



# **PRESS CONFERENCE**

## **Fiscal 2007/2008**

**based on preliminary figures**

**Düsseldorf, November 5, 2008**

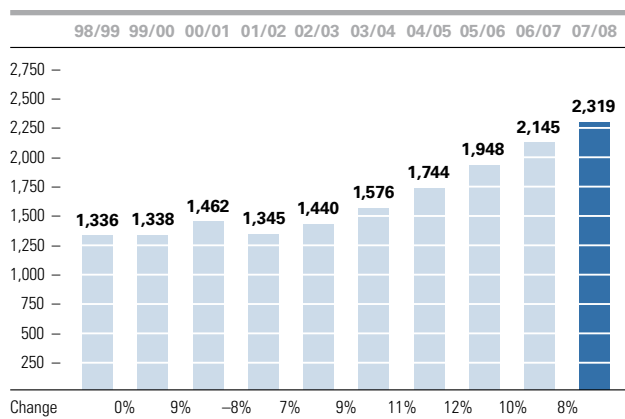
## KEY FIGURES 2007/2008.

	2007/2008 <sup>1</sup>	2006/2007 <sup>2</sup>	Change
<b>Financial Statement (€ million)<sup>3</sup></b>			
Net sales	2,319	2,145	8%
Gross profit	636	591	8%
Gross profit as a percentage of net sales	27.4%	27.6%	-
Research & development expenses	-105	-97	8%
R&D expenses as a percentage of net sales	4.5%	4.5%	-
Selling, general and administration expenses <sup>4</sup>	-325	-308	6%
SG&A expenses as a percentage of net sales	14.0%	14.4%	-
Operating profit (EBIT)	206	186	11%
Goodwill amortization	0	0	-
EBITA <sup>5</sup>	206	186	11%
EBITA as a percentage of net sales (EBITA margin)	8.9%	8.7%	-
Amortization/depreciation of property, plant and equipment and licenses and write-down of reworkable service parts	54	47	15%
EBITDA	260	233	12%
EBITDA as a percentage of net sales (EBITDA margin)	11.2%	10.9%	-
Profit for the period	127	109	17%
Profit for the period as a percentage of net sales	5.5%	5.1%	-
Profit for the period before carve-out	135	118	14%
Earnings per share (€) <sup>6</sup>	4.08	3.54	-
<b>Cash flow (€ million)</b>			
Cash flow from operating activities	196	180	9%
Cash flow from investment activities	-72	-66	9%
	Sept. 30, 2008	Sept. 30, 2007	Change
<b>Key Balance Sheet Figures (€ million)</b>			
Working capital <sup>7</sup>	253	255	-2
as a percentage of net sales	10.9%	11.9%	-
Net debt	194	182	12
Equity <sup>8</sup>	276	278	-2
<b>Human Resources</b>			
Number of employees (September 30)	9 460	8 379	1 081

<sup>1</sup> Oct. 1, 2007–Sept. 30, 2008.<sup>2</sup> Oct. 1, 2006–Sept. 30, 2007.<sup>3</sup> before profit charges arising from carve-out.<sup>4</sup> including other income and expenses.<sup>5</sup> net profit on operating activities before interest, taxes and amortization of goodwill and product know-how.<sup>6</sup> calculated on basis of 33.085 million shares.<sup>7</sup> without reworkable service parts.<sup>8</sup> including minority interest.

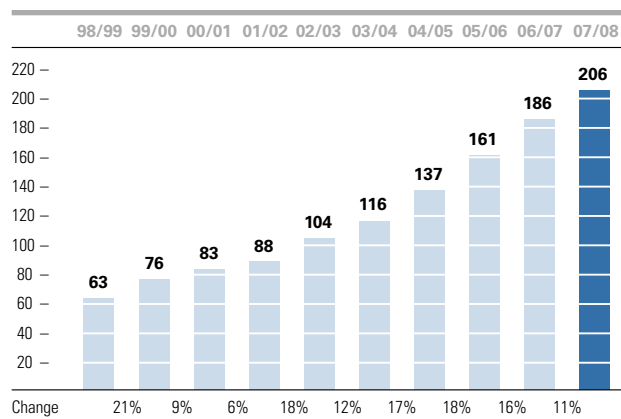
### 10-year Net Sales History.

€m



### 10-year EBITA History.

€m



# WINCOR NIXDORF GROUP IN FISCAL 2007/2008.

## COMPANY PROFILE.

Wincor Nixdorf has established itself as one of the world's leading players in the market for IT-based solutions geared towards the branch operations of retail banks and retailers. The task of optimizing the related business and IT processes lies at the heart of our activities. Our aim is to allow our customers to operate in as customer-friendly, efficient and international a way as possible.

Our portfolio of services focuses both on process automation and on the migration of standard and support processes over to self-service systems. We also strive to support our customers when it comes to implementing specific changes within the company. As a result, the professional advice, customized products and on-site implementation and integration services we provide are rapidly gaining in importance.

**Solutions for Change in the Banking and Retail Industries.** We measure our hardware, software and services against tough, best-in-class criteria. We increasingly combine our products and services into solution packages for our customers that cover every single stage of a business process. Examples of this approach are our automated solutions for check deposit/processing and reverse vending; our portfolio also includes cash management, which encompasses the entire cash cycle at branches of retail banks and retailers, and global concepts for the operation of branch network IT systems. Furthermore, given our expertise in the field, we are extremely well placed to act as a one-stop service provider.

If our customers decide they want to concentrate on their own core competencies, we even go one step further and take over full or partial responsibility for the running of the company's branch IT infrastructure and other business operations such as the processing of card transactions. We ensure the operational readiness of our systems throughout the entire product life cycle and even offer these services for IT systems produced by other manufacturers.

It is not only retail banks and retailers that maintain branches and branch networks. We successfully apply our know-how to other industries that have similar structures and face the same challenges. As a result, our customers also include postal operators as well as gas station and restaurant chains.

**Global Markets – Worldwide Operations.** Our head office is located in Germany. Nevertheless, Wincor Nixdorf is an international Group. We have now established a presence in around 100 countries, of which 37 are home to one of our subsidiaries. Our international business accounts for approx. 75% of net sales. Over half of our 9,460 total headcount is employed outside Germany and every fifth in the Asia/Pacific/Africa region. Our main production sites are located in Germany, Singapore and China.

In recent years, we have continually expanded our international operations and systematically opened up new markets. Thanks to our global production, logistics and development networks, we are always able to supply hardware flexibly and competitively with regard to quality, time and cost. We maintain close contact with our customers throughout the world, and a strong sales force as well as a tight service network ensure that we are able to manage our international operations both successfully and efficiently.

Further information on developments in our markets, our competitive position and our products and services can be found in the sections on "Strategy, Targets and Value Management at Wincor Nixdorf" on page 4 et seq. and "Segment Performance" on page 14 et seq.

## STRATEGY, TARGETS AND VALUE MANAGEMENT AT WINCOR NIXDORF

**Focused Business Model.** Our business activities are centered around the banking and retail industries, with a particular emphasis on their branch operations and the related processes and procedures.

Both industries currently face complex challenges, and information technology plays an increasingly important role in meeting them. It is some time since IT was limited to the job of merely boosting cost-efficiency; nowadays, it acts as an instrument without which firms cannot hope to achieve and drive forward competitive growth. It is modern information technology that sets the pace of change, making it a crucial element of the operating business.

At the same time, IT processes are also becoming increasingly complex and the scope for change management is expanding – from the analysis of current procedures to entirely new processes, and from the integration of new information technology into existing infrastructures through to the partial or complete outsourcing of operational management.

Against this background of change, Wincor Nixdorf has consistently expanded its own activities. From its starting point as a hardware manufacturer, it has gradually moved into other related fields, allowing it step by step to increase its share of the value chain as customers strive to introduce change and new innovations.

**Enhancing our Customers' Competitiveness.** As part of our strategic development, we aim to play an active part globally in the drive to bring change to retail banks and retailers. We want to make our customers fit for competition by helping to structure their processes and procedures in the most innovative, efficient and customer-friendly way possible. As "partners in change", we see it as our role to take over the more complex tasks on behalf of our customers, who can rely on us for all the services and expertise they need in a single provider. This also has benefits for Wincor Nixdorf, as we are

then able to bundle our strengths, offer a competitive service and expand our skills base in concentric form. Another strategic advantage of this focus on our core business, the branch operations of banks and retailers, is that we have established a deep-rooted understanding of our customers' processes. Our portfolio is geared solely towards the optimization of those processes.

A common objective of all our work is to maximize customer utility, to create added value for banks and retailers through our services – and by doing so, of course, to retain their business over the long term.

**Growth Strategy.** In order to meet and secure our growth targets over the next few years, we have identified four strategic approaches: growth through global expansion, growth through innovation, growth through high-end services and growth through business in related industries. All four levers are closely linked and complement each other extremely well. However, each one individually can be used to exploit potential new growth.

**1. Growth through Global Expansion.** In the past, our international expansion has been driven by our position as market leader in Germany. We now generate approx. 80% of net sales in Europe (including Germany).

**We are making every effort to consolidate our position as the clear market leader in Germany and to establish ourselves as the leading European player within our market segments.**

Asia/Pacific/Africa and the Americas together account for around two thirds of the global market. Further expansion in these regions is therefore a logical consequence of our internationalization strategy.

We see our strength in Europe as an excellent stepping stone for this continued global growth. The extremely competitive nature of business in our target industries gives us a vital impetus in the ongoing development of complex, high-end solutions.

**We aim to earn a place among the top providers in both our business segments in the Asia/Pacific/Africa region.**

**Our aim in the Americas is to strengthen our market position in Banking and Retail by a significant margin.**

"Emerging countries" play an important role in the global expansion of our operations.

**2. Growth through Innovation.** The strength of our market presence is largely determined by our ability to innovate. It is for this reason that we now employ around one tenth of our headcount in Research and Development (R&D). Every year, we invest roughly 4.5% of net sales in R&D projects.

**We intend to maintain a high level of spending on R&D and to keep expanding our activities in this field.**

Our development work is focused particularly on:

- further advances in the convergent base technologies that can be used as components for the optimization of both banking and retail processes
- improvements to the serviceability of our hard- and software to reduce the cost to customers of running our solutions
- software as the key to improving the overall process chains that characterize the branch operations of retail banks and retailers

**3. Growth through Expansion of an all-embracing, high-quality Services Portfolio.** We are considerably expanding our services portfolio in order to increase our share in the value chain created by the optimization of our customers' business processes.

We now offer a range of specialized maintenance and repair services that we are continually expanding to include innovative components. At the same time, we are expanding the worldwide network of resources we have developed to provide our services and to support high levels of growth in these areas.

We see considerable potential for further growth in highly complex services and therefore devote particular attention to these as part of our growth strategy.

**We are expanding our portfolio of complex activities such as Managed Services, Outsourcing and Professional Services. We will target these services in areas where we can identify attractive potential for further growth.**

**Managed Services und Outsourcing.** Here, the added value to our customers lies in our taking over some or all of those functions which do not form part of their core business. Our aim is to ensure the best possible and most efficient operation of the bank's or retailer's branch IT infrastructure. We offer Managed Services, a standardized operating concept that can be implemented rapidly and smoothly, or we can provide support for ongoing process transformation in the form of an outsourcing project, where we assume responsibility for the running of the entire branch-related IT infrastructure.

**Professional Services.** Other attractive growth areas include consulting, IT integration and adaptation as well as staff training. By providing this support, we can help our customers to respond to changes in their companies more efficiently and more rapidly.

**4. Growth through Business in Related Industries.** The expertise Wincor Nixdorf has gained in the branch operations of retail banks and retailers can also be applied to other industries as long as they have similar customer processes or distinct branch networks. We believe there are particularly attractive prospects for growth in the postal industry and among gas station operators and restaurant chains. All of these present an opportunity for us to apply our expertise as an instrument of exploiting further potential for growth. These branches also need to structure and optimize their processes in an efficient and customer-friendly way – with the help of IT solutions. In many cases, this will involve migrating functions and operations to self-service or automated system concepts.

Our aim is to exploit these potential synergies to attract new orders from related industries without, however, losing sight of our principal focus on Banking and Retail.

**Group-wide Programs to Implement Growth Strategy.** In order to support our growth targets in the most effective way possible and integrate them even more efficiently into our everyday business, we have initiated and continue to develop a number of Group-wide programs. By identifying success factors right at the start, we can facilitate the process of implementing and reviewing these measures and developing new ones.

The task of achieving our market objectives is effectively supported by our "Road to the Top" growth program, while earnings targets are underpinned by our successful "Prolmprove" program, aimed at boosting profitability. Our established "Innovation and Quality" program aims to assure a high level of these essential factors. Furthermore, since we regard the culture of our organization ("People with Spirit") as indispensable to our past and future success, we have initiated our own program to help us maintain, carry forward and develop that culture.

## BUSINESS ENVIRONMENT.

**Global Economic Downturn.** The crisis in the U.S. real estate and mortgage market also had a negative impact on the international financial markets during the year under review. This was accompanied by recessionary trends in the U.S. economy, rising commodity prices and record oil prices. Together, these negative factors led to weaker levels of aggregate growth worldwide.

The outlook for the global economy has taken a significant turn for the worse in recent months. Many experts point to risk factors such as the turbulence on the financial markets,

the weakness of the U.S. economy and high levels of inflation in many countries. Overall, the International Monetary Fund (IMF) expects the world economy to grow by 3.9% in 2008 compared to 5.0% in the previous year. In their "Joint Economic Forecast for Autumn 2008", leading economic research institutes (Joint Economic Forecast Project Group) revised downwards their forecasts, taking a more unfavorable view of the global economy. They now project significantly lower growth in global production of just 2.5% in 2008.

According to the Project Group, the German economy is also increasingly feeling the impact of these developments. For 2008, the Project Group anticipates real growth in gross domestic product (GDP) of 1.8% and believes there is a significantly greater risk of recession.

With regard to the eurozone, the Project Group's growth forecast for 2008 lies at approx. 1.0%. In its report it observes that a large number of factors – the situation on the real estate and financial markets and trends in exchange rates and commodity prices – are currently acting as a drag on economic growth, with the result that the eurozone is likely in its view to slip into recession.

In its assessment of prospects for Asia, the Kiel Institute for the World Economy (IfW) expects in its report »World Economy in Autumn 2008« published in the beginning of September to see real GDP growth of 7.6% in 2008 – slightly below the 5-year average. It believes growth in China and India will slow down but remain nevertheless at a high level, although there are risks here, too, such as rising inflation in many countries.

The U.S. economy continued to suffer from the impact of the real estate crisis during the year under review. To stabilize the markets, the U.S. Federal Reserve cut its prime rate in several stages to 1.0%. The IMF expects the U.S. economy to grow by just 1.6% in 2008.

**Unstable Currency Developments.** The fiscal year under review was marked by a very weak dollar against the euro. At the outbreak of the U.S. real estate crisis and at the beginning of fiscal 2007/2008, the euro stood at USD 1.42. As the crisis deepened, the exchange rate rose to a new high of around USD 1.60 by mid-July 2008, driven by interest rate differences between the United States and the eurozone. However, by the end of the fiscal year, the euro had lost most of these gains to reach its lowest point of the year on September 11 at below USD 1.39. At the end of the fiscal year it stood at USD 1.43.

**Developments in the Banking Industry.** Despite the atmosphere of crisis on the international financial markets, **retail banking** – banking services to private clients – once again proved its resilience. At no point during the last fiscal year was there any significant impact from the international financial crisis on willingness to invest – either within the established markets in terms of investment in performance measures or within the emerging markets, where banks continued to expand their branch networks and other sales channels.

Market research firm Pierre Audoin Consultants (PAC) conducted a survey to identify a number of developments such as the medium-term trend in global spending on IT for banks' various sales channels (self-service, branches, call centers, mobile, Internet, other). According to the results, between 2008 and 2011 worldwide investment in hardware is set to rise by an average of roughly 6% p.a. With regard to software and services, PAC anticipates global investment across the different sales channels to grow by 7% p.a.

Another study presented in the Capgemini "World Retail Banking Report 2007" shows that growth is the most common priority of the retail banks surveyed (40%), followed by service optimization (24%) and cost reduction (14%). Retail banks also pointed to sales optimization as the most important factor in achieving growth. Here, as well as customer acquisition and retention, the crucial factors are improved operational control and greater customer focus in front- and back-office

business processes. "Industrialization" of the financial services industry is also given high priority, and in this regard the more widespread use of IT in process optimization and automation is expected to lead to further efficiency gains.

Wincor Nixdorf's own growth strategies are in line with the developments and forecasts described by trend and market researchers.

**Branch Operations Maintain High Priority.** Despite the increasing importance of other sales channels, branches, which act as the banks' personal customer interface, remain their most important point of contact and sales channel. Especially in established markets such as Germany, Europe and North America, the banks continue to invest in the expansion and modernization of their branch networks. This is where efforts to retain existing customers and attract new ones are concentrated. The overriding objectives are to boost sales performance and enhance processes. Alongside these, mall concepts, multi-purpose branches, pure consultancy branches and exclusive target group branches (specialized banking facilities for senior citizens, young people, etc.) are being tested as a means of boosting customer retention and positioning customer-specific services. In many newly industrialized countries, the retail banks are expanding their presence both through their branches and through new self-service products.

**Greater Importance Attached to Multi-Channel Selling.** Communications media such as the Internet and the cell phone have changed the behavior of bank customers, who are now much more price-sensitive, flexible and better informed. They make use of their freedom to choose the best deal from among the wide range of offers available. The banks are responding by developing the best possible strategic mix of sales channels, making their products available through a range of such channels and adapting them to suit each one.

For the IT industry, the challenge is to transform customer data across the different channels and the processes themselves into useful information and to give customers permanent access to that information.

**Further Advances in Automation.** The retail banks are increasingly moving over to automated processes. First and foremost, this helps to speed up the service provided to customers, e.g. when processing requests; at the same time, however, the banks are automating standard processes as a means of exploiting further potential for rationalization.

**Trends in Self-service: New Services and Advertising.** Banks all around the world are turning to self-service technology. As well as automating standard transactions such as deposits and withdrawals, they are increasingly improving the efficiency of their existing self-service networks by implementing new products and services. In many countries, for example, bank customers can now use ATMs to buy tickets for events, pay bills and deposit cash or checks. More and more, self-service systems are also being used for advertising purposes. In conjunction with Customer Relationship Management (CRM) systems, such advertising can even be customized to appeal to individual target groups.

**Cost Pressure, Takeovers and Mergers leading to Standardization of IT Infrastructures.** IT infrastructures can be expensive to maintain, especially when they are based on proprietary software solutions. For this reason, banks are increasingly making use of service-oriented software architectures that can be implemented throughout the organization. In terms of cost, these are proving to be a more appropriate response to the challenges created by the constant updating and expansion of sales channels and functions. Such architectures also help to reduce complexity in relation to internationalization projects and the bank takeovers and mergers that have become more frequent especially in the wake of the financial and banking crisis.

**Outtasking and Outsourcing.** Many banks are shifting the management and operation of their installed IT infrastructure to external service providers in order to concentrate fully on their core business and reduce operating costs. This is also increasingly the case for retail banks, which are handing over tasks such as the running of their self-service systems or branch IT operations to outside providers.

**Developments in the Retail Industry.** Within the established markets of Europe and the United States, the year under review saw a cautious approach to new investment in fundamentally new automation technology in response to gloomier economic prospects. Nevertheless, intense pressure between competitors meant that new investment included the introduction of next-generation soft- and hardware as a way of exploiting further potential for operational streamlining. The major international retail groups continued to expand in the emerging markets. In most cases, they take their proven business models with them, although increasingly they are being challenged in these new markets by innovative and fast-growing local providers.

The general trend towards differentiation between types of operation and product ranges continued throughout the world. In parallel, many retailers are developing new service concepts, with investment in modern POS systems playing a key role. Market research firm PAC anticipates average yearly growth in spending on branch hardware of 4% for the years 2007 to 2011. With regard to spending on branch software/services, it forecasts an average increase of approximately 6% p.a.

Developments among retail groups during the year under review can be summarized in the following list of key trends:

**Optimization of Customer Services and Process Efficiency.** Against a background of tough competition in the retail industry, efforts to reduce costs while adopting a more customer-friendly profile to stand out from rivals have emerged as important investment criteria.

**Checkout:** One of the main areas of innovation in retail branch operations has been the process of recording and paying for the purchased goods (checkout process). At present, almost all the major retail groups worldwide are looking at new concepts for the checkout area, with potential solutions ranging from pure self-service concepts to staff-operated systems and various combinations thereof. To achieve a more customer-friendly system, the emphasis is on reducing waiting times at the checkout, extending opening times and offering more advisory services – all with the same level of staffing. Likewise, modified checkouts also need to cut process costs, while improving the generation of data and its integration into the group's IT system. As a more conservative investment option, many retail groups are replacing their previous ePOS systems with new and more versatile solutions that, when combined with the right software, help bring about significant improvements in process management at branch level.

**Automation:** There is considerable scope for improving the handling of cash in retail branches and in the corresponding back office. Automatic reverse vending systems also provide a major boost to process efficiency, while at the same time appealing to customers. We are also seeing a greater prevalence of kiosk and "visual merchandising" solutions (electronic advertising boards for product presentation, special offer notices or as advertising media) as a means of increasing sales performance.

**IT-based Customer Services:** Increasingly, retailers are looking to new, IT-based service concepts to help them stand out from the competition. One example is mobile shopping technology that allows customers to scan their own purchases at the supermarket using small hand-held devices. For shoppers, this ensures a consistent level of cost transparency and speeds up the checkout process. Mobile terminals can also be used by service staff for tasks such as reordering. Further examples of the use of modern technology are electronic advertising and information displays. This technology depends on being connected to a central system to ensure a constant exchange of data.

**Advances in IT Standardization.** Multinational retailers in particular are increasingly putting their faith in internationally standardized hardware and software and in services that can be applied across their entire organization. Consequently, for all their branches they are choosing to implement uniform software platforms that need only be adapted for the country in question. However, if such systems are to stand the test of time, it is vital that the software can support a range of applications – mobile, stationary, self-service or staff-operated. Furthermore, it is important that the branch software can be integrated into a central system.

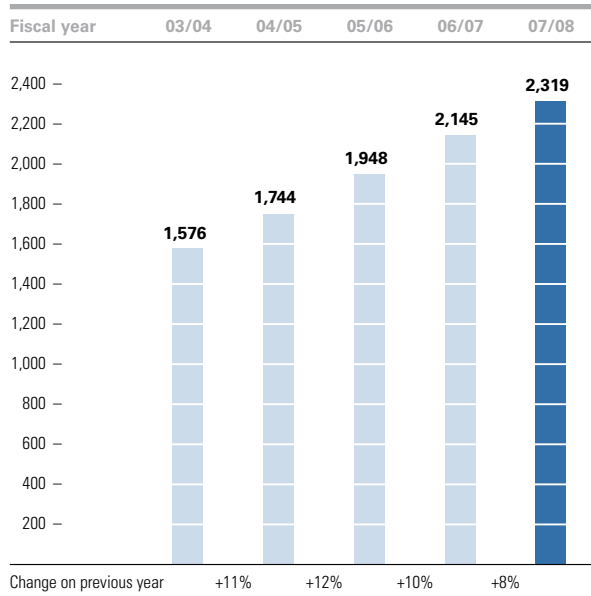
## GROUP BUSINESS PERFORMANCE.

At the start of the fiscal year under review, Wincor Nixdorf forecast growth of 8% in net sales and of 10% in earnings. Despite a marked downturn in the economic situation, this forecast remained in place throughout the year.

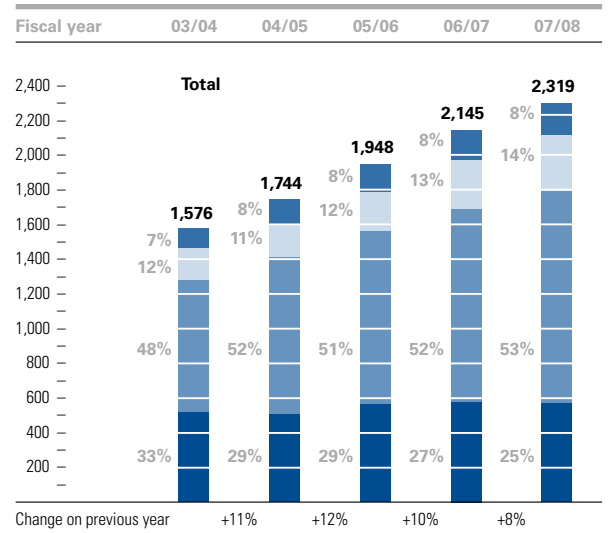
**Encouraging Level of Growth in Net Sales.** Net sales rose 8% for the fiscal year 2007/2008 to reach €2,319 million (2006/2007: €2,145 million). Adjusted for currency fluctuations between the euro and the U.S. dollar, this is equivalent to an increase of 11%.

**Net Sales History.**

€m

**Changes in Regional Sales Trend.**

€m

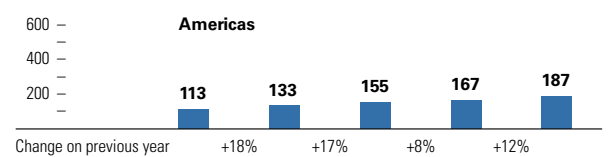
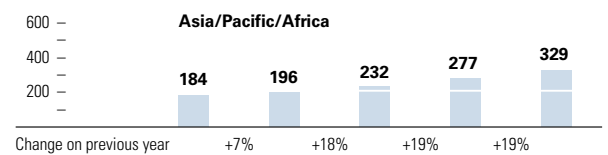
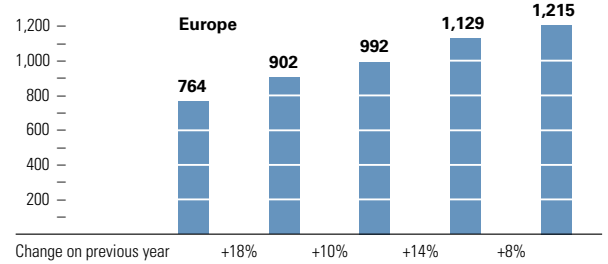
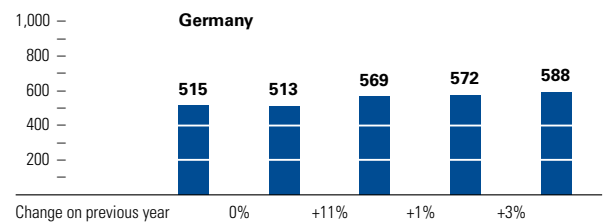


**Regional Performance.** Once again, our international operations were particularly successful in the year under review and contributed substantially to growth at Group level. The increase in net sales was also driven by our expansion in high-growth regions.

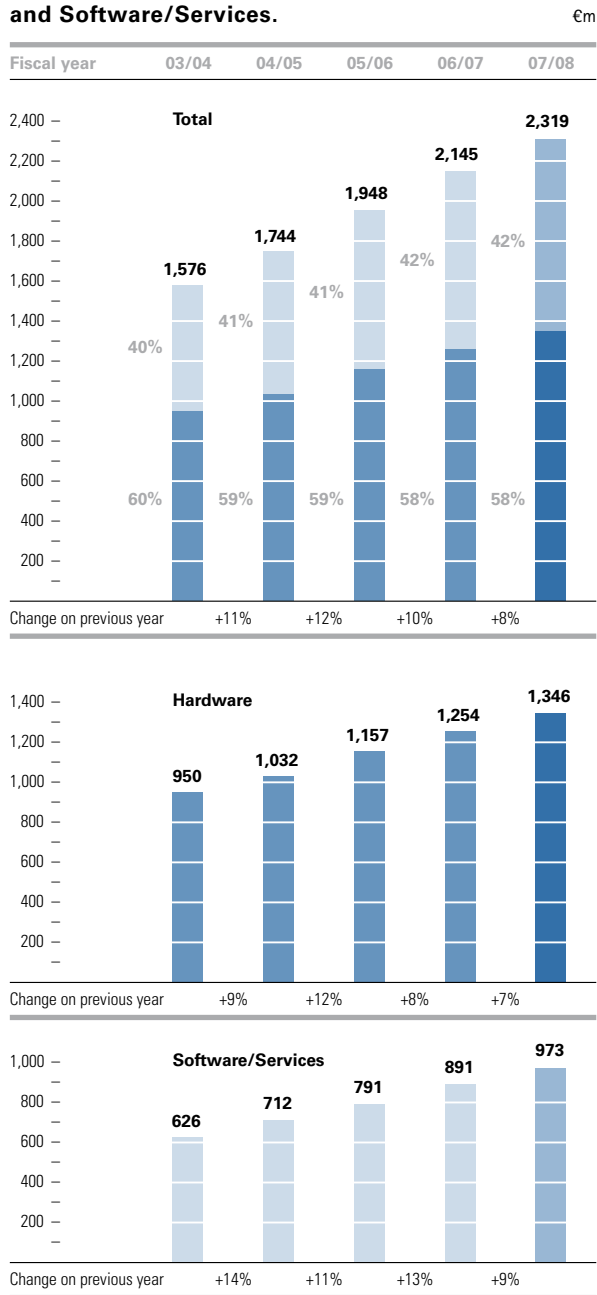
In Germany, we can look back on a modest rise in business, with net sales up 3% (2006/2007: 1%). Total revenue totaled €588 million (2006/2007: €572 million), equivalent to 25% of our global net sales (2006/2007: 27%).

In Europe (excluding Germany), net sales were up 8% (2006/2007: 14%) to €1,215 million (2006/2007: €1,129 million). This region accounted for the biggest share of total Group sales at 53% (2006/2007: 52%).

Business in the Asia/Pacific/Africa region was again exceptional. Reckoned in U.S. dollars, revenue was up 34% on the previous year (2006/2007: 30%). In euro terms, net sales rose 19% to €329 million (2006/2007: €277 million), equivalent to 14% of total Group sales (2006/2007: 13%).



### Net Sales Split: Hardware and Software/Services.



Net sales in the Americas ended the fiscal year up 27% in USD (2006/2007: 17%); calculated in euros, this corresponds to a rise of 12% to €187 million (2006/2007: €167 million). This region's share in overall Group net sales remained at 8%.

**Performance by Business Stream.** Measured in terms of revenue, our **Hardware business** grew by 7% over the reporting period to €1,346 million (2006/2007: €1,254 million). This business stream thus accounted for 58% of total net sales, the same as in the preceding year. There was a substantial rise in sales of high-end systems such as e.g. multi-functional ATMs and automated checkout systems.

In the light of worldwide cost pressure and competition, Wincor Nixdorf set up its own global production network some years ago. This allows us to respond rapidly and flexibly to market requirements. The production network includes our German sites in Paderborn and Ilmenau as well as our locations in Singapore, Shanghai (China) and São Paulo (Brazil). Within this network, our German factories continue to act as the suppliers for higher-end mechatronic components and for recycling and deposit systems.

Efficiency and quality also lie at the heart of our manufacturing systems. During the year under review, for example, we commissioned a new painting unit at our Paderborn site. This new facility meets the highest environmental and manufacturing standards. In February 2008, we moved into the new building complex at Ilmenau, where we develop and produce reverse vending systems and the related software. Sales, customer support and service for this business are also managed from here.

We expanded our production site in Shanghai back in 2006/2007. During the year under review, we strengthened it to prepare for the production of ATMs, especially for the Chinese market, in addition to other products for the retail industry. However, Singapore remains the hub of all our activities in the Asia/Pacific/Africa region and acts as head office for production in this market.

Wincor Nixdorf has organized its global production network on a decentralized basis according to the "local for local" principle. As far as possible, our production sites in Singapore, Shanghai and São Paulo cover the requirements of their own markets themselves. Where this can be achieved through process innovation, this also applies to our German production sites and deliveries to Europe. The "local for local" principle allows us to respond more rapidly and flexibly to customer needs and as a result to take greater advantage of growth in different regions. Another benefit is that by increasing the level of production and purchasing in local markets we can diminish the impact of currency fluctuations.

In fiscal 2007/2008 we made further progress in the standardization and optimization of processes at all our sites. The introduction, for example, of a uniform global IT manufacturing control platform enabled us once again to boost productivity. We also made further improvements to our worldwide supplier management system and to the planning and control of purchasing volumes and site capacities. At the same time, Wincor Nixdorf has started to introduce lean production principles at all its sites.

Revenue for **Software/Services** climbed 9% in the fiscal year to €973 million (2006/2007: €891 million). This business stream covers all the service-oriented elements of our portfolio: the sale of software licenses, providing advice to customers on all aspects of new solutions and on-site implementation and integration ("Professional Services"). It also includes all those services whose purpose it is to assure the smooth, cost-efficient operation of our customers' installed IT systems.

The proportion of total sales accounted for by our Software/Services business remained at the same level as the previous year on 42%. The substantial increase in sales demonstrates the ongoing expansion of services. The fact that its share of total sales remained stable is due to equally strong growth in our Hardware operations.

Wincor Nixdorf successfully expanded its position as a leading innovator in the **Software** business.

In the banking segment, it was particularly our Retail Banking Solution Suite (ProClassic/Enterprise) that met with the greatest interest. Its role is to bring together the main retail banking processes (sales and marketing/service and support) into channel, IT integration and customer areas and to control overlapping processes. The banks benefit from the simpler and faster integration of sales channels and improvements in the analysis of data from other channels. In the retail segment, the year under review saw the redevelopment of our TP Application Suite, now equipped with many new functions to support the standardization of processes throughout the value chain – from logistics to the checkout – and across national boundaries.

No software without implementation: Wincor Nixdorf's integration services also performed well over the last year and we are keen to expand this area significantly in the next few years alongside our consultancy business.

Our **Services** division maintained its unbroken upward trend, driven by buoyant performance in the banking segment. Here, the biggest and fastest-growing area in terms of business volume is **Product-related Services**. In general, these involve contracts extending over several years for the installation, maintenance and repair of customer systems.

Wincor Nixdorf's **Managed Services** involve our taking over the running of specific tasks within a customer's IT infrastructure. This reduces the overall burden of operating its installed IT base and helps to optimize its business processes. We were particularly successful in this field with our standardized service packages. These include network-based remote monitoring, inventORIZATION and software distribution.

**Outsourcing**, our most comprehensive service and one that we provide above all to banks, involves our taking over part or all of the running of branch-level IT infrastructures and applications, including self-service devices and networks. This means we are responsible for the technical and operational processes related to ATMs and for the control and monitoring of the cash cycle – in short, the entire running of self-service applications and their infrastructures. During the year under review, we further expanded our activities in this field in Germany and the United Kingdom (see also “Banking segment”).

The technological basis for the control and delivery of our entire service portfolio is the “eServices Platform”. It lies at the heart of the remote monitoring and control of customer systems and devices, guaranteeing stable and consistently high-quality processes. It records any disruption centrally, automatically initiates the appropriate action and resolves the issue following a standardized procedure. In addition, the customer can monitor the operational status of its systems at any time via a portal as well as checking their availability through reports and obtaining information on current inventory levels.

With regard to our Logistics services, during the year under review we set up a rollout center in Germany that is also intended to support other European countries in the future with major rollout projects. Over the same period, our new logistics center in Singapore also commenced operation.

**Costs.** In fiscal 2007/2008, Wincor Nixdorf again strove to improve its cost structure with the help of the Group-wide “ProImprove” program. The gross margin from net sales before the impact of the carve-out on earnings fell slightly by 0.2 percentage points to 27.4% (2006/2007: 27.6%).

Research and development costs during the year under review were up €8 million to €105 million (2006/2007: €97 million), an increase of 8% on the previous year. The R&D ratio remained steady at 4.5%.

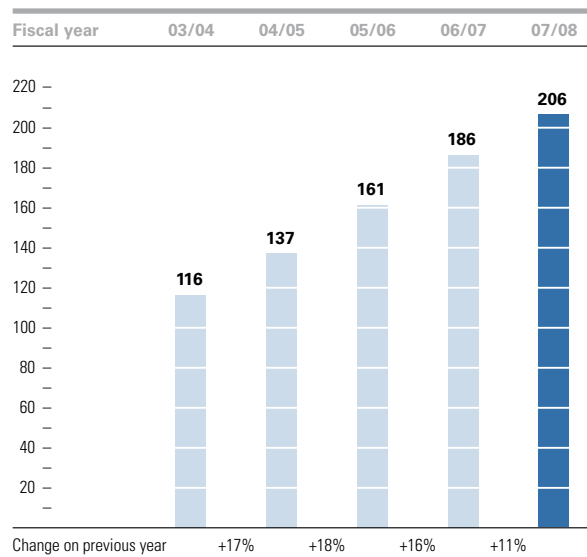
Thanks to strict cost management, the ratio of selling, general and administration expenses to net sales fell 0.4 percentage points to 14.0% (2006/2007: 14.4%). Selling, general and administration expenses, including other operating income and expenses, amounted to €325 million (2006/2007: €308 million).

**Profit.** Wincor Nixdorf again achieved ongoing improvements to profitability thanks to very positive sales figures and efficient cost management. Earnings before interest, taxes and amortization of product know-how (EBITA) rose by 11% to reach €206 million (2006/2007: €186 million). The EBITA margin was up 0.2 percentage points to 8.9% (2006/2007: 8.7%).

Profit before income taxes climbed €20 million to €181 million (2006/2007: €161 million). This is equivalent to a rise of 12%. The Group’s effective tax rate fell to 30% (2006/2007: 32%), primarily as a result of a cut in the level of German corporation tax.

#### EBITA History.

€m



Net profit for the period was €127 million, up €18 million or 17% on the corresponding figure of €109 million for the previous year. This meant a higher return on net sales of 5.5% (2006/2007: 5.1%).

The Group's enhanced earnings performance is also reflected in net profit for the period before carve-out expenses. It climbed 14% to €135 million (2006/2007: €118 million).

**Dividend.** Wincor Nixdorf will continue to pursue its previous dividend policy. On this basis, the dividend to be paid to shareholders is calculated as being equivalent to approximately half of the Group profit for the period before charges arising from the carve-out.

For the reporting period, this corresponds to a dividend of around €2.13 per share, an increase of 13% on the basic dividend of €1.88 paid out in the preceding year. In 2006/2007, an extra dividend of €0.90 per share was also paid out.

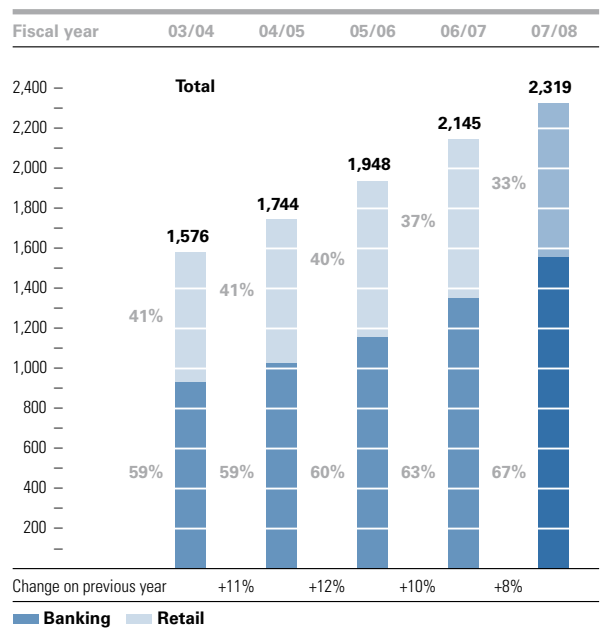
As of September 30, 2008, the consolidated profit of Wincor Nixdorf AG stood at €151,775 k. A dividend of €2.13 per share will be proposed to the Supervisory Board and the Annual General Meeting. This corresponds to a total distribution of €67,444 k on the date on which the Group financial statements are released by the Board of Directors. The remaining amount will be carried forward. The dividend will be paid out on January 20, 2009.

## SEGMENT PERFORMANCE.

During the fiscal year 2007/2008, growth in net sales and operating profit at Group level was primarily due to the excellent performance of the Banking segment, which increased its share of total sales to 67% (2006/2007: 63%). The Retail segment accounted for 33% (2006/2007: 37%).

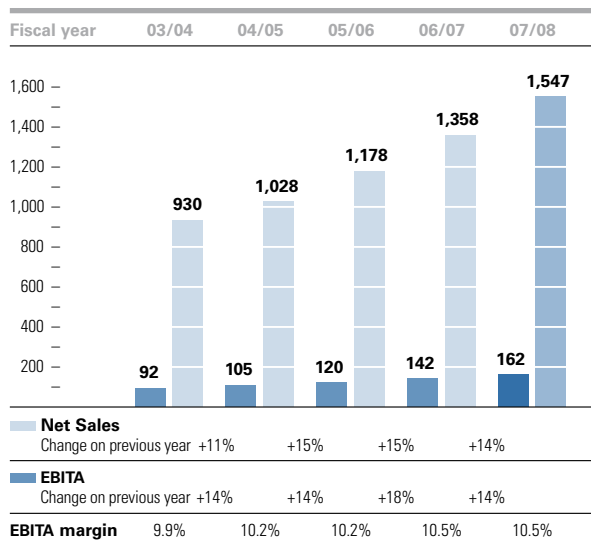
### Net Sales Split: Banking and Retail.

€m



## BANKING SEGMENT.

Net sales in the Banking segment showed another substantial rise in 2007/2008 to end the fiscal year up 14% at €1,547 million (2006/2007: €1,358 million). Both our Hardware and Software/Services business streams recorded an increase. Thanks to strict cost management, this growth in net sales also boosted the corresponding figure for segment EBITA by 14% to €162 million (2006/2007: €142 million). As in the previous year, the EBITA margin remained unchanged at 10.5%.

**Net Sales and EBITA History: Banking.** €m

A crucial factor in the success of this segment is the ongoing development of our portfolio. Our aim is to make continuous improvements to the processes in bank branches and related fields in the retail banking industry by supplying perfectly co-ordinated hardware, software and services.

**Automating Processes and Migrating to Self-**

**service.** A growing number of standard transactions are being moved over to a self-service basis – a trend that Wincor Nixdorf supports with a portfolio that also extends the functionality of existing systems. Examples include multi-functional systems that allow customers not only to deposit banknotes, coins and checks but also to pay invoices. Banks can generate additional income by providing other self-service functions such as cell phone card top-ups or ticket sales. New software modules and the integration of CRM software mean that self-service systems can also be used for targeted advertising.

**Service and Outsourcing.** Wincor Nixdorf is well placed to take advantage of attractive opportunities for growth in the provision of services for branch-related IT systems. As well as product-related services, Managed Services, too, open up good prospects for growth in response to cost pressures in the retail banking industry. These services take the form of innovative packages that increase availability levels while reducing costs and involve the outsourcing of IT operations that were previously carried out in-house. Other promising services include Transaction Processing, which makes it possible for customers to reduce their vertical structures and likewise outsource cost-intensive branch processes to external providers.

**Software for Consistent Data Use and Integra-**

**tion.** One of the principal demands made of IT systems is that they should transform customer data for the different sales channels – branches, self-service, Internet and mobile banking – into useful information to which users must then have permanent access. It is for this reason that more and more banks are combining their sales channels onto a single software platform and standardizing their applications across all those channels and a range of terminals. This integration not only improves bank services and sales opportunities at the customer-bank interface (self-service and branch); it also makes it possible to create a uniform IT infrastructure. As a form of service-oriented architecture (SOA), the software is designed on the net-centric principle. Once a new function has been developed for one channel, it can be used for all the others and recycled.

**Expansion in Professional Services for Banks.**

2007/2008 saw the expansion of our portfolio of Professional Services to include software-related areas. Banks need to adopt individual IT solutions but do not wish to dispense with standard components. We can help resolve these discordant requirements by drawing on the different elements in our

software portfolio. The standard software we supply performs a range of key functions. Building on these, we develop individual applications that are tailor-made in response to the processes and requirements of our customers, who can choose from a range of specialized services such as strategic IT consultancy, the design and implementation of appropriate solutions and the maintenance and updating of these applications. In addition, we offer the specialist consultancy services required as part of the development of these individual applications. At present, our particular areas of expertise are sales and service processes, cash management, transaction processing, security and IT infrastructure.

#### **Holistic Branch Development and Management.**

Wincor Nixdorf has created a new, all-embracing concept that allows banks to boost the productivity, efficiency and sales focus of their branches. It covers everything from the analysis of branch processes and assuming responsibility for planning, project management and implementation work through to the turnkey handover of a new branch. One module involves training packages that are designed to improve the advisory and selling skills of employees, while another covers the entire operation of the IT branch infrastructure and systems.

**Security across the Entire Process Chain.** In the year under review, we expanded our portfolio to cover an even greater range of tasks from system and facility security to protection for cash-related logistical processes. In addition, Wincor Nixdorf supports its customers throughout the entire process chain from the analysis, development and final preparation of a new solution to its operation.

**Managing the Cash Cycle.** During the reporting year, we also further expanded our banking expertise in the field of cash processes. As a service provider, our role is to optimize cash flows in both directions on behalf of our customers. We analyze all the processes involved both as part of the entire bank-customer-central bank cycle and at system level. Thanks

to a new module in our Retail Banking Solution Suite, we can optimize cash levels not only at individual cash points but across the entire branch network.

**Regional Performance.** Our banking operations in **Germany** grew, with particular interest in branch process automation and the migration of standard transactions to self-service technology. There was demand for solutions aimed at the standardization of IT infrastructures and outsourcing services, while our Professional Services business also saw the launch of several major new projects.

Growth in **Europe** continued at a high level. In the countries of Western Europe, the banks invested predominantly in the automation of their branches and in innovative software. Additionally, Hardware recorded strong demand for solutions aimed at optimizing the cash cycle, driven in particular by business in the western region of Europe. The products most in demand were intelligent self-service deposit-only and combined deposit/withdrawal systems (recycling). Eastern Europe also reported a good level of growth.

In the **Asia/Pacific/Africa** region, it was our self-service deposit/withdrawal systems that fared best. Especially in the Asian countries, which are still dominated by cash transactions with a large number of "small" notes in circulation, the banks are interested in combined deposit/withdrawal units to simplify cash handling. In Australia, our systems were certified, allowing us access to the market.

Business performance in the **Americas** was very positive despite the financial markets crisis. Intelligent deposit systems, ATMs and automated teller safes were all in greater demand. In the United States, systems designed for the automatic recognition and acceptance of banknotes and checks played a major role. At the same time, we received other substantial orders from large Canadian banks. Demand from well-known banks in Latin America also strengthened our market position.

**Performance by Business Stream.** Our successful performance in the **Hardware business** was primarily driven by the Banking segment through sales of **cash deposit/withdrawal systems** (cash-in, cash-out and recycling systems). Demand was excellent both for high-end systems and for the simpler mono-functional systems we produce in greater volume. The principal motors for growth in our worldwide operations were new system installations and, increasingly, replacement investment for older systems.

Wincor Nixdorf's success in the field of ATMs was highlighted in a survey conducted by British market research firm Retail Banking Research (RBR). The results show that Wincor Nixdorf increased the annual shipments and therefore its global share of the ATM supplier market from 18% in 2006 to 21% in 2007, taking it to the No. 2 position worldwide. As recently as 1994 it stood at number 12, before moving into third place in the year 2000.

Wincor Nixdorf was the first to provide intelligent cash/check deposit systems and to date has installed over 17,000 around the world. We are now supplying a fourth generation of our cash/check deposit module that can automatically accept up to 50 checks or banknotes (bundled).

The marked trend towards counter-less branches with automatic teller safes again led to a strong increase in demand.

Self-service banking facilities are also expanding in the emerging markets. This has a positive impact on our business with high-volume mono-functional cash systems.

There was an increase in sales of **non-cash products** for integration into bank terminals. Our solutions for employee self-service were again successful. They are being used by an ever greater number of industrial companies and allow all staff members to access personnel information via a kiosk terminal without the need for Intranet access.

Demand for **receipt and document printers** also remained buoyant.

**Substantial Growth in Software/Services.** Our Software/Services business stream within the Banking segment reported another significant increase in sales, with sustained growth across the entire **Software** portfolio given further impetus by new developments to existing concepts. The basis of our success in the self-service market is our ProClassic software family.

Building on our experience with ProClassic, we brought the different elements of our portfolio together under the Retail Banking Solution Suite (ProClassic/Enterprise) which was further developed. The software family was presented at the beginning of the calendar year. It met with a very positive response, showing that our development strategy is on the right track. Many customers in Germany and Western Europe have already decided to add new modules to their ProClassic/Enterprise solutions or to introduce the software on a completely new basis. By way of example, the number of systems using the monitoring component rose to over 100,000. Another promising development is our direct marketing module, with more and more banks seeing an opportunity to exploit self-service systems for communications purposes, too, and therefore investing in the corresponding software component.

Our **Services business** produced strong growth driven particularly by product-related services in Europe and Asia. We were able to expand the business considerably in the Americas and also made good progress in the operation of IT infrastructures. Managed services, i.e. standardized service packages for self-service systems, performed especially well in Europe and Asia.

Wincor Nixdorf's Outsourcing business was particularly successful in the year under review. In Germany, our focus lay on the Sparkassen (savings banks) given their clear position as market leaders in the retail banking industry. We took a majority interest in a joint venture involving two of the major savings banks. This project involves running large parts of the IT operations of both banks and will also offer its services to other savings banks. We also expanded in the United Kingdom, where we have many years' experience in the field of outsourcing.

In September 2008, in order to strengthen its position in the field of consultancy services for German banks, Wincor Nixdorf acquired a majority share in Bankberatung Organisations- und IT-Beratung für Banken AG. This firm's main activities include the provision of specialized banking analysis, the planning, design and optimization of processes in transaction banking, banking control systems and the migration of bank applications. It also offers project management services for manufacturer-independent solutions projects. The company's headcount of over 50 has extensive experience in the introduction of SAP and Kordoba banking software and in the introduction and integration of data warehousing solutions.

Following this acquisition, Wincor Nixdorf is now in a position to cover every single project phase in the change-related processes of retail banks. Our portfolio ranges from specialized bank consultancy, process design and IT solutions consultancy/integration through to IT systems operation and outsourcing. We also expect the expertise of Bankberatung AG to contribute to innovative new solutions at Wincor Nixdorf.

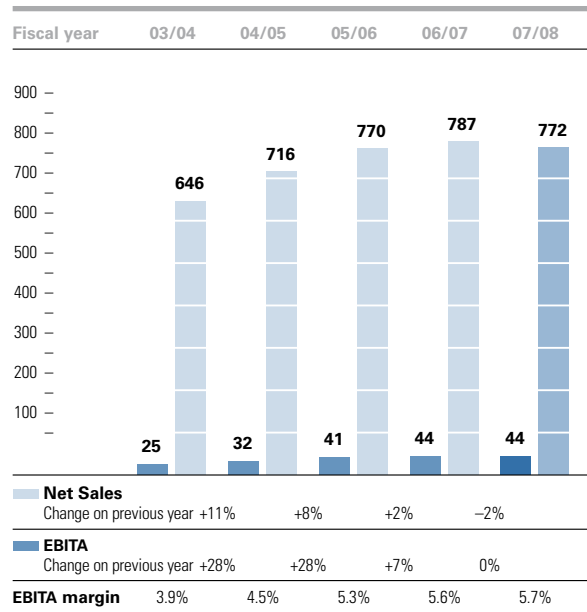
## RETAIL SEGMENT.

Our business with the retail industry remained slightly below the previous year's level (-2%) with net sales of €772 million (2006/2007: €787 million).

Nevertheless, we were able to boost profitability in this segment thanks to a strict approach to cost and portfolio management. Despite a fall in net sales, EBITA remained at €44 million (2006/2007: €44 million), giving an improved EBITA margin of 5.7% (2006/2007: 5.6%).

## Net Sales and EBITA History: Retail.

€m



## Further Developments in the Checkout Process.

The checkout is one of the central processes in the retail industry. This area offers great potential as a data and IT interface at both branch and group level. Another important consideration is that every single shopper has to pass through the checkout area, so customer-friendly systems are an absolute must.

Wincor Nixdorf can draw on a flexible and modular portfolio covering all the relevant hardware and software components needed for the checkout. Consequently, one of the main aspects of our work with customers during the year under review was the further development of the checkout.

**Cutting-edge Programmable Electronic Point of Sale (ePOS) Systems:** Given the high level of demand for new and replacement investment, we pushed ahead in 2007/2008 with new developments to expand our market position.

**Customized Checkout Solutions for Individual**

**Scenarios:** Each retailer has its own view of what the checkout area should be like, and based on this view it will have a specific set of needs. Our strength – one that we further consolidated over the last year – lies in being able to offer a superbly coordinated portfolio of solutions. We are guided in all cases by the different requirements of each type of retail outlet. In the case of discounters, for example, these might be large trolleys and rapid progress through the checkout; in DIY/furniture stores there may need to be provision for bulky objects. All these store requirements – as well as those of the consumer – are incorporated into our solutions portfolio. There are a number of possible scenarios, one of which, for example, might involve the shopper scanning the goods using a mobile device as they are placed in the trolley and then paying for them at an unstaffed payment terminal in cash or by card. Combinations of retail type and checkout scenario are also possible within the same branch.

**Simple Individual Implementation of Standard-**

**ized Solutions:** As part of the ongoing development of our solutions portfolio, the focus here lay on enabling retailers to handle different checkout scenarios as simply as possible.

**Boosting Process Efficiency through an Open IT**

**Infrastructure:** To avoid a situation where each type of checkout requires its own IT infrastructure with its own software platform to process sales and customer data, Wincor Nixdorf has developed a consistent, comprehensive solution. Given the different requirements involved, this means a substantial saving in IT costs. Our TP Application Suite can be used to control all types of checkout – including those of other manufacturers – regardless of whether they are equipped with cash or non-cash components. Furthermore, this global approach also leads to a high level of efficiency in the analysis of all transactions.

**Fast and Simple Procedures for Cash Float Supply/Disposal and Daily Closing:**

Our brand new, standardized modular cash handling solution for every conceivable checkout concept offers one very important advantage: Whatever the checkout scenario, the upstream and downstream procedures for retail staff are always the same. As a result, the same coin and note recyclers can be equally well integrated into both conventional, non-automated checkout processes and modern self-service systems. This kind of integrated IT support also gives staff a permanent overview of cash levels and notifies them when systems need to be resupplied or emptied.

**Security for Staff and Money:**

This is a very important aspect of the checkout process. It is vital, for example, to take proper account of the legal framework, the processes of cash-in-transit security firms and the need to ensure that details of all staff contact with the cash are traceable.

**Greater Transparency in Branch Management.**

During the year under review, our focus here was on the expansion of our software portfolio to meet the needs of global retailers. This included the integration into the TP Application Suite of new functions for the central control and administration of all systems. In response to different requirements, this makes it possible, for example, to obtain decision-critical information at any time, such as the sales figures for individual ranges or locations, campaign follow-up data or the detection of potentially fraudulent activities.

**Regional Performance.** Results for our Software/Services business in **Germany** were stable, while Hardware sales showed only a modest increase.

Overall, business in **Europe** was again positive. Growth here was driven in part by the increasing use of automated checkout systems in retail branches.

Results in the **Asia/Pacific/Africa** region were significantly up on the previous year with a particularly good performance in Software/Services.

Despite difficult market conditions in the **Americas**, we were able to maintain the same level of sales as in the previous year.

**Performance by Business Stream. Hardware business** was marked by an increase in sales of high-end systems and, in contrast, a slight fall in sales of electronic checkout systems (ePOS). Combined with the general decline in prices for traditional POS systems, this led to a lower set of results overall.

The increase in sales of high-end systems such as self-service and automated checkouts is a reflection of trends in the retail market. Thanks to its product developments in this area during the reporting year, Wincor Nixdorf improved its prospects for participating in this growth trend.

Throughout the world, ePOS systems continue to provide retailers with important data and information. These systems often act as an interface for the representation and control of branch processes. In addition, at Wincor Nixdorf they are the basis for kiosk systems, for example, and are also used as components for self-checkout and reverse vending systems. Accordingly, we took steps to promote new developments in this area to ensure that we can maintain our traditionally strong position.

Current developments in base systems are predominantly geared towards improving levels of serviceability. This covers operational readiness, customer service and maintenance issues. The aim is to further reduce operating costs throughout the entire product life cycle (total cost of ownership). With regard to environmental considerations, we are currently working on "green" IT products that combine top performance with low energy consumption. Ongoing improvements to logistical and production processes also help to boost sales and counter falling prices.

Results in the **Software/Services business** were at the level of the previous year.

The main driver of sales in the **Software business** was our TP Application Suite branch software, which enables retail groups to use the same software in all their international branches even given the variations between tax regimes.

In the year under review, we made targeted improvements to our Namos software platform for international gas station networks and implemented the system for several big-name customers. The software's major advantage is that it comprehensively covers business processes.

In the **Services business**, we further expanded our global network, allowing us to provide across-the-board support for the international operations of our retail customers. In this way, and through the use of standardized modules, we were able to expand our range of product-related services. In Europe above all, we attracted a number of high-profile retail customers. We also supply retailers who use systems from other manufacturers (multi-vendor). Demand for Managed POS services rose by a substantial margin, especially in Europe.

During the last year, we successfully developed innovative new services for retail groups. These take the form of concepts that allow us to provide targeted support to those wishing to open new branches in other countries. Our portfolio of services includes preparing the entire IT infrastructure for the opening and subsequent operation of new branches. This enables the retailers themselves to focus completely on setting up and opening each branch.

## ACQUISITIONS AND NEW COMPANIES.

Wincor Nixdorf continues its strategic expansion. In Germany, we strengthened our position as a specialized provider of IT services for retail banks in the field of outsourcing. With effect of January 1, 2008, we acquired a majority interest (51%) in and operational control of Prosystems IT GmbH in Bonn. At the end of the fiscal year, as a means of widening our portfolio of services to retail banks, we acquired 51% of the shares in Bankberatung Organisations- und IT-Beratung für Banken AG in Wedemark (region of Hanover), a consultancy firm in the field of organization and solutions.

Outside Germany, we set up new subsidiaries: in Norway, where together with a partner (Wincor Nixdorf owns 50% of the shares) we founded a joint venture company to compete in the Banking Services industry, and in India, where the aim is to expand our sales operations.

## CAPITAL EXPENDITURES.

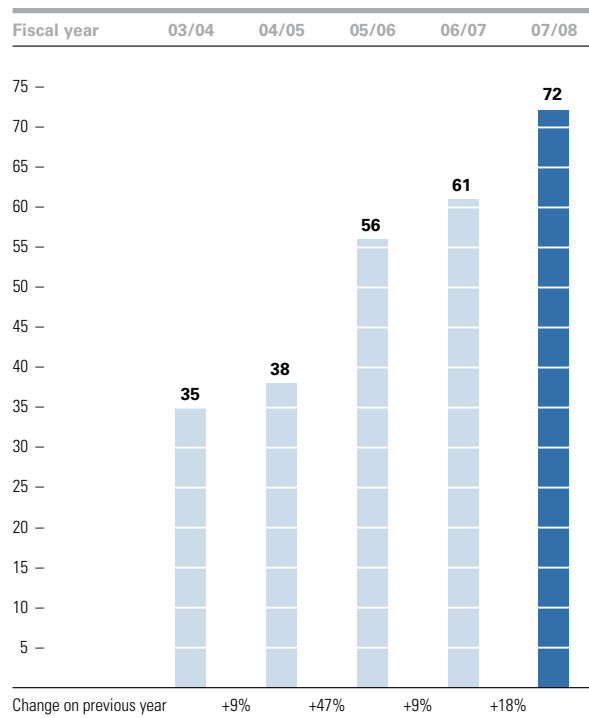
In the year under review, Wincor Nixdorf again invested heavily in capital projects to increase capacity, streamline company processes (and therefore boost productivity), promote innovation and enhance the quality of our hardware, software and services.

In fiscal 2007/2008 we invested €72 million (2006/2007: €61 million) primarily in software and data processing systems, specialist tools and production facilities, other fixed assets, office equipment and reworkable service parts.

We spent €19 million alone (2006/2007: €16 million) on the expansion of our Outsourcing business in Germany.

## Capital Investment History.

€m



## PERFORMANCE, FINANCIAL POSITION AND ASSETS.

**Performance.** Wincor Nixdorf was able to improve net profit for the period up to €18 million, or 17%, at €127 million (2006/2007: €109 million).

Net sales rose 8% to €2,319 million (2006/2007: €2,145 million). In fiscal 2007/2008, sales growth was again driven predominantly by the Banking segment. Around 75% of net sales revenue was generated outside Germany.

**Reconciliation of Result from Business Operations (EBITDA).**

	€m	
	2007/2008	2006/2007
Profit for the period	127	109
+ Income taxes	54	52
+ Financial result (finance costs ./. finance income)	13	10
+ Amortization of product know-how (exceptional item)	12	15
<b>EBITDA before amortization of product know-how</b>	<b>206</b>	<b>186</b>
+ Amortization/Depreciation of tangible fixed assets and licenses	46	42
+ Write-down of reworkable service parts	8	5
<b>EBITDA before amortization of product know-how</b>	<b>260</b>	<b>233</b>

The gross margin on net sales before exceptional items showed a slight fall to 27.4% (2006/2007: 27.6%).

In fiscal 2007/2008, we again increased our expenses for research and development activities. Total expenses in this area was €105 million (2006/2007: €97 million), equivalent to a rise of 8%. The R&D ratio remained constant at 4.5%.

Thanks to strict cost management as part of our "Prolmprove" profitability program, the ratio of selling, general and administration expenses to net sales fell by 0.4 percentage points to 14.0% (2006/2007: 14.4%). Selling, general and administration expenses, including other operating income and expenses, amounted to €325 million (2006/2007: €308 million).

As a result, EBITDA climbed €27 million, or 12%, to reach €260 million (2006/2007: €233 million). Accordingly, the EBITDA margin rose 0.3 percentage points to 11.2% (2006/2007: 10.9%).

EBITA also benefited from these developments to end the fiscal year up €20 million, or 11%, at €206 million (2006/2007: €186 million). The EBITA margin was up 0.2 percentage points at 8.9% (2006/2007: 8.7%).

**Financial Position.** The 9% rise in cash flow from operating activities again shows the positive financial position during the last fiscal year. Compared to the previous year, cash flow was up €16 million to €196 million (2006/2007: €180 million). As in the previous year, this was largely due to a 12% increase in EBITDA to €260 million (2006/2007: €233 million). The main cash outflows were interest payments of €13 million (2006/2007: €9 million), income tax payments of €56 million (2006/2007: €37 million) and a reduced figure for provisions of €6 million (2006/2007: rise of €36 million). A slight fall of €3 million in working capital (2006/2007: up €40 million) and a reduction of €10 million in other assets and liabilities (2006/2007: up €4 million) helped support this increase in cash flow from operating activities.

**Cash flow.**

	€m	
	2007/2008	2006/2007
<b>EBITDA</b>	<b>260</b>	<b>233</b>
Cash flow from operating activities	196	180
Cash flow from investment activities	-72	-66
Cash flow from financing activities	-116	-119
<b>= Change in liquidity</b>	<b>8</b>	<b>-5</b>
Cash and cash equivalents at the beginning of the period	-11	-6
<b>Cash and cash equivalents at the end of the period</b>	<b>-3</b>	<b>-11</b>

Cash outflows from investing activities amounted to €72 million (2006/2007: €66 million). Cash outflow for investments in intangible assets and property, plant and equipment was €67 million (2006/2007: €52 million). As in previous years, the main focus of this investment activity was on other fixed assets and office equipment and on the outsourcing business. Investments in reworkable service parts almost remained unchanged. We further expanded our outsourcing business by acquiring an interest in Prosystems IT GmbH. This acquisition produced a net cash outflow of €2 million. In September 2008, we acquired a share in Bankberatung Organisations- und IT-Beratung für Banken AG in order to strengthen our consultancy activities in the Banking segment. This deal produced an increase of €1 million in cash and cash equivalents, since the purchase price of €5 million was not paid until the beginning of October 2008. In total, acquisitions accounted for a net cash outflow of €2 million (2006/2007: €10 million).

At €116 million, cash flow from financing activities remained at almost the same level as the previous year (2006/2007: €119 million). The dividend paid out to shareholders was €88 million (2006/2007: €46 million), and we spent €43 million on the repurchase of our own shares (treasury shares) (2006/2007: €44 million). Borrowings rose by €16 million, whereas in the preceding year €21 million of borrowings were repaid.

The Group's net debt (bank liabilities less cash and cash equivalents) increased to €194 million (2006/2007: €182 million), roughly corresponding to net cash from operating activities in the year under review.

Mainly on account of its positive cash flow from operating activities, Wincor Nixdorf Group was and remains in a position to meet its payment obligations at any time, and does therefore not see a need to commission a rating.

**Assets.** Compared to the previous year, the balance sheet total was up €49 million, or 4%, to €1,274 million (2006/2007: €1,225 million). Both non-current and current assets showed a small increase, especially with regard to property, plant and equipment and current receivables and other assets. On the liabilities side, the main rises were in non-current financial liabilities and current trade payables.

The figure for intangible assets is almost unchanged year on year, with a carrying amount of €363 million (2006/2007: €367 million). The amortization of product know-how of €12 million (2006/2007: €15 million) and the amortization of commercial patents and licenses of €10 million (2006/2007: €9 million) were partly compensated for by investment in software, especially for outsourcing projects, in the amount of €6 million (2006/2007: €8 million). In addition, intangible assets rose by a total of €12 million as a result of the acquisitions of Prosystems IT GmbH and Bankberatung Organisations- und IT-Beratung für Banken AG.

The carrying amount of property, plant and equipment is up €28 million on the previous year at €143 million (2006/2007: €115 million). Capital expenditure on property, plant and equipment amounted to €60 million (2006/2007: €47 million). The principal investments made here were in data processing equipment, specialist tools and plant and machinery. Depreciation in the year under review amounted to €36 million (2006/2007: €33 million).

There was a small decline of €6 million to €45 million in non-current receivables and other assets (2006/2007: €51 million). This was largely due to the lower surplus of plan assets over pension obligations. The surplus totaled €7 million compared to €13 million in fiscal 2006/2007. This item also includes reworkable service parts, whose carrying amount was €14 million (2006/2007: €16 million).

<b>Assets.</b>		€m
	Sept.30,2008	Sept.30,2007
<b>Assets</b>		
Intangible assets	363	367
Tangible assets and financial assets	144	116
Non-current receivables and other assets	45	51
<b>Non-current assets</b>	<b>552</b>	<b>534</b>
Inventories	278	294
Current receivables and other assets	428	373
Cash and cash equivalents	16	24
<b>Current assets</b>	<b>722</b>	<b>691</b>
<b>Total assets</b>	<b>1,274</b>	<b>1,225</b>
<b>Equity and Liabilities</b>		
<b>Equity (incl. minority interest)</b>	<b>276</b>	<b>278</b>
Pension accruals and other accruals	51	50
Financial liabilities	186	170
Other liabilities	3	2
<b>Non-current liabilities</b>	<b>240</b>	<b>222</b>
Other accruals	171	175
Trade payables	271	234
Other current liabilities	316	316
<b>Current liabilities</b>	<b>758</b>	<b>725</b>
<b>Total equity and liabilities</b>	<b>1,274</b>	<b>1,225</b>

Inventories declined by €16 million to €278 million (2006/2007: €294 million). Current trade receivables rose to €363 million (2006/2007: €317 million). Other current assets rose to €65 million (2006/2007: €56 million).

Current bank deposits fell by €8 million to €16 million (2006/2007: €24 million) and current bank liabilities by €12 million to €23 million (2006/2007: €35 million).

Equity, including minority interest, was down by €2 million to €276 million (2006/2007: €278 million). Reductions caused by the payment of dividends worth €88 million (2006/2007: 46 million) and the further repurchasing of our own shares to the value of €43 million (2006/2007: €44 million) were almost entirely compensated for by net profit for the period of €127 million (2006/2007: €109 million). Equity movements are described in the table entitled "Changes in Equity".

Non-current financial liabilities rose by €16 million to €186 million (2006/2007: €170 million), mainly as a result of new borrowings totaling €15 million from the revolving facility. Under the terms of this revolving facility, Wincor Nixdorf Group was granted a credit line of €350 million by a consortium of banks for a period of seven years up to August 2, 2012. Borrowings are subject to interest based on the EURIBOR plus a margin. The entire credit line is still available until expiry of the agreement without an obligation to make principal repayments before that time.

Other current accruals fell back slightly by €4 million to €171 million (2006/2007: €175 million). This was mainly the result of a fall in other accruals by €12 million and a simultaneous increase in personnel-related obligations of €4 million and warranty obligations of €6 million. From the present perspective, the recognized accruals sufficiently cover all of the Group's probable obligations.

Compared to the previous year, other current liabilities remained unchanged at €316 million.

The Group also has future non-balance sheet liabilities in relation to tenancies, leasing agreements, long-term purchase contracts and purchase commitments totaling €108 million (2006/2007: €90 million).

**Overall Assessment of Economic Position.** Overall, the Board of Directors believes the economic position of the Wincor Nixdorf Group to be sound on the date on which the Group management report was prepared. This assessment is based in part on the very good results achieved in the year under review, with record figures for both net sales and earnings. Looking ahead at the medium term, in the light of established trends in the retail banking and retail industries and our own current position, which improved during the year under review, the Board of Directors regards the prospects for the Group as positive. Given the information available on the date of this report, in the current fiscal year the Board of Directors expects to follow on from the very good performance of 2007/2008 and to maintain approximately the same level of business. However, the Board does not exclude a short-term deterioration in business as a consequence of the financial market crisis and is therefore pushing ahead with internal measures to provide the Group with flexible options on which it can act as the need arises.

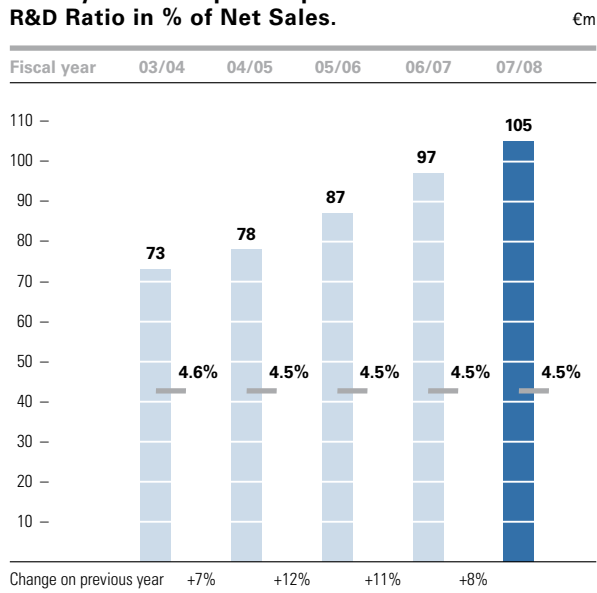
## RESEARCH AND DEVELOPMENT.

For high-tech providers such as Wincor Nixdorf, Research and Development (R&D) is more than just the basis of future success; our ability to innovate also helps to boost the competitiveness of our customers. With this firmly in mind, we increased global R&D expenses in fiscal 2007/2008 by 8% to €105 million (2006/2007: €97 million), leaving the R&D ratio (R&D expenses as a proportion of net sales) unchanged at 4.5%. In order to maintain our strong high-tech profile and allow us to drive forward research that will benefit our customers, we also took on additional staff in this area during the year under review, bringing the headcount of R&D personnel at the reporting date to 945 (2006/2007: 843), equivalent to 10% of the total headcount. They are based at our development sites in Germany, Switzerland, Brazil, Singapore and China. In Asia, we have combined our research and development resources at two sites in Shanghai and Singapore. This strategy has proven to be very successful. Over the last 12 months our developers have been producing innovative concepts on a grand scale with 94 new patent applications worldwide (2006/2007: 75). The total number of active patents now stands at 1,045 (2006/2007: 1,028).

**Main Focus of R&D Activities.** During the last fiscal year, our R&D activities focused predominantly on three areas:

- the development of convergent base technologies for our core business activities in retail banking, the retail industry and new branches
- improvements to the serviceability of our hard- and software with a view to reducing the cost to customers of operating our solutions
- software as the key to optimizing the overall branch process chains of retail banks and retailers

### History of R&D Expenses plus Embedded R&D Ratio in % of Net Sales.



### Innovative Base Technologies for our Core Business and New Markets.

The clearest example of how we implement convergent base technologies and provide holistic solutions lies in the Cash Cycle Management products and services that we offer across all our segments. Options range from the automated acceptance of cash at checkouts to account entry and cash recycling. With the aim of combining cash processes from the retail and retail banking industries at the point of sale, we made specific developments in our Retail Cash Management portfolio in order to meet the needs of the gas station business. Another key area was the integration of hardware and software components into our own Managed Services processes. This relates to functions such as remote monitoring and controlling and the provision of data for downstream processes including cash logistics.

Our intelligent deposit and recycling systems are another example of the use of convergent technologies. Designed to accept reverse vending items or cash/checks, we adapted these systems to the needs of new, strategically important markets. The CCDM intelligent deposit module can now accept and process combinations of notes and checks in unsorted form, as a result of which we have been able to extend our competitive lead especially in the U.S. market. With regard to

reverse vending, our focus lay on developing hardware and software upgrades to enhance the processing speed and user-friendliness of existing systems.

Turning to self-service checkout systems, we expanded our modular portfolio to include cash recycling know-how for coins and notes from our banking portfolio. Piloting in the retail industry has demonstrated the advantages of cash recycling even in self-service checkout environments with the very first installations giving an improved return on investment through a reduction in staffing costs, optimized cash use and a higher level of system availability. In collaboration with European retailers, we developed an automated scanning system that can scan product barcodes from all four sides around twice as fast as checkout staff. The presentation of a development study was met with considerable interest. In addition, we are working on a mobile self-scanning system that will allow users to scan goods themselves before placing them in their shopping trolley.

Over the last fiscal year we adapted both our hardware and software portfolios to meet the requirements of postal operators in relation to self-service processes and branch operations. The family of software products we have developed for this target group incorporates elements of our branch software for retailers and others from the net-centric software used by our retail banking customers.

We were able to supply suitably adapted systems rapidly for a large number of markets. By way of example, we added specific functions to our ATM portfolio for use in the casino market and expanded our portfolio in the area of coin processing.

**Improved Serviceability.** Maintenance-friendly products and solutions help to reduce our customers' operating costs and therefore remain an important focus of our development work. One major improvement involves the introduction of a uniform interface for the remote management of IT systems (CIM) and the rectification of faults using an image-based diagnostic system. Investment in the modular structure of our ATM range pays off, and all our systems have now been converted to support USB interface technology.

We improved our family of POS systems to include new processor and storage technology. In fiscal 2007/2008, our technology partner Intel awarded us its prize for the most innovative embedded design for POS systems with new Active Management Technology (AMT). To meet the requirements of the retail trade, Wincor Nixdorf uses specially selected processors that are designed to ensure long-term availability and allow remote maintenance of the systems.

**Key Role of Software in Optimization.** We also upgraded our portfolio of software solutions for retailers and banks. We further expanded our net-centric software platform (ProClassic/Enterprise) and presented our road map for a comprehensive Retail Banking Solution Suite to the market. Alongside solutions to control large self-service networks, we improved the basic functionality of our branch process and counter/checkout systems, which we then successfully marketed. Other elements of the Retail Banking Solution Suite are designed to optimize cash management at different cash points (ATMs, cash recyclers, teller safes, etc.), facilitate the monitoring of all components and boost system availability within the network. Still further components were introduced to allow continuous check processing and personalized marketing via self-service systems.

With regard to software for the retail industry, we made further improvements to elements of our TP.net branch software, which is designed to allow centralized control (TPAdmin) and to assess and analyze transactions (TPAnalyze) in real time for all branches, so that it can be used by major international retailers. The main focus here was on campaign management and the related on-line evaluation of advertising measures. We also supplied web-based modules for the centralized management of vouchers and the processing of returns. Towards the end of the fiscal year, we completed work on a branch stock management component. We adapted TP.net for use in the North American market by ensuring it meets the complex requirements of taxation law in the United States and Canada.

In terms of the development of overall security solutions, our primary focus lay on the integration of video security technology, which enables the user to respond automatically to incidents at branch level or possible cases of ATM manipulation. We intensified our collaboration with national and international bodies in relation to the standardization of electronic transactions (EMV) and hardware and software interfaces (PCI). This means improved security standards for transactions made using our ATMs.

## PURCHASING, PRODUCTION AND LOGISTICS.

### Ongoing Improvement Process Shows Results.

Wincor Nixdorf is expanding globally. During the year under review, we made further improvements to the effectiveness and efficiency of our worldwide purchasing, production and logistics infrastructure. The policy of working closely with our suppliers is paying off, and we are pleased to report that the materials and components required by our expanding global production network were provided without a hitch.

The strategic focus of this production network is geared towards achieving cost-efficiency and flexibility in the supply chain. The global application of standardized best practice processes helps to improve our cost position. Our "local for local" production strategy – decentralized production in proximity to the customer in order to supply local markets – ensures that we can react more quickly to the needs of our customers in the high-growth Asia-Pacific and Americas regions, thus allowing Wincor Nixdorf to significantly expand its position in these markets.

Wincor Nixdorf's "Commodity Teams" are a key element of our purchasing system. These teams are made up of employees from Research and Development, Production, Logistics, Marketing and Purchasing. Their task is to obtain the best deal out of every purchase – top quality and the best technology at the lowest possible cost. The teams are increasingly

international in composition, so that they are better placed to identify global technology and market trends and incorporate them into our agreements with suppliers. The success of this policy is already evident, and we have been able in large measure to mitigate the impact of global price increases for materials such as steel and plastics.

Our policy of continuous improvement is showing results. We have now signed special quality assurance agreements with 80% of our suppliers, resulting in an improvement of over 50% in the quality of goods supplied to us. Our suppliers have also benefited, since they have been able to optimize their processes with our help. We intend to pursue a strategy of intensive collaboration with our suppliers in order to further optimize quality, costs and logistics. To this end, one of the Group's long-term objectives is to invite the best-performing suppliers around the world to act as our strategic partners.

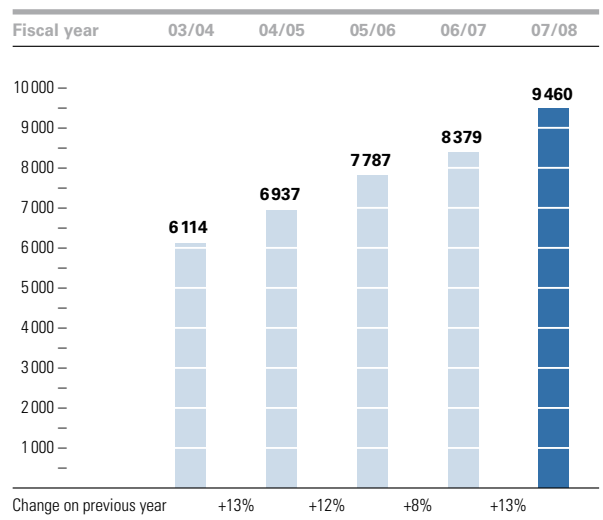
**Exploiting Global Competition.** Of course, we also have to procure other materials in addition to those needed directly for production. These cover information technology, services and capital expenditure. Here, too, we exploited the opportunities offered by global competition to gradually bundle and renegotiate the purchase of high-volume product groups. We anticipate further potential for optimization in this area over the coming years. In addition, we aim to intensify our work with key strategic suppliers.

We have already achieved one of our most important goals – Wincor Nixdorf increased the volume of materials it purchased in U.S. dollars by a substantial margin. This was made possible by a series of measures, including the addition of a greater number of Asian suppliers to our network. We also boosted production volume at our manufacturing sites in Asia and the Americas. As a result, we were able to reduce our exposure to currency fluctuations on the purchasing side.

## EMPLOYEES.

**Additional Recruitment in Growth Markets.** The size of our global headcount once again increased during the year under review to reach 9,460 employees as at the reporting date on September 30 (2006/2007: 8,379), 1,081 up on the previous year. As part of our strategy of international expansion, the number of employees recruited outside Germany – especially in the Asia/Pacific/Africa region and the Americas – again rose significantly to 5,264 (2006/2007: 4,569), although there was also a further substantial increase of 386 in the size of our German headcount taking it to 4,196 (2006/2007: 3,810).

### Development of Headcount.



These new employees will strengthen our global service resources. By contrast, the increase in Germany is primarily due to the acquisition of majority shares in the service providers Prosystems IT GmbH and Bankberatung Organisations- und IT-Beratung für Banken AG and the associated takeover of personnel. Additional staff were also recruited to sales posts in our high-growth markets and to positions in Research and Development and Production. In Asia we made a number of new appointments in preparation for the planned expansion of production capacity in this region.

**Knowledge Transfer and Best Practice.** Against a background of international competition, highly qualified staff are critical to our success. In particular, we see a commitment to life-long learning as essential to the dynamic IT industry. Opportunities to gain further qualifications and the cross-border networking of our employees' knowledge therefore play an increasingly important role in our corporate policy. The main focus here is on the exchange of experiences in relation to processes and solutions at international level. To help achieve this objective, we have built up a global quality network with the goal of improving processes and quality in the area of production through the implementation of standard procedures, instruments and examples of best practice at all our sites.

Knowledge is the key to progress. With this in mind, we again expanded our training opportunities for all staff during the year under review. There was particular interest in the training courses offered in hardware and software products, sales, management and soft skills.

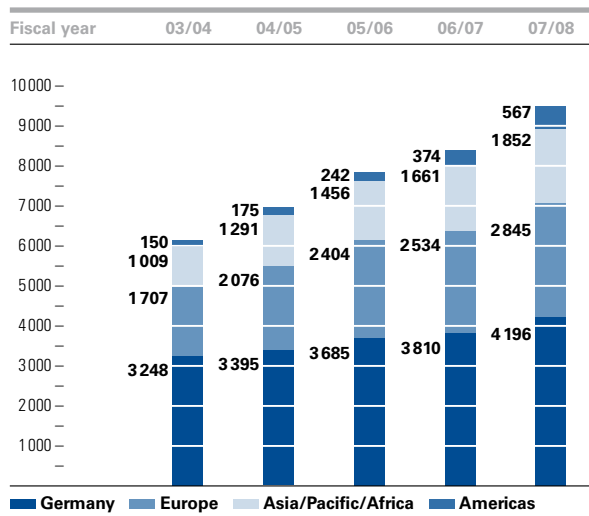
2007/2008 was an important year in the development of our central project management system, launched in 2007 to establish a standardized, professional approach to project management across the Group and significantly expanded in

recent months. As a result, Wincor Nixdorf has now set up training activities and targeted initiatives at international level with a number of aims, including that of creating a global project management community.

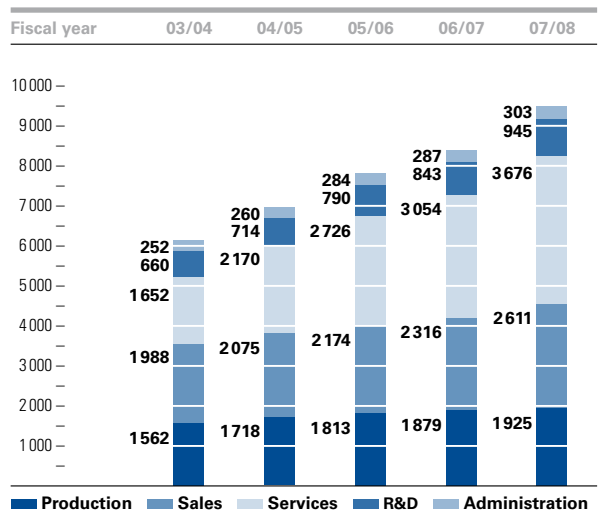
**Competition for the Best.** Wincor Nixdorf believes in taking a proactive approach to the challenges of global competition – including that of attracting the best people. Throughout the entire Group, we attach great importance to the recruitment and retention of outstanding employees, the integration of newly appointed staff and maintaining the enthusiasm and commitment of long-serving staff. To this end, over the last fiscal year we invested massively in strategic personnel development. We see this as laying the foundations for our global program of preparing future leaders and promoting talent.

A cornerstone of our policy is to ensure that Wincor Nixdorf employees participate in the success of the Group. During the year under review, in addition to basic pay, our remuneration package for employees included an amount based on individual performance, group performance and the success of the organization. Overall, employees achieved above-average earnings at all levels of the organization.

**Development of Headcount by Regions.**



**Development of Headcount by Functions.**



We further strengthened our commitment to socially and ethically responsible conduct through the development and implementation of appropriate guidelines. As part of our compliance program, we brought together the rules applying to all staff worldwide and made them available online.

As planned, the framework pay agreement signed by IG Metall and the Confederation of Employers will be implemented at Wincor Nixdorf International GmbH on October 1, 2008. All the necessary preparations were finalized during the year under review in consultation with employee representatives. This means that a uniform and modern pay system is now in place, superseding the previous system which had lasted for over thirty years.

## OUTLOOK.

### Future Economic Situation.

**Recessionary Trends in the Global Economy.** The outlook for the global economy took a significant turn for the worse in the autumn of 2008.

The turbulence affecting the international financial system in the wake of the U.S. mortgage crisis reached new heights in October 2008. All around the world, governments and central banks were compelled to take concerted financial action on an unprecedented scale. At the beginning of fiscal 2008/2009, it is as yet unclear how far these measures will help to mitigate the effects of the financial markets crisis.

Likewise, the extent to which the crisis will affect the real economy cannot yet be evaluated with any certainty. It remains to be seen, therefore, whether the forecasts available in October will need to be adjusted further downwards.

The International Monetary Fund (IMF) expects the global economy to weaken significantly in 2009, with global growth at around 3.0%. In their "Joint Economic Forecast for Autumn 2008", leading economic research institutes (Joint Economic Forecast Project Group) revised downwards the forecasts, taking a more unfavorable view of the global economy. They anticipate a relatively long period of weakness in the global economy and believe there is a risk of recession in many industrialized countries, with slower growth, too, in the emerging countries. Overall, the Project Group anticipates an increase in global production of just 1.8% in 2009.

According to the Project Group, real GDP in **Germany** is likely to increase by as little as 0.2% in 2009, compared to the 1.8% it still expects for 2008. The forecast therefore sees Germany on the edge of recession. In a risk scenario it even expects a fall of real GDP by 0.8%.

For **Europe**, which it expects to grow by around 1.0% in 2008, the Project Group believes 2009 will be a year of stagnation. According to the forecast, there are many indicators that suggest Europe is heading for a recession.

The previously booming economies of **Asia** are likely to continue expanding at a high level in 2009 (6.7%), albeit at a slightly slower rate than in 2008 (7.6%).

The IMF expects the **U.S. economy** to put on just 1.0% in 2009, the lowest figure for the last ten years, as a result of weaker demand from private consumers and a drop in corporate investment. With regard to 2008, the IMF forecasts growth of 1.6% in the U.S. economy.

**Outlook for Retail Banking and the Retail Industry.** During the global banking and financial market crisis, the **Retail Banking** industry has proven to be a relatively stable factor within a banking portfolio that at times has shown considerable volatility. As a result, in the medium term at least, we can expect a stimulation of business in this industry, which has now been experiencing a renaissance for some years. Many retail banks are preparing themselves for continued and equally strong competition and to expand their customer base or at least use it as a platform for further growth. In this context, it is likely to see a particular emphasis on the "cost" factor. In the view of many banks, these developments will be accelerated as a result of mergers and takeovers in the banking industry, especially in the wake of the financial market crisis. Nevertheless, it is possible that this industry will also be affected in the short term by the negative situation in the banking industry as a whole and by a possible slowdown in the real economy.

In the medium term, we can also expect that competition for customers and the necessity to reduce costs will continue to determine the **Retail Industry** in the established markets. On past evidence, too, this industry reacts much more sensitively to economical mitigations as regards readiness to invest. This can also happen at short notice. It is conceivable that with consumers less inclined to spend, the impact on the home improvement and clothing sectors, for example, may be greater than that on food sales.

In most of the emerging countries, it is expected, at least in the medium term, that increasing prosperity will lead to an expansion of the branch networks of banks and retailers despite weaker economic growth.

**Medium-term outlook for the Wincor Nixdorf Group.** When we went public, we set ourselves the target of outperforming our markets year on year. Through continued sales growth and even higher growth in earnings, our aim is to achieve a sustained increase in enterprise value for our shareholders. At that time, we established targets of 6% for annual growth in net sales and of 8% for EBITA. This maximum still applies to the medium term, although in the short term there is a possibility of a deterioration in the business given the global impact of the financial market crisis.

This positive medium-term assessment is supported by the view that existing trends within our target industries will lead to continued investment even against a background of slower economic growth. In this respect, the relative stability of retail banking and the continuing and possibly even more intense competition in the industry offer additional opportunities for Wincor Nixdorf. These are all the more likely to arise since the need to make cost savings increases in line with the intensity of competition, and Wincor Nixdorf's portfolio of solutions is specifically geared towards providing its customers with a competitive advantage in this area.

Our growth strategy, based on four key levers, is still in place, and involves growth through global expansion, through innovation, through high-end services and through our operations in related industries.

As part of our global expansion strategy, we will take advantage of interesting opportunities to make smaller acquisitions as they arise – especially with a view to expanding our activities in the fields of software development, IT system management and professional services.

Another factor contributing to this improved business outlook in the medium term is the fact that Wincor Nixdorf's recent activities have created a more favorable basis for new business. During the year under review, the Group drove ahead with its global expansion strategy and was thus able to reduce its dependence on individual customers and singular, national economies. Innovative new solutions were added to our portfolio and are already providing significant cost and service benefits in relation to the business processes of banks and retailers. Wincor Nixdorf has also expanded its activities in the fields of Consultancy, Software Integration, Managed Services and Outsourcing. As is the case with product-related services, these generally involve contracts that run for several years, thus helping to generate a stable contribution to revenue. In addition, by focusing on the transfer of know-how, we are successfully transferring our expertise in the branch and self-service business to other industries as a means of exploiting potential growth in these areas.

**Fiscal 2008/2009.** With regard to fiscal 2008/2009, both the medium-term trends in the retail banking and retail industries and further improvements in our position at the start of the year provide Wincor Nixdorf with opportunities to benefit from the looming difficulties in the wider economy. On the basis of the information available in October 2008, the Group therefore expects to follow up the very good performance of 2007/2008 and maintain approximately the same level of business.

Despite this rather positive forecast, Wincor Nixdorf also takes into account that at present it is not possible to predict with any certainty whether and when the financial market crisis can be contained and what its economic repercussions will be. This applies equally to both the established and emerging markets. Depending on the intensity of the impact on the real economy, we cannot exclude the possibility that retail banks and retailers will temporarily cut back their investment budgets. With this in mind, Wincor Nixdorf is preparing itself so that it can react flexibly to all the conceivable challenges that might face the organization. The top priority here is to create flexible cost structures that help to protect our margins. To this end, Wincor Nixdorf is taking appropriate measures in the areas of Production, Sales and Service to ensure it is ready to meet any unforeseeable developments.

**Disclaimer.** The statements made in the outlook are based on current assumptions and assessments made by the Board of Directors of Wincor Nixdorf AG. They are not intended to be taken as guarantees that these expectations will prove to be correct. The future performance and actual results achieved by Wincor Nixdorf AG and its affiliated companies depend on a series of risks and uncertainties and may, therefore, vary considerably from the forecasts made. Many of these factors, such as the future of the economy and the actions of our competitors and other market players, are outside the control of Wincor Nixdorf and cannot be predicted with any degree of certainty. There are no plans to update the forecasts made in this section. Wincor Nixdorf does not accept any specific obligation in respect of the forecasts in this report.

## GROUP INCOME STATEMENT FOR THE FISCAL YEAR 2007/2008<sup>3</sup>.

	2007/2008 <sup>1</sup>	2006/2007 <sup>2</sup>	Change
<b>Net sales</b>	<b>2,319</b>	<b>2,145</b>	8%
Cost of sales	-1,683	-1,554	8%
<b>Gross profit</b>	<b>636</b>	<b>591</b>	8%
Gross profit as a percentage of net sales	27.4%	27.6%	-
<b>Research &amp; development expenses</b>	<b>-105</b>	<b>-97</b>	8%
R&D expenses as a percentage of net sales	4.5%	4.5%	-
<b>Selling, general and administration expenses<sup>4</sup></b>	<b>-325</b>	<b>-308</b>	6%
SG&A expenses as a percentage of net sales	14.0%	14.4%	-
<b>EBITA<sup>5</sup></b>	<b>206</b>	<b>186</b>	11%
EBITA as a percentage of net sales (EBITA margin)	8.9%	8.7%	-
<b>Amortization/depreciation of property, plant and equipment and licenses and write-down of reworkable service parts</b>	<b>54</b>	<b>47</b>	15%
<b>EBITDA</b>	<b>260</b>	<b>233</b>	12%
EBITDA as a percentage of net sales (EBITDA margin)	11.2%	10.9%	-
<b>Amortization of product know-how</b>	<b>-12</b>	<b>-15</b>	3
<b>Financial result (finance costs ./ finance income)</b>	<b>-13</b>	<b>-10</b>	-3
<b>Profit before income taxes</b>	<b>181</b>	<b>161</b>	12%
Ongoing taxes on income and profit	-56	-64	8
Deferred tax income and expenses	2	12	-10
<b>Total income taxes</b>	<b>-54</b>	<b>-52</b>	-2
Tax rate	30%	32%	-
<b>Profit for the period</b>	<b>127</b>	<b>109</b>	17%
<b>Profit attributable to minority interest</b>	<b>0</b>	<b>-1</b>	1
<b>Profit attributable to equity holders of Wincor Nixdorf AG</b>	<b>127</b>	<b>108</b>	18%
Amortization of product know-how	12	15	-3
Calculated tax effect	-4	-6	2
<b>Profit for the period before carve-out</b>	<b>135</b>	<b>118</b>	14%

<sup>1)</sup> Oct. 1, 2007–Sept. 30, 2008.

<sup>2)</sup> Oct. 1, 2006–Sept. 30, 2007.

<sup>3)</sup> before profit charges arising from carve-out.

<sup>4)</sup> including other income and expenses.

<sup>5)</sup> net profit on operating activities before interest, taxes and amortization of goodwill and product know-how.

## GROUP BALANCE SHEET AS OF SEPTEMBER 30, 2008.

<b>ASSETS</b>				€m
	Sept. 30, 2008	Sept. 30, 2007	Change	
<b>Non-current assets</b>				
Intangible assets	363	367	-4	
Property, plant and equipment	143	115	28	
Investments	1	1	0	
Reworkable service parts	14	16	-2	
Deferred tax asset	18	14	4	
Other assets	13	21	-8	
	<b>552</b>	<b>534</b>	<b>18</b>	
	43%	44%	-	
<b>Current assets</b>				
Inventories	278	294	-16	
Trade receivables	363	317	46	
Other assets	65	56	9	
Cash and cash equivalents	16	24	-8	
	<b>722</b>	<b>691</b>	<b>31</b>	
	57%	56%	-	
<b>Total assets</b>	<b>1,274</b>	<b>1,225</b>	<b>49</b>	
<b>EQUITY AND LIABILITIES</b>				€m
	Sept. 30, 2008	Sept. 30, 2007	Change	
<b>Equity</b>	<b>276</b>	<b>278</b>	<b>-2</b>	
	22%	23%	-	
<b>Non-current liabilities</b>				
Accruals for pensions and similar commitments	16	16	0	
Other accruals	35	34	1	
Financial liabilities	186	170	16	
Deferred tax liabilities	3	2	1	
	<b>240</b>	<b>222</b>	<b>18</b>	
	19%	18%	-	
<b>Current liabilities</b>				
Other accruals	171	175	-4	
Financial liabilities	24	36	-12	
Advances received on orders	49	55	-6	
Trade payables	271	234	37	
Current income tax liability	51	50	1	
Other liabilities	192	175	17	
	<b>758</b>	<b>725</b>	<b>33</b>	
	59%	59%	-	
<b>Total equity and liabilities</b>	<b>1,274</b>	<b>1,225</b>	<b>49</b>	
<b>Working capital</b> <sup>1)</sup>	<b>253</b>	<b>255</b>	<b>-2</b>	
<b>Net debt</b>	<b>194</b>	<b>182</b>	<b>12</b>	

<sup>1)</sup> without reworkable service parts.

## GROUP CASH FLOW STATEMENT.

	€m		
	2007/2008	2006/2007	Change
<b>EBITA</b>	<b>206</b>	<b>186</b>	<b>20</b>
Amortization/depreciation of property rights, licenses and property, plant and equipment	46	42	4
Write-down of reworkable service parts	8	5	3
<b>EBITDA</b>	<b>260</b>	<b>233</b>	<b>27</b>
Interest paid	-13	-9	-4
Income taxes paid	-56	-37	-19
(+/-) Working capital	3	-40	43
(+/-) Other assets and other liabilities, accruals and other non-cash related items	2	33	-31
<b>Cash flow from operating activities</b>	<b>196</b>	<b>180</b>	<b>16</b>
<b>Cash flow from investment activities</b>	<b>-72</b>	<b>-66</b>	<b>-6</b>
thereof acquisition activities	-2	-10	8
thereof investment for reworkable service parts	-5	-5	0
thereof investment for intangible assets and property, plant and equipment	-67	-52	-15
<b>Cash flow from financing activities</b>	<b>-116</b>	<b>-119</b>	<b>3</b>
thereof repurchase of own shares	-43	-44	1
thereof payments made to equity holders	-88	-46	-42
<b>Net increase/decrease in cash and cash equivalents</b>	<b>8</b>	<b>-5</b>	<b>13</b>
Cash and cash equivalents at beginning of period	-11	-6	-5
<b>Cash and cash equivalents at end of period</b>	<b>-3</b>	<b>-11</b>	<b>8</b>
<b>Free Cash flow</b>	<b>124</b>	<b>123</b>	<b>1</b>

## SEGMENT REPORT.

### Segment Report by Division.

€m

	Banking	Retail	Group
Net sales to external customers	1,547 (1,358)	772 (787)	<b>2,319</b> (2,145)
Operating profit (EBITA)	162 (142)	44 (44)	<b>206</b> (186)
Segment assets	538 (481)	288 (286)	<b>826</b> (767)
Segment liabilities	252 (223)	140 (138)	<b>392</b> (361)
Investment in property rights, licenses and property, plant and equipment	58 (44)	9 (11)	<b>67</b> (55)
Investment in reworkable service parts	4 (5)	1 (1)	<b>5</b> (6)
Amortization/depreciation of property rights, licenses and property, plant and equipment	38 (33)	8 (9)	<b>46</b> (42)
Write-down of reworkable service parts	7 (4)	1 (1)	<b>8</b> (5)
Research and development expenses	74 (65)	31 (32)	<b>105</b> (97)

Last year's figures are shown in brackets for each item.

### Segment Report by Market Geography.

€m

	Europe	Included in Europe: Germany	Asia/ Pacific/ Africa	America	Group
Net sales to external customers	1,803 (1,701)	588 (572)	329 (277)	187 (167)	<b>2,319</b> (2,145)
Segment assets	643 (591)	332 (295)	143 (127)	49 (49)	<b>826</b> (767)
Investment in property rights, licenses and property, plant and equipment	60 (50)	51 (42)	5 (3)	2 (2)	<b>67</b> (55)
Investment in reworkable service parts	5 (6)	5 (6)	0 (0)	0 (0)	<b>5</b> (6)

Last year's figures are shown in brackets for each item.