



**INTERIM REPORT FOR THIRD QUARTER  
FISCAL YEAR 2003/2004**

October 1, 2003 to June 30, 2004

**WINCOR**  
**NIXDORF**

EXPERIENCE MEETS VISION.

# Key Figures

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	3rd quarter 2004 <sup>1)</sup>	3rd quarter 2003 <sup>2)</sup>	Change	9 months 2004 <sup>3)</sup>	9 months 2003 <sup>4)</sup>	Change
<b>Statement of Income (€ millions)*</b>						
<b>Net sales</b>	<b>394.1</b>	<b>347.7</b>	<b>13.3%</b>	<b>1,127.5</b>	<b>1,032.9</b>	<b>9.2%</b>
of which Banking	236.9	198.4	19.4%	664.2	611.6	8.6%
of which Retail	157.2	149.3	5.3%	463.3	421.3	10.0%
<b>Gross profit</b>	<b>122.5</b>	<b>105.4</b>	<b>16.2%</b>	<b>343.1</b>	<b>314.4</b>	<b>9.1%</b>
<i>Gross profit as a percentage of net sales</i>	31.1	30.3	–	30.4	30.4	–
<b>Research &amp; development expenses</b>	<b>-17.8</b>	<b>-16.5</b>	<b>7.9%</b>	<b>-52.3</b>	<b>-49.3</b>	<b>6.1%</b>
<i>R&amp;D expenses as a percentage of net sales</i>	-4.5	-4.7	–	-4.6	-4.8	–
<b>Selling, general and administration expenses**</b>	<b>-72.3</b>	<b>-57.9</b>	<b>24.9%</b>	<b>-209.9</b>	<b>-191.1</b>	<b>9.8%</b>
<i>SG&amp;A expenses as a percentage of net sales</i>	-18.3	-16.7	–	-18.6	-18.5	–
<b>EBITA***</b>	<b>32.4</b>	<b>31.0</b>	<b>1.4</b>	<b>80.9</b>	<b>74.0</b>	<b>6.9</b>
<i>EBITA as a percentage of net sales</i>	8.2	8.9	–	7.2	7.2	–
of which Banking	24.5	22.1	2.4	63.1	60.1	3.0
<i>as a percentage of Banking net sales</i>	10.3	11.1	–	9.5	9.8	–
of which Retail	7.9	8.9	-1.0	17.8	13.9	3.9
<i>as a percentage of Retail net sales</i>	5.0	6.0	–	3.8	3.3	–
<b>Amortization/depreciation of fixed assets and licenses</b>	<b>6.7</b>	<b>5.3</b>	<b>1.4</b>	<b>18.6</b>	<b>15.8</b>	<b>2.8</b>
<b>EBITDA</b>	<b>39.1</b>	<b>36.3</b>	<b>2.8</b>	<b>99.5</b>	<b>89.8</b>	<b>9.7</b>
<i>EBITDA as a percentage of net sales</i>	9.9	10.4	–	8.8	8.7	–
<b>Net profit for the period</b>	<b>7.8</b>	<b>4.4</b>	<b>3.4</b>	<b>30.4</b>	<b>10.4</b>	<b>20.0</b>
<i>Net profit for the period as a percentage of net sales</i>	2.0	1.3	–	2.7	1.0	–
<b>Net profit for the period (before carve-out)</b>	<b>12.7</b>	<b>12.5</b>	<b>0.2</b>	<b>43.1</b>	<b>31.4</b>	<b>11.7</b>
<i>Earnings per share (€)****</i>	0.77	0.76	0.01	2.60	1.90	0.70

## Cash flow (€ millions)

Cash flow from operating activities	116.1	116.7	-0.6
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	June 30, 2004	Sept. 30, 2003	Change
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## Key Balance Sheet Figures (€ millions)

Working Capital	114.7	172.4	-57.7
<i>as a percentage of net sales (annualized)</i>	7.6	12.0	–
Net debt	211.6	262.1	-50.5
Equity	178.2	216.3	-38.1

## Human Resources

Number of employees	5,681	4,926	755
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<sup>1)</sup> April 01 – June 30, 2004 <sup>2)</sup> April 01 – June 30, 2003 <sup>3)</sup> October 01, 2003 – June 30, 2004 <sup>4)</sup> October 01, 2002 – June 30, 2003

<sup>\*)</sup> before profit charges arising from carve-out

<sup>\*\*\*)</sup> including other income and expenses

<sup>\*\*\*\*)</sup> net profit on operating activities before interest, taxes and amortization of goodwill and product know-how

<sup>\*\*\*\*\*)</sup> calculated on the basis of 16.542 million shares

## Quarter 3 Highlight

Successful IPO on May 19, 2004:  
broad international placement of stock;  
13% of subscription by private investors

## Highlights of the first 9 Months of 2004

Expectations exceeded: net sales up 9.2% and  
operational profit (EBITA) up 9.3%

New key orders: core competencies gained in our  
business with banks and retailers is in demand in  
other sectors

Increased R&D investment to enhance innovation  
capability; 6.1% ahead of the same period last year

Improved positioning: software business expanded,  
resources for international IT services further  
strengthened

Focus on sustained growth; increase in full-year  
forecasts; net sales growing by 8% and profit (EBITA)  
by 10%

Since becoming an independent company in 1999 and creating its own international Group organization, Wincor Nixdorf has grown to be one of the leading global suppliers of hardware and software solutions and associated services for optimizing branch and store processes in retailing and also in retail banking.

At the heart of what we do is optimization of consumer-related processes, especially at customers with highly-developed branch-type businesses, through an extensive offering of automation and self-service products, point-of-sale hardware (EPOS) and associated software, consulting and other services. Wincor Nixdorf's solutions help customers improve their service to the end consumer and reduce the cost of their branches and stores.

**There are four elements to our strategy for continued profitable growth:**

- Expanding our core business through innovation and augmentation of our product offering
- Reinforcing our core businesses through selective expansion of our software solutions and services
- Continued international expansion
- Growing our activities into new areas of business

# Business Performance in the Period October 1, 2003 to June 30, 2004

## Business & Economic Environment

### World Economy

In April 2004, the “ifo” world economic climate indicator stabilized at the high level seen in January and, at 110.1 (1995=100), was well above its multiple-year average (1990-2003=93.0). Whereas expectations for the next six months have waned slightly since January’s poll, there has again been a certain improvement in the way the state of the economy is perceived. The experts questioned by the ifo Institute are expecting world economic growth to be 3.4% in 2004. Overall, the world economy is set to continue recovering from its downturn of recent years.

One point worthy of note, however, is the variation in growth occurring in the various different economic regions: whereas economic recovery in western Europe is regarded as being highly subdued (reasons being the strong euro and weak private consumption), with scarcely any perceivable signs of any pick-up in growth, the economic indicator for Asia has continued to move ahead (the growth drivers being private consumption and trade within the region). The North American recovery continues to be regarded by the America experts as robust (with a weak dollar still driving short-term growth and the high public deficit being seen as a problem in the long term).

### Developments in the Banking and Retail Sectors

In the banking sector, German banks are continuing, as before, to operate restrictive capital investment policies against the backdrop of the continuing weak economic recovery. In other western European countries, investment in retail banking remained largely good, with vibrant retail banking activity continuing to be expanded by banks specializing in this segment, in particular in Spain, France and the United Kingdom. In the growth markets of eastern Europe

and Asia, there continued to be a high level of willingness to undertake capital investment in branch banking networks.

In the retail sector in western Europe – characterized by excess supply of shop space and tough pricing – capital investment in replacement EPOS systems moved ahead once more, related to investment in fundamental overhauls of in-store IT with an eye to reducing costs and increasing profitability. At the same time, large retail groups in particular were expanding their presence in the growth markets of eastern Europe and Asia, with local retailers also stepping up their levels of investment in competitiveness.

Against the background of the region’s positive economic performance, the US market continued to be a willing source of capital investment in both our sectors, and the same can be said of the markets in Latin America.

## Group Business Performance

### Sales & Profit

During the first nine months of fiscal 2003/2004, net sales increased 9.2% to € 1,127.5 million (last year equivalent: € 1,032.9m). Adjusting for exchange rate effects in the relationship between the euro and the US\$, net sales grew by 12.9%. Net sales in the third quarter grew 13.3% to € 394.1m (last year equivalent: € 347.7m).

During the first nine months of the fiscal year, operating profit EBITA (before amortization of product know-how) grew by € 6.9m (9.3%) to € 80.9m (last year equivalent: € 74.0m), leaving the EBITA return constant at 7.2% of net sales.

In the first nine months, net profit for the period increased to € 30.4m. This figure corresponds with € 10.4m at the same point last year, the latter figure having been subject to deduction of charges of € 13.9m for amortization of goodwill. A comparable figure is the net profit for the period before carve-out expenses, which grew from € 31.4m last year to € 43.1m. This is an expression of the Group's much improved profitability.

In the first nine months of 2003/2004, cash flow was € 116.1m, i.e. at last year's level (€ 116.7m). A sizeable element of this change was down to the reduction in working capital since the beginning of fiscal 2003/2004 from € 172.4m to € 114.7m.

### **Regional Performance**

In the Europe region (excluding Germany), net sales in the first nine months of the fiscal year grew 15.9% to € 542.0m (last year equivalent: € 467.7m). In the third quarter, 14.8% growth was achieved in net sales in the Europe region (excl. Germany). In Germany, good levels of business with retailers and subdued levels of business with banks meant that net sales finished the first nine months slightly below the level seen last year, from € 384.3m to € 380.5m. In the third quarter, also, net sales were seen to fall from € 128.7m to € 128.3m.

In the America region, net sales in US\$ during the first nine months of the year improved by 55.9%. After conversion to euros, net sales increased 38.2% to € 83.9m from € 60.7m in the same period last year. In the third quarter, net sales in the Americas grew strongly to € 38.7m following € 14.2m in the same period last year.

In the Asia-Pacific & Africa region, which should also be counted as dollar territories, net sales in US\$ terms rose 13.3% above their level during the same period last year. After conversion to euros, movement in the exchange rate meant that net sales came in at the same level as this time last year, i.e. € 121.0m (up 0.6%). As a result of an exceptionally good performance in the third quarter last year, net sales were 4.5% less during the quarter under review.

### **Segment Performance**

Business performance in the Banking segment produced 8.6% growth in net sales to € 664.2m in the first nine months of the fiscal year. In the third quarter, Banking segment net sales rose 19.4% to € 236.9m. At the end of the first three quarters, EBITA reached € 63.1m, € 3.0m or 5.0% ahead of the same period last year.

During the first nine months, the Retail segment demonstrated double-digit growth of 10.0% in net sales to € 463.3m. € 157.2m of this was made in the third quarter, equivalent to an increase of 5.3% over the same period last year. EBITA at the nine-month point was up € 3.9m or 28.1% to € 17.8m.

Several orders received from the lottery and industrial manufacturing industries during the quarter under report have confirmed the Company's strategy of using its core competencies acquired in the retail and banking industries to expand into neighboring sectors.

### **Performance by Type**

During the first nine months of the fiscal year, net sales in the product business increased by 9.2% to € 684.9m. Solutions and Services revenue grew 9% to € 442.6m, whereby the software business developed positively.

### **Capital Investment**

Capital investment in the first nine months of the fiscal year totaled € 44.8m. Of this, € 24.4m was spent on patents, licenses and tangible assets, and € 20.4m on the acquisition of Wincor Nixdorf Systèmes Bancaires S.A.S., Plaisir, France.

Following the end of the quarter under report, Wincor Nixdorf took over the UK company Datalect Limited of Perivale, Middlesex with effect July 16, 2004. By means of the acquisition of this company, which has over 300 employees, Wincor Nixdorf expands its international service delivery presence and reinforces its position with the addition of an established IT services supplier to the British market.

### **Research & Development**

In order to further enhance its innovation capability, Wincor Nixdorf again increased its investment in research and development to a total of € 52.3m, a rise of 6.1% over the same period last year, and giving an R&D ratio of 4.6%.

### **Employees**

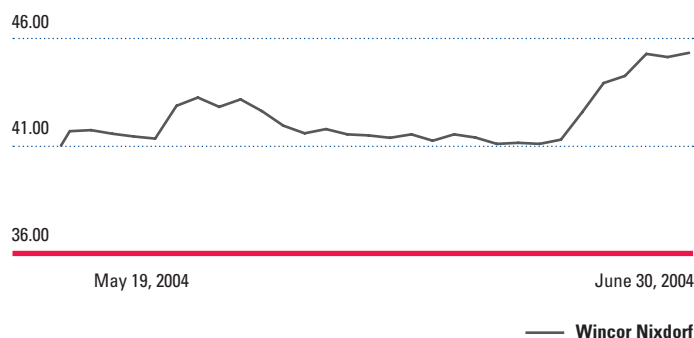
The number of people employed within the Group increased to 5,681 as at June 30, 2004 from 4,926 at the end of last fiscal year (September 30, 2003). The headcount rise in the quarter under review was 213 and was mainly associated with augmentation of the service-delivery resources with the aim of creating a full-coverage IT service network across Europe.

### **Wincor Nixdorf Stock**

On May 19, 2004 – the date of the Wincor Nixdorf AG initial public offering – 9.2 million shares were placed with private and institutional investors. Of these, 5.5 million plus 1.2 million greenshoe shares came from stock held by the Company's former stockholders, and approximately 2.5 million shares were produced by the increase in the Company's share capital. The issue price of € 41.00 was in line with the lower end of the bookbuilding range.

In all, approximately 87% of the shares passed into the hands of institutional investors. There was strong demand from abroad, with 24% of subscription volumes coming from the US, 21% from the United Kingdom and 9% from other European countries. Subscriptions by private investors went very successfully, with 13% of the shares going to them. Overall, the result was a wide international spread of stock ownership, which also reflects the global nature of the Group's operating businesses.

### **Performance of the Wincor Nixdorf Stock in euros**



During the stabilization phase, around 0.3 million shares of the 1.2 million greenshoe shares were bought back by the former shareholders, producing the following stockholder profile:

Stockholders	before IPO		after IPO		Change of Shares in %
	Shares	in %	Shares	in %	
KKR Fund	10,021,760	71.3	5,038,002	30.5	-49.7
Goldman Sachs Funds	2,505,460	17.8	1,259,510	7.6	-49.7
Management/Employees	1,532,882	10.9	1,410,963	8.5	-8.0
Trust	1,018	0.007	1,018	0.006	0
Issuing volume	0	0	8,833,001	53.4	–
<b>Total</b>	<b>14,061,120</b>	<b>100.0</b>	<b>16,542,494</b>	<b>100.0</b>	<b>+17.6</b>

Adding the stock held by management and employees to the level of freely tradable flotation stock, free float is 61.9%.

### Outlook

The favorable business performance after three quarters is ahead of the Company's original expectations. Wincor Nixdorf expects to be able to continue its good business performance in Quarter 4 and is assuming that it will be able to end the full fiscal year 2003/2004 with renewed sustained growth. The Company is increasing its forecast growth in net sales for the full-year to 8% and its forecast profit growth (EBITA) to 10%.

This favorable performance will be underpinned by considerable levels of growth in both the Retail and Banking segments. Whilst, in the Banking business, muted performance on the German market is being more than compensated for by stronger levels of international business, the Company expects to see growth in the Retail segment both in Germany and abroad.

# Consolidated Statement of Income (IFRS)

	3rd quarter 2004 <sup>1)</sup>	3rd quarter 2003 <sup>2)</sup>	9 months 2004 <sup>3)</sup>	9 months 2003 <sup>4)</sup>
	€k	€k	€k	€k
<b>1. Net sales</b>	<b>394,121</b>	<b>347,698</b>	<b>1,127,492</b>	<b>1,032,902</b>
2. Cost of sales	-279,640	-251,349	-805,193	-739,549
<b>3. Gross profit</b>	<b>114,481</b>	<b>96,349</b>	<b>322,299</b>	<b>293,353</b>
4. Research and development expenses	-17,810	-16,464	-52,334	-49,316
5. Selling, general and administration expenses	-72,232	-57,787	-209,626	-192,927
6. Other operating income	0	-66	14	1,497
7. Other operating expenses	-83	-4,683	-738	-14,170
8. Investment result from equity consolidation	0	0	413	524
<b>9. Net profit on operating activities</b>	<b>24,356</b>	<b>17,349</b>	<b>60,028</b>	<b>38,961</b>
10. Financial result	-4,924	-5,991	-13,810	-19,184
<b>11. Net profit on ordinary activities</b>	<b>19,432</b>	<b>11,358</b>	<b>46,218</b>	<b>19,777</b>
12. Taxes	-11,481	-7,131	-15,388	-9,130
<b>13. Profit after taxes</b>	<b>7,951</b>	<b>4,227</b>	<b>30,830</b>	<b>10,647</b>
14. Minority interests	-128	218	-471	-208
<b>15. Net profit for the period</b>	<b>7,823</b>	<b>4,445</b>	<b>30,359</b>	<b>10,439</b>
<b>Average shares according IFRS (in thousands)</b>	<b>15,219</b>	<b>13,898</b>	<b>14,425</b>	<b>13,898</b>
<b>Earnings per share<sup>5)</sup> (€)</b>	<b>0.51</b>	<b>0.32</b>	<b>2.10</b>	<b>0.75</b>
<b>Net profit for the period</b>	<b>7,823</b>	<b>4,445</b>	<b>30,359</b>	<b>10,439</b>
Amortization product know-how	7,995	9,015	20,821	21,056
Amortization goodwill from carve out	–	4,200	–	13,308
Calculated tax effect	-3,118	-5,153	-8,120	-13,401
<b>Net profit for the period before carve-out</b>	<b>12,700</b>	<b>12,507</b>	<b>43,060</b>	<b>31,402</b>
<b>Shares internal calculation (in thousands)</b>	<b>16,542</b>	<b>16,542</b>	<b>16,542</b>	<b>16,542</b>
<b>Net profit for the period before carve-out per share<sup>5)</sup> (€)</b>	<b>0.77</b>	<b>0.76</b>	<b>2.60</b>	<b>1.90</b>

<sup>1)</sup> April 01 – June 30, 2004 <sup>2)</sup> April 01 – June 30, 2003 <sup>3)</sup> October 01, 2003 – June 30, 2004 <sup>4)</sup> October 01, 2002 – June 30, 2003

<sup>5)</sup> no effects from basic/diluted

# Group Balance Sheet

## Assets

	June 30, 2004			September 30, 2003		
	€k	€k	€k	€k	€k	€k
<b>A. Fixed assets</b>						
<b>I. Intangible assets</b>		415,829		414,835		
<b>II. Tangible assets</b>		101,583		95,774		
<b>III. Financial assets</b>		260	517,672	29,875	540,484	
<b>B. Current assets</b>						
<b>I. Inventories</b>		228,819		155,853		
<b>II. Receivables and other assets</b>						
1. Trade receivables	231,628			221,323		
2. Other receivables and other assets	29,381	261,009		26,969	248,292	
<b>III. Marketable Securities</b>		43,303		439		
<b>IV. Cash in hand and at bank (incl. checks)</b>		73,524	606,655	34,408	438,992	
<b>C. Deferred tax assets</b>			22,407			19,219
<b>D. Prepaid expenses</b>			17,843			11,813
<b>Balance sheet total</b>			1,164,577			1,010,508

## Equity & Liabilities

	June 30, 2004		September 30, 2003	
	€k	€k	€k	€k
<b>A. Equity</b>		178,167		216,265
<b>B. Minority interests</b>		4,454		4,242
<b>C. Accruals</b>		226,888		211,357
<b>D. Liabilities</b>				
1. Bank liabilities	328,439		296,950	
2. Trade payables	238,506		150,726	
3. Other liabilities	119,675	686,620	91,094	538,770
<b>E. Deferred tax liabilities</b>		6,570		482
<b>F. Deferred income</b>		61,878		39,392
<b>Balance sheet total</b>		1,164,577		1,010,508

# Group Cash Flow Statement

	9 months 2004 <sup>1)</sup>	9 months 2003 <sup>2)</sup>
	€k	€k
<b>EBITA</b>	<b>80,849</b>	<b>73,966</b>
Amortization of commercial patents and licenses plus depreciation of tangible assets	18,641	15,863
<b>EBITDA</b>	<b>99,490</b>	<b>89,829</b>
Interest expenses, less interest income, plus other financial expenses, less other financial income	-17,724	-19,184
Taxes on income and profit	-15,388	-9,130
Profit/loss on disposal of fixed assets	-11	71
Increase in accruals	20,602	13,078
Other non-cash expenses, less other non-cash income	-1,706	-5,033
Decrease in working capital	49,111	61,210
Increase/decrease in other items with net current assets	-18,232	-14,123
<b>Cash flow from operating activities</b>	<b>116,142</b>	<b>116,718</b>
Payments received from the disposal of tangible fixed assets	494	207
Payments received from the disposal of financial fixed assets	4,963	128
Payments received from the disposal of consolidated affiliated companies and other business units	1,391	0
Payments made for investment in intangible fixed assets	-1,024	-334
Payments made for investment in tangible fixed assets	-22,645	-13,782
Payments made for acquisition of consolidated affiliated companies and other business units	-13,834	-4,049
Payments made for investment in financial fixed assets	-744	-20
<b>Cash flow from investment activities</b>	<b>-31,399</b>	<b>-17,850</b>
Payments received from shareholders	101,736	0
Payments made to shareholders	-160,000	0
Payments received from loan draw-downs	140,831	682
Payments made to minority shareholders and other distributions	-269	0
Payments made for repayment of financial loans	-115,300	-101,276
Payments received/made due to special items	23,674	17,062
<b>Cash flow from financing activities</b>	<b>-9,328</b>	<b>-83,532</b>
<b>Change in liquidity</b>	<b>75,415</b>	<b>15,336</b>
Change in cash funds from exchange rate movements	-220	-1,854
Change in cash funds arising from changes to consolidation group	-4	0
Cash funds at beginning of period	-2,103	32,657
<b>Cash funds at end of period</b>	<b>73,088</b>	<b>46,139</b>

<sup>1)</sup> October 1, 2003 – June 30, 2004 <sup>2)</sup> October 1, 2002 – June 30, 2003

# Changes in Equity

	Subscribed capital	Add paid in capital	Other retained earnings	Revaluation reserve	Own shares reserve	Other consolidation reserves	Consolidated loss	Currency translation adjustments	IAS reserve	Total
	€k	€k	€k	€k	€k	€k	€k	€k	€k	€k
<b>As at October 1, 2002</b>	<b>14,061</b>	<b>267,435</b>	<b>6,839</b>	<b>41</b>	<b>-4,376</b>	<b>-17,884</b>	<b>-56,637</b>	<b>1,105</b>	<b>-1,633</b>	<b>208,951</b>
Profit (after minority interests)	0	0	0	0	0	0	10,439	0	0	10,439
Other changes	0	0	1,348	0	0	0	-6,381	0	91	-4,942
Exchange rate changes	0	0	0	0	0	0	0	-6,094	0	-6,094
<b>As at June 30, 2003</b>	<b>14,061</b>	<b>267,435</b>	<b>8,187</b>	<b>41</b>	<b>-4,376</b>	<b>-17,884</b>	<b>-52,579</b>	<b>-4,989</b>	<b>-1,542</b>	<b>208,354</b>
<b>As at September 30, 2003</b>	<b>14,061</b>	<b>269,143</b>	<b>8,595</b>	<b>57</b>	<b>-1,011</b>	<b>-28,195</b>	<b>-39,364</b>	<b>-5,488</b>	<b>-1,533</b>	<b>216,265</b>
Adjustment arising from first time application of IFRS 3	0	0	0	0	0	193	0	0	0	193
<b>As at October 1, 2003</b>	<b>14,061</b>	<b>269,143</b>	<b>8,595</b>	<b>57</b>	<b>-1,011</b>	<b>-28,002</b>	<b>-39,364</b>	<b>-5,488</b>	<b>-1,533</b>	<b>216,458</b>
Increase in share capital	2,481	92,545	0	0	0	0	0	0	0	95,026
Profit (after minority interests)	0	0	0	0	0	0	30,359	0	0	30,359
Other changes	0	-1,950	-60	0	1,011	0	-1,541	0	0	-2,540
Distributions	0	-160,000	0	0	0	0	0	0	0	-160,000
Exchange rate changes	0	0	0	0	0	0	0	-1,136	0	-1,136
<b>As at June 30, 2004</b>	<b>16,542</b>	<b>199,738</b>	<b>8,535</b>	<b>57</b>	<b>0</b>	<b>-28,002</b>	<b>-10,546</b>	<b>-6,624</b>	<b>-1,533</b>	<b>178,167</b>

# Selected Explanatory Notes incl. Segmental Analysis

## Principles of Consolidation, Accounting and Valuation

This Group interim report has been compiled in accordance with the requirements of the International Accounting Standards Board (IASB) and the bulletins of the International Financial Reporting Interpretations Committee (IFRIC).

On March 31, 2004 the IASB adopted the new standard IFRS 3 Business Combinations as well as revision of IAS 36 Impairment of Assets and IAS 38 Intangible Assets. The IASB allows these standards to be applied prior to this date. WINCOR NIXDORF has decided to apply these standards on October 1, 2003 for the first time.

The key change is that goodwill is no longer to be amortized on a scheduled basis, but rather purely on a non-scheduled basis when valuation adjustments are required. Profit for the fiscal year would have been charged by € 14,534k of goodwill amortization.

In other respects, the same principles of consolidation, accounting and valuation and calculation methods apply to this interim report, which was compiled in accordance with the requirements of IAS 34 Interim Financial Reporting, as were used in the Group financial statements as at September 30, 2003. The applied methods of accounting and valuation are described in detail in the Notes to the Group financial statements as at September 30, 2003.

## Consolidation Group

In addition to the parent company Wincor Nixdorf AG, the Group financial statements to June 30, 2004 basically include all domestic and foreign subsidiaries in which Wincor Nixdorf AG owns, either directly or indirectly, over 50% of the shares or voting rights.

The consolidation group has changed primarily as follows during the past nine months:

■ At midnight on December 31, 2003, the 49.99% interest in the company Wincor Nixdorf Systèmes Bancaires S.A.S., Plaisir, France (formerly Thales Nixdorf Systèmes Bancaires S.A.S., Plaisir, France), which has to date been included in the Group financial statements as an associated company using the equity method, was increased to 100%. The purchase price for 50.01% of the shares in this company was € 10.0 million. The company has been fully consolidated in the Group financial statements from January 1, 2004 onwards. In the course of this acquisition, the banking service business of the former majority shareholder was also acquired as per January 1, 2004 for a consideration of € 10.4 million and incorporated into Wincor Nixdorf Systèmes Bancaires S.A.S. The consideration is payable in several installments until January 1, 2005. The impact of these acquisitions on the net worth and profitability of the Group was as follows:

	€k
Goodwill	22,603
Other assets	9,550
Liabilities and accruals	30,107
Net sales	20,222

Including Wincor Nixdorf AG, Paderborn, the consolidated group therefore comprised 47 companies as at June 30, 2004.

Segment Report by Division	3rd quarter 2004			9 months 2004		
	Banking	Retail	Group	Banking	Retail	Group
	€k	€k	€k	€k	€k	€k
Net sales to external customers	236,867	157,254	394,121	664,162	463,330	1,127,492
	(198,391)	(149,307)	(347,698)	(611,655)	(421,247)	(1,032,902)
Operating profit EBITA	24,445	7,906	32,351	63,054	17,795	80,849
	(22,134)	(8,871)	(31,005)	(60,050)	(13,916)	(73,966)
Investments in property rights, licenses and tangible assets	3,526	2,559	6,085	16,345	8,023	24,368
	(3,867)	(1,217)	(5,084)	(10,742)	(3,628)	(14,370)
Amortization/depreciation of property rights, licenses and tangible assets	4,694	2,011	6,705	12,777	5,864	18,641
	(3,756)	(1,538)	(5,294)	(11,040)	(4,823)	(15,863)
Research & development costs	10,402	7,408	17,810	32,317	20,017	52,334
	(10,646)	(5,818)	(16,464)	(32,435)	(16,881)	(49,316)

Comparative figures for the period from April 1, 2003 to June 30, 2003 and from October 1, 2002 to June 30, 2003 are given in parentheses.

### Reconciliation of Segment Profit to Group Profit

	3rd quarter 2004	3rd quarter 2003	9 months 2004	9 months 2003
	€k	€k	€k	€k
<b>Operating profit EBITA</b>	<b>32,351</b>	<b>31,005</b>	<b>80,849</b>	<b>73,966</b>
Goodwill amortization	0	-441	0	-641
<b>Operating profit (EBIT)</b>	<b>32,351</b>	<b>30,564</b>	<b>80,849</b>	<b>73,325</b>
Profit charges arising from the carve out	-7,995	-13,215	-20,821	-34,364
Financial result	-4,924	-5,991	-13,810	-19,184
<b>Net profit on ordinary activities</b>	<b>19,432</b>	<b>11,358</b>	<b>46,218</b>	<b>19,777</b>
Taxes on profits	-11,481	-7,131	-15,388	-9,130
<b>Net profit after taxes</b>	<b>7,951</b>	<b>4,227</b>	<b>30,830</b>	<b>10,647</b>
Minority interests	-128	218	-471	-208
<b>Group net profit after minority interests</b>	<b>7,823</b>	<b>4,445</b>	<b>30,359</b>	<b>10,439</b>

The operating profit (EBITA) is stated here as the net profit before taking into account the profit charges arising from the carve-out, which result from the amortization of product know-how acquired in the course of the carve-out. Since the product know-how is used by both segments, this amortization was not divided across both the segments, Retail and Banking, as in previous years.

### Profit Charges arising from the Carve-out

Wincor Nixdorf was demerged from Siemens Group by means of leveraged buy-out on October 1, 1999. The amount of the purchase price exceeding the net assets acquired was divided as follows:

	Oct. 1, 1999
	€k
Product know-how	206,664
Goodwill	351,623
Negative goodwill	-1,274
Other assets	41,086
	<b>598,099</b>

The amortization arising from this has impacted net profit on ordinary activities as follows:

	9 months 2004	9 months 2003
	€k	€k
Amortization of product know-how	20,821	21,056
Goodwill amortization and amortization of negative goodwill	0	13,308
	<b>20,821</b>	<b>34,364</b>

### Statement of Income before Profit

#### Charges arising from the Carve-out

	9 months 2004	9 months 2003
	€k	€k
<b>Net sales</b>	<b>1,127,492</b>	<b>1,032,902</b>
Cost of sales	-784,372	-718,493
<b>Gross profit</b>	<b>343,120</b>	<b>314,409</b>
Gross margin (%)	30.43%	30.44%
Research and development expenses	-52,334	-49,316
Selling, general and administration expenses	-209,626	-192,927
Other operating income	14	1,497
Other operating expenses	-738	-862
Investment result from equity consolidation	413	524
<b>Operating profit (EBIT)</b>	<b>80,849</b>	<b>73,325</b>
Goodwill amortization	0	641
<b>EBITA</b>	<b>80,849</b>	<b>73,966</b>
Depreciation of tangible fixed assets and licenses	18,641	15,863
<b>EBITDA</b>	<b>99,490</b>	<b>89,829</b>

### Notes to the Consolidated Statement of Income

During the first nine months of fiscal 2003/2004, net sales increased 9.2% to € 1,127,492k (last year equivalent: € 1,032,902k). During the same period, **cost of sales** rose 8.9% to € 805,193k as opposed to € 739,549k in the same period last year. In percentage terms, cost of sales equated to 71.4% of net sales (last year equivalent: 71.6%) and was thus materially unchanged.

As a result, **gross profit** increased by 9.9% during the first nine months of the year to € 322,299k (last year equivalent: € 293,353k). After adjusting out the amortization of product know-how in connection with the carve-out from the Siemens Group, gross profit rose by 9.1% to € 343,120k (last year equivalent: € 314,409k). Gross margin as a percentage of net sales was unchanged from the same period last year at 30.4%.

**Research and development** expenses rose 6.1% during the first nine months to € 52,334k, giving an R&D ratio of 4.6%.

**Selling, general and administration expenses** increased 8.7% during the first nine months to € 209,626k (last year equivalent: € 192,927k). This was mainly brought about by the initial full consolidation of Wincor Nixdorf Systèmes Bancaires S.A.S., Plaisir, France, which caused an increase of € 6,574k in selling, general and administration expenses. As a percentage of net sales, selling, general and administration expenses remained at the same level as this time last year.

During the first nine months, **other operating income** fell to € 14k from € 1,497k during the same period last year. This fall was primarily due to one-off income last year. **Other operating expenses** fell by 94.8% during the first nine months to € 738k (last year equivalent: € 14,170k). This fall is a result of the revision of IAS 36. The new regulations stipulate that goodwill amortization be treated not as scheduled amortization but rather as unscheduled amortization as and when a valuation adjustment is deemed appropriate.

**Net profit on operating activities** during the first nine months of fiscal 2003/2004 increased by 54.1% to € 60,028k from € 38,961k during the first nine months of fiscal 2002/2003. Had the amortization of goodwill (€ 13,949k) not been carried out during the same period last year, the increase in net profit on operating activities would have been 13.5%.

The net cost shown under **financial result** reduced during the first nine months by 28.0% to € 13,810k (last year equivalent: € 19,184k). This change was the result of the refinancing exercise conducted in September 2003, the repayment of loans and the receipt of a one-off interest payment.

**Taxes** rose 68.5% during the first nine months of the year to € 15,388k (last year equivalent: € 9,130k). The higher tax charge was the result of the improvement in profit before taxes. In addition, accruals were created in respect of risks associated with upcoming tax audits at foreign subsidiaries. The tax audit conducted in Germany yielded proceeds.

**Net profit for the period** increased 190.8% during the first nine months of the fiscal year to € 30,359k compared with € 10,439k during the same period last year. Last year's comparative figure includes the deduction of € 13,949k of goodwill amortization.

#### **Notes on the Group Balance Sheet**

As at June 30, 2004 **fixed assets** were € 517,672k, 4.2% below their level at September 30, 2003 (€ 540,484k).

Within fixed assets, intangibles increased by 0.2% to € 415,829k (last year equivalent: € 414,835k). This was mainly the result of goodwill arising from the acquisition of the remaining interest in Wincor Nixdorf Systèmes Bancaires S.A.S., Plaisir, France. The effect of this was partly offset by scheduled amortization of € 17,293k and also by unscheduled amortization of product know-how of € 3,528k.

Tangible fixed assets increased as a result of capital investment in specialist tools for production and IT equipment. Financial assets reduced due to repayment of a loan.

As at June 30, 2004, **current assets** were up 38.2% at € 606,655k from € 438,992k on September 30, 2003. Within current assets, inventories rose 46.8% to € 228,819k (last year equivalent: € 155,853k). This increase was primarily the result of the initial consolidation of Wincor Nixdorf Systèmes Bancaires S.A.S., Plaisir, France. Moreover an increased demand required building up additional inventories.

Receivables and other assets increased mainly due to tax claims. The respective increases in marketable securities to € 43,303k (last year equivalent: € 439k) and cash in hand and at bank to € 73,524k (last year equivalent: € 34,408k) were the result of surplus funds generated by operating activities and of an element of the proceeds of the initial public offering.

**Equity** (excluding minority interests) reduced by 17.6% to € 178,167k as at June 30, 2004 from its level of € 216,265k on September 30, 2003. This fall was the result of the resolution taken at the December 2003 Annual General Meeting to repay € 160,000k to shareholders from capital reserves. The initial public offering was conducted in May 2004. An increase in share capital saw 2,481,374 shares of new stock issued at an issue price of € 41 each. The total proceeds came to € 101,736k and resulted in a corresponding rise in equity. The issue proceeds were partly offset by estimated external costs of € 11,000k. As per SIC 17, these costs have been reduced by the amount of the income tax benefit thereby accruing, and deducted from equity. In addition, 212,500 options were granted to managers (thereof 15,000 options to members of the Board) during the first nine months of the year under the management participation program. Under IFRS 2, the fair value of the options is to be expensed on a pro-rata basis over the vesting period, with a corresponding increase in equity. Equity increased by € 43k as a result of the issue of options.

**Accruals** grew by 7.3% to € 266,888k as at June 30, 2004 from their level of € 211,357k on September 30, 2003. This rise was mainly brought about by the scheduled increase in pension accruals. Tax accruals also had to be increased as a result of increased profits and necessary provisions.

**Liabilities** rose 27.4% from € 538,770k on September 30, 2003 to € 686,620k on June 30, 2004. The growth in liabilities was mainly brought about by the higher procurement spend due, in turn, to increased demand.

### **Notes on the Group Cash Flow Statement**

At € 116,142k for the first nine months of the fiscal year, **cashflow from operating activities** was roughly at the same level as the equivalent period last year (€ 116,718k). The higher cashflow from operating activities is due to higher operating profit (EBITA). This was partly offset by the lower level of decrease in working capital than that reported last year.

The **cash outflow on investment activities** increased by 75.9% in the first nine months of the year to € 31,399k from € 17,850k in the same period last year. This rise was due to the acquisition of the remaining interest in Wincor Nixdorf Systèmes Bancaires S.A.S., Plaisir, France. In addition, higher levels of capital investment were undertaken in software, IT systems and other office equipment.

The **cash outflow on financing activities** in the first nine months was € 9,328k as opposed to € 83,532k in the same period last year. A disbursement from capital reserves to shareholders in December 2003 resulted in an outflow of funds of € 160,000k. This outflow was mainly funded by the draw-down of syndicated loans of € 140,000k. The initial public offering conducted in May 2004 produced income of € 101,736k. Part of this income (€ 85,300k) was used, together with additional inflows, to pay down € 115,300k of loans. The net payments received due to special items (€ 23,674k) during the current fiscal year reflect the repayment of a loan and outgoing payments for the cost of increasing the Company's share capital. Last year, this item reflected payments received as a result of compensation claims.

### **Supervisory Board Changes**

The shareholder representatives Ms. Silke Scheiber, Mr. Neil Richardson and Mr. Stephen Trevor have relinquished their Supervisory Board positions with effect May 31, 2004.

The following persons were elected as shareholder representatives to the Supervisory Board, effective June 1, 2004, at the General Meeting of Shareholders on May 14, 2004: Mr. Hero Brahms, Managing Director of Linde AG in Wiesbaden, Mr. Walter Gunz, Consultant based in Munich, and Prof. Dr. rer. nat. Walter Kröll, President of Hermann von Helmholtz-Gemeinschaft Deutscher Forschungszentren e.V. in Bonn.

These new Supervisory Board members were appointed for terms expiring at the end of the Annual General Meeting charged with approving board actions in respect of fiscal 2007/2008. Mr. Johannes P. Huth and Dr. Alexander Dibelius have appointments running until the end of the AGM charged with approving board actions in respect of fiscal 2004/2005. Mr. Edward A. Gilhuly's appointment runs until the end of the AGM charged with approving board actions in respect of fiscal 2003/2004. The employee representatives on the Supervisory Board have appointments running until the end of the AGM charged with approving board actions in respect of fiscal 2004/2005.

#### **Other Information**

Effective May 5, 2004, the private limited company Wincor Nixdorf Holding GmbH was converted to a joint stock company, Wincor Nixdorf Aktiengesellschaft, registered in Paderborn, Germany. Wincor Nixdorf Aktiengesellschaft stock was listed on the Frankfurt Stock Exchange (Prime Standard) for the first time on May 19, 2004.

## Imprint

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## Key Financial Dates\*

### **July 26, 2004**

Q3 interim report for fiscal 2003/2004

### **December 13, 2004**

Results press conference and analysts' conference

### **January 25, 2005**

Annual General Shareholders' Meeting in Paderborn

### **April 27, 2005**

Quarter 2 report for fiscal 2004/2005

\* All dates are provisional and subject to change.

**Cover:** Radio Frequency Identification tags (RFID). These microchips can store and feed back a great deal of information and are going to make fundamental changes in future to many processes in the retail sector - and possibly in banking as well. Even now, Wincor Nixdorf is investing in development work and applications using this technology in order to create productive solutions for its customers.

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