 acquisitions completed** during the year (2 in LatAm and 1 in AOA)
- **Divestments in South Africa (June) and France (July) already closed**

4

### Transformation

- **New products reached 15.9%** of total sales in 1H 2019
- **NNPP sales grew 49% in euros** fueled by **Smart Cash, AVOS and ATMS**

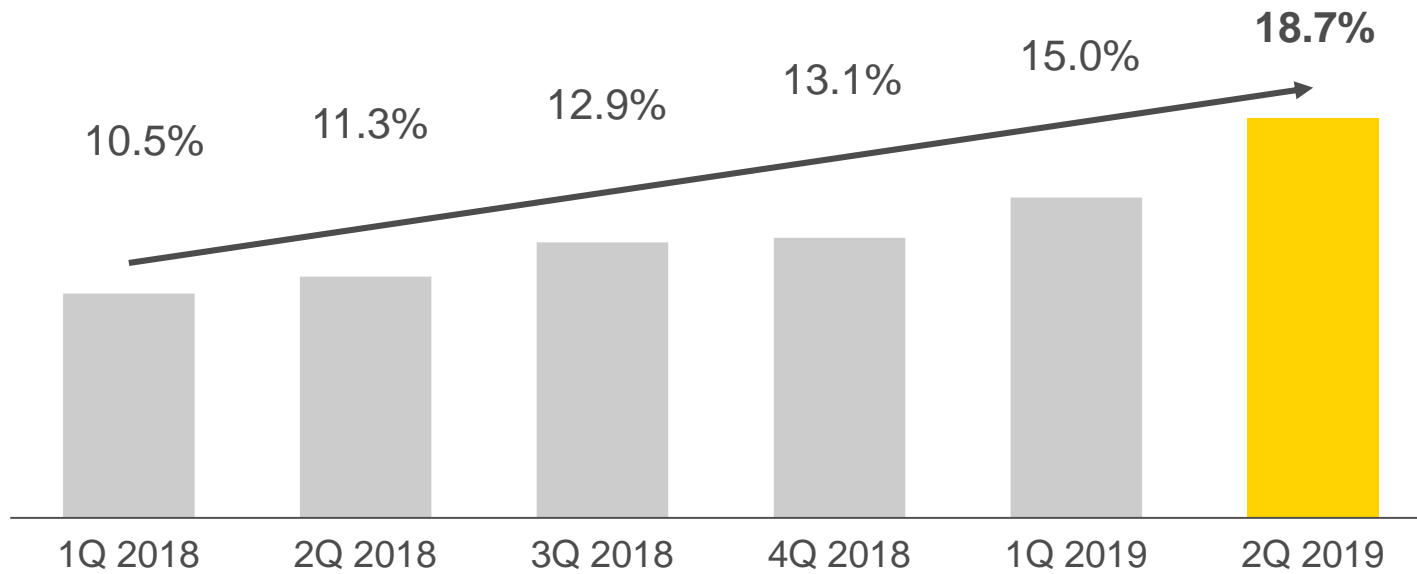
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### Cash Flow Generation

- Free Cash Flow amounted to **51 M€**
- **Higher investment in Smart Cash solutions (+60%)**

(1) Includes organic and inorganic growth

### Local <sup>(1)</sup> growth evolution by quarter

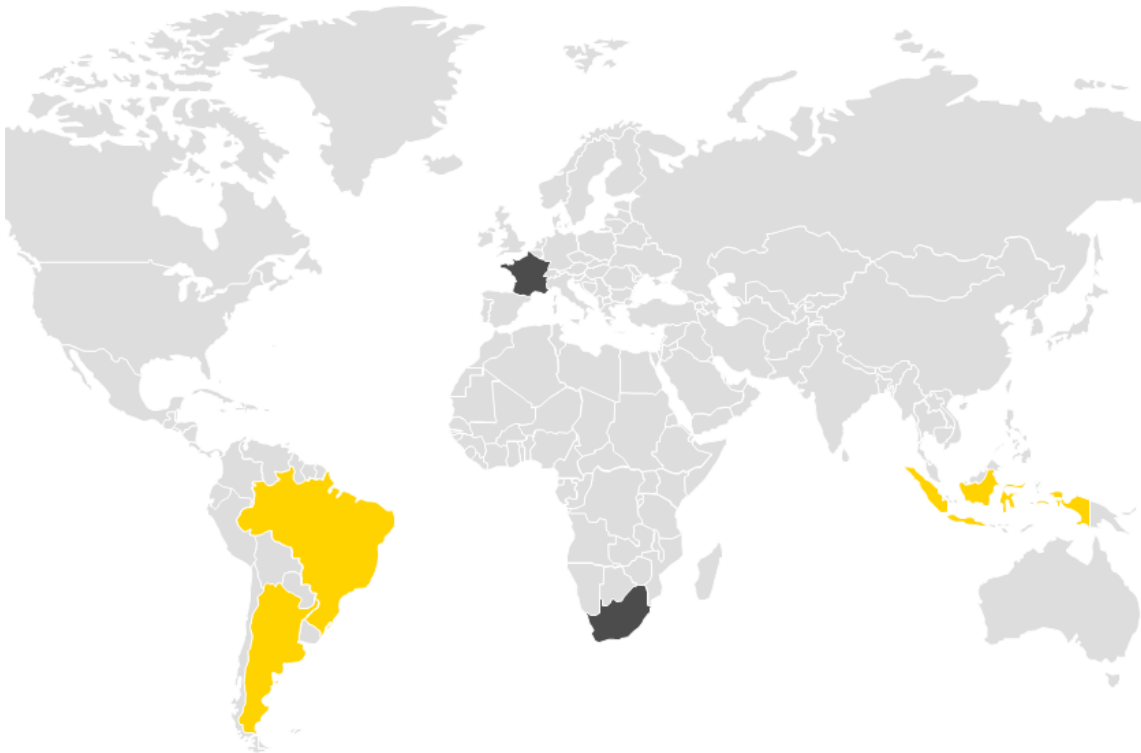


Both our growth and our EBIT margin improved in constant currency

(1) Includes organic and inorganic growth

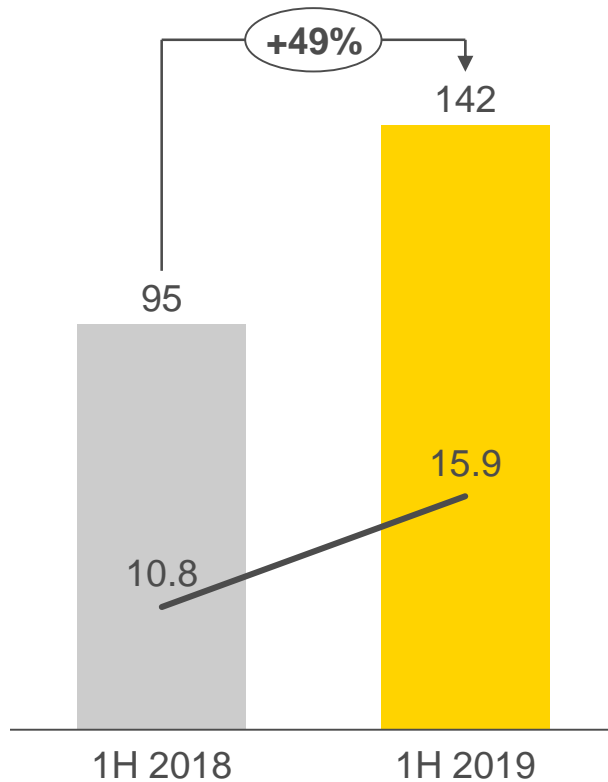
## — Consolidation

1.  
Highlights of the period



- **3 M&A deals in 1Q 2019** (2 in LatAm and 1 in AOA)
- **Divestments in South Africa (June) and France (July)** already executed
- **Annual target of M&A investment for 2019 between 50M€ - 150 M€**

## Sales (M€) and % New Products



- **New products sales reached 142 M€ (+49% vs. 1H 2018), contributing close to 16% of total revenues**
- **Profitability levels similar** to the average of the group
- Positive performance of **SmartCash solutions, AVOS and ATMs**

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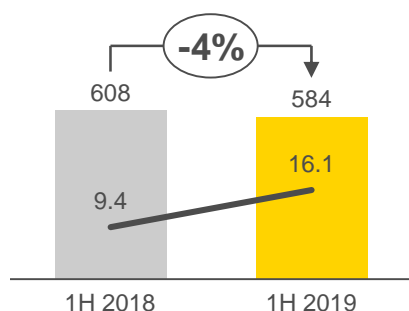
## LatAm

[66% of the total sales in 1H 2019<sup>(1)</sup> vs 69% in 1H 2018]

2.  
Regional dynamics

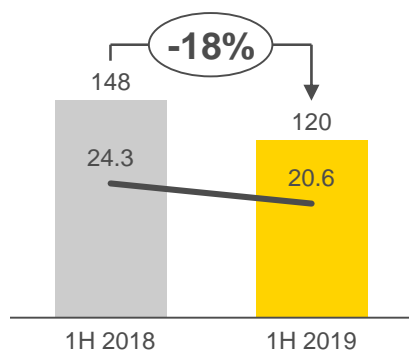


### Sales (M€) and % NNPP



Org: +12.7%  
Inorg: +6.8%  
FX<sup>(2)</sup>: (23.4)%

### EBIT (M€) and % EBIT



- Organic growth acceleration versus previous quarter
- Greater inorganic contribution in both traditional business and new products
- Adverse currency impact vs. 1H 2018
- NNPP almost doubling its weight (16% vs. 9% in 1H 2018)
- EBIT margin improving vs. 2H 2018

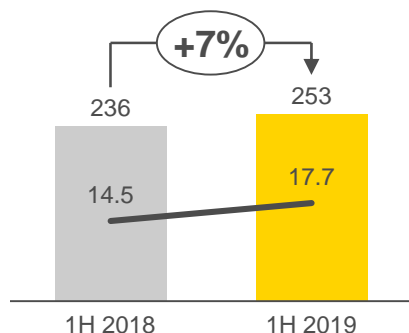
## Europe

[28% of the total sales in 1H 2019 vs 27% in 1H 2018]

2.  
Regional dynamics

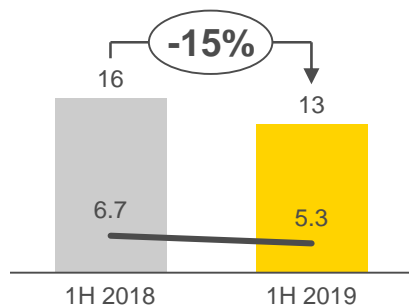


**Sales (M€) and  
% NNPP**



Org: +4.7%  
Inorg: +2.5%  
FX: 0.0%

**EBIT (M€) and % EBIT**



- Organic growth in line with previous quarter
- Inorganic growth accelerated by new products
- NNPP propeled by SmartCash solutions, AVOS and ATMs
- EBIT margin eroded by German strike and France
- Exit of France effective as of the end of July 2019

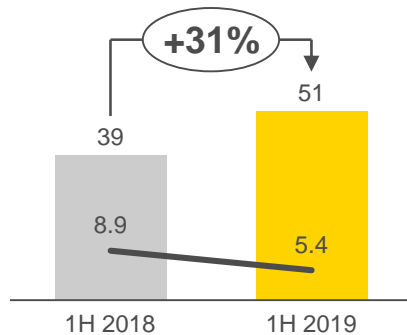
## AOA

[6% of the total sales in 1H 2019 vs 4% in 1H 2018]

2.  
Regional dynamics

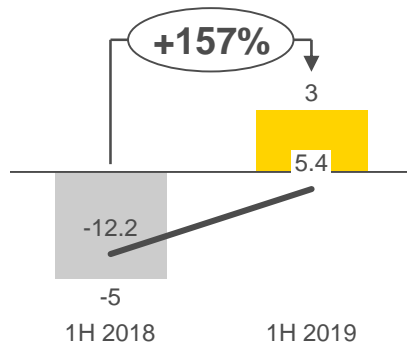


Sales (M€) and  
% NNPP



Org: (10.2)%  
Inorg: +42.5%  
FX: (1.7)%

EBIT (M€) and % EBIT



- Australia remains tough
- Higher inorganic growth due to the Philippines and Indonesia
- Change of trend in NNPP, now resuming the path of growth again
- EBIT margin positively impacted by the South African divestment

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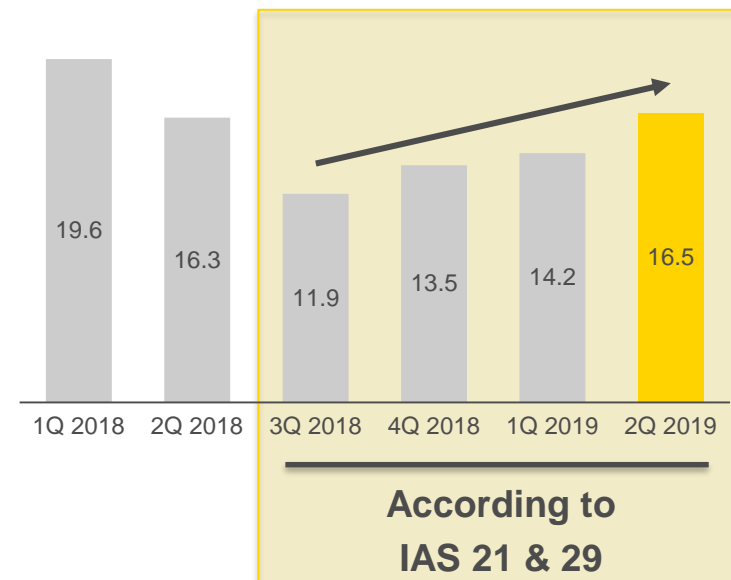
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## Profit and loss account

<i>Million Euros</i>	1H 2018	1H 2019 <sup>(1)</sup>	% VAR
<b>Sales</b>	<b>883</b>	<b>888</b>	<b>+0.6%</b>
<b>EBITDA</b>	<b>192</b>	<b>187</b>	<b>-2.7%</b>
<i>Margin</i>	21.7%	21.0%	
Depreciation	(26)	(41)	+58.4%
<b>EBITA</b>	<b>166</b>	<b>146</b>	<b>-12.2%</b>
<i>Margin</i>	18.8%	16.4%	
Amortization of intangibles	(7)	(9)	+21.8%
<b>EBIT</b>	<b>159</b>	<b>137</b>	<b>-13.8%</b>
<i>Margin</i>	18.0%	15.4%	
Financial result	9	(17)	-289%
<b>EBT</b>	<b>168</b>	<b>119</b>	<b>-29.0%</b>
<i>Margin</i>	19.0%	13.4%	
Taxes	(56)	(39)	-30.7%
<i>Tax rate</i>	33.1%	32.3%	
<b>Net Profit from continuing operations</b>	<b>112</b>	<b>81</b>	<b>-28.1%</b>
<i>Margin</i>	12.7%	9.1%	
<b>Net Consolidated Profit</b>	<b>112</b>	<b>81</b>	<b>-27.6%</b>
<i>Margin</i>	12.6%	9.1%	

### % EBIT margin evolution



(1) 2019 figures according to IAS 21 & 29 (hyperinflation accounting) and IAS 16 (leasings), in force since 3Q 2018 and 1Q 2019, respectively.

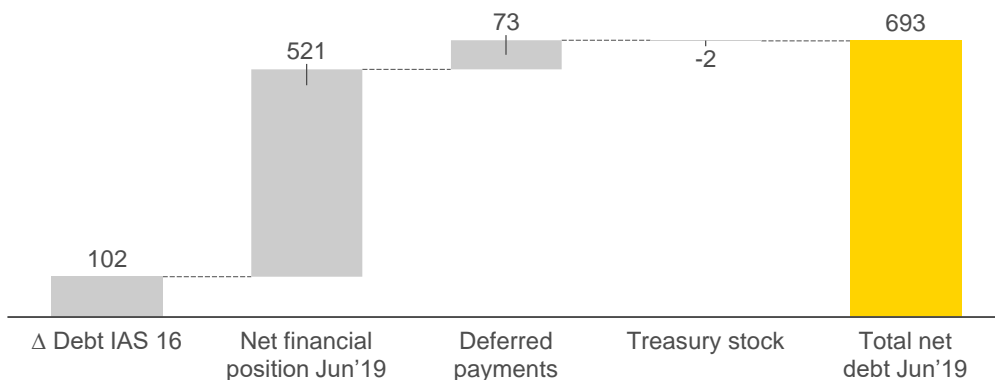
## Cash Flow

<i>Million Euros</i>	1H 2018	1H 2019 <sup>(1)</sup>
EBITDA	192	187
Provisions and other items	(9)	(15)
Income tax	(73)	(48)
Acquisition of PP&E	(43)	(45)
Changes in working capital	(12)	(28)
<b>Free Cash Flow</b>	<b>56</b>	<b>51</b>
<i>% Conversion<sup>(2)</sup></i>	78%	76%
Interest payments	(6)	(9)
Payments for acquisitions of subsidiaries	(18)	(10)
Dividend payment	(45)	(59)
Restructuring operations	18	-
Others	-	-
<b>Total Net Cash Flow</b>	<b>5</b>	<b>(26)</b>
<b>Net financial position (BoP)</b>	<b>(424)</b>	<b>(491)</b>
Net increase / (decrease) in cash	5	(26)
Exchange rate	(23)	(4)
<b>Net financial position (EoP)</b>	<b>(442)</b>	<b>(521)</b>

- **SmartCash capex increased +60%**
- **Calendar effect** impacting our working capital
- **M&A outflows were offset by the South African divestment**
- **Third instalment of dividend disbursed (25% vs. 20% in 2018)**

## Total Net Debt

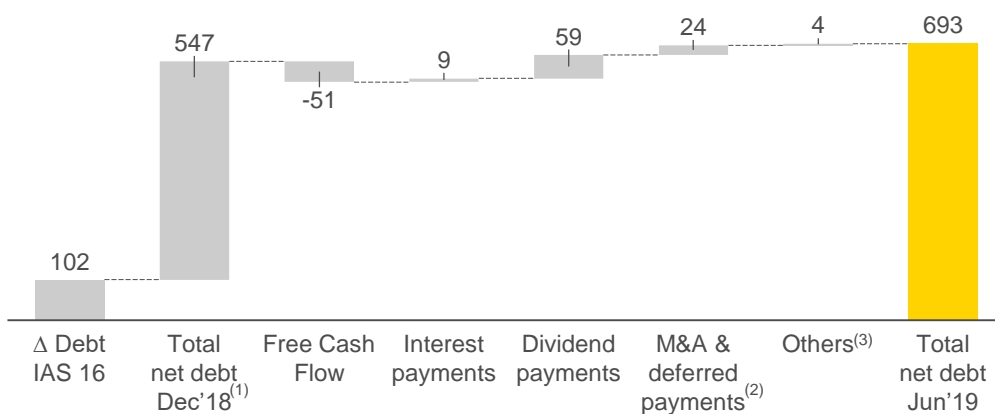
### Total net debt reconciliation (Jun'19)



### Cost of debt optimization

- 1.76% en 1H 2019 (2.09% en 1H 2018)

### Total net debt variation (Dec'18 vs Jun'19)



### Some deleverage achieved in the quarter

- Total net debt to LTM EBITDA<sup>(4)</sup> **2.1x**

(1) 2018 Total net debt (547 M€) includes 491 M€ of net financial position, 58 M€ of deferred payments and 2M€ of treasury stock; (2) Include M&A cash outflow and the variation of deferred payments between 2018 and 2019; (3) Include the fx rate impact and the treasury stock variation; (4) Ratio considers (i) Total net debt as of June 2019 (693) and (ii) LTM EBITDA (335) defined as FY 2018 EBITDA (as reported) - 1H 2018 EBITDA (as reported) + 1H 2019 EBITDA (as reported)

## Balance sheet

<i>Million Euros</i>	FY 2018	1H 2019 <sup>(1)</sup>
<b>Non-current assets</b>	<b>937</b>	<b>1,046</b>
Tangible fixed assets	333	431
Intangible assets	535	554
Others	69	61
<b>Current assets</b>	<b>769</b>	<b>805</b>
Inventories	20	22
Trade receivables and others	475	503
Cash and cash equivalents	274	232
Non-current assets held for sale	1	48
<b>TOTAL ASSETS</b>	<b>1,706</b>	<b>1,851</b>
<b>Net Equity</b>	<b>238</b>	<b>281</b>
<b>Non-current liabilities</b>	<b>866</b>	<b>879</b>
Financial liabilities	688	697
Other non-current liabilities	178	182
<b>Current liabilities</b>	<b>602</b>	<b>691</b>
Financial liabilities	132	234
Other liabilities	470	437
Liabilities held for sale	0	20
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,706</b>	<b>1,851</b>

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

— **Higher debt** due to IAS 16 and M&A deferred payments



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## Final remarks



- **Growth acceleration** based on a solid evolution of the traditional business, New Products and M&A
- **Margin recovery continues** since the implementation of the hyperinflation
- **Free Cash Flow broadly in line** with 1H 2018 reported figures

## — Legal disclaimer

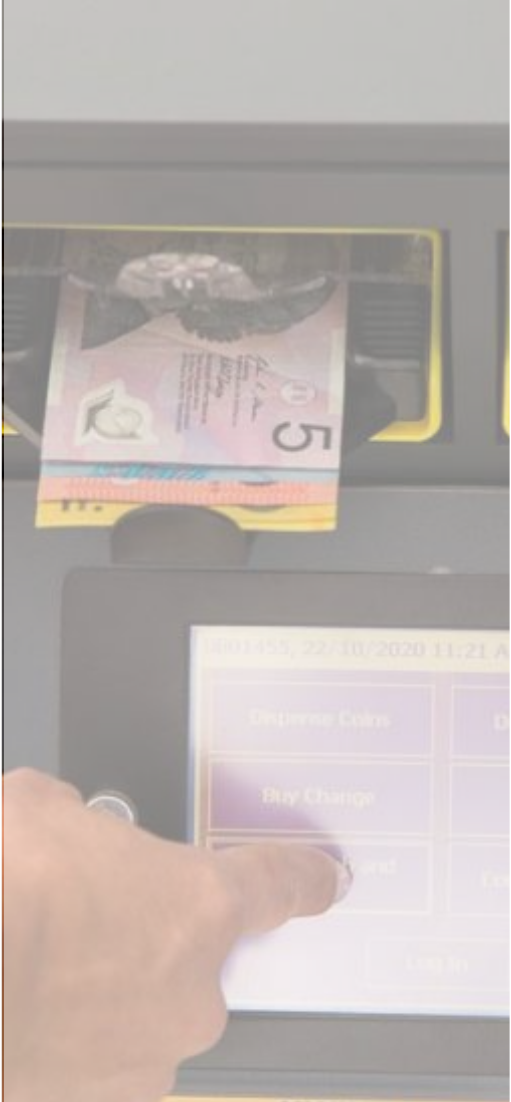
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