



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

**QUARTERLY INTERIM FINANCIAL INFORMATION**  
Interim statement for the third quarter of 2017

(Translation from the original in Spanish. In the event of discrepancy, the Spanish language version prevails)



**RESULTS FOR THE PERIOD FROM JANUARY TO SEPTEMBER 2017**

Millions of euros

<b>CONSOLIDATED INCOME STATEMENT</b>	<b>2016</b>	<b>2017</b>	<b>% Var.</b>
<b>Sales</b>	<b>2,843.6</b>	<b>3,184.3</b>	<b>12.0%</b>
<b>EBITDA</b>	<b>310.4</b>	<b>371.0</b>	<b>19.5%</b>
<i>Margin</i>	10.9%	11.7%	
Depreciation of property, plant and equipment	(66.5)	(77.0)	<b>15.8%</b>
Amortisation intangible assets	(18.5)	(18.7)	<b>1.1%</b>
<b>EBIT</b>	<b>225.4</b>	<b>275.3</b>	<b>22.1%</b>
<i>Margin</i>	7.9%	8.7%	
Financial results	(36.5)	(31.3)	<b>-14.3%</b>
<b>EBT</b>	<b>188.9</b>	<b>244.0</b>	<b>29.2%</b>
<i>Margin</i>	6.6%	7.7%	
Tax	(95.8)	(98.9)	<b>3.2%</b>
<b>Net profit</b>	<b>93.1</b>	<b>145.1</b>	<b>55.9%</b>
Minority interests	(0.0)	34.0	
<b>Consolidated net profit</b>	<b>93.1</b>	<b>111.1</b>	<b>19.3%</b>
<i>Margin</i>	3.3%	3.5%	
<b>Basic earnings per share (euros per share)</b>	<b>0.2</b>	<b>0.2</b>	<b>19.3%</b>

**PERFORMANCE IN THE PERIOD**

- ☉ Turnover has grown 12.0% in 2016, with 11.1% attributed to pure organic growth, 0.3% to inorganic growth, and a positive impact of 0.6% due to the effect of exchange rate fluctuations.
- ☉ EBIT is up 22.1% in relation to 2016, currently standing at EUR 275.3 million, with a sales margin of 8.7%.
- ☉ The consolidated net profit has risen to EUR 111.1 million, up 19.3% in relation to 2016.



- The corporate restructuring plan implemented over the course of the past two years has had an impact on EBIT of EUR 3.4 million (EUR 5.5 million in 2016), and on tax of EUR 9.6 million (EUR 28.2 million in 2016). Without both these effects, the income statement for the period between January and September 2017 and the period January to September 2016 would be as follows:

Millions of euros			
<b>CONSOLIDATED INCOME STATEMENT</b>	<b>2016 ADJUSTED</b>	<b>2017 ADJUSTED</b>	<b>% Var.</b>
<b>Sales</b>	<b>2,843.6</b>	<b>3,184.3</b>	<b>12.0%</b>
<b>EBITDA</b>	<b>315.9</b>	<b>374.4</b>	<b>18.5%</b>
<i>Margin</i>	<i>11.1%</i>	<i>11.8%</i>	
Depreciation of property, plant and equipment	(66.5)	(77.0)	<b>15.8%</b>
Amortisation intangible assets	(18.5)	(18.7)	<b>1.1%</b>
<b>EBIT</b>	<b>230.9</b>	<b>278.7</b>	<b>20.7%</b>
<i>Margin</i>	<i>8.1%</i>	<i>8.8%</i>	
Financial results	(36.5)	(31.3)	<b>-14.3%</b>
<b>EBT</b>	<b>194.4</b>	<b>247.4</b>	<b>27.3%</b>
<i>Margin</i>	<i>6.8%</i>	<i>7.8%</i>	
Tax	(67.6)	(89.3)	<b>32.1%</b>
<b>Net profit</b>	<b>126.8</b>	<b>158.1</b>	<b>24.7%</b>
Minority interests	(0.0)	34.0	
<b>Consolidated net profit</b>	<b>126.8</b>	<b>124.1</b>	<b>-2.1%</b>
<i>Margin</i>	<i>4.5%</i>	<i>3.9%</i>	
<b>Basic earnings per share (euros per share)</b>	<b>0.2</b>	<b>0.2</b>	<b>-2.1%</b>



## **INTERIM STATEMENT (JANUARY – SEPTEMBER 2017)**

(In millions of euros)

### **1. BUSINESS PERFORMANCE**

The performance of the most relevant items in the consolidated income statement for the period from January to September in 2017 and 2016 is explained below:

#### **a) Sales**

Prosegur sales in the period January to September 2017 amounted to EUR 3,184.3 million, compared with EUR 2,843.6 million in the same period in 2016, representing an increase of 12.0%. Of the total growth, 11.1% corresponds to pure organic growth and 0.3% to inorganic growth following the acquisitions and sales made in 2016 and 2017, while the effect of exchange rate fluctuations has been an increase of 0.6%.

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

- In South Africa, the company Beagle Watch Armed Response Proprietary Limited was included in the consolidation perimeter in February 2016. The turnover reported in January 2017 was EUR 1.1 million.
- In Portugal, the company Dognaedis Lda was included in the consolidation perimeter in April 2016. The turnover reported in the period from January to March 2017 was EUR 0.1 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 January to April 2017 was EUR 1.9 million.
- In Brazil, the company Prosegur Activa Alarmes, S.A. was sold and was therefore excluded from the consolidation perimeter in August 2016. The turnover reported in the period from January to August 2016 was EUR 1.9 million.
- In Chile, the company Sociedad de Distribución Canje y Mensajería Ltd. was sold and was therefore excluded from the consolidation perimeter in September 2016. The turnover reported in the period from January to September 2016 was EUR 11.4 million.



- In Spain, the company Indiseg Evolium Group S.L. was included in the consolidation perimeter in November 2016. The turnover reported in the period from January to September 2017 was EUR 1.6 million.
- In Australia, a series of assets acquired from Toll Transport Pty Ltd began to consolidate in November 2016. The turnover reported in the period January to September 2017 was EUR 9.1 million.
- In Australia, the company Cash Services Australia Pty Limited began to consolidate in February 2017. The turnover reported in the period from March to September 2017 was EUR 2.8 million.
- In South Africa, the customer portfolio acquired from the CSS Tactical Proprietary Limited was included in the consolidation perimeter in March 2017. The turnover reported in the period from April to September 2017 was EUR 2.6 million.
- In Spain, the company Grupo Contesta began to consolidate in September 2017. The turnover reported in the period from September 2017 was EUR 1.5 million.

The following table provides a breakdown of Prosegur revenues by business line:

Millions of euros			
Sales	Total Prosegur		
	2016	2017	% Var.
<b>Security</b>	<b>1,442.6</b>	<b>1,562.0</b>	<b>8.3%</b>
<i>% of total</i>	<i>50.7%</i>	<i>49.1%</i>	
<b>Cash (*)</b>	<b>1,243.8</b>	<b>1,436.1</b>	<b>15.5%</b>
<i>% of total</i>	<i>43.8%</i>	<i>45.1%</i>	
<b>Alarms</b>	<b>157.2</b>	<b>186.2</b>	<b>18.5%</b>
<i>% of total</i>	<i>5.5%</i>	<i>5.8%</i>	
<b>Total revenues</b>	<b>2,843.6</b>	<b>3,184.3</b>	<b>12.0%</b>

(\*) Includes the activity of Courier from Chile with a turnover of EUR 11.4 million for the period from January to September 2016

In relation to the breakdown of revenues by business line, in the period January to September 2017, Security sales earned EUR 1,562.0 million, representing an increase of 8.3% on the same period last year. Cash revenues grew 15.5% to EUR 1,436.1 million. Alarms revenues were EUR 186.2 million, up 18.5%.



**b) Earnings before interest and tax**

Earnings before interest and tax (EBIT) for the period January to September 2017 were EUR 275.3 million, compared with EUR 225.4 million in the same period in 2016, representing an increase of 22.1%. The EBIT margin for the period January to September 2017 was 8.7%, while the margin for the previous year was 7.9%.

Without the effect of corporate restructuring, the EBIT margin for the period January to September 2017 was 8.8%, while the margin for the previous year was 8.1%. This growth was mainly down to the increase in sales of new integrated products offering higher margins, as well as improving profit margins in certain geographical locations, mainly LatAm.

**c) Financial results**

Prosegur's net financial expenses in the period January to September 2017 were EUR 31.3 million, compared with EUR 36.5 million in the same period in 2016, which represents a decrease of EUR 5.2 million. The main variations in financial expenses are as follows:

- Net financial expenses due to interest in the period January to September 2017 were EUR 35.6 million, compared with EUR 30.7 million in 2016. This represents an increase of EUR 4.9 million, which can be attributed in large part to interest on the loan taken out in December 2016 for EUR 600 million and the early repayment of the previous syndicated loan.
- Net financial revenue from exchange fluctuations was EUR 4.3 million in the period from January to September 2017, while net financial expenses due to differences in the exchange rate were EUR 5.8 million in 2016, representing a decrease of EUR 10.1 million.

**Net profit**

The consolidated net profit in the period January to September 2017 was EUR 111.1 million, compared with EUR 93.1 million in the same period in 2016, representing an increase of 19.3%.

The effective tax rate was 40.5% in the third quarter of 2017, compared to 50.7% in the third quarter of 2016; the foregoing represents a decrease of 10.2 percentage points, attributable to the higher impact in 2016 of the corporate restructuring process that the company embarked upon two years ago. The total cost recognised for this item in the third quarter of 2017 came to EUR 9.6 million (EUR 28.2 million). If we isolate these effects, the effective tax rate was 36.1% in the third quarter of 2017, compared with 34.8% in the third quarter of 2016.



## **2. SIGNIFICANT FACTS AND OPERATIONS**

### **Significant facts**

On 13 January 2017, the company filed a contentious-administrative appeal before the National Court, asking for the ruling of the National Markets and Competition Commission (CNMC) to be overturned and seeking also temporary suspension of payment of the penalty imposed on the company. On 9 June 2017, Prosegur provided a guarantee to the National Court by means of a bank guarantee for EUR 39.4 million. No final judgement is expected to be handed down this year.

On 10 February 2017, the company arranged two immediately available syndicated credit facilities, both at a term of five years and subject to a limit of 300 million euros and 200 million euros, respectively. As of 30 September 2017, no amount had been utilised under either facility.

On 17 February 2017, Prosegur acquired 100% of the shares in Cash Services Australia Pty Limited in Australia, through its subsidiary Australia Prosegur Holdings Pty Limited. The total purchase price came to AUD 2.4 million, equivalent on the purchase date to EUR 1.7 million.

On 22 March 2017, the company purchased a customer portfolio from CSS Tactical Proprietary Limited in South Africa through its subsidiary, Beagle Watch Armed Response Proprietary Limited. The total purchase price came to ZAR 65.9 million, equivalent on the purchase date to EUR 4.6 million.

On 17 March 2017, Prosegur floated 25% of the shares in its subsidiary, Prosegur Cash, S.A., at a price of 2 euros per share on the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges; they are traded through the Spanish Stock Exchange Interconnection System (Mercado Continuo) (SIBE).

On 7 April 2017, the stock market floatation greenshoe period came to an end, having managed to place a further 2.5% with investors, thus bringing the total floatation to 27.5% of the shares of Prosegur Cash, S.A. As a result, Prosegur Compañía de Seguridad, S.A. now controls 72.5% of the shares of the Prosegur Cash Group.

On 28 April 2017, Prosegur Cash arranged a three-year syndicated financing facility through its subsidiary Prosegur Australia Investments Pty, for a sum of 70 million Australian dollars.

On 14 September 2017, 100% of the Contesta Group was acquired in Spain through its subsidiary Prosegur Avos España, S.L. (previously named Prosegur BPO España, S.L.U.).



### **3. CONSOLIDATED FINANCIAL INFORMATION**

The consolidated financial information has been prepared in line with International Financial Reporting Standards (IFRS-EU) in force as of 30 September 2017. These accounting principles were applied in both 2017 and 2016.





Millions of euros

<b>CONSOLIDATED BALANCE SHEET</b>	<b>31/12/2016</b>	<b>30/09/2017</b>
<b>Non-current assets</b>	<b>1,568.3</b>	<b>1,529.9</b>
Property, plant and equipment	558.0	573.3
Goodwill	528.4	537.3
Intangible assets	256.7	225.7
Investments in associates	30.0	27.1
Non-current financial assets	9.6	12.7
Other non-current assets	185.6	153.8
<b>Current assets</b>	<b>2,066.2</b>	<b>2,542.8</b>
Inventory	86.7	101.7
Debtors	1,090.2	1,152.1
Non-current assets held for sale	64.7	56.9
Cash and other financial assets	824.6	1,232.1
<b>ASSETS</b>	<b>3,634.5</b>	<b>4,072.7</b>
<b>Equity</b>	<b>751.1</b>	<b>1,514.3</b>
Share capital	37.0	37.0
Treasury stock	(53.3)	(53.1)
Accumulated earnings and other reserves	766.8	1,435.8
External Partners	0.6	94.6
<b>Non-current liabilities</b>	<b>1,570.4</b>	<b>1,039.7</b>
Debts with credit institutions and other financial liabilities	1,223.6	718.3
Other non-current liabilities	346.8	321.4
<b>Current liabilities</b>	<b>1,313.0</b>	<b>1,518.7</b>
Debts with credit institutions and other financial liabilities	358.4	609.6
Trade and other payables	914.0	856.3
Other current liabilities	40.6	52.8
<b>EQUITY AND LIABILITIES</b>	<b>3,634.5</b>	<b>4,072.7</b>



The main variations in the balances of the consolidated financial statement as of 30 September 2017 compared with year end 2016 are summarised below:

**a) Property, plant and equipment**

Investments in property, plant and equipment during the period from January to September 2017 amounted to EUR 140.9 million.

**b) Goodwill**

No impairment losses have been recognised on goodwill in the third quarter of 2017.

**c) Equity**

The variations in equity during the period January to September 2017 can be attributed to the stock market floatation of 27.5% of the shares in Prosegur Cash, S.A., the net profit for the period and the performance of the reserve for cumulative exchange differences.

**d) 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 as of 30 September 2017 was EUR 50.9 million, representing a decrease of EUR 661.2 million on the figure as of 31 December 2016 (EUR 712.1 million). The decrease in net debt can be attributed to the increase in cash and other financial assets as a result of the stock market floatation of 27.5% of the shares in Prosegur Cash, S.A.

As of 30 September 2017, the annualised total net debt to EBITDA ratio was 0.10 and the total net debt to equity ratio was 0.03. Ratios have been reduced as a result of the drop in net debt attributable to the increase in cash generated by the stock market floatation.

As of 30 September 2017 the liabilities arising from debts with credit institutions mainly correspond to:

- Issue of individual bonds for the sum of EUR 505 million (including interest).
- Syndicated loan agreement signed in 2016 for the sum of EUR 600 million.



- 4-year loan with bullet amortisation for the sum of ZAR 272 million (EUR 17.8 million) for financing part of the acquisition of SBV Services Proprietary Limited.
- In April 2017, Prosegur arranged a three-year syndicated financing facility through its subsidiary Prosegur Australia Investments PTY Limited, for the sum of 70 million Australian dollars.

The total net cash flow for the period from January to September 2017 is shown below:

Millions of euros	
<b>CONSOLIDATED CASH FLOW</b>	<b>30/09/2017</b>
EBITDA	371.0
Corporate restructuring plan	3.4
Allocated EBITDA	374.4
Adjustments to profit	32.5
Income tax	(105.8)
Variation in net working capital	(109.3)
Interest payments	(30.6)
<b>OPERATING CASH FLOW</b>	<b>161.2</b>
Acquisition of property, plant and equipment	(140.9)
Payments acquisitions of subsidiaries	(50.2)
Payment of dividends	(54.6)
Stock Market Floatation 27.5% Cash	825.0
Other payments/receipts	(58.9)
<b>CASH FLOW FROM INVESTMENT / FINANCING</b>	<b>520.4</b>
<b>TOTAL NET CASH FLOW</b>	<b>681.6</b>
<b>INITIAL NET DEBT (31/12/2016)</b>	<b>(712.1)</b>
Net (decrease)/increase of cash	681.6
Impact of exchange differences	(20.4)
<b>FINAL NET DEBT (30/09/2017)</b>	<b>(50.9)</b>