



# Investment Community Conference Call

Third Quarter Earnings Results  
October 29, 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:

- the Company’s ability to successfully enter into a definitive agreement for the purchase of Wincor-Nixdorf and its ability to consummate such purchase including obtaining the necessary financing and satisfying closing conditions;
- the Company’s ability to complete its sale of its NA electronic security business and to realize any of the contingent purchase price consideration related thereto;
- the success of the Company’s strategic business alliance with Securitas AB;
- 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

# Third Quarter Highlights

- Fully arrived in “Walk” phase of Diebold 2.0 transformation
- Announced an agreement to divest Electronic Security business in North America in a transaction valued at approximately \$350 million
- Collaborative innovation with Citigroup to pilot iris-scanning ATM concept
  - Link to story: <http://www.nbcnews.com/tech/innovation/no-bank-card-required-citigroup-testing-eye-scanning-atm-n451661>
- Narrowing the focus of the Brazil other business
- Non-GAAP EPS of \$0.36
- Narrowing non-GAAP earnings guidance to \$1.75 to \$1.85 for 2015

# Industry Trends by Region

## North America:

- Total orders increased 4%
  - FSS increased 4%
  - Security increased 5%
- Signed a multi-year contract to service more than 6,000 non-Diebold ATMs
- Branch automation is taking hold across financial institutions of all sizes

## EMEA:

- Total orders increased more than 20% with strength across the region
- Secured order from Riyadh Bank in Saudi Arabia for Diebold's new 5500 series ATMs



## Latin America:

- Total FSS orders increased more than 20%
- Continued strength in Mexico
- Secured a new contract with the 2nd largest private bank in Brazil

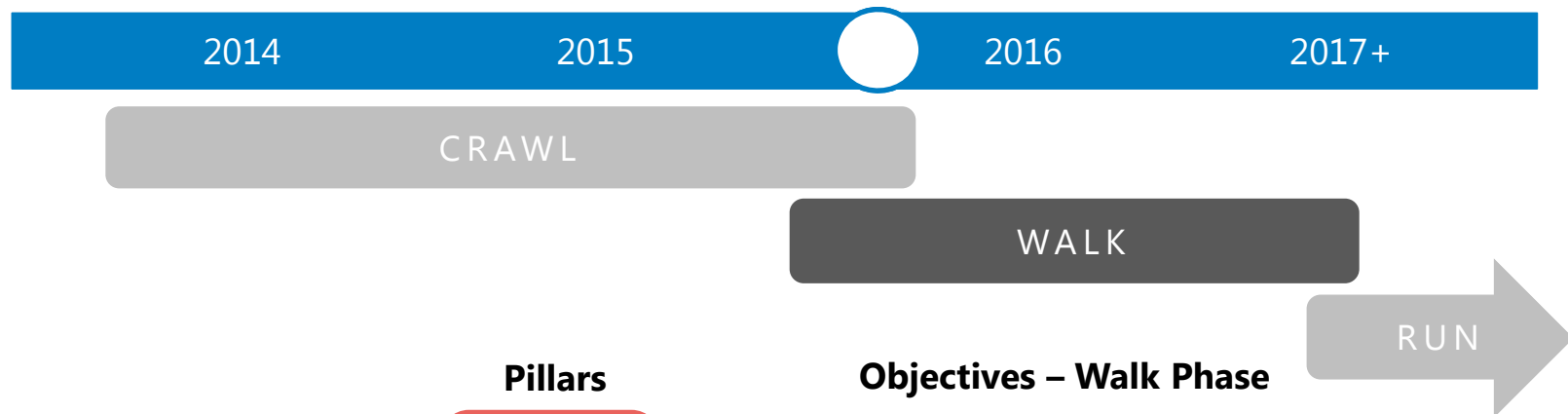
## Asia-Pacific:

- Total orders decreased over 30%, impacted by "buy local" initiative in China
- Growth in services helping to offset product decline in China

Note: Total orders include both product order entry and service revenue in constant currency

# Diebold 2.0 Transformation

## Walk phase objectives



### Pillars



### Objectives – Walk Phase

1. Continue to build on accomplishments – cost, cash, talent and growth
2. Greater emphasis on improving revenue mix and top line growth in services and software
3. Grow managed, multi-vendor and professional services
4. Leverage Phoenix to grow share in software market
5. Increase IP, invest in R&D and services, collaborate with customers and shape business portfolio

# Financial Overview



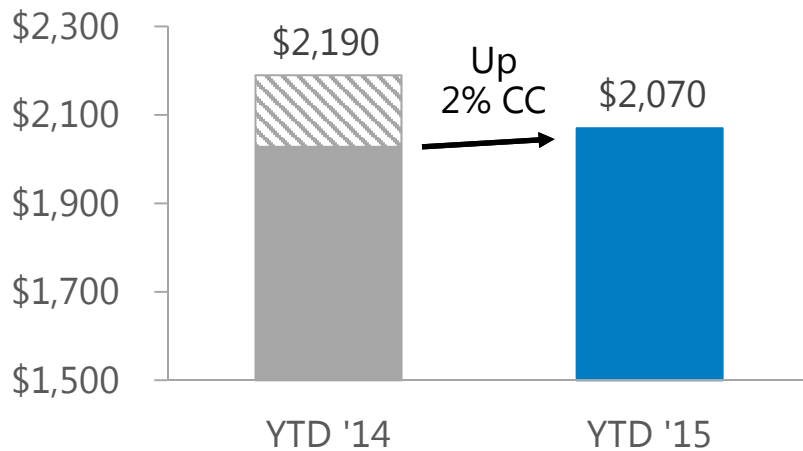
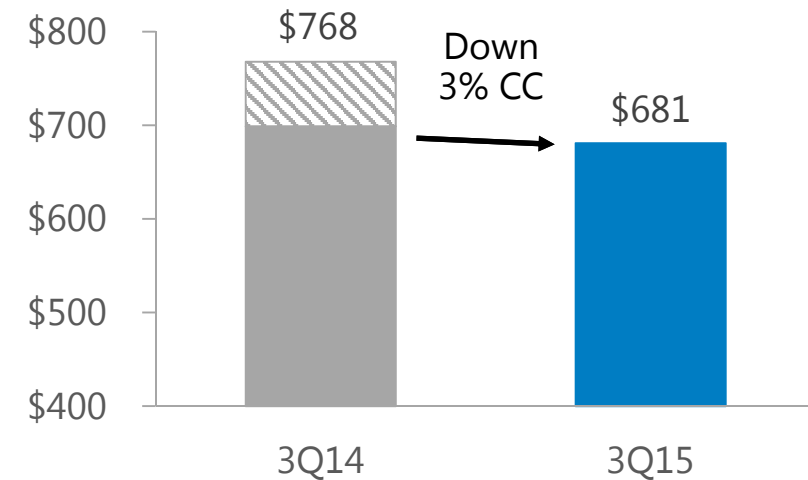
Chris Chapman


Senior Vice President and Chief Financial Officer



# Total Revenue

2014 vs. 2015 (\$ Millions)



 FX Impact

## Q3 Summary:

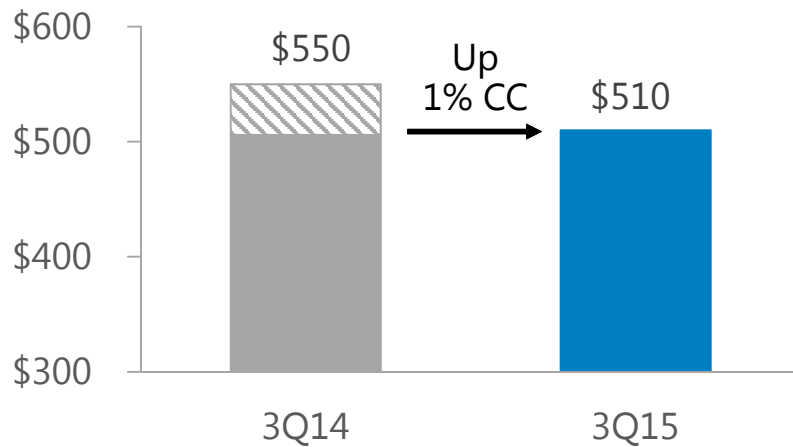
- Down 11%, down 3% constant currency (CC)
- In constant currency,
  - Service revenue increased 4%
  - Product revenue decreased 11%

## YTD Summary:

- Down 5%, up 2% constant currency
- In constant currency,
  - Service revenue increased 5%
  - Product revenue decreased 2%, inclusive of \$113M decline in 'Brazil other' revenue
- Negative currency impact mainly due to the Brazil real and the euro

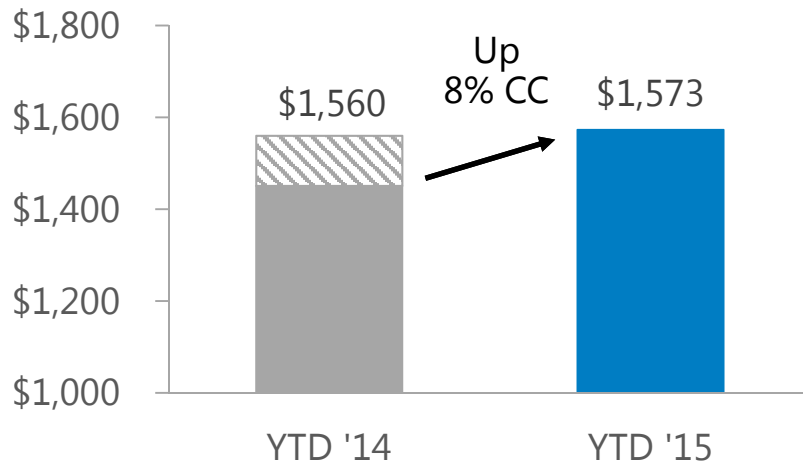
# Financial Self-Service Revenue

2014 vs. 2015 (\$ Millions)




## Q3 Summary:

- Down 7%, up 1% in constant currency
- In constant currency,
  - Service revenue increased 2%
  - Product revenue decreased 1%



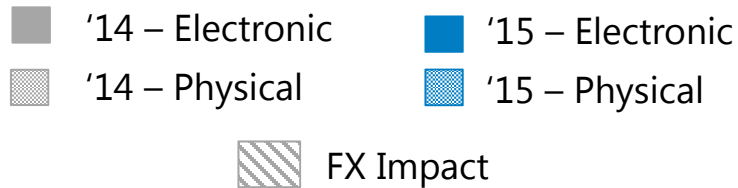
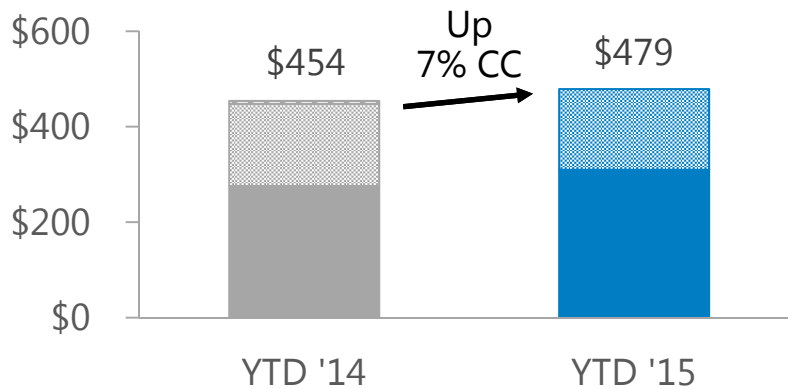
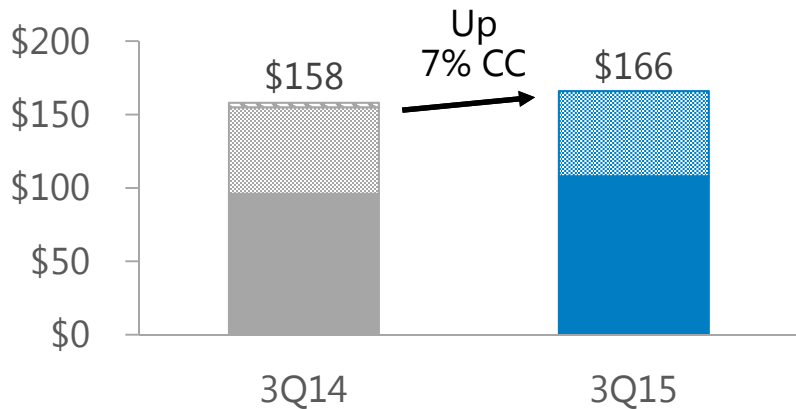
## YTD Summary:

- Up 1%, up 8% in constant currency
- In constant currency,
  - Service revenue increased 5%
  - Product revenue increased 13%

 FX Impact

# Security Revenue

2014 vs. 2015 (\$ Millions)



## Q3 Summary:

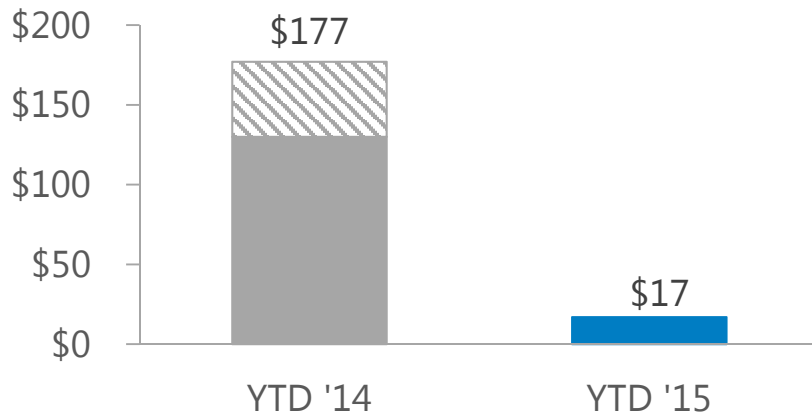
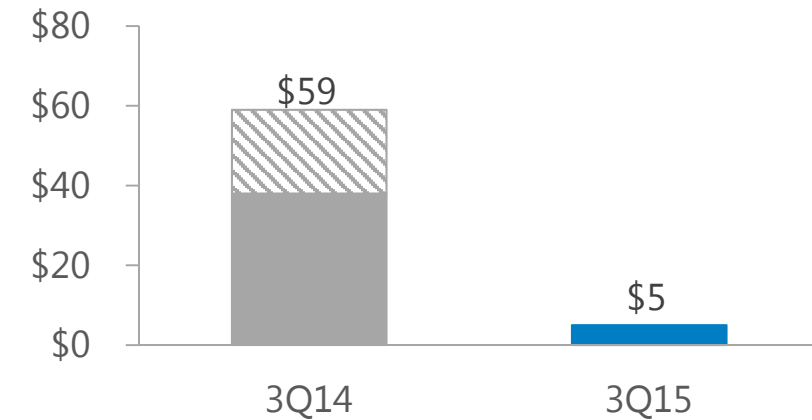
- Up 5%, up 7% in constant currency
- In constant currency,
  - Electronic security up 12%
  - Physical security down 1%


## YTD Summary:

- Up 6%, up 7% in constant currency
- In constant currency,
  - Electronic security up 12%
  - Physical security down 2%

# Brazil Other Revenue\*

2014 vs. 2015 (\$ Millions)



 FX Impact

\* Includes election systems, lottery, and IT-related equipment

## Q3 Summary:

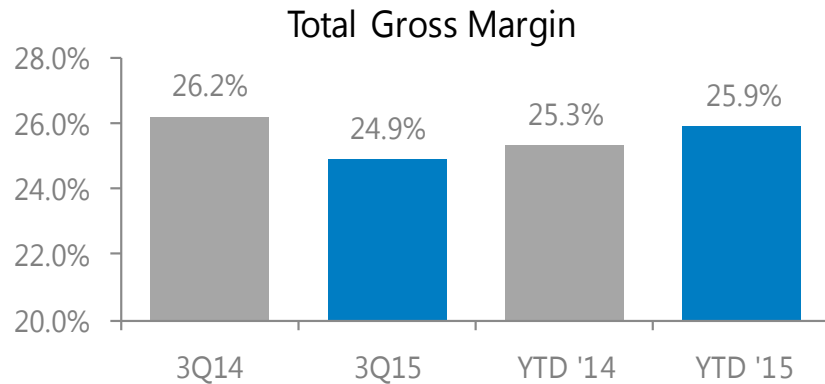
- Decreased \$54M, or 91%
- Down 86% in constant currency

## YTD Summary:

- Decreased \$160M, or 90%
- Down 87% in constant currency
- A confluence of items contributing to year-over-year decrease:
  - Large, non-recurring IT equipment delivery to Brazilian education ministry in 2014
  - Lower lottery volume
  - Unfavorable currency impact

# Gross Margins – non-GAAP\*

2014 vs. 2015 (\$ Millions)



## Q3 Total Gross Margin:

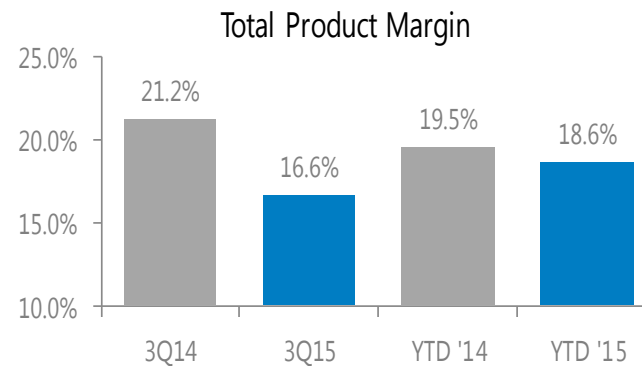
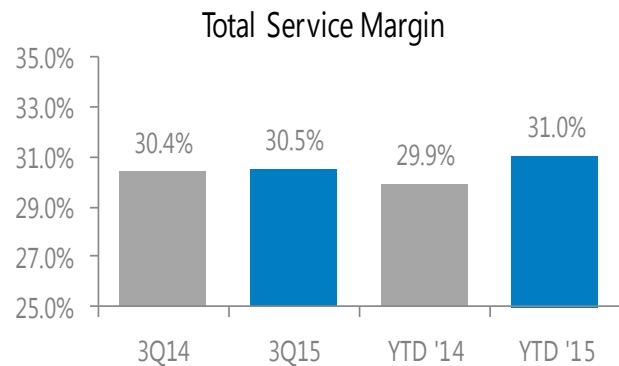
- Down 130 basis points

## Q3 Service Gross Margin:

- Up 10 basis points

## Q3 Product Gross Margin:

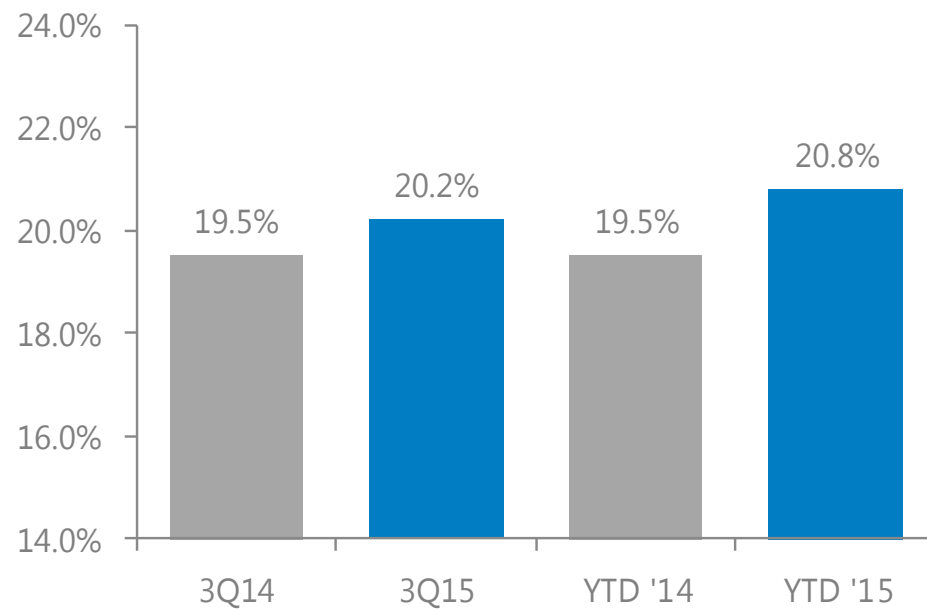
- Down 460 basis points



\* 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)



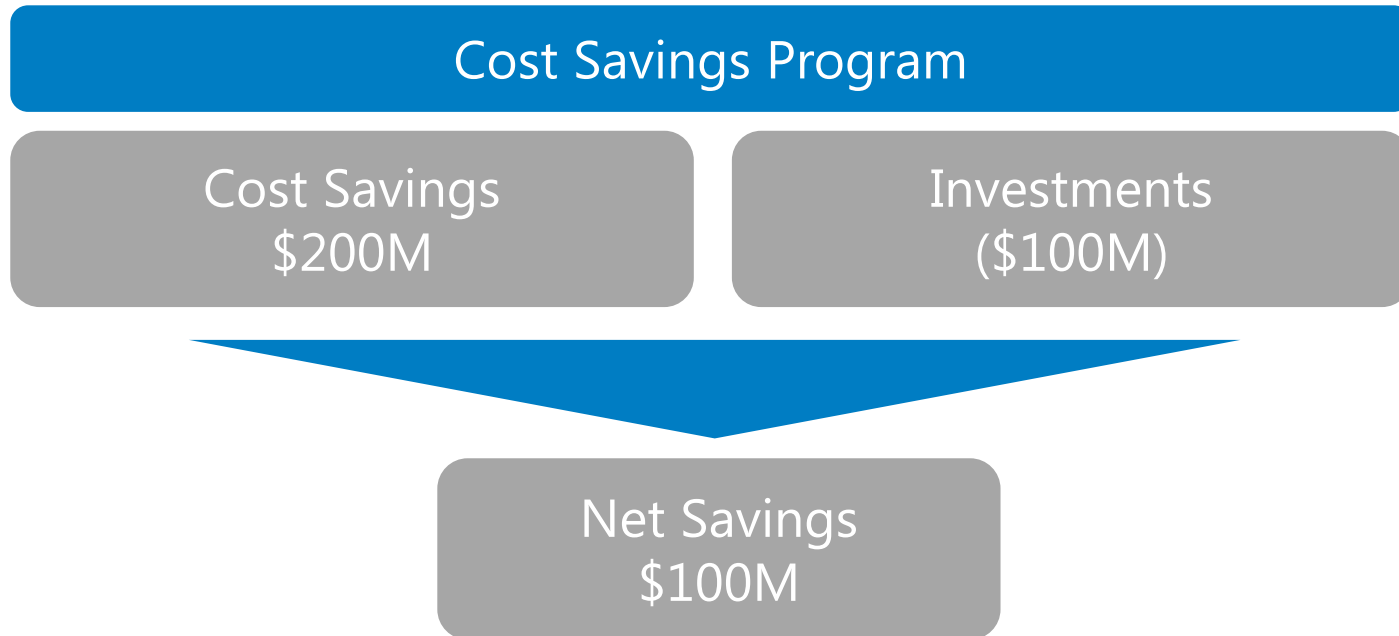
## Q3 Operating Expense Summary:

- Down \$12.0M, or up 0.7 percentage points as a percentage of revenue
- Benefit from lower level of reinvestment

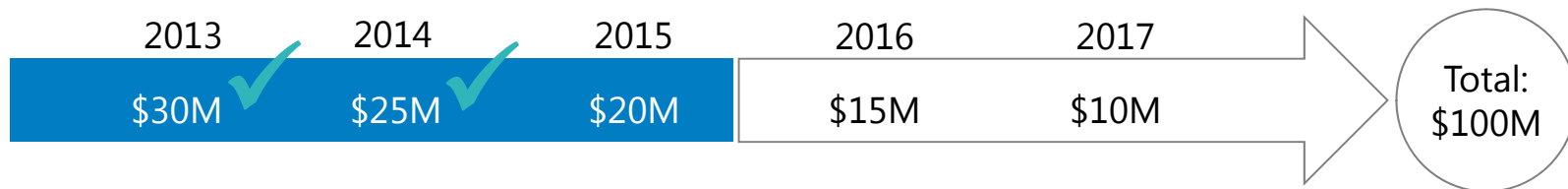
\* See reconciliation of GAAP to non-GAAP measures at the end of this presentation

# Cost Structure Improvements

Cost Reduction Target of \$200M through 2017

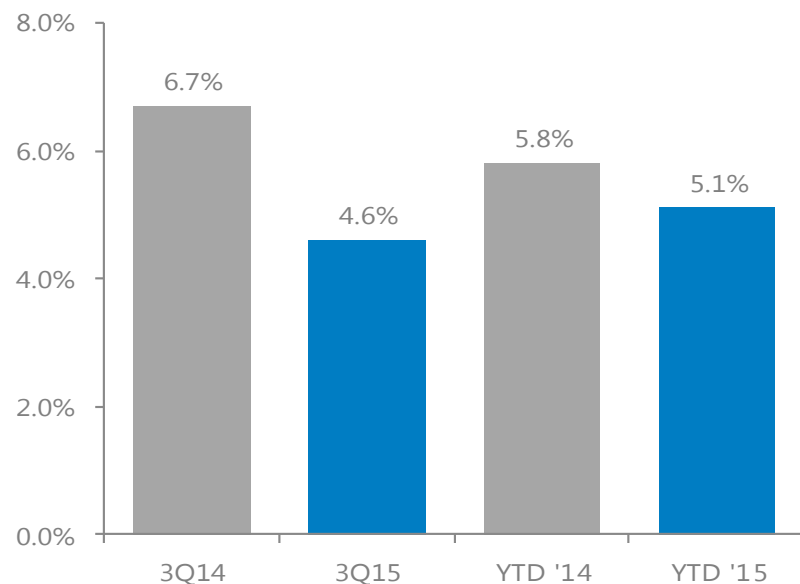


Net Savings Progression – 50% of Total Cost Savings



# Operating Profit and Margins – non-GAAP\*

2014 vs. 2015 (\$ Millions)



## Q3 Operating Profit:

- Operating profit down 38% as reported
- Impacted by lower volume in China and Brazil, the cancelled IT equipment projects in Brazil other and F/X headwinds

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

Quarter	3Q14	3Q15
Total Revenue	\$768.0	\$680.9
<b>Total Gross Profit</b>	<b>\$201.1</b>	<b>\$169.4</b>
Gross Margin	26.2%	24.9%
<b>Operating Expenses</b>		
Selling, G&A	\$125.3	\$117.7
R, D&E	24.5	20.1
Total Operating Expenses	\$149.8	\$137.8
Percent of Revenue	19.5%	20.2%
<b>Total Operating Profit</b>	<b>\$51.3</b>	<b>\$31.6</b>
Operating Margin	6.7%	4.6%

Year-to-date	YTD '14	YTD '15
Total Revenue	\$2,189.8	\$2,069.8
<b>Total Gross Profit</b>	<b>\$552.9</b>	<b>\$535.1</b>
Gross Margin	25.3%	25.9%
<b>Operating Expenses</b>		
Selling, G&A	\$360.2	\$364.3
R, D&E	66.2	65.7
Total Operating Expenses	\$426.4	\$430.0
Percent of Revenue	19.5%	20.8%
<b>Total Operating Profit</b>	<b>\$126.5</b>	<b>\$105.1</b>
Operating Margin	5.8%	5.1%



# Segment Reporting – non-GAAP

## Operating Profit by Reporting Segment (\$ Millions)

	<u>3Q14</u>	<u>3Q15</u>	<u>\$ Var</u>	<u>% Var</u>	<u>YTD '14</u>	<u>YTD '15</u>	<u>\$ Var</u>	<u>% Var</u>
North America	\$71.2	\$66.7	\$(4.5)	(6)%	\$202.7	\$208.1	5.4	3%
Asia Pacific	20.8	14.2	(6.6)	(32)%	50.9	46.7	(4.2)	(8)%
EMEA	14.4	11.1	(3.3)	(23)%	47.6	37.6	(10.0)	(21)%
Latin America	18.7	4.8	(13.9)	(74)%	38.9	21.1	(17.8)	(46)%
<b>Total segment operating profit</b>	<b>\$125.1</b>	<b>\$96.8</b>	<b>\$(28.3)</b>	<b>(23)%</b>	<b>\$340.1</b>	<b>\$313.5</b>	<b>\$(26.6)</b>	<b>(8)%</b>
Global/Corporate charges not allocated to segments*	(73.8)	(65.2)	8.6	12%	(213.6)	(208.4)	5.2	2%
<b>Total non-GAAP operating profit</b>	<b>\$51.3</b>	<b>\$31.6</b>	<b>\$(19.7)</b>	<b>(38)%</b>	<b>\$126.5</b>	<b>\$105.1</b>	<b>\$21.4</b>	<b>(17)%</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

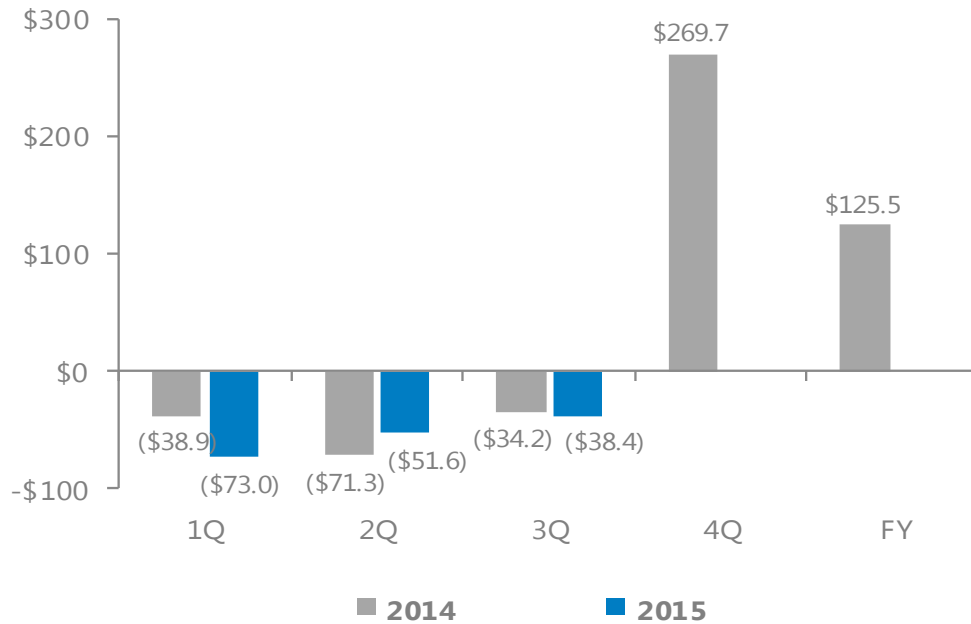
# EPS Reconciliation

	<u>3Q14</u>	<u>3Q15</u>	<u>YTD '14</u>	<u>YTD '15</u>
<b>EPS (GAAP)</b>	<b>\$0.51</b>	<b>\$0.33</b>	<b>\$1.30</b>	<b>\$0.63</b>
<b>Restructuring charges</b>	<b>0.01</b>	<b>0.08</b>	<b>0.07</b>	<b>0.21</b>
Non-routine (income)/expense:				
Software impairment	--	--	--	0.09
Venezuela divestiture	--	--	--	0.07
Venezuela devaluation	--	--	--	0.07
Legal, indemnification and professional fees	0.03	0.02	0.05	0.10
Gain on sale of Eras	--	--	(0.19)	--
Acquisition/divestiture fees	--	0.03	--	0.03
Brazil indirect tax	--	--	--	0.01
Other (inclusive of allocation of discrete tax items)	(0.01)	(0.10)	0.02	(0.12)
<b>Total non-routine (income)/expense</b>	<b>0.02</b>	<b>(0.05)</b>	<b>(0.12)</b>	<b>0.25</b>
<b>Total adjusted EPS (non-GAAP )</b>	<b>\$0.54</b>	<b>\$0.36</b>	<b>\$1.25</b>	<b>\$1.09</b>
Tax rate (non-GAAP)	29.4%	13.4%	32.8%	23.2%

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)



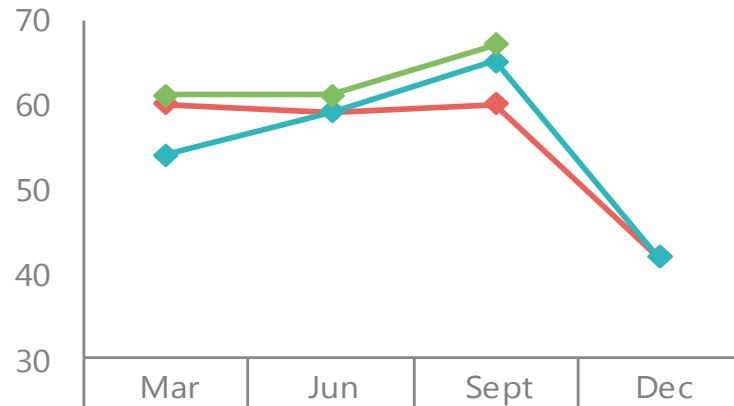
## Q3 Free Cash Flow (Use):

- Cash use increased \$4.2M

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

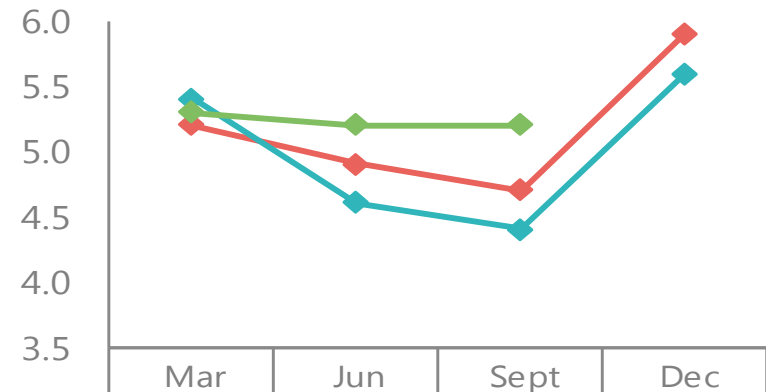
# Working Capital

## Days Sales Outstanding



	Mar	Jun	Sept	Dec
2013	60	59	60	42
2014	54	59	65	42
2015	61	61	67	

## Inventory Turns

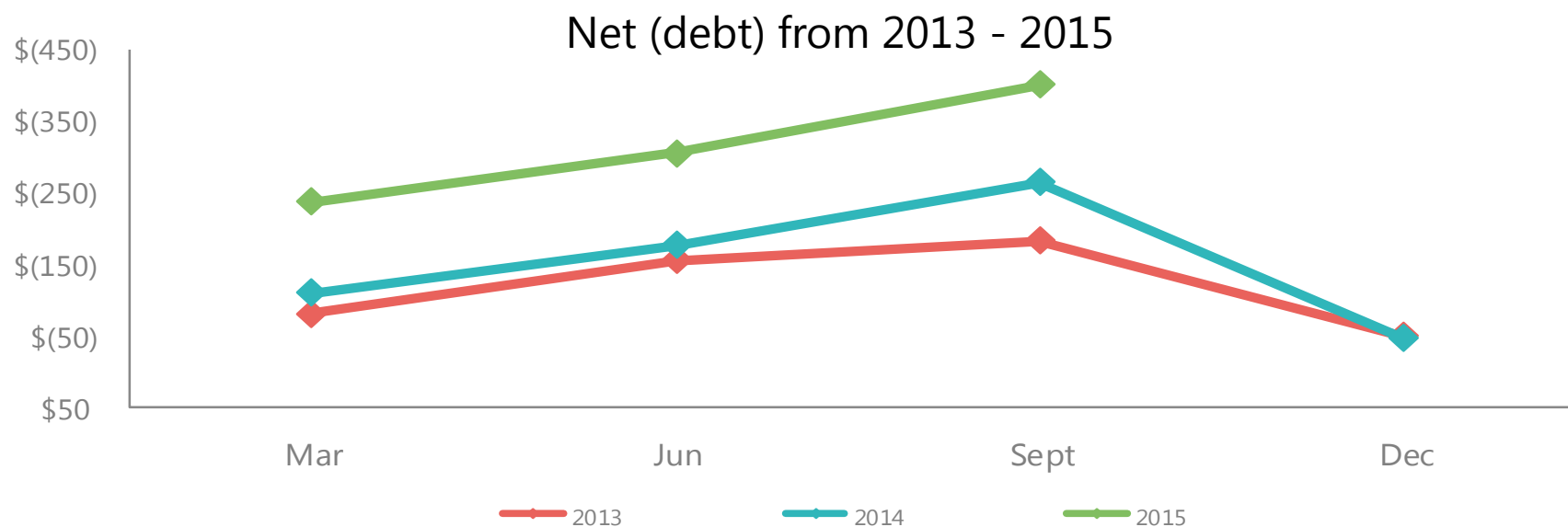


	Mar	Jun	Sept	Dec
2013	5.2	4.9	4.7	5.9
2014	5.4	4.6	4.4	5.6
2015	5.3	5.2	5.2	

# Liquidity & Net Debt

(\$ Millions)

	Sep. 30, 2014	Dec. 31, 2014	Sep. 30, 2015
Cash, cash equivalents and other investments (GAAP measure)	\$374.2	\$458.7	\$297.7
Debt Instruments	(638.7)	(505.4)	(699.2)
<b>Net (debt) (non-GAAP measure)</b>	<b>(\$264.5)</b>	<b>(\$46.7)</b>	<b>(\$401.5)</b>
Net debt to capital* ratio	21%	5%	36%



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

# 2015 Outlook

Revenue	Previous	Current
<b>Total revenue</b>	<b>~(5%) to (6%)</b>	<b>~(7%) to (8%)</b>
FSS	up ~1% to 3%	~(1%)
Security	~Flat	~2%
Brazil other	~\$20M	~\$20M
<b>Earnings per share</b>		
2015 EPS (GAAP)	\$1.09 – \$1.33	\$1.03 – \$1.16
Restructuring charges & non-routine expense	\$0.61 - \$0.57	\$0.72 - \$0.69
<b>2015 EPS (non-GAAP)</b>	<b>\$1.70 - \$1.90</b>	<b>\$1.75 - \$1.85</b>
<b>Tax rate</b>		
Non-GAAP effective tax rate	~30%	~21%
<b>Free cash flow</b>		
Total free cash flow	~\$120M	~\$100M

# Thank You





## Supplemental Schedules



# Q3 2015 Profit & Loss Statement

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

	2015 (GAAP)	Restructuring	Venezuela Divestiture	Legal, indem. & prof. fees	Acquisition / divestiture fees	Brazil Indirect Tax	Other non-routine inc/exp	2015 (non-GAAP)
Total Revenue	\$680.9	\$—	\$—	\$—	\$—	\$—	\$—	\$680.9
<b>Total Gross Profit</b>	<b>\$167.3</b>	<b>\$1.8</b>	<b>\$—</b>	<b>\$—</b>	<b>\$—</b>	<b>\$0.3</b>	<b>\$—</b>	<b>\$169.4</b>
Percent of Net Sales	24.6%							24.9%
<b>Operating Expenses</b>								
Selling, G & A	\$127.6	\$(5.8)	\$0.5	\$(1.9)	\$(2.6)	\$—	\$—	\$117.6
R, D & E	\$20.0	\$—	\$—	\$—	\$—	\$—	\$—	\$20.1
(Gain)/Loss on Assets	\$0.1	\$—	\$—	\$—	\$—	\$—	\$—	\$0.1
Impairment of Assets	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$—
Total Operating Expense	\$147.7	\$(5.8)	\$0.5	\$(1.9)	\$(2.6)	\$—	\$—	\$137.8
Percent of Net Sales	21.7%							20.2%
<b>Operating Profit</b>	<b>\$19.6</b>	<b>\$7.6</b>	<b>\$(0.5)</b>	<b>\$1.9</b>	<b>\$2.6</b>	<b>\$0.3</b>	<b>\$—</b>	<b>\$31.6</b>
Percent of Net Sales	2.9%							4.6%
Other income/(expense)	\$(2.6)	\$—	\$—	\$—	\$—	\$—	\$—	\$(2.7)
Inc from Cont Ops before Tax	\$17.0	\$7.6	\$(0.5)	\$1.9	\$2.6	\$0.3	\$—	\$28.9
Percent of Net Sales	2.5%							4.2%
Income Taxes	\$5.9	\$(2.7)	\$0.1	\$(0.7)	\$(0.9)	\$(0.1)	\$(5.7)	\$(4.0)
<b>Income from Cont Ops</b>	<b>\$22.9</b>	<b>\$5.0</b>	<b>\$(0.3)</b>	<b>\$1.2</b>	<b>\$1.7</b>	<b>\$0.2</b>	<b>\$(5.7)</b>	<b>\$24.9</b>
Percent of Net Sales	3.4%							3.7%
Noncontrol Interest - Net Tax	\$(1.2)	\$—	\$—	\$—	\$—	\$—	\$—	\$(1.2)
<b>Inc from Cont Ops - Net Tax</b>	<b>\$21.7</b>	<b>\$5.0</b>	<b>\$(0.3)</b>	<b>\$1.2</b>	<b>\$1.7</b>	<b>\$0.2</b>	<b>\$(5.7)</b>	<b>\$23.7</b>
Loss from Disc Ops - Net Tax	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$—
Net Income	\$21.7	\$5.0	\$(0.3)	\$1.2	\$1.7	\$0.2	\$(5.7)	\$23.7
Percent of Net Sales	3.2%							3.5%

# Q3 2014 Profit & Loss Statement

Reconciliation GAAP to non-GAAP (\$ Millions)

	2014 (GAAP)	Restructuring	Legal, indem. & prof. fees	Gain on sale of Eras	Other non-routine inc/exp	Tax exp. on foreign cash repatriation	2014 (non-GAAP)
Total Revenue	\$768.0	\$—	\$—	\$—	\$—	\$—	\$768.0
<b>Total Gross Profit</b>	<b>\$200.6</b>	<b>\$0.5</b>	<b>\$—</b>	<b>\$—</b>	<b>\$—</b>	<b>\$—</b>	<b>\$201.1</b>
Percent of Net Sales	26.1%						26.2%
<b>Operating Expenses</b>							
Selling, G & A	\$129.9	\$(0.4)	\$(3.5)	\$—	\$—	\$—	\$125.9
R, D & E	\$24.5	\$—	\$—	\$—	\$—	\$—	\$24.5
(Gain)/Loss on Assets	\$(0.5)	\$—	\$—	\$—	\$—	\$—	\$(0.6)
Impairment of Assets	\$—	\$—	\$—	\$—	\$—	\$—	\$—
Total Operating Expense	\$153.9	\$(0.4)	\$(3.5)	\$—	\$—	\$—	\$149.8
Percent of Net Sales	20.0%						19.5%
<b>Total Operating Profit</b>	<b>\$46.7</b>	<b>\$0.9</b>	<b>\$3.5</b>	<b>\$—</b>	<b>\$—</b>	<b>\$—</b>	<b>\$51.3</b>
Percent of Net Sales	6.1%						6.7%
Other income/(expense)	\$1.1	\$—	\$—	\$—	\$—	\$—	\$1.1
Inc from Cont Ops before Tax	\$47.8	\$0.9	\$3.5	\$—	\$—	\$—	\$52.4
Percent of Net Sales	6.2%						6.8%
Income Taxes	\$(12.8)	\$(0.4)	\$(1.3)	\$0.1	\$—	\$(0.7)	\$(15.3)
<b>Income from Cont Ops</b>	<b>\$35.0</b>	<b>\$0.6</b>	<b>\$2.2</b>	<b>\$0.1</b>	<b>\$—</b>	<b>\$(0.7)</b>	<b>\$37.1</b>
Percent of Net Sales	4.6%						4.8%
Noncontrol Interest - Net Tax	\$(1.9)	\$—	\$—	\$—	\$—	\$—	\$(1.9)
<b>Inc from Cont Ops - Net Tax</b>	<b>\$33.1</b>	<b>\$0.6</b>	<b>\$2.2</b>	<b>\$0.1</b>	<b>\$—</b>	<b>\$(0.7)</b>	<b>\$35.2</b>
Loss from Disc Ops - Net Tax	\$—	\$—	\$—	\$—	\$—	\$—	\$—
Net Income	\$33.1	\$0.6	\$2.2	\$0.1	\$—	\$(0.7)	\$35.2
Percent of Net Sales	4.3%						4.6%

# Q3 2015 Product & Service Gross Profit

Reconciliation GAAP to non-GAAP (\$ Millions)

	2015 (GAAP)	Restructuring	Brazil Indirect Tax	2015 (non-GAAP)
Service Revenue	\$404.4	—	—	\$404.4
Product Revenue	\$276.5	—	—	\$276.5
Total Revenue	\$680.9	—	—	\$680.9
Service Gross Profit	\$121.9	\$1.7	—	\$123.5
Percent of Net Sales	30.1%			30.5%
Product Gross Profit	\$45.4	\$0.1	\$0.3	\$45.9
Percent of Net Sales	16.4%			16.6%
<b>Total Gross Profit</b>	<b>\$167.3</b>	<b>\$1.8</b>	<b>\$0.3</b>	<b>\$169.4</b>
Percent on Net Sales	24.6%			24.9%

## Q3 2014 Product & Service Gross Profit

Reconciliation GAAP to non-GAAP (\$ Millions)

	2014 (GAAP)	Restructuring	Brazil Indirect Tax	2014 (non-GAAP)
Service Revenue	\$416.5	—	—	\$416.5
Product Revenue	\$351.5	—	—	\$351.5
Total Revenue	\$768.0	—	—	\$768.0
Service Gross Profit	\$126.2	\$0.5	—	\$126.7
Percent of Net Sales	30.3%			30.4%
Product Gross Profit	\$74.4	—	—	\$74.4
Percent of Net Sales	21.2%			21.2%
<b>Total Gross Profit</b>	<b>\$200.6</b>	<b>\$0.5</b>	<b>—</b>	<b>\$201.1</b>
Percent on Net Sales	26.1%			26.2%

# YTD 2015 Profit & Loss Statement

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

	2015 (GAAP)	Restructuring	Software Impairment	Venezuela Divestiture	Venezuela Devaluation	Legal, indem. & prof. fees	Acquis. / divest. fees	Brazil Indirect Tax	Other non- routine inc/exp	2015 (non- GAAP)
Total Revenue	\$2,069.8	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$2,069.8
<b>Total Gross Profit</b>	<b>\$530.1</b>	<b>\$4.2</b>	<b>\$—</b>	<b>\$—</b>	<b>\$—</b>	<b>\$—</b>	<b>\$—</b>	<b>\$0.8</b>	<b>\$—</b>	<b>\$535.1</b>
Percent of Net Sales	25.6%									25.9%
<b>Operating Expenses</b>										
Selling, G & A	\$392.5	\$(13.1)	\$—	\$(0.3)	\$—	\$(10.6)	\$(2.6)	\$—	\$—	\$365.7
R, D & E	\$66.2	\$(0.6)	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$65.7
(Gain)/Loss on Assets	\$(1.4)	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$(1.4)
Impairment of Assets	\$18.9	\$—	\$(9.1)	\$(9.3)	\$—	\$—	\$—	\$—	\$(0.5)	\$—
<b>Total Operating Expense</b>	<b>\$476.2</b>	<b>\$(13.7)</b>	<b>\$(9.1)</b>	<b>\$(9.7)</b>	<b>\$—</b>	<b>\$(10.6)</b>	<b>\$(2.6)</b>	<b>\$—</b>	<b>\$(0.5)</b>	<b>\$430.0</b>
Percent of Net Sales	23.0%									20.8%
<b>Total Operating Profit</b>	<b>\$53.9</b>	<b>\$17.9</b>	<b>\$9.1</b>	<b>\$9.7</b>	<b>\$—</b>	<b>\$10.6</b>	<b>\$2.6</b>	<b>\$0.8</b>	<b>\$0.5</b>	<b>\$105.1</b>
Percent of Net Sales	2.6%									5.1%
Other income/(expense)	\$(14.4)	\$—	\$—	\$—	\$7.5	\$—	\$—	\$—	\$—	\$(6.9)
Inc from Cont Ops before	\$39.5	\$17.9	\$9.1	\$9.7	\$7.5	\$10.6	\$2.6	\$0.8	\$0.5	\$98.2
Percent of Net Sales	1.9%									4.7%
Income Taxes	\$1.7	\$(4.3)	\$(3.4)	\$(2.3)	\$(1.7)	\$(4.0)	\$(0.9)	\$(0.3)	\$(7.7)	\$(22.9)
<b>Income from Cont Ops</b>	<b>\$41.2</b>	<b>\$13.6</b>	<b>\$5.7</b>	<b>\$7.4</b>	<b>\$5.8</b>	<b>\$6.5</b>	<b>\$1.7</b>	<b>\$0.6</b>	<b>\$(7.2)</b>	<b>\$75.3</b>
Percent of Net Sales	2.0%									3.6%
Noncontrol Interest - Net	\$(0.1)	\$—	\$—	\$(2.7)	\$(1.1)	\$—	\$—	\$—	\$—	\$(3.7)
<b>Inc from Cont Ops - Net</b>	<b>\$41.1</b>	<b>\$13.6</b>	<b>\$5.7</b>	<b>\$4.7</b>	<b>\$4.7</b>	<b>\$6.5</b>	<b>\$1.7</b>	<b>\$0.6</b>	<b>\$(7.2)</b>	<b>\$71.6</b>
Loss from Disc Ops - Net	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$—
<b>Net Income</b>	<b>\$41.1</b>	<b>\$13.6</b>	<b>\$5.7</b>	<b>\$4.7</b>	<b>\$4.7</b>	<b>\$6.5</b>	<b>\$1.7</b>	<b>\$0.6</b>	<b>\$(7.2)</b>	<b>\$71.6</b>
Percent of Net Sales	2.0%									3.5%

# YTD 2014 Profit & Loss Statement

Reconciliation GAAP to non-GAAP (\$ Millions)

	2014 (GAAP)	Restructuring	Legal, indem. & prof. fees	Gain on sale of Eras	Other non-routine inc/exp	Tax exp. on foreign cash repatriation	2014 (non-GAAP)
Total Revenue	\$2,189.8	\$—	\$—	\$—	\$—	\$—	\$2,189.8
<b>Total Gross Profit</b>	<b>\$551.5</b>	<b>\$1.4</b>	<b>\$—</b>	<b>\$—</b>	<b>\$—</b>	<b>\$—</b>	<b>\$552.9</b>
Percent of Net Sales	25.2%						25.3%
<b>Operating Expenses</b>							
Selling, G & A	\$371.2	\$(5.4)	\$(6.2)	\$—	\$—	\$—	\$359.6
R, D & E	\$66.2	\$—	\$—	\$—	\$—	\$—	\$66.2
(Gain)/Loss on Assets	\$(13.1)	\$—	\$—	\$13.7	\$—	\$—	\$0.6
Impairment of Assets	\$—	\$—	\$—	\$—	\$—	\$—	\$—
Total Operating Expense	\$424.3	\$(5.3)	\$(6.2)	\$13.7	\$—	\$—	\$426.4
Percent of Net Sales	19.4%						19.5%
<b>Total Operating Profit</b>	<b>\$127.2</b>	<b>\$6.8</b>	<b>\$6.2</b>	<b>\$(13.7)</b>	<b>\$—</b>	<b>\$—</b>	<b>\$126.5</b>
Percent of Net Sales	5.8%						5.8%
Other income/(expense)	\$(6.5)	\$—	\$—	\$—	\$—	\$—	\$(6.5)
Inc from Cont Ops before Tax	\$120.7	\$6.8	\$6.2	\$(13.7)	\$—	\$—	\$120.0
Percent of Net Sales	5.5%						5.5%
Income Taxes	\$(37.7)	\$(2.2)	\$(2.3)	\$1.0	\$—	\$1.0	\$(40.2)
<b>Income from Cont Ops</b>	<b>\$83.0</b>	<b>\$4.6</b>	<b>\$3.9</b>	<b>\$(12.7)</b>	<b>\$—</b>	<b>\$1.0</b>	<b>\$79.8</b>
Percent of Net Sales	3.8%						3.6%
Noncontrol Interest - Net Tax	\$1.5	\$—	\$—	\$—	\$—	\$—	\$1.5
<b>Inc from Cont Ops - Net Tax</b>	<b>\$84.5</b>	<b>\$4.6</b>	<b>\$3.9</b>	<b>\$(12.7)</b>	<b>\$—</b>	<b>\$1.0</b>	<b>\$81.3</b>
Loss from Disc Ops - Net Tax	\$—	\$—	\$—	\$—	\$—	\$—	\$—
<b>Net Income</b>	<b>\$84.5</b>	<b>\$4.6</b>	<b>\$3.9</b>	<b>\$(12.7)</b>	<b>\$—</b>	<b>\$1.0</b>	<b>\$81.3</b>
Percent of Net Sales	3.9%						3.7%

# YTD 2015 Product & Service Gross Profit

Reconciliation GAAP to non-GAAP (\$ Millions)

	2015 (GAAP)	Restructuring	Brazil Indirect Tax	2015 (non-GAAP)
Service Revenue	\$1,208.5	—	—	\$1,208.5
Product Revenue	\$861.3	—	—	\$861.3
Total Revenue	\$2,069.8	—	—	\$2,069.8
Service Gross Profit	\$372.3	\$2.8	—	\$375.1
Percent of Net Sales	30.8%			31.0%
Product Gross Profit	\$157.8	\$1.4	\$0.8	\$160.0
Percent of Net Sales	18.3%			18.6%
<b>Total Gross Profit</b>	<b>\$530.1</b>	<b>\$4.2</b>	<b>\$0.8</b>	<b>\$535.1</b>
Percent on Net Sales	25.6%			25.9%



# YTD 2014 Product & Service Gross Profit

Reconciliation GAAP to non-GAAP (\$ Millions)

	2014 (GAAP)	Restructuring	Brazil Indirect Tax	2014 (non-GAAP)
Service Revenue	\$1,209.7	—	—	\$1,209.7
Product Revenue	\$980.1	—	—	\$980.1
<b>Total Revenue</b>	<b>\$2,189.8</b>	<b>—</b>	<b>—</b>	<b>\$2,189.8</b>
Service Gross Profit	\$360.5	\$1.4	—	\$361.9
Percent of Net Sales	29.8%			29.9%
Product Gross Profit	\$191.0	\$0.1	—	\$191.0
Percent of Net Sales	19.5%			19.5%
<b>Total Gross Profit</b>	<b>\$551.5</b>	<b>\$1.5</b>	<b>—</b>	<b>\$552.9</b>
Percent on Net Sales	25.2%			25.3%



# Free Cash Flow Reconciliation

(\$ Millions)

	<u>3Q14</u>	<u>3Q15</u>	<u>YTD '14</u>	<u>YTD '15</u>
Net cash provided by (used in) operating activities	(\$19.0)	(\$20.9)	(\$110.7)	(\$120.1)
Capital expenditures	(\$15.2)	(\$17.5)	(\$33.6)	(\$42.9)
Free cash flow (use) (non-GAAP measure)	(\$34.2)	(\$38.4)	(\$144.3)	(\$163.0)

# 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	~\$165
Capital expenditures	(\$44)	(\$51)	(\$54)	(\$50)	(\$35)	(\$62)	~(\$65)
Free cash flow / (use) (non-GAAP measure)	\$253	\$222	\$161	\$86	\$89	\$125	~\$100