DIEBOLD
NIXDORF

Diebold Nixdorf AG Quarterly Statement

1st Quarter of Fiscal Year 2018
For the period from January 1, to March 31, 2018

Key Figures 2018

Statement of Income (€ millions)	3 months 2018 [1]	3 months 2017 [2]	Change
	3 months		
Net sales	**532**	**605**	**-12%**
of which Banking	310	341	-9%
of which Retail	222	264	-16%
Gross profit without restructuring expenses*	**127**	**141**	**-10%**
Gross profit as a percentage of net sales	23.9%	23.3%	-
Research & development expenses without restructuring expenses*	**-23**	**-23**	**0%**
R&D expenses as a percentage of net sales	4.3%	3.8%	-
Selling, general and administration expenses [3] without restructuring expenses*	**-79**	**-81**	**-2%**
SG&A expenses as a percentage of net sales	14.8%	13.4%	-
Operating profit (EBITA) [4] without restructuring expenses*	**25**	**37**	**-32%**
EBITA as a percentage of net sales (EBITA margin)	4.7%	6.1%	-
of which Banking	15	22	-32%
as a percentage of net sales Banking	4.8%	6.5%	-
of which Retail	10	15	-33%
as a percentage of net sales Retail	4.5%	5.7%	-
Restructuring expenses*	**-2**	**-10**	**-**
Operating profit (EBITA) [4] incl. restructuring expenses*	**23**	**27**	**-15%**
EBITA as a percentage of net sales (EBITA margin)	4.3%	4.5%	-
Amortization/depreciation of intangible and tangible assets and write-down of reworkable service parts	**14**	**14**	**0%**
EBITDA	**37**	**41**	**-10%**
EBITDA as a percentage of net sales (EBITDA margin)	7.0%	6.8%	-
Transaction expenses**	**-2**	**-19**	**-**
Operating profit (EBITA) [4] incl. restructuring expenses* and transaction expenses**	**21**	**8**	**163%**
EBITA as a percentage of net sales (EBITA margin)	3.9%	1.3%	-
Profit for the period	**15**	**5**	**200%**
Profit for the period as a percentage of net sales	2.8%	0.8%	-
Cash flow (€ millions)			
Cash flow from operating activities	39	51	-24%
	31/03/18	**31/12/17**	**Change**
Key Balance Sheet Figures (€ millions)			
Working capital	231	228	3
as a percentage of net sales (annualized)	10.9%	10.1%	-
Net debt [5]	70	92	-22
Equity [6]	428	433	-5
Human Resources			
Number of employees	8,585	8,401	184

1) January 01, 2018 - March 31, 2018.
2) January 01, 2017 - March 31, 2017.
3) Including other operating result as well as result from equity accounted investments.
4) Net profit on operating activities before interest, taxes and amortization of goodwill.
5) Including financing Diebold Nixdorf Inc. March 31, 2018: € 218 million (Dec. 31, 2017: € 178 million)
6) Including non-controlling interests.

* Restructuring expenses relating to the business combination with Diebold Nixdorf, Inc. / DN2020
** Transaction expenses realting to the business combination with Diebold Nixdorf, Inc.

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Operating profit (EBITA) [4] incl. restructuring expenses* and transaction expenses**	**21**	**8**	**163%**
EBITA as a percentage of net sales (EBITA margin)	3.9%	1.3%	-
Profit for the period	**20**	**5**	**300%**
Profit for the period as a percentage of net sales	3.8%	0.8%	-
Cash flow (€ millions)			
Cash flow from operating activities	39	51	-24%

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Significant events

On March 22, 2018, it was announced that Dr. Jürgen Wunram will resign from his position as Chief Executive Officer of Diebold Nixdorf AG as well as his function as Senior Vice President and COO of the entire Group at his own request and in agreement with the Supervisory Board as of May 31, 2018. Membership of the Board of Directors of Diebold Nixdorf Inc. will also be terminated at this time.

Likewise, at his own request and in agreement with the Supervisory Board of Diebold Nixdorf AG, Rainer Pfeil also resigned his mandate as a member of the Management Board and Labor Director with effect from June, 30 2018.

Effective June 1, 2018, Dr. Ulrich Näher will succeed Dr. Jürgen Wunram as Chairman of the Management Board of Diebold Nixdorf AG. Ulrich Näher, who is responsible for the hardware business at Diebold Nixdorf Inc. will also assume the position of Labor Director of Diebold Nixdorf AG on July 1, 2018.

With the termination of the two mandates and under consideration of the achieved status of the integration since the domination (*Beherrschung*, officially referred to under IAS/IFRS as “control”) and profit transfer agreement (“DPLTA”) came into effect in February of last year, the management board of Diebold Nixdorf AG will be downsized.

As of July 1, 2018, the board will consist of Dr. Ulrich Näher, Christopher A. Chapman and Olaf Heyden.

Net sales, operating profit, and cash flows

The Diebold Nixdorf AG Group has changed its financial year following the resolution of the Annual General Meeting on January 23, 2017 to a calendar year. Unless otherwise noted comparative information in this Quarterly Statement relates to the period from January, 1 to March, 31 2017.

Net sales generated by Diebold Nixdorf AG in the first quarter of the 2018 fiscal year were down by 12% on the prior-year quarter and amounted to €532 million (2017: €605 million). The business in Germany as well as the business in the regions Asia/Pacific/Africa and Americas saw a significant downturn in net sales in both segments.

Operating profit (EBITA), excluding non-recurring items, fell by 32% to €25 million (2017: €37 million). This corresponds to an EBITA ratio of 4.7% (2017: 6.1%). The reduction in the EBITA ratio is attributable to lower net sales in conjunction with less pronounced economies of scale.

In the quarter under review transaction expenses relating to the business combination with Diebold Nixdorf Inc. amounted to €2 million (2017: €19 million).

At €310 million (2017: €341 million), the Banking segment recorded a downturn in net sales of 9% in the first quarter of the financial year. The Retail segment saw net sales decline by 16% year on year to €222 million (2017: €264 million).

In the regions, business in the first quarter of fiscal year 2018 declined compared with the same quarter of the previous year. In Germany, net sales declined by 16% to €118 million (2017: €141 million). In Europe (excluding Germany), net sales slightly declined by 1% and achieved €307 million (2017: €310 million). The region encompassing Asia/Pacific/Africa saw net sales fall by 20% to €76 million

(2017: €95 million), while the Americas recorded a 47% downturn in net sales to €31 million (2017: €59 million).

In terms of business streams, net sales developed as follows: Hardware revenue fell by 18% to €215 million (2017: €261 million), while net sales attributable to Software/Services declined at a less pronounced rate of 8%, taking the figure to €317 million (2017: €344 million).

In the first three months of fiscal 2018 net cash from operating activities totalled €39 million (2017: €51 million). Operating cash flow was affected in particular by the EBITDA including restructuring and transaction expenses of €35 million (2017: €22 million). Net cash used in investing activities stood at €16 million (2017: €13 million), the emphasis being on investments in fixed assets and office equipment. Net cash used from financing activities totalled €44 million (2017: €72 million).

Opportunities and Risks

In the period under review, there were no significant changes to the principal opportunities and risks described in the Group management report of the short fiscal year 2017, which might have a major impact on the expected development of the Group of Diebold Nixdorf AG in the current fiscal year.

Outlook

Based on the business development in the first quarter of fiscal 2018, the outlook for the fiscal 2018, published in the report of the short fiscal year 2017, initially remain unchanged.

Generally, the outlook for fiscal 2018 is subject to considerable uncertainty. This is due to the DPLTA, under the terms of which the parent company may, at any time, issue instructions that could have a material impact on the business performance of the Diebold Nixdorf AG Group in fiscal 2018.

We further assume, that net sales will remain unchanged or increase marginally in relation to the comparative pro-forma period. EBITA (without transaction and restructuring expenses) is expected to be considerably lower than the comparative pro-forma prior-year figure. Due to the amalgamation of business units already implemented and further scheduled for execution in 2018, comparability with prior-period financial statements is extremely difficult. One-time expenses are expected to be substantially lower than the figures recorded in the comparative pro-forma prior-year period.