



RESULTS PRESENTATION. SECOND QUARTER 2020



## Banknotes do not represent a particularly significant risk of infection

*“The vice president of the European Central Bank (ECB), Luis de Guindos, assured that the institution has analyzed the potential risk of contagion of Covid-19 through the manipulation of banknotes and has reached the conclusion that the risk is practically nil”.*

Source: Luis de Guindos, ECB Vicepresident

## UK's Supreme Court rules against Mastercard and Visa in retailers' fees battle

*“Last June, Britain’s highest court upheld an earlier Court of Appeal ruling that credit card companies **Visa and Mastercard restricted competition in the way they set fees for retailers**, opening the way for them to seek compensation”.*

Source: Reuters

## The mobile money industry in Africa is being exploited by organized crime groups

*“The prominent role that mobile money plays in African societies and economies, and the rapid pace at which its infrastructure has been developed, has enabled criminals to exploit weaknesses in regulations and identification systems and commit mobile money-enabled crimes”.*

Source: Interpol

## The fight to protect cash as a payment option for Starbucks customers

*“Congressman Donald M. Paine Jr, in his letter to the CEO of Starbucks, rebukes him for wanting to eliminate cash as a means of payment for his company's products. He also considers that the abovementioned policy restricts the customer's freedom of choice”.*

Source: Donald M. Payne, Member of US Congress

# Agenda



**Highlights  
of the period**



**Regional  
dynamics**



**Financial  
results**



**Sustainability**

## 1 Macroeconomic Environment

- **Economic slowdown** as a consequence of **COVID-19**
- **The devaluation of emerging currencies** continued

## 2 Agility

- **Local currency growth of 5.8%<sup>(1)</sup>** in 6M 2020
- **EBITA margin reached 9.8%** in 6M 2020 **including the costs related to the efficiency plans**

## 3 Consolidation

- **Successful tender to manage an ATM network in Australia**
- Focus on the **integration of the companies acquired** at the beginning of this year

## 4 Transformation

- **New Products amounted 18.2% of sales** in 6M 2020 (vs. 15.9% in 2019)
- **New solutions have proven to be more resilient to the pandemic** than the traditional business

## 5 Financial discipline

- **Cash flow generation and total net debt reduction** compared to the previous quarter
- **Programmes to reinvest the dividend and to buyback shares** implemented

# COVID-19 implications

1.  
Highlights of the period



	First Quarter 2020	Second Quarter 2020	Second Half 2020
Business impact	<ul style="list-style-type: none"> <li>Tremendous response from our teams. We are really proud and grateful to them</li> <li>Our businesses considered “Essential Services” in all of our countries</li> <li>Lower sales in March (-11%) due to slowdown of activity (lockdown measures)</li> <li>Positive evolution of new products (also ATMs and “essential retail” at the early stage of the pandemic)</li> </ul>	<ul style="list-style-type: none"> <li>Total sales within the previously anticipated range (-22%). Through reached in May</li> <li>Activity decrease partially offset by additional volumes coming from the distribution of the Economic Aid Programs in LATAM</li> <li>Deployment of efficiency plans. Associated costs reached 25 M€</li> <li>Implementation of cash protection measures</li> </ul>	<ul style="list-style-type: none"> <li>Adverse macro environment. Gradual economic recovery and currency devaluation</li> <li>Volumes and productivity. Gradual improvement</li> <li>Australia. New additional volumes are expected</li> <li>Focus on cash generation</li> <li>Efficiency plans. Completion of the initiatives already underway</li> </ul>
Actions taken	<ul style="list-style-type: none"> <li>Quick response: dedicated team to manage COVID-19; adoption of preventive measures, contingency plans</li> <li>Employees: H&amp;S plans, heavy investments in protective measures, telecommuting</li> <li>Customers: service continuity, responsiveness to manage its ST / LT needs</li> <li>Operations: restructuring, protecting our financial position</li> </ul>	<ul style="list-style-type: none"> <li>Direct &amp; Indirect labour cost adjustments (~50% of FY 2019 sales): non-renewal of temporary contracts, overtime management, salary and headcount reductions (temporary and structural)</li> <li>Downsizing the rest of the cost base (~27% of FY 2019 sales, excluding D&amp;A): discretionary expenses reduction (travel, suppliers, advisors, etc.) and renegotiation (fleet, rentals, etc.)</li> <li>Protecting cash generation and balance sheet: working capital optimization, capex prioritization and postponement, Australian syndicated loan renewed, back-up facility lines withdrawn</li> <li>“Scenario Planning” to navigate the current situation of uncertainty and to ensure readiness □ ability to react and implement additional measures, if necessary</li> </ul>	



**Highlights  
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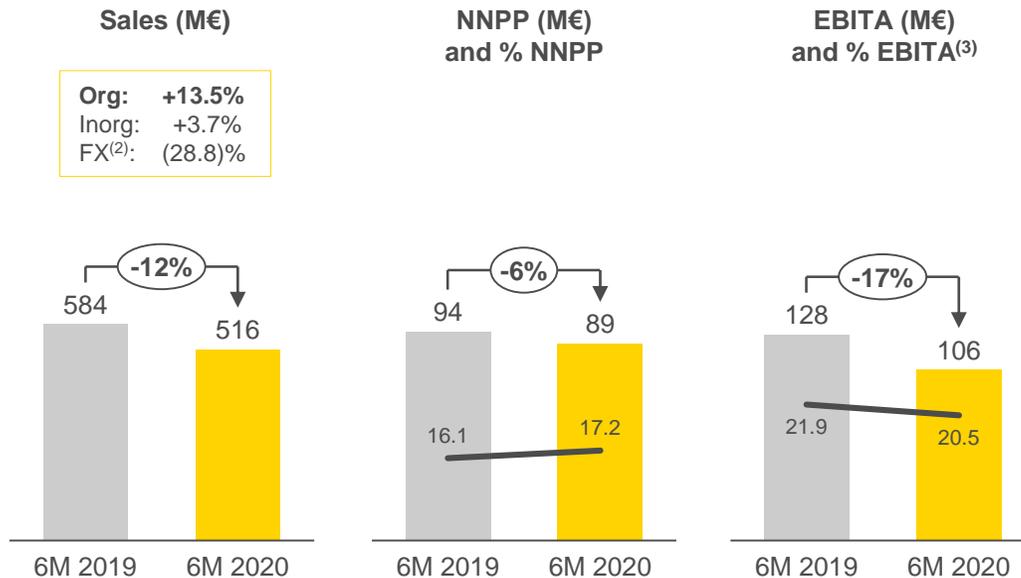
**Financial  
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# Ibero-American Region<sup>(1)</sup>

## LATAM (67% of total sales)



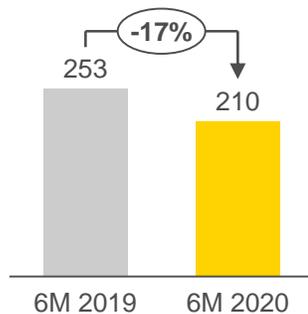
- **Organic growth positive evolution**
  - COVID-19 impact partially offset by additional volumes derived from the distribution of the Economic Aid Programs in some countries
- **New Products represented 17.2% of sales and continued to grow in local currency**
- **Currency devaluation negatively impacting sales and profitability versus the same period of the previous year**

# European Region

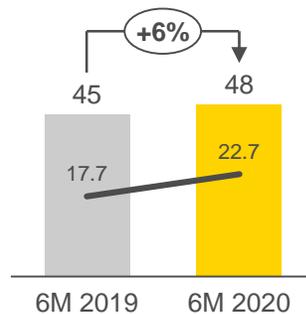
## EUROPE (27% of total sales)

### Sales (M€)

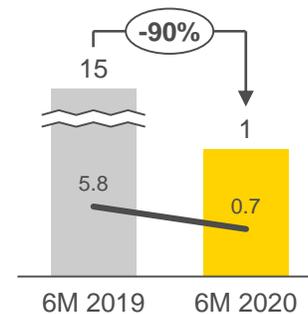
Org: (10.9)%  
Inorg: (6.2)%  
FX: 0.0%



### NNPP (M€) and % NNPP



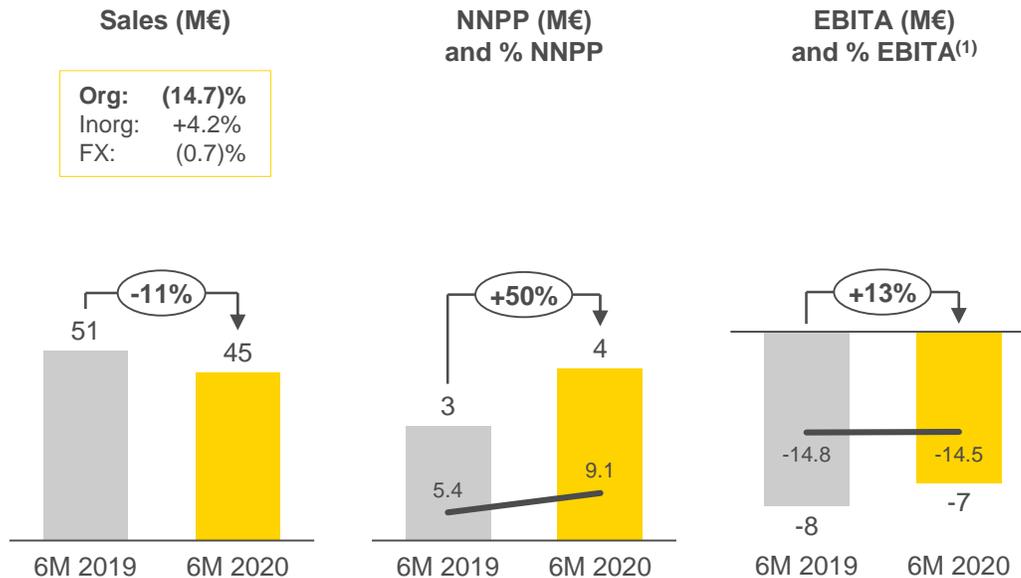
### EBITA (M€) and % EBITA<sup>(1)</sup>



- Main countries significantly impacted by lower volumes and amounts transported since March
  - Gradual improvements after lockdowns started to soften
- New Products increased by 6% reaching 22.7% of sales
- Profitability severely eroded as a result of the activity decrease

(1) 6M 2020 EBITA does not include costs related to the implementation of the efficiency plans

## AOA (6% of total sales)



- **Main countries significantly impacted by lower volumes and amounts transported since March**
- **New Products improved by 50% amounting 9.1% of sales as a result of the new ATM business in Australia**
- **Profitability remained in line with 2019 excluding the positive impact resulting from the sale of South Africa**
  - “Job Keeper” program in Australia mitigating the decrease in activity

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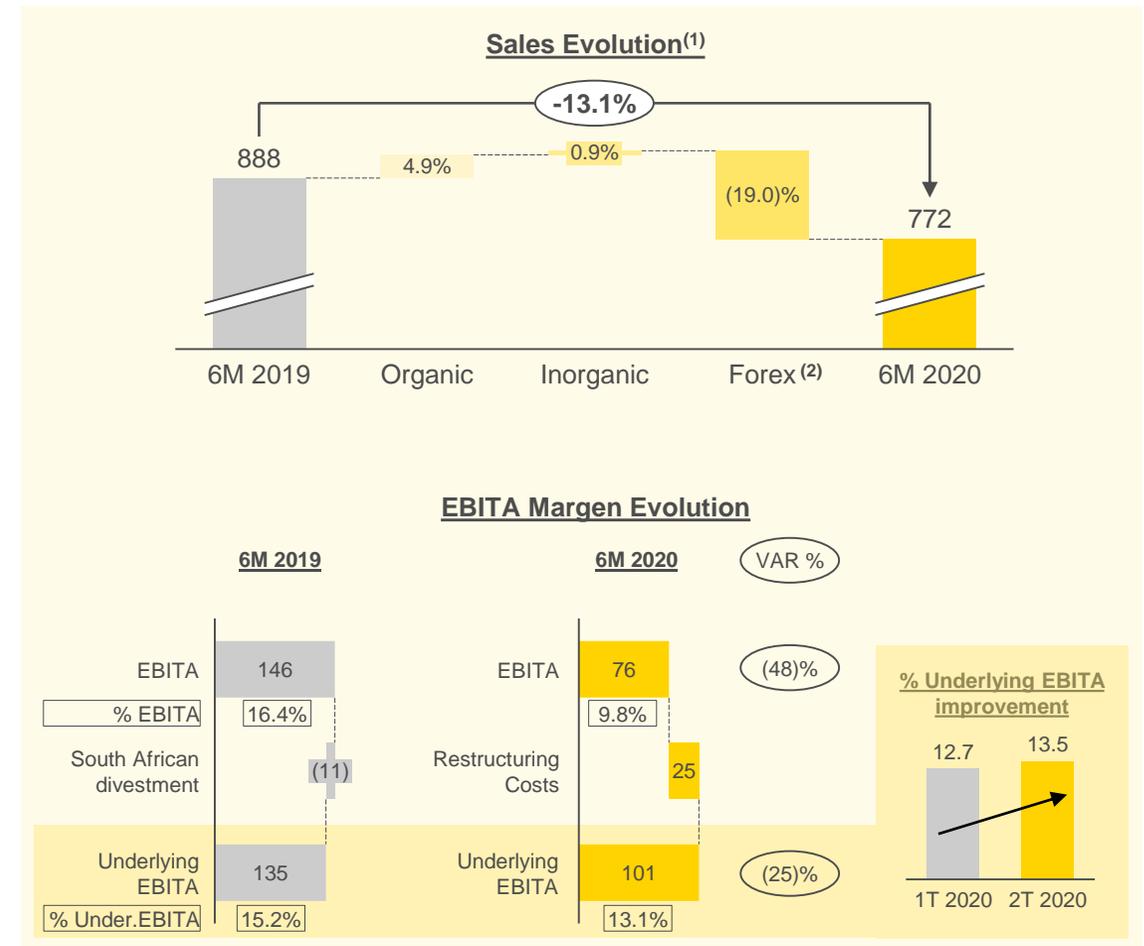
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# Profit and Loss Account<sup>(1)</sup>

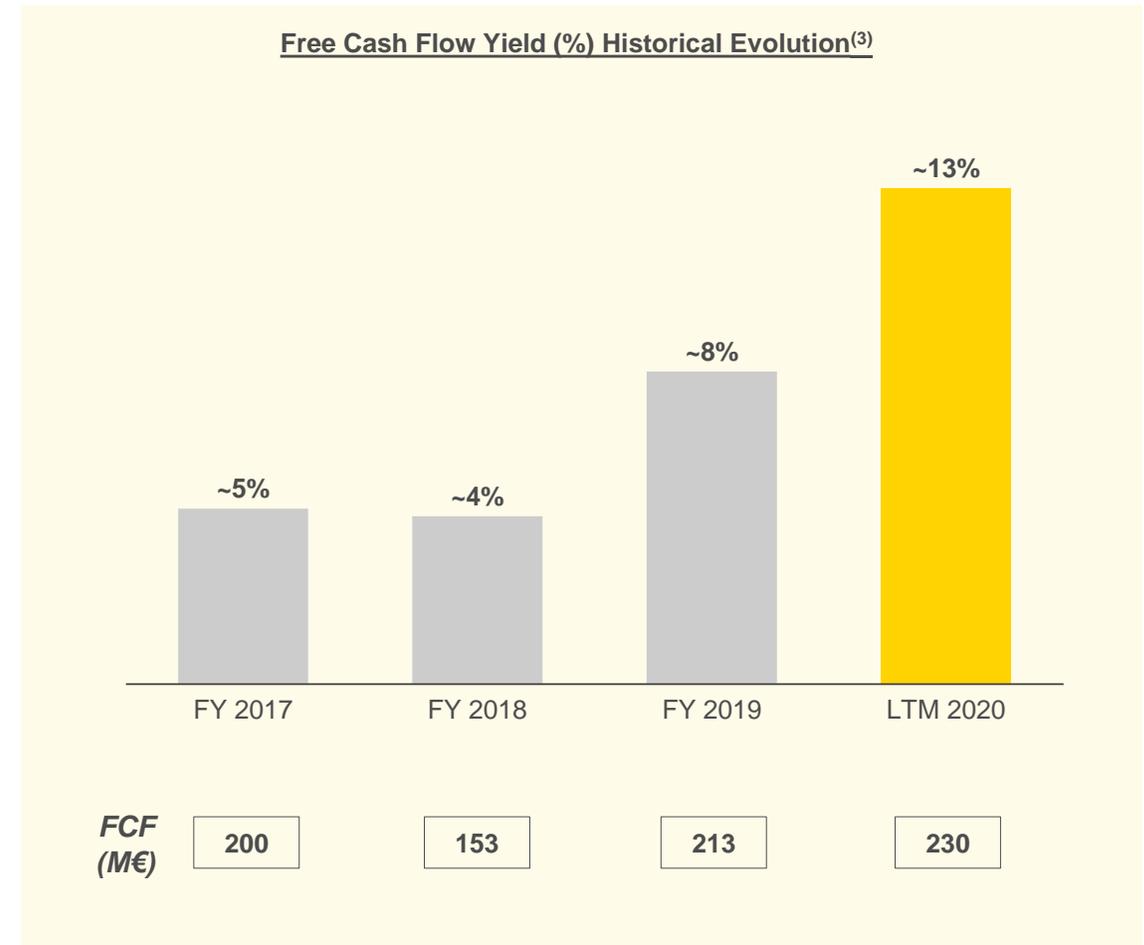
Million Euros	6M 2019	6M 2020	VAR %
<b>Sales</b>	<b>888</b>	<b>772</b>	<b>(13.1)%</b>
EBITDA	187	120	(35.9)%
Margin	21.0%	15.5%	
Depreciation	(41)	(44)	
<b>EBITA</b>	<b>146</b>	<b>76</b>	<b>(48.0)%</b>
Margin	16.4%	9.8%	
Amortization of intangibles	(9)	(10)	
EBIT	137	66	(52.1)%
Margin	15.4%	8.5%	
Financial result	(17)	(23)	
EBT	119	42	(64.6)%
Margin	13.4%	5.5%	
Taxes	(39)	(21)	
Tax rate	32.3%	49.4%	
Net Profit from continuing operations	81	21	(73.5)%
Margin	9.1%	2.8%	
<b>Net Consolidated Profit</b>	<b>81</b>	<b>22</b>	<b>(73.2)%</b>
Margin	9.1%	2.8%	



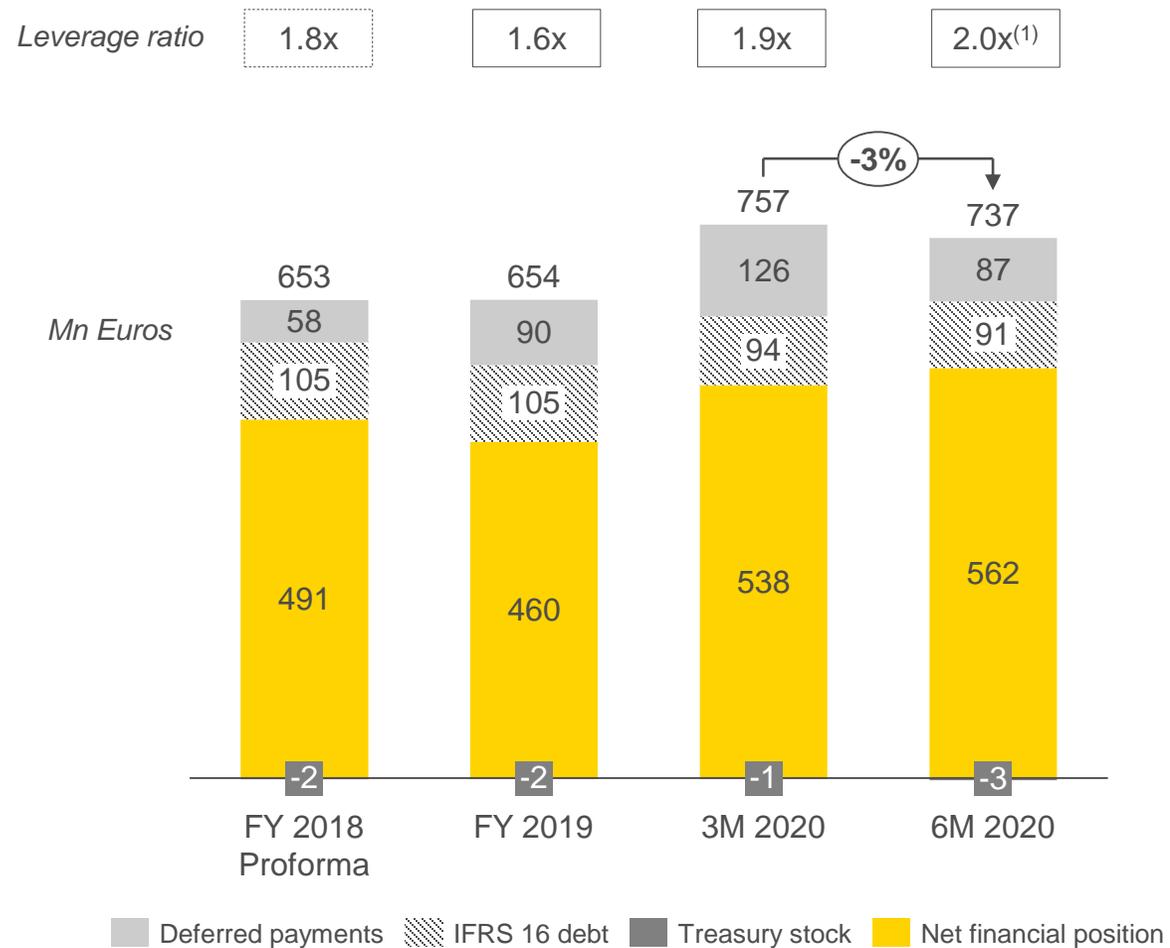
(1) 2019 and 2020 figures according to IFRS 21 & 29 (hyperinflation accounting) and IFRS 16 (leases); (2) Includes FX and IFRS 21 & 29 impact

# Cash Flow<sup>(1)</sup>

Million Euros	6M 2019	6M 2020
EBITDA	187	120
Provisions and other items	7	47
Income tax	(48)	(43)
Acquisition of PP&E	(45)	(30)
Changes in working capital	(28)	(2)
<b>Free Cash Flow</b>	<b>73</b>	<b>91</b>
% <i>Conversión</i> <sup>(2)</sup>	76%	75%
Interest payments	(9)	(11)
M&A payments	(10)	(81)
Dividend payments	(59)	(27)
Treasury stock	-	(2)
Others	(22)	(38)
<b>Total Net Cash Flow</b>	<b>(26)</b>	<b>(69)</b>
<b>Net financial position (BoP)</b>	<b>(491)</b>	<b>(460)</b>
Net increase / (decrease) in cash	(26)	(69)
Exchange rate	(4)	(32)
<b>Net financial position (EoP)</b>	<b>(521)</b>	<b>(562)</b>



# Total Net Debt



- **Total Net Debt reduced by 20 M€** despite the lower results resulting from the COVID-19 impact and the costs associated with efficiency plans
- **Average maturity period of the main debt instruments around 4.5 years**

(1) Excluding restructuring costs. Leverage ratio Total Net Debt / EBITDA including restructuring costs of 2.2x



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# Our Strategic Planning projects ESG objectives



## Initiatives implemented in 1H 2020:

1

### Environment

- Hybrid fleet in Spain
- CO<sub>2</sub> and fuel emissions reduction

2

### Social

- Protection and telecommuting for **employees**
- Business continuity in **clients**
- Logistical support in **communities**

3

### Governance

- New Corporate Governance Code
- LT incentives linked to sustainability targets



# Annex – Historical evolution of EBITA

	2018				2019					2018				2019					2018				2019												
	FY	1H	2H	FY	FY	1H	2H	FY		FY	1H	2H	FY	FY	1H	2H	FY		FY	1H	2H	FY	FY	1H	2H	FY									
<b>LATAM</b>									<b>EUROPE</b>									<b>AOA</b>									<b>PROSEGUR CASH</b>								
Sales	1.148	584	601	1.185	Sales	491	253	255	509	Sales	92	51	54	105	Sales	1.732	888	910	1.799																
EBITA	259	128	162	290	EBITA	37	15	25	39	EBITA	-11	3	-9	-6	EBITA	285	146	178	323																
% sales	22,6%	21,9%	27,0%	24,5%	% sales	7,5%	5,8%	9,6%	7,7%	% sales	-12,0%	6,6%	-17,6%	-5,8%	% sales	16,5%	16,4%	19,5%	18,0%																
EBIT	247	120	155	275	EBIT	34	13	24	37	EBIT	-13	3	-10	-7	EBIT	268	137	168	305																
% sales	21,5%	20,6%	25,8%	23,2%	% sales	6,9%	5,3%	9,2%	7,3%	% sales	-14,6%	5,4%	-18,9%	-7,0%	% sales	15,5%	15,4%	18,5%	16,9%																

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