

Message of the Chief Executive Officer

One more year, through these lines, we would like to present an overview of what this year has meant for the group. In the last Annual Report, we detailed the restructuring process that we had undertaken in 2015 and 2016; in which we expressed our willingness to equip the Company with the necessary capacities to compete in positions of leadership in each of the markets where we operate.

Today we can state that the new organizational model by businesses is consolidated and working in a completely satisfactory way. This is supported by data, which I will comment on later, and is also recognized by the market, as the share price of Prosegur has risen by almost 12% during the year, reaching an all-time record high.

The period was marked by the IPO of Prosegur Cash. A truly transforming Project that we undertook with four clear objectives. The first one, was to create an operator specialized in the transport of valuables and cash management sector with the capacity needed to lead the international consolidation of the industry. Secondly, we sought to energise the

development of the other businesses, promoting the incorporation of increased technological capabilities. Thirdly, we set ourselves the objective of giving visibility to the independent assessment of each division, and thus promote the value proposal of the group. And lastly, we wanted to remunerate the trust of our shareholders with an extraordinary dividend, which was paid out in December.

I do not want to miss this opportunity to express our gratitude. In general, to the investment community that has welcomed Prosegur Cash's Project with enthusiasm and has strongly supported it. And in particular, to the Prosegur teams that have made it possible. All have shown their great capacity and, with their trust and work, make us extremely proud of being part of this Project.

The IPO of Prosegur Cash represents the achievement of the objectives that we had set ourselves in the last strategic plan. Prosegur is, today, a company more orientated towards growth; agile and totally customer-focused. We are, at the same time, favouring innovation and the creation of internal efficiencies. And we have already launched several initiatives to undertake a deep digital transformation, intensifying the use of new technologies in all of the business lines and promoting global multi-service centres.

With regard to the evolution of the activity of our three business lines, I



would like to highlight, in the first place, the results of Prosegur Security.

Our Security business unit, which encompasses manned guarding and technology, has continued to progress on the basis of a differentiated business proposal, in such a way that sales of integrated guarding and technology solutions represent 15% of the unit's turnover. Overall, in the period, Prosegur Security recorded revenues of EUR 1,718 million, without taking into account the business in Brazil. This figure represents an increase of 10,1% with respect to the previous year.

In accordance with our commitment, the increase in sales is keeping pace with a sustained improvement in the profitability parameters. Hence, EBIT, not including the activity in Brazil, amounted to EUR 70 million, which represents an increase of 29.6% over 2016. The EBIT margin maintained a positive trend as it went up from 3.5% to 4.0% in 2017.

The unit is progressing in all of the markets and in particular in Brazil. The implementation of the plan for the optimization of operations in the country is yielding very favourable results and in the second half of the year the operation reported positive returns. This is a market where we have made significant efforts in recent years and where we are confident that prospects, in an environment of recovery of the Brazilian economy, will be favourable.

The future for Prosegur Security is full of opportunities that we are working on from various angles. We work to optimize processes, streamline decision making and, ultimately, transform the services that we offer to our customers.

We want to take advantage of all the opportunities offered by the Cloud, IoT, Edge

environments or Artificial Intelligence. One of the first projects, which is already fully implemented, is our cloud architecture and, on the basis of this new platform, we have started to develop our first SaaS (Software as a Service) solutions.

In Prosegur Alarms, our division of household and business alarms, we have maintained the focus on the growth of our total connections base. For this, we are making a great effort for the organic growth of the activity, where we have doubled our growth rate in 2017. An organic development complemented by acquisitions that have helped us increase the density of our footprint.

Results are very favourable and in 2017, turnover increased by 17.6% to EUR 251 million. At year end, the unit reached practically 500,000 connections. A very important aspect of the strong growth is that we are improving the main business indicators such as the average revenue per user that rose by 5.6% to EUR 38 per month.

With regard to service offerings, after the success in Argentina and Uruguay, Prosegur Alarms launched Hawk's Eye in Spain. An innovative security service to check what happens in a building in real time and permanently by means of round the clock intelligent surveillance. In addition, we have improved our Prosegur Smart application, so that the security system is closer to the customer, facilitates service and increases customer loyalty. Another priority area for action of Prosegur Alarms are the technology and automation projects focused on improving the security elements in households.

In addition to what we have already said regarding the IPO of Prosegur Cash, I would like to highlight the good performance of its activities during the period. Prosegur Cash posted revenues of EUR 1,924 million, up

by 11.6% over the previous period. I would like to emphasize, especially, the excellent advance in the sale of new products which grew 49,7% with respect to 2016.

Our business model and the efficiency of our operations allow us, as in recent years, to maintain one of the best profitability ratios in the sector. Thus, operating profit attributable to the business increased by 12.4% to EUR 360 million. Furthermore, the EBIT margin continued increasing to 18.7%.

In 2017, Prosegur Cash, as promised, has continued to develop its inorganic growth and completed five transactions for a total amount of EUR 50 million. In the next periods, we will continue to move forward in our strategy to accelerate profitable growth, while maintaining our firm conviction of playing a leading role in the international consolidation of the sector.

As in all the other business units, Prosegur Cash has launched initiatives to improve the services it offers. We have developed process control tools that allow us to personalize even more the services that we provide. Furthermore, we have incorporated new front-office cash automation solutions for retailers. And we have improved the value date solutions whereby cash deposited at the machine is available in the account of the customer regardless of whether it has been collected.

The intense activity developed by the businesses has also taken place in the units that provide them support. Among the most significant events that have taken place in 2017, I would like to

highlight the refinancing Project of the group which we undertook later in the year. In December 2017 and February 2018, Prosegur Cash and Prosegur issued debt for EUR 600 million and EUR 700 million respectively.

With these issues, the group has extended the maturity of its debt, taking advantage of the optimal moment offered by the market, and both companies have managed to secure very attractive fixed interest rates. The terms of both financing facilities are proof of the solidity of both companies and the trust that the financing agents have in them.

The optimal financial position and low debt of the company has enabled us to successfully tackle one of our priority objectives: growth. In addition, we also want to continue to favour the profitability of operations based on operational excellence and technological improvement of processes. In the next periods we will deepen the digital transformation initiatives. A field of action that offers us huge possibilities and in which we have already begun to work intensively.

In this regard, the Digital Transformation area of Prosegur's Advanced Administrative Centre (CAAP) has automated various work processes relating to the billing, accounting, treasury or human resources areas in the CAAPs that Prosegur has in Europe and Latin America.

We will continue to explore the possibilities of digitization through the progressive implementation of Cognitive Learning and Machine Learning tools with which to create programs capable of generalizing

and predicting behaviours based on the information available.

By reading this report, you will become aware of the many initiatives in which the company is immersed.

I am convinced that we are living a crucial moment in the development of Prosegur in which a world of opportunities will open up. First, for our customers who benefit from a value proposition with a priority focus on quality and service excellence. For the professionals of the company who have a great horizon for professional development and in whose training we will continue to invest. Finally, for our shareholders who are part of a value-generating project, always from a responsible business management standpoint.

All that remains is for me to express my gratitude, as every year, for your trust and to reiterate our commitment to build a safer society, serving our customers with our great team.

Christian Gut
Chief Executive Officer