



**PROSEGUR COMPAÑÍA DE SEGURIDAD, S.A. AND
SUBSIDIARIES**

INTERIM QUARTERLY FINANCIAL INFORMATION
Interim financial statements for the first quarter of 2020

(Translation from the original in Spanish. In the event of
discrepancy, the Spanish language version prevails)



PROSEGUR



RESULTS FROM JANUARY TO MARCH 2020

Million euros			
CONSOLIDATED RESULTS	2019	2020	% Var.
Sales	993.0	993.8	0.1%
EBITDA	115.8	511.4	341.6%
<i>Margin</i>	11.7%	51.5%	
Depreciation Property, plant and Equipment	(42.7)	(49.0)	14.8%
EBITA	73.1	462.4	532.2%
<i>Margin</i>	7.4%	46.5%	
<i>Amortization Intangible assets</i>	(6.0)	(17.7)	196.1%
goodwill impairments	-	(44.4)	100.0%
EBIT	67.2	400.3	496.1%
<i>Margin</i>	6.8%	40.3%	
Financial Results	(13.8)	(25.2)	82.3%
BAI	53.3	375.1	603.2%
<i>Margin</i>	5.4%	37.7%	
Taxes	(23.1)	(58.2)	152.5%
Net Result	30.3	316.9	946.5%
Minority Interests	8.5	7.5	-11.9%
Consolidated Net Result	21.7	309.3	1323.0%
<i>Margin</i>	2.2%	31.1%	
Earnings per share (Euros per share)	0.0	0.6	1436.2%

PERFORMANCE IN THE PERIOD

- ☉ Turnover has increased by 0.1% compared to 2019, with 6.4% associated with pure organic growth and 3.0% with inorganic growth, while the joint effect of the exchange rate and the result of applying IAS 29 and IAS 21.42 has meant a negative impact of 9.4%.
- ☉ The EBIT has increased by 496.1% compared to financial year 2019, having reached EUR 400.3 million, due mainly to the sale of a 50% stake in Prosegur's alarms business in Spain.
- ☉ Consolidated net result amounted to EUR 309.3 million, an increase of 1323.0% compared with 2019, also due mainly to the sale of a 50% stake in Prosegur's Alarms business in Spain.



As a result of that sale and of the updating of forecasts due to recent events, there was a positive impact of EUR 354.0 million on EBIT, a negative impact of EUR 13.0 million under the heading of finance income and a negative impact of EUR 43.0 million under the heading of taxes. Excluding these effects, the income statement for the January-to-March 2020 period would be as follows:

Million euros			
CONSOLIDATED RESULTS	2019	2020	% Var.
Sales	993.0	993.8	0.1%
EBITDA	115.8	98.4	-15.0%
<i>Margin</i>	11.7%	9.9%	
Depreciation Property, plant and Equipment	(42.7)	(45.0)	5.4%
EBITA	73.1	53.4	-27.0%
<i>Margin</i>	7.4%	5.4%	
<i>Amortization Intangible assets</i>	(6.0)	(7.1)	19.0%
EBIT	67.2	46.3	-31.1%
<i>Margin</i>	6.8%	4.7%	
Financial Results	(13.8)	(12.2)	-11.8%
BAI	53.3	34.1	-36.1%
<i>Margin</i>	5.4%	3.4%	
Taxes	(23.1)	(15.2)	-34.0%
Net Result	30.3	18.9	-37.7%
Minority Interests	8.5	7.5	-11.9%
Consolidated Net Result	21.7	11.3	-47.8%
<i>Margin</i>	2.2%	1.1%	
Earnings per share (Euros per share)	0.0	0.0	-43.6%



INTERIM FINANCIAL STATEMENTS (JANUARY – MARCH 2020)

(In millions of euros)

1. BUSINESS PERFORMANCE

Details of the business performance of the main consolidated income statement items for January-March of 2020 and 2019 were as follows:

a) Sales

Prosegur sales during the period from January to March of 2020 have reached EUR 993.8 million, compared to EUR 993.0 million in the same period in 2019, accounting for an increase of 0.1%. Of total sales growth, 6.4% was pure organic growth, 3.0% was inorganic growth due to acquisitions in financial years 2019 and 2020, and the joint effect of the exchange rate and the result of applying IAS 29 and IAS 21.42 has meant a decrease of 9.4%.

Inorganic growth relates mainly to acquisitions in Brazil, Ecuador, Colombia and Spain in financial year 2020, as detailed in point two, as well as acquisitions made in 2019. All acquisitions have begun to form part of the consolidation scope as of the same month of their acquisition.

The table below shows the breakdown of Prosegur's sales by business line:

Million euros			
Sales	Prosegur Total		
	2019	2020	% Var.
Security	492.6	516.5	4.9%
<i>% of total</i>	49.6%	52.0%	
Cash	432.1	415.3	-3.9%
<i>% of total</i>	43.5%	41.8%	
Alarms	68.3	62.0	-9.1%
<i>% of total</i>	6.9%	6.2%	
Total sales	993.0	993.8	0.1%

In relation to the distribution of sales by business line, during the period from January to March of 2020, Security sales have reached EUR 516.5 million with an increase of 4.9% over the same period the year before. Cash sales were down 3.9% to EUR 415.3 million, as a result of the sharp depreciation of Latin American



currencies. Alarm sales amounted to EUR 62.0 million, a decrease of 9.1%, as a result of the Alarms business in Spain being accounted under profit/loss from investments in associates since March.

b) Earnings before interest, taxes and amortisation

Operating profit (EBIT) for the period from January to March 2020 amounted to EUR 400.3 million, compared with EUR 67.2 million in the same period of 2019, implying a 496.1% increase, mainly as a result of the divestment of 50% of Prosegur's Alarm business in Spain.

Excluding the effect of the sale of the 50% shareholding in Prosegur's Alarms business in Spain and the updating of forecasts as a result of recent events, the EBIT margin over sales in January-March 2020 was 4.7%, while the previous year was 6.8%. This decrease was due to a combination of currency depreciation, lower volumes and amounts transported in the Cash business as a result of the restrictions on movement implemented by governments to tackle the Covid-19 pandemic, and the recent acquisitions still being integrated, along with margins that are lower than the average of the Prosegur Group. The company expects that as these projected synergies are obtained, these margins gradually improve and contribute more significantly to growth by the Group.

c) Financial results

The net financial expenses of Prosegur during the period from January to March 2020 have reached EUR 25.2 million, compared to EUR 13.8 million in the same period in 2019, accounting for an increase of EUR 11.4 million. The main changes in financial expenses were as follows:

- Net finance expenses from interest payments in the period from January to March 2020 amounted to EUR 29.5 million, compared to EUR 6.6 million in the first quarter of 2019, implying an increase of EUR 22.9 million, owing to the company drawing down all the syndicated financing contracts in the credit modality and to the updating of certain provisions, mainly in Spain.
- The net finance income from exchange rate differences amounted to EUR 4.3 million in the first quarter of 2020, as compared with a figure of EUR 7.2 million in 2019, an increase in revenue of EUR 11.5 million as a result of the differences arising due to transactions in foreign currencies other than the functional currency of each country, mainly in Argentina and Brazil.



Net results

The net consolidated result for January to March 2020 amounted to EUR 309.3 million, compared to EUR 21.7 million in the same period in 2019, an increase of 1323.0%, due mainly to the sale of a 50% stake in Prosegur's Alarms business in Spain.

The effective tax rate was 15.5% in the first quarter of 2020, compared with 43.2% in the same quarter of 2019, a reduction of 27.7 percentage points due to the divestment of a 50% stake in Prosegur's Alarms business in Spain and the updating of forecasts as a result of recent events. Total costs recognised under that heading in the first quarter of 2020 amounted to EUR 43.0 million. Excluding this effect, the effective tax rate is 44.7% in the first quarter of 2020, compared with 43.2% in the same quarter of 2019.

2. SIGNIFICANT EVENTS AND TRANSACTIONS

Significant events

Business combinations

In the January-March 2020, in Latin America Prosegur acquired a number of security companies and assets in Brazil, Ecuador and Colombia providing cash in transit, cash management and administrative banking services. In Spain, Prosegur also acquired a security company that supplies electronic security systems installation and maintenance services.

In February 2020 the sale of 100% of the Cash business in Mexico was completed.

Sale of a 50% stake in Prosegur's Alarms business in Spain to Telefónica, S.A.

Having obtained the necessary regulatory permits, on 28 February 2020 Prosegur sold 50% of its Alarms business in Spain for EUR 305.6 million, subject to standard adjustments in this kind of transactions in relation to debt, working capital and client base.

The entire price was paid by means of the delivery of 49,545,262 shares in Telefónica, S.A.

Prosegur has undertaken to accept certain restrictions in connection with the transferability of the aforementioned shares in Telefónica.

Subsequent significant events

In the wake of the staggered lockdown orders issued by governments of various countries worldwide from mid-March, we now face a period of much greater uncertainty and market volatility.



Accordingly, at Prosegur we have sought to take measures to contain expenditure and control cash flows. We have also increased our fire power by drawing down 100% of our syndicated policy.

It is too soon to properly quantify the impacts of Covid-19 on the income statement in view of the current uncertainty.

3. CONSOLIDATED FINANCIAL INFORMATION

The consolidated financial information has been prepared in accordance with the International Financial Reporting Standards (IFRS) applicable at 31 March 2020. Such accounting standards have been applied both to financial years 2020 and 2019.

The treatment of Argentina as a hyperinflationary economy should be taken into account in order to understand the consolidated financial statements. The financial statements of the Argentine subsidiaries whose functional currency is the Argentine peso have been re-stated in terms of the current unit of measurement at closing date from March 2020 and December 2019 before being included in the consolidated financial statements.



Million euros		
CONSOLIDATED BALANCE SHEET	31/12/2019	31/03/2020
Non current assets	1,990.2	2,293.0
Property, plant and equipment	716.4	640.5
Rights of use	120.5	98.9
Goodwill	634.0	832.5
Intangible assets	349.9	344.1
Investment properties	44.1	44.7
Investments in associates	9.5	19.7
Non current financial assets	21.0	225.5
Other non current assets	94.8	87.0
Current assets	1,985.9	2,228.7
Inventories	64.8	53.0
Debtors	1,070.7	1,001.7
Treasury and other financial assets	850.3	1,173.9
ASSETS	3,976.1	4,521.6
Equity	898.3	974.1
Share capital	35.9	35.9
Treasury shares	(107.9)	(155.3)
Retained earnings and other reserves	898.1	1,041.1
Minority interests	72.2	52.4
Non-Current Liabilities	1,751.0	2,259.0
Debts with credit institutions and other financial liabilities	1,364.9	1,846.9
Non-current lease liabilities	86.8	76.9
Other non-current liabilities	299.2	335.3
Current Liabilities	1,326.7	1,288.5
Debts with credit institutions and other financial liabilities	257.0	313.8
Lease liabilities	45.2	43.3
Trade and other payables	973.9	888.3
Other current liabilities	50.6	43.2
EQUITY AND LIABILITIES	3,976.1	4,521.6



The main variations in the consolidated balance sheet at 31 March of 2020 compared to the close of financial year 2019 are summarised as follows:

a) Property, Plant and Equipment

Investments made in PPE during the period from January to March 2020 have amounted to EUR 40.2 million.

b) Goodwill

In the first quarter of 2020, the company recognised impairment losses in goodwill totalling EUR 44.4 million, mainly linked to the Security segment in France as a result of the updating of forecasts in view of recent events.

c) Non-current financial assets

Changes in non-current financial assets in January-March 2020 were the consequence of booking, at fair value, the 49,545,262 shares in Telefónica, S.A. received as consideration for the sale of the 50% stake in the Alarms business in Spain.

d) Other non-current assets

In the first quarter of 2020, deferred tax assets were derecognised based on updated forecasts resulting from recent events.

e) Net equity

The changes in net equity during the period from January to March 2020 arose as a consequence of net profit in the period, the reserve for cumulative translation differences and the acquisition of own shares.

f) Net debt

Prosegur calculates net debt as total bank borrowings (current and non-current), minus cash and cash equivalents, and minus other current financial assets.

Net debt at 31 March 2020, excluding the effect of lease liabilities, amounted to EUR 839.2 million, an increase of EUR 189.8 million on the figure at 31 December 2019 (EUR 649.4 million). The increase is mainly associated with M&A investments made in 2020 and with treasury share purchases.



At 31 March 2020, the annualised net debt/EBITDA ratio has reached 1.8 and the net debt/shareholder equity ratio has reached 1.0. In both cases the debt associated to the application of IFRS 16 has been included in order to be comparable.

At 31 March 2020, financial liabilities correspond mainly to:

- Issue of uncovered bonds due in February 2023 amounting to EUR 698 million (interests included).
- Issue of uncovered bonds via the subsidiary Prosegur Cash, S.A. due in February 2026 amounting to EUR 596 million (including interest).
- Prosegur, through its subsidiary Prosegur Australia Investments PTY Limited, contracted a syndicated financing operation as of April 2017, amounting to AUD 70 million over three years.
- Syndicated financing agreement through the subsidiary Prosegur Cash S.A. in the credit modality, arranged in 2017 and renewed in 2019, extending maturity to 2025, in the amount of EUR 300 million.
- Syndicated financing agreement in the credit modality, arranged in 2017 and renewed in 2019, extending maturity to 2025, in the amount of EUR 200 million.



The total net cash flow generated in the period from January to March 2020 was as follows:

Million euros	
CONSOLIDATED CASH FLOW	31/03/2020
EBITDA	511.4
Adjustments to profit or loss	(386.9)
Income tax	(18.1)
Change in working capital	(68.3)
Interest payments	(16.1)
OPERATING CASH FLOW	22.0
Acquisition of Property, plant and equipment	(40.2)
Payments acquisition of subsidiaries	(35.0)
Dividend payments	(25.0)
Treasury stock	(47.8)
Other payments/collections	(47.4)
CASH FLOW FROM INVESTMENT / FINANCING	(195.3)
TOTAL NET CASH FLOW	(173.3)
INITIAL NET DEBT (31/12/2019)	(649.4)
Net (Decrease) / Increase in treasury	(173.3)
Exchange rate effect	(16.5)
NET DEBT AT THE END OF THE PERIOD (31/03/2020)	(839.2)

4. ALTERNATIVE PERFORMANCE MEASURES

In order to comply with ESMA Guidelines on APM's, Prosegur presents this additional information to enhance the comparability, reliability and understanding of its financial reporting. The company presents its profit/loss in accordance with International Financial Reporting Standards (IFRS). However, Management considers that certain alternative performance measures provide additional useful financial information that should be taken into consideration when assessing its performance. Management also uses these APMs to make financial, operating and planning decisions, as well as to assess the company's performance. Prosegur provides those APMs it deems appropriate and useful for users to make decisions and those it is convinced represent a true and fair view of its financial information.



APM	Definition and calculation	Purpose
Working capital	A financial measure showing the Group's operational liquidity. Working capital is calculated as current assets less current liabilities, plus deferred tax assets less deferred tax liabilities, less non-current provisions.	Positive working capital is needed to ensure that a company is able to continue operating and has sufficient funds with which to meet its current debt obligations and imminent operating expenses. The management of working capital requires the Group to control inventories, accounts receivable and payable and cash.
EBIT Margin	EBIT Margin is calculated as results from operating activities divided by total revenue.	EBIT margin provides a view of the company's operating results in comparison with the total revenue.
Adjusted EBIT Margin	Adjusted EBIT Margin is calculated as results from operating activities, after eliminating the results that can not be assigned to any segment, divided by total revenue.	Adjusted EBIT Margin provides a view of the company's operating pure results in comparison with the accrued revenue.
Organic Growth	Organic Growth is calculated as the increase or decrease in revenue between two periods adjusted for acquisition and divestitures and changes in exchange rate.	Organic Growth provides a view of the company's organic revenue growth.
Inorganic Growth	Company calculates Inorganic growth for a given period as the aggregation of all the revenues from all the acquired entities during the last 12 months.	Inorganic Growth provides a view of the company's increase or decrease of revenue due to M&A or Sales variations.
Effect of exchange rate fluctuations	The Group calculates the Effect of exchange rate fluctuations as the different of Revenues for the current year less revenues for the current year at exchange rates of previous year.	The Effect of exchange rate fluctuations provides the impact of the currencies in the company's revenues.
Net Financial Debt	The Group calculates Net Financial Debt as the sum of current and non-current financial liabilities (including other non-bank payables corresponding to deferred payments for M&A acquisitions and financial liabilities with Group companies) less cash and cash equivalents, less current investments in group companies, less other current financial assets.	Net Financial Debt provides the absolute figure of the Groups level of debt.
EBITA	EBITA is calculated on the Group's Consolidated profit for the year without factoring in loss from discontinued operation net of tax, income tax expenses, net finance income or cost and amortisation of goodwill or of intangible assets, but including amortisation of software.	EBITA provides a view of the company's earnings before interest, taxes and amortisation of goodwill or of intangible assets.
EBITDA	EBITDA is calculated on the Group's Consolidated profit without factoring in loss from discontinued operations net of tax, income tax expenses, net finance income or cost and any depreciation or amortisation of goodwill.	EBITDA provides an accurate view of what a company is earning or losing from its business. EBITDA excludes non-cash variables, which can vary significantly from one company to another, depending on the accounting policies applied. Depreciation and amortisation are non-monetary variables and are therefore of limited interest to investors.



Working Capital (Million Euros)	31.03.2020	31.12.2019
Inventories	53.0	64.8
Trade and other receivables	891.2	915.0
Current tax assets	110.5	155.7
Cash and cash equivalents	854.3	530.7
Other current financial assets	319.6	319.6
Deferred tax assets	87.0	94.8
Trade and other payables	(737.5)	(833.1)
Current tax liabilities	(150.7)	(138.6)
Current financial liabilities	(313.8)	(257.0)
Liabilities held-for-sale	(43.3)	(45.2)
Other current liabilities	(43.2)	(50.6)
Deferred tax liabilities	(57.7)	(46.0)
Provisions	(252.8)	(226.7)
Total Working Capital	716.6	483.4

Adjusted EBIT Margin (Million Euros)	31.03.2020	31.03.2019
EBIT	46.3	67.2
Revenues	993.8	993.0
Adjusted EBIT Margin	4.7%	6.8%

Organic Growth (Million Euros)	31.03.2020	31.03.2019
Revenues for current year	993.8	993.0
Less: Revenues for the previous year	993.0	1,007.8
Less: Inorganic Growth	29.9	52.4
Effect of exchange rate fluctuations	(92.9)	(142.1)
Total Organic Growth	63.8	74.9

Inorganic Growth (Million Euros)	31.03.2020	31.03.2019
Cash Ibero-America	20.2	20.7
Cash Europe	1.3	2.6
Cash Row	0.7	8.2
Security and Cibersecurity Row	30.9	20.9
Divestments	(23.2)	-
Total Inorganic Growth	29.9	52.4

(Million Euros)	31.03.2020	31.03.2019
Revenues for current year	993.8	993.0
Less: Revenues for the current year at exchange rates of previous year	1,086.7	1,135.1
Effect of exchange rate fluctuations	(92.9)	(142.1)

Cash Flow Conversion Rate (Million Euros)	31.03.2020	31.03.2019
EBITDA	98.4	115.8
CAPEX	40.2	41.7
Cash Flow Conversion Rate (adjusted EBITDA - CAPEX / adjusted EBITDA)	59%	64%



Net Financial Debt (Million Euros)	31.03.2020	31.12.2019
Financial liabilities	2,160.7	1,621.9
Leasing financial liabilities	120.2	132.0
Adjusted financial liabilities (A)	2,280.9	1,754.0
Cash and cash equivalents	(854.3)	(530.7)
Less: adjusted cash and cash equivalents (B)	(854.3)	(530.7)
Less: other financial current assets (C)	(319.6)	(319.6)
Total Net Financial Debt (A+B+C)	1,107.0	903.7
Less: Other non banking debts (D)	(147.6)	(122.3)
Less: Leasing financial liabilities (E)	(120.2)	(132.0)
Total Net Financial Debt (excluding other non-bank payables corresponding to deferred payments for M&A acquisitions) (A+B+C+D+E)	839.2	649.3

EBITA (Million Euros)	31.03.2020	31.03.2019
Consolidated profit for the year	309.3	21.7
Minority interests	7.5	8.5
Income tax expenses	58.2	23.1
Net finance costs	25.2	13.8
Amortizations	62.1	6.0
EBITA	462.3	73.1

EBITDA (Million Euros)	31.03.2020	31.03.2019
Consolidated profit for the year	309.3	21.7
Minority interests	7.5	8.5
Income tax expenses	58.2	23.1
Net finance costs	25.2	13.8
Depreciation and amortization	111.1	48.7
EBITDA	511.4	115.8