

# Statement in support of application for merger authorisation

**RE: PROPOSED MERGER BETWEEN LINFOX ARMAGUARD PTY LTD AND PROSEGUR AUSTRALIA HOLDINGS PTY LTD**

## **PROSEGUR AUSTRALIA HOLDINGS PTY LTD**

Co-Applicant

Statement of: **Jose Antonio Lasanta Luri**  
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Occupation: Chief Executive Officer, Prosegur Cash  
Date: 20 August 2022

**The document contains confidential information which is indicated as follows:**

**[Confidential to Prosegur: ]** for Prosegur Cash, S.A. and its related bodies corporate.

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## A. INTRODUCTION

1. I am the Chief Executive Officer (**CEO**) of Prosegur Cash, S.A. (**Prosegur Cash**), listed on the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges, with a majority of shares held by Prosegur Compañía de Seguridad, S.A. (**Prosegur Parent**).
2. In this statement, I use the term Prosegur Group to refer generally to the businesses owned or controlled by Prosegur Parent including Prosegur Cash, unless stated otherwise.
3. I make this statement in support of the application for merger authorisation that will be lodged by Prosegur Australia Holdings Pty Ltd (**Prosegur Australia**) and Linfox Armaguard Pty Ltd (**AMA**) with respect to a proposed merger between the parties (**Proposed Transaction**).
4. This statement (including annexures) contains information which is confidential to Prosegur Cash and its related entities, and, in some instances, to third parties, such as information relating to discussions with third parties. Disclosure of the confidential information contained in this statement (including in any annexures) would cause prejudice to Prosegur Cash and its related entities.
5. I make this statement based on my own experience and knowledge of Prosegur Group's operations, my role and involvement with the Prosegur Group's business for more than 17 years as set out in **Part B** below, a review of relevant records which are made and kept in the normal course and for the purposes of the Prosegur Group's business and enquiries made of relevant staff. Where information is obtained from another source, the information is true to the best of my knowledge and belief.

## B. BACKGROUND

### B.1 My roles at Prosegur Group

6. I have held the role of CEO of Prosegur Cash since October 2016. I have been a member of Prosegur Cash's Board of Directors since January 2017 and was also appointed as an Executive Director of Prosegur Cash in January 2017.
7. I commenced my employment in the Prosegur Group business in October 2004. Between 2004 and 2016, I held the following roles at Prosegur Parent:
  - (a) Head of Strategy from October 2004 to March 2005;
  - (b) Strategy Director and Interim Chief Financial Officer (**CFO**) from March 2005 to April 2006;
  - (c) Managing Director of Electronic Security and Fire Protection Systems within the Prosegur Technology division from April 2006 to January 2010;
  - (d) Managing Director of Asian Operations (which included Australia) from January 2010 to August 2013; and

(e) Corporate Strategic Director from August 2013 to October 2016.

8. As Corporate Strategic Director, I led an international team of around 500 people to develop the strategy of the Prosegur Group worldwide, including with respect to IT and product innovation. I reported to the CEO of Prosegur Parent while in this role.
9. In my current role as CEO of Prosegur Cash, I am responsible for overseeing the systems and operations in all countries worldwide in which Prosegur Cash has a presence. I am also responsible for ensuring that Prosegur Cash acts in the best interests of shareholders and relevant stakeholders, including creating value in a way that is consistent with Prosegur Cash's mission and purpose.

## **B.2 My prior experience and employment history**

10. Prior to joining the Prosegur Group, I was employed by McKinsey & Company, a global management consulting firm in the following roles:
  - (a) Engagement Manager from June 2004 to October 2004, where I was responsible for leading the execution of projects; and
  - (b) Associate in Corporate Finance and Strategy at McKinsey & Company from November 2000 to June 2004, where I was responsible for projects and client engagements.
11. I was employed by Rothschild & Co, an investment banking company, as Team Manager from September 1998 to November 2000 and as an Analyst from September 1996 to September 1998.

## **B.3 Qualifications and education**

12. I hold a Bachelor in Business Administration and Management from Comillas Pontifical University and Middlesex University London.

## **C. OVERVIEW OF PROSEGUR GROUP**

### **C.1 Structure of Prosegur Group's business globally**

13. Prosegur Parent is listed on the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges.
14. Prosegur Cash was separately listed on the Madrid, Barcelona, Bilbao and Valencia Stock Exchange in March 2017. As at 11 July 2022, 79.42% of the shares in Prosegur Cash are owned directly or indirectly by Prosegur Parent.
15. Prosegur Cash has a presence across four continents and 20 countries, including Asia (India, Philippines and Indonesia); Europe (Germany, Portugal, Spain); Oceania (Australia); and Latin

America (Argentina, Brazil, Chile, Colombia, Costa Rica, Ecuador, El Salvador, Guatemala, Honduras, Nicaragua, Paraguay, Peru, Uruguay).

16. The broader Prosegur Group also has operations in further countries.
17. The Prosegur Group has four main business lines:
  - (a) Security, including guarding, electronic security and fire protection;
  - (b) Cybersecurity;
  - (c) Alarms; and
  - (d) Business Process Outsourcing.
18. Prosegur Cash's operations can be grouped into three main categories: cash logistics, cash management and new businesses related to cash operations.
19. Cash logistics refers to the transportation and replenishment of cash and makes up around **[Confidential to Prosegur: █████]** of Prosegur Cash's revenues worldwide.
20. Cash management includes cash processing, quality checking and forecasting services and accounts for around **[Confidential to Prosegur: █████]** of Prosegur Cash's revenues worldwide.
21. New businesses account for around **[Confidential to Prosegur: █████]** of Prosegur Cash's revenues worldwide. These consist of six businesses, including three businesses which are referred to as second generation and three businesses referred to as third generation.
22. The three businesses of second generation include:
  - (a) Cash Today, which provides cash automation services to retailers and is the largest of the six new businesses;
  - (b) ATM management, which involves the ownership and maintenance of ATMs (not including cash replenishment); and
  - (c) Banking or business correspondent, consisting of either:
    - i. the outsourcing and operation of approximately 500 branches on behalf of banks in Brazil, Honduras and Colombia; or
    - ii. agreements with retailers where consumers can carry out basic banking transactions, with leads also being identified for more sophisticated financial services - e.g., loans, which are referred to banks. There are currently around



the acquisition would deliver substantial synergies at the operating level and access to additional customers including Westpac.

## E. CHALLENGES IN THE AUSTRALIAN MARKET

30. I am aware from my role as CEO and my interactions with the Australian business that the seven largest CIT contracts in Australia are with the four major banks, Woolworths, Coles and Australia Post.

31. As at 2018, it was necessary to have at least one of the four largest CIT contracts (i.e., one of the major banks) to be a viable operation. In 2017, Prosegur Australia lost its largest and only major contract in Australia, ANZ Banking Group Ltd (**ANZ**), to AMA. I understand AMA was able to win the contract as they offered a price that was significantly below Prosegur Australia's price.

32. At the time, Prosegur Australia was in a very difficult situation. I considered this left Prosegur Group with only three real options in Australia: **[Confidential to Prosegur:**

(a) [Redacted]

(b) [Redacted]

(c) [Redacted]

33. [Redacted]

34. Prosegur Australia won the Westpac contract in 2018 and later the Woolworths contract in 2020. However, I understand that Prosegur Australia was only able to win these contracts at the time by **[Confidential to Prosegur:** [Redacted]

35. [Redacted]

[Redacted]

36. [Redacted]

37. Cash volumes have instead fallen since 2018, with the decline accelerating with the onset of the COVID-19 pandemic. The pandemic changed consumer habits (e.g., consumers using electronic payments over cash) and prompted businesses (e.g., banks and retailers) to explore cashless services. In my view, these are lasting changes that will impact the industry going forward.

38. [Confidential to Prosegur: [Redacted]]

39. [Redacted]

## F. THE PROPOSED TRANSACTION

### F.1 Commercial rationale

40. [Confidential to Prosegur: [Redacted]]

41. Prosegur Cash has recently sold its CIT businesses in other countries that have not been performing well, but in comparative terms, have been performing better than Australia. For example, in 2019 Prosegur Cash sold its CIT business in France, followed by the sale of its CIT business in Mexico in 2020. In each of these countries, there were three CIT players in the market. Each of these businesses were sold to another CIT player.

42. [Confidential to Prosegur: [Redacted]]

43. [Redacted]

44. [REDACTED]

45. If the Proposed Transaction is authorised, I consider that the combined businesses would result in many benefits for:

- (a) CIT players;
- (b) Australian CIT customers; and
- (c) Australian society more broadly.

46. **[Confidential to Prosegur:** [REDACTED]

47. Australian CIT customers would benefit as a sustainable merged entity benefitting from available synergies would be able to continue to provide customers with minimum health, safety, security and anti-money laundering (AML) standards, a higher than otherwise level of service and lower than otherwise prices compared to Prosegur Australia continuing to operate standalone.

48. For Australian society, the Proposed Transaction would better allow for the continued availability of cash as a payment method, including retention of the current cash distribution infrastructure. While cash usage is declining, cash functions as an important payment method including to better protect the continuity of cash circulation on a sustainable basis into the longer-term, including in times of catastrophe (e.g., natural disasters, war or cyber-attacks), and to better ensure continued access for the less privileged, promoting social inclusion. Protection of cash distribution infrastructure also maintains the Australian Government’s sovereignty to issue cash and increase the money supply, which is necessary to facilitate stimulatory monetary policy in times of economic downturn and lower than otherwise funding costs to support Australian Government spending initiatives. The secured cash distribution that the Proposed Transaction would achieve would also constrain electronic payment processing fees, which are significantly higher in countries where there is weak cash distribution infrastructure. Further, the combined entity would be an Australian taxpayer and would serve as large employer, providing greater employment opportunities with good conditions (e.g., health, safety etc.) and salaries, compared to a scenario where one or both of AMA or Prosegur Australia exit the market.

49. The combined business would also be better placed to invest in innovations to ensure business continuity and access. For example, digital assets custody, including digital wallets.

50. **[Confidential to Prosegur:** [Redacted]  
[Redacted]  
[Redacted]  
[Redacted]  
[Redacted]

51. [Redacted]  
[Redacted]  
[Redacted]  
[Redacted]  
[Redacted]  
[Redacted]  
[Redacted]

52. The merged entity and the security standards it would be able to maintain would also provide it with the capability to act as a digital assets custodian e.g. for EFTs, cryptocurrencies, digital contracts etc. At the moment, such services are carried out by digital providers only, who in my view do not have adequate security standards, as demonstrated by the recent collapse of Celsius.

53. The merger would also bring complementarities, combining two businesses with different strengths. Prosegur Australia would bring expertise in international best practices, innovation, and efficiencies whereas AMA currently has larger scale, geographic reach, closer relationships and a better understanding of the local Australian market.

**F.2 Consideration of the Australian business**

54. **[Confidential to Prosegur:** [Redacted]  
[Redacted]:

(a) [Redacted]

(b) [Redacted]

55. [Redacted]  
[Redacted]  
[Redacted]  
[Redacted]  
[Redacted]  
[Redacted]

[Redacted]

56.

[Redacted]

57.

[Redacted] :

(a) [Redacted] ;

(b) [Redacted] ;

(c) [Redacted] ;

(d) [Redacted] ;

(e) [Redacted]

(f) [Redacted] .

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62. [Redacted text block]

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65. [Redacted text block]

66. [Redacted text block]

67. [Redacted text block]

(a) [Redacted text block];

(b) [Redacted text block];

(c) [Redacted text block]

(d) [Redacted text block].

68. [Redacted]

69. [Redacted]

70. [Redacted]

(a) [Redacted]

i. [Redacted]

ii. [Redacted]

iii. [Redacted]

(b) [Redacted]

71. [Redacted]

**F.3 Prosecur Australia's operations in the future**

72. [Confidential to Prosecur: [Redacted]]

73. [Redacted]

74. [Redacted]

75. [Redacted]

76. [Redacted]

77. [Redacted]

78. [Redacted]

79. [Redacted]

80. [Redacted]

(a) [Redacted]

(b) [Redacted text block]

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81. [Redacted text block]

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83. [Redacted text block]

(a) [Redacted text block]

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(c) [Redacted text block]

84. [Redacted text block]

[Redacted text]

Signed by Jose Antonio Lasanta Luri  
on 20 August 2022

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Signature of Jose Antonio Lasanta Luri

[Handwritten signature]