

GROUP INTERIM MANAGEMENT REPORT OF WINCOR NIXDORF AG.

BUSINESS ENVIRONMENT.

Global Economy. Having revised upwards its forecast for the global economy in 2010, the International Monetary Fund (IMF) now projects economic growth of 4.6%. In the view of the IMF, the economic performance of the United States and Europe in 2010 is likely to fall short of the figure forecast for the global economy.

Developments in the Retail Banking and Retail Industries. The investment levels of retail banks and retailers continue to be lower than those recorded prior to the economic and financial crisis. Yet, there are no signs of a sustainable improvement in investment spending. In retail banking and retailing replacement investments are still being postponed, whereas investment in streamlining and automation solutions remains more buoyant in light of competitive and cost-related pressure.

PERFORMANCE, FINANCIAL POSITION AND ASSETS.

Performance.

Net Sales. In the first nine months of fiscal 2009/2010, net sales generated by the Wincor Nixdorf Group fell by 3% to €1,682 million (9 months 2008/2009 [referred to hereafter as "previous year"]: €1,729 million). Expressed in U.S. dollars, net sales in the reporting period contracted by a notional 2%. In the third quarter, net sales for the Group stood at €521 million (previous year: €496 million), which corresponds to an increase of 5%.

Regional Performance. In Germany, net sales rose by 5% to €509 million in the first nine months of the fiscal year (previous year: €484 million), thus accounting for 30% (previous year: 28%) of total net sales. For the third quarter of the fiscal year, net sales in Germany amounted to €165 million (previous year: €149 million), which translates into year-on-year growth of 11%.

At €699 million (previous year: €805 million), net sales in Europe (excluding Germany) for the first nine months were 13% down on the figure posted in the same period a year ago. This region contributed the largest proportion of total net sales for the Group at 42% (previous year: 47%). In the third quarter of the fiscal year net sales in Europe (excluding Germany) rose by 1% to €230 million (previous year: €228 million).

Net sales in the Asia/Pacific/Africa region receded by 16% to €246 million in the first nine months of the fiscal year (previous year: €294 million). Asia/Pacific/Africa contributed a share of 15% to total net sales for the Group (previous year: 17%). In the third quarter of the fiscal year, net sales generated in Asia/Pacific/Africa decreased by 17% to €62 million (previous year: €75 million).

In U.S. dollars, the Americas delivered a 61% increase in net sales in the first nine months of the fiscal year. Expressed in euros, this corresponds to growth of 56% to €228 million (previous year: €146 million). Thus, the proportion of Group net sales generated in the Americas increased to 13% (previous year: 8%). In the third quarter of the fiscal year, the Americas achieved 45% growth in net sales, taking the figure to €64 million (previous year: €44 million).

Performance by Business Stream. In the first nine months of the fiscal year, net sales attributable to Hardware business contracted by 10% year on year to €856 million (previous year: €956 million). By contrast, net sales from Software/Services increased by 7% to €826 million (previous year: €773 million).

The share of total net sales attributable to Hardware business stood at 51% (previous year: 55%). Correspondingly, the proportion of total net sales from Software/Services rose to 49% (previous year: 45%).

Costs. The gross margin on net sales before carve-out charges declined by 0.4 percentage points in the first nine months of the fiscal year, down from 25.8% for the same period a year ago to 25.4%.

Research and development costs remained unchanged year on year at €78 million. The R&D ratio was 4.6% (previous year: 4.5%).

Selling, general and administration expenses including other operating income and expenses declined slightly in the period under review to €229 million (previous year: €230 million). As a percentage of total net sales, the selling, general and administration expense ratio rose by 0.3 percentage points to 13.6% (previous year: 13.3%).

Reconciliation of Result from Business Operations (EBITDA).

| | 9 months 2009/2010 | 9 months 2008/2009 |
|--|-----------------------|-----------------------|
| Profit for the period | 80 | 87 |
| + Income taxes | 37 | 38 |
| + Financial result | 4 | 8 |
| + Amortization of product know-how (exceptional item) | 0 | 5 |
| EBITA before amortization of product know-how | 121 | 138 |
| + Amortization/Depreciation of property rights, licenses and property, plant and equipment | 37 | 35 |
| + Write-down of reworkable service parts | 6 | 5 |
| EBITDA before amortization of product know-how | 164 | 178 |

€m

Profit. In the first nine months of the fiscal year earnings before interest, taxes and amortization of product know-how (EBITA) contracted by 12% to €121 million (previous year: €138 million). The EBITA margin declined by 0.8 percentage points to 7.2% (previous year: 8.0%).

Profit for the first nine months declined by 8% to €80 million (previous year: €87 million). Profit for the period before carve-out charges showed a decline of 12% to €80 million (previous year: €91 million).

Financial Position.

Cash flow.

€m

| | 9 months 2009/2010 | 9 months 2008/2009 |
|--|-----------------------|-----------------------|
| Cash flow from operating activities | 144 | 154 |
| Cash flow from investment activities | -43 | -49 |
| Cash flow from financing activities | -71 | -32 |
| Change in liquidity | 30 | 73 |
| Cash and cash equivalents at the end of the period ¹⁾ | 36 | 71 |
| Free Cash flow | 101 | 111 |

¹⁾ Include cash and cash equivalents as well as current bank borrowings.

In the first nine months of fiscal 2009/2010, cash flow from operating activities totaled €144 million, down 6% on last year's figure (previous year: €154 million). EBITDA, which is a major contributor to cash flow from operating activities, fell by 8% to €164 million (previous year: €178 million). Income taxes paid led to a cash outflow of €42 million (previous year: €47 million). At €197 million, working capital for the first nine months remained largely unchanged compared to the figure recorded on September 30, 2009 (€202 million), as a result of which the cash inflow was just €5 million (previous year: €61 million). Changes relating to other assets and the remaining other liabilities as well as accruals produced an inflow of cash in the amount of €18 million. By contrast, the Group recorded a cash outflow of €36 million in the same period a year ago.

Net cash used in investing activities decreased by 12% year on year to €43 million (previous year: €49 million). The main focus was on other fixed assets and office equipment as well as reworkable service parts. There were no acquisitions-related cash outflows during the reporting period. The previous year's figure includes the amount paid for the purchase of an interest in Bankberatung Organisations- und IT-Beratung für Banken AG as well as an interest in Connections Canada Inc. (CCI).

Net cash used in financing activities amounted to €71 million (previous year: €32 million). In this context, the dividend payment of €59 million (previous year: €67 million) declared at the Annual General Meeting in January of the current fiscal year had a significant impact on cash flow. Additionally, the acquisition of further minority shareholdings of €4 million in Bankberatung Organisations- und IT-Beratung für Banken AG was accounted for as an outflow under cash flow from financing activities. In the first nine months of the fiscal year a net amount of €7 million in financial loans was extinguished. In the previous year, by contrast, the net take-up of borrowings had totaled €37 million.

As a result of the above-mentioned changes in cash flow, net debt was scaled back by €35 million compared with September 30, 2009, to €115 million as of June 30, 2010.

At €101 million (previous year: €111 million), free cash flow (cash flow from operating activities less capital expenditure on intangible assets, property, plant and equipment and reworkable service parts) was €10 million lower than a year ago.

Assets.

| | June 30, 2010 | September 30, 2009 |
|---|------------------|-----------------------|
| €m | | |
| Assets | | |
| Non-current assets | 568 | 556 |
| Current assets | 749 | 643 |
| Total assets | 1,317 | 1,199 |
| Equity and Liabilities | | |
| Equity (incl. non-controlling interests) | 351 | 330 |
| Non-current liabilities | 232 | 234 |
| Current liabilities | 734 | 635 |
| Total equity and liabilities | 1,317 | 1,199 |

Compared to September 30, 2009, total assets rose by €118 million, or 10%, to €1,317 million (Sept. 30, 2009: €1,199 million).

The rise in current assets was attributable largely to an increase in cash and cash equivalents by €41 million to €57 million (Sept. 30, 2009: €16 million) as well as inventories by €54 million to €308 million (Sept. 30, 2009: €254 million).

The increase in equity was mainly due to the net result from profit for the period of €80 million (previous year: €87 million) and the dividend distribution to owners, amounting to €59 million (previous year: €67 million). The rise in current liabilities by €99 million to €734 million (Sept. 30, 2009: €635 million) was primarily a result of an increase in trade payables by €57 million to €314 million (Sept. 30, 2009: €257 million) as well as a rise in other liabilities by €31 million to €200 million (Sept. 30, 2009: €169 million).

SEGMENT REPORTING.

Segment Performance. Net sales in the Banking segment ended the first nine months of fiscal 2009/2010 5% lower at €1,132 million (previous year: €1,195 million). In the third quarter, net sales grew by 3%. EBITA generated in the Banking segment fell by 16% to €96 million (previous year: €114 million) in the first nine months of the fiscal year.

Key Performance Indicators: Banking Segment. €m

| | 9 months 2009/2010 | 9 months 2008/2009 | Change |
|------------------|-----------------------|-----------------------|--------|
| Net sales | 1,132 | 1,195 | -5% |
| EBITA | 96 | 114 | -16% |
| EBITA margin (%) | 8.5 | 9.5 | -1.0 |

Net sales generated in the Retail segment were up by 3% to €550 million in the first nine months of fiscal 2009/2010 (previous year: €534 million). In the third quarter, net sales increased by 8%. EBITA attributable to the Retail segment grew by 4% to €25 million in the reporting period (previous year: €24 million).

Key Performance Indicators: Retail Segment. €m

| | 9 months 2009/2010 | 9 months 2008/2009 | Change |
|------------------|-----------------------|-----------------------|--------|
| Net sales | 550 | 534 | 3% |
| EBITA | 25 | 24 | 4% |
| EBITA margin (%) | 4.5 | 4.5 | - |

EMPLOYEES.

Up to and including June 30, 2010, the headcount for the Group declined by 183 to 9,198 (September 30, 2009: 9,381).

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 there were no changes to the significant opportunities and risks described in the 2008/2009 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 further opportunities and risks described in the 2008/2009 Group Management Report with regard to the expected development of the Group up to the end of the reporting year continue to apply without any material changes.

REPORT ON EXPECTED DEVELOPMENTS.

After the first six months of 2010 opinions as to whether the economic crisis has been overcome appear to differ. Many of the economic research institutes as well as the International Monetary Fund (IMF) have projected a return to growth for the global economy in the current calendar year. By contrast, a number of market analysts remain adamant that the global economy has yet to emerge fully from the recent crisis. Among the reasons cited are the risks associated with high levels of national debt amassed by some states.

With the general outlook remaining largely inconclusive, the investment behavior of retail banks and retailers has also shown no signs of a fundamental turnaround. In fact, the trend seen during recent quarters has remained in place: the propensity to invest varies according to the financial strength of the individual companies and is difficult to gauge in full.

As regards Wincor Nixdorf's activities, this situation translates into regional as well as seasonal volatility, as reflected in the progression of business from the second to the third quarter of the current fiscal year. Against the backdrop of a sluggish quarterly performance, as anticipated, the company confirms its outlook for fiscal 2009/2010 as a whole, on the basis of which net sales and operating profit will again contract, but by no more than the decline recorded a year ago. Net sales are expected to fall by 3 percent at the most and operating profit by 13 percent at the most. Thereby the adverse effects of the financial and economic crisis on Wincor Nixdorf can be limited.

Regardless of the direction taken in the short term as a result of the general economic climate, the long-term trends witnessed in retail banking and retailing remain unchanged. Prompted by increasingly intense competition, enterprises operating within these two industries are having to place their business processes under close scrutiny. In this context, investments in information technology often provide a basis for optimization, an area in which Wincor Nixdorf is well positioned given its extensive portfolio of services. These include solutions for the automation of checkout processes in the retail industry as well as for safer and more efficient cash handling in the banking industry.