



Investment Community Conference Call

First Quarter Earnings Results
April 30, 2015

Use of Non-GAAP Financial Information

Diebold has included non-GAAP financial measures in this presentation to supplement Diebold's condensed consolidated financial statements presented on a GAAP basis. Definitions of these non-GAAP financial measures and reconciliations of these non-GAAP financial measures to the most directly comparable GAAP financial measures are included elsewhere in this presentation.

Diebold's management uses non-GAAP product, service and total gross margins, non-GAAP operating expense, non-GAAP operating profit, non-GAAP tax rate, non-GAAP net earnings, and non-GAAP diluted earnings per share, and excludes gains, losses or other charges that are considered by Diebold's management to be outside of Diebold's core business segment operating results. Net debt and free cash flow are liquidity measures that provide useful information to management about the amount of cash available for investment in Diebold's businesses, funding strategic acquisitions, repurchasing stock and other purposes.

These non-GAAP financial measures may have limitations as analytical tools, and these measures should not be considered in isolation or as a substitute for analysis of Diebold's results as reported under GAAP. Items such as impairment of goodwill and intangible assets, though not directly affecting Diebold's cash position, represent the loss in value of goodwill and intangible assets over time. The impairment expense associated with this loss in value is not included in non-GAAP operating profit, non-GAAP net earnings, non-GAAP diluted earnings per share and therefore does not reflect the full economic effect of the loss in value of those goodwill and intangible assets. In addition, items such as restructuring charges and non-routine expenses that are excluded from non-GAAP gross profit, non-GAAP operating expense, non-GAAP operating profit, non-GAAP net earnings, and non-GAAP diluted earnings per share can have a material impact on cash flows and earnings per share. In addition, free cash flow does not represent the total increase or decrease in the cash balance for the period. The non-GAAP financial information that we provide also may differ from the non-GAAP information provided by other companies.

We compensate for the limitations on our use of these non-GAAP financial measures by relying primarily on our GAAP financial statements and using non-GAAP financial measures only supplementally. We also provide robust and detailed reconciliations of each non-GAAP financial measure to the most directly comparable GAAP measure, and we encourage investors to review carefully those reconciliations.

We believe that providing these non-GAAP financial measures in addition to the related GAAP measures provides investors with greater transparency to the information used by Diebold's management in its financial and operational decision-making and allows investors to see Diebold's results "through the eyes" of management. We further believe that providing this information better enables investors to understand Diebold's operating performance and to evaluate the efficacy of the methodology and information used by management to evaluate and measure such performance.

Forward-looking Statements

In this presentation, statements that are not reported financial results or other historical information are “forward-looking statements”. Forward-looking statements give current expectations or forecasts of future events and are not guarantees of future performance. These forward-looking statements relate to, among other things, the company’s future operating performance, the company’s share of new and existing markets, the company’s short- and long-term revenue and earnings growth rates, and the company’s implementation of cost-reduction initiatives and measures to improve pricing, including the optimization of the company’s manufacturing capacity.

The use of the words “will,” “believes,” “anticipates,” “expects,” “intends” and similar expressions is intended to identify forward-looking statements that have been made and may in the future be made by or on behalf of the company. Although the company believes that these forward-looking statements are based upon reasonable assumptions regarding, among other things, the economy, its knowledge of its business, and on key performance indicators that impact the company, these forward-looking statements involve risks, uncertainties and other factors that may cause actual results to differ materially from those expressed in or implied by the forward-looking statements. The company is not obligated to update forward-looking statements, whether as a result of new information, future events or otherwise.

Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. Some of the risks, uncertainties & other factors that could cause actual results to differ materially from those expressed in or implied by the forward-looking statements include, but are not limited to:

- competitive pressures, including pricing pressures and technological developments;
- changes in the company’s relationships with customers, suppliers, distributors and/or partners in its business ventures;
- changes in political, economic or other factors such as currency exchange rates, inflation rates, recessionary or expansive trends, taxes and regulations and laws affecting the worldwide business in each of the company’s operations;
- global economic conditions, including any additional deterioration and disruption in the financial markets, including the bankruptcies, restructurings or consolidations of financial institutions, which could reduce our customer base and/or adversely affect our customers’ ability to make capital expenditures, as well as adversely impact the availability and cost of credit;
- acceptance of the company’s product and technology introductions in the marketplace;
- the finalization of the company’s financial statements for the periods discussed in this release;
- the company’s ability to maintain effective internal controls;
- changes in the company’s intention to further repatriate cash and cash equivalents and short-term investments residing in international tax jurisdictions, which could negatively impact foreign and domestic taxes;
- unanticipated litigation, claims or assessments, as well as the outcome/impact of any current/pending litigation, claims or assessments, including but not limited to the company’s Brazil tax dispute;
- variations in consumer demand for financial self-service technologies, products and services;
- potential security violations to the company’s information technology systems;
- the investment performance of our pension plan assets, which could require us to increase our pension contributions, and significant changes in healthcare costs, including those that may result from government action;
- the amount and timing of repurchases of the company’s common shares, if any; and
- the company’s ability to achieve benefits from its cost-reduction initiatives and other strategic changes, including its multi-year realignment plan and other restructuring actions, as well as its business process outsourcing initiative.

Business Overview



Andy Mattes

President and Chief Executive Officer

Agenda

First Quarter Financial Highlights

Regional Orders

Diebold 2.0 Turnaround

Conclusion

First Quarter Financial Highlights

- Financial self-service revenue grew 6%, or 12% in constant currency
- Security revenue grew 5%, or 6% in constant currency
- Broader solution set to pursue more of the total addressable market (TAM)
- 270 bps YoY improvement to gross margin
- 40 bps YoY improvement to non-GAAP operating margin
- Non-GAAP EPS growth of 21%
- Updating 2015 outlook

Regional Orders*

North America:

- Total orders increased 4%
- ✓ FSS increased 3%
- ✓ Security increased 5%

EMEA:

- Total orders decreased 29%
- Difficult comp to 1Q14 when orders increased 75% YoY

Latin America:

- Total orders decreased 9%
- ✓ FSS orders up nearly 50%

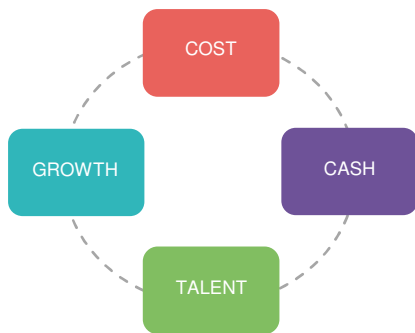
Asia-Pacific:

- Total orders increased 8%

* Total orders include both product order entry and service revenue



Diebold 2.0: Four Pillars and Eight Point Program



1 

Establish competitive cost structure

- ✓ Improved serviceability of NextGen product platform

2 

Drive sustainable improvement in free cash flow

- ✓ Targeting free cash flow >90% NOPAT

3 

Improve sales effectiveness and coverage

- ✓ Significant wins in North America, Europe and Asia Pacific

4 

Increase speed and agility

- ✓ Strategic Partnership with Eagle Eye Networks

5 

Instill a winning culture grounded in execution

- ✓ Increased merit bonus opportunity
- ✓ Influx of new talent

6 

Collaborate with customers and partners to drive innovative solutions

- ✓ UBS kiosk Solution

7 

Further leverage services and software

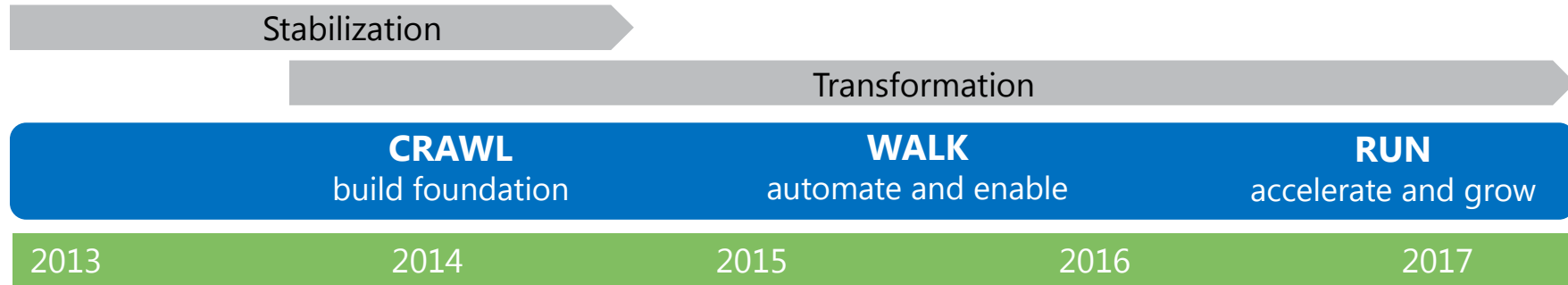
- ✓ Acquired Phoenix Interactive Design
- ✓ Multi-vendor services win at BBVA Compass

8 

Generate long-term, profitable growth

- ✓ Non-GAAP operating margin up 40 bps YoY

Outlook and Conclusion



- Delivered solid operating results in the quarter
- Collaborating with customers more effectively to deliver marquee wins
- Pursuing a greater share of the total addressable market
- Making tangible progress to a more services-led, software enabled company with major wins in the first quarter
- Expect to transition to “Walk” phase in the second half of 2015

Financial Overview



Chris Chapman

Senior Vice President and Chief Financial Officer

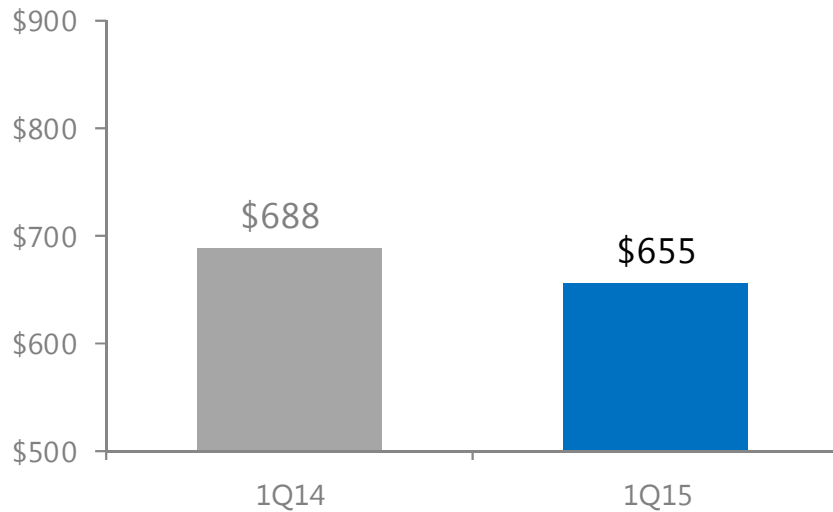
Agenda

First Quarter Financial Performance

2015 Outlook

Total Revenue

2014 vs. 2015 (\$ Millions)

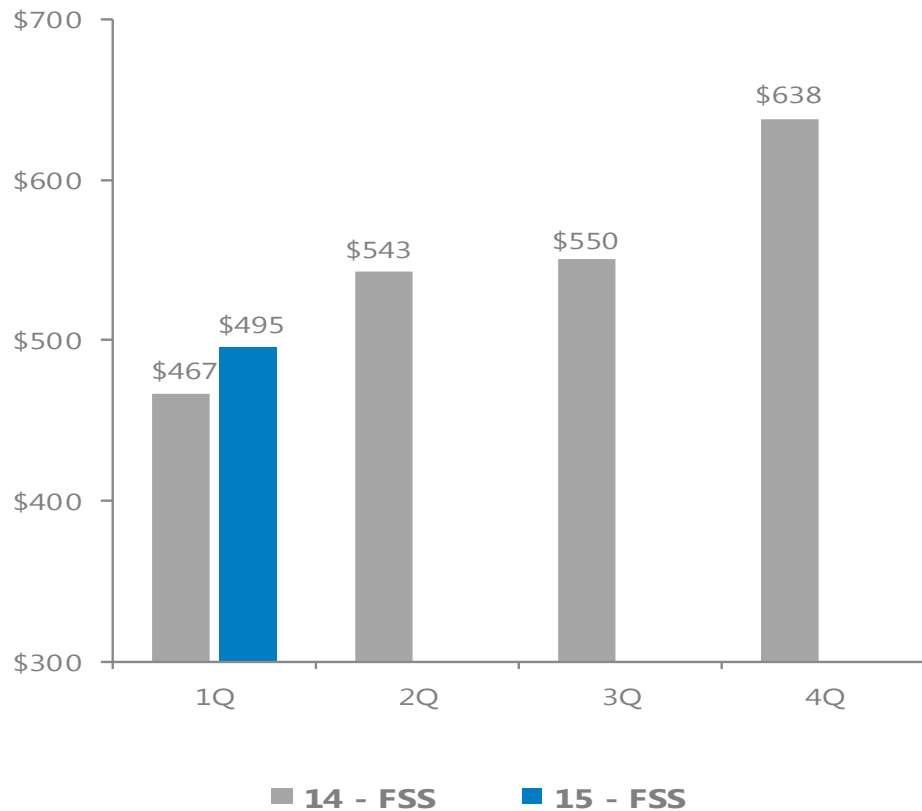


Q1 Revenue Summary:

- Down \$32.8M or ~5%, up 1% constant currency
- Negative currency impact of 6% mainly due to the Brazil real and the euro
- Service revenue increased 3%, product revenue decreased 14%

Financial Self-Service Revenue

2014 vs. 2015 (\$ Millions)

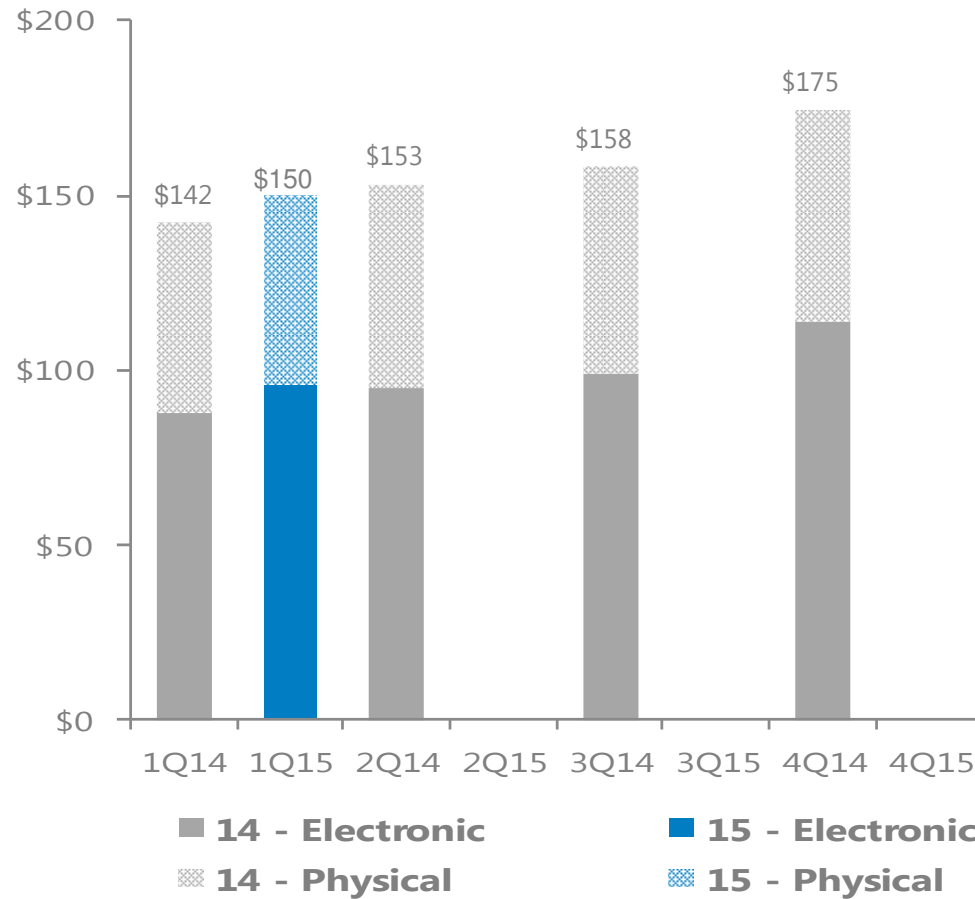


Q1 FSS Revenue Summary:

- Up \$28.7M, 6% or 12% in constant currency
- Negative currency impact of ~6%
- Increases in all regions with main drivers being EMEA, North America and Latin America

Security Revenue

2014 vs. 2015 (\$ Millions)

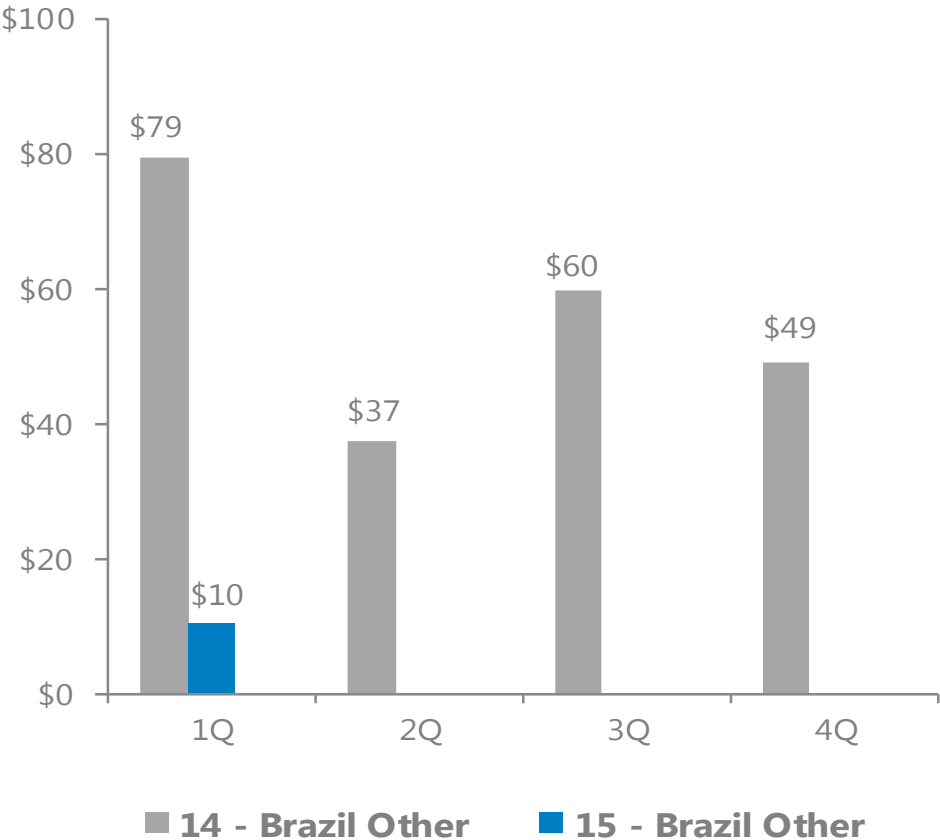


Q1 Security Revenue Summary:

- Up \$7.6M or ~5%
- Electronic security up ~9%, or 11% in constant currency
- Physical security only down -1%

Brazil Other Revenue

2014 vs. 2015 (\$ Millions)

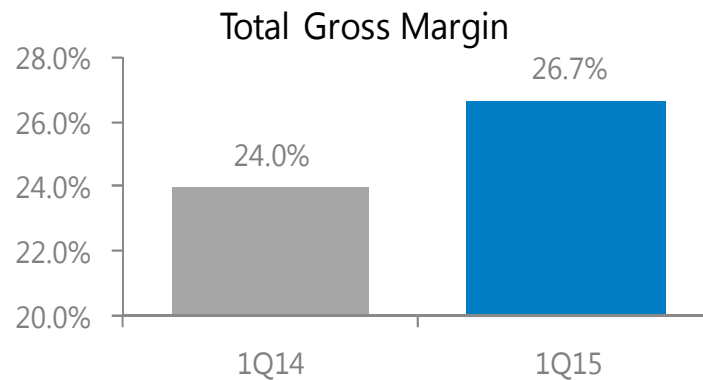


Q1 Brazil Other Revenue Summary:

- Includes election systems, lottery, and IT-related equipment
- Decreased \$69.1M or 87%

Gross Margins – non-GAAP*

2014 vs. 2015 (\$ Millions)



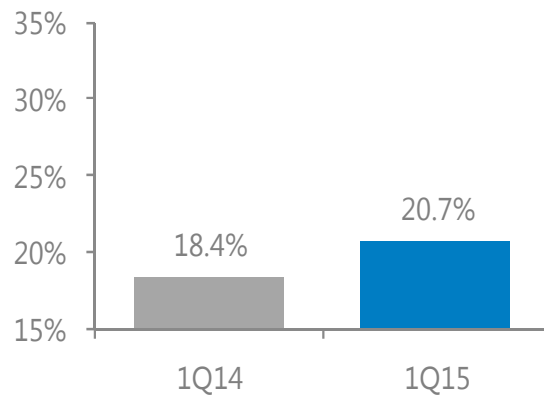
Q1 Total Gross Margin:

- Up 2.7 percentage points

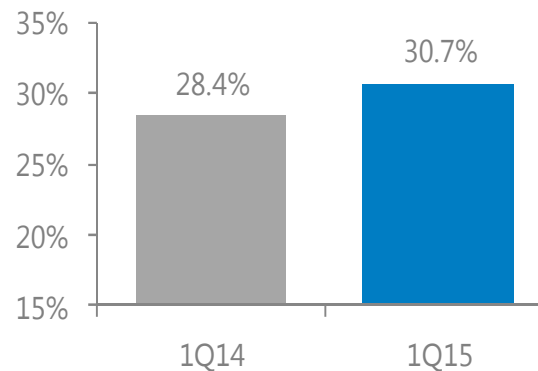
Q1 Service Gross Margin:

- Up 2.3 percentage points

Product Gross Margin



Service Gross Margin



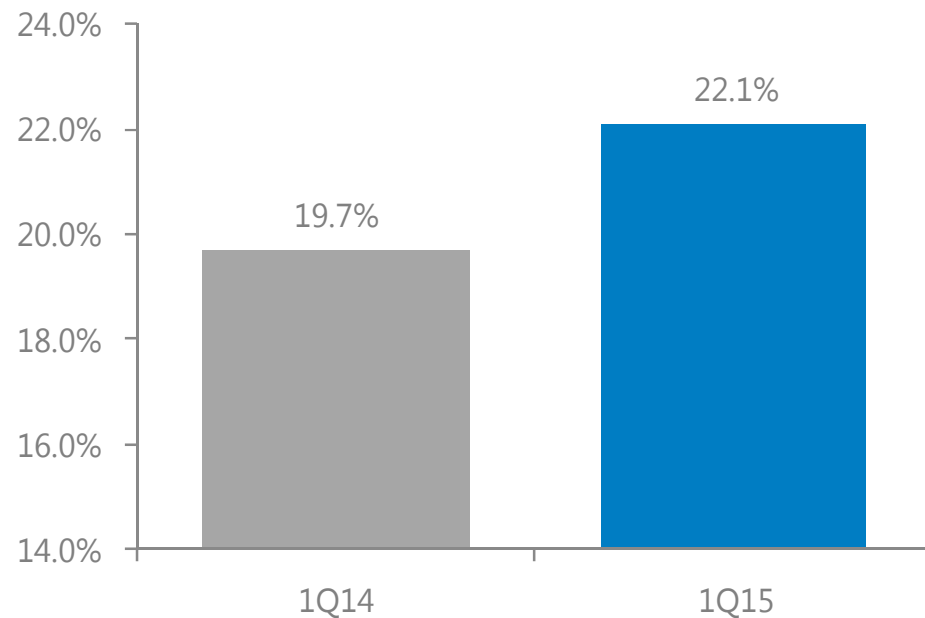
Q1 Product Gross Margin:

- Up 2.3 percentage points

* See reconciliation of GAAP to non-GAAP measures at the end of this presentation

Op. Ex. as a Percentage of Revenue – non-GAAP*

2014 vs. 2015 (\$ Millions)



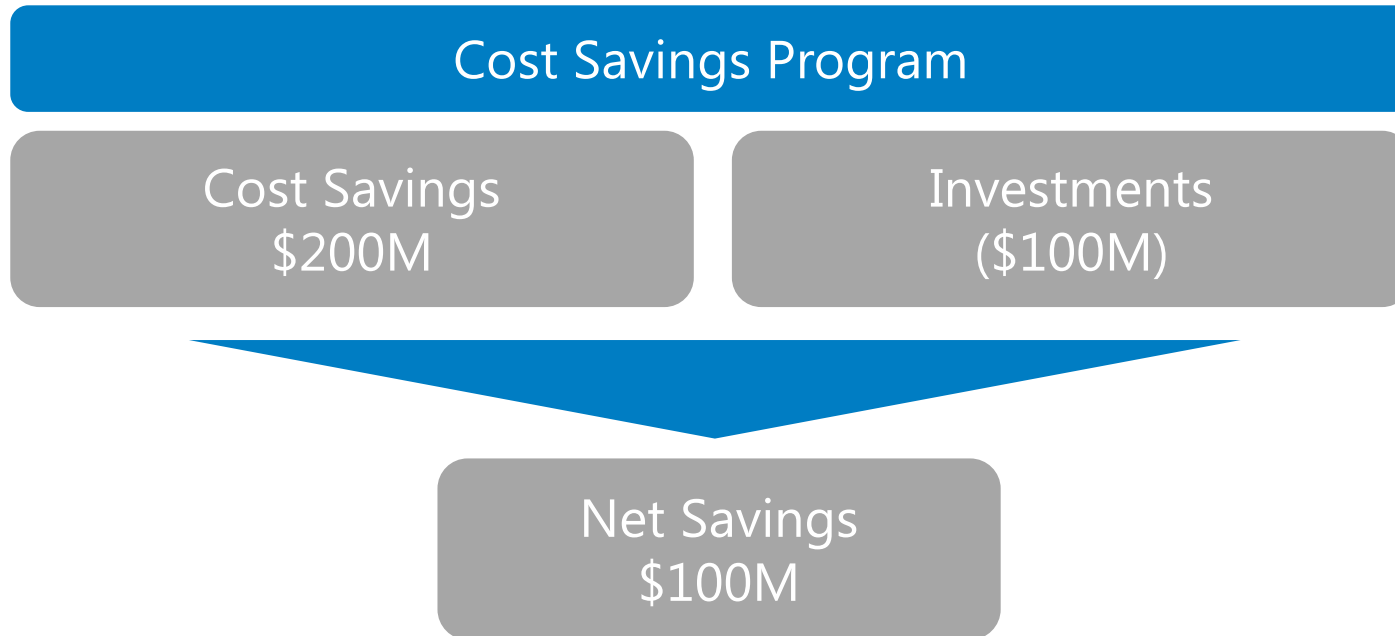
Q1 Operating Expense Summary:

- Up \$9.2M, or 2.4 percentage points
- Includes foundational investments in IT, back-office, R&D and market coverage

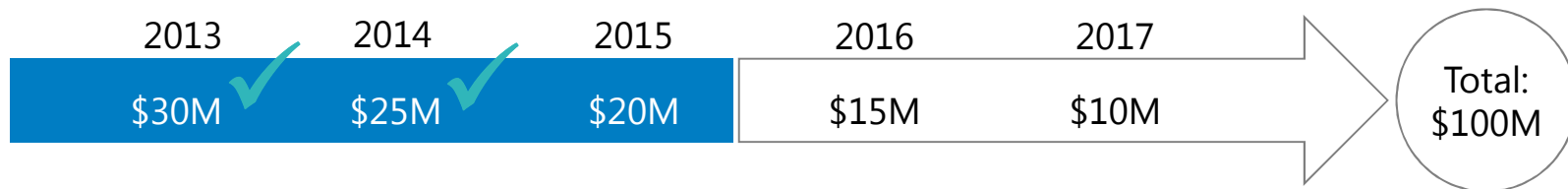
* See reconciliation of GAAP to non-GAAP measures at the end of this presentation

Cost Structure Improvements

Cost Reduction Target of \$200M through 2017



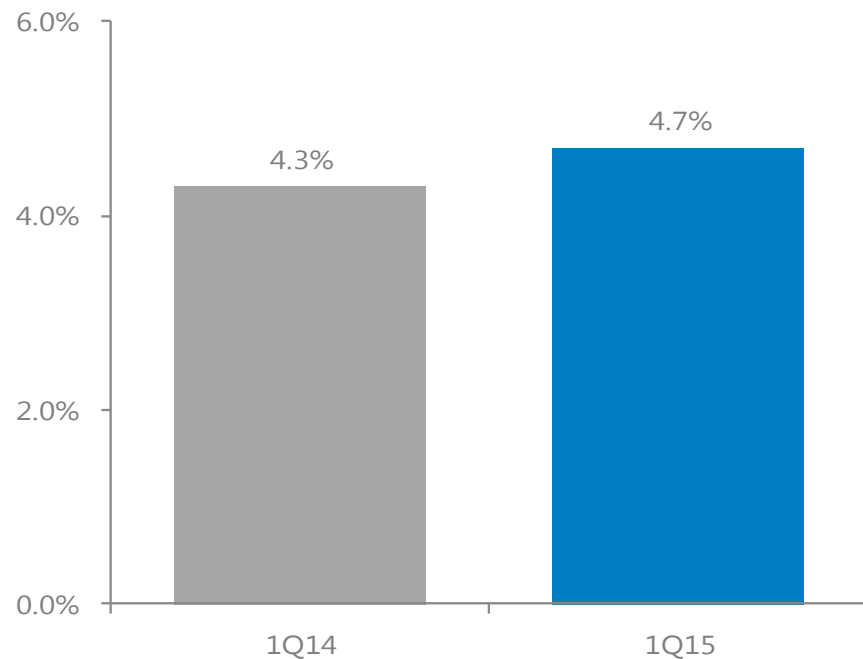
Net Savings Progression – 50% of Total Cost Savings



* Total realized net savings as of December 31, 2014

Operating Profit and Margins – non-GAAP*

2014 vs. 2015 (\$ Millions)



Q1 Operating Profit:

- Operating profit up 4% as reported, or up 16% in constant currency

	1Q14	1Q15
Total Revenue	\$688.3	\$655.5
Total Gross Profit	\$164.8	\$175.3
Gross Margin	24.0%	26.7%
Operating Expenses		
Selling, G&A	\$115.3	\$122.8
R, D&E	\$20.1	\$21.8
Total Operating Expenses	\$135.4	\$144.6
Percent of Revenue	19.7%	22.1%
Total Operating Profit	\$29.5	\$30.7
Operating Margin	4.3%	4.7%

* See reconciliation of GAAP to non-GAAP measures at the end of this presentation

Segment Reporting – non-GAAP

Operating Profit by Reporting Segment (\$ Millions)

	<u>1Q '14</u>	<u>1Q '15</u>	<u>\$ Var</u>	<u>% Var</u>
North America	\$59.4	\$67.7	\$8.3	14%
Asia Pacific	16.8	18.2	1.4	8%
EMEA	11.2	12.4	1.2	10%
Latin America	11.5	3.1	(8.4)	-73%
Total Segment Operating Profit	\$98.9	\$101.4	\$2.5	3%
Global/Corporate charges not allocated to segments*	(69.4)	(70.7)	(1.3)	-2%
Total Non-GAAP Operating Profit	\$29.5	\$30.7	\$1.2	4%

*Corporate charges not allocated to segments include headquarter-based costs associated with manufacturing administration, procurement, human resources, finance and accounting, global development/engineering, global strategy/mergers and acquisitions, global information technology, tax, treasury and legal

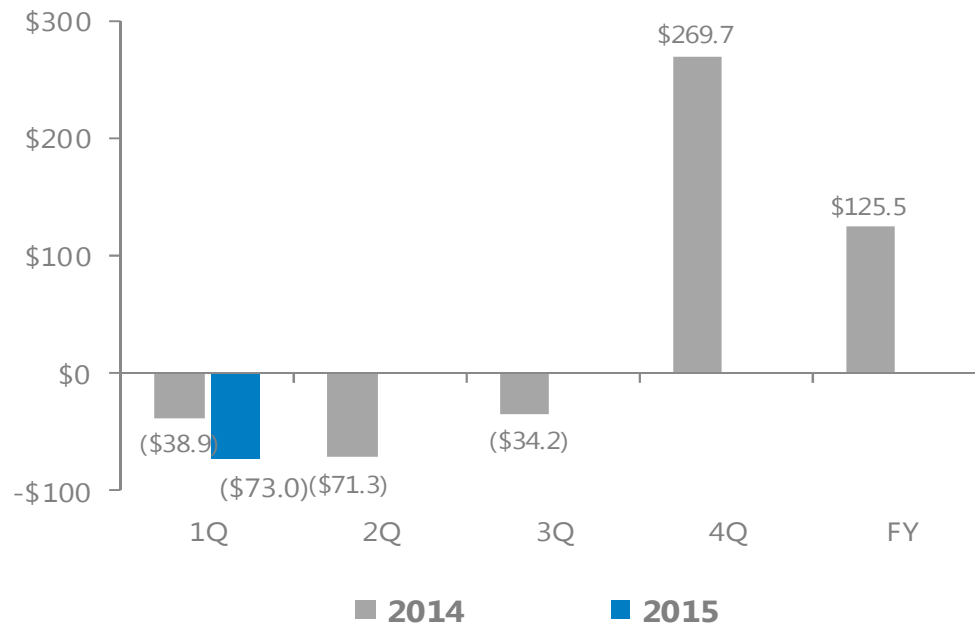
EPS Reconciliation

	<u>1Q14</u>	<u>1Q15</u>
EPS (GAAP)	\$0.15	(\$0.04)
Restructuring charges	0.05	0.05
Non-routine (income)/expense:		
Software impairment	--	0.09
Venezuela impairment	--	0.08
Venezuela devaluation	--	0.07
Legal, indemnification and professional fees	0.01	0.04
Other	--	--
Total non-routine (income)/expense	0.01	0.28
Tax expense (benefit) on foreign cash repatriation	0.03	--
Total adjusted EPS (non-GAAP)	\$0.24	\$0.29
Tax rate (non-GAAP)	33.0%	26.5%

Note: The sums of the quarterly figures may not equal annual figures due to rounding or differences in the weighted-average number of shares outstanding during the respective periods.

Free Cash Flow*

2014 vs. 2015 (\$ Millions)



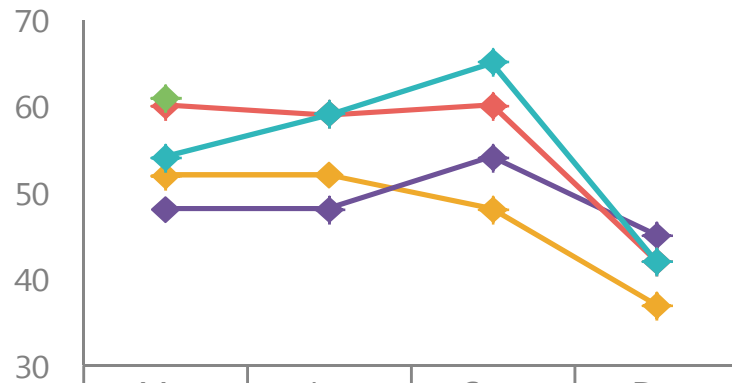
Q1 Free Cash Flow (Use):

- Cash use increased \$34.1M from Q1'14

* See reconciliation of GAAP to non-GAAP measures at the end of this presentation

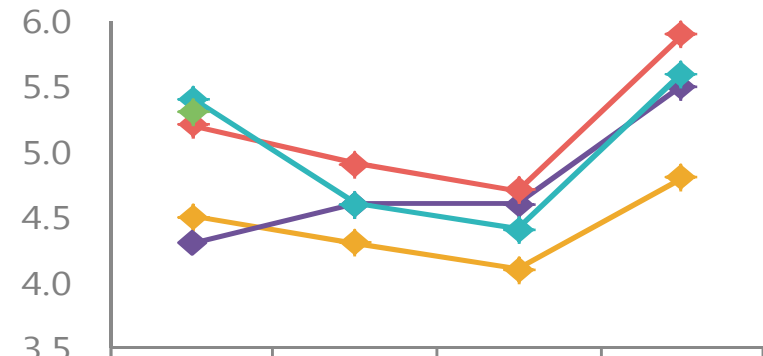
Working Capital

Days Sales Outstanding



	Mar	Jun	Sept	Dec
2011	52	52	48	37
2012	48	48	54	45
2013	60	59	60	42
2014	54	59	65	42
2015	61			

Inventory Turns

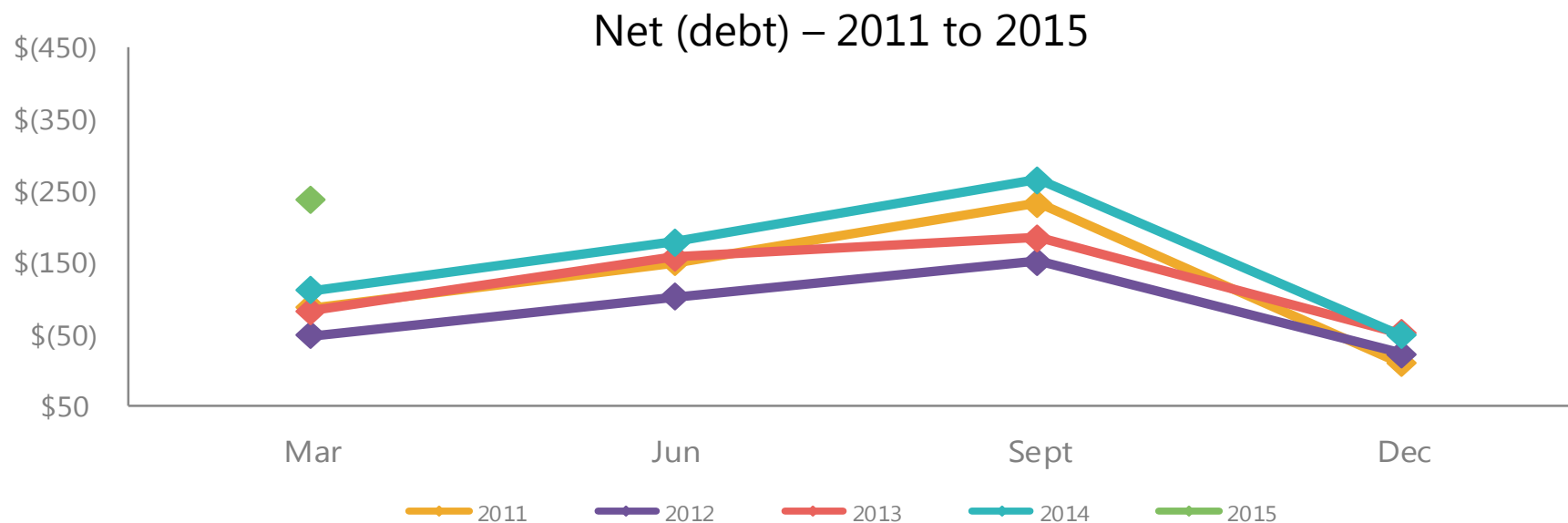


	Mar	Jun	Sept	Dec
2011	4.5	4.3	4.1	4.8
2012	4.3	4.6	4.6	5.5
2013	5.2	4.9	4.7	5.9
2014	5.4	4.6	4.4	5.6
2015	5.3			

Liquidity & Net Debt

(\$ Millions)

	Mar. 31, 2015	Dec. 31, 2014	Mar. 31, 2014
Cash, cash equivalents and other investments (GAAP measure)	\$341.5	\$458.7	\$426.2
Debt Instruments	(579.5)	(505.5)	(536.5)
Net (debt) (non-GAAP measure)	(\$238.0)	(\$46.8)	(\$110.3)
Net debt to capital* ratio	23%	5%	10%



* Capital includes Diebold shareholder equity, excludes non-controlling interest

2015 Outlook

Revenue	Previous	Current
Total revenue	~(5%) to (6%)	~(5%) to (6%)
FSS	~flat to 2%	~flat to 2%
Security	~Flat	~Flat
Brazil Other	~\$45M	~\$40M
Earnings per share		
2015 EPS (GAAP)	\$1.60 – \$1.85	\$1.24 – \$1.49
Restructuring charges & non-routine expense	\$0.20 - \$0.15	\$0.46 - \$0.41
2015 EPS (non-GAAP)	\$1.80 - \$2.00	\$1.70 - \$1.90
Tax rate		
Non-GAAP effective tax rate	~30%	~30%
Free cash flow		
Total free cash flow	~\$120M	~\$120M

Thank You





Supplemental Schedules

Q1 2015 Profit & Loss Statement

Reconciliation GAAP to non-GAAP (\$ Millions)

	2015 (GAAP)	Restructuring	Software Impairment	Venezuela	Legal, indem. & prof. fees	Other non-routine inc/exp	Tax exp. on foreign cash repatriation	2015 (non-GAAP)
Total Revenue	\$655.5	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$655.5
Total Gross Profit	\$175.3	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$175.3
Percent of Net Sales	26.7%							26.7%
Operating Expenses								
Selling, G & A	\$129.9	(\$2.6)	\$0.0	\$0.0	(\$4.6)	\$0.0	\$0.0	\$122.7
R, D & E	\$22.3	(\$0.6)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$21.8
(Gain)/Loss on Assets	\$0.1	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.1
Impairment of Assets	\$19.4	\$0.0	(\$9.1)	(\$10.3)	\$0.0	\$0.0	\$0.0	\$0.0
Total Operating Expense	\$171.7	(\$3.1)	(\$9.1)	(\$10.3)	(\$4.6)	\$0.0	\$0.0	\$144.6
Percent of Net Sales	26.2%							22.1%
Total Operating Profit	\$3.6	\$3.1	\$9.1	\$10.3	\$4.6	(\$0.0)	\$0.0	\$30.7
Percent of Net Sales	0.5%							4.7%
Other income/(expense)	(\$10.6)	\$0.0	\$0.0	\$7.5	\$0.0	\$0.0	\$0.0	(\$3.1)
Inc from Cont Ops before Tax	(\$7.0)	\$3.1	\$9.1	\$17.8	\$4.6	(\$0.0)	\$0.0	\$27.6
Percent of Net Sales	-1.1%							4.2%
Income Taxes	\$1.4	(\$0.0)	(\$3.4)	(\$4.0)	(\$1.8)	\$0.5	\$0.0	(\$7.3)
Income from Cont Ops	(\$5.6)	\$3.1	\$5.7	\$13.7	\$2.8	\$0.5	\$0.0	\$20.3
Percent of Net Sales	-0.9%							3.1%
Noncontrol Interest - Net Tax	\$2.8	\$0.0	\$0.0	(\$4.0)	\$0.0	\$0.0	\$0.0	(\$1.1)
Inc from Cont Ops - Net Tax	(\$2.8)	\$3.1	\$5.7	\$9.8	\$2.8	\$0.5	\$0.0	\$19.2
Loss from Disc Ops - Net Tax	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Net Income	(\$2.8)	\$3.1	\$5.7	\$9.8	\$2.8	\$0.5	\$0.0	\$19.2
Percent of Net Sales	-0.4%							2.9%

Q1 2014 Profit & Loss Statement

Reconciliation GAAP to non-GAAP (\$ Millions)

	2014 (GAAP)	Restructuring	Software Impairment	Venezuela	Legal, indem. & prof. fees	Other non-routine inc/exp	Tax exp. on foreign cash repatriation	2014 (non-GAAP)
Total Revenue	\$688.3	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$688.3
Total Gross Profit	\$164.1	\$0.7	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$164.8
Percent of Net Sales	23.8%							24.0%
Operating Expenses								
Selling, G & A	\$120.3	(\$4.4)	\$0.0	\$0.0	(\$1.1)	\$0.0	\$0.0	\$114.8
R, D & E	\$20.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$20.1
(Gain)/Loss on Assets	\$0.5	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.5
Impairment of Assets	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Total Operating Expense	\$140.8	(\$4.4)	\$0.0	\$0.0	(\$1.1)	\$0.0	\$0.0	\$135.4
Percent of Net Sales	20.5%							19.7%
Total Operating Profit	\$23.3	\$5.1	\$0.0	\$0.0	\$1.1	\$0.0	\$0.0	\$29.5
Percent of Net Sales	3.4%							4.3%
Other income/(expense)	(\$11.6)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	(\$11.6)
Inc from Cont Ops before Tax	\$11.7	\$5.1	\$0.0	\$0.0	\$1.1	\$0.0	\$0.0	\$17.9
Percent of Net Sales	1.7%							2.6%
Income Taxes	(\$6.8)	(\$1.6)	\$0.0	\$0.0	(\$0.4)	\$0.0	\$1.7	(\$7.2)
Income from Cont Ops	\$4.9	\$3.5	\$0.0	\$0.0	\$0.7	\$0.0	\$1.7	\$10.7
Percent of Net Sales	0.7%							1.6%
Noncontrol Interest - Net Tax	\$4.9	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$4.9
Inc from Cont Ops - Net Tax	\$9.8	\$3.5	\$0.0	\$0.0	\$0.7	\$0.0	\$1.7	\$15.7
Loss from Disc Ops - Net Tax	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Net Income	\$9.8	\$3.5	\$0.0	\$0.0	\$0.7	\$0.0	\$1.7	\$15.7
Percent of Net Sales	1.4%							2.3%

Q1 2015 Product & Service Gross Profit

Reconciliation GAAP to non-GAAP (\$ Millions)

	2015 (GAAP)	Restructuring	2015 (non-GAAP)
Service Revenue	\$394.0	\$0.0	\$394.0
Product Revenue	\$261.5	\$0.0	\$261.5
Total Revenue	\$655.5	\$0.0	\$655.5
Service Gross Profit	\$121.1	\$0.0	\$121.1
Percent of Net Sales	30.7%		30.7%
Product Gross Profit	\$54.2	\$0.0	\$54.2
Percent of Net Sales	20.7%		20.7%
Total Gross Profit	\$175.3	\$0.0	\$175.3
Percent of Net Sales	26.7%		26.7%

Q1 2014 Product & Service Gross Profit

Reconciliation GAAP to non-GAAP (\$ Millions)

	2014 (GAAP)	Restructuring	2014 (non-GAAP)
Service Revenue	\$383.4	\$0.0	\$383.4
Product Revenue	\$304.9	\$0.0	\$304.9
Total Revenue	\$688.3	\$0.0	\$688.3
Service Gross Profit	\$108.1	\$0.7	\$108.9
Percent of Net Sales	28.2%		28.4%
Product Gross Profit	\$56.0	\$0.0	\$56.0
Percent of Net Sales	18.4%		18.4%
Total Gross Profit	\$164.1	\$0.7	\$164.8
Percent of Net Sales	23.8%		24.0%

Free Cash Flow Reconciliation

(\$ Millions)

	<u>Q1 '14</u>	<u>Q1 '15</u>
Net cash provided by (used in) operating activities	(\$31.6)	(\$62.3)
Capital expenditures	(\$7.3)	(\$10.7)
Free cash flow (use) (non-GAAP measure)	(\$38.9)	(\$73.0)

Free Cash Flow Reconciliation

(\$ Millions)

	2009	2010	2011	2012	2013	2014	2015 Outlook
Net cash provided by (used in) operating activities (GAAP measure)	\$297	\$273	\$215	\$136	\$124	\$187	~\$185
Capital expenditures	(\$44)	(\$51)	(\$54)	(\$50)	(\$35)	(\$62)	~(\$65)
Free cash flow / (use) (non-GAAP measure)	\$253	\$222	\$161	\$86	\$89	\$125	~\$120