



Brink's Reports Second-Quarter Results, Affirms Full-Year Guidance

July 24, 2019

Strong Profit Growth in U.S. and Mexico Continues to Drive Earnings Momentum

RICHMOND, Va., July 24, 2019 (GLOBE NEWSWIRE) -- The Brink's Company (NYSE: [BCO](#)), the global leader in total cash management, route-based secure logistics and payment solutions, today announced results for the second quarter of 2019.

(In millions, except for per share amounts)

	Second-Quarter 2019				
	GAAP	Change	Non-GAAP	Change	Constant Currency Change ^(b)
Revenue	\$ 914	8%	\$ 914	11%	20%
Operating Profit	\$ 53	(15%)	\$ 89	17%	41%
Operating Margin	5.8%	(150 bps)	9.7%	50 bps	170 bps
Net Income / Adjusted EBITDA ^(a)	\$ 13	fav	\$ 134	13%	30%
EPS	\$ 0.25	fav	\$ 0.84	8%	40%

- a. The non-GAAP financial metric, adjusted EBITDA, is presented with its corresponding GAAP metric, net income attributable to Brink's.
- b. Constant currency represents 2019 results at 2018 exchange rates.

Highlights include:

- Segment revenue: Reported growth of 11% includes 8% organic growth plus 12% acquisition-related growth, partly offset by 9% negative currency translation (up 20% in constant currency)
- Total operating profit:
 - GAAP: Profits down 15%, includes 9% organic growth, offset by a negative 9% acquisition-related impact and negative 14% currency translation
 - Non-GAAP: Profits up 17%, includes 28% organic growth plus 14% acquisition-related growth, partly offset by 25% negative currency translation (up 41% in constant currency)
- Total U.S. revenue up 54%, operating profit more than doubled, margin up 260 bps to 7.7%

Doug Pertz, president and chief executive officer, said: "Our strong second-quarter non-GAAP results include a 17% increase in operating profit, as continued profit momentum led by the U.S. and Mexico more than offset currency headwinds in Argentina, expenses related to Strategy 2.0 investment, and higher non-cash share-based compensation. In constant currency, revenue and operating profit increased 20% and 41%, respectively.

"As we begin the historically stronger second half of the year, we're confident that we will achieve our full-year 2019 non-GAAP guidance, which targets operating profit growth of 20%, despite approximately \$20 million to \$30 million of increased operating expenses to support new strategic and IT initiatives.

"We expect our Strategy 1.0 organic growth initiatives and Strategy 1.5 acquisitions to continue driving profit growth, supporting an expected increase of 100 basis points in our 2019 margin rate to approximately 11%. In addition, we expect a reduction in the negative impact of the Argentine peso as inflation-driven price increases exceed projected devaluation in that country.

"Looking beyond 2019, we fully expect Strategies 1.0 and 1.5, including future synergies on completed acquisitions, to drive additional strong profit growth throughout our next three-year plan period. We've already begun adding a third layer of high-margin growth with our Strategy 2.0 initiatives, which are focused on developing new tech-enabled services and expanding our presence in the total cash ecosystem.

"We are making tangible progress in improving customer service and developing new service offerings. For example, we recently entered into two significant multi-year agreements - one that will make Brink's the leading provider for a major U.S. financial institution, and another to manage the entire outsourced network of 11,600 ATMs for the second largest banking group in France. We also completed two acquisitions and an asset purchase during the quarter, including the purchase of a U.S.-based provider of cash management software to a national footprint of more than 11,000 retail locations. In summary, we are well-positioned to extend the profit momentum we've already achieved into 2020 and beyond."

2019 Non-GAAP Guidance Affirmed

The company's 2019 non-GAAP guidance includes revenue growth of approximately 9% to \$3.75 billion, operating profit growth of approximately 20% to a range between \$405 million and \$425 million, adjusted EBITDA growth of 17% to a range between \$590 million and \$610 million, and earnings growth of 21% to a range between \$4.10 and \$4.30 per share. This guidance assumes currency rates as of December 31, 2018, for all currencies except the Argentine peso, for which the company is using an estimated 2019 full-year average rate of 45 pesos to the U.S. dollar.

Conference Call

Brink's will host a conference call on July 24 at 8:30 a.m. ET to review second-quarter results. Interested parties can listen by calling 888-349-0094 (in the U.S.) or 412-902-0124 (international). Participants can pre-register at <http://dpreregister.com/10133026> to receive a direct dial-in number for the call. The call also will be accessible live via webcast on the Brink's website (www.brinks.com). A replay of the call will be available through August 24, 2019, at 877-344-7529 (in the U.S.) or 412-317-0088 (international). The conference number is 10133026. An archived version of the webcast will be available online in the Investor Relations section of www.brinks.com or by clicking [here](#).

2019 Guidance (Unaudited)

(In millions, except for percentages and per share amounts)

	2018 GAAP	2018 Non-GAAP ^(a)	2019 GAAP Outlook ^(b)	Reconciling Items ^(a)	2019 Non-GAAP Outlook ^(a)
Revenues	\$ 3,489	3,438	3,750	—	3,750
Operating profit	275	347	313 – 333 (113) –	92	405 – 425
Nonoperating expense	(232)	(64)	(118)	29	(84) – (89)
Provision for income taxes	(70)	(97)	(89) – (94)	(17)	(106) – (111)
Noncontrolling interests	(6)	(7)	(6)	—	(6)
Income from continuing operations attributable to Brink's	(33)	179	105 – 115 2.05 –	104	209 – 219
EPS from continuing operations attributable to Brink's	\$ (0.65)	3.46	2.25	2.05	4.10 – 4.30
Operating profit margin	7.9%	10.1%	8.3% – 8.9%	~ 2.5%	10.8% – 11.3%
Effective income tax rate	164.7%	34.2%	44.0%	(11.0)%	33.0%
Adjusted EBITDA		512			590 – 610

Changes from 2018	Revenue Change				Operating Profit Change		EPS Change
	2019 GAAP Outlook ^(b)	% Change vs. 2018	2019 Non-GAAP Outlook ^(a)	% Change vs. 2018	2019 GAAP Outlook ^(b)	2019 Non-GAAP Outlook ^(a)	2019 Non-GAAP Outlook ^(a)
Organic	190	5	241	7	86 – 106	83 – 103	0.97 – 1.17
Acquisitions / Dispositions ^(c)	286	8	286	8	4	35	0.46
Currency	(215)	(6)	(215)	(6)	(52)	(60)	(0.79)
Total	261	7	312	9	38 – 58	58 – 78	0.64 – 0.84

Amounts may not add due to rounding

- The 2018 Non-GAAP amounts are reconciled to the corresponding GAAP items on pages 10-13. The 2019 Non-GAAP outlook amounts exclude the year-to-date June 2019 Non-GAAP adjusting items applicable to each category. In addition, we have excluded certain other forecasted Non-GAAP adjusting items for the remainder of 2019, such as intangible asset amortization and U.S. retirement plan costs. We have not forecasted the impact of highly inflationary accounting on our Argentina operations for the remainder of 2019 or other potential Non-GAAP adjusting items for which the timing and amounts are currently under review, such as future restructuring actions. The 2019 Non-GAAP outlook amounts for operating profit, nonoperating expense, provision for income taxes, income from continuing operations, EPS from continuing operations, effective income tax rate and Adjusted EBITDA cannot be reconciled to GAAP without unreasonable effort. We cannot reconcile these amounts to GAAP because we are unable to accurately forecast the impact of highly inflationary accounting on our Argentina operations for the remainder of 2019 or other potential Non-GAAP adjusting items for which the timing and amounts are currently under review, such as future restructuring actions.
- The 2019 GAAP outlook excludes any forecasted impact from highly inflationary accounting on our Argentina operations for the remainder of 2019 as well as other potential Non-GAAP adjusting items for which the timing and amounts are currently under review, such as future restructuring actions.
- Non-GAAP amounts include the impact of prior year comparable period results for acquired and disposed businesses.

GAAP results also include the impact of acquisition-related intangible amortization, restructuring and other charges, and disposition related gains/losses.

The Brink's Company and subsidiaries

(In millions, except for per share amounts) (Unaudited)

Second-Quarter 2019 vs. 2018

<u>GAAP</u>	2Q'18	Organic Change	Acquisitions / Dispositions ^(a)	Currency ^(b)	2Q'19	% Change Total Organic	
Revenues:							
North America	\$ 324	20	99	—	443	37	6
South America	233	38	17	(62)	225	(3)	16
Rest of World	267	6	(15)	(12)	247	(8)	2
Segment revenues^(g)	\$ 824	64	101	(74)	914	11	8
Other items not allocated to segments ^(d)	26	(26)	—	—	—	unfav	unfav
Revenues - GAAP	\$ 850	38	100	(74)	914	8	4
Operating profit:							
North America	\$ 26	13	7	—	46	78	50
South America	46	15	4	(20)	45	(2)	33
Rest of World	26	1	—	(1)	26	—	4
Segment operating profit	98	29	10	(20)	118	20	29
Corporate ^(c)	(22)	(8)	—	1	(29)	30	36
Operating profit - non-GAAP	\$ 76	21	10	(19)	89	17	28
Other items not allocated to segments ^(d)	(15)	(16)	(16)	10	(36)	unfav	unfav
Operating profit - GAAP	\$ 62	5	(6)	(9)	53	(15)	9
GAAP interest expense	(16)				(23)	44	
GAAP loss on deconsolidation of Venezuela operations	(127)				—	(100)	
GAAP interest and other income (expense)	(8)				(3)	(62)	
GAAP provision for income taxes	19				13	(32)	
GAAP noncontrolling interests	—				2	unfav	
GAAP income (loss) from continuing operations ^(f)	(108)				13	fav	
GAAP EPS ^(f)	\$ (2.11)				0.25	fav	
GAAP weighted-average diluted shares	51.2				50.9	(1)	

Non-GAAP ^(e)		2Q'18	Organic Change	Acquisitions / Dispositions ^(a)	Currency ^(b)	2Q'19	% Change	
							Total	Organic
Segment revenues - GAAP/non-GAAP	\$	824	64	101	(74)	914	11	8
Non-GAAP operating profit		76	21	10	(19)	89	17	28
Non-GAAP interest expense		(16)				(21)	37	
Non-GAAP loss on deconsolidation of Venezuela operations		—				—	—	
Non-GAAP interest and other income (expense)		3				(1)	unfav	
Non-GAAP provision for income taxes		22				22	—	
Non-GAAP noncontrolling interests		2				2	(12)	
Non-GAAP income from continuing operations ^(f)		40				43	6	
Non-GAAP EPS ^(f)	\$	0.78				0.84	8	
Non-GAAP weighted-average diluted shares		52.1				50.9	(2)	

Amounts may not add due to rounding.

- a. Non-GAAP amounts include the impact of prior year comparable period results for acquired and disposed businesses. GAAP results also include the impact of acquisition-related intangible amortization, restructuring and other charges, and disposition related gains/losses.
- b. The amounts in the "Currency" column consist of the effects of Venezuela devaluations, prior to deconsolidation, the effects of Argentina devaluations under highly inflationary accounting and the sum of monthly currency changes. Monthly currency changes represent the accumulation throughout the year of the impact on current period results from changes in foreign currency rates from the prior year period.
- c. Corporate expenses are not allocated to segment results. Corporate expenses include salaries and other costs to manage the global business and to perform activities required of public companies.
- d. See pages 8-9 for more information.
- e. Non-GAAP results are reconciled to applicable GAAP results on pages 10-13.
- f. Attributable to Brink's.
- g. Segment revenues equal our total reported non-GAAP revenues.

The Brink's Company and subsidiaries

(In millions, except for per share amounts) (Unaudited)

Six Months Ended June 30,

GAAP			Organic	Acquisitions /		% Change	
	2018	Change	Dispositions ^(a)	Currency ^(b)	2019	Total	Organic
Revenues:							
North America	\$ 644	39	199	(4)	877	36	6
South America	488	68	37	(138)	456	(7)	14

Rest of World	545	6	(35)	(29)	487	(11)	1
Segment revenues^(g)	\$ 1,677	112	201	(171)	1,819	8	7
Other items not allocated to segments ^(d)	51	(51)	—	—	—	unfav	unfav
Revenues - GAAP	\$ 1,729	61	200	(171)	1,819	5	4
Operating profit:							
North America	\$ 47	29	15	—	90	94	62
South America	102	20	8	(42)	88	(13)	20
Rest of World	52	(1)	1	(2)	50	(3)	(1)
Segment operating profit	200	49	23	(44)	228	14	24
Corporate ^(c)	(53)	(5)	—	3	(55)	4	10
Operating profit - non-GAAP	\$ 148	44	23	(41)	174	18	30
Other items not allocated to segments ^(d)	(21)	(22)	(28)	8	(63)	unfav	unfav
Operating profit - GAAP	\$ 127	22	(4)	(33)	111	(12)	17
GAAP interest expense	(31)				(46)	48	
GAAP loss on deconsolidation of Venezuela operations	(127)				—	(100)	
GAAP interest and other income (expense)	(21)				(14)	(33)	
GAAP provision for income taxes	30				22	(25)	
GAAP noncontrolling interests	4				2	(34)	
GAAP income (loss) from continuing operations ^(f)	(86)				26	fav	
GAAP EPS ^(f)	\$ (1.68)				0.52	fav	
GAAP weighted-average diluted shares	51.0				50.9	—	

<u>Non-GAAP^(e)</u>	2018	Organic Change	Acquisitions / Dispositions ^(a)	Currency ^(b)	2019	% Change Total	% Change Organic
Segment revenues - GAAP/non-GAAP	\$ 1,677	112	201	(171)	1,819	8	7
Non-GAAP operating profit	148	44	23	(41)	174	18	30
Non-GAAP interest expense	(30)				(43)	41	
Non-GAAP loss on deconsolidation of Venezuela operations	—				—	—	

Non-GAAP interest and other income (expense)	4	(4)	unfav
Non-GAAP provision for income taxes	42	42	1
Non-GAAP noncontrolling interests	4	2	(41)
Non-GAAP income from continuing operations ^(f)	76	83	9
Non-GAAP EPS ^(f)	\$ 1.45	1.63	12
Non-GAAP weighted-average diluted shares	52.1	50.9	(2)

Amounts may not add due to rounding.

See page 4 for footnote explanations.

The Brink's Company and subsidiaries
(In millions) (Unaudited)

Selected Items - Condensed Consolidated Balance Sheets

	December 31, 2018	June 30, 2019
Assets		
Cash and cash equivalents	\$ 343.4	304.9
Restricted cash	136.1	105.8
Accounts receivable, net	599.5	678.3
Right-of-use assets, net	—	280.8
Property and equipment, net	699.4	712.7
Goodwill and intangibles	907.5	1,062.0
Deferred income taxes	236.5	239.0
Other	313.6	348.9
Total assets	\$ 3,236.0	3,732.4
Liabilities and Equity		
Accounts payable	174.6	165.7
Debt	1,554.0	1,759.5
Retirement benefits	563.0	555.2
Accrued liabilities	502.1	561.4
Lease liabilities	—	229.9
Other	275.7	251.0
Total liabilities	3,069.4	3,522.7
Equity	166.6	209.7
Total liabilities and equity	\$ 3,236.0	3,732.4

Selected Items - Condensed Consolidated Statements of Cash Flows

	Six Months Ended June 30,	
	2018	2019
Net cash provided by operating activities	\$ 109.1	23.9
Net cash used by investing activities	(107.4)	(242.7)
Net cash provided (used) by financing activities	(54.5)	149.5
Effect of exchange rate changes on cash	(24.0)	0.5
Cash, cash equivalents and restricted cash:		
Increase (decrease)	(76.8)	(68.8)
Balance at beginning of period	726.9	479.5
Balance at end of period	\$ 650.1	410.7

Supplemental Cash Flow Information

Capital expenditures	\$ (73.3)	(73.1)
Acquisitions	—	(167.0)
Depreciation and amortization	77.9	96.6
Cash paid for income taxes, net	(48.6)	(31.9)

About The Brink's Company

The Brink's Company (NYSE: [BCO](#)) is the global leader in total cash management, route-based secure logistics and payment solutions including cash-in-transit, ATM services, cash management services (including vault outsourcing, money processing and intelligent safe services), and international transportation of valuables. Our customers include financial institutions, retailers, government agencies, mints, jewelers and other commercial operations. Our global network of operations in 41 countries serves customers in more than 100 countries. For more information, please visit our website at www.brinks.com or call 804-289-9709.

Forward-Looking Statements

This release contains forward-looking information. Words such as "anticipate," "assume," "estimate," "expect," "target" "project," "predict," "intend," "plan," "believe," "potential," "may," "should" and similar expressions may identify forward-looking information. Forward-looking information in these materials includes, but is not limited to: 2019 GAAP and non-GAAP outlook, including revenue, organic growth, operating profit, operating profit margin, expected currency impact and impact of acquisitions, tax rate, and adjusted EBITDA; drivers of profit growth; impact of Argentine peso devaluation; support for the Venezuela business; and costs related to Reorganization and Restructuring activities. Forward-looking information in this document is subject to known and unknown risks, uncertainties and contingencies, which are difficult to predict or quantify, and which could cause actual results, performance or achievements to differ materially from those that are anticipated.

These risks, uncertainties and contingencies, many of which are beyond our control, include, but are not limited to: our ability to improve profitability and execute further cost and operational improvement and efficiencies in our core businesses; our ability to improve service levels and quality in our core businesses; market volatility and commodity price fluctuations; seasonality, pricing and other competitive industry factors; investment in information technology ("IT") and its impact on revenue and profit growth; our ability to maintain an effective IT infrastructure and safeguard confidential information; our ability to effectively develop and implement solutions for our customers; risks associated with operating in foreign countries, including changing political, labor and economic conditions, regulatory issues (including the imposition of international sanctions, including by the U.S. government), currency restrictions and devaluations, restrictions on and cost of repatriating earnings and capital, impact on the Company's financial results as a result of jurisdictions determined to be highly inflationary, and restrictive government actions, including nationalization; labor issues, including negotiations with organized labor and work stoppages; the strength of the U.S. dollar relative to foreign currencies and foreign currency exchange rates; our ability to identify, evaluate and complete acquisitions and other strategic transactions and to successfully integrate acquired companies; costs related to dispositions and product or market exits; our ability to obtain appropriate insurance coverage, positions taken by insurers relative to claims and the financial condition of insurers; safety and security performance and loss experience; employee and environmental liabilities in connection with former coal operations, including black lung claims; the impact of the Patient Protection and Affordable Care Act on legacy liabilities and ongoing operations; funding requirements, accounting treatment, and investment performance of our pension plans, the VEBA and other employee benefits; changes to estimated liabilities and assets in actuarial assumptions; the nature of hedging relationships and counterparty risk; access to the capital and credit markets; our ability to realize deferred tax assets; the outcome of pending and future claims, litigation, and administrative proceedings; public perception of our business, reputation and brand; changes in estimates and assumptions underlying critical accounting policies; the promulgation and adoption of new accounting standards, new government regulations and interpretation of existing standards and regulations.

This list of risks, uncertainties and contingencies is not intended to be exhaustive. Additional factors that could cause our results to differ materially from those described in the forward-looking statements can be found under "Risk Factors" in Item 1A of our Annual Report on Form 10-K for the period ended December 31, 2018, and in our other public filings with the Securities and Exchange Commission. The forward-looking information included in this document is representative only as of the date of this document and The Brink's Company undertakes no obligation to update any information contained in this document.

The Brink's Company and subsidiaries
Segment Results: 2018 and 2019 (Unaudited)
(In millions, except for percentages)

Revenues								
2018					2019			
	1Q	2Q	3Q	4Q	Full Year	1Q	2Q	Six Months
Revenues:								
North America	\$ 320.1	324.0	383.4	438.8	1,466.3	\$ 434.5	442.5	877.0
South America	254.8	233.3	215.5	223.3	926.9	230.3	225.2	455.5
Rest of World	278.4	266.8	253.5	245.6	1,044.3	240.2	246.6	486.8
Segment revenues - GAAP and Non-GAAP	853.3	824.1	852.4	907.7	3,437.5	905.0	914.3	1,819.3
Other items not allocated to segments ^(a)								
Venezuela operations	25.8	25.6	—	—	51.4	—	—	—
Acquisitions and dispositions	—	—	—	—	—	—	(0.3)	(0.3)
GAAP	\$ 879.1	849.7	852.4	907.7	3,488.9	\$ 905.0	914.0	1,819.0
Operating Profit								
2018					2019			
	1Q	2Q	3Q	4Q	Full Year	1Q	2Q	Six Months
Operating profit:								
North America	\$ 20.6	26.1	33.6	49.5	129.8	\$ 44.0	46.4	90.4
South America	55.6	46.1	46.3	50.7	198.7	43.0	45.0	88.0
Rest of World	25.6	26.2	30.8	31.8	114.4	23.8	26.2	50.0
Corporate	(30.3)	(22.2)	(15.4)	(28.1)	(96.0)	(26.0)	(28.8)	(54.8)
Non-GAAP	71.5	76.2	95.3	103.9	346.9	84.8	88.8	173.6
Other items not allocated to segments ^(a)								
Venezuela operations	3.5	(1.2)	—	—	2.3	—	—	—
Reorganization and Restructuring	(3.7)	(4.5)	(7.3)	(5.1)	(20.6)	(3.5)	(10.6)	(14.1)
Acquisitions and dispositions	(6.5)	(7.4)	(10.7)	(16.8)	(41.4)	(17.2)	(22.6)	(39.8)
Argentina highly inflationary impact	—	—	(8.3)	0.3	(8.0)	(4.3)	(0.1)	(4.4)
Reporting compliance	—	(1.4)	(2.0)	(1.1)	(4.5)	(1.4)	(2.9)	(4.3)
GAAP	\$ 64.8	61.7	67.0	81.2	274.7	\$ 58.4	52.6	111.0
Margin								
2018					2019			
	1Q	2Q	3Q	4Q	Full Year	1Q	2Q	Six Months
Margin:								
North America	6.4%	8.1	8.8	11.3	8.9	10.1%	10.5	10.3
South America	21.8	19.8	21.5	22.7	21.4	18.7	20.0	19.3
Rest of World	9.2	9.8	12.1	12.9	11.0	9.9	10.6	10.3
Non-GAAP	8.4	9.2	11.2	11.4	10.1	9.4	9.7	9.5

Other items not allocated to segments ^(a)	(1.0)	(1.9)	(3.3)	(2.5)	(2.2)	(2.9)	(3.9)	(3.4)
GAAP	<u>7.4%</u>	<u>7.3</u>	<u>7.9</u>	<u>8.9</u>	<u>7.9</u>	<u>6.5%</u>	<u>5.8</u>	<u>6.1</u>

a. See explanation of items on page 9.

The Brink's Company and subsidiaries

Other Items Not Allocated To Segments (Unaudited)

(In millions)

Brink's measures its segment results before income and expenses for corporate activities and for certain other items. See below for a summary of the other items not allocated to segments.

Venezuela operations Prior to the deconsolidation of our Venezuelan subsidiaries effective June 30, 2018, we excluded from our segment results all of our Venezuela operating results, due to the Venezuelan government's restrictions that prevented us from repatriating funds. As a result, the Chief Executive Officer, the Company's Chief Operating Decision maker ("CODM"), assessed segment performance and made resource decisions by segment excluding Venezuela operating results.

Reorganization and Restructuring

2016 Restructuring

In the fourth quarter of 2016, management implemented restructuring actions across our global business operations and our corporate functions. As a result of these actions, we recognized \$18.1 million in related 2016 costs and an additional \$17.3 million in 2017 costs. We recognized additional charges of \$6.0 million in the first six months of 2018 under this restructuring. The actions under this program were substantially completed in 2018.

Other Restructurings

Management periodically implements restructuring actions in targeted sections of our business. As a result of these actions, we recognized charges of \$2.2 million in the first six months of 2018 and \$14.1 million in the first six months of 2019, primarily severance costs and charges related to the modification of share-based compensation awards. For the current restructuring actions, we expect to incur additional costs between \$2 million and \$4 million in future periods.

Due to the unique circumstances around these charges, these management-directed items have not been allocated to segment results and are excluded from non-GAAP results.

Acquisitions and dispositions Certain acquisition and disposition items that are not considered part of the ongoing activities of the business and are special in nature are consistently excluded from non-GAAP results. These items are described below:

2019 Acquisitions and Dispositions

- We incurred \$17.6 million in integration costs related to Dunbar in the first six months of 2019.
- Amortization expense for acquisition-related intangible assets was \$13.5 million in the first six months of 2019.
- Restructuring costs related to our Dunbar and Rodoban acquisitions were \$3.8 million in the first six months of 2019.
- Transaction costs related to business acquisitions were \$1.9 million in the first six months of 2019.
- Compensation expense related to the retention of key Dunbar employees was \$1.6 million in the first six months of 2019.
- In the first six months of 2019, we recognized \$1.3 million in asset impairment charges and severance costs related to the exit from our top-up prepaid mobile phone business in Brazil.

2018 Acquisitions and Dispositions

- Amortization expense for acquisition-related intangible assets was \$17.7 million in 2018.
- Integration costs in 2018 related to acquisitions in France and the U.S. were \$8.1 million.
- 2018 transaction costs related to business acquisitions were \$6.7 million.
- We incurred 2018 severance charges related to our acquisitions in Argentina, France, U.S. and Brazil of \$5.0 million.
- Compensation expense related to the retention of key Dunbar employees was \$4.1 million in 2018.
- We recognized a net gain in 2018 (\$2.6 million, net of statutory employee benefit) on the sale of real estate in Mexico.

Argentina highly inflationary impact Beginning in the third quarter of 2018, we designated Argentina's economy as highly inflationary for accounting purposes. As a result, Argentine peso-denominated monetary assets and liabilities are now remeasured at each balance sheet date to the currency exchange rate then in effect, with currency remeasurement gains and losses recognized in earnings. In addition, nonmonetary assets retain a higher historical basis when the currency is devalued. The higher historical basis results in incremental expense being recognized when the nonmonetary assets are consumed. In the first half of 2019, we recognized \$4.4 million in pretax charges related to highly inflationary accounting, including currency remeasurement losses of \$3.4 million. These amounts are excluded from non-GAAP results.

Reporting compliance Certain compliance costs (primarily third party expenses) are excluded from the first six months of 2019 non-GAAP results. These costs relate to the reconstruction of the accounts receivable subledger in the U.S. global services operations (\$2.6 million), the implementation and January 1, 2019 adoption of the new lease accounting standard (\$1.4 million) and the mitigation of material weaknesses (\$0.3 million).

The Brink's Company and subsidiaries

Non-GAAP Results Reconciled to GAAP (Unaudited)

(In millions, except for percentages and per share amounts)

Non-GAAP results described in this press release are financial measures that are not required by or presented in accordance with U.S. generally accepted accounting principles ("GAAP"). The purpose of the Non-GAAP results is to report financial information from the primary operations of our business by excluding the effects of certain income and expenses that do not reflect the ordinary earnings of our operations. The specific items excluded have not been allocated to segments, are described on page 9 and in more detail in our Form 10-Q, and are reconciled to comparable GAAP measures below. In addition, we refer to non-GAAP constant currency amounts, which represent current period results and forecasts at prior period exchange rates.

Non-GAAP results adjust the quarterly Non-GAAP tax rates so that the Non-GAAP tax rate in each of the quarters is equal to the full-year estimated Non-GAAP tax rate. The full-year Non-GAAP tax rate in both years excludes certain pretax and income tax amounts. Amounts reported for prior periods have been updated in this report to present information consistently for all periods presented.

The 2019 Non-GAAP outlook amounts for provision for income taxes, income (loss) from continuing operations, EPS from continuing operations, effective income tax rate and Adjusted EBITDA cannot be reconciled to GAAP without unreasonable effort. We cannot reconcile these amounts to GAAP because we are unable to accurately forecast the impact of highly inflationary accounting on our Argentina operations or other potential Non-GAAP adjusting items for which the timing and amounts are currently under review, such as future restructuring actions. The impact of highly inflationary accounting and other potential Non-GAAP adjusting items could be significant to our GAAP results.

The Non-GAAP financial measures are intended to provide investors with a supplemental comparison of our operating results and trends for the periods presented. Our management believes these measures are also useful to investors as such measures allow investors to evaluate our performance using the same metrics that our management uses to evaluate past performance and prospects for future performance. We do not consider these items to be reflective of our core operating performance due to the variability of such items from period-to-period in terms of size, nature and significance. Additionally, Non-GAAP results are utilized as performance measures in certain management incentive compensation plans.

Non-GAAP Results Reconciled to GAAP

	YTD '18			YTD '19		
	Pre-tax	Tax	Effective tax rate	Pre-tax	Tax	Effective tax rate
Effective Income Tax Rate						
GAAP	\$ (52.2)	30.0	(57.5)%	\$ 51.0	22.4	43.9%
Retirement plans ^(c)	16.9	3.9		14.9	3.5	
Venezuela operations ^{(a)(j)}	0.6	(3.9)		0.9	—	
Reorganization and Restructuring ^(a)	8.2	2.7		14.1	3.6	
Acquisitions and dispositions ^(a)	19.6	9.3		42.8	2.8	
Tax on accelerated income ^(e)	—	0.3		—	—	
Argentina highly inflationary impact ^(a)	—	—		4.4	—	
Reporting compliance ^(a)	1.4	0.3		4.3	0.1	
Gain on lease termination ^(k)	—	—		(5.2)	—	
Loss on deconsolidation of Venezuela operations ^(f)	126.7	—		—	—	
Income tax rate adjustment ^(b)	—	(1.1)		—	9.6	
Non-GAAP	\$ 121.2	41.5	34.2%	\$ 127.2	42.0	33.0%

Amounts may not add due to rounding.

- See "Other Items Not Allocated To Segments" on pages 8-9 for details. We do not consider these items to be reflective of our core operating performance due to the variability of such items from period-to-period in terms of size, nature and significance.
- Non-GAAP income from continuing operations and non-GAAP EPS have been adjusted to reflect an effective income tax rate in each interim period equal to the full-year non-GAAP effective income tax rate. The full-year non-GAAP effective tax rate is estimated at 33.0% for 2019 and was 34.2% for 2018.
- Our U.S. retirement plans are frozen and costs related to these plans are excluded from non-GAAP results. Certain non-U.S. operations also have retirement plans. Settlement charges related to these non-U.S. plans are also excluded from non-GAAP results.
- Represents the estimated impact of tax legislation enacted into law in the fourth quarter of 2017. This primarily relates to the U.S. Tax Reform expense from the remeasurement of our net deferred tax assets.
- The non-GAAP tax rate excludes the 2018 and 2017 foreign tax benefits that resulted from the transaction that accelerated U.S. tax in 2015.
- Effective June 30, 2018, we deconsolidated our investment in Venezuelan subsidiaries and recognized a pretax charge of \$126.7 million.
- Due to reorganization and restructuring activities, there was a \$7.5 million non-GAAP adjustment to share-based compensation in the first half of 2019 and \$0.1 million in the fourth quarter and full-year of 2018. There is no difference

between GAAP and non-GAAP share-based compensation amounts for the other periods presented.

- h. Adjusted EBITDA is defined as non-GAAP income from continuing operations excluding the impact of non-GAAP interest expense, non-GAAP income tax provision, non-GAAP depreciation and amortization and non-GAAP share-based compensation.
- i. Because we reported a loss from continuing operations on a GAAP basis in the second quarter of 2018 and full year 2018, GAAP EPS was calculated using basic shares. However, as we reported income from continuing operations on a non-GAAP basis in the second quarter of 2018 and full year 2018, non-GAAP EPS was calculated using diluted shares.
- j. Post-deconsolidation funding of ongoing costs related to our Venezuelan operations was \$0.9 million in the first six months of 2019 (\$0.6 million in the second half of 2018) and was expensed as incurred and reported in interest and other nonoperating income (expense). We do not expect any future funding of the Venezuela business, as long as current U.S. sanctions remain in effect.
- k. Gain on termination of a mining lease obligation related to former coal operations. We have no remaining mining leases.

The Brink's Company and subsidiaries

Non-GAAP Results Reconciled to GAAP (Unaudited) - continued

(In millions, except for percentages and per share amounts)

	2018					2019		Six Months
	1Q	2Q	3Q	4Q	Full Year	1Q	2Q	
Revenues:								
GAAP	\$ 879.1	849.7	852.4	907.7	3,488.9	\$ 905.0	914.0	1,819.0
Venezuela operations ^(a)	(25.8)	(25.6)	—	—	(51.4)	—	—	—
Acquisitions and dispositions ^(a)	—	—	—	—	—	—	0.3	0.3
Non-GAAP	\$ 853.3	824.1	852.4	907.7	3,437.5	\$ 905.0	914.3	1,819.3
Operating profit (loss):								
GAAP	\$ 64.8	61.7	67.0	81.2	274.7	\$ 58.4	52.6	111.0
Venezuela operations ^(a)	(3.5)	1.2	—	—	(2.3)	—	—	—
Reorganization and Restructuring ^(a)	3.7	4.5	7.3	5.1	20.6	3.5	10.6	14.1
Acquisitions and dispositions ^(a)	6.5	7.4	10.7	16.8	41.4	17.2	22.6	39.8
Argentina highly inflationary impact ^(a)	—	—	8.3	(0.3)	8.0	4.3	0.1	4.4
Reporting compliance ^(a)	—	1.4	2.0	1.1	4.5	1.4	2.9	4.3
Non-GAAP	\$ 71.5	76.2	95.3	103.9	346.9	\$ 84.8	88.8	173.6
Operating margin:								
GAAP margin	7.4%	7.3%	7.9%	8.9%	7.9%	6.5%	5.8%	6.1%
Non-GAAP margin	8.4%	9.2%	11.2%	11.4%	10.1%	9.4%	9.7%	9.5%
Interest expense:								
GAAP	\$ (15.0)	(15.8)	(17.0)	(18.9)	(66.7)	\$ (23.0)	(22.7)	(45.7)
Venezuela operations ^(a)	—	0.1	—	—	0.1	—	—	—
Acquisitions and dispositions ^(a)	0.2	0.2	0.1	0.7	1.2	1.5	1.5	3.0
Argentina highly inflationary impact ^(a)	—	—	—	(0.2)	(0.2)	—	—	—
Non-GAAP	\$ (14.8)	(15.5)	(16.9)	(18.4)	(65.6)	\$ (21.5)	(21.2)	(42.7)
Loss on deconsolidation of Venezuela operations:								
GAAP	\$ —	(126.7)	—	—	(126.7)	\$ —	—	—

Loss on deconsolidation of Venezuela operations ^(f)	—	126.7	—	—	126.7	—	—	—
Non-GAAP	\$ —	—	—	—	—	\$ —	—	—

Interest and other income (expense):

GAAP	\$ (13.1)	(8.1)	(8.1)	(9.5)	(38.8)	\$ (11.2)	(3.1)	(14.3)
Retirement plans ^(c)	8.8	8.1	8.1	8.2	33.2	8.4	6.5	14.9
Venezuela operations ^{(a)(i)}	1.9	0.9	0.3	0.3	3.4	0.5	0.4	0.9
Acquisitions and dispositions ^(a)	2.9	2.4	0.2	(1.1)	4.4	—	—	—
Argentina highly inflationary impact ^(a)	—	—	(0.5)	—	(0.5)	—	—	—
Gain on lease termination ^(k)	—	—	—	—	—	—	(5.2)	(5.2)
Non-GAAP	\$ 0.5	3.3	—	(2.1)	1.7	\$ (2.3)	(1.4)	(3.7)

Amounts may not add due to rounding.
See page 10 for footnote explanations.

	2018					2019		Six Months
	1Q	2Q	3Q	4Q	Full Year	1Q	2Q	
Taxes:								
GAAP	\$ 11.4	18.6	23.0	17.0	70.0	\$ 9.7	12.7	22.4
Retirement plans ^(c)	1.9	2.0	2.0	2.0	7.9	1.9	1.6	3.5
Venezuela operations ^(a)	(1.5)	(2.4)	—	—	(3.9)	—	—	—
Reorganization and Restructuring ^(a)	1.2	1.5	2.4	1.6	6.7	1.0	2.6	3.6
Acquisitions and dispositions ^(a)	3.1	6.2	2.8	1.7	13.8	1.7	1.1	2.8
Tax reform ^(d)	—	—	—	2.1	2.1	—	—	—
Tax on accelerated income ^(e)	0.5	(0.2)	—	(0.3)	—	—	—	—
Argentina highly inflationary impact ^(a)	—	—	0.6	(0.6)	—	—	—	—
Reporting compliance ^(a)	—	0.3	0.5	(0.7)	0.1	—	0.1	0.1
Gain on lease termination ^(k)	—	—	—	—	—	—	—	—
Loss on deconsolidation of Venezuela operations ^(f)	—	—	0.1	—	0.1	—	—	—
Income tax rate adjustment ^(b)	3.0	(4.1)	(4.6)	5.7	—	5.8	3.8	9.6
Non-GAAP	\$ 19.6	21.9	26.8	28.5	96.8	\$ 20.1	21.9	42.0

Noncontrolling interests:

GAAP	\$ 3.2	0.3	1.4	0.9	5.8	\$ 0.8	1.5	2.3
Venezuela operations ^(a)	(0.6)	1.6	—	—	1.0	—	—	—
Reorganization and Restructuring ^(a)	—	(0.1)	—	0.1	—	—	—	—
Income tax rate adjustment ^(b)	(0.4)	(0.1)	0.6	(0.1)	—	—	—	—
Non-GAAP	\$ 2.2	1.7	2.0	0.9	6.8	\$ 0.8	1.5	2.3

Income (loss) from continuing operations attributable to Brink's:

GAAP	\$ 22.1	(107.8)	17.5	34.9	(33.3)	\$ 13.7	12.6	26.3
Retirement plans ^(c)	6.9	6.1	6.1	6.2	25.3	6.5	4.9	11.4

Venezuela operations ^{(a)(j)}	0.5	3.0	0.3	0.3	4.1	0.5	0.4	0.9
Reorganization and Restructuring ^(a)	2.5	3.1	4.9	3.4	13.9	2.5	8.0	10.5
Acquisitions and dispositions ^(a)	6.5	3.8	8.2	14.7	33.2	17.0	23.0	40.0
Tax reform ^(d)	—	—	—	(2.1)	(2.1)	—	—	—
Tax on accelerated income ^(e)	(0.5)	0.2	—	0.3	—	—	—	—
Argentina highly inflationary impact ^(a)	—	—	7.2	0.1	7.3	4.3	0.1	4.4
Reporting compliance ^(a)	—	1.1	1.5	1.8	4.4	1.4	2.8	4.2
Gain on lease termination ^(k)	—	—	—	—	—	—	(5.2)	(5.2)
Loss on deconsolidation of Venezuela operations ^(f)	—	126.7	(0.1)	—	126.6	—	—	—
Income tax rate adjustment ^(b)	(2.6)	4.2	4.0	(5.6)	—	(5.8)	(3.8)	(9.6)
Non-GAAP	<u>\$ 35.4</u>	<u>40.4</u>	<u>49.6</u>	<u>54.0</u>	<u>179.4</u>	<u>\$ 40.1</u>	<u>42.8</u>	<u>82.9</u>

Amounts may not add due to rounding.
See page 10 for footnote explanations.

	2018					2019		
	1Q	2Q	3Q	4Q	Full Year	1Q	2Q	Six Months
Adjusted EBITDA^(h):								
Net income (loss) attributable to Brink's - GAAP	\$ 22.3	(107.9)	17.4	34.9	(33.3)	\$ 13.7	12.5	26.2
Interest expense - GAAP	15.0	15.8	17.0	18.9	66.7	23.0	22.7	45.7
Income tax provision - GAAP	11.4	18.6	23.0	17.0	70.0	9.7	12.7	22.4
Depreciation and amortization - GAAP	38.8	39.1	41.6	42.8	162.3	47.9	48.7	96.6
EBITDA	\$ 87.5	(34.4)	99.0	113.6	265.7	\$ 94.3	96.6	190.9
Discontinued operations - GAAP	(0.2)	0.1	0.1	—	—	—	0.1	0.1
Retirement plans ^(c)	8.8	8.1	8.1	8.2	33.2	8.4	6.5	14.9
Venezuela operations ^{(a)(i)}	(1.5)	(0.1)	0.3	0.3	(1.0)	0.5	0.4	0.9
Reorganization and Restructuring ^(a)	2.5	4.4	6.9	4.9	18.7	3.4	10.6	14.0
Acquisitions and dispositions ^(a)	5.6	6.4	6.4	9.7	28.1	10.8	12.2	23.0
Argentina highly inflationary impact ^(a)	—	—	7.8	(0.3)	7.5	4.1	(0.2)	3.9
Reporting compliance ^(a)	—	1.4	2.0	1.1	4.5	1.4	2.9	4.3
Gain on lease termination ^(k)	—	—	—	—	—	—	(5.2)	(5.2)
Loss on deconsolidation of Venezuela operations ^(f)	—	126.7	—	—	126.7	—	—	—
Income tax rate adjustment ^(b)	0.4	0.1	(0.6)	0.1	—	—	—	—
Share-based compensation ^(g)	6.8	5.7	6.3	9.5	28.3	8.9	9.7	18.6
Adjusted EBITDA	\$ 109.9	118.4	136.3	147.1	511.7	\$ 131.8	133.6	265.4

EPS:

GAAP	\$ 0.42	(2.11)	0.34	0.68	(0.65)	\$ 0.27	0.25	0.52
Retirement plans ^(c)	0.13	0.12	0.12	0.12	0.49	0.13	0.10	0.22
Venezuela operations ^{(a)(j)}	0.01	0.06	0.01	0.01	0.08	0.01	0.01	0.02

Reorganization and Restructuring costs ^(a)	0.05	0.06	0.09	0.07	0.27	0.05	0.16	0.21
Acquisitions and dispositions ^(a)	0.12	0.07	0.16	0.29	0.64	0.33	0.45	0.79
Tax reform ^(d)	—	—	—	(0.04)	(0.04)	—	—	—
Tax on accelerated income ^(e)	(0.01)	—	—	0.01	—	—	—	—
Argentina highly inflationary impact ^(a)	—	—	0.14	—	0.14	0.09	—	0.09
Reporting compliance ^(a)	—	0.02	0.03	0.04	0.09	0.03	0.06	0.08
Gain on lease termination ^(k)	—	—	—	—	—	—	(0.10)	(0.10)
Loss on deconsolidation of Venezuela operations ^(f)	—	2.43	—	—	2.44	—	—	—
Income tax rate adjustment ^(b)	(0.05)	0.08	0.08	(0.11)	—	(0.11)	(0.07)	(0.19)
Share adjustment ⁽ⁱ⁾	—	0.04	—	—	0.01	—	—	—
Non-GAAP	<u>\$ 0.68</u>	<u>0.78</u>	<u>0.95</u>	<u>1.05</u>	<u>3.46</u>	<u>\$ 0.79</u>	<u>0.84</u>	<u>1.63</u>

Depreciation and Amortization:

GAAP	\$ 38.8	39.1	41.6	42.8	162.3	\$ 47.9	48.7	96.6
Venezuela operations ^(a)	(0.5)	(0.6)	—	—	(1.1)	—	—	—
Reorganization and Restructuring costs ^(a)	(1.2)	(0.2)	(0.4)	(0.1)	(1.9)	(0.1)	—	(0.1)
Acquisitions and dispositions ^(a)	(3.8)	(3.4)	(4.5)	(6.0)	(17.7)	(6.4)	(10.4)	(16.8)
Argentina highly inflationary impact ^(a)	—	—	—	—	—	(0.2)	(0.3)	(0.5)
Non-GAAP	<u>\$ 33.3</u>	<u>34.9</u>	<u>36.7</u>	<u>36.7</u>	<u>141.6</u>	<u>\$ 41.2</u>	<u>38.0</u>	<u>79.2</u>

Amounts may not add due to rounding.
See page 10 for footnote explanations.

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