



Letter from the **Chairman**

As I do every year, I would like to welcome you to this Annual Report, which provides an overview of what was a truly challenging year for Prosegur. The company faced some complex dynamics, in a year buffeted by sharp currency devaluation in Latin America and Argentina being declared a hyper-inflationary economy.

Looking beyond the business impact had by these externalities, I am extremely proud to present in this report a set of results that demonstrates solid growth in local currency terms. This is unquestionably a direct consequence of outstanding management by our teams in each market.

Furthermore, we have made further progress in our inorganic development strategy, helping us to expand the company's exposure to major markets, including the United States in the Security business, Turkey in the Alarms business, and the Philippines and Central America in the Cash business.

As a result, Prosegur's international footprint now encompasses 25 markets, making us one of the Spanish businesses with the largest international reach. Operating in new markets always poses a challenge for any organisation. In our case, it is a truly enriching experience. And one that has allowed us to mature as a group, as well as enhance our value proposal in the private security market.

This year, three factors are worth highlighting due to their particular significance for the company. The first of these factors is our customers. For all of us at Prosegur, the trust of our customers is what propels us to improve each and every day, achieving the goals that we have set for ourselves and drive further progress to remain at the cutting edge of our industry.

The second important aspect is our people. We have a genuine vocation to develop the talent at the company. We are implementing a number of plans for several groups within the organisation, based on the conviction that Prosegur represents an outstanding platform on which to build a fulfilling professional career.

The third is propelling our transformation plans. We take a holistic approach to this process, the scope of which encompasses the entire group. We do this with a conviction that we stand at an exciting time in history. Prosegur has enormous opportunities before it. We are tackling these with acuity, seeking to shape proposals that create value for our business and consequently for our customers, employees and shareholders.

Via a number of initiatives in which the company is currently engaged, technology will no longer simply represent an instrument. Instead it will stand as an intrinsic component of our operations. Furthermore, we cannot overlook the fact that the stakeholders with which we engage are currently implementing similar processes. The-

refore, for a company such as Prosegur, which intends to remain an industry leader, making progress in this area is imperative.

Much of the focus within this transformation process is placed on people. We are working to provide our personnel with the tools and methodologies required for a successful transition. We have launched a major training programme to prepare our teams, such as in the use of agile methodologies.

We have also developed a shared innovation ecosystem for the group as a whole, as well as opening the company to partnership with talent from outside of the organisation. This is unquestionably an exciting process, and one that we are

“ As a result of our transformation process, technology will go from representing an instrument to standing as an intrinsic component of our operations ”

addressing as a group. Nonetheless, the business units are also driving their own progress and identifying specific development vectors.

For Prosegur Security, the year was shaped by efforts to drive the Integra initiative. This represents a unique means of understanding our customers' security, with consultancy work being of real significance. As a result, we develop specific security plans tailored to each situation. Over the course of the year we implemented emblematic projects in markets as diverse as Singapore, Spain and Brazil.

Furthermore, our acquisition of the cybersecurity company Cipher saw us drive progress in our integrated security solutions proposal, thus safeguarding both the physical and digital assets of organisations.

However, we do not want to stop here. We are already developing predictive systems that har-

ness big data and artificial intelligence. The intention is to use data systems to enhance our response capacity and even predict events that might have a bearing on the security of our customers.

As for Prosegur Alarms, the unit has continued to grow at far faster rates than the industry, comfortably exceeding half a million connections. We are focusing development on more profitable growth and generating greater value from our portfolio. To this end, we are generating predictive behaviour models to help identify those clients that create the greatest value. Within this field, we are launching initiatives such as client scoring and predictive churn models.

We have also doubled the number of users of our Prosegur Smart application, which has been furnished with additional features. Other aspects worth pointing out include the launch of pilot programmes for connected homes in the mar-

kets of Spain, Portugal and Uruguay. The aim of said initiative is to establish ourselves as the security ecosystem hub for homes and businesses, taking an integrated approach that encompasses aspects as diverse as cybersecurity and fire protection.

Prosegur Cash has made further progress in its strategy of agility, consolidation and transformation. The company continues to play a leading role in international industry consolidation, investing approximately EUR 100 million in inorganic growth during 2018. Other standout aspects from the year include the growth in new products. This has seen Prosegur Cash make money more efficient and more available. Ultimately, this helps to provide users with a choice of how to pay for their purchases.

Finally, as I do every year, allow me to outline some of the standout initiatives run by the Prosegur Foundation during 2018. In line with the

“ In 2018, the number of Prosegur Volunteers expanded by more than 60 percent to 2,871 ”

company strategy, we have worked on shaping a new focus for our educational projects. Our aim is to provide emerging generations with the tools they will need to thrive in a constantly changing world.

One of the more exciting projects run in 2018 saw us sow the seeds of innovation at 10 schools involved in the Piecitos Colorados programme. With the support of 85 mentors and Fundación Créeate, over 500 students developed original ideas to address problems that they face on a day-to-day basis. The project culminated with four students from the Alfred Nobel school in Uruguay presenting their idea at the children's edition of

the South Summit event, the largest innovation and entrepreneurship event in southern Europe.

This year I would like to express my sincere gratitude to the 2,871 Prosegur Volunteers who partnered on some of the 266 events that we organised. This is a very significant number, representing 60 percent growth compared to the previous year, thus demonstrating the Prosegur's team genuine engagement with the Foundation's programmes.

As you can see, the company is currently engaged in numerous initiatives. All of them are exciting and to some degree challenging. However,

the energy of the teams that are driving the initiatives mean that I look to this group's future with great optimism. I'm sure that after reading this report you will share this view.

For yet another year, thank you very much for your confidence.

Helena Revoredo
Chairman