



## Investment Community Conference Call



Fourth Quarter and Full Year Earnings Results

2-12-15

# 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 with respect to the company’s Brazil tax or Thailand customs disputes;
- 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 with Accenture.

# Andy Mattes



President and Chief Executive Officer



**DIEBOLD**<sup>®</sup>



## Business Overview

# Agenda

**Key Takeaways from the Full Year and Fourth Quarter**

**Q4 Regional Update**

**Diebold 2.0 Turnaround Strategy Update**

**Outlook and Conclusion**

# Key Takeaways

## Full Year:

- On a percentage basis, operating profit grew more than 4x revenue growth
- Solid revenue growth of approximately 7% year-over-year
- Strong margin performance
- Significantly exceeded free cash flow guidance
- Year-end backlog up 3% on a constant currency basis
- Adjusting full-year 2015 guidance to account for stronger currency headwinds

## Fourth Quarter:

- Delivered another strong operational performance
- Building momentum heading into 2015

# Q4 Regional Update\*

## North America:

- Total orders decreased 6%
- Continued growth in electronic security, increased 4%, more than offset by a 12% decline in physical security

## EMEA:

- Total orders increased 20%, or 32% comparably on constant currency

## Latin America:

- Total orders increased 10%

## Brazil:

- Total orders decreased 47%, or 40% comparably on constant currency

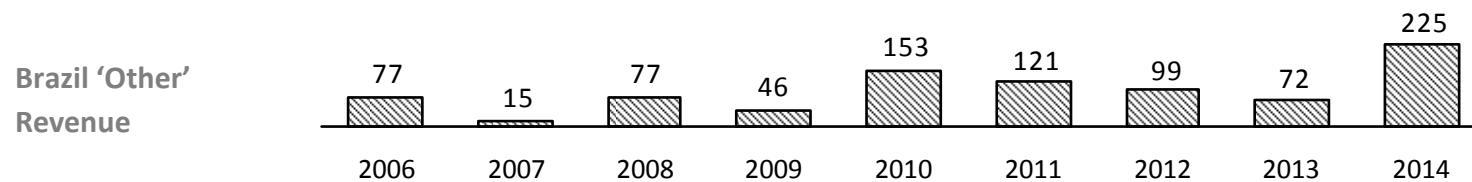
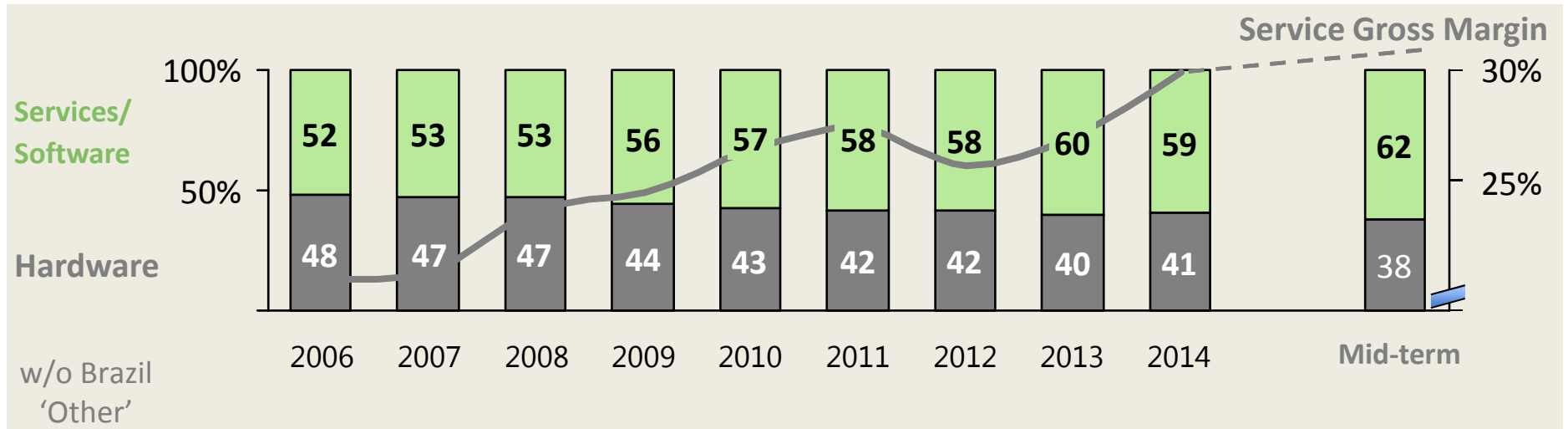
## Asia-Pacific:

- Total orders increased 12%, or 14% comparably on constant currency

\* Total orders include both product order entry and service revenue



# En Route to a Services-Based Company Enabled by Software

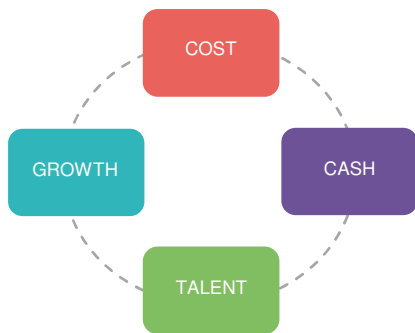


## Total Diebold Margin Performance

	2006	2007	2008	2009	2010	2011	2012	2013	2014	Mid-term
Service Gross Margin	20.5%	20.8%	23.7%	24.5%	26.4%	27.4%	25.7%	27.0%	30.0%	>30%
Product Gross Margin	29.2%	28.3%	28.3%	23.5%	24.3%	25.0%	23.2%	18.7%	20.1%	>20%
Total Gross Margin	24.8%	24.4%	25.9%	24.1%	25.4%	26.3%	24.6%	23.5%	25.4%	



# Diebold 2.0: Four Pillars and Eight Point Program



1 

Establish competitive cost structure

- ✓ Flattened management structure
- ✓ Product and service gross margins above mid-term targets

2 

Drive sustainable improvement in free cash flow

- ✓ Exceeded free cash flow expectations for the year

3 

Improve sales effectiveness and coverage

- ✓ Global implementation of Salesforce.com
- ✓ Grew core business

4 

Increase speed and agility

- ✓ Shorter time to market for new solutions

5 

Instill a winning culture grounded in execution

- ✓ Employee incentive plans aligned with company goals and performance

6 

Collaborate with customers and partners to drive innovative solutions

- ✓ Continued roll out of new product platform
- ✓ Cardless cash withdrawal
- ✓ Corning Gorilla Glass

7 

Further leverage services and software

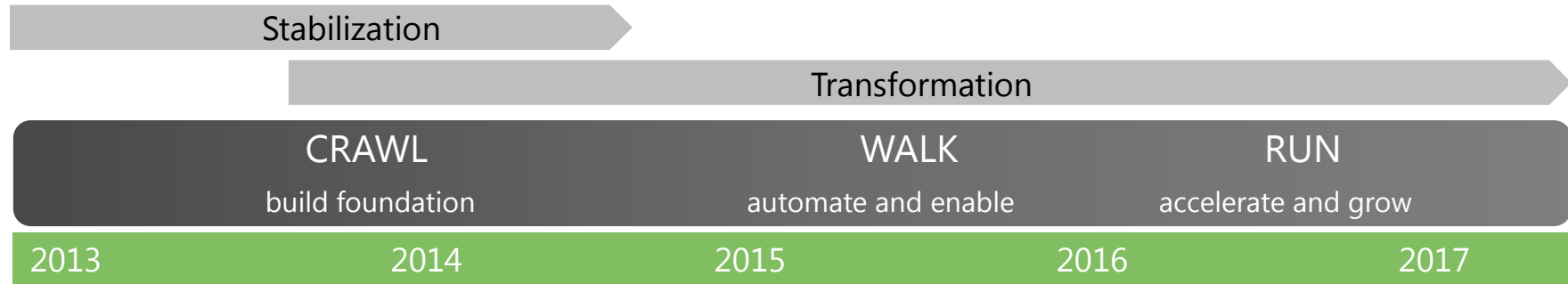
- ✓ Grew Managed Services double-digits in 2014

8 

Generate long-term, profitable growth

- ✓ Grew operating profit 4x revenue growth in 2014 on a percentage basis

# Outlook and Conclusion



- Delivered strong operating results throughout the year, creating a springboard going forward
- Feel good about progress thus far on Diebold 2.0 and our ability to consistently deliver on our commitments
- Remain focused on improving business excellence and delivering bottom-line growth
- Carrying momentum into 2015

# Chris Chapman



Senior Vice President and Chief Financial Officer



**DIEBOLD**<sup>®</sup>



## Financial Overview

# Agenda

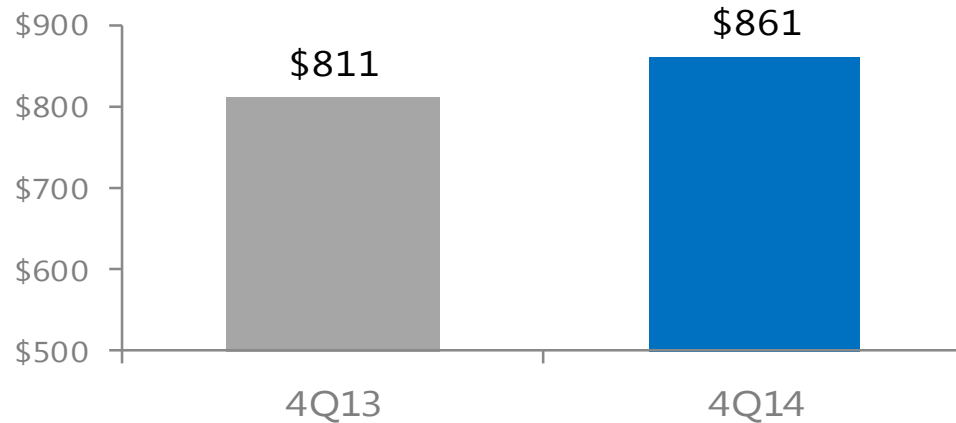
Fourth Quarter and Full Year Financial Performance

2015 Outlook

Conclusion

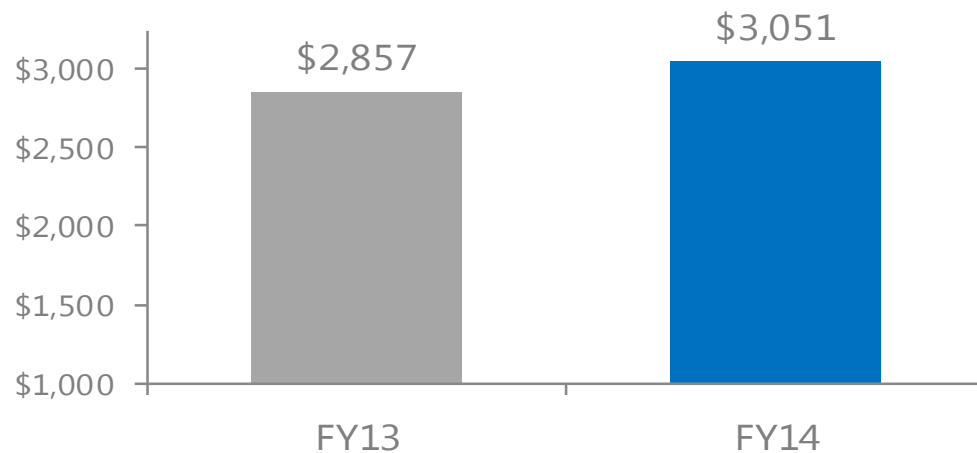
# Total Revenue

2013 vs. 2014 (\$ Millions)



## Q4 Revenue Summary:

- Up \$49.8M or 6.1%
- Negative currency impact of 3.6% mainly due to the Brazilian Real and the Euro
- Service decreased 1.9%, product revenue increased 15.5%

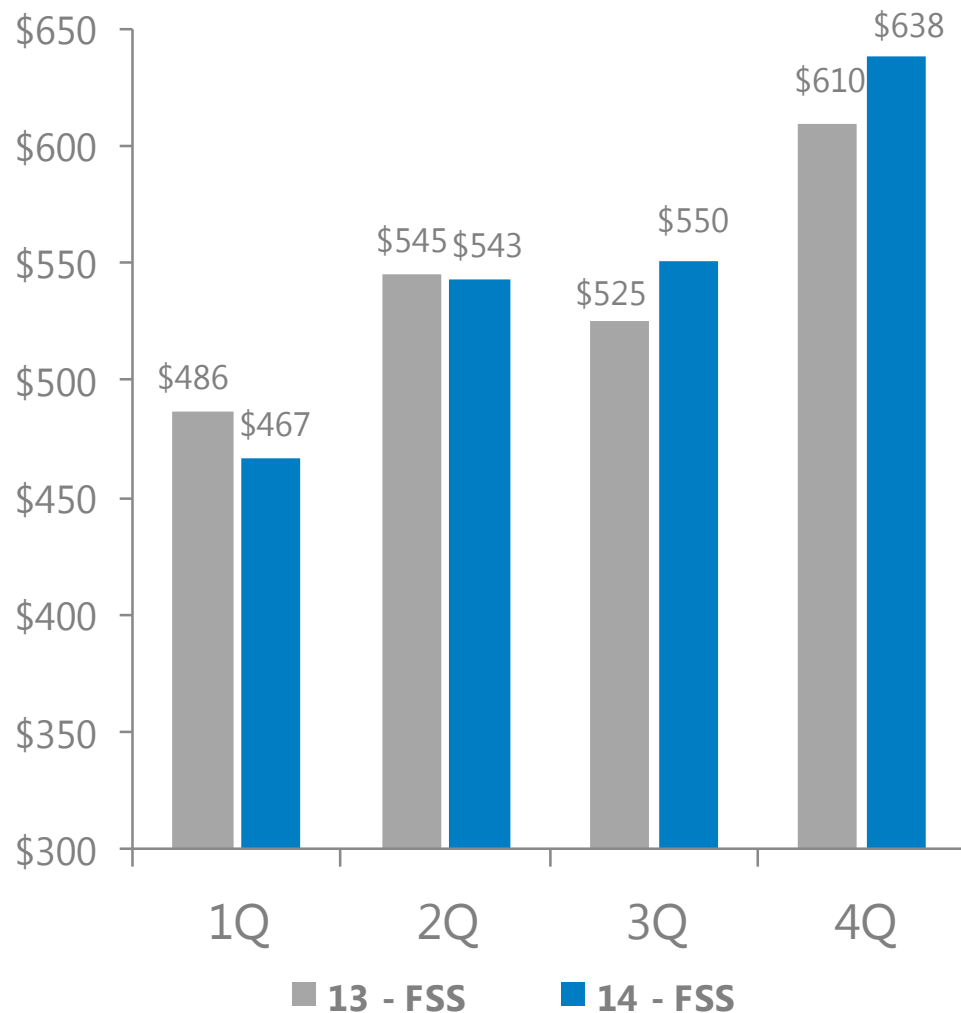


## FY Revenue Summary:

- Up \$193.6M or 6.8%
- Negative currency impact of 2.3% mainly due to the Brazilian real
- Service revenue flat, product revenue increased 15.8%

# Financial Self-Service Revenue

2013 vs. 2014 (\$ Millions)



## Q4 FSS Revenue Summary:

- Up \$28.1M or 4.6%
- Negative currency impact of 4.0%
- Increases in North America and Asia Pacific partially offset by decreases in EMEA and Brazil

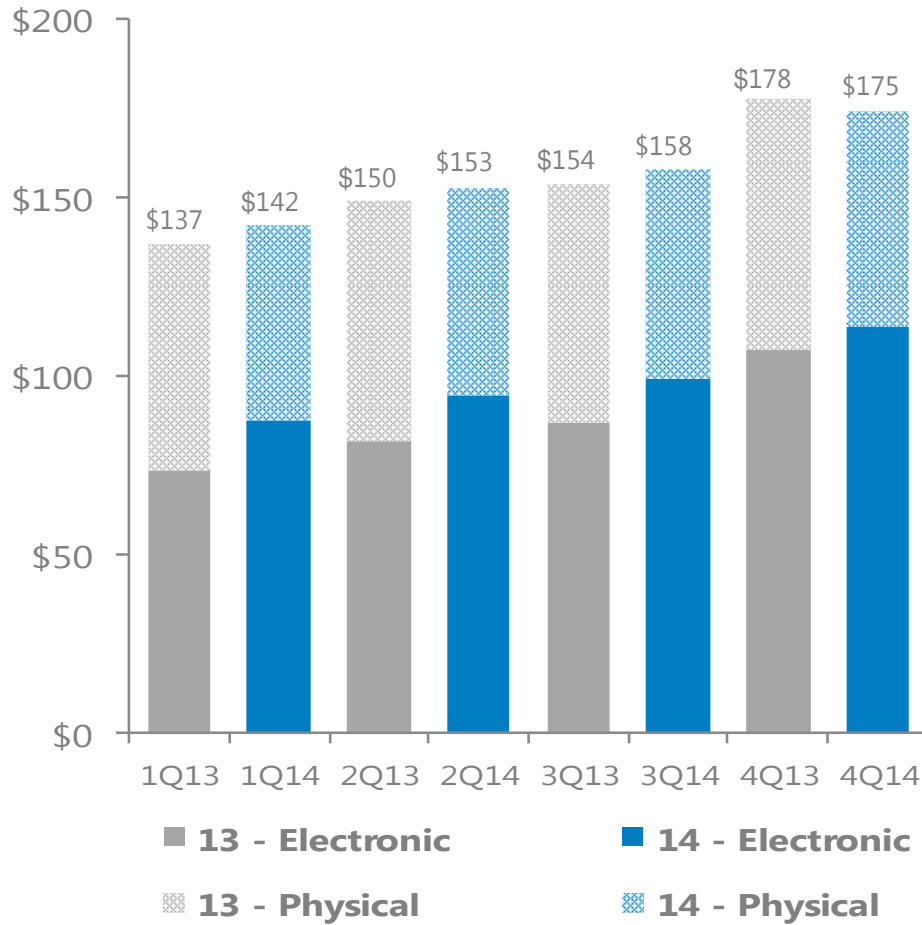
## FY FSS Revenue Summary:

- Up \$31.3M or 1.4%
- Negative currency impact of 2.6%
- Increases in EMEA and Asia Pacific offset by declines in Brazil and North America



# Security Revenue

2013 vs. 2014 (\$ Millions)



## Q4 Security Revenue Summary:

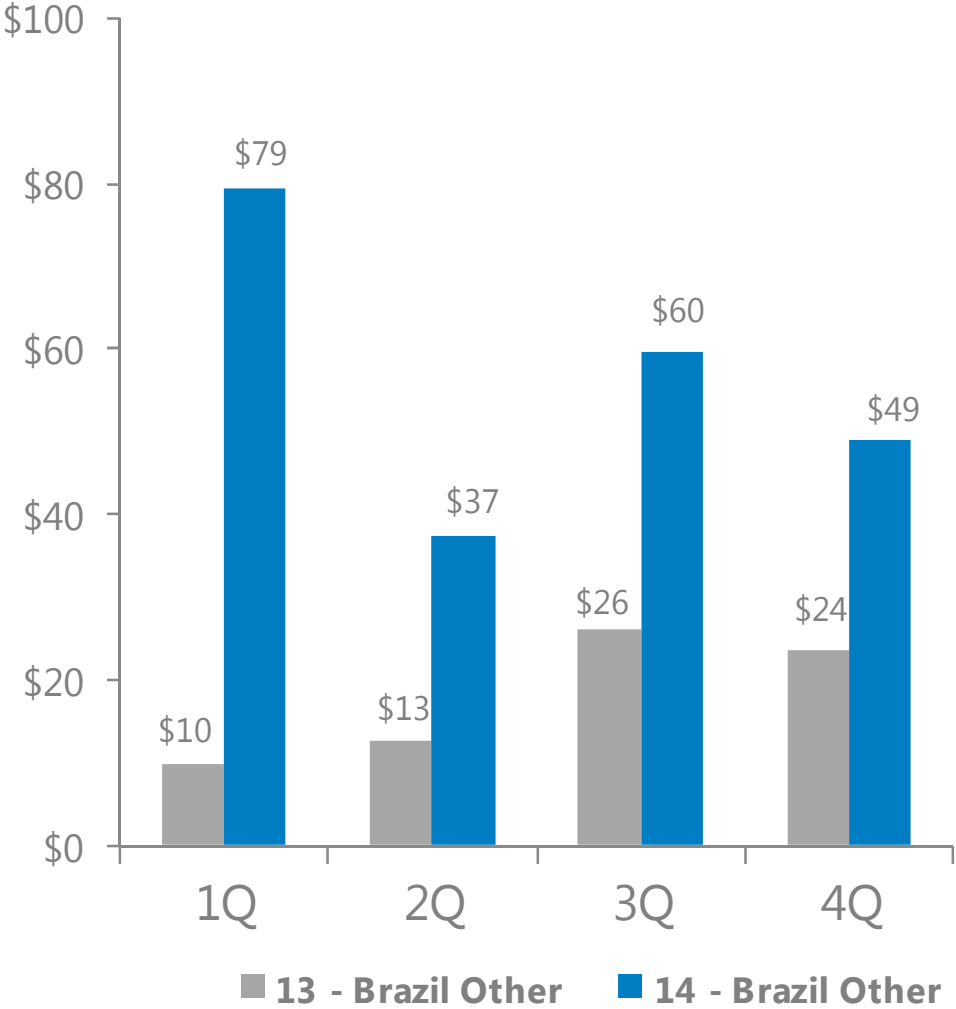
- Down \$3.3M or 1.9%
- Electronic security up 5.8% more than offset by a decline in physical security of 13.6%

## FY Security Revenue Summary:

- Up \$9.2M or 1.5%
- Electronic security up 12.9%, partially offset by a decline in physical security of 13.5%

# Brazil Other Revenue

2013 vs. 2014 (\$ Millions)



Includes election systems, lottery, and IT-related equipment

### Q4 Brazil Other Revenue Summary:

- Up \$25.1M

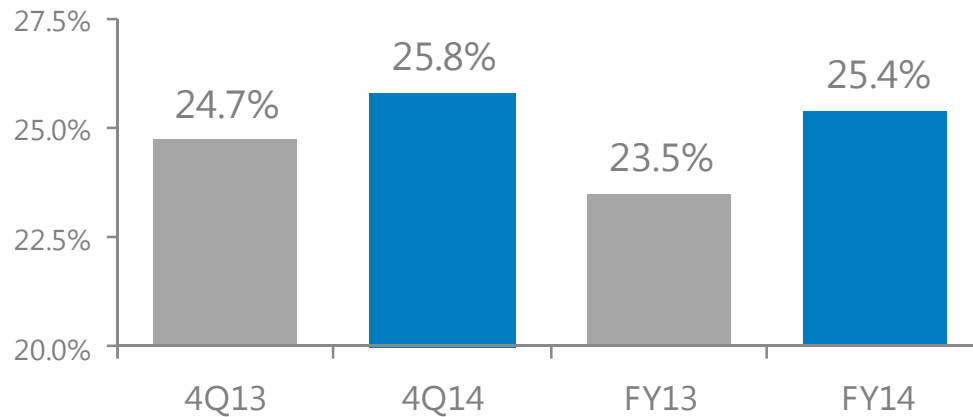
### FY Brazil Other Revenue Summary:

- Up \$153.1M

# Gross Margins – non-GAAP\*

2013 vs. 2014 (%)

### Total Gross Margin



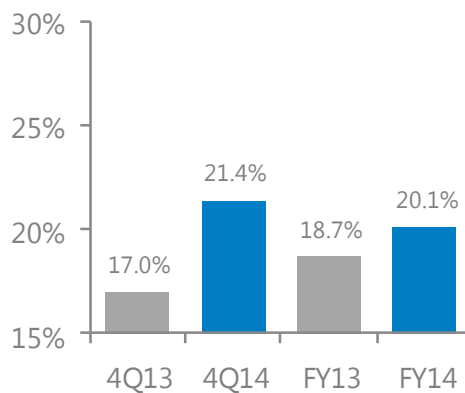
### Total Gross Margin:

- Q4 up 1.1 percentage points

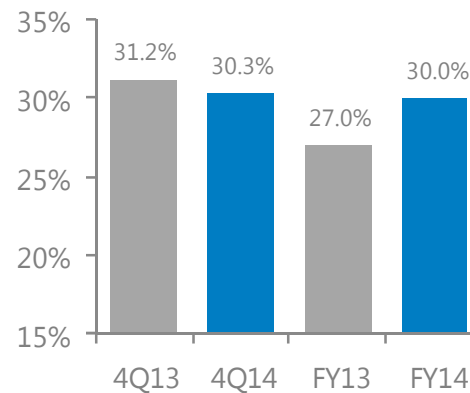
### Service Gross Margin:

- Q4 down 0.9 percentage points

### Product Gross Margin



### Service Gross Margin



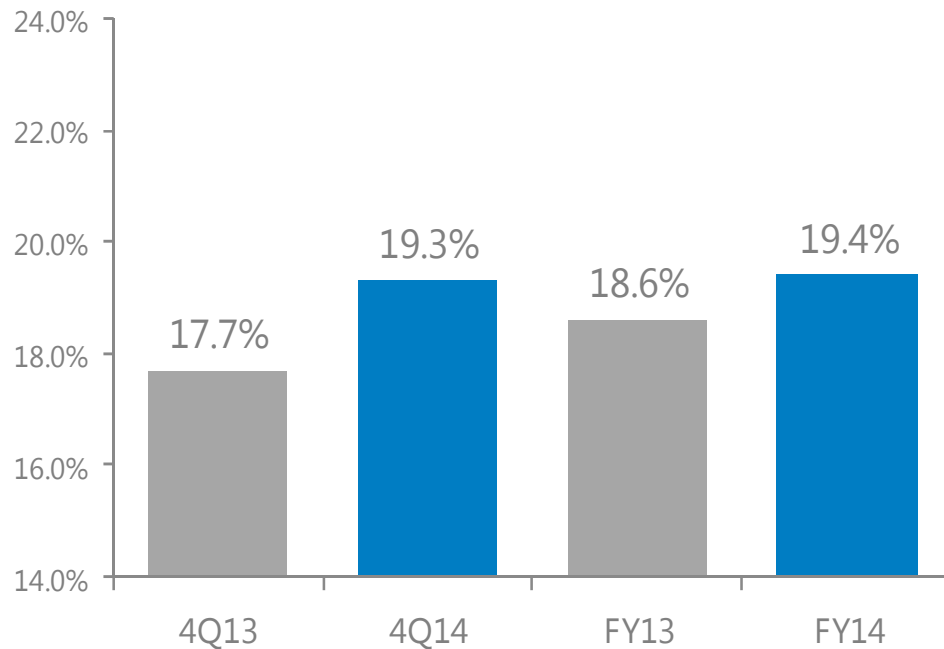
### Product Gross Margin:

- Q4 up 4.4 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\*

2013 vs. 2014 (%)



Q4 Op. Ex. as a % of Revenue:

- Up \$23.2M, or 1.6 percentage points

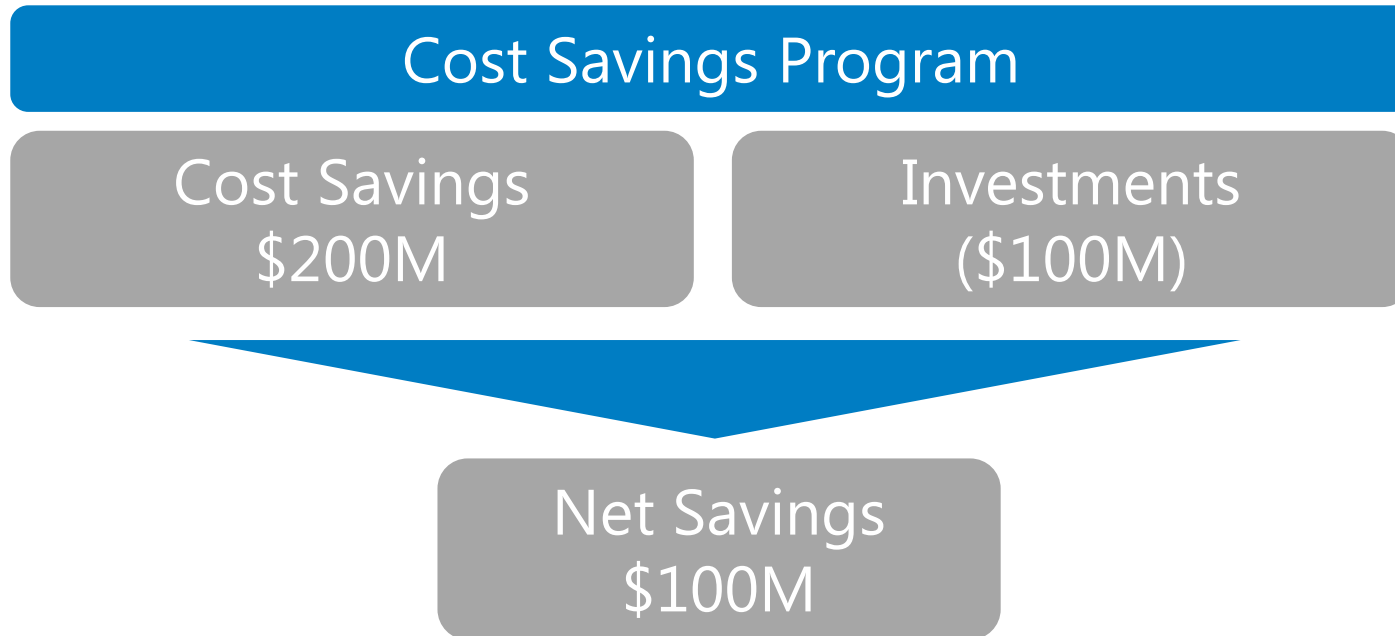
FY14 Op. Ex. as a % of Revenue:

- Up \$61.2M, or 0.8 percentage points

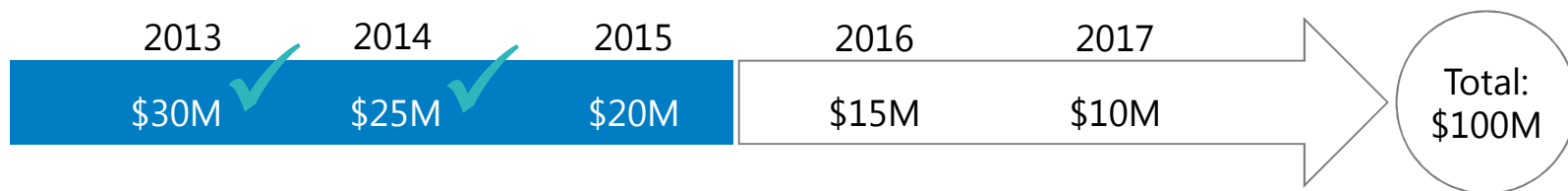
\* See reconciliation of GAAP to non-GAAP measures at the end of this presentation

# Cost Structure Improvements

Cost Reduction Target of \$200M through 2017



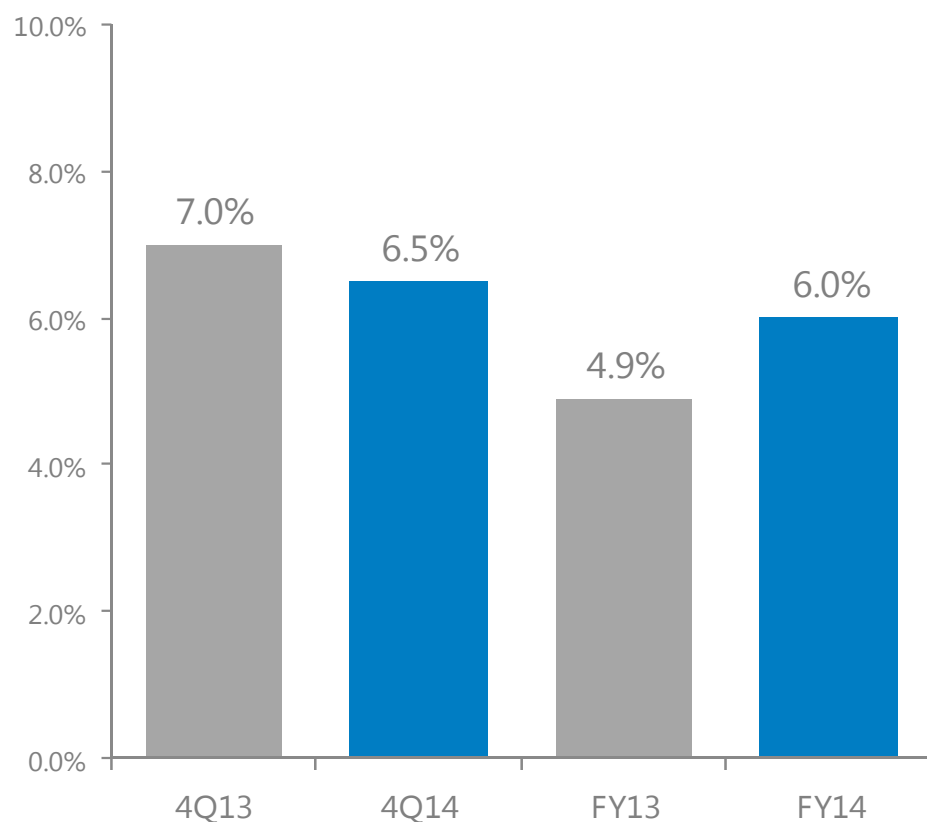
Net Savings Progression – 50% of Total Cost Savings



\* Total realized net savings as of December 31, 2014

# Operating Profit – non-GAAP\*

2013 vs. 2014 (\$ Millions)



Quarter:	4Q '13	4Q '14
Total Revenue	\$811.4	\$861.3
<b>Total Gross Profit</b>	<b>\$200.1</b>	<b>\$222.6</b>
Percent of Net Sales	24.7%	25.8%
<u>Operating Expenses</u>		
Selling, G & A	\$121.0	\$139.2
R, D&E	\$22.4	\$27.4
Total Operating Expense	\$143.4	\$166.6
Percent of Net Sales	17.7%	19.3%
<b>Total Operating Profit</b>	<b>\$56.8</b>	<b>\$56.0</b>
Percent of Net Sales	7.0%	6.5%

Year-to-date:	FY '13	FY '14
Total Revenue	\$2,857.5	\$3,051.1
<b>Total Gross Profit</b>	<b>\$670.6</b>	<b>\$775.5</b>
Percent of Net Sales	23.5%	25.4%
<u>Operating Expenses</u>		
Selling, G & A	\$445.7	\$499.5
R, D&E	\$86.2	\$93.6
Total Operating Expense	\$531.9	\$593.1
Percent of Net Sales	18.6%	19.4%
<b>Total Operating Profit</b>	<b>\$138.7</b>	<b>\$182.5</b>
Percent of Net Sales	4.9%	6.0%

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

# Segment Reporting – non-GAAP\*

## Operating Profit by Reporting Segment (\$000's)

	<u>4Q '13</u>	<u>4Q '14</u>	<u>\$ Var</u>	<u>% Var</u>	<u>2013</u>	<u>2014</u>	<u>\$ Var</u>	<u>% Var</u>
North America	\$77,455	\$78,054	\$599	1%	\$252,737	\$277,168	\$24,431	10%
Asia Pacific	16,463	15,529	(934)	-6%	62,760	66,394	3,634	6%
EMEA	19,942	13,754	(6,188)	-31%	44,507	61,574	17,067	38%
Latin America	14,891	23,012	8,121	55%	35,218	40,285	5,067	14%
Brazil	556	6,846	6,290	1131%	6,321	28,452	22,131	350%
<b>Total Segment Operating Profit</b>	<b>\$129,307</b>	<b>\$137,195</b>	<b>\$7,888</b>	<b>6%</b>	<b>\$401,543</b>	<b>\$473,873</b>	<b>\$72,330</b>	<b>18%</b>
Corporate charges not allocated to segments*	(72,556)	(81,172)	(8,616)	-12%	(262,840)	(291,417)	(28,577)	-11%
<b>Total Non-GAAP Operating Profit</b>	<b>\$56,751</b>	<b>\$56,023</b>	<b>(\$728)</b>	<b>-1%</b>	<b>\$138,703</b>	<b>\$182,456</b>	<b>\$43,753</b>	<b>32%</b>

\*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

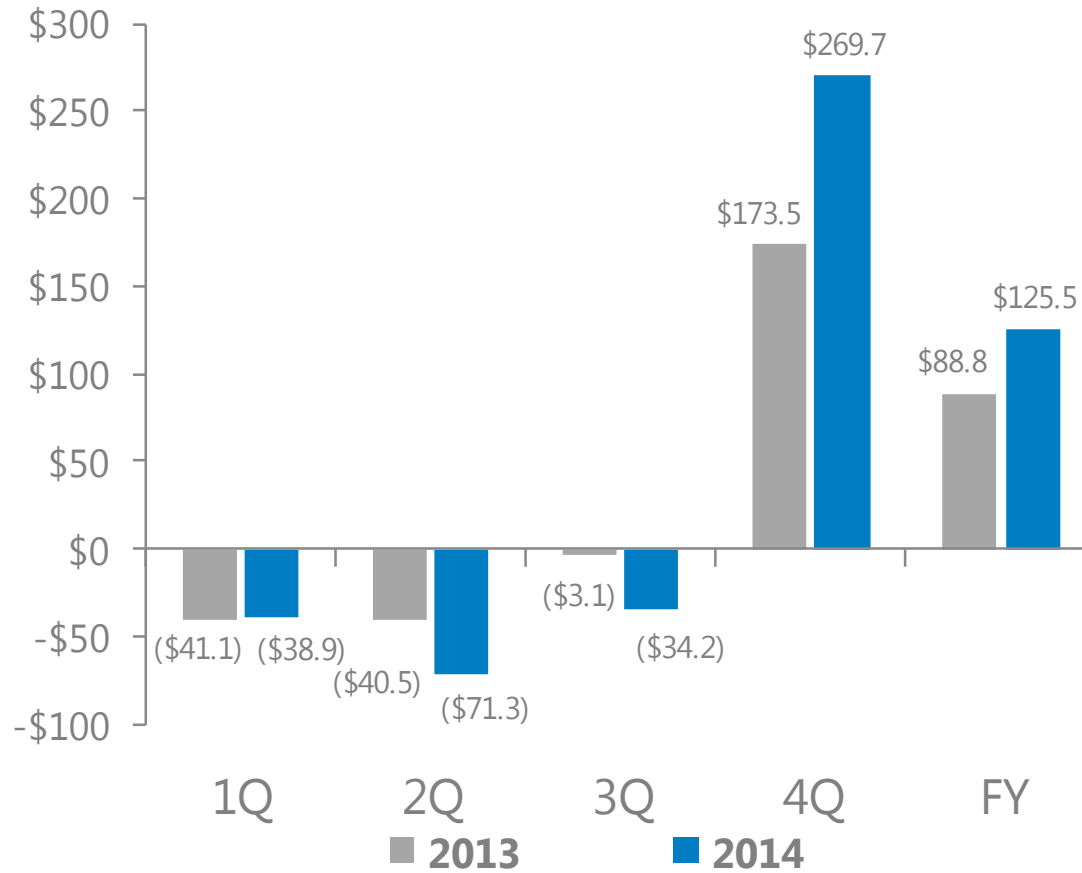
	<u>4Q13</u>	<u>4Q14</u>	<u>FY13</u>	<u>FY14</u>
<b>EPS (GAAP)</b>	<b>(\$0.65)</b>	<b>\$0.46</b>	<b>(\$2.85)</b>	<b>\$1.76</b>
Restructuring charges	0.36	0.05	0.59	0.12
Non-routine (income)/expense:				
FCPA settlement	--	--	0.36	--
Securities class action settlement	--	--	0.17	--
Legal, indemnification and professional fees	0.01	0.03	0.05	0.09
Gain on sale of Eras	--	--	--	(0.19)
Executive severance	--	--	0.09	--
Brazil impairment	0.01	--	0.85	--
Pension	0.67	--	0.67	--
Brazil indirect tax	0.01	(0.06)	0.01	(0.06)
Other	0.04	--	0.05	--
<b>Total non-routine (income)/expense</b>	<b>0.74</b>	<b>(0.03)</b>	<b>2.25</b>	<b>(0.16)</b>
Tax expense (benefit) on foreign cash repatriation	0.12	0.00	0.76	0.01
<b>Total adjusted EPS (non-GAAP )</b>	<b>\$0.57</b>	<b>\$0.48</b>	<b>\$0.75</b>	<b>\$1.73</b>
Valuation allowance on Brazil deferred tax assets	--	--	0.61	--
<b>Total adjusted EPS (non-GAAP ) excluding Brazil valuation allowance</b>	<b>\$0.57</b>	<b>\$0.48</b>	<b>\$1.36</b>	<b>\$1.73</b>
Tax rate (non-GAAP)	31.9%	32.7%	32.7%	32.7%

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\*

2013 vs. 2014 (\$ Millions)

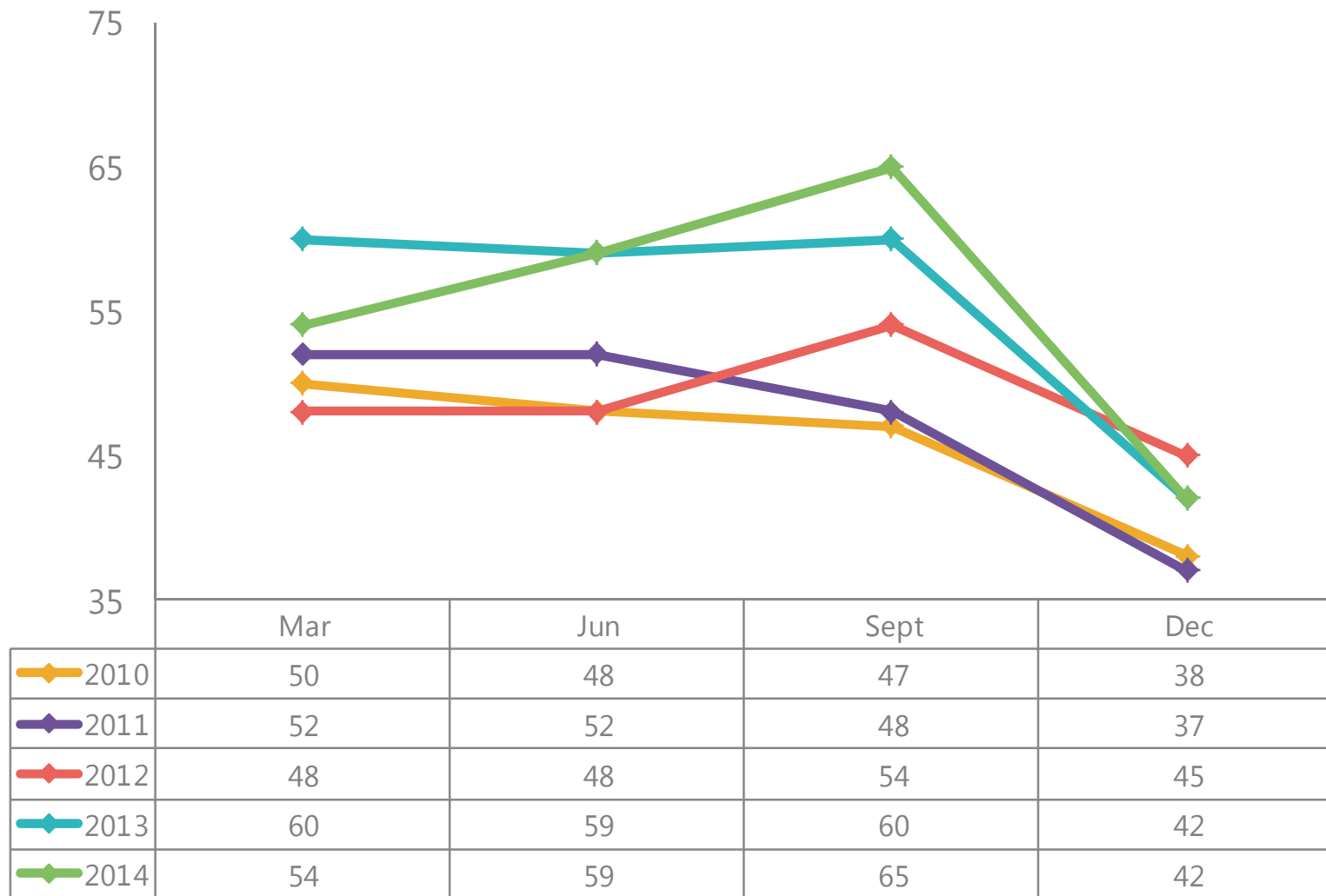


## Free Cash Flow:

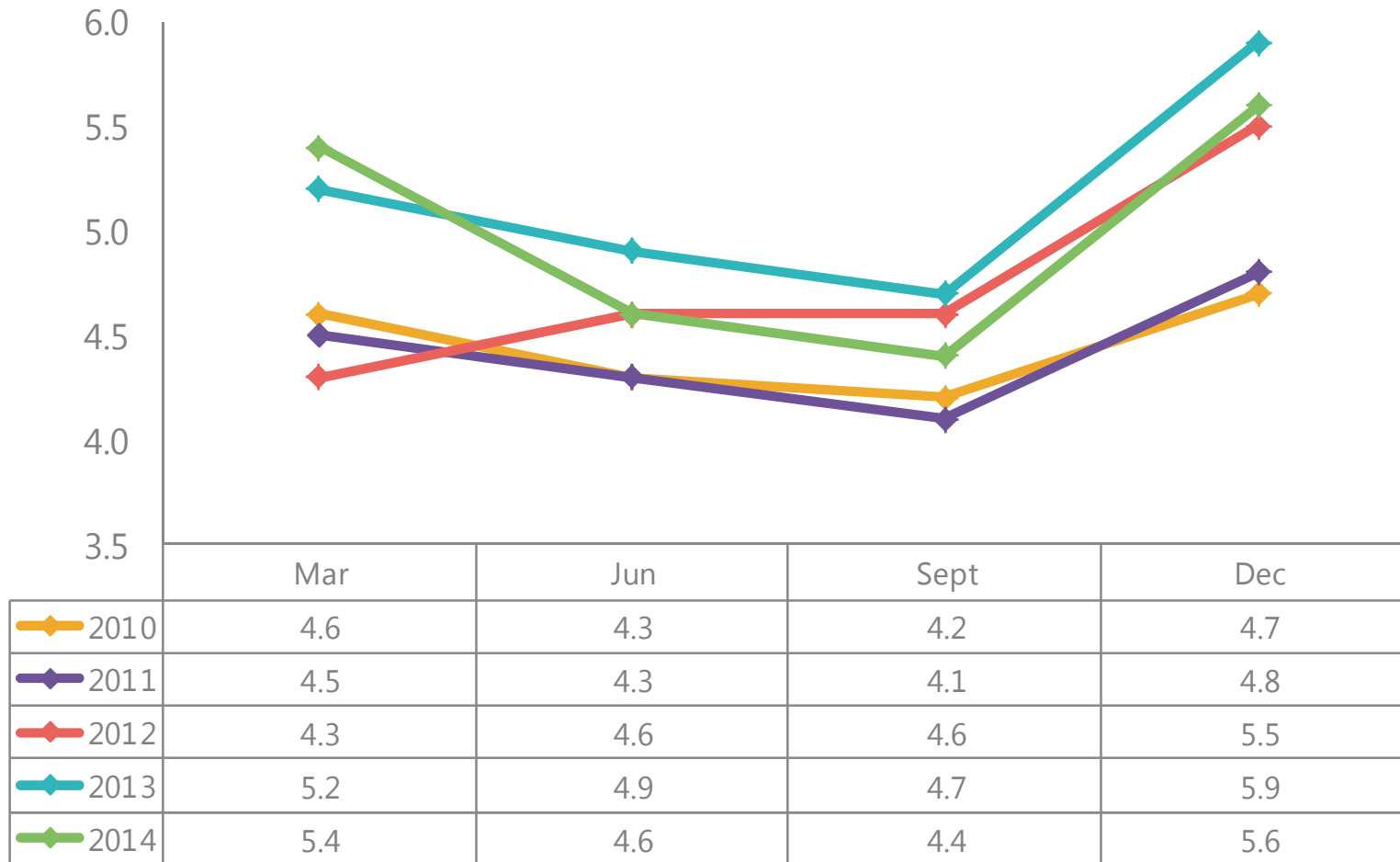
- Q4'14 cash flow increased \$96.2M from Q4'13
- FY'14 at \$125.5M, up \$36.7M from 2013

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

# Working Capital – DSO



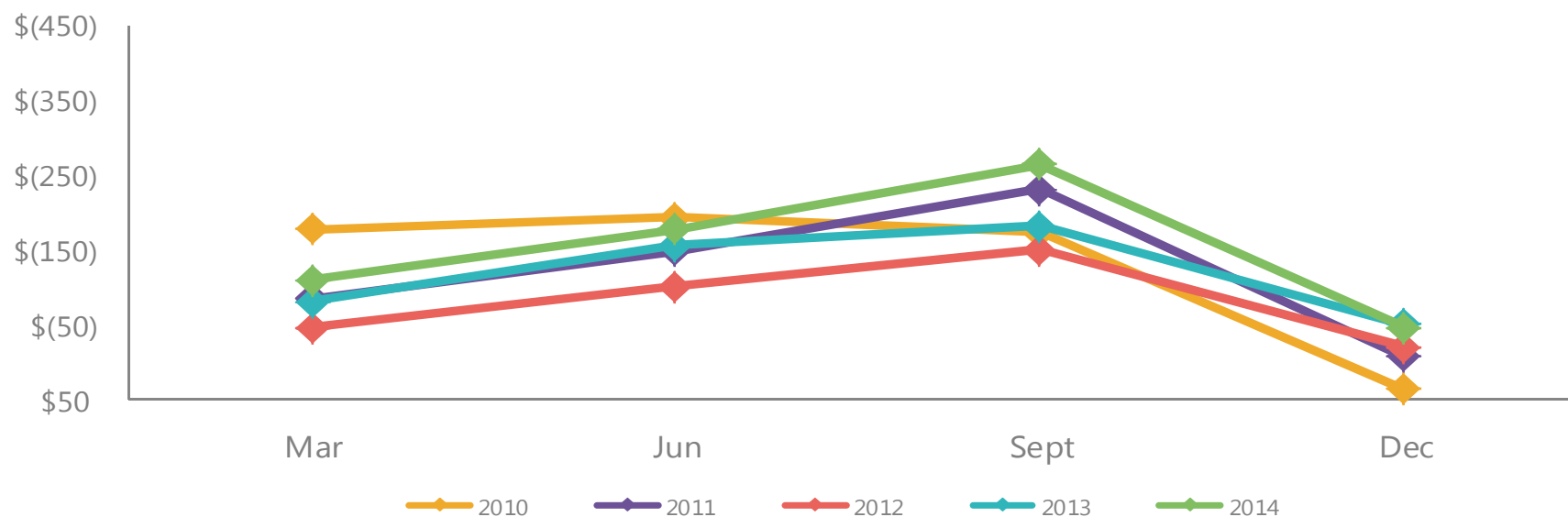
# Working Capital – Inventory Turns



# Liquidity & Net Debt

(\$ Millions)

	Dec. 31, 2014	Dec. 31, 2013	Dec. 31, 2012
Cash, cash equivalents and other investments (GAAP measure)	\$458.7	\$473.7	\$630.7
Debt Instruments	(505.5)	(524.5)	(652.2)
<b>Net (debt) (non-GAAP measure)</b>	<b>(\$46.8)</b>	<b>(\$50.8)</b>	<b>(\$21.5)</b>
Net debt to capital* ratio	5%	5%	2%



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

# 2015 Outlook

Revenue	Previous	Current
<b>Total revenue</b>	<b>~(3%) to (4%)</b>	<b>~(5%) to (6%)</b>
FSS	~2% to 4%	~flat to 2%
Security	~Flat	~Flat
Brazil Other	~\$50M	~\$45M
<b>Earnings per share</b>		
2015 EPS (GAAP)	\$1.75 - \$2.05	\$1.60 - \$1.85
Restructuring charges & non-routine expense	\$0.15 - \$0.05	\$0.20 - \$0.15
<b>2015 EPS (non-GAAP)</b>	<b>\$1.90 - \$2.10</b>	<b>\$1.80 - \$2.00</b>
<b>Tax rate</b>		
Non-GAAP effective tax rate	~30%	~30%
<b>Free cash flow</b>		
Total free cash flow	~\$120M	~\$120M

## Conclusion

- Focusing on continuous improvement to maintain and strengthen control environment while operationally reducing costs and improving working capital efficiencies
- Demonstrating tangible results from turnaround efforts
- Executing on necessary reinvestments to position the company for long-term growth

# Thank You





**Supplemental Schedules**



# Q4 2014 Profit & Loss Statement

## Reconciliation GAAP to non-GAAP (\$ Millions)

	2014 (GAAP)	Restructuring	Legal, indem. & prof. fees	Brazil Indirect Tax	Other non-routine inc/exp	Tax exp. on foreign cash repatriation	2014 (non-GAAP)	Valuation Allowance	Adjusted 2014 (non-GAAP)
Total Revenue	\$861.3	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$861.3	\$0.0	\$861.3
<b>Total Gross Profit</b>	<b>\$227.8</b>	<b>\$0.6</b>	<b>\$0.0</b>	<b>(\$5.8)</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$222.6</b>	<b>\$0.0</b>	<b>\$222.6</b>
Percent of Net Sales	26.5%						25.8%		25.8%
<b>Operating Expenses</b>									
Selling, G & A	\$144.3	(\$4.5)	(\$3.0)	\$0.0	(\$0.0)	\$0.0	\$136.8	\$0.0	\$136.8
R, D & E	\$27.4	(\$0.0)	\$0.0	\$0.0	\$0.0	\$0.0	\$27.4	\$0.0	\$27.4
(Gain)/Loss on Assets	\$0.2	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.2	\$0.0	\$0.2
Impairment of Assets	\$2.1	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$2.1	\$0.0	\$2.1
<b>Total Operating Expense</b>	<b>\$174.1</b>	<b>(\$4.5)</b>	<b>(\$3.0)</b>	<b>\$0.0</b>	<b>(\$0.0)</b>	<b>\$0.0</b>	<b>\$166.6</b>	<b>\$0.0</b>	<b>\$166.6</b>
Percent of Net Sales	20.2%						19.3%		19.3%
<b>Total Operating Profit</b>	<b>\$53.7</b>	<b>\$5.1</b>	<b>\$3.0</b>	<b>(\$5.8)</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$56.0</b>	<b>\$0.0</b>	<b>\$56.0</b>
Percent of Net Sales	6.2%						6.5%		6.5%
Other income/(expense)	(\$3.9)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	(\$3.9)	\$0.0	(\$3.9)
Inc from Cont Ops before Tax	\$49.8	\$5.1	\$3.0	(\$5.8)	\$0.0	\$0.0	\$52.1	\$0.0	\$52.1
Percent of Net Sales	5.8%						6.1%		6.1%
Income Taxes	(\$15.8)	(\$1.8)	(\$1.1)	\$2.0	\$0.0	(\$0.2)	(\$16.9)	\$0.0	(\$16.9)
<b>Income from Cont Ops</b>	<b>\$34.1</b>	<b>\$3.3</b>	<b>\$1.9</b>	<b>(\$3.8)</b>	<b>\$0.0</b>	<b>(\$0.2)</b>	<b>\$35.2</b>	<b>\$0.0</b>	<b>\$35.2</b>
Percent of Net Sales	4.0%						4.1%		4.1%
Noncontrol Interest - Net Tax	(\$4.1)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	(\$4.1)	\$0.0	(\$4.1)
<b>Inc from Cont Ops - Net Tax</b>	<b>\$30.0</b>	<b>\$3.3</b>	<b>\$1.9</b>	<b>(\$3.8)</b>	<b>\$0.0</b>	<b>(\$0.2)</b>	<b>\$31.1</b>	<b>\$0.0</b>	<b>\$31.1</b>
Loss from Disc Ops - Net Tax	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
<b>Net Income</b>	<b>\$30.0</b>	<b>\$3.3</b>	<b>\$1.9</b>	<b>(\$3.8)</b>	<b>\$0.0</b>	<b>(\$0.2)</b>	<b>\$31.1</b>	<b>\$0.0</b>	<b>\$31.1</b>
Percent of Net Sales	3.5%						3.6%		3.6%

# Q4 2013 Profit & Loss Statement

## Reconciliation GAAP to non-GAAP (\$ Millions)

	2013 (GAAP)	Restructuring	Legal, indem. & prof. fees	Brazil impairment	Pension	Brazil Indirect Tax	Other non-routine inc/exp	Tax exp. on foreign cash repatriation	2013 (non-GAAP)	Valuation Allowance	Adjusted 2013 (non-GAAP)
Total Revenue	\$811.4	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$811.4	\$0.0	\$811.4
<b>Total Gross Profit</b>	<b>\$180.1</b>	<b>\$19.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.8</b>	<b>\$0.3</b>	<b>\$0.0</b>	<b>\$200.1</b>	<b>\$0.0</b>	<b>\$200.1</b>
Percent of Net Sales	22.2%								24.7%		24.7%
<b>Operating Expenses</b>											
Selling, G & A	\$202.3	(\$13.2)	(\$1.1)	\$0.0	(\$67.6)	\$0.0	(\$0.4)	\$0.0	\$120.1	\$0.0	\$120.1
R, D & E	\$25.9	(\$3.5)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$22.4	\$0.0	\$22.4
(Gain)/Loss on Assets	\$1.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	(\$0.1)	\$0.0	\$0.9	\$0.0	\$0.9
Impairment of Assets	\$1.4	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	(\$1.4)	\$0.0	\$0.0	\$0.0	\$0.0
Total Operating Expense	\$230.6	(\$16.7)	(\$1.1)	\$0.0	(\$67.6)	\$0.0	(\$1.8)	\$0.0	\$143.4	\$0.0	\$143.4
Percent of Net Sales	28.4%								17.7%		17.7%
<b>Total Operating Profit</b>	<b>(\$50.5)</b>	<b>\$35.6</b>	<b>\$1.1</b>	<b>\$0.0</b>	<b>\$67.6</b>	<b>\$0.8</b>	<b>\$2.1</b>	<b>\$0.0</b>	<b>\$56.8</b>	<b>\$0.0</b>	<b>\$56.8</b>
Percent of Net Sales	-6.2%								7.0%		7.0%
Other income/(expense)	\$1.3	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$1.3	\$0.0	\$1.3
Inc from Cont Ops before Tax	(\$49.2)	\$35.6	\$1.1	\$0.0	\$67.6	\$0.8	\$2.1	\$0.0	\$58.1	\$0.0	\$58.1
Percent of Net Sales	-6.1%								7.2%		7.2%
Income Taxes	\$10.6	(\$12.3)	(\$0.3)	\$0.5	(\$24.6)	\$0.0	(\$0.1)	\$7.9	(\$18.4)	\$0.0	(\$18.4)
<b>Income from Cont Ops</b>	<b>(\$38.6)</b>	<b>\$23.3</b>	<b>\$0.8</b>	<b>\$0.5</b>	<b>\$43.0</b>	<b>\$0.8</b>	<b>\$2.0</b>	<b>\$7.9</b>	<b>\$39.7</b>	<b>\$0.0</b>	<b>\$39.7</b>
Percent of Net Sales	-4.8%								4.9%		4.9%
Noncontrol Interest - Net Tax	(\$2.9)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	(\$2.9)	\$0.0	(\$2.9)
<b>Inc from Cont Ops - Net Tax</b>	<b>(\$41.4)</b>	<b>\$23.3</b>	<b>\$0.8</b>	<b>\$0.5</b>	<b>\$43.0</b>	<b>\$0.8</b>	<b>\$2.0</b>	<b>\$7.9</b>	<b>\$36.8</b>	<b>\$0.0</b>	<b>\$36.8</b>
Loss from Disc Ops - Net Tax	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Net Income	(\$41.4)	\$23.3	\$0.8	\$0.5	\$43.0	\$0.8	\$2.0	\$7.9	\$36.8	\$0.0	\$36.8
Percent of Net Sales	-5.1%								4.5%		4.5%

# Q4 2014 Product & Service Gross Profit

Reconciliation GAAP to non-GAAP (\$ Millions)

	2014 (GAAP)	Restructuring	Brazil Indirect Tax	Other non-routine inc/exp	2014 (non-GAAP)
Service Revenue	\$427.9	\$0.0	\$0.0	\$0.0	\$427.9
Product Revenue	\$433.4	\$0.0	\$0.0	\$0.0	\$433.4
Total Revenue	\$861.3	\$0.0	\$0.0	\$0.0	\$861.3
Service Gross Profit	\$129.7	\$0.0	\$0.0	\$0.0	\$129.8
Percent of Net Sales	30.3%				30.3%
Product Gross Profit	\$98.1	\$0.5	(\$5.8)	\$0.0	\$92.8
Percent of Net Sales	22.6%				21.4%
<b>Total Gross Profit</b>	<b>\$227.8</b>	<b>\$0.6</b>	<b>(\$5.8)</b>	<b>\$0.0</b>	<b>\$222.6</b>
Percent of Net Sales	26.5%				25.8%

# Q4 2013 Product & Service Gross Profit

Reconciliation GAAP to non-GAAP (\$ Millions)

	2013 (GAAP)	Restructuring	Brazil Indirect Tax	Other non-routine inc/exp	2013 (non-GAAP)
Service Revenue	\$436.4	\$0.0	\$0.0	\$0.0	\$436.4
Product Revenue	\$375.1	\$0.0	\$0.0	\$0.0	\$375.1
Total Revenue	\$811.4	\$0.0	\$0.0	\$0.0	\$811.4
Service Gross Profit	\$117.9	\$18.1	\$0.0	\$0.3	\$136.3
Percent of Net Sales	27.0%				31.2%
Product Gross Profit	\$62.2	\$0.8	\$0.8	\$0.0	\$63.9
Percent of Net Sales	16.6%				17.0%
<b>Total Gross Profit</b>	<b>\$180.1</b>	<b>\$19.0</b>	<b>\$0.8</b>	<b>\$0.3</b>	<b>\$200.1</b>
Percent of Net Sales	22.2%				24.7%

# Full Year 2014 Profit & Loss Statement

## Reconciliation GAAP to non-GAAP (\$ Millions)

	2014 (GAAP)	Restructuring	Legal, indem. & prof. fees	Gain on sale of Eras	Brazil Indirect Tax	Other non-routine inc/exp	Tax exp. on foreign cash repatriation	2014 (non-GAAP)	Valuation Allowance	Adjusted 2014 (non-GAAP)
Total Revenue	\$3,051.1	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$3,051.1	\$0.0	\$3,051.1
<b>Total Gross Profit</b>	<b>\$779.4</b>	<b>\$2.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>(\$5.8)</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$775.5</b>	<b>\$0.0</b>	<b>\$775.5</b>
Percent of Net Sales	25.5%							25.4%		25.4%
<b>Operating Expenses</b>										
Selling, G & A	\$515.6	(\$9.9)	(\$9.2)	\$0.0	\$0.0	\$0.0	\$0.0	\$496.5	\$0.0	\$496.5
R, D & E	\$93.6	(\$0.0)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$93.6	\$0.0	\$93.6
(Gain)/Loss on Assets	(\$12.9)	\$0.0	\$0.0	\$13.7	\$0.0	\$0.0	\$0.0	\$0.8	\$0.0	\$0.8
Impairment of Assets	\$2.1	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$2.1	\$0.0	\$2.1
<b>Total Operating Expense</b>	<b>\$598.4</b>	<b>(\$9.9)</b>	<b>(\$9.2)</b>	<b>\$13.7</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$593.1</b>	<b>\$0.0</b>	<b>\$593.1</b>
Percent of Net Sales	19.6%							19.4%		19.4%
<b>Total Operating Profit</b>	<b>\$180.9</b>	<b>\$11.9</b>	<b>\$9.2</b>	<b>(\$13.7)</b>	<b>(\$5.8)</b>	<b>(\$0.0)</b>	<b>\$0.0</b>	<b>\$182.5</b>	<b>\$0.0</b>	<b>\$182.5</b>
Percent of Net Sales	5.9%							6.0%		6.0%
Other income/(expense)	(\$10.4)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	(\$10.4)	\$0.0	(\$10.4)
<b>Inc from Cont Ops before Tax</b>	<b>\$170.6</b>	<b>\$11.9</b>	<b>\$9.2</b>	<b>(\$13.7)</b>	<b>(\$5.8)</b>	<b>(\$0.0)</b>	<b>\$0.0</b>	<b>\$172.1</b>	<b>\$0.0</b>	<b>\$172.1</b>
Percent of Net Sales	5.6%							5.6%		5.6%
Income Taxes	(\$53.6)	(\$3.9)	(\$3.4)	\$1.0	\$2.0	\$0.0	\$0.8	(\$57.1)	\$0.0	(\$57.1)
<b>Income from Cont Ops</b>	<b>\$117.0</b>	<b>\$7.9</b>	<b>\$5.7</b>	<b>(\$12.7)</b>	<b>(\$3.8)</b>	<b>\$0.0</b>	<b>\$0.8</b>	<b>\$115.0</b>	<b>\$0.0</b>	<b>\$115.0</b>
Percent of Net Sales	3.8%							3.8%		3.8%
Noncontrol Interest - Net Tax	(\$2.6)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	(\$2.6)	\$0.0	(\$2.6)
<b>Inc from Cont Ops - Net Tax</b>	<b>\$114.4</b>	<b>\$7.9</b>	<b>\$5.7</b>	<b>(\$12.7)</b>	<b>(\$3.8)</b>	<b>\$0.0</b>	<b>\$0.8</b>	<b>\$112.4</b>	<b>\$0.0</b>	<b>\$112.4</b>
Loss from Disc Ops - Net Tax	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
<b>Net Income</b>	<b>\$114.4</b>	<b>\$7.9</b>	<b>\$5.7</b>	<b>(\$12.7)</b>	<b>(\$3.8)</b>	<b>\$0.0</b>	<b>\$0.8</b>	<b>\$112.4</b>	<b>\$0.0</b>	<b>\$112.4</b>
Percent of Net Sales	3.8%							3.7%		3.7%

# Full Year 2013 Profit & Loss Statement

## Reconciliation GAAP to non-GAAP (\$ Millions)

	2013 (GAAP)	Restructuring	FCPA settlement	Securities class action settlement	Legal, indem. & prof. fees	Executive severance	Brazil impairment	Pension	Brazil Indirect Tax	Other non-routine inc/exp	Tax exp. on foreign cash repatriation	2013 (non-GAAP)	Valuation Allowance	Adjusted 2013 (non-GAAP)
Total Revenue	\$2,857.5	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$2,857.5	\$0.0	\$2,857.5
Total Gross Profit	\$640.4	\$28.4	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.8	\$1.1	\$0.0	\$670.6	\$0.0	\$670.6
Percent of Net Sales	22.4%											23.5%		23.5%
<b>Operating Expenses</b>														
Selling, G & A	\$596.7	(\$22.6)	(\$28.0)	(\$17.2)	(\$5.1)	(\$9.3)	\$0.0	(\$67.6)	\$0.0	(\$1.5)	\$0.0	\$445.4	\$0.0	\$445.4
R, D & E	\$92.3	(\$6.1)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$86.2	\$0.0	\$86.2
(Gain)/Loss on Assets	(\$2.4)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$2.1	\$0.0	(\$0.3)	\$0.0	(\$0.3)
Impairment of Assets	\$72.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	(\$70.0)	\$0.0	\$0.0	(\$1.4)	\$0.0	\$0.6	\$0.0	\$0.6
Total Operating Expense	\$758.6	(\$28.7)	(\$28.0)	(\$17.2)	(\$5.1)	(\$9.3)	(\$70.0)	(\$67.6)	\$0.0	(\$0.8)	\$0.0	\$531.9	\$0.0	\$531.9
Percent of Net Sales	26.5%											18.6%		18.6%
Total Operating Profit	(\$118.3)	\$57.0	\$28.0	\$17.2	\$5.1	\$9.3	\$70.0	\$67.6	\$0.8	\$1.9	\$0.0	\$138.7	\$0.0	\$138.7
Percent of Net Sales	-4.1%											4.9%		4.9%
Other income/(expense)	(\$1.5)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	(\$1.5)	\$0.0	(\$1.5)
Inc from Cont Ops before Tax	(\$119.8)	\$57.0	\$28.0	\$17.2	\$5.1	\$9.3	\$70.0	\$67.6	\$0.8	\$1.9	\$0.0	\$137.2	\$0.0	\$137.2
Percent of Net Sales	-4.2%											4.8%		4.8%
Income Taxes	(\$56.7)	(\$19.3)	(\$4.7)	(\$6.3)	(\$1.8)	(\$3.4)	(\$15.7)	(\$24.6)	\$0.0	(\$0.1)	\$48.8	(\$84.0)	\$39.1	(\$44.9)
Income from Cont Ops	(\$176.5)	\$37.7	\$23.3	\$11.0	\$3.3	\$5.9	\$54.3	\$43.0	\$0.8	\$1.8	\$48.8	\$53.1	\$39.1	\$92.3
Percent of Net Sales	-6.2%											1.9%		3.2%
Noncontrol Interest - Net Tax	(\$5.1)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	(\$5.1)	\$0.0	(\$5.1)
Inc from Cont Ops - Net Tax	(\$181.6)	\$37.7	\$23.3	\$11.0	\$3.3	\$5.9	\$54.3	\$43.0	\$0.8	\$1.8	\$48.8	\$48.0	\$39.1	\$87.2
Loss from Disc Ops - Net Tax	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Net Income	(\$181.6)	\$37.7	\$23.3	\$11.0	\$3.3	\$5.9	\$54.3	\$43.0	\$0.8	\$1.8	\$48.8	\$48.0	\$39.1	\$87.2
Percent of Net Sales	-6.4%											1.7%		3.1%

# Full Year 2014 Product & Service Gross Profit

Reconciliation GAAP to non-GAAP (\$ Millions)

	2014 (GAAP)	Restructuring	Brazil Indirect Tax	Other non-routine inc/exp	2014 (non-GAAP)
Service Revenue	\$1,637.6	\$0.0	\$0.0	\$0.0	\$1,637.6
Product Revenue	\$1,413.4	\$0.0	\$0.0	\$0.0	\$1,413.4
Total Revenue	\$3,051.1	\$0.0	\$0.0	\$0.0	\$3,051.1
Service Gross Profit	\$490.3	\$1.4	\$0.0	\$0.0	\$491.7
Percent of Net Sales	29.9%				30.0%
Product Gross Profit	\$289.1	\$0.6	(\$5.8)	\$0.0	\$283.9
Percent of Net Sales	20.5%				20.1%
<b>Total Gross Profit</b>	<b>\$779.4</b>	<b>\$2.0</b>	<b>(\$5.8)</b>	<b>\$0.0</b>	<b>\$775.5</b>
Percent of Net Sales	25.5%				25.4%

# Full Year 2013 Product & Service Gross Profit

Reconciliation GAAP to non-GAAP (\$ Millions)

	2013 (GAAP)	Restructuring	Brazil Indirect Tax	Other non-routine inc/exp	2013 (non-GAAP)
Service Revenue	\$1,637.1	\$0.0	\$0.0	\$0.0	\$1,637.1
Product Revenue	\$1,220.4	\$0.0	\$0.0	\$0.0	\$1,220.4
Total Revenue	\$2,857.5	\$0.0	\$0.0	\$0.0	\$2,857.5
Service Gross Profit	\$414.4	\$27.1	\$0.0	\$1.1	\$442.6
Percent of Net Sales	25.3%				27.0%
Product Gross Profit	\$226.0	\$1.3	\$0.8	\$0.0	\$228.1
Percent of Net Sales	18.5%				18.7%
<b>Total Gross Profit</b>	<b>\$640.4</b>	<b>\$28.4</b>	<b>\$0.8</b>	<b>\$1.1</b>	<b>\$670.6</b>
Percent of Net Sales	22.4%				23.5%



# Free Cash Flow Reconciliation

(\$ Millions)

	<u>Q4 '13</u>	<u>Q4 '14</u>	<u>FY' 13</u>	<u>FY' 14</u>
Net cash provided by (used in) operating activities	\$183.3	\$297.6	\$124.2	\$186.9
Capital expenditures	(\$9.8)	(\$27.9)	(\$35.4)	(\$61.4)
Free cash flow (use) (non-GAAP measure)	\$173.5	\$269.7	\$88.8	\$125.5

# 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