



The Brink's Company

Third-Quarter 2013 Earnings Conference Call

NYSE:BCO
October 24, 2013

 **BRINKS**

Forward-Looking Statements

These materials contain forward-looking statements. Actual results could differ materially from projected or estimated results. Information regarding factors that could cause such differences is available in today's release and in The Brink's Company's most recent SEC filings.

Information discussed today is representative as of today only and Brink's assumes no obligation to update any forward-looking statements. These materials are copyrighted and may not be used without written permission from Brink's.



The Brink's Company

Ed Cunningham
Director – Investor Relations



Highlights of Third-Quarter Results

GAAP EPS \$.63 vs \$.44

Non-GAAP Summary:

- **EPS \$.69 vs \$.58**
- **Segment margin 8.5% vs 6.8%**
- **Revenue up 6% (9% organic growth)**



The Brink's Company

Tom Schievelbein
Chairman, President and
Chief Executive Officer

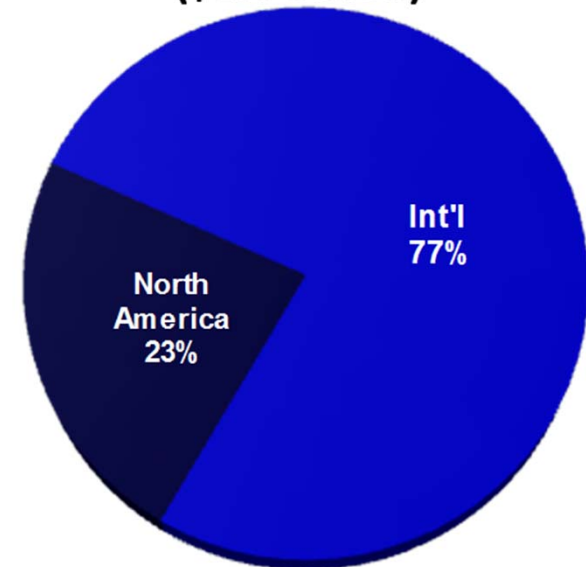


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CEO Overview

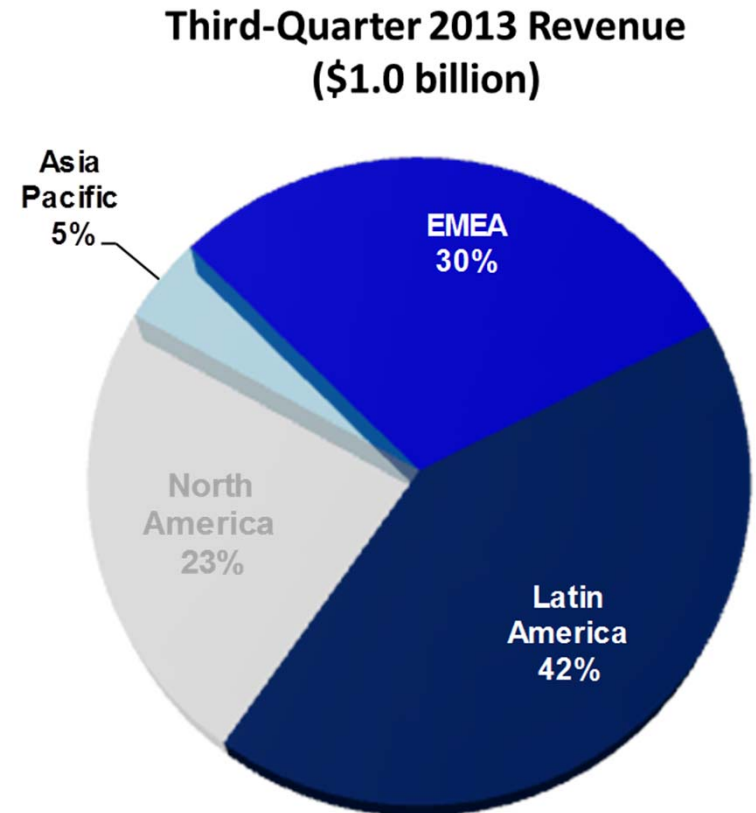
- **Third Quarter**
 - **International margin 10.6% vs 7.6%**
 - **North America margin 1.5% vs 4.5%**
- **Full-Year Segment Margin Outlook**
 - **6.5% to 7% in 2013**
 - **~ 7% in 2014**

**Third-Quarter 2013 Revenue
(\$1.0 billion)**



International Operations

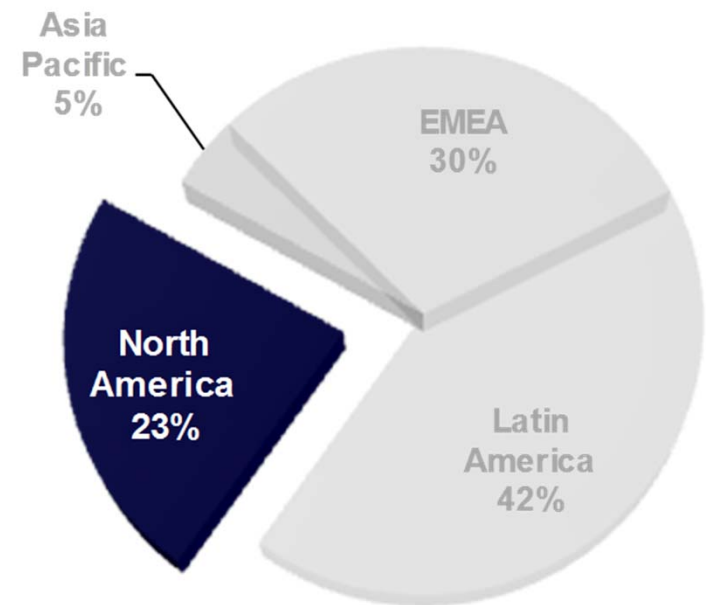
- **Latin America Profit Growth**
 - Driven primarily by Venezuela
 - Mexico improvement on track
- Europe – profits flat
- Asia-Pacific - continued improvement



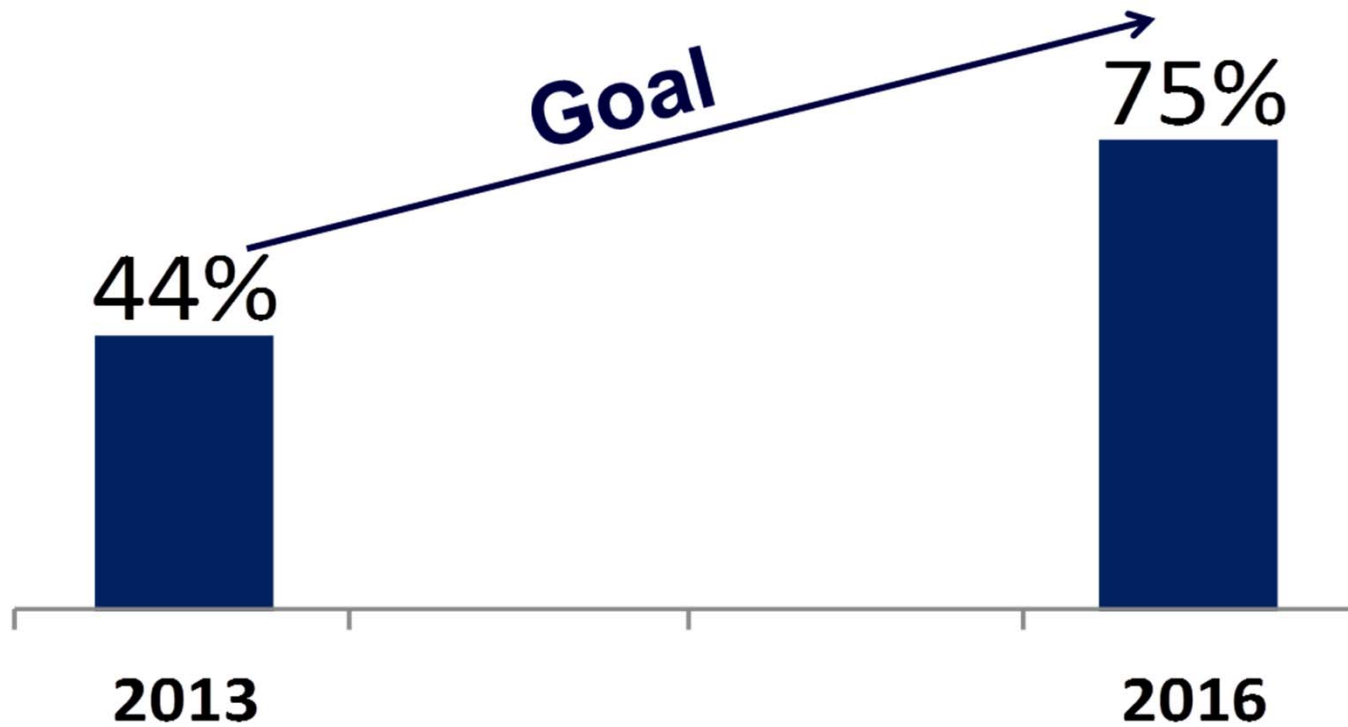
North America Plans

- Reduce Labor and SG&A
- Increase performing branches in the U.S.
- Change revenue mix
- Strengthen management team

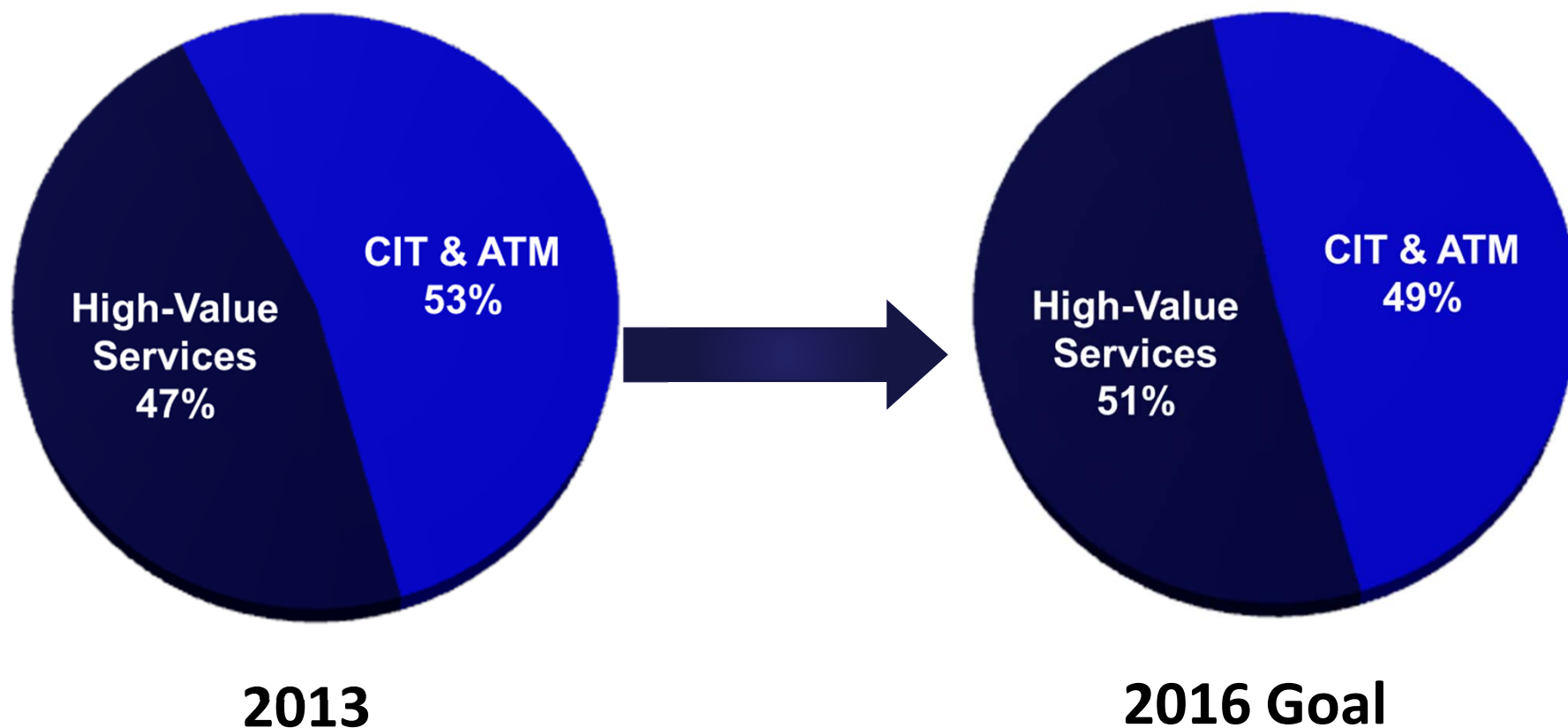
Third-Quarter 2013 Revenue
(\$1.0 billion)



Performing Branches in U.S.



Shift U.S. Revenue Mix to High-Value Services



Note: High-Value Services includes Global Services and Cash Management Services. Cash Management Services includes money processing, vaulting, ATM management and CompuSafe® Service.



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Tom Schievelbein
Chairman, President and
Chief Executive Officer



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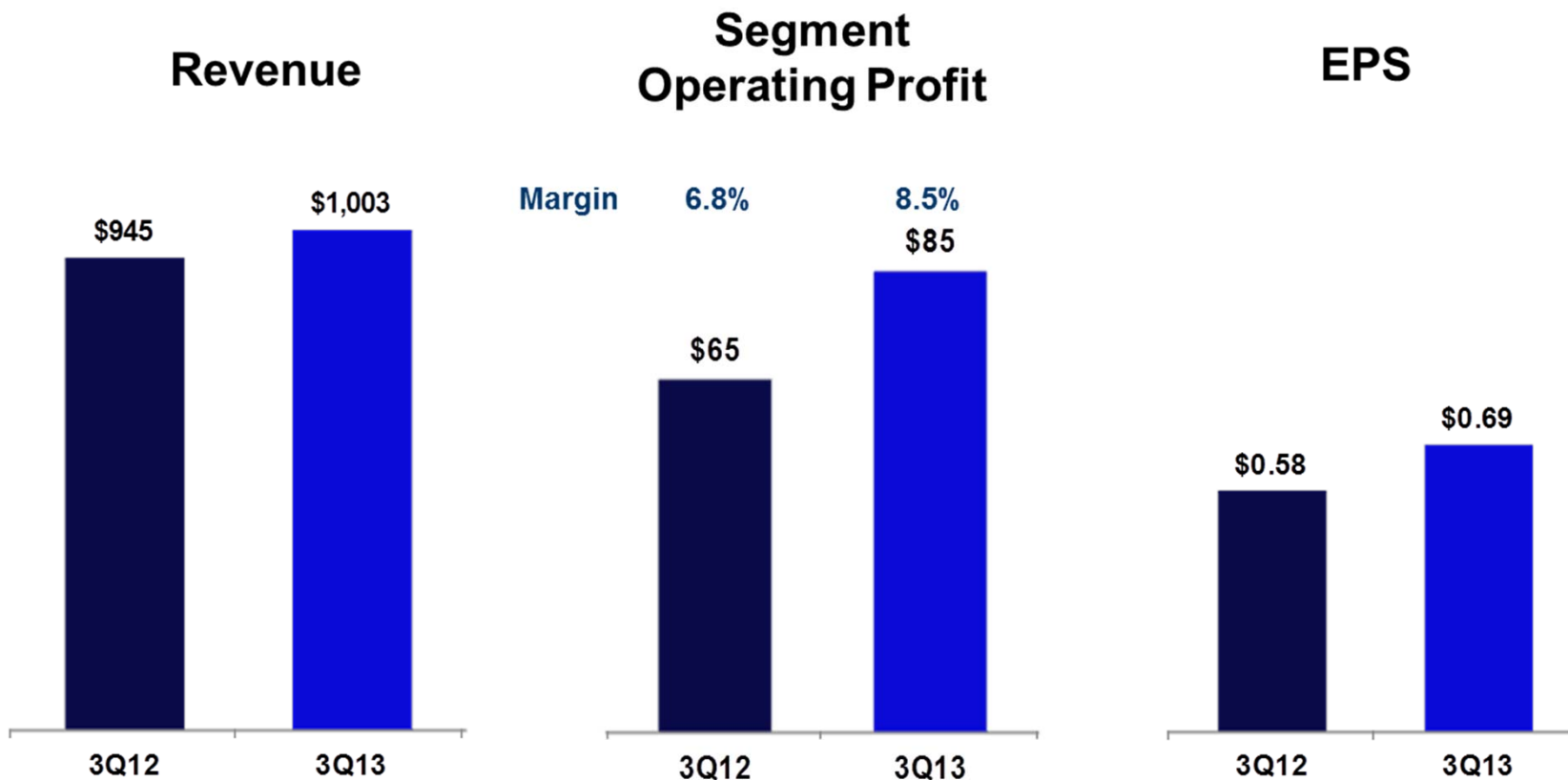
Review and Outlook

Joe Dzedzic
Vice President and Chief
Financial Officer



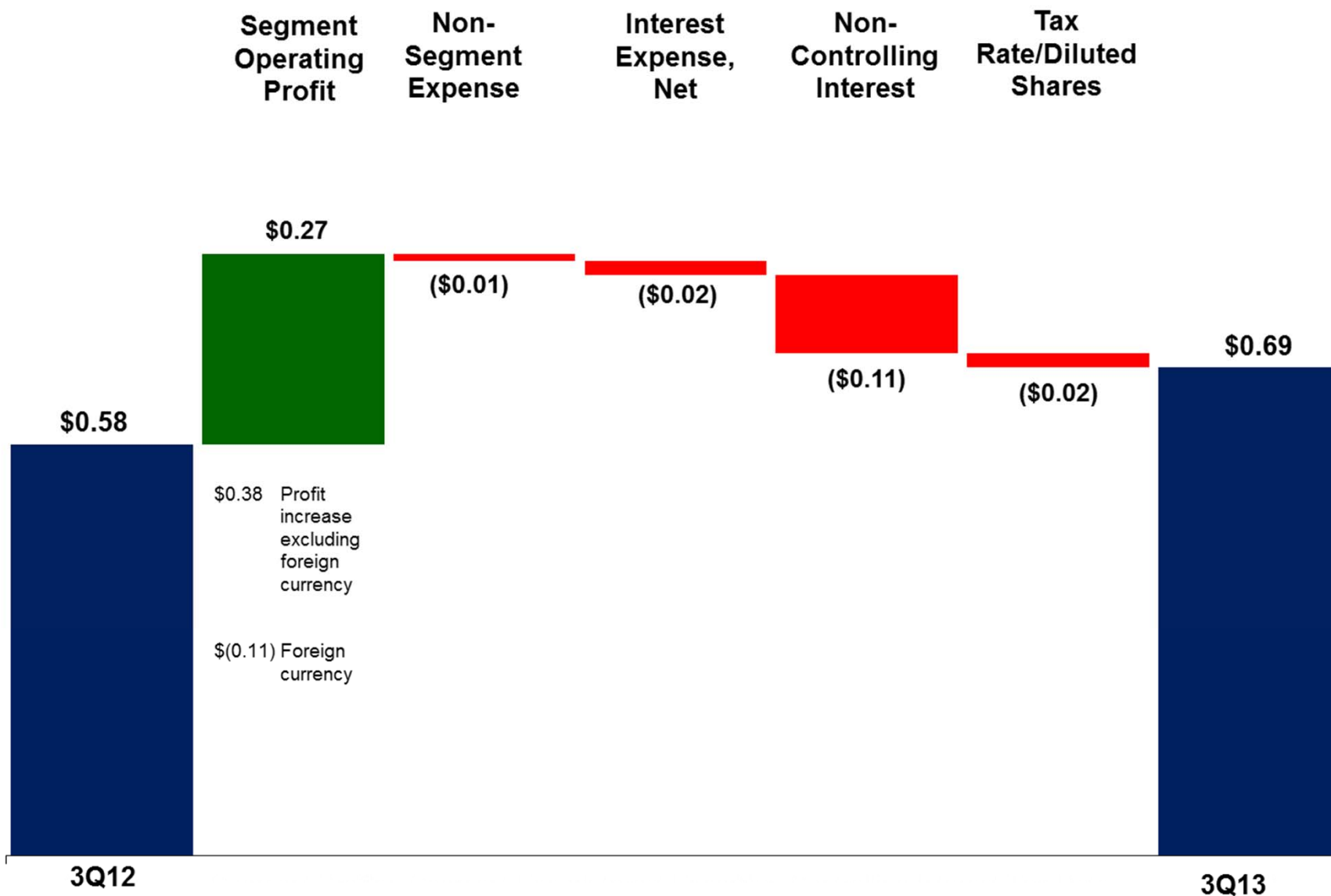
3Q13 Non-GAAP Results

(\$ millions, except EPS)



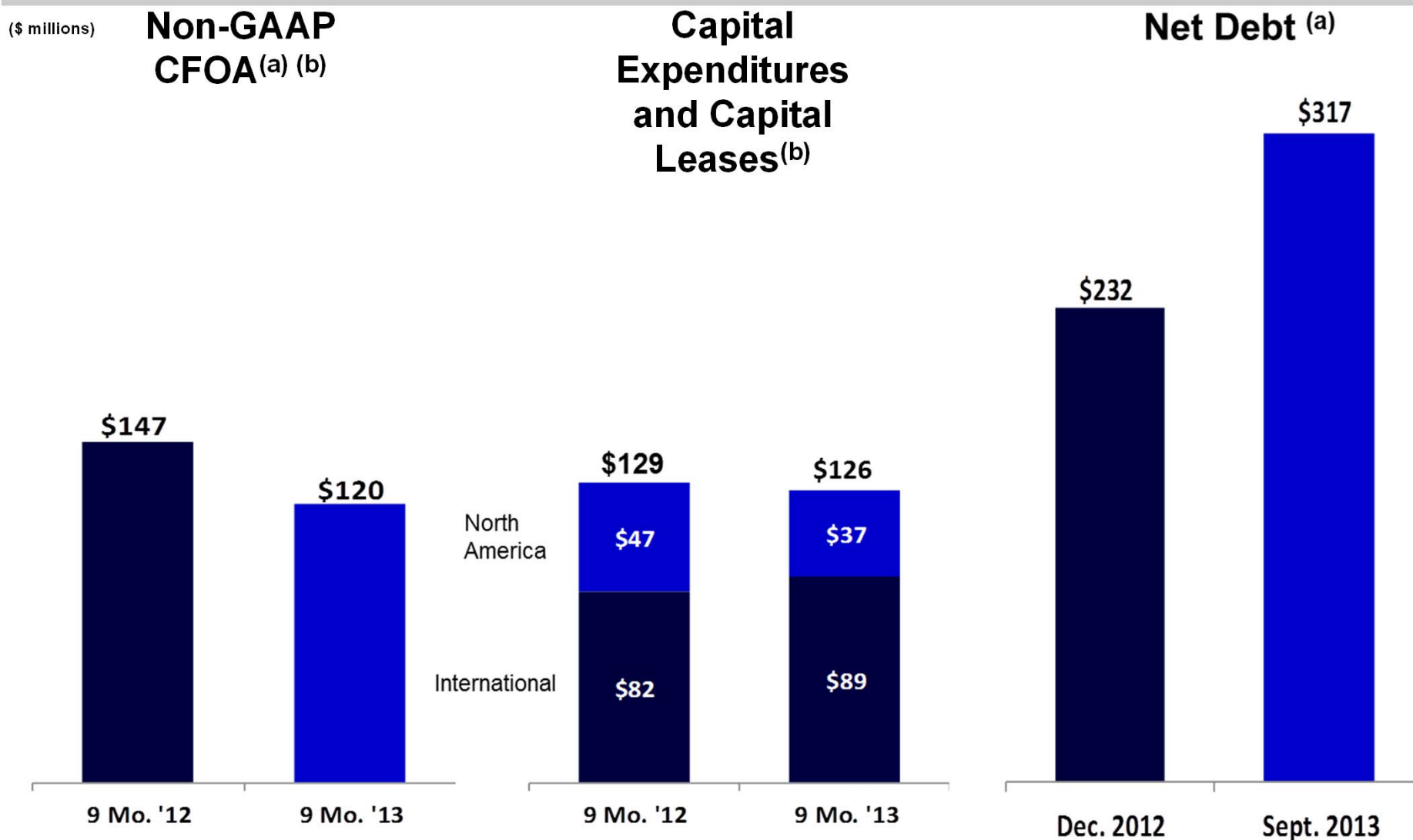
Note: See reconciliation to GAAP results in Appendix

Non-GAAP EPS: 3Q12 Versus 3Q13



Note: See reconciliation to GAAP results in Appendix

Non-GAAP Cash Flow, Capital Investment and Net Debt



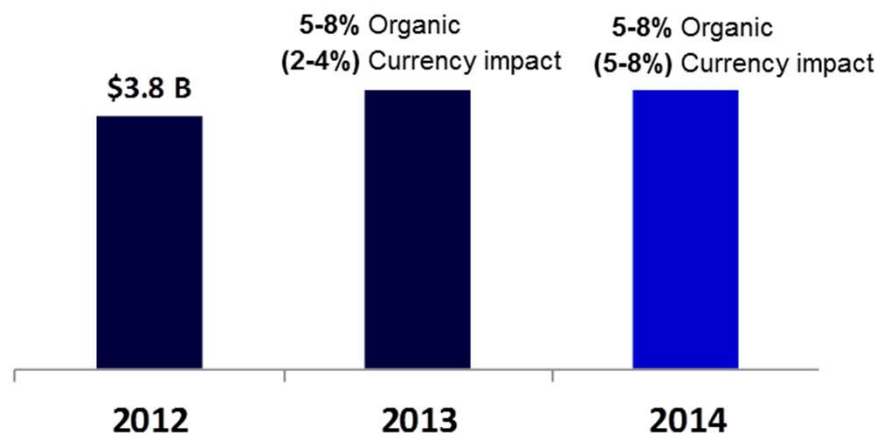
(a) See reconciliation to GAAP results in Appendix

(b) From continuing operations

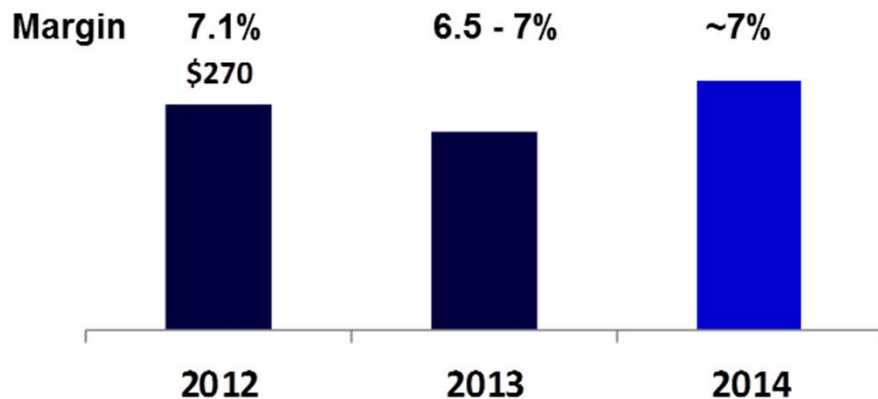
2013 and 2014 Outlook

(\$ millions)

Revenue



Segment Operating Profit^(a)



(a) See reconciliation to GAAP results in Appendix

Revenue 2013 and 2014

- Strong organic growth in Latin America
- Slow/no growth in North America
- Modest growth in Europe

2013 Segment Profit

- Latin America up on Venezuela, Argentina
- Europe and North America down

2014 Segment Profit

- Margin expansion offset by projected devaluation in Venezuela

Capital Deployment

- Future pension contributions in cash
- 2013 Capital Expenditures/Leases flat to 2012



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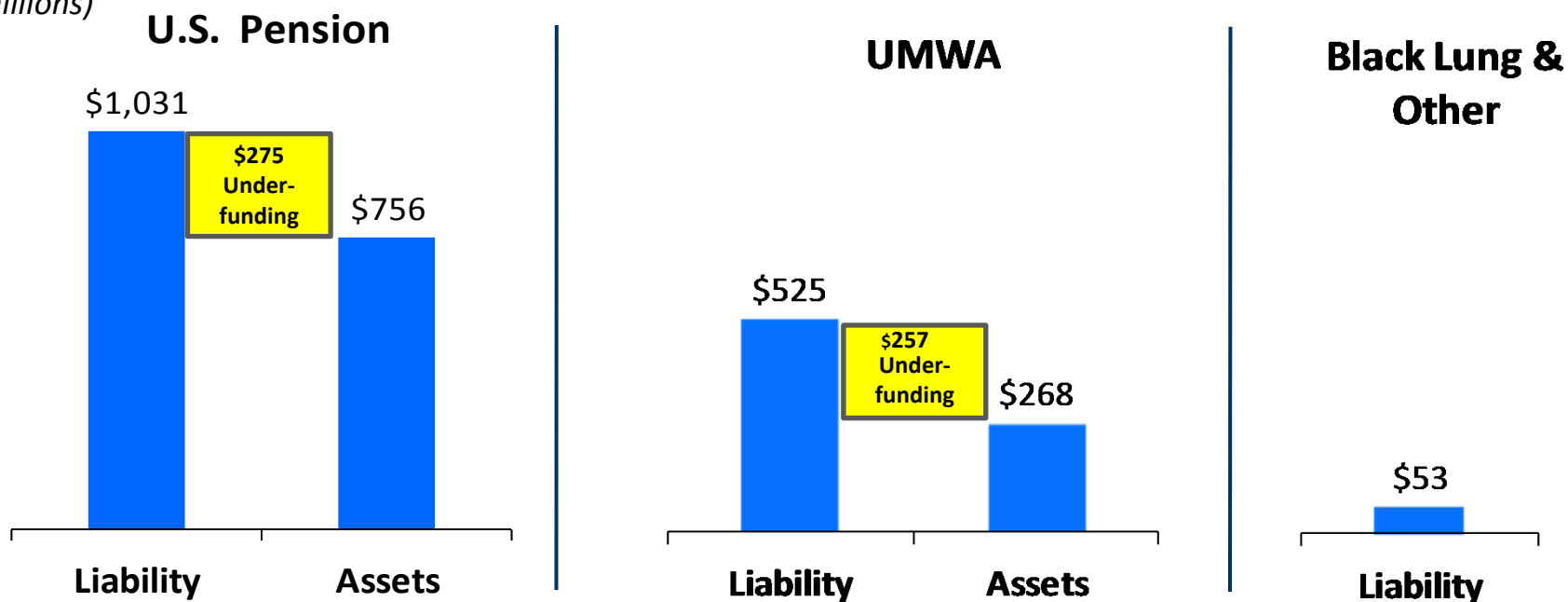
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Appendix

Legacy Liabilities at December 31, 2012

(\$ millions)



Estimated Contributions to U.S. Plans

	<u>2012A</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
US Pension	\$ 37	14	29	42	44	38
UMWA	0	0	0	0	0	0
Black Lung/Other	7	7	5	5	4	4
Total	\$ 44	21	34	46	49	42

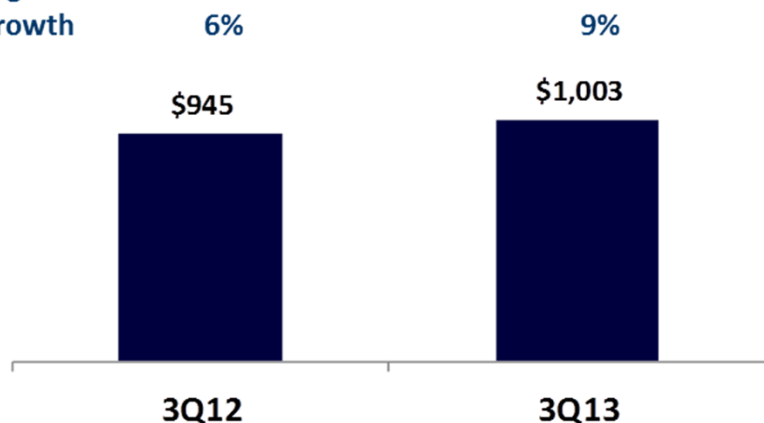
Note: Above amounts based on actuarial assumptions at December 31, 2012. If rates had been 1% higher at December 31, 2012, our U.S. pension plan & UMWA liabilities would have been \$125 million and \$51 million lower, respectively. See page 62 of the Company's 2012 Annual Report on form 10-K.

3Q13 Non-GAAP Segment Results

(\$ millions)

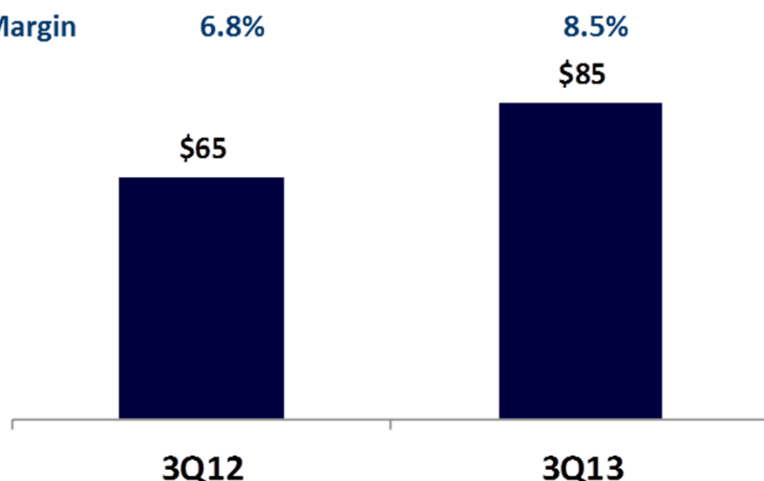
Revenue

Organic Growth



Segment Operating Profit

Margin



Note: See reconciliation to GAAP results in Appendix

Revenue

- 9% organic growth, 3% unfavorable currency impact
- 12% organic growth in International
- North America flat

Segment Operating Profit

- International up \$28
- North America down \$7
- Unfavorable currency impact of \$8



Appendix Non-GAAP Reconciliations

Non-GAAP Reconciliations – 3Q13

	GAAP Basis	Gains & Losses on Acquisitions and Dispositions (a)	Net Monetary Asset Remeasurement Losses in Venezuela (b)	Employee Benefit Settlement Losses (c)	U.S. Retirement Plans (d)	Adjust Income Tax Rate (e)	Non-GAAP Basis
Third Quarter 2013							
Revenues:							
Latin America	\$ 423.8	-	-	-	-	-	423.8
EMEA	301.2	-	-	-	-	-	301.2
Asia Pacific	43.5	-	-	-	-	-	43.5
International	768.5	-	-	-	-	-	768.5
North America	234.5	-	-	-	-	-	234.5
Revenues	\$ 1,003.0	-	-	-	-	-	1,003.0
Operating profit:							
International	\$ 81.0	-	-	0.8	-	-	81.8
North America	0.7	-	-	-	2.9	-	3.6
Segment operating profit	81.7	-	-	0.8	2.9	-	85.4
Non-segment	(20.7)	(0.9)	-	-	10.3	-	(11.3)
Operating profit	\$ 61.0	(0.9)	-	0.8	13.2	-	74.1
Amounts attributable to Brink's:							
Income from continuing operations	\$ 31.1	(0.9)	-	0.6	7.7	(4.8)	33.7
Diluted EPS – continuing operations	0.63	(0.02)	-	0.01	0.16	(0.10)	0.69

Amounts may not add due to rounding.

- (a) To eliminate:
- \$1.1 million adjustment in the first quarter of 2013 to the amount of gain recognized on a 2010 business acquisition in Mexico as a result of a favorable adjustment to the purchase price received in the first quarter of 2013.
 - \$0.9 million of adjustments in the third quarter of 2013 primarily related to a January 2013 acquisition of Rede Trel in Brazil.
- (b) To eliminate currency exchange losses related to a 16% devaluation of the official exchange rate in Venezuela from 5.3 to 6.3 bolivar fuertes to the U.S. dollar in February 2013.
- (c) To eliminate employee benefit settlement losses in Mexico.
- (d) To eliminate expenses related to U.S. retirement plans.
- (e) To adjust effective income tax rate in the interim period to be equal to the midpoint of the estimated range of the full-year non-GAAP effective income tax rate. The midpoint of the estimated range of the full-year non-GAAP effective tax rate for 2013 is 37.5%.

Non-GAAP Reconciliations – Nine Months 2013

	GAAP Basis	Gains & Losses on Acquisitions and Dispositions (a)	Net Monetary Asset Remeasurement Losses in Venezuela (b)	Employee Benefit Settlement Losses (c)	U.S. Retirement Plans (d)	Adjust Income Tax Rate (e)	Non-GAAP Basis
Nine Months 2013							
Revenues:							
Latin America	\$ 1,250.3	-	-	-	-	-	1,250.3
EMEA	872.4	-	-	-	-	-	872.4
Asia Pacific	128.9	-	-	-	-	-	128.9
International	2,251.6	-	-	-	-	-	2,251.6
North America	708.8	-	-	-	-	-	708.8
Revenues	\$ 2,960.4	-	-	-	-	-	2,960.4
Operating profit:							
International	\$ 166.5	-	13.4	1.6	-	-	181.5
North America	5.1	-	-	-	8.7	-	13.8
Segment operating profit	171.6	-	13.4	1.6	8.7	-	195.3
Non-segment	(59.3)	(2.0)	-	-	31.0	-	(30.3)
Operating profit	\$ 112.3	(2.0)	13.4	1.6	39.7	-	165.0
Amounts attributable to Brink's:							
Income from continuing operations	\$ 47.8	(2.0)	8.4	1.2	23.6	(6.4)	72.6
Diluted EPS – continuing operations	0.98	(0.04)	0.17	0.02	0.48	(0.13)	1.48

Amounts may not add due to rounding. See page 22 for notes.

Non-GAAP Reconciliations – 3Q12

	GAAP Basis	Gains & Losses on Acquisitions and Dispositions (a)	Employee Benefit Settlement and Severance Losses (b)	U.S. Retirement Plans (c)	Tax Benefit on Change in Health Care Funding Strategy (d)	Adjust Income Tax Rate (e)	Non-GAAP Basis
Third Quarter 2012							
Revenues:							
Latin America	\$ 385.2	-	-	-	-	-	385.2
EMEA	286.0	-	-	-	-	-	286.0
Asia Pacific	39.1	-	-	-	-	-	39.1
International	710.3	-	-	-	-	-	710.3
North America	234.6	-	-	-	-	-	234.6
Revenues	\$ 944.9	-	-	-	-	-	944.9
Operating profit:							
International	\$ 59.4	(7.2)	2.0	-	-	-	54.2
North America	8.3	-	-	2.2	-	-	10.5
Segment operating profit	67.7	(7.2)	2.0	2.2	-	-	64.7
Non-segment	(22.0)	0.1	-	11.5	-	-	(10.4)
Operating profit	\$ 45.7	(7.1)	2.0	13.7	-	-	54.3
Amounts attributable to Brink's:							
Income from continuing operations	\$ 21.3	(3.0)	1.4	8.2	-	0.3	28.2
Diluted EPS – continuing operations	0.44	(0.06)	0.03	0.17	-	0.01	0.58

Amounts may not add due to rounding.

- (a) To eliminate:
- Gains related to the sale of investments in mutual fund securities (\$1.9 million in the first quarter and \$0.5 million in the third quarter). Proceeds from the sales were used to fund the settlement of pension obligations related to our former chief executive officer, and former chief administrative officer.
 - Gains and losses related to business acquisitions and dispositions. A \$0.9 million gain was recognized in the second quarter and a \$0.1 million loss was recognized in the third quarter. In the fourth quarter of 2012, tax expense included a benefit of \$7.5 million related to a reduction in an income tax accrual established as part of the 2010 acquisition of subsidiaries in Mexico, and pretax income included a \$2.1 million favorable adjustment to the local profit sharing accrual as a result of the change in tax expectation.
 - Third-quarter gain on the sale of real estate in Venezuela (\$7.2 million).
- (b) To eliminate employee benefit settlement and acquisition-related severance losses (Mexico and Argentina). Employee termination benefits in Mexico are accounted for under FASB ASC Topic 715, *Compensation – Retirement Benefits*.
- (c) To eliminate expenses related to U.S. retirement plans.
- (d) To eliminate tax benefit related to change in retiree health care funding strategy.
- (e) To adjust effective income tax rate in the interim period to be equal to the full-year non-GAAP effective income tax rate. The full-year non-GAAP effective tax rate for 2012 was 36.2%.

Non-GAAP Reconciliations – Nine Months 2012

	GAAP Basis	Gains & Losses on Acquisitions and Dispositions (a)	Employee Benefit Settlement and Severance Losses (b)	U.S. Retirement Plans (c)	Tax Benefit on Change in Health Care Funding Strategy (d)	Adjust Income Tax Rate (e)	Non-GAAP Basis
Nine Months 2012							
Revenues:							
Latin America	\$ 1,147.4	-	-	-	-	-	1,147.4
EMEA	840.2	-	-	-	-	-	840.2
Asia Pacific	115.2	-	-	-	-	-	115.2
International	2,102.8	-	-	-	-	-	2,102.8
North America	708.6	-	-	-	-	-	708.6
Revenues	\$ 2,811.4	-	-	-	-	-	2,811.4
Operating profit:							
International	\$ 168.0	(7.2)	3.1	-	-	-	163.9
North America	25.5	-	-	6.6	-	-	32.1
Segment operating profit	193.5	(7.2)	3.1	6.6	-	-	196.0
Non-segment	(67.6)	(0.8)	-	36.7	-	-	(31.7)
Operating profit	\$ 125.9	(8.0)	3.1	43.3	-	-	164.3
Amounts attributable to Brink's:							
Income from continuing operations	\$ 78.6	(5.1)	2.2	26.0	(20.9)	3.9	84.7
Diluted EPS – continuing operations	1.62	(0.10)	0.05	0.53	(0.43)	0.08	1.74

Amounts may not add due to rounding. See page 24 for notes.

Non-GAAP Reconciliations – Full Year 2012

	GAAP Basis	Gains & Losses on Acquisitions and Dispositions (a)	Employee Benefit Settlement and Severance Losses (b)	U.S. Retirement Plans (c)	Tax Benefit on Change in Health Care Funding Strategy (d)	Adjust Income Tax Rate (e)	Non-GAAP Basis
Full Year 2012							
Revenues:							
Latin America	\$ 1,579.4	-	-	-	-	-	1,579.4
EMEA	1,125.9	-	-	-	-	-	1,125.9
Asia Pacific	158.9	-	-	-	-	-	158.9
International	2,864.2	-	-	-	-	-	2,864.2
North America	945.4	-	-	-	-	-	945.4
Revenues	\$ 3,809.6	-	-	-	-	-	3,809.6
Operating profit:							
International	\$ 233.4	(8.5)	3.9	-	-	-	228.8
North America	32.5	-	-	8.8	-	-	41.3
Segment operating profit	265.9	(8.5)	3.9	8.8	-	-	270.1
Non-segment	(88.9)	(0.8)	-	47.4	-	-	(42.3)
Operating profit	\$ 177.0	(9.3)	3.9	56.2	-	-	227.8
Amounts attributable to Brink's:							
Income from continuing operations	\$ 113.0	(14.0)	2.8	33.8	(21.1)	-	114.5
Diluted EPS – continuing operations	2.32	(0.29)	0.06	0.70	(0.43)	-	2.36

Amounts may not add due to rounding. See page 24 for notes.

Non-GAAP Reconciliations – Cash Flows

NON-GAAP CASH FLOWS FROM OPERATING ACTIVITIES – RECONCILED TO AMOUNTS REPORTED UNDER U.S. GAAP

	<u>Nine Months</u>	
	<u>2013</u>	<u>2012</u>
Cash flows from operating activities – GAAP	\$ 104.4	\$ 129.3
Decrease (increase) in certain customer obligations (a)	4.4	(0.2)
Cash outflows (inflows) related to discontinued operations (b)	<u>10.9</u>	<u>17.7</u>
Cash flows from operating activities – Non-GAAP	<u>\$ 119.7</u>	<u>\$ 146.8</u>

- (a) To eliminate the change in the balance of customer obligations related to cash received and processed in certain of our Cash Management Services operations. The title to this cash transfers to us for a short period of time. The cash is generally credited to customers' accounts the following day and we do not consider it as available for general corporate purposes in the management of our liquidity and capital resources.
- (b) To eliminate cash flows related to our discontinued operations.

Non-GAAP cash flows from operating activities is a supplemental financial measure that is not required by, or presented in accordance with GAAP. The purpose of the non-GAAP cash flows from operating activities is to report financial information excluding the impact of cash received and processed in certain of our secure Cash Management Service operations and without cash flows from discontinued operations. Brink's believes these measures are helpful in assessing cash flows from operations, enable period-to-period comparability and are useful in predicting future operating cash flows. Non-GAAP cash flows from operating activities should not be considered as an alternative to cash flows from operating activities determined in accordance with GAAP and should be read in conjunction with our consolidated statements of cash flows.

Non-GAAP Reconciliations – Net Debt

NET DEBT – RECONCILED TO U.S. GAAP	September 30, 2013	December 31, 2012
Debt:		
Short-term debt	\$ 76.5	26.7
Long-term debt	445.7	362.6
Total Debt	<u>522.2</u>	<u>389.3</u>
Less:		
Cash and cash equivalents	242.3	201.7
Amounts held by Cash Management Services operations (a)	<u>(37.2)</u>	<u>(44.0)</u>
Cash and cash equivalents available for general corporate purposes	<u>205.1</u>	<u>157.7</u>
Net Debt	<u>\$ 317.1</u>	<u>231.6</u>

- (a) Title to cash received and processed in certain of our Cash Management Services operations transfers to us for a short period of time. The cash is generally credited to customers' accounts the following day and we do not consider it as available for general corporate purposes in the management of our liquidity and capital resources and in our computation of Net Debt.

Net Debt is a supplemental financial measure that is not required by, or presented in accordance with GAAP. We use Net Debt as a measure of our financial leverage. We believe that investors also may find Net Debt to be helpful in evaluating our financial leverage. Net Debt should not be considered as an alternative to Debt determined in accordance with GAAP and should be reviewed in conjunction with our consolidated balance sheets. Set forth above is a reconciliation of Net Debt, a non-GAAP financial measure, to Debt, which is the most directly comparable financial measure calculated and reported in accordance with GAAP. Net Debt excluding cash and debt in Venezuelan operations was \$402 million at September 30, 2013, and \$280 million at December 31, 2012.