Prosegur Compania De Seguridad SA

Key Metrics as of 3 Aug 2023

<table>
<thead>
<tr>
<th>Metrics</th>
<th>2023</th>
<th>2024</th>
<th>2025</th>
<th>2026</th>
<th>2027</th>
<th>2028</th>
</tr>
</thead>
<tbody>
<tr>
<td>Earnings Yield (%)</td>
<td>7.4</td>
<td>7.3</td>
<td>7.2</td>
<td>7.1</td>
<td>7.0</td>
<td>6.9</td>
</tr>
<tr>
<td>Sales Yield (%)</td>
<td>50.7</td>
<td>50.5</td>
<td>50.3</td>
<td>50.0</td>
<td>49.8</td>
<td>49.5</td>
</tr>
<tr>
<td>Book Value Yield (%)</td>
<td>94.3</td>
<td>94.0</td>
<td>93.8</td>
<td>93.5</td>
<td>93.2</td>
<td>92.9</td>
</tr>
<tr>
<td>Return on Assets (%)</td>
<td>1.3</td>
<td>1.2</td>
<td>1.1</td>
<td>1.0</td>
<td>0.9</td>
<td>0.8</td>
</tr>
<tr>
<td>Revenue (Bk*)</td>
<td>4.8</td>
<td>4.7</td>
<td>4.6</td>
<td>4.5</td>
<td>4.4</td>
<td>4.3</td>
</tr>
<tr>
<td>Market Value (MM)</td>
<td>955.4</td>
<td>950.0</td>
<td>945.0</td>
<td>940.0</td>
<td>935.0</td>
<td>930.0</td>
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<tr>
<td>Enterprise Value (Bk)</td>
<td>2.6</td>
<td>2.5</td>
<td>2.4</td>
<td>2.3</td>
<td>2.2</td>
<td>2.1</td>
</tr>
<tr>
<td>EV/Net Ratio</td>
<td>2.7</td>
<td>2.6</td>
<td>2.5</td>
<td>2.4</td>
<td>2.3</td>
<td>2.2</td>
</tr>
<tr>
<td>Volatility TTM (%)</td>
<td>22.3</td>
<td>22.0</td>
<td>21.7</td>
<td>21.4</td>
<td>21.0</td>
<td>20.7</td>
</tr>
<tr>
<td>Drawdown TTM (%)</td>
<td>26.5</td>
<td>26.0</td>
<td>25.5</td>
<td>25.0</td>
<td>24.5</td>
<td>24.0</td>
</tr>
<tr>
<td>Volume (K)</td>
<td>304.2</td>
<td>300.0</td>
<td>296.0</td>
<td>292.0</td>
<td>288.0</td>
<td>284.0</td>
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Business Description

Prosegur Compania De Seguridad SA is a security company. The company is organized into segments that include security, cash, alarms, cybersecurity, and AVOS. The company also differs in that much of its revenue and operating profit is derived from cash-in-transit services—that is, armored-car cash pickups—as well as ancillary services, such as ATM management, cash counting, and reconciliation.

Valuation as of 4 Aug 2023

Morningstar maintains a 4-star quantitative star rating for Prosegur Compania De, derived from the firm’s valuation and uncertainty scores. The company’s shares last closed at 1.64, below our quantitative fair value estimate of 2.11. These shares have traded between a 56.16% and 5.62% discount to their fair value estimate over the past year. In Morningstar’s equity coverage universe for this methodology, the company’s valuation rating lands at the 55th percentile; in the industrials sector, the firm’s score lies at the 38th percentile (higher percentile indicates more undervalued). Furthermore, Prosegur Compania De maintains a quantitative valuation uncertainty rating of High. The company has held this star rating since the previous rating of 5, which was last assigned on 08/28/2023. The uncertainty rating for Prosegur Compania De has remained High since the previous rating of Extreme, which was last assigned on 06/21/2023. The key factors behind these ratings are the company’s earnings yield and volatility. The earnings yield falls at the 72nd percentile in the industrials sector while the volatility is at the 28th percentile. Over the past year, the company’s earnings yield has been between 3.42% and 7.84%, its volatility has ranged between 22.17% and 27.88%.

Economic Moat as of 4 Aug 2023

With a Narrow Morningstar quantitative moat rating, the quantitative moat score for Prosegur Compania De falls at the 78th percentile in the industrials sector and at the 81st in the equity coverage universe. The company has maintained its Narrow quantitative moat rating since after 08/12/2022, when it was upgraded from None. We also assign a Moderate quantitative financial health rating to Prosegur Compania De. The company’s raw score on this metric, termed Distance to Default, ranks at the 36th percentile overall and 35th in the industrials sector. Furthermore, this financial health rating most recently changed from Strong after 07/28/2023. Supporting these ratings are the company’s enterprise value and enterprise-value-to-market-value ratio. The enterprise value of 2.60 billion, ranks at the 74th percentile in the covered equity universe and at the 72nd percentile among its peers. Meanwhile, its enterprise-value-to-market-value ratio of 2.72, falls at the 92nd percentile in the universe and the 33rd percentile in the industrials sector.

Fundamentals as of 4 Aug 2023

Prosegur Compania De reports earnings per share of 0.12. Its return on invested capital is 2.52%. The company maintains a dividend yield of 7.61%, paying out 51.16% of earnings. These values are calculated over a trailing 12-month period. As of last market close, Prosegur Compania De has a price-to-earnings ratio of 13.56, falling at the 39th percentile in its sector (where a lower percentile means a lower ratio) and ranging between 12.75 and 28.63 over the past year. The company’s price-to-free cash flow ratio is 6.08, falling at the
Prosegur Compania De Seguridad SA PSG ★★★★ 4 Aug 2023, 22:39 UTC

Earnings as of 3 Aug 2023

- Dividend Yield*: 7.6
- Payout Ratio*: 51.2
- Price to Earnings: 13.6
- Price to Cash Flow: 6.1
- ROIC**: 2.5

*31 Jul 2023
**30 Jun 2023

22nd percentile in its sector and ranging between 5.98 and 10.88 over the past year.

Contact
Calle Pajaritos 24, Madrid, — 28007
+34 915588021
—
https://www.prosegur.com

Dividends as of 4 Aug 2023

- Stock Price
- Payout Ratio

Valuation as of 4 Aug 2023

- Fair Value:
- Uncertainty:
- Last Close:

Financials as of 4 Aug 2023 (Fiscal Year End 31 Dec 2023)

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<tbody>
<tr>
<td>Operating Income</td>
<td>321</td>
<td>315</td>
<td>333</td>
<td>356</td>
<td>397</td>
<td>383</td>
<td>318</td>
<td>153</td>
<td>164</td>
<td>258</td>
<td>135</td>
</tr>
<tr>
<td>Operating Margin (%)</td>
<td>8.99</td>
<td>8.53</td>
<td>8.4</td>
<td>8.17</td>
<td>9.26</td>
<td>7.69</td>
<td>7.58</td>
<td>4.27</td>
<td>4.7</td>
<td>6.17</td>
<td>6.16</td>
</tr>
<tr>
<td>Net Income (Mil)</td>
<td>156</td>
<td>159</td>
<td>183</td>
<td>134</td>
<td>150</td>
<td>132</td>
<td>114</td>
<td>331</td>
<td>41</td>
<td>65</td>
<td>35</td>
</tr>
<tr>
<td>Diluted Earnings/Share</td>
<td>0.27</td>
<td>0.27</td>
<td>0.31</td>
<td>0.22</td>
<td>0.25</td>
<td>0.22</td>
<td>0.19</td>
<td>0.60</td>
<td>0.08</td>
<td>—</td>
<td>0.07</td>
</tr>
<tr>
<td>Operating Cash Flow (Mil)</td>
<td>287</td>
<td>247</td>
<td>299</td>
<td>268</td>
<td>279</td>
<td>276</td>
<td>367</td>
<td>324</td>
<td>330</td>
<td>308</td>
<td>57</td>
</tr>
<tr>
<td>Capital Spending (Mil)</td>
<td>-138</td>
<td>-139</td>
<td>-144</td>
<td>-166</td>
<td>-213</td>
<td>-215</td>
<td>-205</td>
<td>-144</td>
<td>-144</td>
<td>-168</td>
<td>-87</td>
</tr>
<tr>
<td>Free Cash Flow (Mil)</td>
<td>150</td>
<td>108</td>
<td>155</td>
<td>102</td>
<td>66</td>
<td>62</td>
<td>162</td>
<td>180</td>
<td>186</td>
<td>140</td>
<td>-30</td>
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<tr>
<td>Avg Shares Outstanding(Mil)</td>
<td>578</td>
<td>602</td>
<td>598</td>
<td>598</td>
<td>599</td>
<td>594</td>
<td>551</td>
<td>539</td>
<td>—</td>
<td>531</td>
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Valuation as of 4 Aug 2023

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<tbody>
<tr>
<td>Price/Fair Value</td>
<td>1.14</td>
<td>1.09</td>
<td>0.89</td>
<td>1.00</td>
<td>1.07</td>
<td>0.73</td>
<td>0.71</td>
<td>0.64</td>
<td>0.61</td>
<td>0.79</td>
<td>0.78</td>
<td>—</td>
</tr>
<tr>
<td>Price/Sales</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>0.28</td>
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<tr>
<td>Price/Earnings</td>
<td>16.74</td>
<td>17.50</td>
<td>16.12</td>
<td>19.38</td>
<td>29.82</td>
<td>17.69</td>
<td>39.41</td>
<td>3.52</td>
<td>22.88</td>
<td>23.33</td>
<td>13.60</td>
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</tr>
<tr>
<td>Price/Book</td>
<td>4.13</td>
<td>3.37</td>
<td>3.30</td>
<td>4.84</td>
<td>2.76</td>
<td>2.52</td>
<td>2.14</td>
<td>1.77</td>
<td>1.58</td>
<td>1.07</td>
<td>1.06</td>
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Operating Performance as of 4 Aug 2023 (Fiscal Year End 31 Dec 2023)

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<tbody>
<tr>
<td>Return on Assets</td>
<td>5.93</td>
<td>5.57</td>
<td>6.34</td>
<td>4.19</td>
<td>4.03</td>
<td>3.46</td>
<td>3.92</td>
<td>8.4</td>
<td>1.06</td>
<td>1.5</td>
<td>0.52</td>
<td>—</td>
</tr>
<tr>
<td>Return on Equity</td>
<td>22.47</td>
<td>21.06</td>
<td>23.62</td>
<td>18.49</td>
<td>16.52</td>
<td>12.8</td>
<td>12.49</td>
<td>43.55</td>
<td>5.91</td>
<td>8.93</td>
<td>2.77</td>
<td>—</td>
</tr>
<tr>
<td>Rtn on Invested Capital</td>
<td>10.21</td>
<td>10.34</td>
<td>11.83</td>
<td>7.65</td>
<td>7.27</td>
<td>5.76</td>
<td>5.96</td>
<td>13.6</td>
<td>2.39</td>
<td>2.9</td>
<td>1.62</td>
<td>—</td>
</tr>
</tbody>
</table>

Dividends as of 4 Aug 2023

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</tr>
</thead>
<tbody>
<tr>
<td>Dividend Per Share</td>
<td>0.10</td>
<td>0.11</td>
<td>0.10</td>
<td>0.21</td>
<td>0.56</td>
<td>0.12</td>
<td>0.13</td>
<td>0.13</td>
<td>0.12</td>
<td>0.19</td>
<td>0.26</td>
<td>—</td>
</tr>
<tr>
<td>Trailing Dividend Yield</td>
<td>2.1</td>
<td>2.26</td>
<td>2.39</td>
<td>1.83</td>
<td>1.69</td>
<td>2.63</td>
<td>3.48</td>
<td>5.41</td>
<td>—</td>
<td>8.95</td>
<td>7.74</td>
<td>—</td>
</tr>
<tr>
<td>Buyback Yield</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>1.28</td>
<td>—</td>
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</table>
Quantitative Equity Reports Overview

The quantitative report on equities consists of data, statistics and quantitative equity ratings on equity securities. Morningstar, Inc.’s quantitative equity ratings are forward looking and are generated by a statistical model that is based on Morningstar Inc.’s analyst-driven equity ratings and quantitative statistics. Given the nature of the quantitative report and the quantitative ratings, there is no one analyst in which a given report is attributed to; however, Mr. Lee Davidson, Head of Quantitative Research for Morningstar, Inc., is responsible for overseeing the methodology that supports the quantitative equity ratings used in this report. As an employee of Morningstar, Inc., Mr. Davidson is guided by Morningstar, Inc.’s Code of Ethics and Personal Securities Trading Policy in carrying out his responsibilities.

Quantitative Equity Ratings
Morningstar’s quantitative equity ratings consist of: (i) Quantitative Fair Value Estimate, (ii) Quantitative Star Rating, (iii) Quantitative Uncertainty, (iv) Quantitative Economic Moat, and (v) Quantitative Financial Health (collectively the “Quantitative Ratings”).

The Quantitative Ratings are calculated daily and derived from the analyst-driven ratings of a company’s peers as determined by statistical algorithms. Morningstar, Inc. (“Morningstar”, “we”, “our”) calculates Quantitative Ratings for companies whether or not it already provides analyst ratings and qualitative coverage. In some cases, the Quantitative Ratings may differ from the analyst ratings because a company’s analyst-driven ratings can significantly differ from other companies in its peer group.

i. Quantitative Fair Value Estimate: Intended to represent Morningstar’s estimate of the per share dollar amount that a company’s equity is worth today. Morningstar calculates the Quantitative Fair Value Estimate using a statistical model derived from the Fair Value Estimate Morningstar’s equity analysts assign to companies. Please go to http://global.morningstar.com/equitydisclosures for information about Fair Value Estimate Morningstar’s equity analysts assign to companies.

ii. Quantitative Economic Moat: Intended to describe the strength of a firm’s competitive position. It is calculated using an algorithm designed to predict the Economic Moat rating a Morningstar analyst would assign to the stock. The rating is expressed as Narrow, Wide, or None.

Narrow – assigned when the probability of a stock receiving a “Wide Moat” rating by an analyst is greater than 70% but less than 99%.

Wide – assigned when the probability of a stock receiving a “Wide Moat” rating by an analyst is greater than 99%.

None – assigned when the probability of an analyst receiving a “Wide Moat” rating by an analyst is less than 70%.

iii. Quantitative Star Rating: Intended to be the summary rating based on the combination of our Quantitative Fair Value Estimate, current market price, Quantitative Uncertainty Rating, and momentum. The rating is expressed as One-Star, Two-Star, Three-Star, Four-Star, and Five-Star.

★ – the stock is somewhat undervalued.

Log (Quant FVE/Price) between (0.75*Quantitative Uncertainty, 1.5*Quantitative Uncertainty)

★ ★ – the stock is undervalued with a reasonable margin of safety.

Log (Quant FVE/Price) between (-0.75*Quantitative Uncertainty, 1.5*Quantitative Uncertainty)

★ ★ ★ – the stock is undervalued with a reasonable margin of safety.

Log (Quant FVE/Price) between (0.75*Quantitative Uncertainty, 1.5*Quantitative Uncertainty)

★ ★ ★ ★ – the stock is undervalued with a reasonable margin of safety.

Log (Quant FVE/Price) between (0.75*Quantitative Uncertainty, 1.5*Quantitative Uncertainty)

★ ★ ★ ★ – the stock is undervalued with a reasonable margin of safety.

Log (Quant FVE/Price) between (0.75*Quantitative Uncertainty, 1.5*Quantitative Uncertainty)

After the initial calculation for the star rating, there is a final filtering step based on the momentum of the company. We rank the companies based on their 12-1 month momentum, then restrict those below the 30th percentile to a maximum of 3 stars.

iv. Quantitative Uncertainty: Intended to represent Morningstar’s level of uncertainty about the accuracy of the Quantitative Fair Value Estimate. Generally, the lower the Quantitative Uncertainty, the narrower the potential range of outcomes for that particular company. The rating is expressed as Low, Medium, High, Very High, and Extreme.

Low – the interquartile range for possible fair values is less than 10%

Medium – the interquartile range for possible fair values is less than 15% but greater than 10%

High – the interquartile range for possible fair values is less than 35% but greater than 15%

Very High – the interquartile range for possible fair values is less than 80% but greater than 35%

Extreme – the interquartile range for possible fair values is greater than 80%

v. Quantitative Financial Health: Intended to reflect the probability that a firm will face financial distress in the near future. The calculation uses a predictive model designed to anticipate when a company may default on its financial obligations. The rating is expressed as Weak, Moderate, and Strong.

Weak – assigned when Quantitative Financial Health < 0.2

Moderate – assigned when Quantitative Financial Health is between 0.2 and 0.7

Strong – assigned when Quantitative Financial Health > 0.7

Other Definitions

i. Last Close – Price of the stock as of the close of the market of the last trading day before date of the report.

ii. Quantitative Valuation – Using the below terms, intended to denote the relationship between the security’s Last Price and Morningstar’s quantitative fair value estimate for that security.

Undervalued – Last Price is below Morningstar’s quantitative fair value estimate.

Fairly Valued – Last Price is in line with Morningstar’s quantitative fair value estimate.

Overvalued – Last Price is above Morningstar’s quantitative fair value estimate.

Sustainalytics ESG Risk Rating Assessment: The ESG Risk Rating Assessment is provided by Sustainalytics; a Morningstar company. Sustainalytics’ ESG Risk Ratings measure the degree to which a company’s economic value at risk is driven by environment, social and governance (ESG) factors.

Sustainalytics analyzes over 1,300 data points to assess a company’s exposure to and management of ESG risks. In other words, ESG Risk Ratings measure a company’s unmanaged ESG Risks represented as a quantitative score. Unmanaged Risk is measured on an open-ended scale starting at zero (no risk) with lower scores representing less unmanaged risk and, for 95% of cases, the unmanaged ESG Risk score is below 50.

Based on their quantitative scores, companies are grouped into one of five Risk
Categories (negligible, low, medium, high, severe). These risk categories are absolute, meaning that a ‘high risk’ assessment reflects a comparable degree of unmanaged ESG risk across all subindustries covered.

The ESG Risk Rating Assessment is a visual representation of Sustainalytics’ ESG Risk Categories on a 1 to 5 scale. Companies with Negligible Risk = 5 Globes, Low Risk = 4, Medium Risk = 3 Globes, High Risk = 2 Globes, Severe Risk = 1 Globe. For more information, please visit sustainalytics.com/esg-ratings/

Ratings should not be used as the sole basis in evaluating a company or security. Ratings involve unknown risks and uncertainties which may cause our expectations not to occur or to differ significantly from what was expected and should not be considered an offer or solicitation to buy or sell a security.

This Report has not been made available to the issuer of the security prior to publication.

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The quantitative equity ratings are not statements of fact. Morningstar does not guarantee the completeness or accuracy of the assumptions or models used in determining the quantitative equity ratings. In addition, there is the risk that the price target will not be met due to such things as unforeseen changes in demand for the company’s products, changes in management, technology, economic development, interest rate development, operating and/or material costs, competitive pressure, supervisory law, exchange rate, and tax rate. For investments in foreign markets there are further risks, generally based on exchange rate changes or changes in political and social conditions. A change in the fundamental factors underlying the quantitative equity ratings can mean that the valuation is subsequently no longer accurate.

For more information about Morningstar’s quantitative methodology, please visit www.corporate.morningstar.com.

General Disclosure

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