BRINKS CO
Form 10-Q
October 25, 2017

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q
ý QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15 (d) OF
THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2017

¨ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d) OF
THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from ________ to ________
Commission file number 001-09148
THE BRINK'S COMPANY
(Exact name of registrant as specified in its charter)

Virginia	54-1317776
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

1801 Bayberry Court, Richmond, Virginia 23226-8100
(Address of principal executive offices) (Zip Code)
(804) 289-9600
(Registrant's telephone number, including area code)
Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes ý No ¨
Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).
Yes ý No ¨
Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definition of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.
(Check one): Large Accelerated Filer ý Accelerated Filer ¨ Non-Accelerated Filer ¨ Smaller Reporting Company ¨ Emerging Growth Company ¨
If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ¨
Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes ¨ No ý
As of October 23, 2017, 50,483,354 shares of $1 par value common stock were outstanding.

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Part I - Financial Information
Item 1. Financial Statements
THE BRINK'S COMPANY
and subsidiaries

Condensed Consolidated Balance Sheets
(Unaudited)

(In millions)	September 30, 2017	December 31, 2016
ASSETS		
Current assets:		
Cash and cash equivalents	$ 241.8	183.5
Restricted cash	85.7	55.5
Accounts receivable, net	605.2	501.1
Prepaid expenses and other	208.6	103.6
Total current assets	1,141.3	843.7
Property and equipment, net	613.9	531.0
Goodwill	407.0	186.2
Other intangibles	100.6	19.1
Deferred income taxes	334.8	327.9
Other	100.8	86.9
Total assets	$ 2,698.4	1,994.8
LIABILITIES AND EQUITY		
Current liabilities:		
Short-term borrowings	$ 144.0	162.8
Current maturities of long-term debt	31.6	32.8
Accounts payable	156.5	139.3
Accrued liabilities	556.2	385.7
Restricted cash held for customers	52.6	33.2
Total current liabilities	940.9	753.8
Long-term debt	574.4	247.6
Accrued pension costs	205.3	208.8
Retirement benefits other than pensions	284.3	286.1
Deferred income taxes	31.0	7.6
Other	182.2	136.1
Total liabilities	2,218.1	1,640.0
Contingent liabilities (notes 4 and 12)		
Equity:		
The Brink's Company ("Brink's") shareholders:		
Common stock, par value $1 per share:		
Shares authorized: 100.0		
Shares issued and outstanding: 2017 - 50.5; 2016 - 50.0	50.5	50.0

Capital in excess of par value	623.5	618.1
Retained earnings	624.6	576.0
Accumulated other comprehensive loss	(840.2)	(907.0)
Brink's shareholders	458.4	337.1
Noncontrolling interests	21.9	17.7
Total equity	480.3	354.8
Total liabilities and equity	$ 2,698.4	1,994.8

See accompanying notes to condensed consolidated financial statements.

THE BRINK'S COMPANY
and subsidiaries

Condensed Consolidated Statements of Operations
(Unaudited)

(In millions, except for per share amounts)	Three Months Ended September 30, 2017	2016	Nine Months Ended September 30, 2017	2016
Revenues	$849.5	755.8	$2,443.8	2,217.1
Costs and expenses:				
Cost of revenues	666.4	594.4	1,905.6	1,779.4
Selling, general and administrative expenses	116.6	102.2	346.5	315.9
Total costs and expenses	783.0	696.6	2,252.1	2,095.3
Other operating income (expense)	(0.1)	0.5	(6.1)	(6.4)
Operating profit	66.4	59.7	185.6	115.4
Interest expense	(7.7)	(5.1)	(18.5)	(14.9)
Interest and other expense	(21.2)	(9.2)	(43.8)	(28.3)
Income from continuing operations before tax	37.5	45.4	123.3	72.2
Provision for income taxes	16.4	19.5	48.1	43.4
Income from continuing operations	21.1	25.9	75.2	28.8
Loss from discontinued operations, net of tax	—	—	(0.1)	—
Net income	21.1	25.9	75.1	28.8
Less net income attributable to noncontrolling interests	1.2	1.4	6.3	7.1
Net income attributable to Brink's	19.9	24.5	68.8	21.7
Amounts attributable to Brink's				
Continuing operations	19.9	24.5	68.9	21.7
Discontinued operations	—	—	(0.1)	—
Net income attributable to Brink's	$19.9	24.5	$68.8	21.7
Income per share attributable to Brink's common shareholders[a]:				
Basic:				
Continuing operations	$0.39	0.49	$1.36	0.44
Discontinued operations	—	—	—	—
Net income	$0.39	0.49	$1.36	0.44
Diluted:				
Continuing operations	$0.38	0.48	$1.33	0.43
Discontinued operations	—	—	—	—

Net income	$0.38	0.48	$1.33	0.43
Weighted-average shares				
Basic	50.7	50.1	50.7	49.8
Diluted	51.9	50.7	51.6	50.4
Cash dividends paid per common share	$0.15	0.10	$0.40	0.30

(a) Amounts may not add due to rounding.

See accompanying notes to condensed consolidated financial statements.

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THE BRINK’S COMPANY
and subsidiaries

Condensed Consolidated Statements of Comprehensive Income (Loss)
(Unaudited)

(In millions)	Three Months Ended September 30, 2017	2016	Nine Months Ended September 30, 2017	2016
Net income	$21.1	25.9	$75.1	28.8
Benefit plan adjustments:				
Benefit plan experience gains	9.6	12.4	32.5	36.7
Benefit plan prior service cost	(0.4)	(0.5)	(1.6)	(1.5)
Deferred profit sharing	—	—	0.1	—
Total benefit plan adjustments	9.2	11.9	31.0	35.2
Foreign currency translation adjustments	16.5	(3.0)	49.4	11.3
Unrealized net gains (losses) on available-for-sale securities	(0.3)	—	0.4	—
Gains (losses) on cash flow hedges	—	0.2	(0.1)	(0.2)
Other comprehensive income before tax	25.4	9.1	80.7	46.3
Provision for income taxes	3.7	4.1	12.5	12.1
Other comprehensive income	21.7	5.0	68.2	34.2
Comprehensive income	42.8	30.9	143.3	63.0
Less comprehensive income attributable to noncontrolling interests	3.3	1.9	7.7	8.6
Comprehensive income attributable to Brink's	$39.5	29.0	$135.6	54.4

See accompanying notes to condensed consolidated financial statements.

THE BRINK'S COMPANY
and subsidiaries

Condensed Consolidated Statements of Equity

Nine Months ended September 30, 2017 and 2016
(Unaudited)

(In millions)	Attributable to Brink's Shares	Common Stock	Capital in Excess of Par Value	Retained Earnings	Accumulated Other Comprehensive Loss	Attributable to Noncontrolling Interests	Total
Balance as of December 31, 2015	48.9	$ 48.9	599.6	561.3	(891.9)	12.7	330.6
Cumulative effect of change in accounting principle[a]	—	—	—	0.2	—	—	0.2
Net income	—	—	—	21.7	—	7.1	28.8
Other comprehensive income	—	—	—	—	32.7	1.5	34.2
Common stock issued	0.1	0.1	2.9	—	—	—	3.0
Dividends to:							
Brink's common shareholders ($0.30 per share)	—	—	—	(14.8)	—	—	(14.8)
Noncontrolling interests	—	—	—	—	—	(3.4)	(3.4)
Share-based compensation:							
Stock awards and options:							
Compensation expense	—	—	6.7	—	—	—	6.7
Consideration from exercise of stock options	0.4	0.4	10.5	—	—	—	10.9
Other share-based benefit transactions	0.5	0.5	(4.4)	(0.1)	—	—	(4.0)
Balance as of September 30, 2016	49.9	$ 49.9	615.3	568.3	(859.2)	17.9	392.2

(In millions)	Attributable to Brink's Shares	Common Stock	Capital in Excess of Par Value	Retained Earnings	Accumulated Other Comprehensive Loss	Attributable to Noncontrolling Interests	Total
Balance as of December 31, 2016	50.0	$ 50.0	618.1	576.0	(907.0)	17.7	354.8
Net income	—	—	—	68.8	—	6.3	75.1
Other comprehensive income	—	—	—	—	66.8	1.4	68.2
Dividends to:							
Brink's common shareholders ($0.40 per share)	—	—	—	(20.1)	—	—	(20.1)
Noncontrolling interests	—	—	—	—	—	(3.5)	(3.5)
Share-based compensation:							

Stock awards and options:							
Compensation expense	—	—	12.5	—	—	—	12.5
Consideration from exercise of stock options	0.1	0.1	2.6	—	—	—	2.7
Other share-based benefit transactions	0.4	0.4	(9.7)	(0.1)	—	—	(9.4)
Balance as of September 30, 2017	50.5	$ 50.5	623.5	624.6	(840.2)	21.9	480.3

(a) We elected to early adopt the provisions of ASU 2016-09, Improvements to Employee Share-Based Payment Accounting, in the fourth quarter of 2016 resulting in a cumulative effect adjustment to Retained Earnings for previously unrecognized excess tax benefits. See Note 1 for further discussion of the impacts of this standard.

See accompanying notes to condensed consolidated financial statements

THE BRINK’S COMPANY
and subsidiaries
Condensed Consolidated Statements of Cash Flows
(Unaudited)

(In millions)	Nine Months Ended September 30, 2017	2016
Cash flows from operating activities:		
Net income	$75.1	28.8
Adjustments to reconcile net income to net cash provided by operating activities:		
Loss from discontinued operations, net of tax	0.1	—
Depreciation and amortization	106.4	97.5
Share-based compensation expense	12.5	6.7
Deferred income taxes	(18.0)	(2.7)
Gains and losses:		
Prepayment penalty	6.5	—
Other	(2.6)	0.6
Impairment losses	2.6	5.7
Retirement benefit funding (more) less than expense:		
Pension	12.8	10.2
Other than pension	13.1	9.5
Remeasurement losses due to Venezuela currency devaluation	9.1	4.7
Other operating	3.8	1.3
Changes in operating assets and liabilities, net of effects of acquisitions:		
Accounts receivable and income taxes receivable	(98.6)	(59.2)
Accounts payable, income taxes payable and accrued liabilities	58.5	(23.7)
Customer obligations	9.8	(14.9)
Prepaid and other current assets	(80.5)	(4.7)
Other	5.6	(2.8)
Net cash provided by operating activities	116.2	57.0
Cash flows from investing activities:		
Capital expenditures	(117.4)	(72.4)
Acquisitions	(147.7)	—
Marketable securities:		
Purchases	(35.0)	(8.9)
Sales	21.2	8.8
Cash proceeds from sale of property and equipment	1.4	4.4
Other	1.1	(0.8)
Net cash used by investing activities	(276.4)	(68.9)
Cash flows from financing activities:		
Borrowings (repayments) of debt:		
Short-term borrowings	(25.6)	39.9
Long-term revolving credit facilities:		
Borrowings	799.2	406.9
Repayments	(411.2)	(381.9)
Other long-term debt:		
Borrowings	6.8	1.2
Repayments	(107.4)	(31.8)

Prepayment penalty	(6.5)	—
Common stock issued	—	3.0
Dividends to:		
Shareholders of Brink’s	(20.1)	(14.8)
Noncontrolling interests in subsidiaries	(3.5)	(3.4)
Proceeds from exercise of stock options	2.7	10.9
Minimum tax withholdings associated with share-based compensation	(10.0)	(5.2)
Other	1.0	1.8
Net cash provided by financing activities	225.4	26.6
Effect of exchange rate changes on cash	(6.9)	(5.1)
Cash and cash equivalents:		
Increase	58.3	9.6
Balance at beginning of period	183.5	181.9
Balance at end of period	$241.8	191.5

See accompanying notes to condensed consolidated financial statements

THE BRINK'S COMPANY
and subsidiaries

Notes to Condensed Consolidated Financial Statements
(Unaudited)

Note 1 - Basis of presentation

Effective February 2017, The Brink's Company (along with its subsidiaries, "Brink's" or "we") implemented changes to its organizational and management structure. As a result of these changes, we have three operating segments:
- North America
- South America
- Rest of World

Our unaudited interim condensed consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP") for interim financial reporting and applicable quarterly reporting regulations of the Securities and Exchange Commission (the "SEC"). Accordingly, the unaudited condensed consolidated financial statements do not include all of the information and notes required by GAAP for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring adjustments) considered necessary for a fair presentation have been included. Operating results for interim periods are not necessarily indicative of the results that may be expected for the full year. These unaudited condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes in our Annual Report on Form 10-K for the year ended December 31, 2016.

We have made a number of estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities to prepare these condensed consolidated financial statements. Actual results could differ materially from these estimates. The most significant estimates are related to goodwill and other long-lived assets, pension and other retirement benefit obligations, legal contingencies and deferred tax assets.

Consolidation
The condensed consolidated financial statements include our controlled subsidiaries. Control is determined based on ownership rights or, when applicable, based on whether we are considered to be the primary beneficiary of a variable interest entity. See "Venezuela" section below for further information. For controlled subsidiaries that are not wholly-owned, the noncontrolling interests are included in net income and in total equity.

Investments in businesses that we do not control, but for which we have the ability to exercise significant influence over operating and financial policies, are accounted for under the equity method and our proportionate share of income or loss is recorded in other operating income (expense). Investments in businesses for which we do not have the ability to exercise significant influence over operating and financial policies are accounted for under the cost method or, if applicable, as available-for-sale securities. All intercompany accounts and transactions have been eliminated in consolidation.

Foreign Currency Translation
Our condensed consolidated financial statements are reported in U.S. dollars. Our foreign subsidiaries maintain their records primarily in the currency of the country in which they operate.

The method of translating local currency financial information into U.S. dollars depends on whether the economy in which our foreign subsidiary operates has been designated as highly inflationary or not. Economies with an officially reported three-year cumulative inflation rate of more than 100% are considered highly inflationary.

Assets and liabilities of foreign subsidiaries in non-highly inflationary economies are translated into U.S. dollars using rates of exchange at the balance sheet date. Translation adjustments are recorded in other comprehensive income (loss). Revenues and expenses are translated at rates of exchange in effect during the year. Transaction gains and losses are recorded in net income (loss).

Foreign subsidiaries that operate in highly inflationary countries use the U.S. dollar as their functional currency. Local currency monetary assets and liabilities are remeasured into U.S. dollars using rates of exchange as of each balance sheet date, with remeasurement adjustments and other transaction gains and losses recognized in earnings. Non-monetary assets and liabilities do not fluctuate with changes in local currency exchange rates to the dollar. Revenues and expenses are translated at rates of exchange in effect during the year.

Venezuela

The economy in Venezuela has had significant inflation in the last several years. We consolidate our Venezuelan results using our accounting policy for subsidiaries operating in highly inflationary economies.

We confirm that we control our Venezuela business for purposes of consolidation of financial statements. Specifically, while the Venezuela government has imposed restrictions that prevent the repatriation of funds, management continues to provide guidance and strategic oversight, including budgeting and forecasting. In addition, in this highly inflationary economy, the Venezuela business has negotiated price

increases with certain customers to help offset cost inflation. We will continue to carefully monitor the situation in Venezuela and the impact that the economic and political environment in that country has on our ability to control our Venezuela operations.
Since 2003, the Venezuelan government has controlled the exchange of local currency into other currencies, including the U.S. dollar, and has required that currency exchanges be made at official rates established by the government instead of allowing open markets to determine currency rates. Different official rates exist for different industries and purposes and the government does not approve all requests to convert bolivars to other currencies.

As a result of the restrictions on currency exchange, our Venezuelan operations have in the past been unable to obtain sufficient U.S. dollars to purchase certain imported supplies and fixed assets. Consequently, our Venezuelan operations have occasionally purchased more expensive, bolivar-denominated supplies and fixed assets. There is a risk that official currency exchange mechanisms will be discontinued or will not be accessible when needed in the future, which may prevent us from repatriating dividends or obtaining dollars to operate our Venezuelan operations.

Due to the Venezuelan government's restrictions that have prevented us from repatriating funds, results from our Venezuelan operations are included in items not allocated to segments and are excluded from the operating segments. Remeasurement rates during 2017 and 2016. At December 31, 2015, the SIMADI exchange rate used for remeasurement purposes was approximately 199 bolivars to the dollar. In the first quarter of 2016, the Venezuelan government replaced the SIMADI exchange mechanism with the DICOM exchange mechanism and announced that it would allow the DICOM exchange mechanism rate to float freely. At June 30, 2016, the DICOM rate was approximately 628 bolivars to the dollar. Since then, the rate has declined 81% to close at approximately 3,345 bolivars to the dollar at September 30, 2017. We have received only minimal U.S. dollars through this exchange mechanism. In the first nine months of 2017, we recognized a $9.1 million pretax remeasurement loss. The after-tax effect of this loss attributable to noncontrolling interest was $1.0 million. In the first nine months of 2016, we recognized a $4.7 million pretax remeasurement loss. However, the after-tax effect of this loss attributable to noncontrolling interest was income of $2.7 million.

Items related to our Venezuelan operations are as follows:

- Our investment in our Venezuelan operations on an equity-method basis was $23.6 million at September 30, 2017 and $19.2 million at December 31, 2016.
- Our Venezuelan operations had net payables to other Brink's affiliates of $2.7 million at September 30, 2017 and $6.1 million at December 31, 2016.
- Our Venezuelan operations had net non-monetary assets of $22.2 million at September 30, 2017 and $17.6 million at December 31, 2016.
- Our bolivar-denominated net monetary assets were $3.6 million (including $6.0 million of cash and cash equivalents) at September 30, 2017 and $1.4 million (including $6.8 million of cash and cash equivalents) at December 31, 2016.
- Accumulated other comprehensive losses attributable to Brink’s shareholders related to our Venezuelan operations were $113.9 million at September 30, 2017 and $114.7 million at December 31, 2016.

Argentina
Although the economy in Argentina has had significant inflation in recent years, Argentina has not been designated as a highly inflationary economy for accounting purposes. We will continue to monitor developments in Argentina at each reporting date to determine whether we should consolidate Brink's Argentina results using our accounting policy for subsidiaries operating in highly inflationary economies. We use the official exchange rate to translate the Brink's Argentina balance sheet and income statement. At September 30, 2017, the official exchange rate was approximately 17.3 Argentine pesos to the U.S. dollar. At September 30, 2017, we had cash and short-term investments denominated in Argentine pesos of $38.8 million.

Ireland
Due to management's decision in the first quarter of 2016 to exit the Republic of Ireland, the prospective impacts of shutting down this operation were included in items not allocated to segments and were excluded from the operating segments effective March 1, 2016. Beginning May 1, 2016, due to management's decision to also exit Northern Ireland, the results of shutting down these operations were treated similarly to the Republic of Ireland. International shipments to and from Ireland continue to be provided through Brink’s Global Services ("BGS").

New Accounting Standards
In May 2014, the FASB issued ASU 2014-09, Revenue From Contracts with Customers, a new standard related to revenue recognition, which requires an entity to recognize an amount of revenue to which it expects to be entitled for the transfer of promised goods and services to customers. The new standard will replace most of the existing revenue recognition standards in U.S. GAAP. In August 2015, the FASB issued ASU 2015-14, which defers the effective date of this new standard to January 1, 2018. Subsequently, the FASB has continued to refine the standard and has issued several amendments. The significant effects of the new standard for us will be associated with variable consideration and capitalization of costs to obtain contracts, such as sales commissions. Currently, we recognize the impact of pricing changes in the period they become fixed and determinable and we expense sales commissions and other costs to obtain contracts as they are incurred. We do not expect a material impact on our future consolidated statements of operations or consolidated balance sheets. However, the new guidance will result in expanded disclosures regarding our various performance obligations, revenue disaggregation and contractual rights. We intend to use the modified retrospective method to adopt the new standard.

In November 2016, the FASB issued ASU 2016-18, Statement of Cash Flows: Restricted Cash, which requires entities to include restricted cash and restricted cash equivalent balances with cash and cash equivalent balances in the statement of cash flows. ASU 2016-18 will impact the presentation of our statement of cash flows, will be effective January 1, 2018, and requires using a retrospective transition method to adopt the standard.

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842), which will require the recognition of assets and liabilities by lessees for certain leases classified as operating leases under current accounting guidance and also requires expanded disclosures regarding leasing activities. ASU 2016-02 will be effective January 1, 2019 and we are required to use the modified retrospective method to adopt the new standard. We are assessing the potential impact of the standard on financial reporting.

In March 2016, the FASB issued ASU 2016-09, Improvements to Employee Share-Based Payment Accounting, which simplifies how certain features related to share-based payments are accounted for and presented in the financial statements. We elected to early adopt this ASU in the fourth quarter of 2016 and, per the requirements of the pronouncement, we applied the amendments to the beginning of 2016. Under ASU 2016-09, accounting changes adopted using the modified retrospective method must be calculated as of the beginning of 2016 and reported as a cumulative-effect adjustment. As a result, we recognized a $0.2 million cumulative-effect adjustment to January 1, 2016 retained earnings for previously unrecognized excess tax benefits. We have elected to continue our previous accounting policy of estimating forfeitures and, therefore, we did not recognize any cumulative-effect adjustment related to forfeitures. ASU 2016-09 requires that accounting changes adopted using the prospective method should be reported in the applicable interim periods of 2016. We did not have any material changes to previously reported interim financial information in 2016 as it relates to the recognition of excess tax benefits in the statement of operations or the classification of excess tax benefits in the statement of cash flows. In the first nine months of 2017, the accounting under this ASU resulted in the recognition of $6.4 million in excess tax benefits.

In March 2017, the FASB issued ASU 2017-07, Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost, which requires an entity to report the service cost component in the same line item or items as other compensation costs arising from services rendered by the pertinent employees during the period. The other components of net benefit cost are required to be presented in the income statement separately from the service cost component and outside a subtotal of income from operations. We elected to early adopt this ASU in the first quarter of 2017 using the retrospective transition method for the periods presented. As a result, the condensed consolidated statements of operations have been updated to reflect this guidance.

The adoption of this ASU resulted in a change in certain previously reported amounts in the first nine months of 2016 condensed consolidated statement of operations. Cost of revenues decreased $24.5 million, selling, general and administrative expenses decreased $5.0 million and operating profit as well as interest and other income (expense) increased $29.5 million compared to previously reported first nine months of 2016 amounts. The early adoption of this ASU had no impact on the previously reported income from continuing operations or net income for the prior year periods.

Note 2 - Segment information

The Brink's Company offers transportation and logistics management services for cash and valuables throughout the world. These services include:

- Cash-in-Transit ("CIT") Services – armored vehicle transportation of valuables
- ATM Services – replenishing and maintaining customers' automated teller machines; providing network infrastructure services
- Global Services – secure international transportation of valuables
- Cash Management Services
  - Currency and coin counting and sorting; deposit preparation and reconciliations; other cash management services
  - Safe and safe control device installation and servicing (including our patented CompuSafe® service)
  - Check and cash processing services for banking customers ("Virtual Vault Services")
  - Check imaging services for banking customers
- Payment Services – bill payment and processing services on behalf of utility companies and other billers at any of our Brink's or Brink's-operated payment locations in Latin America and Brink's Money™ general purpose reloadable prepaid cards and payroll cards in the U.S.
- Commercial Security Systems – design and installation of security systems in designated markets in Europe
- Guarding Services – protection of airports, offices, and certain other locations in Europe and Brazil with or without electronic surveillance, access control, fire prevention and highly trained patrolling personnel

We identify our operating segments based on how our chief operating decision maker ("CODM") allocates resources, assesses performance and makes decisions. Our CODM is our President and Chief Executive Officer. Our CODM evaluates performance and allocates resources to our operating segments based on a profit or loss measure which, at the reportable segment level, excludes the following:

- Corporate expenses - former non-segment and regional management costs, currency transaction gains and losses, adjustments to reconcile segment accounting policies to U.S. GAAP, and costs related to global initiatives
- Other items not allocated to segments - certain significant items such as reorganization and restructuring actions that are evaluated on an individual basis by management and are not considered part of the ongoing activities of the business. Results from Venezuela operations are also excluded from our segment results due to the Venezuelan government's restrictions that have prevented us from repatriating funds. We also exclude certain costs, gains and losses related to acquisitions and dispositions.

During the first quarter of 2017, we implemented changes to our organizational and management structure that resulted in changes to our operating segments for financial reporting purposes. Through the fiscal year ended December 31, 2016, our business was reported in nine operating segments: U.S., France, Mexico, Brazil, Canada, Latin America, EMEA, Asia and Payment Services. Changes in our management reporting structure during the first quarter of 2017 required us to conduct an assessment in accordance with ASC Topic 280, Segment Reporting, to determine our operating segments.

As a result of this assessment, we have the following operating segments:

- North America
- South America
- Rest of World.

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The following table summarizes our revenues and segment profit for each of our reportable segments and reconciles these amounts to consolidated revenues and operating profit:

	Revenues		Operating Profit	
	Three Months Ended September 30,		Three Months Ended September 30,	
(In millions)	2017	2016	2017	2016
Reportable Segments:				
North America	$316.5	297.0	$16.9	8.9
South America	247.4	186.7	47.7	35.0
Rest of World	264.8	251.2	33.3	33.0
Total reportable segments	828.7	734.9	97.9	76.9
Reconciling Items:				
Corporate expenses:				
General, administrative and other expenses	—	—	(22.4)	(12.9)
Foreign currency transaction gains (losses)	—	—	0.5	(0.2)
Reconciliation of segment policies to GAAP	—	—	0.4	(0.8)
Other items not allocated to segments:				
Venezuela operations	20.8	20.4	2.5	2.2
Reorganization and Restructuring	—	—	(6.4)	(2.3)
Acquisitions and dispositions[a]	—	0.5	(6.1)	(3.2)
Total	$849.5	755.8	$66.4	59.7

	Revenues		Operating Profit	
	Nine Months Ended September 30,		Nine Months Ended September 30,	
(In millions)	2017	2016	2017	2016
Reportable Segments:				
North America	$932.1	890.5	$43.9	16.4
South America	654.2	513.8	123.3	81.1
Rest of World	742.3	736.0	84.1	79.6
Total reportable segments	2,328.6	2,140.3	251.3	177.1
Reconciling Items:				
Corporate expenses:				
General, administrative and other expenses	—	—	(59.9)	(46.6)
Foreign currency transaction gains	—	—	0.7	2.5
Reconciliation of segment policies to GAAP	—	—	(1.4)	3.7
Other items not allocated to segments:				
Venezuela operations	115.2	74.0	19.1	6.5
Reorganization and Restructuring	—	—	(16.1)	(10.4)
Acquisitions and dispositions[a]	—	2.8	(8.1)	(17.4)

Total	$2,443.8	2,217.1	$185.6	115.4

(a) In the third quarter of 2017, our CODM elected to view the performance of the segments without certain costs that relate to the Company's previously announced acquisition strategy. As a result, amortization of acquisition-related intangible assets is excluded from segment results and is included in "Acquisitions and dispositions." Prior period information has been revised to reflect this change.

(In millions)	Nine Months Ended September 30, 2017	2016
Capital Expenditures by Reportable Segment		
North America	$64.4	30.6
South America	23.3	13.1
Rest of World	20.7	21.2
Total reportable segments	108.4	64.9
Corporate items	6.6	3.8
Venezuela	2.4	3.7
Total	$117.4	72.4
Depreciation and Amortization by Reportable Segment		
Depreciation and amortization of property and equipment:		
North America	$50.7	49.7
South America	16.9	14.1
Rest of World	22.5	22.4
Total reportable segments	90.1	86.2
Corporate items	8.7	8.2
Venezuela	1.2	0.4
Reorganization and Restructuring	2.0	—
Depreciation and amortization of property and equipment	102.0	94.8
Amortization of intangible assets[(a)]	4.4	2.7
Total	$106.4	97.5

(a) As previously stated, amortization of acquisition-related intangible assets has been excluded from reportable segment amounts.

(In millions)	September 30, 2017	December 31, 2016
Assets held by Reportable Segment		
North America	$ 761.4	629.4
South America	738.1	371.4
Rest of World	744.0	621.8
Total reportable segments	2,243.5	1,622.6
Corporate items	410.5	321.3
Venezuela	44.4	50.9
Total	$ 2,698.4	1,994.8

Note 3 - Retirement benefits

Pension plans

We have various defined-benefit pension plans covering eligible current and former employees. Benefits under most plans are based on salary and years of service.

The components of net periodic pension cost for our pension plans were as follows:

	U.S. Plans		Non-U.S. Plans		Total	
(In millions)	2017	2016	2017	2016	2017	2016
Three months ended September 30,						
Service cost	$—	—	2.8	2.6	2.8	2.6
Interest cost on projected benefit obligation	8.8	9.3	3.2	3.0	12.0	12.3
Return on assets – expected	(13.3)	(13.7)	(2.6)	(2.4)	(15.9)	(16.1)
Amortization of losses	6.3	6.4	1.4	1.2	7.7	7.6
Amortization of prior service cost	—	—	0.4	—	0.4	—
Settlement loss	—	—	0.6	0.4	0.6	0.4
Net periodic pension cost	$1.8	2.0	5.8	4.8	7.6	6.8
Nine months ended September 30,						
Service cost	$—	—	8.5	8.1	8.5	8.1
Interest cost on projected benefit obligation	26.4	27.8	12.3	9.5	38.7	37.3
Return on assets – expected	(39.9)	(41.0)	(7.4)	(7.2)	(47.3)	(48.2)
Amortization of losses	18.7	18.7	4.0	3.6	22.7	22.3
Amortization of prior service cost	—	—	0.8	0.2	0.8	0.2
Settlement loss	—	—	1.4	1.8	1.4	1.8
Net periodic pension cost	$5.2	5.5	19.6	16.0	24.8	21.5

We did not make cash contributions to the primary U.S. pension plan in 2016 or the first nine months of 2017. Based on current assumptions, as described in our Annual Report on Form 10-K for the year ended December 31, 2016, we do not expect to make any additional contributions to the primary U.S. pension plan until 2021.

Retirement benefits other than pensions

We provide retirement healthcare benefits for eligible current and former U.S., Canadian, and Brazilian employees. Retirement benefits related to our former U.S. coal operation include medical benefits provided by the Pittston Coal Group Companies Employee Benefit Plan for United Mine Workers of America Represented Employees (the “UMWA plans”) as well as costs related to Black Lung obligations.

The components of net periodic postretirement cost related to retirement benefits other than pensions were as follows:

	UMWA Plans		Black Lung and Other Plans		Total	
(In millions)	2017	2016	2017	2016	2017	2016
Three months ended September 30,						
Interest cost on accumulated postretirement benefit obligations	$4.6	4.7	0.9	0.7	5.5	5.4
Return on assets – expected	(4.1)	(4.4)	—	—	(4.1)	(4.4)
Amortization of losses	5.2	4.7	1.0	0.6	6.2	5.3
Amortization of prior service (credit) cost	(1.2)	(1.2)	0.5	0.4	(0.7)	(0.8)
Net periodic postretirement cost	$4.5	3.8	2.4	1.7	6.9	5.5
Nine months ended September 30,						
Service cost	$—	—	0.1	—	0.1	—
Interest cost on accumulated postretirement benefit obligations	13.7	14.1	2.4	2.0	16.1	16.1
Return on assets – expected	(12.4)	(13.1)	—	—	(12.4)	(13.1)
Amortization of losses	14.6	13.5	3.0	1.8	17.6	15.3
Amortization of prior service (credit) cost	(3.5)	(3.5)	1.3	1.3	(2.2)	(2.2)
Net periodic postretirement cost	$12.4	11.0	6.8	5.1	19.2	16.1

The components of net periodic pension cost and net periodic postretirement cost other than the service cost component are included in interest and other income (expense) in the condensed consolidated statements of operations.

Note 4 - Income taxes

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Continuing operations				
Provision for income taxes (in millions)	$16.4	19.5	$48.1	43.4
Effective tax rate	43.7 %	43.0%	39.0 %	60.1%

2017 Compared to U.S. Statutory Rate

The effective income tax rate on continuing operations in the first nine months of 2017 was greater than the 35% U.S. statutory tax rate primarily due to the impact of our Venezuelan operation's earnings and related tax expense, including the nondeductible expenses resulting from the currency devaluation, partially offset by the significant tax benefits related to the distribution of share-based payments and an income tax benefit related to an Illinois legislative change. The other items that cause the rate to be higher than the U.S. statutory rate include the seasonality of book losses for which no tax benefit can be recorded, nondeductible expenses in Mexico, taxes on cross border payments and the characterization of a French business tax as an income tax, partially offset by the geographical mix of earnings and a French income tax credit.

2016 Compared to U.S. Statutory Rate

The effective income tax rate on continuing operations in the first nine months of 2016 was greater than the 35% U.S. statutory tax rate primarily due to the significant losses related to operations in the Republic of Ireland, for which no tax benefit can be recorded, and the nondeductible expenses resulting from the currency devaluation in Venezuela in the first nine months. The other items that cause the rate to be higher than the U.S. statutory rate include the seasonality of book losses for which no tax benefit can be recorded, nondeductible expenses in Mexico, taxes on undistributed earnings and the characterization of a French business tax as an income tax, partially offset by the geographical mix of earnings and a French income tax credit.

Note 5 - Acquisitions

We acquired operations in various countries in the first nine months of 2017. We accounted for these acquisitions as business combinations using the acquisition method. Under the acquisition method of accounting, assets acquired and liabilities assumed from these operations are recorded at fair value on the date of acquisition. The condensed consolidated statements of operations include the results of operations for each acquired entity from the date of acquisition.

Maco Transportadora de Caudales S.A. ("Maco Transportadora")
Argentine Cash in Transit ("CIT") and Money Processing business

On July 18, 2017, we acquired 100% of the shares of Maco Transportadora for approximately $205 million. The total purchase price will be paid in cash and approximately $83 million was paid to the sellers through September 30, 2017. The remaining amounts will be paid in scheduled installments over the next two years with the final amount based partially on the retention of customer revenue versus a target revenue amount. This contingent consideration arrangement requires us to pay a potential undiscounted amount between $0 to $30 million based on retaining the revenue levels of existing customers at the acquisition date. If there is a shortfall in revenues, a multiple of 2.5 is applied to the revenue shortfall and the contingent consideration to be paid to the former owners is reduced. We are using a probability-weighted approach to estimate the fair value of the contingent consideration and expect to finalize this estimate in the fourth quarter of 2017. The fair value of the contingent consideration reflected in the table below is the present value of the full $30 million potentially payable as of September 30, 2017.

The Maco Transportadora business will be integrated into our existing Brink's Argentina operations. Maco Transportadora has approximately 1,450 employees, 4 branches and over 150 armored vehicles across its operations.

We have provisionally estimated fair values for the assets purchased, liabilities assumed and purchase consideration as of the date of the acquisition in the following table. The determination of estimated fair value required management to make significant estimates and assumptions. The amounts reported are considered provisional as we are completing the valuations that are required to allocate the purchase price. As a result, the allocation of the provisional purchase price may change in the future.

(In millions)	Estimated Fair Value at Acquisition Date
Fair value of purchase consideration	
Cash paid through September 30, 2017	$ 82.8
Fair value of future payments to sellers	93.2
Contingent consideration	28.7
Fair value of purchase consideration	$ 204.7
Fair value of net assets acquired	
Cash	$ 10.3
Accounts receivable	16.2
Other current assets	0.5
Property and equipment, net	2.4

Intangible assets[(a)]	60.2
Goodwill[(b)]	147.6
Other noncurrent assets	0.1
Current liabilities	(11.3)
Noncurrent liabilities	(21.3)
Fair value of net assets acquired	$ 204.7

(a) Intangible assets are comprised of customer relationships, trade name and non-competition agreements. Final allocation will be determined once the valuation is complete.

(b) Consists of intangible assets that do not qualify for separate recognition, combined with synergies expected from integrating Maco Transportadora’s operations into our existing Brink’s Argentina operations. All of the goodwill has been assigned to the South America reporting unit and is not expected to be deductible for tax purposes.

Other acquisitions in 2017

On March 14, 2017, we acquired 100% of the capital stock of American Armored Transport, Inc. ("AATI"). AATI provides secured trucking transportation of high-value cargo throughout the continental United States and is expected to complement our existing tractor trailer division in the United States.

On April 19, 2017, we acquired 100% of the capital stock of Muitofacil Holding Ltda., a Brazil-based holding company, and its subsidiary, Muitofacil Arrecadacao e Recebimento Ltda. (together "Pag Facil"). Pag Facil offers bank correspondent services, bill payment processing and mobile phone top-up services in Brazil and is expected to supplement our existing Brazilian payment services businesses.

On June 29, 2017, we acquired 100% of the capital stock of Global Security S.A. (“LGS”). LGS is a Chilean security company specializing in CIT and ATM services and will be integrated into our existing Brink’s Chile operations.

On August 14, 2017, we acquired 100% of the capital stock of Maco Litoral, S.A., (“Maco Litoral”) an Argentina-based company which provides CIT and ATM services.

The aggregate purchase price of these four business acquisitions (AATI, Pag Facil, LGS and Maco Litoral) was approximately $93 million. These four acquired operations employ approximately 1,200 people in the aggregate.

For these four business acquisitions (AATI, Pag Facil, LGS and Maco Litoral), we have provisionally estimated fair values for the assets purchased and liabilities assumed as of the date of the acquisitions. These estimated amounts are aggregated in the following table. The determination of estimated fair value required management to make significant estimates and assumptions. The amounts reported are considered provisional as we are completing the valuations that are required to allocate the purchase price, as a result, the allocation of the purchase price and the amount of goodwill and intangibles may change in the future. Our fair value estimates of acquisition date goodwill increased approximately $9 million and acquisition date intangible assets decreased approximately $11 million as compared to our estimates at the end of the previous quarter. There have been no other significant changes to our fair value estimates of the net assets acquired for these acquisitions.

(In millions)	Estimated Fair Value at Acquisition Date
Fair value of purchase consideration	
Cash paid through September 30, 2017	$ 77.5
Fair value of future payments to sellers	15.6
Fair value of purchase consideration	$ 93.1
Fair value of net assets acquired	
Cash	$ 2.3
Accounts receivable	7.2
Property and equipment, net	8.2
Intangible assets [a]	25.5
Goodwill [b]	62.0
Other current and noncurrent assets	3.5
Current liabilities	(7.6)
Noncurrent liabilities	(8.0)
Fair value of net assets acquired	$ 93.1

(a) Intangible assets are comprised of customer relationships, trade names and non-competition agreements. Final allocation will be determined once all valuations have been completed.

(b) Consists of intangible assets that do not qualify for separate recognition, combined with synergies expected from integrating these acquired operations into our existing operations. The goodwill from these acquisitions have been assigned to the following reporting units: AATI (U.S.), Pag Facil (Brazil), LGS and Maco Litoral (South America). We do not expect goodwill related to AATI, LGS or Maco Litoral to be deductible for tax purposes. If certain conditions are met in the future, goodwill related to Pag Facil will be deductible for tax purposes.

Pro Forma disclosures

The pro forma consolidated results of Brink’s presented below reflect a hypothetical ownership as of January 1, 2016 of the businesses we acquired during 2017.

(In millions)	Revenue	Net income attributable to Brink's
Actual results included in Brink's consolidated 2017 results for businesses acquired in 2017 from the date of acquisition		
Three months ended September 30, 2017		
Maco Transportadora	$21.5	3.5
Other acquisitions[a]	18.0	0.7
Total	$39.5	4.2
Nine months ended September 30, 2017		
Maco Transportadora	$21.5	3.5
Other acquisitions[a]	25.0	1.3
Total	$46.5	4.8
Pro forma results of Brink's for the three months ended September 30, 2017		
2017		
Brink's as reported	$849.5	19.9
Maco Transportadora[b]	4.6	0.6
Other acquisitions[b]	1.0	0.2
Total	$855.1	20.7
2016		
Brink's as reported	$755.8	24.5
Maco Transportadora[b]	20.9	1.9
Other acquisitions[b]	13.6	1.5
Total	$790.3	27.9
Pro forma results of Brink's for the nine months ended September 30		
2017		
Brink's as reported	$2,443.8	68.8
Maco Transportadora[b]	56.9	6.2
Other acquisitions[b]	23.9	1.5
Total	$2,524.6	76.5
2016		
Brink's as reported	$2,217.1	21.7
Maco Transportadora[b]	57.1	4.0
Other acquisitions[b]	35.2	3.2
Total	$2,309.4	28.9

(a) Includes the actual results of AATI, Pag Facil, LGS and Maco Litoral.
(b) Represents amounts prior to acquisition by Brink's.

Acquisition costs

We have incurred $1.5 million in transaction costs related to business acquisitions in the first nine months of 2017. These costs are classified in the condensed consolidated statement of operations as selling, general and administrative expenses.

Note 6 - Accumulated other comprehensive income (loss)

Other comprehensive income (loss), including the amounts reclassified from accumulated other comprehensive loss into earnings, was as follows:

	Amounts Arising During the Current Period		Amounts Reclassified to Net Income (Loss)		
(In millions)	Pretax	Income Tax	Pretax	Income Tax	Total Other Comprehensive Income (Loss)
Three months ended September 30, 2017					
Amounts attributable to Brink's:					
Benefit plan adjustments	$(5.0)	1.1	14.0	(4.9)	5.2
Foreign currency translation adjustments	14.6	—	—	—	14.6
Unrealized gains (losses) on available-for-sale securities	0.4	(0.1)	(0.7)	0.2	(0.2)
Gains (losses) on cash flow hedges	(0.1)	—	0.1	—	—
	9.9	1.0	13.4	(4.7)	19.6
Amounts attributable to noncontrolling interests:					
Benefit plan adjustments	—	—	0.2	—	0.2
Foreign currency translation adjustments	1.9	—	—	—	1.9
	1.9	—	0.2	—	2.1
Total					
Benefit plan adjustments[a]	(5.0)	1.1	14.2	(4.9)	5.4
Foreign currency translation adjustments	16.5	—	—	—	16.5
Unrealized gains (losses) on available-for-sale securities[b]	0.4	(0.1)	(0.7)	0.2	(0.2)
Gains (losses) on cash flow hedges[c]	(0.1)	—	0.1	—	—
	$11.8	1.0	13.6	(4.7)	21.7
Three months ended September 30, 2016					
Amounts attributable to Brink's:					
Benefit plan adjustments	$(0.7)	0.1	12.5	(4.1)	7.8
Foreign currency translation adjustments	(3.4)	—	—	—	(3.4)
Gains (losses) on cash flow hedges	0.1	—	0.1	(0.1)	0.1
	(4.0)	0.1	12.6	(4.2)	4.5
Amounts attributable to noncontrolling interests:					
Benefit plan adjustments	—	—	0.1	—	0.1
Foreign currency translation adjustments	0.4	—	—	—	0.4
	0.4	—	0.1	—	0.5
Total					
Benefit plan adjustments[a]	(0.7)	0.1	12.6	(4.1)	7.9
Foreign currency translation adjustments	(3.0)	—	—	—	(3.0)
Gains (losses) on cash flow hedges[c]	0.1	—	0.1	(0.1)	0.1

$(3.6)	0.1	12.7	(4.2)	5.0

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(In millions)	Amounts Arising During the Current Period Pretax	Amounts Arising During the Current Period Income Tax	Amounts Reclassified to Net Income (Loss) Pretax	Amounts Reclassified to Net Income (Loss) Income Tax	Total Other Comprehensive Income (Loss)
Nine months ended September 30, 2017					
Amounts attributable to Brink's:					
Benefit plan adjustments	$(9.3)	1.5	39.8	(13.9)	18.1
Foreign currency translation adjustments	48.5	—	—	—	48.5
Unrealized gains (losses) on available-for-sale securities	1.3	(0.4)	(0.9)	0.3	0.3
Gains (losses) on cash flow hedges	(0.3)	—	0.2	—	(0.1)
	40.2	1.1	39.1	(13.6)	66.8
Amounts attributable to noncontrolling interests:					
Benefit plan adjustments	—	—	0.5	—	0.5
Foreign currency translation adjustments	0.9	—	—	—	0.9
	0.9	—	0.5	—	1.4
Total					
Benefit plan adjustments[a]	(9.3)	1.5	40.3	(13.9)	18.6
Foreign currency translation adjustments	49.4	—	—	—	49.4
Unrealized gains (losses) on available-for-sale securities[b]	1.3	(0.4)	(0.9)	0.3	0.3
Gains (losses) on cash flow hedges[c]	(0.3)	—	0.2	—	(0.1)
	$41.1	1.1	39.6	(13.6)	68.2
Nine months ended September 30, 2016					
Amounts attributable to Brink's:					
Benefit plan adjustments	$(2.6)	0.6	37.4	(12.8)	22.6
Foreign currency translation adjustments	10.2	—	—	—	10.2
Unrealized gains (losses) on available-for-sale securities	0.5	(0.2)	(0.5)	0.2	—
Gains (losses) on cash flow hedges	(2.1)	0.5	1.9	(0.4)	(0.1)
	6.0	0.9	38.8	(13.0)	32.7
Amounts attributable to noncontrolling interests:					
Benefit plan adjustments	—	—	0.4	—	0.4
Foreign currency translation adjustments	1.1	—	—	—	1.1
	1.1	—	0.4	—	1.5
Total					
Benefit plan adjustments[a]	(2.6)	0.6	37.8	(12.8)	23.0
Foreign currency translation adjustments	11.3	—	—	—	11.3
Unrealized gains (losses) on available-for-sale securities[b]	0.5	(0.2)	(0.5)	0.2	—
Gains (losses) on cash flow hedges[c]	(2.1)	0.5	1.9	(0.4)	(0.1)
	$7.1	0.9	39.2	(13.0)	34.2

(a) The amortization of prior experience losses and prior service cost is part of total net periodic retirement benefit cost when reclassified to net income. Net periodic retirement benefit cost also includes service cost, interest cost, expected return on assets, and settlement losses. Due to the adoption of ASU 2017-07 (see Note 1), total service cost is allocated between cost of revenues and selling, general and administrative expenses on a plan-by-plan basis and the remaining net periodic retirement benefit cost items are allocated to interest and other income (expense):

	Three Months Ended September 30,		Nine Months Ended September 30,	
(In millions)	2017	2016	2017	2016
Total net periodic retirement benefit cost included in:				
Cost of revenues	$ 2.2	2.1	$ 6.9	6.5
Selling, general and administrative expenses	0.6	0.5	1.7	1.6
Interest and other income (expense)	11.7	9.7	35.4	29.5

(b) Gains and losses on sales of available-for-sale securities are reclassified from accumulated other comprehensive loss to the condensed consolidated statements of operations when the gains or losses are realized. Pretax amounts are classified in the condensed consolidated statements of operations as interest and other income (expense).

(c) Pretax gains and losses on cash flow hedges are classified in the condensed consolidated statements of operations as:

- other operating income (expense) ($0.1 million of losses in the three months ended September 30, 2017 and $0.1 million of gains in the three months ended September 30, 2016; as well as $0.1 million of losses in the nine months ended September 30, 2017 and $1.3 million of losses in the nine months ended September 30, 2016)
- interest and other income (expense) (no gains or losses in the three months ended September 30, 2017 and no gains or losses in the three months ended September 30, 2016; as well as $0.1 million of losses in the nine months ended September 30, 2017 and $0.2 million of losses in the nine months ended September 30, 2016).

The changes in accumulated other comprehensive loss attributable to Brink's are as follows:

(In millions)	Benefit Plan Adjustments	Foreign Currency Translation Adjustments	Unrealized Gains (Losses) on Available-for-Sale Securities	Gains (Losses) on Cash Flow Hedges	Total
Balance as of December 31, 2016	$ (559.6)	(349.1)	1.0	0.7	(907.0)
Other comprehensive income (loss) before reclassifications	(7.8)	48.5	0.9	(0.3)	41.3
Amounts reclassified from accumulated other comprehensive loss	25.9	—	(0.6)	0.2	25.5
Other comprehensive income (loss) attributable to Brink's	18.1	48.5	0.3	(0.1)	66.8
Balance as of September 30, 2017	$ (541.5)	(300.6)	1.3	0.6	(840.2)

Note 7 - Fair value of financial instruments

Investments in Trading Securities and Available-for-sale Securities
We have investments in mutual funds designated as trading securities and as available-for-sale securities that are carried at fair value in the financial statements. For these investments, fair value was estimated based on quoted market prices categorized as a Level 1 valuation.

Fixed-Rate Debt
The fair value and carrying value of our fixed-rate debt are as follows:

(In millions)	September 30, 2017	December 31, 2016
Unsecured notes issued in a private placement[(a)]		
Carrying value	$ —	85.7
Fair value	—	88.2

(a) Prepaid in September 2017.

The fair value estimate of our unsecured private placement notes was based on the present value of future cash flows, discounted at rates for similar instruments at the measurement date, which we have categorized as a Level 3 valuation.

Forward and Swap Contracts
We have outstanding foreign currency forward and swap contracts to hedge transactional risks associated with foreign currencies. At September 30, 2017, the notional value of our shorter term outstanding foreign currency forward and swap contracts was $117.2 million, with average maturities of approximately one month. These shorter term foreign currency forward and swap contracts primarily offset exposures in the euro and the British pound and are not designated as hedges for accounting purposes. At September 30, 2017, the fair value of these shorter term foreign currency contracts was not significant.

In 2013, we entered into a longer term cross-currency swap to hedge against the change in value of a long-term intercompany loan denominated in Brazilian real. This longer term contract is designated as a cash flow hedge for accounting purposes. At September 30, 2017, the notional value of this contract was $3.1 million with a remaining weighted-average maturity of 0.2 years. At September 30, 2017, the fair value of this longer term swap contract was an asset of $1.1 million, which is included in prepaid expenses and other on the condensed consolidated balance sheet.

In the first quarter of 2016, we entered into two interest rate swaps with a total notional value of $40 million with a remaining weighted-average maturity of 1.8 years. These swaps were entered into to hedge cash flow risk associated with changes in variable interest rates and are designated as cash flow hedges for accounting purposes. At September 30, 2017, the fair value of these interest rates swaps was a net asset of $0.7 million, which is included in other assets on the condensed consolidated balance sheet.

The fair values of these forward and swap contracts are determined using Level 2 valuation techniques and are based on the present value of net future cash payments and receipts.

Other Financial Instruments
Other financial instruments include cash and cash equivalents, accounts receivable, floating rate debt, accounts payable and accrued liabilities. The financial statement carrying amounts of these items approximate the fair value.

There were no transfers in or out of any of the levels of the valuation hierarchy in the first nine months of 2017.

Note 8 - Debt

(In millions)	September 30, 2017	December 31, 2016
Debt:		
Short-term borrowings		
Uncommitted credit facility	$ 10.3	108.3
Unsecured term loan facility	85.0	—
Restricted cash borrowings[a]	24.8	22.3
Other	23.9	32.2
Total short-term borrowings	$ 144.0	162.8
Long-term debt		
Bank credit facilities:		
Revolving Facility	$ 445.7	55.8
Private Placement Notes [b]	—	85.6
Term loan [c]	61.7	65.6
Multi-currency revolving facility	4.1	3.6
Other	9.7	2.8
Capital leases	84.8	67.0
Total long-term debt	$ 606.0	280.4
Total debt	$ 750.0	443.2
Included in:		
Current liabilities	$ 175.6	195.6
Noncurrent liabilities	574.4	247.6
Total debt	$ 750.0	443.2

(a) These amounts are for short-term borrowings related to cash borrowed under lending arrangements used in the process of managing customer cash supply chains, which is currently classified as restricted cash and not available for general corporate purposes. See Note 11 for more details.
(b) Amounts outstanding are net of unamortized debt costs of $0.1 million as of December 31, 2016.
(c) Amounts outstanding are net of unamortized debt costs of $0.1 million as of September 30, 2017 and $0.2 million as of December 31, 2016.

Short-Term Borrowings

Uncommitted Credit Facility

In February 2016, we entered into a $24 million uncommitted credit facility with an initial expiration date in February 2017. The facility was amended in February 2017, which extended the expiration date to February 2018. Interest on this facility is based on LIBOR plus a margin of 1.00%. As of September 30, 2017, $10 million was outstanding.

Unsecured Term Loan Facility

In August 2017, we entered into a 364-day senior unsecured delayed draw term loan facility in an aggregate principal amount of up to $100 million. Interest on this facility is based on LIBOR plus a margin which ranges from 1.000% to 1.875% depending on either our credit rating or leverage ratio as defined within this facility. The margin was 1.375% at September 30, 2017. As of September 30, 2017, $85 million was outstanding.

Long-Term Debt

Revolving Facility

As of September 30, 2017, we had a $525 million unsecured multi-currency revolving bank credit facility (the "Revolving Facility") that matures in March 2020. The Revolving Facility's interest rate is based on LIBOR plus a margin or an alternate base rate plus a margin. The Revolving Facility allows us to borrow funds or issue letters of credit (or otherwise satisfy credit needs) on a revolving basis over the term of the facility. As of September 30, 2017, $79 million was available under the Revolving Facility. Amounts outstanding under the Revolving Facility, as of September 30, 2017, were denominated primarily in U.S. dollars and to a lesser extent in euros.

The margin on LIBOR borrowings under the Revolving Facility, which can range from 1.0% to 1.70% depending on either our credit rating or leverage ratio as defined within the Revolving Facility, was 1.30% at September 30, 2017. The margin on alternate base rate borrowings under the Revolving Facility ranges from 0.0% to 0.70%. We also pay an annual facility fee on the Revolving Facility based on our credit rating or the leverage ratio. The facility fee can range from 0.125% to 0.30% and was 0.20% at September 30, 2017.

Private Placement Notes

In September 2017, we paid off our private placement notes for $86 million, which included $7 million in prepayment penalties.

Term Loan

We entered into a $75 million unsecured term loan in March 2015. Interest on this loan is based on LIBOR plus a margin of 1.75%. Monthly principal payments began April 2015 and continue through to maturity, with the remaining balance of $34 million due in March 2022. As of September 30, 2017, the principal amount outstanding was $62 million.

Multi-currency Revolving and Other Facilities

As of September 30, 2017, we had a $20 million unsecured multi-currency revolving bank credit facility, of which $11 million was available. As of September 30, 2017, we had funded debt of $4 million and undrawn letters of credit and guarantees of $5 million issued under the multi-currency revolving bank credit facility, which expires in March 2019. Interest on this facility is based on LIBOR plus a margin, which ranges from 1.0% to 1.7%. We also have the ability to borrow from other banks, at the banks' discretion, under short-term uncommitted agreements. Various foreign subsidiaries maintain other lines of credit and overdraft facilities with a number of banks.

Letter of Credit Facilities

We have a $40 million uncommitted letter of credit facility that expires in May 2018. As of September 30, 2017, $11 million was utilized. We have two unsecured letter of credit facilities totaling $94 million, of which approximately $39 million was available at September 30, 2017. At September 30, 2017, we had undrawn letters of credit and guarantees of $55 million issued under these letter of credit facilities. A $40 million facility expires in December 2018 and a $54 million facility expires in December 2019. The Revolving Facility and the multi-currency revolving credit facilities are also used for issuance of letters of credit and bank guarantees.

The Revolving Facility, the Notes, the unsecured multi-currency revolving bank credit facility, the uncommitted credit facilities, the letter of credit facilities and the unsecured term loan contain certain subsidiary guarantees and various financial and other covenants. The financial covenants, among other things, limit our total indebtedness, restrict certain payments to shareholders, limit priority debt, limit asset sales, limit the use of proceeds from asset sales, provide for a maximum leverage ratio and provide for minimum coverage of interest costs. These agreements do not provide for the acceleration of payments should our credit rating be reduced. If we were not to comply with the terms of our various financing agreements, the repayment terms could be accelerated and the commitments could be withdrawn. An acceleration of the repayment terms under one agreement could trigger the acceleration of the repayment terms under the other financing agreements. We were in compliance with all financial covenants at September 30, 2017.

In October 2017, we entered into a senior secured credit facility and issued senior notes. See Note 14 for details.

Note 9 - Share-based compensation plans

We have share-based compensation plans to attract and retain employees and nonemployee directors and to more closely align their interests with those of our shareholders.

We have granted share-based awards to employees under the 2005 Equity Incentive Plan ("2005 Plan"), the 2013 Equity Incentive Plan ("2013 Plan") and the 2017 Equity Incentive Plan (the "2017 Plan). These plans permit grants of restricted stock, restricted stock units, performance stock, performance units, stock appreciation rights, stock options, as well as other share-based awards to eligible employees. The 2013 Plan and the 2017 Plan also permit cash awards to eligible employees. The 2017 Plan became effective May 2017. No further grants of awards will be made under the 2013 Plan, although awards under the 2013 Plan and under the 2005 Plan remain outstanding.

We have granted deferred stock units to directors under the 2017 Plan. Share-based awards were previously granted to directors and remain outstanding under the Non-Employee Director's Equity Plan and the Directors' Stock Accumulation Plan, which has expired.

Outstanding awards at September 30, 2017, include performance share units, market share units, restricted stock units, deferred stock units, performance-based stock options, time-based stock options and certain awards that will be settled in cash.

Compensation Expense

Compensation expense is measured using the fair-value-based method. For employee and director awards considered equity grants, compensation expense is recognized from the award or grant date to the earlier of the retirement-eligible date or the vesting date.

In February 2016, the Compensation and Benefits Committee of the Board of Directors modified the terms of performance share units originally awarded or granted in 2013, 2014 and 2015 to reflect the impact of removing our Venezuelan operation's results from the Company's segment results beginning in 2015. For each of the affected performance share units, consolidated results for 2015 and each subsequent year within the respective performance period was or will be adjusted to reflect our Venezuelan operation's results at the amount originally projected in the applicable performance target. No incremental compensation cost associated with the modification has been recognized as the modified goal was and is expected to be more difficult to achieve and, in accordance with FASB ASC Topic 718, Compensation - Stock Compensation, we continue to recognize expense as calculated using the original performance goal.

Compensation expenses are classified as selling, general and administrative expenses in the condensed consolidated statements of operations. Compensation expenses for the share-based awards were as follows:

	Compensation Expense Three Months Ended September 30,		Compensation Expense Nine Months Ended September 30,	
(in millions)	2017	2016	2017	2016
Performance Share Units	$ 1.9	0.6	$ 6.4	2.9
Market Share Units	0.1	(0.2)	0.2	—
Restricted Stock Units	1.1	0.9	3.5	2.9
Deferred Stock Units and fees paid in stock	0.3	0.3	0.8	0.6
Stock Options	0.6	0.2	1.6	0.3

Share-based payment expense	4.0	1.8	12.5	6.7
Income tax benefit	(1.5)	(0.6)	(4.6)	(2.3)
Share-based payment expense, net of tax	$ 2.5	1.2	$ 7.9	4.4

Performance-Based Stock Options

In 2017 and 2016, we granted performance-based stock options that have a service condition as well as a market condition. In addition, some of the awards granted in 2016 contain a non-financial performance condition. We measure the fair value of these performance-based options at the grant date using a Monte Carlo simulation model.

The following table summarizes performance-based stock option activity during the first nine months of 2017:

	Shares (in thousands)	Weighted-Average Grant-Date Fair Value
Outstanding balance as of December 31, 2016	580.9	$ 6.01
Granted	298.9	11.97
Forfeited	—	—
Exercised	—	—
Outstanding balance as of September 30, 2017	879.8	$ 8.04

Restricted Stock Units ("RSUs")

We granted RSUs that contain only a service condition. We measure the fair value of RSUs based on the price of Brink's stock at the grant date, adjusted for a discount for dividends not received or accrued during the vesting period.

The following table summarizes RSU activity during the first nine months of 2017:

	Shares (in thousands)	Weighted-Average Grant-Date Fair Value
Nonvested balance as of December 31, 2016	296.5	$ 27.84
Granted	100.6	52.85
Forfeited	(13.6)	28.91
Vested	(97.0)	27.57
Nonvested balance as of September 30, 2017	286.5	$ 36.66

Performance Share Units ("PSUs")

Prior to 2016, we granted PSUs that contained a performance condition, a market condition and a service condition. In 2017 and 2016, we granted Internal Metric PSUs ("IM PSUs") and Total Shareholder Return PSUs ("TSR PSUs").

IM PSUs contain a performance condition as well as a service condition. We measure the fair value of these PSUs based on the price of Brink's stock at the grant date, adjusted for a discount for dividends not received or accrued during the vesting period. For the IM PSUs granted in 2017, the performance period is from January 1, 2017 to December 31, 2019.

TSR PSUs contain a market condition as well as a service condition. We measure the fair value of PSUs containing a market condition at the grant date using a Monte Carlo simulation model. For the TSR PSUs granted in 2017, the performance period is from January 1, 2017 to December 31, 2019.

The following table summarizes all PSU activity during the first nine months of 2017:

	Shares (in thousands)	Weighted-Average Grant-Date Fair Value
Nonvested balance as of December 31, 2016	603.2	$ 28.02
Granted	217.9	53.80
Forfeited	(15.1)	29.52
Vested[(a)]	(134.3)	24.39
Nonvested balance as of September 30, 2017	671.7	$ 37.08

(a) The vested PSUs presented are based on the target amount of the award. In accordance with the terms of the underlying award agreements or plan provisions, the actual shares earned and distributed for the performance period ended December 31, 2016 were 252.0.

Market Share Units ("MSUs")

Prior to 2016, we granted MSUs that contain a market condition as well as a service condition. We measure the fair value of MSUs using a Monte Carlo simulation model.

The following table summarizes all MSU activity during the first nine months of 2017:

	Shares (in thousands)	Weighted-Average Grant-Date Fair Value
Nonvested balance as of December 31, 2016	141.7	$ 27.02
Granted	—	—
Forfeited	—	—

Vested[a]	(67.5)	23.34
Nonvested balance as of September 30, 2017	74.2	$ 30.37

(a) The vested MSUs presented are based on the target amount of the award. In accordance with the terms of the underlying award agreements or plan provisions, the actual shares earned and distributed for the performance period ended December 31, 2016 were 81.8. No additional compensation expense was required to be recognized for the additional shares distributed, as the market condition was included in the $23.34 grant date fair value.

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Deferred Stock Units ("DSUs")
We granted DSUs to our independent directors. We measure the fair value of DSUs at the grant date, based on the price of Brink's stock, adjusted for a discount for dividends not received or accrued during the vesting period.

Grants of DSUs vest and will be paid out in shares of Brink's stock on the first anniversary of the grant date, provided that the director has not elected to defer the distribution of shares until a later date.

The following table summarizes all DSU activity during the first nine months of 2017:

	Shares (in thousands)	Weighted-Average Grant-Date Fair Value
Nonvested balance as of December 31, 2016	29.7	$ 29.41
Granted	12.7	60.80
Forfeited	(3.7)	29.35
Vested	(26.0)	29.42
Nonvested balance as of September 30, 2017	12.7	$ 60.80

Note 10 - Shares used to calculate earnings per share

	Three Months Ended September 30,		Nine Months Ended September 30,	
(In millions)	2017	2016	2017	2016
Weighted-average shares:				
Basic[(a)]	50.7	50.1	50.7	49.8
Effect of dilutive stock awards and options	1.2	0.6	0.9	0.6
Diluted	51.9	50.7	51.6	50.4
Antidilutive stock awards and options excluded from denominator	—	—	0.1	0.2

(a) We have deferred compensation plans for directors and certain of our employees. For participants electing to defer compensation into common stock units, amounts owed to participants will be paid out in shares of Brink's common stock. Each unit represents one share of common stock. The number of shares used to calculate basic earnings per share includes the weighted-average units credited to employees and directors under the deferred compensation plans. Accordingly, included in basic shares are 0.3 million in the three months and 0.3 million in the nine months ended September 30, 2017, and 0.5 million in the three months and 0.5 million in the nine months ended September 30, 2016.

Note 11 - Supplemental cash flow information

(In millions)	Nine Months Ended September 30, 2017	2016
Cash paid for:		
Interest	$19.8	15.8
Income taxes, net	64.9	55.3

Non-cash Investing and Financing Activities
We acquired $33.4 million in armored vehicles and other equipment under capital lease arrangements in the first nine months of 2017 compared to $18.9 million in armored vehicles and other equipment acquired under capital lease arrangements in the first nine months of 2016.

Cash Supply Chain Services
In France, we offer services to certain of our customers where we manage some or all of their cash supply chains. Providing this service requires our French subsidiary to take temporary title to the cash received from the management of our customers' cash supply chains until the cash is returned to the customers. As part of this service offering, we have entered into lending arrangements with some of our customers. Cash borrowed under these lending arrangements is used in the process of managing these customers' cash supply chains. The cash for which we have temporary title and the cash borrowed under these customer lending arrangements is restricted and cannot be used for any other purpose other than to service our customers who participate in this service offering.

At September 30, 2017, we held $85.7 million of restricted cash ($24.8 million represented short-term borrowings, $52.6 million represented restricted cash held for customers, and $8.3 million represented deposit liabilities). At December 31, 2016, we held $55.5 million of restricted cash ($22.3 million represented short-term borrowings and $33.2 million represented restricted cash held for customers).

Note 12 - Contingent matters

During the fourth quarter of 2015, we became aware of an investigation initiated by COFECE (the Mexican antitrust agency) related to potential anti-competitive practices among competitors in the cash logistics industry in Mexico (the industry in which Brink’s Mexican subsidiary, SERPAPROSA, is active). Because no legal proceedings have been initiated against SERPAPROSA, we cannot estimate the probability of loss or any range of estimate of possible loss at this time. It is possible that SERPAPROSA could become the subject of legal or administrative claims or proceedings, however, that could result in a loss that could be material to the Company’s results in a future period.

On March 21, 2016, The Bruce McDonald Holding Company, et al., filed a lawsuit in Circuit Court of Logan County, West Virginia against Addington, Inc. (“Addington”) and The Brink’s Company related to an Agreement of Lease dated September 19, 1978, between the Plaintiffs and Addington. The Plaintiffs seek declaratory judgment and unspecified damages related to allegations that Addington failed to mine coal on the property leased from the Plaintiffs and failed to pay correct minimum royalties to the Plaintiffs. The Company filed a counterclaim against the Plaintiffs related to the Plaintiffs’ failure to consent to the assignment and subleasing the leasehold to others. In August 2017, the Circuit Court of Logan County granted certain of our motions for summary judgment and denied the Plaintiff's motions for summary judgment, which substantially resolved all matters in the Company's favor. The Plaintiff filed a notice of appeal on September 22, 2017.

In addition, we are involved in various other lawsuits and claims in the ordinary course of business. We are not able to estimate the loss or range of losses for some of these matters. We have recorded accruals for losses that are considered probable and reasonably estimable. Except as otherwise noted, we do not believe that it is reasonably possible the ultimate disposition of any of the lawsuits currently pending against the Company could have a material adverse effect on our liquidity, financial position or results of operations.

Note 13 - Reorganization and Restructuring

2016 Reorganization and 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. We recognized an additional $13.5 million in the first nine months of 2017 under this restructuring for additional costs related to severance, a benefit program termination, asset-related adjustments and lease terminations. Severance actions are expected to reduce our global workforce by 800 to 900 positions. We expect that the 2016 restructuring will result in $8 to $12 million in 2017 cost savings. We expect to incur additional costs between $10 and $14 million in future periods, primarily severance costs.

The following table summarizes the costs incurred, payments and utilization, and foreign currency exchange effects of the 2016 Reorganization and Restructuring:

(In millions)	Asset Related Adjustments	Severance Costs	Lease Terminations	Benefit Program Termination	Total
Balance as of January 1, 2017	$ —	7.0	0.6	—	7.6
Expense (benefit)	3.4	7.5	0.4	2.2	13.5
Payments and utilization	(3.4)	(11.9)	(0.4)	(2.2)	(17.9)
Foreign currency exchange effects	—	0.2	—	—	0.2
Balance as of September 30, 2017	$ —	2.8	0.6	—	3.4

Executive Leadership and Board of Directors Restructuring
In the fourth quarter of 2015, we recognized $1.8 million in costs related to the restructuring of executive leadership and the Board of Directors, which was announced in January 2016. We also recognized an additional $4.3 million in charges, primarily severance costs, in the first nine months of 2016.

2015 Reorganization and Restructuring
Brink's initiated a global restructuring of its business in the third quarter of 2015. We recognized $11.6 million in related 2015 costs related to employee severance, contract terminations, and property impairment. We recognized an additional $5.3 million in the first nine months of 2016 related to this restructuring for additional severance costs, contract terminations and lease terminations. The 2015 Reorganization and Restructuring reduced the global workforce by approximately 1,100 positions and resulted in approximately $20 million in 2016 savings. The actions under this program were substantially completed by the end of 2016, with cumulative pretax charges of approximately $18 million.

Other Restructurings
Management continuously implements restructuring actions in targeted sections of our business. As a result of these actions, we recognized related severance costs of $0.8 million in the third quarter of 2017 and $1.9 million in the first nine months of 2017. These restructuring actions are expected to reduce our workforce by 200 to 300 positions and result in $3 to $4 million in annualized cost savings. We expect to incur additional costs between $1 and $2 million in future periods, primarily severance costs. These estimates will be updated as management targets additional sections of our business.

Note 14 - Subsequent Events

New Credit Facilities

Senior Secured Credit Facility
In October 2017, we entered into a new senior secured credit facility (the “Senior Secured Credit Facility”) with Wells Fargo Bank, National Association, as administrative agent, consisting of a $1 billion revolving credit facility and a $500 million term loan facility.

Loans under the Senior Secured Credit Facility mature five years after the closing date (October 17, 2022) and interest rates float based on the Company's consolidated net leverage levels. The obligations under the Senior Secured Credit Facility are secured by a first-priority lien on all or substantially all of the assets of the Company and certain of its domestic subsidiaries, including a first-priority lien on equity interests of certain of the Company’s direct and indirect subsidiaries. The Company and certain of its domestic subsidiaries also guarantee the obligations under the Senior Secured Credit Facility.

Senior Notes
In October 2017, we issued at par ten-year senior unsecured notes (the "Senior Notes") in the aggregate principal amount of $600 million. The Senior Notes will mature on October 15, 2027, bearing an annual interest rate of 4.625%. The Senior Notes are general unsecured obligations guaranteed by certain of the Company’s existing and future U.S. subsidiaries, which are also guarantors under the Senior Secured Credit Facility.

The Senior Notes have not been and will not be registered under the Securities Act of 1933 (the “Securities Act”) or the securities laws of any other jurisdiction and may not be offered or sold in the United States absent registration or an applicable exemption from registration requirements. The notes were offered in the United States only to persons reasonably believed to be qualified institutional buyers in reliance on the exception from registration set forth in Rule 144A under the Securities Act and outside the United States to non-U.S. persons pursuant to Regulation S under the Securities Act.
The aggregate proceeds from the Senior Secured Credit Facility and the Senior Notes were used in part to repay the existing Revolving Facility, the existing term loan, certain other existing indebtedness and certain fees and expenses related to the closing of the transactions. Remaining net proceeds are expected to be used for working capital needs, capital expenditures, acquisitions and other general corporate purposes.

THE BRINK’S COMPANY
and subsidiaries

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The Brink’s Company offers transportation and logistics management services for cash and valuables throughout the world. These services include:

- Cash-in-Transit (“CIT”) Services – armored vehicle transportation of valuables
- ATM Services – replenishing and maintaining customers’ automated teller machines; providing network infrastructure services
- Global Services – secure international transportation of valuables
- Cash Management Services
  - Currency and coin counting and sorting; deposit preparation and reconciliations; other cash management services
  - Safe and safe control device installation and servicing (including our patented CompuSafe® service)
  - Check and cash processing services for banking customers (“Virtual Vault Services”)
  - Check imaging services for banking customers
- Payment Services – bill payment and processing services on behalf of utility companies and other billers at any of our Brink’s or Brink’s-operated payment locations in Latin America and Brink’s Money™ general purpose reloadable prepaid cards and payroll cards in the U.S.
- Commercial Security Systems – design and installation of security systems in designated markets in Europe
- Guarding Services – protection of airports, offices, and certain other locations in Europe and Brazil with or without electronic surveillance, access control, fire prevention and highly trained patrolling personnel

We identify our operating segments based on how our chief operating decision maker (“CODM”) allocates resources, assesses performance and makes decisions. Our CODM is our President and Chief Executive Officer. Our CODM evaluates performance and allocates resources to each operating segment based on an operating profit or loss measure, excluding income and expenses not allocated to segments.

During the first quarter of 2017, we implemented changes to our organizational and management structure that resulted in changes to our operating segments for financial reporting purposes. Through the fiscal year ended December 31, 2016, our business was reported in nine operating segments: U.S., France, Mexico, Brazil, Canada, Latin America, EMEA, Asia and Payment Services. Changes in our management reporting structure during the first quarter of 2017 required us to conduct an assessment in accordance with ASC Topic 280, Segment Reporting, to determine our operating segments.

As a result of this assessment, we have the following operating segments:

- North America
- South America
- Rest of World.

Prior period information has been revised to reflect our new segment structure.

RESULTS OF OPERATIONS

Consolidated Review

GAAP and Non-GAAP Financial Measures

We provide an analysis of our operations below on both a generally accepted accounting principles ("GAAP") and non-GAAP basis. The purpose of the non-GAAP information is to report our operating profit, income from continuing operations and earnings per share without certain income and expense items that do not reflect the ordinary earnings of our operations. 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. The non-GAAP adjustments used to reconcile our GAAP results are described on pages 36–37 and are reconciled to comparable GAAP measures on pages 41–43.

Definition of Organic Growth

Organic growth represents the change in revenues or operating profit between the current and prior period, excluding the effect of acquisitions and dispositions, changes in currency exchange rates (as described on page 34) and the accounting effects of reporting Venezuela under highly inflationary accounting.

	Three Months Ended September 30,		%	Nine Months Ended September 30,		%
(In millions, except for per share amounts)	2017	2016	Change	2017	2016	Change
GAAP						
Revenues	$849.5	755.8	12	2,443.8	2,217.1	10
Cost of revenues	666.4	594.4	12	1,905.6	1,779.4	7
Selling, general and administrative expenses	116.6	102.2	14	346.5	315.9	10
Operating profit	66.4	59.7	11	185.6	115.4	61
Income (loss) from continuing operations[(a)]	19.9	24.5	(19)	68.9	21.7	fav
Diluted EPS from continuing operations[(a)]	$0.38	0.48	(21)	1.33	0.43	fav
Non-GAAP[(b)]						
Non-GAAP revenues	$828.7	734.9	13	2,328.6	2,140.3	9
Non-GAAP operating profit	76.4	63.0	21	190.7	136.7	40
Non-GAAP income from continuing operations[(a)]	42.9	34.3	25	106.1	70.6	50
Non-GAAP diluted EPS from continuing operations[(a)]	$0.83	0.68	22	2.06	1.40	47

(a) Amounts reported in this table are attributable to the shareholders of Brink's and exclude earnings related to noncontrolling interests.

(b) Non-GAAP results are reconciled to the applicable GAAP results on pages 41–43.

GAAP Basis

Analysis of Consolidated Results: Third Quarter 2017 versus Third Quarter 2016

Consolidated Revenues Revenues increased $93.7 million as organic growth in Venezuela ($76.7 million), South America ($28.5 million), North America ($10.6 million) and Rest of World ($6.1 million), and the favorable impact of acquisitions and dispositions ($36.2 million) was partially offset by unfavorable changes in currency exchange rates ($64.4 million). A significant portion of the reduction in revenues from currency exchange rates relates to the strengthening of the U.S. dollar against the Venezuela bolivar ($76.3 million). Revenues increased 16% on an organic basis due mainly to higher average selling prices in Venezuela and Argentina (including the effects of inflation) and organic revenue growth in Brazil and Mexico due to volume growth and price increases. See above for our definition of "organic."

Consolidated Costs and Expenses Cost of revenues increased 12% to $666.4 million due to inflation-based increases on labor and other operational costs. Selling, general and administrative costs increased 14% to $116.6 million due primarily to higher incentive-based compensation, partially offset by changes in currency exchange rates.

Consolidated Operating Profit Operating profit increased $6.7 million due mainly to:

- organic increases in Venezuela ($25.5 million), South America ($8.8 million), and North America ($6.8 million) and
- the favorable impact of acquisitions and dispositions ($5.8 million),

partially offset by:

- unfavorable changes in currency exchange rates ($27.5 million), including the effects of Venezuela devaluations,
- higher corporate expenses ($8.2 million on an organic basis) due to higher incentive-based compensation and
- organic decreases in Rest of World ($0.6 million).

Consolidated Income from Continuing Operations Attributable to Brink's and Related Per Share Amounts Income from continuing operations attributable to Brink's shareholders in 2017 decreased $4.6 million to $19.9 million primarily due to higher interest and other expense ($12.0 million), partially offset by the operating profit increase mentioned above and lower income tax expense ($3.1 million). Earnings per share from continuing operations was $0.38, down from $0.48 in 2016.

Analysis of Consolidated Results: Nine Months 2017 versus Nine Months 2016

Consolidated Revenues Revenues increased $226.7 million as organic growth in Venezuela ($285.1 million), South America ($81.6 million), North America ($40.8 million) and Rest of World ($16.0 million), and the favorable impact of acquisitions and dispositions ($31.7 million) was partially offset by unfavorable changes in currency exchange rates ($228.5 million). A significant portion of the reduction in revenues from currency exchange rates relates to the strengthening of the U.S. dollar against the Venezuela bolivar ($243.9 million). Revenues increased 19% on an organic basis due mainly to higher average selling prices in Venezuela and Argentina (including the effects of inflation) and organic revenue growth in Brazil, Mexico, and the U.S. Organic growth in Brazil and Mexico was due to volume growth and price increases, while organic growth in the U.S. was primarily due to onsite cash recycler services and increased Global Services volume. See page 31 for our definition of “organic.”

Consolidated Costs and Expenses Cost of revenues increased 7% to $1,905.6 million due to inflation-based increases on labor and other operational costs, as well as higher equipment costs from recycler sales. Selling, general and administrative costs increased 10% to $346.5 million due primarily to higher incentive-based compensation, partially offset by changes in currency exchange rates.

Consolidated Operating Profit Operating profit increased $70.2 million due mainly to:

- organic increases in Venezuela ($96.1 million), South America ($38.7 million), North America ($26.6 million), and Rest of World ($3.0 million) and
- the favorable impact of acquisitions and dispositions ($17.7 million),

partially offset by:

- unfavorable changes in currency exchange rates ($93.6 million), including the effects of Venezuela devaluations and
- higher corporate expenses ($18.4 million on an organic basis) due to higher incentive-based compensation.

Consolidated Income from Continuing Operations Attributable to Brink’s and Related Per Share Amounts Income from continuing operations attributable to Brink’s shareholders in 2017 increased $47.2 million to $68.9 million primarily due to the operating profit increase mentioned above, partially offset by higher interest and other expense ($15.5 million). Earnings per share from continuing operations was $1.33, up from $0.43 in 2016.

Non-GAAP Basis

Analysis of Consolidated Results: Third Quarter 2017 versus Third Quarter 2016

Non-GAAP Consolidated Revenues Non-GAAP revenues increased $93.8 million primarily due to organic growth in South America ($28.5 million), North America ($10.6 million) and Rest of World ($6.1 million) as well as the favorable impact of acquisitions and dispositions ($36.7 million) and currency exchange rates ($11.9 million). The favorable currency impact was driven by the euro and Mexican peso, which was partially offset by the unfavorable impact of the Argentine peso. Non-GAAP revenues increased 6% on an organic basis due mainly to higher average selling prices in Argentina (including the effects of inflation) and organic revenue growth in Brazil and Mexico due to volume growth and price increases. See page 31 for our definition of "organic."

Non-GAAP Consolidated Operating Profit Non-GAAP operating profit increased $13.4 million due mainly to:

- organic increases in South America ($8.8 million) and North America ($6.8 million) and
- the favorable impact of acquisitions and dispositions ($7.1 million),

partially offset by:

- higher corporate expenses ($8.2 million on an organic basis) due to higher incentive-based compensation,
- organic decreases in Rest of World ($0.6 million) and
- unfavorable changes in currency exchange rates ($0.5 million).

Non-GAAP Consolidated Income from Continuing Operations Attributable to Brink's and Related Per Share Amounts Non-GAAP income from continuing operations attributable to Brink's shareholders in 2017 increased $8.6 million to $42.9 million primarily due to the non-GAAP operating profit increase mentioned above, partially offset by the corresponding higher non-GAAP income tax expense ($3.1 million). Non-GAAP earnings per share from continuing operations was $0.83, up from $0.68 in 2016.

Analysis of Consolidated Results: Nine Months 2017 versus Nine Months 2016

Non-GAAP Consolidated Revenues Non-GAAP revenues increased $188.3 million primarily due to organic growth in South America ($81.6 million), North America ($40.8 million), and Rest of World ($16.0 million), as well as the favorable impact of acquisitions and dispositions ($34.5 million) and currency exchange rates ($15.4 million). The favorable currency impact was driven by the Brazilian real, which was partially offset by the unfavorable impact of the Argentine peso and Mexican peso. Non-GAAP revenues increased 6% on an organic basis due mainly to higher average selling prices in Argentina (including the effects of inflation) and organic revenue growth in Brazil, Mexico, and the U.S. Organic growth in Brazil and Mexico was due to volume growth and price increases, while organic growth in the U.S. was primarily due to onsite cash recycler services and increased Global Services volume. See page 31 for our definition of "organic."

Non-GAAP Consolidated Operating Profit Non-GAAP operating profit increased $54.0 million due mainly to:

- organic increases in South America ($38.7 million), North America ($26.6 million), and Rest of World ($3.0 million) and
- the favorable impact of acquisitions and dispositions ($9.3 million),

partially offset by:

- higher corporate expenses ($18.4 million on an organic basis) due to higher incentive-based compensation and
- unfavorable changes in currency exchange rates ($5.2 million).

Non-GAAP Consolidated Income from Continuing Operations Attributable to Brink's and Related Per Share Amounts Non-GAAP income from continuing operations attributable to Brink's shareholders in 2017 increased $35.5 million to $106.1 million primarily due to the non-GAAP operating profit increase mentioned above, partially offset by the corresponding higher non-GAAP income tax expense ($16.1 million). Non-GAAP earnings per share from continuing operations was $2.06, up from $1.40 in 2016.

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Revenues and Operating Profit by Segment: Third Quarter 2017 versus Third Quarter 2016

(In millions)	3Q'16	Organic Change	Acquisitions / Dispositions[a]	Currency[b]	3Q'17	% Change Total	% Change Organic
Revenues:							
North America	$297.0	10.6	3.0	5.9	316.5	7	4
South America	186.7	28.5	36.5	(4.3)	247.4	33	15
Rest of World	251.2	6.1	(2.8)	10.3	264.8	5	2
Segment revenues - GAAP and non-GAAP	734.9	45.2	36.7	11.9	828.7	13	6
Other items not allocated to segments[d]	20.9	76.7	(0.5)	(76.3)	20.8	—	fav
Revenues - GAAP	$755.8	121.9	36.2	(64.4)	849.5	12	16
Operating profit:							
North America	$8.9	6.8	0.5	0.7	16.9	90	76
South America	35.0	8.8	6.7	(2.8)	47.7	36	25
Rest of World	33.0	(0.6)	(0.1)	1.0	33.3	1	(2)
Segment operating profit	76.9	15.0	7.1	(1.1)	97.9	27	20
Corporate[c]	(13.9)	(8.2)	—	0.6	(21.5)	55	59
Operating profit - non-GAAP	63.0	6.8	7.1	(0.5)	76.4	21	11
Other items not allocated to segments[d]	(3.3)	21.6	(1.3)	(27.0)	(10.0)	unfav	fav
Operating profit (loss) - GAAP	$59.7	28.4	5.8	(27.5)	66.4	11	48

Amounts may not add due to rounding.

(a) Includes operating results and gains/losses on acquisitions and dispositions of assets and of businesses.

(b) The amounts in the "Currency" column consist of the effects of Venezuela devaluations and the sum of monthly currency changes. Monthly currency changes represent the accumulation throughout the year of the impact on current period results of changes in foreign currency rates from the prior year period.

(c)