

DIEBOLD NIXDORF, Inc  
Form 10-Q  
April 30, 2019

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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Form 10-Q

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QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2019

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_  
Commission file number 1-4879

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Diebold Nixdorf, Incorporated  
(Exact name of registrant as specified in its charter)

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Ohio (State or other jurisdiction of incorporation or organization)	34-0183970 (IRS Employer Identification Number)
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5995 Mayfair Road, PO Box 3077, North Canton, Ohio (Address of principal executive offices)	44720-8077 (Zip Code)
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Registrant's telephone number, including area code: (330) 490-4000

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Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer  Accelerated filer  Non-accelerated filer

Smaller reporting company  Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

Number of shares of common stock outstanding as of April 25, 2019 was 76,592,453.



DIEBOLD NIXDORF, INCORPORATED AND SUBSIDIARIES  
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## Part I – Financial Information

## Item 1: Financial Statements

## DIEBOLD NIXDORF, INCORPORATED AND SUBSIDIARIES

## Condensed Consolidated Balance Sheets

(in millions, except share and per share amounts)

	March 31, 2019 (Unaudited)	December 31, 2018
<b>ASSETS</b>		
Current assets		
Cash, cash equivalents and restricted cash	\$ 377.9	\$ 458.4
Short-term investments	31.5	33.5
Trade receivables, less allowances for doubtful accounts of \$58.1 and \$58.2, respectively	697.7	737.2
Inventories	663.0	610.1
Prepaid expenses	60.9	57.4
Other current assets	306.3	306.8
Total current assets	2,137.3	2,203.4
Securities and other investments	18.7	22.4
Property, plant and equipment, net of accumulated depreciation and amortization of \$513.5 and \$494.1, respectively	294.5	304.1
Goodwill	813.6	827.1
Deferred income taxes	208.4	243.9
Customer relationships, net	504.6	533.1
Other intangible assets, net	84.2	91.5
Right-of-use lease assets	173.3	—
Other assets	92.7	86.4
Total assets	\$ 4,327.3	\$ 4,311.9
<b>LIABILITIES, REDEEMABLE NONCONTROLLING INTERESTS AND EQUITY</b>		
Current liabilities		
Notes payable	\$ 47.2	\$ 49.5
Accounts payable	491.8	509.5
Deferred revenue	443.2	378.2
Payroll and other benefits liabilities	167.2	184.3
Lease liability	61.7	—
Other current liabilities	443.4	446.9
Total current liabilities	1,654.5	1,568.4
Long-term debt	2,191.2	2,190.0
Pensions, post-retirement and other benefits	263.8	273.8
Long-term lease liability	110.4	—
Deferred income taxes	191.1	221.6
Other liabilities	91.2	87.3
Commitments and contingencies		
Redeemable noncontrolling interests	99.8	130.4
Equity		
Diebold Nixdorf, Incorporated shareholders' equity		
Preferred shares, no par value, 1,000,000 authorized shares, none issued	—	—
Common shares, \$1.25 par value, 125,000,000 authorized shares, 91,937,394 and 91,345,451 issued shares, 76,572,467 and 76,174,025 outstanding shares, respectively	114.9	114.2
Additional capital	761.0	741.8

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Retained earnings (accumulated deficit)	(301.0 )	(168.3 )
Treasury shares, at cost (15,364,927 and 15,171,426 shares, respectively)	(571.5 )	(570.4 )
Accumulated other comprehensive loss	(304.8 )	(303.7 )
Total Diebold Nixdorf, Incorporated shareholders' equity	(301.4 )	(186.4 )
Noncontrolling interests	26.7	26.8
Total equity	(274.7 )	(159.6 )
Total liabilities, redeemable noncontrolling interests and equity	\$ 4,327.3	\$ 4,311.9
See accompanying notes to condensed consolidated financial statements.		

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## DIEBOLD NIXDORF, INCORPORATED AND SUBSIDIARIES

## Condensed Consolidated Statements of Operations

(unaudited)

(in millions, except per share amounts)

	Three Months Ended March 31,	
	2019	2018
Net sales		
Services	\$628.7	\$690.3
Products	399.4	373.9
	1,028.1	1,064.2
Cost of sales		
Services	473.5	523.0
Products	310.5	302.8
	784.0	825.8
Gross profit	244.1	238.4
Selling and administrative expense	228.3	227.9
Research, development and engineering expense	36.9	41.7
Loss (gain) on sale of assets, net	3.4	(7.7 )
	268.6	261.9
Operating loss	(24.5 )	(23.5 )
Other income (expense)		
Interest income	2.9	3.5
Interest expense	(50.9 )	(26.0 )
Foreign exchange gain (loss), net	2.8	(1.4 )
Miscellaneous, net	(1.4 )	(0.1 )
Loss before taxes	(71.1 )	(47.5 )
Income tax expense	60.4	19.2
Equity in earnings of unconsolidated subsidiaries	(0.4 )	1.1
Net loss	(131.9 )	(65.6 )
Net income attributable to noncontrolling interests	0.8	7.6
Net loss attributable to Diebold Nixdorf, Incorporated	\$(132.7)	\$(73.2 )
Basic and diluted weighted-average shares outstanding	76.4	75.8
Net loss attributable to Diebold Nixdorf, Incorporated		
Basic and diluted loss per share	\$(1.74 )	\$(0.97 )
Dividends declared and paid per common share	\$—	\$0.10

See accompanying notes to condensed consolidated financial statements.

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DIEBOLD NIXDORF, INCORPORATED AND SUBSIDIARIES  
 Condensed Consolidated Statements of Comprehensive Income (Loss)  
 (unaudited)  
 (in millions)

	Three Months Ended March 31,	
	2019	2018
Net loss	\$(131.9)	\$(65.6)
Other comprehensive income (loss), net of tax		
Adoption of accounting standard	—	(29.0 )
Translation adjustment	4.4	18.2
Foreign currency hedges (net of tax of \$0.4 and \$1.0, respectively)	(0.6 )	(2.8 )
Interest rate hedges		
Net (loss) gain recognized in other comprehensive income (net of tax of \$0.5 and \$(0.6), respectively)	(2.3 )	2.2
Reclassification adjustment for amounts recognized in net income	0.5	0.4
	(1.8 )	2.6
Pension and other post-retirement benefits		
Net actuarial (loss) gain amortization (net of tax of \$(0.3) and \$(0.4), respectively)	(0.5 )	1.8
Other	0.1	—
Other comprehensive loss, net of tax	1.6	(9.2 )
Comprehensive loss	(130.3 )	(74.8 )
Less: comprehensive income attributable to noncontrolling interests	3.5	7.6
Comprehensive loss attributable to Diebold Nixdorf, Incorporated	\$(133.8)	\$(82.4)
See accompanying notes to condensed consolidated financial statements.		

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## DIEBOLD NIXDORF, INCORPORATED AND SUBSIDIARIES

## Condensed Consolidated Statements of Cash Flows

(unaudited)

(in millions)

	Three Months Ended March 31,	
	2019	2018
Cash flow from operating activities		
Net loss	\$(131.9)	\$(65.6)
Adjustments to reconcile net loss to cash flow used by operating activities:		
Depreciation and amortization	58.4	64.4
Share-based compensation	9.3	13.7
Loss (gain) on sale of assets, net	3.4	(7.7 )
Deferred income taxes	4.2	(17.9 )
Other	0.4	(1.9 )
Changes in certain assets and liabilities		
Trade receivables	33.2	(17.7 )
Inventories	(63.1 )	(90.2 )
Accounts payable	(12.4 )	(3.6 )
Deferred revenue	66.6	60.3
Sales tax and net value added tax	(16.8 )	(29.7 )
Income taxes	47.2	28.2
Accrued salaries, wages and commissions	(13.3 )	(27.2 )
Restructuring	(17.7 )	(7.5 )
Warranty liability	(2.3 )	(12.9 )
Certain other assets and liabilities	(22.3 )	(27.0 )
Net cash used by operating activities	(57.1 )	(142.3 )
Cash flow from investing activities		
Capital expenditures	(14.7 )	(20.2 )
Payment for acquisitions	—	(5.8 )
Proceeds from maturities of short-term investments	52.7	104.6
Payments for purchases of short-term investments	(48.3 )	(45.5 )
Proceeds from sale of assets	4.2	9.2
Increase in certain other assets	(5.4 )	(9.1 )
Net cash (used) provided by investing activities	(11.5 )	33.2
Cash flow from financing activities		
Dividends paid	—	(7.7 )
Revolving credit facility borrowings (repayments), net	10.0	(75.0 )
Other debt borrowings	5.0	26.0
Other debt repayments	(16.8 )	(31.7 )
Distributions and payments to noncontrolling interest holders	(11.0 )	(0.5 )
Repurchase of common shares	(1.1 )	(2.5 )
Net cash used by financing activities	(13.9 )	(91.4 )
Effect of exchange rate changes on cash and cash equivalents	(0.5 )	21.5
Decrease in cash, cash equivalents and restricted cash	(83.0 )	(179.0 )
Add: Cash included in assets held for sale at beginning of period	7.3	—
Less: Cash included in assets held for sale at end of period	4.8	—
Cash, cash equivalents and restricted cash at the beginning of the period	458.4	543.2



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Cash, cash equivalents and restricted cash at the end of the period	\$377.9	\$364.2
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See accompanying notes to condensed consolidated financial statements.

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DIEBOLD NIXDORF, INCORPORATED AND SUBSIDIARIES

FORM 10-Q as of March 31, 2019

Notes to Condensed Consolidated Financial Statements

(unaudited)

(in millions, except per share amounts)

Note 1: Basis of Presentation

The accompanying unaudited condensed consolidated financial statements of Diebold Nixdorf, Incorporated and its subsidiaries (collectively, the Company) have been prepared in accordance with the instructions to Form 10-Q and therefore do not include all information and footnotes necessary for a fair presentation of financial position, results of operations and cash flows in conformity with accounting principles generally accepted in the United States (U.S. GAAP); however, such information reflects all adjustments (consisting solely of normal recurring adjustments) that are, in the opinion of management, necessary for a fair statement of the result