

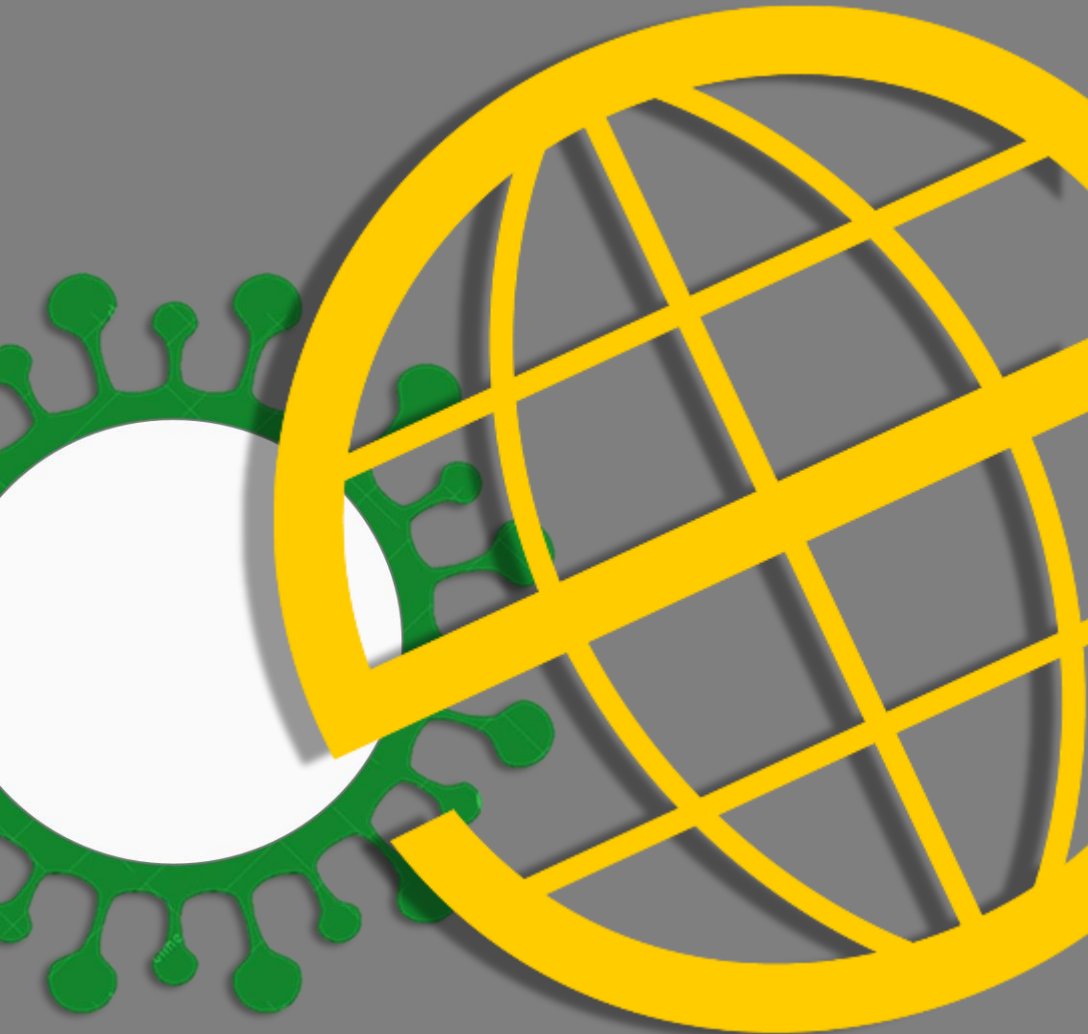
# 9M 2020 Results Presentation

Investor Relations Department

05 / November / 2020



# COVID19 IMPACT & RESPONSE



## Cash

- The **negative effect of the pandemic** remains in **Ibero-America** as **Europe & APAC** slowly **recovers** normality
- Temporary **loss of volumes** in the LatAm region due to business **closedowns** and **confinements**
- **Partial maintenance** of government initiatives to **distribute aids to population**



## Security

- **Positive evolution** in Europe supported by COVID-Free solutions
- IberoAmerica highly affected by confinements and closures as well as **legal restrictions on cost adjustments**
- Security **France sale** completed



## Alarms

- **Movistar Prosegur Alarmas** starts sales in Spain with strong growth in new additions
- The **commercial stoppage** is maintained in some Ibero-American countries due to confinements
- Slight improvement in **Churn-rate** as business activity recovers



## Grupo

- **Positive cashflow generation** maintained in the period, despite the complexity of the current situation
- The Group prepares for an **environment of great global uncertainty**

# RELEVANT INDICATORS OF THE PERIOD

# 9M 20



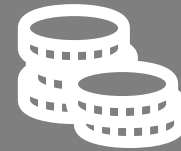
## REVENUES

- Total **sales** of **2,620 million**
- Positive **organic growth** despite the persistence of the crisis in Latin America
- Strong accounting effect of **divestments (France) and currencies**
- **Movistar Prosegur Alarmas (MPA)** starts sales **tripling** the rate of previous customer acquisition



## PROFITABILTY

- **Recurring EBITA** of **201 million** **excluding efficiency plans**
- The **structural improvement** of margins in **Security** continues, driven by new products.
- Covid19 **Subsidies** perceived: **15 million**
- **EBITA** continues to be primarily affected by **negative FX**



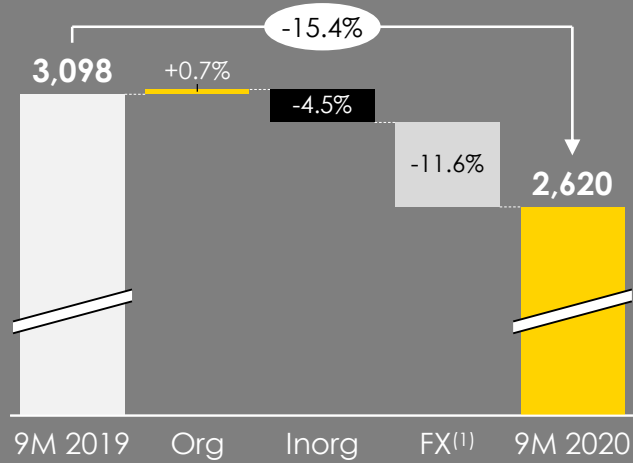
## CASH FLOW

- Sustained **improvement** in **operating cashflow**
- **Excellent working capital management**
- Good result of the **cashflow protection measures**
  - **Capex reduction** of more than **35%** in the period
  - Reinforcement of **collection policies**



## LIQUIDITY & DEBT

- **Stable outlook BBB** rating **confirmed** by **S&P**
- **Leverage** ratio slightly affected by the treasury **stock buy-back program**, **divestment in France**, and **temporary deterioration** of results
- **Dividend reinvestment program**



- **Positive organic** growth, despite the strong impact Covid19
- **Revenues** main deterioration cause is due to **negative translational effect of currency**
- **EBITA** of 176 million includes restructuring costs applied in Cash
- **Temporary increase** in tax rate due to mix change and hyperinflation effect

Consolidated Results  
(€ millions)

	9M 2019	9M 2020 <sup>(2)</sup>	% Variación
<b>Sales</b>	<b>3,098</b>	<b>2,620</b>	-15.4%
<b>EBITDA</b>	<b>378</b>	<b>292</b> <sup>(3)</sup>	-22.7%
Margin	12.2%	11.2%	
Depreciation	(129)	(116)	
<b>EBITA</b>	<b>249</b>	<b>176</b>	-29.2%
Margin	8.0%	6.7%	
Amortization of intangibles	(21)	(22)	
<b>EBIT</b>	<b>228</b>	<b>154</b>	-32.5%
Margin	7.4%	5.9%	
Financial result	(45)	(36)	
<b>Profit before tax</b>	<b>183</b>	<b>119</b>	-35.2%
Margin	5.9%	4.5%	
Tax	(65)	(63)	
Tax rate	35.7%	53.3%	
<b>Net Profit</b>	<b>118</b>	<b>55</b>	-52.9%
Minority Interest	35	10	
<b>Consolidated Net Profit</b>	<b>83</b>	<b>45</b>	-45.6%

<sup>(1)</sup> Includes exchange rate effect and IAS 21&29

<sup>(2)</sup> Excluding extraordinary results in the period, mainly resulting from the exchange of participations between Prosegur and Telefónica and France Security

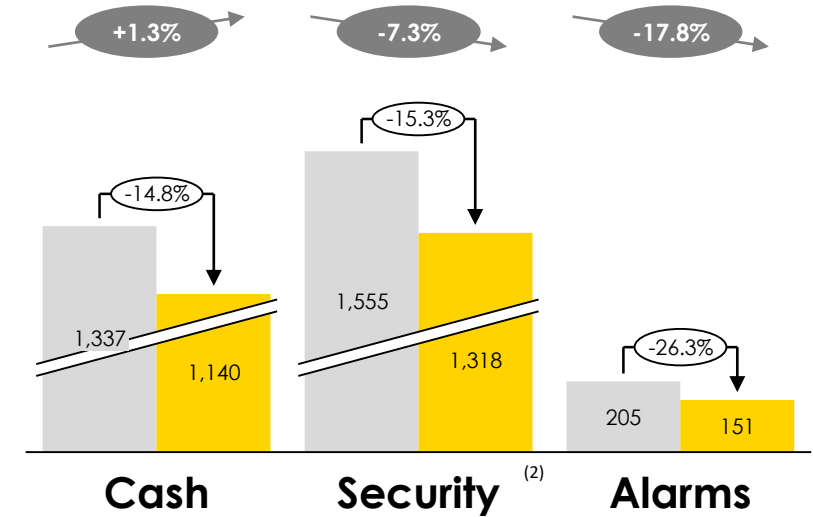
<sup>(3)</sup> Reported EBITDA is minored by €25mm of Cash efficiency programs and improved in €15mm of perceived Covid19 subsidies

# CONSOLIDATED REVENUES BY BUSINESS & REGION

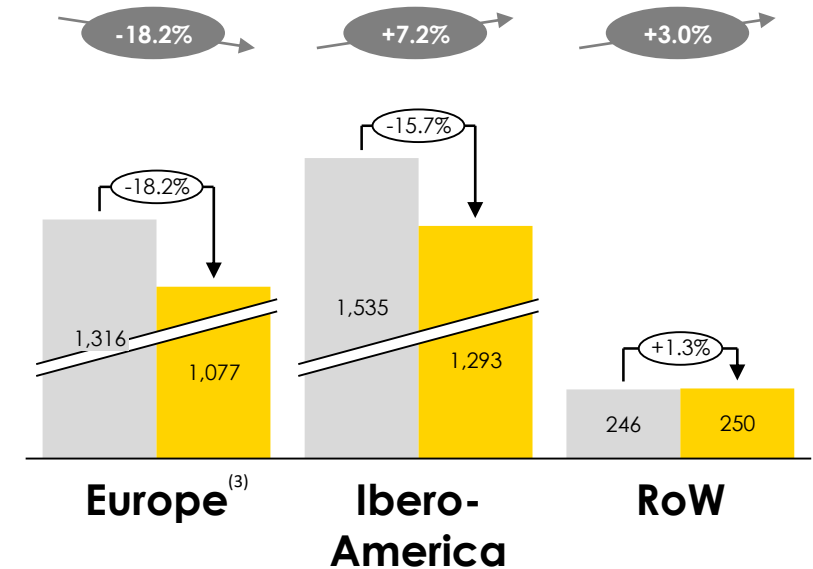
Local Currency Growth <sup>(1)</sup>  
Growth in Euros

9M 2019  
9M 2020

## Revenues by Business



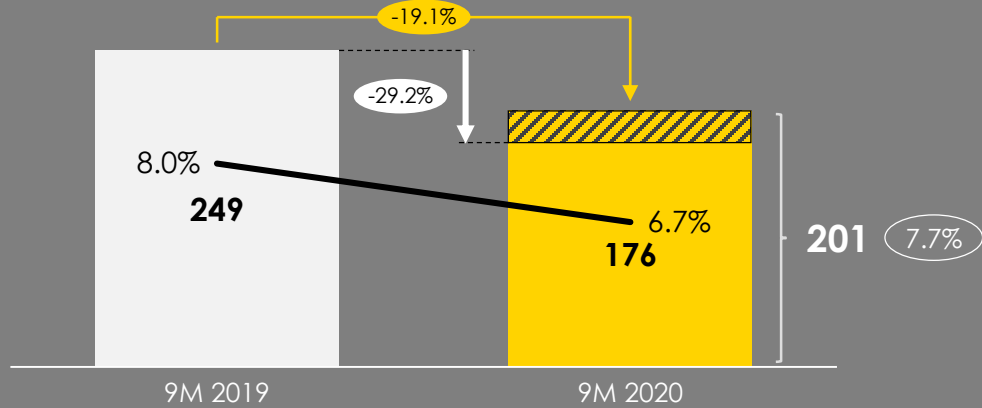
## Revenues by Region



- **Cash** maintains **positive growth** in local currency, reflecting the gradual recovery that is being experienced, mainly in Europe
- **Security** shows the deconsolidation of France and negative effect of major LatAm currencies
- **Alarms** reflects the **commercial stoppage** during the confinements and the **accounting deconsolidation** of the Spanish connections
- Geographically, the largest reduction occurs in **Europe**, combining the slow market situation with the exit from France
- **Ibero-America** grows **7.2%** in local currency. The result in euros is impaired, fundamentally, by **negative FX**
- **RoW** maintains **positive growth**, despite the **deterioration** suffered in the **USA** by Covid, supported by the incipient **recovery in Australia**

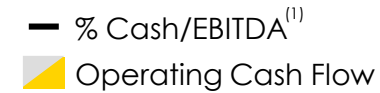
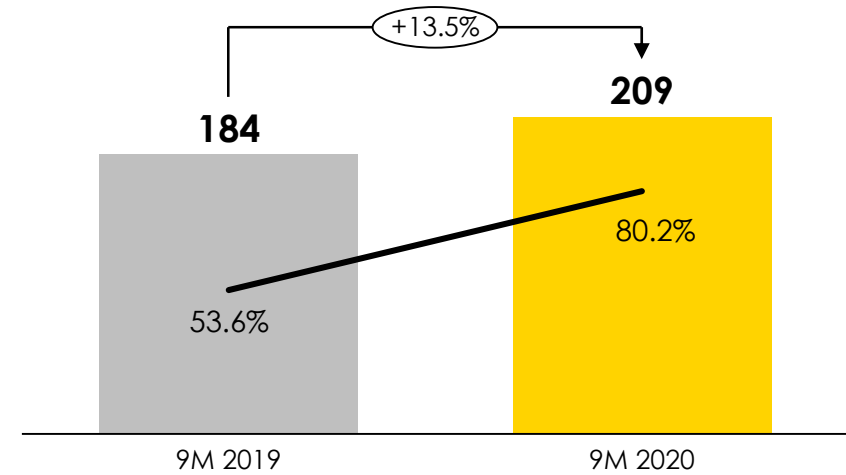
# CONSOLIDATED PROFITABILITY & CASH FLOW GENERATION

## PROFITABILITY



Recurrent EBITA margin of 7.7% (excluding Cash restructuring costs) is close to that obtained in the same period in 2019

## CASH FLOW GENERATION



Temporary improvement in the generation of operating cash flow continues. Driven by efficiency in collections and cost containment measures



# Results by business line

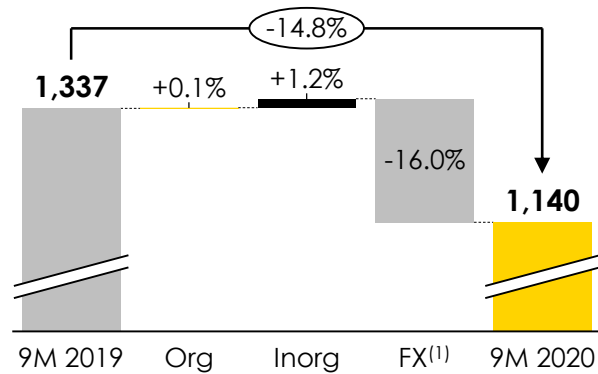
Cash – Security - Alarms



# PROSEGUR CASH

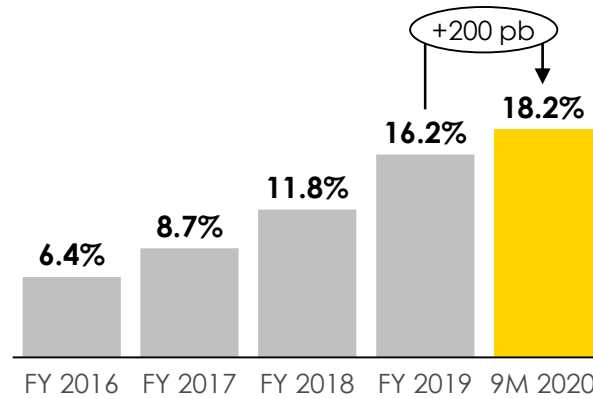


## REVENUES



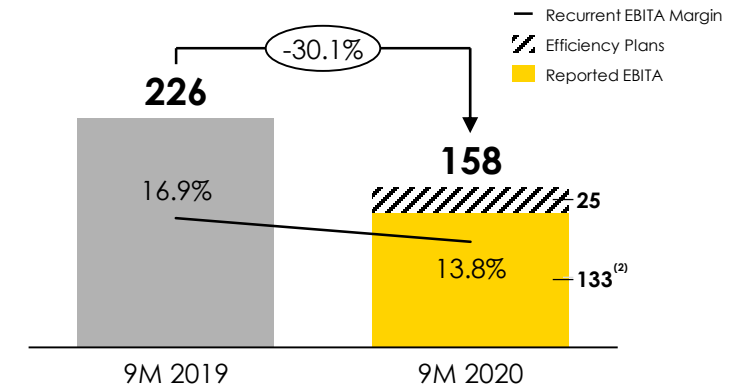
- **Flat organic growth**, affected by comparable effect vs. additional non-recurring volumes obtained in 3Q19
- **Negative translational effect of currencies** in both Argentina and Brazil
- The **negative effect of COVID** remains in **IberoAmerica**, while **Europe & APAC** initiate gradual and progressive **recovery**

## NEW PRODUCTS



- **New Products** represent **18.2%** of total sales
- **15% “SmartCash”** sales growth
- **AVOS** sales growth close to **9%**
- **Integrated ATM Management** operations initiated in Australia

## PROFITABILITY



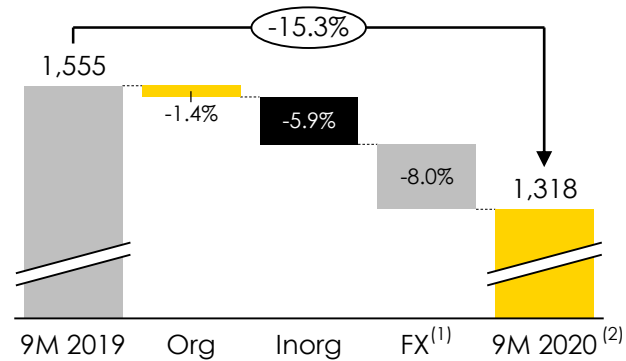
- **Recurring EBITA** (excluding efficiency plans) of **158 million**
- Profitability deterioration explained by:
  - **Lower volume** and amounts transported
  - Translational impact of **currency depreciation**



# PROSEGUR SECURITY

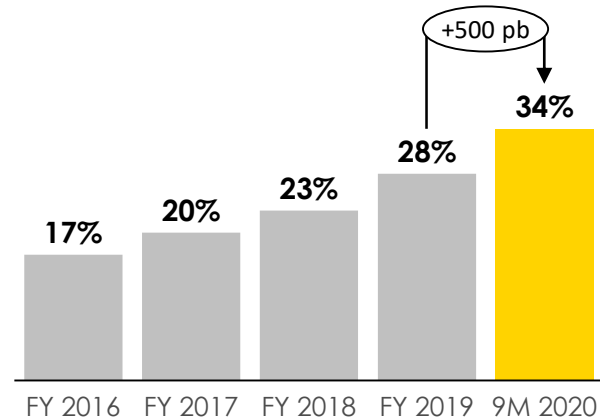


## REVENUES



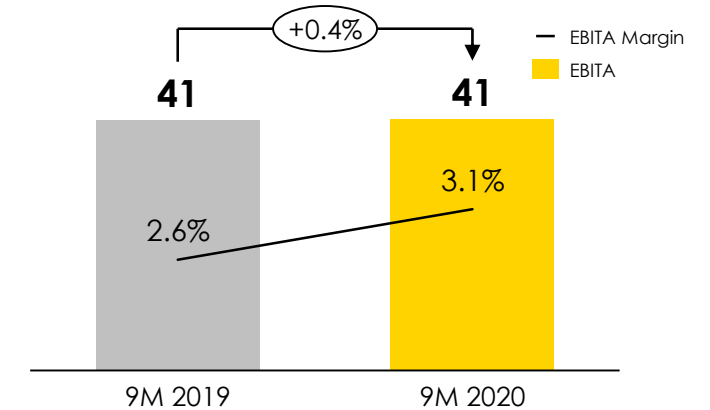
- **Slight reduction in organic** growth, affected by the general slowdown in all economies
- Deconsolidation effect of **France** in inorganic
- Incipient **volume recovery** in **Spain** and **Brazil** with **profitability improvements** in both geographies

## NEW PRODUCTS



- **Increased penetration of Integrated Security Solutions** up to **34%** of sales
- Strong demand for **“COVID Free” Solutions** that facilitates the entry of **new security monitoring solutions** in customers

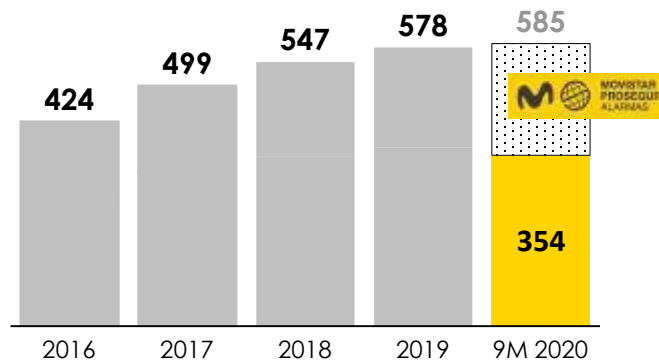
## PROFITABILITY<sup>(3)</sup>



- **Excellent Profitability improvement** driven by:
  - **Increase in sales** of solutions with **greater added value** and technological components, mainly in **Europe**
  - **Good execution** in transferring **inflation** rise to market
  - Effect of operating **cost adjustment measures**, supported by **government aids**

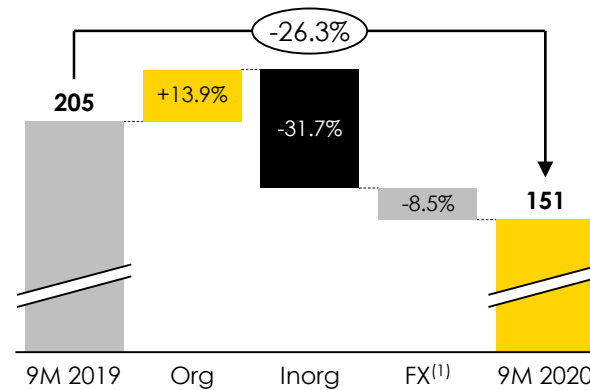


## TOTAL INSTALLED BASE



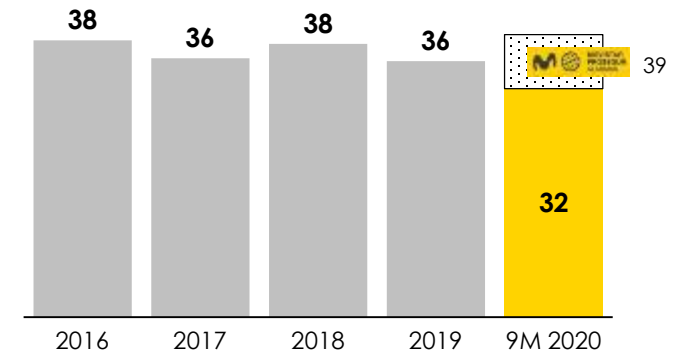
- **Total Contract Base** improves due to MPA growth.
- Growth ex-Spain recovers gradually, despite the persistence of confinements in some regions
- **Business activity** is gradually returning to **pre-Covid19 productivity** levels

## REVENUES



- **Excellent organic growth** of more than 13% despite the remains of commercial stoppage in various geographies
- **Volume reduction** mainly explained by the **deconsolidation** of **Spain** and **negative FX** in Latin America

## ARPU



- **ARPU** decreases slightly to **€ 32**, once **Spain** is **deconsolidated**, affected by **COVID** crisis and the adverse **currency effect**
- **Movistar Prosegur Alarms** maintains their **ARPU** above **€ 39**
- **Churn improvement** in the quarter, as activity in **unbanked small business and residential clients** recovers

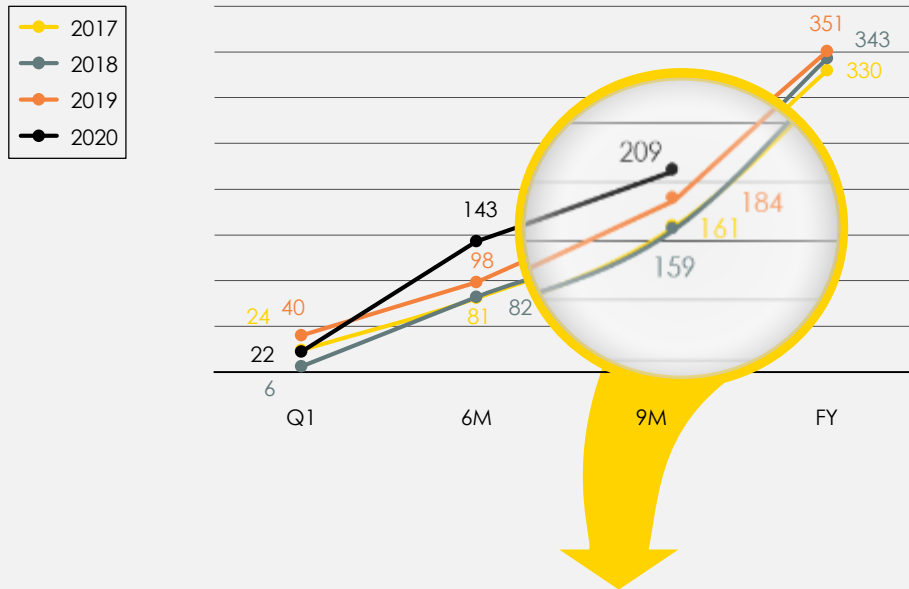
# Financial Information

Cashflow – Financial Position – Balance Sheet



# CONSOLIDATED CASH FLOW

Operating Cash Flow by quarters (accumulated)



- **Continued improvement in cash flow** despite adverse FX, thanks to:
  - **Adequate management of working capital**
  - **Positive temporary effect of tax deferral**
  - **Capex containment and dividend reinvestment programs**

Amounts in € millions	9M 2019	9M 2020 <sup>(1)</sup>
<b>EBITDA</b>	<b>378</b>	<b>292</b>
Provisions and other non-cash items	4	33
Tax on profit (ordinary)	(83)	(84)
Changes in working capital	(103)	(14)
Interests payments	(11)	(20)
<b>Operating Cash Flow</b>	<b>184</b>	<b>209</b>
Acquisition of property, plant & equipment	(143)	(92)
Payments for acquisitions of subsidiaries	(124)	(131)
Dividend payments	(82)	(49)
Treasury stock & Others	13	(156)
<b>Cash flow from investing / financing</b>	<b>(336)</b>	<b>(427)</b>
<b>Total net cash flow</b>	<b>(151)</b>	<b>(218)</b>
<b>Initial net financial debt</b>	<b>(425)</b>	<b>(649)</b>
Net increase / (decrease) in cash	(151)	(218)
Exchange rate	(27)	(52)
<b>Net Financial Debt <sup>(2)</sup></b>	<b>(603)</b>	<b>(920)</b>

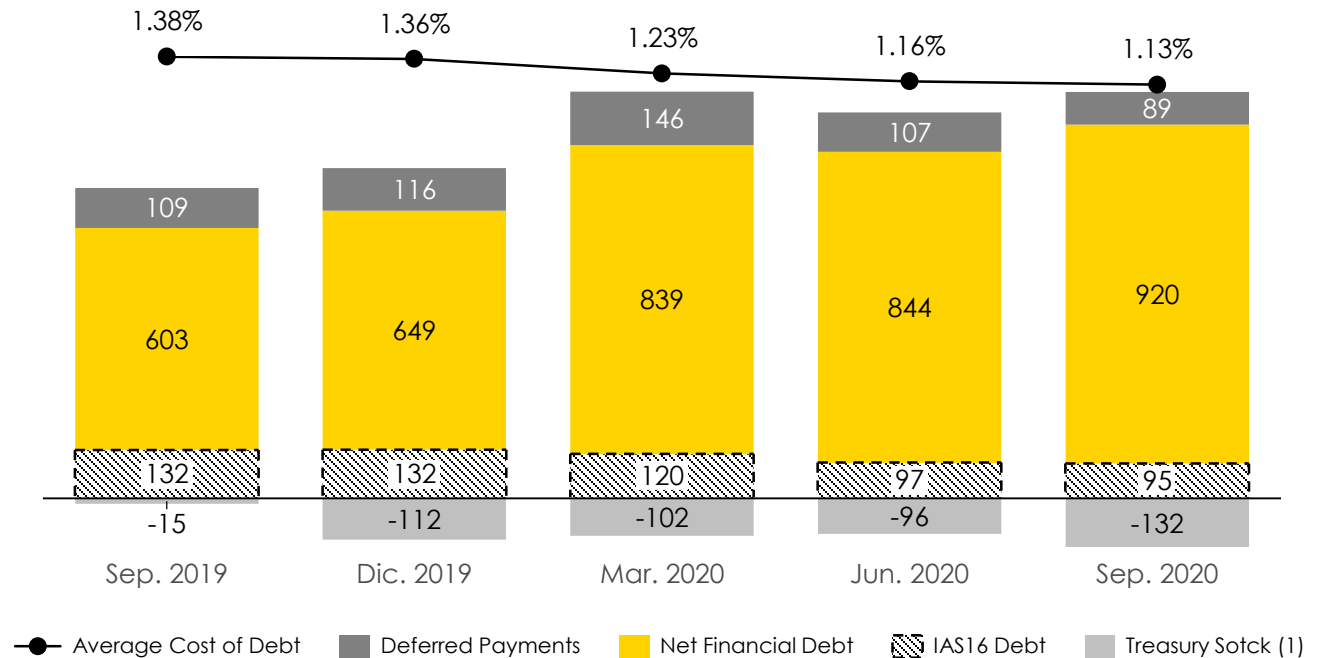
<sup>(1)</sup> Excluding extraordinary results of the exercise, mainly resulting from the exchange of participations between Prosegur and Telefónica and Security France  
<sup>(2)</sup> Excludes IAS 16 related debt

# FINANCIAL POSITION

## BBB stable



- **Temporary increase in net financial debt** derived mainly from the **shares buy-back** program, divestment in **France**, and **temporary deterioration** of results
- **Confirmation of BBB Stable Outlook** rating by **S&P** (October 2020)
- Average cost of corporate debt: **Reduction of 25 basis points** compared to the same period of fiscal year 2019 (**1.13%** vs. 1.38%)



<sup>(1)</sup> Treasury stock of Prosegur and Prosegur Cash at closing market price of the period  
<sup>(2)</sup> Includes IAS 16 debt and excludes extraordinary effects in EBITDA and Security France



# BALANCE SHEET

- **Comfortable level of liquidity and firepower**
- **Excellent long-term debt maturity profile, exceeding 85% of total debt**
- Acquisition of **treasury shares**
- **Security France** considered **Available for Sale**.  
Effective **sale October 2020**

In € Millions

	FY 2019	9M 2020
<b>Non-current assets</b>	<b>1,990</b>	<b>2,141</b>
Tangible fixed assets and real estate investments	881	724
Intangible assets	984	888
Others	125	528
<b>Current assets</b>	<b>1,986</b>	<b>2,138</b>
Inventory	65	49
Customer and other receivables	1,071	846
Assets available for sale	-	67
Cash and equivalents and other financial assets	850	1,176
<b>TOTAL ASSETS</b>	<b>3,976</b>	<b>4,278</b>
<b>Net equity</b>	<b>898</b>	<b>789</b>
Share capital	36	36
Treasury shares	(108)	(176)
Retained earnings and other reserves	898	886
Minority interest	72	42
<b>Non-current liabilities</b>	<b>1,751</b>	<b>2,279</b>
Bank borrowings and other financial liabilities	1,452	1,959
Other non-current liabilities	299	320
<b>Current liabilities</b>	<b>1,327</b>	<b>1,210</b>
Bank borrowings and other financial liabilities	302	328
Liabilities available for sale	-	53
Trade payables and other current liabilities	1,025	830
<b>TOTAL NET EQUITY AND LIABILITIES</b>	<b>3,976</b>	<b>4,278</b>

# ESG Commitment



▲ **Cash target to reduce CO2 emissions (1.5% in 2020)**

- ▲ **New armored hybrid / electric fleet** and light fleet carsharing model in Spain, to mitigate carbon footprint
- ▲ Reduction on consumption of operating plastics, and agreements for the **recycling of tires**.

▲ **During the pandemic we have reinforced our priorities**

- ▲ **Employees:** Protection and teleworking
- ▲ **Clients:** Business continuity
- ▲ **Communities:** Logistical support

▲ **Granting of new functions to the Board and creation of the Sustainability and Good Governance Commission (CSGMR)**

- ▲ Publication of the new **Human Rights Policy**.
- ▲ Workplan. **Update Code of Ethics**

**Significant SDGs for Prosegur**



# FINAL REMARKS



1

- We are still under the **negative effects** of the pandemic, that is **reducing its impact** in **Europe** but still **maintains it in IberoAmerica**
- The behavior of the **different business** lines is showing a great capacity for **resistance and adaptation**
- We remain **cautious upon the** high **volatility** of the environment, although confident in **PROSEGUR's ability** to face what **future** may bring

2

- **Security** takes advantage of the high demand for **COVID-Free solutions** to increase sales of new products and improve its profitability.
- **Cash** has not suffered organic deterioration, despite the sharp reductions in volume transported during the pandemic
- **Alarms quickly** recovers business **activity**, even in still confined geographies. Growth rate **triples in Spain**

3

- **Profitability improves** significantly in **Security** and **Alarms**, while in **Cash** it is still under the combined temporary effects of the **translational currency impact** and the reduction of commercial activity in Ibero-America
- We maintain active all the **spending containment measures** to support the profitability of the businesses, as well as the commitment to **investments for digital transformation**

4

- The Group maintains an **excellent liquidity profile** and **cash generation** capacity
- **BBB Stable credit rating** renewed by Standard & Poor's
- **Commitment with Sustainability** that is now supervised by a specific committee of the **Board**
- **Financial solidness** and strength of the business model, to face the **post-pandemic global recovery** period

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