



**PROSEGUR**



# Results Presentation

## **9M 2022**

**04/November/2022**

Investor Relations department



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# Relevant highlights of the period



## Global Growth Sustained Increase

- Revenue growth of over **24%** in the 9 months and **close to 28%** in the isolated quarter.
  - **Strong positive organic growth of 20%**, improving across all business lines and regions
  - Taking **advantage of inflation** positively
  - Excellent **price transfer**
- **EBITA improvement of more than 30%**, maintaining the gradual trend of margin improvement
- **Net Income** increases by **35%**



## Reinforce Balance Sheet

- **Renewal** of the **S&P** credit quality rating of **BBB/Stable** (October 2022)



## M&A

- Acquisition of **ChangeGroup** in **Europe** and entry into the **Currency Exchange** services market



## Global Operator

- 3<sup>rd</sup> global operator in the currency exchange industry
- Strong Presence in developed markets (primarily Western Europe)
- Physical presence in 37 Cities
  - +50 million clients
  - “run rate” revenues ≈100M €

## Critical Strategic Opportunity

- Reinforcing our New Products strategy
- Benefiting from Prosegur CASH international cash handling expertise
- Expanding both in Physical and Online presence
- Diversifying of our services and expanding footprint



## Consolidated Results

(Amount in € million)

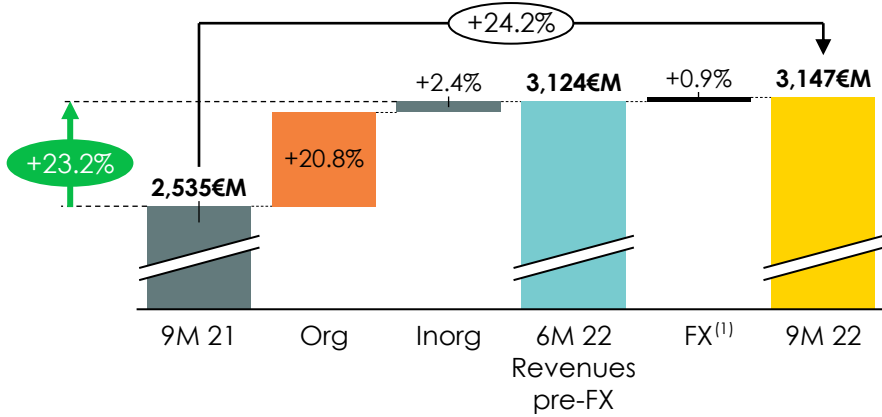
|                                | Q3 2021    | Q3 2022      | %<br>Variation | 9M 2021      | 9M 2022                  | %<br>Variation |
|--------------------------------|------------|--------------|----------------|--------------|--------------------------|----------------|
| <b>SALES</b>                   | <b>898</b> | <b>1,145</b> | 27.6%          | <b>2,535</b> | <b>3,147</b>             | 24.2%          |
| Organic Growth                 | +5.6%      | +26.0%       | ↑              | +3.8%        | +20.8%                   | ↑              |
| Inorganic Growth               | -10.3%     | +3.2%        | ↑              | -3.9%        | +2.4%                    | ↑              |
| FX                             | -1.0%      | -1.5%        | ↓              | -7.0%        | +0.9%                    | ↑              |
| <b>EBITDA</b>                  | <b>107</b> | <b>128</b>   | 18.9%          | <b>279</b>   | <b>346<sup>(1)</sup></b> | 23.9%          |
| Margin                         | 12.0%      | 11.2%        |                | 11.0%        | 11.0%                    |                |
| Depreciation                   | (41)       | (50)         |                | (120)        | (137)                    |                |
| <b>EBITA</b>                   | <b>67</b>  | <b>78</b>    | 16.9%          | <b>159</b>   | <b>208</b>               | 30.7%          |
| Margin                         | 7.4%       | 6.8%         |                | 6.3%         | 6.6%                     |                |
|                                | (8)        | (8)          |                | (22)         | (26)                     |                |
| <b>EBIT</b>                    | <b>59</b>  | <b>70</b>    | 18.2%          | <b>137</b>   | <b>183</b>               | 33.3%          |
| Margin                         | 6.6%       | 6.1%         |                | 5.4%         | 5.8%                     |                |
| Financial Result               | (16)       | (10)         |                | (20)         | (33)                     |                |
| Profit before tax              | 43         | 60           | 40.2%          | 117          | 150                      | 28.1%          |
| Margin                         | 4.7%       | 5.2%         |                | 4.6%         | 4.8%                     |                |
| Tax                            | (22)       | (33)         |                | (68)         | (83)                     |                |
| Tax rate                       | 51.1%      | 55.1%        |                | 57.7%        | 55.5%                    |                |
| Net Profit                     | 21         | 27           | 28.9%          | 49           | 67                       | 35.0%          |
| Minority Interest              | 2          | 7            |                | 4            | 16                       |                |
| <b>CONSOLIDATED NET PROFIT</b> | <b>19</b>  | <b>20</b>    | 3.5%           | <b>45</b>    | <b>51</b>                | 12.2%          |

- Sales growth over 24%
- EBITA increase close to 31%
- Important improvements in all lines, both in the accumulated annual and isolated quarter figures
- Increase in Net Income by 35%

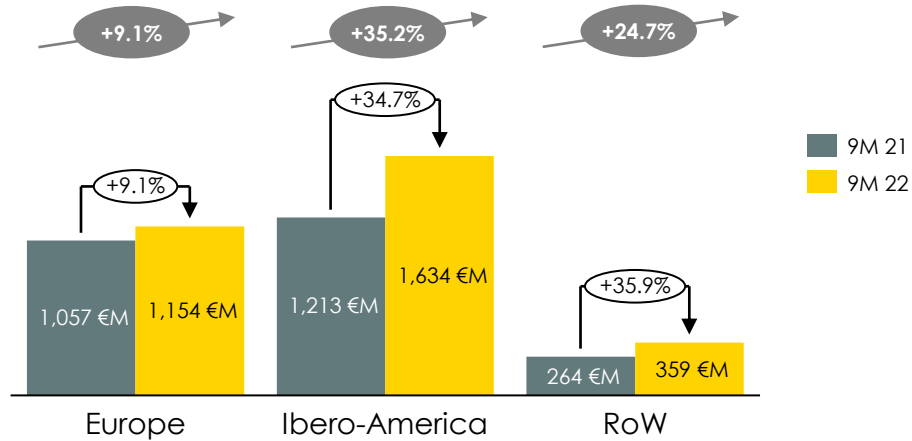
<sup>(1)</sup> Reported EBITDA. This does not include €8,7M improvement coming from reversed provisions associated to administrative resolutions

# INCOME STATEMENT

## REVENUES



## REVENUES PER REGION

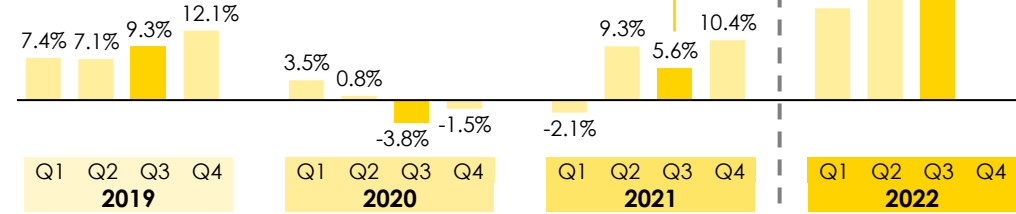


% Growth in Local Currency (Includes organic growth and acquisitions)

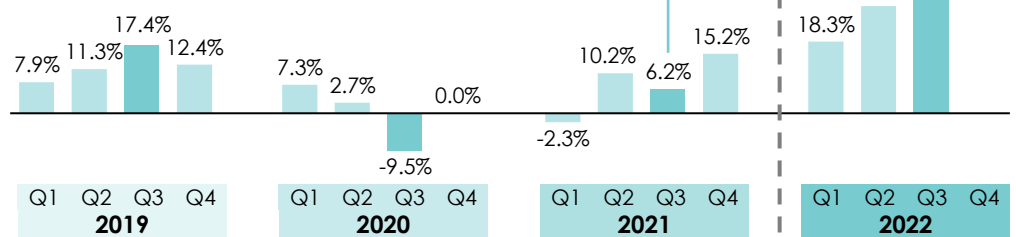
% Growth in Euros

## Organic growth by isolated quarters (YoY)

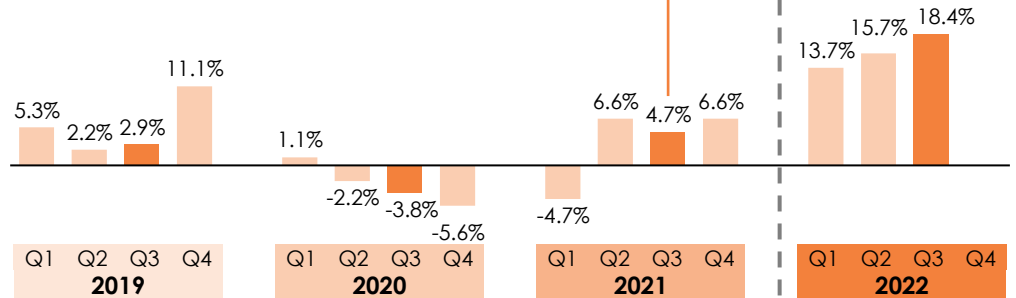
### PROSEGURO



### PROSEGURO CASH



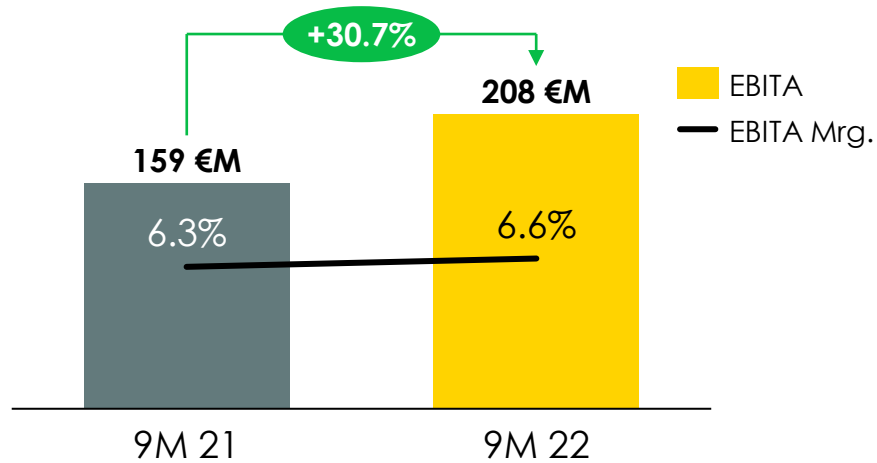
### PROSEGURO SECURITY



<sup>(1)</sup> Includes FX and IFRS 21&29 effects



# CONSOLIDATED PROFIT

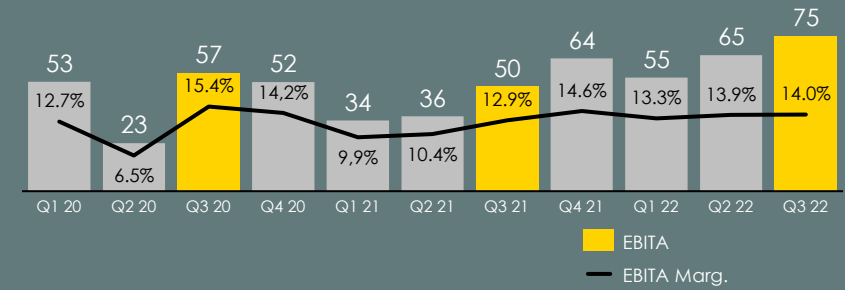


- EBITA increase of more than 30%
- Cash, continues to significantly exceed the equivalent levels of the last two years
- Gradual improvement in Security, despite heavy investments in growth
- EBITDA Pre-Sac in Alarms (Prosegur and MPA) remains stable, temporarily affected by commercial campaigns and investments in infrastructure

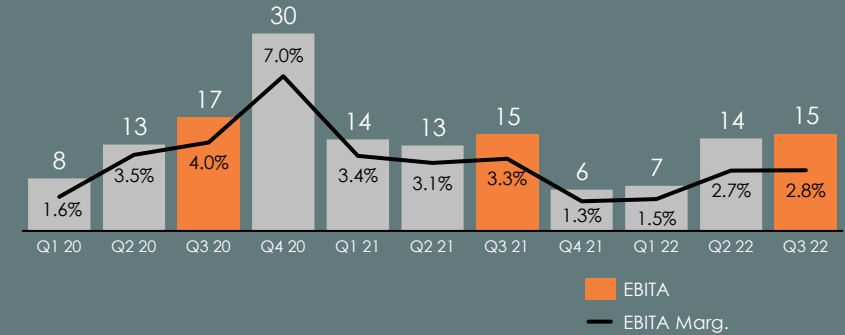
## Quarterly revenue evolution for each business



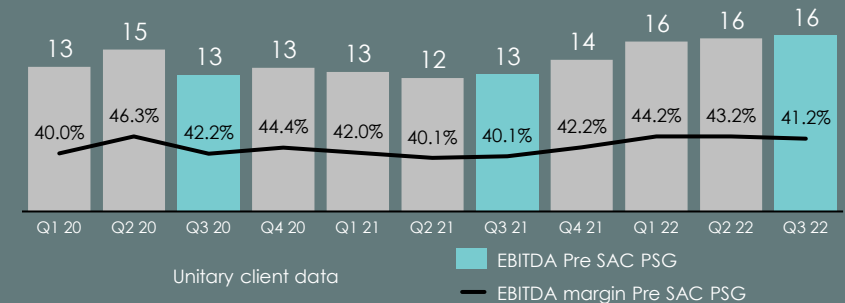
### PROSEGUR CASH



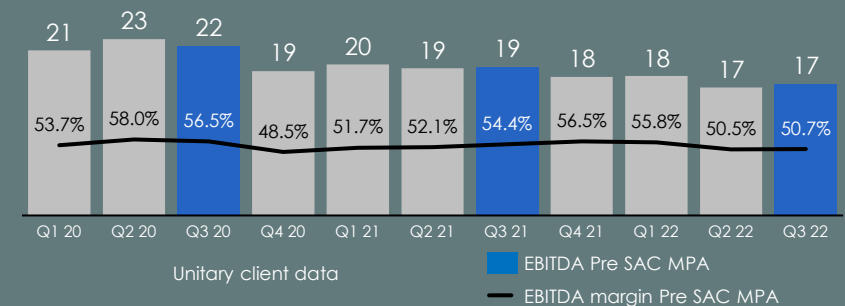
### PROSEGUR SECURITY



### PROSEGUR ALARMS



### MOVISTAR PROSEGUR ALARMS





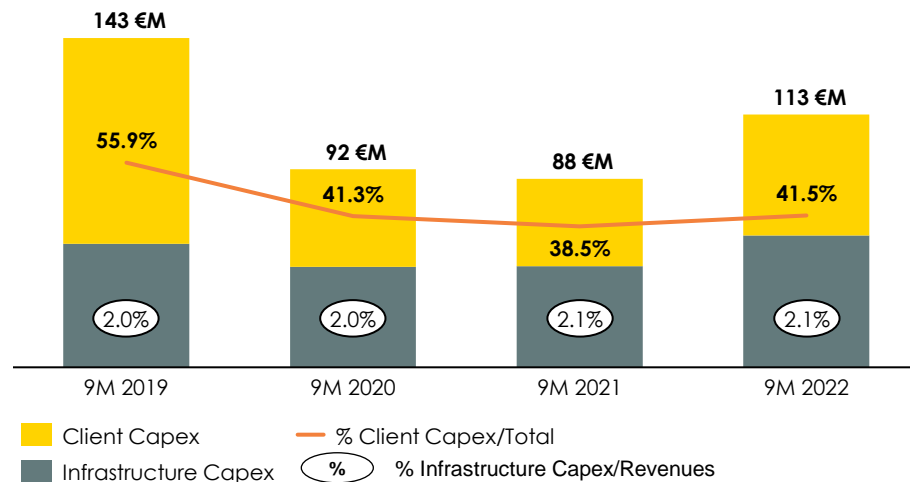
# CONSOLIDATED CASH FLOW

## Cash Flow:

- ▲ **Good generation of Operating Cash Flow in the isolated quarter**
  - ▲ **Improving the previous quarter**
  - ▲ **Higher** than the generated in **2021** (75M Q3-22 vs 60M Q3-21)
- ▲ **Increase in variation of the working capital** derived from the **strong increase in turnover** and **greater stockpiling**

## Capex

- ▲ **Gradual recovery of Client Capex**
- ▲ **Strict control in Capex Infrastructure**, around 2% of sales



| Amounts €M                                  | 9M 2021      | 9M 2022        |
|---|--------------|----------------|
| <b>EBITDA</b>                               | <b>279</b>   | <b>346</b>     |
| Provisions and other non-cash items         | (13)         | 10             |
| Tax on profit                               | (49)         | (82)           |
| Changes in working capital                  | (48)         | (144)          |
| Interest payments                           | (18)         | (11)           |
| <b>Operating cash Flow</b>                  | <b>151</b>   | <b>119</b>     |
| Acquisition of property, plant & equipment  | (88)         | (113)          |
| Payments for acquisitions of subsidiaries   | (47)         | (38)           |
| Dividend payments                           | (61)         | (54)           |
| Treasury stock & Others                     | (40)         | (55)           |
| <b>Cash Flow from investing / financing</b> | <b>(236)</b> | <b>(261)</b>   |
| <b>Total Net Cash flow</b>                  | <b>(86)</b>  | <b>(142)</b>   |
| <b>Initial net financial debt</b>           | <b>(889)</b> | <b>(987)</b>   |
| Net increase / (decrease) in cash           | (86)         | (142)          |
| Exchange rate                               | (10)         | (4)            |
| <b>Net Financial debt <sup>(1)</sup></b>    | <b>(985)</b> | <b>(1,133)</b> |
| Financial Investments <sup>(2)</sup>        | 201          | 167            |
| <b>Adjusted Net Financial debt</b>          | <b>(784)</b> | <b>(965)</b>   |

<sup>(1)</sup> Excludes IFRS 16 debt

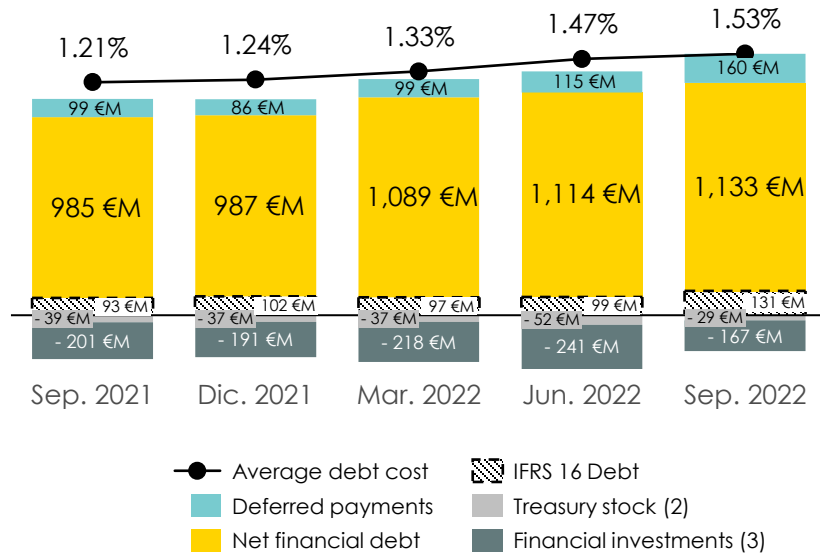
<sup>(2)</sup> Telefónica shares at market value at the end of the period



# FINANCIAL POSITION AND ABBREVIATED BALANCE SHEET

Net Debt / EBITDA<sup>(1)</sup>  
**2.4x**

Net Debt / Equity<sup>(1)</sup>  
**1.2x**



- ▲ **Renewal of the *BBB/Stable* credit quality rating by S&P**
- ▲ **86% of group's debt is at fixed interest rate**
  - ▲ Fixed prior to April-22
  - ▲ With long term maturities (2026-29)
- ▲ **Moderate level of debt**
  - ▲ Below banking covenant (3.5x) and internal limits (2.5x)

<sup>(1)</sup> Includes net financial debt, IFRS 16 debt, and financial investments

<sup>(2)</sup> Treasury stock Prosegur and Prosegur Cash at the market price at the end of the period

<sup>(3)</sup> Telefónica shares at market value at the end of the period

Amounts in €M

|   | FY 2021      | 9M 2022      |
|---|--------------|--------------|
| <b>Non-current assets</b>                         | <b>2,351</b> | <b>2,621</b> |
| Tangible fixed assets and real estate investments | 765          | 864          |
| Intangible assets                                 | 981          | 1,144        |
| Others  | 606          | 614          |
| <b>Current assets</b>                             | <b>1,465</b> | <b>2,294</b> |
| Inventory   | 65           | 103          |
| Customer and other receivables                    | 814          | 974          |
| Non-current assets held for sale                  | -            | 95           |
| Cash and equivalents and other financial assets   | 586          | 1,123        |
| <b>TOTAL ASSETS</b>                               | <b>3,816</b> | <b>4,916</b> |
| <b>Net equity</b>                                 | <b>711</b>   | <b>932</b>   |
| Share capital                                     | 33           | 33           |
| Treasury shares                                   | (29)         | (42)         |
| Retained earnings and other reserves              | 689          | 890          |
| Minority interest                                 | 18           | 51           |
| <b>Non-current liabilities</b>                    | <b>1,809</b> | <b>1,985</b> |
| Bank borrowings and other financial liabilities   | 1,505        | 1,594        |
| Other non-current liabilities                     | 303          | 391          |
| <b>Current liabilities</b>                        | <b>1,297</b> | <b>1,998</b> |
| Bank borrowings and other financial liabilities   | 277          | 1,006        |
| Non-current liabilities held for sale             | -            | 56           |
| Trade payables and other current liabilities      | 1,020        | 936          |
| <b>TOTAL NET EQUITY AND LIABILITIES</b>           | <b>3,816</b> | <b>4,916</b> |



Results  
by Business





# PROSEGUR CASH



## Growth

- ▲ Revenues increase by 31%
- ▲ Strong double-digit growth in all regions



## Efficiency

- ▲ EBITA increase above 61%
- ▲ Great cashflow generation, improving the previous quarter

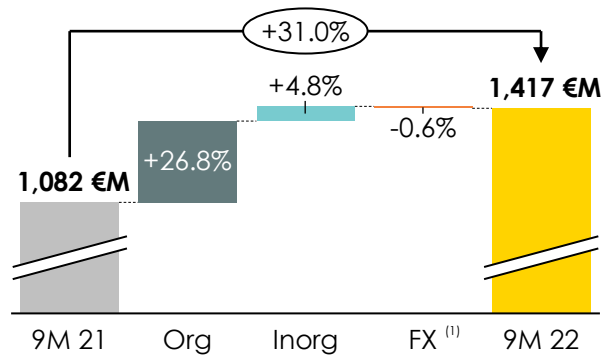


## Innovation

- ▲ Improvement of 51.5% in the growth of New Products YoY
- ▲ The incorporation of ChangeGroup adds a new line of business in New Products, with excellent growth potential



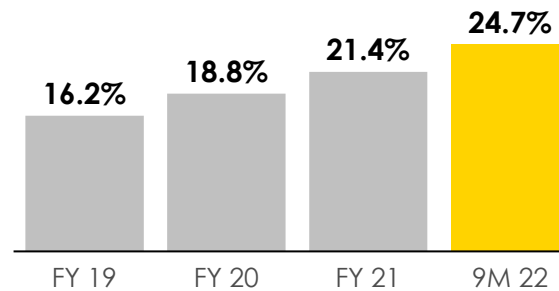
## REVENUES



- Positive organic growth of 26.8%
- Positive inorganic growth due to M&A operations in **LatAm and Europe** in Q1 and Q3.
- No significant FX impact



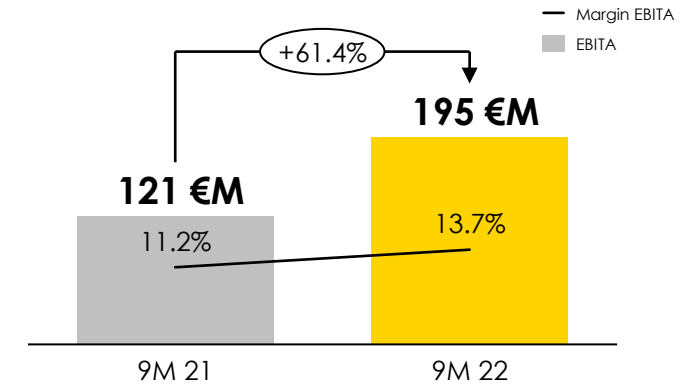
## NEW PRODUCTS



- New Products improve their market penetration by 330bps
- With organic and inorganic growth



## PROFITABILITY



- EBITA increase of more than 61%
- Margin improvement, derived from inflation, operational efficiencies and increased volumes

<sup>(1)</sup> Includes FX and IFRS 21&29 effects



# PROSEGUR SECURITY



## Growth

- ▶ Global revenues growth above **19%**
- ▶ **USA maintains growth above 50%** supported by technological solutions



## Efficiency

- ▶ Sustained **sequential improvement in profitability**, despite heavy investments in growth
- ▶ **Price transfers to market** executed quickly and above the increase in costs

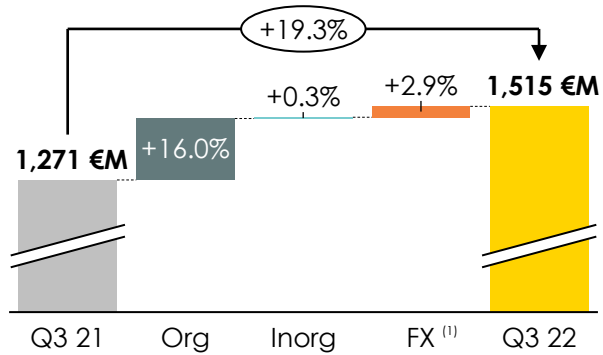


## Innovation

- ▶ **Strong increase of New Products** based on technology
- ▶ Driven mainly by **Spain and USA**



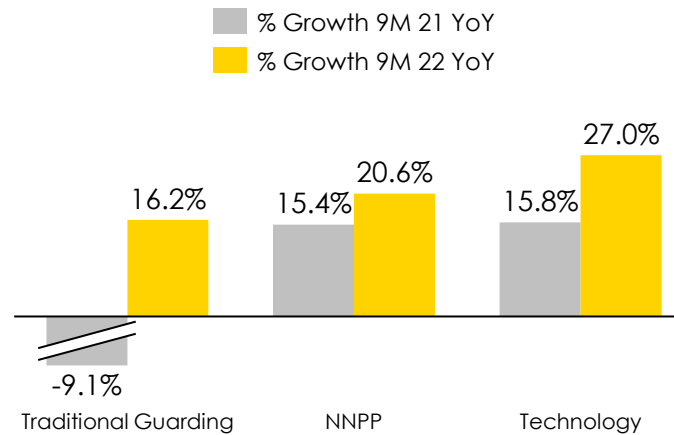
## REVENUES



- ▶ **Positive Organic growth of 16%**
- ▶ **Positive FX effect** due to increased weight of the USA in the geographical mix



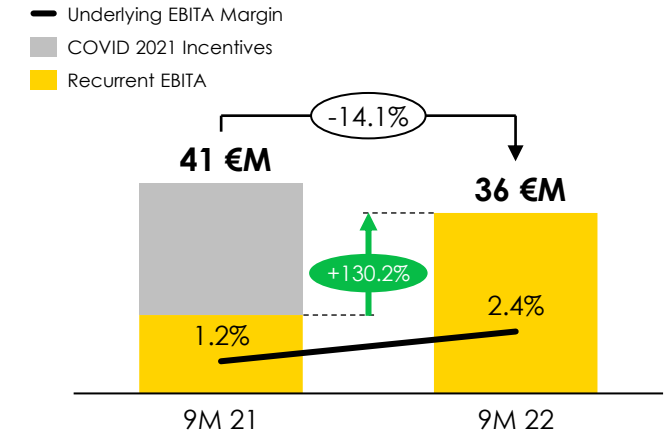
## NEW PRODUCTS



- ▶ **Continues to increase the penetration of New Products and Technology**, well above the growth of **Traditional Guarding**



## PROFITABILITY<sup>(2)</sup>



- ▶ **Sequential margin improvement** reaching **2.4%**
- ▶ **Significant growth in Recurring EBITA** isolating the positive effects derived from "Job Keeping" programs, mainly in the US in 2021

<sup>(1)</sup> Includes FX and IFRS 21&29 effects

<sup>(2)</sup> Exclude Overhead Costs



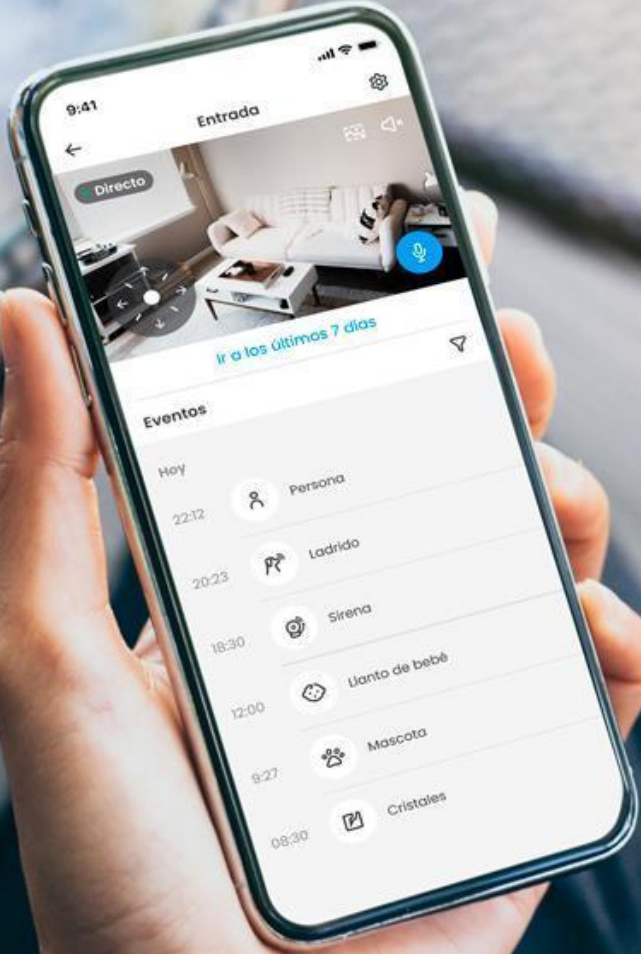
- The total contract base **grows by about 18%** compared to 9M-21 and exceeds **786th connections**
- PSG - **Subscriptions growth YoY close to 37%**
- MPA - **Subscriptions growth YoY of 5.7%**, adapting to market seasonality



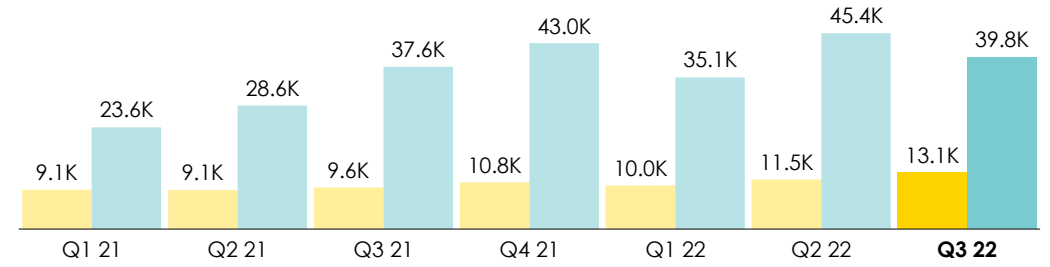
- Gradual improvement of **ARPU and Churn regarding Q2 22 in both units**
- **Profitability temporarily limited** due to commercial campaigns and investment in infrastructure



- Development and implementation of a **new technological infrastructure** to support the **new services based on video and Artificial Intelligence**



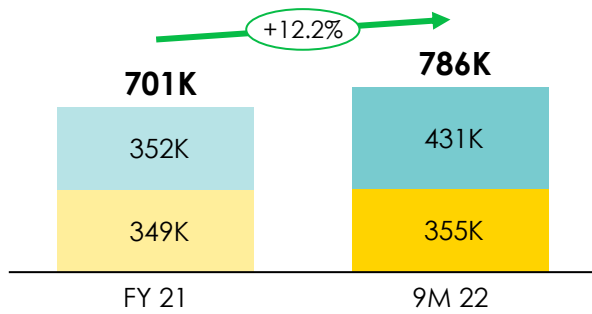
**New Subscriptions per quarter**



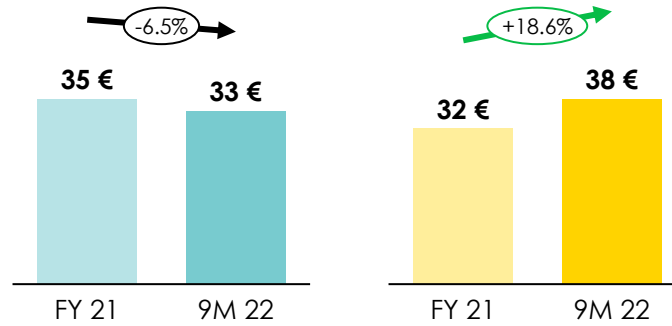
# MAIN BUSINESS INDICATORS

## Business Indicators

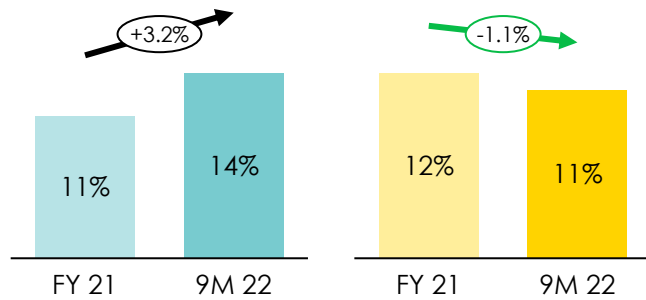
### BTC



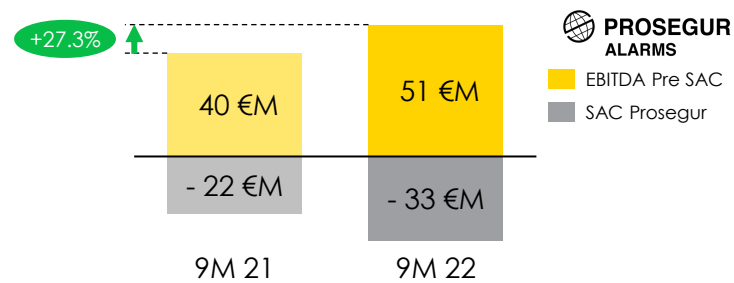
### ARPU



### Churn Rate

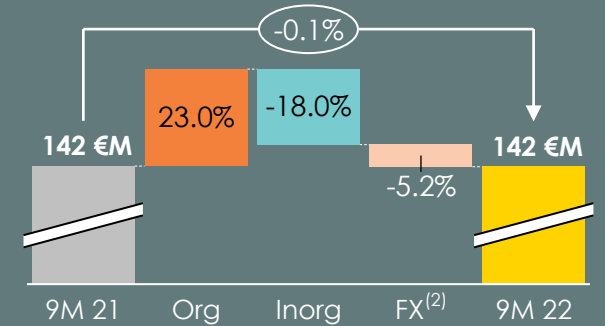


### Operating CashFlow

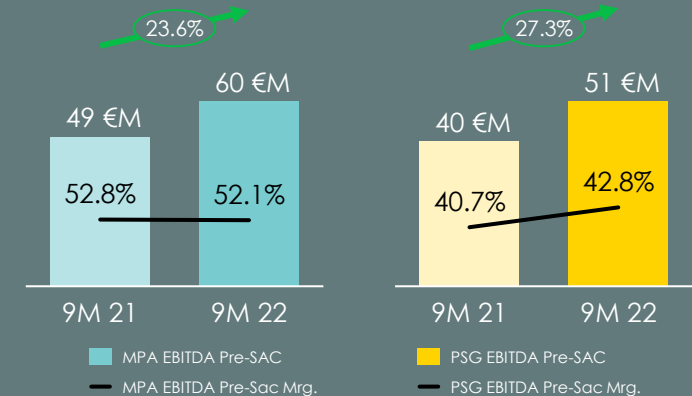


## Financial Indicators

### Revenues <sup>(1)</sup>



### Profitability



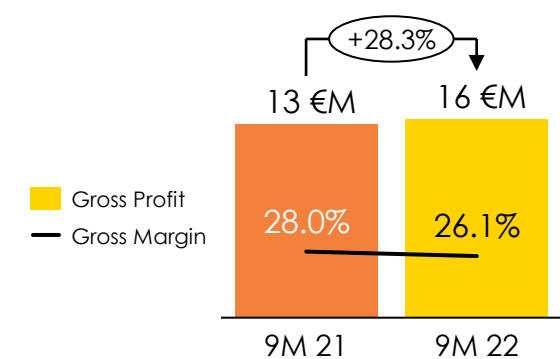
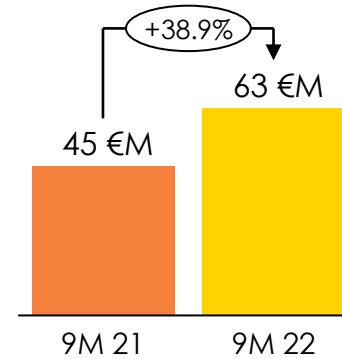
<sup>(1)</sup> Sales of alarms belonging exclusively to Prosegur. Movistar Prosegur Alarms sales are not included

<sup>(2)</sup> Includes exchange rate effect and IFRS 21 and 29

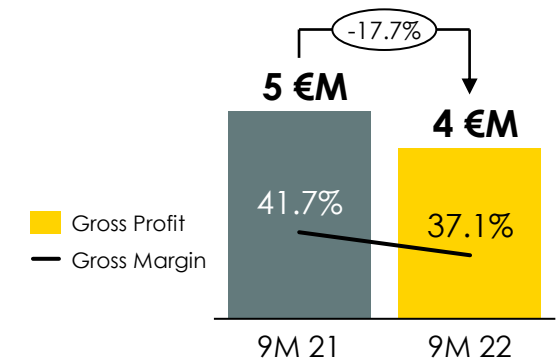
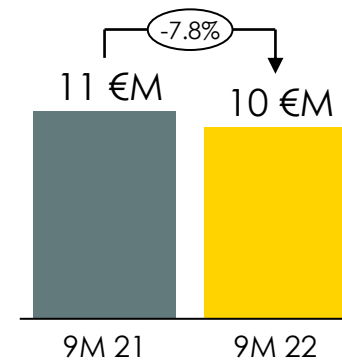




- Excellent revenue growth of 39%
- **Gross Profit** grows by 28.3% mitigating the impact of **COVID** on the traditional BPO business at the beginning of the year
- “**AVOS Tech**” grows above budget, mainly due to **SISNET** solutions for insurance entities



- **No significant variations** in revenues and profitability, in absolute terms, **while restructuring the offering model** focused on higher client recurrence





**ESG**



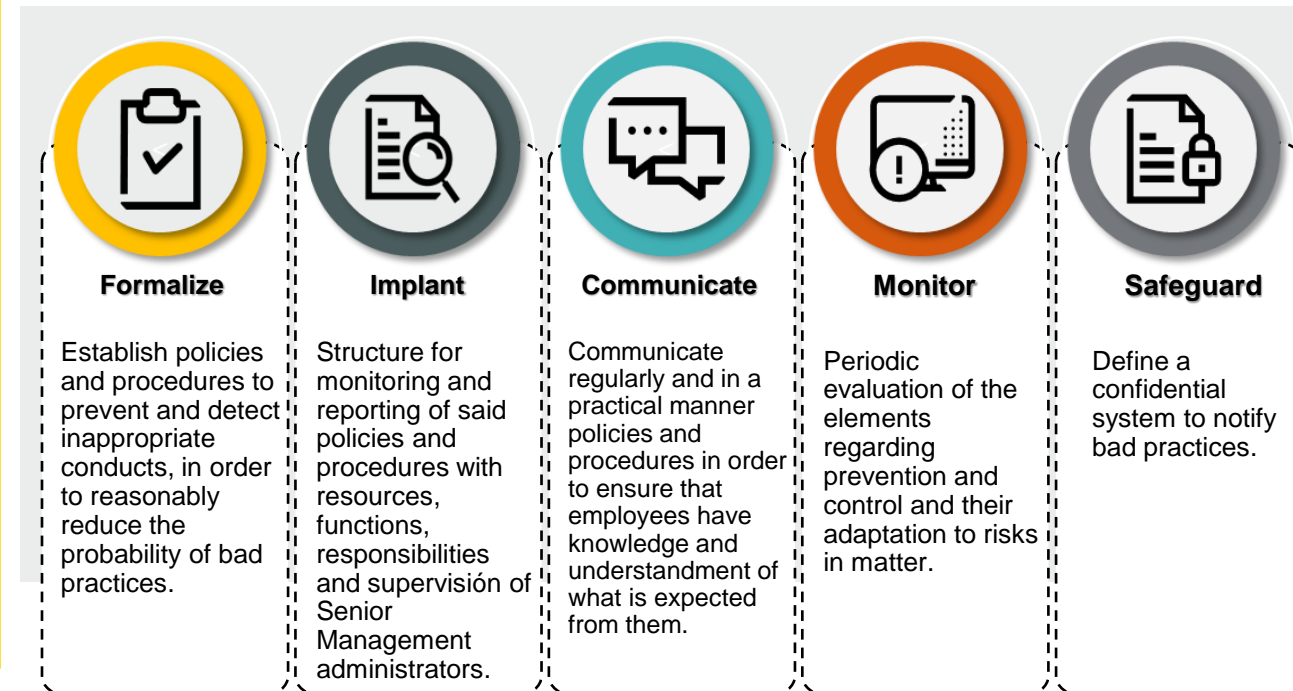
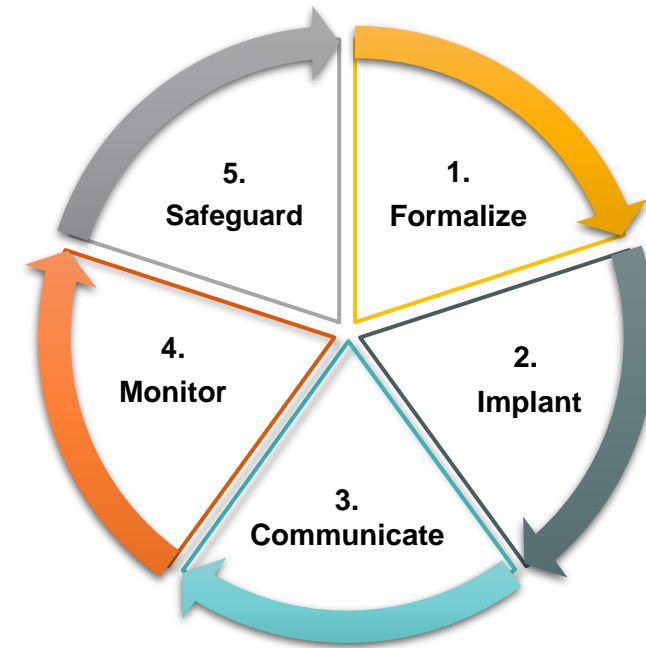


# UPDATE OF THE PROSEGUR CODE OF ETHICS

## MAIN UPDATES IN THE ETHICS CODE

### Increase in measures related with:

- **Sustainability** and the reduction of environmental impact
- **Privacy** and data protection
- **ESG** Criteria
- Money Laundering **Prevention**
- **Intellectual** and Business **property**
- Ampliation of the **Ethical Channel**





# **FINAL CONCLUSIONS AND FORECAST**





## Conclusions

- ▶ **Excellent volume growth** across all businesses and geographies, **accelerating** in comparison to **previous quarters**
- ▶ The **incremental improvement in profitability** continues, driven by **Cash**, benefitting from the **inflationary environment** and the exchange rates **stability**
- ▶ Expanding **New Cash Products** in **new business lines** and **new geographies through M&A**
- ▶ **Security gradually recovers profitability**, supported by an **efficient price pass to market**, while maintaining an **aggressive commercial behavior in USA**
- ▶ **Solid balance sheet position**, endorsed by **S&P** and with **most of the debt** structure at fixed interest rates
- ▶ **Good growth prospects** for the rest of the year



**¿Q&A?**





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