

## Diebold posts loss in 1Q, cuts about 700 jobs

The Associated Press

Diebold Inc.'s shares sank Tuesday after the maker of bank teller machines, security systems and other equipment reported a first quarter loss and said it is cutting 700 jobs as part of a broader cost-cutting move.

The North Canton, Ohio company posted a loss of \$13.4 million, or 21 cents per share, for the period. This compares with net income of \$45.2 million, or 71 cents per share, in the first quarter last year. After adjusting for restructuring costs and other unusual items, the company had a loss of 4 cents per share versus earnings of 74 cents per share in the prior year.

Diebold's revenue fell more than 9 percent to \$633.5 million from \$698.5 million.

The quarter's results fell far short of market expectations. Analysts polled by FactSet, on average, were expecting earnings of 18 cents per share on revenue of \$662.2 million.

Diebold Executive Chairman Henry D.G. Wallace said that while the first quarter results are disappointing, they are in line with the company's internal forecasts. He said the weak quarter was due in part to a major shift in North America from higher-margin regional accounts to lower-margin national accounts.

The company also said that to help stabilize its financial position, it plans to cut its costs by \$100 million to \$150 million by 2015. This includes the reduction of approximately 700 full-time positions, primarily in North America and its corporate operations. Diebold said the majority of these job cuts have already taken place. According to FactSet, Diebold employs about 16,751 workers.

The company also plans to sell its manufacturing facility operations in Lynchburg, Va., and Lexington, N.C., for undisclosed terms. It also plans to better control discretionary spending, such as that on travel and company vehicles.

Diebold said that it expects to reinvest a portion of the savings in research, development and other infrastructure to drive long-term growth. The company said some of the savings should offset price erosion, wage inflation and volatile commodity prices in the company's core business.

"These changes — along with the longer-term, structural transformational objectives we are working toward — will better prepare the company for positive growth moving forward," George S. Mayes Jr., Diebold's executive vice president and chief operating officer, said in a statement.

The company's shares fell \$1.07, or 3.5 percent, to \$29.09 in midday trading. That is near the bottom of its 52-week trading range of \$27.59 to \$40.99.

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