

# **Grupo Prosegur: Earnings Results 9 Months 2006**

**Madrid, 7 November 2006**



**PROSEGUR**

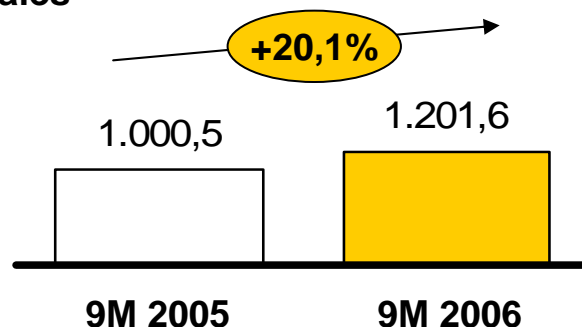
# Executive summary

Euro millions

 Total growth

## Growth

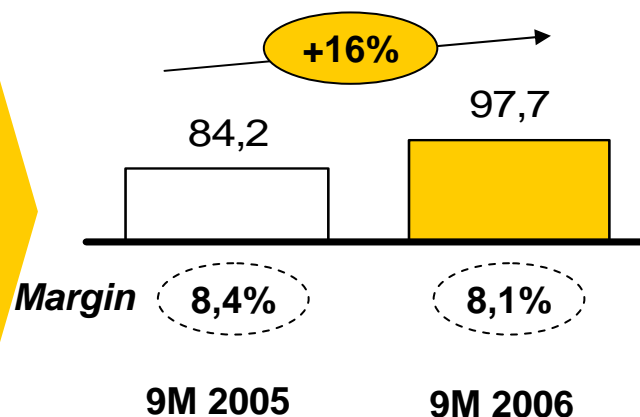
### Sales



- Consolidation of an strong growth trend, at a organic level (+14,2%) plus the positive impact of the acquisitions

## Profitability

### EBITA



- Margins decrease in relation with the first 9 months of 2005, although maintenance of the Group margins improvement trend compared with 2006 previous quarters
- Good performance of the 3Q 2006 margin due to the good evolution of all the markets/ countries in general and particularly due to:
  - Good performance of the business in Brazil
  - Full effect of the price renewing process occurred in previous quarters
  - Positive evolution of the valuables logistic and cash management business areas during July, August and September

# Overview of 9M 2006 Results



| Euro millions                      | Margins        |                |              |              |              |
|------------------------------------|----------------|----------------|--------------|--------------|--------------|
|                                    | 9M 2006        | 9M 2005        | Dif.         | 9M 2006      | 9M 2005      |
| <b>Sales</b>                       | <b>1.201,6</b> | <b>1.000,5</b> | <b>20,1%</b> |              |              |
| <b>EBITDA</b>                      | <b>129,5</b>   | <b>112,5</b>   | <b>15,1%</b> | <b>10,8%</b> | <b>11,2%</b> |
| Depreciation                       | -31,8          | -28,3          |              |              |              |
| <b>EBITA</b>                       | <b>97,7</b>    | <b>84,2</b>    | <b>16,0%</b> | <b>8,1%</b>  | <b>8,4%</b>  |
| Financial costs                    | -8,0           | -10,0          |              |              |              |
| <b>Profit before taxes</b>         | <b>89,7</b>    | <b>74,2</b>    | <b>20,9%</b> | <b>7,5%</b>  | <b>7,4%</b>  |
| Taxes                              | -31,8          | -24,0          |              |              |              |
| <b>Profit from continuing ops.</b> | <b>57,9</b>    | <b>50,2</b>    | <b>15,5%</b> | <b>4,8%</b>  | <b>5,0%</b>  |
| Results from discontinued ops.     | 0,0            | 2,4            |              |              |              |
| <b>Net profit</b>                  | <b>57,9</b>    | <b>52,6</b>    | <b>10,2%</b> | <b>4,8%</b>  | <b>5,3%</b>  |
| Minority Interest                  | 0,4            | -0,1           |              |              |              |
| <b>Net Consolidated Profit</b>     | <b>58,3</b>    | <b>52,5</b>    | <b>11,1%</b> | <b>4,8%</b>  | <b>5,2%</b>  |

# The main keys of the period 9M 2006: consolidation of strong growth and a margins improvement trend



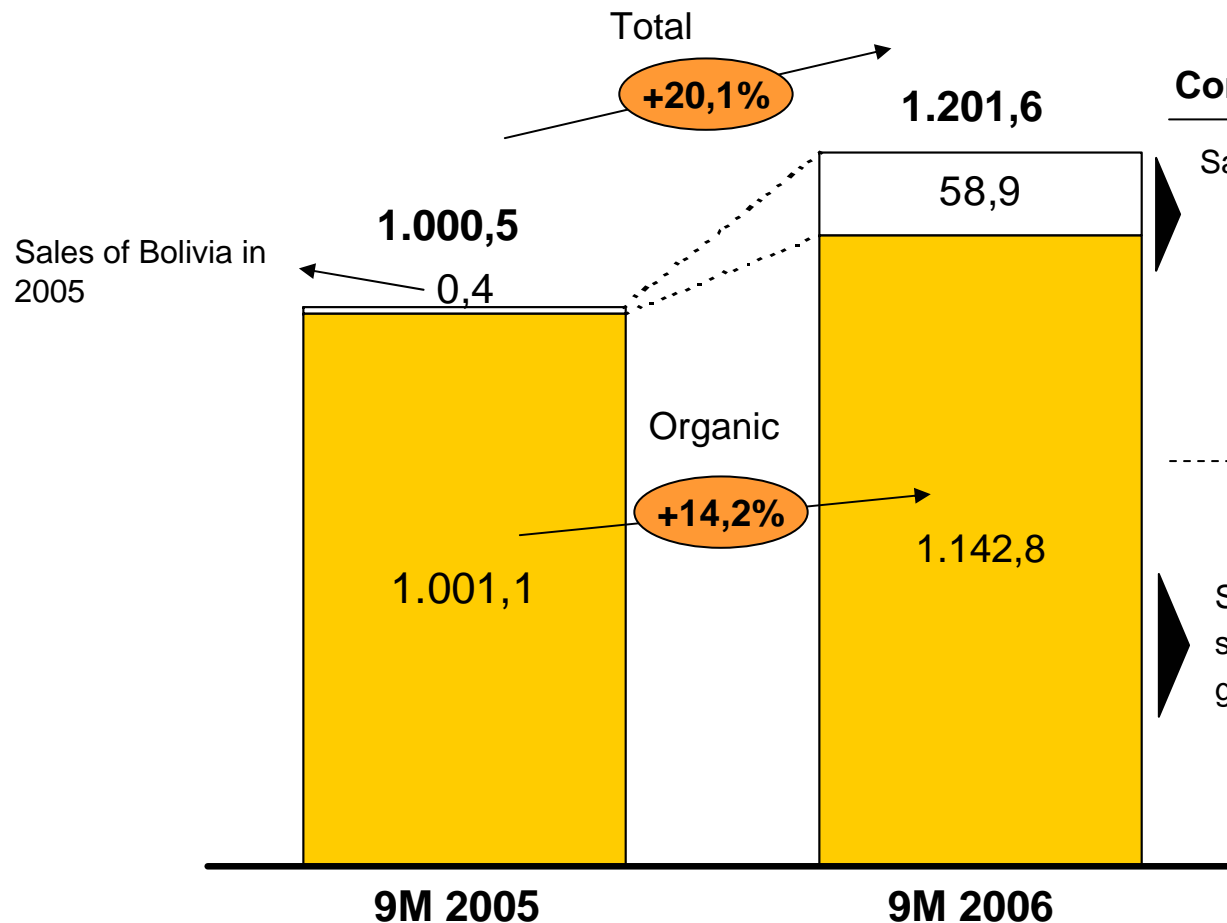
- The Group has ended the 9M 2006 with a total revenues of 1.201,6 million of euros, what implies a total increase of 20,1%. This increase is due to both the solid organic growth (+14,2%) and the positive impact of the acquisitions
- By division, Corporate Security has seen strong sales growth of 20,7%, of which almost 15% is due to organic growth. Residential Business Security has grown by 10,4% (all organic)
- By region, Europe has increased its sales by 13,3%, due to acquisitions in Spain, the high organic growth of all the countries in the area and the incorporation of the Romania in the first semester (Romanian sales in 9M 2006 reached €9,4 million). Latin America has also registered an strong sales growth of 36,7%, derived mainly from acquisitions in Brazil, the organic growth of all the countries and the positive impact of the exchange rates in Brasil, Chile and Perú
- Both the EBITDA and the EBITA have shown significant growth in absolute terms. Although the margins have been deteriorated with reference to the first nine months of 2005, the margins improvement trend has continued. In this sense, the EBITA margin was 7,5% in 1Q 2006 and 7,8% in 2Q 2006, but in the third quarter of 2006 the EBITA margin reached 9,0% (9,2% without considering the start up costs of the new markets, Mexico and Romania)
- Good performance of the 3Q 2006 margin due to the good evolution of all markets/ countries in general and particularly due to the good performance of the business in Brazil, the full effect of the price reviews occurred in previous quarters and the positive evolution of the valuables logistic and cash management business areas during July, August and September
- The consolidated net profit of the group in 9M 2006 has increased by 11,1% reaching a figure of €58,3 million. The total Capex in the period was €38,6 million and the net banking debt reached the level of €228 million

# Overview of growth in sales



Euro millions

## Sales



## Comments

Sales of:

- CESS& ECS: Jan. and Feb. 2006
- Nordés: from Jan. to April 2006
- Transpev: from Jan. to April 2006
- Preserve: from Jan. to March 2006
- Romania: first 9M 2006

Strong organic growth, improving significantly against 9M 2005 organic growth: +9,4%

# Corporate security services and Residential security services

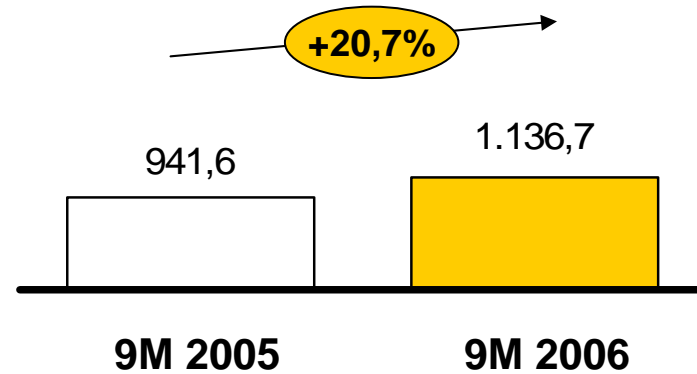


Euro millions

Total growth

Corporate security services

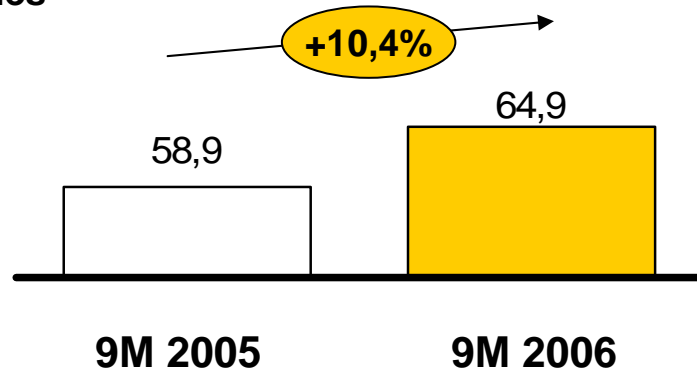
Sales



- High growth, due both to acquisitions and organic growth (+14,5%). In the same period of 2005, the organic growth was +9,5%

Residential security services

Sales

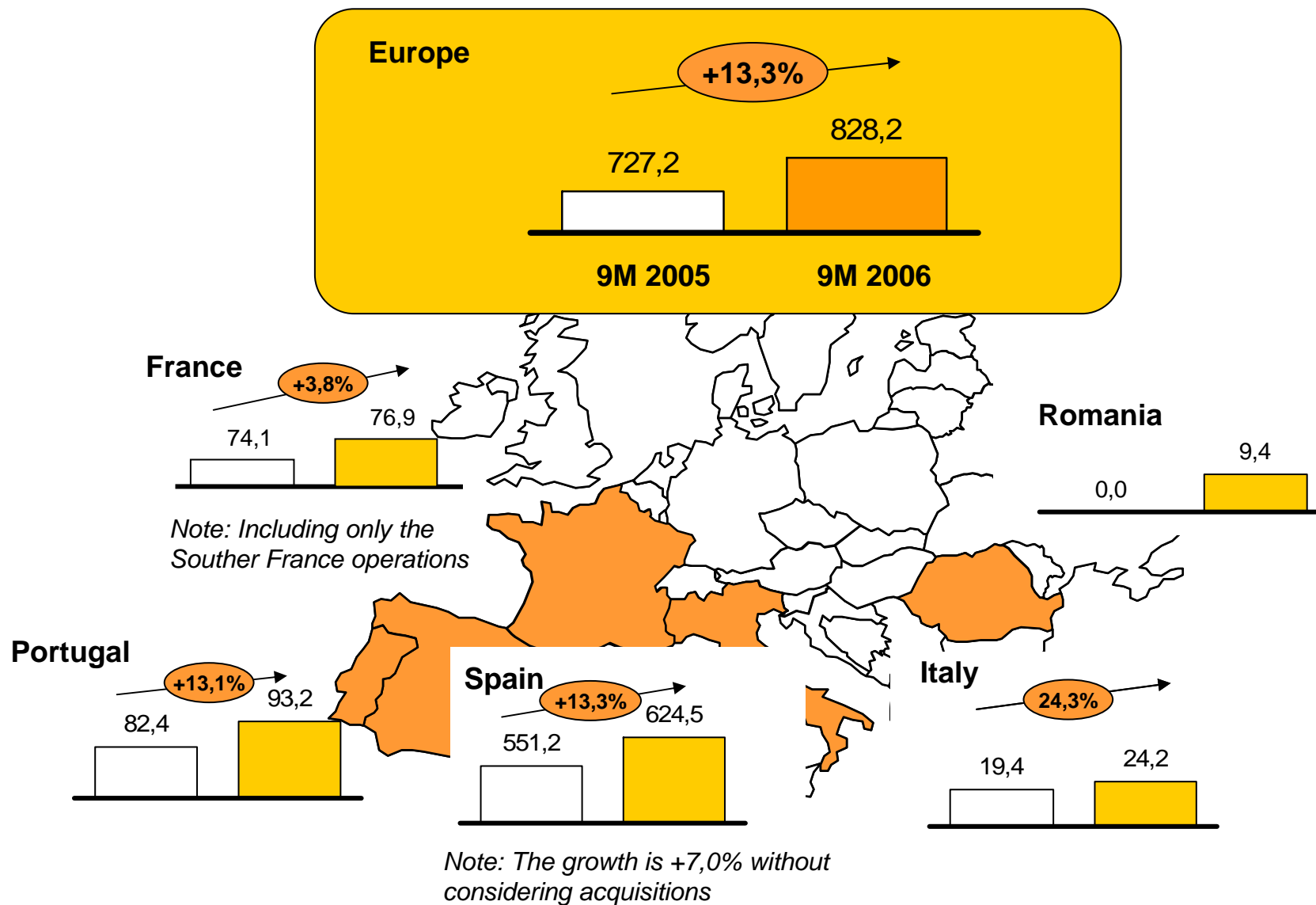


- High growth, all organic. In the same period of 2005, the organic growth was +7,1%

# Overview of Europe results

Total sales. Euro millions

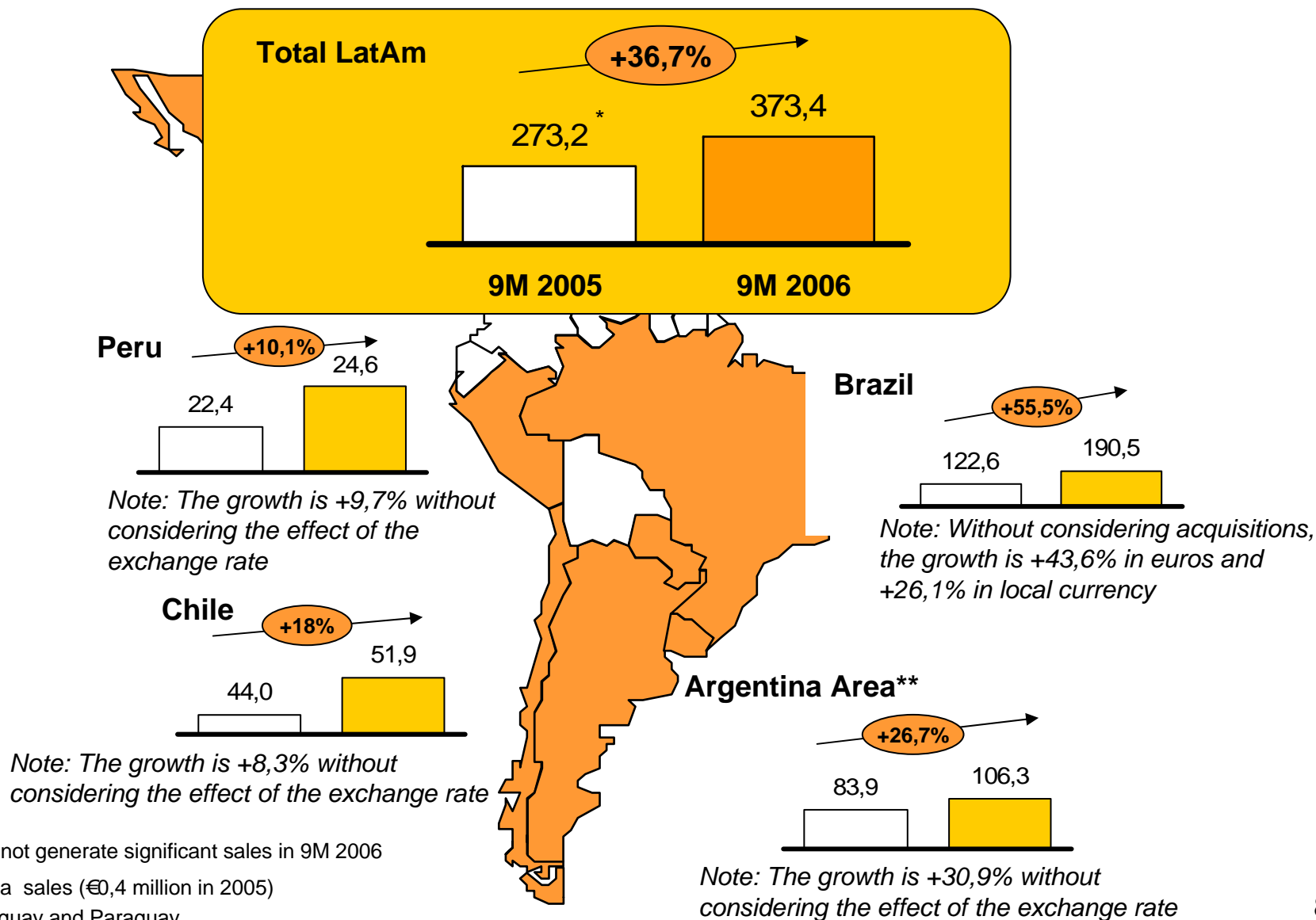
 Total Growth



# Overview of Latinoamerica results

Total sales. Euro millions

 Total Growth



Note: Mexico did not generate significant sales in 9M 2006

\* Including Bolivia sales (€0,4 million in 2005)

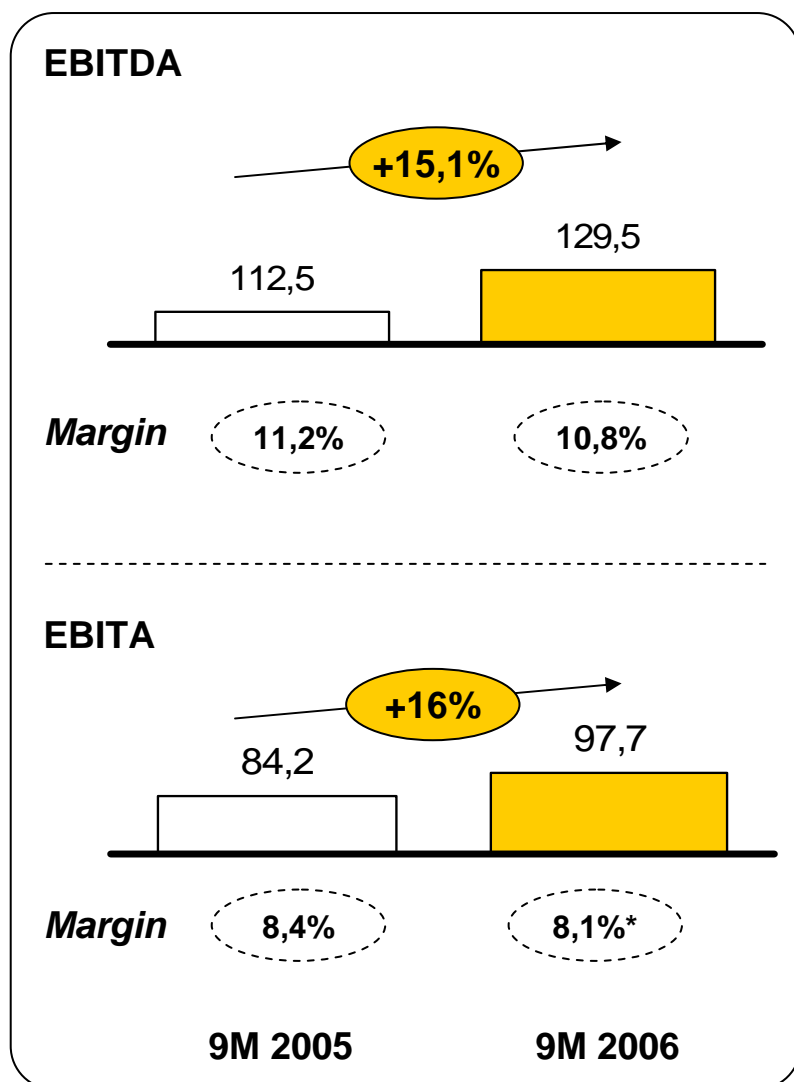
\*\* Argentina, Uruguay and Paraguay



# Overview of business margins

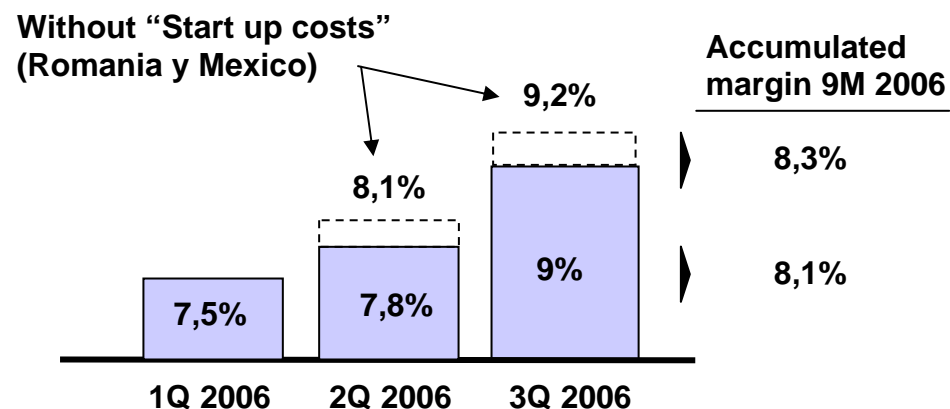
Euro millions

 Total growth



- Margins decrease in relation with the first 9 months of 2005, although maintenance of the Group margins improvement trend compared with 2006 previous quarters
- Good performance of the 3Q 2006 margin due to the good evolution of all the markets/ countries in general and particularly due to:
  - Good performance of the business in Brazil
  - Full effect of the price reviews occurred in previous quarters
  - Positive evolution of the valuables logistic and cash management business areas during July, August and September

## Evolution of EBITA margin



\* The EBITA margin was 8,3% in 9M 2006, without considering the start up costs of the new markets (Mexico and Romania)

# Depreciation and investments

Euro millions



- Increase in the percentage of depreciation over total fixed assets due to acquisitions
- Maintenance of Capex high levels in absolute terms, although decrease as a percentage of sales; Investments done in technology in cash management and valuable logistics in Spain, renewal of the armoured fleet in LatAm and efficiency improvements in the Brazilian Cash Management Centres

# Net consolidated profit

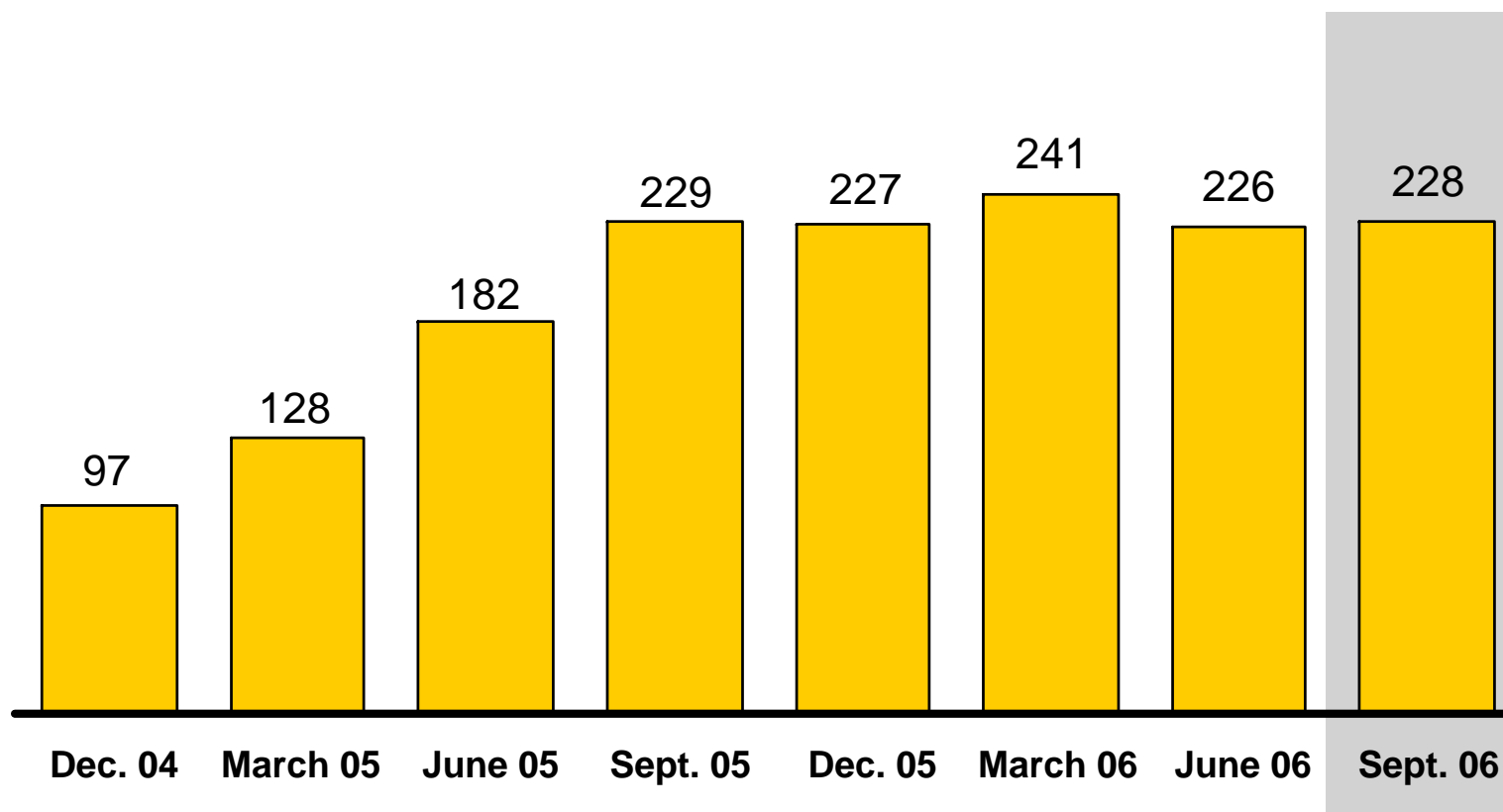
Euro millions

|   |   | 9M 2005     | 9M 2006       |   |
|---|---|-------------|---------------|---|
| <b>Financial costs</b>                      |   | -10,0       | <b>- 8,0</b>  | <ul style="list-style-type: none"> <li>• Increase in the financial expenses due to the higher level of debt to finance the acquisitions</li> <li>• The market value of the derivatives instruments has produced a positive impact of € 1,8 million in 9M 2006 (vs. €1,5 m. in the same period of 2005)</li> <li>• The exchange rates effect in 9M 2006 was:                             <ul style="list-style-type: none"> <li>– Due to the US dollar appreciation against the Euro a positive impact of € 1,3 million (vs. - €4,2 m. in the same period of 2005)</li> <li>– Due to the hedge of the Brazilian Real against the Euro, a positive impact of € 1,3 million</li> </ul> </li> </ul> |
|   | <i>Effective cost of debt (average)</i> | (5,8%)      | (4,9%)        |   |
| <b>Taxes</b>                                |   | -24         | <b>- 31,8</b> | <ul style="list-style-type: none"> <li>• Increase in the tax rate in 3 p.p., moving from 32,4% in 9M 2005 to 35,4% in the 9M 2006</li> </ul>  |
|   | <i>% over net profit before taxes</i>   | (32,4%)     | (35,4%)       |   |
| <b>Results from discontinued operations</b> |   | 2,4         | <b>0</b>      | <ul style="list-style-type: none"> <li>• The results of Prosegur's Paris operations (BAC Sécurité, SEEI y Force Gardiennage) are not consolidated in the Group accounts since April 2005. In the first nine months of 2005, the results of these operations were + €2,4 million</li> </ul>  |
| <b>Net Consolidated Profit</b>              |   | <b>52,5</b> | <b>58,3</b>   | <ul style="list-style-type: none"> <li>• <b>11,1% increase</b></li> </ul>   |

# Evolution of Group net debt

Euro millions

## Evolution of net banking debt (including finance derivatives instruments)



- The consolidated financial information for 2005 and 2006 has been presented in accordance with the International Accounting Standards
  
- Incorporation of new acquisitions into the Group accounts:
  - Grupo CEES: from March 3, 2005
  - Grupo Nodés: from May 1, 2005
  - Client portfolio of Preserve: from April 1, 2005
  - Client portfolio of Transpev: from May 1, 2005
  - Dragon Star: from January 1, 2006 (full consolidation)
  - Mexico: since the beginning of operations (2Q 2006)

In 2006 there have been no acquisitions



**PROSEGUR**