

ACCC Attachment B

This attachment provides a list of questions the ACCC is interested in seeking views on from interested parties. The more information we have, the better we can assess the impact of the Proposed Transaction, but if you are unsure of any questions, or do not have specific knowledge about some of the questions, you can leave them blank. You can also include any other information you think is relevant.

Where possible, please provide specific examples to support your views.

General

1. Please provide a brief description of your business or organisation.

Diebold Nixdorf, Incorporated, our ultimate parent company, is listed on the New York Stock Exchange.

Diebold Nixdorf (DN) offers a broad portfolio of solutions designed to automate, digitise and transform the way people bank and shop. DN manufactures hardware; develops software and provides services in respect of two business customer segments – banking and retail.

In Australia, we trade via our local entity, Diebold Nixdorf Australia Pty Ltd (ABN 43 078 203 844).

Banking

DN provides ATM solutions.

- *Products/Hardware*: the banking portfolio of products includes customer operated ATMs; teller operated ATMs; and kiosks. Customer operated ATMs include cash recyclers, dispensers and intelligent deposit terminals.
- *Services*: DN offers ATM hardware maintenance and preventative maintenance; ATM implementation services; and ATM managed services
- *Software*: Diebold Nixdorf's software is hardware-agnostic and facilitates transactions via ATMs, kiosks and other self-service devices as well as via online and mobile digital channels. It includes front-end applications for customer connection points; digital solutions that enhance consumer facing operations, as well as back-end platforms which manage channel transactions, operations, and channel integration.

Retail

Diebold Nixdorf provides retail solutions, software, and services to improve the checkout processes for retailers including shops, restaurants and petrol stations, and consumers.

- *Solutions*: this includes point of sale (POS) and self-service terminals; self check-out products and ordering kiosks. There are also a range of peripherals such as printers; scales and mobile scanners that can be supplied.
- *Services*: these are implementation services; maintenance and availability services, support services and remote monitoring services on checkout, self-service and mobile devices.
- *Software*: our software is an open solution ranging from in-store check-out to solutions across multiple channels including click and collect; in store ordering; return to store processes.

2. Please outline the reasons for your interest in the Proposed Transaction, including any commercial relationships with Armaguard, Prosegur or any of their subsidiaries. In doing so please identify the specific service(s) you acquire from or supply to Armaguard and/or Prosegur, if any.

DN Australia is currently a supplier to both Armaguard and Prosegur and that is the interest DN has in the Proposed Transaction.

DN Australia's current commercial relationship with Armaguard is: (please note: DN highlighted section is confidential)

[Redacted text block containing confidential information about DN Australia's commercial relationship with Armaguard]

DN Australia's commercial relationship with Prosegur is currently:

[Redacted text block containing confidential information about DN Australia's commercial relationship with Prosegur]

CIT services

3. Please provide any views on the market shares and competitive positioning of Armaguard, Prosegur and their competitors in the following areas of competition:

- a) the supply of integrated end-to-end wholesale and retail CIT services;**
- b) the supply of CIT services to retail customers who require a full-service solution of cash transport, processing and administration; and**
- c) the supply of cash-transport-only services to retail customers who only require cash transport between their location(s) and, for example, a bank branch**

DN Australia is not a provider of CIT services and does not currently purchase any CIT services. We are therefore not able to comment fully on the market for CIT services.

We are aware of several other providers in CIT and related security services. In Australia, Brinks, Steamcorp, Armaguard and Prosegur are all providers of CIT services. There are also global players such as G4S, ARA and Loomis. We are unable to provide specific details on the competitive positioning of CITs in Australia.

4. Please identify and describe other businesses that compete with Armaguard and/or Prosegur in the supply of CIT services. In your response, please identify the specific CIT service in which these competitors compete and discuss how strong these competitors are.

DN Australia is not a provider of CIT services and does not currently purchase any CIT services. Therefore, we are not able to comment fully on the market for CIT services.

As mentioned above, we believe Brinks, Steamcorp, Armaguard and Prosegur all compete in Australia for CIT services.

5. What factors (scope, quality, geographic coverage/networks, cost of service) are important to customers of CIT services? Why are those factors important? Do you consider there to be anything unique about the CIT services provided by Armaguard and/or Prosegur?

As stated in response to Q 5 above, DN Australia is not in the business of providing CIT services neither does it currently engage any CIT as a sub-contractor for providing CIT services so there will be others better placed to comment.

From our experience in our core markets, we know that access to cash and related services is still important across the country including in remote and regional Australia. The provision of cash services in Australia can be challenging due to the large geography and relatively small population.

Certain segments of the population prefer to use cash especially the most vulnerable, for example, aged and social security recipients. Cash is also important during weather crises (eg. bushfires and flood) or when banks or retailers face cyber-attacks which result in communication networks outages.

We understand that Armaguard and Prosegur both have significant geographic presence in Australia which is likely to be an important factor for many customers engaging a CIT.

6. Do you consider that other companies would constrain a combined Armaguard and Prosegur from raising prices or reducing the quality of its CIT services? Why? Which companies would provide this competitive constraint?

DN Australia is not a provider of CIT services and does not currently purchase any CIT services. Therefore, we are not able to comment fully on the market for CIT services.

As stated above in our response to Q4 we are aware of several other providers of CIT services in Australia competing with Armaguard and Prosegur including Brinks and Steamcorp. We are also aware of some global players offering CIT and related services.

7. Would a new entrant, or existing business seeking to expand face any significant barriers in seeking to establish a CIT service? Do you consider that the possibilities noted by Armaguard and Prosegur, including the major banks sponsoring new entry and the ability of retail customers to insource cash delivery, are viable options?

As stated above, we believe there are competitors already active in this market in Australia.

The major banks and retailers in Australia are of a size and scale that, it is possible, in the event they were unhappy with the CIT offerings available to them, they may sponsor new entrants or set up alternative arrangements for cash management.

8. Do you consider any other factors would constrain a combined Armaguard and Prosegur from raising prices or reducing the quality of its CIT services? For example:

a) Do you consider customers have significant bargaining power in the negotiation and procurement of CIT services? You may wish to consider factors such as the

contract tendering process (including details of the process and results of any recent tender processes) and how easy or difficult it is for customers to switch supplier.

As mentioned in Q7, there are some customers of CIT services that are of a size and scale that it is likely they have bargaining power. However, as DN Australia does not provide CIT services and is not currently purchasing such services we have no specific expertise here so cannot comment on the contract tendering process for CIT services.

b) To what extent does the price of CIT services influence retailers' decisions about whether to offer cash as a payment option (i.e. do you consider that, as Armaguard and Prosegur submit, they would need to keep prices of CIT services sufficiently low to arrest the decline in cash usage by remaining a cost competitive payment method for retailers to offer in comparison to card and digital payment methods)?

For the reasons stated above, DN is not in a position to speculate on the extent to which prices of CIT services may influence retailers' decisions to offer cash as a payment option. It does seem a reasonable assumption that Armaguard and Prosegur would be motivated to ensure ongoing viable pricing for their services to avoid accelerating the decline in cash usage.

c) Do you consider, as Armaguard and Prosegur submit, that if they were to significantly increase prices for CIT services the RBA could exercise powers to regulate the cash distribution system and that the threat of such regulatory intervention would constrain them?

DN has not reviewed the existing scope of the RBA's powers. If the RBA has/or is given the necessary powers to regulate the CIT market then, as with any regulated market, this may constrain pricing.

9. Do you consider, as Armaguard and Prosegur submit, the current demand for cash is not sufficient to sustain two major national suppliers of CIT services? Please provide details including examples where possible.

DN Australia is not a provider of CIT services and does not currently purchase any CIT services therefore, we are unable to comment.

Non-CIT services

10. Please provide any views on the market shares and competitive positioning of Armaguard, Prosegur and their competitors in the following areas of competition:

a) the supply of ATM services (including cash withdrawal facilities, deployment services to merchants and access arrangements to financial institutions.

DN Australia considers that the market in Australia differs from many other countries as customers in Australia typically buy a full package of ATM services, often called a managed service, rather than buying ATM hardware; software; and maintenance separately. Customers sometimes require CIT services to be part of the overall managed service.

If the market is the supply of ATM services as defined above, there are a number of players in addition to Armaguard and Prosegur, including NCR/Cardtronics, Banktech/Eftex, Next, Hyosung, Atm2go, Consillion, Gunnebo, Fiserv, KAL, Fujitsu, TripleH. Computertrans, DN Australia and others. Most of the players cannot offer a full end to end ATM managed service without subcontracting elements but, in our opinion, they all have the potential to bid as a prime contractor subcontracting the elements which are not their core business.

b) the supply of ATM maintenance services

The following, to our knowledge, offer ATM maintenance services either for ATMs owned by their customers or as self-maintainers of their own ATM fleets (independent ATM deployers) - NCR/Cardtronics, Banktech, Next, Atm2go, Consillion, Gunnebo, Fujitsu, DN Australia. Not all players have nationwide capabilities and some, if bidding as prime, would have to subcontract if a nationwide capability was required by the customer. For example, DN Australia does not have the current capabilities in place to provide maintenance services nationwide with our own resources.

c) the supply of valuable cargo transportation services.

DN Australia does not operate in this market and so is not in a position to comment on these services.

11. To what extent do Armaguard and Prosegur compete in the areas of competition listed above in question 10? Do you consider Armaguard and Prosegur to be particularly close competitors? For example, do they compete for the same customers?

Yes, to our knowledge Armaguard and Prosegur compete for the same customers in the supply of ATM services.

12. Please identify and describe other businesses that compete with Armaguard or Prosegur in the supply of these non-CIT services. In your response, please identify the specific non-CIT service in which these competitors compete and discuss how strong these competitors are.

As noted above, customers in Australia typically buy a managed ATM service comprising hardware; maintenance (often including monitoring), and sometimes also software and associated professional services. Customers sometimes require CIT services to be provided as part of the managed service. There are a number of players in the supply of ATM services. Not all can deliver an end-to-end service using their own resources but they can bid as prime for elements of the managed service within their capabilities. If a customer wants a full end to end service, a bidder can bid as prime and subcontract the elements which are not part of their core competence. If we break down the elements of the managed service solution the players we have visibility to are:

- ATM hardware: DN; NCR; Next/Hyosung, Triton/ATM2go; Banktech; and GRG
- ATM Maintenance – Armaguard; Prosegur; NCR; DN; and Fujitsu
- ATM application software – DN; NCR; Hyosung; KAL,
- ATM monitoring software– DN; NCR; Hyosung; KAL, Fiserv

13. Do you consider that other companies would constrain a combined Armaguard and Prosegur from raising prices or reducing the quality of its non-CIT services? Why? Which companies or factors would provide this constraint?

We consider that the market for managed services is competitive. Armaguard and Prosegur have been successful by taking their core competence of CIT services, upskilling their internal teams in some elements of ATM services and buying in the other non-core elements of their managed service offerings from third parties such as DN Australia. Other players have similar offerings and offer a managed service acting as prime contractor by taking the core competency which they can deliver using their own resources and buying in the additional components of a managed service required by the customer from third parties. Please see our answers to Q11 and 12 above. Alternatively, customers can choose not to buy in a managed service and rather buy the separate components required to run an ATM network - hardware, software and maintenance - from different players. This happens in many other countries. The decision often hinges on whether the end customer prefers a single point of accountability (prime model) or is prepared to manage multiple direct relationships to maintain direct contact with all key suppliers in their ATM Service model. As ATM fleet sizes decline in Australia, more Banks are considering a managed service model to simplify their vendor management requirements.

14. Do you consider any other factors would constrain a combined Armaguard and Prosegur from raising prices or reducing the quality of its non-CIT services? Why and what is the likelihood of each of those factors occurring?

DN Australia considers that the market for ATM services in Australia is competitive with a large number of players as outlined above. Customers such as the larger banks also have significant bargaining power.

Public benefits

In assessing the benefits that are likely to flow from the Proposed Transaction, the ACCC may take into account anything of value to the community generally.

Armaguard and Prosegur submit the Proposed Transaction will deliver public benefits. A brief description of the public benefits claimed by Armaguard and Prosegur in its application for authorisation is outlined in Attachment A. A full discussion of the public benefits claimed by Armaguard and Prosegur is set out in its application.

15. Do you consider, as Armaguard and Prosegur submit, that if one of them was to cease supplying CIT services this would cause major interruption to the operation of the cash distribution system and associated costs?

DN's core competence is not in the CIT market so it is difficult for us to comment here. It is possible that if either Armaguard or Prosegur withdrew from the CIT market, or went out of business, this may cause disruption to the cash distribution system as it is likely to be necessary to have full nationwide geographical coverage. The exit of a significant player would require another player to step in to avoid a gap in service provision.

16. In the event of one party ceasing to supply CIT services, what would be the anticipated timeframe for transitioning across to another provider? What, if any, disruption do you consider that this transition would cause to your business?

Again, for the reasons stated above, this is not DN Australia's area of expertise so it is difficult to estimate any anticipated timeframe for a switch.

DN Australia does not currently buy any CIT services from either of the parties. DN Australia does however supply ATM hardware, elements of maintenance services and software to the parties so if one of them exited from the provision of ATM services then this may impact DN Australia's business as the end customer bank or ATM deployer may decide to switch to an alternative ATM manufacturer, maintainer or software deployer.

If a shortage of cash renders a DN branded ATM inoperative then, even though DN Australia may not have any responsibility for maintaining or monitoring that ATM, it may have a negative impact on our DN brand if ATM users consider that it is a DN manufactured machine that is not working.

17. Do you consider, as Armaguard and Prosegur submit, that the Proposed Transaction will generate efficiencies in the provision of CIT services by them and/or ensure ongoing high levels of customer service?

As stated above DN Australia is not active in the market for CIT services and there are others better placed to comment. We note the likely difficulties of operating a nationwide CIT service with the geography and population density of Australia so it is possible that a merged entity will benefit from economies of scale and synergies.

18. To what extent would acquirers of CIT and non-CIT services, and/or the community more broadly, benefit from Armaguard and Prosegur combining their businesses?

DN Australia believes that it is important that our self-service devices and by extension the entire cash eco-system in Australia continue to receive timely, safe and cost-effective access to cash. DN therefore supports initiatives which will lead to the timely supply of cash in an efficient and cost-effective manner across Australia. We also note that both Armaguard & Prosegur run their own ATM networks at a time when banks are closing branches and divesting significant portions of their own ATM fleets. Independent ATM networks such as those run by Armaguard and Prosegur benefit communities and individuals by giving them more ready access to ATMs outside bank branches.

19. To what extent do you consider that any other public benefits, including the ones listed in Attachment A, are likely to result from the Proposed Transaction?

Please see above DN Australia's views on the public benefits of having a robust and sustainable CIT service in Australia.

20. How significant do you consider any public benefits likely to arise from Proposed Transaction to be in terms of likely size/magnitude (for example, on a scale from very small, to significant)? Where relevant, is the public benefit likely to be an enduring benefit or a one-off benefit?

As the benefits outlined in Attachment A focus on the public benefits of having a robust cash in transit services and as DN Australia is not itself a player in the cash in transit services market, it is difficult for us to quantify any benefits. However, we note the parties' arguments that cash transactions in Australia have been declining and this will have an impact on the viability of cash in transit businesses which need sufficient scale to be able to operate nationally in Australia. Our view is that although there may be a decline in cash

usage in Australia there will continue to be a demand for cash and therefore Australia will continue to need efficient cash in transit services for some years to come.

Public detriments

21. In addition to any competitive detriment that you may have identified in your responses to questions 3 to 14, please outline whether there are any other effects of the Proposed Transaction that you consider may give rise to a public detriment.

We have no additional comments

Other information or issues

22. Please provide any additional information or comments, or identify other competition or public benefit issues, that you consider relevant to the ACCC's consideration of the Proposed Transaction.

We have no additional comments