

# 1Q 2021 Results Presentation

Investor Relations Department

May / 06 / 2021





# 1 Q 2021

## Main events in the quarter

- 🌐 **Business remains resilient**, although the **negative effects** of the **pandemic** have continued throughout the first quarter, **mainly in Europe**
- 🌐 **Cash** strongly increases **New Products**
- 🌐 **Security** maintains **margin improvement**, with normality in the **transfer of prices**
- 🌐 **Alarms** recovers **positive growth** by the end of the quarter and **improves Churn Rate**
- 🌐 **ESG** ratings **improvement**
- 🌐 Reactivation of **investments** in **Digital Transformation**
- 🌐 **Acquisition** of the **AVOS** division from Prosegur CASH, without impact at the consolidated level



## RELEVANT INDICATORS OF THE PERIOD

€ 803mm



### REVENUES

- **Ibero-America** maintains **positive organic growth**
- **Deflated organic** growth due to strong **negative comparable** effect with 1Q 2020
- Negative **inorganic growth** due to **deconsolidation** of **Alarms Spain** and **Security France**

€ 50mm



### EBITA

- **EBITA margin improvement** compared to 1Q 2020 (5.4% to 6.3%)
- **Security** and **Alarms** continue **improving** margins
- **AVOS** and **Cipher** also have increasing positive profitability

€ 22mm



### CASH FLOW

- Extraordinary **generation of operating cash flow**, **maintaining pre-Covid levels**
- **Improved EBITDA to cash flow conversion ratio**
- Continuous **optimization of working capital**, supported by Digital Transformation

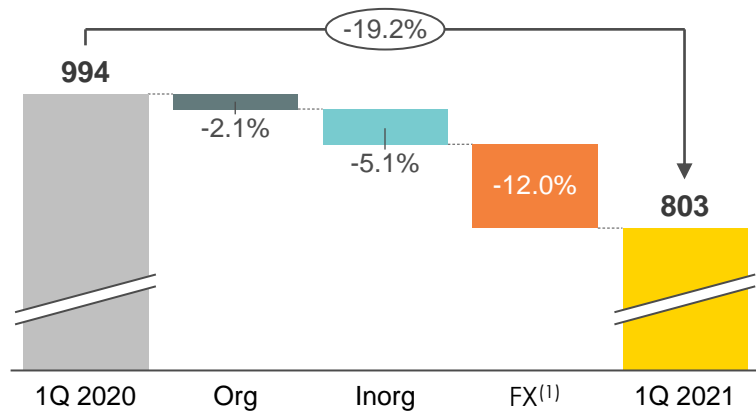
€ 1.4bn



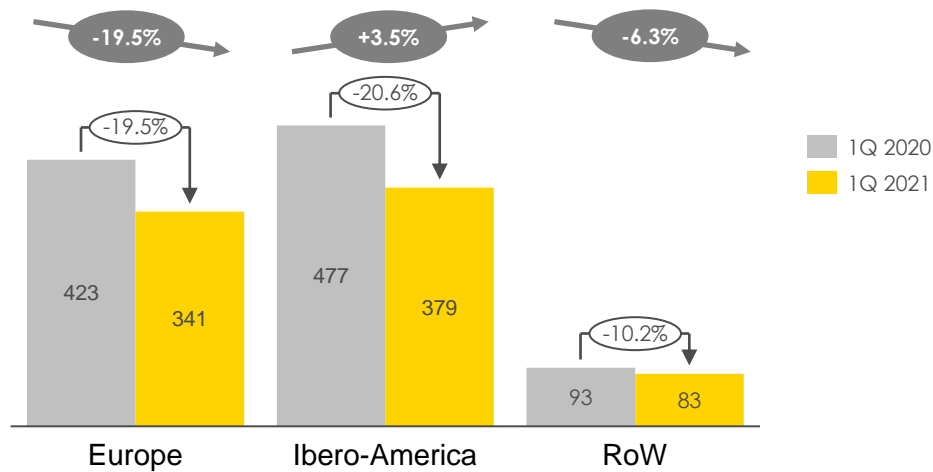
### LIQUIDITY

- **Excellent debt maturity profile**
- **Comfortable level of liquidity and firepower**
- **Treasury share buyback program**

## REVENUES



## SALES BY REGION



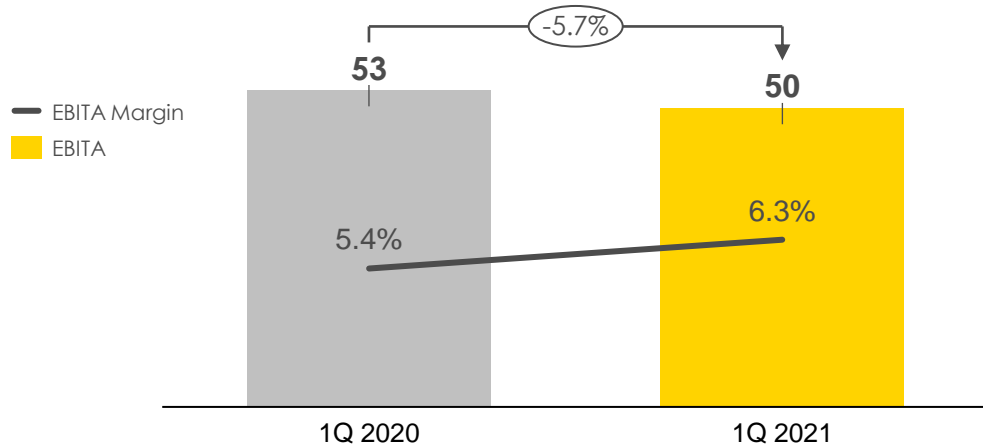
Consolidated Results (€ millions)	1Q 2020	1Q 2021 <sup>(2)</sup>	% Variation
<b>Sales</b>	<b>994</b>	<b>803</b>	-19.2%
<b>EBITDA</b>	<b>98</b>	<b>87</b>	-11.2%
Margin	9.9%	10.9%	
Depreciation	(45)	(37)	
<b>EBITA</b>	<b>53</b>	<b>50</b>	-5.7%
Margin	5.4%	6.3%	
Amortization of intangibles and impairments	(7)	(7)	
<b>EBIT</b>	<b>46</b>	<b>43</b>	-6.7%
Margin	4.7%	5.4%	
Financial result	(12)	(5)	
<b>Profit before tax</b>	<b>34</b>	<b>38</b>	12.2%
Margin	3.4%	4.8%	
Tax	(15)	(18)	
Tax rate	44.7%	48.3%	
<b>Net Profit</b>	<b>19</b>	<b>20</b>	4.9%
Minority Interest	8	3	
<b>Consolidated Net Profit</b>	<b>11</b>	<b>17</b>	47.9%

(1) Includes FX and IFRS 21&29 effects

(2) Reported EBITDA figure includes grants received due to Covid19, totalling €8mm



# CONSOLIDATED PROFITABILITY

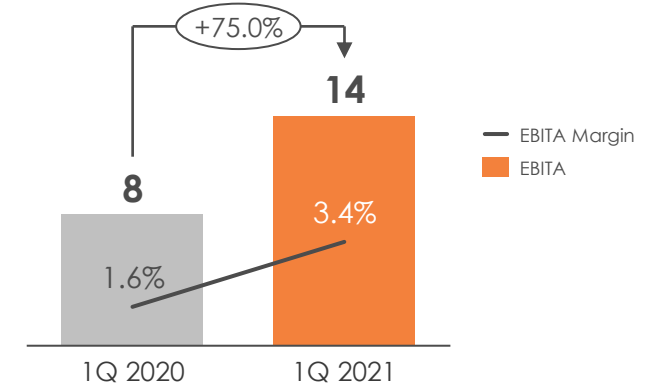


- ▶ **Margin improvement** close to **100bps** despite strong negative comparable effect
- ▶ **Continuous improvement** of margins in **Security** and **Alarms**
- ▶ **Cash profitability** affected by **severe lockdowns** in **Europe** and adverse **FX**

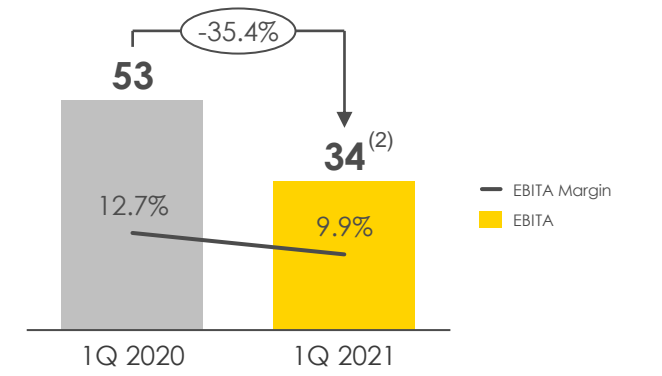
# PROFITABILITY BY BUSINESS LINE



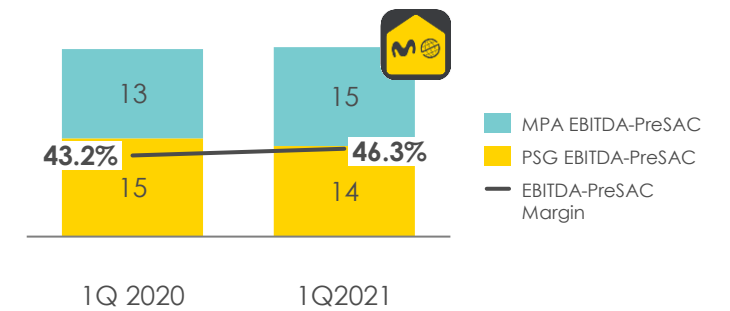
## Security<sup>(1)</sup>



## Cash



## Alarms



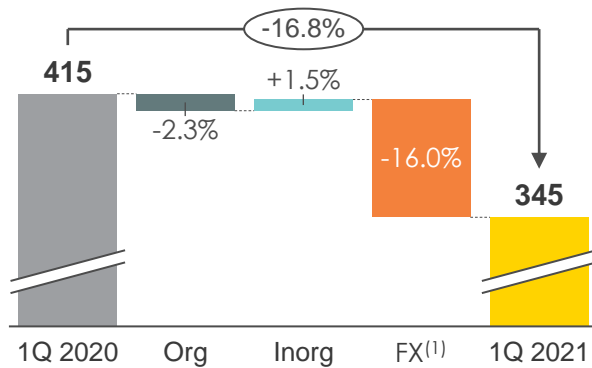


## Results by Business Line





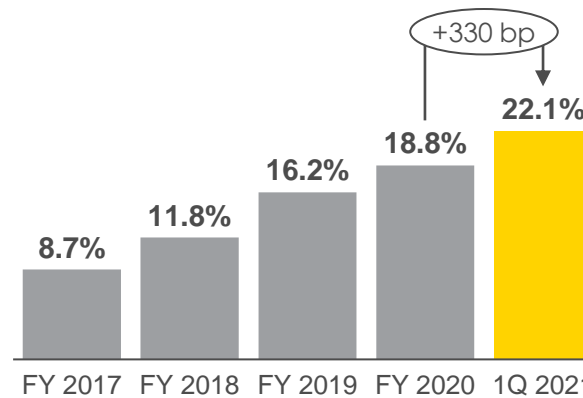
## REVENUES



- Positive inorganic growth due to entry into Ecuador and M&A in Brazil and Colombia
- Strong translational effect of currencies in Ibero-America
- Deterioration of organic growth in Europe, mainly due to confinements



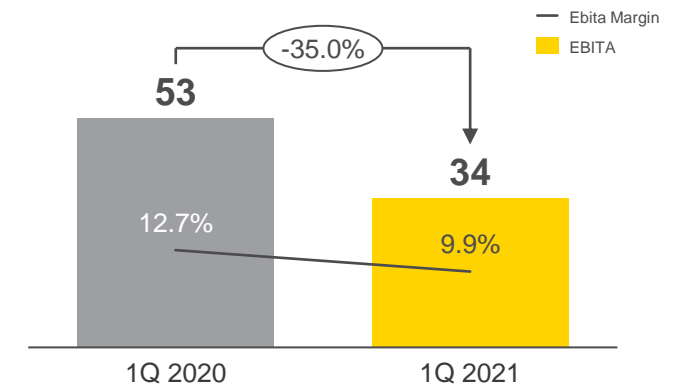
## NEW PRODUCTS



- Strong increase in **New Products** that reach **22.1%** of total sales
- Initiated **alliance with Santander** for the commercialization of "CASH TODAY"
- Reinforcement** of investment in **Digital Transformation** to **reduce risks** and **face future challenges** in a **better** position



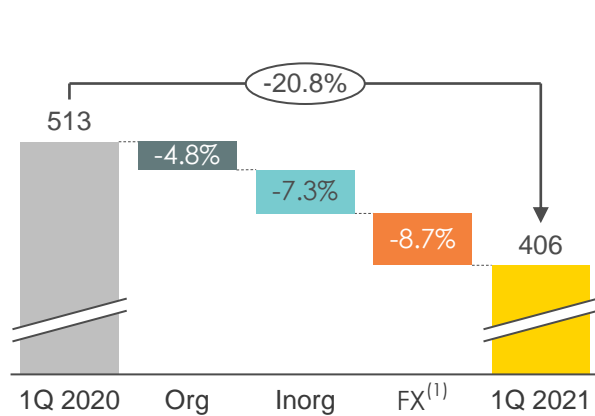
## PROFITABILITY



- Recurring EBITA** affected by **lockdowns in Europe** and **adverse FX**
- AVOS transaction** without impact at the consolidated level in **Prosegur group**



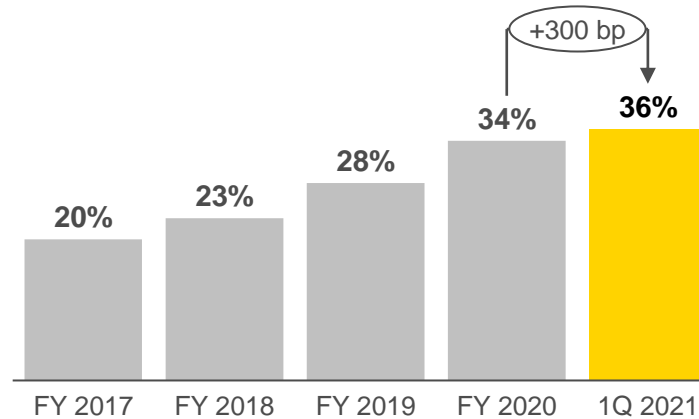
## REVENUES<sup>(2)</sup>



- Good **transfer of prices to market**, despite the still fragile environment
- Organic growth**, still affected by **COVID**, with positive recovery trend fueled by the return of **Major Events**
- Inorganic** decrease due to **exiting France**



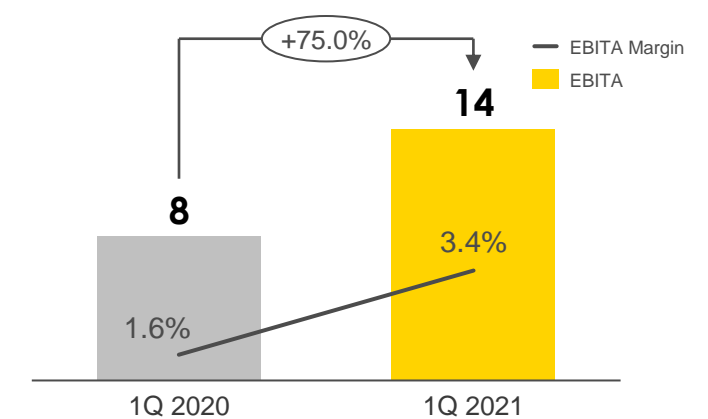
## NEW PRODUCTS



- Increase in **Integrated Security Solutions** up to **36% of sales**
- High customer penetration of **"Safety"** and **"Business Continuity"** solutions, complementing those of traditional **"Security"**
- Spain** and **Singapore** lead **growth** in this type of solutions that are also growing in the **USA**



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

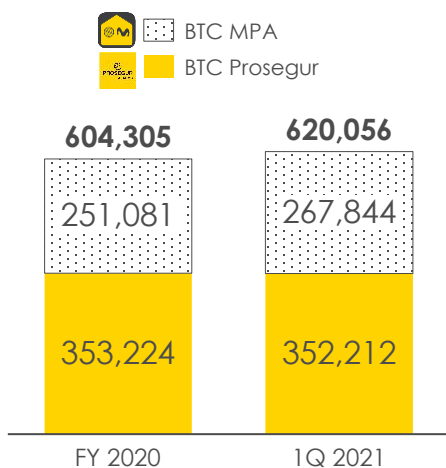


- Excellent **profitability improvement** driven by:
  - New Products
  - Exiting from non profitable clients
  - "Job Keeping Programs" in USA
- Focus on **optimizing traditional surveillance clients** towards new security models





## INSTALLED BASE

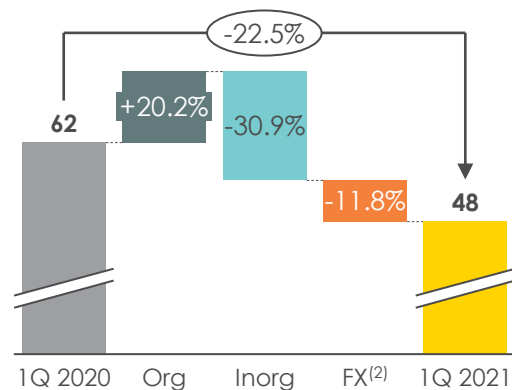


- New additions recovering the **positive trend** but still affected by **lockdowns**
- **Churn Rate improvement** of 160bps
- **MPA** increases its customer base with **17,000** net additions



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

Amounts in €mm

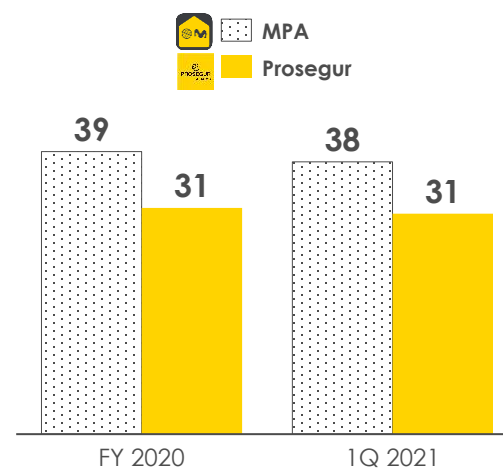


- **Organic growth** higher than **20%**
- Good portfolio **price update transfer**
- Inorganic growth reflects **deconsolidation of Spain**



## ARPU

Amounts in €

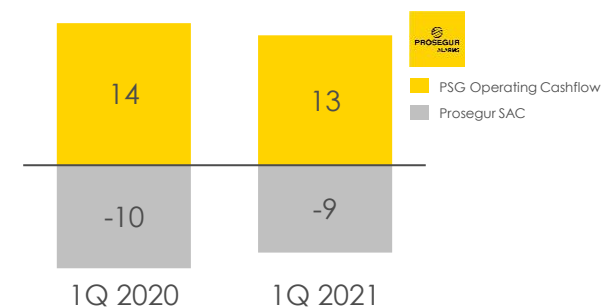
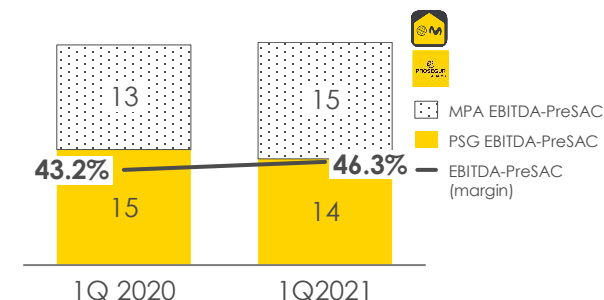


- **ARPU remains stable**, both in Prosegur and MPA, despite the **strong effect of the pandemics**
- **Slight decimal reduction** in both perimeters due to **client retention policies** and commercial effort



## PROFITABILITY & CASHFLOW

Amounts in €mm



<sup>(1)</sup> Reported Alarms revenues refer exclusively to Prosegur owned base. Revenues of Movistar Prosegur Alarms are not included – <sup>(2)</sup> Includes FX and IFRS 21&29 effects



# Cipher

a PROSEGUR company



**+1,000 CLIENTS**  
**+1,000,000,000**  
 Daily monitored events

SOCs: 6  
 Countries: 16

# AVOS

Added Value Outsourcing Services



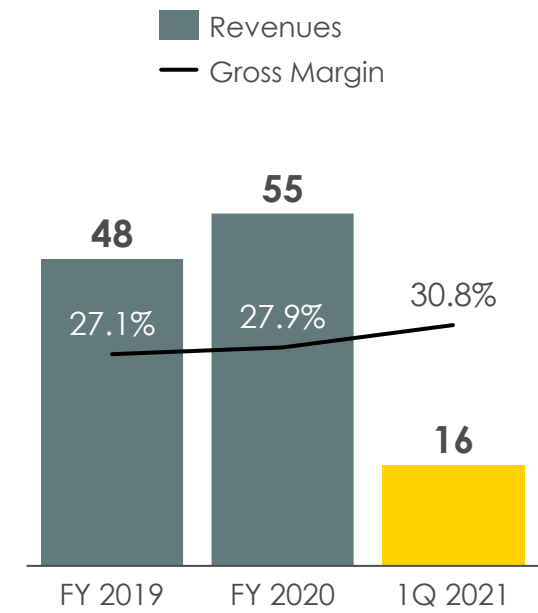
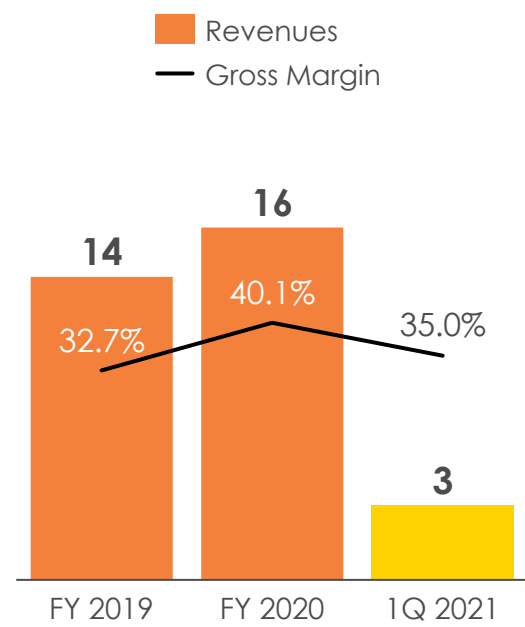
**+65 CLIENTS**

Banking: 20  
 Insurance: 32  
 Real State: 7

Countries: 1  
 Employees: +2000



- ✓ **#MSSP #1** last 6 years in a row (Frost & Sullivan)
- ✓ **World's Hottest Cybersecurity Companies** (Cybersecurity Ventures)
- ✓ **Top 100 Security in 2018** MSP 500 list (CRN)
- ✓ **Top 10 Best MSSPs in the World** (Cybersecurity Ventures)
- ✓ **Leading Pure-play MSSP** (451 Research)
- ✓ **Top 16 Global MSSPs** (MarketsandMarkets)
- ✓ **Top Security Consulting Player** (Forrester)
- ✓ **Top Global Security Integrator** (MarketsandMarkets)



Amounts in €mm

- Differentiated Management and Direction structure
- **Own Hardware & Software**
- Independent Communication systems

**+10M** Calls managed in Customer Service

**95,000** Tickets managed as Helpdesk

**+423,000** Claims managed in payment methods

**+1M** Debits and credits managed in Back Office

**+100,000** Mortgages managed in E2E Process

**+500,000** Confirming/Factoring operations

**+138,000** Legal files processed

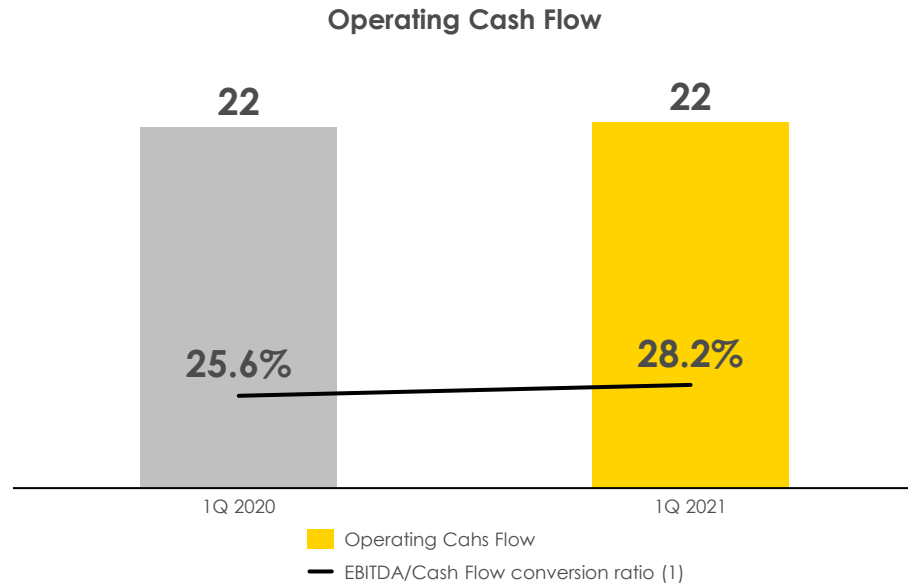
**+63,000** Testaments managed

# Financial Information





# CONSOLIDATED CASH FLOW



- ▲ **Increase in the EBITDA to cash flow conversion ratio**
- ▲ **Extraordinary generation of operating cash flow**, which maintains the same levels of 1Q20, despite the health crisis and adverse FX
- ▲ **Continuous optimization of working capital**, based on:
  - ▲ General **improvement of DSO** in the Group
  - ▲ **Reduction of customer risk and bad debts**

(1) IFRS 16 impact normalized

Amounts in € millions

	1Q 2020	1Q 2021
<b>EBITDA</b>	<b>98</b>	<b>87</b>
Provisions and other non-cash items	26	0
Tax on profit	(18)	(14)
Changes in working capital	(68)	(35)
Interests payments	(16)	(16)
<b>Operating Cash Flow</b>	<b>22</b>	<b>22</b>
Acquisition of property, plant & equipment	(40)	(29)
Payments for acquisitions of subsidiaries	(35)	(13)
Dividend payments	(25)	(20)
Treasury stock & Others	(95)	(22)
<b>Cash flow from investing / financing</b>	<b>(195)</b>	<b>(84)</b>
<b>Total net cash flow</b>	<b>(173)</b>	<b>(62)</b>
<b>Initial net financial debt</b>	<b>(649)</b>	<b>(889)</b>
Net increase / (decrease) in cash	(173)	(62)
Exchange rate	(17)	(4)
<b>Net Financial Debt <sup>(2)</sup></b>	<b>(839)</b>	<b>(955)</b>

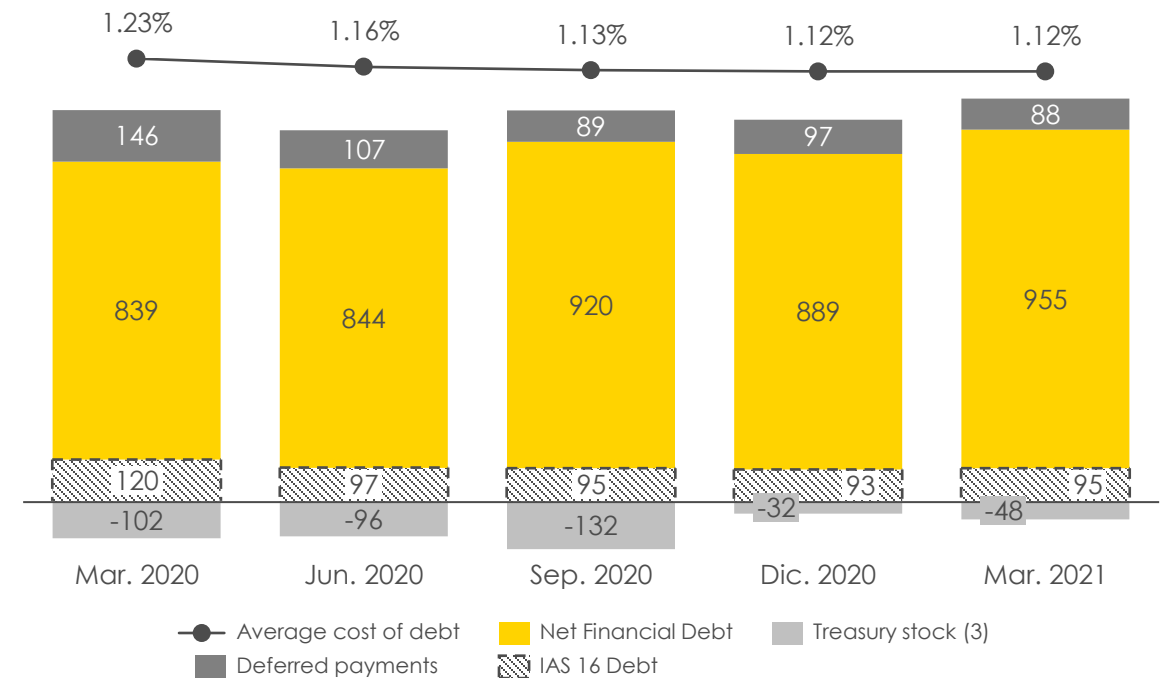
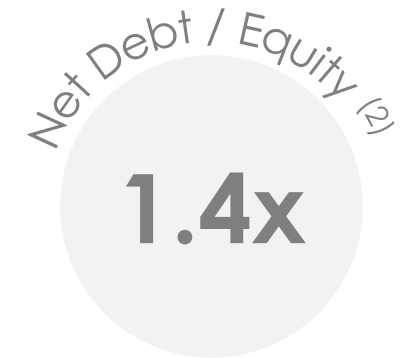
(2) Excludes IFRS 16 debt



# FINANCIAL POSITION

## BBB Stable

- ▲ **One-off increase** in the **leverage ratio** as a consequence, fundamentally, of the **temporary deterioration** of the **result** and **FX**
- ▲ **66 million euros** increase of **net financial debt** <sup>(1)</sup> in respect to FY 2020 closing, deriving mainly from:
  - ▲ Dividend payment
  - ▲ Inorganic growth
  - ▲ Own shares buyback program
- ▲ **Average cost of corporate debt: reduction of 11 basis points** compared to the same period of fiscal year 2020 (**1.12%** vs 1.23%)



<sup>(1)</sup> IFRS 16 impact excluded

<sup>(2)</sup> IFRS 16 debt included

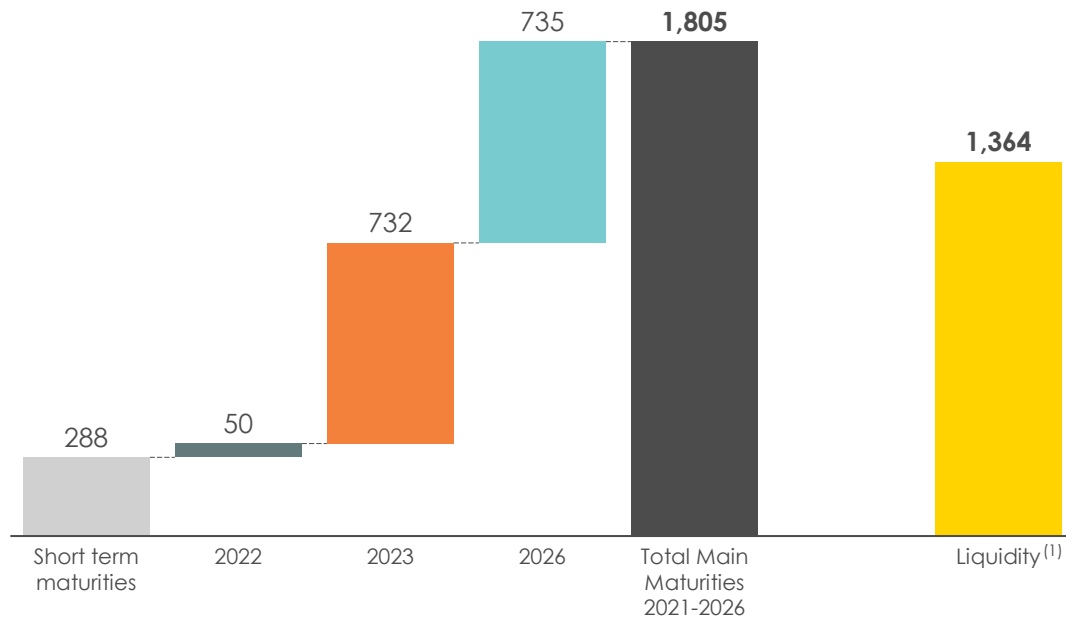
<sup>(3)</sup> Treasury stock of Prosegur and Prosegur Cash at closing market price of the period



# BALANCE SHEET

- ▲ **Stable and solid Balance Sheet**
- ▲ **Comfortable liquidity** level and firepower
- ▲ **Excellent long term debt maturity profile**, exceeding 80% of total debt level
- ▲ **Partial cancellation of syndicated debt**, expanding available credit lines

Main maturities DEBT vs. LIQUIDITY



In € Millions

	FY 2020	Q1 2021
<b>Non-current assets</b>	<b>2,169</b>	<b>2,189</b>
Tangible fixed assets and real estate investments	724	726
Intangible assets	886	884
Others	558	580
<b>Current assets</b>	<b>1,745</b>	<b>1,598</b>
Inventory	47	50
Customer and other receivables	781	786
Cash and equivalents and other financial assets	917	762
<b>TOTAL ASSETS</b>	<b>3,914</b>	<b>3,787</b>
<b>Net equity</b>	<b>718</b>	<b>758</b>
Share capital	33	33
Treasury shares	(15)	(25)
Retained earnings and other reserves	677	721
Minority interest	23	29
<b>Non-current liabilities</b>	<b>1,924</b>	<b>1,853</b>
Bank borrowings and other financial liabilities	1,649	1,588
Other non-current liabilities	274	265
<b>Current liabilities</b>	<b>1,272</b>	<b>1,176</b>
Bank borrowings and other financial liabilities	353	320
Trade payables and other current liabilities	919	856
<b>TOTAL NET EQUITY AND LIABILITIES</b>	<b>3,914</b>	<b>3,787</b>

<sup>(1)</sup> Liquidity: Cash and cash equivalents plus undrawn available lines

# ESG





## ESG RATING



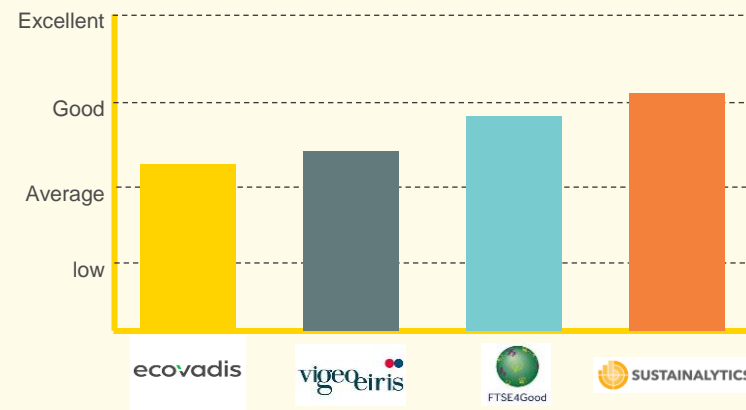
We keep on improving our commitment with sustainability

# New Director Plan on Sustainability 2021-2023

## Notable Initiatives

- **Decarbonization plan** to get **10 years ahead** of the objectives of the **Paris Agreement**
  - Starting in 2021 a compensation plan for all emissions made in Europe
- **Compensation plan** for Senior Management and all employees linked to **ESG objectives**
- Update of the **Health & Safety Plan 21-23**
  - Objective: Zero Accidents

## • ESG Ratings improvement

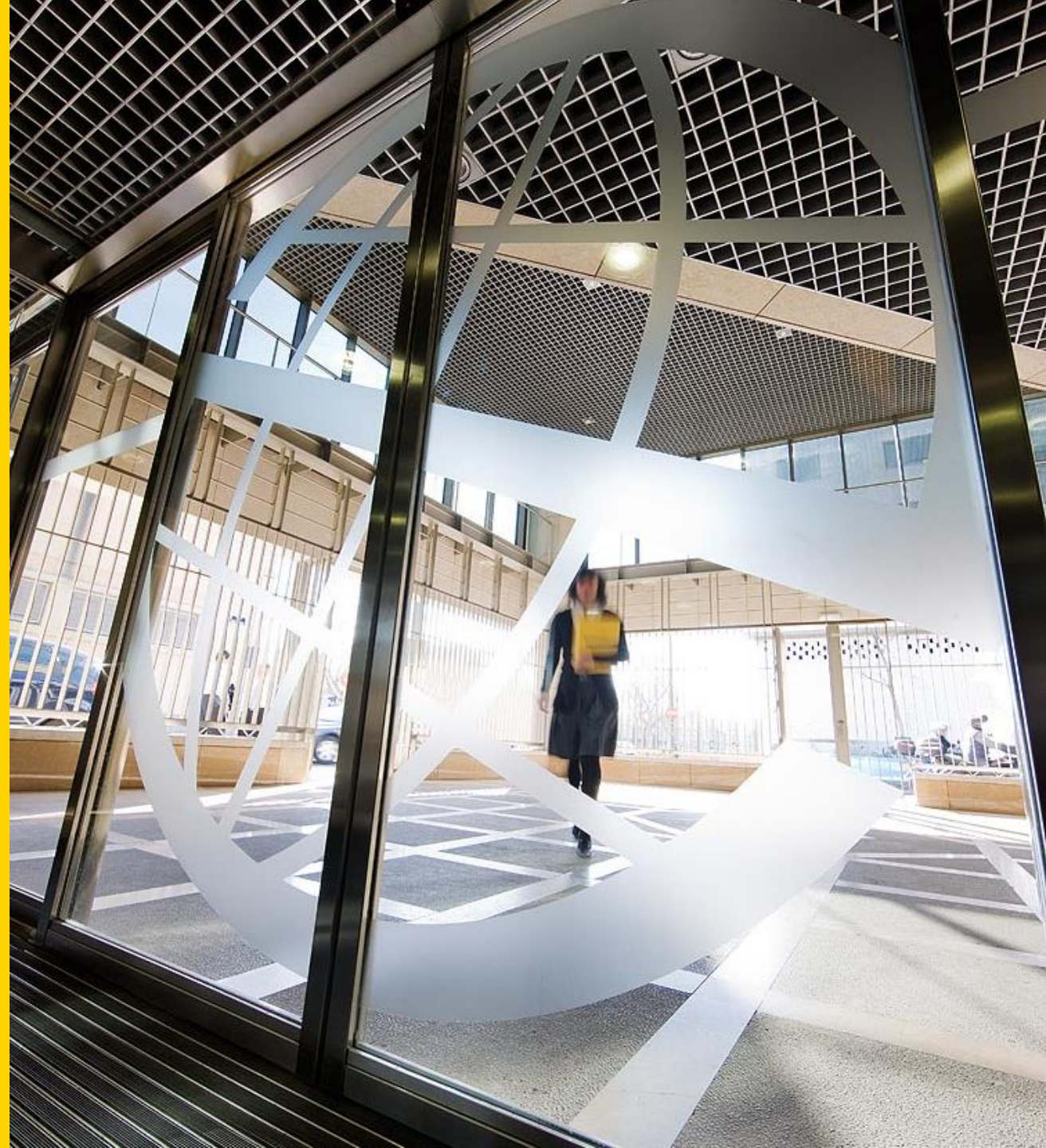


- Main **ESG<sup>(1)</sup>** ratings award Prosegur **good qualifications**
- **Improving** over 2019 valuations

(1) Qualifications presented refer to the proxy agencies and indexes with whom Prosegur maintains an active and bi-directional communication relation. Valuations made by non-solicited rating agencies or passive reporters are not included.



## Final Remarks





## FINAL REMARKS AND OUTLOOK



### Profitability

- **Strong improvement** in the group's **profitability**, despite the **temporary situation** of Cash
- New **commercial alliances** will drive the **recovery of margins** and the improvement of **cash flow**



### New Products

- **Growth in new solutions** continues in all business lines
- **AVOS** and **CIPHER** are two **very profitable** future bets, which will accompany the **growth of all new products** and services



### Digital Transformation

- The **Digital Transformation** is already **proving its effectiveness** in **profitability** and **cash generation**
- Now is the **time to fully convey** it to the whole group



### Fast Recovery

- **Volumes recover** as the **Pandemic effects** gradually eases
- **Positive Growth stabilizes** while we come back **closer to pre-crisis levels**

June 29, 2021 – PROSEGUR CAPITAL MARKETS DAY



# Q&A





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