

Prosegur Compañía de Seguridad 2018 Results **PROSEGUR REPORTS A NET PROFIT OF EUR 180 MILLION IN 2018**

- **Sales reached EUR 3,939 million, down 8.2% from 2017. However, sales in local currency saw growth of 8%, showing the good performance of the business, beyond the impact of currency depreciation and the adoption of hyperinflationary accounting rules in Argentina.**
- **Prosegur has accelerated its inorganic growth strategy, with 10 completed operations in 2018. The group now operates in 25 countries and is one of the Spanish companies with the biggest international presence.**
- **The company has improved its cash flow generation capacity by 3.9% to EUR 343 million with a conversion rate over EBITDA of 75.2%.**

Madrid, 28 February 2019 - Prosegur reported a net profit of EUR 180 million in 2018. This figure was 18.3% less than in 2017. Consolidated net profit reached EUR 132 million in the period, down 23.2% from 2017. Considering operations conducted within the corporate restructuring plan carried out in the 2017 financial year, net profit fell by 9.2%, while consolidated net profit fell by 12.0%.

The 2018 financial year has been marked by large currency devaluations in Latin America and the application of IAS 21 and 29 accounting standards, after having been declared Argentina as a hyperinflationary economy. Despite these factors, Prosegur reported strong growth of 8.0% in local currency terms, which has partly mitigated the Latin American currency situation. Prosegur thus reported sales of EUR 3,939 million in 2018, down 8.2% from 2017. In addition, Prosegur continued to develop its inorganic growth strategy with 10 completed operations in 2018. The group has entered new markets such as: United States, in Security; Turkey, in Alarms; and Philippines and Central America, in Cash.

As far as profitability parameters are concerned, the EBIT margin for the full financial year was 7.7%, compared with the 9.1% reported in 2017. Net operating profit (EBIT) reached EUR 301 million, while in 2017 it was EUR 392 million. For its part, EBITDA was EUR 456 million compared with the EUR 522 million achieved in 2017.

In a macroeconomic environment of great adversity, the efforts to counteract the negative effect of the currencies can be seen in the company's cash generation. Operating cash flow in 2018 reached EUR 343 million, an improvement of nearly 4% on last year's figures. This implies an EBITDA cash conversion ratio of more than 75% and highlights the group's policies of financial discipline and the effectiveness of models for managing working capital.

As regards the evolution of its activity by business lines:

Prosegur Security

Prosegur Security, the surveillance, technology and cybersecurity business unit, reported revenues of EUR 1,946 million, 8.0% less than in 2017. It should be highlighted that turnover in local currency was up 3.2%. Another positive contribution in the period came from the growth in sales of Integrated

and Advanced Security Solutions, which now account for 23% of its total sales. In terms of profitability, the unit reported an EBIT of EUR 54 million, from EUR 66 million in 2017. And the EBIT margin was 2.8% in the year.

As in previous quarters, the activity of the Security business developed positively in the Spanish and Portuguese markets. While the election process in Brazil slowed the recovery of margins in this market.

The most significant event in the last quarter was the company's entry into the United States, the largest private security market in the world. Prosegur has made several acquisitions in guarding, technology and cybersecurity activities that will enable it to focus its growth in this market through the development of Integrated and Advanced Security Solutions.

Prosegur Alarms

Prosegur Alarms, the unit specialising in alarms for homes and businesses, recorded sales of EUR 262 million in 2018, 4.4% higher than in the previous year. With organic growth of 18.9%, the company maintained a higher rate of growth than the industry average despite the slowdown in Argentina. The Alarms unit has reached 547,000 connections, representing net growth of 10% on the total base compared with 2017.

In the last period of the year, Prosegur Alarms started operations in Turkey and made acquisitions in Paraguay and South Africa. In addition, it doubled the penetration of its Smart platform, which now reaches 15% of the total customer base. Finally, the unit has launched a number of initiatives to improve its customer retention rate, enhance its portfolio quality and implement improvements to its processes.

Prosegur Cash

Prosegur Cash, the subsidiary for Cash-In-Transit and cash management, achieved turnover of EUR 1,732 million in 2018, 10.0% less than in 2017. However, it is worth noting that growth in local currency was 12%. Prosegur Cash reported an EBIT margin of 15.5%, compared with the 18.7% from 2017. EBIT was EUR 268 million, down 25.6% compared to the same period in 2017. The reduction of the margin is mainly due to the exchange rate effect, the application of hyperinflation accountability and the costs of integrating acquisitions.

The company has accelerated its M&A activity from the previous year, doubling its investment to approximately EUR 100 million. Prosegur Cash has entered the Philippines and Central America markets and has consolidated its positions in a number of markets in LatAm and Europe regions. Prosegur Cash continues to advance in its consolidation strategy in the cash management industry.

As for sales of New Products, Prosegur Cash has continued to show a strong growth rate and these now represent 11.8% of total sales.

Financial Position

Finally, the group's net financial debt increased by EUR 173 million compared to the end of 2017. The figure now amounts to EUR 425 million, maintaining a low level of indebtedness, with a ratio of net financial debt to EBITDA of 0.9x. Prosegur also reduced the cost of its debt by 60 basis points from 2.23% to 1.65%. This debt optimisation process has enabled the group to reduce its financial

expenses by more than 50%. Finally, in February this year, Prosegur improved the terms of a credit line obtained in 2017 and extended its maturity by two years, renewable for another two.

In this way, the company ensures an optimal financial position upon which to base its acquisitions strategy, to undertake the digital transformation of Prosegur Security's activities, and to continue to drive the development of the Alarms unit.

Finally, last October, Standard & Poor's confirmed Prosegur's rating as BBB with a stable outlook.