



**RESULTS PRESENTATION. FIRST QUARTER 2020**



## Cash in the media

### Cash in circulation keeps growing

Central Banks around the world (the ECB, the US Federal Reserve, the Australian Central Bank, the Argentine Central Bank, etc.) reported **cash demand growth during the months of March and April**

Source: [Central Banks](#)

### Cash poses no particular risk of infection for public (COVID-19)

“Scientific evidence suggests that **the probability of transmission via banknotes is low when compared with other frequently-touched objects**, such as credit card terminals or PIN pads.”

Source: [Bank for International Settlements](#)

### Cash is crucial for the functioning of the economy and social inclusion

“... Cash thus remains the **dominant mean of payment** for consumers, and is of **fundamental importance for the inclusion of socially vulnerable citizens**, such as elderly or lower-income groups”

Source: [Fabio Panetta \(Executive Board Member of the ECB\)](#)

### Central Banks are stressing the importance of cash in this crisis



# Agenda



**Highlights  
of the period**



**Regional  
dynamics**



**Financial  
results**



**Conclusions**

## Main themes

1.  
Highlights of the period



1

### Macroeconomic Environment

- **Tough. COVID-19 impacting results since March 2020 and, additionally, higher than expected currency depreciation**

2

### Agility

- **Local currency growth of 9.0%<sup>(1)</sup> in 3M 2020**
- **EBITA margin reached 12.7% in 3M 2020**

3

### Consolidation

- **3 acquisitions completed** (Ecuador, Brazil, Colombia) **for EV ~80M€**
- **Divestment** of our traditional business in **Mexico**

4

### Transformation

- **New Products amounted 18.2% of sales** in 3M 2020, growing 17% compared to the same period of the previous year

5

### Financial discipline

- **Total Net Debt to EBITDA ratio increased due to greater M&A investment**
- **Debt maturities mainly concentrated in 2025 and 2026**

(1) Includes organic and inorganic growth

# COVID-19 implications

1.  
Highlights of the period



## First Quarter 2020

## Second Quarter 2020

## Second Half 2020

### Business impact

- **Tremendous response from our teams. We are really proud and grateful to them**
- Our businesses considered “**Essential Services**” in all of our countries
- **Lower sales in March (-11%)** due to slowdown of activity (lockdown measures)
- Positive evolution of **new products** (also ATMs and “essential retail” at the early stage of the pandemic)

- **Further deterioration of sales. Expected trough in April / May (between -20% and -25%)**
- Impact partially mitigated by **cost reduction and cash protection initiatives**

- **Gradual recovery of volumes and productivity:** re-openings, reactivation of mobility and consumption, costs efficiencies
- **Potential opportunities** might be captured due to our resilience, competitive position and new solutions portfolio

### Actions taken

- Quick response: **dedicated team** to manage COVID-19; adoption of **preventive measures, contingency plans**
- **Employees:** H&S plans, heavy investments in protective measures, telecommuting
- **Customers:** service continuity, responsiveness to manage its ST / LT needs
- **Operations:** restructuring, protecting our financial position

- **Direct & Indirect labour cost adjustments (~50% of FY 2019 sales):** non-renewal of temporary contracts, overtime management, salary and headcount reductions (temporary and structural)
- **Downsizing the rest of the cost base (~27% of FY 2019 sales, excluding D&A):** discretionary expenses reduction (travel, suppliers, advisors, etc.) and renegotiation (fleet, rentals, etc.)
- **Protecting cash generation and balance sheet:** working capital optimization, capex prioritization and postponement, Australian syndicated loan renewed, back-up facility lines withdrawn
- **“Scenario Planning”** to navigate the current situation of uncertainty and to ensure readiness → ability to react and implement additional measures, if necessary

# ¿How do we see the world after COVID-19?

1.  
Highlights of the period



Business drivers	Medium-term outlook	
1 GDP growth	<ul style="list-style-type: none"><li>• An <b>economic recovery</b> is expected</li><li>• Faster recovery than other industries on the back of <b>consumption improvement</b></li></ul>	
2 Low level of bancarization in our footprint	<ul style="list-style-type: none"><li>• Cash as a <b>value store</b></li><li>• Cash continues to be <b>essential in developing countries</b> (~50% of the population is still underbanked)</li></ul>	
3 Increasing outsourcing trend	<ul style="list-style-type: none"><li>• <b>Focus on</b> managing and reducing the <b>cost base</b></li><li>• <b>New opportunities to continue to grow in the banking / retail sectors</b>, both organic and through acquisitions</li></ul>	
4 Safety and security	<ul style="list-style-type: none"><li>• <b>Money in circulation has increased</b> during last recessions</li><li>• In addition, historically the higher the insecurity level, <b>the greater demand for our services</b></li></ul>	

# Agenda



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**Regional  
dynamics**



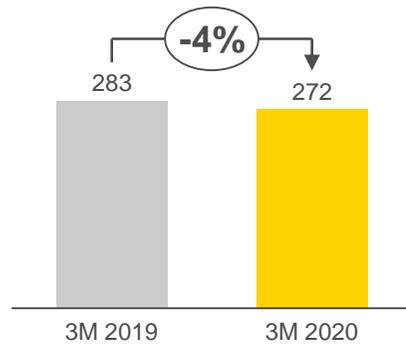
**Financial  
results**



**Conclusions**

## LatAm [65% of the total sales in 3M 2020] <sup>(1)</sup>

### Total Sales (M€)



Org: +10.3%  
Inorg: +5.2%  
FX<sup>(2)</sup>: (19.6)%

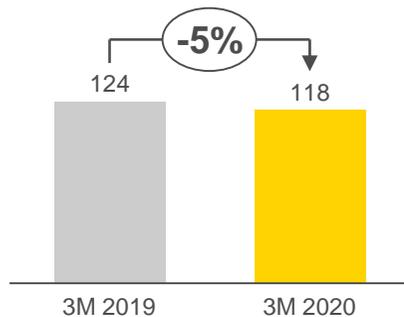
### New Product Sales (M€) and Weight (%)



- Organic growth almost in line with 3M 2019:
  - Lower volumes in March due to corona pandemic
- Acquisitions in Brazil, Colombia and Ecuador
- Adverse currency impact
- New Products increased by 20%, representing 18.2% of total revenues

## Europe [28% of the total sales in 3M 2020]

### Total Sales (M€)



Org: +2.2%  
Inorg: (6.7)%  
FX: 0.0%

### New Product Sales (M€) and Weight (%)



### Growth affected by:

- Organic:
  - Lower volumes in March due to corona pandemic
  - French operations divestment
- Inorganic:
  - French operations divestment

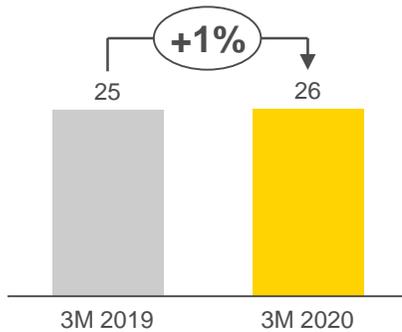
New Products increased by 12%, representing 21.0% of total revenues

## AOA [6% of the total sales in 3M 2020]

2.  
Regional dynamics



### Total Sales (M€)

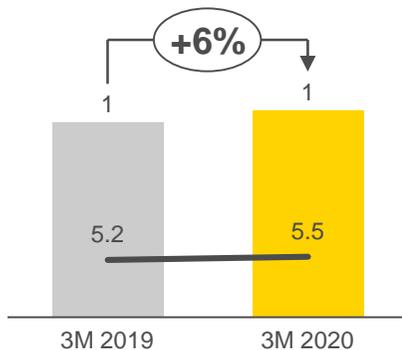


Org: (1.1)%  
Inorg: +2.7%  
FX: (1.1)%

### Organic growth improvement vs. 3M 2019 due to the incorporation of the Philippines:

- Lower volumes in March due to corona pandemic
- New tenders in Australia also delayed due to COVID-19

### New Product Sales (M€) and Weight (%)



### Adverse currency impact

- New Products increased by 6%, representing 5.5% of total revenues

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

<i>Million Euros</i>		3M 2019	3M 2020	% VAR
<b>Sales</b>		<b>432</b>	<b>415</b>	<b>(3.9)%</b>
<b>EBITDA</b>		<b>86</b>	<b>76</b>	<b>(11.8)%</b>
	<i>Margin</i>	19.9%	18.2%	
Depreciation		(20)	(23)	
<b>EBITA</b>		<b>66</b>	<b>53</b>	<b>(20.0)%</b>
	<i>Margin</i>	15.2%	12.7%	
Amortization of intangibles		(4)	(5)	
<b>EBIT</b>		<b>61</b>	<b>48</b>	<b>(22.4)%</b>
	<i>Margin</i>	14.2%	11.5%	
Financial result		(10)	(2)	
<b>EBT</b>		<b>51</b>	<b>46</b>	<b>(9.7)%</b>
	<i>Margin</i>	11.8%	11.1%	
Taxes		(20)	(18)	
	<i>Tax rate</i>	38.7%	39.8%	
<b>Net Profit from continuing operations</b>		<b>31</b>	<b>28</b>	<b>(11.3)%</b>
	<i>Margin</i>	7.2%	6.7%	
<b>Net Consolidated Profit</b>		<b>31</b>	<b>28</b>	<b>(10.7)%</b>
	<i>Margin</i>	7.2%	6.7%	

- **Sales decreased by 3.9%:**
  - Organic growth (c.7%), inorganic growth (c.2%), forex<sup>(2)</sup> (c.-13%)
  
- **EBITA margin reached 12.7%:**
  - Lower volumes due to COVID-19
  - Margin dilution resulting from new acquisitions (synergies to be captured)
  - Mix effect due to forex impact
  
- **Financial result improvement (mainly due to non-cash items)**

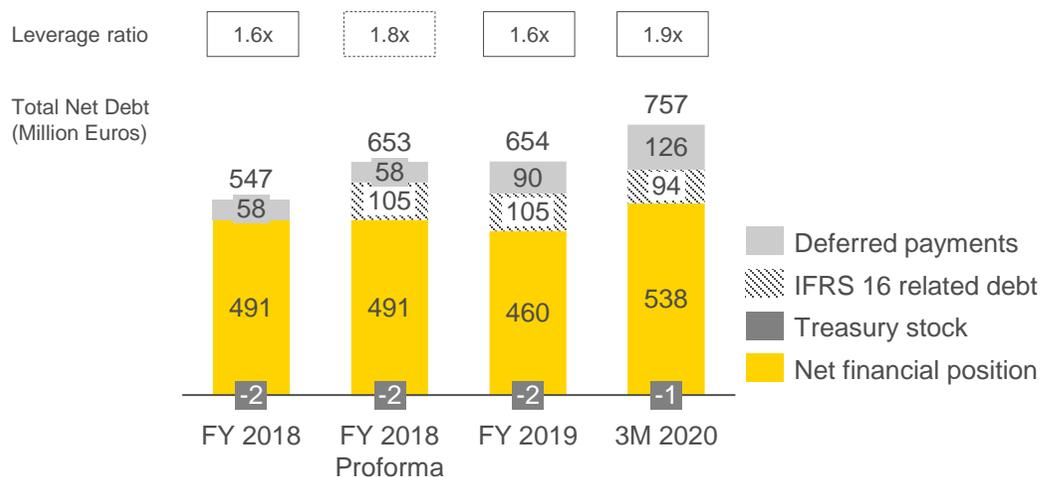
## Cash Flow (1)

<i>Million Euros</i>	3M 2019	3M 2020
EBITDA	86	76
Provisions and other items	30	7
Income tax	(27)	(12)
Acquisition of PP&E	(18)	(16)
Changes in working capital	(24)	(31)
<b>Free Cash Flow</b>	<b>47</b>	<b>23</b>
<i>% Conversion<sup>(2)</sup></i>	79%	79%
Interest payments	(8)	(9)
Payments for acquisitions of subsidiaries	(19)	(30)
Dividend payment	(29)	(22)
Others	(18)	(32)
<b>Total Net Cash Flow</b>	<b>(29)</b>	<b>(71)</b>
<b>Net financial position (BoP)</b>	<b>(491)</b>	<b>(460)</b>
Net increase / (decrease) in cash	(29)	(71)
Exchange rate	(4)	(7)
<b>Net financial position (EoP)</b>	<b>(524)</b>	<b>(538)</b>

- **Conversion ratio (79%) remained stable**
- **M&A related cash outflow increased mainly due to the acquired companies in 2020 and deferred payments**
- **Strong focus on cash protection measures to minimize COVID-19 impact:**
  - Working capital optimization
  - Capex prioritization / postponement

# Total Net Debt

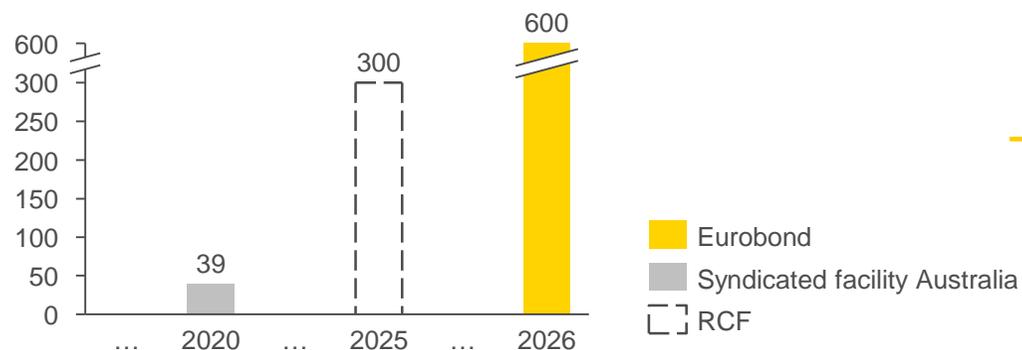
## Leverage and Total Net Debt evolution



### Total Net Debt to EBITDA ratio of 1.9x

- COVID-19 results impact
- M&A activity completed during 3M 2020

## Debt maturity profile as of 3M 2020 (main facilities)



### Debt maturities mostly concentrated in 2025 and 2026

- Australian syndicated loan renewed and extended to 2023

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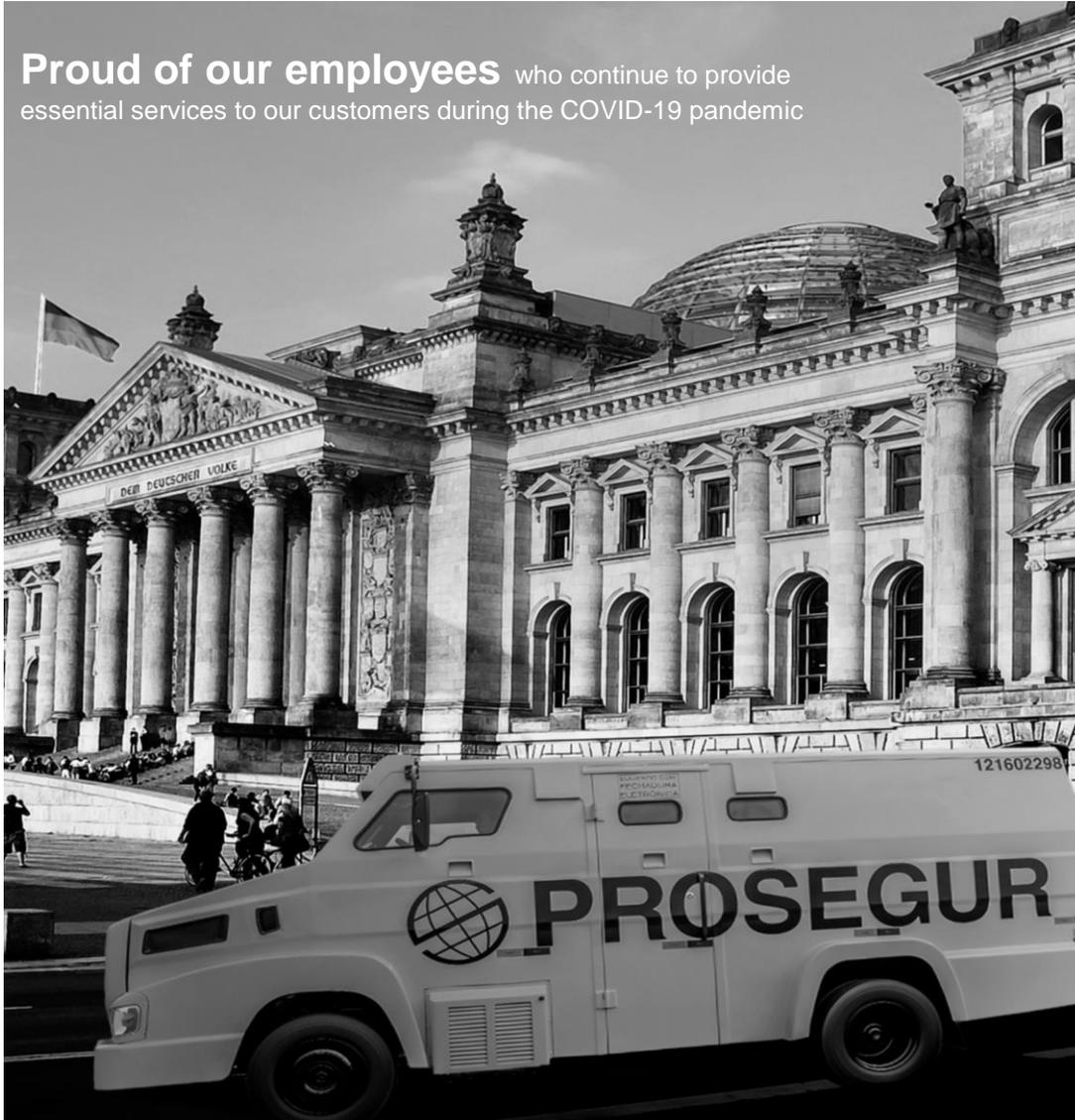
**Conclusions**

## — COVID-19, abnormal situation

4.  
Conclusions



**Proud of our employees** who continue to provide essential services to our customers during the COVID-19 pandemic



### — Our commitment:

- To preserve the health and safety of all our **employees**
- To guarantee the business continuity to our **clients**
- To cooperate, in the **communities** where we operate, in the mitigation of the effects of the pandemic
- To develop our business strategy without jeopardizing our **financial discipline**



**RESULTS PRESENTATION. Q&A**



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