

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**WASHINGTON, D.C. 20549**

**FORM 8-K**

**CURRENT REPORT**

**Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

**Date of Report (Date of Earliest Event Reported): July 25, 2019**

**Diebold Nixdorf, Incorporated**

(Exact name of registrant as specified in its charter)

Ohio	1-4879	34-0183970
(State or other jurisdiction of incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)
5995 Mayfair Road, P.O. Box 3077, North Canton, Ohio		44720-8077
(Address of principal executive offices)		(Zip Code)

Registrant's telephone number, including area code: (330) 490-4000

Not Applicable

Former name or former address, if changed since last report

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
<b>Common shares, \$1.25 par value per share</b>	<b>DBD</b>	<b>New York Stock Exchange</b>

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

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.

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**Item 2.02 Results of Operations and Financial Condition**

On July 25, 2019, Diebold Nixdorf, Incorporated (the "Company") issued a news release announcing its results for the second quarter of 2019 (the "News Release"). The News Release is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

The information in this Item 2.02 shall not be deemed "filed" for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities of that section and shall not be incorporated by reference into any registration statement or other document pursuant to the Securities Act of 1933, as amended.

**Item 9.01 Financial Statements and Exhibits**

**(d) Exhibits.**

**Exhibit**

**Number**

**Description**

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[99.1](#) [News release of Diebold Nixdorf, Incorporated dated July 25, 2019](#)

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**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

July 25, 2019

Diebold Nixdorf, Incorporated

By: /s/ Jeffrey Rutherford

Name: Jeffrey Rutherford

Title: Senior Vice President and Chief Financial Officer  
(Principal Financial Officer)



press release

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**FOR IMMEDIATE RELEASE:**

July 25, 2019

**DIEBOLD NIXDORF REPORTS 2019 SECOND QUARTER FINANCIAL RESULTS**

- Revenue of \$1.2 billion increased 4.0% on an as-reported basis and 8.0% in constant currency
- GAAP loss per share of \$0.66 during the quarter, or income of \$0.06 per share on a non-GAAP basis
- GAAP operating profit of \$7.3 million compares with a loss of \$126.6 million in the prior-year period, which included an \$83.1 million impairment charge; non-GAAP operating profit of \$74.0 million improved versus \$5.3 million in the prior-year period
- Net loss was \$55.3 million; adjusted EBITDA was \$106.8 million, and adjusted EBITDA margin was 9.3%
- Net cash used by operating activities was \$10.5 million, a decrease in use of \$103.8 million from the prior-year period; free cash use was \$16.1 million, an improvement of \$108.6 million from the prior-year period
- Company provides improved 2019 financial outlook

NORTH CANTON, Ohio - Diebold Nixdorf today reported its second quarter 2019 financial results.

**Gerrard Schmid, Diebold Nixdorf president and chief executive officer, said:** "We delivered strong performance in the second quarter, underpinned by solid revenue growth and our DN Now transformation initiatives gaining traction -- which has delivered significant profitability and cash flow improvements. Revenue grew 8 percent in constant currency with positive contributions from all three segments, and non-GAAP operating profit increased \$69 million. Free cash use improved by \$109 million year over year from higher profitability and net working capital improvements.

"These results were made possible by the strong commitment and cohesion of our global teams. As a result of our progress, we are updating our full-year financial guidance to the higher end of our previously provided ranges for both revenue and adjusted EBITDA, and we expect modestly positive free cash flow."

"We are looking to build upon this momentum with the launch of the DN Series, our next-generation banking solution we announced during the quarter. This new platform is generating excitement with our clients as they work to improve operational efficiency and provide a modern and personalized experience for consumers.

**Jeffrey Rutherford, Diebold Nixdorf senior vice president and chief financial officer, said:** "We have made substantial progress towards value creation over the last 12 months, with strong improvements in adjusted EBITDA and free cash flow. These performance metrics effectively demonstrate the cultural change we've made at the company since launching the DN Now transformation plan. Given our improved financial condition, coupled with favorable capital market trends, we are initiating a formal process to amend and extend our senior secured revolving and term loan debt that matures in December 2020."

**2019 Second Quarter Business Highlights**

- Launched the [DN Series™ family of self-service solutions](#) -- designed to enable multiple capabilities that support financial institutions' efforts to transform their branch environment
- Completed the merger squeeze-out of Diebold Nixdorf AG, the company's German public subsidiary
- Secured a \$17 million win at Banco Itau Unibanco in Brazil to transform its branch network and increase automation via cash recyclers, full-function ATMs and maintenance services
- Benefited from solid growth in self-checkout demand from a number of European customers, including a \$7 million contract with U.K.-based retailer Co-Op for more than 400 self-checkout terminals and related services
- Won a new frame agreement with Commerzbank in Germany for several hundred ATMs with a multi-year software and services maintenance contract
- Secured a contract to upgrade BBVA Bancomer's ATM fleet in Mexico with 750 cash recyclers

**Financial Results of Operations and Segments**

Revenue Summary by Reportable Segments - Unaudited

*Three months ended June 30, 2019 compared to June 30, 2018*

(Dollars in millions)

	Three Months Ended		% Change	% Change in CC <sup>(1)</sup>
	June 30,			
	2019	2018		
<b>Segments</b>				
<b>Eurasia Banking</b>				
Services	\$ 217.3	\$ 233.9	(7.1)	(2.0)
Products	170.2	152.4	11.7	17.2
Software	42.7	51.2	(16.6)	(12.1)
Total Eurasia Banking	430.2	437.5	(1.7)	3.5
<b>Americas Banking</b>				
Services	233.1	238.1	(2.1)	(1.3)
Products	157.6	101.6	55.1	55.9
Software	29.2	30.9	(5.5)	(3.6)
Total Americas Banking	419.9	370.6	13.3	14.3
<b>Retail</b>				
Services	115.6	121.6	(4.9)	0.7
Products	142.4	135.2	5.3	10.7
Software	42.1	40.7	3.4	9.6
Total Retail	300.1	297.5	0.9	6.5
Total net sales	\$ 1,150.2	\$ 1,105.6	4.0	8.0

<sup>(1)</sup>- The company calculates constant currency by translating the prior-year period results at the current year exchange rate.*Six months ended June 30, 2019 compared to June 30, 2018*

(Dollars in millions)

	Six Months Ended		% Change	% Change in CC <sup>(1)</sup>
	June 30,			
	2019	2018		
<b>Segments</b>				
<b>Eurasia Banking</b>				
Services	\$ 429.6	\$ 472.4	(9.1)	(2.7)
Products	298.0	299.7	(0.6)	6.5
Software	85.2	100.5	(15.2)	(8.9)
Total Eurasia Banking	812.8	872.6	(6.9)	(0.3)
<b>Americas Banking</b>				
Services	455.2	469.5	(3.0)	(1.9)
Products	266.1	174.2	52.8	54.4
Software	61.3	60.6	1.2	4.3
Total Americas Banking	782.6	704.3	11.1	12.6
<b>Retail</b>				
Services	225.4	243.9	(7.6)	(0.8)
Products	281.8	267.8	5.2	12.4
Software	75.7	81.2	(6.8)	0.5
Total Retail	582.9	592.9	(1.7)	5.4
Total net sales	\$ 2,178.3	\$ 2,169.8	0.4	5.6

<sup>(1)</sup>- The company calculates constant currency by translating the prior-year period results at the current year exchange rate.

## Full-year 2019 outlook<sup>(1)</sup>

	Previous	Current
<b>Total Revenue</b>	\$4.4 billion - \$4.5 billion	~\$4.5 billion
<b>Adjusted EBITDA</b>	\$380 million - \$420 million	\$400 million - \$420 million
<b>Net cash provided by operating activities</b>	~ \$80 million	~ \$100 million
<b>Capital expenditures</b>	~ (\$80 million)	~ (\$70 million)
<b>Free cash flow / (use)</b>	Break even	Modestly positive

<sup>1</sup> - With respect to the company's non-GAAP adjusted EBITDA outlook for 2019, it is not providing a reconciliation to the most directly comparable GAAP financial measure because it is unable to predict with reasonable certainty those items that may affect such measures calculated and presented in accordance with GAAP without unreasonable effort. These measures primarily exclude the future impact of restructuring actions and net non-routine items. These reconciling items are uncertain, depend on various factors and could significantly impact, either individually or in the aggregate, net income calculated and presented in accordance with GAAP. Please see "Use of Non-GAAP Financial Measures" for additional information regarding our use of non-GAAP financial measures.

### **Overview Presentation and Conference Call**

More information on Diebold Nixdorf's quarterly earnings is available on Diebold's Investor Relations website. Gerrard Schmid, president and chief executive officer, and Jeffrey Rutherford, chief financial officer, will discuss the company's financial performance during a conference call today at 8:30 a.m. (ET). Both the presentation and access to the call / webcast are available at <http://www.dieboldnixdorf.com/earnings>. The replay of the webcast can be accessed on the web site for up to three months after the call.

### **About Diebold Nixdorf**

Diebold Nixdorf, Incorporated (NYSE: DBD) is a world leader in enabling connected commerce. We automate, digitize and transform the way people bank and shop. As a partner to the majority of the world's top 100 financial institutions and top 25 global retailers, our integrated solutions connect digital and physical channels conveniently, securely and efficiently for millions of consumers each day. The company has a presence in more than 100 countries with approximately 23,000 employees worldwide. Visit [www.DieboldNixdorf.com](http://www.DieboldNixdorf.com) for more information.

Twitter: [@DieboldNixdorf](https://twitter.com/DieboldNixdorf)

LinkedIn: [www.linkedin.com/company/diebold](http://www.linkedin.com/company/diebold)

Facebook: [www.facebook.com/DieboldNixdorf](https://www.facebook.com/DieboldNixdorf)

YouTube: [www.youtube.com/dieboldnixdorf](http://www.youtube.com/dieboldnixdorf)

### **Non-GAAP Financial Measures and Other Information**

To supplement our condensed consolidated financial statements presented in accordance with GAAP, the company considers certain financial measures that are not prepared in accordance with GAAP, including non-GAAP results, adjusted diluted earnings per share, free cash flow/(use), net debt, EBITDA, adjusted EBITDA and constant currency results. The company calculates constant currency by translating the prior year results at the current year exchange rate. The company uses these non-GAAP financial measures, in addition to GAAP financial measures, to evaluate our operating and financial performance and to compare such performance to that of prior periods and to the performance of our competitors. Also, the company uses these non-GAAP financial measures in making operational and financial decisions and in establishing operational goals. The company also believes providing these non-GAAP financial measures to investors, as a supplement to GAAP financial measures, helps investors evaluate our operating and financial performance and trends in our business, consistent with how management evaluates such performance and trends. The company also believes these non-GAAP financial measures may be useful to investors in comparing its performance to the performance of other companies, although its non-GAAP financial measures are specific to the company and the non-GAAP financial measures of other companies may not be calculated in the same manner. We provide EBITDA and Adjusted EBITDA because we believe that investors and securities analysts will find EBITDA and adjusted EBITDA to be useful measures for evaluating our operating performance and comparing our operating performance with that of similar companies that have different capital structures and for evaluating our ability to meet our future debt service, capital expenditures and working capital requirements. We are also providing EBITDA and adjusted EBITDA in light of our credit agreement and the issuance of our 8.5% senior notes due 2024. For more information, please refer to the section, "Notes for Non-GAAP Measures."

### **Forward-Looking Statements**

This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including statements regarding anticipated adjusted revenue growth, adjusted internal revenue growth, adjusted diluted earnings per share and adjusted earnings per share growth. Statements can generally be identified as forward-looking because they include words such as "believes," "anticipates," "expects," "could," "should" or words of similar meaning. Statements that describe the company's future plans, objectives or goals are also forward-looking statements. Forward-looking statements are subject to assumptions, risks and uncertainties that may cause actual results to differ materially from those contemplated by such forward-looking statements. The factors that may affect the company's results include, among others: the ultimate impact of the appraisal proceedings initiated in connection with the implementation of the domination and profit and loss transfer agreement with Diebold Nixdorf AG and the merger squeeze-out of the remaining shareholders of Diebold Nixdorf AG; the ultimate outcome and results of integrating the operations of the company and former Diebold Nixdorf AG; the company's ability to successfully operate its strategic alliances in China; the changes in political, economic or other factors such as interest rates, 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; the company's reliance on suppliers and any potential disruption to the company's global supply chain; changes in the company's relationships with customers, suppliers, distributors and/or partners in its business ventures; the impact of market and economic conditions on the financial services and retail industries, including any additional deterioration and disruption in the financial and service 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; the acceptance of the Company's product and technology introductions in the marketplace; the capacity of the company's technology to keep pace with a rapidly evolving marketplace; competitive pressures, including pricing pressures and technological developments; the effect of legislative and regulatory actions in the United States and internationally; the company's ability to comply with government regulations; the impact of a security breach or operational failure on the company's business; the company's ability to successfully integrate acquisitions into its operations; the company's ability to achieve benefits from its cost-reduction initiatives and other strategic initiatives, such as DN Now, including its planned restructuring actions, as well as its business process outsourcing initiative; unanticipated litigation, claims or assessments, as well as the outcome/impact of any current/pending litigation, claims or assessments; the company's success in divesting, reorganizing or exiting non-core and/or non-accretive businesses; 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; the company's ability to maintain effective internal controls; the company's ability to comply with covenants contained in the agreements governing its debt; the investment performance of the company's pension plan assets, which could require the company to increase its 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; the company's ability to successfully amend and extend any or a portion of its senior secured revolving credit facility and term loan debt that matures in 2020; and other factors included in the company's filings with the SEC, including its Annual Report on Form 10-K for the year ended December 31, 2018 and in other documents that the company files with the SEC. You should consider these factors carefully in evaluating forward-looking statements and are cautioned not to place undue reliance on such statements. The company assumes no obligation to update any forward-looking statements, which speak only to the date of this release.

**DIEBOLD NIXDORF, INCORPORATED AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS - UNAUDITED**  
**(IN MILLIONS, EXCEPT EARNINGS PER SHARE)**

	Q2 2019	Q2 2018	YTD 6/30/2019	YTD 6/30/2018
<b>Net sales</b>				
Services	\$ 659.3	\$ 692.6	\$ 1,288.0	\$ 1,382.9
Products	490.9	413.0	890.3	786.9
<b>Total</b>	<b>1,150.2</b>	<b>1,105.6</b>	<b>2,178.3</b>	<b>2,169.8</b>
<b>Cost of sales</b>				
Services	491.4	550.6	964.9	1,073.6
Products	381.6	337.3	692.1	640.1
<b>Total</b>	<b>873.0</b>	<b>887.9</b>	<b>1,657.0</b>	<b>1,713.7</b>
<b>Gross profit</b>	<b>277.2</b>	<b>217.7</b>	<b>521.3</b>	<b>456.1</b>
Gross margin	24.1%	19.7%	23.9%	21.0%
<b>Operating expenses</b>				
Selling and administrative expense	222.1	219.8	450.4	447.7
Research, development and engineering expense	36.1	40.6	73.0	82.3
Impairment of assets	—	83.1	—	83.1
Loss (gain) on sale of assets, net	11.7	0.8	15.1	(6.9)
<b>Total</b>	<b>269.9</b>	<b>344.3</b>	<b>538.5</b>	<b>606.2</b>
Percent of net sales	23.5%	31.1%	24.7%	27.9%
<b>Operating profit (loss)</b>	<b>7.3</b>	<b>(126.6)</b>	<b>(17.2)</b>	<b>(150.1)</b>
Operating margin	0.6%	(11.5)%	(0.8)%	(6.9)%
<b>Other income (expense)</b>				
Interest income	2.2	1.9	5.1	5.4
Interest expense	(49.9)	(28.4)	(100.8)	(54.4)
Foreign exchange loss, net	(5.1)	(3.1)	(2.3)	(4.5)
Miscellaneous, net	(0.4)	(2.7)	(1.8)	(2.8)
<b>Total other income (expense)</b>	<b>(53.2)</b>	<b>(32.3)</b>	<b>(99.8)</b>	<b>(56.3)</b>
<b>Loss before taxes</b>	<b>(45.9)</b>	<b>(158.9)</b>	<b>(117.0)</b>	<b>(206.4)</b>
Income tax expense (benefit)	9.2	(29.8)	69.6	(10.6)
Equity in earnings of unconsolidated subsidiaries	(0.2)	0.8	(0.6)	1.9
<b>Net loss</b>	<b>(55.3)</b>	<b>(128.3)</b>	<b>(187.2)</b>	<b>(193.9)</b>
Net (loss) income attributable to noncontrolling interests	(5.0)	5.1	(4.2)	12.7
<b>Net loss attributable to Diebold Nixdorf, Incorporated</b>	<b>\$ (50.3)</b>	<b>\$ (133.4)</b>	<b>\$ (183.0)</b>	<b>\$ (206.6)</b>
<b>Basic and diluted weighted-average shares outstanding</b>	<b>76.7</b>	<b>76.0</b>	<b>76.5</b>	<b>75.9</b>
<b>Net loss attributable to Diebold Nixdorf, Incorporated</b>				
Basic and diluted loss per share	\$ (0.66)	\$ (1.76)	\$ (2.39)	\$ (2.72)



**DIEBOLD NIXDORF, INCORPORATED AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED BALANCE SHEETS - UNAUDITED**  
**(IN MILLIONS)**

	<u>6/30/2019</u>	<u>12/31/2018</u>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash, cash equivalents and restricted cash	\$ 259.8	\$ 458.4
Short-term investments	13.1	33.5
Trade receivables, less allowances for doubtful accounts	712.5	737.2
Inventories	607.4	610.1
Other current assets	344.4	364.2
<b>Total current assets</b>	<b>1,937.2</b>	<b>2,203.4</b>
Securities and other investments	17.6	22.4
Property, plant and equipment, net	277.2	304.1
Goodwill	823.6	827.1
Intangible assets, net	570.9	624.6
Right-of-use operating lease assets	165.3	—
Other assets	312.7	330.3
<b>Total assets</b>	<b>\$ 4,104.5</b>	<b>\$ 4,311.9</b>
<b>LIABILITIES, REDEEMABLE NONCONTROLLING INTERESTS AND EQUITY</b>		
<b>Current liabilities</b>		
Notes payable	\$ 42.2	\$ 49.5
Accounts payable	509.0	509.5
Deferred revenue	368.9	378.2
Operating lease liability	62.7	—
Other current liabilities	586.3	631.2
<b>Total current liabilities</b>	<b>1,569.1</b>	<b>1,568.4</b>
Long-term debt	2,174.1	2,190.0
Long-term operating lease liability	103.2	—
Long-term liabilities	540.4	582.7
Redeemable noncontrolling interests	21.7	130.4
Total Diebold Nixdorf, Incorporated shareholders' equity	(328.8)	(186.4)
Noncontrolling interests	24.8	26.8
<b>Total equity</b>	<b>(304.0)</b>	<b>(159.6)</b>
<b>Total liabilities, redeemable noncontrolling interests and equity</b>	<b>\$ 4,104.5</b>	<b>\$ 4,311.9</b>

**DIEBOLD NIXDORF, INCORPORATED AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS - UNAUDITED**  
**(IN MILLIONS)**

	YTD 6/30/2019	YTD 6/30/2018
Cash flow from operating activities		
Net loss	\$ (187.2)	\$ (193.9)
Adjustments to reconcile net loss to cash flow used by operating activities:		
Depreciation and amortization	115.8	125.3
Deferred income taxes	(13.4)	(66.2)
Impairment of assets	—	83.1
Other	29.8	11.7
Changes in certain assets and liabilities		
Trade receivables	23.1	(4.9)
Inventories	(1.2)	(107.9)
Accounts payable	1.4	15.4
Income taxes	62.4	(8.2)
Deferred revenue	(10.8)	(10.9)
Warranty liability	(2.0)	(18.0)
Certain other assets and liabilities	(85.5)	(82.1)
Net cash used by operating activities	(67.6)	(256.6)
Cash flow from investing activities		
Capital expenditures	(20.3)	(30.6)
Payment for acquisitions	—	(5.8)
Net short-term investment activity	22.4	67.4
Increase in certain other assets	(3.6)	(6.7)
Net cash (used) provided by investing activities	(1.5)	24.3
Cash flow from financing activities		
Dividends paid	—	(7.7)
Net debt borrowings	(33.3)	40.7
Distributions and payments to noncontrolling interest holders	(98.0)	(29.1)
Repurchase of common shares and other	(1.6)	(2.9)
Net cash (used) provided by financing activities	(132.9)	1.0
Effect of exchange rate changes on cash and cash equivalents	0.2	(9.8)
Decrease in cash, cash equivalents and restricted cash	(201.8)	(241.1)
Add: Cash included in assets held for sale at beginning of period	7.3	—
Less: Cash included in assets held for sale at end of period	4.1	—
Cash, cash equivalents and restricted cash at the beginning of the period	458.4	543.2
Cash, cash equivalents and restricted cash at the end of the period	\$ 259.8	\$ 302.1

## Notes for Non-GAAP Measures

To supplement our condensed consolidated financial statements presented in accordance with GAAP, the company considers certain financial measures that are not prepared in accordance with GAAP, including non-GAAP results, adjusted earnings per share, EBITDA and Adjusted EBITDA, free cash flow/(use) and net debt.

### 1. Profit/loss summary (Dollars in millions):

	Q2 2019						Q2 2018					
	Net Sales	Gross Profit	% of Sales	OPEX	OP	% of Sales	Net Sales	Gross Profit	% of Sales	OPEX	OP	% of Sales
GAAP Results	\$ 1,150.2	\$ 277.2	24.1%	\$ 269.9	\$ 7.3	0.6%	\$ 1,105.6	\$ 217.7	19.7%	\$ 344.3	\$ (126.6)	(11.5)%
Restructuring and DN Now transformation expenses	—	2.6		(22.8)	25.4		—	(0.8)		(3.0)	2.2	
Non-routine income/expense:												
Impairment	—	—		—	—		—	—		(83.1)	83.1	
Legal/deal expense	—	—		(6.8)	6.8		—	—		(1.6)	1.6	
Acquisition integration	—	—		(1.4)	1.4		—	1.2		(13.3)	14.5	
Wincor Nixdorf purchase accounting adjustments	—	3.4		(21.0)	24.4		—	7.2		(22.2)	29.4	
Divestitures and fixed asset sale	—	—		(11.0)	11.0		—	—		0.2	(0.2)	
Inventory gain/charge	—	(4.8)		—	(4.8)		—	1.2		—	1.2	
Other	—	2.5		—	2.5		—	0.2		0.1	0.1	
Non-routine expenses, net	—	1.1		(40.2)	41.3		—	9.8		(119.9)	129.7	
Non-GAAP Results	\$ 1,150.2	\$ 280.9	24.4%	\$ 206.9	\$ 74.0	6.4%	\$ 1,105.6	\$ 226.7	20.5%	\$ 221.4	\$ 5.3	0.5%

	YTD 6/30/2019						YTD 6/30/2018					
	Net Sales	Gross Profit	% of Sales	OPEX	OP	% of Sales	Net Sales	Gross Profit	% of Sales	OPEX	OP	% of Sales
GAAP Results	\$ 2,178.3	\$ 521.3	23.9%	\$ 538.5	\$ (17.2)	(0.8)%	\$ 2,169.8	\$ 456.1	21.0%	\$ 606.2	\$ (150.1)	(6.9)%
Restructuring and DN Now transformation expenses	—	4.1		(36.4)	40.5		—	1.8		(4.3)	6.1	
Non-routine income/expense:												
Impairment	—	—		—	—		—	—		(83.1)	83.1	
Legal/deal expense	—	—		(16.2)	16.2		—	—		(1.9)	1.9	
Acquisition integration	—	—		(1.0)	1.0		—	2.2		(27.5)	29.7	
Wincor Nixdorf purchase accounting adjustments	—	6.8		(42.2)	49.0		—	14.5		(46.1)	60.6	
Divestitures and fixed asset sale	—	—		(14.4)	14.4		—	—		8.0	(8.0)	
Inventory gain/charge	—	(8.4)		—	(8.4)		—	2.9		—	2.9	
Other	—	2.6		(3.0)	5.6		—	(3.3)		—	(3.3)	
Non-routine expenses, net	—	1.0		(76.8)	77.8		—	16.3		(150.6)	166.9	
Non-GAAP Results	\$ 2,178.3	\$ 526.4	24.2%	\$ 425.3	\$ 101.1	4.6%	\$ 2,169.8	\$ 474.2	21.9%	\$ 451.3	\$ 22.9	1.1%

Restructuring and DN Now transformation expenses relate to the business transformation plan focused on driving connected commerce, finance, sales and operational excellence, business integration and global workforce alignment as well as the third-party costs of the DN Now transformation program. Legal and deal expenses primarily related to third-party expenses and fees paid by the company for the ongoing obligations related to prior regulatory settlements, including the cost of acquisition and real estate tax in connection with the squeeze-out proceedings and related expenses. The acquisition integration expenses primarily relate to the integration of Wincor Nixdorf. The Wincor Nixdorf purchase accounting adjustments relate to the valuation of inventory and intangible asset charges as management believes that this is useful information to investors by highlighting the impact of the acquisition of Wincor Nixdorf on the company's operations. The divestitures and fixed asset sale relates to the liquidation and divestitures of Eurasia non-core businesses and Venezuela business in 2019 as well as the sale of a North America building in 2018. The inventory gain/charge relates to the company's re-assessment of primarily finished goods and service parts due to contract cancellations and excess and obsolete inventory as a result of streamlining the company's product portfolio and optimizing its manufacturing footprint. Other includes executive severance, amounts related to the Brazil indirect tax matter and certain non-cash balance sheet adjustments in Brazil, Hong Kong and Canada.

2. Reconciliation of GAAP net income (loss) to EBITDA and Adjusted EBITDA measures (Dollars in millions):

	Q2 2019	Q2 2018	YTD 6/30/2019	YTD 6/30/2018	TTM 6/30/2019
<b>Net income (loss)</b>	\$ (55.3)	\$ (128.3)	\$ (187.2)	\$ (193.9)	\$ (559.3)
Income tax expense (benefit)	9.2	(29.8)	69.6	(10.6)	117.4
Interest income	(2.2)	(1.9)	(5.1)	(5.4)	(8.3)
Interest expense	49.9	28.4	100.8	54.4	201.2
Depreciation and amortization	52.4	58.3	105.7	120.1	220.0
<b>EBITDA</b>	54.0	(73.3)	83.8	(35.4)	(29.0)
Share-based compensation	4.8	6.6	14.1	20.3	30.4
Foreign exchange loss, net	5.1	3.1	2.3	4.5	0.2
Miscellaneous, net	0.4	2.7	1.8	2.8	3.3
Equity in earnings of unconsolidated subsidiaries	0.2	(0.8)	0.6	(1.9)	15.6
Restructuring and DN Now transformation expenses	25.4	2.2	40.5	6.1	99.4
Non-routine expenses, net	16.9	100.3	28.8	106.3	269.3
<b>Adjusted EBITDA</b>	\$ 106.8	\$ 40.8	\$ 171.9	\$ 102.7	\$ 389.2
Adjusted EBITDA % revenue	9.3%	3.7%	7.9%	4.7%	8.5%

We define EBITDA as net income (loss) excluding income tax benefit, net interest, and depreciation and amortization expense. As defined in the company's credit agreement, Adjusted EBITDA is EBITDA before the effect of the following items: share-based compensation, foreign exchange loss net, miscellaneous net, equity in earnings of unconsolidated subsidiaries, restructuring expenses and non-routine expenses net, as outlined in Note 1 of the non-GAAP measures. In order to remain comparable to the U.S. GAAP depreciation and amortization measures and avoid duplication, the Company reclassified \$42.4 and \$29.4, respectively, from non-routine expenses, net to the depreciation and amortization caption in the Adjusted EBITDA reconciliation for the three month periods ended June 30, 2019 and 2018, respectively, and \$78.3 and \$60.6 for the six months ended June 30, 2019 and 2018, respectively. Deferred financing fees amortization is included in interest expense and GAAP depreciation and amortization; to avoid duplication, deferred financing fees amortization of \$5.0 and \$2.6 for the three months ended June 30, 2019 and 2018, respectively, and \$10.1 and \$5.2 for the six months ended June 30, 2019 and 2018, respectively, were removed from the depreciation and amortization caption. This represents the reconciliation between the amounts presented in note 1 and Adjusted EBITDA. Miscellaneous, net primarily consists of company owned life insurance contracts. These are non-GAAP financial measurements used by management to enhance the understanding of our operating results. EBITDA and Adjusted EBITDA are key measures we use to evaluate our operational performance. We provide EBITDA and Adjusted EBITDA because we believe that investors and securities analysts will find EBITDA and Adjusted EBITDA to be useful measures for evaluating our operating performance and comparing our operating performance with that of similar companies that have different capital structures and for evaluating our ability to meet our future debt service, capital expenditures, and working capital requirements. However, EBITDA and Adjusted EBITDA should not be considered as alternatives to net income as a measure of operating results or as alternatives to cash flows from operating activities as a measure of liquidity in accordance with GAAP. The Company reclassified \$2.7 and \$5.4 for the three and six months ended June 30, 2018, respectively, within the operating activities of the condensed consolidated statements of cash flows from depreciation and amortization to certain other assets and liabilities for consistency with the current presentation, resulting in decreases to the prior-year EBITDA.

3. Reconciliation of diluted GAAP EPS to non-GAAP EPS:

	Q2 2019	Q2 2018	YTD 6/30/2019	YTD 6/30/2018
Total diluted EPS attributable to Diebold Nixdorf, Incorporated (GAAP measure)	\$ (0.66)	\$ (1.76)	\$ (2.39)	\$ (2.72)
Restructuring and DN Now transformation expenses	0.33	0.03	0.52	0.08
Non-routine (income)/expense:				
Impairment	—	1.09	—	1.09
Legal/deal expense	0.09	0.02	0.22	0.02
Acquisition integration	0.02	0.19	0.01	0.39
Wincor Nixdorf purchase accounting adjustments	0.32	0.39	0.64	0.80
Divestitures and fixed asset sale	0.14	—	0.19	(0.11)
Inventory gain/charge	(0.06)	0.02	(0.11)	0.04
Other	0.03	—	0.07	(0.04)
Total non-routine (income)/expense	0.54	1.71	1.02	2.19
Tax impact (inclusive of allocation of discrete tax items)	(0.15)	(0.20)	0.29	0.10
Total adjusted EPS (non-GAAP measure)	\$ 0.06	\$ (0.22)	\$ (0.56)	\$ (0.35)

Restructuring and DN Now transformation expenses relate to the business transformation plan focused on driving connected commerce, finance, sales and operational excellence, business integration and global workforce alignment as well as third-party costs of the DN Now transformation program. Legal and deal expenses primarily related to third-party expense and fees paid by the company for the ongoing obligations related to prior regulatory settlements, including the cost of acquisition and real estate tax in connection with the squeeze-out proceedings and related expenses. The acquisition integration expenses primarily relate to the integration of Wincor Nixdorf. The Wincor Nixdorf purchase accounting adjustments

relate to the valuation of inventory and intangible asset charges as management believes that this is useful information to investors by highlighting the impact of the acquisition of Wincor Nixdorf on the company's operations. The divestitures and fixed asset sale relates to the liquidation and divestitures of Eurasia non-core businesses and Venezuela business in 2019 as well as the sale of a North America building in 2018. The inventory gain/charge relates to the company's re-assessment of primarily finished goods and service parts due to contract cancellations and excess and obsolete inventory due to streamlining the company's product portfolio and optimizing its manufacturing footprint. Other includes executive severance, amounts related to the Brazil indirect tax matter and certain non-cash balance sheet adjustments in Brazil, Hong Kong and Canada.

4. Free cash flow (use) is calculated as follows (Dollars in millions):

	<b>Q2 2019</b>	<b>Q2 2018</b>	<b>YTD 6/30/2019</b>	<b>YTD 6/30/2018</b>	<b>TTM 6/30/2019</b>
Net cash used by operating activities (GAAP measure)	\$ (10.5)	\$ (114.3)	\$ (67.6)	\$ (256.6)	\$ 85.1
Capital expenditures (GAAP measure)	(5.6)	(10.4)	(20.3)	(30.6)	(48.2)
Free cash flow/(use) (non-GAAP measure)	\$ (16.1)	\$ (124.7)	\$ (87.9)	\$ (287.2)	\$ 36.9

We define free cash flow (use) as net cash used by operating activities less capital expenditures. We consider free cash flow (use) to be a liquidity measure that provides useful information to management and investors about the amount of cash generated by the business that, after the purchase of property and equipment, can be used for debt servicing, strategic opportunities, including investing in the business, making strategic acquisitions, strengthening the balance sheet and paying dividends.

5. Net debt is calculated as follows (Dollars in millions):

	<b>6/30/2019</b>	<b>12/31/2018</b>	<b>6/30/2018</b>
Cash, cash equivalents, restricted cash and short-term investments (GAAP measure)	\$ 272.9	\$ 491.9	\$ 316.6
Debt instruments	(2,216.3)	(2,239.5)	(1,885.1)
Net debt (non-GAAP measure)	\$ (1,943.4)	\$ (1,747.6)	\$ (1,568.5)

The company's management believes that given the significant cash, cash equivalents, restricted cash and short-term investments on its balance sheet that net cash against outstanding debt is a meaningful net debt calculation. More than 95% of the company's cash, cash equivalents, restricted cash and short-term investments reside in international tax jurisdictions for all periods presented.

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