

H1 2017 results

PROSEGUR REPORTS A NET PROFIT ATTRIBUTABLE TO ITS BUSINESS ACTIVITY OF EUR 105.8 MILLION IN THE FIRST HALF OF 2017

- Considering extraordinary and non-recurring expenses associated with the corporate reorganisation process net profit totalled EUR 92.8 million.
- Sales reported EUR 2,129 million, up 15.9%, with organic growth representing 12%.
- The company is continuing its positive trend of improving profitability. EBITDA is at EUR 247.2 million and EBIT saw a significant improvement of 23.7%, to a total of EUR 183.4 million.

Madrid, 28 July 2017 – Prosegur reported a net profit attributable to its business activity of EUR 105.8 million in the first half of 2017. This figure represents an increase of 31.1% compared to the same period the previous year. Including costs associated with the corporate reorganisation process, which were extraordinary and non-recurring, the figure is some EUR 92.8 million.

Strong increase in sales

Sales in the first six months of 2017 totalled EUR 2,129 million, up 15.9% over the first half of 2016. During this period, Prosegur reported organic growth of 12% for all three of its business lines – Prosegur Cash, Prosegur Security and Prosegur Alarms-, maintaining the trend started in the first quarter of 2017. In the second quarter, the exchange rate has been less favourable than at the start of the year.

As well as sales, profitability indicators showed a positive performance in the period. Thus, EBITDA reported EUR 247.2 million, versus 203.3 million in the first half of 2016. EBIT saw a significant increase of 23.7%, to a total of EUR 183.4 million. These figures also represent an increase in EBIT margin from 8.1% to 8.6% in the first six months of the year. The margins expansion reflects positive performance posted by both business units and regions. Therefore, the company is seeing a positive trend following the full implementation of its new business organisation.

Including extraordinary and non-recurring expenses associated with the corporate reorganisation process EBITDA reported during the period was EUR 243.8 million, while EBIT totalled EUR 180 million.

Prosegur Security increases the weight of its technology sales

By business line, sales of Prosegur Security, the surveillance and technology business unit, reported growth of 11.1% to EUR 839 million, not including the activity in Brazil. Regarding profitability, the business unit's EBIT, not including Brazil, amounted EUR 30 million, up 15.4% over the first half of 2016. EBIT margin also maintained a positive trend, rising from 3.4% to 3.6% during the current period.

The improvement in Security's margins was greater in Europe, where Spain's performance stands out. In this market, the company has been awarded a large number of contracts, with the weight of Technology activities increasing, evidencing the transformation this business is experiencing.

Finally, Prosegur Security's Brazil unit reported sales of EUR 201 million, although it remains focused on recovering profitability.

Over six months, Prosegur Alarms has grown as much as in all of 2016

Prosegur Alarms, the home and business alarms division, has stepped up its growth rate and increased sales by 20%, to EUR 124 million during the period. The total base of alarm connections at the end of the first quarter was 450,000. In the first six months of 2017, Prosegur Alarms added over 33,000 connections, practically equalling the number of new connections generated in 2016.

Further, as already clearly noted in the first quarter, other business indicators remain in line with the improvements reported in the first quarter of the year. CHURN rate is 9.8%, and ARPU is 38.7 euros per month.

Prosegur Cash maintains positive growth trend in its new services

Finally, Prosegur Cash's sales over the first half of 2017 reported EUR 964 million, up 22% over the same period in 2016. This increase was largely due to solid organic growth of over 16%. Prosegur Cash new services have maintained positive growth and, in the first half of 2017, have already accounted for some 8.2% of unit total sales. In the first six months of the year, these sales already totalled EUR 79 million, implying growth of 55% over the same period the previous year. This positive performance is supported by point-of-sale cash automation services, international transport, ATM management and added value outsourcing services (AVOS). These services are seeing particularly positive acceptance in Latin American markets.

Prosegur's financial strength

Net financial debt, which experienced a very significant decline in the first quarter, remains at EUR 13 million. The leverage ratio is located at a very low, at 0.03x Total Net Debt / EBITDA. Thus, the company is in a very comfortable financial situation, allowing it to address both organic and inorganic development plans.