



Diebold, Incorporated
Wedbush 2013 Transformational
Technologies Conference
March 6, 2013

Use of Non-GAAP Financial Information



Diebold has included non-GAAP financial measures in this presentation to supplement Diebold's consolidated condensed financial statements presented on a GAAP basis. Definitions of these non-GAAP financial measures and reconciliations of these non-GAAP financial measures to the most directly comparable GAAP financial measures are included elsewhere in this presentation.

Diebold's management uses non-GAAP product, service and total gross margins, non-GAAP operating expense, non-GAAP operating profit, non-GAAP tax rate, non-GAAP net earnings, and non-GAAP diluted earnings per share, and excludes the Brazilian elections systems business, losses or other charges that are considered by Diebold's management to be outside of Diebold's core business segment operating results. Net debt and free cash flow are liquidity measures that provide useful information to management about the amount of cash available for investment in Diebold's businesses, funding strategic acquisitions, repurchasing stock and other purposes.

These non-GAAP financial measures may have limitations as analytical tools, and these measures should not be considered in isolation or as a substitute for analysis of Diebold's results as reported under GAAP. Items such as impairment of goodwill and intangible asset though not directly affecting Diebold's cash position, represent the loss in value of goodwill and intangible assets over time. The impairment expense associated with this loss in value is not included in non-GAAP operating profit, non-GAAP net earnings, non-GAAP diluted earnings per share and therefore does not reflect the full economic effect of the loss in value of those goodwill and intangible assets. In addition, items such as restructuring charges and non-routine expenses that are excluded from non-GAAP gross profit, non-GAAP operating expense, non-GAAP operating profit, non-GAAP net earnings, and non-GAAP diluted earnings per share can have a material impact on cash flows and earnings per share. In addition, free cash flow does not represent the total increase or decrease in the cash balance for the period. The non-GAAP financial information that we provide also may differ from the non-GAAP information provided by other companies.

We compensate for the limitations on our use of these non-GAAP financial measures by relying primarily on our GAAP financial statements and using non-GAAP financial measures only supplementally. We also provide robust and detailed reconciliations of each non-GAAP financial measure to the most directly comparable GAAP measure, and we encourage investors to review carefully those reconciliations.

We believe that providing these non-GAAP financial measures in addition to the related GAAP measures provides investors with greater transparency to the information used by Diebold's management in its financial and operational decision-making and allows investors to see Diebold's results "through the eyes" of management. We further believe that providing this information better enables investors to understand Diebold's operating performance and to evaluate the efficacy of the methodology and information used by management to evaluate and measure such performance.

Forward-looking Statements



In this presentation, statements that are not reported financial results or other historical information are "forward-looking statements". Forward-looking statements give current expectations or forecasts of future events and are not guarantees of future performance. These forward-looking statements relate to, among other things, the company's future operating performance, the company's share of new and existing markets, the company's short- and long-term revenue and earnings growth rates, and the company's implementation of cost-reduction initiatives and measures to improve pricing, including the optimization of the company's manufacturing capacity. The use of the words "will," "believes," "anticipates," "expects," "intends" and similar expressions is intended to identify forward-looking statements that have been made and may in the future be made by or on behalf of the company. Although the company believes that these forward-looking statements are based upon reasonable assumptions regarding, among other things, the economy, its knowledge of its business, and on key performance indicators that impact the company, these forward-looking statements involve risks, uncertainties and other factors that may cause actual results to differ materially from those expressed in or implied by the forward-looking statements. The company is not obligated to update forward-looking statements, whether as a result of new information, future events or otherwise.

Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. Some of the risks, uncertainties & other factors that could cause actual results to differ materially from those expressed in or implied by the forward-looking statements include, but are not limited to:

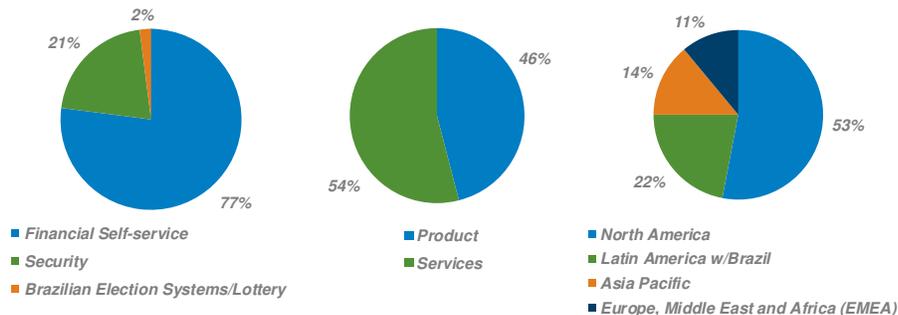
- * competitive pressures, including pricing pressures and technological developments;
- * changes in the company's relationships with customers, suppliers, distributors and/or partners in its business ventures;
- * changes in political, economic or other factors such as currency exchange rates, inflation rates, recessionary or expansive trends, taxes and regulations and laws affecting the worldwide business in each of the company's operations, including Brazil, where a significant portion of the company's revenue is derived;
- * global economic conditions, including any additional deterioration and disruption in the financial markets, including the bankruptcies, restructurings or consolidations of financial institutions, which could reduce our customer base and/or adversely affect our customers' ability to make capital expenditures, as well as adversely impact the availability and cost of credit;
- * acceptance of the company's product and technology introductions in the marketplace;
- * the company's ability to maintain effective internal controls;
- * changes in the company's intention to repatriate cash and cash equivalents and short-term investments residing in international tax jurisdictions could negatively impact foreign and domestic taxes;
- * unanticipated litigation, claims or assessments, as well as the outcome/impact of any current/pending litigation, claims or assessments, including with respect to the company's Brazilian tax dispute;
- * variations in consumer demand for financial self-service technologies, products and services;
- * potential security violations to the company's information technology systems;
- * the investment performance of our pension plan assets, which could require us to increase our pension contributions, and significant changes in health care costs, including those that may result from government action;
- * the amount and timing of repurchases of the company's common shares, if any;
- * the outcome of the company's global FCPA review and any actions taken by government agencies in connection with the company's self disclosure, including the pending SEC investigation; and
- * the company's ability to achieve benefits from its cost-reduction initiatives and other strategic changes, including its restructuring actions.

Diebold Quick Facts



- **Leading global provider of financial self-service (ATM) and security solutions with ~\$3B annual revenue**
- **Presence in nearly 90 countries with ~17,000 associates worldwide**
 - One of the financial industry's largest services staff with over 10,000 professionals in ~600 locations worldwide (~3,700 service associates in the U.S. alone)
- **2013 dividend of \$1.15 marks record-setting 60th consecutive dividend increase**

2012 Revenue Breakout



Sound Strategic Foundation

Core Strategies and Top-Line Growth Intact

DEBOLD
INNOVATION DELIVERED™

Vision
To transform from a hardware centric manufacturing company to a world-class product, software and services provider that addresses the security, convenience and efficiency needs of our customers, primarily financial institutions

Key Growth Strategies

1. *Branch Transformation, including Deposit Automation*
2. *Integrated Services (i.e. Outsourcing)*
3. *Electronic Security*
4. *Global opportunities in emerging markets*

2012 Revenue Results*

Growth Across All Segments and Regions

| | | |
|-------------------|-------------------------------------|----------------------------|
| Total: ~9% | Financial Self Service: ~13% | North America: ~13% |
| | Security: ~3% | Latin America: ~8% |
| | | Asia-Pacific: ~4% |
| | | EMEA: ~2% |

*Stated on a constant currency basis

2012 Results

Underperformance in Key Areas

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Margins

- *Operating profit for 2012 was ~6%, below the guidance provided at the beginning of year (mid 7% range) and our long-term goal of 10%*
 - *Mostly due to increased competitive pressures around the globe seen over the past few years which has resulted in reduced product gross margin*
 - *Also beginning to see increased competition on the services side, impacting our service gross margin*

Cost Structure

- *Better execution and attack on the cost structure needed to extract greater value from the company and create the investment capacity for capitalizing on growth initiatives*
- *Significant opportunities to systematically reduce cost structure*

Free Cash Flow

- *2012 performance of \$86M impacted by net income, adjusted for noncash items (\$15M) and lower year-end cash collections due to a shift in business mix from regional banks, which tend to pay early (\$60M)*

**Underperformance driving need for structural changes
and business model transformation...**

Key Elements of Transformation

1. Organizational Changes / Realignment

- Henry D.G. Wallace – Executive Chairman of the Board
- George S. Mayes Jr. – Executive Vice President and Chief Operating Officer
 - Create global model for product development, service and supply-chain
 - Leverage synergies across regional and functional divisions
 - Drive execution, accountability and culture of discipline
- Search for new CEO underway; no set timeframe, focused on finding the right person

2. Structural Cost Reductions / Efficiency Improvement

- Greater centralization of systems and processes
- Systematic approach to create a lean, Six Sigma operating model across entire operation
- Particular focus on driving efficiencies across service organization

3. Accelerate Investments in Growth

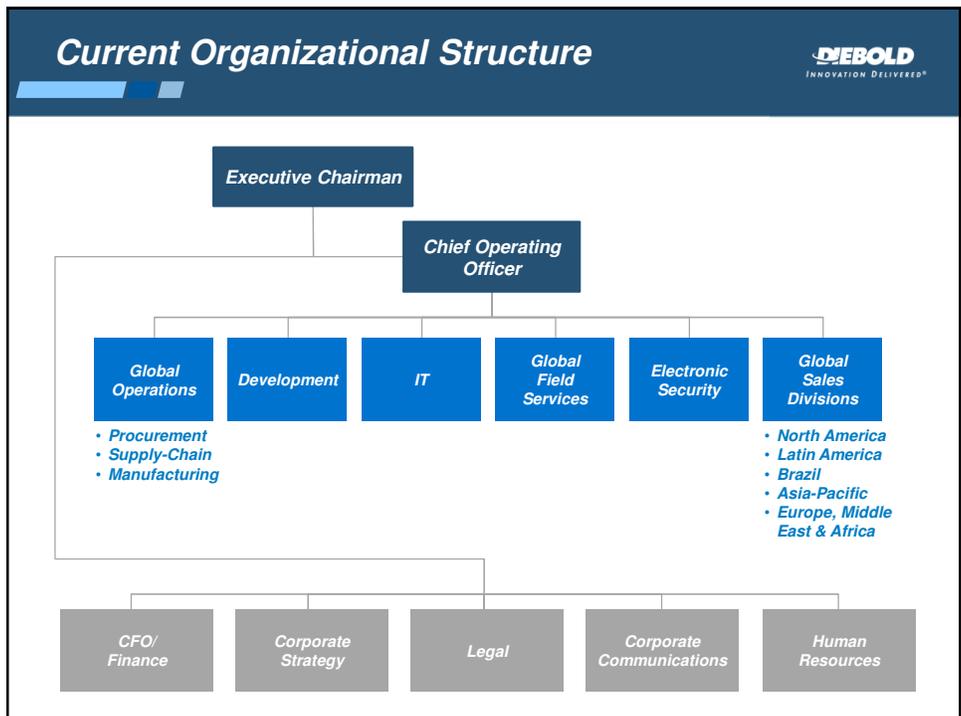
- R&D in new, innovative solutions
- Acquisitions, specifically within electronic security
- Processes (core IT infrastructure, etc.)
- Talent/People

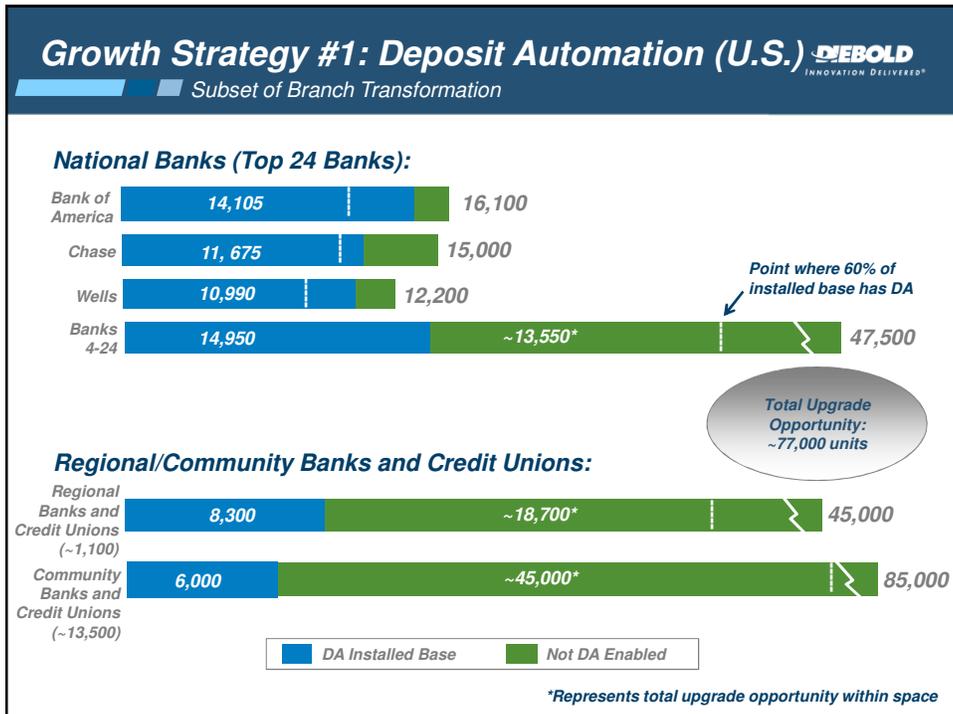
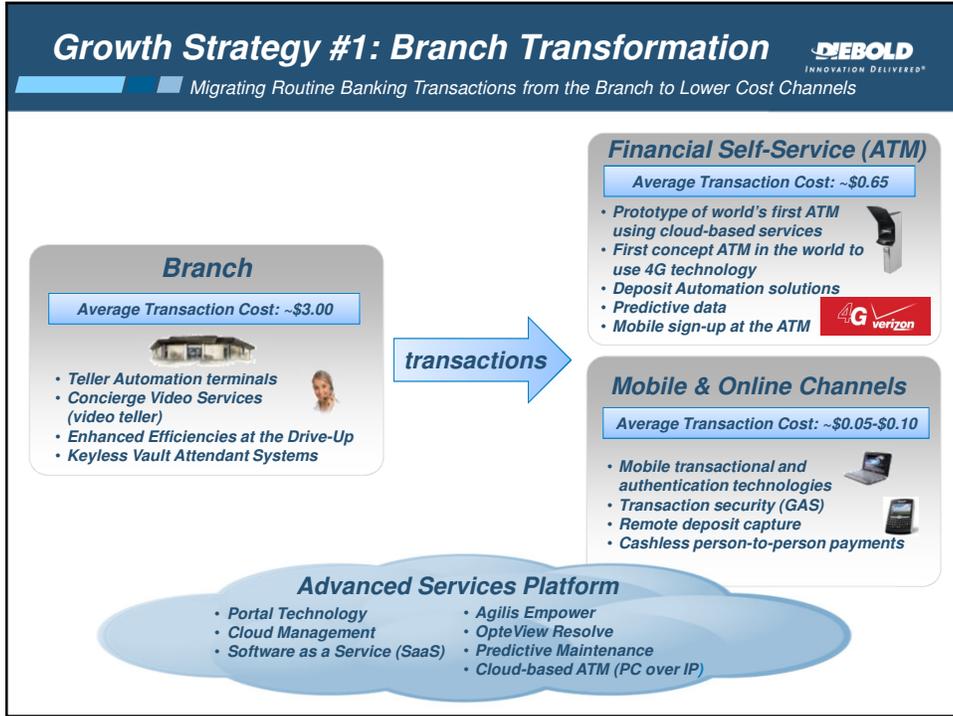
Goals

Establish the Conditions for Top-tier Performance

Create the Investment Capacity

Create Sustainable Competitive Advantage





Growth Strategy #2: Integrated Services

Outsourcing Various ATM-related Services to Diebold





Financial Channel Management
THE POWER OF A SINGLE POINT OF CONTACT

Diebold Integrated Services®

Sustainable Value Proposition

- Enhance competitiveness and stay current with emerging technologies
- Product AGNOSTIC
- Maintain compliance, enhance security and improve efficiencies
- Improve availability
- Enhance consumer experience
- Single point of contact
- Preserve capital
- End-to-end program management
- Leverage Diebold's scale

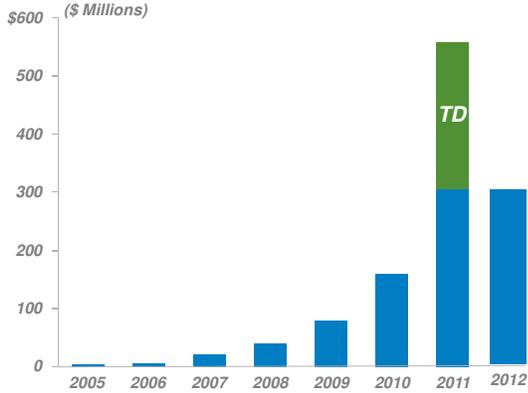
Growth Strategy #2: Integrated Services

Growth Across All Segments of the Market

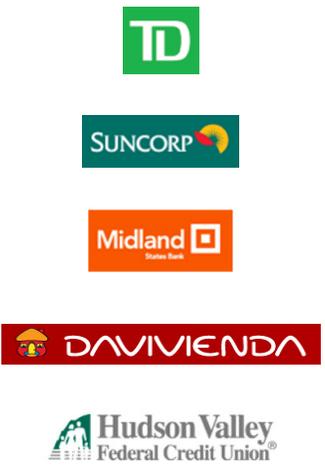


North America Total Contract Value

(\$ Millions)



| Year | Contract Value (\$ Millions) |
|------|------------------------------|
| 2005 | ~10 |
| 2006 | ~20 |
| 2007 | ~30 |
| 2008 | ~40 |
| 2009 | ~80 |
| 2010 | ~160 |
| 2011 | ~560 |
| 2012 | ~300 |



Note: Total Contract Value represents cumulative revenue over the life of the contract, typically five years

Growth Strategy #2: Integrated Services

TD Update* **Diebold**
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Conversion of Services for ATMs in Canada

- Successful pilot
- 100% conversion of cash forecasting
- ~2,700 ATMs scheduled to be completed by the end of Q1 2013
- Largest, fastest remote software deployment ever within the ATM outsourcing industry



Conversion of Services and Replacement for ATMs in U.S.

- Successful pilot
- Replaced ~600 ATMs in 2012
- Remaining ~1,300 units to be installed by end of Q2 2013

*February 10, 2012 (American Banker) "Toronto-Dominion Bank is handing over the reins of its ATM fleet to Diebold Inc."

Growth Strategy #3: Electronic Security

Security Business Overview **Diebold**
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Physical (Branch and Barrier products)

- Safes and vaults
- Drive-up
- Undercounter equipment
- After-hour depository

Electronic (Intrusion Detection)

- Alarms
- Video surveillance
- Access control
- Data loss prevention
- Fire and Life Safety
- Information Security

Services

- Integrated services
- Monitoring
- Preventative maintenance/break-fix
- Project management
- Engineering and design
- Complete solutions

2012 Total Security Revenue Breakdown

| Category | Percentage |
|------------|------------|
| Physical | 47% |
| Electronic | 53% |
| Product | 32% |
| Services | 68% |

Growth Strategy #3: Electronic Security

Sales Focus

Commercial National & Regional

- Build out Commercial National Account team
- Focus in multiple vertical markets
- Leverage Diebold brand into broader ES market
- Align business to ES industry standards

Financial Institutions National & Regional

- Continued focus on FI market
- Vertical FI structure to meet customer needs
- Segmented between Nationals and Regionals
- Leverage Diebold brand and existing customer relationships

Organized to Serve Market Needs & Leverage Core Competencies
Diebold is a top player in the electronic security marketplace

Growth Strategy #3: Electronic Security

Diebold's Relevance in the Electronic Security Marketplace

15,000 - 25,000 U.S.
Alarm Monitoring Companies

Top 100 U.S. Alarm Companies
 ~\$9.2B Revenue w/
 ~\$510M RMR (recurring monthly revenue)

Only 4 National Alarm Companies
 with 50+ offices

3,000 - 5,000 U.S.
Systems Integration Companies

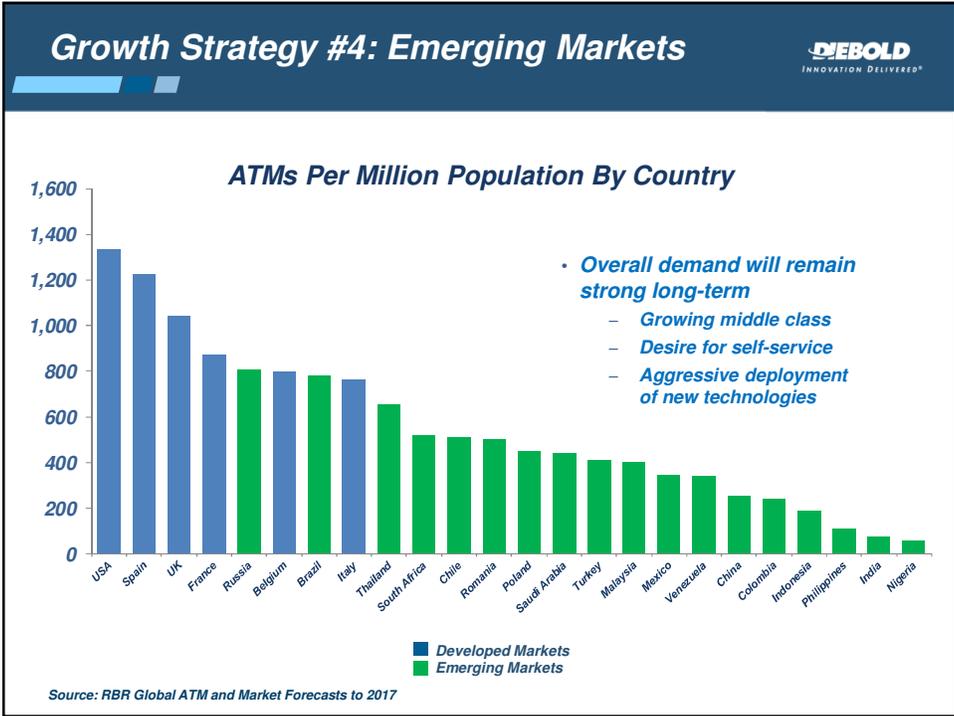
Top 100 U.S. Systems Integrators
 ~\$7.2B Revenue

Only 5 National Systems Integrators
 with 50+ offices

Diebold's capabilities & coverage are a competitive advantage

Diebold is 1 of 3 National Players in Both Sectors

Source: SDM, SS&I, Security Systems News & Management Estimates



Financial Strength



Financial Capacity to Invest in Growth Initiatives

| (\$ Million) | Dec. 31, 2010 | Dec. 31, 2011 | Dec. 31, 2012 |
|---|---------------|---------------|---------------|
| Cash, cash equivalents and other investments | \$601.8 | \$620.8 | \$630.7 |
| Total Assets | \$2,519.8 | \$2,517.4 | \$2,593.0 |
| Stockholders' Equity | \$961.2 | \$827.0 | \$810.0 |
| Debt Instruments | \$(566.6) | \$(628.5) | \$(652.2) |
| Net Inv. (debt) non-GAAP | \$35.1 | \$(7.7) | \$(21.5) |
| Net (debt) to capital ratio* | (4%) | 1% | 1% |
| Free Cash Flow | \$222 | \$161 | \$86 |

Solid Cash Resources

Solid Balance Sheet

- Dividends
- Acquisitions
- Pay down debt
- Share buyback

*Capital includes Diebold shareholder equity, excludes non-controlling interest

Capital Allocation Strategy

Continued Focus on Long-term Growth and Shareholder Value

Diebold
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1. Dividends – 2013 marks record-setting 60th year of consecutive dividend increases, sustained by steady stream of services revenue

| Year | Dividend (\$) | Yield (%) |
|------|---------------|---------------|
| 2008 | \$1.00 | 3.6 |
| 2009 | \$1.04 | 3.7 |
| 2010 | \$1.08 | 3.4 |
| 2011 | \$1.12 | 3.7 |
| 2012 | \$1.14 | 3.7 |
| 2013 | \$1.15 | 3.8 (2/12/13) |

2. M&A – Acquisitions that synergize with Diebold’s strategic focus on software, services and security

3. Reinvestments

4. Share buybacks – opportunistic approach

2013 Outlook

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Revenue relatively flat

- Growth in Asia and LA offset by declines in NA due to the U.S. regional bank ADA/PCI upgrade cycle in 2012
- Encouraged by strong Q4 orders in AP, U.S. national accounts and LA excl. Brazil
- Expect U.S. regional bank space to be down substantially, particularly in the first half of the year

EPS flat to down moderately due to wide-range of possible outcomes

- Several large outstanding tenders in Brazil representing opportunity to replace 18,000 ATMs in 2013
- U.S. regional bank demand having been consistently weaker than expectations; clearer view once we fully progress through Q1
- Combined, adds \$30M potential operating profit variation for 2013

Expect Q1 EPS to be well below historic norms; anticipate 20-25% of 2013 EPS to be delivered in 1st half 2013

Free Cash Flow Assumptions for 2013



- *Flat to moderately down earnings*
- *Relatively stable core working capital elements and prepayment activity versus a negative cash impact of \$70M in 2012*
- *Slight increase in capital expenditures to ~\$60M*
- *Business capable of generating free cash flow of at least \$100M in 2013*
- *More than enough to sustain dividend and invest in growth initiatives*

Conclusion



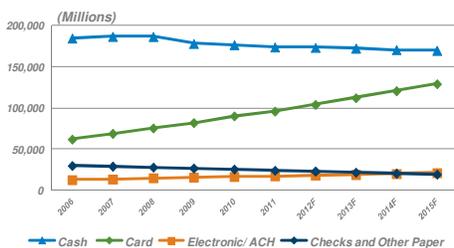
- *Fundamentals of the business are sound and opportunities exist in the markets in which we serve*
- *Possess the right growth strategies to succeed and backed by a strong, engaged board of directors*
- *Execution and the speed of execution has been a challenge and we are taking the appropriate actions to address this issue*
- *Strategies and operational improvement initiatives have been designed to offset the underlying margin pressure we face in our core markets*
- *Our solid balance sheet positions us to capitalize on growth opportunities and deliver sustained shareholder value*

Appendix

Payment Transactions and ATM Growth

Developed Markets

Payment Transactions: Developed Markets



Cash/Check Usage:

- Declining slowly on very strong volume
- Check usage totals approx. 20 billion in the U.S. alone

Card/Electronic Payments:

- Solid card payments infrastructure and access to banking services

Mobile Payments:

- Generation Y (ages 18-34) driving growth
- Large % population with smartphones
- Infrastructure still needs established

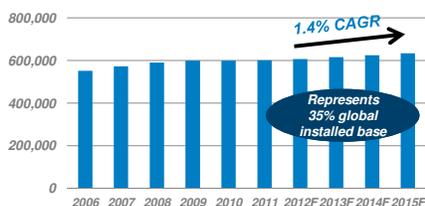
ATM Opportunities:

- Number of cash/checks in circulation slowly declining but still very high volume to warrant need for ATMs
- Large ATM replacement markets
- Fewer branches – replaced by ATMs
- Branch transformation
- Integrated Services

Diebold R&D Efforts:

- Working on developing Next Gen ATM while incorporating the latest technology

Bank ATM Installed Base: Developed Markets



Source: Euromonitor and Retail Banking Research (developed markets include North America, Western Europe, Australia/New Zealand)

