



# RESULTS PRESENTATION

Full Year 2019



### **Democracy: Financial Rights are Human Rights**

A healthy democracy needs financial privacy. If all our behaviours and all our movements are tracked, this can damage democracy in a fatal way. Trade-offs are made between convenience and speed versus privacy and freedom.

Source: Alex Gladstein (CSO at the Human Rights Foundation)

### **E-commerce: Credit card fraud increases by 30%**

Credit card fraud in e-commerce increased last year, at the same rate as the number of transactions. On the other hand, according to the ECB, the fraud in notes decreased and evolved inversely to the e-commerce.

Source: Instituto Coordinadas de Gobernanza y Economía Aplicada

### **Sweden: New bill ordering banks to provide cash services**

ECB welcomes Swedish draft law and highlights the importance that all the “Member States” take the appropriate measures to ensure that credit institutions and branches operating within their territories provide adequate access to cash services, to facilitate the continued use of cash.

Source: Swedish Government / ECB

### **New York: It will force its businesses to receive cash payments to avoid the "cashless" trend**

The Big Apple thus joins other cities such as Philadelphia, San Francisco and New Jersey. The law aims to protect and prevent discrimination against many consumers with low income and who do not have access to debit or credit cards..

Source: New York Times

# Agenda

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**1. Highlights of the period**

2. Regional dynamics

3. Financial results

4. Conclusions



## Main themes

1.  
Highlights of the period



1

### Macro Environment

- **Negatively impacted by the currency depreciation and the application of the hyperinflationary accounting in Argentina (IAS 21 & 29)**

2

### Agility

- **Local currency growth close to 17.0%<sup>(1)</sup> in FY 2019**
- **Operating margin improvement ( ~150 bp in EBITA and EBIT vs. FY 2018)**

3

### Consolidation

- **6 acquisitions completed (Accumulated EV ~85 M€)**
- **Divestments in South Africa (June) and France (July)**

4

### Transformation

- **New Products reached 16.2% of total sales (vs. 11.8% in FY 2018), growing 42% vs. FY 2018**

5

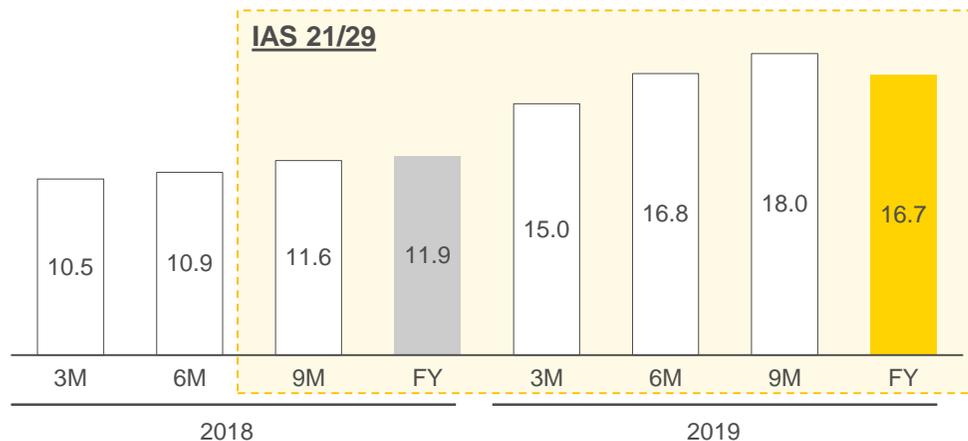
### Financial Discipline

- **Free Cash Flow generation of 213 M€**
- **Deleverage (ND/EBITDA 1.6x). S&P IG Rating (BBB) maintained**

(1) Includes organic and inorganic growth

# Agility

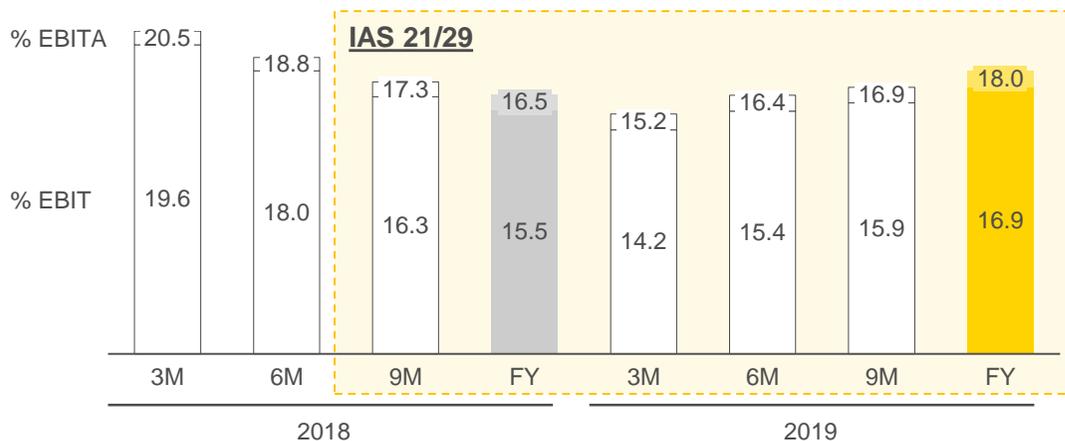
## % Accumulated local<sup>(1)</sup> growth



## Steady improvement in local growth and margins:

- Positive evolution of the underlying business
- Additional temporary volumes in LatAm (3Q / 4Q)
- M&A contribution and strategic divestments

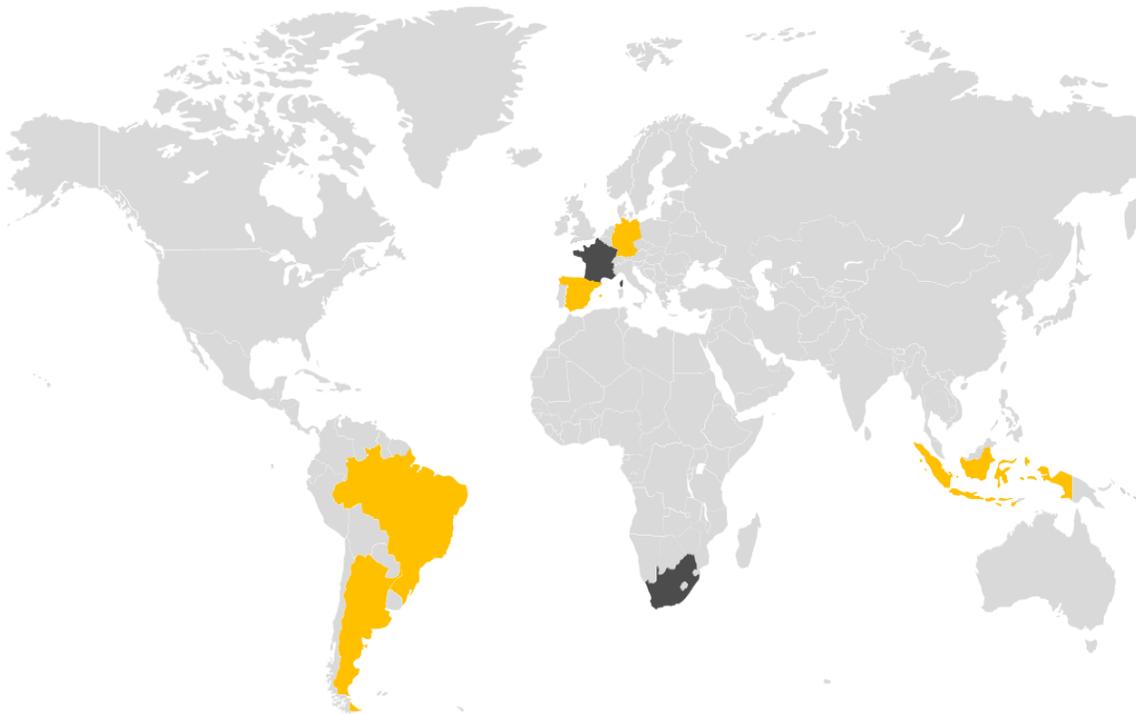
## % Accumulated operating margin



(1) Includes organic and inorganic growth

## Consolidation

1.  
Highlights of the period

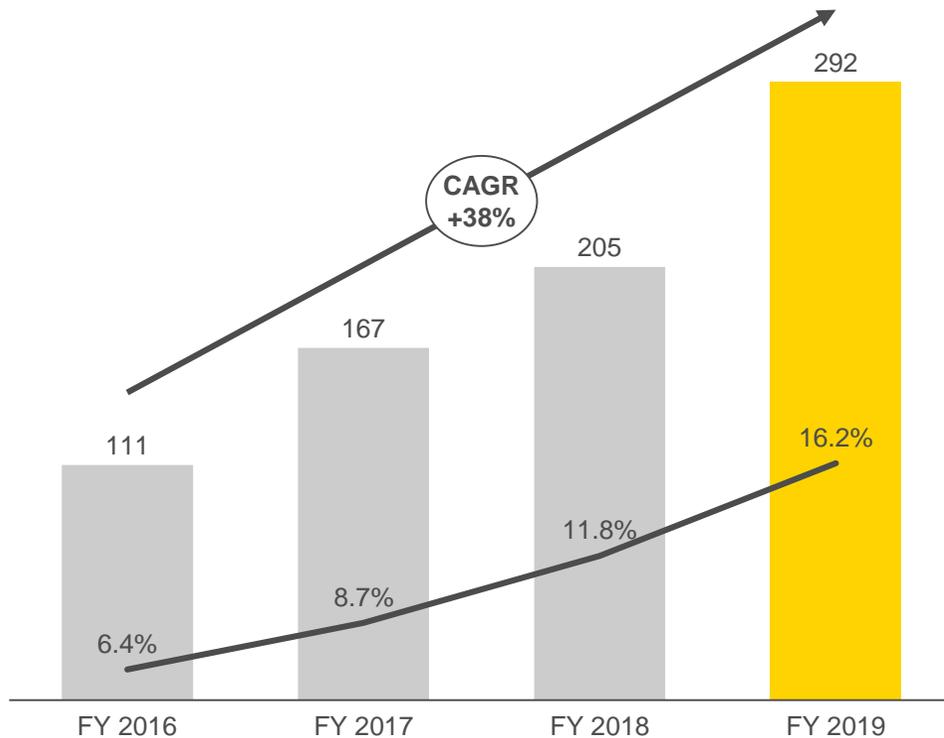


— **6 deals** in FY 2019 (3 LatAm, 2 Europe, 1 AOA). **EV ~85 M€**

— **Portfolio Management** instrumented through divestments in South Africa and France

— **Solid M&A pipeline. Investment target for 2020 between 50- 150 M€**

## New Products sales<sup>(1)</sup> (M€) and weight over Total Sales (%)



- **New Products sales reached 292 M€, representing a 16.2% of the total revenues**
- **Positive growth dynamics remain in place (FY 2019 Sales + 42% vs. FY 2018)**
- **Strong performance of Smart Cash solutions, AVOS and ATMs**

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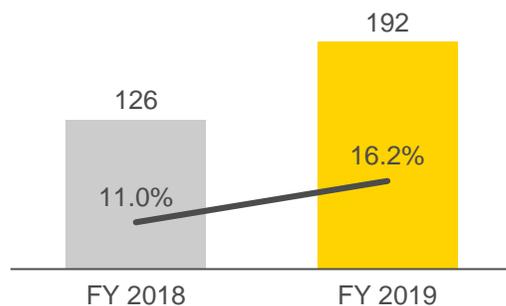
## LatAm [66% of the total sales in FY 2019] <sup>(1)</sup>

2.  
Regional dynamics



Million Euros	FY 2018	FY 2019	% VAR
<b>Sales</b>	<b>1,148</b>	<b>1,185</b>	<b>+3.2%</b>
Organic			+16.3%
Inorganic			+6.2%
Forex <sup>(2)</sup>			(19.2)%
<b>EBITA</b>	<b>259</b>	<b>290</b>	<b>+11.9%</b>
Margin	22.6%	24.5%	
Amortiz. of intangibles	(12)	(15)	
<b>EBIT</b>	<b>247</b>	<b>275</b>	<b>+11.2%</b>
Margin	21.5%	23.2%	

### New Products: Sales (M€) and Weight (%)

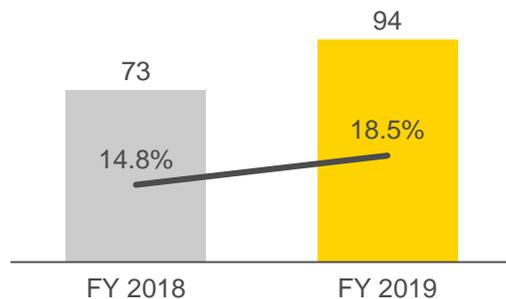


- **Organic growth slightly above first nine months of 2019:**
  - Overall positive contribution
  - Additional temporary volumes in some countries
- **Inorganic contribution in line** with previous quarters
- **Adverse currency impact in FY 2019**, although less than in the previous year
- **New Products increased by 52%**, representing 16.2% of total revenues
- **Operating margin improvement vs. FY 2018**

## Europe [28% of the total sales in FY 2019] <sup>(1)</sup>

Million Euros	FY 2018	FY 2019	% VAR
<b>Sales</b>	<b>491</b>	<b>509</b>	<b>+3.6%</b>
Organic			+4.8%
Inorganic			(1.2)%
Forex			0.0%
<b>EBITA</b>	<b>37</b>	<b>39</b>	<b>+6.9%</b>
Margin	7.5%	7.7%	
Amortiz. of intangibles	(3)	(2)	
<b>EBIT</b>	<b>34</b>	<b>37</b>	<b>+8.5%</b>
Margin	6.9%	7.3%	

### New Products: Sales (M€) and Weight (%)



- **Solid organic trend during the year:**
  - Some slowdown in Q4 due to complete divestment of France
- **Inorganic growth effort** diluted by the sale of France
- **New Products** continue gaining weight within the sales mix and **achieved 18.5% of the total sales**
- **Slight recovery in the operating margin** that should continue in 2020

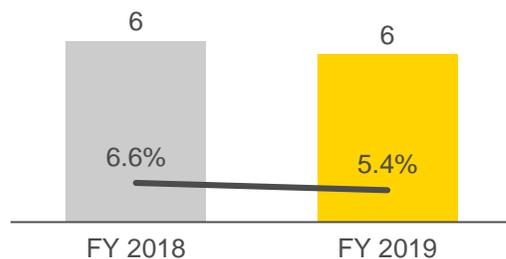
## AOA [6% of the total sales in FY 2019] <sup>(1)</sup>

2.  
Regional dynamics



Million Euros	FY 2018	FY 2019	% VAR
<b>Sales</b>	<b>93</b>	<b>105</b>	<b>+13.3%</b>
Organic			(4.4)%
Inorganic			+19.2%
Forex			(1.5)%
<b>EBITA</b>	<b>(11)</b>	<b>(6)</b>	<b>+45.6%</b>
Margin	(12.0)%	(5.8)%	
Amortiz. of intangibles	(2)	(1)	
<b>EBIT</b>	<b>(13)</b>	<b>(7)</b>	<b>+45.7%</b>
Margin	(14.6)%	(7.0)%	

### New Products: Sales (M€) and Weight (%)



### Regarding the organic growth of the region:

- **Australia** remains in line with previous quarters
- Partially offset by the positive performance of the **Philippines**

### Focus on the sale of new solutions

### FY 2019 operating margin impacted by:

- South African divestment
- Integration costs from Indonesia

(1) 2019 figures are reported according to IAS 16 (leasings), in force since 1Q 2019

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

<i>Million Euros</i>	FY 2018	FY 2019	% VAR
<b>Sales</b>	<b>1,732</b>	<b>1,799</b>	<b>+3.9%</b>
<b>EBITDA</b>	<b>340</b>	<b>408</b>	<b>+19.8%</b>
<i>Margin</i>	19.7%	22.7%	
Depreciation	(55)	(84)	
<b>EBITA</b>	<b>285</b>	<b>323</b>	<b>+13.5%</b>
<i>Margin</i>	16.5%	18.0%	
Amortiz. of intangibles	(17)	(19)	
<b>EBIT</b>	<b>268</b>	<b>305</b>	<b>+13.7%</b>
<i>Margin</i>	15.5%	16.9%	
Financial result	(4)	(45)	
<b>EBT</b>	<b>264</b>	<b>260</b>	<b>(1.7)%</b>
<i>Margin</i>	15.3%	14.4%	
Taxes	(90)	(91)	
<i>Tax rate</i>	34.0%	34.9%	
<b>Net Profit from continuing operations</b>	<b>174</b>	<b>169</b>	<b>(3.0)%</b>
<i>Margin</i>	10.1%	9.4%	
<b>Net Consolidated Profit</b>	<b>174</b>	<b>169</b>	<b>(3.0)%</b>
<i>Margin</i>	10.1%	9.4%	

- **Sales growth in euro terms (+3.9%):**
  - Organic growth (c.12%), inorganic growth (c.5%), forex <sup>(2)</sup> (c.-13%)
  
- **Operating margin improvement in absolute and relative terms:**
  - Efficiency programs
  - Operating leverage
  - Synergies from acquisitions
  - Sale of South Africa and France
  
- **Financial result impacted by several factors, mostly non-cash items**

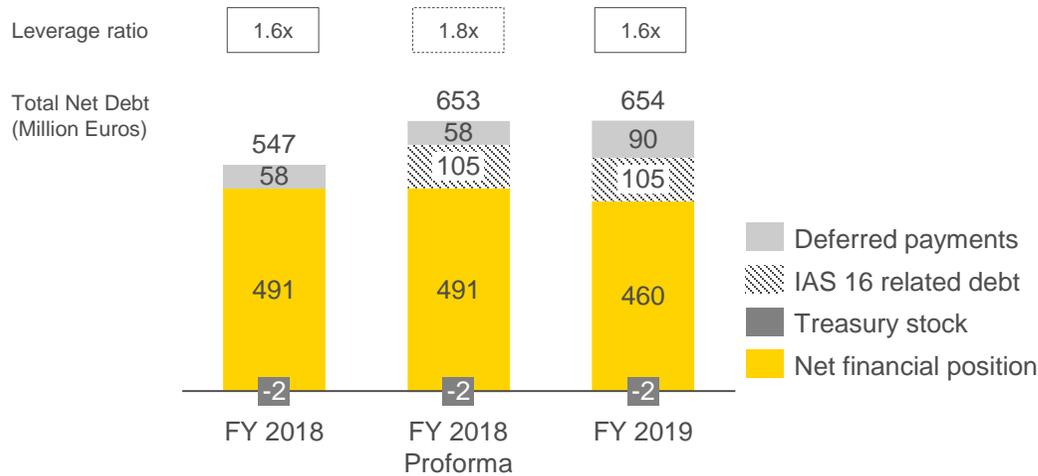
## Cash Flow (1)

<i>Million Euros</i>	FY 2018	FY 2019
EBITDA	340	408
Provisions and other items	20	31
Income tax	(101)	(88)
Acquisition of PP&E	(97)	(104)
Changes in working capital	(9)	(34)
<b>Free Cash Flow</b>	<b>153</b>	<b>213</b>
<i>% Conversion<sup>(2)</sup></i>	<i>71%</i>	<i>74%</i>
Interest payments	(6)	(10)
Payments for acquisitions of subsidiaries	(62)	(16)
Dividend payment	(95)	(110)
Restructuring operations	18	-
Others	(38)	(13)
<b>Total Net Cash Flow</b>	<b>(30)</b>	<b>63</b>
<b>Net financial position (BoP)</b>	<b>(424)</b>	<b>(491)</b>
Net increase / (decrease) in cash	(30)	63
Exchange rate	(37)	(32)
<b>Net financial position (EoP)</b>	<b>(491)</b>	<b>(460)</b>

- **Conversion ratio improved**, reaching 74% in the period
- **Acceleration in Smart Cash capex investments** (+41% vs. FY 2018)
- **Higher working capital outflow** due to higher growth in local currency terms, **partially offset by the increase in provisions and other items** due to the sliding of some payments to 1Q 2020
- **Deferred payments and M&A disbursements** net from divestments in South Africa and France
- **Dividend cash out increased in FY2019**

# Total Net Debt

## Leverage and Total Net Debt evolution

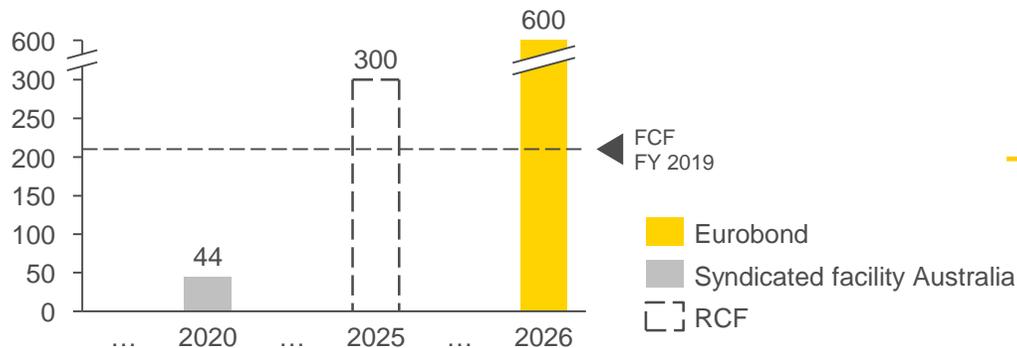


### Deleverage in FY 2019

- Total Net Debt to LTM EBITDA of 1.6x

- Deferred payments increased as a result of the M&A executed throughout 2019

## Debt maturity profile (main facilities)



- Debt maturities mostly concentrated in 2025 and 2026

## Balance Sheet<sup>(1)</sup>

<i>Million Euros</i>	FY 2018	FY 2019
<b>Non-current assets</b>	<b>937</b>	<b>1,089</b>
Tangible fixed assets	333	437
Intangible assets	535	592
Others	69	60
<b>Current assets</b>	<b>769</b>	<b>845</b>
Inventories	20	14
Trade receivables and others	475	524
Cash and cash equivalents	274	307
Assets held for sale	1	-
<b>TOTAL ASSETS</b>	<b>1,706</b>	<b>1,934</b>

— **Tangible fixed assets increased** due to IAS 16 and capex investments

— **Intangible assets increased** due to M&A investments

<b>Net Equity</b>	<b>238</b>	<b>244</b>
<b>Non-current liabilities</b>	<b>866</b>	<b>903</b>
Financial liabilities	688	721
Other non-current liabilities	178	182
<b>Current liabilities</b>	<b>602</b>	<b>788</b>
Financial liabilities	132	242
Other liabilities	470	546
Liabilities held for sale	-	-
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,706</b>	<b>1,934</b>

— **Higher debt** due to IAS 16 and M&A deferred payments

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**Global objective of reducing armoured vehicle fleet CO<sub>2</sub> emissions over sales**

Introduction of **electric, hybrid and lighter vehicles**



- **100% vehicle oil recycling**
- **Global objective of reduction and recycling of plastics (“Circular Economy” objective)**
- **Reduction of paper consumption based on digital transformation project (“Electronic Signature”)**



New agreement with **electric power supplier** in Spain guaranteeing that **100%** of the electricity supply comes from **renewable sources**



**Signature of a new “Equality and Inclusion Plan”**, reinforcing Prosegur Cash commitment to prevent discrimination and to avoid any gender gap



**Committee to improve Health & Safety** with the goal of achieving **“zero recurrences”** and a budget to deploy measures to reach that target

## Summary of the year

### Mid-Term Commitment

- **Agility:**
  - Mid-single digit organic growth in € terms
  - Maintain or slightly expand our operating margins (EBITA / EBIT)
- **Consolidation:**
  - M&A investments: 50 – 150 M€ p.a
- **Transformation:**
  - Increase % of new solutions within our revenue mix
- **Leverage:**
  - Keep Total Net Debt to EBITDA < 2.5x
- **Dividend Policy:**
  - Payout ratio between 50 – 60%

### 2019 Performance

- **Agility:**
  - Organic growth ~12% ✓
  - Inorganic growth ~5% ✓
  - Negative Forex impact ~-(13)% ✗
  - Operational profitability improvement vs. FY 2018 ~150 pb ✓
- **Consolidation:**
  - M&A Investment ~85 M€ ✓
- **Transformation:**
  - New Products represented **16.2% over sales** in 2019 (11.8% in FY 2018) ✓
- **Leverage:**
  - Leverage ratio: **1.6x** (IAS 16 included) ✓
- **Dividend Policy:**
  - Payout ratio: **50%** ✓



# RESULTS PRESENTATION

Q&A



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CONTACT INFORMATION:

**Pablo de la Morena**

Investor Relations Director

**Tel: +34 91 589 59 13**

[pablo.delamorena@prosegur.com](mailto:pablo.delamorena@prosegur.com)