



# Result Presentation

## **6M 2022**

**29/July/2022**

Investor Relations department



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# Relevant highlights of the period



## Excellent Global Growth

- Revenues growth of over 22%
- **EBITA improvement of more than 40%** Accelerating the gradual trend of margin improvement
- **Strong positive organic growth** across all business lines and geographies, above nominal GDP of each region
- **Results above budget**, despite the seasonal effect



## M&A

- **Agreement** to create a **Joint-venture** for all the services related to **Prosegur Cash in Australia**, between the **two main operators**



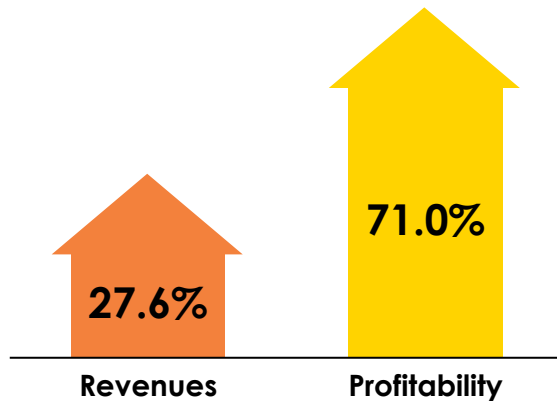
## Reinforce Balance Sheet

- **Reduction of Operating leverage ratio**





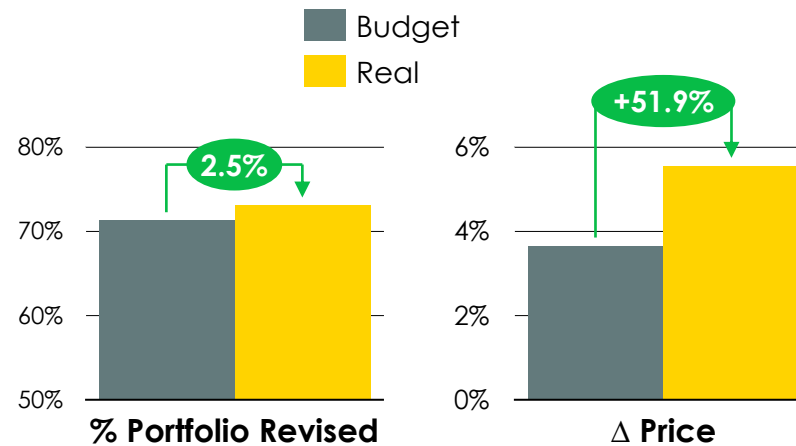
## Strong improvement in volume and profitability



- Cash volumes in circulation continue to rise sharply in most geographies
- Overcoming pre-pandemic levels in many of them
- Extraordinary profitability recovery, resulting from increased volumes and operational efficiencies



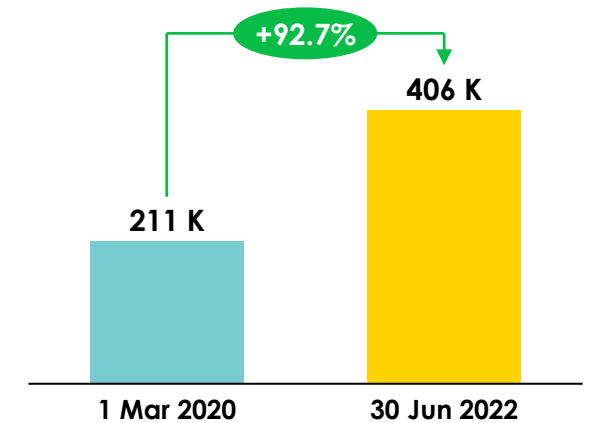
## Excellent progression in the Price Pass



- Labor cost transfer to market is progressing without problem and ahead of budget
- Both in the percentage of portfolio revised and in increase transferred
- Price increase over cost increase
- Seasonal effect still present (Argentina and Brazil) to be offset in the second half of the year



## Exceptional Value creation



- Movistar Prosegur Alarms almost doubles its number of connections since the beginning of its activity in March 2020, despite the severe restrictions of the pandemic
- CAGR Growth 33,8% in positive progression (40,5% LTM)
- Estimated Value Creation close to the initial value of the transaction (€600M) in just 25<sup>(1)</sup>

<sup>(1)</sup> Applying the same client value multiples of the initial transaction

## Consolidated Results

(Amount in € million)

|                                | Q2 2021    | Q2 2022                  | %<br>Variation | 6M 2021      | 6M 2022                  | %<br>Variation |
|--------------------------------|------------|--------------------------|----------------|--------------|--------------------------|----------------|
| <b>SALES</b>                   | <b>834</b> | <b>1,055</b>             | 20.9%          | <b>1,637</b> | <b>2,002</b>             | 22.3%          |
| Organic Growth                 | +4.7%      | +15.8%                   | ↑              | +2.9%        | +18.0%                   | ↑              |
| Inorganic Growth               | +5.2%      | +1.8%                    | ↑              | -0.4%        | +2.0%                    | ↑              |
| FX                             | -7.5%      | +3.3%                    | ↑              | -10.2%       | +2.3%                    | ↑              |
| <b>EBITDA</b>                  | <b>84</b>  | <b>115<sup>(1)</sup></b> | 27.0%          | <b>171</b>   | <b>218<sup>(1)</sup></b> | 27.0%          |
| Margin                         | 10.1%      | 10.9%                    |                | 10.5%        | 10.9%                    |                |
| Depreciation                   | (42)       | (25)                     |                | (79)         | (87)                     |                |
| <b>EBITA</b>                   | <b>42</b>  | <b>70</b>                | 39.9%          | <b>93</b>    | <b>130</b>               | 40.7%          |
| Margin                         | 5.1%       | 6.7%                     |                | 5.7%         | 6.5%                     |                |
|                                | (7)        | (9)                      |                | (14)         | (17)                     |                |
| <b>EBIT</b>                    | <b>35</b>  | <b>61</b>                | 42.7%          | <b>78</b>    | <b>113</b>               | 44.6%          |
| Margin                         | 4.2%       | 5.8%                     |                | 4.8%         | 5.7%                     |                |
| Financial Result               | 1          | (8)                      |                | (4)          | (23)                     |                |
| Profit before tax              | 36         | 54                       | 32.5%          | 75           | 90                       | 21.2%          |
| Margin                         | 4.3%       | 5%                       |                | 4.5%         | 4.5%                     |                |
| Tax                            | (27)       | (28)                     |                | (46)         | (50)                     |                |
| Tax rate                       | 75.5%      | 52%                      |                | 61.5%        | 55.7%                    |                |
| Net Profit                     | 9          | 26                       | 65.6%          | 29           | 40                       | 39.5%          |
| Minority Interest              | 1          | 5                        |                | 2            | 9                        |                |
| <b>CONSOLIDATED NET PROFIT</b> | <b>10</b>  | <b>21</b>                | 53.6%          | <b>26</b>    | <b>31</b>                | 18.5%          |

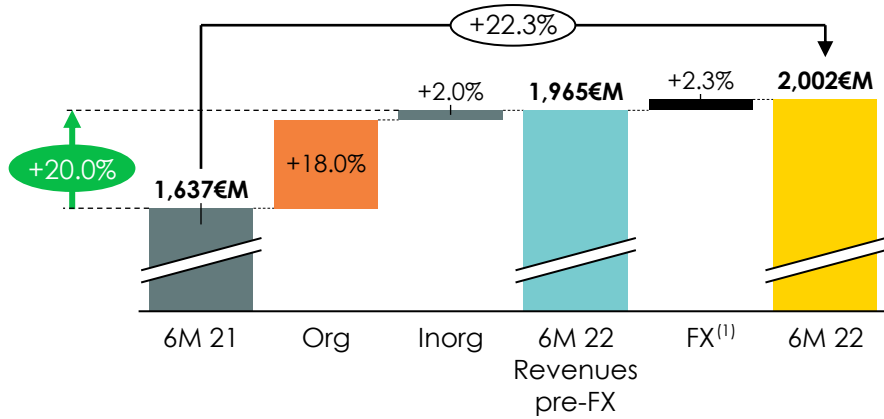
<sup>(1)</sup> Reported EBITDA. This does not include €8,7M improvement coming from reversed provisions associated to administrative resolutions

- ▲ Sales growth over 22%
- ▲ Important improvements in all lines, both in the accumulated semester and isolated quarter
- ▲ Overall improvement of Q2 22 over Q1 22, overcoming the usual negative seasonal effect of the period
- ▲ Extraordinary EBITA improvement of more than 40%
- ▲ Tax Rate improvement
- ▲ Increase in Net Income close to 40%

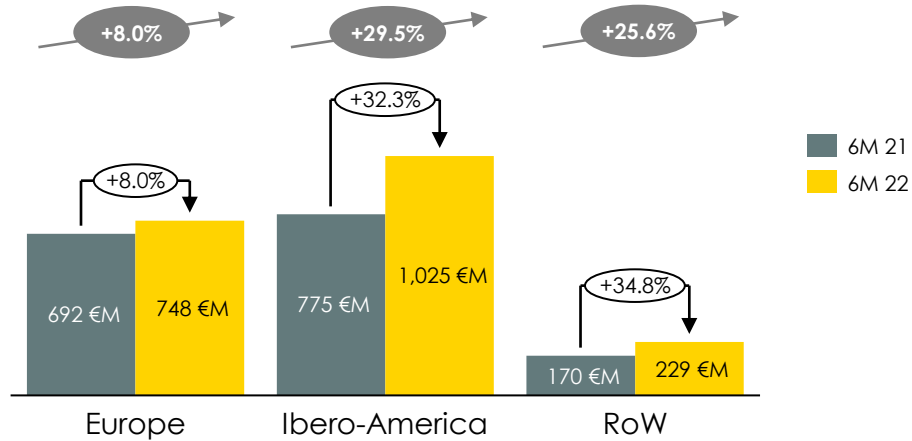


# INCOME STATEMENT

## REVENUES

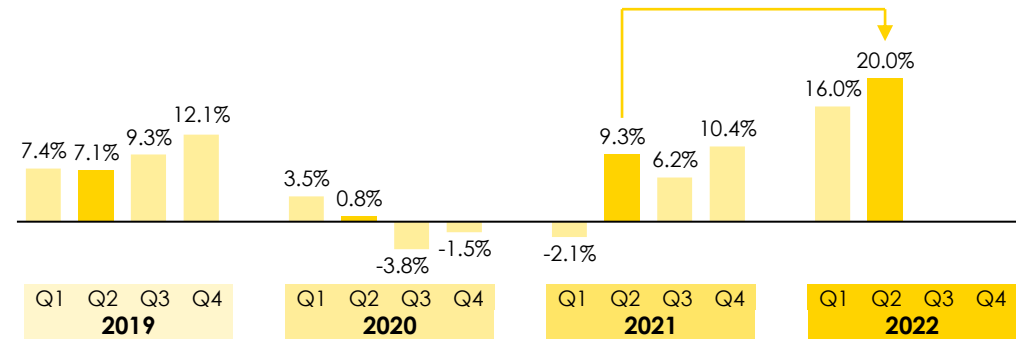


## REVENUES PER REGION

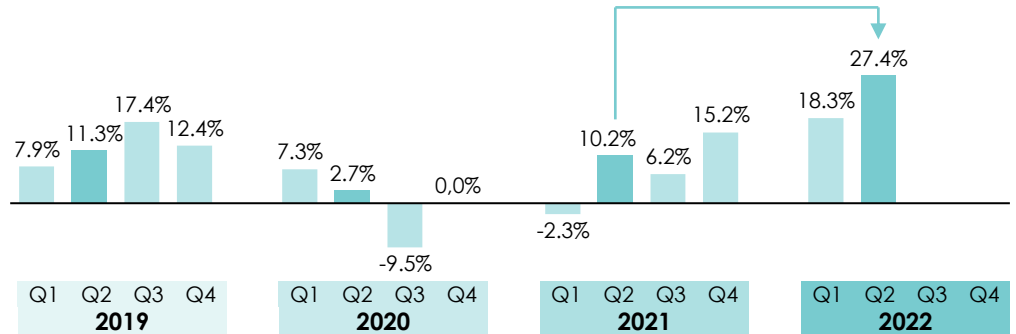


## Organic growth by isolated quarters (YoY)

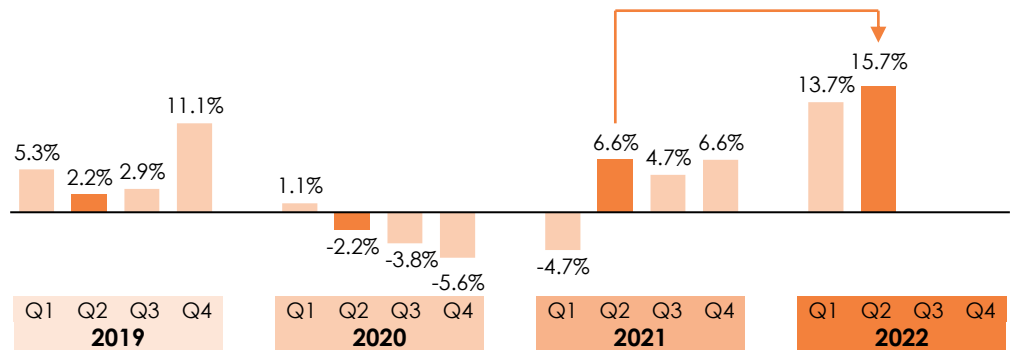
### PROSEGURO



### PROSEGURO CASH



### PROSEGURO SECURITY



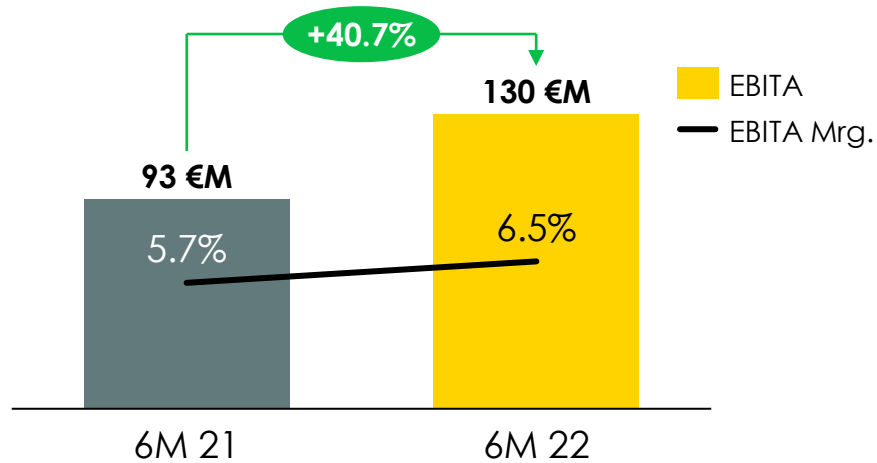
<sup>(1)</sup> Includes FX and IFRS 21&29 effects

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

% Growth in Euros



# CONSOLIDATED PROFIT

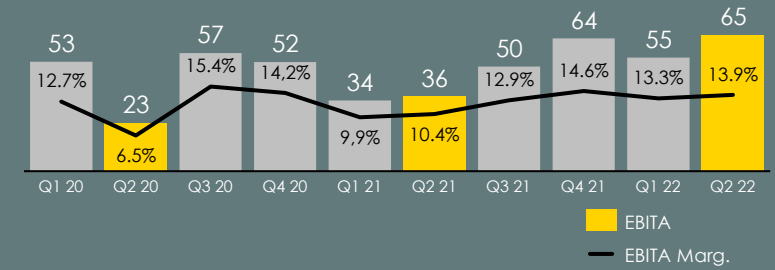


- ▲ **EBITDA increase** of more than **40%**
- ▲ **Driven, mainly,** by **Cash** and **Security**
- ▲ **Cash**, keeps **outperforming** equivalent results from the last two years
- ▲ **Cash**, continues to **significantly exceed** the equivalent levels of the last two years
- ▲ **Security recovers profitability**, by reducing unproductivity and improving volumes in technology
- ▲ **Alarms** maintains its **gradual improvement** in margins
- ▲ **MPA** is making a **higher commercial growing effort** that **temporarily reduces** its **EBITDA Pre SAC** from 2021

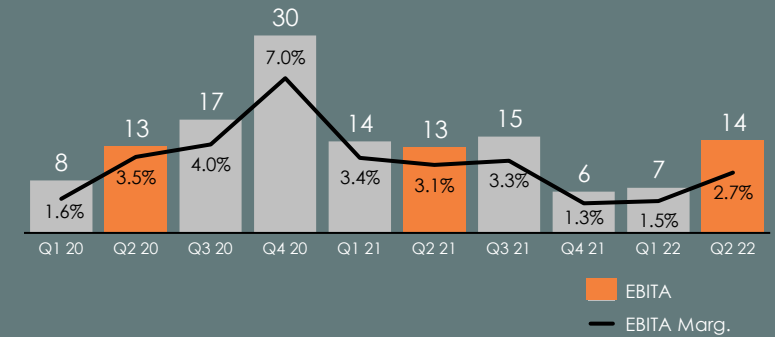
## Quarterly revenue evolution for each business



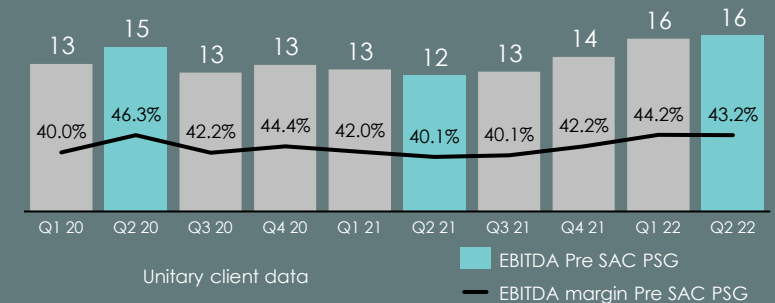
### PROSEGUR CASH



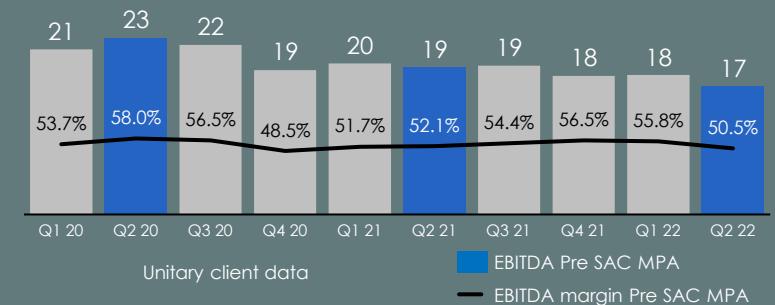
### PROSEGUR SECURITY



### PROSEGUR ALARMS



### MOVISTAR PROSEGUR ALARMAS





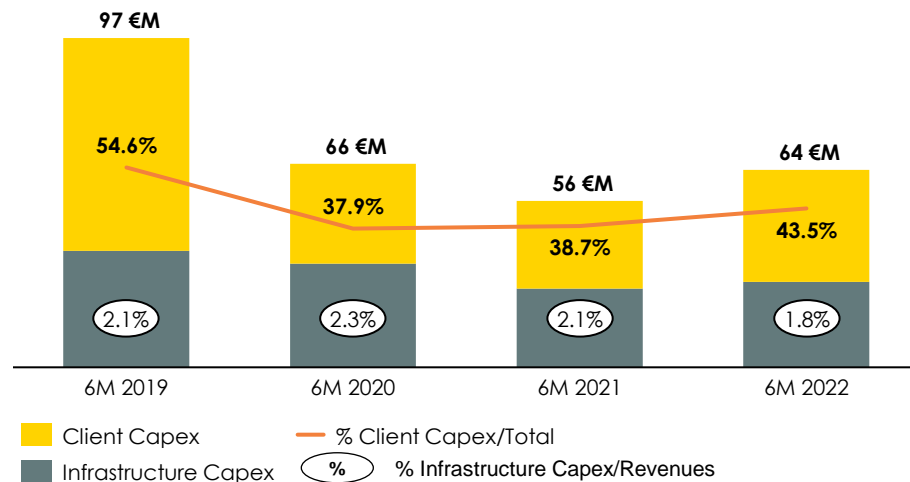
# CONSOLIDATED CASH FLOW

## Cash Flow:

- ▲ **Generation of Operating Cash Flow in Q2 in line with that obtained in Q2 2021, correcting the seasonal deviation of Q1**
- ▲ **Increase in variation of the working capital** derived from the **strong increase in turnover and greater stockpiling**

## Capex

- ▲ **Gradual recovery of Client Capex** after the pandemic
- ▲ **Strict control in Capex Infrastructure**, below 2% from sales



| Amounts €M                                  | 6M 2021      | 6M 2022        |
|---|--------------|----------------|
| <b>EBITDA</b>                               | <b>171</b>   | <b>218</b>     |
| Provisions and other non-cash items         | 5            | 20             |
| Tax on profit                               | (35)         | (49)           |
| Changes in working capital                  | (33)         | (129)          |
| Interest payments                           | (17)         | (15)           |
| <b>Operating cash Flow</b>                  | <b>91</b>    | <b>44</b>      |
| Acquisition of property, plant & equipment  | (56)         | (64)           |
| Payments for acquisitions of subsidiaries   | (35)         | (17)           |
| Dividend payments                           | (41)         | (37)           |
| Treasury stock & Others                     | (28)         | (59)           |
| <b>Cash Flow from investing / financing</b> | <b>(159)</b> | <b>(177)</b>   |
| <b>Total Net Cash flow</b>                  | <b>(68)</b>  | <b>(133)</b>   |
| <b>Initial net financial debt</b>           | <b>(889)</b> | <b>(987)</b>   |
| Net increase / (decrease) in cash           | (68)         | (133)          |
| Exchange rate                               | (0)          | 6              |
| <b>Net Financial debt <sup>(1)</sup></b>    | <b>(958)</b> | <b>(1.114)</b> |
| Financial Investments <sup>(2)</sup>        | 211          | 241            |
| <b>Adjusted Net Financial debt</b>          | <b>633</b>   | <b>873</b>     |

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

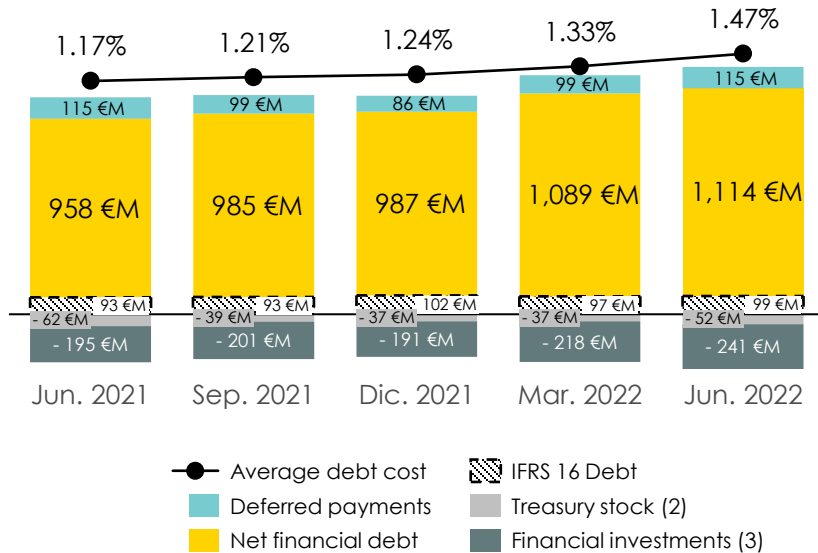
<sup>(2)</sup> Telefónica shares at market value at the end of the period



# FINANCIAL POSITION AND ABBREVIATED BALANCE SHEET

Net Debt / EBITDA<sup>(1)</sup>  
**2.3x**

Net Debt / Equity<sup>(1)</sup>  
**1.0x**



## Reduction of the Net Debt/EBITDA leverage ratio

Increase in the **average cost of debt** due to the issuance of the **500M bond** in April 2022 (500M, Coupon 2.5%)

Increase in Net Financial debt compared to the end of 2021 by €127 M, **mainly derived from the evolution of working capital** and the **completion of external Covid stimuli** and the **purchase of treasury stock**

<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      | 6M 2022      |
|---|--------------|--------------|
| <b>Non-current assets</b>                         | <b>2.351</b> | <b>2.543</b> |
| Tangible fixed assets and real estate investments | 765          | 803          |
| Intangible assets                                 | 981          | 1.059        |
| Others  | 606          | 681          |
| <b>Current assets</b>                             | <b>1.465</b> | <b>2.199</b> |
| Inventory   | 65           | 87           |
| Customer and other receivables                    | 814          | 916          |
| Non-current assets held for sale                  | -            | 92           |
| Cash and equivalents and other financial assets   | 586          | 1.104        |
| <b>TOTAL ASSETS</b>                               | <b>3.816</b> | <b>4.742</b> |
| <b>Net equity</b>                                 | <b>711</b>   | <b>939</b>   |
| Share capital                                     | 33           | 33           |
| Treasury shares                                   | (29)         | (42)         |
| Retained earnings and other reserves              | 689          | 907          |
| Minority interest                                 | 18           | 42           |
| <b>Non-current liabilities</b>                    | <b>1.809</b> | <b>1.842</b> |
| Bank borrowings and other financial liabilities   | 1.505        | 1.513        |
| Other non-current liabilities                     | 303          | 329          |
| <b>Current liabilities</b>                        | <b>1.297</b> | <b>1.960</b> |
| Bank borrowings and other financial liabilities   | 277          | 964          |
| Non-current liabilities held for sale             | -            | 64           |
| Trade payables and other current liabilities      | 1.020        | 932          |
| <b>TOTAL NET EQUITY AND LIABILITIES</b>           | <b>3.816</b> | <b>4.742</b> |



Results  
by Business





# PROSEGUR CASH



## Growth

- ▶ **Strong recovery of volumes** of cash in circulation in all geographies
- ▶ **Excellent** profitability growth
- ▶ Growth **above nominal GDP** taking advantage of the macro situation



## Efficiency

- ▶ **Great cashflow generation** in the second quarter. **Improving** the previous quarter, even with the business growing
- ▶ **Agreement** to create a **Joint-venture in Australia** for all the services linked to **Prosegur Cash**

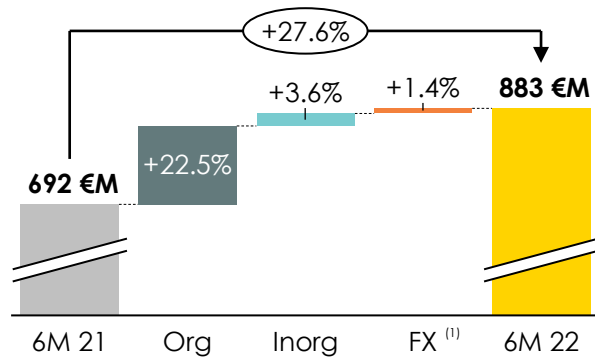


## Innovation

- ▶ **New Products** continue to **increase market penetration** (+200p.b. compared to 6M 2021)



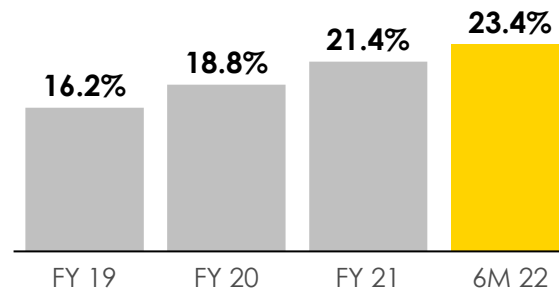
## REVENUES



- Positive Organic Growth above 22%
- M&A +3.6% for operations in Ecuador and Germany in Q1
- FX positive 1.4%



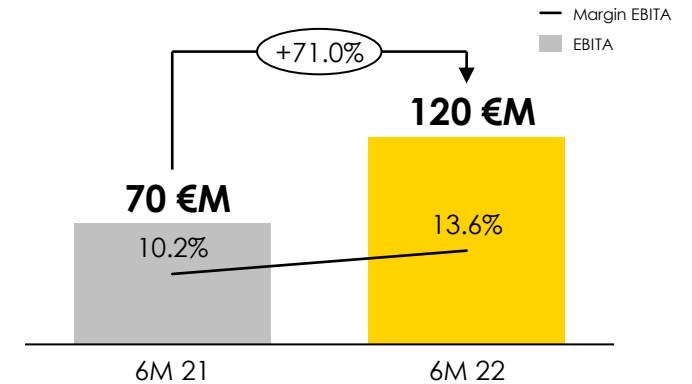
## NEW PRODUCTS



- New Products growth above 56% compared to 6M 2021



## PROFITABILITY



- EBITA growth of 71%
- 350p.b. of margin improvement, derived from increased volumes and operational efficiencies

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





# PROSEGUR SECURITY



## Growth

- ▶ Global revenues growth close to **19%**
- ▶ **USA maintains growth** above **53%** supported by **technological solutions**
- ▶ Gradual **improvement in profitability**



## Efficiency

- ▶ **Price transfers to the market** running quickly and **above** the increase in costs
- ▶ **Reduction** of the negative effect of **unproductivities** ahead of target

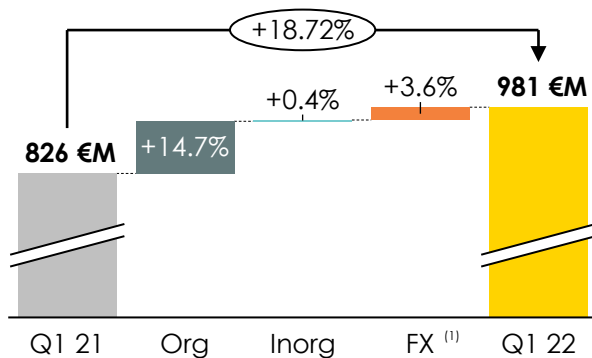


## Innovation

- ▶ **Strong increase of New Products** based on **technology**
- ▶ Introduction of the **first robotic monitoring services** at large events



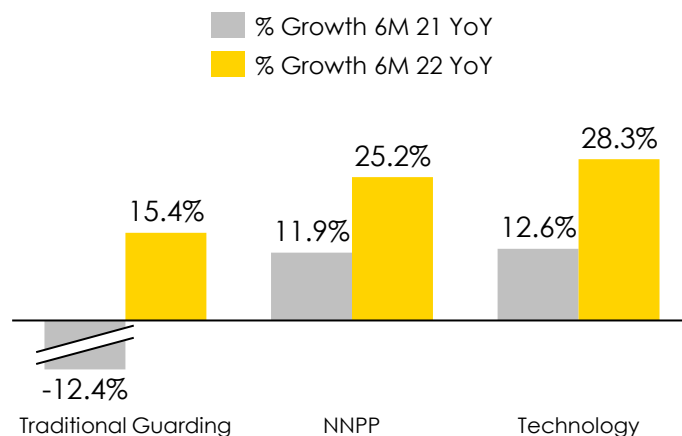
## REVENUES



- ▶ **Positive Organic growth** close to 15%
- ▶ Inorganic growth by **M&A** in the **USA** in 2021
- ▶ **Positive FX** effect due to increased weight of the USA in the geographical mix



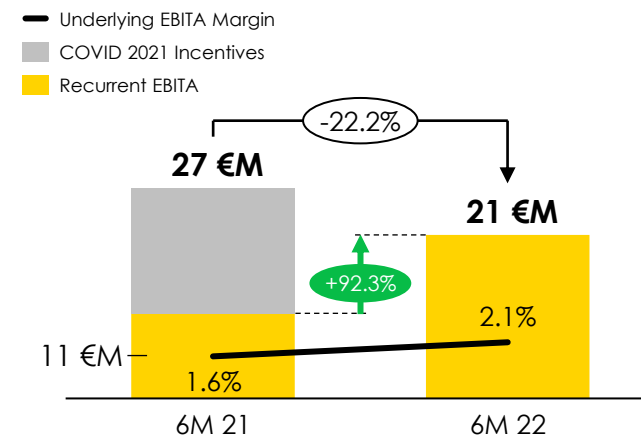
## NEW PRODUCTS



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



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



- ▶ **Strong profitability recovery**
- ▶ **Recurrent EBITA growth** of more than **92% YoY**, 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

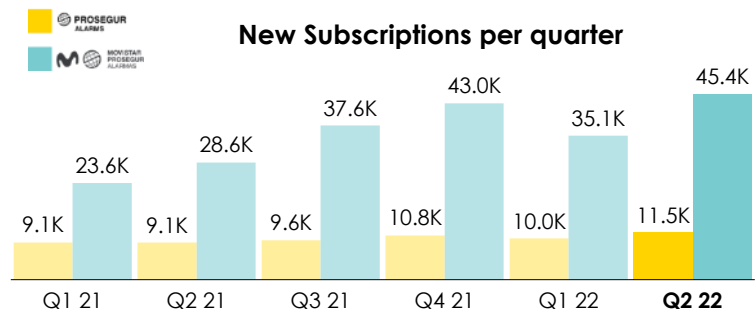




# PROSEGUR ALARMS



The total contract base **grows by about 19%** compared to 6M-21 and exceeds **758th connections**



## Growth

- PSG - **Subscriptions growth YOY above 26%**
- MPA - **Subscriptions growth YOY close to 59%**
- PSG –**New commercial agreements with Diners in Peru and Bancolombia**



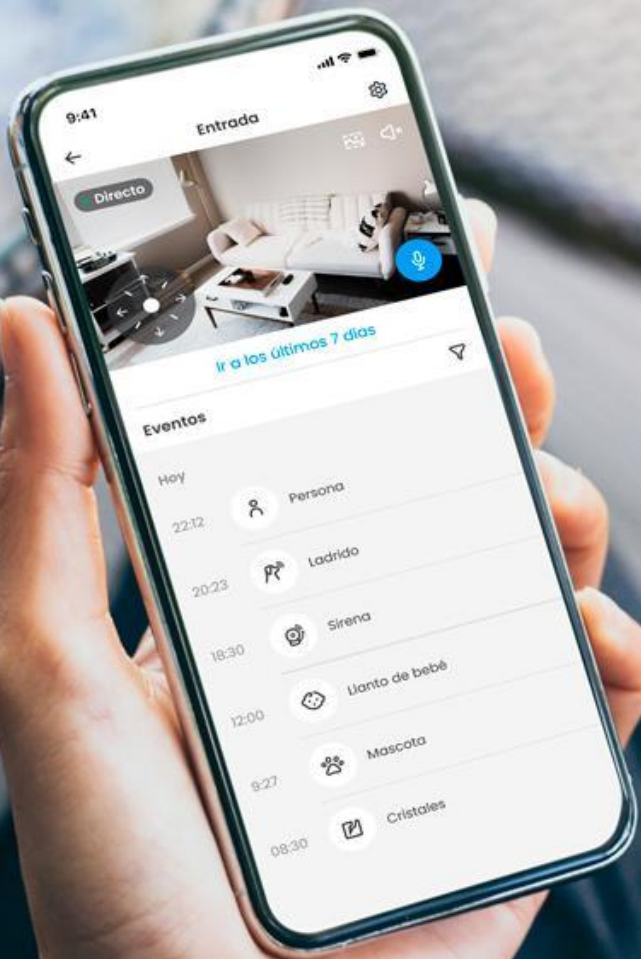
## Efficiency

- Gradual improvement of **ARPU** and **Churn over Q1 22**
- **Operational focus** on acceleration of installation processes and **customer retention** management
- **Automation of processes** of concertation, installation and signal management through RPA (**Robotic Process Automation**)



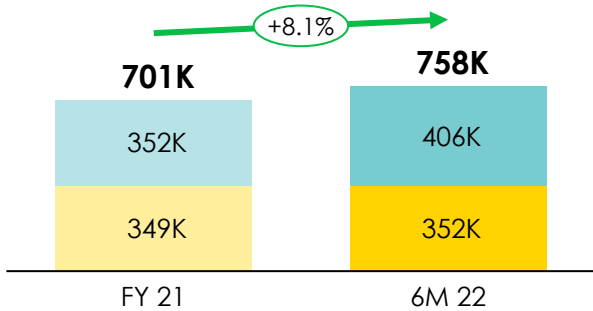
## Innovation

- New service **“Car Finder”** DIY
- New service **“Pet Ready”** for the management of alarm activations caused by pets

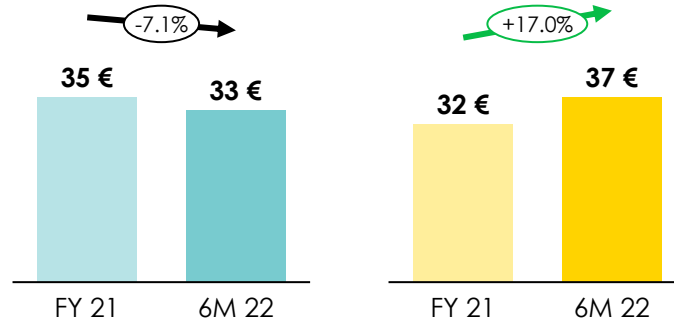


Business Indicators

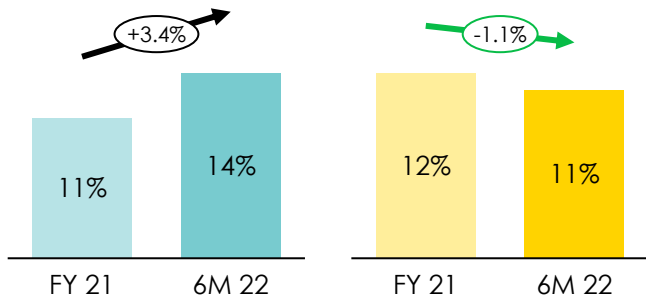
BTC



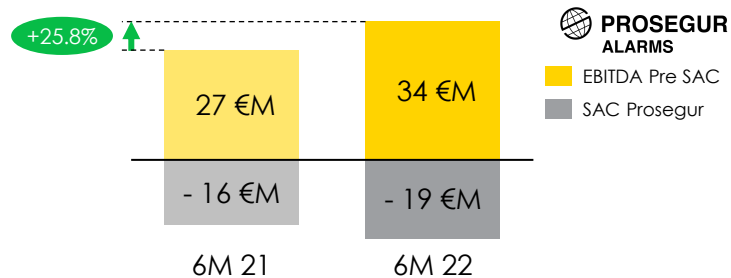
ARPU



Churn Rate

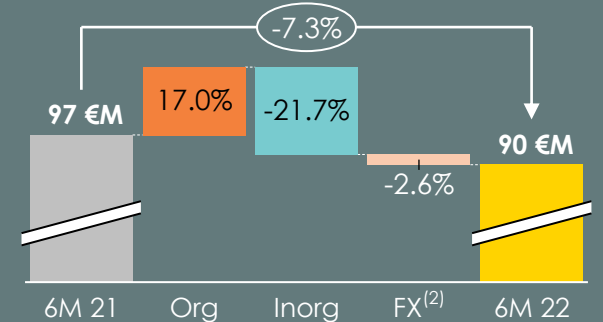


CashFlow

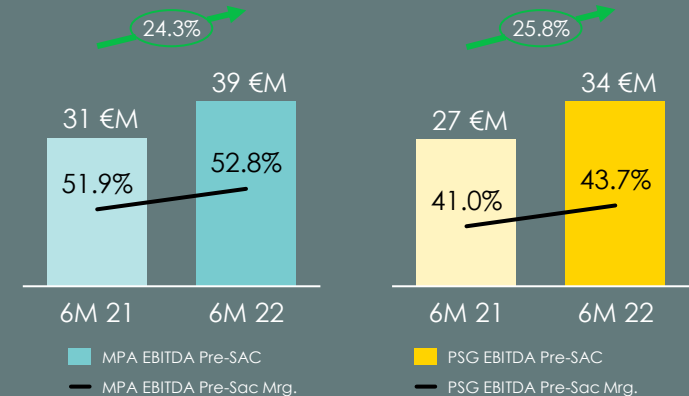


Financial Indicator

Revenues <sup>(1)</sup>



Profitability



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

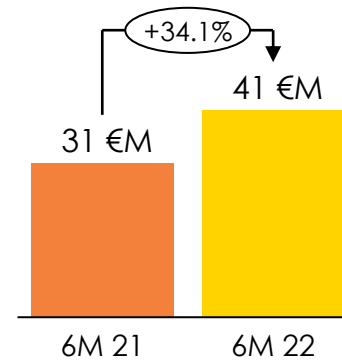
<sup>(2)</sup> Includes exchange rate effect and IFRS 21 and 29



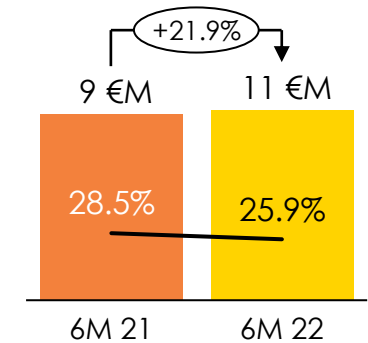
**PROSEGUR  
AVOS**



**REVENUES**



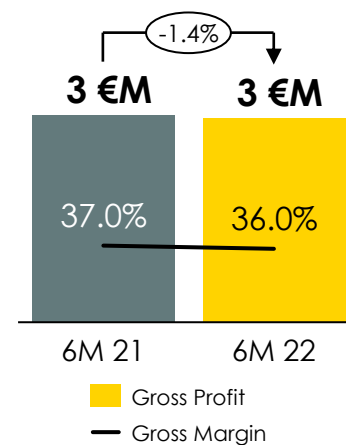
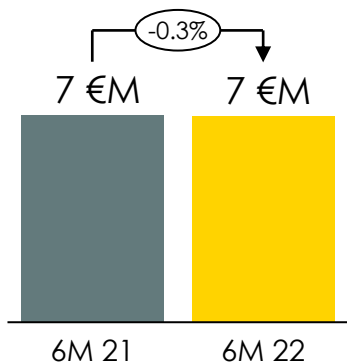
**PROFITABILITY**



■ Gross Profit  
— Gross Margin

- ▲ **Revenues growth over 34%**
- ▲ **Gross Profit grows by 21.9%** although **profitability** is still slightly **affected by the impact of COVID** on the traditional BPO business
- ▲ **In line with the budget** in all business lines
- ▲ Successful **integration of "Solunegocios"** in Chile
- ▲ Consolidation of the **"AVOS Tech"** vertical as a firm specialized in **technological solutions for banking and insurance**





- ▶ **Flat maintenance in revenues and profitability** while it restructuring the offering model to focused on **higher client recurrence**
- ▶ **Obtaining the Cybersecurity protection contract** for all **Spanish airports**
- ▶ **Launch of the Global MDR** (Managed Detection and Response) service for more than **60 multinational customers**



**ESG**





Prosegur and Prosegur Cash, first private security companies to obtain the highest ESG valuation from S&P Global ratings

**S&P Global**  
Ratings



ESG Evaluation

**62/100**

Preparedness: Adequate (+1)



ESG Evaluation

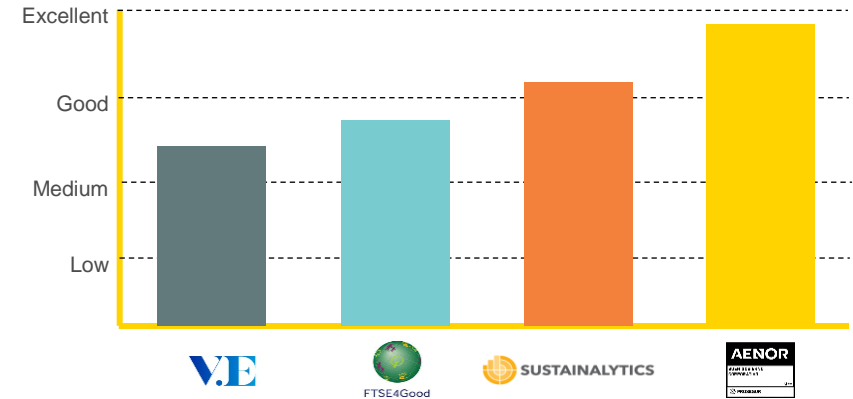
**64/100**

Preparedness: Adequate (+3)

*"The high ESG evaluation of 62 from S&P Global Ratings reflects the continuous development of Prosegur's sustainability strategies in its various operations and geographies."*

- S&P Global Ratings

The main ESG rating value positively Prosegur performance



**Prosegur has obtain a rating as the low-risk company as well as recognition as the best company in the private security sector<sup>(1)</sup>**

<sup>(1)</sup>Sustainalytics 2021





# FINAL CONCLUSIONS AND FORECAST





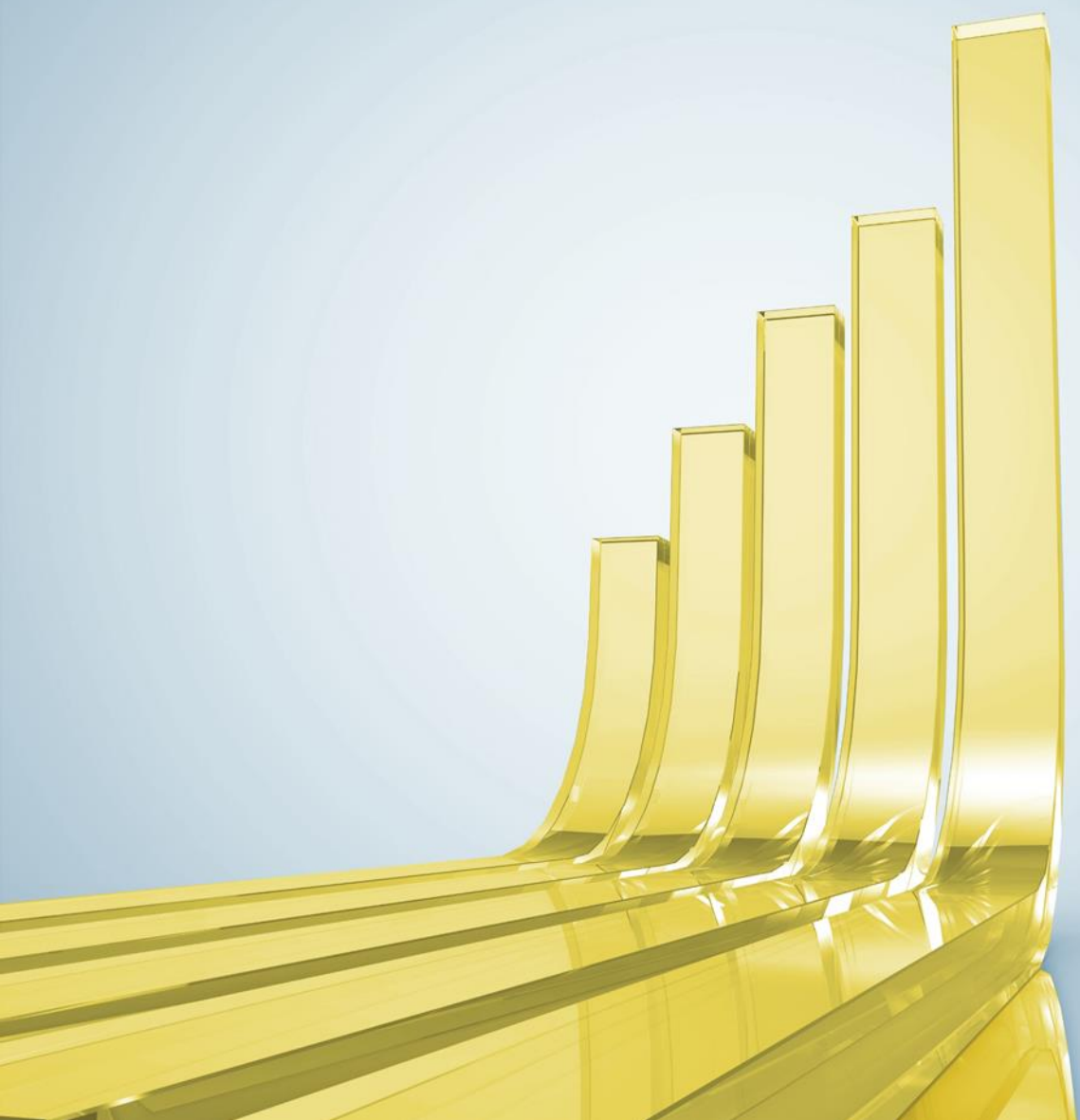
# Optimistic outlook for the second half of 2022

- ▲ **Excellent volume growth across all businesses and geographies**
  - ▲ **Strong profitability** increase in Cash and **sustained gradual recovery** in Security
  - ▲ **Favorable macro environment due to inflation** and exchange rate stability
  - ▲ **Transfer of costs to market above inflation**
  - ▲ Exceptional **value creation in Alarms**
  - ▲ **M&A active** in various businesses and geographies for the second half of the year
  - ▲ **Good growth prospects** for the rest of the year
- 



**¿Q&A?**





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