



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

QUARTERLY INTERIM FINANCIAL INFORMATION
Interim statement for the third quarter of 2016



PROSEGUR



RESULTS FOR THE PERIOD FROM JANUARY TO SEPTEMBER 2016

Millions of EUR

CONSOLIDATED INCOME STATEMENT	2015	2016	% Var.
Revenues	2,942.5	2,843.6	-3.4%
EBITDA	325.7	310.4	-4.7%
<i>Margin</i>	<i>11.1%</i>	<i>10.9%</i>	
Amortisation of property, plant and equipment and software applications	(70.1)	(66.5)	-5.1%
Amortisation of other intangible assets	(24.9)	(18.5)	-25.6%
Goodwill impairment	(2.7)	-	-100.0%
EBIT	227.9	225.4	-1.1%
<i>Margin</i>	<i>7.7%</i>	<i>7.9%</i>	
Financial results	(29.2)	(36.5)	25.2%
EBT	198.7	188.9	-5.0%
<i>Margin</i>	<i>6.8%</i>	<i>6.6%</i>	
Tax	(72.4)	(95.8)	32.4%
Net profit	126.4	93.1	-26.4%
Minority interests	(0.6)	(0.0)	
Consolidated net profit	127.0	93.1	-26.7%
<i>Margin</i>	<i>4.3%</i>	<i>3.3%</i>	
Basic earnings per share (EUR per share)	0.2	0.2	-26.7%

PERFORMANCE IN THE PERIOD

- Turnover has decreased 3.4% with regards to 2015, with 12.7% attributed to pure organic growth, 0.3% to inorganic growth, and a negative impact of 16.4% due to the effect of exchange rate fluctuations.
- EBIT has decreased 1.1% in relation to 2015, currently standing at EUR 225.4 million, with a revenues margin of 7.9%. Excluding extraordinary costs associated mainly with company restructuring, EBIT is up 1.3% in relation to 2015, currently standing at EUR 230.9 million, with a revenues margin of 8.1%.
- The consolidated net profit has risen to EUR 93.1 million, down 26.7% in relation to 2015.



INTERIM STATEMENT (JANUARY – SEPTEMBER 2016)

(In millions of EUR)

1. BUSINESS PERFORMANCE

The performance of the most relevant items in the consolidated income statement for the period from January to September in 2016 and 2015 is explained below:

a) Revenues

In the period from January to September 2016, Prosegur earned revenues of EUR 2,843.6 million, compared with EUR 2,942.5 million in the same period in 2015, representing a decrease of 3.4%. Of the total decrease, 12.7% corresponds to pure organic growth and 0.3% to inorganic growth following the acquisitions made in 2016, while the effect of exchange rate fluctuations led to a decrease of 16.4%

The following key aspects related to the Prosegur's consolidation perimeter impact on the variation in the revenues figure, specifically as regards inorganic growth:

- In Spain, the company MIV Gestión S.A. was included in the consolidation perimeter in February 2016. The turnover reported in the period from February to September 2016 was EUR 1.8 million.
- In South Africa, the company Beagle Watch Armed Response Proprietary Limited was included in the consolidation perimeter in February 2016. The turnover reported in the period from February to September 2016 was EUR 2.2 million.
- In Portugal, the company Dognaedis Lda was included in the consolidation perimeter in April 2016. The turnover reported in the period from April to September 2016 was EUR 0.2 million.
- In Colombia, the company Procesos Técnicos de Seguridad y Valores S.A.S. was included in the consolidation perimeter in May 2016. The turnover reported in the period from May to September 2016 was EUR 3.5 million.



The following table provides a breakdown of Prosegur's revenues by geographical area and business line:

Millions of EUR									
Revenues	Europe-ROW			LatAm			Total Prosegur		
	2015	2016	% Var.	2015	2016	% Var.	2015	2016	% Var.
Integrated Security Solutions	702.3	737.6	5.0%	776.4	705.0	-9.2%	1,478.6	1,442.6	-2.4%
<i>% of total</i>	<i>59.5%</i>	<i>59.8%</i>		<i>44.0%</i>	<i>43.8%</i>		<i>50.3%</i>	<i>50.7%</i>	
CIT*	397.1	407.1	2.5%	910.7	836.7	-8.1%	1,307.8	1,243.8	-4.9%
<i>% of total</i>	<i>33.7%</i>	<i>33.0%</i>		<i>51.7%</i>	<i>52.0%</i>		<i>44.4%</i>	<i>43.7%</i>	
Alarms	80.3	88.9	10.6%	75.7	68.3	-9.8%	156.1	157.2	0.7%
<i>% of total</i>	<i>6.8%</i>	<i>7.2%</i>		<i>4.3%</i>	<i>4.2%</i>		<i>5.3%</i>	<i>5.5%</i>	
Total revenues	1,179.8	1,233.6	4.6%	1,762.8	1,610.0	-8.7%	2,942.5	2,843.6	-3.4%

(*) Includes the activity of Courier from Chile with a turnover of EUR 11.6 million for the period from January to September 2016

In relation to the geographical distribution of revenues, the Europe-ROW region earned EUR 1,233.6 million, up 4.6% on the previous year. Revenues in the LatAm region decreased 8.7% to EUR 1,610.0 million. In this region, the effect of the exchange rate meant a decrease of 27.2% in sales, which was partially increased by organic growth.

In relation to the breakdown of revenues by business line, in the period from January to September 2016 Integrated Security Solutions earned EUR 1,442.6 million, representing a decrease of 2.4% in the same period last year. Cash in Transit (CIT) revenues decreased 4.9% to EUR 1,243.8 million and Alarms revenues were EUR 157.2 million, up 0.7%.

The next table shows revenue growth by country, including the effects of the changes in the consolidation perimeter and the impact of the exchange rate fluctuations:

Millions of EUR						
Revenues	Total Prosegur			Organic	Inorganic	Exchange rate
	3Q 2015	3Q 2016	% Var.	% Var.	% Var.	% Var.
Spain	655.4	693.38	5.8%	5.5%	0.3%	0.0%
France	157.7	164.79	4.5%	4.5%	0.0%	0.0%
Portugal	108.4	110.08	1.5%	1.3%	0.2%	0.0%
Germany	155.8	162.37	4.2%	4.2%	0.0%	0.0%
ROW (1)	102.5	102.98	0.5%	0.6%	2.1%	-2.3%
Argentina Area (2)	723.5	633.73	-12.4%	37.9%	0.0%	-50.3%
Brazil	684.5	628.28	-8.2%	3.4%	0.0%	-11.7%
Chile	111.1	112.33	1.1%	7.8%	0.0%	-6.7%
Colombia	81.9	80.37	-1.8%	10.7%	4.2%	-16.8%
Peru	129.7	128.88	-0.7%	6.7%	0.0%	-7.4%
Mexico	32.1	26.40	-17.7%	-3.3%	0.0%	-14.5%
Total revenues	2,942.5	2,843.6	-3.4%	12.7%	0.3%	-16.4%

(1) Includes Singapore, China, Australia and South Africa.

(2) Includes Argentina, Uruguay and Paraguay.



b) Earnings before interest and tax

Earnings before interest and tax (EBIT) for the period from January to September 2016 was EUR 225.4 million, compared with EUR 227.9 million in the same period in 2015, representing a decrease of 1.1%. The EBIT margin for the period from January to September 2016 was 7.9%, and the margin for the previous year was 7.7%.

The performance of EBIT by geographical area is summarised in the table below:

Millions of EUR												
EBIT	Europe-ROW			LatAm			Non-allocated costs			Total Prosegur		
	2015	2016	% Var.	2015	2016	% Var.	2015	2016	% Var.	2015	2016	% Var.
Revenues	1,179.8	1,233.6	4.6%	1,762.8	1,610.0	-8.7%	0.0	0.0	0.0%	2,942.5	2,843.6	-3.4%
EBIT	45.6	48.5	6.4%	182.4	182.4	0.0%	0.0	-5.5	-	227.9	225.4	-1.1%
Margin	3.9%	3.9%		10.3%	11.3%		0.0%	-		7.7%	7.9%	

EBIT in the Europe-ROW region for the period from January to September 2016 was EUR 48.5 million, compared with EUR 45.6 million in the same period in 2015, representing an increase of 6.4%. This increase is fundamentally derived from the optimisation of the customer portfolio over recent years in addition to the consolidation of the German market.

The EBIT in the LatAm region has maintained constant respect the same period in 2015 arising to EUR 182.4 million in both periods. The organic increase was partially reduced by the devaluation of some currencies, mainly the Argentine peso. It is worth highlighting the improvement obtained in Colombia as a consequence of optimising the customer portfolio in recent years and the increase in sales of new products with greater profitability. There was a negative impact also compensated by the organic increase related to the customer portfolio optimisation process this year in both Brazil and Argentina.

The non-allocated costs are mainly associated with company restructuring. Excluding these costs, EBIT is up 1.3% in relation to 2015, currently standing at EUR 230.9 million, with a sales margin of 8.1%.

c) Financial results

Prosegur's net financial expenses in the period from January to September 2016 were EUR 36.5 million, compared with EUR 29.2 million in the same period in 2015, which represents an increase of EUR 7.3 million. The main variations in financial expenses are as follows:

- Net financial expenses for interest in the period from January to September 2016 were EUR 30.7 million, compared with EUR 30.2 million in the same period in 2015, which represents an increase of EUR 0.5 million.



- Net financial expenses from exchange fluctuations were EUR 5.8 million in the period from January to September 2016, while net financial income due to differences in the exchange rate were EUR 7.6 million in 2015, representing a decrease of EUR 13.5 million.
- In addition, in the period from January to September 2015, mainly losses were recorded due to impairment of financial investments to the sum of EUR 6.6 million.

Net profit

The consolidated net profit in the period from January to September 2016 was EUR 93.1 million, compared with EUR 127.0 million in the same period in 2015, representing a decrease of 26.7%. In the period from January to September, extraordinary costs were mainly incurred as the result of company restructuring. The consolidated net profit in the period from January to September 2016, excluding these costs, amounts to EUR 126.8 million, compared with EUR 127.0 million in the same period in 2015, and represents a decrease of 0.2%.

The effective tax rate increased to 50.7% in the period from January to September 2016 in comparison with 36.4% for the same period in 2015. The reason for this increase was the extraordinary taxation costs assumed by the company as a consequence of the company restructuring plan. The effective tax rate, excluding extraordinary costs, for the year amounts to 34.8%. Taxation costs associated with the company restructuring amount to EUR 28.2 million at 30 September 2016.

2. SIGNIFICANT FACTS AND OPERATIONS

Significant facts

Through its subsidiary Prosegur Servicios de Efectivo España, S.L., Prosegur purchased, on 8 January 2016, 100% of the company MIV Gestión S.A., located in Spain. This transaction involves a minimum investment for Prosegur of EUR 1.1 million. Its activity is international transport of valuable and vulnerable goods.

On 29 January 2016, through its subsidiary Singpai Alarms Pte Ltd, Prosegur incorporated a Joint Venture in India for the activity of alarms, under the name SIS Prosegur Alarm Monitoring and Response Services Pte Ltd.



On 28 January 2016, Prosegur acquired, in South Africa, 57% of the company Beagle Watch Armed Response Proprietary Limited, a company that specialises in monitoring residential alarms. The total purchase price was ZAR 42,251 thousand (equivalent on the acquisition date to: EUR 2,415 thousand), comprising a cash payment of ZAR 37,697 thousand (equivalent on the acquisition date to: EUR 2,155 thousand), and a deferred amount to secure possible liabilities amounting to ZAR 4,554 thousand (equivalent on the acquisition date to: EUR 260 thousand). In addition, Prosegur has increased its shareholding in Beagle Watch Armed Response Proprietary Limited by 18% by subscribing to a capital increase by a total amount of ZAR 53,369 thousand (equivalent on the acquisition date to: EUR 3,051 thousand), achieving a 75% shareholding in the same. The subscription to these shares is pending payment in its entirety. Prosegur might not pay for the shares and the capital increase, in this case, will be void.

Prosegur completed, on 25 February 2016, the subscription of shares representing 33.33% of the share capital of the South African company SBV Services Proprietary Limited, becoming the largest shareholder. The remaining capital belongs to ABSA Bank Limited, FirstRand Bank Limited, Nedbank Limited and The Standard Bank of South Africa Limited.

SBV Services Proprietary Limited operates in the cash in transit and cash management sector. It has been implemented nationally in South Africa and has a presence in Nigeria, Namibia and Lesoto; all of this through its 44 branches, with a fleet of more than 740 armoured vehicles and a staff of more than 6,400 employees. SBV Services Proprietary Limited had total sales of ZAR 2,300 million (EUR 134.8 million) in 2015.

This transaction means an expenditure of ZAR 320 million (EUR 18.8 million) for Prosegur at the transaction date.

Likewise, and with the aim of partially financing this acquisition, Prosegur has taken out a loan with an international bank over 4 years with bullet amortisation, amounting to ZAR 272 million (EUR 15.9 million).

On 14 March 2016, Prosegur acquired, in Portugal, 100% of the company Dognaedis Lda S.A., a company that specialises in cybersecurity services. The total purchase price was EUR 1,511 thousand, made up of a cash payment of EUR 60 thousand and a contingent deferred payment for a total of EUR 1,451 thousand.

On 29 April 2016, Prosegur acquired 100% of the company Procesos Técnicos de Seguridad y Valores S.A.S., a company specialising in cash management services performing tasks of processing, packaging and recycling notes and coins in Colombia. The total purchase price was COP 512,000 thousand (equivalent on the acquisition date to: EUR 156 thousand), comprising a cash payment of COP 512,000 thousand (equivalent on the acquisition date to: EUR 156 thousand).



3. CONSOLIDATED FINANCIAL INFORMATION

The consolidated financial information has been prepared in line with International Financial Reporting Standards (IFRS) in force at 30 September 2016. These accounting principles were applied in both 2016 and 2015.



Millions of EUR

CONSOLIDATED BALANCE SHEET	31/12/2015	30/09/2016
Non-current assets	1,481.4	1,552.7
Property, plant and equipment	467.1	508.4
Goodwill	494.2	514.6
Intangible assets	246.0	244.3
Investment property	83.7	68.8
Investment in associated companies	18.3	36.6
Non-current financial assets	8.3	6.3
Other non-current assets	163.9	173.6
Current assets	1,293.6	1,436.0
Inventory	69.7	87.4
Debtors	906.3	1,054.3
Other current assets	0.4	0.4
Cash and other financial assets	317.2	293.8
ASSETS	2,775.1	2,988.7
Equity	699.6	734.3
Share capital	37.0	37.0
Treasury shares	(53.5)	(53.3)
Accumulated earnings and other reserves	716.1	750.6
Non-current liabilities	913.0	1,020.2
Debts with credit institutions and other financial liabilities	617.9	692.7
Other non-current liabilities	295.1	327.4
Current liabilities	1,162.4	1,234.2
Debts with credit institutions and other financial liabilities	337.7	337.5
Trade and other payables	783.5	833.8
Other current liabilities	41.2	62.9
EQUITY AND LIABILITIES	2,775.1	2,988.7



The main variations in the balances of the consolidated balance sheet at 30 September 2016 compared with year end 2015 are summarised below:

a) Property, plant and equipment

Investments in property, plant and equipment during the period from January to September 2016 amounted to EUR 100.2 million.

b) Goodwill

No impairment losses have been recognised on goodwill in the period from January to September 2016.

c) Investments in associates

Investment in associated companies, during the period from January to September 2016, has increased mainly as a consequence of the combination of SBV Services Proprietary Limited businesses.

d) Equity

The variations in equity during the period from January to September 2016 are explained mainly by the net profit for the period and the performance of the reserve for cumulative exchange differences.

e) Net debt

Prosegur calculates net debt as the total debt with credit institutions (current and non-current), minus cash and cash equivalents, and minus other current financial assets.

The net debt at 30 September 2016 was EUR 705.9 million, representing an increase of EUR 90.2 million on the figure at 31 December 2015 (EUR 615.7 million).

At 30 September 2016, the annualised total net debt to EBITDA ratio was 1.5 (excluding extraordinary cost 1.4) and the total net debt to own funds ratio was 0.8.

At 30 September 2016 the liabilities arising from debts with credit institutions mainly corresponded to:

- Issue of individual bonds for the sum of EUR 506 million (including interest).
- Syndicated loan agreement signed in 2014 for the sum of EUR 128.4 million.



- 4-year loan with bullet amortisation for the sum of ZAR 272 million (EUR 16.3 million) for financing part of the acquisition of SBV Services Proprietary Limited

The total net cash flow for the period from January to September 2016 is shown below:

Millions of EUR	
CONSOLIDATED CASH FLOW	30/09/2016
EBITDA	310
Adjustments to profit	45
Income tax	(88)
Variation in net working capital	(89)
Interest payments	(25)
OPERATING CASH FLOW	153
Acquisition of property, plant and equipment	(100)
Payments acquisitions of subsidiaries	(59)
Payment of dividends	(49)
Restructuring taxes and other	(19)
CASH FLOW FROM INVESTMENT / FINANCING	(227)
TOTAL NET CASH FLOW	(74)
INITIAL NET DEBT (31/12/2015)	(616)
Net (decrease)/increase of cash	(74)
Impact of exchange differences	(16)
FINAL NET DEBT (30/09/2016)	(706)