

## GROUP INTERIM MANAGEMENT REPORT.

### BUSINESS ENVIRONMENT.

**Global Economy.** The economic and financial crisis has led to a major slowdown in global economic growth. Economic research institutes as well as the International Monetary Fund (IMF) are predicting that in 2009 the global economy will in fact show negative growth for the first time in decades. The U.S., Japan and many European states are already in recession.

**Developments in the Banking and Retail Industries.** In both retail banking and the retail industry, the present economic crisis is creating hesitation to invest, although increasingly tough competition, especially in terms of price, means that both sectors remain interested in systems with the potential to reduce their costs. As a result, demand is rising for concepts involving process automation and optimization, for example, or the standardization of system platforms, while companies continue to invest in streamlining measures.

### PERFORMANCE, FINANCIAL POSITION AND ASSETS.

#### Performance.

**Net Sales.** In the first six months of fiscal 2008/2009, the Wincor Nixdorf Group increased its net sales by 4% to €1,234 million (6 months 2007/2008 [hereafter "previous year"]: €1,183 million). In the second quarter net sales for the Group reached €588 million (previous year: €581 million), which corresponds to growth of 1%. Expressed in U.S. dollars, growth in the first half of the fiscal year stood at a calculated 1%. However, to a large extent the exchange rate effects associated with the strengthening of the U.S. dollar were offset by the decline of other currencies.

**Regional Performance.** In Germany, net sales rose by 26% to €336 million in the first half of the fiscal year (previous year: €267 million), thus accounting for 27% (previous year: 23%) of total net sales. For the second quarter of the fiscal year, net sales in Germany amounted to €181 million (previous year: €129 million), which translates into year-on-year growth of 40%.

At €577 million (previous year: €631 million), net sales in Europe (excluding Germany) for the first half were 9% down on the figure posted in the same period a year ago. At 47% (previous year: 53%), Europe generated the largest share of total net sales for the Group. In the second quarter of the fiscal year, net sales in Europe (excluding Germany) declined by 18% to €245 million (previous year: €298 million).

Asia/Pacific/Africa proved to be a significant growth driver during the first six months of the fiscal year. Net sales rose by 20% to €219 million year on year (previous year:

€182 million). In the first half of the fiscal year, Asia/Pacific/Africa contributed a higher share of 18% (previous year: 15%) to total net sales for the Group. In the second quarter of the fiscal year, net sales generated in Asia/Pacific/Africa improved by 17% to €118 million (previous year: €101 million). Calculated on the basis of U.S. dollars, net sales rose by 5% in the first six months of fiscal 2008/2009.

Net sales in the Americas dropped slightly by 1% to €102 million in the first half of the fiscal year (previous year: €103 million). Thus, the proportion of Group net sales generated in the Americas declined to 8% (previous year: 9%). In the second quarter of the fiscal year, net sales decreased to €44 million (previous year: €53 million), down 17% on the second quarter of fiscal 2007/2008. Expressed in U.S. dollars, net sales generated in the Americas fell by 14% during the period under review.

**Performance by Business Stream.** In the first half of the fiscal year, net sales attributable to Hardware business decreased by 1% year on year to €711 million (previous year: €715 million). By contrast, net sales from Software/Services increased by 12% to €523 million (previous year: €468 million).

The share of net sales from Hardware declined to 58% of overall business (previous year: 60%). Correspondingly, the proportion of net sales from Software/Services rose to 42% (previous year: 40%).

**Costs.** The gross margin on net sales before carve-out charges declined by 1.3 percentage points in the period under review, down from 27.0% in the first half of 2007/2008 to 25.7% in the first six months of fiscal 2008/2009.

Research and development expenses rose by 4% to €50 million (previous year: €48 million). The R&D ratio remained unchanged at 4.1%.

Selling, general and administration expenses including other operating income and expenses amounted to €164 million (previous year: €171 million). The decline in costs was attributable to enhancement made within the area of "ProImprove", a Group-wide program that forms the basis for efficient cost management. Calculated in relation to net sales, the selling, general and administration expense ratio was driven down by 1.2 percentage points to 13.3% (previous year: 14.5%).

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

	6 months 2008/2009	6 months 2007/2008
Profit for the period	64	61
+ Income taxes	28	27
+ Financial result	6	6
+ Amortization of product know-how (exceptional item)	5	7
<b>EBITA before amortization of product know-how</b>	<b>103</b>	<b>101</b>
+ Amortization/Depreciation of property rights, licenses and property, plant and equipment	23	21
+ Write-down of reworkable service parts	3	1
<b>EBITDA before amortization of product know-how</b>	<b>129</b>	<b>123</b>

€m

**Profit.** In the first half of fiscal 2008/2009 earnings before interest, taxes and amortization of product know-how (EBITA) grew by 2%, reaching €103 million in total (previous year: €101 million). The EBITA margin decreased by 0.2 percentage points to 8.3% (previous year: 8.5%).

Profit for the first six months rose to €64 million, which was 5% up on last year's figure of €61 million. First-half profit before carve-out charges grew by 3% to €68 million (previous year: €66 million).

## Financial Position.

### Cash flow.

€m

	6 months 2008/2009	6 months 2007/2008
Cash flow from operating activities	140	142
Cash flow from investment activities	-32	-33
Cash flow from financing activities	-51	-98
<b>Change in liquidity</b>	<b>57</b>	<b>11</b>
Cash and cash equivalents at the end of the period <sup>1)</sup>	55	0

<sup>1)</sup>include cash and cash equivalents as well as current bank borrowings.

Cash flow from operating activities remained largely unchanged year on year at €140 million in the first half of fiscal 2008/2009 (previous year: €142 million). Within this context, the rise in EBITDA by 5% to €129 million (previous year: €123 million) provided the basis for operating cash flow. Tax payments of €31 million (previous year: €27 million) and interest payments of €6 million (previous year: €5 million) resulted in an outflow of funds. Cash flow from operating activities also benefited significantly from the reduction of working capital by €89 million (previous year: €88 million). Changes in other assets and other liabilities as well as provisions resulted in a cash outflow of €43 million in the first half of the fiscal year (previous year: €43 million).

At €32 million (previous year: €33 million), net cash used in investing activities was slightly down on last year's figure. This figure includes the payment of a consideration of €5 million at the beginning of the current fiscal year for the

acquisition of a majority share in Bankberatung Organisations- und IT-Beratung für Banken AG in fiscal 2007/2008. Beyond this, the main focus of investments was on intangible assets and other fixed assets and office equipment.

Financing activities resulted in a cash outflow of €51 million (previous year: €98 million). Within this context, the dividend payment of €67 million decided at the Annual General Meeting in January of the current fiscal year had a significant impact on cash flow. In addition, the Group took out financial loans totaling €21 million (previous year: €35 million). In the previous fiscal year, an amount of €88 million, including a special dividend, had been distributed to shareholders. Additionally, treasury share purchases had totaled €44 million in the previous fiscal year.

As of March 31, 2009, the cash flows outlined above led to a reduction of net debt to €153 million.

## Assets.

	€m	
	March 31, 2009	September 30, 2008
<b>Assets</b>		
Non-current assets	546	552
Current assets	731	722
<b>Total assets</b>	<b>1,277</b>	<b>1,274</b>
<b>Equity and Liabilities</b>		
Equity (incl. minority interest)	275	276
Non-current liabilities	268	240
Current liabilities	734	758
<b>Total equity and liabilities</b>	<b>1,277</b>	<b>1,274</b>

The balance sheet total rose slightly compared to September 30, 2008, up €3 million to €1,277 million.

As regards total assets, current assets saw an increase in cash and cash equivalents by €53 million to €69 million (Sept. 30, 2008: €16 million). By contrast, inventories declined by €29 million to €259 million (Sept. 30, 2008: €278 million), while trade receivables dropped by €25 million to €338 million (Sept. 30, 2008: €363 million).

The increase in non-current liabilities by €28 million to €268 million (Sept. 30, 2008: €240 million) was attributable mainly to the more extensive use of the revolving facility and the connected rise in non-current financial liabilities by €18 million to €204 million (Sept. 30, 2008: €186 million). In parallel, current liabilities decreased by €24 million to €734 million (Sept. 30, 2008: €758 million).

## SEGMENT REPORTING.

**Segment Performance.** In the first half of the fiscal year, business within the Banking segment resulted in a year on year increase of 6% in net sales to €866 million (previous year: €818 million). In the second quarter, net sales declined slightly by 1%. EBITA generated in the Banking segment rose by 4% to €84 million (previous year: €81 million) in the first six months of the fiscal year.

### Key Performance Indicators: Banking Segment. €m

	6 months 2008/2009	6 months 2007/2008	Change
Net sales	866	818	6%
EBITA	84	81	4%
EBITA margin (%)	9.7	9.9	-

Net sales generated in the Retail segment improved slightly by 1% year on year in the first six months of fiscal 2008/2009, reaching €368 million (previous year: €365 million). In the second quarter, net sales grew by 6%. At €19 million (previous year: €20 million), EBITA for the Retail segment was down 5% on last year's figure.

**Key Performance Indicators: Retail Segment.** €m

	6 months 2008/2009	6 months 2007/2008	Change
Net sales	368	365	1%
EBITA	19	20	-5%
EBITA margin (%)	5.2	5.5	-

**EMPLOYEES.**

Up to and including March 31, 2009, the headcount for the Group as a whole declined by 96 to 9,364 compared to September 30, 2008 (Sept. 30, 2008: 9,460).

**REPORT ON MAJOR RELATED-PARTY TRANSACTIONS.**

There were no significant transactions with related parties during the period under review.

**REPORT ON OPPORTUNITIES AND RISKS.**

In the period under review, with one exception, there were no changes to the principal opportunities and risks described in the 2007/2008 Group management report that may have a material effect on the expected development of the Group in the remaining months of the current fiscal year. The deterioration in economic conditions, which had been outlined as a possible risk in the Group management report, has set in. The impact of this latest development as well as the associated measures are discussed in the Report on Expected Developments. The other opportunities and risks described in the 2007/2008 Group management report with regard to the expected development of the Group up to the end of fiscal 2008/2009 continue to apply without any material changes.

## REPORT ON EXPECTED DEVELOPMENTS.

The global economic downturn has become increasingly severe over the course of the first months of 2009, evolving into a crisis of historic proportions. Many economic research institutes as well as the International Monetary Fund (IMF) are projecting a continued slowdown in economic performance, as well as determining recession in the key economic regions.

Against this backdrop, Wincor Nixdorf anticipates that the challenging economic conditions will continue over the course of the remaining fiscal 2008/2009. Within this context, predicting the future direction of economic performance is very difficult, which includes projections relating to the individual regions of the world economy.

On the one hand, Wincor Nixdorf has recorded a decline in the propensity to invest among retail banks and retailers in response to the current crisis. On the other hand, the portfolio of Software/Services has provided significant stability for the company's business as a whole. Moreover, Wincor Nixdorf is well positioned as a supplier of products and services designed to streamline costs, with market interest shown in solutions aimed at process optimization remaining strong.

Thus, Wincor Nixdorf will seize market opportunities arising in the second half of the year and do everything in its power to achieve the target it had set itself for the fiscal year as a whole: the goal remains to generate net sales and EBITA comparable to last year's figures. However, the Group's ability to attain this goal will depend to a large extent on the magnitude with which the economic crisis impacts on investment patterns within the areas of retail banking and retail. Therefore, Wincor Nixdorf also continues its efforts to achieve increasingly flexible cost structures and scaling back its own cost levels.

Regardless of this, the company will continue to pursue the future-oriented expansion and enhancement of its solution portfolio, with the express purpose of offering its customers innovative solutions and also establishing a vantage point for the period after the current economic crisis.