DIEBOLD NIXDORF, Inc
Form 10-Q
November 08, 2018

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

Form 10-Q

x QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended September 30, 2018
OR
o 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

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

Ohio	34-0183970
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification Number)
5995 Mayfair Road, PO Box 3077, North Canton, Ohio	44720-8077
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (330) 490-4000

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 x No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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 and post such files). Yes x No o

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	x	Accelerated filer	o	Non-accelerated filer (Do not check if a smaller reporting company)	o
Smaller reporting company	o	Emerging growth company	o		

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. o

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

Number of shares of common stock outstanding as of October 31, 2018 was 76,124,266.

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)

	September 30, 2018 (Unaudited)	December 31, 2017
ASSETS		
Current assets		
Cash and cash equivalents	$ 304.4	$ 535.2
Restricted cash	139.3	8.0
Short-term investments	5.0	81.4
Trade receivables, less allowances for doubtful accounts of $55.3 and $71.7, respectively	818.1	830.1
Inventories	846.5	728.9
Prepaid expenses	60.4	65.7
Income taxes	66.5	73.4
Other current assets	201.4	177.6
Total current assets	2,441.6	2,500.3
Securities and other investments	24.1	96.8
Property, plant and equipment, net of accumulated depreciation and amortization of $441.0 and $418.8, respectively	320.8	364.5
Goodwill	883.3	1,117.1
Deferred income taxes	256.2	293.8
Customer relationships, net	559.7	633.3
Other intangible assets, net	111.9	140.5
Other assets	100.2	95.8
Total assets	$ 4,697.8	$ 5,242.1
LIABILITIES, REDEEMABLE NONCONTROLLING INTERESTS AND EQUITY		
Current liabilities		
Notes payable	$ 52.7	$ 66.7
Accounts payable	554.7	562.2
Deferred revenue	365.3	437.5
Payroll and other benefits liabilities	173.8	198.9
Other current liabilities	433.1	531.4
Total current liabilities	1,579.6	1,796.7
Long-term debt	2,337.0	1,787.1
Pensions, post-retirement and other benefits	260.7	266.4
Deferred income taxes	240.7	287.1
Other liabilities	102.9	111.3
Commitments and contingencies		
Redeemable noncontrolling interests	154.2	492.1
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, 91,267,246 and 90,524,360 issued shares, 76,115,029 and 75,558,544 outstanding shares, respectively	114.1	113.2
Additional capital	743.6	721.5

Retained earnings (accumulated deficit)	(3.2)	393.6
Treasury shares, at cost (15,152,217 and 14,965,816 shares, respectively)	(570.4)	(567.4)
Accumulated other comprehensive loss	(291.5)	(196.3)
Total Diebold Nixdorf, Incorporated shareholders' equity	(7.4)	464.6
Noncontrolling interests	30.1	36.8
Total equity	22.7	501.4
Total liabilities, redeemable noncontrolling interests and equity	$ 4,697.8	$ 5,242.1

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		Nine Months Ended	
	September 30,		September 30,	
	2018	2017	2018	2017
Net sales				
Services	$583.9	$605.8	$1,769.6	$1,759.3
Products	414.6	397.0	1,156.4	1,262.2
Software	120.5	119.9	362.8	337.9
	1,119.0	1,122.7	3,288.8	3,359.4
Cost of sales				
Services	451.6	470.7	1,377.5	1,362.1
Products	347.9	328.0	958.2	1,042.5
Software	91.2	84.0	265.4	236.5
	890.7	882.7	2,601.1	2,641.1
Gross profit	228.3	240.0	687.7	718.3
Selling and administrative expense	216.2	208.8	663.9	692.6
Research, development and engineering expense	36.6	34.2	118.9	114.4
Impairment of assets	109.3	—	199.3	3.1
(Gain) loss on sale of assets, net	0.1	5.6	(6.8)	(2.5)
	362.2	248.6	975.3	807.6
Operating profit (loss)	(133.9)	(8.6)	(287.6)	(89.3)
Other income (expense)				
Interest income	2.2	4.3	7.6	15.8
Interest expense	(45.2)	(27.7)	(99.6)	(90.7)
Foreign exchange gain (loss), net	2.2	3.2	(2.3)	(4.5)
Miscellaneous, net	1.8	(1.5)	0.9	1.7
Income (loss) before taxes	(172.9)	(30.3)	(381.0)	(167.0)
Income tax expense (benefit)	45.8	(0.9)	35.6	(60.5)
Net income (loss)	(218.7)	(29.4)	(416.6)	(106.5)
Net income (loss) attributable to noncontrolling interests	(6.1)	6.6	6.6	20.2
Net income (loss) attributable to Diebold Nixdorf, Incorporated	$(212.6)	$(36.0)	$(423.2)	$(126.7)
Basic weighted-average shares outstanding	76.1	75.5	76.0	75.4
Diluted weighted-average shares outstanding	76.1	75.5	76.0	75.4
Net income (loss) attributable to Diebold Nixdorf, Incorporated				
Basic earnings (loss) per share	$(2.79)	$(0.48)	$(5.57)	$(1.68)
Diluted earnings (loss) per share	$(2.79)	$(0.48)	$(5.57)	$(1.68)
Dividends declared and paid per common share	$—	$0.10	$0.10	$0.30

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 September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Net income (loss)	$(218.7)	$(29.4)	$(416.6)	$(106.5)
Other comprehensive income (loss), net of tax				
Adoption of accounting standard	—	—	(29.0)	—
Translation adjustment	(19.7)	15.8	(82.8)	145.0
Foreign currency hedges (net of tax of $(0.5), $1.2, $(1.6) and $(0.2), respectively)	2.1	(2.4)	8.0	1.0
Interest rate hedges				
Net gain (loss) recognized in other comprehensive income (net of tax of $(0.2), $(0.1), $(1.3) and $(0.6), respectively)	(0.5)	0.3	2.3	1.8
Reclassification adjustment for amounts recognized in net income	1.0	—	2.1	(0.4)
	0.5	0.3	4.4	1.4
Pension and other post-retirement benefits				
Net actuarial gain (loss) amortization (net of tax of $1.0, $(0.5), $0.8 and $0.5, respectively)	(2.0)	1.0	1.6	(2.0)
Other comprehensive income (loss), net of tax	(19.1)	14.7	(97.8)	145.4
Comprehensive income (loss)	(237.8)	(14.7)	(514.4)	38.9
Less: comprehensive income (loss) attributable to noncontrolling interests	(7.4)	8.4	3.5	23.7
Comprehensive income (loss) attributable to Diebold Nixdorf, Incorporated	$(230.4)	$(23.1)	$(517.9)	$15.2

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)

	Nine Months Ended September 30,	
	2018	2017
Cash flow from operating activities		
Net income (loss)	$(416.6)	$(106.5)
Adjustments to reconcile net income (loss) to cash flow used by operating activities:		
Depreciation and amortization	194.7	185.4
Share-based compensation	27.2	23.1
Gain on sale of assets, net	(6.8)	(2.5)
Impairment of assets	199.3	3.1
Deferred income taxes	(52.8)	(36.3)
Other	(2.7)	(1.4)
Changes in certain assets and liabilities, net of the effects of acquisitions		
Trade receivables	(20.6)	(57.5)
Inventories	(142.9)	(45.8)
Accounts payable	7.4	10.0
Income taxes	6.8	(46.8)
Prepaid and other current assets	(32.5)	(42.0)
Deferred revenue	(60.9)	(43.3)
Restructuring payments	(37.9)	(57.8)
Warranty liability	(28.3)	(25.0)
Certain other assets and liabilities	(5.5)	8.0
Net cash provided (used) by operating activities	(372.1)	(235.3)
Cash flow from investing activities		
Capital expenditures	(40.5)	(41.7)
Payment for acquisitions	(5.9)	(5.6)
Proceeds from maturities of short-term investments	275.0	249.5
Payments for purchases of short-term investments	(126.5)	(260.7)
Proceeds from sale of assets	10.8	14.6
Increase in certain other assets	(22.8)	(26.9)
Net cash provided (used) by investing activities	90.1	(70.8)
Cash flow from financing activities		
Dividends paid	(7.7)	(22.9)
Debt issuance costs	(38.9)	(1.1)
Revolving credit facility (repayments) borrowings, net	185.0	120.0
Other debt borrowings	706.0	381.0
Other debt repayments	(306.7)	(433.5)
Distributions and payments to noncontrolling interest holders	(337.8)	(16.3)
Issuance of common shares	—	0.3
Repurchase of common shares	(3.0)	(4.8)
Net cash provided (used) by financing activities	196.9	22.7
Effect of exchange rate changes on cash and cash equivalents	(14.4)	19.3
Increase (decrease) in cash, cash equivalents and restricted cash	(99.5)	(264.1)
Cash, cash equivalents and restricted cash at the beginning of the period	543.2	652.7

Cash, cash equivalents and restricted cash at the end of the period	$443.7	$388.6

See accompanying notes to condensed consolidated financial statements.

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 results for the interim periods.

The condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes contained in the Company’s annual report on Form 10-K for the year ended December 31, 2017. In addition, some of the Company’s statements in this quarterly report on Form 10-Q may involve risks and uncertainties that could significantly impact expected future results. The results of operations for the three and nine months ended September 30, 2018 are not necessarily indicative of results to be expected for the full year.

Error Correction and Reclassification

During the third quarter of 2018, the Company identified an error in prior periods presented for repairable service parts inventory balances. Prior-period amounts of inventory, product cost of sales, income tax expense, other current liabilities and retained earnings have been adjusted. Management determined that the correction of the error was not material to each prior period. This correction was recorded within the Company's operations in the Americas Banking reporting segment. As a result of applying the correction retrospectively, previously reported service cost of sales for the three and nine months ended September 30, 2017 increased by $1.0 and $3.0, respectively, and previously reported net income and basic and diluted earnings per share decreased by $0.6 and $0.01 and $1.9 and $0.02, respectively. The decrease in the inventory balance and the aggregated amount of the correction reflected in other current liabilities and retained earnings as of December 31, 2017 was $8.1. There was no impact of the correction on previously reported cash flows from operations for the prior period.

In connection with recent changes in the Company's leadership, beginning with the second quarter of 2018, the Company's reportable operating segments are be based on the following solutions: Eurasia Banking, Americas Banking and Retail. As a result, the Company reclassified comparative periods for consistency.

The Company has reclassified the presentation of certain prior-year information to conform to the current presentation. The Company included finance lease receivables of $14.9 and $14.4 in other assets as of September 30, 2018 and December 31, 2017, respectively, in the condensed consolidated balance sheets. The Company reclassified $8.0 from other current assets to restricted cash as of December 31, 2017 in the condensed consolidated balance sheets and was included in cash, cash equivalents and restricted cash as of September 30, 2017 in the condensed consolidated statements of cash flows.

(in millions, except per share amounts)

Recently Adopted Accounting Guidance

Standards Adopted	Description	Effective Date
Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers	The standard replaced the most recent previously existing revenue recognition guidance in U.S. GAAP and required additional financial statement disclosures. The standard requires revenue to be recognized when the Company expects to be entitled in exchange for the transfer of promised goods or services to customers. The standard was adopted using a modified retrospective approach to open contracts as of the effective date, January 1, 2018. The standard is intended to reduce potential for diversity in practice at initial application and reducing the cost and complexity of applying Topic 606 both at transition and prospectively. As a result of the adoption, the cumulative increase to the Company's retained earnings at January 1, 2018 was $4.6.	January 1, 2018
ASU 2017-07, Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost	The standard was issued to address the net presentation of the components of net benefit cost. The standard requires that service cost be presented in the same line item as other current employee compensation costs and that the remaining components of net benefit cost be presented in a separate line item outside of any subtotal for income from operations. The adoption of this update did not have a material impact on the financial statements of the Company.	January 1, 2018
ASU 2017-12, Derivatives and Hedging: Target Improvements to Accounting for Hedging Activities	The purpose of this updated guidance is to better align a company's financial reporting for hedging activities with the economic objectives of those activities. For existing hedges as of the date of the adoption, the Company eliminated a minimal amount of ineffectiveness by means of a cumulative-effect adjustment to accumulated other comprehensive income (AOCI) with a corresponding adjustment to retained earnings. As a result of the standard, $(0.4) and $2.4 was included in net sales for the three and nine months ended September 30, 2018, respectively, and $(0.7) and $(0.6) in cost of sales for the three and nine months ended September 30, 2018, respectively.	Early adopted January 1, 2018
ASU 2018-02, Income Statement—Reporting Comprehensive Income (Topic 220): Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income	The standard allows for reclassification of stranded tax effects on items resulting from the U.S. Tax Cuts and Jobs Act (the Tax Act) from AOCI to retained earnings. Tax effects unrelated to the Tax Act are released from AOCI using either the specific identification approach or the portfolio approach based on the nature of the underlying item. As a result of the adoption, during the first quarter of 2018, the Company recorded an adjustment to retained earnings resulting in a increase of $29.0, with a corresponding decrease to AOCI due to the reduction in the corporate tax rate.	Early adopted January 1, 2018

ASU 2017-04, Intangibles - Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment	The standard simplifies the measurement of goodwill by eliminating step 2 from the goodwill impairment test. An entity should recognize an impairment charge for the amount by which the carrying amount exceeds the reporting unit's fair value. The adoption of this update did not have an impact on the financial statements of the Company and only simplifies the procedure for the goodwill impairment test.	Early adopted January 1, 2018

(in millions, except per share amounts)

Recently Issued Accounting Guidance

Standards Pending Adoption	Description	Effective/Adoption Date	Anticipated Impact
ASU 2016-02, Leases	The standard requires that a lessee recognize on its balance sheet right-of-use assets and corresponding liabilities resulting from leasing transactions, as well as additional financial statement disclosures. Currently, U.S. GAAP only requires balance sheet recognition for leases classified as capital leases. The provisions of this update apply to substantially all leased assets.	January 1, 2019	The Company is currently evaluating the impact the standard will have on its financial information and related disclosures. The standard requires a modified retrospective transition method with the option to elect a package of practical expedients, which the Company anticipates utilizing and will continue to evaluate. The Company anticipates a material balance sheet gross-up for the right-of-use assets and corresponding liabilities, with no anticipated impact to debt covenants.
ASU 2018-13, Fair Value Measurement (Topic 820) -Disclosure Framework -Changes to the Disclosure Requirements for Fair Value Measurement	The standard is is designed to improve the effectiveness of disclosures by removing, modifying and adding disclosures related to fair value measurements.	January 1, 2020	The Company is currently assessing the impact this ASU will have on its consolidated financial statements. The ASU allows for early adoption in any interim period after issuance of the update.
ASU 2018-05, Income Taxes (Topic 740): Amendments to SEC Paragraphs pursuant to SEC Staff Accounting Bulleting No. 118	This guidance amends SEC paragraphs in Topic 740, Income Taxes, to reflect SAB 118, which provides guidance for companies that are not able to complete their accounting for the income tax effects of the Tax Act in the period of enactment.	January 1, 2021	This guidance also includes amendments to the XBRL Taxonomy. For public business entities, the amendments in ASU 2018-05 are effective for fiscal years ending after December 15, 2020 and early

			adoption is permitted. The Company does not expect adoption of this guidance to have a significant impact on its condensed consolidated financial statements.
ASU 2018-14, Compensation - Retirement Benefits - Defined Benefit Plans - General Subtopic 715-20 - Disclosure Framework - Changes to the Disclosure Requirements for Defined Benefit Plans	The standard is designed to improve the effectiveness of disclosures by removing and adding disclosures related to defined benefit plans.	January 1, 2021	The Company is currently assessing the impact this ASU will have on its condensed consolidated financial statements. The ASU allows for early adoption in any year end after issuance of the update.

Note 2: Revenue

Revenue is measured based on consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The amount of consideration can vary depending on discounts, rebates, refunds, credits, price concessions, incentives, performance bonuses, penalties, or other similar items contained in the contract with the customer of which generally these variable consideration components represent less than one percent of revenues. The Company recognizes revenue when it satisfies a performance obligation by transferring control over a product or service to a customer.

The Company's payment terms vary depending on the individual contracts and are generally fixed fee. The Company recognizes advance payments and billings in excess of revenue recognized as deferred revenue. In certain contracts where services are provided prior to billing, the Company recognizes a contract asset within trade receivables and other current assets.

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(unaudited)
(in millions, except per share amounts)

Taxes assessed by a governmental authority that are both imposed on and concurrent with a specific revenue-producing transaction, that are collected by the Company from a customer, are excluded from revenue.

The Company recognizes shipping and handling fees billed when products are shipped or delivered to a customer and includes such amounts in net sales. Although infrequent, shipping and handling associated with outbound freight after control over a product has transferred to a customer is not a separate performance obligation, rather is accounted for as a fulfillment cost. Third-party freight payments are recorded in cost of sales.

The Company includes a warranty in connection with certain contracts with customers, which are not considered to be separate performance obligations. The Company provides its customers a manufacturer's warranty and records, at the time of the sale, a corresponding estimated liability for potential warranty costs. For additional information on product warranty refer to note 9. The Company also has extended warranty and service contracts available for its customers, which are recognized as separate performance obligations. Revenue is recognized on these contracts ratably as the Company has a stand-ready obligation to provide services when or as needed by the customer. This input method is the most accurate assessment of progress toward completion the Company can apply.

Nature of goods and services

The following is a description of principal solutions offered within the Company's two main industry segments that generate the Company's revenue. For more detailed information about reportable operating segments, see note 20.

The Company provides its banking customers product-related services which include proactive monitoring and rapid resolution of incidents through remote service capabilities or an on-site visit. First and second line maintenance, preventive maintenance and on-demand services keep the distributed assets of the Company's customers up and running through a standardized incident management process. Managed services and outsourcing consists of the end-to-end business processes, solution management, upgrades and transaction processing. The Company also provides a full array of cash management services, which optimizes the availability and cost of physical currency across the enterprise through efficient forecasting, inventory and replenishment processes.

Banking and retail services may be sold separately or in bundled packages. The typical contract length for service is generally one year and is billed and paid in advance except for installations, among others.

The Company's hardware-agnostic software applications facilitate millions of transactions via automated teller machines (ATMs), point of sale (POS) terminals, kiosks, and other self-service devices. The Company provides its banking customers front-end applications for consumer connection points and back-end platforms that manage channel transactions, operations and integration. For its retail customers, the Company provides a comprehensive, modular solution capable of enabling the most advanced omnichannel retail use cases. The Company's platform software is installed within bank and retail data centers to facilitate omnichannel transactions, endpoint monitoring, remote asset management, customer marketing, merchandise management and analytics. These offerings include highly configurable, application program interface (API) enabled software that automates legacy banking transactions across channels.

The Company’s software solution includes its professional services team, who provides systems integration, customization, consulting and project management. The Company’s advisory services team collaborates with its customers to help define optimal user experience, improve business processes, refine existing staffing models and deploy technology to meet branch and store automation objectives.

Software licenses and professional services may be sold separately or in bundled packages. Software licenses when bundled with professional services, where the service is modifying the intellectual property (IP), is non-distinct from the professional service. The consideration (including any discounts) is allocated between distinct obligations in a bundle based on their stand-alone selling prices. For items that are not sold separately, the Company estimates stand-alone selling prices using the cost plus expected margin approach or in the case of the software license the residual approach may be used.

The Company considered ASC 606-10-32-34(c)(2), which provides the criteria that "the entity has not yet established a price for that good or service, and the good or service has not previously been sold on a standalone basis (that is, the selling price is uncertain)." The Company considers software as capable of being distinct, although it generally is not distinct in the context of the contract. Since the Company generally does not sell its software on a stand-alone basis there is limited history to accurately establish a stand-alone selling price. The Company does not have an established standalone selling price for its software.

Additionally, the Company considers the customization of the intellectual property significant since the professional services integrate the commercial solution with the customer's existing infrastructure. Although the services are capable of being distinct, they are not distinct within the context of the contract. The Company concluded this fully integrated commercial solution is inseparable since its customers generally only benefit from the combined output, which includes both the intellectual property and the professional services. The percentage of the Company's consolidated net sales recognized from integration and customization of software represented approximately one percent for the three and nine months ended September 30, 2018 and 2017.

The Company’s software licenses are functional in nature (the IP has significant stand-alone functionality); as such, the revenue recognition of distinct software license sales is at the point in time that the customer obtains control of the rights granted by the license. Revenue from professional services are recognized over time, because the customer simultaneously receives and consumes the benefits of the Company’s performance as the services are performed or when the Company’s performance creates an asset with no alternative use to the Company and the Company has an enforceable right to payment for performance completed to date. Generally revenue will be recognized using an input measure, typically costs incurred.

Products for banking customers consist of cash recyclers and dispensers, intelligent deposit terminals, teller automation tools and kiosk technologies, as well as physical security solutions. The retail product portfolio includes modular, integrated and mobile POS and self-checkout (SCO) terminals that meet evolving automation and omnichannel requirements of consumers. Supplementing the POS system is a broad range of peripherals, including printers, scales and mobile scanners, as well as the cash management portfolio which offers a wide range of banknote and coin processing systems. Also in the portfolio, the Company provides self-checkout terminals and ordering kiosks which facilitate an efficient and user-friendly purchasing experience. The Company’s hybrid product line can alternate from an attended operator to self-checkout with the press of a button as traffic conditions warrant throughout the business day.

For bundled packages, the Company accounts for individual services separately if they are distinct. A distinct service is separately identifiable from other items in the bundled package if a customer can benefit from it on its own or with other resources that are readily available to the customer. The consideration (including any discounts) is allocated between separate services or distinct obligations in a bundle based on their stand-alone selling prices. The stand-alone selling prices are determined based on the prices at which the Company separately sells the products or services. For items that are not sold separately, the Company estimates stand-alone selling prices using the cost plus expected margin approach. Revenue on service contracts is recognized ratably over time, generally using an input measure, as the customer simultaneously receives and consumes the benefits of the Company’s performance as the services are performed. In some circumstances, when global service supply chain services are not included in a term contract and rather billed as they occur, revenue on these billed work services are recognized at a point in time as transfer of control occurs. Product revenue is recognized at the point in time that the customer obtains control of the product, which could be upon delivery or upon completion of installation services, depending on contract terms.

The Company considered ASC 606-10-32-34 during its assessment of standalone selling price for its software licenses sold, noting observable prices are not generally available due to high variability and customization related to its software and service solutions. The Company considered current market trends, geography, competitors and the effects of customization when concluding that observable prices were not available. The observed prices are highly variable due to the varying levels of customization of software solutions that help define optimal user experience, improve business processes, refine existing staffing models and deploy technology to meet branch and store automation objectives. Due to the nature and level of customization that is included in the Company's software and service solutions, there is no expected cost plus margin approach available for the software component of the bundled packages. Margins can vary based on the customer, retail or banking solution and level of customization, which could include software solutions, as mentioned above, that help define optimal user experience, improve business processes, refine existing staffing models and deploy technology to meet branch and store automation objectives. The Company's software licenses do not have clear identifiable fulfillment costs so the expected cost plus margin approach is not practical. The Company considered these factors when assessing the market assessment approach and the expected cost plus margin approach and concluded the residual approach was appropriate.

The Company allocates price between products and software net sales when hardware is sold. Hardware sales include operating system software that is required for the hardware to function. The Company generally allocates revenue using the residual method for software included in hardware sales.

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(unaudited)
(in millions, except per share amounts)

The Company evaluates on a contract by contract basis software license sales that are standalone and software license sales that are accounted for under the residual method, but does not aggregate such sales. Software net sales using the residual approach represented approximately two percent of the Company's total consolidated net sales for the three and nine months ended September 30, 2018 and 2017.

Disaggregation of revenue

For additional information related to revenue disaggregation by reportable segment, refer to note 20.

The following table presents information regarding the Company's revenue by geographic region:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Eurasia Banking				
Services	$229.8	$240.2	$702.2	$699.8
Products	152.0	167.5	451.7	527.0
Software	52.5	53.4	153.0	145.8
Total Eurasia Banking	434.3	461.1	1,306.9	1,372.6
Americas Banking				
Services	237.2	245.8	706.7	729.7
Products	118.0	106.2	292.3	323.1
Software	27.3	24.7	87.8	75.9
Total Banking Americas	382.5	376.7	1,086.8	1,128.7
Retail				
Services	116.9	119.8	360.7	329.8
Products	144.6	123.3	412.4	412.1
Software	40.7	41.8	122.0	116.2
Total Retail	302.2	284.9	895.1	858.1
Total net sales	$1,119.0	$1,122.7	$3,288.8	$3,359.4

In the following table, revenue is disaggregated by timing of revenue recognition:

	Three Months Ended September 30,		Nine Months Ended September 30,	
Timing of revenue recognition	2018	2017	2018	2017
Products transferred at a point in time	39%	37%	37%	39%

Products and services transferred over time	61%	63%	63%	61%
Net sales	100%	100%	100%	100%

Contract balances

The following table provides 2018 information about receivables and deferred revenue, which represent contract liabilities from contracts with customers:

Contract balance information	Trade Receivable	Contract liabilities
Balance at January 1	$ 830.1	$ 437.5
Balance at September 30	$ 818.1	$ 365.3

Contract assets are minimal for the periods presented. The amount of revenue recognized in 2018 from performance obligations satisfied (or partially satisfied) in previous periods, mainly due to the changes in the estimate of variable consideration and contract modifications was de minimis. There have been $9.7 and $11.5 during the three months ended September 30, 2018 and 2017, respectively, and $20.6 and $26.3 during the nine months ended September 30, 2018 and 2017, respectively, of impairment losses recognized as bad debt related to receivables or contract assets arising from the Company's contracts with customers.

As of January 1, 2018, the Company had $437.5 of unrecognized deferred revenue constituting the remaining performance obligations that are either unsatisfied (or partially unsatisfied). In 2018, the Company recognized revenue of $241.4 related to the Company's deferred revenue balance at January 1, 2018.

Contract assets are the rights to consideration in exchange for goods or services that the Company has transferred to a customer when that right is conditional on something other than the passage of time. Contract assets of the Company primarily relate to the Company's rights to consideration for goods shipped and services provided but not contractually billable at the reporting date.

The contract assets are reclassified into the receivables balance when the rights to receive payment become unconditional. Contract liabilities are recorded for any services billed to customers and not yet recognizable if the contract period has commenced or for the amount collected from customers in advance of the contract period commencing. In addition, contract liabilities are recorded as advanced payments for products and other deliverables that are billed to and collected from customers prior to revenue being recognizable.

Transaction price and variable consideration

The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer, excluding amounts collected on behalf of third parties. This consideration can include fixed and variable amounts and is determined at contract inception and updated each reporting period for any changes in circumstances. The transaction price also considers variable consideration, time value of money and the measurement of any non-cash consideration, all of which are estimated at contract inception and updated at each reporting date for any changes in circumstances. Once the variable consideration is identified, the Company estimates the amount of the variable consideration to include in the transaction price by using one of two methods, expected value (probability weighted methodology) or most likely amount (when there are only two possible outcomes). The Company chooses the method expected to better predict the amount of consideration to which it will be entitled and applies the method consistently to similar contracts. Generally, the Company applies the expected value method when assessing variable consideration including returns and refunds.

The Company also applies the ‘as invoiced’ practical expedient in paragraph 606-10-55-18 related to performance obligations satisfied over time, which permits the Company to recognize revenue in the amount to which it has a right to invoice the customer if that amount corresponds directly with the value to the customer of the Company’s performance completed to date. Service revenues that are recognized ratably are primarily contracts that include first and second line maintenance. Service revenues that are recognized using input measures include primarily preventative maintenance. The ‘as invoiced’ practical expedient relates to the on-demand service revenue which is generally not under contract.

Transaction price allocated to the remaining performance obligations

As of September 30, 2018, the aggregate amount of the transaction price allocated to remaining performance obligations was approximately $2,900. The Company expects to recognize revenue on the remaining performance obligations over the next twelve months. The Company enters into service agreements with cancellable terms after a certain period without penalty. Unsatisfied obligations reflect only the obligation during the initial term. The Company applies the practical expedient in paragraph 606-10-50-14 and does not disclose information about remaining performance obligations that have original expected durations of one year or less.

The Company also applies the ‘as invoiced’ practical expedient in paragraph 606-10-55-18 related to performance obligations satisfied over time which permits the Company to recognize revenue in the amount to which it has a right to invoice the customer if that amount corresponds directly with the value to the customer of the Company’s performance completed to date. Service revenues that are recognized ratably are primarily contracts that include first and second line maintenance. Service revenues that are recognized using input measures include primarily preventative maintenance. The ‘as invoiced’ practical expedient relates to the on-demand service revenue, which is generally not under contract.

Cost to obtain and cost to fulfill a contract

The Company has minimal cost to obtain or fulfill contracts for customers for the periods presented. The Company pays commissions to the sales force based on multiple factors including but not limited to order entry, revenue recognition and portfolio growth. These incremental commission fees paid to the sales force meet the criteria to be considered a cost to obtain a contract, as they are directly attributable to a contract, incremental and management expects the fees are recoverable. The Company applies the practical expedient and recognizes the incremental costs of obtaining contracts as an expense when incurred if the amortization period of the assets that the Company otherwise would have recognized is one year or less. The costs that are not capitalized are included in cost of sales. The costs related to contracts with greater than a one-year term are immaterial and continue to be recognized in cost of sales.

Shipping and handling costs associated with outbound freight after control over a product has transferred to a customer are accounted for as a fulfillment cost and are included in cost of sales. The Company has minimal cost for shipping and handling costs for the periods presented.

Changes in accounting policies

Except for the changes below, the Company has consistently applied the accounting policies to all periods presented in these condensed consolidated financial statements.

The Company adopted Topic 606, Revenue from Contracts with Customers, with a date of initial application of January 1, 2018. As a result, the Company has changed its accounting policy for revenue recognition as detailed below.

The Company applied Topic 606 using the cumulative effect method - i.e., by recognizing the cumulative effect of initially applying Topic 606 as an adjustment to the opening balance of equity at January 1, 2018. Therefore, the comparative information has not been adjusted and continues to be reported under Topic 605. The Company applied the practical expedient related to assessment of contract modifications, whereby the Company is essentially allowed to use hindsight when assessing the effect of a modification and accounting for the modified contract as if it existed from the beginning of the original contract.

The details of the significant changes and quantitative impact of the changes are set out below.

Professional service contracts

Previously, the Company recognized revenue for professional services contracts either on a milestone method or completed contract basis. Under Topic 606, the Company recognizes revenue when control transfers to a customer. As professional services can be highly customized for each customer, there is no alternative use for the services. When there is an enforceable right to payment for service completed combined with no alternative use of the services, the services meet criteria for over time revenue recognition. Revenue is recognized as the services are provided and as the customer benefits from the service. Revenue is recognized progressively based on the costs incurred method. When the professional services are not highly customized as in basic software installation services, customers do not take control of the services until they are completed. Therefore, the Company continues to recognize revenue for such contracts when the services are completed and customers formally accept them.

In certain circumstances, a contract with a customer that contains a software arrangement may include provisions for customer acceptance. In these cases, when or as the performance obligation is satisfied, the Company recognizes revenue and records a contract asset until customer acceptance is received. Once customer acceptance is received, the contract asset is reclassified to accounts receivable. As of September 30, 3018, contract assets related to these arrangements are minimal. In situations where the performance obligation has not been met and the Company has not received customer acceptance, no revenue is recognized.

Customer acceptance provisions by their nature require the customer to approve that the Company satisfied its performance obligation and are generally standard throughout our contracts with customers.

If an instance arises where the Company would recognize revenue prior to customer acceptance, which occurs primarily when the Company provides bundled software and professional services, it is the Company's policy, pursuant to ASC 606, when or as the performance obligation is satisfied, to recognize revenue and record a contract asset or reduce deferred revenue, as applicable, until customer acceptance is received. Once customer acceptance is received, the contract asset is reclassified to trade receivables, net. In these circumstances, the Company would consider ASC 606-10-55-86 and -87 and conclude that although a standard method to transferring the software and services is not met, the standard terms of the customer acceptance provisions and favorable history of customer acceptances support revenue recognition prior to customer acceptance. The Company also would only recognize revenue prior to customer acceptance only if there were no remaining inputs related to performance obligation. These instances are currently immaterial. For certain contracts that contain customer acceptance clauses, such as customized software arrangements, the revenue is recognized pursuant to ASC 606-25 25-27(c) since the Company's performance does not create an asset with an alternative use and the Company has an enforceable right to payment for performance completed to date.

(in millions, except per share amounts)

Impacts on financial statements

The following tables summarize the impacts of adopting Topic 606 on the Company's condensed consolidated financial statements as of and for the period ended September 30, 2018 as if the Company continued to follow its accounting policies under the previous revenue recognition guidance.

	Impact of changes in accounting policy for the nine months ended September 30, 2018 (unaudited)		
	As Reported	Adjustments	Balances without adoption of Topic 606
Trade receivables, less allowances for doubtful accounts of $55.3 and $71.7, respectively	$818.1	$ (5.4)	$812.7
Inventories	$846.5	$ 25.2	$871.7
Deferred revenue	$365.3	$ 30.1	$395.4
Deferred income taxes	$240.7	$ (0.9)	$239.8
Retained earnings (accumulated deficit)	$(3.2)	$ (9.4)	$(12.6)

The impact to net sales and cost of sales would have been decreases of $5.2 and $6.5, respectively, for the three months ended September 30, 2018 and $19.0 and $15.1, respectively, for the nine months ended September 30, 2018. The impact after tax was $0.9 and $(2.7) for the three and nine months ended September 30, 2018, respectively, and was primarily a result of timing of deferred revenue related to products and software for certain amounts being recognized that would have previously been deferred, and certain amounts being deferred that would have previously been recognized.

Note 3: Earnings (Loss) Per Share

Basic earnings (loss) per share is based on the weighted-average number of common shares outstanding. Diluted earnings (loss) per share includes the dilutive effect of potential common shares outstanding. Under the two-class method of computing earnings (loss) per share, non-vested share-based payment awards that contain rights to receive non-forfeitable dividends are considered participating securities. The Company’s participating securities include restricted stock units (RSUs), director deferred shares and shares that were vested but deferred by employees. The Company calculated basic and diluted earnings (loss) per share under both the treasury stock method and the two-class method. For the three and nine months ended September 30, 2018 and 2017, there were no differences in the earnings (loss) per share amounts calculated under the two methods. Accordingly, the treasury stock method is disclosed below.

(in millions, except per share amounts)

The following table represents amounts used in computing earnings (loss) per share and the effect on the weighted-average number of shares of dilutive potential common shares:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Numerator				
Income (loss) used in basic and diluted earnings (loss) per share				
Net income (loss)	$(218.7)	$(29.4)	$(416.6)	$(106.5)
Net income (loss) attributable to noncontrolling interests	(6.1)	6.6	6.6	20.2
Net income (loss) attributable to Diebold Nixdorf, Incorporated	$(212.6)	$(36.0)	$(423.2)	$(126.7)
Denominator				
Weighted-average number of common shares used in basic earnings (loss) per share	76.1	75.5	76.0	75.4
Weighted-average number of shares used in diluted earnings (loss) per share (1)	76.1	75.5	76.0	75.4
Net income (loss) attributable to Diebold Nixdorf, Incorporated				
Basic earnings (loss) per share	$(2.79)	$(0.48)	$(5.57)	$(1.68)
Diluted earnings (loss) per share	$(2.79)	$(0.48)	$(5.57)	$(1.68)
Anti-dilutive shares				
Anti-dilutive shares not used in calculating diluted weighted-average shares	4.7	2.8	4.6	2.6

(1) Incremental shares of 0.7 and 0.8 shares for the three months ended September 30, 2018 and 2017, respectively, and 0.8 and 0.7 shares for the nine months ended September 30, 2018 and 2017, respectively, would have been included in the weighted-average number of shares used in diluted earnings (loss) per share used in the computation of diluted earnings (loss) per share because their effects are dilutive.

In May 2018, the Company announced its decision to reallocate future dividend funds towards debt reduction and other capital resource needs.

Note 4: Share-Based Compensation

The Company’s share-based compensation payments to employees are recognized based on their grant-date fair values during the period in which the employee is required to provide services in exchange for the award. Share-based compensation is primarily recognized as a component of selling and administrative expense. Total share-based compensation expense was $6.9 and $8.1 for the three months ended September 30, 2018 and 2017, respectively, and was $27.2 and $23.1 for the nine months ended September 30, 2018 and 2017, respectively.

(in millions, except per share amounts)

Options outstanding and exercisable as of September 30, 2018 are included under the Company's 1991 Equity and Performance Incentive Plan (as Amended and Restated as of February 12, 2014) (the 1991 Plan) and the Company's 2017 Equity and Performance Incentive Plan (the 2017 Plan). In conjunction with the appointment of the Chief Executive Officer on February 21, 2018, the board approved the grant of options, performance share units and RSUs outside of the the 2017 Plan. Changes during the nine months ended September 30, 2018 were as follows:

	Number of Shares	Weighted-Average Exercise Price (per share)	Weighted-Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value [1]
Outstanding at January 1, 2018	2.3	$ 29.68		
Expired or forfeited	(0.2)	$ 29.89		
Granted	0.5	$ 17.53		
Outstanding at September 30, 2018	2.6	$ 27.16	7	$ —
Options exercisable September 30, 2018	1.5	$ 30.44	6	$ —
Options vested and expected to vest[2] at September 30, 2018	2.5	$ 27.34	7	$ —

(1) The aggregate intrinsic value (the difference between the closing price of the Company's common shares on the last trading day of the third quarter of 2018 and the exercise price, multiplied by the number of "in-the-money" options) that would have been received by the option holders had all option holders exercised their options on September 30, 2018. The amount of aggregate intrinsic value will change based on the fair market value of the Company's common shares.

(2) The options expected to vest are the result of applying the pre-vesting forfeiture rate assumption to total outstanding non-vested options.

The following table summarizes information on non-vested RSUs and performance shares relating to employees and non-employee directors for the nine months ended September 30, 2018:

	Number of Shares	Weighted-Average Grant-Date Fair Value
RSUs:		
Non-vested at January 1, 2018	1.3	$ 27.76
Forfeited	(0.2)	$ 22.17
Vested	(0.7)	$ 28.80
Granted	1.3	$ 17.71
Non-vested at September 30, 2018	1.7	$ 20.30
Performance Shares:		
Non-vested at January 1, 2018	2.5	$ 31.37
Forfeited	(0.9)	$ 29.07
Vested	(0.2)	$ 32.38
Granted	1.6	$ 22.65
Non-vested at September 30, 2018	3.0	$ 26.88

Performance shares are granted to employees and vest based on the achievement of certain performance objectives, as determined by the board of directors each year. Each performance share earned entitles the holder to one common share of the Company. The Company's performance shares include performance objectives that are assessed after a three-year period as well as performance objectives that are assessed annually over a three-year period. No shares are vested unless certain performance threshold objectives are met.

As of September 30, 2018, there were 0.1 non-employee director deferred shares vested and outstanding.

On April 25, 2018, the Company's shareholders approved amendments to the 2017 Plan, which provide for an additional 1.2 common shares available for award. The 2017 Plan is expected to attract and retain directors, officers and employees of the Company by providing incentives and rewards for performance.

(in millions, except per share amounts)

Note 5: Income Taxes

The Tax Act was enacted on December 22, 2017. The Tax Act reduces the U.S. federal corporate income tax rate from 35% to 21%, requires companies to pay a one-time transition tax on earnings for certain foreign subsidiaries and creates new taxes on certain foreign sourced earnings. The Company applied the guidance in SAB 118 when accounting for the enactment date effects of the Tax Act. As of September 30, 2018, the Company has not completed the accounting for all the tax effects of the Tax Act. However, upon further analysis of certain aspects of the Tax Act and refinements to the Company's calculations, the Company has increased the provisional estimate relating to deemed repatriation transition tax (transition tax) by $46.8. This increase in the provisional estimate has been included as a discrete item in the interim period ended September 30, 2018. The Company will continue to refine the provision estimate over the one-year measurement period ending December 31, 2018 which will include the period in which the Company filed its U.S. Corporation Income Tax Return. The final impacts of the Tax Act may differ materially as additional guidance and information becomes available and the U.S. federal tax filing, including transition tax, is complete.

The effective tax rate on the loss before taxes was (26.5) percent for the three months ended September 30, 2018 and (9.3) percent for the nine months ended September 30, 2018. The expense on the loss for the three months ended and nine months ended was primarily due to a goodwill impairment charge, the impacts of the Tax Act and the higher interest expense burden resulting from the debt restructuring. More specifically, the expense on the loss reflects refinement of the transition tax, the impacts related to global intangible low-taxed income (GILTI) and the business interest deduction limitation which, as a result of the Company's debt restructuring activities during the quarter, required a full valuation allowance on the current year nondeductible business interest expense. In addition, the benefit on the losses for the nine months is reduced by the goodwill impairment charge, which for tax purposes is primarily nondeductible, of $109.3 and $90.0 incurred in the third and second quarter, respectively. The effective tax rate could vary in future periods based on the Company's earnings before taxes and clarification around the Tax Act. The effective tax rate on the loss before taxes was 3.0 percent for the three months ended September 30, 2017 and 36.2 percent for the nine months ended September 30, 2017. The tax for the three months ended September 30, 2017 reflects an unfavorable adjustment relating to year-to-date changes in the Company's valuation allowance as well as higher than anticipated losses incurred in jurisdictions with a full valuation allowance throughout the period. During the three and nine months ended September 30, 2017, the overall reduction in the tax benefit was offset by the repatriation of foreign earnings and the associated recognition of foreign tax credits as well as favorable discrete items associated with the release of uncertain tax positions due to the expiration of the statute of limitations and reductions in the Company's deferred tax liability relating to undistributed foreign subsidiary earnings.

Note 6: Inventories

Major classes of inventories are summarized as follows:

	September 30, 2018	December 31, 2017
Finished goods	$ 387.8	$ 301.9
Service parts	251.5	262.5
Raw materials and work in process	207.2	164.5
Total inventories	$ 846.5	$ 728.9

As a result of applying the correction of repairable service parts inventory retrospectively, a decrease in the inventory balance of $8.1 was reflected in the December 31, 2017 service parts balance previously reported.

The increase in finished goods inventory was primarily attributable to increased inventory in Germany and Mexico to satisfy various customer projects. Raw materials and work in process inventory increased primarily due to a build up of inventory in the U.S. to satisfy a recent large retail customer and certain supply chain issues.

(in millions, except per share amounts)

Note 7: Investments

The Company’s investments, primarily in Brazil, consist of certificates of deposit that are classified as available-for-sale and stated at fair value based upon quoted market prices. Unrealized gains and losses are recorded in AOCI. Realized gains and losses are recognized in investment income and are determined using the specific identification method. There were no realized gains from the sale of securities or proceeds from the sale of available-for-sale securities for the three and nine months ended September 30, 2018 and 2017.

The Company’s investments subject to fair value measurement consist of the following:

	Cost Basis	Unrealized Gain	Fair Value
As of September 30, 2018			
Short-term investments			
Certificates of deposit	$ 5.0	$ —	$ 5.0
Long-term investments			
Assets held in a rabbi trust	$ 6.0	$ 1.0	$ 7.0
As of December 31, 2017			
Short-term investments			
Certificates of deposit	$ 81.4	$ —	$ 81.4
Long-term investments			
Assets held in a rabbi trust	$ 8.3	$ 1.1	$ 9.4

The Company has certain strategic alliances that are not consolidated. The Company tests these strategic alliances annually, individually and in aggregate, to determine materiality. The Company owns 40.0 percent of Inspur (Suzhou) Financial Technology Service Co. Ltd. (Inspur JV) and 43.6 percent of Aisino-Wincor Retail & Banking Systems (Shanghai) Co., Ltd. (Aisino JV). The Company engages in transactions in the ordinary course of business with its strategic alliances. The Company's strategic alliances are not significant subsidiaries and are accounted for under the equity method of investments. As of September 30, 2018 and December 31, 2017, the Company had accounts receivable with these affiliates of $20.2 and $15.6, respectively, which are included in trade receivables, less allowances for doubtful accounts on the condensed consolidated balance sheets. As of September 30, 2018 and December 31, 2017, the Company had accounts payable balances with these affiliates of $10.0 and $17.8, respectively, which are included in accounts payables on the condensed consolidated balance sheets.

In May 2017, the Company announced a strategic partnership with Kony, a leading enterprise mobility and application company, to offer white label mobile application solutions for financial institutions and retailers. The Company acquired a minority equity stake in Kony, which is accounted for using the cost method of accounting. As of September 30, 2018, the Company's carrying value in Kony was $14.0 and the fair value was not estimated as there were no events or changes in circumstances in the investment.

Securities and other investments also includes a cash surrender value of insurance contracts of $8.3 and $79.8 as of September 30, 2018 and December 31, 2017, respectively. The decrease is due to the monetization of the Company's investment in the company owned life insurance plans for cash needs across the organization. In addition, it includes an interest rate swap asset carrying value of $8.8 and $7.6 as of September 30, 2018 and December 31, 2017, respectively, which also represents fair value (refer to note 18).

The Company has finance lease receivables of $14.9 and $14.4 in other assets as of September 30, 2018 and December 31, 2017, respectively, in the condensed consolidated balance sheets.

There were no significant changes in provision for credit losses, recoveries and write-offs during the nine months ended September 30, 2018 and 2017. In both the three and nine months ended September 30, 2018, the Company sold finance receivables of $4.5 in Brazil. As of September 30, 2018, finance leases and notes receivable individually evaluated for impairment were $30.5 and $10.8, respectively, with no provision recorded. As of September 30, 2017, finance leases and notes receivable individually evaluated for impairment were $32.4 and $21.0, respectively.

The Company records interest income and any fees or costs related to financing receivables using the effective interest method over the term of the lease or loan. The Company reviews the aging of its financing receivables to determine past due and delinquent accounts. Credit quality is reviewed at inception and is re-evaluated as needed based on customer-specific circumstances. Receivable balances 60 days to 89 days past due are reviewed and may be placed on nonaccrual status based on customer-specific circumstances. Receivable balances are placed on nonaccrual status upon reaching greater than 89 days past due. Upon receipt of payment on nonaccrual financing receivables, interest income is recognized and accrual of interest is resumed once the account has been made current or the specific circumstances have been resolved.

(in millions, except per share amounts)

As of September 30, 2018 and December 31, 2017, the recorded investment in past due financing receivables on nonaccrual status was $0.4 and $0.6, respectively, and there were no recorded investments in finance receivables past due 90 days or more and still accruing interest. The recorded investment in impaired notes receivable was $4.1 as of September 30, 2018 and December 31, 2017 and was fully reserved and as of September 30, 2018 are all greater than 89 days past due.

Note 8: Goodwill and Other Assets

The Company’s three reportable operating segments are Eurasia Banking, Americas Banking and Retail. The Company has allocated goodwill to its Eurasia Banking, Americas Banking and Retail reportable operating segments. The changes in carrying amounts of goodwill within the Company's segments are summarized as follows:

	Eurasia Banking	Americas Banking	Retail	Total
Goodwill	$ 513.0	$ 425.4	$ 350.6	$ 1,289.0
Accumulated impairment losses	(168.7)	(122.0)	—	(290.7)
Balance at January 1, 2017	$ 344.3	$ 303.4	$ 350.6	$ 998.3
Goodwill acquired	1.6	—	4.0	5.6
Goodwill adjustment	(1.1)	(1.0)	(0.8)	(2.9)
Currency translation adjustment	71.8	2.2	42.1	116.1
Goodwill	$ 585.3	$ 426.6	$ 395.9	$ 1,407.8
Accumulated impairment losses	(168.7)	(122.0)	—	(290.7)
Balance at December 31, 2017	$ 416.6	$ 304.6	$ 395.9	$ 1,117.1
Currency translation adjustment	(17.9)	(5.5)	(11.1)	(34.5)
Goodwill	$ 567.4	$ 421.1	$ 384.8	$ 1,373.3
Impairment	(98.1)	—	(101.2)	(199.3)
Accumulated impairment losses	(266.8)	(122.0)	(101.2)	(490.0)
Balance at September 30, 2018	$ 300.6	$ 299.1	$ 283.6	$ 883.3

The Company identified four reporting units, which are Eurasia Banking, Americas Banking, Europe, Middle East and Africa (EMEA) Retail and Rest of World Retail. Management determined that the Americas Banking reporting unit had excess fair value of $168.4 or 25.9 percent cushion when compared to its carrying amount. The Eurasia Banking, EMEA Retail and Rest of World Retail reporting units had no excess fair value or cushion when compared to their carrying amounts. Changes in certain assumptions or the Company's failure to execute on the current plan could have a significant impact to the estimated fair value of the reporting units.

As a result of certain impairment triggering events, the Company performed an impairment test of goodwill for its four reporting units during the third quarter of 2018. Based on the results of the impairment testing, the Company recorded a non-cash goodwill impairment loss of $109.3 related to the Eurasia Banking, EMEA Retail and Rest of World Retail reporting units during the third quarter of 2018. During the second quarter of 2018, the Company performed an impairment test of goodwill for all of its line of businesses (LoB) reporting units due to the change in its reportable operating segments. Based on the results of the LoB testing, the fair values of each of the Company's reporting units exceed their carrying values except for the Services-Asia Pacific (AP) and Software-EMEA reporting units which resulted in a non-cash impairment loss of $90.0 during the second quarter 2018. The Company recognized a non-cash goodwill impairment loss of $199.3 during the nine months ended 2018. In 2017, the Company recorded impairments totaling $3.1 related to information technology (IT) transformation and integration activities.

(in millions, except per share amounts)

During the third and second quarter 2018, the Company estimated the fair value of its reporting units using a combination of the income valuation and market approach methodologies. The determination of the fair value of a reporting unit requires significant estimates and assumptions, including significant unobservable inputs. The key inputs included, but were not limited to, discount rates, terminal growth rates, market multiple data from selected guideline public companies, management's internal forecasts which include numerous assumptions such as projected net sales, gross profit, sales mix, operating and capital expenditures and earnings before interest and taxes margins, among others.

The following summarizes information on intangible assets by major category:

		September 30, 2018			December 31, 2017		
	Weighted-average remaining useful lives	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Customer relationships, net	6.9 years	$722.2	$ (162.5)	$ 559.7	$741.5	$ (108.2)	$ 633.3
Internally-developed software	1.8 years	208.5	(122.1)	86.4	192.9	(99.8)	93.1
Development costs non-software	0.4 years	53.2	(43.2)	10.0	55.3	(35.1)	20.2
Other intangibles	0.9 years	74.8	(59.3)	15.5	84.5	(57.3)	27.2
Other intangible assets, net		336.5	(224.6)	111.9	332.7	(192.2)	140.5
Total		$1,058.7	$ (387.1)	$ 671.6	$1,074.2	$ (300.4)	$ 773.8

Amortization expense on capitalized software of $8.8 and $8.6 was included in service and software cost of sales for the three months ended September 30, 2018 and 2017, respectively. Amortization expense on capitalized software of $25.6 and $27.9 was included in service and software cost of sales for the nine months ended September 30, 2018 and 2017, respectively. The Company's total amortization expense, including deferred financing costs, was $38.2 and $42.7 the three months ended September 30, 2018 and 2017, respectively. The Company's total amortization expense, including deferred financing costs, was $114.8 and $121.6 for the nine months ended September 30, 2018 and 2017, respectively.

In 2018, the Company acquired the remaining portion of the noncontrolling interest in its China operations for $5.8 for which no goodwill was recorded. In 2017, the $5.6 acquired goodwill from Moxx Group B.V. (Moxx) and Visio Objekt GmbH (Visio) primarily relates to anticipated synergies achieved through increased scale and higher utilization of the service organization.

Note 9: Guarantees and Product Warranties

The Company provides its global operations guarantees and standby letters of credit through various financial institutions for suppliers, customers, regulatory agencies and insurance providers. If the Company is not able to make payments or fulfill contractual obligations, the suppliers, customers, regulatory agencies and insurance providers may draw on the pertinent bank. At September 30, 2018, the maximum future payment obligations related to these various guarantees totaled $157.6, of which $28.0 represented standby letters of credit to insurance providers, and no associated liability was recorded. At December 31, 2017, the maximum future payment obligations relative to these various guarantees totaled $195.1, of which $28.0 represented standby letters of credit to insurance providers, and no associated liability was recorded.

The Company provides its customers a manufacturer’s warranty and records, at the time of the sale, a corresponding estimated liability for potential warranty costs. Estimated future obligations due to warranty claims are based upon historical factors such as labor rates, average repair time, travel time, number of service calls per machine and cost of replacement parts. The decrease in the liability was primarily due to warranties expiring in Brazil.

(in millions, except per share amounts)

Changes in the Company’s warranty liability balance are illustrated in the following table:

	2018	2017
Balance at January 1	$76.7	$101.6
Current period accruals	7.6	11.1
Current period settlements	(34.5)	(37.2)
Currency translation adjustment	(4.8)	5.7
Balance at September 30	$45.0	$81.2

Note 10: Restructuring

The following table summarizes the impact of the Company’s restructuring charges on the condensed consolidated statements of operations:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Cost of sales – services	$3.6	$13.5	$4.7	$29.4
Cost of sales – products	3.0	1.2	3.1	2.8
Cost of sales – software	2.1	0.4	2.7	0.1
Selling and administrative expense	28.6	2.7	33.0	13.5
Research, development and engineering expense	1.0	(0.4)	0.9	(1.1)
Total	$38.3	$17.4	$44.4	$44.7

The following table summarizes the Company’s type of restructuring charges by reportable operating segment:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Severance				
Eurasia Banking	$12.3	$13.6	$16.0	$22.7
Americas Banking	7.5	0.4	7.8	3.8
Retail	6.0	3.1	6.8	12.8
Corporate	12.5	0.3	13.8	5.4
Total severance	$38.3	$17.4	$44.4	$44.7

DN Now

During the second quarter of 2018, The Company began implementing DN Now to deliver greater, more sustainable profitability. The plan is anticipating savings of approximately $130 from the restructuring actions related to the new customer centric operating model with clear role charters and a global workforce aligned with market demand. Additional near term activities include divesting of non-core businesses, initiating a services modernization plan and investing in solutions. The Company incurred restructuring charges of $38.3 for the three and nine months ended September 30, 2018 related to DN Now. The Company anticipates additional restructuring costs of approximately $90 to $110 through the end of the plan primarily related to severance anticipated for completion of the Company's transformation throughout the three solution segments and corporate.

DN2020 Plan

During 2016, the Company launched a multi-year integration and transformation program, known as DN2020. The DN2020 plan focused on the utilization of cost efficiencies and synergy opportunities that result from the transformational acquisition of Wincor Nixdorf AG (Diebold Nixdorf AG), which aligned employee activities with the Company's goal of delivering cost reductions of approximately $240 by the year 2020. The Company incurred restructuring charges of $17.4 for the three months ended September 30, 2017, and $6.0 and $44.7 for the nine months ended September 30, 2018 and 2017, respectively, related to DN2020. As of June 30, 2018, the Company suspended this plan and does not anticipate additional DN2020 restructuring costs.

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Delta Program

At the beginning of the 2015, Diebold Nixdorf AG initiated the Delta Program related to restructuring and realignment. As part of a change process that has spanned several years, the Delta Program was designed to hasten the expansion of software and professional services operations and to further enhance profitability in the services business. This program included expansion in the high-end fields of managed services and outsourcing. It also involved capacity adjustments on the hardware side, enabling the Company to respond more effectively to market volatility while maintaining its abilities with innovation. There were no charges during the periods presented. As of the date of the acquisition of Diebold Nixdorf AG, the restructuring accrual balance acquired was $45.5 and consisted of severance activities. During the third quarter of 2017, the Company recorded a measurement period adjustment of $8.2 to the acquired restructuring accrual resulting in a final fair value of $37.3. As of September 30, 2018, the Company concluded this plan and no additional restructuring costs will be incurred.

Strategic Alliance Plan

During 2016, the Company entered into a strategic alliance plan with the Inspur Group, a Chinese cloud computing and data center company, to develop, manufacture and distribute banking solutions in China. The Company incurred $0.1 restructuring charges during the nine months ended September 30, 2018 related to this plan. There were no charges during 2017. The Company anticipates minimal additional restructuring costs to be incurred through the end of the plan.

The following table summarizes the Company's cumulative total restructuring costs by plan as of September 30, 2018:

	DN Now	DN2020 Plan	Delta Program	Strategic Alliance	Total
Eurasia Banking	$12.3	$ 51.5	$ 0.5	$ 8.2	$72.5
Americas Banking	7.5	13.6	0.2	—	21.3
Retail	6.0	15.6	0.7	—	22.3
Corporate	12.5	15.1	1.8	—	29.4
Total	$38.3	$ 95.8	$ 3.2	$ 8.2	$145.5

The following table summarizes the Company’s restructuring accrual balances and related activity for the nine months ended September 30:

	2018	2017
Balance at January 1	$54.0	$89.9
Liabilities incurred	44.4	44.7
Liabilities acquired	—	(8.2)
Liabilities paid/settled	(37.9)	(57.8)
Balance at September 30	$60.5	$68.6

(in millions, except per share amounts)

Note 11: Debt

Outstanding debt balances were as follows:

	September 30, 2018	December 31, 2017
Notes payable		
Uncommitted lines of credit	$23.5	$16.2
Term Loan A Facility	—	23.0
Delayed Draw Term Loan A Facility	—	17.2
Term Loan A-1 Facility	16.3	—
Term Loan B Facility - USD	4.8	4.8
Term Loan B Facility - Euro	4.8	5.0
Other	3.3	0.5
	$52.7	$66.7
Long-term debt		
Revolving Facility	$260.0	$75.0
Term Loan A Facility	126.3	178.3
Delayed Draw Term Loan A Facility	160.5	226.6
Term Loan A-1 Facility	633.7	—
Term Loan B Facility - USD	414.3	466.7
Term Loan B Facility - Euro	418.8	489.5
2024 Senior Notes	400.0	400.0
Other	3.0	1.4
	2,416.6	1,837.5
Long-term deferred financing fees	(79.6)	(50.4)
	$2,337.0	$1,787.1

As of September 30, 2018, the Company had various international short-term uncommitted lines of credit with borrowing limits of $67.6. The weighted-average interest rate on outstanding borrowings on the short-term uncommitted lines of credit as of September 30, 2018 and December 31, 2017 was 5.89 percent and 9.17 percent, respectively, and primarily relate to short-term uncommitted lines of credit in India and Brazil. Short-term uncommitted lines mature in less than one year. The amount available under the short-term uncommitted lines at September 30, 2018 was $44.1.

(in millions, except per share amounts)

The cash flows related to debt borrowings and repayments were as follows:

	Nine Months Ended September 30,	
	2018	2017
Revolving credit facility (repayments) borrowings, net	$185.0	$120.0
Other debt borrowings		
Proceeds from Delayed Draw Term Loan A Facility under the Credit Agreement	$—	$250.0
Proceeds Term Loan A-1 Facility under the Credit Agreement	650.0	—
Proceeds from Term Loan B Facility - Euro under the Credit Agreement	—	73.3
International short-term uncommitted lines of credit borrowings	56.0	57.7
	$706.0	$381.0
Other debt repayments		
Payments on Term Loan A Facility under the Credit Agreement	$(75.0)	$(12.9)
Payments on Delayed Draw Term Loan A Facility under the Credit Agreement	(83.2)	(3.1)
Payments on Term Loan B Facility - USD under the Credit Agreement	(52.3)	(324.9)
Payments on Term Loan B Facility - Euro under the Credit Agreement	(54.9)	(3.4)
Payments on European Investment Bank	—	(63.1)
International short-term uncommitted lines of credit and other repayments	(41.3)	(26.1)
	$(306.7)	$(433.5)

The Company has a revolving and term loan credit agreement (the Credit Agreement), with a revolving facility of up to $500.0 (the Revolving Facility) and a secured term loan A facility (the Term Loan A Facility) in the amount of up to $230.0 as of September 30, 2018. On December 23, 2020, the Term Loan A Facility will mature and the Revolving Facility will automatically terminate. The weighted-average interest rate on outstanding Revolving Facility borrowings as of September 30, 2018 and December 31, 2017 was 4.38 percent and 3.63 percent, respectively, which is variable based on the London Interbank Offered Rate (LIBOR). The amount available under the Revolving Facility as of September 30, 2018 was $240.0.

The Company has $400.0 aggregate principal amount of senior notes due 2024 (the 2024 Senior Notes), which are and will be guaranteed by certain of the Company's existing and future domestic subsidiaries and mature in April 2024.

On August 30, 2018, the Company entered into a sixth amendment and incremental amendment (the Sixth Amendment) to its Credit Agreement. The Amendment amended the financial covenants and established a new senior secured incremental term A-1 facility in an aggregate principal amount of $650.0 (Term Loan A-1 Facility) and makes certain other changes to the Credit Agreement.

The interest rate with respect to the Term Loan A-1 Facility is based on, at the Company's option, either the alternative base rate (ABR) plus 8.25% or a eurocurrency rate plus 9.25%. The Term A-1 Facility will mature in August 2022, the fourth anniversary of the Sixth Amendment. The Term Loan A-1 Facility is subject to a maximum consolidated net leverage ratio, a minimum consolidated interest coverage ratio and certain covenant reset triggers (Covenant Reset

Triggers) as described in the Sixth Amendment. Upon the occurrence of any Covenant Reset Trigger, the financial covenant levels will automatically revert to previous financial covenant levels in effect prior to the Sixth Amendment.

A portion of the proceeds of the Term Loan A-1 Facility are restricted to fund the purchase of the remaining shares of Diebold Nixdorf AG not owned by the Company. The proceeds were used to make optional prepayments of existing term A loans in the amount of $130.0 and to permanently reduce revolving credit commitments in an amount of $20.0 and to make a purchase pursuant to an offer open to all term B lenders on a pro rata basis for $100.0 in face principal amount of term B loans. Any remaining proceeds were used for general corporate and working capital purposes.

(in millions, except per share amounts)

On May 9, 2017, the Company entered into an incremental amendment to its Credit Agreement (the Incremental Agreement) which reduced the initial term loan B facility (the Term Loan B Facility) of a $1,000.0 U.S. dollar-denominated tranche to $475.0. The reduction was funded using the $250.0 proceeds drawn from the Delayed Draw Term Loan A Facility, a replacement of $70.0 with Term Loan B Facility - Euro and previous principal payments.

The Credit Agreement financial covenant rations at September 30, 2018 are as follows:

- a maximum allowable total net debt to trailing twelve month's adjusted earnings before interest, taxes, depreciation and amortization (EBITDA) leverage ratio (Leverage Ratio) of 7.00 to 1.00 as of September 30, 2018 (reducing to 6.50 on June 30, 2020, further reduced to 6.25 on December 31, 2020, further reduced to 6.00 on June 30, 2021 and further reduced to 5.75 on December 31, 2021); and
- a minimum adjusted EBITDA to net interest expense coverage ratio of not less than 1.38 to 1.00 (increasing to 1.50 on December 31, 2020 and further increased to 1.63 on December 31, 2021)

Below is a summary of financing and replacement facilities information:

Financing and Replacement Facilities	Interest Rate Index and Margin	Maturity/Termination Dates	Initial Term (Years)
Credit Agreement facilities			
Revolving Facility	LIBOR + 3.50%	December 2020	5
Term Loan A Facility	LIBOR + 3.50%	December 2020	5
Delayed Draw Term Loan A Facility	LIBOR + 3.50%	December 2020	5
Term Loan A-1 Facility	LIBOR + 9.25%	August 2022	4
Term Loan B Facility - USD	LIBOR(i) + 2.75%	November 2023	7.5
Term Loan B Facility - Euro	EURIBOR(ii) + 3.00%	November 2023	7.5
2024 Senior Notes	8.5%	April 2024	8

(i) LIBOR with a floor of 0.0%.
(ii) EURIBOR with a floor of 0.0%.

The debt facilities under the Credit Agreement are secured by substantially all assets of the Company and its domestic subsidiaries that are borrowers or guarantors under the Credit Agreement, subject to certain exceptions and permitted liens.

The Company's financing agreements contain various financial covenants, including net debt to capitalization, net debt to EBITDA and net interest coverage ratio. Under the Sixth Amendment, the Term Loan A-1 Facility is under a covenant holiday period until the earlier of any covenant reset trigger or April 1, 2019. As of September 30, 2018, the Company was in compliance with the financial and other covenants in its debt agreements.

Note 12: Redeemable Noncontrolling Interests

Changes in the Company's redeemable noncontrolling interests balance are illustrated in the following table:

	2018	2017

Balance at January 1	$492.1	$44.1
Other comprehensive income	(17.2)	25.6
Redemption value adjustment	(12.1)	32.0
Redemption of shares	(308.6)	(2.7)
Reclassification of noncontrolling interest	—	386.7
Balance at September 30	$154.2	$485.7

The Domination and Profit and Loss Transfer Agreement between Diebold Holding Germany Inc. & Co. KGaA (Diebold KGaA), a wholly-owned subsidiary of the Company, and Diebold Nixdorf AG (the DPLTA) became effective by entry in the commercial register at the local court of Paderborn (Germany) on February 14, 2017, at which time, the carrying value of the noncontrolling interest related to the Diebold Nixdorf AG ordinary shares the Company did not acquire of $386.7 and was reclassified to redeemable noncontrolling interest during the first quarter of 2017. For the period of time that the DPLTA is effective, the noncontrolling interest related to the Diebold Nixdorf AG ordinary shares the Company did not acquire will remain in redeemable noncontrolling interest and presented outside of equity in the condensed consolidated balance sheets of the Company. As of September 30, 2018 and December 31, 2017, the balance related to the redeemable noncontrolling interest related to the Diebold Nixdorf AG ordinary shares the Company did not acquire was $136.4 and $454.6, respectively. The change is primarily related to the redemption of Diebold Nixdorf AG 4.8 ordinary shares in the three and nine months ended of 2018. The Company increased its ownership stake in Diebold Nixdorf AG to 27.7 ordinary shares, or approximately 93 percent, as of September 30, 2018, which has allowed the Company to initiate squeeze-out procedures to acquire the remaining outstanding shares.

The DPLTA offers the Diebold Nixdorf AG minority shareholders, at their election, (i) the ability to put their Diebold Nixdorf AG ordinary shares to Diebold KGaA in exchange for cash compensation of €55.02 per Diebold Nixdorf AG ordinary share or (ii) to remain Diebold Nixdorf AG minority shareholders and receive a recurring compensation in cash of €2.82 per Diebold Nixdorf AG ordinary share for each full fiscal year of Diebold Nixdorf AG. The redemption value adjustment includes the updated cash compensation pursuant to the DPLTA. A portion of the proceeds of the Term Loan A-1 Facility are restricted to fund the purchase of the remaining shares of Diebold Nixdorf AG not owned by the Company. The Company classified the proceeds set aside to purchase the remaining shares in restricted cash in the condensed consolidated balance sheets.

The remaining balance relates to certain noncontrolling interests with redemption features, that include put rights that are not within the control of the issuer, which are considered redeemable noncontrolling interests. The redeemable noncontrolling interests were recorded at fair value as by applying the income approach using unobservable inputs for projected cash flows, including but not limited, to net sales and operating profit, and a discount rate, which are considered Level 3 inputs. The results of operations for these redeemable noncontrolling interests were not significant. The ultimate amount and timing of any future cash payments related to the put rights are uncertain.

(in millions, except per share amounts)

Note 13: Equity

The following table presents changes in shareholders' equity attributable to Diebold Nixdorf, Incorporated and the noncontrolling interests:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Diebold Nixdorf, Incorporated shareholders' equity				
Balance at beginning of period	$220.4	$583.2	$464.6	$588.7
Comprehensive income (loss) attributable to Diebold Nixdorf, Incorporated	(230.4)	(23.1)	(517.9)	15.2
Common shares	—	—	0.9	0.7
Additional capital [1]	2.7	15.4	22.1	(9.3)
Treasury shares	(0.1)	(0.3)	(3.0)	(4.8)
Dividends paid	—	(7.6)	(7.7)	(22.9)
Adoption of accounting standards	—	—	33.6	—
Balance at end of period	$(7.4)	$567.6	$(7.4)	$567.6
Noncontrolling interests				
Balance at beginning of period	$34.1	$37.5	$36.8	$433.4
Comprehensive income (loss) attributable to noncontrolling interests, net	(7.4)	8.4	3.5	23.7
Reclassification to redeemable noncontrolling interest	—	—	—	(386.7)
Reclassification of guaranteed dividend to accrued liabilities	5.8	(6.4)	(2.5)	(18.1)
Distributions to noncontrolling interest holders	—	—	(0.5)	(12.8)
Liquidation of noncontrolling interests	(2.4)	—	(7.2)	—
Balance at end of period	$30.1	$39.5	$30.1	$39.5

(1) The decrease for the nine months ended September 30, 2017 is primarily attributable to the redemption value adjustment to the redeemable noncontrolling interest.

Note 14: Accumulated Other Comprehensive Income (Loss)

The following table summarizes the changes in the Company's AOCI, net of tax, by component for the three months ended September 30, 2018:

	Translation	Foreign Currency Hedges	Interest Rate Hedges	Pension and Other Post-retirement Benefits	Other	Accumulated Other Comprehensive Income (Loss)
Balance at June 30, 2018	$ (187.5)	$ (0.2)	$ 13.3	$ (99.2)	$ 0.1	$ (273.5)
Other comprehensive income (loss) before reclassifications [1]	(18.6)	2.1	(0.5)	—	—	(17.0)
Amounts reclassified from AOCI	—	—	1.0	(2.0)	—	(1.0)
	(18.6)	2.1	0.5	(2.0)	—	(18.0)

Net current-period other comprehensive income (loss) [1]						
Balance at September 30, 2018	$ (206.1)	$ 1.9	$ 13.8	$ (101.2)	$ 0.1	$ (291.5)

[1]Other comprehensive income (loss) before reclassifications within the translation component excludes $(1.1) of translation attributable to noncontrolling interests.

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The following table summarizes the changes in the Company's AOCI, net of tax, by component for the three months ended September 30, 2017:

	Translation	Foreign Currency Hedges	Interest Rate Hedges	Pension and Other Post-retirement Benefits	Other	Accumulated Other Comprehensive Income (Loss)
Balance at June 30, 2017	$ (123.7)	$ (2.3)	$ 5.7	$ (92.3)	$ 0.3	$ (212.3)
Other comprehensive income (loss) before reclassifications [(1)]	14.1	(2.4)	0.3	—	—	12.0
Amounts reclassified from AOCI	—	—	—	1.0	—	1.0
Net current-period other comprehensive income (loss) [(1)]	14.1	(2.4)	0.3	1.0	—	13.0
Balance at September 30, 2017	$ (109.6)	$ (4.7)	$ 6.0	$ (91.3)	$ 0.3	$ (199.3)

[(1)]Other comprehensive income (loss) before reclassifications within the translation component excludes $1.7 of translation attributable to noncontrolling interests.

The following table summarizes the changes in the Company's AOCI, net of tax, by component for the nine months ended September 30, 2018:

	Translation	Foreign Currency Hedges	Interest Rate Hedges	Pension and Other Post-retirement Benefits	Other	Accumulated Other Comprehensive Income (Loss)
Balance at January 1, 2018	$ (116.8)	$ (5.1)	$ 8.1	$ (82.6)	$ 0.1	$ (196.3)
Adoption of accounting standard [(1)]	(9.1)	(1.0)	1.3	(20.2)	—	(29.0)
Other comprehensive income (loss) before reclassifications [(2)]	(80.2)	8.0	2.3	—	—	(69.9)
Amounts reclassified from AOCI	—	—	2.1	1.6	—	3.7
Net current-period other comprehensive income (loss) [(2)]	(89.3)	7.0	5.7	(18.6)	—	(95.2)
Balance at September 30, 2018	$ (206.1)	$ 1.9	$ 13.8	$ (101.2)	$ 0.1	$ (291.5)

[(1)]Stranded tax effects reclassified from AOCI to retained earnings from the adoption of ASU 2018-02.
[(2)] Other comprehensive income (loss) before reclassifications within the translation component excludes $(2.6) of translation attributable to noncontrolling interests.

The following table summarizes the changes in the Company's AOCI, net of tax, by component for the nine months ended September 30, 2017:

	Translation	Foreign Currency Hedges	Interest Rate Hedges	Pension and Other Post-retirement Benefits	Other	Accumulated Other Comprehensive Income (Loss)

Balance at January 1, 2017	$ (251.2)	$ (5.7)	$ 4.6	$ (89.3)	$ 0.3	$ (341.3)
Other comprehensive income (loss) before reclassifications [1]	141.6	1.0	1.8	—	—	144.4
Amounts reclassified from AOCI	—	—	(0.4)	(2.0)	—	(2.4)
Net current-period other comprehensive income (loss)	141.6	1.0	1.4	(2.0)	—	142.0
Balance at September 30, 2017	$ (109.6)	$ (4.7)	$ 6.0	$ (91.3)	$ 0.3	$ (199.3)

[1]Other comprehensive income (loss) before reclassifications within the translation component excludes $3.4 of translation attributable to noncontrolling interests.

(in millions, except per share amounts)

The following table summarizes the details about amounts reclassified from AOCI:

	Three Months Ended		Nine Months Ended		Affected Line Item in the Statement of Operations
	2018	2017	2018	2017	
Interest rate hedges	$1.0	$—	$2.1	$(0.4)	Interest expense
Pension and post-retirement benefits:					
Net actuarial gain (loss) amortization (net of tax of $1.0, $(0.5), $0.8 and $0.5, respectively)	(2.0)	1.0	1.6	(2.0)	(1)
Total reclassifications for the period	$(1.0)	$1.0	$3.7	$(2.4)	

(1) Pension and other post-retirement benefits AOCI components are included in the computation of net periodic benefit cost (refer to note 16).

Note 15: Acquisitions and Divestitures

In the first quarter of 2018, the Company acquired the remaining portion of its noncontrolling interest in its China operations for $5.8 in the aggregate.

During 2017, the Company acquired all the capital stock of Moxx and certain assets and liabilities of Visio for $5.6 in the aggregate, net of cash acquired, which are included in the Retail and Eurasia Banking segments, respectively. During the third quarter of 2017, the Company acquired Moxx, which is a Netherlands based managed services company that provides managed mobility solutions for enterprises that use a large number of mobile assets in their business operations. In the second quarter of 2017, the Company acquired Visio, which is a design company based in Germany.

During 2017, the Company divested its legacy Diebold business in the United Kingdom (U.K.) to Cennox Group for $5.0, fulfilling the requirements previously set forth by the U.K. Competition and Markets Authority (CMA). The divestiture closed on June 30, 2017. As part of the Company's routine efforts to evaluate its business operations, during 2017, the Company divested its electronic security (ES) businesses located in Mexico and Chile in the second and third quarters of 2017, respectively. The Company recorded a pre-tax gain of $2.2 related to these transactions. The combined net sales of the divestitures represented less than one percent of total net sales of the Company for 2017.

Note 16: Benefit Plans

The Company has qualified retirement plans covering certain U.S. employees that have been closed to new participants since 2003 and frozen since December 2013. Plans that cover salaried employees provide retirement benefits based on an employee’s compensation during the ten years before the date of the plan freeze or the date of the employee's actual separation from service, if earlier. The Company’s funding policy for salaried plans is to contribute annually based on actuarial projections and applicable regulations. Plans covering hourly employees generally provide benefits of stated amounts for each year of service. The Company’s funding policy for hourly plans is to make at least the minimum annual contributions required by applicable regulations.

The Company has non-qualified pension plans to provide supplemental retirement benefits to certain officers, which were also frozen since December 2013. Benefits are payable at retirement based upon a percentage of the participant's compensation, as defined. In addition to providing retirement benefits, the Company provides post-retirement healthcare and life insurance benefits (referred to as other benefits) for certain retired employees. Retired eligible employees in the U.S. may be entitled to these benefits based upon years of service with the Company, age at retirement and collective bargaining agreements. There are no plan assets and the Company funds the benefits as the claims are paid. The post-retirement benefit obligation was determined by application of the terms of medical and life insurance plans together with relevant actuarial assumptions and healthcare cost trend rates.

(in millions, except per share amounts)

The Company also has defined benefit plans in Germany and Switzerland, among others. In Germany, post-employment benefit plans are set up as employer funded pension plans and deferred compensation plans. The employer funded pension commitments in Germany are based upon direct performance-related commitments in terms of defined contribution plans. Each beneficiary receives, depending on individual pay-scale grouping, contractual classification or income level, different yearly contributions. The contribution is multiplied by an age factor appropriate to the respective pension plan and credited to the individual retirement account of the employee. The retirement accounts may be used up at retirement by either a one-time lump-sum payout or payments of up to ten years. Insured events include disability, death and reaching of retirement age. In Switzerland, the post-employment benefit plan is required due to statutory provisions. The employees receive their pension payments as a function of contributions paid, a fixed interest rate and annuity factors. Insured events are disability, death and reaching of retirement age.

The following table sets forth the net periodic benefit cost for the Company's defined benefit pension plans and other benefits for the three months ended September 30:

	Pension Benefits					
	U.S.Plans		Non-U.S. Plans		Other Benefits	
	2018	2017	2018	2017	2018	2017
Components of net periodic benefit cost						
Service cost	$1.0	$1.0	$2.8	$2.6	$—	$—
Interest cost	5.2	5.7	1.5	2.2	0.1	0.1
Expected return on plan assets	(6.2)	(6.5)	(2.6)	(2.1)	—	—
Recognized net actuarial loss	1.7	1.5	(0.2)	(0.1)	—	—
Net periodic pension benefit cost	$1.7	$1.7	$1.5	$2.6	$0.1	$0.1

The following table sets forth the net periodic benefit cost for the Company's defined benefit pension plans and other benefits for the nine months ended September 30:

	Pension Benefits					
	U.S.Plans		Non-U.S. Plans		Other Benefits	
	2018	2017	2018	2017	2018	2017
Components of net periodic benefit cost						
Service cost	$2.9	$3.0	$8.4	$7.8	$—	$—
Interest cost	15.5	17.1	4.7	6.6	0.3	0.3
Expected return on plan assets	(18.5)	(19.5)	(8.0)	(6.3)	—	—
Recognized net actuarial loss	5.0	4.5	(0.5)	(0.3)	—	—
Net periodic pension benefit cost	$4.9	$5.1	$4.6	$7.8	$0.3	$0.3

Contributions

There have been no significant changes to the expected 2018 plan year contribution amounts previously disclosed. For the nine months ended September 30, 2018 and 2017, contributions of $29.2 and $20.2, respectively, were made to the qualified and non-qualified pension plans.

Note 17: Derivative Instruments and Hedging Activities

The Company is exposed to certain risks arising from both its business operations and economic conditions. The Company principally manages its exposures to a wide variety of business and operational risks through management of its core business activities. The Company manages economic risks, including interest rate and foreign exchange rate risk, through the use of derivative financial instruments. Specifically, the Company enters into derivative financial instruments to manage exposures that arise from business or financing activities. The Company’s derivative foreign currency instruments are used to manage differences in the amount of the Company’s known or expected cash receipts and cash payments principally related to the Company’s non functional currency assets and liabilities. The Company's interest rate derivatives are used to manage the differences in amount due to variable rate interest rate borrowings.

(in millions, except per share amounts)

The Company uses derivatives to mitigate the economic consequences associated with fluctuations in currencies and interest rates. The following table summarizes the gain (loss) recognized on derivative instruments:

Derivative instrument	Classification on condensed consolidated statements of operations	Three Months Ended September 30,		Nine Months Ended September 30,	
		2018	2017	2018	2017
Non-designated hedges and interest rate swaps	Interest expense	$(0.7)	$(1.5)	$(1.8)	$(3.6)
Foreign exchange forward contracts and cash flow hedges	Net sales	(0.4)	—	2.4	—
Foreign exchange forward contracts and cash flow hedges	Cost of sales	0.7	—	0.6	—
Foreign exchange forward contracts and cash flow hedges	Foreign exchange gain (loss), net	3.5	2.3	4.0	6.3
Total		$3.1	$0.8	$5.2	$2.7

As a result of the adoption of ASU 2017-12, $(0.4) and $2.4 was included in net sales for the three and nine months ended September 30, 2018, respectively and $(0.7) and $(0.6) in cost of sales for the three and nine months ended September 30, 2018, respectively, which would have been included in foreign exchange gain (loss), net in the prior period.

Foreign Exchange

Net Investment Hedges The Company has international subsidiaries with net balance sheet positions that generate cumulative translation adjustments within AOCI. The Company uses derivatives to manage potential changes in value of its net investments. The Company uses the forward-to-forward method for its quarterly measurement of ineffectiveness assessments of hedge effectiveness. No ineffectiveness results if the notional amount of the derivative matches the portion of the net investment designated as being hedged because the Company uses derivative instruments with underlying exchange rates consistent with its functional currency and the functional currency of the hedged net investment. Changes in value that are deemed effective are accumulated in AOCI where they will remain until they are reclassified to income together with the gain or loss on the entire investment upon substantial liquidation of the subsidiary. The fair value of the Company’s net investment hedge contracts was $2.4 and $2.0 as of September 30, 2018 and December 31, 2017, respectively. The net loss recognized in AOCI on net investment hedge derivative instruments was $2.7 and $2.7 in the three months ended September 30, 2018 and 2017, respectively. The net loss recognized in AOCI on net investment hedge derivative instruments was $13.6 and $4.1 in the nine months ended September 30, 2018 and 2017, respectively.

On August 15, 2016, the Company designated its €350.0 euro-denominated Term Loan B Facility as a net investment hedge of its investments in certain subsidiaries that use the euro as their functional currency in order to reduce volatility in stockholders' equity caused by the changes in foreign currency exchange rates of the euro with respect to the U.S. dollar. Effectiveness is assessed at least quarterly by confirming that the respective designated net investments' net equity balances at the beginning of any period collectively continues to equal or exceed the balance outstanding on the Company's euro-denominated term loan. Changes in value that are deemed effective are accumulated in AOCI. When the respective net investments are sold or substantially liquidated, the balance of the cumulative translation adjustment in AOCI will be reclassified into earnings. The net gain (loss) recognized in AOCI on net investment hedge foreign currency borrowings was $0.5 and $(12.0) for the three months ended September 30, 2018 and 2017, respectively. The net gain (loss) recognized in AOCI on net investment hedge foreign currency borrowings was $4.9 and $(37.8) for the nine months September 30, 2018 and 2017, respectively. On March 30, 2017, the Company de-designated €130.6 of its euro-denominated Term Loan B Facility and on May 9, 2017, the Company designated an additional €66.8 of its euro-denominated Term Loan B Facility as a result of its repricing described under note 11. On September 21, 2017, the Company de-designated €101.1 of its euro-denominated Term Loan B Facility. On June 21, 2018, the Company re-designated €30.2 of its euro-denominated Term Loan B Facility. On July 23, 2018, the Company de-designated €180.2 of its euro-denominated Term Loan B Facility.

Non-Designated Hedges A substantial portion of the Company’s operations and revenues are international. As a result, changes in foreign exchange rates can create substantial foreign exchange gains and losses from the revaluation of non-functional currency monetary assets and liabilities. The Company’s policy allows the use of foreign exchange forward contracts with maturities of up to 24 months to mitigate the impact of currency fluctuations on those foreign currency asset and liability balances. The Company elected not to apply hedge accounting to its foreign exchange forward contracts. Thus, spot-based gains/losses offset revaluation gains/losses within foreign exchange loss, net and forward-based gains/losses represent interest expense or income. The fair value of the Company’s non-designated foreign exchange forward contracts was $(3.3) and $(4.9) as of September 30, 2018 and December 31, 2017, respectively.

(in millions, except per share amounts)

Cash Flow Hedges The Company is exposed to fluctuations in various foreign currencies against its functional currency. At the Company, both sales and purchases are transacted in foreign currencies. The Company has certain subsidiaries with the euro (EUR) as its functional currency that are primarily exposed to the U.S. dollar (USD) and Great Britain pound sterling (GBP). This risk is considerably reduced by natural hedging (i.e., management of sales and purchases by choice location and suppliers). For a portion of the remaining risk that is not naturally hedged, foreign currency forwards are used to manage the exposure between EUR-GBP and EUR-USD.

Derivative transactions are recorded on the balance sheet at fair value. For transactions designated as cash flow hedges, the effective portion of changes in the fair value are recorded in AOCI and are subsequently reclassified into earnings in the period that the hedged forecasted transactions impact earnings within the same income statement line item as the earnings effect of the hedged transaction. The ineffective portion of the change in fair value of the derivatives is recognized directly in earnings. As of September 30, 2018, the Company had the following outstanding foreign currency derivatives that were used to hedge its foreign exchange risks:

Foreign Currency Derivative	Number of Instruments	Notional Sold		Notional Purchased	
Currency forward agreements (EUR-USD)	1	2.8	EUR	3.5	USD
Currency forward agreements (EUR-GBP)	13	31.0	GBP	34.7	EUR

Interest Rate

Cash Flow Hedges The Company’s objectives in using interest rate derivatives are to add stability to interest expense and to manage its exposure to interest rate movements. To accomplish this objective, the Company primarily uses interest rate swaps as part of its interest rate risk management strategy. Interest rate swaps designated as cash flow hedges involve the receipt of variable amounts from a counterparty in exchange for the Company making fixed-rate payments over the life of the agreements without exchange of the underlying notional amount. The Company has multiple pay-fixed receive-variable interest rate swaps outstanding with an aggregate notional amount of $400.0.

The effective portion of changes in the fair value of derivatives designated and that qualify as cash flow hedges is recorded in AOCI and is subsequently reclassified into earnings in the period that the hedged forecasted transaction affects earnings. The ineffective portion of the change in fair value of the derivatives is recognized directly in earnings. The fair value of the Company's interest rate contracts was $14.3 and $9.8 as of September 30, 2018 and December 31, 2017, respectively.

Amounts reported in AOCI related to derivatives will be reclassified to interest expense as interest payments are made on the Company’s variable-rate debt. The Company estimates that a minimal amount will be reclassified as a decrease to interest expense over the next year.

The Company has an interest rate swap for a nominal sum of €50.0, which was entered into in May 2010 with a ten-year term from October 1, 2010 until September 30, 2020. This interest rate swap mitigated the interest rate risk associated with the European Investment Bank debt, which was paid in full during 2017. For this interest rate swap, the three-month EURIBOR is received and a fixed interest of 2.97 percent is paid. The fair value, which is measured at market prices, as of September 30, 2018 and December 31, 2017 was $(5.4) and $(5.5), respectively. The interest rate contract is not designated and changes in the fair value of non-designated interest rate swap agreements are recognized in miscellaneous, net in the condensed consolidated statements of operations. The Company recognized $0.5 and $1.5 in interest expense relating to the interest rate swap for the three and nine months ended September 30, 2018, respectively.

Additionally, the Company does not use derivatives for trading or speculative purposes and currently does not have any additional derivatives that are not designated as hedges.

Note 18: Fair Value of Assets and Liabilities

Assets and Liabilities Recorded at Fair Value

Assets and liabilities subject to fair value measurement are as follows:

		September 30, 2018			December 31, 2017		
			Fair Value Measurements Using			Fair Value Measurements Using	
	Classification on condensed consolidated Balance Sheets	Fair Value	Level 1	Level 2	Fair Value	Level 1	Level 2
Assets							
Short-term investments							
Certificates of deposit	Short-term investments	$5.0	$ 5.0	$ —	$81.4	$ 81.4	$ —
Assets held in rabbi trusts	Securities and other investments	7.0	7.0	—	9.4	9.4	—
Foreign exchange forward contracts	Other current assets	4.3	—	4.3	6.7	—	6.7
Interest rate swaps	Other current assets	5.4	—	5.4	2.2	—	2.2
Interest rate swaps	Securities and other investments	8.9	—	8.9	7.6	—	7.6
Total		$30.6	$ 12.0	$ 18.6	$107.3	$ 90.8	$ 16.5
Liabilities							
Foreign exchange forward contracts	Other current liabilities	$8.1	$ —	$ 8.1	$10.2	$ —	$ 10.2
Interest rate swaps	Other current liabilities	5.4	—	5.4	5.5	—	5.5
Deferred compensation	Other liabilities	7.0	7.0	—	9.4	9.4	—
Total		$20.5	$ 7.0	$ 13.5	$25.1	$ 9.4	$ 15.7

The Company uses the end of period when determining the timing of transfers between levels. During each of the nine months ended September 30, 2018 and 2017, there were no transfers between levels.

The carrying amount of the Company's debt instruments approximates fair value except for the 2024 Senior Notes. The fair value and carrying value of the 2024 Senior Notes are summarized as follows:

	September 30, 2018		December 31, 2017	
	Fair Value	Carrying Value	Fair Value	Carrying Value
2024 Senior Notes	286.5	400.0	425.0	400.0

Refer to note 11 for further details surrounding the Company's long-term debt as of September 30, 2018 compared to December 31, 2017. Additionally, the Company remeasures certain assets to fair value, using Level 3 measurements, as a result of the occurrence of triggering events. In the third and second quarter of 2018, in connection with certain triggering events, the Company performed an impairment test of goodwill for all of its reporting units, see note 8 further details. Besides goodwill from certain reporting units noted above, there were no significant assets or liabilities that were remeasured at fair value on a non-recurring basis during the period presented.

Note 19: Commitments and Contingencies

Contractual Obligation

At September 30, 2018, the Company had purchase commitments due within one year totaling $0.9 for materials and services through contract manufacturing agreements at negotiated prices. The Company guarantees a fixed cost of certain products used in production to its China strategic partners.

Indirect Tax Contingencies

The Company accrues non-income-tax liabilities for indirect tax matters when management believes that a loss is probable and the amounts can be reasonably estimated, while contingent gains are recognized only when realized. In the event any losses are sustained in excess of accruals, they are charged against income. In evaluating indirect tax matters, management takes into consideration factors such as historical experience with matters of similar nature, specific facts and circumstances, and the likelihood of prevailing. Management evaluates and updates accruals as matters progress over time. It is reasonably possible that some of the matters for which accruals have not been established could be decided unfavorably to the Company and could require recognizing future expenditures. Also, statutes of limitations could expire without the Company paying the taxes for matters for which accruals have been established, which could result in the recognition of future gains upon reversal of these accruals at that time.

At September 30, 2018, the Company was a party to several routine indirect tax claims from various taxing authorities globally that were incurred in the normal course of business, which neither individually nor in the aggregate are considered material by management in relation to the Company’s financial position or results of operations. In management’s opinion, the consolidated financial statements would not be materially affected by the outcome of these indirect tax claims and/or proceedings or asserted claims.

In addition to these routine indirect tax matters, the Company was a party to the proceedings described below:

In August 2012, one of the Company's Brazil subsidiaries was notified of a tax assessment of approximately R$270.0, including penalties and interest, regarding certain Brazil federal indirect taxes (Industrialized Products Tax, Import Tax, Programa de Integração Social and Contribution to Social Security Financing) for 2008 and 2009. The assessment alleges improper importation of certain components into Brazil's free trade zone that would nullify certain indirect tax incentives. On September 10, 2012, the Company filed its administrative defenses with the tax authorities.

In March 2017, the administrative proceedings concluded and the assessment was reduced approximately 95 percent to a total of R$17.3 including penalties and interest as of March 2017. The Company is pursuing its remedies in the judicial sphere and management continues to believe that it has valid legal positions. In addition, this matter could negatively impact Brazil federal indirect taxes in other years that remain open under statute. It is reasonably possible that the Company could be required to pay taxes, penalties and interest related to this matter, which could be material to the Company's consolidated financial statements. At September 30, 2018 and December 31, 2017, the Company had accrual related to the Brazil indirect tax matter of $4.0 and $4.9, respectively.

The Company has challenged the customs rulings in Thailand seeking to retroactively collect customs duties on previous imports of ATMs. Management believes that the customs authority’s attempt to retroactively assess customs duties is in contravention of World Trade Organization agreements and, accordingly, challenged the rulings. In the third quarter of 2015, the Company received a prospective ruling from the U.S. Customs Border Protection which is consistent with the Company's interpretation of the treaty in question. In August 2017, the Supreme Court of Thailand ruled in the Company's favor, finding that Customs' attempt to collect duties for importation of ATMs is improper. In addition, in August 2016 and February 2017, the tax court of appeals rendered decisions in favor of the Company related to more than half of the assessments at issue. The surviving matters remain at various stages of the appeals process and the Company will use the Supreme Court's decision in support of its position in those matters. Management remains confident that the Company has a valid legal position in these appeals. Accordingly, the Company does not have any amount accrued for this contingency.

A loss contingency is reasonably possible if it has a more than remote but less than probable chance of occurring. Although management believes the Company has valid defenses with respect to its indirect tax positions, it is reasonably possible that a loss could occur in excess of the estimated accrual. The Company estimated the aggregate risk at September 30, 2018 to be up to $125.8

for its material indirect tax matters, of which $21.1 and $27.0, respectively, primarily relates to the Brazil indirect tax matter and Thailand customs matter disclosed above. The aggregate risk related to indirect taxes is adjusted as the applicable statutes of limitations expire.

Legal Contingencies

At September 30, 2018, the Company was a party to several lawsuits that were incurred in the normal course of business, which neither individually nor in the aggregate are considered material by management in relation to the Company's financial position or results of operations. In management's opinion, the Company's consolidated financial statements would not be materially affected by the outcome of these legal proceedings, commitments or asserted claims.

In addition to these normal course of business litigation matters, the Company was a party to the proceedings described below:

Diebold KGaA is a party to appraisal proceedings (Spruchverfahren) relating to the DPLTA entered into by Diebold KGaA and Diebold Nixdorf AG on September 26, 2016 pending at the District Court (Landgericht) of Dortmund (Germany). The appraisal proceedings were filed by minority shareholders of Diebold Nixdorf AG challenging the adequacy of both, the cash exit compensation of €55.02 per Diebold Nixdorf AG share and the annual recurring compensation of €2.82 per Diebold Nixdorf AG share offered in connection with the DPLTA. A ruling by the court would apply to all Diebold Nixdorf AG shares outstanding at the time the DPLTA became effective. While the Company believes that the compensation offered in connection with the DPLTA was fair and the claims lack merit, this matter is still at a preliminary stage and the outcome is uncertain. As a result, the Company is unable to reasonably estimate the possible loss or range of losses, if any, arising from this litigation.

Note 20: Segment Information

The Company's accounting policies derive segment results that are the same as those the Chief Operating Decision Maker (CODM) regularly reviews and uses to make decisions, allocate resources and assess performance. The Company continually considers its operating structure and the information subject to regular review by its Chief Executive Officer, who is the CODM, to identify reportable operating segments. The Company's operating structure is based on a number of factors that management uses to evaluate, view and run its business operations, which currently includes, but is not limited to, product, service and solution.

The Company's previous reportable operating segments included the LoB: Services, Systems, and Software. The Company began to reorganize its management team reporting to the CODM and assess its new operating model during the first half of 2018. The results of re-evaluating the LoB operating model highlighted the need to transform the Company's operating model to Banking and Retail. The renewed focus on the customer experience has led the Company to reorganize its operating model. The LoBs will continue to develop solutions, but will operate as cost centers focused on designing and delivering innovative and customer-driven products. The realignment to Banking and Retail enables quicker decision making, reduces complexity, makes better use of talent and promotes the best possible experience for the Company's customers. Beginning with the second quarter of 2018, the Company's reportable operating segments are based on the following solutions: Eurasia Banking, Americas Banking and Retail.

As a result, the Company reclassified comparative periods for consistency.

Segment revenue represents revenues from sales to external customers. Segment operating profit is defined as revenues less expenses identifiable to those segments. The Company does not allocate to its segments certain operating expenses, managed at the corporate level; that are not routinely used in the management of the segments; or information that is impractical to allocate. These unallocated costs include certain corporate costs, amortization of acquired intangible assets and deferred revenue, restructuring charges, impairment charges, legal, indemnification, and professional fees related to acquisition and divestiture expenses, along with other income (expenses). Segment operating profit reconciles to consolidated income (loss) before income taxes by deducting corporate costs and other income or expense items that are not attributed to the segments. Corporate charges not allocated to segments include headquarter-based costs associated with procurement, human resources, compensation and benefits, finance and accounting, global development/engineering, global strategy/mergers and acquisitions, global IT, tax, treasury and legal. Assets are not allocated to segments, and thus are not included in the assessment of segment performance, and consequently, we do not disclose total assets and depreciation and amortization expense by reportable operating segment.

For additional information related to the Company's revenue sources, refer to note 2. In addition to the considerations mentioned above regarding the CODM, the Company has assessed several factors in disaggregating revenue which include the information disclosed in this report and other disaggregated revenue information provided in investor presentations and board of director presentations.

(in millions, except per share amounts)

The following tables represent information regarding the Company's segment information and provides a reconciliation between segment operating profit and the consolidated income (loss) before income taxes:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Net sales summary by segment				
Eurasia Banking	$434.3	$461.1	$1,306.9	$1,372.6
Americas Banking	382.5	376.7	1,086.8	1,128.7
Retail	302.2	284.9	895.1	858.1
Total revenue	$1,119.0	$1,122.7	$3,288.8	$3,359.4
Intersegment revenue				
Eurasia Banking	$35.2	$24.3	$88.2	$81.3
Americas Banking	2.6	5.1	11.6	22.4
Total intersegment revenue	$37.8	$29.4	$99.8	$103.7
Segment operating profit				
Eurasia Banking	$43.2	$40.0	$79.8	$91.0
Americas Banking	4.0	14.5	10.4	48.0
Retail	19.2	27.3	36.5	71.3
Total segment operating profit	66.4	81.8	126.7	210.3
Corporate charges not allocated to segments [(1)]	(10.0)	(0.3)	(47.4)	(48.7)
Restructuring charges	(38.3)	(17.4)	(44.4)	(44.7)
Net non-routine expense	(152.0)	(72.7)	(322.5)	(206.2)
	(200.3)	(90.4)	(414.3)	(299.6)
Operating profit (loss)	(133.9)	(8.6)	(287.6)	(89.3)
Other income (expense)	(39.0)	(21.7)	(93.4)	(77.7)
Income (loss) before taxes	$(172.9)	$(30.3)	$(381.0)	$(167.0)

(1) Corporate charges not allocated to segments include headquarter-based costs associated with procurement, human resources, compensation and benefits, finance and accounting, global development/engineering, global strategy/mergers and acquisitions, global IT, tax, treasury and legal.

Net non-routine expense consists of items that the Company has determined are non-routine in nature and not allocated to the reportable operating segments. Net non-routine expense of $152.0 for the three months ended September 30, 2018 was primarily due to the goodwill impairment charge of $109.3, acquisition integration expenses of $10.3 primarily within selling and administrative expense and purchase accounting pre-tax charges for amortization of acquired intangibles of $28.2. Net non-routine expense of $322.5 for the nine months ended September 30, 2018 was due to the goodwill impairment charge of $199.3 and acquisition integration expenses of $40.0, primarily within selling and administrative expense, and purchase accounting pre-tax charges for amortization of acquired intangibles of $88.7.

Net non-routine expense of $72.7 for the three months ended September 30, 2017 was primarily due to acquisition and divestiture related costs inclusive of integration expenses of $19.8 primarily within selling and administrative expense and purchase accounting pretax charges, which included deferred revenue of $9.7 and $34.9 in amortization of acquired intangibles. Net non-routine expense of $206.2 for the nine months ended September 30, 2017 was primarily due to legal, acquisition and divestiture related costs of $16.1 inclusive of the mark-to-market impact on Diebold Nixdorf AG stock options and integration expenses of $54.8 primarily within selling and administrative expense and purchase accounting pretax charges, which included deferred revenue of $30.4 and $99.5 in amortization of acquired intangibles.

Note 21: Supplemental Guarantor Information

The Company issued the 2024 Senior Notes in an offering exempt from the registration requirements of the Securities Act. The 2024 Senior Notes are and will be guaranteed by certain of the Company's existing and future domestic subsidiaries. The following presents the condensed consolidating financial information separately for:

(i) Diebold Nixdorf, Incorporated (the Parent Company), the issuer of the guaranteed obligations;

(ii) Guarantor subsidiaries, on a combined basis, as specified in the indenture governing the Company's obligations under the 2024 Senior Notes;

(iii) Consolidating entries and eliminations representing adjustments to (a) eliminate intercompany transactions between the Parent Company, the guarantor subsidiaries and the non-guarantor subsidiaries, (b) eliminate the investments in its subsidiaries, and (c) record consolidating entries; and

(iv) Diebold Nixdorf, Incorporated and Subsidiaries on a consolidated basis.

Each guarantor subsidiary is 100 percent owned by the Parent Company at the date of each balance sheet presented. The notes are fully and unconditionally guaranteed on a joint and several basis by each guarantor subsidiary. The guarantees of the guarantor subsidiaries are subject to release in limited circumstances only upon the occurrence of certain conditions. Each entity in the consolidating financial information follows the same accounting policies as described in the condensed consolidated financial statements, except for the use by the Parent Company and the guarantor subsidiaries of the equity method of accounting to reflect ownership interests in subsidiaries which are eliminated upon consolidation. Changes in intercompany receivables and payables related to operations, such as intercompany sales or service charges, are included in cash flows from operating activities. Intercompany transactions reported as investing or financing activities include the sale of capital stock of various subsidiaries, loans and other capital transactions between members of the consolidated group.

Certain non-guarantor subsidiaries of the Parent Company are limited in their ability to remit funds to it by means of dividends, advances or loans due to required foreign government and/or currency exchange board approvals or limitations in credit agreements or other debt instruments of those subsidiaries.

(in millions, except per share amounts)

Condensed Consolidating Balance Sheet
As of September 30, 2018

	Parent	Combined Guarantor Subsidiaries	Combined Non-Guarantor Subsidiaries	Reclassifications/ Eliminations	Consolidated
ASSETS					
Current assets					
Cash and cash equivalents	$10.3	$ 3.9	$ 290.2	$ —	$ 304.4
Restricted cash	—	—	139.3	—	139.3
Short-term investments	—	—	5.0	—	5.0
Trade receivables, net	136.7	0.2	681.2	—	818.1
Intercompany receivables	204.1	605.0	399.2	(1,208.3)	—
Inventories	221.4	—	625.1	—	846.5
Prepaid, income taxes and other current assets	32.8	21.3	299.6	(25.4)	328.3
Total current assets	605.3	630.4	2,439.6	(1,233.7)	2,441.6
Securities and other investments	24.1	—	—	—	24.1
Property, plant and equipment, net	79.9	1.0	239.9	—	320.8
Goodwill	55.5	—	827.8	—	883.3
Deferred income taxes	125.0	2.4	128.8	—	256.2
Intangible assets, net	33.6	—	638.0	—	671.6
Investment in subsidiary	2,828.4	—	—	(2,828.4)	—
Other assets	34.1	0.4	82.5	(16.8)	100.2
Total assets	$3,785.9	$ 634.2	$ 4,356.6	$ (4,078.9)	$ 4,697.8
LIABILITIES, REDEEMABLE NONCONTROLLING INTERESTS AND EQUITY					
Current liabilities					
Notes payable	$35.9	$ 0.1	$ 16.7	$ —	$ 52.7
Accounts payable	117.2	—	437.5	—	554.7
Intercompany payable	1,004.0	23.9	180.4	(1,208.3)	—
Deferred revenue	87.1	0.1	278.1	—	365.3
Payroll and other benefits liabilities	24.6	1.1	148.1	—	173.8
Other current liabilities	142.1	1.0	314.2	(24.2)	433.1
Total current liabilities	1,410.9	26.2	1,375.0	(1,232.5)	1,579.6
Long-term debt	2,179.1	—	157.9	—	2,337.0
Other long-term liabilities	203.3	—	419.0	(18.0)	604.3
Commitments and contingencies					
Redeemable noncontrolling interests	—	—	154.2	—	154.2
Total Diebold Nixdorf, Incorporated shareholders' equity	(7.4)	608.0	2,220.4	(2,828.4)	(7.4)
Noncontrolling interests	—	—	30.1	—	30.1
Total liabilities, redeemable noncontrolling interests and equity	$3,785.9	$ 634.2	$ 4,356.6	$ (4,078.9)	$ 4,697.8

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(in millions, except per share amounts)

Condensed Consolidating Balance Sheet
As of December 31, 2017

	Parent	Combined Guarantor Subsidiaries	Combined Non-Guarantor Subsidiaries	Reclassifications/ Eliminations	Consolidated
ASSETS					
Current assets					
Cash and cash equivalents	$58.5	$ 2.3	$ 474.4	$ —	$ 535.2
Restricted cash	—	—	8.0	—	8.0
Short-term investments	—	—	81.4	—	81.4
Trade receivables, net	140.7	1.4	688.0	—	830.1
Intercompany receivables	735.7	907.8	2,104.1	(3,747.6)	—
Inventories	159.5	—	569.4	—	728.9
Prepaid, income taxes and other current assets	35.4	17.0	286.1	(21.8)	316.7
Total current assets	1,129.8	928.5	4,211.4	(3,769.4)	2,500.3
Securities and other investments	96.8	—	—	—	96.8
Property, plant and equipment, net	89.6	2.1	272.8	—	364.5
Goodwill	55.5	—	1,061.6	—	1,117.1
Deferred income taxes	150.8	8.0	135.0	—	293.8
Intangible assets, net	37.5	—	736.3	—	773.8
Investment in subsidiary	2,518.5	—	—	(2,518.5)	—
Other assets	47.2	1.1	74.0	(26.5)	95.8
Total assets	$4,125.7	$ 939.7	$ 6,491.1	$ (6,314.4)	$ 5,242.1
LIABILITIES, REDEEMABLE NONCONTROLLING INTERESTS AND EQUITY					
Current liabilities					
Notes payable	$49.9	$ 0.3	$ 16.5	$ —	$ 66.7
Accounts payable	88.1	0.1	474.0	—	562.2
Intercompany payable	1,337.1	192.2	2,218.3	(3,747.6)	—
Deferred revenue	115.8	0.6	321.1	—	437.5
Payroll and other benefits liabilities	26.1	2.2	170.6	—	198.9
Other current liabilities	112.5	2.8	437.9	(21.8)	531.4
Total current liabilities	1,729.5	198.2	3,638.4	(3,769.4)	1,796.7
Long-term debt	1,710.6	0.1	76.4	—	1,787.1
Other long-term liabilities	221.0	—	470.3	(26.5)	664.8
Commitments and contingencies					
Redeemable noncontrolling interests	—	—	492.1	—	492.1
Total Diebold Nixdorf, Incorporated shareholders' equity	464.6	741.4	1,777.1	(2,518.5)	464.6
Noncontrolling interests	—	—	36.8	—	36.8
Total liabilities, redeemable noncontrolling interests and equity	$4,125.7	$ 939.7	$ 6,491.1	$ (6,314.4)	$ 5,242.1

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DIEBOLD NIXDORF, INCORPORATED AND SUBSIDIARIES
FORM 10-Q as of September 30, 2018
Notes to Condensed Consolidated Financial Statements (continued)
(unaudited)
(in millions, except per share amounts)

Condensed Consolidating Statement of Operations and Comprehensive Income (Loss)
Three Months Ended September 30, 2018

	Parent	Combined Guarantor Subsidiaries	Combined Non-Guarantor Subsidiaries	Reclassifications/ Eliminations	Consolidated
Net sales	$633.0	$ 0.1	$ 485.9	$ —	$ 1,119.0
Cost of sales	591.8	1.1	297.8	—	890.7
Gross profit (loss)	41.2	(1.0)	188.1	—	228.3
Selling and administrative expense	69.6	1.2	145.4	—	216.2
Research, development and engineering expense	0.4	10.8	25.4	—	36.6
Impairment of assets	—	—	109.3	—	109.3
(Gain) loss on sale of assets, net	0.1	—	—	—	0.1
	70.1	12.0	280.1	—	362.2
Operating profit (loss)	(28.9)	(13.0)	(92.0)	—	(133.9)
Other income (expense)					
Interest income	0.5	—	1.7	—	2.2
Interest expense	(41.0)	—	(4.2)	—	(45.2)
Foreign exchange gain (loss), net	2.8	(0.1)	(0.5)	—	2.2
Equity in earnings of subsidiaries	(62.8)	—	—	62.8	—
Miscellaneous, net	0.3	0.3	1.2	—	1.8
Income (loss) before taxes	(129.1)	(12.8)	(93.8)	62.8	(172.9)
Income tax expense (benefit)	83.5	12.6	(50.3)	—	45.8
Net income (loss)	(212.6)	(25.4)	(43.5)	62.8	(218.7)
Net income (loss) attributable to noncontrolling interests	—	—	(6.1)	—	(6.1)
Net income (loss) attributable to Diebold Nixdorf, Incorporated	$(212.6)	$ (25.4)	$ (37.4)	$ 62.8	$ (212.6)
Comprehensive income (loss)	$(230.4)	$ (25.4)	$ (59.2)	$ 77.2	$ (237.8)
Less: comprehensive income (loss) attributable to noncontrolling interests	—	—	(7.4)	—	(7.4)
Comprehensive income (loss) attributable to Diebold Nixdorf, Incorporated	$(230.4)	$ (25.4)	$ (51.8)	$ 77.2	$ (230.4)

DIEBOLD NIXDORF, INCORPORATED AND SUBSIDIARIES
FORM 10-Q as of September 30, 2018
Notes to Condensed Consolidated Financial Statements (continued)
(unaudited)
(in millions, except per share amounts)

Condensed Consolidating Statement of Operations and Comprehensive Income (Loss)
Three Months Ended September 30, 2017

	Parent	Combined Guarantor Subsidiaries	Combined Non-Guarantor Subsidiaries	Reclassifications/ Eliminations	Consolidated
Net sales	$289.1	$ 0.6	$ 833.0	$ —	$ 1,122.7
Cost of sales	234.0	1.8	646.9	—	882.7
Gross profit (loss)	55.1	(1.2)	186.1	—	240.0
Selling and administrative expense	65.2	2.7	140.9	—	208.8
Research, development and engineering expense	1.0	10.8	22.4	—	34.2
(Gain) loss on sale of assets, net	(0.1)	0.1	5.6	—	5.6
	66.1	13.6	168.9	—	248.6
Operating profit (loss)	(11.0)	(14.8)	17.2	—	(8.6)
Other income (expense)					
Interest income	0.6	0.1	3.6	—	4.3
Interest expense	(25.7)	—	(2.0)	—	(27.7)
Foreign exchange gain (loss), net	0.5	—	2.7	—	3.2
Equity in earnings of subsidiaries	11.0	—	—	(11.0)	—
Miscellaneous, net	1.7	1.8	(4.7)	(0.3)	(1.5)
Income (loss) before taxes	(22.9)	(12.9)	16.8	(11.3)	(30.3)
Income tax expense (benefit)	13.1	2.6	(16.6)	—	(0.9)
Net income (loss)	(36.0)	(15.5)	33.4	(11.3)	(29.4)
Net income (loss) attributable to noncontrolling interests	—	—	6.6	—	6.6
Net income (loss) attributable to Diebold Nixdorf, Incorporated	$(36.0)	$ (15.5)	$ 26.8	$ (11.3)	$ (36.0)
Comprehensive income (loss)	$(23.1)	$ (15.5)	$ 56.3	$ (32.4)	$ (14.7)
Less: comprehensive income (loss) attributable to noncontrolling interests	—	—	8.4	—	8.4
Comprehensive income (loss) attributable to Diebold Nixdorf, Incorporated	$(23.1)	$ (15.5)	$ 47.9	$ (32.4)	$ (23.1)

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DIEBOLD NIXDORF, INCORPORATED AND SUBSIDIARIES
FORM 10-Q as of September 30, 2018
Notes to Condensed Consolidated Financial Statements (continued)
(unaudited)
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Condensed Consolidating Statement of Operations and Comprehensive Income (Loss)
Nine Months Ended September 30, 2018

	Parent	Combined Guarantor Subsidiaries	Combined Non-Guarantor Subsidiaries	Reclassifications/ Eliminations	Consolidated
Net sales	$1,277.9	$ 0.4	$ 2,010.5	$ —	$ 3,288.8
Cost of sales	1,152.9	1.7	1,446.5	—	2,601.1
Gross profit (loss)	125.0	(1.3)	564.0	—	687.7
Selling and administrative expense	220.5	3.8	439.6	—	663.9
Research, development and engineering expense	2.1	33.1	83.7	—	118.9
Impairment of assets	—	—	199.3	—	199.3
(Gain) loss on sale of assets, net	(3.4)	—	(3.4)	—	(6.8)
	219.2	36.9	719.2	—	975.3
Operating profit (loss)	(94.2)	(38.2)	(155.2)	—	(287.6)
Other income (expense)					
Interest income	1.1	0.1	6.4	—	7.6
Interest expense	(91.9)	—	(7.7)	—	(99.6)
Foreign exchange gain (loss), net	(5.5)	(0.1)	3.3	—	(2.3)
Equity in earnings of subsidiaries	(191.1)	—	—	191.1	—
Miscellaneous, net	(0.5)	0.9	0.5	—	0.9
Income (loss) before taxes	(382.1)	(37.3)	(152.7)	191.1	(381.0)
Income tax expense (benefit)	41.1	(5.6)	0.1	—	35.6
Net income (loss)	(423.2)	(31.7)	(152.8)	191.1	(416.6)
Net income (loss) attributable to noncontrolling interests	—	—	6.6	—	6.6
Net income (loss) attributable to Diebold Nixdorf, Incorporated	$(423.2)	$ (31.7)	$ (159.4)	$ 191.1	$ (423.2)
Comprehensive income (loss)	$(517.9)	$ (31.7)	$ (247.1)	$ 282.3	$ (514.4)
Less: comprehensive income (loss) attributable to noncontrolling interests	—	—	3.5	—	3.5
Comprehensive income (loss) attributable to Diebold Nixdorf, Incorporated	$(517.9)	$ (31.7)	$ (250.6)	$ 282.3	$ (517.9)

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DIEBOLD NIXDORF, INCORPORATED AND SUBSIDIARIES
FORM 10-Q as of September 30, 2018
Notes to Condensed Consolidated Financial Statements (continued)
(unaudited)
(in millions, except per share amounts)

Condensed Consolidating Statement of Operations and Comprehensive Income (Loss)
Nine Months Ended September 30, 2017

	Parent	Combined Guarantor Subsidiaries	Combined Non-Guarantor Subsidiaries	Reclassifications/ Eliminations	Consolidated
Net sales	$831.0	$ 6.9	$ 2,526.6	$ (5.1)	$ 3,359.4
Cost of sales	670.3	10.5	1,965.4	(5.1)	2,641.1
Gross profit (loss)	160.7	(3.6)	561.2	—	718.3
Selling and administrative expense	211.5	7.7	473.4	—	692.6
Research, development and engineering expense	1.8	30.5	82.1	—	114.4
Impairment of assets	3.1	—	—	—	3.1
(Gain) loss on sale of assets, net	—	0.1	(2.6)	—	(2.5)
	216.4	38.3	552.9	—	807.6
Operating profit (loss)	(55.7)	(41.9)	8.3	—	(89.3)
Other income (expense)					
Interest income	1.7	0.2	13.9	—	15.8
Interest expense	(84.4)	(0.1)	(6.2)	—	(90.7)
Foreign exchange gain (loss), net	3.1	0.1	(7.7)	—	(4.5)
Equity in earnings of subsidiaries	(42.3)	—	—	42.3	—
Miscellaneous, net	9.0	5.9	(12.0)	(1.2)	1.7
Income (loss) before taxes	(168.6)	(35.8)	(3.7)	41.1	(167.0)
Income tax expense (benefit)	(41.9)	(17.7)	(0.9)	—	(60.5)
Net income (loss)	(126.7)	(18.1)	(2.8)	41.1	(106.5)
Net income (loss) attributable to noncontrolling interests	—	—	20.2	—	20.2
Net income (loss) attributable to Diebold Nixdorf, Incorporated	$(126.7)	$ (18.1)	$ (23.0)	$ 41.1	$ (126.7)
Comprehensive income (loss)	$15.2	$ (18.1)	$ 179.0	$ (137.2)	$ 38.9
Less: comprehensive income (loss) attributable to noncontrolling interests	—	—	23.7	—	23.7
Comprehensive income (loss) attributable to Diebold Nixdorf, Incorporated	$15.2	$ (18.1)	$ 155.3	$ (137.2)	$ 15.2

DIEBOLD NIXDORF, INCORPORATED AND SUBSIDIARIES
FORM 10-Q as of September 30, 2018
Notes to Condensed Consolidated Financial Statements (continued)
(unaudited)
(in millions, except per share amounts)

Condensed Consolidating Statement of Cash Flows
Nine Months Ended September 30, 2018

	Parent	Combined Guarantor Subsidiaries	Combined Non-Guarantor Subsidiaries	Reclassifications/ Eliminations	Consolidated
Net cash provided (used) by operating activities	$(108.5)	$ (24.4)	$ (239.2)	$ —	$ (372.1)
Cash flow from investing activities					
Capital expenditures	(4.7)	(0.1)	(35.7)	—	(40.5)
Payments for acquisitions	—	—	(5.9)	—	(5.9)
Proceeds from maturities of investments	74.0	—	201.0	—	275.0
Payments for purchases of investments	—	—	(126.5)	—	(126.5)
Proceeds from sale of assets	6.7	—	4.1	—	10.8
Increase in certain other assets	(4.6)	—	(18.2)	—	(22.8)
Capital contributions and loans paid	(487.2)	—	—	487.2	—
Proceeds from intercompany loans	25.2	—	—	(25.2)	—
Net cash provided (used) by investing activities	(390.6)	(0.1)	18.8	462.0	90.1
Cash flow from financing activities					
Dividends paid	(7.7)	—	—	—	(7.7)
Debt issuance costs	(38.9)	—	—	—	(38.9)
Revolving credit facility (repayments) borrowings, net	115.0	—	70.0	—	185.0
Other debt borrowings	660.0	—	46.0	—	706.0
Other debt repayments	(274.5)	(0.3)	(31.9)	—	(306.7)
Distributions and payments to noncontrolling interest holders	—	—	(337.8)	—	(337.8)
Repurchase of common shares	(3.0)	—	—	—	(3.0)
Capital contributions received and loans incurred	—	43.0	444.2	(487.2)	—
Payments on intercompany loans	—	(16.6)	(8.6)	25.2	—
Net cash provided (used) by financing activities	450.9	26.1	181.9	(462.0)	196.9
Effect of exchange rate changes on cash and cash equivalents	—	—	(14.4)	—	(14.4)
Increase (decrease) in cash, cash equivalents and restricted cash	(48.2)	1.6	(52.9)	—	(99.5)
Cash, cash equivalents and restricted cash at the beginning of the period	58.5	2.3	482.4	—	543.2
Cash, cash equivalents and restricted cash at the end of the period	$10.3	$ 3.9	$ 429.5	$ —	$ 443.7

(in millions, except per share amounts)

Condensed Consolidating Statement of Cash Flows
Nine Months Ended September 30, 2017

	Parent	Combined Guarantor Subsidiaries	Combined Non-Guarantor Subsidiaries	Reclassifications/ Eliminations	Consolidated
Net cash provided (used) by operating activities	$(101.9)	$ (23.9)	$ (109.5)	$ —	$ (235.3)
Cash flow from investing activities					
Capital expenditures	(7.5)	(0.1)	(34.1)	—	(41.7)
Payments for acquisitions	—	—	(5.6)	—	(5.6)
Proceeds from maturities of investments	0.4	—	249.1	—	249.5
Payments for purchases of investments	(14.0)	—	(246.7)	—	(260.7)
Proceeds from sale of assets	—	—	14.6	—	14.6
Increase in certain other assets	(0.6)	3.9	(30.2)	—	(26.9)
Capital contributions and loans paid	(100.2)	—	—	100.2	—
Proceeds from intercompany loans	193.7	—	—	(193.7)	—
Net cash provided (used) by investing activities	71.8	3.8	(52.9)	(93.5)	(70.8)
Cash flow from financing activities					
Dividends paid	(22.9)	—	—	—	(22.9)
Debt issuance costs	(1.1)	—	—	—	(1.1)
Revolving credit facility (repayments) borrowings, net	—	—	120.0	—	120.0
Other debt borrowings	323.3	—	57.7	—	381.0
Other debt repayments	(344.3)	(1.1)	(88.1)	—	(433.5)
Distributions and payments to noncontrolling interest holders	—	—	(16.3)	—	(16.3)
Issuance of common shares	0.3	—	—	—	0.3
Repurchase of common shares	(4.8)	—	—	—	(4.8)
Capital contributions received and loans incurred	—	53.2	47.0	(100.2)	—
Payments on intercompany loans	—	(31.8)	(161.9)	193.7	—
Net cash provided (used) by financing activities	(49.5)	20.3	(41.6)	93.5	22.7