

Krupa Global Investments doubled its significant investment in American ATM manufacturer Diebold Nixdorf

KGI evaluated the investment potential of the financial retail company Diebold Nixdorf and purchased a significant share worth hundreds of millions of crowns during the second half of last year. In so doing KGI became one of the biggest institutional shareholders in this company, holding its participation by way of shares and CFD. KGI's activist initiative was followed up by management changes and streamlining within Diebold Nixdorf. After implementation of the effective steps and changes required by KGI of the management and subsequent positive development as per expectations, the value of this company's shares rose by more than 80 %. Diebold Nixdorf's current share value is USD 8.5 and KGI's investment has almost doubled. After publishing Diebold Nixdorf's financial results (13.2.2019) KGI expects the company to continue its positive development and maintain its position.

Diebold Nixdorf manufactures and repairs ATMs (automatic teller machines) and payment terminals worldwide. In the past the company had struggled with unnecessary indebtedness directly resulting from inefficient management, causing its share price to drop to an all-time minimum.

KGI therefore called upon the company to change its management and start managing its product portfolio more efficiently. Following our negotiations with members of the original management, there was a leadership change to Gerrard Schmid, who has significant fintech experience and who subsequently introduced the "Diebold Nixdorf Now Transformation Plan" remedial plan. This plan introduced a cost-cutting method aimed at saving up to USD 250 million by 2021. Staff lay-offs account for a large proportion of these savings: the company plans to make 1,600 employees redundant over the course of the next few years.

Another problem that we tackled with a view to lowering costs was reducing the diverse range of ATM and payment terminal products offered by Diebold Nixdorf. Following our initiative, the company is working on streamlining its ATM network. Whereas it manufactured 100 various types of ATM just a few years ago, it currently makes approximately 40 types and there are plans to further reduce to one-third of this figure in the future. The lay-off (of employees who services the products) mentioned above is directly related to this. Repairs will no longer be needed to the extent they were in the past.

Diebold Nixdorf plans to sell off 5-10 % of its whole business, primarily non-core business, which KGI says will also help promote positive cash flow and reduce the company's debts. Last year the company performed a squeeze-out of 10 % of shareholders in the German part of Diebold Nixdorf AG, which will enable it to lower staff costs as well as the amount of dividends paid out to these shareholders.

On 13 February Diebold Nixdorf presented its financial results for 4Q 2018 and the whole of last year. *"The results are in keeping with our expectations and the management has thus confirmed that it is taking steps in the right direction towards the effective and positive development of Diebold Nixdorf, because we outstripped our expectations with respect to sales of 5.7 % and operating profit EBITDA by 34 % on a yearly basis. We have faith in the company's management, we see potential for further growth and we will continue to maintain our prestigious position,"* said Pavol Krúpa, Chairman of the Board of Directors of KGI. The management has also undertaken to save up to USD 400 million by

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2021 instead of the originally anticipated USD 250 million, and to use these resources to reduce debt to 3x EBITDA. The company anticipates a positive outlook for operating profit EBITDA in 2019 at a level of USD 380 – 420 million and positive cashflow.

About Krupa Global Investments:

Krupa Global Investments is a private firm with a focus on investment opportunistic growth. It is named after its founder and owner, Pavol Krúpa. The company implements projects with a so-called activist approach to fix companies that are being mismanaged due to actions of management and/or majority shareholders. Our goal with this strategy is to achieve significant positive changes in strategy, financial structure or management. The company only selects investment opportunities with the potential for double-digit annual appreciation due to their quality and dynamic growth. Krupa Global Investments focuses primarily on investing on the European and American stock markets and currently manages assets worth approximately EUR 1.7 billion.

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