

Message from the Chief Executive Officer

Prosegur Cash has completed its first year as a listed company and, in this Annual Report, we offer a broad view of the reality of the company. We want to show you the main milestones that have marked the year, also the goals that we have achieved and, finally, the challenges that we still have to face.

In this year's report I would like, first of all, to show you the main figures that define the evolution of the period.

Starting with revenues, Prosegur Cash's sales reached EUR 1,924 million, which represents an increase of 11.6% over the previous year. In organic terms and without considering the effect of currency depreciation, the increase in sales was 12.7%.

As for sales by geographies, in Latin America revenues increased by 15.4% to EUR 1,360 million. The region continued to generate the largest volume of revenue and, in 2017, accounted for 71% of total sales. Among the positive aspects, it should be noted that organic growth was 18.8%, although it was affected by the devaluation of currencies in the second half of the year and, more acutely, in the last quarter of 2017.

On the other hand, revenues from European operations accounted for 24% of total turnover, with sales amounting to EUR 465 million; which represented an increase of 2% compared to the previous year.

Lastly, the activity in Asia, Oceania and Africa (AOA) accounted for 5% of the company's sales with EUR 99 million; 9% more than in 2016. In this region, the contribution made by the acquired companies was worthy of note.

In Prosegur Cash we are making a great effort to incorporate services



with greater added value for customers; complementing our main activity in the field of logistics and cash management. For this reason, it is also important to highlight the performance of new service sales.

In 2017, new services have maintained a strong growth, rate reaching EUR 167 million; which is an increase of almost 50% more than in 2016. In addition, the weight of new services in the sales mix has risen from 6.4% to 8.7%. In Latin America, new services grew by 51% to EUR 103 million, especially driven by the automation of cash management services at points of sale, the externalization of processes and international transport. The new services also experienced strong growth in Europe and AOA region. Worthy of mention are the acquisitions of Contesta in Spain and of CSA in Australia, companies providing BPO (Business Process Outsourcing) specialized services.

The good performance of sales has been accompanied by an improvement in profitability both in absolute and relative terms. Throughout the year we have reported economic data of the company excluding corporate transactions included within the IPO process, in order to show the real situation of the business.

Therefore, EBITDA attributable to Prosegur Cash's activity amounted to EUR 428 million in 2017, a 12% more than in the previous year. EBIT attributable to the company's activity increased by 12.4% to EUR 360 million. Furthermore, and according to the forecast we provided, the EBIT margin continued its upward trend and increased by 18.7% with respect to 2016.

In addition, the consolidated net profit attributable to the business activity was EUR 236 million in 2017, which represents an increase of 28.2% with respect to the same period of the previous year. And, if these transactions are taken into account, the consolidated net profit for the period amounted to EUR 305 million.

I would like to draw attention to these figures as they were achieved despite the reversal of the trend in the exchange rate of the currencies against the euro that took place in the second half of the year. In addition, we had to cover the costs of integrating the acquired companies and other costs associated with optimization measures that we implemented in the last part of the year.

With regard to profitability by geographical region, Latin America posted an EBIT of EUR 323 million and maintained an increase in margins of 23.8%. Europe posted EUR 41 million, 10% less than in 2016, with an EBIT margin of 8.8%. The region performed well with the sole exception of our activity in France. Lastly, in AOA, the improvement of the company's activity in India and South Africa has been positive, although the overall result has been affected by increased competitive pressure in Australia, as a result of which, the region recorded a negative operating result for 2017.

As for the evolution of the cash flow, in addition to the good performance of sales and profitability, Prosegur Cash continued to keep working capital under control. Thus, in 2017 it generated EUR 197 million, which we used to cover the cost of debt, finance growth and dividend pay out and the surplus was used to reduce net debt.

With regard to debt, Prosegur Cash reduced its debt by 33% since the beginning of the year. Specifically, the company reduced its leverage by EUR 212 million, which meant that net financial debt, including treasury stock, stood at EUR 431 million. Thus, we maintain a comfortable level of net debt to EBITDA of 1.0 times, well below the internal limit of 2.5 times. On this basis, we will continue to make progress within the framework of a conservative financial policy that favours high cash generation and limited indebtedness.

I would also like to comment on one of the most relevant events of the year, the issue of ordinary bonds for a total nominal amount of EUR 600 million that the company made in December. With this operation we have ensured an attractive interest rate cost of long-term debt and we have diversified our financing sources. We also provide certainty about our future financing needs and avoid any refinancing risk that may arise in the future. In short, we have placed the company in a very comfortable position to develop our growth strategy.

To that end, we want to be an agile company, with a clearly-defined roadmap for inorganic growth and hold a clear leadership position in the incorporation of high added value services. We have defined this as A.C.T.; Agility, Consolidation and Transformation.

The agility with reference to organizational efficiency. We aim to be a company with fast decision-making processes. We also aim, to have a leading role in the international consolidation of the sector, generating synergies that favour growth. And, finally, we are promoting a shift towards new products, focusing on the third outsourcing wave of high added value services, which will enable us to grow with the customer.

As a result, we are focusing on three major areas of activity that place us at the forefront of our sector. The first one refers to cash management automation at points of sale. Over the past year we have promoted the development of new cash automation solutions (MAEs) with special emphasis on the front-office of retail stores and we have improved value date solutions.

Another priority development area for the company is our AVOS activities, outsourcing high added value services. We believe that, in certain sectors, such as, for example, the financial sector, our experience can generate great value for our customers. In this field, the AVOS activity is increasingly growing so, to cope with this growth and improve our capabilities we have deployed a new IT platform.

We are also making progress on solutions to address the complete

life cycle of ATMs, and solutions for cash automation in bank branches. Lastly, we will strengthen our capabilities in valued cargo and international transport activities and deepen our relationship with central banks.

As you can see, the outlook for the transport of valuables and cash management sector appears full of challenges. To give our customers the answer they expect from us, we have a fundamental lever: our employees. In Prosegur Cash we rely on a balanced team of highly qualified professionals at every level of the company. In addition, we want the people who are part of the company to have opportunities for professional growth and development. That is why we have launched an ambitious Talent Program with which to continue training the best professionals in the sector.

To conclude, I would like to thank the excellent reception given to Prosegur Cash in its first year as a listed company. For our part, I want to convey to you that all of us, who are part of this project, are strongly committed to making Prosegur Cash the world leader in transport of valuables and cash management. We will continue to work each day with this ambitious goal in view.

José Antonio Lasanta
Chief Executive Officer