

Results FY 2021



28 / February / 2022

Investor Relations department

MAIN MILESTONES OF THE PERIOD

Launch of the Strategic plan 2021-23

- Growth vision for the next 10 years
- Innovation, New products and Digital transformation as levers for growth
- Profitability improvement in the medium and long term

Innovation

- Two new business lines- AVOS and Cipher
- Accelerated increase in the penetration of new products in CASH
- Creation of new intellectual property solutions in all business lines

New organizational structure

- Creation of Global Managing Director role
- New Managing Director appointment at Prosegur Security

Response to Macro environment

- Post-pandemic recovery with gradual volume improvement
- Taking advantage of the new inflationary environment
- Positive organic growth in all geographies
- Profitability improvement in Cash, Alarms and AVOS
- Security still temporarily affected by negative effects of the pandemic

Sustained Financial Solvency

- Renewal of the BBB Stable Credit Rating by S&P
- Excellent cash generation and costs control
- Efficient currencies management policy

New Sustainability Director Plan

- +60 initiatives integrating ESG criteria in the group's strategy
- Improvement of ESG ratings

Inorganic Expansion & Alliances

- 75 millions EV in M&A in USA, Europe and LatAm
- Strategic alliances with global partners





M&A

RedPagos

Uruguay

- Banking correspondent operator (**CORBAN**) with online transactional platforms
- More than **460** branch offices providing service to close to **one million customers** per month

Solunegocios

Chile

- BPO specialized in **technological solutions** for banking and retail segments

Superior Security

USA

- **Guarding and Technology** services with a strong presence in the **Midwest**
- Specialized in **Air Transportation** sector



Strategic Alliances

EuroNet

- JV for **ATM operation** in LatAm

Santander

- Commercialization of **Cash-Today** solutions

Telefónica

- Commercialization of **Alarms** in Colombia

Santander

- Commercialization of **Alarms** in Spain

Microsoft

- Long term alliance for innovation in **Security and Cybersecurity** activities
- **Cipher** as technological GCR reference partner (Corporate governance, risk and regulatory compliance)

Total EV acquired: 73 millions

Financial Information





RELEVANT INDICATORS FOR THE PERIOD

3,498 €M



REVENUES

- ▲ **5,8% growth** in local currency **due to volume recovery**
- ▲ Strong **organic growth** in **USA** over **16%**
- ▲ Growth in local currency higher than **10%** in **LatAm** and **11%** in **RoW**
- ▲ **High** penetration of **NNPP in Cash**
- ▲ **Excellent Alarms** growth reaching **700+ connections**

223 €M



EBITA

- ▲ **EBITA** margin **6,4%**
- ▲ **Result** mainly **affected** by:
 - ▲ **Commercial investments** in the **US**
 - ▲ **Security unproductivities** caused by **Covid**
 - ▲ **Labor adjustments** in **LATAM**
 - ▲ **Digital Transformation**
- ▲ **Profitability improvement** over previous quarters in all business lines except **Security**

270 €M



CASH FLOW

- ▲ **EBITDA to cash conversion ratio** close to **80%**
- ▲ **Good** generation of **Operating Cash flow** and **Working Capital** management
- ▲ **Continuous improvement** of **DSO**
- ▲ **Infrastructure Capex** contained

1.4 €Bn



LIQUIDITY & BALANCE

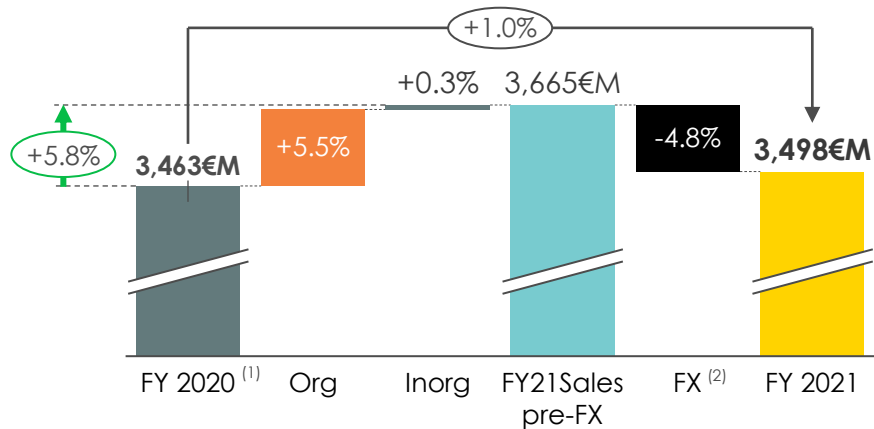
- ▲ **Comfortable liquidity** levels and **firepower**
- ▲ **Excellent** debt maturity profile
- ▲ **Moderate leverage** level
- ▲ **Telefónica dividend**



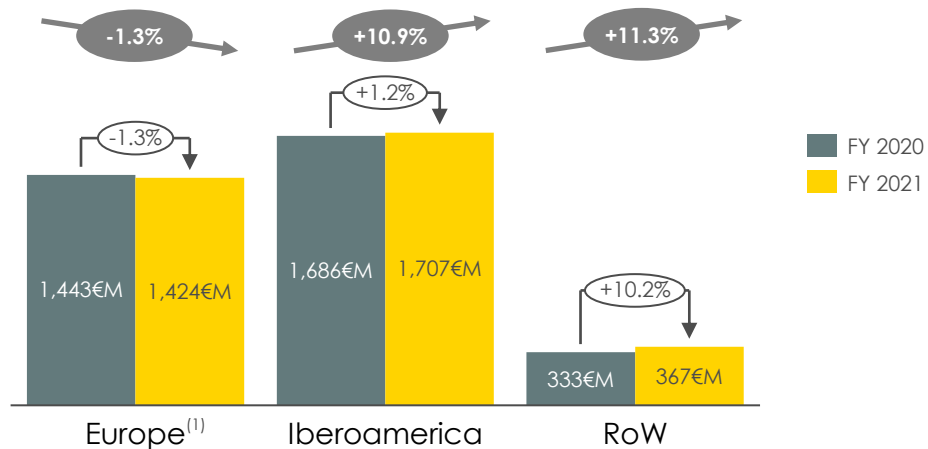
P&L

Total sales per region

REVENUES



REVENUES PER REGION



Consolidated Results

(amounts in € million)

	FY 2020 ⁽³⁾	FY 2021	% Variation
Sales	3,463	3,498	1.0%
EBITDA	409	386	-5.6%
Margin	11.8%	11.0%	
Depreciation	(151)	(163)	7.8%
EBITA	258	223	-13.6%
Margin	7.4%	6.4%	
Amortization of intangibles and impairments	(32)	(31)	-5.4%
EBIT	225	192⁽⁴⁾	-14.7%
Margin	6.5%	5.5%	
Financial result	(53)	(35)	-33.3%
Profit before tax	173	157	-9.1%
Margin	5.0%	4.5%	
Tax	(103)	(95)	-7.9%
Tax rate	59.85%	60.65%	
Net Profit	69	62	-10.9%
Minority Interest	11	3	
Consolidated Net Profit	59	59	0.7%

⁽¹⁾ Excludes France Security sales

⁽²⁾ Includes FX and IFRS 21&29 effects

⁽³⁾ Excluding extraordinary results in the period, mainly resulting from the Exchange of participations between Prosegur and Telefonica, Security France and impairments of Australia

⁽⁴⁾ Excludes impairments of Australia

%

Growth in Local Currency (Includes organic growth and acquisitions)

%

Growth in €

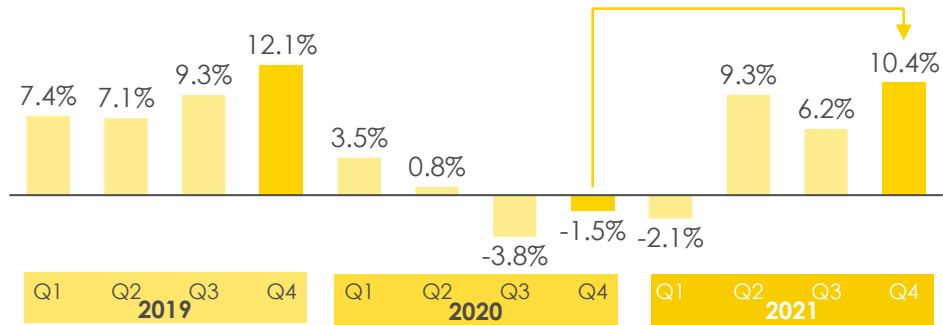


P&L

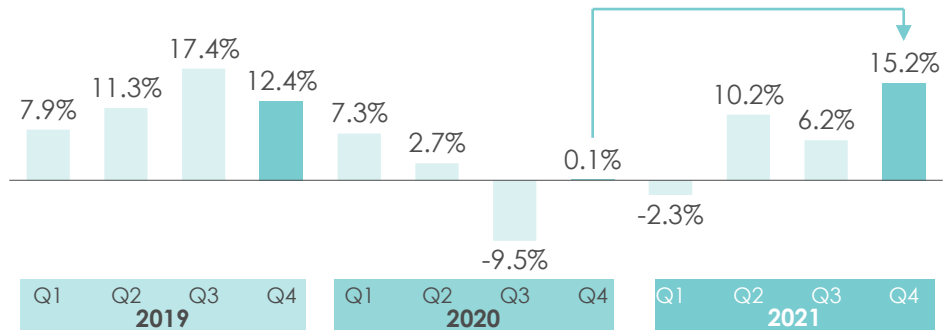
Organic growth by isolated quarters (YoY)



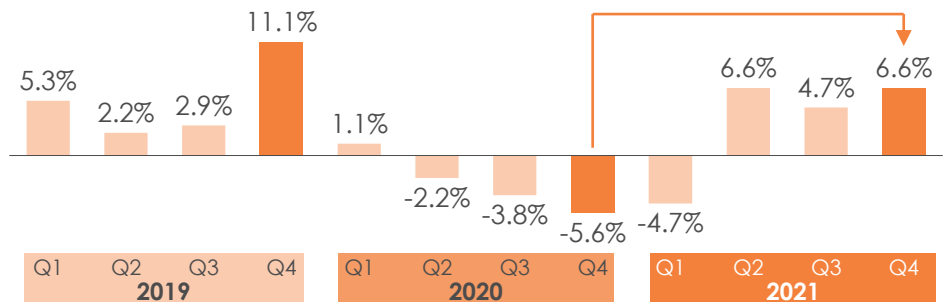
PROSEGUR



PROSEGUR CASH



PROSEGUR SECURITY



Consolidated Results

(amounts in € million)

Sales

EBITDA

Depreciation

EBITA

Amortization of intangibles and impairments

EBIT

Financial result

Profit before tax

Tax

Net Profit

Minority Interest

Consolidated Net Profit

FY 2020⁽¹⁾

FY 2021

% Variation

3,463

3,498

1.0%

409

386

-5.6%

11.8%

11.0%

(151)

(163)

7.8%

258

223

-13.6%

7.4%

6.4%

(32)

(31)

-5.4%

225

192⁽²⁾

-14.7%

6.5%

5.5%

(53)

(35)

-33.3%

173

157

-9.1%

5.0%

4.5%

(103)

(95)

-7.9%

59.85%

60.65%

69

62

-10.9%

11

3

59

59

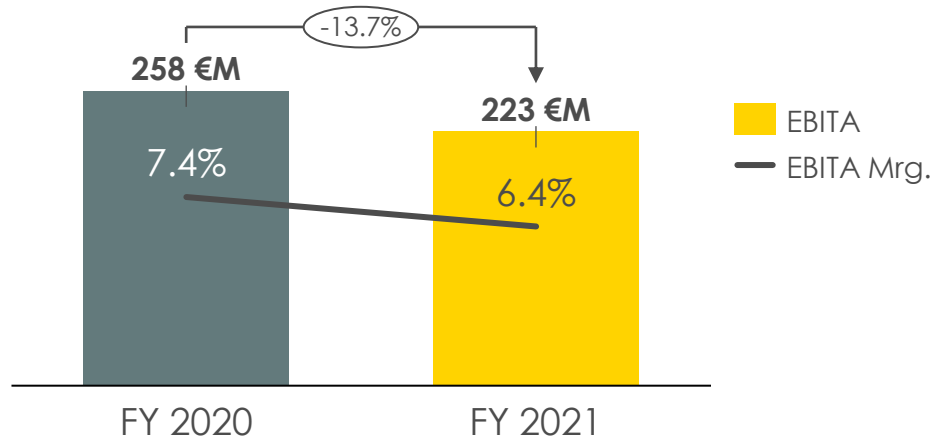
0.7%

⁽¹⁾ Excluding extraordinary results in the period, mainly resulting from the Exchange of participations between Prosegur and Telefonica, Security France and impairments of Australia

⁽²⁾ Excludes impairments of Australia



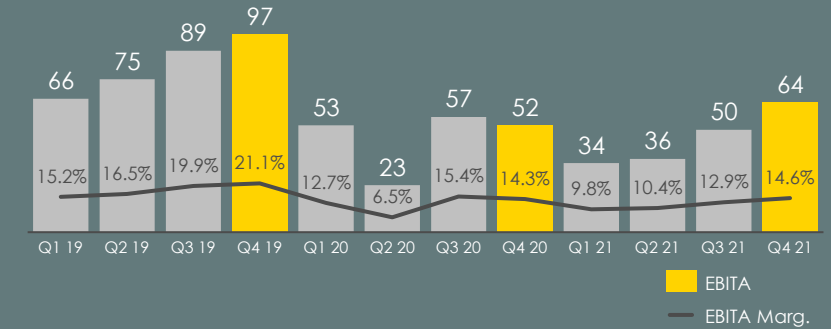
CONSOLIDATED PROFIT



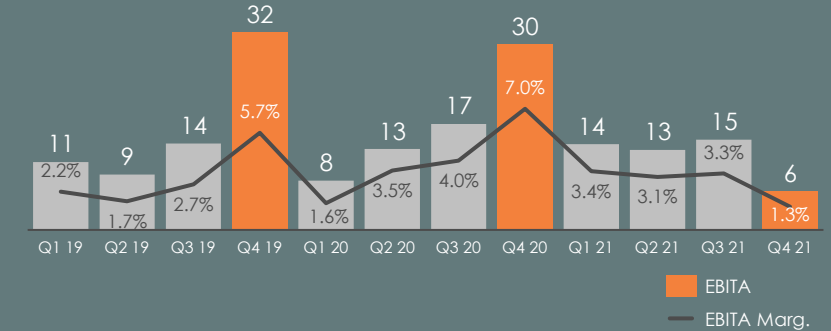
- ▲ Incremental quarterly improvements in **CASH, Alarms and MPA**
- ▲ Global returns affected by **Digital Transformation project reactivation** and temporary impacts in **Security** coming from:
 - ▲ High level of unproductivities in Q4 caused by Omicron
 - ▲ Adjusted extraordinary labour costs in LatAm
 - ▲ Commercial investments in USA
 - ▲ End of “job keeping” programs in USA



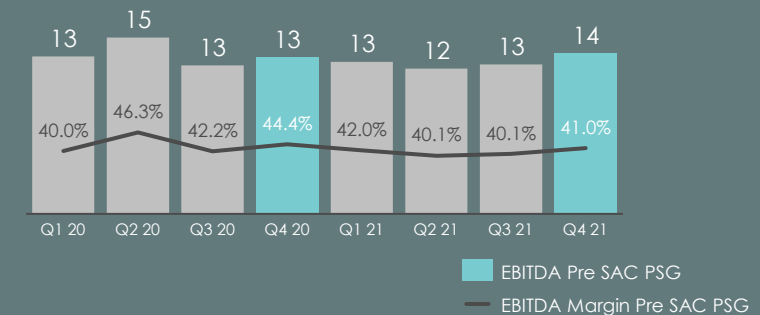
PROSEGUR CASH



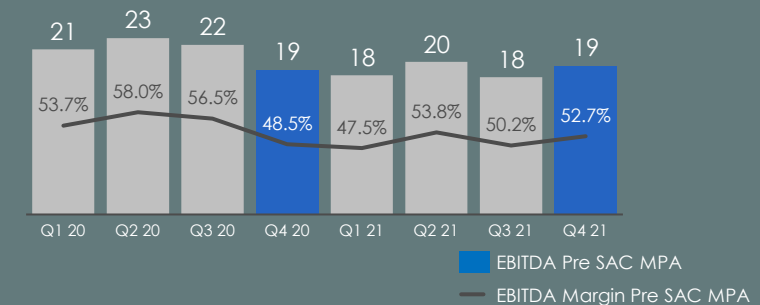
PROSEGUR SECURITY



PROSEGUR ALARMS



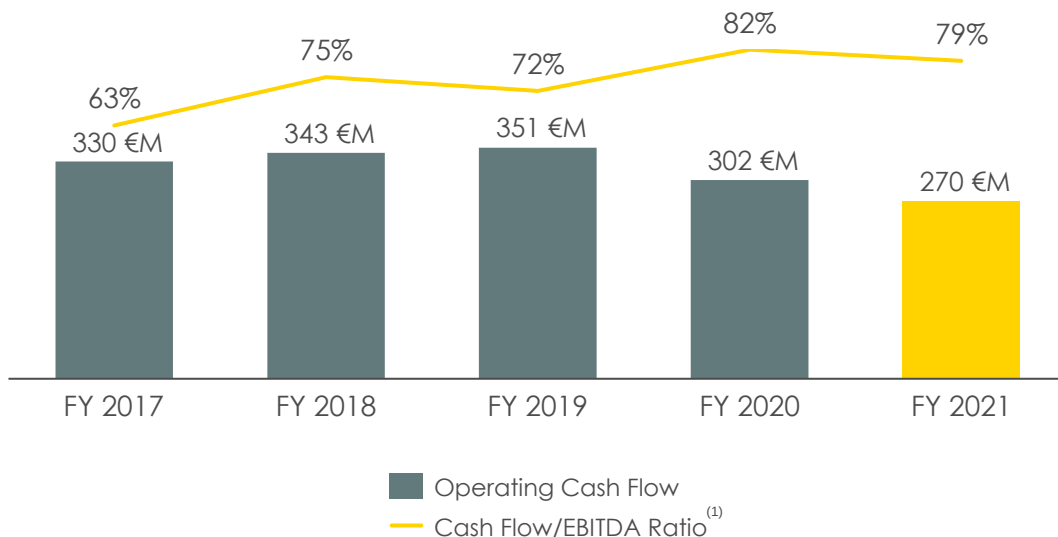
MOVISTAR PROSEGUR ALARMAS





CONSOLIDATED CASH FLOW

Accumulated Operating Cash Flow comparison



- ▲ **Excellent Cash conversion EBITDA ratio**, close to **80%**
- ▲ **Positive quarterly working capital evolution**
- ▲ **DSO optimization at the year end**, consolidating the **positive trend** of 2021 and **improving** compared to the **same period** the **previous year**
- ▲ **Infrastructure Capex under control**, close to **2%** from sales

Amounts €M

	FY 2020 ⁽²⁾	FY 2021
EBITDA	409	386
Provisions and other non-cash items	(33)	(29)
Tax on profit	(99)	(57)
Changes in working capital	47	(14)
Interest payments	(21)	(17)
Operating cash Flow	302	270
Acquisition of property, plant & equipment	(138)	(144)
Payments for acquisitions of subsidiaries	(140)	(85)
Dividend payments	(56)	(81)
Treasury stock & Others	(142)	(32)
Cash Flow from investing / financing	(475)	(342)
Total Net Cash flow	(173)	(73)
Initial net financial debt	(649)	(889)
Net increase / (decrease) in cash	(173)	(73)
Exchange rate	(67)	(24)
Net Financial debt ⁽²⁾	(889)	(987)
Financial Investments ⁽³⁾	161	191
Adjusted Net Financial debt	729	796

⁽¹⁾ IFRS 16 impact normalized

⁽²⁾ Excluding extraordinary results for the year, result from the cross-shareholding between the participation of Prosegur and Telefónica, France security and impairment in Australia

⁽³⁾ Excludes IFRS 16 debt ⁽⁴⁾ Telefonica shares at period closing date market value



FINANCIAL POSITION

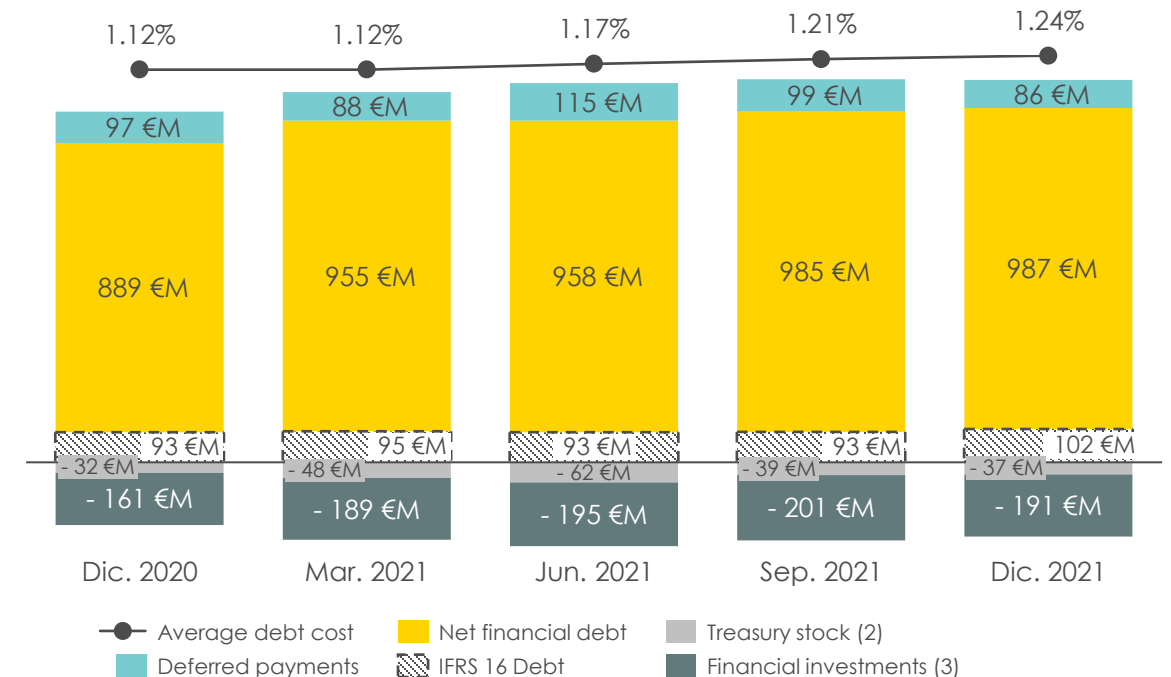
BBB stable

S&P Global
Ratings

- ▶ **Debt containment** in the **quarter**, deriving mainly from good working capital management
- ▶ Moderate **leverage ratio**, following a strict **internal financial discipline**
- ▶ **M&A**: Deferred payments released in the quarter
- ▶ **Rigorous control of financial expenses**, setting the average **cost of corporate debt** at **1.24%**

Net Debt / EBITDA ⁽¹⁾
2.3x

Net Debt / Equity ⁽¹⁾
1.3x

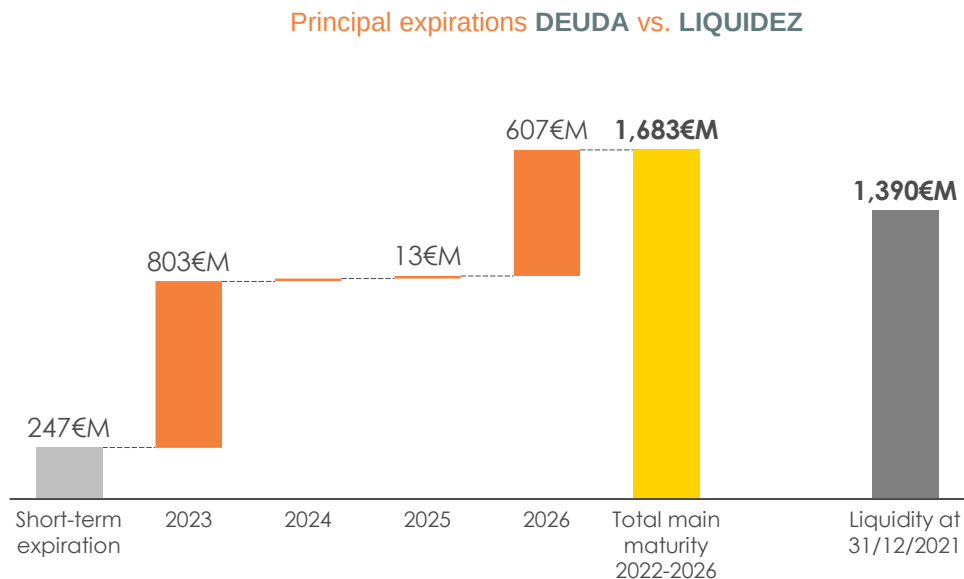


⁽¹⁾ Includes net financial debt, IFRS 16 debt and Financial Investments ⁽²⁾ Treasury stock Prosegur and Prosegur Cash at market price at the end of the period ⁽³⁾ Telefónica shares at market value at the end of the period



BALANCE SHEET

- ▲ **Stable and solid Balance Sheet**
- ▲ The actual liquidity covers more than **80%** of the main **debt maturities** of the next **5 years**.
- ▲ **Excellent long-term debt maturity profile**, close to 85% of **total debt**.
- ▲ **Intangible impact deterioration of Australia**



(1)

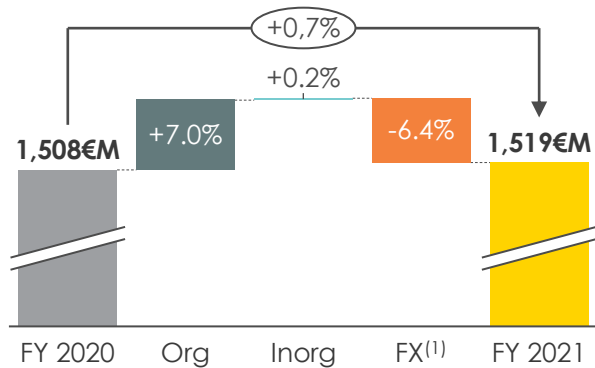
Amounts in €M	FY 2020	FY 2021
Non-current assets	2,169	2,351
Tangible fixed assets and real estate investments	724	765
Intangible assets	886	981
Others	558	606
Currents assets	1,745	1,465
Inventory	47	65
Customer and other receivables	781	814
Cash and equivalents and other financial assets	917	586
TOTAL ASSETS	3,914	3,816
Net equity	718	711
Share capital	33	33
Treasury shares	(15)	(29)
Retained earnings and other reserves	677	689
Minority interest	23	18
Non-current liabilities	1,924	1,809
Bank borrowings and other financial liabilities	1,649	1,505
Other non-current liabilities	274	303
Current liabilities	1,272	1,297
Bank borrowings and other financial liabilities	353	277
Trade payables and other current liabilities	919	1,020
TOTAL NET EQUITY AND LIABILITIES	3,914	3,816

Results by Business





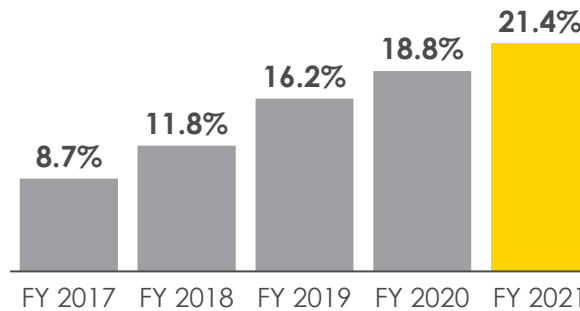
REVENUES



- ▶ **+7,2% positive** local currency growth
- ▶ **Generalized improvement** of organic growth, with all **geographies in positive** in 2021
- ▶ **Inflationary environment** and **positive macro** context for 2022



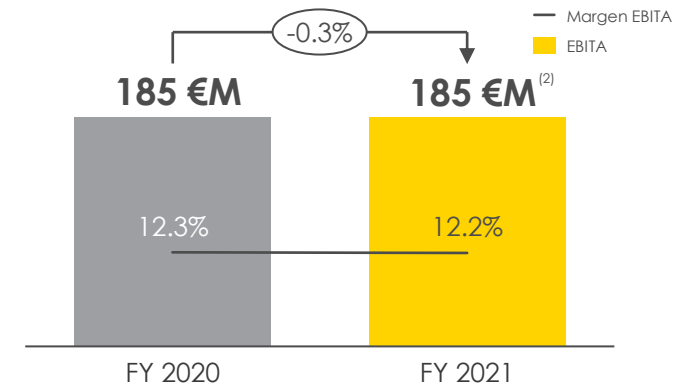
NEW PRODUCTS



- ▶ **15% increase** in New Products penetration (+36% excluding AVOS)
- ▶ **Positive growth dynamics** in all geographies
- ▶ **Good performance** of the principal solutions: **Cash Today** and **Corban +47,9% YoY**



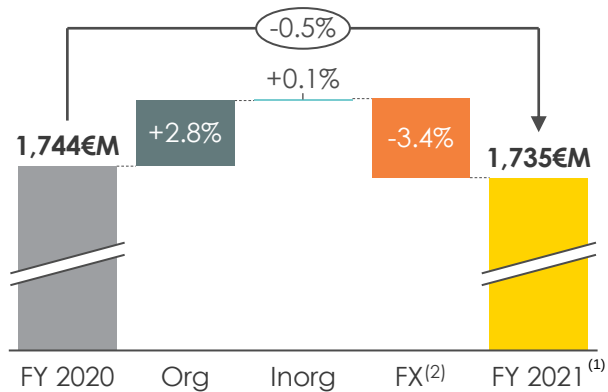
PROFITABILITY



- ▶ **Continuous EBITA improvements** quarter on quarter, showing a **noticeable increase** in 2H
- ▶ **EBITA margin** remains constant despite the absence of government support programs



REVENUES

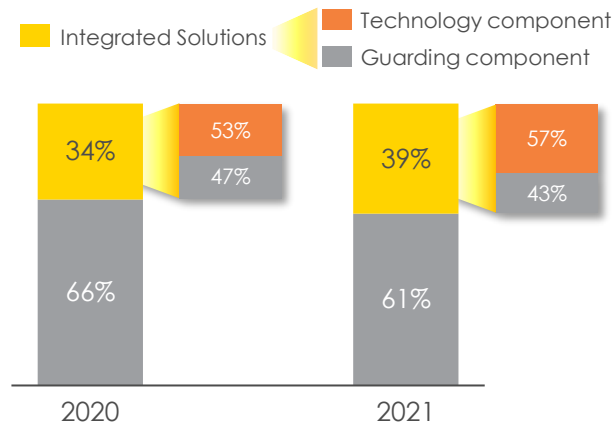


- Positive **organic growth** of **2.8%**
- Strong increase of the organic growth in EEUU (+16%) and Spain**, mainly in the technology part
- General volumes improvement** in the second part of the year



NEW PRODUCTS

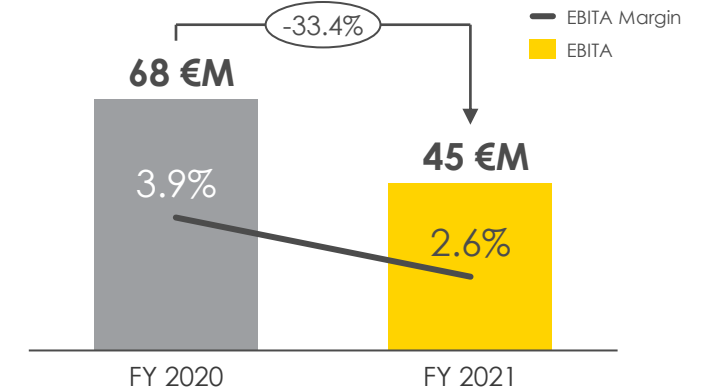
Aperture of **Integrated Solutions** reporting (**Guarding + Technology**) to provide greater visibility of the **growth of technology and Innovation** products within the mix, excluding its traditional guarding component



- Within the **Integrated Solutions**, the weight of **technology products increases**, complementing Traditional guarding. Although slightly affected by the supply chain crisis by the end of the year
- Volume of technology sales** above pre-pandemic averages in **Spain, Argentina, Singapore and EEUU**



PROFITABILITY⁽³⁾



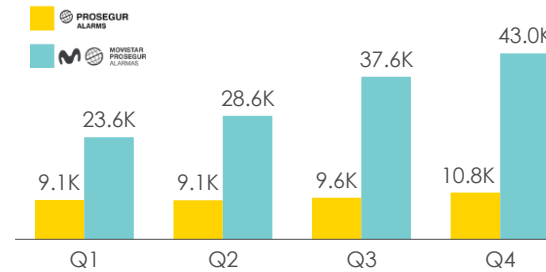
- Margins temporarily affected by:
 - End of **“job keeping”** aid programs
 - Growth in investments and hiring** in USA to increase volumes
 - Temporary increase of unproductivity's** and absenteeism caused by **Omicron** variant in Q4
 - Labor efficiencies** in LatAm



PROSEGUR ALARMS

- ▲ The total Contracts Base grows **more than 16%** and exceeds **700 thousand connections**
- ▲ **SAC improvement in both units**

New Alarm clients per quarter



**PROSEGUR
ALARMS**

- ▲ **Focused** on the development of new **alliances** and **partnerships**
 - ▲ Initiated Commercial alliance with **Telefonica** in **Colombia**

- ▲ Reduction in **Churn (12% vs 14%)**
- ▲ Increase in **ARPU (32€ vs 31€)**

New Products

- Launch of **“Conti GO”** (Personal protection service based on cell phone)
- New **Home Panel** with **artificial intelligence**
- New **“HawkEye”** Intelligent remote surveillance with video analytics (ARPU booster for SMB)



**MOVISTAR
PROSEGUR
ALARMS**

- ▲ **MPA is the company with the highest growth in the Spanish market**, leading the market of new contracts in 2021^(*)
- ▲ **Quarterly increases up to 31%**
- ▲ **+ 66% of increase** since the JV was created in March of 2020
- ▲ **85% of new contracts** come from clients that **didn't had an alarm** in their homes
- ▲ **High acceptance in urban environments**. More than 86% of residential sales come from flats



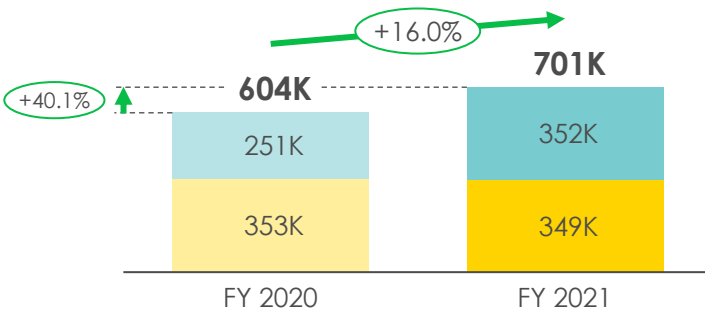
^(*)This leadership is calculated in relative terms, valuing the growth of Movistar PROSEGUR Alarms as one of the first operators in the market with respect to its total number of registrations at the end of the 2020 and 2021 financial years.



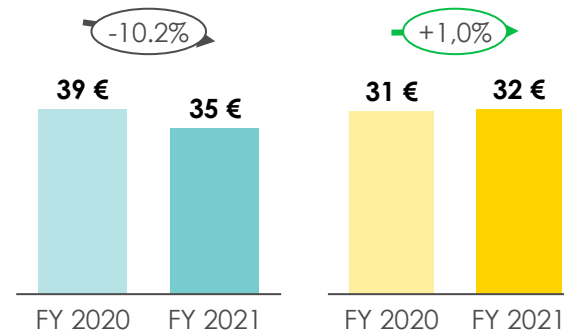
ALARMS MAIN INDICATORS

Business Indicators

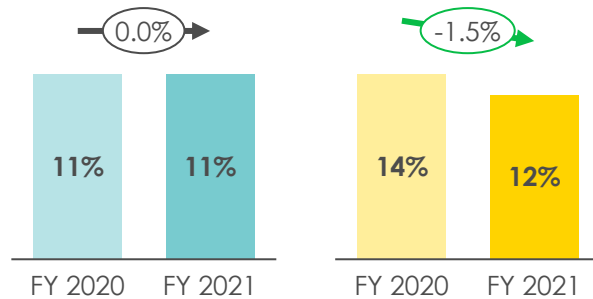
BTC



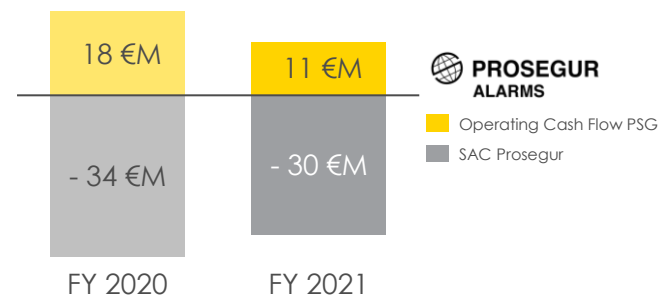
ARPU



Churn Rate

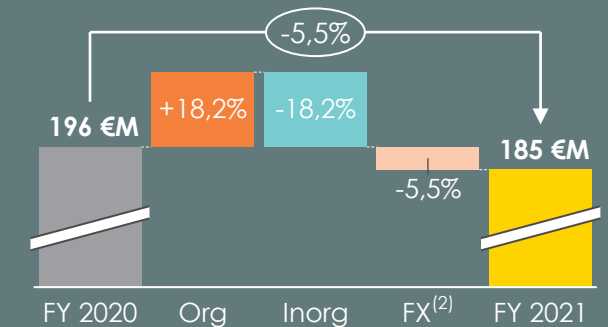


CashFlow⁽³⁾

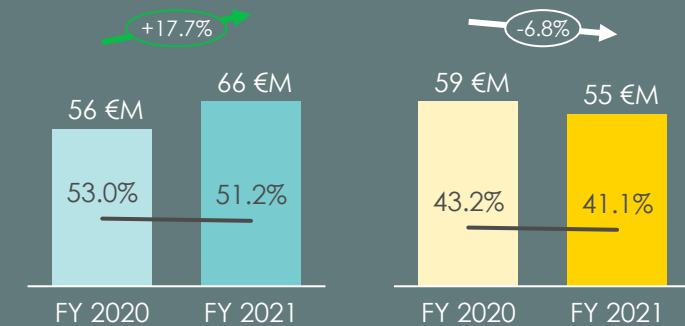


Financial Indicators

Revenues⁽¹⁾



Profitability



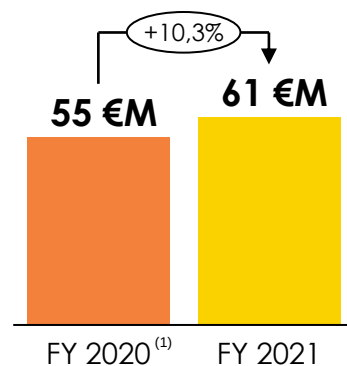
⁽¹⁾ Sales of alarms belonging exclusively to Prosegur. Movistar Prosegur Alarms sales are not included

⁽²⁾ Includes exchange rate effect and IFRS 21 and 29

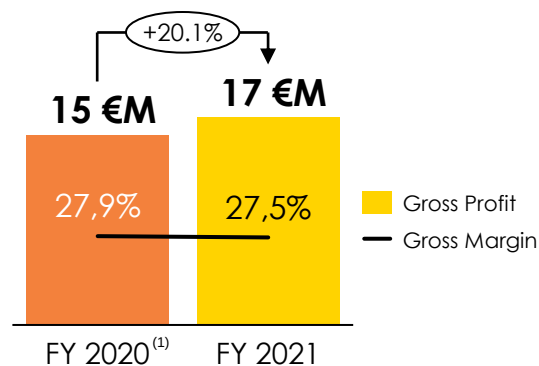
⁽³⁾ Reported operating cashflow excludes incomes obtained by Prosegur Soluciones acting as supplier of Telefónica en 2020 & 2021



REVENUES



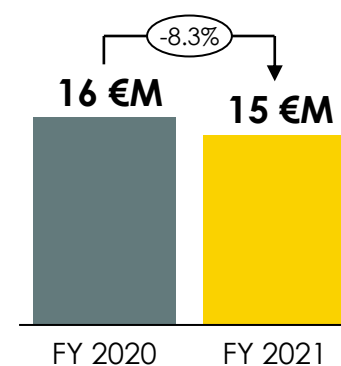
PROFITABILITY



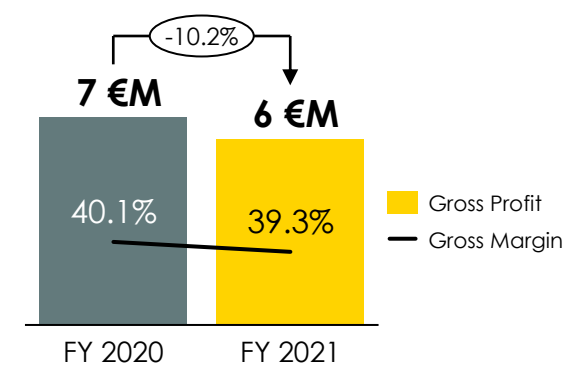
- ▲ **Sales growth** greater than **10%**
- ▲ **Profitability improvement** higher than **20%**
- ▲ **Expansion into Ibero-América** through M&A in Q4
- ▲ **Revenue increment in all product lines** (FrontOffice, BackOffice & Technology) emphasizing on products oriented to **insurance companies and banks**



REVENUES



PROFITABILITY



- ▲ **Strong growth in value-added services** rotating the client portfolio towards recurrent services versus one off projects
- ▲ **Flat organic growth**, reduced only by adverse FX
- ▲ **Strategic partnership with Microsoft** as preferred Partner in the areas of Managed Detection and Response, Cloud and Compliance
- ▲ **Sustained margins** despite the negative effect of the currency and investments in transformation

⁽¹⁾ In 2020 and until March 31, 2021, AVOS belonged to Prosegur CASH. The figures for AVOS as an independent business are 45.1 €M sales and 12 €M gross margin, corresponding to 9M2021.

ESG





Prosegur, a Sustainable Company

Sustainability Governance model at Prosegur

1. Sustainability Governance Structure

- Board-level Sustainability, Corporate Governance, Appointments and Remuneration **Committee**
- Cross-functional** Sustainability Executive Committee
- Global Sustainability Area**

2. Sustainability Policy

- Set of General Principles** and the basis of our sustainable development strategy
- Approved by the Board of Directors** on October 28, 2021

3. Sustainability Master Plan 21-23

- Structured in four main areas of action: **Ethics; Transparency & Governance; Environment; People and Safe Work**
- 63 specific initiatives** with detailed indicators

Leading Partnerships:



Prosegur ESG rating performance 2020-2021



Active and bi-directional communication relation with the main ESG proxys



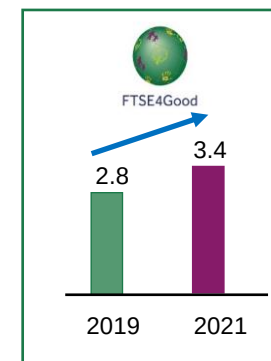
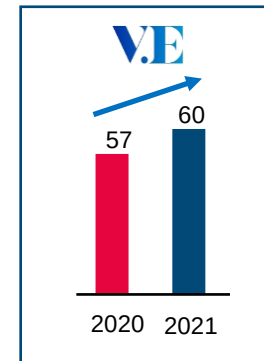
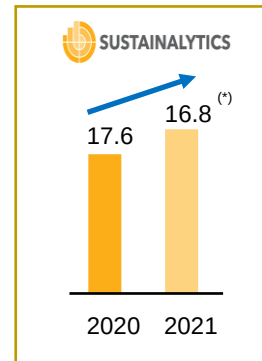
New relations with important ESG ratings



Improvements over 2020 ratings



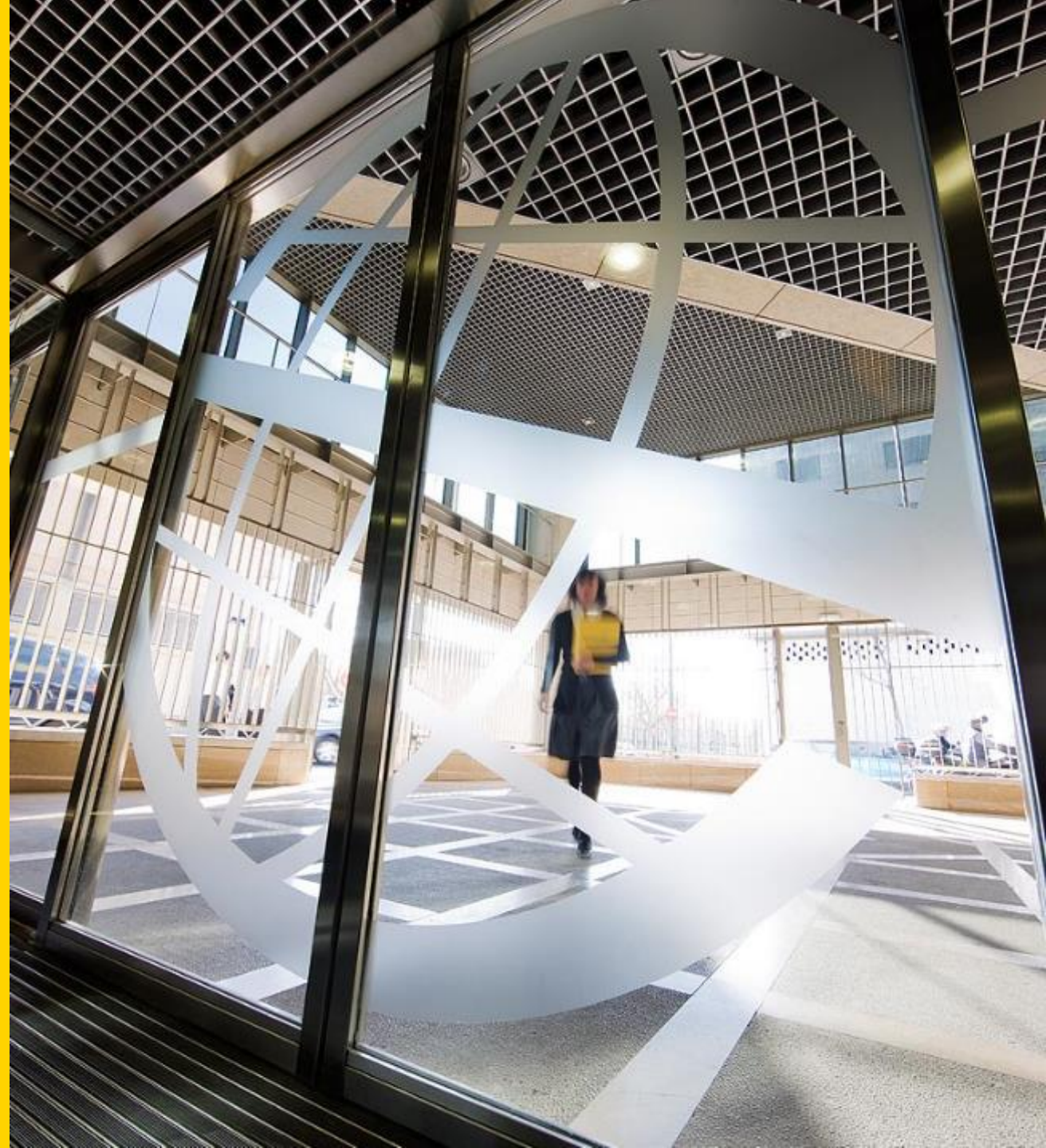
Transparency in response to ESG concerns



Prosegur has obtained the rating of Low-Risk company in addition to the best company in the field of private security

Main ESG ratings award Prosegur with excellent qualifications

Final Remarks





FINAL CONCLUSIONS AND FORECAST



Sustained
improvement
perspectives for
2022

- ▶ **Good volume trend** with a gradual sustainable recovery in all the business lines
- ▶ **Favorable inflationary environment**
- ▶ **Profitable progressive recovery**, despite the temporary Covid effects in security
- ▶ **Alarms will continue** reinforcing **alliances**
- ▶ **Extraordinary value creation in MPA**
- ▶ **Active M&A** in various business lines and geographies
- ▶ **Good Cash flow generation** and positive DSO evolution
- ▶ **Moderate leverage level** and **well managed capex**
- ▶ **ESG commitment** with detailed indicators



Q&A





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