

INVESTING IN THE FUTURE.

What should have been done in 30 years.
And what should continue to be done.

ANNUAL REPORT 2012

The best investment in the future: 5,970 employees.

Your strong IT partner.
Today and tomorrow.



01. 5 YEARS IN FIGURES

		2008	2009	2010	2011	2012	Change in % 2012-2011
Revenue	€k	1,431,462	1,379,307	1,722,919	1,994,881	2,096,835	5.1
IT system house & managed services	€k	927,530	919,956	1,151,119	1,315,669	1,394,455	6.0
IT e-commerce	€k	503,932	459,351	571,800	679,212	702,380	3.4
EBITDA	€k	74,139	56,976	76,127	104,764	102,268	-2.4
IT system house & managed services	€k	47,846	36,004	47,000	64,632	62,290	-3.6
IT e-commerce	€k	26,293	20,972	29,127	40,132	39,978	-0.4
EBIT	€k	60,229	42,712	60,728	86,403	80,520	-6.8
IT system house & managed services	€k	38,444	25,768	35,852	49,891	44,405	-11.0
IT e-commerce	€k	21,785	16,944	24,876	36,512	36,115	-1.1
EBIT margin	%	4.2	3.1	3.5	4.3	3.8	
IT system house & managed services	%	4.1	2.8	3.1	3.8	3.2	
IT e-commerce	%	4.3	3.7	4.4	5.4	5.1	
EBT	€k	61,533	43,662	61,784	86,289	79,256	-8.2
EBT margin	%	4.3	3.2	3.6	4.3	3.8	
Earnings after taxes	€k	45,428	34,258	46,422	62,723	56,561	-9.8
Earnings per share	€	2.14	1.64	2.21	2.99	2.69	-9.8
Cash flow from operating activities	€k	49,941	47,330	59,114	55,782	56,669	1.6
Cash and cash equivalents¹	€k	77,638	94,977	129,750	141,488	146,155	3.3
Equity ratio	%	62.8	64.3	56.8	52.2	54.2	
Number of employees as of 31.12²		4,405	4,354	4,766	5,479	5,970	9.0
IT system house & managed services		3,450	3,443	3,763	4,305	4,754	10.4
IT e-commerce		955	911	1,003	1,174	1,216	3.6

¹ Incl. time deposits and securities² Without temporary staff

For more key figures
see multi-year overview,
page 220ff

02. REVIEW BY QUARTER 2012

		1st quarter 01.01-31.03	2nd quarter 01.04-30.06	3rd quarter 01.07-30.09	4th quarter 01.10-31.12
Revenue	€k	487,607	495,318	501,626	612,284
EBITDA	€k	22,598	20,941	23,987	34,742
EBIT	€k	17,330	15,435	18,691	29,064
EBIT margin	%	3.6	3.1	3.7	4.7
EBT	€k	17,101	15,135	18,412	28,608
EBT margin	%	3.5	3.1	3.7	4.7
Earnings after taxes	€k	12,319	10,828	13,234	20,180

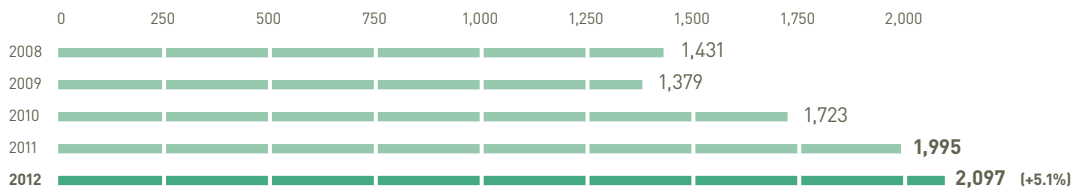


From 14 May 2013,
you can find the latest
figures for the first
quarter of 2013 at
[www.bechtle.com/
reports](http://www.bechtle.com/reports)

5 YEARS IN BRIEF

REVENUE

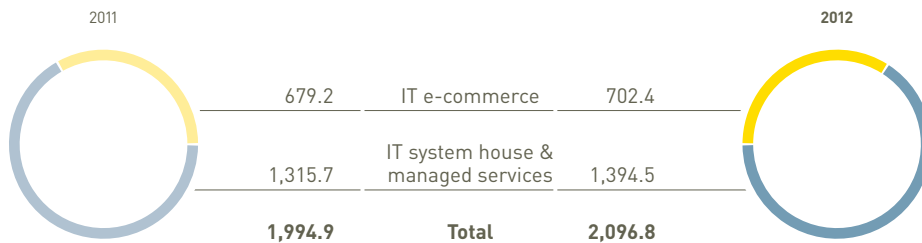
€m



For revenue performance see page 82 ff

REVENUE BY SEGMENTS

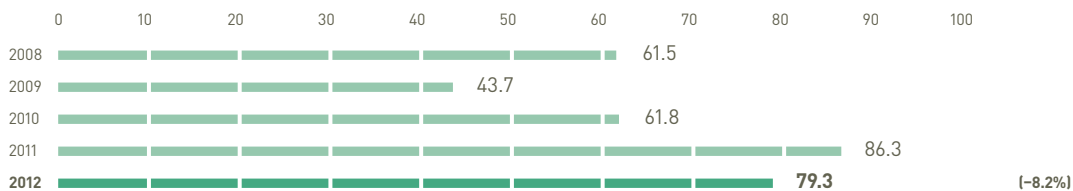
€m



For segment reporting see page 88 ff

EBT

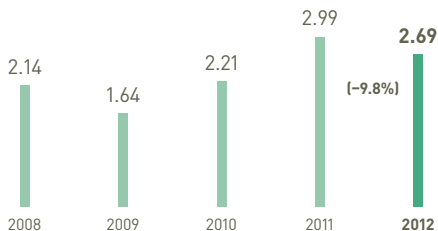
€m



For earnings situation see page 85 ff

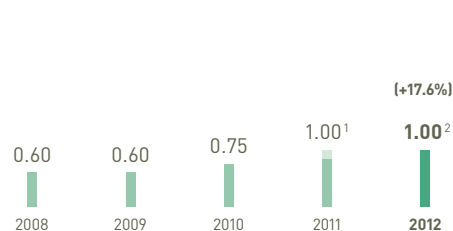
EPS

€



DIVIDEND PER SHARE

€

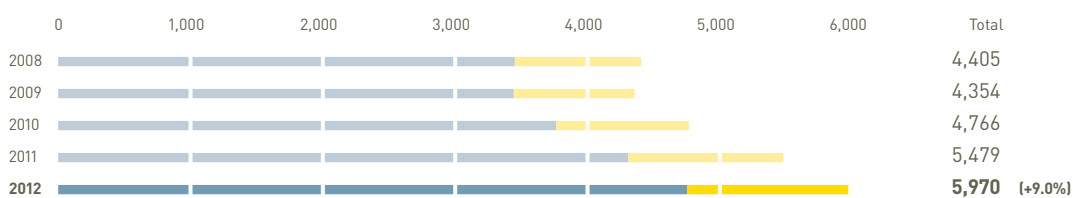


For EPS and dividend see page 87 and page 74

¹Thereof special dividend €0.15 ²Proposal to the Annual General Meeting

EMPLOYEES BY SEGMENTS

as of 31 December



IT system house & managed services IT e-commerce



For development of employee numbers see page 60 ff

WHAT SHOULD HAVE BEEN DONE IN 30 YEARS.

When a company looks back on a round number of years, the result is usually a conventional event timeline. Bechtle is different. For us, all relevant events are the result of strategic planning and consistent implementation. As many of these events are still effective at present and will continue to have an impact in the future, our review is more of a balance sheet of good intentions – how fitting for an annual report! To found a company, to remain in control, to build a house, to go abroad, to have a baby, to get a good degree... In its first 30 years, Bechtle had planned a lot. And has mostly achieved even more. This is exactly how things are supposed to carry on in the next decades.

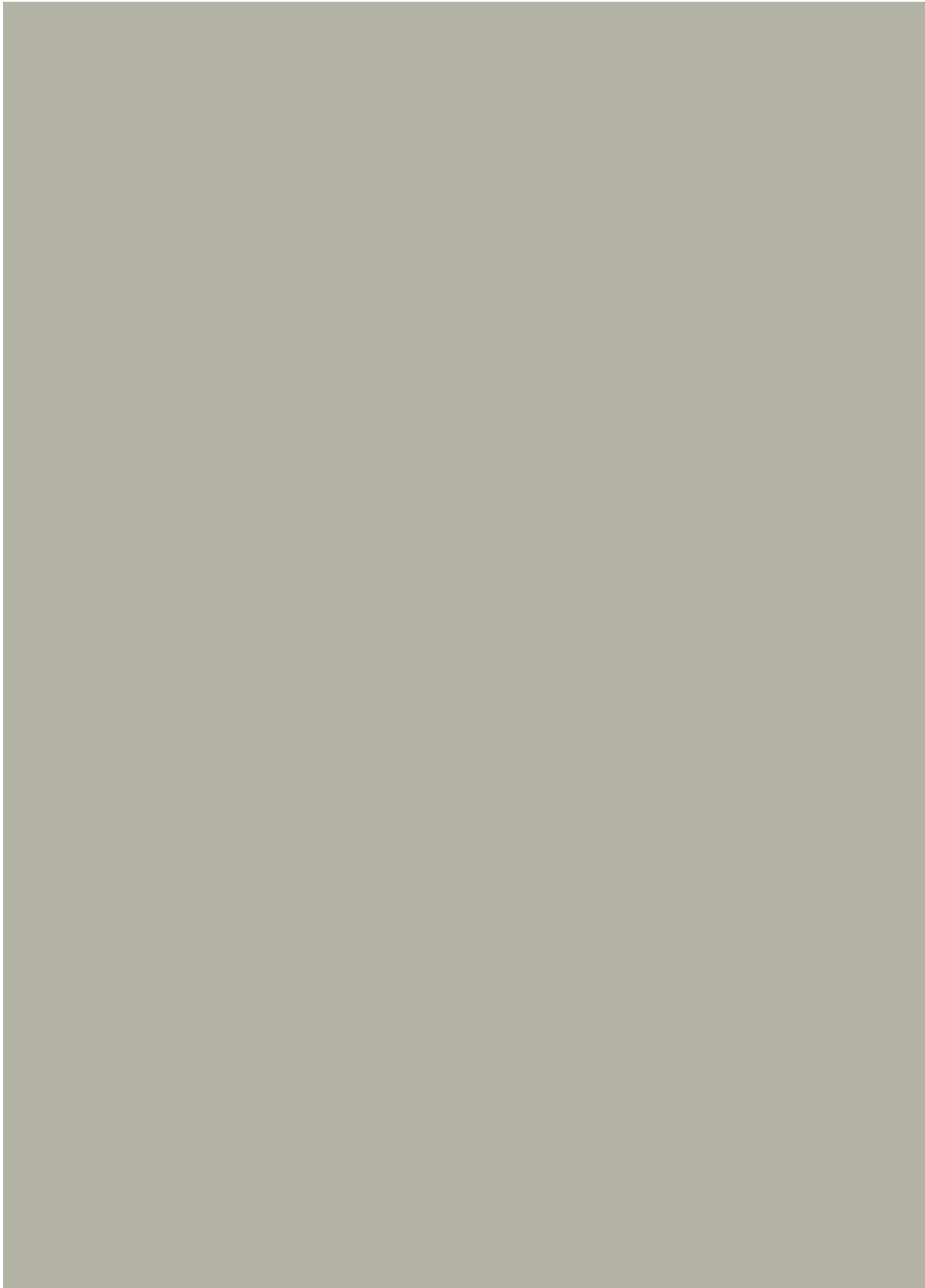


More information
on this subject is provided
in Bechtle's 30th-anniversary book
„Immer geradeaus“.
Pre-order your copy at
immer.geradeaus@bechtle.com

30
YEARS

Bechtle AG
1983-2013

GETTING BETTER FROM
YEAR TO YEAR.



TO OUR SHAREHOLDERS 6

KEEPING PROMISES 17

GROUP MANAGEMENT REPORT 35

MAINTAIN AN OVERVIEW.

CONSOLIDATED FINANCIAL STATEMENTS 127

FURTHER INFORMATION 218



The best investment in the future: 5,970 employees. As in previous years, this annual report again introduces some of these colleagues. In recognition of the excellent result of 2011, each one of them has been presented with an iPad. On these, they now show you product photographs from Bechtle's 30-year history.

Promise kept.

This year's special section features milestones of our first 30 years. Strategic planning and consistent implementation are something that all of these milestones have in common. From page 17.

The first place.

The jurors of the "manager magazin" are among the most critical readers of German annual reports. Last year's report "Progress in numbers" has been designated the best of all TecDAX enterprises and the Number 7 of all indices. Our thanks to the agency and all who contributed!

Lean is beautiful.

The reason why this year's annual report has become leaner despite the increased financial reporting requirements is that this reflects our ideal of beauty. Our processes are lean as well, e.g. through the fulfilment principle in IT e-commerce. See page 49

Two-billion mark passed.

While the IT industry in the EU only grew 1.2 per cent in 2012, Bechtle was able to grow 5.1 per cent throughout Europe. With this above-average growth, our revenue has passed the two-billion mark for the first time.

etc.

A company that develops as consistently as Bechtle AG could well summarise the future with "et cetera". However, the list of abbreviation does not yet contain this expression.



Cross reference within the Annual Report



Cross reference to other printed works and other literature



Cross reference to information on the internet



Reference to non-financial performance indicators

TO OUR SHAREHOLDERS	6
CHRONICLE 2012	6
LETTER FROM THE EXECUTIVE BOARD	8
EXECUTIVE BOARD	10
REPORT OF THE SUPERVISORY BOARD	12

KEEPING PROMISES 17

GROUP MANAGEMENT REPORT 35

COMPANY	38	38 Group Structure, 43 Business Activity, 55 Corporate Management, 60 Employees, 64 Corporate Governance Report, 71 Share, 76 Takeover-Related Disclosures
FRAMEWORK CONDITIONS	79	79 Macroeconomy, 80 Industry, 80 Overall Assessment
EARNINGS, ASSETS AND FINANCIAL POSITION	81	81 Earnings Position, 91 Assets Position, 95 Financial Position, 98 Strategic Financing Measures, 99 Accounting Judgements and Estimates
OPPORTUNITIES AND RISK REPORT	100	100 Risk and Opportunity Management, 104 Opportunities, 109 Risks, 117 Overall Risk Assessment
SUPPLEMENTARY REPORT	118	118 Important Events after the Balance Sheet Date
FORECAST REPORT	119	119 Framework Conditions, 120 Performance of the Group, 125 Overall Assessment

OVERVIEW

CONSOLIDATED FINANCIAL STATEMENTS	127
INCOME STATEMENT	130
STATEMENT OF COMPREHENSIVE INCOME	131
BALANCE SHEET	132
STATEMENT OF CHANGES IN EQUITY	134
CASH FLOW STATEMENT	135
NOTES	136

136 General Disclosures, **136** Summary of Key Principles of Accounting and Consolidation, **153** Further Explanatory Notes on the Income Statement, **157** Further Explanatory Notes on the Balance Sheet, **179** Further Explanatory Notes on the Cash Flow Statement, **181** Further Disclosures on Financial Instruments in Accordance with IFRS 7, **190** Segment Information, **194** Acquisitions and Purchase Price Allocation, **202** Disclosures on the Executive Board and Supervisory Board, **204** Other Disclosures, **209** Events occurring after the End of the Reporting Period, **210** Subsidiaries of Bechtle AG, **214** Changes in Intangible Assets and Property, Plant and Equipment, **216** Supervisory Board Members

FURTHER INFORMATION 218

218 Audit Opinion, **219** Responsibility Statement by the Executive Board, **220** Multi-year Overview Bechtle Group, **224** Glossary, **228** List of Charts and Tables, **231** List of Abbreviations, **232** Imprint, **233** Financial Calendar, **234** Organisational Structure Bechtle Group

JANUARY

Good starting conditions. We commence 2012 with two new records. BECHTLE starts out with more than 5,500 employees and an order backlog of more than €280 million. In the new fiscal year, the objective remains the same: to grow and to effectively gain market shares.

FEBRUARY

Solid gold. The BECHTLE subsidiary SolidLine is the great winner at SolidWorks World in San Diego: The CAD specialist bags a total of eight awards, including the award for Europe's Number One. The Swiss Solid Solutions receives an award in the "Customer Satisfaction" category. **The partner of choice.** DeskCenter Solutions presents the BECHTLE IT system house Leipzig with the DeskCenter Partner Award 2012. In its choice of the partner of the year, the software manufacturer evaluates the performance of the sales partners and the customer satisfaction. **Junior staff secured.** For the third time, BECHTLE holds an open house to recruit students for its vocational training programme. More than 200 visitors get useful information on starting a professional career. Many of them later join BECHTLE as trainees.

MARCH

Further expansion. BECHTLE AG acquires Kumatronik GmbH, Markdorf. The IT service provider has three more sites in Augsburg, Stuttgart and Ulm. Thus, BECHTLE further expands its strong market presence in southern Germany. Kumatronik is one of Germany's 25 largest IT system houses. **On the victory rostrum.** BECHTLE returns from the yearly Acer kick-off with four awards: first place for the Best Acer Value Business, first place for Best Project and first and third places for the Best Acer Volume Business. **IT takes a team.** On three exhibition days, about 2,000 customers, manufacturers and employees visit the 8th BECHTLE Competence Centre Days in Neckarsulm. The latest developments and solutions from the world of IT are presented at some 50 booths and in more than 70 specialised lectures. **Switzerland on stage.** BECHTLE DIRECT, COMSOFT DIRECT and BECHTLE Switzerland welcome 270 IT decision-makers to their in-house exhibition InfoBit in Zürich. 31 partners and exhibitors showcase a wide range of solutions. In February, 170 visitors had already attended the French-speaking InfoBit in Lausanne.

APRIL

Efforts honoured. At this year's Cisco Partner Summit in San Diego, BECHTLE receives the "Architectural Excellence Data Center Partner of the Year" award. The award is bestowed for the EMEAR/Central region in recognition of the sound growth with Cisco products, the high degree of innovation of the customer projects and the effective business development measures in the field of networking solutions.

Title defended. For the second time in a row, Fujitsu, at its Partner Days 2012, designates BECHTLE as the "Partner of the Year". The manufacturer's award honours BECHTLE with its revenue of more than €100 million as Fujitsu's largest system house partner around the globe. Due to the highest number of individual employee certifications, BECHTLE is also lauded as the certification champion.

MAY

Mobile guests. At this year's BECHTLE mobile day – held for the third time, attracting the highest number of visitors to date – more than 500 customers visit 33 exhibition booths and attend numerous specialised lectures for information on the latest mobile computing trends. **Moved in.** BECHTLE Karlsruhe celebrates the official inauguration of the new office facilities. In a building time of only ten months, modern workplaces for about 140 team members are constructed on the plot of 3,600 square metres. On the new premises, the IT system house has an excellent infrastructure that meets all technical and functional requirements of a modern, representative IT location. **Excellent performance.** A prominently staffed media jury honours BECHTLE with the Business-to-Business Service Award 2012 in the "Performance" category. The award is given to enterprises and entrepreneurs who demonstrate special performance and set standards. BECHTLE's continuous impressive growth, which has been ongoing since 1983, is considered noteworthy. In the opinion of the nomination team and of the jury, BECHTLE's convincing mission statement and set of values are particularly remarkable.

JUNE

Responsibility handed over. As of the end of the Annual General Meeting, Gerhard Schick, co-founder of BECHTLE, long-standing Chairman of the Executive Board and Chairman of the Supervisory Board since 2004, steps down from BECHTLE's Supervisory Board. The Supervisory Board elects Klaus Winkler, another long-standing member of the Supervisory Board, as the new Chairman. **Contract awarded.** The procurement office of the Federal Ministry of the Interior awards BECHTLE a framework agreement for the maintenance and expansion of the existing EMC storage infrastructure. The agreement has a maximum term of four years.

JULY

Set for a premiere. For years, the BECHTLE catalogue has been a classic in the IT world. For the first time, COMSOFT DIRECT now also publishes an extensive product catalogue, the "Software Navigator 2012".

OCTOBER

Foundation laid. With a symbolic groundbreaking event, the building work for the office building of the IT system house Freiburg starts. From July 2013, the new company facilities will offer 2,500 square metres of office and utility space for 115 employees. Apart from a modern office and communication structure, the building project features a geothermal energy concept. **■ Certification counts.** For the most extensive certification of employees, Citrix presents BECHTLE AG with the Partner Award in the "Most Certified XenDesktop" category for the third year in a row. **■ Standing on the summit.** COMSOFT DIRECT Switzerland becomes the "Microsoft Partner of the year". As one of the largest Swiss Microsoft Large Account Resellers, the Swiss team is the leader in the Software Asset Management & Licensing category.

AUGUST

Bechtle flying high. In the contest conducted by manager magazin for the best annual report, BECHTLE wins the first place in the TecDAX. In the overall ranking of all 160 enterprises, BECHTLE advances from 11th to 7th place. **■ Further acquisition.** The BECHTLE subsidiary SolidLine AG acquires the sales division for the CAD software SolidWorks from SPI Systemberatung GmbH. In this context, SolidLine takes over 19 employees of SPI at the locations Ahrensburg near Hamburg, Münster and Greifswald, as well as the existing customer agreements. Following the acquisitions of Solidpro GmbH and SolidLine AG, BECHTLE thus gains further ground in the CAD segment.

NOVEMBER

Outstanding achievement. In 1983, BECHTLE was established by Gerhard Schick and Ralf Klenk: 29 years later, Tech Data honours the two for their accomplishments. Especially the company founders' outstanding management performance and the high level of leadership competence are highlighted. **■ Grand slam with red hat.** Red Hat designates BECHTLE the "Partner of the year", honouring the greatest growth in the medium-sized business segment and the greatest growth in the fiscal year.

SEPTEMBER

New trainees on board. In the new training year, 136 trainees embark on their professional career with BECHTLE. Thus, the training ratio in Germany is above 7 per cent. **■ Online competence.** The websites bechtle.com and bechtle.de jointly receive the "cw website Award" in Gold. The jurors of the computer magazine Computerwoche are especially impressed by the fact that BECHTLE DIRECT succeeded in literally taking customers "directly" to the shop, enabling comprehensive and quick navigation while still keeping all company information in reach on one page. **■ Successful at home.** The Logistics Centre Baden-Württemberg awards BECHTLE framework agreements for the procurement of IT hardware. The volume of the agreements amounts to approximately €10 million. Until 2018, BECHTLE will also take care of the on-site service for numerous state authorities. **■ Going all the way.** BECHTLE establishes Remarketing GmbH, a company specialised in the marketing of second-hand IT. In this way, BECHTLE closes the loop in its range of offers. From providing IT products to recycling or disposing of them at the end of their life – BECHTLE does it all.

DECEMBER

CAD business growing. The BECHTLE subsidiary Solidpro GmbH acquires the sales division for the CAD software SolidWorks from Unicam Software GmbH. Solidpro takes over 13 employees at the location in Georgensgmünd, Bavaria, as well as the existing customer agreements, thereby gaining further ground in the CAD segment. **■ Official inauguration.** The extension of the headquarters on Bechtle Platz 1 is officially inaugurated. After a building time of only 14 months, new workplaces are ready for 400 employees.

Dear Stockholders,

I am writing you this letter on the day after our yearly strategy conference. Yesterday, more than 500 colleagues assembled and experienced an event that clearly showed what a great future lies ahead of us. We are well prepared for the challenges of our market. And we have highly motivated people with us working on the continuation of Bechtle's success story with determination and great commitment. Before the conference, I took another close look at our history, the "Bechtle genetics". Against this background, my personal conclusion for the fiscal year 2012 is: We are moving in the right direction – we have got a lot of new things going!

As in the past, we invested in the future at the right moment. The moment was right especially because our industry is currently undergoing the most significant changes of the past three decades. Of course, information technology has always been a highly dynamic industry that is in a permanent development process and whose innovation cycles are getting shorter and shorter. Yet, the often-cited paradigm shift requires even faster and especially strategically far-sighted actions with respect to the future.

In 2012, we again acquired and established companies. This was necessary to further develop the regional coverage and substance of our business. The noticeable expansion of our group headquarters also reflects the past and planned growth. However, the decision to invest intensively in our employees was even more important – quantitatively, by increasing their number by almost 500 within twelve months, and qualitatively, by investing in further training, development measures and technical certifications in an unprecedented scope. In this context, we benefit from two key preconditions: Firstly, we have a comfortable starting position in that Bechtle's corporate decision makers have always made economically sound moves, furnishing us with the financial power that we need in order to invest for the future in various ways. Secondly, we have the right people that are capable of such an enormous feat. Naturally, a substantial headcount increase places a demand on the organisation. Moreover, additional professional qualification measures always represent personal efforts of individuals. This commitment deserves great respect and our full recognition.

Thanks to the excellent business performance on our home market Germany, our revenue again reached a record level in 2012, and the final quarter was outstanding in every respect – a development that almost seemed like a side effect. However, our earnings suffered a setback. Of course, this is never pleasant. But in view of the amount of investments in tomorrow, I believe that the earnings decline has good reasons. The Executive Board and the Supervisory Board do not take this development lightly, but we are convinced that an enterprise with ambitious visions must always be eager to secure the success on a long-term basis. Along this line, we have also derived motivation from the insight that investments are worthwhile especially in times of macroeconomic hardship, as this provides a competitive edge that will pay in the future.

I have a special reason for writing this letter to you today: I would like you to share the feeling that made me proud and confident yesterday. Had you seen the faces of our colleagues, felt the atmosphere and overheard the conversations during the breaks, you would have been able to witness the trust in Bechtle and the motivation to make our Vision 2020 reality as something tangible. The will of our employees to be successful is greater than ever. This is the impression I got from yesterday's conference. The various measures of recent years, the alignment of our portfolio, the adherence to our strengths – all of this adds up to a coherent overall picture. This is how the participants experienced the event, and this is what my two fellow Executive Board members and

I have been told. Therefore, we are kicking off 2013 brimming with confidence, vigour and the clear goal not only to outperform the market in terms of the revenue, but also to return to growth as far as the earnings are concerned.

With our solution themes and conventional infrastructure business, we address the markets in Germany and 13 other European countries. We bank on technology trends that are rooted in the market, such as cloud computing, mobility and intelligent data management (big data). We have answers to our customers' pressing question of how IT can support lean business processes in the best way possible and how the fluctuating demand for IT resources can be met reliably and efficiently. To get down to these solutions and products on the market, we have the best team on board. This assurance is and will remain our key success factor in handling all innovations.

This ties in nicely with the motto that accompanies us in this special year, which marks Bechtle's 30th anniversary. "Always pressing forward" is the guiding principle that fittingly summarises what has characterised Bechtle for three decades: a remarkably high degree of future orientation, always looking ahead, with clear guidance, moving along the Bechtle path unswervingly. Being open to impulses from the market, with a dynamic development and always locked on to a grand vision. At our strategy convention, the motto "Always pressing forward" was presented with a short film featuring employees who described their view of Bechtle. One of our female colleagues said: "When I think of Bechtle's future, I see a green globe."

Though this would have been an apt conclusion to a letter to the shareholders, there is something else that I feel urged to do: I would like to express my gratitude to somebody who has shaped, propelled, managed and inspired Bechtle for 30 years. In June 2012, Gerhard Schick, co-founder, former member of the Executive Board and most recently Chairman of the Supervisory Board, ceded his office to his successor (and at the same time his predecessor) Klaus Winkler. All employees at Bechtle owe Gerhard Schick sincere thanks and great respect. Thus, a respected businessman and successful entrepreneur has retired from his active role. However, we are happy that he will continue to provide advice. It is said that a founder never really leaves his company – a bond that we greatly appreciate.

Dear shareholders, we hope that you will remain favourably disposed to your Bechtle and to us.

Yours sincerely,



Dr. Thomas Olemotz
Chairman of the Executive Board

Neckarsulm, 9 February 2013

PLAYING IN AN EXCELLENT TEAM.

The success that has been evident for three decades clearly points to an excellent team. This was true of the founding Executive Board and has remained true down to this day. In our company, a small team leads a large motivated workforce. The routes are short, structures, tasks and goals are clearly defined, and dialogue is fair and open – in the executive team, in the workforce and towards customers, partners, shareholders and the public.

Michael Guschlbauer: Executive Board member, responsible for the IT system house & managed services segment. Born 1964, married, two children. After finishing his training as an office and communication electronics engineer, he first worked in various technical and project management positions and later in the field of sales. In 1994, he transferred to DeTeSystems (later: T-Systems), where he first served as sales representative and later in various management positions. Eventually, Michael Guschlbauer was put in charge of the Large Enterprises division, Sales & Service management, as a member of the Board of Management of T-Systems Business Services. In January 2008, he embarked on his career at Bechtle as division head of managed services. A year later, he was appointed as a member of the Executive Board of Bechtle AG and assumed strategic responsibility for the group's IT system house & managed services business segment.

Dr. Thomas Olemotz: Chairman of the Executive Board, responsible for controlling and finance, corporate communications, investor relations, IT, logistics & service, human resources and staff development, and legal. Born 1962, married, two children. Upon completion of his training as a banker and studies in business economics, Dr. Thomas Olemotz entered Giessen University as a scientific staff member. After obtaining his doctoral degree, he first served as assistant to the Executive Board of Westdeutsche Landesbank and then moved on to the Deutsche Bank group. At Deutsche Gesellschaft für Mittelstandsberatung, he became the division head responsible for medium-sized mergers and acquisitions. His next professional milestones were a position as head of business development at Delton AG and a position as a member of the Executive Board responsible for finance and human resources at Microlog Logistics AG, in which Delton AG holds the majority interest. In March 2007, he stepped over to Bechtle AG, where he first served as CFO and, after about two years, as Executive Board spokesman. He has been Chairman of the Executive Board of Bechtle AG since June 2010.

Jürgen Schäfer: Executive Board member, responsible for the IT e-commerce segment. Born 1958, married, two children. After his studies of business economics and a job at a medium-sized wholesale company, Jürgen Schäfer joined Bechtle in 1988. He was first responsible for purchasing and organisation and was later appointed director of the Bechtle IT system house in Würzburg, Germany. Subsequently, he successfully established the trading business under the Bechtle direct brand and, as division head, supervised the European expansion and the consolidation of all trading processes in Bechtle's logistics and service division. Since his appointment as a member of the Executive Board of Bechtle AG in early 2009, he has been in charge of the e-commerce activities of the three group trading brands ARP, Bechtle direct and Comsoft direct in Europe.





Dear Ladies and Gentlemen,

Despite the increasingly difficult macroeconomic conditions, the Bechtle Group achieved a good business result in 2012, though we had expected an even stronger performance at the beginning of the year. All the same, the group held fast to its strategy: endeavour to grow, but not at any cost. After two exceptionally successful years, the main issue in the fiscal year ended was to make the right decisions for a prosperous future. We established a key precondition for this by means of extensive investments to strengthen our service portfolio. In the short run, the associated headcount increase puts a strain on the earnings. Before long, however, these measures are bound to deliver positive results. Based on the performance to date, Bechtle occupies an excellent position and is stronger than ever. The employees of Bechtle have played a key role in this achievement. With their performance, their competence and their commitment, they are a central factor of the company's positive development. The Supervisory Board of Bechtle AG would like to express its sincere gratitude for this performance.



In 2012, the Supervisory Board meticulously performed all audit and controlling duties imposed on it by law and as required by the Articles of Incorporation. We regularly provided the Executive Board with advice concerning the administration of the group and closely monitored and coached the company's management and development. We were directly involved at an early stage in all decisions that were of material importance to the company or in which the Supervisory Board had a say by virtue of law or the Articles of Incorporation. In 2012, the discussions mainly addressed the group's strategic orientation and, in this connection, the evaluation of new markets and the expansion of the business segments. Furthermore, we intensively discussed the team expansion, the acquisitions in the reporting period and the construction measures at the Neckarsulm site. The collaboration of the boards was characterised by intensive open dialogue.

The Executive Board regularly informed the Supervisory Board about all aspects significant to the company as well as transactions subject to approval in a prompt and comprehensive manner. This particularly included the group's business performance, major investment projects, the risk situation and the opportunity and risk management, as well as basic issues related to the corporate planning and strategy.

Especially the Chairman of the Executive Board maintained close contact with individual Supervisory Board members even outside the regular meetings. Additionally, the Executive Board informed the Supervisory Board as a whole about key operational indicators, the fulfilment of business plans and the employment situation of the group, segments and all major subsidiaries on a monthly basis. Moreover, we intensively elaborated the past quarter and the short- to medium-term perspectives at quarterly meetings.

At its meetings, the Supervisory Board regularly looked into the business performance of the group, as well as the assets and financial position and the implementation of the strategy. Moreover, we continually took care of the risk situation and actively monitored and updated the control and risk management system of BECHTLE AG.

Thanks to the timely and detailed information received from the Executive Board and the independent audits, the Supervisory Board was able to comply fully with its monitoring and consulting duties. We confirm that the Executive Board has acted legally, properly and economically in every respect. The Executive Board consulted the legal and compliance department as well as the group controlling whenever this was necessary and actively used the risk management system.

Meetings and central issues

In the reporting period, the Supervisory Board held five ordinary plenary sessions: on 26 January, 13 March (balance sheet meeting for 2011), 20 July and 23 October. Due to the departure of Gerhard Schick and the additional election of Prof. Dr. Thomas Hess by the Annual General Meeting, the Supervisory Board held a constituent meeting on 19 June. Even between sessions, the Chairman of the Executive Board promptly and comprehensively informed the Supervisory Board about any projects or aspects that were of special importance to the company's development or that were urgent. Apart from the resolutions adopted at the meetings, the Supervisory Board and its committees also adopted resolutions via circular procedure in special, urgent cases. We discussed all measures and transactions that required the approval of the Supervisory Board or its committees in detail at Supervisory Board and committee meetings. At its balance sheet meeting, the Supervisory Board adopted the annual financial statements of the prior year, approved the consoli-

dated financial statements of the prior year and the proposal for the appropriation of retained earnings and released the business plan for 2012.

In the past fiscal year, the most important subjects discussed included the following:

- The strategy and intermediate goals of the group
- The business planning for 2012
- The economic development of the group
- The composition of the Supervisory Board
- Due diligence of acquisition projects
- The development of new national markets
- The internal audit and risk management system

Staffing of the Supervisory Board and Executive Board

In the reporting period, the staffing of the Executive Board of BECHTLE AG did not undergo any changes. On 19 June 2012, Gerhard Schick stepped down from the Supervisory Board. The Annual General Meeting elected Prof. Dr. Thomas Hess as a new member of the Supervisory Board, effective from 20 June. As of 20 June, the long-standing Supervisory Board member Klaus Winkler was appointed Chairman of the Supervisory Board. In recognition of his great entrepreneurial accomplishments for BECHTLE, the Supervisory Board of BECHTLE AG appointed Gerhard Schick as honorary chairman of the Supervisory Board. As co-founder and long-standing Chairman of the Executive Board and of the Supervisory Board, Gerhard Schick played a key role in the development of BECHTLE. Together with Ralf Klenk, he wrote an extraordinary success story and consistently added further chapters after Klenk's departure. His highly successful work at the top of BECHTLE was defined by his competence, business skills, administrative expertise and ability to further develop the enterprise in line with the requirements of the market. On behalf of the Executive Board and all employees of BECHTLE AG, the Supervisory Board thanks Gerhard Schick for his outstanding achievements and his great personal commitment.

Committee Work

To fulfil its duties, the Supervisory Board formed three committees. The audit committee came together on 25 January, 12 March, 19 June, 9 and 19 July, and 22 October 2012. Additionally, it held telephone conferences on 14 May, 27 June, 9 August and 12 November 2012. In 2012, the committee dealt primarily with the interim financial reports, preliminary audits of the annual and consolidated financial statements, the proposal for the appropriation of retained earnings and the review of the internal audit system and risk management system. The meetings also focused on the monitoring of the auditor's independence, the definition of the main issues to be audited and the agreement of the audit fee. Moreover, the agenda included transactions subject to approval, such as acquisitions and long-term contracts, as well as corporate governance issues.

In 2012, the personnel committee came together at three meetings on 25 January, 13 June and 22 November. The meetings mainly focused on the Executive Board compensation system.

The arbitration committee pursuant to Section 27 (3) of the German Co-determination Act (MitbestG) was not convened in 2012.

The chairmanship of the committees underwent the following changes: until his departure, the personnel committee was presided over by Gerhard Schick, the former Chairman of the Supervisory Board. Until 19 June, Dr. Jochen Wolf served as chairman of the audit committee. Since 20 June, he has been presiding over the personnel committee. Klaus Winkler, the new Chairman of the Supervisory Board, was appointed chairman of the audit committee.

In the fiscal year 2012, we evaluated our Supervisory Board activity according to the guideline "Efficiency Audit in the Supervisory Board" of Deutsche Schutzvereinigung für Wertpapierbesitz e.V. On the basis of the analysis, we develop further recommendations for the future work of the Supervisory Board. We consistently track the implementation of these recommendations in the Supervisory Board. The basic results of this audit revealed that the workflows and processes in the Supervisory Board are efficient and target-oriented.

Corporate Governance and Declaration of Conformity

We intensively reviewed the set of rules of the German Corporate Governance Code (DCGK). To ensure compliance with the DCGK, we checked the implementation of the recommendations. Together with the Executive Board, we renewed the declaration of conformity pursuant to Section 161 of the German Stock Corporation Act (AktG) in January 2013. Deviations from the recommendations of the Government Commission are explained in detail in the Corporate Governance Report. All declarations of conformity of the last five years and other documents concerning corporate governance have been made permanently available to the shareholders on the Internet at www.bechtle.com/investors/corporate-governance. In the fiscal year ended, there were no conflicts of interests of Executive Board and Supervisory Board members that would have had to be disclosed to the plenum without delay and about which the Annual General Meeting would have had to be informed.



See
Corporate Governance
Report,
page 64 ff



See
Declaration of Conformity,
[www.bechtle.com/
investors/corporate-governance](http://www.bechtle.com/investors/corporate-governance)

Audit of the Annual and Consolidated Financial Statements for 2012

The Annual General Meeting appointed Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Heilbronn, as auditor of the annual and consolidated financial statements for the fiscal year 2012. Following the engagement by the Supervisory Board, the auditor audited the annual financial statements of BECHTLE AG as well as the consolidated financial statements and the management reports of BECHTLE AG and of the BECHTLE Group for the fiscal year 2012, including the accounts and the risk management and early detection system, and awarded unqualified auditor's certificates. The consolidated financial statements of BECHTLE AG have been prepared according to IFRS. The auditor has confirmed that these consolidated financial statements fulfil the conditions for exemption from the preparation of financial statements according to German law. The audit also included the monitoring system for early identification of risks, which is to be set up by the Executive Board, and the internal audit and risk management system with respect to the accounting process. The auditor confirmed that the installed systems are suitable to identify developments endangering the company's going concern at an early stage.

The documents related to the financial statements, the proposal of the Executive Board for the appropriation of retained earnings and the auditor's audit reports were duly sent to the members of the Supervisory Board and discussed in detail in the audit committee and in the board as a whole. The auditor also participated in the balance sheet meeting on 12 March 2013.

The auditor of the annual and consolidated financial statements has reported in detail on all material results of his audit and has comprehensively answered all questions of the Supervisory Board. Prior to the audit, the Supervisory Board requested the auditor of the annual and consolidated financial statements pursuant to Section 7.2.1 DCGK to promptly inform the Chairman of the Supervisory Board of any disqualification or partiality issues that could arise during the audit. Pursuant to Section 7.2.3 DCGK, we also requested the auditor of the annual and consolidated financial statements to promptly report any material findings and events that are relevant to the duties of the Supervisory Board that could arise during the audit. We also agreed with the auditor of the annual and consolidated financial statements that he shall inform us or make a note in the audit reports if, during the audit, he should identify facts revealing any incorrectness of the declaration of the Executive Board and the Supervisory Board concerning the DCGK pursuant to Section 161 of the German Stock Corporation Act (AktG).

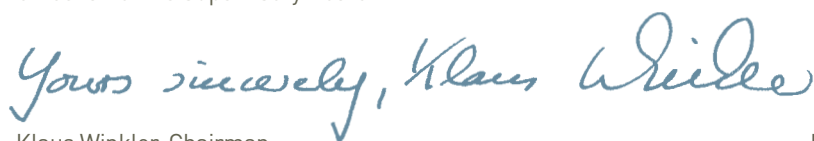
The Supervisory Board reviewed the independence of the auditor pursuant to Section 7.2.1 of the DCGK on its own responsibility and obtained a written declaration of independence from the auditor. The declaration renders an account of all professional, business-related, personal, financial and other relationships between the auditor of the annual and consolidated financial statements and his boards and chief auditors, on the one hand, and the company and the members of its boards, on the other hand.

Following its own review of the annual financial statements, consolidated financial statements, management report and group management report, the Supervisory Board agreed to the result of the audit conducted by the auditor. In the balance sheet meeting on 12 March 2013, following the recommendations of the audit committee, we adopted the annual financial statements pursuant to Section 172 sentence 1 of the German Stock Corporation Act (AktG) and approved the consolidated financial statements. The Supervisory Board agrees to the Executive Board's proposal for the appropriation of the retained earnings and the payment of a dividend of €1.00 per share. We approve the management report and the group management report of the Executive Board and consider the proposal for the appropriation of retained earnings to be appropriate.

The management report of BECHTLE AG and the group management report of the BECHTLE Group do not contain any special disclosures pursuant to Section 289 (4) and Section 315 (4) of the German Commercial Code (HGB) that would have required a statement or explanation of the Supervisory Board.

In the fiscal year ended, the Executive Board and the employees of BECHTLE accomplished a great deal. Despite the difficult market environment, important moves were made to ensure the success and profitability of the BECHTLE Group in the future. In the years to come, the shareholders of BECHTLE will continue to be pleased with their enterprise.

On behalf of the Supervisory Board



Klaus Winkler, Chairman

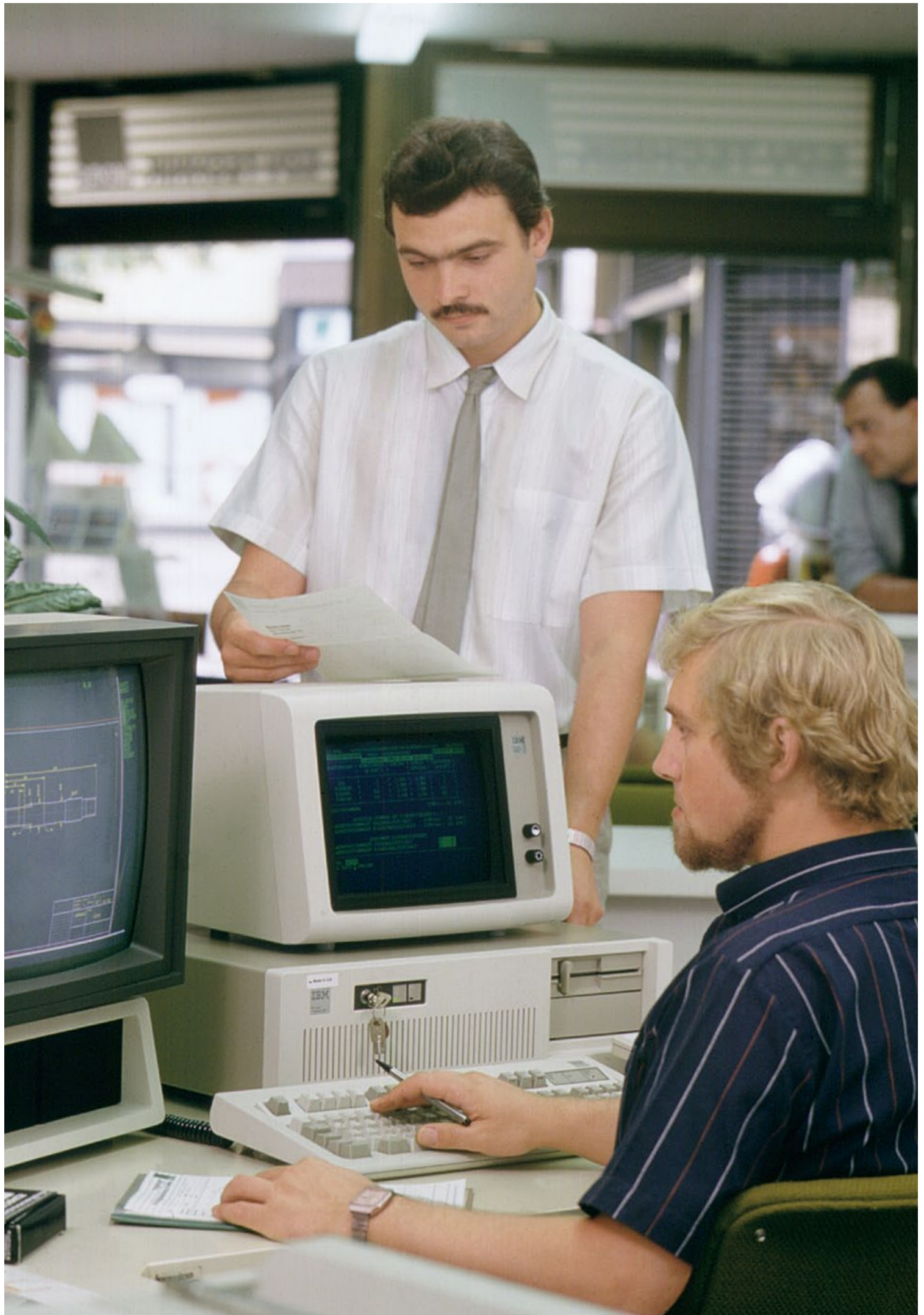
Neckarsulm, 12 March 2013

KEEPING PROMISES. Reliability is one of our company's key virtues. After all, the decision to join us often means a step that has a lifelong effect on employees. By giving us their capital, shareholders entrust us with a piece of their future, and customers even entrust us with a piece of their business. They all need to be able to rely on having made the right decision; rightly so, because we never fail them. ___Bechtle has always planned on a long-term basis, operated sustainably and kept its promises. We are determined to uphold this approach, which has proved successful for 30 years.



FOUNDING A COMPANY. Founding a company is top of the agenda of anyone with business in their blood. In 1983, Ralf Klenk and Gerhard Schick put this plan into action, founding Bechtle GmbH and further developing the business in the subsequent years. ___ Today, our enterprise is still defined by the founders' philosophy and values. Though the segments pursue distinct goals, they complement and support each other perfectly, applying a business model that forms the basis for our dynamic development and success. The fact that the Schick family still holds about one third of our shares to this day shows that the founder still has great expectations from his company.





RIDING A BULL. The desire to ride a bull can be fulfilled either by attending a rodeo in Texas or at the stock exchange. In the Vision 2000 that was formulated in 1988, the Bechtle founders decided to go public. ___No sooner said than done! On 30 March 2000, Bechtle AG held its initial public offering at the stock exchange in Frankfurt, and we have been listed in the TecDAX since 2004. Since then, Bechtle has pleased its shareholders with strong dividends, year after year. Today, we can not only look back on an excellent performance in 2012, we also look towards a secure future with our equity ratio of well over 50 per cent and a shareholder structure with a long-term focus.





erbörse - Bekanntmachungen v

CHTLE AG - ERSTER PREIS: 30,
CHTLE AG - ERSTE TAXE: (30,0
ERIG HOLDING AG - LETZTER HA
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CHTLE AKTIENGESELLSCHAFT - E

BUILDING A HOUSE.

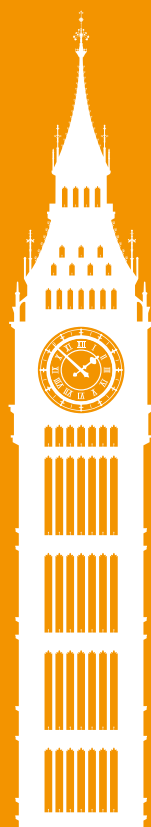
Work, work and build a house – to us, this traditional Swabian motto is a must. The first house in 2004 was our group headquarters in Neckarsulm, which has already been significantly expanded several times. Today, Bechtle Platz 1 boasts a total space equiva-

lent to 14 football pitches, which is used, not only by the group holding, but also by many of our subsidiaries. Thanks to the option to buy adjacent land, nothing stands in the way of the next house. Since 2008, our subsidiaries have also moved into numerous buildings – smaller, but often no less exciting – of their own so that the motto has long changed into “build many houses”.





GOING ABROAD. The desire to explore foreign lands is usually of a private nature. The situation is different with enterprises: What began in 1996 with an initial step into Switzerland has meanwhile developed into an international success story. With its system houses, Bechtle is now present throughout Germany, Austria and Switzerland. In the e-commerce segment, our national companies are active in 14 European countries. Those who are familiar with Bechtle sense that more is to come. __One of our first subsidiaries abroad was Bechtle direct in the United Kingdom. This is where Sina Krämer went in early 2013, after she had completed her dual studies at Bechtle. James Napp, her future boss, receives her courteously like a true gentleman.





HAVING A BABY. As is the case with the house, the plural has long become more appropriate when talking about our offspring. Meanwhile, the group's two segments have about 100 operating subsidiaries, all of which we are pleased with – what a happy family! Apart from many newly founded companies, the family includes numerous acquisitions such as SolidLine AG in Walluf, KUMAtronik and the SharePoint specialists HanseVision and Redmond Integrators. __As in real life, one of the reasons why our children flourish is that we assist them in many respects – also by granting them as much freedom as possible.





BEING A ROLE MODEL. To a large extent, Bechtle's corporate culture is defined by its values: integrity, determination, reliability and inspiration. These values have guided us for 30 years and continue to be demonstrated by the company's management. The photograph of the annual joint cooking session with the Chairman of the Executive Board and the trainees shows what being a role model means at Bechtle.





CLIMBING A MOUNTAIN.

Our colleagues from logistics do not need to have any mountaineering experience, as the little yellow helpers are the ones that do the actual climbing. Nevertheless, keeping track of 51,000 products along with their daily prices and availabilities is a daunting task that often involves dizzy heights. Even the relatively small number of "only" 8,500 items that we constantly keep in stock in Neckarsulm, and the 7,000 pallet spaces are vividly reminiscent of the world of eight-thousanders, where the air often grows thin.

Thus, 2012 again presented a major challenge: the introduction of our system-controlled warehouse management. The designation as a reference project for the fastest introduction of this SAP solution was the well-deserved reward for the crew of Bechtle Logistik & Service GmbH.





PLANTING A TREE. Though we have planted dozens of literal trees around Bechtle Platz 1, Bechtle also pays attention to trees in the figurative sense, namely junior staff. An enterprise that regards its employees as its greatest capital and that plans in terms of decades must attach maximum importance to training and junior staff development. ___As is the case with the other good intentions that Bechtle is committed to, we also look back on a long tradition in this area. In 1985, when Bechtle merely comprised a team of five, it hired its first trainee. ___In 2012, the number of trainees had reached 428 in 14 training professions, one of whom, Jessica Baumgart, we see to the right in the rope park. Bechtle's training also includes the development of personal and social skills such as courage, a sense of responsibility and team spirit. ___The significant increase of the training ratio also requires courage and a sense of responsibility. At the head office in Neckarsulm, the training ratio is above 10 per cent.





LOOKING AHEAD. Though this Annual Report harks back to 30 years of success, the reason why the bottom line is so positive is that we always look ahead. Today, we have our sights firmly set on our Vision 2020: "By 2020, 10,000 employees will create revenues amounting to €5 billion and an EBT margin of 5 per cent." We will attain these goals through expansion and internationalisation, thereby remaining a safe haven for our partners in the future. We only look back in order to do things better in the future. And in order to thank all who have contributed to the success of Bechtle AG over the past 30 years.

GROUP MANAGEMENT REPORT 35

COMPANY 38

FRAMEWORK CONDITIONS 79

EARNINGS, ASSETS AND FINANCIAL POSITION 81

ALWAYS IN CONTROL.

OPPORTUNITIES AND RISK REPORT 100

SUPPLEMENTARY REPORT 118

FORECAST REPORT 119

DeltaMaster Compass.

If you want to know which controlling and management instruments Bechtle uses to circumvent rocks and stay on course, read page 57ff.

A different kind of capital increase.

The employees represent the greatest capital of Bechtle AG. From this perspective, the training of current employees and massive recruitment efforts amount to a capital increase – see page 60ff.

Ups and downs.

In the fiscal year ended, the framework conditions were good or bad, depending on how you look at it. The macroeconomy was rather unsatisfactory. The IT industry performed far above average. Southern Europe reported declining figures. Germany proved to be healthy and growth-oriented. Through all these ups and downs, Bechtle has been able to grow above average. This is the picture that Bechtle has painted once again in this frame.

Sound balance sheet.

As in the prior year, this is something that should not be overlooked. The liquidity has gone up from €141.5 million to €146.2 million. The equity increased 9.4 per cent to €458.4 million.

Risk minimisation.

Preparing for the future with many new colleagues – see above – can only be effective if the people stay on board. As Bechtle is one of the most attractive employers in the industry, the risk of losing expertise due to excessive fluctuation is comfortably low.

Abridged forecast report.

Bechtle will continue to grow. Quantitatively and qualitatively – see page 119ff.



Cross reference
within the
Annual Report



Cross reference
to other printed
works and other
literature



Cross reference
to information
on the internet



Reference
to non-financial
performance
indicators

GROUP MANAGEMENT REPORT**35****COMPANY****38****38** Group Structure**43** Business Activity**55** Corporate Management**60** Employees**64** Corporate Governance Report**71** Share**76** Takeover-Related Disclosures**FRAMEWORK CONDITIONS****79****79** Macroeconomy**80** Industry**80** Overall Assessment**EARNINGS, ASSETS AND FINANCIAL POSITION****81****81** Earnings Position**91** Assets Position**95** Financial Position**98** Strategic Financing Measures**99** Accounting Judgements and Estimates**GROUP MANAGEMENT REPORT****OPPORTUNITIES AND RISK REPORT****100****100** Risk and Opportunity Management**104** Opportunities**109** Risks**117** Overall Risk Assessment**SUPPLEMENTARY REPORT****118****118** Important Events after the Balance Sheet Date**FORECAST REPORT****119****119** Framework Conditions**120** Performance of the Group**125** Overall Assessment

COMPANY

GROUP STRUCTURE

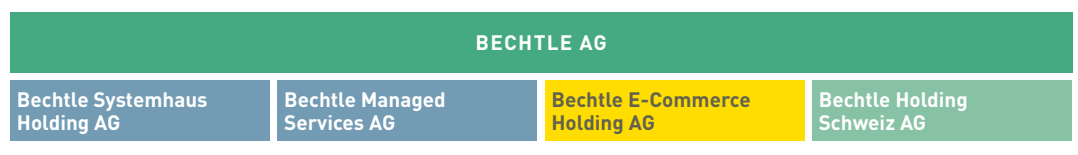
The Bechtle Group, one of Europe's leading IT providers, has consistently aligned its organisation and management structure with the strategy and the long-term goals of our Vision 2020. The structural measures in the reporting period have contributed directly or indirectly to the strategy implementation and thus help to ensure the company's future viability. With its effective cross-segment logistics, efficient networking of the decentralised system house locations as well as the brand-oriented focus in e-commerce throughout Europe, Bechtle has established a competitive organisation that is tuned to the market needs.

Legal Structure

 A chart of the Organisational Structure is available on page 234

The parent and holding company BECHTLE AG, headquartered in Neckarsulm, Germany, is responsible for strategic business planning and central duties in the fields of controlling and finance, corporate communications and investor relations, central IT, human resources, quality management, risk management, legal and compliance. Staff development and the BECHTLE Academy are further group divisions that are responsible for the training and development of the employees. Particularly the purchasing, warehouse, product management and marketing functions are organised under BECHTLE Logistik & Service GmbH, which also belongs to the holding.

03. HOLDING STRUCTURE OF BECHTLE AG



Under BECHTLE AG, the group has implemented another level of holding companies in which the business fields and brands of the two reporting segments IT system house & managed services and IT e-commerce are bundled:

- BECHTLE SYSTEMHAUS HOLDING AG, Neckarsulm, supervises all activities of the IT system houses in Germany and Austria,
- BECHTLE MANAGED SERVICES AG, Neckarsulm, bundles the outsourcing services,

- BECHTLE HOLDING SCHWEIZ AG, Rotkreuz, Switzerland, is responsible for all system house and e-commerce companies in Switzerland, the trading activities of all ARP companies and the software licensing business of all COMSOFT DIRECT companies,
- BECHTLE E-COMMERCE HOLDING AG, Neckarsulm, supervises the trading activities of the BECHTLE DIRECT companies.

The legally independent subsidiaries are allocated to the said second holding level. Most of the German and Austrian companies are structured as “GmbH” or “GmbH & Co. KG”, and most of the Swiss companies as “AG”. The legal structure of the companies in other countries is similar to that of the “GmbH”. BECHTLE AG holds 100 per cent of the interests in all subsidiaries, either directly or by means of investment companies.

The objective of this two-level holding structure is to relieve the decentralised subsidiaries of the bulk of administrative and cross-company work and to furnish a clear executive organisation. Moreover, competencies and resources are bundled in order to enable synergies and to achieve economies of scale in purchasing and logistics.

In the reporting period, the Executive Board did not implement any major changes to the existing legal structure of the BECHTLE Group.

The presented strategic holding organisation provides BECHTLE AG with a significant structural precondition for successful further development of the company. Nevertheless, the legal structure of the BECHTLE Group does not yet fully reflect the company’s management and executive structure. The executive structure is predominantly aligned with the needs of the operational business and the economic framework conditions of the markets. In the medium term, the legal structure is to be largely synchronised with the management structure.

Management Structure

The hierarchical separation of the strategic group management exercised by the Executive Board from the leadership of the operational units remains the key characteristic of the management structure. In this way, BECHTLE takes the continually growing management tasks and the highly dynamic economic environment into account. Moreover, we thus ensure highly efficient control and management of the group, better support of the decentralised operational units by the central divisions and implementation of the executive organisation required for the further growth of BECHTLE AG. The two business segments IT system house & managed services and IT e-commerce are not only marked by divergent internal structures and market requirements, they also apply different development strategies for their expansion.



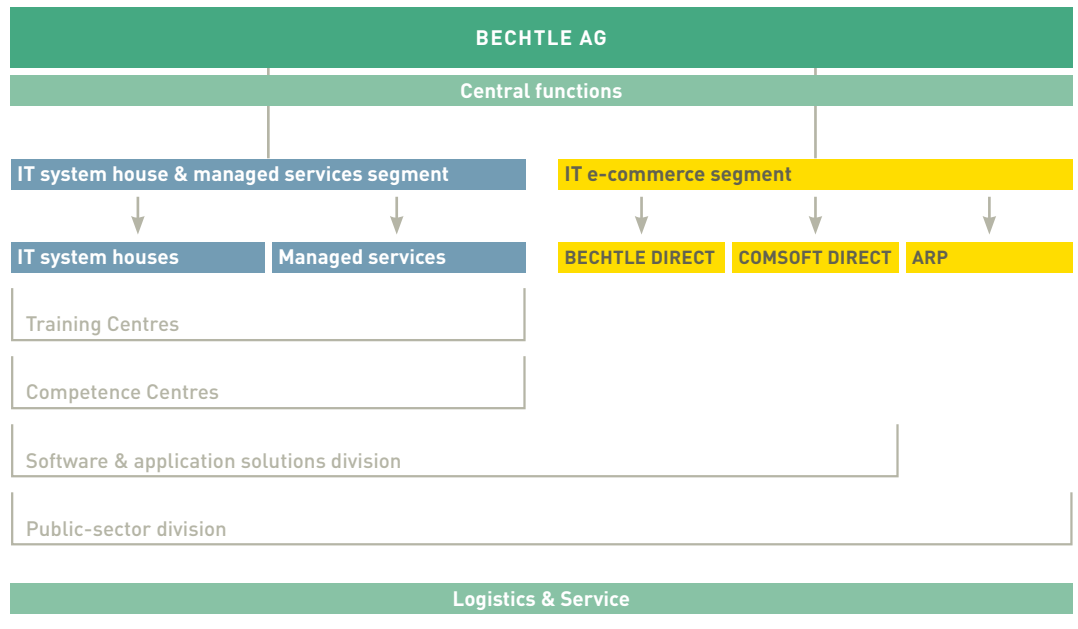
See list of
the subsidiaries
in the Notes,
page 210 ff



“We ensure the support of the operational units by the central functional divisions.”

Josef Jungo,
Director of Logistik & Service

04. MANAGEMENT STRUCTURE OF BECHTLE AG



In the IT system house & managed services segment, BECHTLE exclusively covers Germany, Austria and Switzerland. In contrast, in the IT e-commerce segment, the group is consistently expanding its positioning throughout Europe and is currently present in a total of 14 countries.

In both business segments, the operational units are headed by division heads. Apart from the cross-segmental divisions, the division heads of the IT system house & managed services segment are responsible for the activities of the BECHTLE IT system houses in Germany, Switzerland and Austria, as well as for managed services. In the IT e-commerce segment, they control the trading business of the ARP and BECHTLE DIRECT brands and the software licensing business of the COMSOFT DIRECT companies.

Logistik & Service GmbH is directly supervised by the Chairman of the Executive Board of BECHTLE AG, as are the other central functions controlling and finance, corporate communications and investor relations, central IT, human resources and staff development as well as legal.

Locations

The BECHTLE Group is headquartered in Neckarsulm. Apart from BECHTLE AG, the logistics & service divisions and the German intermediate holding companies are also headquartered here.



www.bechtle.com/locations

In the consulting-intensive service business of the IT system house & managed services segment, on-site customer contacts are vital. For this reason, we have a dense network of IT system houses at more than 65 locations in Germany, Austria and Switzerland. In this structure, the directors of the operating subsid-

aries act in the capacity of independent entrepreneurs with a high level of personal responsibility in their local markets. In this context, a consistent performance-oriented compensation system supports and promotes the entrepreneurial activities of the directors.

In the reporting period, the group further expanded its extensive market presence and technology position in the IT system house & managed services segment in Germany, Austria and Switzerland, especially by acquiring companies. For instance, BECHTLE acquired Kumatronik GmbH, thereby reinforcing its strong market presence in southern Germany. The existing locations in Friedrichshafen and Stuttgart were upsized, and locations in Ulm and Augsburg were added. The acquisition of Redmond Integrators GmbH, Bochum, mainly served the development of the competence in the auspicious business with Microsoft SharePoint solutions. BECHTLE Remarketing GmbH, based in Wesel, was newly established. This subsidiary is specialised in the marketing of used IT. In June 2012, we closed down our location in Oldenburg. The economic region Bremen/Oldenburg is now taken care of by our system houses in Bremen, Hamburg and Hannover.

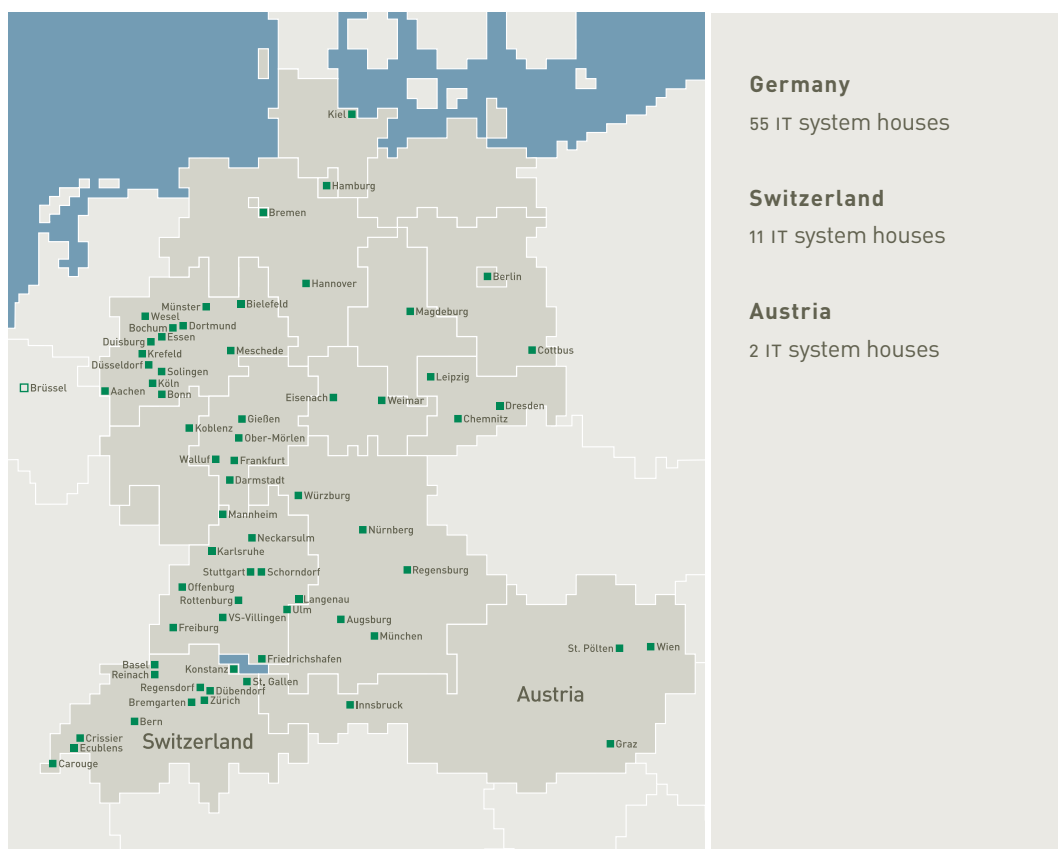


See Notes,
Scope of Consolidation,
page 142



See
Business Activity,
page 46

05. SYSTEM HOUSE LOCATIONS OF BECHTLE AG





“Our goal: geographic coverage of Germany, Austria and Switzerland and market leadership in Europe.”

Anna-Maria Mancusi,
Reception

As of the reporting date, the BECHTLE Group has 55 IT system houses and 22 sales offices in 14 federal states in Germany. In Switzerland, BECHTLE AG has 11 system house locations in eight cantons. In Austria, it has locations in Wien and St. Pölten as well as additional sales bases in Graz and Innsbruck.

Under its BECHTLE DIRECT brand, BECHTLE AG has IT e-commerce locations in 14 European countries. In April 2012, the group decided to enter the Hungarian market, a decision that was driven by the growth perspectives and other factors.

The group is currently present in eight European countries with COMSOFT DIRECT, the software and licence management specialist, and in five with the trading brand ARP. Moreover, ARP operates a purchasing company in Taiwan.

06. E-COMMERCE LOCATIONS OF BECHTLE AG



See list of
the subsidiaries
in the Notes,
page 210 ff

BECHTLE AG thus owns a total of some 90 operating companies and investments, which are listed in appendix A to the notes. The majority of the IT system houses and service and trading companies are located in Germany and Switzerland. The largest of the almost 70 locations in Europe is, at the same time, the location of the company headquarters in Neckarsulm with more than 1,200 employees.

BUSINESS ACTIVITY

Enterprises have long since considered IT as a production factor that has a major impact on the business success. Thus, the efficiency of the IT has turned into a critical success factor that needs to be aligned with the business requirements of the customers. The dynamism of the technological innovation also increases the complexity, resulting in higher customer demands on IT service providers. Accordingly, horizontal and vertical competence is decisive for a successful competitive positioning. The Bechtle Group has consistently aligned its business model and internal processes with this complexity and dynamism. Medium-sized businesses as well as public-sector clients and large corporations operating on an international scale are impressed by the qualification and efficiency of our employees, our long-standing vendor partnerships, our logistical competence and our financial stability.

Business Segments

BECHTLE AG runs its operations under two segments. In the IT system house & managed services segment, BECHTLE provides customers with IT strategy consulting services, hardware and software, project planning and implementation, system integration, IT services, training and complete IT operation. The IT e-commerce segment comprises the group’s Internet, catalogue and phone-based trading activities. With the ARP, BECHTLE DIRECT and COMSOFT DIRECT brands, BECHTLE is pursuing a multi-brand strategy in this segment.

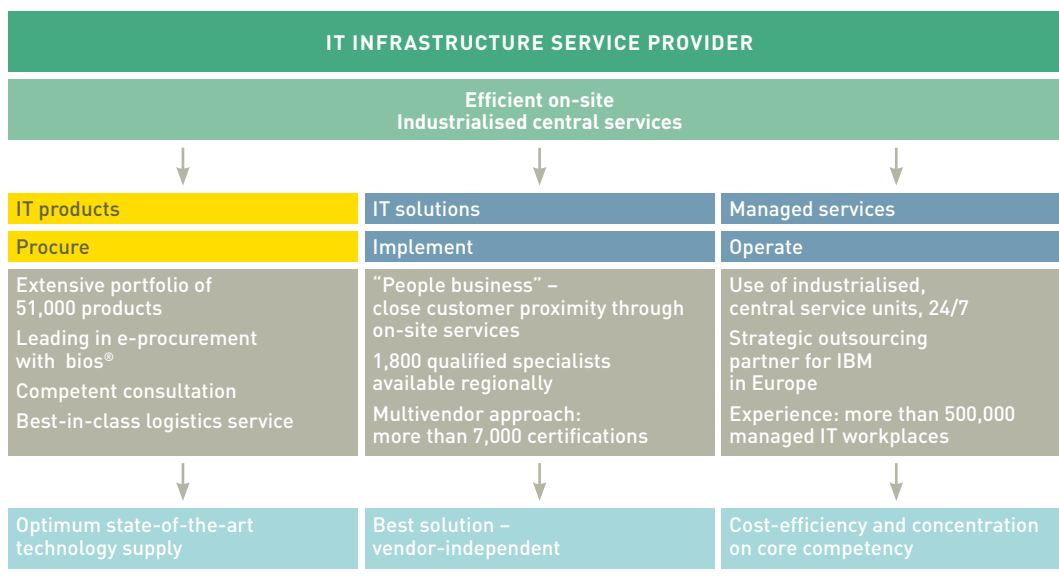


Business model, see Management Structure, page 40



Our multi-brand strategy in e-commerce

07. BECHTLE IS A “ONE-STOP PROVIDER”



Service Spectrum and Processes: IT System House & Managed Services

BECHTLE'S service portfolio in the IT system house & managed services segment spans the entire IT value chain. The service portfolio is characterised by the fact that BECHTLE is a "one-stop provider". By means of the individual composition of an offer from various services in combination with hardware and software, BECHTLE is capable of elaborating a needs-oriented solution for each and every customer. The product portfolio is subject to ongoing review and adaptation to market and customer requirements.



Optimum qualification
thanks to manufacturer
certifications

In the IT solutions unit, more than 1,800 service team members, certified specialists and system engineers offer customers expertise, advanced specialised competence, many years of IT project experience and the ability to rapidly implement individual requirements. BECHTLE has bundled specialist know-how on complex solution themes in competence centres that are active throughout the country. More than 7,000 certifications of all renowned manufacturers guarantee premium qualification of our service.



More information about
the specific Bechtle
IT solutions is available at
[www.bechtle.com/
it-solutions](http://www.bechtle.com/it-solutions)

■ Bechtle IT Solutions. BECHTLE IT solutions feature a fully integrated portfolio focusing on the following subjects:

■ Client Management. Client management solutions from BECHTLE standardise and optimise the IT workplace landscape and thus establish the technical preconditions for future-proof provisioning concepts. The offer ranges from mobile solutions and virtual clients to print solutions and software deployment. With its managed workplace services, BECHTLE takes over the entire functional and cost responsibility, while optimising and constantly modernising the customer's IT workplaces.

■ Server & Storage. These services comprise vendor-independent consulting, planning and operation of virtualised server and storage systems through the use of automated solutions. By means of the selection of a suitable infrastructure solution with respect to technological performance, power supply, cooling and active energy management, BECHTLE enables its customers to cut energy costs substantially. As a one-stop IT provider, BECHTLE combines efficient system integration with comprehensive know-how in the planning and establishment of future-proof data centres.

■ Networking Solutions. The objective is to reduce the complexity and save costs. Simplified network administration, WAN optimisation, the connection of mobile staff members, LAN security, the establishment of secure wireless networks and the consideration of new technology trends such as BYOD are the main issues of a future-proof, cost-efficient network infrastructure. From network analysis to network operation, certified BECHTLE experts ensure high infrastructure availability and efficiency. Together with leading manufacturers, BECHTLE sells integrated concepts for the subjects of collaboration and unified communication for conference solutions, IP communication, instant messaging, mobile applications and telepresence.

■ Virtualisation. To achieve significant energy and cost savings, companies are turning to virtualisation as the base technology for consolidating server, storage and network infrastructures in the data centre. Ranging from consulting to operation, BECHTLE offers virtualisation solutions for servers, storage, clients and applications. Based on conventional consolidation and optimisation in terms of availability, security

and management, we enable our customers to virtualise their data centres in the best way possible. The focus is on subjects such as automation, service-level agreements, process management and self-services.

IT Security. IT security from BECHTLE comprises solution competence from one source and ensures maximum protection of the customer’s corporate data within the framework of technical and organisational IT security. Our certified IT security experts plan and develop IT security strategies and implement and supervise IT security infrastructures. Moreover, we offer corporate data protection solutions. Qualified data protection officers with practical experience, IT security officers and legal experts take care of the consulting, design and implementation in a competent and reliable manner.

Software. BECHTLE is an important software and consulting partner for industrial enterprises. With more than 750 software certifications, our application experts roll out software projects with solutions from the fields of CAD, ERP/PPS, CRM, SAP, business intelligence, document management systems, groupware and SharePoint. BECHTLE combines expert licence management consulting services with extensive know-how on market-leading application solutions for medium-sized businesses. We help to reduce costs with a suitable software model, provide assistance in the optimisation of business processes and integrate future-proof, productive application solutions.

Cloud Computing. BECHTLE addresses the modern requirements for increased business flexibility and mobility along with cost optimisation by providing special cloud services and technologies on the basis of a dynamic infrastructure. In this area, the company has a comprehensive service portfolio that includes consulting services, integration and operation of cloud technologies as well as complete turnkey solutions. Certified specialists and business architects identify the need for cloud-capable IT services and determine the optimum cloud strategy and cloud architecture for the customer on this basis. Moreover, we operate as a vendor-independent general contractor and take on responsibility for the complete cloud infrastructure or the operation of the implemented solutions in the form of managed cloud services.



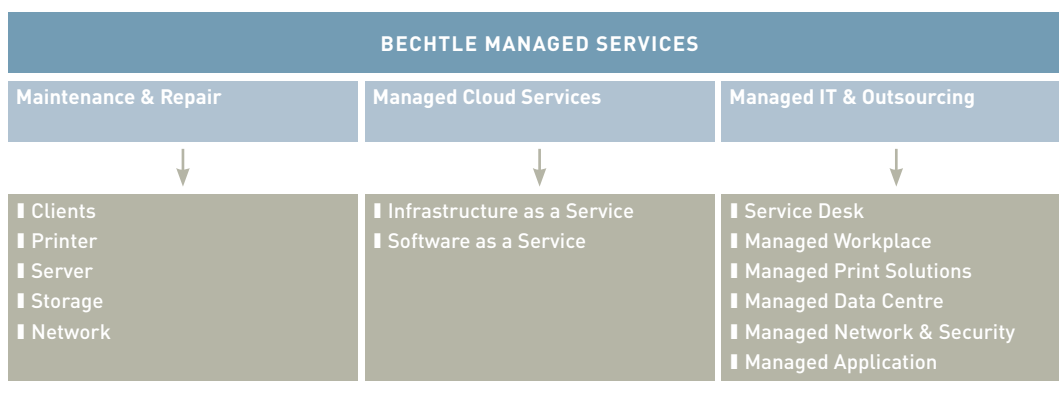
“Maximum protection of corporate data.”

Rafael Beier,
Data centre user service



www.bechtle-cloud.com

08. MANAGED SERVICES PORTFOLIO





"With Bechtle managed services, we help our customers to reach the goals they have set."

Anja Nösinger,
Assistant to the Executive Board

Managed Services. By means of Managed Services, BECHTLE assumes the responsibility for defined operating tasks related to the customers' IT. In this context, fine-tuned service level agreements ensure the availability of the IT infrastructure. BECHTLE guarantees optimum operability of the IT systems along with cost efficiency over the entire life cycle with remote operation or on-site supervision of servers, clients, printers and networks on the basis of standardised operating concepts and comprehensive, multilingual user services for the customer IT infrastructure. The technical solutions are complemented by individual financing models such as leasing.

Maintenance & Repair. The IT infrastructure of businesses is often very heterogeneous. The individual vendors only accept responsibility for their own products and usually offer very different service levels. Often, the customer is left with the overall responsibility as well as the coordination and control of the many contacts. Providing a central point of contact and an integrated warranty and spare parts procurement, BECHTLE ensures efficient handling of all service processes. For the smooth performance of international maintenance & repair services, we make use of an established global partner network.

Managed Cloud Services. The subject of cloud computing is increasingly asserting itself on the market and is about to be used on a broad scale in medium-sized enterprises as well. Especially in this area, business customers are looking for entry-level solutions that are easy to integrate, flexible and uncompromising in terms of data security. In response to these requirements, BECHTLE offers custom-tailored solution modules as managed cloud services, which support the business processes of our customers as effectively as possible. Based on our managed cloud services, we deliver needs-oriented solutions that make the IT of our customers more cost-efficient and future-proof. The services are provided on the BECHTLE cloud platform and are billed according to the actual needs. The data always remain in Germany.

Managed IT & Outsourcing. BECHTLE has specialised in managed IT & outsourcing services and takes care of the professional provision of workplace and data centre environments under strict service-level agreements. The group is capable of offering customers sustainable, adaptable IT concepts that effectively combine on-site services, support on demand and remote services. BECHTLE makes use of a modular range of offers comprising more than 500 predefined services, ensuring maximum standardisation.

Remarketing. In September 2012, BECHTLE founded a company that is specialised in the remarketing of used IT. In this way, BECHTLE further is expanding its position as an integrated IT solution provider, as the customers benefit from comprehensive service within the scope of roll-out projects. As a reliable IT logistics partner, we combine the delivery of new devices with the collection of the legacy devices, ensuring the secure removal of the systems along with services such as certified deletion of data. If necessary, the legacy systems can be recycled in a resource-friendly way.



Sustainability through
resource-friendly recycling
of legacy systems

Competence Centres. The competence centres constitute an important pillar of BECHTLE'S service portfolio. The market has a greater demand for particular services. In order to be able to offer customers the latest expertise for these services, the BECHTLE Group bundles this know-how in 13 competence centres. In their capacity as internal service units, these competence centres render services for all locations.

Training Centres. The custom-tailored seminar concept of the 21 BECHTLE training centres throughout Germany is precisely aligned with the needs of the market. The offer covers a wide spectrum, with more than 15,000 seminar dates for 500 hot IT-related topics. For customers with several branches, this presence enables uniform training on-site.



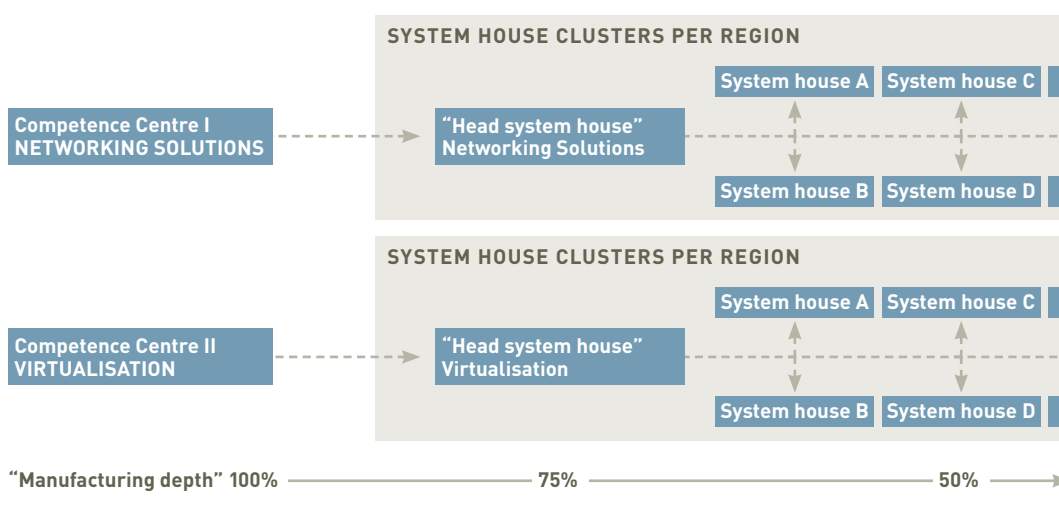
www.schulung.bechtle.com

Know-how Transfer between Locations. Due to the increasing complexity and diversity in the field of IT, it is difficult for an individual system house to be skilled in all subjects in the required depth. In the fiscal year ended, BECHTLE again continued to work on the focusing of the key IT subjects and on the concept for the know-how transfer between the locations, in order to remain successful in the regional competition. The objective is to ensure the equitable provision of expertise in all projects, regardless of the location of the respective system house. The collaboration with the locations of the regional clusters is therefore optimised, starting from the competence centres. For example, the individual system houses that are responsible for the projects invest in the sales and consulting quality of the main subjects by intensifying the staff training, support other system houses in customer projects and organise the successful knowledge transfer within a cluster. A "networked decentralisation" system increasingly emerges as an effective organisation form.



Concept for know-how transfer between locations

09. KNOW-HOW TRANSFER BETWEEN LOCATIONS



Service Spectrum and Processes: IT E-Commerce

In the IT e-commerce segment, BECHTLE serves as a competent dealer that covers all common IT areas with more than 51,000 items ranging from hardware to standard software to peripherals. While BECHTLE DIRECT concentrates more on conventional hardware of the market-leading vendors, the product portfolio of ARP also features innovative niche products. Furthermore, the ARP companies sell products under its own ARP® and Claxan® labels, thereby offering customers an inexpensive alternative to other known brands while maintaining the same quality standard.



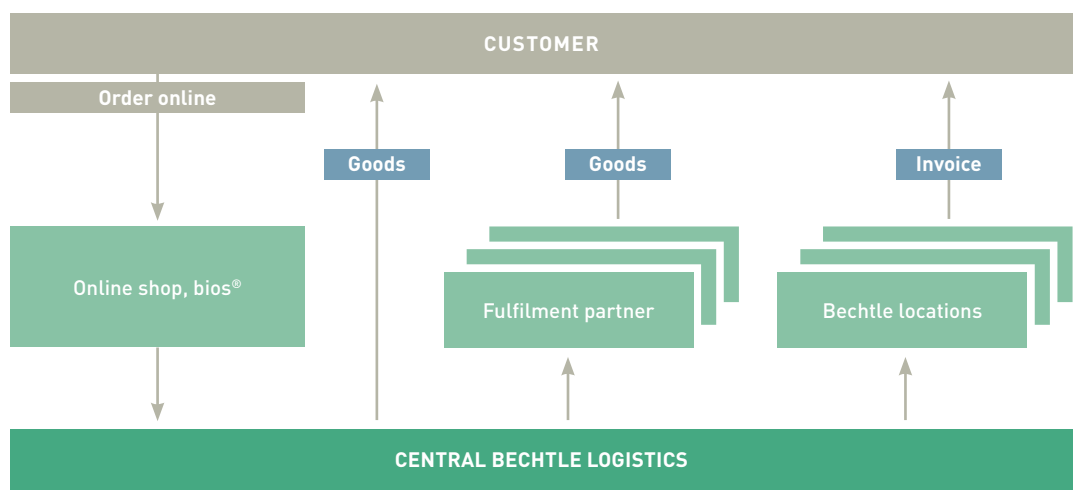
bios® stands for Bechtle information & ordering system; for further information, refer to the glossary on page 224



bios® provides a tangible reduction of process costs and high flexibility in product selection

The bios® shops are a special feature of BECHTLE DIRECT. This online procurement system is tailored to the needs of the customers and serves the purpose of reducing order and flow times, using framework agreements optimally throughout the entire company, managing IT stocks automatically and thus saving time and money. More than 21,000 BECHTLE customers throughout Europe have already substantially reduced their process costs in connection with the procurement and management of IT products with the help of bios®. Today, more than 40 per cent of all trading orders of the BECHTLE Group are already processed via bios® platforms. The services offered are not limited to the supply of hardware and software, but begin with comprehensive guidance on products and solutions and the establishment of customised procurement concepts in the form of defined shopping carts and framework agreements.

10. ONLINE ORDER AND GOODS DELIVERY



In this way, customers who use bios® benefit from the high flexibility in the product selection as well as from the standardisation, and can thus ensure the uniformity of their IT infrastructure in all purchase orders.

In the public-sector division, BECHTLE also consistently maintains its customer-specific approach with its bios® shops. By means of a division in administration, health care, research & education and church & welfare, the group makes greater allowance for the heterogeneous structure of the public sector. The indi-

vidual federal and state authorities, municipalities, chambers, associations and educational institutions thus have access to special terms of the vendors even without tenders and further negotiation.

In the highly process-controlled IT e-commerce segment, BECHTLE has established lean workflows that are of great significance to the success of this segment. To a certain extent, the underlying processes are even part of the actual service. For example, many of the purchase orders in IT e-commerce are processed according to the fulfilment principle: BECHTLE forwards incoming purchase orders directly to manufacturers or distributors, who then ship the goods to the customers in the name of and for the account of, BECHTLE. BECHTLE ensures the shipping quality – which is mainly determined by the speed – by means of agreements with partners and daily audits. By applying the fulfilment principle, BECHTLE keeps its stock level low, thereby reducing the risk of devaluation of IT products, which are characterised by very short innovation cycles. Customers benefit from short delivery times: Purchase orders received by 4.30 p.m. are usually shipped on the same day and delivered on the next day.

Lean processes and efficient logistics give the company a competitive edge in the trading business. The centralisation of the product management, purchasing and warehouse guarantees competitive prices and prompt availability. For all EU countries, these sub-areas are taken care of by BECHTLE'S Logistics & Service division in Neckarsulm. The activities of the Swiss system houses and of the ARP and COMSOFT companies are controlled by the logistics centre in Rotkreuz, Switzerland. Following the expansion of the total warehouse area and the implementation of a new conveyor system, BECHTLE successfully completed the introduction of a system-based warehouse management based on SAP in Neckarsulm in the reporting period, thereby laying the foundation for meeting future logistics requirements. With the help of the new warehouse management solution, workflows have been streamlined and errors have been reduced, especially in the fields of product storage and the picking of shipments. Currently, the central shipping warehouse in Neckarsulm has a total area of approximately 20,000 square metres and room for 7,300 europallets. Of the 51,000 products that are offered, about 8,500 items are constantly available on stock. In the reporting period, the average warehouse output amounted to 5,600 parcels a day.

Another key business process concerns the goods and pricing system and the uniform product database, which are accessed by all European subsidiaries. Every night, the European pricing system (EPS) developed by BECHTLE loads more than 11 million pieces of pricing and availability information from IT manufacturers and distributors and calculates the respective national prices. Suppliers are primarily selected on the basis of the lowest price and the ability to ship immediately across Europe. Market-related product information is automatically updated online for the country-specific webshops.

Apart from the online shops and active telephone sales, the product catalogues are another important sales channel in BECHTLE'S trading business. The main catalogue of BECHTLE DIRECT is published twice a year in five languages and 17 international editions, with a total print run of about 150,000 copies. It comprises 12 product categories and features product recommendations that highlight items with special functions or equipment, information pages on hot IT topics such as cloud computing or green IT, a list of manufacturers and keywords, an extensive IT glossary and further references to the complete product offer of



Process control,
fulfilment principle,
shipping quality,
daily audits,
quick delivery



"The sustainability of our logistics has been ensured."

Petra Schuster,
Complaints



Product catalogues:
Sales channel and
optimum supplement
to the online shop

the BECHTLE online shops. Since 2011, the BECHTLE IT catalogue has also been available as an iPad and iPhone app. The ARP catalogue is published twice a year in three languages, with a print run of more than 60,000 copies. Additionally, special BECHTLE catalogues on specific trend subjects are published regularly in Germany. The catalogues feature detailed specifications, product images and direct references to suitable accessories and thus represent the ideal supplement to the central online product database. Since the release of the first issue in 1988, the catalogues have developed into a recognised standard reference work in the IT industry.



A chart of the organisational structure is available on page 234 f

Software Licensing. The COMSOFT DIRECT companies, which operate in the areas of software licensing and management in eight countries, offer customers a vendor-independent, full-service solution portfolio for software licences. COMSOFT DIRECT supplies the enterprises with custom-tailored software products and solutions. The offer covers the entire software life cycle, including consulting, sales, procurement, maintenance and project management. This know-how is becoming increasingly important, as manufacturer licensing and pricing models are becoming more and more complex. Customer demand for this competence is on the rise, especially with respect to service-oriented architectures consisting of diverse software modules with countless licensing models. COMSOFT DIRECT selects the most suitable licensing models from its extensive spectrum and enables customers to use their software applications as effectively and inexpensively as possible. The offer in this segment includes the analysis of the customers' licensing situation, in order to quickly achieve the optimum balance between illegal under-licensing and unnecessary, cost-intensive over-licensing.



Professional inventory management with SAM

Software Asset Management. We use a modular, cost-efficient software asset management solution (SAM) for the professional inventory management of the software licences employed by the customer. The available IT inventory information can be accessed to gain a comprehensive picture of the software deployed in the entire company, including the frequency of use and distribution. In connection with the current company situation and the planned development, this enables the realisation of extensive consulting potential in connection with the licence optimisation for the customer. In this way, COMSOFT DIRECT covers the entire complexity of the software life cycle, from the purchase planning to the financing, procurement, distribution, provision and maintenance up to the replacement, and enables the customer to continually optimise productivity with maximum cost efficiency.

Market-covering Software Portfolio. As is the case with BECHTLE DIRECT, the group also uses the COMSOFT DIRECT brand in its strategy to offer all business-relevant applications at up-to-date prices by means of an extensive online portfolio through its own webshops. COMSOFT'S online product range currently comprises about 10,000 products of more than 130 manufacturers and is expanded continually. It ranges from operating systems and office packages to software development tools, virtualisation solutions and useful workplace tools. Apart from the extensive selection, the customer also benefits from the consolidation of diverse procurement sources under a single efficient provider.

Research and Development

As a pure service and trading company, BECHTLE is not involved in any research activities. However, software and application development activities are conducted both for internal purposes and for individual customer projects. Additionally, software to cover special industry needs is developed and offered in modular form.

The software & application solutions division also offers customers the design, development and implementation of software, e.g. in SharePoint or ERP projects. One of the SharePoint projects in the fiscal year ended consisted of the development of an audit-proof archiving system. This solution enables auditable archiving of invoices, contracts and other documents, including scanning and SAP integration, on the basis of Microsoft SharePoint. In this way, process-based files can be flexibly displayed with the help of the integrated SharePoint search and the document metadata. The architecture is fully based on the archiving and records management mechanisms and interfaces provided by the SharePoint server. In an architecture review, Microsoft expressed its favourable opinion of the software solution.

Programming work was also done for the internally developed software solutions BELOS, BECHTLE Manufacturing and BECHTLE Event & Ticketing. BELOS is a Lotus Notes-based resource management application for planning and conducting events, training and meetings. Originally developed for internal use, the software is meanwhile marketed throughout Germany due to its special market position. A new web-capable software solution called BELOS4WEB will likely be introduced to the market in the second quarter of 2013 in order to satisfy the demand for professional event management solutions based on open web technologies. The group also offers BECHTLE Manufacturing, a comprehensive overall package based on the ERP software Microsoft Dynamics, which is specifically designed for medium-sized manufacturing businesses. Among other things, the tool provides a wealth of functions and a high level of transparency for project management, resource and sales planning, production management, service and complaint handling and notification and approval procedures. BECHTLE Event & Ticketing – an application that is also based on Microsoft Dynamics – is designed especially for companies and facilities in the event sector, which need to handle large numbers of visitors. The software solutions are subject to regular maintenance and further development. Additionally, the competence centre business collaboration develops individual applications for Lotus Notes, web environments and mobile devices.

Other development work in the reporting period involved the maintenance and update of our webpages. Since 1995, the online solutions of the existing webshops of our trading brands ARP, BECHTLE DIRECT and COMSOFT have been developed internally at BECHTLE. Since then, a team of programmers has taken care of the continuous maintenance, the further development of the e-commerce platforms and the implementation of new country sites.

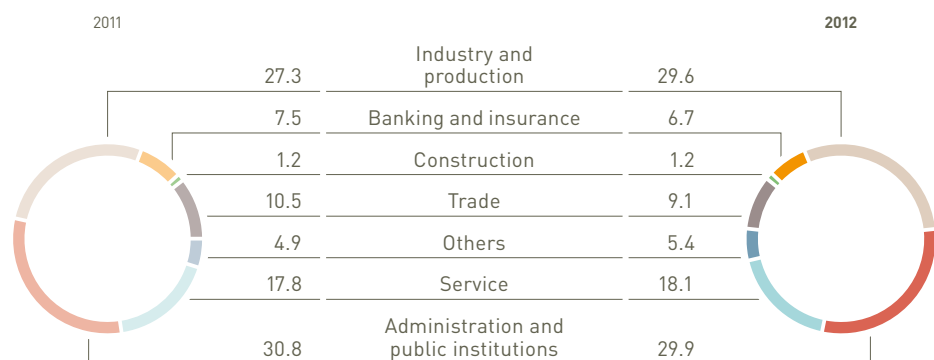
Apart from this, no major development work was done in the reporting period. Due to the currently limited scope and negligible economic significance of the development work, BECHTLE does not report any R&D figures.

Markets

BECHTLE'S core target group consists of medium-sized businesses. BECHTLE defines the size of businesses according to the number of PC workstations. Local medium-sized businesses are customers with 20 to 50 PC workstations, regional medium-sized businesses are companies with 50 to 250 PC workstations and upper medium-sized businesses are enterprises with 250 to 2,000 PC workstations. Apart from conventional medium-sized businesses, BECHTLE also addresses larger enterprises and groups as well as public sector clients with more than 2,000 PC workstations.

11. INDUSTRY SEGMENTATION OF BECHTLE AG BY REVENUE

%



Basically, BECHTLE addresses the IT market irrespective of the industry. However, the special requirements of the tendering procedures of public-sector clients have resulted in a more clearly focused and specialised approach to this customer group. As an internal service unit, the central public sector division supports the decentralised system houses and the trading companies in the processing of public invitations to tender.



See Locations,
page 40 ff

Geographically, BECHTLE'S IT system house & managed services segment operates in Germany, Austria and Switzerland. The sales office established in Bruxelles, Belgium, in 2011 represents an exception. In the IT e-commerce segment, the BECHTLE Group is active throughout Europe.

Competitive Position



www.destatis.de

According to information of the Federal Statistical Office, more than 70,000 IT companies that differ greatly in terms of size, service spectrum and specialisation offer their products and services in Germany. Most of these companies merely operate on a local scale and seldom exceed annual revenues of €5 million. According to the Federal Statistical Office, the group of medium-sized IT companies with annual revenues of approximately €50 to €250 million comprises about 60 companies. Only about 20 companies, including BECHTLE, are on the list of larger system houses that are active in Germany.

In Germany, BECHTLE enjoys an excellent market position. According to the professional media platform ChannelPartner, BECHTLE ranked second in 2012 among vendor-independent German system houses in terms of the domestic revenue and is far ahead of the lower-ranking companies. Competitive strength is even more important than revenue. According to a survey ChannelPartner conducted among German system houses for the purpose of identifying the most important competitors, BECHTLE was the most frequently mentioned company after the regional system houses.



See
Systems and Instruments,
page 59

In the annual customer-friendliness survey conducted by the industry journals ChannelPartner and Computerwoche, BECHTLE AG was again listed among the leading German system houses in 2012 in the category of companies with annual revenues of more than €250 million. Among other things, the quality of the offer and the satisfaction with the selected system house were assessed. The quality of the project roll-out was determined on the basis of statements about the project management, communication, reaction times and competency. Adherence to deadlines, a good price/performance ratio and the support after the completion of the project also formed part of the basis for the rating.



Bechtle leads in
customer-friendliness,
offer quality and
project rollout quality

As of the reporting date, the industry association BITKOM estimated the total volume of the German IT market in 2012 at €72.8 billion. Based on annual revenue of €1.4 billion in Germany, the market share of BECHTLE currently amounts to about 2 per cent. Germany's 10 largest IT companies, which the industry medium ChannelPartner assesses every year, occupy a market share of about 7 per cent. These figures show how fragmented the German IT market is. Small and medium-sized companies still account for the largest market share by far. However, in the reporting period it was obvious that the consolidation pressure in the IT industry is still at a high level and that large companies in particular have expanded their market position by means of takeovers.

According to its own information, BECHTLE is one of the market leaders in the system house business in Switzerland. In Austria, BECHTLE AG is present with two system house locations in Wien and St. Pölten and sales offices in Graz and Innsbruck.

In the IT e-commerce segment, the group considers its market position to be outstanding in Germany, Switzerland and the Netherlands. In the other European countries, BECHTLE occupies a stable market position, though this position still needs to be fortified in countries in which the market entry took place just recently.



See Locations,
page 42

Environmental Protection

In view of its responsibility towards society as a whole, BECHTLE is committed to environmental protection. As far as possible, the group endeavours to employ its resources responsibly. To underscore this commitment and, most importantly, to root it within the company, BECHTLE AG introduced an environment management system (EMS) according to ISO 14001 and had it certified in 2011. In this way, the company is able to systematically assess environmental influences and continuously reduce the environmental impact. Initially, this measure focuses on BECHTLE AG as an individual company. In the future, we will examine for which subsidiaries it would make sense to adopt the EMS. Due to the decentralised structure of the BECHTLE Group, our plans do not provide for inclusion of the entire group. Nevertheless, the underlying principle of the EMS – economical and responsible use of the resources employed – applies to all companies in the BECHTLE Group.



Environment
management system
in accordance with
ISO 14001

The EMS at BECHTLE AG addresses savings in the fields of energy (power and heat), paper, water and emissions due to business trips, as well as consistent re-channelling of recyclable substances into the economic cycle and further conservation of resources in connection with printed matter. In the reporting period, the annual evaluation revealed that almost all goals formulated for the first time in the prior year had been either reached or surpassed. At the same time, we have defined new goals. For example, the central IT is to play a more prominent role in energy savings in future. The group wants to make consistent use of the savings potential especially by using state-of-the-art virtualisation technologies. Moreover, the disposal concept at Bechtle Platz 1 is to be expanded by including the caterer. In the second year following the introduction of the EMS, most of the measures are not limited to individual departments and therefore concern all companies based at the headquarters in Neckarsulm.

In addition to the introduction of the EMS, the BECHTLE Group observes environmental concerns within the scope of the statutory regulations. Thus, we do not offer any products containing hazardous or potentially hazardous substances that could endanger the environment or end-users. BECHTLE requires its suppliers to comply with the EU directive 2002/95/EC on the restriction of the use of certain hazardous substances in electrical and electronic equipment (ROHS) of March 2003. Additionally, all purchased components are regularly inspected in order to make sure that they do not contain any hazardous substances. BECHTLE ensures eco-friendly disposal of the products at the end of their life cycle, thereby fulfilling its obligations under the German Electrical and Electronic Equipment Act (ElektroG). The company has been listed in the waste electrical equipment register (EAR) since 2005. With the establishment of BECHTLE Remarketing GmbH in September 2012, BECHTLE itself is able to utilise IT products in an eco-compatible way. In the new business area, the group has specialised in obtaining decommissioned IT hardware from customers, refurbishing the devices and putting them back to use.

BECHTLE attaches considerable importance to green IT. In the future, companies that are not yet sufficiently sensitised to the subject of green IT must expect rising energy costs, higher charges and – last but not least – negative media coverage. On the other hand, a professional approach to green IT provides the opportunity of taking on social responsibility and not only using environmental protection as a competitive advantage but also benefiting from lower operating costs. Today, many companies do not merely base their decisions on the best offer, but also analyse the cost of the entire life cycle, which also includes the steadily rising energy costs. The employees are another important factor. Employee training contributes to the goal of effectively ensuring sensitivity to IT at the workplace and to the associated ongoing energy costs. The company regards itself as a strategic partner for green IT. In addition to the high service quality and high availability of the systems, BECHTLE's duties include providing flexible support for customers' business processes.



Expanded service and
product offer
for more eco-friendly
IT environments

The group is responding to the growing need for low-consumption IT products and energy-efficient concepts with an expanded service and product offer of eco-friendlier and more economic IT environments. From consulting to procurement to implementation, BECHTLE covers all stages of the economic and ecological optimisation of IT infrastructures. Thus, computing centres are analysed for their energy consumption and possible savings potential. For example, savings can be achieved through server virtualisation and consolidation.

Sustainability

As a responsible enterprise, BECHTLE also addresses the various aspects of sustainability. We define sustainable action as the ability to handle current and future economic, social and ecological challenges, risks and opportunities in such a way that the growth targets within the scope of our Vision 2020 are achieved by means of a responsible, sustainable approach. BECHTLE has always been an enterprise with a long-term focus. We are driven by strong goals that are formulated in a measurable vision. From the onset, sustainability has been part of our strategic orientation. We believe that economic, ecological and social responsibility belong together. This means that we can only be successful if we manage to keep business and social interests in a healthy balance. In the fiscal year 2012, BECHTLE started to elaborate a sustainability code in order to manifest this. This code will bring our responsibility towards society as a whole and the important guiding principles home to all BECHTLE employees and business partners.



"Bechtle is an enterprise with a long-term focus."

Ascan Collier,
Head of Bechtle HP team

CORPORATE MANAGEMENT

The Bechtle Group's strategy and governance are persistently aligned with our Vision 2020 and serve to effectively increase the enterprise value. The activities focus on the strengthening of our position in the existing business areas and on the development of new markets in order to achieve sustainable, profitable growth. All along, the satisfaction of our customers is our top priority. To support its management processes, the Executive Board therefore employs various instruments in order to evaluate the business performance and ensure the ongoing review of the strategy with respect to the achievement of the long-term growth and profitability goals, which are above the industry average.

Objectives and Strategy

In our Vision 2020, the Executive Board of BECHTLE AG has set itself ambitious growth targets. By 2020, the group aims to generate total revenue of €5 billion with an EBT margin of 5 per cent and an increase of the workforce to 10,000. This goal requires an average revenue growth of 10 to 15 per cent per year along with an increase in profitability.

BECHTLE plans to continue its organic growth by means of competent consulting, new technologies, needs-oriented services and an innovative hardware infrastructure and software portfolio. To this end, we are making a concerted effort to expand our portfolio, partly using our own resources, partly in close coordination with our manufacturer partners.



"In the future, Bechtel will continue to grow through suitable acquisitions."

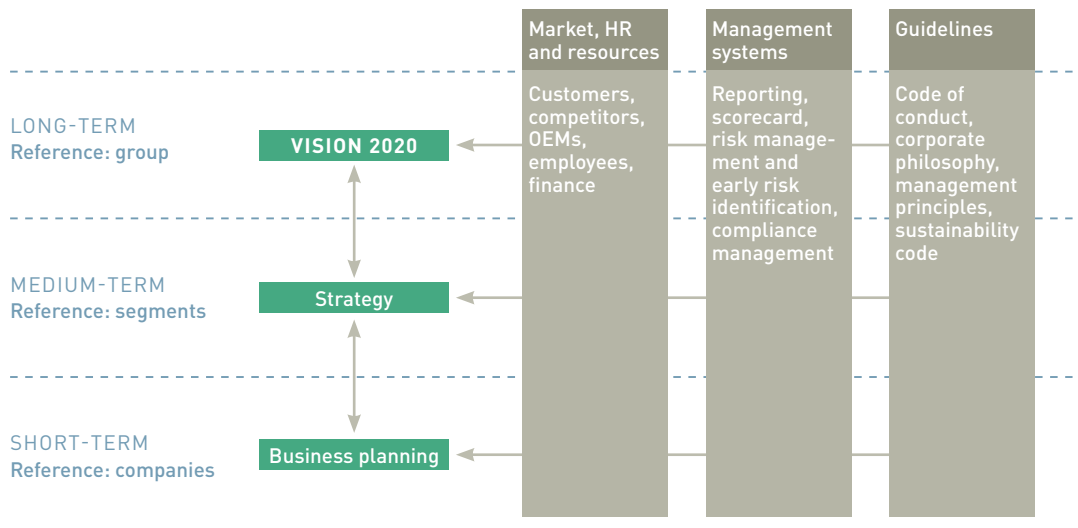
Matthias Beck,
Account manager mobile solutions

Further growth is to be supported by means of acquisitions or establishment of new companies. The acquisitions mainly target small to medium-sized businesses that strengthen the market position of the BECHTLE Group in terms of regional coverage, customers and/or services. Therefore, the objectives are the supplementation of our IT-specific expertise and the intensive processing of strategically important markets and customer groups for the purpose of gaining market shares. By 2020, we want our IT system house & managed services segment to be present throughout Germany, Austria and Switzerland as the leading IT partner of the industry and of the public sector.

In the IT e-commerce segment, BECHTLE pursues a consistent internationalisation approach on the basis of a multi-brand strategy. The company is already represented in a total of 14 European countries. By 2020, the group will further expand its leading position in e-commerce in Europe.

In view of the shortage of specialists and executives in the entire IT industry, training and staff development are critical success factors for the implementation of the strategy and the pursuit of the long-term growth targets. The objective is to provide innovative, solution-oriented and efficient concepts for the customer IT by way of duly qualified personnel, thereby ensuring competitive positioning in an environment subject to constant change.

12. CORPORATE GOVERNANCE OF BECHTLE AG



**Our basic values
provide orientation**

The basic values of BECHTLE AG, which are rooted in the corporate philosophy, are a central part of the corporate culture. Together with the internal management principles, the newly formulated sustainability code and the code of conduct, these values support the long-term strategic objectives. These formulated contents provide all employees with instructions on how to reach their goals and furnish orientation in the management process with respect to efficient, sustainable corporate governance and control.

Systems and Instruments

The Executive Board of BECHTLE AG is responsible for the overall planning and realisation of the group's long-term targets. The main objective of the company development is to effectively increase the enterprise value through profitable growth.

The short and medium-term planning for the management of the operational units and the resulting measures are derived from the long-term corporate planning. However, they are also geared to the development of competitors and of the market environment. For the employees of BECHTLE AG, the top priority is to achieve growth and optimised returns through satisfied customers and to attain market leadership at the company's location.

Revenue, revenue growth, gross margin, earnings before taxes (EBT) and the EBT margin are relevant key performance indicators. Individual profit sharing schemes are applied to enhance the employees' commitment to the agreed targets.

At annual strategy conferences, the Executive Board presents measures and measurable milestones by means of which BECHTLE strives to reach its long-term goals. The short-term management takes place by means of the annual focus planning, a strategy paper of the individual companies and individual planning meetings with the directors. Within the scope of the focus planning, the decision-makers make an initial estimate of the development of key items of the income statement, such as the revenue, contribution margin, distribution costs and personnel expenses, EBT, impairment of goodwill and of headcount. The focus planning is done in the planning and reporting system "DeltaMaster" and determines the benchmark for the detailed planning for the upcoming fiscal year. These contents are substantiated and backed by HR, service and sales plans coordinated between group controlling and the management. The ERP system automatically provides the data for this. The result of the individual process steps is fed into the IT system "Planos", which was especially developed for this purpose, within the scope of the overall operational planning. For reasons of data security and data protection of personal information, the "DeltaMaster" and "Planos" applications are operated separately on the system side. All individual planning elements collectively form the basis for the annual planning of the BECHTLE Group.



Smart BI systems
support management
processes

The operational targets and duties derived from the individual meetings are communicated by the directors and division heads in the respective individual companies and divisions of both segments and form the basis for the individual performance targets of the employees. The development during the year is continuously analysed with the help of database-supported management instruments such as the "DeltaMaster Compass". This internally developed controlling cockpit has been used since 2011. In this way, the management can promptly initiate suitable measures in the event of any deviations from the plan. The assessment takes place in the form of a benchmark test with the help of the BECHTLE scorecard, which transforms various performance criteria into a performance ranking that is transparent for all companies and divisions. Additionally, the operational development of all IT e-commerce companies is recorded and analysed in a special software tool called European Sales Cockpit (ESC).

To regularly assess the business performance and to compare the locations with each other, the group provides the operational units with detailed weekly and monthly reports with standardised profitability ratios for incoming orders, revenues and contribution margins using "DeltaMaster". The information is automatically supplied by an SQL-based data warehouse that is directly fed by the ERP systems SAP and Navision Financials. Moreover, some of the subsidiaries have their own management system for the operational control of their sales activities. This system comprises effectiveness indicators and order and customer-related parameters that enable direct assessment of the business performance. Apart from the experience of the sales staff with respect to the customers' demand behaviour and investment affinity, the development of the purchase prices, of the order backlog and of incoming orders is regarded as a mission-specific early indicator for the due assessment of the business performance.

Within the scope of the management of the companies, cash flow-based data such as the working capital, cash to cash cycle time, DSO and DPO are used in addition to the direct business indicators. The key factors affecting the cash flow are always available to every director or division head in "DeltaMaster Compass" in the form of a cash flow cockpit with the respective internal benchmarks. This allows those responsible to respond to potential mistakes at an early stage.



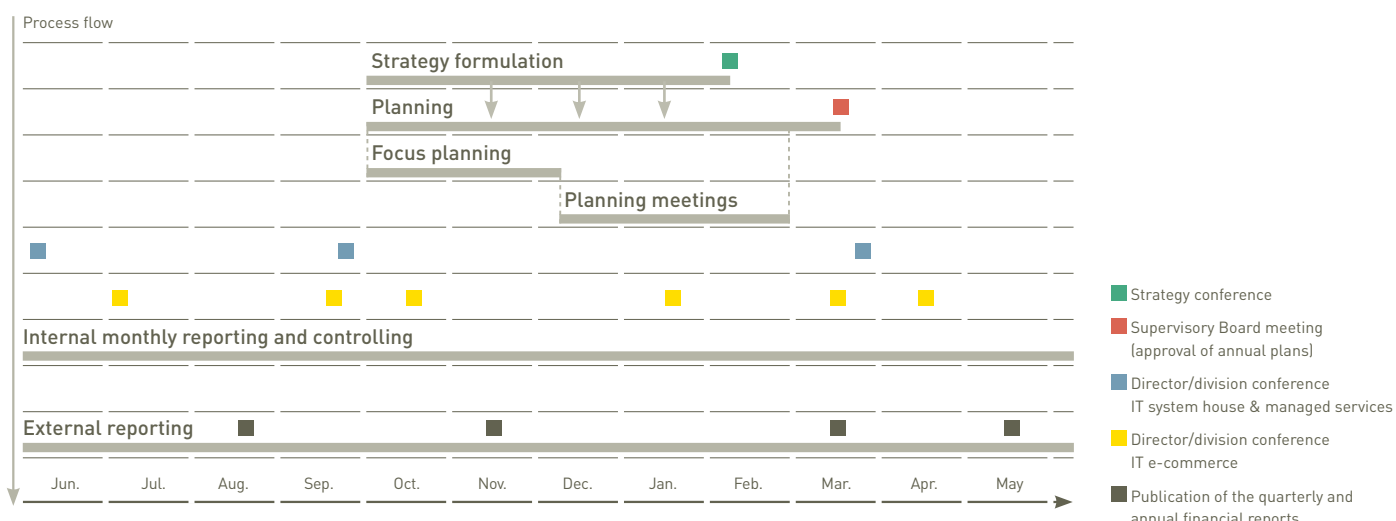
Besides central management information systems such as "DeltaMaster", "Planos", "Compass" and "Esc", BECHTLE AG uses two ERP systems, Navision Financials and SAP, for the resource-oriented management of its business processes. All accounting and central logistics management processes are integrated in SAP. The optimum mapping of business processes and the standardisation of the utilised management instruments are key criteria for the design of the implemented IT. In this way, it is ensured that the leadership structure and the employed systems remain freely scalable to accommodate further growth of the company.

Monthly and quarterly financial statements that are made available to the executives for their respective fields of responsibility enable a comparison with the economic position in the past as well as with plan values in order to identify negative developments at an early stage. The ERP system Navision Financials serves as an enterprise resource planning and sales information system at almost all locations. The two interlinked systems collect information pertaining to the sales success – such as the status of the sales process phases, the coordination of tasks in the sales team, billing and shipping of the goods and the status of the receivables – and deliver relevant figures (such as the customer contact frequency, order total or contribution margin per sales rep and DSO).

At group level, the consolidated data for all operational units from the various reporting systems are used for the coordination of investment and financing decisions, early identification of target/actual variances and initiation of suitable measures.

However, many mission-critical indicators cannot be quantified or can only be quantified indirectly. This includes factors such as the brand reputation, customer satisfaction, staff qualification, experience, motivation and leadership qualities, as well as the corporate culture, which can only be described qualitatively, if at all.

13. PLANNING AND REPORTING CALENDAR OF BECHTLE AG



To get a better picture of the reputation in the market, BECHTLE's management takes advantage of customer surveys or studies and assessments of professional media, industry associations and market research institutions. Among other things, the results of these studies are used within the scope of the strategic planning in order to ascertain the company's image in relation to competitors. The "customer satisfaction" factor is analysed in both company segments at regular intervals. The results serve as indicators for the quality of the customer loyalty and are used internally to coordinate sales activities.

BECHTLE regards the results of the annual surveys conducted by the industry journals ChannelPartner and Computerwoche for the purpose of identifying Germany's most customer-friendly system house as a clear indicator of its successful customer retention. In the category of companies with revenues of more than €250 million, the interviewed users gave the group an average rating of 1.95 (prior year: 1.91), which thus reached a leading position in the overall ranking. Combined with target-oriented staff training, these analyses will help BECHTLE to continue to provide customers with comprehensive, flexible and competent consulting services in future. Personnel-related data such as fluctuation and qualification details are used as internal key performance indicators. The aim is to systematically develop the employees in all fields of qualification and to increase the motivation in order to improve employee loyalty.



See
Competitive Position,
page 53



Training,
employee motivation and
staff development for
successful customer
retention

In addition to the largely operations-oriented management systems presented above, the Executive Board makes use of other systems in its business policy and strategy-related decisions, such as the systems used for quality management, environment management, compliance, risk management and early identification and the internal audit system (IAS). Apart from the target/actual comparison of the purely financial management indicators, these systems also enable a review of the company's non-financial performance indicators (☀️). Against the background of continuous monitoring, management and further development of the strategic goals, these organisational and system-based protective measures facilitate the coordination and consistent alignment of the activities of all areas in the group for the purpose of ensuring sustainable development of the company.



Non-financial
performance indicators
can be reviewed

EMPLOYEES

With their competence, willingness and commitment, our employees stand for the success of Bechtle. Therefore, we consistently invest in their development. In the fiscal year ended, our HR work focused on two areas to enable us to reach our growth targets in the future as well: the initial and ongoing training of our existing staff and the expansion of our team. A strong position in the struggle for excellent qualified staff will be a decisive factor for Bechtle's future success. By carrying on with the HR measures in this year and by increasing the average number of employees by 634, Bechtle has established key preconditions in this direction.

Development of the Employee Numbers



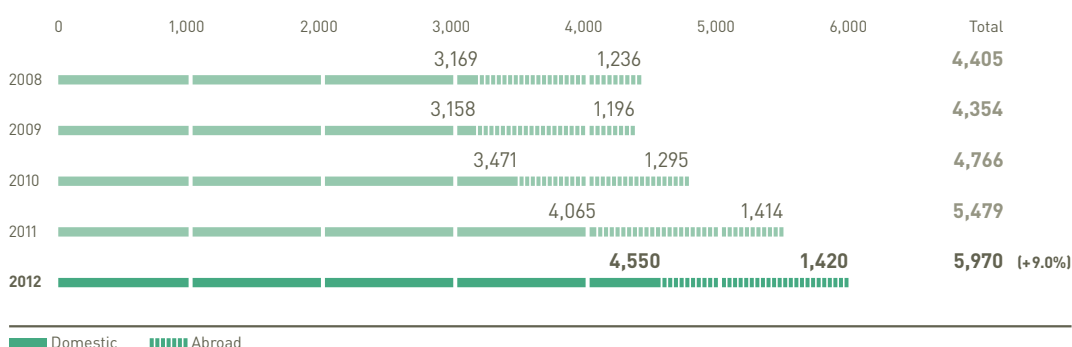
See
Notes, Employees,
page 205 f

As of 31 December 2012, the BECHTLE Group had a total of 5,970 employees. Compared to the prior year, with a total of 5,479 employees, the total workforce increased by 491. On average, 5,780 employees worked for BECHTLE during the reporting period (prior year: 5,146 employees). The increase in the number of employees in the group is the result of acquisitions and new recruitment.

The headcount increase took place almost exclusively in Germany, where the number of employees as of the end of the year increased by 485 to 4,550 (prior year: 4,065 employees). The number of employees active abroad amounted to 1,420, almost the same number as in the prior year (1,414).

14. EMPLOYEES BY REGIONS

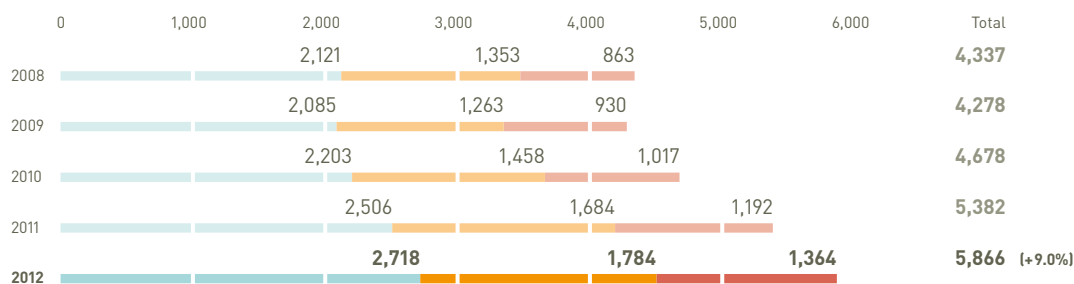
as of 31 December



Split by functional areas, the service area experienced the highest growth. Throughout the group, 2,718 employees worked in this area as of 31 December, 212 more than in the prior year. The administration workforce increased by 172 to 1,364, and the sales team by 100 to 1,784.

15. EMPLOYEES BY AREAS

as of 31 December



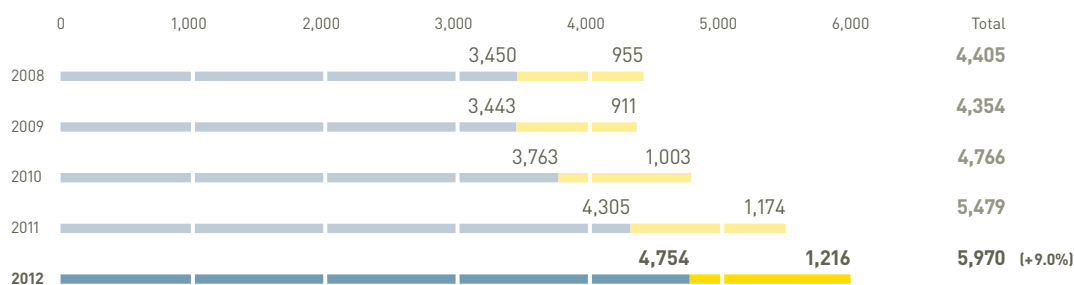
Services Sales Administration

For internal costing reasons, the staff information by areas does not take employees on parental leave into consideration.

At the segment level, the number of employees increased to 4,754 in the IT system house & managed services segment, compared to 4,305 in the prior year. The number of employees in the IT e-commerce segment amounted to 1,216 (prior year: 1,174). At 10.4 per cent, the headcount increase in the service-focused system house segment was much stronger than in the trading business throughout Europe with 3.6 per cent.

16. EMPLOYEES BY SEGMENTS

as of 31 December



IT system house & managed services IT e-commerce

As an enterprise active throughout Europe, BECHTLE already has a balanced proportion between the various cultures and nationalities and between men and women. We are convinced that the diversity of the employees promotes the team performance, making an effective contribution to the business success. Currently, women account for approximately 27 per cent of all employees. Among the executives, 12 per cent of all employees are female. Of all trainees, women account for a remarkable 30 per cent. At 48 per cent, the central divisions account for the highest share of women, followed by 40 per cent in the e-commerce segment. At approximately 20 per cent, the system house segment has the lowest proportion of women.

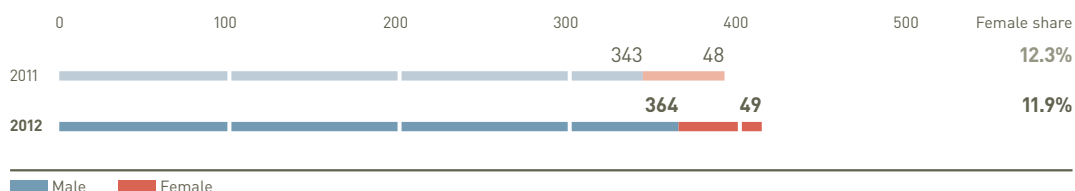


"Diversity in the team promotes the team performance."

Ralf Degen,
HR manager

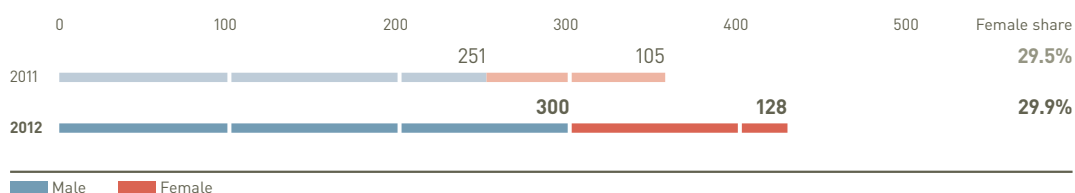
17. EXECUTIVES: SHARE FEMALE/MALE

as of 31 December



18. TRAINEES: SHARE FEMALE/MALE

as of 31 December



Personnel expenses and salary model

In 2012, the higher average number of employees resulted in higher expenditures for wages and salaries including social contributions by 10.8 per cent to €326.3 million (prior year: €294.6 million). Thus, the personnel expense ratio increased from 14.8 per cent to 15.6 per cent. In consequence, the personnel intensity raised to 62.4 per cent (prior year: 60.9 per cent) in relation to the gross earnings.

19. PERSONNEL EXPENSES

		2012	2011	2010	2009	2008
Personnel and social expenses	€m	326.3	294.6	241.4	220.4	217.7
Personnel and social expenditure per employee*	€k	57.5	58.3	54.7	50.9	51.6
Personnel expense ratio	%	15.6	14.8	14.0	16.0	15.2

*Without employees on parental leave

The salary model of most BECHTLE employees consists of fixed and variable components. The amount of the variable compensation depends on the target achievement level in the particular field of responsibility or on the performance of the group. For sales staff, the variable component is calculated according to the amount of the contribution margin achieved, while the revenue serves as the indicator for employees in the service sector. As a matter of principle, the performance-related compensation of directors is calculated on the basis of the achievement of the earnings and revenue targets defined at the beginning of the year.

Training

BECHTLE continuously puts a lot of emphasis on training young people, thereby securing its supply of qualified junior personnel. We consider training as an investment in the future for the purpose of actively forestalling a shortage of qualified staff. In 2012, the company offered training for 14 administrative and technical professions in the fields of information technology, systems electronics and warehouse management. Furthermore, BECHTLE trains students of the Baden-Württemberg Cooperative State University.

In 2012, 136 trainees embarked on their career with BECHTLE. At the end of the reporting period, BECHTLE had a total of 428 trainees (prior year: 356), including 43 abroad. Despite the large number of new employees hired, the training ratio in Germany amounted to 8.6 per cent, a level higher than that of the prior year (7.8 per cent). Over the past six years, the number of trainees has doubled. About 30 per cent of the training jobs are staffed with women. Thus, BECHTLE is far above the industry average. In the reporting period, the most popular training profession was information technology, followed by wholesale and international trade management and IT system management. The predominating subjects among the students of the Cooperative State University were IT, business IT and business administration-commerce.

To facilitate the first steps in the company and day-to-day business, all trainees participated in the so-called MIKADO programme for trainees. During the two-day introductory event, the novices get to know BECHTLE and especially the group HQ with its service units.

BECHTLE considers needs-oriented training to be an important step towards securing its own future. Thus, in the 2012 reporting period, most of the successfully qualified trainees were offered permanent employment contracts. BECHTLE plans to raise the training ratio in Germany to about 12 per cent in the medium run. At the head office in Neckarsulm the training ratio is 10.2 per cent.

The BECHTLE Academy, which was established by the company in 1999, complements the individual training at the group locations, offering all employees a comprehensive programme ranging from ongoing training measures to the acquisition of special skills to interdisciplinary seminars. The monthly introductory events for new employees are also supervised by the BECHTLE Academy. In terms of the organisation, the activities of the Academy are integrated in the staff development department, whose main task consists of supporting the achievement of our Vision 2020 by means of suitable strategic staff development measures. In the reporting period 2012, the BECHTLE Academy conducted 431 events with a total of 5,063 participants, thereby making a significant contribution to the qualification of BECHTLE's workforce. Apart from the regular introductory events for new employees, the main focus in 2012 was on seminars to promote social and leadership skills as well as specialist expertise. Additionally, executives programmes in English, French and Spanish were started in 2012. The company plans to continue and expand these programmes in 2013.

In 2012, staff development introduced the general management programme, a programme for the development of junior executives. Another programme of this type will be launched in 2013. Moreover, the junior staff development will be supplemented with a junior management programme that focuses on the development of employees with leadership potential. Both programmes serve to establish a talent pool in order to be able to increasingly man strategically important executive positions with excellent managers from our own ranks.



428 young
people doing
their training



"Almost all trainees are hired as permanent employees."

Daniela Bräsemann,
Staff development



See Forecast Report,
page 126



Praised
HR work

The trainee programme focusing on “Sales” and “Services” started successfully in 2012. In 2013, the programme is to be supplemented with the branch “Public Sector Sales”. In the first year, our trainee programme was already praised by the job exchange “Absolventa” for its career-promoting features and fairness.

To further improve the quality of the training offers and thus the competence of the employees, we now offer the sales-oriented training portal iLearn throughout the group, which we had already introduced in 2009 for the IT e-commerce segment. The iLearn training offer currently comprises more than 170 individual courses for IT products, processes and sales guidelines in a total of ten languages for newcomers and experienced sales representatives. The courses that are taken directly on the private workstations are combined with classroom events of the BECHTLE Academy and the training roadmap at BECHTLE DIRECT. Currently, more than 3,770 group employees benefit from iLearn. The objective of iLearn is to ensure uniform, up-to-date product knowledge at all locations, thereby further expanding our competitiveness. The web-based training portal was certified according to DIN EN ISO 9001 in 2009 and submitted to a quality check by Forrester Research in July 2010.

Compared to other companies in the industry, BECHTLE boasts a high certification density. By means of vendor-certified employees, BECHTLE always guarantees a high level of consulting quality and solution competence for its customers. In 2012, too, employee certification measures constituted a central part of the HR work.

CORPORATE GOVERNANCE REPORT

Since its foundation, Bechtle’s entrepreneurial actions and self-image have concentrated on the fundamental values of an honourable merchant. All decision-makers at Bechtle have always been, and continue to be, aware of the high expectations of the stakeholders and the social responsibility. Thus, Bechtle had already been committed to the values and rules now considered to be part of good corporate governance before they were even defined and adopted as general standards. For the Executive Board and the Supervisory Board, these rules serve as important orientation standards.



[www.bechtle.com/
investors/corporate-governance](http://www.bechtle.com/investors/corporate-governance)

Below, the Executive Board and Supervisory Board jointly report on the corporate governance at BECHTLE AG according to Section 3.10 of the German Corporate Governance Code (DCGK). BECHTLE AG publishes the declaration on the corporate governance pursuant to Section 289A of the German Commercial Code (HGB) on the Internet.

Shareholders and Annual General Meeting

BECHTLE AG has only issued no-par common bearer shares. All shares grant the same voting rights. To enable shareholders to safeguard their interests at the Annual General Meeting, the Executive Board appoints proxies on whom the shareholders can confer their voting rights, subject to their instructions. BECHTLE ensures that the proxies can be reached even during the Annual General Meeting. Electronic proxy authorisation is possible. The agenda as well as the reports and documents required for the Annual General Meeting are made available on the Internet for review and download. The Articles of Incorporation of BECHTLE AG do not provide for postal votes.



www.bechtle.com/agm

BECHTLE AG endeavours to organise the Annual General Meeting as efficiently as possible and not to extend it unduly. In this context, the company follows the provisions of $\text{D}\text{C}\text{E}\text{K}$, according to which an ordinary annual general meeting should normally end after no more than four to six hours. All Annual General Meetings in recent years remained within this limit.

The Executive Board and the Supervisory Board of BECHTLE AG still do not broadcast the Annual General Meeting over the Internet. In the opinion of the Executive Board and of the Supervisory Board, the organisational costs and legal uncertainties of an Internet transmission would surpass its benefits for the company and its shareholders.

Collaboration between the Executive Board and the Supervisory Board

The Supervisory Board is involved in all major corporate decisions on the basis of a set of Rules of Procedure and assists the Executive Board by providing advice whenever necessary. The Executive Board regularly, duly and comprehensively informs the Supervisory Board of all material issues of the business development, business planning, strategy, risk management, potential risks and opportunities of the business performance and compliance-related subjects. The information and reporting obligations are specified in detail in the Rules of Procedure. The Executive Board informs the Supervisory Board without delay about any extraordinary events that are of importance to the assessment of the situation, development or management of the company. The Supervisory Board also obtains information about the company's situation and important business transactions in meetings with the Executive Board and Managing Directors outside the scope of the regular Supervisory Board meetings. Thus, the Supervisory Board has a useful information base for monitoring operations with valuable suggestions and recommendations. As a matter of principle, the Executive Board forwards its documents to the members of the Supervisory Board in coordination with the Chairman of the Supervisory Board in good time before the Supervisory Board meetings, in order to enable the members to duly prepare for the meetings. According to the Rules of Procedure of the Executive Board, important business transactions are subject to the approval of the Supervisory Board.



See Report of the
Supervisory Board,
page 12 f

Executive Board



[www.bechtle.com/
executive-supervisory-boards](http://www.bechtle.com/executive-supervisory-boards)

The staffing and responsibilities of the Executive Board are the same as in the prior year. The Executive Board consists of three members. Dr. Thomas Olemotz is the Chairman of the Executive Board.

Apart from the distribution of tasks, the Rules of Procedure govern the collaboration within the Executive Board, majority requirements for resolutions and the cooperation with the Supervisory Board. An age limit of 65 has been determined for members of the Executive Board.

For BECHTLE AG, the qualifications and suitability of applicants are the decisive criteria for the appointment of Executive Board members and other executives. Therefore, the possible extent of diversity required by DCGK is limited as far as the staffing of executive positions is concerned. The company believes that its principle of solely function-oriented neutrality best serves corporate interests. Taking this requirement into account, BECHTLE nevertheless pays attention to diversity and especially to the consideration of women when staffing executive teams and welcomes efforts to increase the proportion of women in executive positions. Currently, 12 per cent of BECHTLE'S executive positions are already staffed with women, an excellent value when compared to the industry average (IT industry: 4 per cent).



See
Employees,
page 61f

Executive Board Compensation

In the reporting period, the total compensation of the Executive Board members consisted of a fixed basic salary and a performance-related variable compensation that comprises a component with a short-term orientation and a long-term component with a three-year horizon. The criteria for the assessment of the variable compensation include EBT, revenue growth, the EBT margin and, for the long-term compensation component, a minimum return on equity. As in the past, the company did not make any pension commitments to Executive Board members in the reporting period.

The Annual General Meeting of 16 June 2010 made use of the opt-out possibility specified in Section 286 (5) of the German Commercial Code (HGB). Thus, BECHTLE AG is exempted from the requirement for individualised disclosure of the Executive Board compensation until and including 2015 (Section 4.2.4 DCGK). In view of the relatively small number of three Executive Board members, the company is of the opinion that the disclosure of the total Executive Board compensation and the itemisation by fixed and variable components provide adequate transparency.

In the fiscal year 2012, the fixed compensation of the Executive Board amounted to €930 thousand (prior year: €892 thousand), and the variable components amounted to €604 thousand (prior year: €1,602 thousand). The total compensation amounted to €1,534 thousand (prior year: €2,494 thousand). To gear the compensation structure to a sustainable business development, commitments with a long-term incentive effect have been made. These commitments are determined on the basis of the development of the revenue, earnings before taxes and return on equity in 2012 to 2014. The commitments are subject to the condition precedent that the defined targets are reached and are due for payment in 2015. The total amount in case all targets are reached is €2,284 thousand. The portion of €604 thousand for the fiscal year 2012 has been taken into consideration in the form of provisions.

20. EXECUTIVE BOARD COMPENSATION

	€	
	2012	2011
Fixed compensation	930,000	892,000
Variable compensation	604,000	1,602,000
Total	1,534,000	2,494,000

Depending on their position, Executive Board members were assigned vehicles for business and private use as fringe benefits.

The German Corporate Governance Code recommends limiting the severance of an Executive Board member in the event of premature termination of his activity to the compensation for two years (severance cap), or not to compensate more than the residual term of the contract (Section 4.2.3 [4] of the German Corporate Governance Code [DCGK]). The Supervisory Board of BECHTLE AG endeavours to bind the Executive Board members to the company for as long as possible. For this reason, the Supervisory Board does not consider a formal limitation by means of an agreement to be appropriate. Thus, the legal provisions would apply in such a case. In the opinion of the Supervisory Board, the legal provisions adequately account for the mutual interests in the event of departure of an Executive Board member and therefore form an appropriate basis. One exception to this rule is the premature termination due to a change of control. An upper limit of the compensation for three years has been agreed for this case. For the time being, this only applies to the Chairman of the Executive Board, whose agreement was prematurely extended and adapted in January 2013.

In the past, the Supervisory Board of BECHTLE AG agreed office terms of less than five years for Executive Board members appointed for the first time. The company intends to continue to use this approach.

Supervisory Board

In line with the Articles of Incorporation, the Supervisory Board of BECHTLE AG consists of twelve members. In accordance with the German Co-Determination Act (MitbestG), it consists of equal numbers of shareholder representatives and employee representatives. The Supervisory Board includes four female members, various members have a special international background, and the overwhelming majority of the shareholder representatives are independent. Some of the employee representatives are normal employees of the company.

As of the end of the Annual General Meeting of 19 June 2012, Gerhard Schick, company founder and long-standing Chairman of the Executive Board and of the Supervisory Board, stepped down from the Supervisory Board. With effect from 20 June 2012, Prof. Dr. Thomas Hess, Director of the Institute for Information Systems and New Media of the Ludwig Maximilian University in Munich, was elected as a new member of the Supervisory Board.

Until his departure, Gerhard Schick served as Chairman of the Supervisory Board. He also chaired the personnel committee. Until 19 June 2012, Dr. Jochen Wolf served as chairman of the audit committee. As doctor of economics, long-standing head of group controlling, administrative director, CFO and director of



See Notes, Supervisory Board members, page 216 f

an investment company, he has special skills and experience in the application of accounting principles and internal audit procedures (Section 100 [5] of the German Stock Corporation Act [AktG], Section 5.3.2 DCGK). As of 20 June 2012, Klaus Winkler was appointed Chairman of the Supervisory Board. He has been a member of the Supervisory Board since 1999, and he already served as its Chairman from 1999 to 2004. He has been on the audit committee since its existence. By nature, the Chairman of the Supervisory Board of BECHTLE AG engages in intensive exchange with the Executive Board and is closely acquainted with the goings-on in the company. Thus, the company does not consider a separation of the executive positions of the Supervisory Board and of the audit committee to be necessary. Therefore, the Supervisory Board has appointed Klaus Winkler as chairman of the audit committee, effective from 20 June 2012. Klaus Winkler studied banking and business administration (VWA). He served as the Head of Corporate Finance of BW-Bank, Stuttgart, for seven years and as Director of the current BWK GmbH Unternehmensbeteiligungsgesellschaft for 13 years. Since 2003, he has been Administrative Director of HELLER GmbH, Nürtingen, one of Europe's leading machine tool manufacturers. In 2007, he was appointed Chairman of the Board of Directors of HELLER GmbH. He has special skills and experience in the application of accounting principles and internal audit procedures (Section 5.3.2 DCGK). Since 20 June, Dr. Jochen Wolf has served as chairman of the personnel committee (Section 5.2 [2] DCGK).

A nomination committee has not been formed. In view of the staffing of the Supervisory Board, the Supervisory Board does not consider such a committee to be necessary at present.

The Supervisory Board endeavours to fulfil its duties with due care. Every three years, the Supervisory Board has the efficiency of its activity comprehensively audited on the basis of the guideline of Deutsche Schutzvereinigung für Wertpapierbesitz e. V. An audit conducted in the reporting period confirmed the efficiency of the Supervisory Board's work. Should the Supervisory Board come to the conclusion that the efficiency has deteriorated, the audit will be conducted on an annual basis.

In line with Section 5.4.1 DCGK, the Supervisory Board has put down its goals concerning its future composition in writing. The Supervisory Board thus intends to ensure that at least two Supervisory Board members fulfil the criterion of internationality to a special degree. However, the Supervisory Board does not see any necessity to fix the number of independent Supervisory Board members. Currently, the large majority of the shareholder representatives fulfil the criterion of "independence". They have no personal or business relations with the company, its executive bodies, a controlling shareholder or an enterprise associated with the latter. Furthermore, they do not exercise any consulting or board function for customers, suppliers, creditors or other business partners of BECHTLE AG. Nevertheless, the Supervisory Board will continue to propose representatives of business partners as Supervisory Board members if their specific skills are more beneficial to the company than potential conflicts of interests could be detrimental. Moreover, the Supervisory Board already boasts a high level of diversity. In particular, four of the twelve Supervisory Board members are women. Therefore, the Supervisory Board has not formulated any concrete goals with respect to the subject of diversity (Section 5.4.1 [2] DCGK). The Rules of Procedure provide for an age limit of 70 for Supervisory Board candidates.

Presently, the goals set by the Supervisory Board have already been fulfilled. They will be taken into consideration in future election proposals.

Supervisory Board Compensation

The regulations concerning the Supervisory Board compensation did not change in the reporting period. These regulations were adopted by the Annual General Meeting of 16 June 2010 and are explained in Article 11 of the Articles of Incorporation of BECHTLE AG. BECHTLE AG presents the compensation of Supervisory Board members in individualised form. The compensation structure takes the responsibility and scope of activity of the individual members into account. The chairmanship, vice-chairmanship and committee activities, as well as committee chairmanship, are taken into consideration. Success-oriented compensation is not planned.



www.bechtle.com/satzung

21. SUPERVISORY BOARD COMPENSATION

€

Name	Basic compensation	Chairman/ Vice-Chairman	Committee activity	Attendance fee	Total 2012	Total 2011
Shareholder representatives						
Kurt Dobitsch	25,000			3,750	28,750	28,750
Prof. Dr. Thomas Hess (from 20 June 2012)	13,320			1,500	14,820	0
Dr. Walter Jaeger	25,000		3,463	4,500	32,963	28,750
Gerhard Schick (until 19 June 2012)	11,680	23,361	7,592	3,750	46,383	98,500
Karin Schick	25,000			3,750	28,750	28,750
Klaus Winkler	25,000	26,639	11,695	6,750	70,084	37,250
Dr. Jochen Wolf	25,000	12,500	16,250	7,250	61,000	61,000
Employee representatives						
Uli Drautz	25,000	12,500	13,000	7,250	57,750	57,750
Daniela Eberle	25,000		6,500	6,250	37,750	37,000
Jürgen Ergenzinger	25,000			3,000	28,000	28,750
Sonja Glaser-Reuss	25,000			3,750	28,750	28,750
Barbara Greyer	25,000			3,750	28,750	28,750
Siegfried Höfels	25,000			3,750	28,750	17,935
Total amount					492,500	491,250

Supervisory Board members have not been granted any loans, and no liability has been assumed on their behalf. The same applies to the Executive Board members. During the reporting period, the company did not have any share option programmes or similar securities-oriented incentive systems.

D&O Insurance

The Executive Board and the Supervisory Board observe the generally accepted corporate governance principles. Should they culpably violate their duty to exercise due care, BECHTLE AG may assert damage claims against them. To cover this risk, the company has taken out directors & officers liability insurance for the Executive Board and Supervisory Board members. A deductible of 10 per cent has been agreed for the Executive Board in line with the statutory provisions, but not for the Supervisory Board. BECHTLE AG does not believe that a deductible would contribute to an improved sense of responsibility and motivation of the Supervisory Board.

Conflicts of Interest

The members of the Executive Board and of the Supervisory Board are committed to the interests of the company. In their decisions within the scope of their activity, they are not permitted to pursue personal interests or use business opportunities to which the company is entitled for themselves. In the past fiscal year, the Supervisory Board and Executive Board members did not experience any conflicts of interest, e.g. due to a consulting or board function for customers, suppliers, creditors or business partners. Detailed information on the existing mandates of the members of supervisory boards and similar supervisory bodies of other companies is presented in the Notes to the consolidated financial statements.



See Notes,
page 202 and 216f

Transparency

To promote trust on the part of shareholders and the public, BECHTLE engages in fair, timely and open dialogue with all stakeholders. For the Executive Board and the Supervisory Board, openness and transparency are key principles of conduct. To ensure equal treatment of all market players, all capital market-relevant information is published simultaneously in German and English and made available on the company's website. Important dates, financial reports, press releases and presentations are also made available to shareholders and other interested individuals on the company's website. Moreover, BECHTLE offers its shareholders the possibility of learning the latest details about the performance of the BECHTLE share and important analyst and press opinions by means of a weekly report.



www.bechtle.com/investors

Accounting and Auditing of Annual Financial Statements

BECHTLE prepares the consolidated financial statements and the interim financial reports according to the applicable rules of the International Financial Reporting Standards (IFRS) as applied in the EU. The annual financial statements are prepared according to the regulations of the German Commercial Code (HGB).

The annual and consolidated financial statements were again audited by the audit firm Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Heilbronn, Germany, which the Annual General Meeting had appointed as auditor for the fiscal year 2012.

Before submitting the election proposal, the audit firm Ernst & Young GmbH issued a declaration of independence pursuant to Section 7.2.1 (1) DCGK. According to this declaration, there are no business, personal, financial or other relationships between the audit firm and the BECHTLE Group that could cast doubt on the auditor's independence. Moreover, the audit firm was not involved in the accounting or preparation of the annual or consolidated financial statements.

The auditor participates in the Supervisory Board discussions on the annual and consolidated financial statements, attends the balance sheet meeting on 12 March 2013 and reports the results of its audit. Moreover, it provides additional information and answers questions of the Supervisory Board concerning the audit.

SHARE

Despite the considerable turbulence, the German stock market performed generally well in 2012. The worries about the ongoing national debt in some countries of the euro area and the weak indicators of the global economy did not affect the share prices to the extent feared. In the reporting period, all leading German indices underwent two-digit increases. In the reporting period, the value of our share also went up about 16 per cent. Especially in times of turbulence, the sustainable dividend policy of Bechtle AG, which is again reflected in the current dividend proposal of €1.00 for the fiscal year ended, is an attractive aspect for investors.

Stock Market

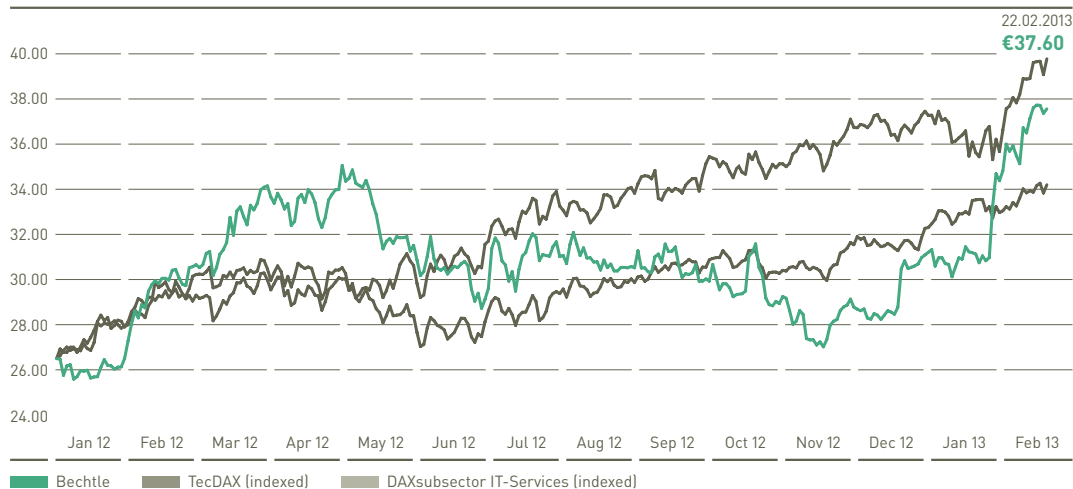
The stock markets got 2012 off to a very confident start. The successful debt cut in Greece and declining yields for Spanish and Italian government bonds increased the risk tolerance of many market players and supplied the stock exchanges with vigorous price surges until the end of the first quarter. The mostly positive reporting of the companies also contributed to the positive mood on the financial markets. However, the concerns about the development of the global economy again got the upper hand in the course of the second quarter. Especially in the European currency area, the economic indicators underwent a decline across the board. In view of the economic encumbrances due to the ongoing debt crisis, the situation on the stock markets deteriorated particularly from May onwards, and virtually all leading German indices returned to their initial levels. The weaker economic data did not remain without effect on the profit expectations of companies. Especially cyclical enterprises lost a considerable amount of their confidence in the course of the year, until the difficult framework conditions were largely factored into the estimations. Happily, the general concerns that the weak indicators from the economy and the uncertainty in the euro area would increase the pressure on the financial markets did not materialise. Instead, the fourth quarter saw the onset of a noticeable recovery. In 2012, all leading German indices recorded two-digit increases. The MDAX spearheaded this trend with a rise of 31 per cent. The DAX gained about 25 per cent. With increases of 17 and 18 per cent, the SDAX and TecDAX came in last in this success series.

Share Performance

On 2 January 2012, the BECHTLE share entered the new trading year with a closing price of €26.42. After the share reached its annual low of €25.50 only a week later on 9 January, the price underwent a remarkable increase. Outperforming the TecDAX, the share reached its annual high of €35.10 on 2 May 2012. Thereafter, the share lost value due to the deteriorated market environment and as a result of the dividend markdown. Especially owing to the lack of further impulses in the summer months, the share price entered a volatile phase ranging from €28 to €32. In November, the share almost dropped back to its annual opening price. Towards the end of the year, the BECHTLE share picked up again, closing at €30.65 on 28 December. Accordingly, we achieved a price increase of 16 per cent in 2012.

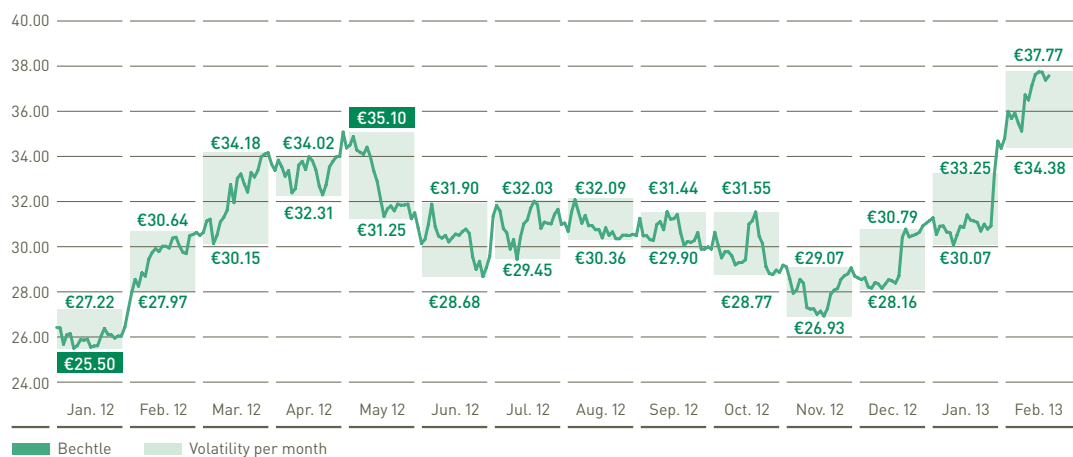
22. THE BECHTLE SHARE - PERFORMANCE FROM JANUARY 2012 TO FEBRUARY 2013

€



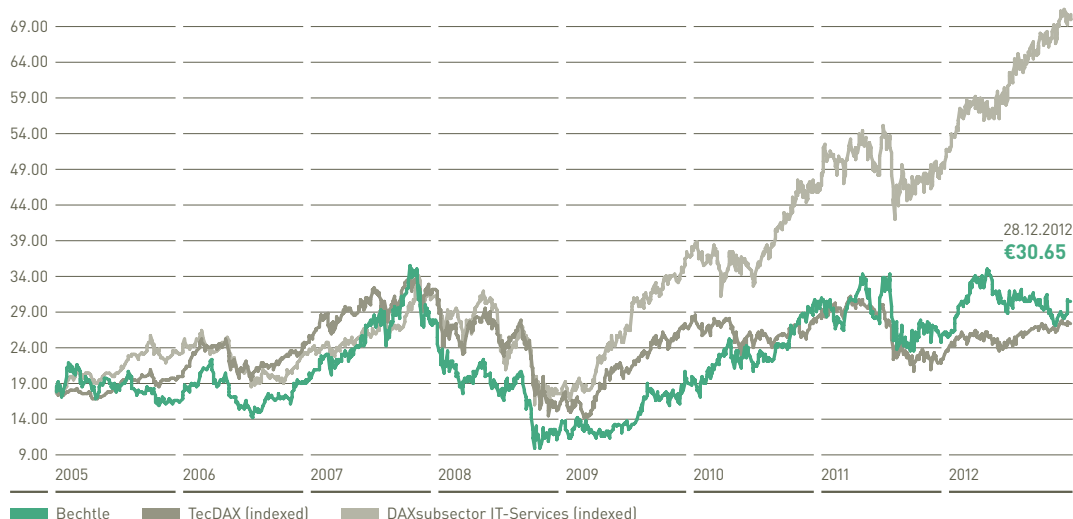
23. THE BECHTLE SHARE - HIGHEST AND LOWEST PRICES JANUARY 2012 TO FEBRUARY 2013

€



24. THE BECHTLE SHARE - PERFORMANCE FROM 2005 TO 2012

€



Along with the prices, the market cap also progressed. At the end of the year, the market cap was €643.7 million, €93.5 million more than at the end of 2011 (€550.2 million). In the ranking of Deutsche Börse as of 31 December 2012, BECHTLE was in the 17th place in terms of market cap in the TecDAX. In the prior year, the company had been in the 15th place.

Due to the general market conditions, the trading in BECHTLE shares was slightly weaker in the reporting period. The average daily stock exchange turnover of BECHTLE shares amounted to €1,281.6 thousand (prior year: €1,460.2 thousand). In terms of the quantity, this represents an average daily trading volume of 42,143 BECHTLE shares (prior year: 51,873). Despite the reduced trading activity, we improved our Deutsche Börse ranking as of 31 December 2012 in terms of stock exchange turnover from the 23rd place to the 16th place in the TecDAX.

25. TRADING DATA OF BECHTLE SHARE

		2012	2011	2010	2009	2008
Annual opening price	€	26.42	30.39	18.65	13.28	27.86
Annual closing price	€	30.65	26.20	28.99	18.79	13.66
High	€	35.10	34.35	30.65	20.50	27.86
Low	€	25.50	23.48	17.01	11.02	9.64
Performance – absolute	€	+4.23	-4.19	+10.34	+5.51	-13.34
Performance – relative	%	+16.0	-13.8	+55.4	+41.5	-49.4
Market cap – total ¹	€m	643.7	550.2	608.8	394.6	289.6
Average turnover/trading day ²	shares	42,143	51,873	30,543	37,129	69,743
Average turnover/trading day ²	€	1,281,620	1,460,183	705,260	538,189	1,228,978

Xetra closing price data

¹ As of the end of the year

² All German stock exchanges

Shareholder Structure

Karin Schick, still the company's largest shareholder, holds an interest of 35.02 per cent. This figure comprises the shares of Schick GmbH, of which Karin Schick is a partner, and shares belonging to Karin Schick's underage son. On 25 January, Schick GmbH had purchased a total of 20,000 BECHTLE shares, resulting in a marginal increase in Karin Schick's shareholding in the reporting period. As of the end of the reporting period, the free float thus amounted to 64.98 per cent. These shares are held by a wide spectrum of private and institutional investors in Germany and abroad.

In the reporting period, we received several voting rights notifications from Flossbach von Storch AG, Köln, Germany. The investment company increased its shareholding in BECHTLE from about 3 per cent in March 2012 to more than 5 per cent in May 2012. In January 2013, the company notified us that its shareholding had meanwhile increased to more than 10 per cent (2,114,862 shares).



[www.bechtle.com/
shareholder-structure](http://www.bechtle.com/shareholder-structure)



[www.bechtle.com/
voting-rights-announcements](http://www.bechtle.com/voting-rights-announcements)



"The dividend proposal of €1.00 represents a significant increase of the payout ratio."

Jochen Kugel,
Head of product management

Dividend

For the past 12 years, BECHTLE has been pursuing a shareholder-friendly dividend policy focused on continuity. In the TecDAX, the company is one of the few companies that have continued to distribute profits to shareholders year after year without interruption since their IPO. Despite the fact that the earnings were lower than in the prior year, but in view of the company's excellent liquidity position, the Executive Board and the Supervisory Board have agreed to propose a dividend of €1.00 per share for the fiscal year 2012 to the Annual General Meeting. In the prior year, BECHTLE AG had paid a normal dividend of €0.85 plus a one-time special dividend of €0.15 per share. Subject to the approval of the Annual General Meeting, the payout proposal correspond to a 17.6-per-cent or €0.15 increase of the normal dividend.

As of 31 December 2012, the number of shares with dividend entitlement was 21,000,000. Thus, the sum to be distributed for the fiscal year 2012 amounts to €21.0 million. This means a dividend payout ratio of 37.1 per cent of the consolidated earnings after taxes (prior year: 33.5 per cent). In relation to the annual closing price of our share, the dividend yield thus amounts to approximately 3.3 per cent (prior year: 3.8 per cent).

Earnings per Share

In accordance with the earnings development in the reporting period, the earnings per share were also lower than in the prior year. With an unchanged number of voting rights of 21.0 million shares and earnings after taxes of €56.6 million, the EPS amounted to €2.69, 9.8 per cent or €0.30 less than in the prior year (€2.99).



See
Earnings Position,
page 87
and Notes,
Earnings per Share,
page 156



For further key figures
see Multi-year Overview,
page 220 ff

26. KEY SHARE FIGURES

		2012	2011	2010	2009	2008
Shares with dividend entitlement ¹	shares	21,000,000	21,000,000	21,000,000	21,000,000	20,990,500
Earnings per share	€	2.69	2.99	2.21	1.64	2.14
Amount distributed	€m	21.0 ²	21.0	15.8	12.6	12.6
Cash dividend per share	€	1.00 ²	1.00	0.75	0.60	0.60
Dividend yield ¹	%	3.3 ²	3.8	2.6	3.2	4.4
Dividend payout ratio	%	37.1 ²	33.5	33.9	36.8	27.4
Price/earnings ratio ¹		11.4	8.8	13.1	11.5	6.4

¹ As of the end of the year

² Subject to the approval of the Annual General Meeting

Annual General Meeting

The 12th Annual General Meeting of BECHTLE AG took place on 19 June 2012 at the “Harmonie” concert and congress centre in Heilbronn, Germany. The company’s Executive Board and Supervisory Board welcomed more than 500 shareholders, who represented 70.7% per cent of the company’s entire issued capital. The voting results, which document the great trust placed in the management, contributed to the success of the event. All agenda items were adopted with a clear majority. As of the end of the Annual General Meeting, Gerhard Schick, the previous Chairman of the Supervisory Board, stepped down from the Supervisory Board. The Annual General Meeting elected Prof. Dr. Thomas Hess as a new member of the Supervisory Board. The Supervisory Board elected Klaus Winkler as the new Chairman.



See Report of the
Supervisory Board,
page 14

Communication with the Capital Market

The way that analysts view a company has a major impact on shareholder and investor opinion. In 2012, a total of ten institutions regularly reported on BECHTLE in detailed surveys and topical brief analyses: Berenberg Bank, Commerzbank, Deutsche Bank, DZ Bank, fairesearch, Hauck & Aufhäuser, Landesbank Baden-Württemberg, Metzler, M.M. Warburg and WestLB. The coverage of the company by Berenberg Bank started in February 2012. In July 2012, WestLB discontinued its share research. BECHTLE’S regular constructive dialogue with all institutions was enhanced by analyst visits to the headquarters, various conferences and joint road shows.

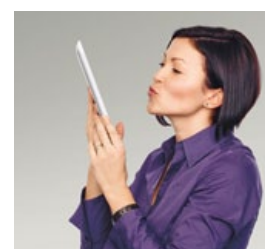


[www.bechtle.com/
research](http://www.bechtle.com/research)

The relationship with existing and potential investors remained intensive in 2012. In individual discussions, road shows and investor conferences, BECHTLE provided information about the company’s economic situation, business strategy and outlook. Furthermore, many investors are making use of the opportunity to inform themselves about BECHTLE in personal meetings at group headquarters in Neckarsulm.

The annual report is the key financial reporting medium and thus represents an important element of the communication with the financial market. We endeavour to continually improve our publications in order to provide interested readers with comprehensive and transparent information on the company’s development at all times. Thus, we are especially proud that in 2012, our annual report won the first place in the TecDAX in the “manager magazin” contest “The Best Annual Report”, arguably the most prestigious German annual report ranking. Among all 160 examined businesses, BECHTLE ranked seventh, an improvement of four places compared to the prior year.

Last but not least, personal contact with private investors is an important element of the investor relations activities. Apart from the Annual General Meeting, BECHTLE’S agenda in the fiscal year ended included the introduction of the group to private shareholders within the scope of the shareholder days, which were held for the eighth time. On three dates in August, September and October, numerous shareholders visited the company headquarters in Neckarsulm for information on the company’s business and strategy orientation. Apart from offering presentations and tours, BECHTLE AG uses this event to provide its shareholders with a more profound insight into the company, thereby enhancing the relationship with its shareholders.



“Good financial market communication: Bechtle’s annual report wins the first place.”

Corinna Müller,
Head of logistics controlling



Praised
HR work

In the assessment of the IR work for private investors in the reporting period, which was conducted by "Börse Online", BECHTLE AG achieved the second place in the TecDAX. In the overall ranking of all large listed companies, we reached the eighth place. "Börse Online" examined how private investors regarded the IR work of the 160 largest listed companies. The survey focused on the credibility and comprehensibility of the communication of the IR departments. The investors rated the possibility to communicate directly by telephone, e-mail, at the annual general meeting and at other shareholder events. Additionally, the private shareholders were also asked about the quality of the company website.



www.bechtle.com/home-en

[www.facebook.com/
BechtleAG](https://www.facebook.com/BechtleAG)

[www.twitter.com/
Bechtle_AG](https://www.twitter.com/Bechtle_AG)

The website of BECHTLE AG is an important and intensively used information platform for communication with shareholders and the capital market. The website is continuously developed by the company, and the contents are updated on a regular basis. In line with the growing importance that BECHTLE attaches to social media for financial market communication purposes, we regularly keep our investors up to date with relevant information via Facebook and Twitter. The company considers this as a trendsetting service for its shareholders and other interested parties.

TAKEOVER-RELATED DISCLOSURES

The disclosures required pursuant to Section 315 (4) of the German Commercial Code (HGB) are presented below:

As of 31 December 2012, the company's issued capital amounted to a total of €21,000,000, which is fully paid up. It is divided into 21,000,000 no-par bearer shares. The amount of the issued capital that is allocated to each share is €1.00. Every share grants a voting right and is entitled to dividends.

The Executive Board is not aware of any restrictions relating to voting rights or the transfer of shares.



[www.bechtle.com/
shareholder-structure](http://www.bechtle.com/shareholder-structure)

The company is aware of the following direct or indirect capital interests exceeding 10 per cent of the voting rights as of the reporting date 27 February 2013:

- Karin Schick, Gaildorf, Germany: 35.02 per cent, thereof 28.82 per cent directly and 6.19 per cent indirectly,
- Flossbach von Storch AG, Köln, Germany: 10.07 per cent, thereof 10.07 per cent indirectly.

There are no shares with special rights granting powers of control.

There are no employee share ownership plans or similar schemes under which employees hold interests in the capital without directly exercising their control rights.

The appointment and dismissal of members of the Executive Board is governed by Sections 84 ff of the German Stock Corporation Act (AktG). According to these provisions, Executive Board members are appointed and dismissed by the Supervisory Board. The appointment is made for a maximum term of five years. The appointment may be repeated or extended for an additional maximum term of five years. The Articles of Incorporation do not contain any deviating regulations. In accordance with Article 6.1 of the Articles of Incorporation, the Executive Board consists of one or several persons. The number of Executive Board mem-

bers is determined by the Supervisory Board. According to Article 6.4 of the Articles of Incorporation, the Supervisory Board may appoint an Executive Board member as the Chairman or Spokesman of the Executive Board. It may revoke the appointment of an Executive Board member and the appointment of the Chairman of the Executive Board for important reasons (Section 84 [3] of the German Stock Corporation Act [AktG]). In the reporting period, the staffing of the Executive Board did not undergo any changes.



[www.bechtle.com/
satzung](http://www.bechtle.com/satzung)

The conditions for amendments to the Articles of Incorporation are mainly outlined in Sections 179 to 181 of the German Stock Corporation Act (AktG). Amendments to the Articles of Incorporation are subject to a resolution of the Annual General Meeting with a majority of at least three fourths of the issued capital represented during the adoption of the resolution. The Articles of Incorporation may impose a capital majority that is different from the statutory provision (only a greater majority for changing the purpose of the company) as well as other requirements. The Articles of Incorporation of BECHTLE AG do not contain any such provision. The Annual General Meeting may confer the authority to make amendments that merely concern the wording of the Articles of Incorporation on the Supervisory Board. At the company, this has been done by means of Article 10.4 of the Articles of Incorporation.

Pursuant to Section 202ff of the German Stock Corporation Act (AktG), the Executive Board is authorised, subject to the approval of the Supervisory Board, to increase the company's total capital by a total of up to €10,600,000 by issuing, through one or more share offerings, up to 10,600,000 new bearer shares against cash contributions and/or contributions in kind until 15 June 2014 (authorised capital).

Subject to the approval of the Supervisory Board, the Executive Board decides on the exclusion of the subscription right and on details concerning the issue of the new shares. The subscription right may be excluded:

- for fractional amounts,
- in the case of capital increases against contributions in kind for the purpose of granting shares for the acquisition of companies or interests in companies,
- in the event of a capital increase against cash contribution, provided the total proportion of the issued capital allocated to the new shares for which the subscription right is excluded does not exceed 10 per cent of the issued capital at the time of the issue and the issue value is not considerably lower than the listed price. The shares (i) that are issued or sold during the term of this authorisation under exclusion of the subscription right in direct or analogous application of Section 186 (3) sentence 4 of the German Stock Corporation Act (AktG) or (ii) that are issued or can be issued to service bonds with conversion and/or option rights provided the bonds are issued after this authorisation comes into force in analogous application of Section 186 (3) sentence 4 of the German Stock Corporation Act (AktG) under exclusion of the subscription right of the shareholders, shall be offset against this limit of 10 per cent of the issued capital,
- in the event of a capital increase for the purpose of issuing employee shares, provided the total proportion of the issued capital allocated to the new shares for which the subscription right is excluded does not exceed 10 per cent of the issued capital at the time of the issue.

The purchase of treasury shares is only permissible according to the provisions of Section 71 (1) of the German Stock Corporation Act (AktG). Based on the resolution of the Annual General Meeting of 16 June 2010, the Executive Board is authorised to purchase treasury shares pursuant to Section 71 (1) no. 8 of the German Stock Corporation Act (AktG). The authorisation came into force on 16 June 2010 and is valid until 15 June 2015. Treasury shares must be purchased via the stock exchange or within the framework of a public

purchase bid. The price the company pays per share shall not exceed or be lower than the average closing price for the company's shares on the Xetra platform (or a suitable successor system) on the last five trading days prior to the purchase of treasury shares or, in the case of a public purchase bid, prior to the date of publication of the public purchase bid, by more than 10 per cent (without transaction costs). The scope of the authorisation is limited to up to 10 per cent of the issued capital. The redemption authorisation has been granted for any purpose permitted by law.

As a matter of principle, the sale of purchased treasury shares must take place via the stock exchange or by means of a public bid addressed to all shareholders. Other types of sale are permissible if this is necessary for the benefit of the company in order to use the shares as follows:

- to use the treasury shares to finance the acquisition of businesses or operations by the company,
- to offer the respective shares for purchase by employees of the company and of affiliated companies as defined in Section 15 of the German Stock Corporation Act (AktG).

In these cases, the shareholders do not have any purchase right. The selling price (without transaction costs) for a share may not be significantly below the average price of the share on the Xetra platform (or a comparable successor system) on the last five trading days prior to the sale of the treasury shares or prior to the date on which the agreement to sell the treasury shares was concluded.

The company has no other significant agreements that would apply in the event of a change of control due to a takeover bid.

In the reporting period, the company did not conclude any agreements with members of the Executive Board or employees that would apply in the case of a change of control due to a takeover bid. As of 1 January 2013, the contract with the Chairman of the Executive Board has been supplemented with a clause that limits the severance to the compensation for three years in the case of premature termination due to a change of control.

FRAMEWORK CONDITIONS

MACROECONOMY

In the reporting period, the economic performance in the EU dropped. According to estimates of the European Commission, the gross domestic product (GDP) in the EU declined 0.3 per cent in 2012. In the prior year, this region had still grown 1.5 per cent. In the reporting period, the economic power also slackened within the BECHTLE markets in the EU. The bandwidth ranged from 0.0 per cent in France and the UK to minus 3.2 per cent in Portugal. Only Austria, Germany, Ireland and Poland achieved positive growth rates, though at a low level. Except for Poland, which recorded a 2.0-per-cent growth, the growth rates all remained under 1 per cent. At minus 4.1 per cent, investments in equipment, an indicator that is relevant to BECHTLE, were much lower in the EU in 2012 (prior year: plus 4.2 per cent). Nevertheless, the BECHTLE markets also had some positive examples – Austria, Belgium, the Czech Republic, Ireland, the Netherlands and Poland – with increases from 0.4 to 4.4 per cent.



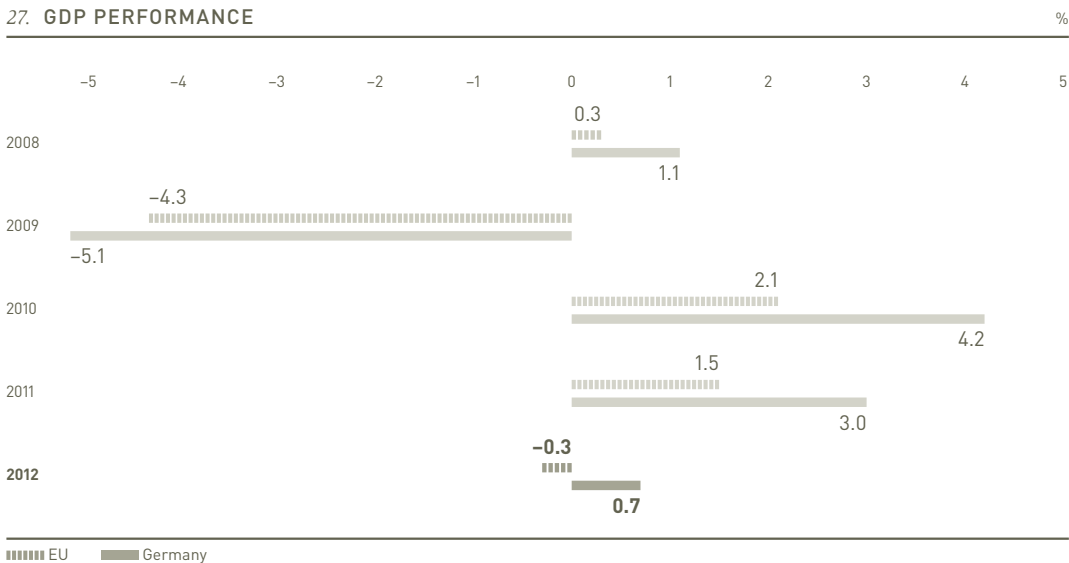
www.ec.europa.eu

Defying the trend, Germany and Switzerland, the two most important BECHTLE markets, underwent a positive development. According to an estimate by the Swiss federal government's expert committee on economic forecasts, Switzerland's GDP in 2012 amounted to 1.0 per cent, compared to 1.9 per cent in the prior year. This figure includes investments in equipment, which went up 2.5 per cent, and government expenditure, which increased 2.0 per cent. As reported by the German Federal Statistical Office, the GDP in Germany climbed 0.7 per cent in the reporting period. In 2011, the growth had still amounted to 3.0 per cent. Investments in equipment dropped to minus 4.8 per cent (prior year: plus 7.0 per cent), while government investments grew 1.4 per cent. Exports were the main growth driver in Germany.



www.destatis.de/EN

27. GDP PERFORMANCE



INDUSTRY

In the reporting period, the IT industry in the EU outperformed the economy as a whole, growing 1.2 per cent, as reported by the European Information Technology Observatory (EITO). This development was mainly driven by the hardware segment with 2.2 per cent and the software segment with 2.9 per cent, while services merely increased 0.3 per cent. In the countries in which BECHTLE is present, hardware revenues diverged greatly in 2012, from minus 8.8 per cent in Portugal and Spain to plus 9.4 per cent in the Czech Republic and 21.0 per cent in Hungary. In the field of software, the countries that have been affected more severely by the euro crisis were also the ones that remained at the bottom end of the scale: Portugal with minus 4.4 per cent, Spain with minus 3.0 per cent, Ireland with minus 1.5 per cent and Italy with 0.9 per cent. The Czech Republic and Poland reached the top end of the scale, with 8.5 per cent and 6.1 per cent, respectively.

In Switzerland, the IT market went up 2.3 per cent. Services grew 1.6 per cent, hardware 2.2 per cent and software 3.7 per cent.

The performance in Germany was above average. Thus, the local IT market recorded an increase of 3.1 per cent. The growth drivers were software with a rise of 4.4 per cent and hardware with 4.2 per cent. The growth within hardware was exclusively based on revenues with tablets, multifunctional printers and storage components. The revenues with all other relevant product groups decreased. In the business with enterprise customers, desktop PC and notebook sales declined slightly by 0.5 and 0.7 per cent, respectively. In 2012, services experienced a growth rate of 2.1 per cent. The growth drivers were the conventional project business with 2.5 per cent and outsourcing services with 2.7 per cent.

OVERALL ASSESSMENT

The year 2012 presented two entirely different faces. In some countries, especially in southern Europe, both the economy as a whole and the IT market shrunk. Due to the prevalent uncertainty, enterprise customers as well as government institutions were reluctant to invest. In BECHTLE'S main markets, the picture was entirely different. In Germany and Switzerland, the macroeconomy was able to break free from the trend in the rest of Europe. However, a certain degree of uncertainty was obvious in these countries as well. For example, investments in equipment receded significantly in Germany. Nevertheless, the market data of the two countries imply that especially the fields of hardware and software were not affected by this. The willingness to invest in IT remained high.

The business performance of BECHTLE AG in 2012 reflects the situation of the macroeconomy and the IT industry. While the business in the southern European countries mostly lagged behind expectations, we were able to generate above-average growth in other countries such as the United Kingdom, the Netherlands and especially Germany, thereby expanding our market share.

Apart from the macroeconomic development and the economic trend in the industry, which were diversified in terms of the willingness to invest in hardware and software, the BECHTLE markets did not witness any other significant events outside the company in 2012 that had a tangible effect on the business performance.

EARNINGS, ASSETS AND FINANCIAL POSITION

EARNINGS POSITION

The Bechtle Group looks back on a fine fiscal year. In 2012, we consistently invested in our service portfolio and grew faster than the market. In our business, this is always associated with a higher number of employees – as was also the case in the year ended. In 2012, Bechtle especially benefited from the good competitive position in the industry, despite the slackened economic trend compared to the prior year. All in all, both business segments underwent a positive development. Particularly in Germany, we were able to strengthen our market position significantly with above-average growth.

Order Position

Most of the contractual relationships for the sale of goods and services that BECHTLE enters into continue to be of a short-term nature. The IT e-commerce segment is characterised almost entirely by the conclusion of pure trading deals with very short order and delivery times, while some project transactions in the IT system house & managed services segment may take up to six months. With terms of up to five years, outsourcing operating or framework agreements may run for much longer periods. Though framework agreements do not outline fixed purchase quantities, they determine the terms and conditions for future deliveries and services. They are only included in the order backlog and in the order position to the extent that concrete purchase orders have already been received from the customer. Moreover, as a matter of principle, orders with a term of more than one year are only taken into consideration with respect to their order volume for the period of up to one year.

Incoming orders during a fiscal year largely correspond to the revenue in this period. In the reporting period, it amounted to €2.12 billion, some 2 per cent more than in the prior year (€2.08 billion). In the IT system house & managed services segment, the incoming orders in the reporting period amounted to €1.41 billion, a figure close to that of the prior year (€1.40 billion). In IT e-commerce, incoming orders increased about 3 per cent from €0.68 billion in the prior year to €0.70 billion in the period under review. The order backlog in the IT system house & managed services segment is approximately two and a half months, as in the prior year. In IT e-commerce, it is only a few days, as the trading segment focuses on the immediate and fast delivery of the goods.

The managed services area, which takes over the IT operating responsibility for the customer, is characterised by long-term contractual relationships. BECHTLE does not publish separate figures for this business area.

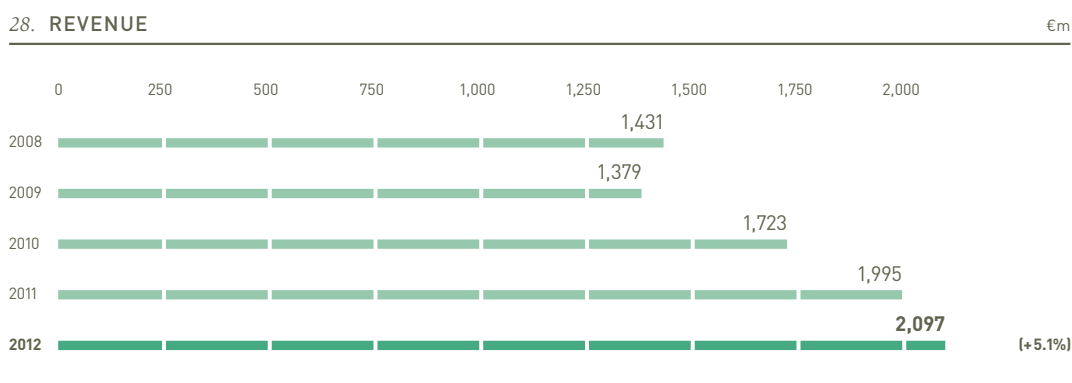
As of the end of the year, the group's order backlog was worth approximately €300 million, compared to €281 million in the prior year. Of the total order backlog, the IT system house & managed services segment accounted for about €293 million (prior year: €274 million), and the IT e-commerce segment for about €7 million (prior year: €7 million).

Revenue Performance



See Notes, Revenue,
page 153

In the fiscal year 2012, BECHTLE'S revenues surpassed the two-billion-euro mark for the first time.



Revenues increased 5.1 per cent from €1,994.9 million in the prior year to €2,096.8 million in the reporting period. Most of this increase (3.8 per cent) was organic.



"Our domestic business was very strong in 2012."

Alexander Lang,
Head of business process
management

The main growth driver was the German business of the IT system house & managed services segment, which gained almost 10 per cent. Especially the systematic sales team training and qualification measures as well as the expansion of the software & application solutions division proved to be effective in this context. However, due to the increasing uncertainty concerning the economic framework conditions in the course of the year, the business dynamics slowed down slightly in the second half of 2012 compared to the two preceding quarters.

This development can also be seen from an examination of the individual quarters. The seasonality of BECHTLE'S business during the year and the great importance of the fourth quarter remained unchanged. Thus, a revenue increase was evident throughout the entire year. However, compared to the prior year, the growth rates fell noticeably, starting with 7 per cent and 8 per cent in the first and second quarters, and 1 per cent and 5 per cent in the third and final quarters of 2012. Rather than the effects of the seasonality, this reflects the impact of the economic performance in the course of the year and especially the base effects. Nevertheless, the revenue of the fourth quarter, which amounted to €612.3 million, 4.8 per cent more than the comparable previous record quarter of 2011, was noteworthy.

29. REVENUE PERFORMANCE

€m

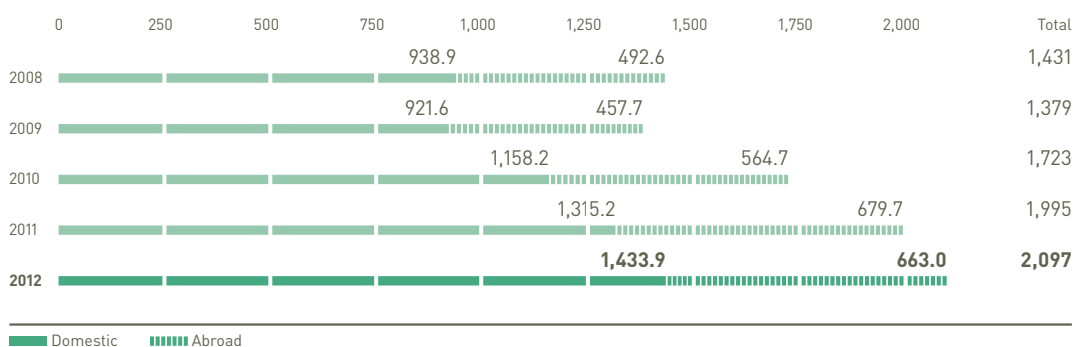
	Q1		Q2		Q3		Q4	
	2012	2011	2012	2011	2012	2011	2012	2011
Revenue	487.6	456.1	495.3	457.0	501.6	497.3	612.3	584.4
% of total annual revenues	23.3	22.9	23.6	22.9	23.9	24.9	29.2	29.3

In view of the significant increase in the average headcount, BECHTLE'S productivity suffered a decline in the reporting period. Based on a number of 5,315 full-time employees (prior year: 4,753), the revenue per employee amounted to €395 thousand, compared to €420 thousand in the prior year.

Germany continues to be the most important market for BECHTLE. The domestic revenue reached €1,433.9 million (prior year: €1,315.2 million), a share of 68.4 per cent (prior year: 65.9 per cent) of the total revenue. The international revenue of €663.0 million (prior year: €679.7 million) accounted for 31.6 per cent (prior year: 34.1 per cent). The revenue distribution thus shifted in favour of the domestic market.

30. REGIONAL REVENUE DISTRIBUTION

€m



In 2012, the public-sector division performed above average. The group's revenue with this customer group increased 12.8 per cent to €585.4 million (prior year: €518.8 million). The revenues in this area accounted for 27.9 per cent of the total revenue (prior year: 26.0 per cent).

Cost and Earnings Performance

Cost of sales. In the reporting period, the increase of the group revenue by 5.1 per cent resulted in a more significant rise in gross earnings by 7.1 per cent to €318.8 million (prior year: €297.7 million). Compared to the revenue, the cost of sales increased by a disproportionately low rate of 4.8 per cent, thereby bringing the gross margin up from 14.9 per cent to 15.2 per cent. The gross margin increase was mainly caused by the increased trade margin, the higher service share and projects with higher contribution margins, especially in the solution business.



"We are consistently expanding our position in the business with the public sector."

Christine Sappl,
Assistant to the management of
the public-sector division



See Notes,
Expense Structure,
page 154

31. COST OF SALES/GROSS PROFIT

€m

	2012	2011 ¹	2010	2009	2008
Cost of sales	1,778.0	1,697.2	1,486.4	1,179.8	1,213.3
Gross profit	318.8	297.7	236.5	199.5	218.1
Gross margin in %	15.2	14.9	13.7	14.5	15.2

¹ Adjusted figures, page 154

Distribution costs and administrative expenses. In 2012, distribution costs amounted to €145.3 million, 14.3 per cent more than in the prior year (€127.1 million). The increase was caused by the higher average number of employees and the intensified sales activities. Thus, the distribution cost ratio increased from 6.4 per cent to 6.9 per cent. Administrative expenses increased €10.6 million or 11.3 per cent to €104.2 million (prior year: €93.7 million). The higher expenses were also caused by the higher average number of employees in the field of administration. The ratio increased slightly from 4.7 per cent in the prior year to 5.0 per cent in the period under review.

Other operating income climbed from €9.5 million to €11.3 million. This was mainly caused by some higher marketing grants and other compensations of suppliers in connection with the strong operating performance.

32. DISTRIBUTION COSTS/ADMINISTRATIVE EXPENSES

€m

	2012	2011 ¹	2010	2009	2008
Distribution costs	145.3	127.1	99.0	87.9	90.5
Distribution costs ratio in %	6.9	6.4	5.7	6.4	6.3
Administrative expenses	104.2	93.7	86.0	76.2	75.7
Administrative expenses ratio in %	5.0	4.7	5.0	5.5	5.3

¹ Adjusted figures, page 154

Marketing expenses. The marketing expenses of BECHTLE AG are part of the distribution costs, except for the expenses for the BECHTLE catalogue, which are allocated to the cost of sales. Broken down by segments, the marketing expenses in the reporting period amounted to €2.0 million in IT e-commerce (prior year: €2.0 million) and €2.5 million in IT system house & managed services (prior year: €2.4 million).

As a trading company, BECHTLE sells third-party products in the IT e-commerce segment. As is usual in this sector, marketing expenses are mostly balanced by income in the form of vendor incentives. In the IT system house & managed services segment, too, many of the marketing campaigns are supported by the vendors. Thus, the said expenses only have a minor impact on the company's earning position.



The product catalogues are among the most important marketing instruments in IT e-commerce. The catalogues are centrally prepared for all countries. The other marketing campaigns in this segment mainly involve product advertising via mailing campaigns and the weekly dispatch of printed product information. BECHTLE also engages in online advertising. The individual international subsidiaries are largely free in their choice of marketing measures, in order to take the specific needs of the respective countries into consideration.

In the IT system house & managed services segment, the system houses autonomously conduct marketing campaigns in their individual target regions. Thus, numerous customer events, IT forums and in-house fairs took place in the reporting period. The IT system houses get support from the central event management of BECHTLE AG and from corporate communications.



[www.bechtle.com/
events](http://www.bechtle.com/events)

With respect to key strategic subjects, the holding also supports the competence centres and the central divisions managed services, public sector as well as software & application solutions with accompanying marketing activities. All campaigns mainly serve the presentation of BECHTLE'S product and service portfolio and customer bonding. Key elements of the central marketing campaigns include the customer journal "BECHTLE Update", the BECHTLE Mobile Day and the BECHTLE Competence Centre Day (CC DAY).



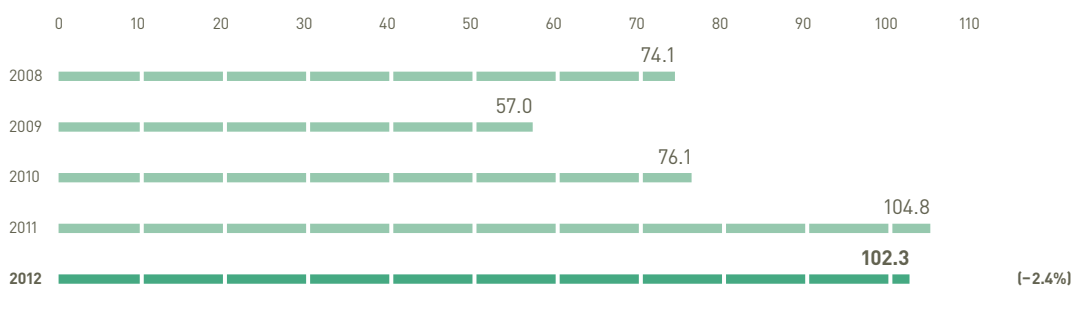
[www.bechtle.com/
customer-magazine](http://www.bechtle.com/customer-magazine)

BECHTLE usually does not participate in professional trade shows with its own booths, but in cooperation with vendors or partners at their booths.

Earnings situation. Despite the improvement in the gross earnings, the earnings before interest, taxes, depreciation and amortisation (EBITDA) in the reporting period dropped 2.4 per cent to €102.3 million (prior year: €104.8 million), primarily due to the higher personnel expenses. The EBITDA margin decreased from 5.3 per cent to 4.9 per cent.

33. EBITDA

€m



In 2012, depreciation and amortisation amounted to €21.7 million, 18.4 per cent more than in the prior year (€18.4 million). Software and property, plant and equipment accounted for the bulk of the figure, totalling €16.0 million (prior year: €12.8 million). The property, plant and equipment mostly consisted of acquired assets as well as the buildings at the headquarters in Neckarsulm and the company's own IT and office equipment. Moreover, depreciation of property, plant and equipment included tenant installations and assets used by customers under long-term maintenance agreements.



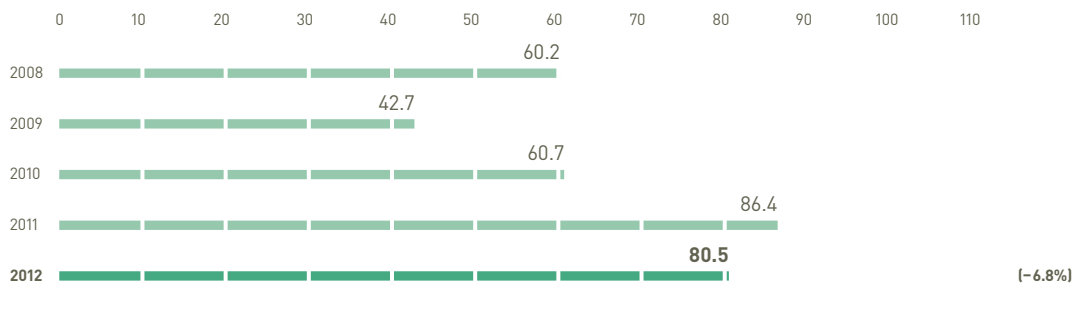
See Value Information,
page 94

Customer bases and customer service agreements accounted for other amortisation amounting to €4.5 million (prior year: €4.7 million). At 1.0 per cent, the depreciation and amortisation rate was more or less on par with the prior-year level and was rather insignificant compared to the other expense items. For 2012, the goodwill impairment tests again did not reveal any need for impairment.

Earnings before interest and taxes (EBIT) dropped 6.8 per cent to €80.5 million (prior year: €86.4 million). However, the prior-year earnings included special income of about €1.4 million due to the statutory adjustment of the pension schemes in Switzerland. The EBIT margin decreased from 4.3 per cent to 3.8 per cent.

34. EBIT

€m

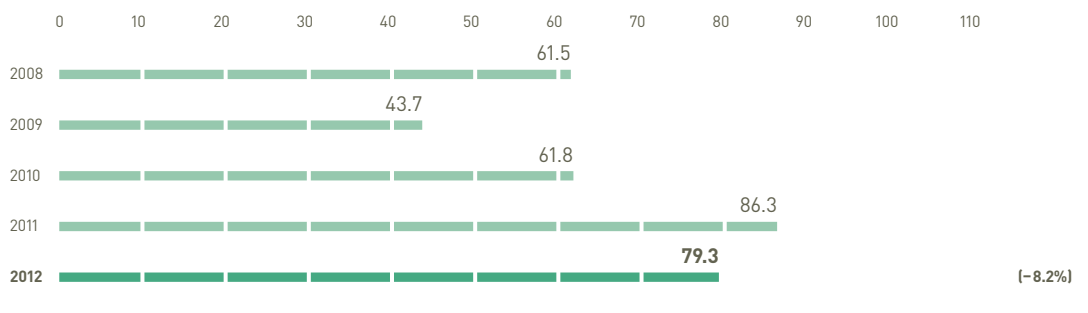


The higher loan liabilities were reflected in the group's financial expenses, pushing the negative financial earnings up from minus €0.1 million in the prior year to minus €1.3 million.

In the fiscal year 2012, earnings before taxes (EBT) totalled €79.3 million, 8.2 per cent less than in the prior year (€86.3 million). Despite the increasingly difficult framework conditions in the course of the year, BECHTLE was able to continually improve the earnings position during the year. Thus, we achieved a new record EBT mark of €28.6 million in the fourth quarter of 2012 (prior-year quarter: €26.4 million).

35. EBT

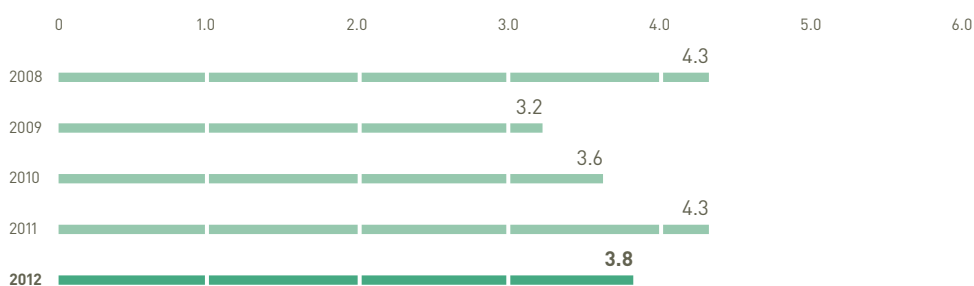
€m



In 2012, the EBT margin was 3.8 per cent, compared to 4.3 per cent in the fiscal year 2011. Nevertheless, the EBT margin of the BECHTLE Group still remained at a level above the industry average.

36. EBT MARGIN

%



In the reporting period, income tax expenses dropped 3.7 per cent to €22.7 million (prior year: €23.6 million). The tax rate climbed to 28.6 per cent, compared to 27.3 per cent in the prior year, especially due to the higher earnings contributions of the domestic subsidiaries.

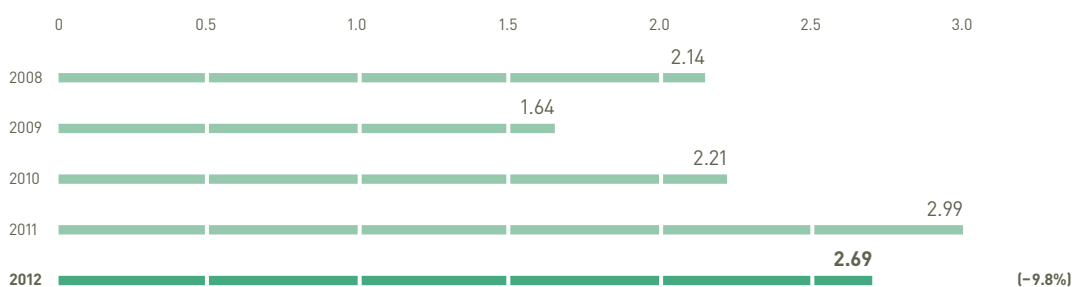


See Notes,
Income Taxes,
page 155 f

Earnings after taxes amounted to €56.6 million, 9.8 per cent less than in the prior year (€62.7 million). Accordingly, earnings per share (EPS) receded from €2.99 to €2.69.

37. EPS

€



The separate financial statements of BECHTLE AG form the basis for the appropriation of retained earnings and thus for the distribution of dividends. The reported annual profit was €31.0 million (prior year: €34.9 million). After adding €10.0 million to the reserves (prior year: €13.9 million), the retained earnings for 2012 amounted to €21.0 million, as in the prior year. The Executive Board proposes to the Supervisory Board to distribute the retained earnings to the shareholders and to submit a proposal for payment of a dividend of €1.00 per share to the Annual General Meeting. Thus, the normal dividend per share would be €0.15 higher than in the prior year. At the time of preparation of the report on 27 February 2013, the number of shares entitled to dividends was, as previously, 21,000,000.



See Dividend,
page 74

Segment Report

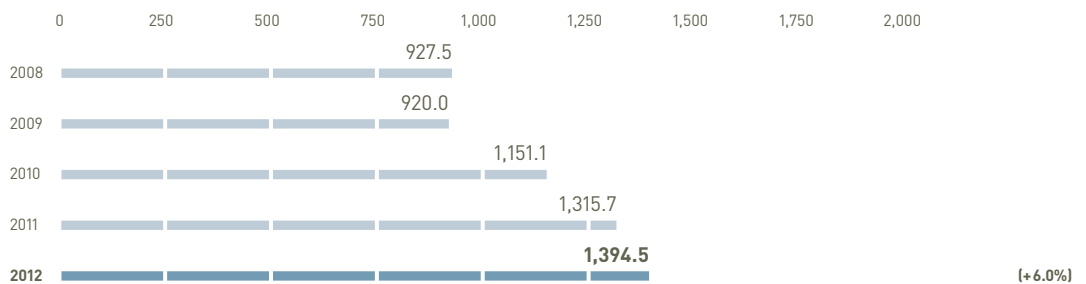


See Notes,
Segment Information,
page 192

IT system house & managed services. In 2012, the group generated revenues of €1,394.5 million (prior year: €1,315.7 million) in this segment. This means an increase of 6.0 per cent or €78.8 million. The segment benefited from the good competitive position and the expansion of the solution business. The effect of the higher headcount and the extensive qualification measures was also noticeable. In total, the IT system house & managed services segment accounted for 66.5 per cent of the group revenues (prior year: 66.0 per cent).

38. SEGMENT REVENUE IT SYSTEM HOUSE & MANAGED SERVICES

€m



The productivity in the IT system house & managed services segment decreased as a result of the above-average increase in the number of employees. Based on an average number of 4,191 full-time employees (prior-year: 3,727 employees), the revenue per employee amounted to €333 thousand (prior year: €353 thousand).



"Bechtle is growing faster than the IT market, thereby gaining market shares."

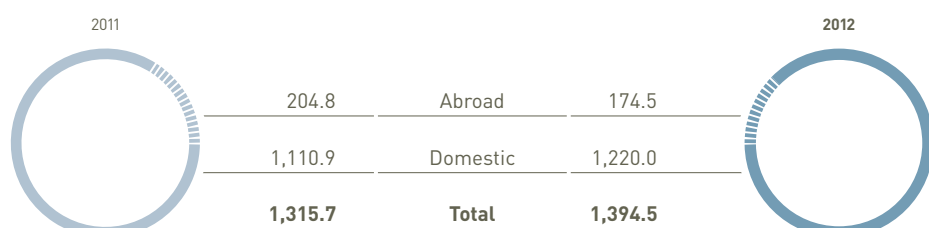
Jürgen Schreier,
Product management Cisco

In the reporting period, BECHTLE'S growth on the home market surpassed the growth rates of the German IT market. The domestic companies in the IT system house & managed services segment pushed up their revenues by 9.8 per cent to €1,220.0 million (prior year: €1,110.9 million), thereby considerably expanding the market share in Germany.

In contrast, the business of the Swiss and Austrian system houses underwent a noticeable decline. The segment's revenue abroad fell 14.8 per cent from €204.8 million to €174.5 million. This was mainly due to the completion of two large contracts in Switzerland.

39. REVENUE DISTRIBUTION IN THE IT SYSTEM HOUSE & MANAGED SERVICES SEGMENT

€m

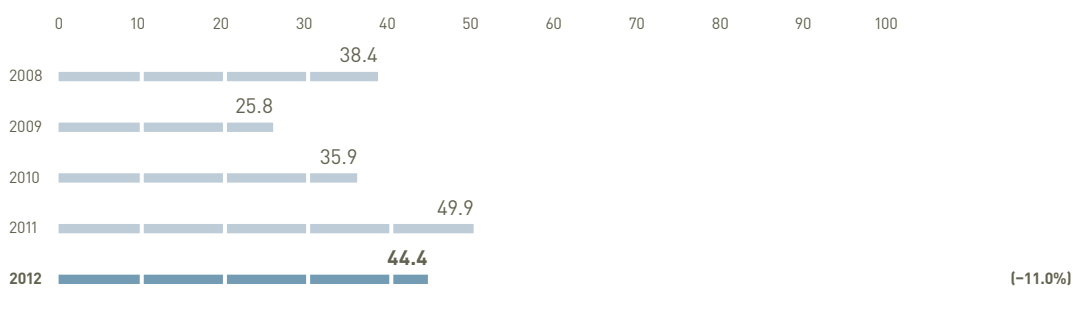


Organically, the segment revenue amounted to €1,368.1 million, 4.0 per cent more than in the prior year (€1,315.7 million). In the reporting period, the acquired companies were included in the consolidated financial statements with a pro-rata revenue volume of €26.3 million.

In 2012, EBIT in the IT system house & managed services segment dropped 11.0 per cent to €44.4 million (prior year: €49.9 million). This was mainly caused by the above-average increase in personnel expenses. Accordingly, the EBIT margin decreased from 3.8 per cent to 3.2 per cent.

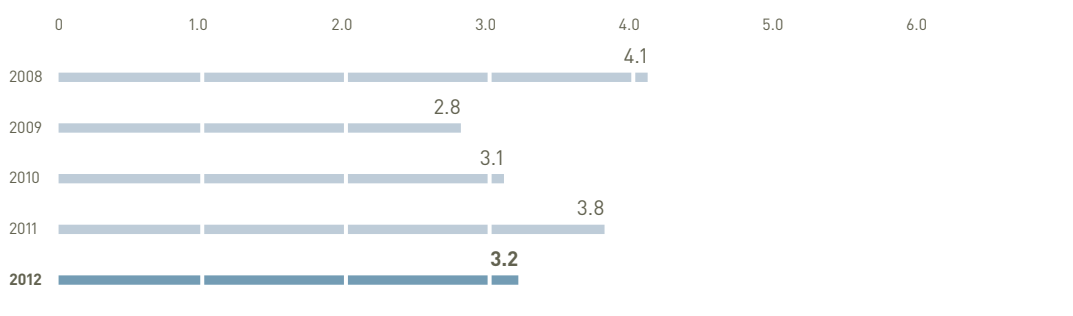
40. EBIT IN THE IT SYSTEM HOUSE & MANAGED SERVICES SEGMENT

€m



41. EBIT MARGIN IN THE IT SYSTEM HOUSE & MANAGED SERVICES SEGMENT

%





"Exclusively organic revenue growth in e-commerce."

Elmar Walter,
Sales manager Bechtle direct
public sector division

IT e-commerce. In 2012, the revenue generated in IT e-commerce was again based exclusively on organic growth. The segment revenues increased 3.4 per cent to €702.4 million (prior year: €679.2 million). Apart from the successful business on the home market, the good performance in the Netherlands and the United Kingdom also contributed to this result.

42. SEGMENT REVENUE IT E-COMMERCE

€m



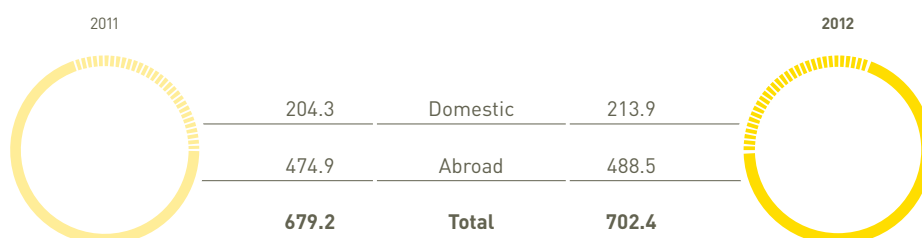
The share of the trading business in the total revenue decreased slightly from 34.0 per cent to 33.5 per cent.

In 2012, BECHTLE had an average of 1,124 full-time employees in the IT e-commerce segment (prior year: 1,026). In the reporting period, the revenue per employee dropped to €625 thousand (prior year: €662 thousand), a development that was caused by the new recruitment in combination with the weaker economy in the reporting period.

In the reporting period, the revenue of the IT e-commerce companies abroad amounted to €488.5 million, 2.9 per cent more than in the prior year (€474.9 million). With a growth of 4.7 per cent, the domestic trading companies accounted for €213.9 million (prior year: €204.3 million).

43. REVENUE DISTRIBUTION IN THE IT E-COMMERCE SEGMENT

€m



In the IT e-commerce segment, BECHTLE clearly benefited from its positioning throughout Europe, which enabled it to compensate for certain demand fluctuations in the individual countries, and from the efficient processes that allow economic operations in the face of mounting price and cost pressure. Thus, segment EBIT generated in the reporting period 2012 amounted to €36.1 million, only slightly below the prior-year level (€36.5 million). The earnings were reduced by the start-up costs of the new subsidiary in Hungary.



See Locations,
page 42

44. EBIT IN THE IT E-COMMERCE SEGMENT

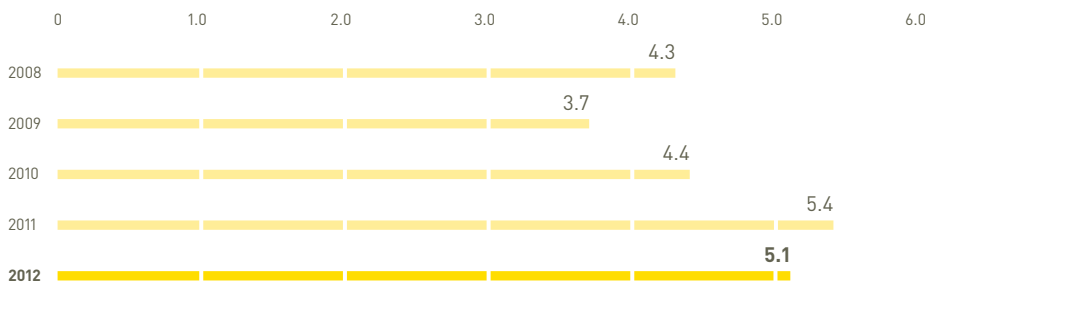
€m



The EBIT margin in trading segment amounted to 5.1 per cent, compared to 5.4 per cent in the prior year, a level that remains exceptionally high for the industry.

45. EBIT MARGIN IN THE IT E-COMMERCE SEGMENT

%



ASSETS POSITION

Bechtle has always placed great emphasis on a strong and healthy balance sheet. This is also evident from the key performance indicators for 2012. An equity ratio of 54.2 per cent, a return on equity of 13.9 per cent and a total liquidity of €146.2 million secure our financial flexibility and entrepreneurial independence. With a net debt of minus €72.4 million, Bechtle is also debt-free and thus able to finance future growth without any difficulties, both organically and by means of acquisitions. This financial stability enables us to work consistently on the realisation of our ambitious goals in line with our “Vision 2020”.

As a result of the higher business volume and the investments during the reporting year, the balance sheet total of the BECHTLE Group increased in the reporting period. As of the closing date 31 December 2012, it amounted to €845.4 million, 5.2 per cent more than in the prior year.



Concerning the assets position of the segments, see Notes, page 193

46. CONDENSED BALANCE SHEET

	€m				
	2012	2011	2010	2009	2008
Assets					
Non-current assets	297.6	281.6	206.3	164.5	157.0
Current assets	547.9	521.8	447.5	356.1	339.1
Equity and liabilities					
Equity	458.4	419.0	371.5	335.0	311.4
Non-current liabilities	99.3	98.7	46.7	32.3	31.0
Current liabilities	287.8	285.7	235.5	153.4	153.7
Balance sheet total	845.4	803.4	653.7	520.7	496.1

On the assets side, non-current assets amounted to €297.6 million, €16.0 million or 5.7 per cent more than in the prior year. This was mainly attributable to the year-on-year increase in property, plant and equipment by €14.9 million to €94.5 million. The increase resulted primarily from the building activities at the headquarters in Neckarsulm and at the sites in Freiburg and Karlsruhe, Germany, in the reporting period. In contrast to the prior year, in which the investments had reached an exceptionally high value of €61.1 million, especially due to the purchase of land and buildings and the construction activities, they returned to a normalised level of €32.0 million in the reporting period. Thus, the investment ratio dropped significantly to 29.4 per cent (prior year: 82.1 per cent).

On the reporting date 31 December 2012, the capitalisation ratio was 35.2 per cent, a level that corresponds to that of the prior year. In the reporting period, the coverage of the non-current assets by the equity increased from 148.8 per cent to 154.0 per cent.

Current assets increased €26.1 million to €547.9 million. In this item, trade receivables were particularly apparent, growing €20.6 million to €307.3 million. This development was mainly caused by the increase in business activity in the course of the year, especially in the final quarter. Impairment of current trade receivables amounted to 1.2 per cent, a level that was low as usual (prior year: 1.3 per cent). Due to extended payment deadlines in the southern European countries that were affected more severely by the crisis, the DSO went up to 37.3 days in the reporting period (prior year: 35.8 days). By 31 December 2012, inventories had decreased €1.1 million to €90.1 million. This was mainly due to the high stock turnover as a result of the higher business volume in the final quarter. Accordingly, the ratio of inventories to revenues receded from 4.6 per cent to 4.3 per cent. The figure indicates that BECHTLE only ties up a small amount of capital in the form of stock on hand. Moreover, the majority of the inventories are linked directly to projects and are pre-financed on behalf of the customer. Other current assets increased €3.5 million to €35.4 million. This was caused by the seasonally higher receivables, such as refunds and bonus payments of suppliers and higher VAT receivables. In view of the uncertainty prevalent on the financial markets, BECHTLE invested more intensively in assets available in the short and medium term. In the reporting period, short-term time deposits and securities thus more than doubled, from €16.2 million to €35.9 million. As of the end of the year, the group had cash and cash equivalents of €78.2 million (prior year: €94.6 million).

The liquidity including short- and long-term time deposits and securities increased from €141.5 million to €146.2 million.

Inflation and currency changes did not have any material impact on the amount of the assets. The inflation rates in the reporting period remained at a low level on the key markets, and the balance sheet items are mostly held in euros. In 2012, the net assets increased €71 thousand (prior year: €709 thousand) due to currency translation differences recognised outside profit or loss and the hedging of net investments of foreign operations, particularly due to the stronger Swiss franc.

In the business of BECHTLE AG, which does not involve a great deal of property, plant and equipment, ROCE (return on capital employed) is usually largely affected by the development of current assets and liabilities, on the one hand, and the earnings performance, on the other. During the reporting period, ROCE amounted to 19.5 per cent, compared to 25.2 per cent in the prior year. This change was caused by the earnings decline of 6.8 per cent along with an above-average increase of the average capital employed by 20.2 per cent.

47. ROCE/CAPITAL EMPLOYED

		2012	2011	2010	2009	2008
ROCE	%	19.5	25.2	21.0	15.7	22.7
Capital employed	€m	411.9	342.7	288.6	272.2	264.9

The working capital increased 11.4 per cent compared to the prior year. In relation to the balance sheet total, the value went up from 23.6 per cent to 25.0 per cent, an effect mainly attributable to the higher trade receivables.

48. WORKING CAPITAL

		2012	2011	2010	2009	2008
Working capital	€m	211.6	189.9	166.8	139.5	142.5
In % of the balance sheet total		25.0	23.6	25.5	26.8	28.7

In absolute terms, the liabilities side, except for the equity, only underwent slight changes. Current liabilities went up €2.1 million to €287.8 million. For reasons related to the reporting date, current financial liabilities recorded the greatest increase of €3.6 million. Other liabilities increased €2.7 million, especially due to higher VAT liabilities. In contrast, for reasons related to the reporting date, trade liabilities dropped €2.8 million to €146.0 million.

As of the reporting date, non-current liabilities totalled €99.3 million, a figure very close to that of the prior year (€98.7 million). While pension provisions shrank €4.0 million due to the statutory adjustment of the pension schemes in Switzerland, non-current financial liabilities went up €3.9 million due to the new loan raised for the purpose of financing the construction activities at the headquarters. The share of non-current liabilities in the balance sheet total decreased slightly from 12.3 per cent to 11.7 per cent.



"Our high liquidity secures our independence and flexibility."

Ralf Beck,
Head of product management
software

As of the closing date, there were no contingencies toward special-purpose entities not included in the consolidated financial statements. Investment obligations in connection with building activities amounted to €2.2 million (prior year: €6.7 million).

In the reporting period, the equity increased by an above-average 9.4 per cent from €419.0 million to €458.4 million. The increase is the result of the retained earnings, which increased €39.3 million. In the reporting period, the equity ratio therefore climbed from 52.2 per cent to 54.2 per cent. However, due to the lower earnings after taxes, the return on equity dropped from 17.3 per cent to 13.9 per cent.

49. RETURN ON EQUITY AND RETURN ON ASSETS

	2012	2011	2010	2009	2008
Return on equity	13.9	17.3	14.2	11.3	16.9
Return on assets	7.9	9.8	8.7	7.4	10.7

By 31 December 2012, the debt ratio had further improved, amounting to 84.4 per cent, compared to 91.7 per cent in the prior year. As the liquidity situation continued to be outstanding, the net debt amounted to a negative value of €72.4 million (prior year: minus €75.2 million).

Due to the decreased earnings in the reporting period, the return on assets (ROA), a key performance indicator that reflects the return on the total assets employed, dropped from 9.8 per cent to 7.9 per cent.

Value Information



See Notes,
page 151

In general, the fair value of the current assets and liabilities and the short- and long-term securities corresponds to the carrying amount. Within the scope of the non-current assets, the intangible assets with a limited useful life, the property, plant and equipment as well as the trade receivables, the income tax receivables, the other assets as well as the time deposits and deferred taxes are measured at amortised cost.



Value in use
of the goodwill,
see Notes
page 157

The carrying amounts of the goodwill and of the brand presented under other intangible assets are reviewed for impairment by means of annual impairment tests on the basis of the value in use. As the values in use significantly exceeded the carrying amounts, no impairment was applied to these assets. Non-current liabilities are carried at amortised cost.

Intangible Assets



Qualitative asset:
employees and close
supplier relationships

The assets of a company not only consist of quantifiable elements, but also of elements that can only be described in qualitative terms. The employees of BECHTLE AG are doubtlessly among the most important assets. The group reports on this subject in a separate chapter.

Moreover, the supplier relationships in both business segments are highly significant to the company's success. BECHTLE collaborates with more than 300 vendors and about 600 distributors throughout Europe. Based on a close supplier relationship, BECHTLE is able to offer its customers a comprehensive spectrum with transparent market prices and quick availability. Usually, ordered goods are delivered directly from the vendor or distributor to the customer within 24 hours in the form of fulfilment solutions.



See Business Activity,
page 49

Thanks to the close partnership with the vendors – partly via in-house product managers for the most important vendors – BECHTLE receives information about new product developments at an early stage and is therefore always able to offer customers optimum solutions.

Especially in the consulting-intensive service business, customer relationships are the key to success. Respectability, reliability and continuity are indispensable determinants of customer relationships, particularly in dealings with medium-sized customers. BECHTLE has been active in the IT market for 30 years, and has concentrated on medium-sized customers as the core segment from the outset. Therefore, the company not only has a grown customer base, but is also able to use its long-standing experience to quickly establish a successful business relationship with new customers.



Broad market
acceptance and
market penetration

Thanks to the broad market acceptance and the high market penetration, the ARP, BECHTLE, BECHTLE DIRECT and COMSOFT DIRECT brands, which belong to the BECHTLE Group, represent an intangible asset for the company. The positive image of the brands among customers, vendors and employees, which has been built up over many years, is very important for the group's business success.

FINANCIAL POSITION

Despite the many investments, Bechtle was able to increase the operating cash flow as well as the free cash flow in 2012, significantly boosting its financial power. Based on an efficient capital structure and in combination with a comfortable equity, we are ensuring the financial flexibility that we need to react speedily and independently to market needs, and especially to acquisition opportunities that arise at short notice. We have sufficient financial resources for successful organic growth and acquisitions.

Financial Management Principles and Objectives

The objective of BECHTLE'S financial policy is to keep the group's financial power at a high level, thereby retaining the company's financial independence by securing adequate liquidity. At the same time, risks are to be avoided as far as possible or hedged effectively. For example, the Rules of Procedure of the Executive Board prohibit all kinds of speculative forward transactions. This applies especially to currencies, goods and securities, as well as the respective forward transactions, unless they serve the hedging of the business operations.



See Notes,
page 148 ff and 181 ff

As a matter of principle, BECHTLE uses derivative financial instruments exclusively for hedging its operating activities. In the reporting period, these were currency futures, interest swaps and currency swaps. The hedging of the group currency euro represents a key subject of the financial management. The company endeavours to use instruments that protect the equity in euros and that do not have any effect on profit or loss in the income statement. Hedging measures are primarily taken for Swiss francs, as asset items and cash flows outside the euro area are largely held and generated in this currency.



See Opportunities and
Risk Report, Finance,
page 114 f

For the investment of excess liquidity, quick availability is more important than maximum yield, e.g. in order to be able to access available cash and cash equivalents in the event of acquisitions or major project pre-financing measures. Thus, purely financial goals – such as the optimisation of the financial income – are subordinate to the acquisition strategy and the company growth. This financial flexibility forms the basis for success in a highly consolidating market. The liquidity situation is centrally managed and monitored by the treasury.

Investment business is only conducted with investment-grade debtors. Moreover, investments in the banking sector are only made in the form of protected deposits.

Cash Flow Statement



See Assets Position,
page 92 f

The cash inflow from operating activities increased 1.6 per cent from €55.8 million in the prior year to €56.7 million in 2012. In view of the fact that the earnings were lower than in the prior year, the increase of the operating cash flow was based especially on the development of the net assets. Thus, the group's changes in inventories, which had recorded a cash outflow of €14.3 million in the prior year, recorded an inflow of €1.8 million. The cash outflow from the change in trade receivables was €17.9 million, considerably less than the prior-year figure of €35.1 million. In contrast, the cash outflow from the reduction of trade payables amounted to €4.5 million in the fiscal year ended (prior year: cash inflow of €17.0 million). Furthermore, owing to the higher earnings contributions of the domestic subsidiaries and additional tax payments for 2011, income tax payments totalled 22.6 million, 4.6 million more than in the prior year. The change in accruals and deferrals caused a cash outflow of €0.8 million (prior year: cash inflow of €4.4 million).

The cash outflow from investing activities amounted to €56.0 million, compared to €45.3 million in the prior year. This item was affected especially by the payments for the purchase of time deposits and securities, which surged by €22.9 million to €38.4 million. BECHTLE invested these amounts due to the high balance of cash and cash equivalents and to optimise financial earnings. On the other hand, the cash inflow from the sale of short-term time deposits and securities amounted to €17.0 million (prior year: €12.8 million). In the reporting period, the group posted cash outflows amounting to €31.9 million (prior year: €28.9 million) for the purchase of intangible assets and property, plant and equipment. This mainly concerned the building activities at the headquarters in Neckarsulm and at the sites in Freiburg and Karlsruhe, Germany.

Moreover, the decrease in M&A activities of BECHTLE AG compared to the prior year was also noticeable. The cash outflow for acquisitions dropped from €14.9 million in the prior year to €5.6 million in the period under review.



See Notes,
page 194 ff

In 2012, the negative cash flow from financing activities increased to €17.3 million, compared to €2.3 million in the prior year. This was mainly due to the higher repayment of financial liabilities in the amount of €9.2 million (prior year: €7.2 million) and the lower assumption of financial liabilities in the amount of €16.1 million (prior year: €22.6 million). Furthermore, the cash flow statement was affected by the dividend payment of €21.0 million (prior year: €15.8 million).

The free cash flow improved from €12.2 million to €19.5 million. In connection with the net cash from operating activities, the free cash flow amount is determined primarily by the investments in property, plant and equipment and the acquisition activity of BECHTLE AG.

50. CASH FLOW

	€m				
	2012	2011	2010	2009	2008
Cash flow from					
Operating activities	56.7	55.8	59.1	47.3	49.9
Investing activities	-56.0	-45.3	-47.6	-30.3	-18.1
Financing activities	-17.3	-2.2	-7.2	-17.8	-10.1
Cash and cash equivalents	78.2	94.6	85.5	76.5	77.3
Free cash flow	19.5	12.2	41.8	34.4	28.3

The main terms of the financial liabilities are explained in the Notes to the consolidated financial statements. Due to the secondary importance of the financial earnings for the BECHTLE Group, a change in the interest rate would not have any major impact on the financial position.



See Notes,
page 175 ff

At BECHTLE AG, off-balance-sheet financing instruments primarily concern operating leases. Details are presented in the Notes to the consolidated financial statements.



See Notes,
Operating Leases,
page 204 f

The Executive Board of BECHTLE AG does not see any signs of liquidity bottlenecks of the group. There are sufficient financial resources for further organic growth and acquisitions.

STRATEGIC FINANCING MEASURES

In 2012, the current business and necessary replacement investments were financed with cash and cash equivalents and the operating cash flow. The funds required for the acquisitions in the fiscal year ended were covered by cash and cash equivalents. In December, BECHTLE raised a loan of €10.0 million to finance the extension building at the headquarters in Neckarsulm. As there were no major investment projects, no strategic financing measures – such as capital increases – needed to be taken, and no bonds needed to be issued.

The company has a relatively high equity ratio of 54.2 per cent. This reflects a financing strategy that is based on the policy of maintaining maximum independence from outside creditors. Nevertheless, the financing strategy provides for continuous monitoring and, if necessary, optimisation of the capital structure. In the fiscal year ended, the short- and long-term financial liabilities were increased from €66.3 million to €73.7 million. As of the reporting date 31 December 2012, they thus account for 8.7 per cent (prior year: 8.3 per cent) of the group's balance sheet total. The debt ratio amounted to 84.4 per cent (prior year: 91.7 per cent). Apart from improving the leverage and optimising the capital structure, a stable equity ratio also forms the basis for a higher borrowing potential and financial flexibility, especially in order to make use of acquisition opportunities that arise at short notice. Apart from non-current time deposits and securities worth €32.1 million, BECHTLE therefore keeps €114.1 million, i.e. the major part of its funds, in the form of cash as well as time deposits and securities that are available at short notice.

As a matter of principle, BECHTLE pursues the goal of having sufficient access to various financing sources at all times.

ACCOUNTING JUDGEMENTS AND ESTIMATES

Except as presented below, no options were exercised and no balance-sheet-related arrangements were made during the fiscal year which, if exercised or arranged differently, would have had a material effect on the earnings, assets and financial position.

Information about the effect of estimates, assumptions and judgments made, especially in connection with the valuation of the property, plant and equipment and of the intangible assets, pension liabilities, provisions, contingencies and tax expenses, is presented in the chapter “Estimates, judgments and assumptions” in the Notes to the consolidated financial statements.



See Notes,
page 152 f

A significant number of subsidiaries of the BECHTLE Group are active and domiciled in Switzerland and keep their accounts in the local currency (Swiss francs). To hedge the EUR/CHF exchange rate risk with respect to the net assets of these Swiss subsidiaries, BECHTLE makes use of financial hedging instruments, such as currency futures. Apart from economic hedging, the objective is to achieve a compensation of the translation differences resulting from the translation of the financial statements of foreign subsidiaries in foreign currency, which are to be recognised directly in equity in the consolidated financial statements (euros). For this purpose, BECHTLE qualifies and designates this hedge for hedge accounting measures in accordance with IAS 39 and recognises gains or losses from the hedge – to the extent that the hedge provides effective protection – outside profit or loss under other earnings. Without such a designated hedge accounting measure, all gains and losses from the hedge would have to be recognised in EBT through profit or loss.

In connection with the accounting of provisions for pensions, BECHTLE does not enter the actuarial gains and losses according to the so-called corridor method (IAS 19.92), but always in their full amount in the period in which they accrue directly in the equity, outside profit or loss, according to IAS 19.93A. Thus, all actuarial losses that accrued until the balance sheet date have been fully recorded and presented in the equity. Had the corridor method been used, only a certain part of the actuarial gains and losses would have been recognised through profit or loss in the respective reporting period.

At the time of addition of financial assets or financial liabilities, there is a one-time option to measure the asset or liability at fair value through profit and loss (IAS 39.9). So far, BECHTLE has not made use of this option and measures granted loans and receivables at amortised cost and financial assets available for sale at fair value outside profit or loss. So far, the use of the option for measurement at fair value through profit or loss would not have resulted in any major changes in the valuations.

OPPORTUNITIES AND RISK REPORT

As a company operating throughout Europe in a technology-driven industry, Bechtle is constantly confronted with numerous opportunities and risks that could affect the business operations. We have implemented management systems to identify, assess and control opportunities and risks at an early stage. Within the scope of value-oriented, forward-looking management processes, our entrepreneurial operations must include the taking of risks in a deliberate, controlled manner in order to make use of opportunities that arise and to achieve economically sustainable success. We regularly review our systems for effectiveness and develop them further as the need arises.

RISK AND OPPORTUNITY MANAGEMENT

Basic Understanding



See
Objectives and Strategy,
page 55f

As intended, the risk management and opportunity management in the BECHTLE Group are closely inter-linked. The internal opportunity management of BECHTLE AG is mainly derived from the strategy of the business segments and their goals. The group's Executive Board and the operational management in the individual business segments and holding companies, i.e. the division heads and directors, are directly responsible for the early and continuous identification, assessment and control of opportunities. Thus, similar to the risk management, these tasks are an integral part of the corporate planning and control system. The management of BECHTLE AG puts a lot of emphasis on detailed evaluations and comprehensive scenarios concerning the company's market and competitive position and critical success factors for the company's performance. From this, the potential for concrete opportunities is derived for the individual business segments and discussed at planning meetings between the Executive Board and the executives with operating responsibility, and suitable measures and targets are agreed in order to exploit this potential.

At BECHTLE AG, "risk management" is defined as the entirety of all organisational arrangements and measures to identify and manage entrepreneurial risks. The main objective of the risk management is the due identification of material and existential risks, their assessment and the initiation of suitable risk control measures in order to minimise or avert possible harmful consequences of the occurrence of the risk for the company. Efficient risk management ensures that personnel and resources are deployed in such a way that the attainment of company goals is supported in the best way possible.

The management is of the opinion that the risk management should not try to avoid all risks. To successfully exploit opportunities, a company must deliberately take risks in the course of its business activity. However, it is important to limit risks to an acceptable degree and to control them in the best way possible. This degree is governed by the risk policy and risk strategy that is tuned to the company's overriding basic orientation. At BECHTLE AG, the risk strategy is based on the corporate culture, the corporate guidelines and the company's strategic goals, which govern everyday operations and serve as an orientation aid for all decisions in various ways. The key elements of these basic cultural definitions are rooted in BECHTLE'S corporate philosophy, the BECHTLE code of conduct, the newly formulated sustainability code, the BECHTLE management principles and the BECHTLE social media policy.

Within the scope of our Vision 2020, the goal of BECHTLE AG is to be present throughout Germany, Austria and Switzerland, and to become the leading IT partner of corporate customers and public-sector clients in the IT system house & managed services segment. In the IT e-commerce segment, we want to fortify our leading market position in Europe and continue with the internationalisation. The targeted profitable growth will inevitably be accompanied by business risks. The risk policy of BECHTLE AG must take this into account.

Organisation

In line with the organisational structure of the BECHTLE Group, the risk management clearly distinguishes between duties and responsibilities of the group holding/intermediate holdings and of the operational subsidiaries and individual management areas. The group controlling has established a reporting system that enables early identification of developments that threaten the company's success. Apart from the provision of various analysis tools for the operational units, the insights gained from periodic analyses and statistics supports an effective risk management in the individual areas. Thus, the directors and division heads bear a substantial part of the responsibility for the active risk management. This basic principle also corresponds to the decentralised business model and the management philosophy of BECHTLE AG.



See
chart Holding Structure,
page 38



See
Systems and Instruments,
page 57

The risk management organisation of BECHTLE AG mainly performs two functions:

■ **Process-independent monitoring.** This comprises the review of the operability of all processes. The Internal Audit department is an important part of the process-independent monitoring. It audits business operations retroactively for compliance and suitability. The activities of the Internal Audit department are based on the provisions of Section 91 (2) of the German Stock Corporation Act (AktG). At BECHTLE AG, the Internal Audit department continuously performs tasks in connection with the review of the final month-end figures and occasions related to the group accounting. The suitability of the early risk identification system set up by the Executive Board, and the effectiveness of individual risk control measures and of the accounting-related internal audit system, are reviewed by the auditors within the scope of the audit of the annual financial statements and during the year by the company management.

■ **Early warning and monitoring system.** The structure of the systems is geared towards the strategic and operational threats and ensures the operability of the risk management and other corporate processes. Early warning systems help the company identify risks and opportunities in good time. In connection with the identification of latent risks, special attention is paid to early indicators. The monitoring comprises the continuous review of the effectiveness, adequacy and efficiency of the measures, and of the needed control structures with respect to the identified risks.



See Collaboration
between the Executive
Board and the
Supervisory Board,
page 65

Within the scope of the risk management, effective communication across all hierarchy levels is vital for the interlinking with the business operations. In this connection, board and team work is an important instrument for the organisation and control of the needed information flow. At the top management level of BECHTLE AG, this is done at Supervisory Board and Executive Board meetings and risk management sessions. At the management level, especially division head meetings, director conferences, strategy conferences as well as planning and individual meetings with the Executive Board are held in order to meet this need.

Group Accounting

According to Section 315 (2) no. 5 of the German Commercial Code (HGB), the group management report of capital market-oriented companies must describe the key properties of the internal audit and risk management system with respect to the group accounting process, which also includes the accounting processes of the companies included in the consolidated financial statements. In this connection, BECHTLE uses the definition of the Institute of Public Auditors in Germany. According to this definition, the internal audit system comprises the principles, procedures and measures introduced by the management, which serve the organisational implementation of management decisions (i) to protect the effectiveness and efficiency of the business activity (this includes the protection of the assets and the prevention or discovery of financial losses), (ii) to ensure the correctness and reliability of the internal and external accounting and (iii) to comply with regulations relevant to the company.



www.idw.de

Concerning the accounting processes of the included companies and the group accounting process, the following structures and processes are implemented at BECHTLE AG:

The Executive Board bears the overall responsibility for the internal audit system with respect to the accounting processes of the included companies and the group accounting process of BECHTLE AG. All companies and strategic business segments included in the consolidated financial statements are integrated by means of a clearly defined leadership and reporting organisation. The principles, the structural and process organisation and the processes of the group accounting-related internal audit system are outlined in group-wide policies and organisational instructions that are adjusted to the latest external and internal developments at regular intervals. Regarding the accounting processes of the included companies and the group accounting process, the management considers features of the internal audit system that could considerably affect the consolidated balance sheet and the overall statement of the consolidated financial statements, including the group management report, as important. This applies especially to the following elements:

- Identification of material risk fields and audit areas that are relevant to the group accounting process,
- Monitoring audits to check the group accounting process and their results at the level of the group's Executive Board, at the level of the strategic business segments and at the level of the companies included in the consolidated financial statements,
- Preventive audit measures in the group's financial management and accounting and of the companies included in the consolidated financial statements, of the strategic business segments and in operational, performance-oriented company processes, which generate important information for the preparation of the consolidated financial statements and the group management report, including functional separation and predefined approval processes in relevant areas,
- Measures to ensure due IT-based processing of group accounting-related matters and data,
- Measures to monitor the group accounting-related internal audit system, especially by the Internal Audit department.

Risk Identification and Assessment

To assess the relevant risks of BECHTLE AG and its management areas as comprehensively as possible, the company uses risk assessment forms. These forms structure various risk types in the form of a checklist. The content of this list can be adjusted and supplemented by the executives involved in the risk identification and assessment in order to take any peculiarities of individual business areas into consideration.

The risk assessment form, whose purpose is to summarise possible risks as comprehensively as possible, serves as the basis for the risk assessment: Each risk is assessed for probability of occurrence and expected damage amount (risk potential) and positioned in a risk matrix indicating the significance (A, B and C risks). The assessment reveals how probable the occurrence of the risk is for the underlying risk potential. The result is a consolidated presentation of all identified risks in the form of a "risk map", both for BECHTLE AG as a group and for each of its business segments.



Risk Control

The company responds to identified risks on a case-specific basis and with different strategies:

- Risk avoidance: Refraining from activities involving risks may mean that opportunities cannot be used either,
- Risk limitation: Minimisation of the probability of occurrence,
- Risk reduction: Reduction of the average probability of occurrence,
- Risk compensation: The risk is borne by the company and economically compensated by an offsetting transaction,
- Risk transfer: Transfer of the risk to another (insurance) company,
- Assumption of the risk: No countermeasures taken.

Risk Reporting and Documentation

At least once a year, the management of BECHTLE AG holds risk management sessions whose contents are subject to ongoing review and further development. In addition to the risk management session of BECHTLE AG, separate sessions at which the risks are explicitly discussed and continuously reassessed with the responsible individuals are held for each segment and executive division. The Chairman of the Executive Board participates in all these sessions. The responsible division heads and individual employees entrusted with controlling and risk management responsibilities also participate in the meetings. Thus, all areas and responsibilities that are important for the company's success are involved in the risk management process. The results and the estimates of the risk management sessions are usually subjected to an annual review. In addition to the standard reporting and assessment of risks at these sessions, there is an arrangement for the timely ad-hoc reporting of critical issues to the responsible bodies (audit committee, Supervisory Board) and other individuals involved in the risk management process.

OPPORTUNITIES

Market and Competition

For BECHTLE AG as a company in the IT industry, a positive general economic development presents opportunities for successful growth. However, even in an environment marked by macroeconomic stagnation or decline, BECHTLE can benefit from the consolidation of the competitor landscape and expand its relative market share under its own steam. Therefore, the group intensively examines strategic market and competition analyses, deriving concrete growth options for its future development. Naturally, the examination also focuses on industry and technology trends that have a direct impact on the company's profitable growth.

The IT market is characterised by an intensive innovation speed and short product cycles. Due to the advancing technologisation, the significance of information technology is on the rise – both in the private sphere and especially in the industrial environment. Therefore, markets that are considered to be saturated, such as the countries in Western Europe, continue to have a large and further increasing growth potential. Owing to the complexity of the IT, especially high-quality services will gain in significance. BECHTLE'S product and service portfolio covers all current and presently foreseeable needs of industrial customers. Thanks to the group's structural and strategic positioning, the preconditions for exploiting the resulting growth potential are thus on hand.

For a number of years, the system house market – especially in German-speaking regions – has been undergoing a period of intense consolidation, which BECHTLE is actively exploiting. Thanks to its solid financial resources and good reputation, the company has been able to perform more than 40 acquisitions since its IPO, thereby continually strengthening its market position. In view of the progressive thinning of the



See

Competitive Position,
page 52 f



"More than 40 acquisitions since the IPO."

Ronja Ernst,
Team management sales
marketing

industry and BECHTLE'S persistently excellent assets position and funding, the company will have further opportunity to continue to fortify its competitive position, e.g. by means of acquisitions or by expanding the product and service spectrum. In the reporting period, BECHTLE again made use of this opportunity and acquired several companies.

The BECHTLE Group holds a leading competitive position. Thanks to its decentralised structure, it is able to act quickly and flexibly to increase the regional market exploitation. Additionally, the company's financial strength forms the basis for taking advantage of our competitors' weaknesses in a determined manner. In the reporting period, the strategic focus centred especially on new opportunities in connection with the expansion of the relative market share in the individual regions.

The ongoing uncertainty on the capital markets and the associated inadequate financing options of many medium-sized companies have given rise to additional opportunities for the BECHTLE Group. The need of customers to save costs in the short to medium term is fuelling the demand for innovative IT concepts and services. At the same time, the demands on information technology are rising, as in the long term, only companies that regard IT as a production factor and that successfully transform IT into a value-creating business division will be able to gain a lasting competitive edge.

In the coming years, the IT e-commerce segment is expected to undergo significant growth, especially also in view of the Vision 2020. Besides the planned development at the existing locations, the opportunities in this segment mainly relate to the further internationalisation of the business on the basis of a multi-brand strategy. The necessary systems and processes have been continuously improved over the past years, and form a reliable platform for further growth.



See Forecast Report,
page 122

Under the buzzword "green IT", the issue of climate protection has already become a well-established factor in the IT industry. To meet the requirements for eco-friendly IT, and to exploit the resulting opportunities, BECHTLE has introduced an innovative range of low-emission, energy-saving products. In the service sector, we offer customer-specific solutions that also contribute to energy savings in the IT infrastructure, for example through consolidation or virtualisation concepts.



See
Environmental Protection,
page 53

Customers

In the IT system house & managed services segment, BECHTLE processes the German-speaking markets with a dense network of system houses. Due to the widely diversified customer structure, the effect of unique industry-specific economic trends and special investment-related framework conditions on the company is relatively small. Moreover, BECHTLE'S long-standing presence in this segment represents a high market-entry barrier for potential competitors. The strong competitive position in the medium-sized business segment enables BECHTLE to expand its market leadership in this area and to align its own business model on a cross-industry level.



See chart
Industry Segmentation,
page 52



Strong
customer
base

BECHTLE also markets its services in the public sector, a division in which the company has consistently expanded its activities in recent years. Apart from the basic opportunity associated with the expansion of the customer portfolio and the achievable higher business volume, the specialisation in the needs of public-sector clients and the consideration of the special aspects of the contract award practice in this segment offers another opportunity, or the investment behaviour of this customer group is less susceptible to economic trends and is often even anti-cyclical.



See
Business Activity,
IT E-Commerce,
page 48 ff

In the IT e-commerce segment, we are active with the ARP, BECHTLE DIRECT and COMSOFT DIRECT brands in 14 European countries. In this segment, BECHTLE considers a wider customer approach and targeted customer bonding through the use of bios® shops as an opportunity for future growth.

Apart from BECHTLE DIRECT, which focuses on enterprise customers, BECHTLE ÖA DIRECT serves as a platform for public-sector clients. In this field, too, the anti-cyclical investment behaviour of public-sector clients and the above-average growth rates that BECHTLE achieved in this customer segment in recent years provide the opportunities already addressed above.

Manufacturers and Distributors



www.bechtle.com/
partner

BECHTLE AG maintains close partnerships with all major suppliers and manufacturers of the IT industry. For example, it cooperates with IBM in the field of outsourcing and with the telecommunications provider Colt in the field of cloud computing. Intensive collaboration with partner companies enables us to offer technologically suitable solutions for the growing bandwidth of customer requirements. BECHTLE is improving its own growth opportunities especially by means of a more extensive range of individual service solutions for enterprise customers and public-sector clients. Moreover, BECHTLE AG is one of the largest partners of Cisco, Citrix, Fujitsu, HP and VMware. In its partnerships with key suppliers and manufacturers, the overwhelming majority of the group's certifications have the highest partner status.

To support the collaboration, BECHTLE has additionally appointed Vendor Integrated Product Managers (VIPM) for strategic vendors, who promote the interests of the vendors and of BECHTLE alike. For example, information about the vendors can be forwarded to the responsible procurement, sales and service staff in the company without delay, in a centralised and target-oriented manner. This enables BECHTLE to ensure that from the customer perspective, its offer reflects the state of the art at all times. In this way, the quality of the sales activities increases and customers benefit immediately from innovative product promotions of the vendors. On the other hand, the BECHTLE product catalogues, for example, have for many years been a sales channel with a high multiplier effect for vendors and distributors.

Additional synergies are achieved through the standardisation of logistics processes and synchronisation of the ERP systems between BECHTLE and the partners. This not only makes for a wider product offer and increasing availability of the goods, but also increases the attractiveness of BECHTLE for other distributors and vendors.

Service Range

Enterprise customers increasingly expect their IT providers to deliver complete solutions from one source. With its combination of trading and services and, within the field of services, with its blend of project, services and financing business, BECHTLE is well prepared to benefit from this trend. Furthermore, BECHTLE has duly positioned itself by means of acquisitions, strategic alliances and competence centres especially tuned to the needs and trends of the market, and has fortified its position with qualified staff.

In connection with the procurement and operation of IT, many companies want to make use of possible savings potential. Existing corporate processes are being reviewed, and innovative IT management models such as outsourcing are continuing to gain significance. The outsourcing of IT or parts of it enables companies to redistribute costs and reduce the capital tied up in the form of IT investments. Due to the increasing relevance of IT to all corporate processes, and certain security concerns on the part of customers, many outsourcing customers are examining the reliability of their partners. This directly influences the choice of service providers, the prices and how and from whom external services are procured. In future, the expanded range of outsourcing solutions and managed services could yield attractive growth opportunities for BECHTLE as an economically stable, reliable partner with an excellent reputation. Customer relationships in this so-called operation business are usually of a long-term nature, which facilitates the business performance planning. Moreover, the projects promise higher margins than the orders in the conventional trading business.

A new form of procurement and operation of IT infrastructures and their applications in companies has gained a foothold in the industry under the name "cloud computing". In cloud computing, processing performance, storage, applications and IT services are obtained in real time via data networks. In this context, the price of the individual services is determined by the actual usage. The IT industry is convinced that the business field of cloud computing holds great potential for growth, though it presents entirely new challenges especially for medium-sized providers of software and IT services. Thus, apart from products and services, entire business models, sales strategies and consulting services will need to be adapted to the new technology. In the future, the role of services providers in the IT market will consist of introducing cloud computing to the companies. System houses can do this by offering their own cloud services or by serving as intermediate dealers that form a link between the large cloud providers and the user companies.



See
Service Spectrum
and Processes,
page 44



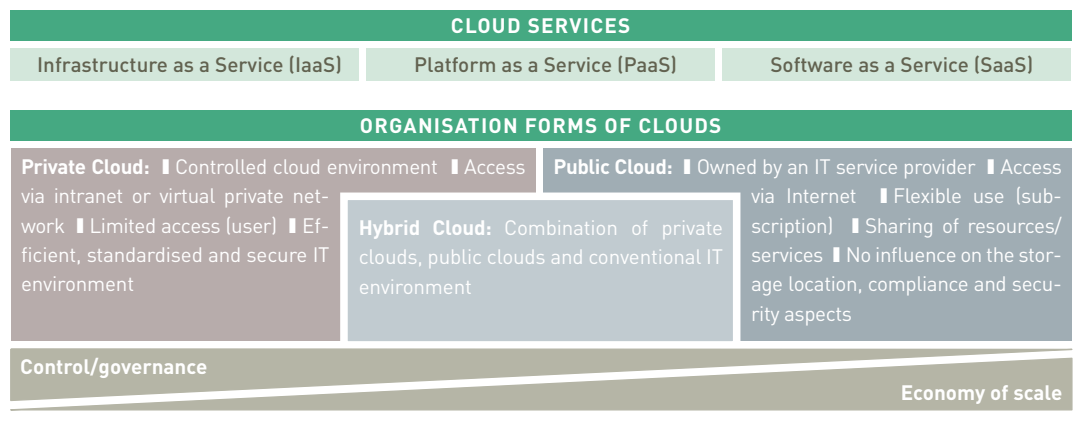
"Bechtle is a stable, reliable partner with an excellent reputation."

Kirsten Lang,
Out of line management



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5.1. LAYERS AND ORGANISATION FORMS OF CLOUD SERVICES



BECHTLE is active in the cloud computing market both in cooperation with renowned partners and with its own range of solutions. In this connection, the BECHTLE system houses offer an extensive portfolio of virtualisation and server technologies, infrastructure solutions and security-relevant applications, thereby creating the needed customer-specific conditions for the procurement and operation of IT from the "cloud". In addition, the group offers its customers consulting and integration services for cloud computing, as the specific services often need to be integrated in, and networked with, existing systems.

Company Organisation



See
Management Structure,
page 39 f

By consistently aligning the company structure to the strategy, an important precondition has been established for exploiting the opportunities resulting from the market developments described. The extensive geographic presence, with about 65 locations in Germany and Switzerland and locations in Austria, enables us to address local medium-sized businesses on-site via the regional system houses and – from the perspective of the group as a whole – to attract businesses and corporations that operate on a nationwide scale and that prefer a large IT service provider as a reliable partner. Despite the great significance of decentralised responsibility and decision-making structures, the BECHTLE Group benefits from its size in the field of centralised administrative tasks and bundled purchasing and logistics processes by using economies of scale. Additionally, competence centres, specialised product management teams and segment heads bundle expertise that is made available centrally to all locations.



See
Know-how Transfer
between Locations,
page 47

Thanks to the attained market position and the combination of centralised and decentralised structural elements, BECHTLE is ready to actively exploit new market opportunities. In the public-sector division, for example, BECHTLE has pooled the competencies and experience for this special market segment. This organised interaction between central support and a decentralised market approach by the system houses also yields improved opportunities for growth in this market – a proven basic principle that BECHTLE also applies in the software & application solutions division and in the organisation of the managed services division.

Personnel

BECHTLE attaches great importance to long-term bonding of employees to the company, high motivation and a positive corporate culture. The applied management style is a key condition for a good atmosphere in the company. The company's management takes the lead in living the basic values rooted in the corporate philosophy and creates an open atmosphere of mutual trust. This includes short communication routes and open exchange between the divisions, locations and hierarchy levels. This is important in order to make existing expertise usable and to duly take both the strategic and the operational viewpoint into consideration when making decisions.

Preparing for an impending shortage of experts is another challenge that BECHTLE is facing. However, a lack of qualified staff could also represent opportunities, for example if the company could train a sufficient number of experts internally and bind employees to the company on a long-term basis. In the medium term, BECHTLE'S goal is to increase the training ratio in Germany to approximately 12 per cent. Furthermore, BECHTLE intensively invests in the training of its staff members. The BECHTLE Academy, which was established in 1999, constitutes an important element in the mounting competition for future employees. The staff development department complements the activities of the BECHTLE Academy. At the same time, the academy represents a proven organisational platform for the systematic implementation of staff development measures. Many of the development programmes introduced in the prior year were intensified and expanded in 2012.



See Forecast Report,
page 126



See Employees,
page 63 f

RISKS

The management believes that the risks described below could partly have a considerable negative effect on the company's earnings, assets and financial position, on the share price and on its reputation. Nevertheless, this list does not include all risks to which the BECHTLE Group is exposed. Other risks that are not yet known or risks that are currently considered to be of little significance could also impair the company's performance.

Macroeconomy and Industry

BECHTLE AG sells IT products in 14 European countries and offers IT services in Germany, Austria and Switzerland. Though the business depends greatly on the domestic market, the development of the European economy as a whole has a decisive effect on BECHTLE'S growth, as foreign markets account for about one third of the group's revenue.

In the reporting period, many countries in which BECHTLE is represented experienced an economic decline. In countries in which the GDP was positive, the growth largely remained in the low range under 1.0 per cent. The continuation of the weak economic trend or, even worse, an economic decline could involve risks for the earnings, assets and financial position of the BECHTLE Group.

BECHTLE operates in a highly competitive and technologically short-lived market. Both the IT trading segment and the IT service segment are characterised by competition in terms of pricing, product quality and service quality. Thus, we are confronted with mounting price and margin pressure, partly weakening demand and growth cycles that are highly susceptible to economic trends. Furthermore, the IT market is continually undergoing a period of intensified consolidation, which may culminate in stronger individual competitors and changed market shares. The company's earnings position mainly depends on the extent to which BECHTLE can exploit the industry consolidation to achieve above-average growth, as well as on the effectiveness and, most importantly, on the efficiency with which the group succeeds in fulfilling the customers' growing need for smarter IT solutions.



See

Service Spectrum
and Processes,
page 44 ff

Among other things, BECHTLE counters market risks by strengthening business areas with above-average growth potential, such as managed services as well as software & application solutions. With its outsourcing services, the managed services business field not only offers attractive growth perspectives, it also reduces BECHTLE's susceptibility to short-term economic trends by means of longer contract terms. Through the development of the software & application solutions division, we have also entered niche markets with a good growth potential in the CAD and SharePoint environment. In this way, the BECHTLE Group expands its solution portfolio in order to use the business synergies of the various customer segments as effectively as possible as a one-stop IT provider.

To further reinforce the market position of BECHTLE AG in Europe, the company continually enters new national markets in the IT e-commerce segment. In this context, BECHTLE is confronted with political, economic and legal risks in the respective target countries. Furthermore, the establishment of new trading companies requires concerted efforts in the field of sales, which are not always successful. The revenues and earnings could be impaired by start-up costs for the establishment and personnel, as well as investments in country-specific sales and marketing activities. Moreover, there is a risk that the selected measures could later be found to lack sustainability or fail to gain the expected market acceptance. BECHTLE AG endeavours to limit such risks and risks resulting from the legal, economic or company-specific framework conditions by means of extensive analyses and audits before entering a market, uniform investment controlling for all e-commerce companies and successive know-how transfer from previous market launches. Moreover, the market entry strategy provides for the hiring of suitable professionals and executives who have detailed knowledge of the local market and of the other framework conditions. Therefore, executive positions in new subsidiaries are usually staffed with local managers who are first subjected to an intensive training programme in Germany.

Business Activity

Cost Structure. The cost structure of BECHTLE AG is characterised by a high proportion of personnel expenses whose adjustment lags behind a changed capacity utilisation. In economically weak phases – as was the case in many BECHTLE markets in 2012 – the company can only reduce functional costs to a certain extent in the medium term without significantly impairing the occupation situation. Furthermore, measures affecting the personnel expenses must always take the existing or possible future personnel risk (lack of qualified staff) into consideration.

Procurement. BECHTLE AG meets the risks in the supply markets with selective supplier management and a vendor-oriented organisation of Vendor Integrated Product Managers (VIPM), which also ensures close interaction of the group logistics processes with vendors and distributors. However, the effectiveness of these measures is limited with respect to the development of the international supply markets. For example, should the price slump in the industry be above average due to the aggravated competitive situation, and continue over an extended period, this could greatly affect the group's profitability.

BECHTLE buys its products from all renowned IT manufacturers and distributors. Across Europe, the company cooperates with about 300 manufacturers and more than 600 distributors. Should a partner be unable to supply goods, BECHTLE can always offer comparable alternative products at short notice. In terms of its economic situation and existence, the group does not depend on any single supplier. In the event of supply bottlenecks, we counter this availability risk by means of active supplier management and adapted stock levels. The latter is possible even at short notice, especially due to the group's comfortable financial position.

The development in the IT market points to growing competitive pressure as well as price and margin pressure among manufacturers. Thus, despite the trend that has been going on for many years, manufacturers have enforced price increases in some areas in the reporting period. BECHTLE is not always able to pass on such price increases to customers to the full extent. Therefore, especially long-term contract and projects pose a risk to the group's earnings position. Moreover, due to the margin pressure on the manufacturer side, manufacturers may step up their conditions for paying bonuses, reduce bonuses in general or increasingly pay in kind (e.g. in the form of free training for employees). Depending on the degree of the change, such a development could affect the earnings position of BECHTLE AG.

BECHTLE minimises storage risks and reduces the capital tie-up by continuously improving its procurement, flow and sales processes. The principle is to procure goods only shortly before they are shipped to the customer or to engage distributors as fulfilment partners. As the ordered goods are often shipped to the customer directly by the manufacturer or distributor, the company can save process and storage costs.



See

Personnel Expenses,
page 62



See

Business Activity,
IT E-Commerce,
page 48 ff

In order to avoid supply bottlenecks due to the short-term storage, the procurement processes are closely interlinked with the manufacturer and distributor systems. This ensures high availability and quick delivery to the customer. By means of the group-wide volume bundling through central procurement and logistics processes, BECHTLE also achieves project-related benefits and economies of scale.

Service Range. In the field of managed services, long-term contracts account for the lion's share of the business. For example, the fixed price guarantee for products that is often agreed in such projects can affect the projected margin due to changes of the cost basis during the term. Moreover, such contracts contain specific requirements with regards to the project flow and compliance with legal regulations. Failure to meet these criteria could lead to damage claims or termination of the contract. Furthermore, in its capacity as general contractor, BECHTLE bears the risk of contractual fines due to missed deadlines, unforeseeable developments at the project sites, deficient services of subcontractors and possible logistical difficulties.



See Markets,
page 52

Customers. Though individual companies of the BECHTLE Group are somewhat dependent on a small number of customers, the group has a very large customer base of about 75,000 customers. Thus, our going concern does not depend on any single customer. Although there is a certain concentration of credit risks on individual key accounts, the occurrence of these risks would not endanger the group. What is more, the diversity of the industries that customers belong to spreads the risk of dependence on individual industry trends. BECHTLE meets the potential solvency risk of customers by means of careful examinations before establishing business relationships and by means of consistent debt collection management.

IT. Basic IT risks emerge from the use of computer-based databases and the deployment of ERP, controlling and accounting systems. For example, a goods availability risk could arise if the operability of IT systems necessary for smooth order handling is no longer guaranteed. This could happen due to hardware failures, operating errors or defects in electronic data processing devices.

The probability and extent of damage from viruses and hackers is difficult to estimate. The intrusion of unauthorised parties in the IT system could result in a confidentiality risk. BECHTLE employs encryption and authentication technologies as well as firewalls to protect confidential information transmitted electronically. Despite high-level protective mechanisms and security standards, there is a danger that internal and confidential information could be used illegally.

For the BECHTLE Group, backups are a top priority. The central computing centre in Neckarsulm which is responsible for ensuring the operability of all IT systems in the group, has therefore developed a bundle of backup measures at various levels that prevent the failure of technical IT systems, or at least minimise its probability. As far as we can discern, BECHTLE is not exposed to any integrity risk from incorrect processing, loss of data or faulty storage of data.

Among other things, BECHTLE protects the IT systems by means of firewalls and strict security regulations. The IT system availability reflects the state of the art. Additionally, central IT protects the operation by means of redundant data lines. At all locations, the network connection takes place via backup lines. For the stability of the IT e-commerce systems, BECHTLE always employs several providers with a mutual backup function. All material production systems are redundant and subject to high-availability agreements with the manufacturers. Moreover, the systems are protected by a UPS and an emergency power generator.

Personnel. Training, motivation and commitment of the employees are key success factors of the BECHTLE Group. Therefore, loss of expertise due to above-average fluctuation of qualified personnel and a lack of qualification and performance orientation on the part of the employees are the major personnel risks. Furthermore, in the fast-growing business fields, there is a risk that the demand for qualified personnel cannot be met sufficiently. For this reason, BECHTLE is not only eager to sign qualified specialists and executive personnel for the company and integrate them successfully, but most importantly to bind them to the company permanently. Henceforth, we will invest even more in the training of young people. Therefore, the training ratio in Germany is to rise to about 12 per cent in the medium term.



See Training,
page 63 f

Due to the ongoing consolidation in the IT market, there is not yet any general shortage of well-qualified staff. On the other hand, in individual competence areas it is far more difficult to replace highly qualified IT specialists, which may mean a risk for the operational business flow. However, in the industry BECHTLE is regarded as an attractive, reliable employer, which can be seen due to the large number of qualified and experienced applicants. Apart from creating a positive work environment, HR work focuses on the operational training and promotion of junior management staff by means of internal development programmes.

Liability. In the trading business, BECHTLE assumes the standard liability and provides a contractual warranty for supplied hardware according to its General Terms and Conditions. However, in this regard, BECHTLE only passes on the manufacturers' warranty. The risk of warranty claims being asserted by customers against BECHTLE without recourse to the manufacturer is low. BECHTLE has taken out insurance or formed adequate balance-sheet provisions in case customers need to be granted warranty extensions or expansions directly. In the service and project business, especially in the case of managed services contracts, BECHTLE always endeavours to agree standard limitations of liability under consideration of the purpose of the contract in order to minimise liability risks. In the reporting period, the group published a process description for the handling of liability risks. The set of rules provides the responsible parties with instructions concerning the key steps that are necessary and noteworthy for a balanced decision and economic execution of transactions with an increased liability risk under risk and opportunity considerations. D&O insurance pursuant to statutory regulations covers any liability claims resulting from mismanagement. The scope of the general insurance cover is checked regularly and adapted if necessary. Thus, negative financial effects of insurable risks on the business are excluded or at least limited.



See
D&O Insurance,
page 69

Finance



For a quantification
of the risks
see Notes,
page 185 ff

Financial Instruments. Currency, interest rate and liquidity risks are subject to active management on the basis of guidelines that apply to the entire group. In this context, the specific requirements for the organisational separation of the operations and auditing of the functional divisions are observed.

Derivative financial instruments are used exclusively for the purpose of hedging operational underlying transactions and mission-critical financial transactions in the form of currency futures, currency swaps and interest swaps.

The financial risk management is characterised by the clear allocation of responsibilities, central rules for the fundamental limitation of financial risks, purposeful alignment of the employed instruments to the requirements of the business activity and separate monitoring by a centrally controlled treasury.



See Notes,
Currency Risk,
page 185 ff

Foreign Currencies. Currency risks exist especially in areas in which receivables, debts, funds and planned transactions exist or will accrue in currencies other than the local currency of the parent company. The foreign currency risk is mainly limited to Swiss francs, as a considerable portion of the international business is generated in Switzerland. Except for Switzerland, the United Kingdom and the Eastern European countries of Poland, the Czech Republic and Hungary, procurement mainly takes place in euro countries and in euros. In individual cases, goods are purchased in us dollars. The BECHTLE Group uses currency futures in Swiss francs and pounds sterling in order to hedge the currency risk. The hedging of foreign currencies pertains to the payment flows generated in Switzerland and the United Kingdom and to the assets held by the national subsidiaries. Due to the current business volume in the Eastern European countries, these BECHTLE companies are excluded from this hedging. Currency futures are used in individual cases to hedge the currency risk associated with the us dollar when purchasing goods in us dollars or when customers pay in us dollars.



See
Financial Position,
page 95

Liquidity. To ensure unlimited solvency, the company must have sufficient liquidity at all times. The liquidity situation is managed and monitored by the treasury as an integral part of the group accounting. In view of the current financial position of the BECHTLE Group at the end of the year with cash, cash equivalents and securities worth €146.2 million (prior year: €141.5 million) and a positive cash flow from operating activities amounting to €56.7 million (prior year: €55.8 million), liquidity risks are unlikely. Moreover, BECHTLE AG has authorised capital of up to €10.6 million, which can be used to increase the equity capital base, if necessary.

The treasury department of BECHTLE AG ensures the liquidity supply for the group divisions and subsidiaries by means of cash pooling. Furthermore, it controls the interest rate risk and is responsible for the assessment, analysis and monitoring of positions subject to market risks.

Receivables. The solvency of our business customers plays an important role in the examination of the future risk situation. BECHTLE could be exposed to bad-debt losses because customers may be unable to meet their payment obligations in due time or in their entirety due to inadequate funding possibilities. Detailed monitoring of customer relationships including ongoing solvency checks and proactive debt management help to avoid risks from bad-debt losses and eliminate the need for taking out trade credit insurance.

Potential risks in connection with the investment of cash equivalents are limited by exclusively executing investments with banks with an excellent degree of creditworthiness and within the scope of defined limits. Payment transactions, too, are only handled via banks whose creditworthiness is beyond doubt.

Interest. As a matter of principle, financial assets and debts with terms of more than one year involve an interest rate risk. The interest rate risks of the BECHTLE Group are centrally analysed, and the resulting measures are actively managed by the group's finance department. The procedure applied by the department is subject to regular auditing as determined by the management. The risk of interest rate fluctuations of loans with variable interest rates is eliminated by means of interest rate swaps.



See Assets Position,
page 92 f
and Notes,
Interest Rate Risk,
page 187

Others

Acquisitions. Since its IPO in 2000, BECHTLE AG has acquired more than 40 companies. Takeovers are an essential part of the corporate strategy, which is designed with long-term profitable growth in mind. BECHTLE intends to further strengthen and expand its market position by means of specific acquisitions. At the same time, however, the decision to purchase a company and integrate it into the group always involves an entrepreneurial risk. It is always possible that the expectations placed on the acquired company may not fully materialise. BECHTLE addresses this risk by conducting extensive due diligence audits in advance. The preparation, implementation and audit of acquisitions take place in line with defined competence arrangements and approval processes. Moreover, BECHTLE has many years of experience in integrating companies. We have established the structures and processes that are necessary for this and pursue a post-merger concept that meets the group's needs in connection with the integration of newly acquired companies in the best possible way.



See Locations,
page 40 ff

The rapid corporate growth of BECHTLE in recent years also involves risks. On the one hand, the newly acquired companies tie up management resources during the integration phase. On the other hand, the rapid growth necessitates the continuous expansion and adaptation of the organisation and management structures to the changed framework conditions. For this purpose, BECHTLE has continually developed and strengthened the respective resources in the company and key positions in the management. However, these risks are balanced by considerable entrepreneurial opportunities for further development of the group.

Environmental Protection. The group's portfolio is limited to the provision of IT services and the sale of hardware and software. BECHTLE does not engage in technological R&D or production activities. Therefore, the company is largely unaffected by environmental risks and risks resulting from changed environmental legislation.

Taxes. The group operates in 14 European countries and is therefore subject to various tax regulations. Changes in the tax legislation could result in higher tax expenses and higher tax payments. Furthermore, the changed framework conditions could affect the tax receivables and liabilities as well as the company's deferred tax assets and liabilities. The group has a central tax department that ensures compliance with the domestic tax legislation and regulations. In other countries, external consultants are engaged.

Compliance. The amount of business with public-sector clients and government-controlled companies further increased in the fiscal year under review. Accordingly, BECHTLE is increasingly involved in projects financed by government authorities and organisations. To accommodate the changing business structure and to minimise the risk of potential misconduct towards all business partners as far as possible, BECHTLE AG has introduced a code of conduct. The purpose of this code of conduct is to ensure compliance with applicable national and international laws and regulations in all activities of the company and to define minimum standards for responsible actions. Along with the code of conduct, BECHTLE has also set up a compliance board consisting of the entire Executive Board of BECHTLE AG and a permanent representative of the legal department. The employees can contact the compliance board via a dedicated hotline and a special e-mail account. Reports or violations are reviewed and assessed by the compliance board, which takes suitable measures if necessary. To limit or prevent potential misconduct of the employees in connection with the handling of confidential data within the scope of the public-sector orders as effectively as possible, BECHTLE AG and the responsible individuals in the company have undergone security screening by the Federal Ministry of Economics and Technology. Since then, BECHTLE has been party to a non-disclosure agreement with the German federal government. Thus, the company has established the basis for handling public-sector projects subject to non-disclosure in line with customer expectations.

Legal Environment. Being active at an international level, the BECHTLE Group is subject to various national laws. This may involve risks for legal transactions – e.g. in connection with the wording of contracts – which BECHTLE counters by engaging the central internal legal department or external legal advisors at an early stage whenever necessary.

At present, the company is not involved in any legal disputes that could have a negative effect on the consolidated earnings. BECHTLE AG will form provisions for legal disputes for all future legal disputes in connection with the group's business if liabilities are likely to result and the amount of the liabilities can be determined with reasonable certainty.

OVERALL RISK ASSESSMENT

The evaluation of the group's overall risk situation is the result of the consolidated examination of all major compound and individual risks. The management is of the opinion that the presented risks are limited and manageable. The company boasts a solid financial basis, with an above-average equity ratio of 54.2 per cent (prior year: 52.2 per cent) and a comfortable liquidity situation.

Third-party ratings are another important indicator for the overall risk assessment. Apart from the company's own internal risk assessment, BECHTLE'S credit rating and aggregate credit risk are regularly appraised and monitored by banks and rating agencies. All institutions are of the opinion that BECHTLE'S probability of default is very low. The rating agency Bürgel has given BECHTLE a solvency index of 1.1 (1 means a very low and 6 a very high credit risk). In January 2013, the solvency index determined by Creditreform amounted to 112 (100 means the lowest and 600 the highest credit risk). A deterioration of the rating could result in higher capital costs and have a negative impact on the business activities.

To date, the creditworthiness of BECHTLE AG has not been appraised by the rating agencies Standard & Poor's, Moody's Investors Service, Fitch Ratings or Dominion Bond Rating Service.

BECHTLE AG is aware of its own risk and opportunity profile for its business activities. In connection with daily updated analyses of the business performance based on operational indicators, the presented measures play a significant role in enabling BECHTLE to use the opportunities for further development of the company without losing sight of the risks involved.

Except for the risks described above, the Executive Board does not expect any other significant impairment of the company's revenues and profitability due to other regulatory risks. All in all, BECHTLE AG is not aware of any risks that could jeopardise the continued existence of the company, either alone or in combination with other risks. The Executive Board is convinced that it will be able to make use of future challenges and opportunities without taking undue risk.



Excellent
credit rating



www.buergel.de



www.creditreform.de

SUPPLEMENTARY REPORT

IMPORTANT EVENTS AFTER THE BALANCE SHEET DATE

BECHTLE AG did not experience any special events after the balance sheet date 31 December 2012 that would have affected the company's earnings, assets and financial position.



See Forecast Report,
page 125 f

For statements concerning the situation on the reporting date, see Forecast Report.

FORECAST REPORT

On the basis of a strong competitive position as an IT full-service provider, the sustainable business model and the initiated strategic and operational measures to reach the long-term goals, the Bechtle Group is well positioned for the future. As we work towards our goals, we will further expand our presence in Europe and increase the penetration in the IT markets relevant to us. We want to grow faster than the market, thereby expanding our market share. Moreover, we will continually further develop our service portfolio and consistently align our offer with customer needs. The objective of Bechtle is to assume a leading market position throughout Europe, featuring technological innovation, solid growth, profitability, attractive working conditions and a high level of appreciation by our partners and customers.

FRAMEWORK CONDITIONS

In 2013, the economic development in the EU is expected to stabilise at a low level. The European Commission predicts a GDP growth of 0.1 per cent. In the EU countries in which BECHTLE is active, negative values are only predicted for the Iberian Peninsula, Hungary, Italy and the Netherlands. In the other BECHTLE markets, growth rates between 0.0 and 1.2 per cent are expected. Throughout the EU, investments in equipment are to grow by 0.2 per cent. However, the gap between the individual countries will widen even more, ranging from minus 4.3 per cent in France to plus 11.5 per cent in the UK. Government investments throughout the EU are expected to decrease by minus 0.1 per cent. The Swiss federal government's expert committee on economic forecasts is confident that in 2013, Switzerland's economy as a whole will continue to move upwards. The growth is to amount to 1.3 per cent. However, while investments in equipment experienced growth in the reporting period, they are to decline 1.0 per cent in this year.

In Germany, the GDP forecasts of economic research institutes and authorities for 2013 fluctuate between 0.3 and 1.0 per cent. At minus 0.9 per cent, the European Commission considers investments in equipment to decrease, however government consumption is to grow by 1.2 per cent.

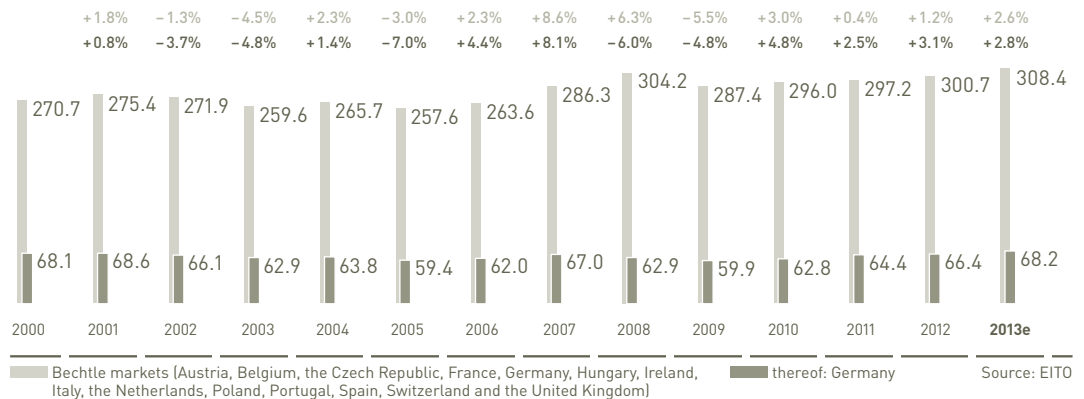
In 2013, the IT industry is again expected to grow faster than the economy as a whole. According to the market research institute EITO, the IT market in the EU is to grow 2.8 per cent. This development is to be driven particularly by the subsegments software, with an increase of 4.2 per cent, and hardware, with a growth of 3.0 per cent. For services, an improvement of 2.1 per cent over the prior year is predicted. Except for Germany, all countries in which BECHTLE is present expect an increase of hardware revenues, with growth rates from 0.3 per cent in Poland to 8.7 per cent in the Czech Republic. The situation is similar with

the software revenues, which are to range between 0.3 per cent in Italy and Spain and 8.8 per cent in the Czech Republic. The only exception is Portugal, where a decline of 2.9 per cent is anticipated. The IT market in Switzerland is expected to grow 3.4 per cent. Hardware revenues are predicted to go up 2.4 per cent, services 3.0 per cent and software 4.9 per cent.

EITO's forecast for the German IT market points to a growth of 2.8 per cent. At 5.1 per cent, the software segment is considered as a growth driver, and services are to increase 3.0 per cent. EITO expects the hardware revenues to decrease slightly by 0.3 per cent.

52. IT EXPENDITURE IN THE BECHTLE MARKETS 2000–2013

€b



With respect to the economic situation predicted in the relevant national markets for the future, the BECHTLE Group does not expect any major impact on the demand trend due to changes in legal framework conditions, the development of currency exchange rates or the implementation of environmental policy measures.

PERFORMANCE OF THE GROUP

Products and Markets

Due to the ongoing consolidation, the European IT market is likely to remain very volatile. The associated concentration trends could increase competition and result in rising price and margin pressure in the industry. Despite this development, BECHTLE AG believes that it will be able to expand its market share at a disproportionately high rate and benefit from this consolidation due to its financial strength and competitive position.

To take technological trends in the field of IT into account and to meet growing customer requirements, BECHTLE is busy developing and establishing a high-quality product and service portfolio. In this context, the expansion of the range of special IT solutions plays a key role in the IT system house & managed services segment. In view of the customers' budgetary constraints and the intensive focus on cost savings potential in IT, new service and consulting concepts and individual project solutions are to contribute to more efficient business processes at customers and allow us to develop fast-growing business fields. Concepts such as software as a service (SaaS), platform as a service (PaaS) and infrastructure as a service (IaaS) as elements of cloud computing, whose purpose is to make IT costs more scalable and flexible, will accelerate this development especially in the next two years. In the coming years, BECHTLE will take these developments into consideration and consistently expand the business by effectively concentrating its services and sales activities on the hot subjects of client management, server & storage, networking solutions, virtualisation, cloud computing, IT security and software & application solutions.

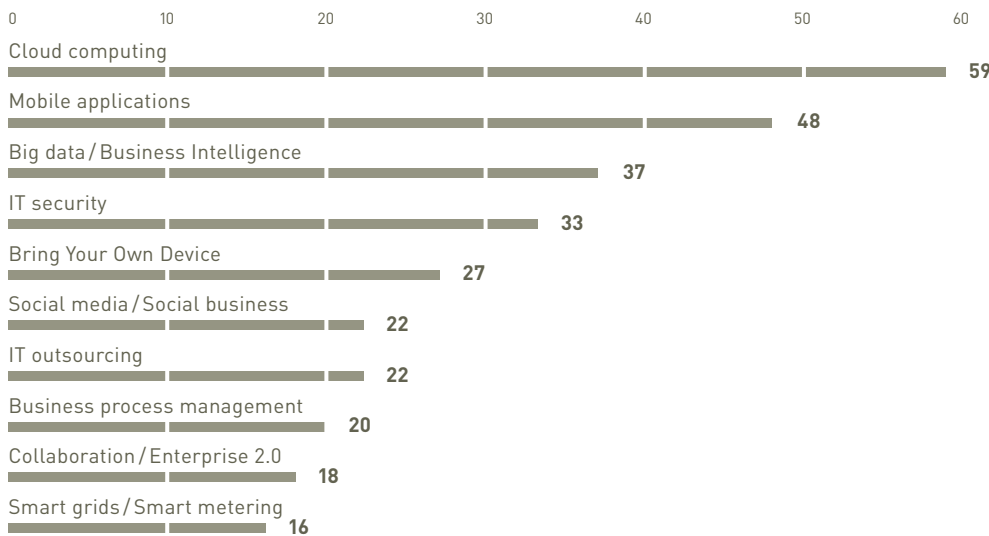


See
Service Spectrum,
and Processes
page 44 ff

Key ITC trends in 2013:

53. TECHNOLOGY AND MARKET TRENDS

%*



www.bitkom.org/en

*Includes multiple answers

Source: BITKOM industry survey

Furthermore, the product and service offering and the market presence are to continue to be expanded through selective acquisitions. To a certain extent, the high innovation rate in the IT industry, which is driven by the technological progress, is unlikely to abate regardless of the macroeconomic situation. BECHTLE is therefore continuously intensifying its close collaboration with external partners, such as suppliers and manufacturers, in the field of procurement and logistics. The interlinking with manufacturers and distributors throughout Europe is to be further improved, especially through our partner programme "SPARC". The goal is to develop collaboration synergies by means of uniform international purchasing conditions,

product specifications and marketing measures. Multinational enterprises thus benefit from the advantages of central logistics, and BECHTLE is able to guarantee the supply of identical products to customers at fixed conditions across national borders. Especially the close contacts with manufacturers enable BECHTLE to offer customers state-of-the-art solutions and products at all times.



"Bechtle is evaluating the entry to other national markets."

Ina Waffenschmid,
Sales controlling Bechtle direct

The BECHTLE Group strives to expand its market position in the IT e-commerce segment by establishing additional subsidiaries in Europe. We plan to commence our business activities in Belgium with our trading brand ARP in the second half of 2013. Thus, BECHTLE will be represented with ARP with its own subsidiaries in six European countries. The market research institute EITO estimates the Belgian IT market for 2013 to be worth approximately €9.5 billion, €2.0 billion or about one fifth of which comprises hardware investments. In the trading business, the group is also considering a potential market entry in Turkey with the BECHTLE DIRECT brand. In the field of software and licence management, the group is evaluating the establishment of a COMSOFT subsidiary in the United Kingdom. In the medium term, a follower strategy in the IT e-commerce segment and efficient knowledge transfer between the individual trading companies are to enable ARP and COMSOFT to enter the countries in which BECHTLE DIRECT is already successfully rooted.

Key Performance Indicators

Revenue. In 2011 and 2012, BECHTLE AG significantly outperformed the IT market with a compound annual growth rate (CAGR) of about 10 per cent. We expect that the group will again outperform the overall IT market, which is relevant to us, in the next two years as well. In view of the widespread price decline in the industry, this will require an above-average increase in product sales and, in particular, better customer and market penetration. In the IT e-commerce segment, the streamlined offering profile, progressive expansion in Europe and focused sales activities are to contribute to this growth. This goal is also supported by means of a wider and, most importantly, a higher-quality service portfolio, continuous expansion of the activities in the software & application solutions division as well as in the public-sector division, and concentration on fast-growing business fields in the system house segment. In its "Vision 2020", BECHTLE targets consolidated revenues of €5 billion, which means an average annual growth of about 11 per cent.

Within the scope of the planned development, the regional distribution of the revenues is not likely to undergo any significant shift. Due to the advancing internationalisation of the business and the growing number of IT e-commerce companies, the group is experiencing an increase in the revenue generated abroad, in which Switzerland will continue to account for a significant share. On the other hand, the growth on the traditional home market will also be above average as a result of the strong competitive position and the market share gains.

Both the IT system house & managed services segment and IT e-commerce will contribute to the growth of the BECHTLE Group. In the years to come, the dynamics of the trading business throughout Europe are likely to correspond more or less to the organic development of the IT system house & managed services segment. Structural shifts between the segments will also play a role in the future revenue performance. Thus, the group's objective is to increasingly relocate standardised hardware procurement processes from the IT system house & managed services segment to the IT e-commerce segment, where the associated processes can be implemented more cost-efficiently.

Costs. For BECHTLE AG as a trading service provider, personnel expenses are of central importance with respect to the business management. Personnel expenses constitute the largest expense block, accounting for approximately 70 per cent among the sales and administrative functions. Due to BECHTLE'S consulting-intensive business model, flexible adjustment of the personnel expenses, e.g. during temporary economic downturns, is only possible to a limited extent. In the field of sales, the expenses are also highly correlated with the revenue performance. For this year and next, the management expects a further increase in the absolute expenditure for the sales and administration areas to a level of about 7 per cent and about 5 per cent of the revenue, respectively.

Earnings. Though the earnings in the fiscal year ended were lower than in the prior year due to the above-average increase in the number of employees, the Executive Board expects the earnings situation of BECHTLE AG to improve in the coming years. As BECHTLE endeavours to continually optimise its service efficiency and thus enhance its earning power, the EBT margin in the next two years should amount to approximately 4 per cent – from the current perspective, and provided that no major economic dislocations occur. Overall, the Executive Board is confident that in future, BECHTLE AG will be able to further expand its EBT margin, which is already above the industry average. Until 2020, the targeted margin for the group is about 5 per cent.

BECHTLE AG plans to continue to share its entrepreneurial success with its shareholders in the form of an attractive dividend. The dividend policy applied by the boards is mainly aligned with the group's earnings position and liquidity, and provides for a dividend payout ratio of about 30 per cent of the earnings after taxes. The current dividend proposal for the fiscal year 2012 of €1.00 per share represents a ratio of more than 37 per cent. This underscores the reliability of the shareholder-oriented distribution policy of BECHTLE AG and reflects the company's excellent assets position and liquidity. There are no plans for fundamental changes to the company's dividend policy.



"Reliable dividend policy – profit sharing for our shareholders."

Cüneyt Aydogmus,
VIPM IBM

Assets and Financial Position

Liquidity. BECHTLE AG has a solid balance sheet structure and comfortable liquidity. This financial strength is an important precondition that enables BECHTLE to continuously grow under its own steam and respond flexibly to market requirements. The high liquidity provides a competitive advantage especially in growth phases. The financial position and thus the stability of the IT partner is another increasingly important key decision-making criterion from the customer perspective, especially in connection with the award of long-term projects. Therefore, BECHTLE will continue to attach special importance to the cash management. The positive development of the key performance indicators is proof of the company's successful liquidity management and is to be kept up. In view of the excellent balance sheet ratios, BECHTLE AG has a substantial rating-neutral borrowing potential, in addition to free liquidity of more than €146 million. Combined with the continued positive development of the operating cash flow, BECHTLE thus has adequate resources for attaining its goals and financing the targeted above-average growth without any difficulties.

Financing. Despite a positive development of the cash and cash equivalents, the financial earnings, i.e. the balance of the interest income and interest expenses, depend on the development of the interest rate levels on the financial markets. Currently, the company does not expect 2013 to bring any noticeable change in the conditions for deposits. Therefore, the development of the financial earnings should correlate proportionally to the change of the investments, just as the financial expenses are linked to the amount of the interest-bearing liabilities. The increase of the interest payments in the reporting periods due to the largely debt-financed redemption of the property at the company's headquarters is to be followed by a below-average development of these expenses in 2013 and 2014. As in the past, smaller acquisitions can be financed from the current cash flow and available liquidity. However, it is also possible to raise debt capital. The takeover of larger companies could result in a more drastic cash outflow, though in such a case, financing with debt capital would be more likely. This, in turn, could affect the current financing structure of BECHTLE AG, resulting in a greater increase of the negative financial balance. Moreover, BECHTLE could resort to the equity financing options according to the adopted Annual General Meeting resolutions. Until June 2014, the Executive Board is authorised to increase the issued capital by issuing up to 10.6 million shares against cash or contributions in kind.

Provided that no major takeovers take place in the next two years, the balance sheet structure will not undergo any significant changes compared to the reporting date 31 December 2012.

Investments. The business of BECHTLE AG, which comprises IT product trading and IT services, does not require very high investments. In recent years, BECHTLE'S investment ratio largely remained constant at about 30 per cent. The year 2011 was an exception, with an investment ratio of more than 80 per cent due to the acquisition of the land and existing buildings, as well as the extension buildings, at the headquarters in Neckarsulm. As the building activities for the new administration building in Neckarsulm were completed towards the end of the reporting period, a normalised investment ratio of about 30 per cent is again expected at least for the next two years, even without taking potential acquisitions into consideration.

Furthermore, normal replacement investments are planned for this year. At about €16 million, these should be in the same range as the depreciation. Additionally, unscheduled investments might become necessary due to acquisitions, which represent a permanent element of our growth strategy.

For many years, BECHTLE AG has been encouraging the responsible use of resources. To step up this commitment in the future, BECHTLE AG has again set itself far-reaching goals within the framework of the environmental management system according to ISO 14001. In the coming years, the system is therefore to be expanded to further group companies and divisions at the headquarters in Neckarsulm. In this way, it will be possible to assess environmental influences more systematically and to continuously improve the environmental situation.



See
Environmental Protection,
page 53 f

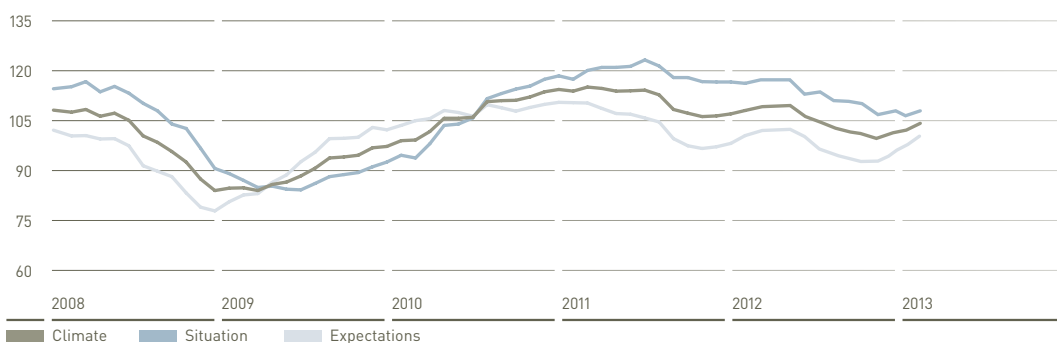
OVERALL ASSESSMENT

At the beginning of 2013, the macroeconomic situation is still marred by uncertainties, especially with respect to the extent, continuation and economic effects of the European national debt crisis, though some signs of recovery are also evident. In the first quarter of 2013, the ifo indicator for the economic climate in the euro area experienced an increase for the first time after two successive declines. Although the experts interviewed again considered the current situation to be slightly worse, the expectations for the next six months are turning out to be increasingly positive and have reached the highest level for almost two years. In Germany, the ifo business climate index in January increased for the third time in a row. Following a decline in the prior month, the opinions about the current business situation have again gained a slightly more positive tenor. Moreover, the outlook on the future business performance has again improved considerably. Therefore, the German economy got the new year off to a promising start.



www.ifo.de

54. IFO BUSINESS CLIMATE INDEX FOR GERMAN INDUSTRY AND TRADE



At the start of 2013, the IT industry also reflects slight optimism. In January, the ifo index for IT service providers climbed from 21 to 26. The evaluation of the current situation improved from 30 to 33. The outlook for the next six months has experienced a significant increase of 7 points, though the value of 20 points in January represents a relatively low level.

In view of the stable economic situation, the slightly improved mood indicators and the strength of the group, the Executive Board expects the business performance of BECHTLE AG over the next two years to be positive and above the industry average. With the various strategic measures taken in recent years, the management has established an effective basis for long-term continuation of BECHTLE'S profitable growth. BECHTLE is thus able to act from a strong position.

Acquisitions will remain an integral part of the growth strategy in all business fields. In IT e-commerce, however, the Executive Board mainly focuses on organic growth and plans to establish further companies in the next two years, e.g. in Belgium and the United Kingdom. In the IT system house & managed services segment, though, selective acquisitions will supplement the regional positioning and competence profile of BECHTLE AG in a meaningful way.

Staff development and training will continue to play an important role in the group. With an expanded qualification offer and intensified management programmes, BECHTLE intends to continue to invest in the promotion of junior and executive staff. Provided that BECHTLE AG continues to perform well in the next two years, the group will further increase its headcount and put even more emphasis on the training of young people. In this connection, to safeguard the future, BECHTLE AG has adopted the medium-term goal of expanding the training ratio in Germany to approximately 12 per cent.



"At Bechtle, a lot of importance is attached to training and staff development."

Anja Schuster,
Quality management
Logistik & Service

CONSOLIDATED FINANCIAL
STATEMENTS 127

INCOME STATEMENT 130

STATEMENT OF COMPREHENSIVE INCOME 131

BALANCE SHEET 132

STATEMENT OF CHANGES IN EQUITY 134

CASH FLOW STATEMENT 135

ACHIEVE GOOD RESULTS.

NOTES 136

FURTHER INFORMATION 218

Continuity 1

Once again, Bechtle is presenting a strong balance sheet. The fact that the results do not quite reach those of the prior year serves as an encouragement to try harder in 2013.

Continuity 2

Bechtle is always quick to fulfil new reporting requirements. This year, there are new accounting pronouncements to be implemented – see page 137 ff.

Continuity 3

As every year, Bechtle again acquired companies and operations in 2012 as part of its growth strategy. Read more from page 194 onwards.

Continuity 4

Bechtle also demonstrates continuity in terms of change. Following the departure of Gerhard Schick as Chairman of the Supervisory Board, his predecessor Klaus Winkler has now also become his successor.



Cross reference
within the
Annual Report



Cross reference
to other printed
works and other
literature



Cross reference
to information
on the Internet



Reference
to non-financial
performance
indicators

CONSOLIDATED FINANCIAL STATEMENTS	127
INCOME STATEMENT	130
STATEMENT OF COMPREHENSIVE INCOME	131
BALANCE SHEET	132
STATEMENT OF CHANGES IN EQUITY	134
CASH FLOW STATEMENT	135

CONSOLIDATED FINANCIAL STATEMENTS

NOTES 136

136	I. General Disclosures
136	II. Summary of Key Principles of Accounting and Consolidation
153	III. Further Explanatory Notes on the Income Statement
157	IV. Further Explanatory Notes on the Balance Sheet
179	V. Further Explanatory Notes on the Cash Flow Statement
181	VI. Further Disclosures on Financial Instruments in Accordance with IFRS 7
190	VII. Segment Information
194	VIII. Acquisitions and Purchase Price Allocation
202	IX. Disclosures on the Executive Board and Supervisory Board
204	X. Other Disclosures
209	XI. Events occurring after the End of the Reporting Period
210	Subsidiaries of Bechtle AG
214	Changes in Intangible Assets and Property, Plant and Equipment
216	Supervisory Board Members

FURTHER INFORMATION 218

218	Audit Opinion
219	Responsibility Statement by the Executive Board
220	Multi-year Overview Bechtle Group
224	Glossary
228	List of Charts and Tables
231	List of Abbreviations
232	Imprint
233	Financial Calendar
234	Organisational Structure Bechtle Group

55. CONSOLIDATED INCOME STATEMENT

		€k	
	Notes	2012	2011
Revenue	1	2,096,835	1,994,881
Cost of sales	2	1,778,035	1,697,185 ¹
Gross profit		318,800	297,696¹
Distribution costs	2	145,316	127,145 ¹
Administrative expenses	2	104,238	93,671 ¹
Other operating income	3	11,274	9,523 ¹
Operating earnings		80,520	86,403
Financial income	4	2,026	1,776
Financial expenses	4	3,290	1,890
Earnings before taxes		79,256	86,289
Income taxes	5	22,695	23,566
Earnings after taxes (attributable to shareholders of Bechtle AG)		56,561	62,723
Net earnings per share (basic and diluted)	6	2.69	2.99
Weighted average shares outstanding (basic and diluted) in thousand		21,000	21,000

¹Adjusted figure, see page 154 f



See

further comments
in the Notes,
in particular III.,
page 153 ff

56. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		€k	
	Notes	2012	2011
Earnings after taxes		56,561	62,723
Other comprehensive income			
Items that will not be reclassified to profit or loss in subsequent periods			
Actuarial gains and losses on pension provisions	17	3,954	-317
Income tax effects		-535	42
Items that will be reclassified to profit or loss in subsequent periods			
Unrealised gains and losses on securities		366	266
Income tax effects		-43	-19
Unrealised gains and losses on financial derivatives		-34	-133
Income tax effects		9	40
Currency translation differences of net investments in foreign operations		65	-72
Income tax effects		-14	14
Hedging of net investments in foreign operations		-187	-1,076
Income tax effects		55	314
Currency translation differences		152	1,529
Total other comprehensive income	16	3,788	588
of which income tax effects		-528	391
Total comprehensive income (attributable to shareholders of Bechtle AG)		60,349	63,311



See further comments in the Notes, in particular IV., page 157 ff

57. CONSOLIDATED BALANCE SHEET

ASSETS		€k	
	Notes	31.12.2012	31.12.2011
Non-current assets			
Goodwill	7	137,483	135,648
Other intangible assets	8	20,991	22,348
Property, plant and equipment	9	94,537	79,645
Trade receivables	12	2,243	975
Income tax receivables		113	133
Deferred taxes	10	7,933	9,833
Other assets	14	2,224	2,356
Time deposits and securities	13	32,059	30,700
Total non-current assets		297,583	281,638
Current assets			
Inventories	11	90,065	91,190
Trade receivables	12	307,348	286,773
Income tax receivables		927	1,072
Other assets	14	35,423	31,955
Time deposits and securities	13	35,888	16,219
Cash and cash equivalents	15	78,208	94,569
Total current assets		547,859	521,778
Total assets		845,442	803,416



See
further comments
in the Notes,
in particular IV.,
page 157 ff

EQUITY AND LIABILITIES

€k

	Notes	31.12.2012	31.12.2011
Equity			
Issued capital		21,000	21,000
Capital reserves		145,228	145,228
Retained earnings		292,165	252,816
Total equity	16	458,393	419,044
Non-current liabilities			
Pension provisions	17	10,744	14,786
Other provisions	18	2,139	1,182
Financial liabilities	19	61,142	57,280
Deferred taxes	10	16,056	15,847
Other liabilities	21	296	1,216
Accruals and deferrals	22	8,902	8,359
Total non-current liabilities		99,279	98,670
Current liabilities			
Other provisions	18	5,241	5,643
Financial liabilities	19	12,567	9,002
Trade payables	20	145,964	148,799
Income tax payables		6,906	8,735
Other liabilities	21	74,963	72,237
Accruals and deferrals	22	42,129	41,286
Total current liabilities		287,770	285,702
Total equity and liabilities		845,442	803,416

58. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

€k

	Issued capital	Capital reserves	Retained earnings		Total	Total equity (attributable to shareholders of Bechtle AG)
			Accrued profits	Changes in Equity outside profit or loss		
Equity as of 1 January 2011	21,000	145,228	207,157	-1,902	205,255	371,483
Distribution of profits for 2010			-15,750		-15,750	-15,750
Earnings after taxes			62,723		62,723	62,723
Other comprehensive income				588	588	588
Total comprehensive income	0	0	62,723	588	63,311	63,311
Equity as of 31 December 2011	21,000	145,228	254,130	-1,314	252,816	419,044
Equity as of 1 January 2012	21,000	145,228	254,130	-1,314	252,816	419,044
Distribution of profits for 2011			-21,000		-21,000	-21,000
Earnings after taxes			56,561		56,561	56,561
Other comprehensive income				3,788	3,788	3,788
Total comprehensive income	0	0	56,561	3,788	60,349	60,349
Equity as of 31 December 2012	21,000	145,228	289,691	2,474	292,165	458,393



See further comments in the Notes, in particular IV. no. 16, page 164 ff

59. CONSOLIDATED CASH FLOW STATEMENT

		€k	
	Notes	2012	2011
Operating activities			
Earnings before taxes		79,256	86,289
Adjustment for non-cash expenses and income			
Financial earnings		1,264	114
Depreciation and amortisation of intangible assets and property, plant and equipment		21,748	18,361
Gain/loss on disposal of intangible assets and property, plant and equipment		73	-39
Other non-cash expenses and income		-157	238
Changes in net assets			
Changes in inventories		1,786	-14,341
Changes in trade receivables		-17,948	-35,064
Changes in trade payables		-4,511	16,995
Changes in accruals and deferrals		-752	4,384
Changes in other net assets		-1,499	-3,200
Income taxes paid		-22,591	-17,955
Cash flow from operating activities	23	56,669	55,782
Investing activity			
Cash paid for acquisitions less cash acquired		-5,641	-14,916
Cash paid for investments in intangible assets and property, plant and equipment		-31,871	-28,904
Cash received from the sale of intangible assets and property, plant and equipment		328	197
Cash paid for the acquisition of time deposits and securities		-38,361	-15,461
Cash received from the sale of time deposits and securities, and from redemptions of non-current assets		16,972	12,784
Settlement of net investment hedges		-187	-1,076
Interest payments received		2,729	2,094
Cash flow from investing activities	24	-56,031	-45,282
Financing activities			
Cash paid for the payment of financial liabilities		-9,243	-7,182
Cash received from the acceptance of financial liabilities		16,086	22,551
Dividends paid		-21,000	-15,750
Interest paid		-3,125	-1,865
Cash flow from financing activities	25	-17,282	-2,246
Exchange-rate-related changes in cash and cash equivalents		283	838
Changes in cash and cash equivalents		-16,361	9,092
Cash and cash equivalents at the beginning of the period		94,569	85,477
Cash and cash equivalents at the end of the period		78,208	94,569



See further comments in the Notes, in particular V., page 179 f

NOTES

I. GENERAL DISCLOSURES

BECHTLE AG, Bechtle Platz 1, 74172 Neckarsulm, Germany, is a joint stock corporation under German law. Through its subsidiaries, BECHTLE AG operates IT system houses in Germany, Austria and Switzerland and is active in the IT trading business as an IT e-commerce provider in 14 European countries. In this way, the group offers its customers a comprehensive, cross-vendor portfolio of IT infrastructure and IT operation solutions from one source.

BECHTLE has been quoted at the Frankfurt Stock Exchange (Prime Standard) since 2000 and listed in the TecDAX technology index since 2004. The company's shares are traded at all German stock exchanges.

The consolidated financial statements of BECHTLE AG for the fiscal year 2012 were released for publication on 27 February 2013 by the Executive Board (IAS 10.17).



[www.bechtle.com/
investors/corporate-governance](http://www.bechtle.com/investors/corporate-governance)

BECHTLE AG has issued a declaration of conformity with the German Corporate Governance Code in accordance with Section 161 of the German Stock Corporation Act (AktG). An up-to-date version of the declaration is published on the company's website.

II. SUMMARY OF KEY PRINCIPLES OF ACCOUNTING AND CONSOLIDATION

Basis of Preparation

The parent company BECHTLE AG is a listed company and as such required under Section 315a of the German Commercial Code (HGB) to prepare its consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and as endorsed by the EU. All International Financial Reporting Standards whose adoption is mandatory for the fiscal year 2012 have been adopted. The International Financial Reporting Standards adopted ahead of time are listed in the disclosures on the new accounting standards. Furthermore, the disclosures required pursuant to Section 315a (1) of the German Commercial Code (HGB) are presented in the Notes.

The consolidated financial statements have been prepared on a historical cost basis, except for securities and derivative financial instruments, which have been measured at fair value. The presentation in the balance sheet distinguishes between current and non-current assets and liabilities. Assets and liabilities with a maturity of up to one year are considered as current items. Deferred tax assets and liabilities and provisions for defined benefit plans are presented as non-current items. The income statement is prepared according to the function of expense method. The consolidated financial statements are presented in euros and rounded to the nearest thousand (€ thousand). Any deviations are explicitly indicated.

New Accounting Pronouncements

New/amended standards and interpretations adopted for the first time. In the reporting period, BECHTLE adopted the new and amended standards and interpretations of the following new accounting pronouncements, which had been published by the IASB/IFRIC and endorsed by the EU, for the first time. The effective dates specified for the mandatory adoption also originate from the respective EU directive:

Pronouncement	Publication by IASB/IFRIC	Endorsement (EU)	Effective date (EU) ¹
Pronouncements to be adopted for the first time in the current fiscal year			
Amendments to IAS 12 Income Taxes	20 December 2010	11 December 2012	1 January 2013
Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards	20 December 2010	11 December 2012	1 July 2013
Voluntary adoption of pronouncements ahead of time			
Amendments to IAS 1 Presentation of Financial Statements	16 June 2011	5 June 2012	1 July 2012
Amendments to IAS 32 Financial Instruments: Presentation	16 December 2011	13 December 2012	1 January 2013 1 January 2014
Amendments to IFRS 7 Financial Instruments: Disclosures	16 December 2011	13 December 2012	1 January 2013
IFRS 10 Consolidated Financial Statements and consequential amendments to IAS 27 Separate Financial Statements	12 May 2011	11 December 2012	1 January 2014 ²
IFRS 11 Joint Arrangements and consequential amendments to IAS 28 Investments in Associates and Joint Ventures	12 May 2011	11 December 2012	1 January 2014 ²
IFRS 12 Disclosure of Interests in Other Entities	12 May 2011	11 December 2012	1 January 2014 ²
IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine	19 October 2011	11 December 2012	1 January 2013

¹Must be adopted at the latest at the beginning of the first fiscal year commencing on or after the said date.

²Early adoption only permitted jointly.

Amendments to IAS 12 Income Taxes. These amendments contain a partial clarification of the treatment of temporary tax differences in connection with the use of the fair value model of IAS 40. For the often difficult assessment as to whether existing differences in property held as financial investment will be reversed through use or through sale, the amendments now determine that as a matter of principle, sale is to be presumed. BECHTLE does not hold any property as financial investment and does not intend to do so in the foreseeable future. Therefore, the adoption of these amendments does not affect BECHTLE.

Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards. The amendments published on 20 December 2010 replace the previous references to fixed adoption dates with references to the date of transition to IFRS. Furthermore, guidance is provided on how the presentation of financial statements in accordance with IFRS is to be resumed after a period during which the IFRS could not be complied with due to a functional currency subject to severe hyperinflation. BECHTLE is already an IFRS adopter, and activities in high-inflation countries are neither under way nor planned for the foreseeable future. Thus, the adoption of the amendments did not affect BECHTLE.

Amendments to IAS 1 Presentation of Financial Statements. The amendments to IAS 1 pertain to the presentation of the other comprehensive income that is recognised directly in equity. Due to this amendment, gains and losses that are recognised outside profit and loss must be grouped into items that will be reclassified to profit or loss in subsequent periods (recycling) and items that will not affect the income statement. Due to the adoption of this amended standard, the disclosures concerning the statement of comprehensive income have been supplemented with the said grouping. However, this amendment does not have any impact on the assets, financial and earnings position.

Amendments to IAS 32 Financial Instruments: Presentation. The amendments to IAS 32 concern the conditions for offsetting financial assets and financial liabilities. The existing provisions have been supplemented with additional application guidelines, but have been principally retained. It is confirmed that an unconditional and legally enforceable right of set-off must be on hand even in the event of insolvency of the counterparty and regardless of future events. At BECHTLE, the adoption of this amendment does not affect the assets, financial and earnings position.

Amendments to IFRS 7 Financial Instruments: Disclosures. The amendments add disclosure obligations in connection with netting arrangements for financial assets and financial liabilities (IAS 32) to IFRS 7. The disclosures are mandatory regardless of whether the assets and liabilities are netted or presented separately. The additional disclosure requirements enable the user of the financial statements to determine the positive effect or, in the case of items not netted, the potential effect of the netting arrangement through reconciliation. BECHTLE'S disclosures have been supplemented accordingly. However, this does not affect the assets, financial and earnings position.

IFRS 10 Consolidated Financial Statements and consequential amendments to IAS 27 Separate Financial Statements. IFRS 10 creates a uniform definition of the control of a company, thereby providing a uniform understanding of a parent/subsidiary relationship. Control is on hand if an entity has the power to decide about the investment and a right to variable distributions, whose amount can be influenced by the investor. The control may be based on corporate law, agreement or economic aspects. Furthermore, the amendments address basic consolidation issues, such as the use of uniform accounting methods, the treatment of interests of non-controlling shareholders or the initial consolidation. In this context, the previous provisions in IAS 27 (2008) have not undergone any major changes. IFRS 10 replaces parts of IAS 27 (2008) and SIC-12. In the course of the introduction of IFRS 10, IAS 27 has been amended in that all regulations concerning the consolidation scope and consolidated financial statements have been deleted. IAS 27 contains the unchanged regulations for the separate financial statements and has thus been renamed IAS 27 Separate Financial Statements. As BECHTLE holds 100 per cent of the interests in all noteworthy investments and has thus been in control even under the previous regulations, the adoption of these amendments does not affect BECHTLE.

IFRS 11 Joint Arrangements and consequential amendments to IAS 28 Investments in Associates and Joint Ventures. This standard replaces IAS 31 Interests in Joint Ventures and SIC-13. In future, joint ventures shall always be accounted for according to the equity method. For joint activities that are not performed under a separate company, the assets, liabilities, income and expenses that are attributed to the company involved shall be recognised directly in the consolidated financial statements of the respective company. The amendments to IAS 28 were adopted in the course of the introduction of IFRS 11. As the equity method will henceforth be expressly applicable both to associates and to joint ventures, IAS 28 has been renamed Investments in Associates and Joint Ventures. The methods for the accounting of investments with the help of the equity method have not undergone any significant changes. Due to the full consolidation of all subsidiaries, the adoption of these amendments does not affect BECHTLE.

IFRS 12 Disclosure of Interests in Other Entities. IFRS 12 combines the required disclosures of the companies, joint ventures and associates included in the consolidated financial statements and supplements these especially with respect to investments in which less than 100 per cent of the interests are held. As BECHTLE holds 100 per cent of the interests in all noteworthy investments, the initial adoption of IFRS 12 does not have any major impact on the scope of the disclosures.

IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine. IFRIC 20 deals exclusively with the stripping costs incurred during the development of a surface mine. The interpretation defines when assets are to be recognised for such development costs and when they must be directly recognised as expenses. Moreover, IFRIC 20 determines the subsequent valuation of these assets. As the business model of BECHTLE does not involve any surface mines, the adoption of this new interpretation does not affect BECHTLE'S assets, financial and earnings position.

BECHTLE had already adopted the new and amended standards and interpretations whose adoption is mandatory for the fiscal year 2012 ahead of time for the consolidated financial statements for the fiscal year 2011.

New/amended standards and interpretations not yet adopted. IASB and IFRIC have released further standards and interpretations whose adoption is not yet mandatory ("effective date") or that have not yet been endorsed by the EU. Where the endorsement has yet to take place, the date for the mandatory adoption is derived from the respective pronouncements of IASB/IFRIC. If endorsed later on, the EU directive may specify a different date for the mandatory adoption:

Pronouncement	Publication by IASB/IFRIC	Endorsement	Effective date ¹
Published pronouncements not yet adopted			
Amendments to IAS 19 Employee Benefits	16 June 2011	5 June 2012	1 January 2013
Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards	13 March 2012	open	1 January 2013
IFRS 9 Financial Instruments and consequential amendments to IFRS 7 Financial Instruments: Disclosures	12 November 2009 28 October 2010 16 December 2011	open	1 January 2015
Amendments to IFRS 10, IFRS 11 and IFRS 12	28 June 2012 31 October 2012	open	1 January 2013 1 January 2014
IFRS 13 Fair Value Measurement	12 May 2011	11 December 2012	1 January 2013
Amendments to IFRS: Improvements to International Financial Reporting Standards (IASB 2011)	17 May 2012	open	1 January 2013

¹Must be adopted at the latest at the beginning of the first fiscal year commencing on or after the said date.



See
Accounting Policies,
Pension Provisions,
page 147 f

Amendments to IAS 19 Employee Benefits. Due to the amendments to IAS 19, any actuarial gains and losses from defined benefit plans must immediately be recognised in equity; thus, the optional corridor method can no longer be used. As BECHTLE has already been recognising all actuarial gains and losses in equity in the respective period (IAS 19.93A) for many years, no changes are necessary in this area. Henceforth, IAS 19R requires any sharing of the employee in the risk of the pension plan to be taken into consideration in the determination of the pension obligations. In the event of early adoption of the amended standard, this risk sharing approach would reduce the pension provision by €1.5 million; the difference would have to be recognised in the other comprehensive income. Another change concerns the use of a uniform interest rate to discount the defined benefit obligation and to calculate the expected return on plan assets. As was previously the case with the discount rate, this interest rate is to be based on the yield of high-quality corporate bonds. In the case of early adoption of the regulation, the interest expense in 2012 would be €1.3 million higher. For the calculation of the pension expense in 2013, which is presented in this report, the expected return on plan assets has already been adapted to the discount rate. The standard requires retroactive amendment.



See
[17] Pension provisions,
page 169 ff

Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards. The amendments published on 13 March 2012 concern the accounting of government loans granted at below-market rates of interest in the event of first-time adoption of the IFRS. As BECHTLE has already adopted the IFRS and does not have any loan liabilities towards the government, the first-time adoption of these amendments will not affect BECHTLE. The standard requires retroactive amendment.

IFRS 9 Financial Instruments and consequential amendments to IFRS 7 Financial Instruments: Disclosures. IFRS 9 contains a new method for the classification, measurement and derecognition of financial assets and liabilities. This is part of the IASB project to replace IAS 39. Depending on their nature, debt instruments are to be recognised at amortised cost or at fair value through profit or loss. However, changes in the fair value of equity instruments may be recognised as other comprehensive income. Financial assets held for trading are an exception. These must be measured at fair value through profit or loss. The measurement requirements for financial liabilities recognised at fair value through profit or loss were amended with regard to the effects of the change to own credit risk. In future, such changes in value must be recognised outside profit or loss. In December 2011, the IASB postponed the effective date to 1 January 2015 (previously 1 January 2013). It will only be possible to examine and quantify the potential effects on the BECHTLE Group in a meaningful way after further project results, which are to include hedge accounting and the impairment of financial assets, are announced. The disclosures mandatory for the initial adoption of IFRS 9 have been added as amendments to IFRS 7.

Amendments to IFRS 10, IFRS 11 and IFRS 12. The amendments published on 28 June 2012 must also be adopted for reporting periods commencing on 1 January 2013, though unlike the standards, they have not yet been endorsed by the EU. The amendments contain clarifications and simplifications for the first-time adoption of the standards with respect to the presentation of comparative figures. At BECHTLE, the first-time adoption of these retroactive changes to the standards will not have any noteworthy effects. The amendments published on 31 October 2012 concern the accounting for investment companies. The adoption of the amendments is mandatory for reporting periods commencing on or after 1 January 2014. Currently, BECHTLE does not account for any investment companies and does not plan any foundation or acquisition in the future, so that no effects on BECHTLE'S reporting are expected in connection with the first-time adoption of this amendment.

IFRS 13 Fair Value Measurement. IFRS 13 defines how the fair value is to be determined if required as measurement method in another standard. IFRS 13 creates a uniform framework for the determination of the fair value and standardises the required disclosures. However, this new standard does not expand the fair value measurement. As the determination of the assets and liabilities measured at fair value in the financial statements of BECHTLE in prior years was also based on public market quotations or input data derived therefrom, the adoption of this new standard does not have any significant effects on the values accounted for.

Amendments to IFRS: Improvements to International Financial Reporting Standards 2009–2011. Within the framework of the annual amendment procedure, amendments of a minor scope and urgency are collected and issued once a year in a single omnibus standard. These amendments primarily concern the elimination of inconsistencies between various standards and fuzzy formulations. For BECHTLE, the first-time adoption of these amendments to the IFRS will not cause any significant consequences regarding the assets, financial and earnings position and their presentation.

Consolidation Principles

The consolidated financial statements are based on the financial statements of BECHTLE AG and its subsidiaries prepared using uniform group accounting policies. The financial statements of BECHTLE AG and its subsidiaries have been prepared as at the same balance sheet date throughout the group. Capital consolidation has been effected by offsetting the carrying amount of the shareholding against the pro rata remeasured equity of the subsidiaries at the time of acquisition. Any positive differences are recognised as goodwill pursuant to IFRS 3.32. Any negative differences are recognised in the income statement through profit or loss pursuant to IFRS 3.34 ff. The consolidated income statement takes into account the earnings of the acquired companies from the acquisition date, i.e. from the date the group attains control. Inclusion in the consolidated financial statements ends as soon as the parent company relinquishes control.

All intra-group gains and losses, revenues, expenses, income, receivables and liabilities are eliminated. The required tax deferrals are applied to the consolidation processes.

Scope of Consolidation



See Appendix A,
Subsidiaries,
page 210 ff

The scope of consolidation comprises BECHTLE AG in Neckarsulm and all subsidiaries in which it holds a controlling interest. As in the prior year, BECHTLE AG directly or indirectly holds all interests in all consolidated companies.

The following companies were included in the scope of consolidation for the first time in this reporting period:

Company	Headquarters	Date of initial consolidation	Acquisition/ foundation
Redmond Integrators GmbH	Bochum, Germany	01.01.2012	Acquisition
KUMAtronik GmbH ¹	Markdorf, Germany	02.04.2012	Acquisition
Bechtle Immobilien GmbH	Neckarsulm	16.04.2012	Foundation
Bechtle Finance GmbH	Neckarsulm	12.12.2012	Foundation
ARP NV	Neerpelt, Belgium	17.12.2012	Foundation

¹ Meanwhile renamed Bechtle GmbH, headquartered in Ulm, Germany.



See VIII. Acquisitions
and Purchase Price
Allocation, page 194 ff

Further disclosures concerning the acquired companies are presented in section VIII. "Acquisitions and Purchase Price Allocation".

The new companies established in the fiscal year 2012 did not have any material impact on the group's assets, financial and earnings position.

Currency Translation

BECHTLE'S subsidiaries keep their accounts in their respective local currency, except for BECHTLE HOLDING SCHWEIZ AG, a non-operating, pure holding company with a substantial amount of cash in euros, which is using the euro as the functional currency. Transactions in foreign currencies are converted at the closing rate on the date of the transaction. On the closing date, monetary assets and liabilities are measured at the closing rate, while non-monetary balance sheet items are translated at the rate on the day of the transaction. Exchange gains and losses resulting from exchange rate fluctuations in foreign currency transactions are recognised through profit or loss. In contrast, currency translation differences based on net investments in foreign operations of a subsidiary are recognised under a separate item in the equity outside profit and loss.

Within the framework of the consolidation, assets and liabilities are translated into the functional currency euro at the closing rate in accordance with IAS 21. The revenue and expense accounts are translated at the average rate during the reporting period. Equity is determined on the basis of historical rates. Any resulting translation differences are recognised in a separate item under equity.

Changes in exchange rates of currencies important to the BECHTLE Group in relation to the euro:

	Currency	Closing rate		Average rate	
		2012	2011	2012	2011
Switzerland	CHF	1.21	1.22	1.21	1.23
United Kingdom	GBP	0.82	0.84	0.81	0.87
USA	USD	1.32	1.29	1.28	1.39

Accounting Policies

Revenue recognition. The revenues comprise sales of IT products and services. In accordance with IAS 18, revenues are measured at fair value of the consideration received or receivable less discounts and rebates.

Revenues from the sale of IT products are recognised when the significant risks and rewards of ownership of the goods sold are transferred to the buyer, the amount of revenue can be measured reliably, and it is sufficiently probable that the economic benefits will flow to the group.

Revenues from services are recognised after the provision of the service or after the acceptance by the customer. Revenues from work in progress are recognised according to the stage of completion on the balance sheet date, provided that the result can be reliably estimated (IAS 11). Depending on the underlying agreement, the stage of completion is determined on the basis of the work done or the ratio of the cost incurred by the balance sheet date to the estimated total cost. If the result of the work in progress cannot be measured reliably, they are only recognised in the amount of the incurred expenses that are probably recoverable.

Maintenance agreements and other services billed in advance are recognised over the term under consideration of the services already provided.



See page 51

Research and development costs. Apart from the development costs incurred in connection with the production of software designated for internal use or for sale, no significant research and development costs were incurred. Please refer to our information on internally developed software.

Leases. A lease is an agreement whereby the lessor conveys to the lessee in return for payment or a series of payments the right to use an asset for an agreed period of time. Whether an agreement entails a lease is determined on the basis of the economic content of the agreement.

Ownership of finance leases is ascribed to the lessee in such cases where the latter essentially bears all the risks and rewards incidental to ownership (IAS 17). In cases in which the BECHTLE Group is the lessee, the leased assets are capitalised at the lower of the acquisition costs or the present value of the minimum lease payments and at the same time recognised as liabilities. The leased asset is depreciated on a straight-line basis over the shorter of the useful life or the term of the lease. In cases in which the BECHTLE Group is the lessor, a lease receivable is recognised in the amount of the net investment value.

For operating leases, the lease payments due are recognised as expense by the lessee and as revenue by the lessor.

Earnings per share. Earnings per share (EPS) are calculated in accordance with IAS 33. IAS 33 requires the presentation of the earnings per share for all companies that have issued ordinary shares. The earnings per share are the earnings accruing to the shareholders of BECHTLE AG after tax, divided by the weighted average of the ordinary shares outstanding.

For the initial recognition, **goodwill** from a business combination is measured at cost in the form of the surplus of the acquisition costs of the business combination over the share of net fair value of the identifiable assets, liabilities and contingent liabilities recognised by the buyer pursuant to IFRS 3. The goodwill identified in the context of a business combination is a payment that has been made in expectation of future economic benefit from assets that cannot be individually identified or presented separately.

According to IFRS 3, goodwill is not amortised. Instead, it is tested for impairment at least once a year according to IAS 36.

Other intangible assets in the BECHTLE Group include brands, customer bases, acquired software, internally developed software, customer service agreements and non-compete agreements.

Brands acquired in the context of company acquisitions are measured in accordance with the economic benefit resulting from the brand name rights. The useful life is assumed to be unlimited, as an analysis of all relevant factors does not reveal any foreseeable limitation of the period in which these brand rights can prospectively generate net cash flows for the BECHTLE Group. Consequently, in accordance with IAS 38, brand rights may not be amortised, but shall be tested for impairment at least once a year according to IAS 36.

Customer bases are measured at cost. Customer bases acquired in the context of company acquisitions are measured in accordance with the economic benefit resulting from the customer bases. Customer bases are amortised on a straight-line basis over a period that depends on the expected benefit for the company. As a matter of principle, it is assumed that customer relationships are of a long-term nature. The expected useful life is five to ten years.

Purchased software is measured at cost and amortised on a straight-line basis over a useful life of one to eight years.

Internally developed software is capitalised under the conditions of IAS 38 provided that both the technical feasibility and the marketability of the newly developed products are ensured, the group derives an economic benefit, and internal use or sale is planned. Capitalisation takes place at cost, including all attributable direct costs and reasonable mark-ups for overheads and depreciation and amortisation. Costs incurred in the period prior to the technical feasibility are immediately recognised as research costs. Straight-line amortisation of the capitalised costs takes place from the date of commercial use of the asset over a useful life of three to five years. The amortisation is presented under cost of sales, distribution costs, and administrative expenses, depending on the origin.

Customer service agreements are measured at cost. Customer service agreements acquired within the scope of company acquisitions are measured at the amount corresponding to the benefit resulting from the customer service agreements. Customer service agreements are amortised over their residual terms according to the benefit resulting from them.

Non-compete agreements are measured at cost. Non-compete agreements acquired in the context of company acquisitions are measured in accordance with the economic benefit resulting from the non-compete agreements. Non-compete agreements are amortised on a straight-line basis over a period that depends on the expected benefit for the company. As a matter of principle, it is assumed that non-compete agreements are of a long-term nature. The expected useful life is one to two years.

For goodwill and other intangible assets with an unlimited useful life, an impairment test is performed at least once a year. In the case of intangible assets with limited useful lives and property, plant and equipment, an impairment test is performed if events or changes occur that suggest an impairment. In the BECHTLE Group, impairment tests are always conducted on the basis of the value in use determined by means of the discounted cash flow method. The basis for this is the current plan drawn up by the management for the next three fiscal years. The planning assumptions are duly adjusted to the current state of

knowledge based on internal and external information available. In the process, appropriate assumptions on macroeconomic trends and historical developments are taken into account. As a matter of principle, the expected growth rates in the relevant markets are used as the basis for the calculation of cash flows.

The need for depreciation and amortisation corresponds to the amount by which the carrying amount exceeds the value in use. For the impairment tests for goodwill, these are allocated to their corresponding cash-generating units. In the BECHTLE Group, there are two cash-generating units that coincide with the two segments IT system house & managed services and IT e-commerce from segment reporting. Assets that are no longer intended for use in business operations are assessed at the lower of the carrying amount and the fair value less costs to sell.

Property, Plant and Equipment

Property, plant and equipment are measured at cost less scheduled depreciation. Where necessary, unscheduled impairments are also performed. Scheduled depreciation takes place on a pro rata temporis basis and mainly on a straight-line basis according to the expected useful life. Scheduled depreciation is based on the following useful lives:

Office equipment	3 – 14 years
Furniture, fixtures and fittings	2 – 20 years
Vehicle fleet	2 – 8 years
Buildings	9 – 50 years

Low-value assets of property, plant and equipment are fully depreciated in the year of accrual and recognised as disposal. Maintenance costs are recognised through profit or loss when incurred.

If the building phase of an asset extends over a longer period, directly attributable borrowing costs are, as a matter of principle, capitalised in accordance with IAS 23. Due to the financial structure of the BECHTLE Group, no borrowing costs needed to be capitalised in the fiscal year under review.

Deferred Taxes

In accordance with IAS 12, deferred taxes are recognised for all temporary differences between the carrying amounts in the consolidated balance sheet and the tax base of assets and liabilities (liability method) as well as for unused tax losses.

Deferred tax assets for accounting differences and for unused tax losses are only recognised to the extent that it is probable that these differences will lead to taxable profit in future. As at the balance sheet date, the value of the deferred tax assets recognised in previous periods is reviewed as to whether it is still sufficiently probable that a future benefit can be realised. Deferred tax assets are offset against deferred tax

liabilities provided that an enforceable right of offsetting exists and the deferred tax claims and tax liabilities were raised by the same tax authority for the same taxable entity. The assessment is based on the tax rates applicable in the year of reversal. Changes in tax rates are taken into consideration if these have been adopted.

Inventories

Merchandise is measured at average cost pursuant to IAS 2 (weighted average cost method). If necessary, the merchandise is written down to the net realisable value. Along with the loss-free measurement, this write-down takes all other inventory risks into consideration. If the reasons that led to a write-down of inventories no longer exist, the impairment loss is reversed.

The work in progress presented under inventories is measured in the amount of incurred and probably recoverable expenses.

Treasury Shares

The total cost of treasury shares acquired is reported under a separate item as a reduction in equity. The number of company shares outstanding, i.e. in circulation, is reduced in accordance with the number of treasury shares. The number of floating, i.e. issued shares remains unchanged. In the event of the resale of treasury shares, resulting profits or losses are offset against the capital reserves outside profit or loss in compliance with IAS 32.33.

Pension Provisions

Pension liabilities are accounted for and measured according to IAS 19. In this context, distinction is made between defined contribution plans and defined benefit plans.

In the case of defined contribution plans, the employer has no obligations apart from the regular payment of defined contributions. No actuarial assumptions are required to measure the liabilities or expenses, which is why actuarial gains or losses cannot arise. BECHTLE does not have any significant amount of defined contribution plans.

In contrast, the obligations arising from defined benefit plans are to be measured on the basis of actuarial assumptions and calculations taking into account biometric assumptions. Here, actuarial gains or losses may arise.

BECHTLE does not recognise the actuarial gains and losses according to the so-called corridor method (IAS 19.92), but always in their full amount in the period in which they accrue, outside profit or loss after consideration of deferred taxes directly in equity (other earnings under retained earnings) according to IAS 19.93a. Thus, all actuarial gains and losses that accrued until the balance sheet date have been fully recorded and presented in equity. Had the corridor method been used, only a certain part of the actuarial gains and losses would have been recognised through profit or loss in the respective reporting period.

Other Provisions

Other provisions are formed where there is a current obligation to third parties arising from a past event. It must be possible to estimate the amount reliably, and it must be more likely than unlikely that an outflow of future resources will take place. Provisions are only formed for legal and constructive obligations to third parties. Provisions are measured at the amount that, on the balance sheet date, represents the best possible estimate of the expense amount that will probably be necessary to fulfil the current obligation.

Other provisions for warranties are formed for prospective claims on the basis of company-specific experience and the revenues.

Non-current provisions with a term of more than one year are discounted on the basis of the relevant interest rates on the balance sheet date, provided that the interest effect is material.

Accruals and Deferrals

At BECHTLE, accruals and deferrals include all revenue and income accruals and deferrals. In particular, these include prepayments and deferrals for maintenance agreements and warranty services. They are measured in accordance with the services still to be rendered.

Financial Instruments

Financial instruments are contracts that result simultaneously in a financial asset for one company and in a financial liability for another. This includes both primary financial instruments (e.g. trade receivables or payables) and derivative financial instruments (transactions to hedge risks of change in value).

IAS 39 distinguishes the following categories of financial instruments:

- Held-for-trading financial assets measured at fair value through profit or loss
- Held-to-maturity investments
- Loans and receivables
- Available-for-sale financial assets
- Financial liabilities at amortised cost
- Financial assets and liabilities at fair value through profit or loss

Unless otherwise specified, financial instruments are recognised at fair value. The fair value of a primary financial instrument is generally the price obtainable in the market at which the financial instrument can be traded freely between independent parties within a transaction. As a matter of principle, the purchase and sale of financial assets is recognised as of the settlement date. Loans and receivables are recognised at amortised cost.

So far, the BECHTLE Group has not exercised the option to designate financial assets or liabilities at their initial recognition as financial assets or liabilities to be measured at fair value through profit or loss.

Trade Receivables and Other Assets

Trade receivables and other assets are measured at amortised cost taking into consideration due write-down for all identifiable individual risks. Non-current receivables with a residual term of more than one year are discounted on the basis of the relevant interest rates on the balance sheet date. The general credit risk is, where documentable, also taken into consideration by means of appropriate impairments.

As a matter of principle, impairments of trade receivables are performed by means of allowance accounts. The decision as to whether a credit risk is to be taken into consideration through an allowance account or through a direct impairment of the receivable depends on the degree of reliability of the assessment of the risk situation as well as various country-specific framework conditions. The portfolio managers are responsible for this assessment.

In the BECHTLE Group, trade receivables consist exclusively of financial instruments. The other assets also include non-financial assets.

Time Deposits and Securities

Financial investments consisting of time deposits and similar deposits with banks and other financial service institutions as well as the secondary market policies recognised for the first time in the reporting period with original maturities of more than three months from the acquisition date are measured as financial assets at amortised cost.

As a matter of principle, securities are classified as available-for-sale financial assets and measured at fair value. They mainly comprise exchange traded corporate bonds. The initial measurement takes place on the settlement date. Changes in fair value are accrued in equity outside profit or loss and only recognised through profit or loss upon disposal and permanent or material impairment. For equity instruments, appreciation of impairments previously recognised through profit or loss are recognised in equity outside profit or loss until sold and thus realised through profit or loss. For debt instruments, however, any permanent, substantiated appreciation is recognised through profit or loss.

Cash and Cash Equivalents

Cash and cash equivalents are measured as financial assets at amortised cost. They include cash at banks and on hand and short-term realisable time deposits with initial maturities of less than three months from the date of acquisition.

Financial Liabilities, Trade Payables and Other Liabilities

Except for liabilities from financial derivatives, liabilities are posted at amortised cost. Non-current liabilities with a term of more than one year are discounted on the basis of the relevant interest rates on the balance sheet date.

In the BECHTLE Group, financial liabilities and trade payables consist exclusively of financial instruments. The other liabilities also include non-financial assets.

Derivative financial instruments are accounted for as assets or liabilities. All derivative financial instruments are recognised at fair value according to the accounting policy on the settlement date. Fair values are determined with the aid of standardised mathematical models (mark-to-market method) or market values.

The BECHTLE Group uses interest rate swaps in order to mitigate the interest rate risk for financial liabilities resulting from future fluctuations in interest rates. For interest rate swaps to be classified as effective cash flow hedges, the changes of the fair value are posted outside profit or loss taking into consideration the applicable deferred tax. The market value of interest rate swaps is determined by discounting the expected future cash flows over the residual term of the contract on the basis of current market interest rates and the yield curve. Changes of the fair value that are attributable to the ineffective hedging instrument are recognised in the income statement through profit or loss.

Currency futures and currency swaps to hedge receivables or liabilities (= hedged items) in foreign currency are measured as fair value hedges. A fair value hedge hedges the fair value of accounted assets and liabilities. The market value of currency contracts is determined on the basis of the forward price of the currency pair concerned. The change of the fair value of the currency future and the change of the market value of the hedged item that is based on the hedged risk are simultaneously recognised in the earnings.

Hedges of net investments in foreign group companies hedge the foreign currency risk from subsidiaries using functional currencies other than the group currency euro. Gains or losses from the hedging transaction that are attributable to the effective part of the hedging transactions are recognised under other comprehensive income outside profit or loss. Gains or losses attributable to the ineffective part of the hedging instrument are recognised in the income statement.

Gains and losses from the change of the fair value of derivative financial instruments that are not accounted for within the scope of the hedge accounting according to IAS 39 are immediately recognised at their market value in the income statement.

SUMMARY OF SELECTED MEASUREMENT METHODS

Position	Measurement methods
Assets	
Goodwill	Acquisition costs (subsequent measurement: impairment test)
Other intangible assets	
Customer bases	(Amortised) cost
Brands	Acquisition costs (subsequent measurement: impairment test)
Customer service agreements	(Amortised) cost
Purchased software	(Amortised) cost
Internally developed software	(Amortised) cost of development on the basis of directly attributable (direct and overhead) costs
Non-compete agreements	(Amortised) cost
Property, plant and equipment	(Amortised) cost
Trade receivables	(Amortised) cost
Other assets	(Amortised) cost Fair value (derivatives)
Inventories	Lower of cost and net realisable value
Time deposits and securities	
“Loans and receivables”	(Amortised) cost
“Available for sale”	Fair value outside profit or loss
Cash and cash equivalents	(Amortised) cost
Liabilities	
Pension provisions	Projected unit credit method (IAS 19.64 ff) via actuarial opinion
Other provisions	Settlement value (with highest probability of occurrence)
Financial liabilities	(Amortised) cost
Trade payables	(Amortised) cost
Other liabilities	(Amortised) cost or settlement value Fair value (derivatives)
Accruals and deferrals	Settlement value

Estimates, Judgements and Assumptions

The preparation of the consolidated financial statements requires estimates and assumptions on the part of the Executive Board that affect the reported amount of assets, liabilities, income and expenses in the consolidated financial statements as well as the disclosure of other financial liabilities and contingent liabilities. The uncertainty associated with these assumptions and estimates may yield results that necessitate substantial adjustments of the carrying amount of the affected assets and liabilities in future periods. All estimates and assumptions are based on the current knowledge and are made in good faith in order to provide a true and fair picture of the group's earnings, assets and financial position. The most important issues that are affected are as follows:

The **impairment test for goodwill, other intangible assets and property, plant and equipment** requires estimates of future cash flows from assets or from the cash-generating unit to determine its value in use as well as the selection of an appropriate discount rate to determine the present value of these cash flows. For estimates of future cash flows, long-term revenue forecasts are to be made in the context of the economic setting and the development of the industry.

The measurement for the initial recognition of **customer bases, customer service agreements and non-competes agreements** acquired within the scope of acquisitions also involves estimates for the determination of the values in use.

The scheduled depreciation of **property, plant and equipment** requires estimates and assumptions when determining the standardised useful life of assets for the group as a whole.

Major assessments are required to measure the **deferred tax** assets and liabilities of the group. In particular, the deferred tax assets on unused tax losses require estimates of the amount and dates of future taxable income as well as the future tax planning strategies. Uncertainties continue to exist with respect to future changes in tax law. If there is doubt that it will be possible to realise the unused tax losses, these are not recognised or impaired.

The **inventories** contain impairments to the lower net realisable value. The amount of the impairments requires estimates and assumptions concerning the prospective realisable sales revenues.

Provisions are formed for **bad debts** in order to account for expected losses resulting from customers' inability to pay. The structure of the maturity of the receivable balances, past experience in connection with the derecognition of bad debts, an estimate of the customer's creditworthiness and changes in payment performance form the basis for the assessment of the appropriateness of the provisions for bad debts.

The measurement of **pensions and similar personnel obligations** is based on assumptions about the future development of certain factors. These factors include, among others, actuarial assumptions such as the discount rate, expected increases in the value of plan assets, expected salary and pension increases, mortality rates and the earliest retirement age. Due to the long-term nature of such plans, such estimates are subject to considerable uncertainties.



See [17] for the effects of the adjustment of parameters in the reporting period, page 169 ff

The recognition and measurement of **provisions** rely heavily on estimates. The assessment of the quantification of the possible sum of payment obligations is based on the respective situation and circumstances. Provisions are created for obligations where there is a risk of losses, these losses are probable and their amount can be reliably estimated.

To determine whether an agreement constitutes a **lease**, it is necessary to assess whether the fulfilment of the contractual agreement depends on the use of a certain asset or certain assets and on whether the agreement grants the right to use the asset.

III. FURTHER EXPLANATORY NOTES ON THE INCOME STATEMENT

1 Revenue

The revenues of €2,096,835 thousand (prior year: €1,994,881 thousand) include the considerations charged to customers for goods and services less rebates and discounts.

As a matter of principle and irrespective of the industry, all customers are commercial end customers and public sector clients.

In this context, the IT e-commerce segment exclusively generates IT trading revenues. The revenues in the IT system house & managed services segment consist primarily of IT trading revenues and of an IT service revenue share of about 25 to 30 per cent. The proportion of services in the IT system house & managed services segment exhibited a slight increase compared to the prior year, which was caused both by the acquisitions and the organic growth.

A breakdown of the revenues by business segments and regions is presented in the segment information.



See VII. Segment Information, page 190 ff

2 Expense Structure

New management information systems enable the allocation of the personnel expenses – which represent the largest expense item in the income statement after the material costs – to the functional units in accordance with the costs-by-cause principle. With the help of the allocation to the employees and their functions, the direct personnel costs can be directly allocated. In the Annual Report 2011, the costs were mainly distributed on a per-capita basis. Compared to the prior-year reporting, the personnel expenses were €4,625 thousand higher in the cost of sales and €5,088 thousand higher in the distribution costs, while administrative expenses dropped €9,713 thousand.

Moreover, the income and expenses from exchange rate fluctuations, which had previously been recognised in the other operating expenses and other operating income, have been reclassified as material costs. As BECHTLE issues most of its invoices to customers in domestic currency, income and expenses from exchange rate fluctuations mainly arise in connection with the purchase of goods in foreign currency. Compared to the Annual Report 2011, the above-mentioned adjustments have caused a decrease of the material costs by €1,513 thousand, of the other operating expenses by €3,030 thousand and of the other operating income by €4,543 thousand.

Compared to the Annual Report 2011, the cost of sales and the distribution cost are €1,783 thousand and €4,040 thousand higher respectively overall due to the aforementioned adjustments, while the administrative expenses are €10,366 thousand lower.

	Cost of sales		Distribution costs		Administrative expenses	
	2012	2011	2012	2011	2012	2011
Material costs	1,584,912	1,520,407	0	0	0	0
Personnel expenses	145,771	133,266	112,997	97,893	67,567	63,490
Depreciation/amortisation	10,578	8,796	5,243	4,593	5,927	4,972
Other operating expenses	36,774	34,716	27,076	24,659	30,744	25,209
Total costs	1,778,035	1,697,185	145,316	127,145	104,238	93,671

The lion's share of the material costs is attributable to the cost of goods. The material costs include a net income of €358 thousand from exchange rate fluctuations (prior year: €1,513 thousand).

Other operating expenses primarily include vehicle costs amounting to €23,111 thousand (prior year: €19,772 thousand), expenses for office and building rent amounting to €19,860 thousand (prior year: €19,158 thousand), communication costs amounting to €6,035 thousand (prior year: €5,561 thousand), marketing costs amounting to €4,525 thousand (prior year: €4,403 thousand), legal and consulting costs amounting to €2,976 thousand (prior year: €2,581 thousand) and other costs incurred in the course of the normal business operations.

3 Other Operating Income

	€k	
	2012	2011
Marketing allowances and other remuneration from suppliers	9,791	8,049
Income from operating a photovoltaic system	270	228
Rental income	159	146
Income from the disposal of property, plant and equipment assets and intangible assets	119	110
Others	935	990
Other operating income	11,274	9,523

The remaining other operating income primarily consists of compensation, insurance reimbursements, cost transfers and income from the correction of accounts.

The Annual Report 2011 had contained income from exchange rate fluctuations amounting to €4,543 thousand in the other operating income. In this report, these have been netted with the expenses from exchange rate fluctuations in the material costs. Therefore, the prior-year value presented here is lower.



See Notes,
Expense structure,
page 154

4 Financial Income and Financial Expenses

The financial income of €2,026 thousand (prior year: €1,776 thousand) includes interest income from time deposits in the amount of €1,565 thousand (prior year: €1,593 thousand) and income from securities, e.g. in the form of realised capital gains, and interest income from bonds in the amount of €461 thousand (prior year: €183 thousand).

The financial expenses of €3,290 thousand (prior year: €1,890 thousand) include interest expenses amounting to €3,290 thousand (prior year: €1,861 thousand) and impairments amounting to €0 thousand (prior year: €29 thousand).

5 Income Taxes

The taxes paid and due on earnings and income as well as the tax deferrals are presented as income taxes.

The tax expenses are composed as follows:

	€k	
	2012	2011
Taxes paid or due		
Germany	16,147	15,962
Other countries	4,792	5,851
Deferred taxes		
from temporary differences	387	146
from unused losses	1,369	1,607
Income taxes	22,695	23,566

For the reporting period, the reconciliation between the actual tax expenses and the amount that arises under consideration of a weighted domestic and foreign tax rate of approximately 27 per cent (prior year: about 27 per cent) on the profit before income taxes was as follows:

	€k	
	2012	2011
Earnings before taxes	79,256	86,289
Expected tax expense	21,022	22,625
Tax-free revenue	-13	-6
Tax rate change for deferred taxes	62	98
Tax expense of prior years	168	52
Tax income of prior years	-166	-180
Non-deductible expenses	904	846
Use of previously unrecognised unused losses	-164	-514
Unrecognised deferred taxes on unused losses for the current year	936	632
Write-down of previously recognised deferred taxes on unused losses	60	65
Others	-114	-52
Actual tax expense	22,695	23,566

6 Earnings per Share

The table below shows the calculation of the EAT that are due to the shareholders of BECHTLE AG:

	2012	2011
Earnings after taxes (€k)	56,561	62,723
Average number of outstanding shares	21,000,000	21,000,000
Earnings per share (€)	2.69	2.99

Under IAS 33, the earnings per share are determined on the basis of the earnings after taxes (due to the shareholders of BECHTLE AG) and the average number of shares in circulation in the year. Treasury shares reduce the number of outstanding shares accordingly. The basic earnings per share are identical to the diluted earnings per share.

IV. FURTHER EXPLANATORY NOTES ON THE BALANCE SHEET

7 Goodwill

The following table shows the individual changes to goodwill in the reporting period and its allocation to the two cash-generating units.

	IT system house & managed services	IT e-commerce	Group
Cash-Generating Unit			
As of 01.01.2012	105,007	30,641	135,648
Acquisitions in the reporting year	1,573	0	1,573
Redmond Integrators GmbH	471		471
KUMatronik GmbH*	329		329
Partial business operation "SolidWorks" of SPI GmbH	462		462
Partial business operation "SolidWorks" of Unicam Software GmbH	311		311
Currency translation differences	149	113	262
As of 31.12.2012	106,729	30,754	137,483

*Meanwhile renamed Bechtle GmbH, headquartered in Ulm, Germany.

Like the previous impairment tests, the annual impairment test of the goodwill as of 30 September 2012 in accordance with IAS 36 did not reveal any need for impairment, neither for the cash-generating unit IT system house & managed services nor for the cash-generating unit IT e-commerce.

Using a discount rate of 7.8 per cent (prior year: 7.7 per cent), a value in use of €451 million was determined for the cash-generating unit IT system house & managed services. Using a discount rate of 8.3 per cent (prior year: 8.2 per cent), a value in use of €343 million was determined for the cash-generating unit IT e-commerce. The discount rates are based on the required return on capital and the capital costs of the BECHTLE Group and differ due to the capital structure of the individual cash-generating unit. Although the risk-free base interest rate dropped further compared to the prior year, the market risk premium increased due to the high level of uncertainty on the markets, so that the discount rate remained virtually the same. The cash flow forecasts used are based on management-approved individual revenue and cost plans for the next two years, which are thus also taken into consideration in the variable compensation systems for the executives and are in line with external information sources and experience from the past. The cash flows for 2015 have been derived on the basis of the as-is data and the target data. As a precaution, all growth rates for later years were estimated with a great aversion to risk at values close to 0 per cent. Sensitivity analyses have revealed that even in the case of substantially divergent key assumptions within a realistic framework, there would be no need for impairment of the goodwill. The impairment test belongs to level 3 of the measurement hierarchy according to IFRS 7.

The development of the goodwill is presented in Appendices B and C to the Notes.



See VIII. Acquisitions and Purchase Price Allocation, page 194, for information on newly accrued goodwill



Concerning assets and liabilities of cash-generating units, see Segment Information, page 190 ff



Concerning the planning process and expectations, see Corporate Management page 55 ff, and Forecast Report, page 119 ff



Definition of the levels of the measurement hierarchy, see VI. Further disclosures on financial instruments in accordance with IFRS 7, page 183

8 Other Intangible Assets

	€k	
	31.12.2012	31.12.2011
Brands	3,550	3,523
Customer bases	6,938	9,296
Purchased software	3,749	3,337
Internally developed software	529	82
Customer service agreements	5,215	4,759
Non-compete agreements	1,010	1,351
Other intangible assets	20,991	22,348

ARP Datacon, the only brand presented in the balance sheet, has an unlimited useful life and is allocated to the cash-generating unit IT e-commerce.

The discount rate used to determine the value in use for the brand within the scope of the impairment test reflects the asset-specific risks. To ensure a particularly cautious determination of the value, a relatively high rate of 15 per cent after taxes was used. The cash flow forecasts used are based on the revenue and cost plans approved by the management. Further growth rates are only assumed in the amount necessary to compensate the inflation. In the reporting period, as in prior years, the value in use that was determined for the brand surpassed the value in the balance sheet. By means of sensitivity analyses, it has been determined that even in the case of divergent key assumptions within a realistic framework, there would be no need for impairment of the ARP Datacon brand. The change in the carrying amount compared to the prior year is attributable to currency translation differences.

	€k
	2012
Customer Bases	
Carrying amount (31.12.2012)	6,938
Remaining useful life (weighted average)	1.8 years
Accumulated depreciation	14,737
Accumulated impairment according IAS 36	309
Currency translation differences of the accumulated depreciation	45
Scheduled depreciation 2012	3,411
Impairment according to IAS 36 in 2012	309



See
Appendices B and C
to the Notes,
page 214 f

Within the scope of the closure of intelligent IT Solutions GmbH & Co. KG (iits) at the Oldenburg site, the customer base that had been capitalised at the acquisition of iits and is allocated to the IT system house & managed services segment was impaired by €309 thousand (IAS 36) as of 30 June 2012. The former iits subsidiary in Bremen continues to exist in the form of BECHTLE GmbH, the former iits subsidiaries in Cloppenburg and Hannover, Germany, have been integrated to existing BECHTLE locations. The customer base was measured with the help of its value in use. The applied discount rate of 15 per cent after taxes reflects the asset-specific risks. The remaining customer base in the amount of €309 thousand as of the measurement date 30 June 2012 has a remaining useful life of three years.

The development of the other intangible assets is presented in Appendices B and C to the Notes.

9 Property, Plant and Equipment

	€k	
	31.12.2012	31.12.2011
Land and buildings	63,402	51,500
Other equipment, furniture, fixtures and fittings	29,613	26,383
Advance payments and construction in progress	1,522	1,762
Property, plant and equipment	94,537	79,645

As of 31 December 2012, the increase in land and buildings essentially relates to the extension building of the group headquarters in Neckarsulm at €11,366 thousand. As at the balance sheet date, contractual liabilities for the purchase of property, plant and equipment amounting to €2,151 thousand existed in connection with the building extensions at the group headquarters in Neckarsulm.

Unscheduled depreciation of property, plant and equipment was only performed to an insignificant extent.

As in the prior year, the property, plant and equipment did not contain any leased assets according to IAS 17.20 and IAS 17.25 (finance lease) as of 31 December 2012.

The development of the property, plant and equipment is presented in Appendices B and C to the Notes.

10 Deferred Taxes

The amounts of deferred tax assets and liabilities are shown below. Apart from changes in the current year, these also include deferred taxes to be recognised in the context of the initial consolidation of acquired companies and tax effects from equity changes outside profit or loss.

	€k	
	31.12.2012	31.12.2011
Unused tax losses	3,990	5,017
Pension provisions	2,074	2,628
Other provisions	844	1,369
Property, plant and equipment	447	599
Intangible assets	200	0
Others	378	220
Deferred tax assets	7,933	9,833

	€k	
	31.12.2012	31.12.2011
Goodwill	10,597	9,318
Intangible assets	3,572	4,563
Receivables	613	492
Inventories	447	528
Property, plant and equipment	326	265
Other provisions	254	262
Investments	35	151
Others	212	268
Deferred tax liabilities	16,056	15,847

The assessment of the impairment of deferred tax assets depends on the management's view of how likely it is that the deferred tax assets will be realised. This depends on the generation of future taxable profits in connection with which the tax valuation differences are reversed and unused tax losses can be asserted.

Under current tax provisions, unused domestic tax losses are regarded as unlimited. The restricted use of loss offsetting possibilities (minimum taxation) under German tax law and time limits of foreign tax losses were taken into consideration in the assessment of the impairment of deferred tax assets on unused losses.

Unused tax losses for which no deferred tax assets have been recognised in the balance sheet amounted to €320 thousand (prior year: €682 thousand) for corporation tax, €5,934 thousand (prior year: €6,085 thousand) for trade tax and €7,642 thousand (prior year: €5,208 thousand) for losses of foreign companies. Of the unused foreign tax losses, €756 thousand (prior year: €121 thousand) will expire within two years.

As in the prior year, as of 31 December 2012, no deferred tax liabilities had been recognised for taxes on profits of subsidiaries of BECHTLE that had not been transferred, as these profits were either not subject to such taxation or are to be reinvested for an indefinite period.

The temporary differences in connection with interests in subsidiaries for which no tax liabilities were recognised amounted to a total of €10,120 thousand (prior year: €9,186 thousand).

Of the deferred taxes recognised in the balance sheet, a total of €353 thousand were deducted from the equity (prior year: –€1,704 thousand) outside profit and loss.

11 Inventories

	€k	
	31.12.2012	31.12.2011
Goods	91,078	92,341
Work in progress	1,654	1,738
Advance payments on inventories	510	257
Impairments	-3,177	-3,146
Inventories	90,065	91,190

As of 31 December 2012, the carrying amount of the impaired inventories amounted to €9,628 thousand (prior year: €12,480 thousand). The carrying amount of the impaired inventories that had been stated in the prior-year financial statements has been adjusted on the basis of a refined calculation system that has become available in the meantime. In the fiscal year under review, impairments of €384 thousand were recognised as expense (prior year: €353 thousand).

The work in progress as reported in the balance sheet corresponds to the contract costs incurred.

The expenses recorded in connection with the use of inventories are included in the material costs.

12 Trade Receivables

	€k			
	31.12.2012		31.12.2011	
	current	non-current	current	non-current
Trade receivables, gross	310,999	2,243	290,503	975
Impairments	-3,651	0	-3,730	0
Trade receivables	307,348	2,243	286,773	975

As of the balance sheet date, the maturity structure of the current trade receivables was as follows:

	€k									
	Carrying amount	Individually impaired in full or in part	Individual impairment	Flat-rate individual impairment	Neither overdue nor impaired	Overdue and not impaired				
						less than 30 days	between 31 and 60 days	between 61 and 90 days	between 91 and 180 days	more than 180 days
31.12.2012										
Trade receivables	307,348	1,154	-1,042	-2,609	225,987	72,742	7,453	2,224	1,251	188
31.12.2011										
Trade receivables	286,773	1,396	-1,287	-2,443	229,112	51,847	5,827	1,631	539	151

The company grants the periods of payment customary in the industry and country. In view of the balance of trade receivables that were neither impaired nor overdue, there were no indications on the reporting date that the debtors would not comply with their payment obligations.

Except for the common lien for trade receivables, the company's receivables are not collateralised. According to the sales structure, the receivables presented are largely trade receivables. The company is thus exposed to the risk of default up to the carrying amount. In the past, BECHTLE suffered minor defaults of individual customers and customer groups. To hedge the general credit risk, reasonable impairments are made in accordance with past experience.

The impairments for trade receivables developed as follows:

	€k	
	2012	2011
Situation of impairments as of 1 January	3,730	3,067
Exchange rate differences/consolidation	62	97
Utilisation	391	345
Reversal	482	408
Allocations (impairment expenses)	732	1,319
Situation of impairments as of 31 December	3,651	3,730

The total allocation of €732 thousand (prior year: €1,319 thousand) comprises allocations to individual impairments amounting to €327 thousand (prior year: €952 thousand) and flat-rate individual impairments amounting to €405 thousand (prior year: €367 thousand).

Expenses from the immediate write-off of trade receivables amounted to €913 thousand (prior year: €225 thousand). Income from payments received on written-off receivables only existed to an insignificant extent.

For the disclosures in accordance with IFRS 7, the trade receivables were, as in the prior year, allocated in full to "Trade receivables".

13 Time Deposits and Securities

	€k			
	31.12.2012		31.12.2011	
	current	non-current	current	non-current
Time deposits	10,124	12,445	5,222	15,000
Securities	25,764	19,614	10,997	15,700
Time deposits and securities	35,888	32,059	16,219	30,700

The carrying amount of the time deposits contains accrued interest amounting to €124 thousand (prior year: €222 thousand).

Apart from bond loans, the financial investments for the first time included TEP market investments in the amount of €2,458 thousand.

The following table shows further information on the securities to be carried at fair value:

	€k	
	31.12.2012	31.12.2011
Acquisition costs	44,680	26,596
Carrying amount	45,378	26,697
Unrealised capital gains	691	325
Unrealised capital losses	0	-100
Accrued interest including interest-like capital losses ¹	7	-124

¹ In the event of bonds purchased above par.

The unrealised capital gains are recognised under other comprehensive income outside profit and loss. The unrealised capital losses concern material impairments (IAS 39.67 ff) recognised as expenses due to a credit event of the issuer that has occurred or that is probable. Apart from the interest calculated on an accrual basis, the accrued interest contains the capital losses recognised through profit or loss since the purchase, which is included in the expected return when bonds are purchased above par.

For the disclosures in accordance with IFRS 7, the financial instruments are classified as "Time deposits" in the amount of €22,569 thousand (prior year: €20,222 thousand) and as "Securities" in the amount of €45,378 thousand (prior year: €26,697 thousand).

14 Other Assets

	€k			
	31.12.2012		31.12.2011	
	current	non-current	current	non-current
Refunds and other receivables from suppliers	16,609	0	15,729	0
Rental deposits	107	1,158	114	958
Loan extended to a leasing company	41	596	39	637
Insurance refunds	230	0	214	0
Due from staff	113	65	88	92
Others	732	0	455	0
Total financial instruments	17,832	1,819	16,639	1,687
Accruals for customer maintenance agreements	8,587	347	8,725	662
Accruals	4,422	58	3,438	7
Social security claims	1,790	0	1,271	0
VAT receivables	1,696	0	774	0
Advance payments	1,065	0	1,065	0
Claims from other taxes	31	0	43	0
Total different assets	17,591	405	15,316	669
Other assets	35,423	2,224	31,955	2,356

The company's other assets are not collateralised. The company is thus exposed to the risk of default up to the carrying amount.

The financial instruments included in the other current assets have the following maturities as of the respective balance sheet dates:

	Carrying amount	Neither overdue nor impaired	Overdue and not impaired				
			less than 30 days	between 31 and 90 days	between 91 and 180 days	between 180 and 360 days	more than 360 days
31.12.2012							
Financial instruments	17,832	17,014	736	31	40	9	2
31.12.2011							
Financial instruments	16,639	16,275	291	47	14	9	3

€k

As of the reporting date, there were no indications that the debtors of assets not overdue would not meet their payment obligations.

For the disclosures in accordance with IFRS 7, the financial instruments included in the other assets in the amount of €19,651 thousand (prior year: €18,326 thousand) are classified as "Other financial assets".

15 Cash and Cash Equivalents

The cash and cash equivalents amounting to €78,208 thousand (prior year: €94,569 thousand) include cash at banks and on hand and short-term realisable time deposits with initial maturities of less than three months from the date of acquisition.

For the disclosures in accordance with IFRS 7, all cash and cash equivalents are allocated to "Cash and cash equivalents".

16 Equity



See
Consolidated Statement
of Changes in Equity,
page 134

The development of the group equity is presented in the consolidated statement of changes in equity as an explicit component of the financial statements before the Notes to the consolidated financial statements.

Issued Capital

As was the case on 31 December 2011, the company's issued capital as of 31 December 2012 was divided into 21,000,000 fully paid-up ordinary shares of a calculated nominal value of €1.00 each. Each share has one vote.

Authorised and contingent capital. Pursuant to Article 4 (3) of the Articles of Incorporation of BECHTLE AG, the Executive Board is authorised, subject to the approval of the Supervisory Board, to increase the company's issued capital by up to €10,600 thousand by issuing new bearer shares (authorised capital according to the resolution of the Annual General Meeting of 16 June 2009) until 15 June 2014.

Capital increases may occur against cash contributions and/or contributions in kind. Subject to the approval of the Supervisory Board, the Executive Board is authorised to exclude fractional amounts from the shareholders' subscription rights. Subject to the approval of the Supervisory Board, the Executive Board is also authorised to exclude the subscription right if (1st case) the capital increases occur against contributions in kind to acquire companies or interests in companies or (2nd case) the capital increase occurs against cash contributions, does not exceed ten per cent of the issued capital at the time of issue and the issue price is not significantly below the listed price, or (3rd case) the capital increase occurs for the purpose of issuing employee shares and the pro-rata amount does not exceed ten per cent of the issued capital at the time of issue.

Subject to the approval of the Supervisory Board, the Executive Board is authorised to determine further details of the capital increases from the authorised capital.

Capital Reserve

The capital reserves primarily include the offering premium (agio) from capital increases and amounted to €145,228 thousand as of 31 December 2012, the same value as on 31 December 2011.

Retained Earnings

Accrued profits. At the Annual General Meeting of 19 June 2012, a resolution was adopted to pay a dividend of €0.85 (prior year: €0.75) plus a one-time special dividend of €0.15 per no-par share with dividend entitlement for the fiscal year 2011 (dividend total: €21,000 thousand). The dividend was paid on 20 June 2012. In the prior year, a dividend total of €15,750 thousand had been paid on 8 June 2011.

Dividends may only be paid from the net profit and the retained earnings of the company, as recognised in the Annual Financial Statements of BECHTLE AG prepared in accordance with German commercial law. These amounts deviate from the total equity as presented in the consolidated financial statements in accordance with IFRS. The resolution for the payment of future dividends is jointly proposed by the Executive Board and Supervisory Board of the company and adopted by the Annual General Meeting. The decisive factors are in particular profitability, the financial position, capital requirements, business prospects and the general economic framework conditions of the company. Since BECHTLE'S strategy is geared towards internal and external growth, investments will be necessary for this purpose, which should – where possible – be equity-financed. The Executive Board has decided to propose to the Supervisory Board and to the Annual General Meeting to appropriate the net profit of €21,000 thousand for the fiscal year 2012 for the payment of a normal dividend of €1.00 per no-par share with dividend entitlement.

Apart from the dividend paid, the retained earnings in the reporting period also changed by the total earnings of €60,349 thousand, which consisted of earnings after taxes (€56,561 thousand) and other comprehensive income (€3,788 thousand). Accordingly, the retained earnings amounted to €292,165 thousand as of 31 December 2012 (prior year: €252,816 thousand). Apart from the dividend payment, a change from the total earnings amounting to €63,311 thousand had taken place in the prior year.

Other comprehensive income. In terms of its accumulated balance as of the balance sheet date and its change during the reporting period, the other comprehensive income that is to be recognised directly in equity outside profit or loss is composed as follows:

	31.12.2012	31.12.2011
Actuarial gains and losses from pension provisions	-10,434	-14,388
Income tax effects	2,035	2,570
Unrealised gains /losses from securities	691	325
Income tax effects	-67	-24
Unrealised gains/losses from financial derivatives	-406	-372
Income tax effects	118	109
Currency translation differences from net investments in foreign operations	-7	-72
Income tax effects	0	14
Hedging of net investments in foreign operations	-9,448	-9,261
Income tax effects	2,752	2,697
Currency translation differences	17,240	17,088
Other comprehensive income	2,474	-1,314

	€k	
	01.01- 31.12.2012	01.01- 31.12.2011
Items that will not be reclassified to profit or loss in subsequent periods		
Actuarial gains and losses from pension provisions	3,954	-317
Income tax effects	-535	42
Items that will be reclassified to profit or loss in subsequent periods		
Unrealised gains/losses from securities	366	266
Gains/losses that arose in the current period	379	266
Reclassifications to the income statement	-13	0
Income tax effects	-43	-19
Gains/losses that arose in the current period	-44	-19
Reclassifications to the income statement	1	0
Unrealised gains/losses from financial derivatives	-34	-133
Gains/losses that arose in the current period	-225	-313
Reclassifications to the income statement	191	180
Income tax effects	9	40
Gains/losses that arose in the current period	65	92
Reclassifications to the income statement	-56	-52
Currency translation differences from net investments in foreign operations	65	-72
Gains/losses that arose in the current period	-7	-72
Reclassifications to the income statement	72	0
Income tax effects	-14	14
Gains/losses that arose in the current period	0	14
Reclassifications to the income statement	-14	0
Hedging of net investments in foreign operations	-187	-1,076
Gains/losses that arose in the current period	-187	-1,076
Reclassifications to the income statement	0	0
Income tax effects	55	314
Gains/losses that arose in the current period	55	314
Reclassifications to the income statement	0	0
Currency translation differences	152	1,529
Other comprehensive income	3,788	588

Thus, the other comprehensive income amounted to €3,788 thousand (prior year: €588 thousand) of the total earnings in the reporting period. The other comprehensive income as well as the total earnings are due to the shareholders.

Treasury Shares

By resolution of the Annual General Meeting on 16 June 2010, the Executive Board had been authorised, subject to the approval of the Supervisory Board, to purchase treasury shares pursuant to Section 71 (1) no. 8 of the German Stock Corporation Act (AktG). The purchase of treasury shares must comply with the content of the resolution of the Annual General Meeting.

In the reporting period, there were no transactions in treasury shares. Thus, as was the case on 31 December 2011, the company did not hold any treasury shares as of 31 December 2012.

As of 31 December 2012, the number of outstanding shares was 21,000,000, as in the prior year. The weighted average number of outstanding shares in the reporting period, which was determined in accordance with IAS 33, thus also amounted to 21,000,000 as in the prior year.

Non-controlling Interests

In the reporting period, the non-controlling interests (formerly referred to as minority interests) did not undergo any changes. Thus, as was the case on 31 December 2011, there were no non-controlling interests as of 31 December 2012.

Capital Management

Within the scope of the capital management (IAS 1.134 f), BECHTLE focuses on a sound capital structure with a high equity ratio, a high return on assets and a comfortable liquidity situation and, in this connection, on cash-flow-based indicators such as working capital.

At €458,393 thousand, BECHTLE'S equity as of 31 December 2012 reached a high value that represented an improvement compared to the prior year (€419,044 thousand), which is also reflected in the good equity ratio of 54.2 per cent (prior year: 52.2 per cent). In the reporting period, the equity grew faster (+9.4 per cent) than the borrowings (+0.7 per cent). In this way and especially due to the lower earnings after taxes in the reporting period, the return on equity dropped to 13.9 per cent (prior year: 17.3 per cent), and the return on assets to 7.9 per cent (prior year: 9.8 per cent).

The unchanged goal of BECHTLE'S capital management is to retain a strong equity base in order to maintain the trust of investors, lenders and the market and to facilitate future internal and external growth.

To maintain or adjust the capital structure, the group may adjust the dividend payments to shareholders, issue new shares or buy back treasury shares and even retire shares if necessary.

The group's sound capital structure also forms the basis for financial flexibility and extensive independence from outside creditors, which is very important for BECHTLE. The objective is to have a comfortable liquidity situation to ensure full solvency at all times. As of 31 December 2012, BECHTLE had cash and cash equivalents as well as time deposits and securities amounting to €146,155 thousand (prior year: €141,488 thousand). With respect to the structure of these assets, quick availability is more important than maximum yield, e.g. in order to have access to cash and cash equivalents whenever necessary for acquisitions or large project prefinancing measures, thereby being able to benefit from such opportunities. The liquidity situation is managed and monitored by the treasury as an integral part of the group accounting.

Against this background, cash-flow-based indicators such as the working capital, DSO and other capital tie-up periods are highly significant. BECHTLE controls these indicators in order to tie up as little capital and liquidity as possible in its operational service creation process. However, the strong revenue growth in the reporting period resulted in higher working capital that amounted to €211,595 thousand as of 31 December 2012 (prior year: €189,881 thousand). BECHTLE defines working capital as the balance of certain balance sheet items (inventories, trade receivables, and accruals for customer maintenance agreements) on the assets side and certain balance sheet items (trade payables and deferrals) on the equity and liabilities side.

As of 31 December 2012 and 31 December 2011, respectively, no fundamental changes had been made to the capital management goals, guidelines and procedures.

17 Pension Provisions

Except for the pension plans of BECHTLE HOLDING SCHWEIZ AG, Rotkreuz, Switzerland, and its subsidiaries as well as of BECHTLE ONSITE SERVICES GmbH, Neckarsulm the BECHTLE Group has no defined benefit plans.

Defined contribution obligations primarily derive exclusively from the statutory pension obligation. In the reporting period, employer contributions to the statutory pension fund in Germany totalled €14,888 thousand (prior year: €12,840 thousand).

Bechtle Holding Schweiz AG and subsidiaries. Although, the pension plans of BECHTLE HOLDING SCHWEIZ AG and its subsidiaries are contractually agreed to as defined contribution plans, they must, however, be accounted for as defined benefit plans pursuant to IAS 19, as a financial participation by the companies in the event of a shortfall in cover cannot be excluded.

Due to insufficient information provided by the group's independent pension funds (group insurance providers), the pension plans were not accounted for as defined benefit plans pursuant to IAS 19.30 until 31 December 2005.

Since 1 January 2006, the BECHTLE HOLDING SCHWEIZ AG companies with registered office in Switzerland have made use of the semi-autonomous "BECHTLE Pension Fund" ("BECHTLE Pensionskasse"), which is independent of the group and is a foundation as defined by Art. 80 ff of the Swiss Civil Code, Art. 331 ff of the Swiss Law of Obligations and Art. 48 ff of the Swiss Federal Law on Occupational Retirement, Survivors' and Disability Pensions (BVG), with registered offices in Rotkreuz, Switzerland. Thus, the transparency required for accounting for the pension plans as defined benefit plans pursuant to IAS 19.48 ff has been on hand since then. For this reason, actuarial opinions have been regularly prepared since 1 January 2006. As in the prior year, the figures of the pension fund in the Netherlands, which covers the companies of BECHTLE HOLDING SCHWEIZ AG that are situated there, as of 31 December 2012 are included. Subsidiaries of BECHTLE HOLDING SCHWEIZ AG that are not situated in Switzerland or in the Netherlands are covered by defined contribution plans of external state pension funds of the respective countries.

As of 31 December 2011, the comparison of plan assets (€54,680 thousand) and the defined benefit obligation (€68,876 thousand) resulted in an underfunding and a net obligation to be accounted for of €14,196 thousand, which was duly recognised as a pension provision. This recognised net obligation of €14,534 thousand resulted from actuarial losses that were recognised directly in equity (retained earnings) outside profit or loss after taking into account deferred taxes pursuant to IAS 19.93A.

Actuarial gains amounting to €4,198 thousand accrued in the course of the reporting period. Taking exchange rate differences amounting to -€114 thousand into consideration, the actuarial losses recognised in retained earnings as at 31 December 2012 amounted to €10,450 thousand, less deferred tax assets amounting to €2,039 thousand.

Employer contributions paid in the reporting period exceeded net pension expenses recognised through profit and loss by €138 thousand. This amount was recorded as a reduction of personnel expenses (operating expenses).

After factoring in other exchange rate differences amounting to €225 thousand, the total net obligation, i.e. the pension provisions, to be accounted for as of 31 December 2012 was €9,970 thousand. As of 31 December 2012, this net obligation accounted for included the Dutch pension fund with an amount of €1,071 thousand.

The actuarial gains amounting to €3,954 thousand presented in the Consolidated Statement of Comprehensive Income essentially stemming from the yearly adjustment of the actuarial parameters used to measure the pensions in the Swiss subgroup in 2012 resulted in major changes in the utilised parameters. The inflation rate and the expected future pay rise were adjusted to the actual situation. Moreover, a BECHTLE-specific factor, which differs from the Swiss average, was applied to the retirement probability. Without these adjustments, the pension obligation to be accounted for would have been about €3.6 million higher.

Bechtle Onsite Services GmbH. The pension obligations of BECHTLE ONSITE SERVICES GmbH, Neckar-sulm, are a result of the takeover of a partial business unit as of 1 October 2005 and, based on an actuarial opinion, were accounted for in the BECHTLE Group for the first time as of 31 December 2005.

The obligations of this defined benefit plan were processed as direct commitments without the transfer of reserves. These relate to a pension plan without fund cover financed through provisions. Regular actuarial opinions are prepared for the measurement. As of 31 December 2011, the pension provision that was accounted for amounted to €590 thousand. Actuarial gains totalled €146 thousand (deferred tax liabilities: €42 thousand).

As of 31 December 2012, the pension provisions increased €184 thousand to €774 thousand. Of this increase, €130 thousand were recognised as actuarial losses outside profit or loss (deferred taxes: €38 thousand) and €54 thousand as expenses.

In total, the pension obligations of **Bechtle Onsite Services GmbH and Bechtle Holding Schweiz AG and its subsidiaries** as recognised in the consolidated balance sheet as of 31 December 2012 amounted to €10,744 thousand (prior year: €14,786 thousand).

The reconciliation for the present value of the defined benefit obligation is presented as follows:

	€k	
	2012	2011
Present value of the defined benefit obligation 01.01	69,466	58,383
Current service cost (for pension entitlements earned in the reporting period)	3,821	3,367
Interest cost (for pension entitlements earned previously)	1,596	1,590
Employee contributions	2,725	2,290
Actuarial gains/losses	-2,168	-1,145
Curtailment	0	-1,404
Company mergers	0	8,241
Paid pension benefits	-2,230	-3,689
Exchange rate differences	509	1,833
Present value of the defined benefit obligation 31.12	73,719	69,466

The fair value of the plan assets is reconciled as follows:

	€k	
	2012	2011
Fair value of the plan assets 01.01	54,680	45,156
Projected return on plan assets	1,591	1,643
Employee contributions	2,725	2,290
Employer contributions	3,911	3,261
Actuarial gains/losses	1,900	-1,046
Company mergers	0	5,621
Pension paid benefits	-2,230	-3,689
Exchange rate differences	398	1,444
Fair value of the plan assets 31.12	62,975	54,680

The table below shows the reconciliation for the pension provisions recognised on the balance sheet:

	€k				
	31.12.2012	31.12.2011	31.12.2010	31.12.2009	31.12.2008
Present value of the defined benefit obligation	73,719	69,466	58,383	43,471	39,692
Fair value of plan assets	62,975	54,680	45,156	34,840	30,833
Net obligation	10,744	14,786	13,227	8,631	8,859
Balance sheet pension provisions	10,744	14,786	13,227	8,631	8,859

The net pension expenses for the defined benefit plans recognised in the **income statement** are comprised as follows:

	€k	
	2012	2011
Current service cost (for pension entitlements earned in the reporting period)	3,821	3,367
Interest cost (for pension entitlements earned previously)	1,596	1,590
Projected return on plan assets	-1,591	-1,643
Past service cost	0	-1,404
Net pension expenses for benefit commitments	3,826	1,910

As of 31 December 2012, the defined benefit plans and their actuarial measurement were based on the following parameters:

	Bechtle Holding Schweiz AG (sub-group)	Bechtle Onsite Services GmbH
Discount rate	1.90% (Netherlands: 3.35%)	3.50%
Inflation rate	1.00% (Netherlands: 2.00%)	n/a
Expected long-term appreciation of plan assets ¹	3.00% (Netherlands: 4.40%)	n/a
Salary increase (including inflation rate)	1.50% (Netherlands: 3.00%)	0.00%
Pension increase	0.00%	0.00%
Retirement probability, mortality, invalidity	BVG 2010 (Switzerland); company-specific retirement probability	Heubeck guide 2005 G; retirement probability depending on age and service time
Marriage probability	80% men, 30% women. Age difference between husband and wife is three years (Switzerland)	Heubeck guide 2005 G
Earliest retirement age	Men and women 100% aged 64 (Switzerland)	Men and women 100% aged 62
Longevity surcharge	none	none

¹Only relevant to expense calculation 2012. According to IAS 19R identical to discount rate.

The total projected returns result from the weighted average projected income from the investment categories held by the plan assets. The projected income is estimated by management based on historical profit and market predictions by analysts for the respective assets for the next twelve months.

In respect of the investment categories, the plan assets of BECHTLE HOLDING SCHWEIZ AG are comprised as follows:

	31.12.2012
Debt instruments	26.9%
Equity instruments	22.4%
Property	22.8%
Other assets	13.3%
Liquidity	14.6%

Actual return on plan assets totalled €3,491 thousand in the reporting period (prior year: –€417 thousand).

The empirical adjustments of the defined benefit obligation and the plan assets are as follows:

	€k				
	2012	2011	2010	2009	2008
Empirical adjustment to defined benefit obligation (gains/losses)	-279	-366	107	-196	4,075
Empirical adjustment to plan assets (gains/losses)	1,897	-2,060	-655	1,097	-5,660

The actuarial opinions for BECHTLE HOLDING SCHWEIZ AG and BECHTLE ONSITE SERVICES GmbH forecast the following values for 2013:

	€k
	2013
Present value of the defined benefit obligation 01.01	73,719
Current service cost (for pension entitlements earned in the reporting period)	3,726
Interest cost (for pension entitlements earned previously)	1,384
Employee contributions	2,229
Pension paid benefits	-4,598
Present value of the defined benefit obligation 31.12	76,460

	€k
	2013
Fair value of the plan assets 01.01	62,975
Projected return on plan assets	1,237
Employee contributions	2,229
Employer contributions	3,727
Pension paid benefits	-4,593
Fair value of the plan assets 31.12	65,575

	€k
	31.12.2013
Present value of defined benefit obligation	76,460
Fair value of plan assets	65,575
Net obligation	10,885
Balance sheet pension provisions	10,885

	€k
	2013
Current service cost (for pension entitlements earned in the reporting period)	3,726
Interest cost (for pension entitlements earned previously)	1,384
Projected return on plan assets	-1,237
Net pension expenses for benefit commitments	3,873

The net pension expenses stated for 2013 are in accordance with IAS 19R, whose adoption is mandatory from 1 January 2013.

18 Other Provisions

	31.12.2011	Currency translation and consolidation	Reclassifi- cation	Utilisation	Reversal	Allocation	31.12.2012
Guarantees and similar obligations	3,129	3	0	2,055	40	2,366	3,403
Personnel expenses	2,158	-6	0	98	9	715	2,760
Legal and consulting costs	190	0	0	105	7	87	165
Investor relations	180	0	0	180	0	350	350
Others	1,168	0	0	897	120	551	702
	6,825	-3	0	3,335	176	4,069	7,380
Other non-current provisions	1,182	2	588	61	0	428	2,139
Other current provisions	5,643	-5	-588	3,274	176	3,641	5,241

Provisions for **guarantees and similar obligations** are carried in the expected utilisation amount based on company-specific historical values. The provisions for **personnel costs** mainly comprise anniversary obligations and retroactive personnel payments that depend on future events. Most of the **legal and consulting costs** relate to costs for legal advice. The provisions for **investor relations** include costs for the Annual General Meeting and the Annual Report. **Other provisions** primarily relate to provisions for anticipated losses, archiving and disposal costs as well as contingent liabilities.

19 Financial Liabilities, Interest Rate Swaps and Credit Lines

	€k			
	31.12.2012		31.12.2011	
	current	non-current	current	non-current
- Landesbank Baden-Württemberg, loan for purchase of land and buildings with respect to the central logistics and administration buildings in Neckarsulm	1,237	28,546	1,217	29,784
- Landesbank Baden-Württemberg, loan for new buildings 2011 and 2012	1,250	17,625	750	8,875
- Kreissparkasse Heilbronn, loan for various acquisitions 2010 and 2011	2,500	10,446	2,500	12,947
- Sparkasse Schwäbisch Hall-Crailsheim, loan for various acquisitions 2008	857	1,714	857	2,571
- Dresdner Bank, assumption of existing loans due to acquisitions (KfW loans and IBH loan)	372	1,170	264	1,542
- IKB Deutsche Industriebank, loan to finance the administration buildings of Bechtle AG	417	521	417	937
- Supplier loans	2,823	1,120	2,654	624
Loans with an initial term of more than one year	9,456	61,142	8,659	57,280
Other financial liabilities	3,111	0	343	0
Total financial liabilities	12,567	61,142	9,002	57,280

In connection with the premature termination of the existing lease for the central logistics and administration buildings in Neckarsulm in 2011, four loans have been raised from **Landesbank Baden-Württemberg** with terms to maturity until 28 February 2022. Two of the loans (€23,740 thousand) are subject to an annual interest rate of 6.20 per cent until 28 February 2014 and of 5.08 per cent thereafter until the end of the term. Until 31 December 2013, quarterly annuities amounting to €481 thousand are incurred for one of these loans and quarterly interest payments for the other loans. From 31 March 2014, these loans will be combined and serviced with a quarterly annuity of €596 thousand. The final instalment, which is to be paid on 28 February 2022, amounts to €10,308 thousand. The annual interest rate of the two other loans (€6,043 thousand) is 5.89 per cent and is fixed until 30 September 2018. One of these loans (€4,092 thousand) reaches its final maturity with quarterly interest payments, the other loan (€1,951 thousand) is serviced with a quarterly annuity of €70 thousand. A land charge on the financed property serves as collateral for these loans.

In 2012, a loan of €10,000 thousand with a term until 31 December 2032 was raised from **Landesbank Baden-Württemberg** for the additional buildings at the headquarters in Neckarsulm. A fixed annual interest rate of 2.70 per cent was agreed until 31 December 2022. From 31 March 2013, the loan will be repaid in quarterly instalments of €125 thousand. A land charge on the financed property serves as collateral for this loan.

Further loans amounting to €8,875 thousand have been raised from **Landesbank Baden-Württemberg** to finance the additional buildings at the headquarters in Neckarsulm. Of these loans, an amount of €4,250 thousand, whose term runs until 30 June 2021 and which is subject to a fixed annual interest rate of 4.25 per cent, is to be repaid in quarterly instalments of €125 thousand. The remaining amount of €4,625 thousand, whose term runs until 30 June 2031 and which is subject to a fixed annual interest rate of 4.65 per cent (until 30 June 2021), is to be repaid in quarterly instalments of €63 thousand. A land charge on the financed property serves as collateral for this loan.

A loan of €7,857 thousand from **Kreissparkasse Heilbronn** for acquisition financing purposes has a term until 30 June 2018. It is subject to a fixed annual interest rate of 3.70 per cent and is to be repaid in quarterly instalments of €357 thousand at the end of each quarter. Collateral only exists in the form of a negative pledge.

Another loan raised from **Kreissparkasse Heilbronn** amounting to €5,089 thousand has a term until 30 September 2017. It is subject to variable interest rates (Euribor-3M + 45 basis points) and is to be repaid in quarterly instalments of €268 thousand at the end of each quarter. The collateral consists of a negative pledge or a pari passu clause on furnishing collateral. The risks pertaining to the variable interest rate of the loan are eliminated by an interest rate swap. The interest rate swap with an initial reference amount corresponding to the amount of the loan is to be regarded as a cash flow hedge and as 100 per cent effective in hedging the interest rate risk. BECHTLE pays the fixed interest rate of 1.86 per cent and receives the Euribor-3M as a variable interest rate. The terms of the interest rate swap and of the loan are congruent. Taking into account the hedge by the interest rate swap against the interest rate risk, the loan is subject to an interest rate of 2.31 per cent. The market value of the interest rate swap as of 31 December 2012 was –€199 thousand (prior year: –€91 thousand), which was recognised directly in equity (retained earnings) outside profit or loss after taking deferred taxes amounting to €58 thousand (prior year: €27 thousand) into account.

A loan from **Sparkasse Schwäbisch Hall-Crailsheim** in the amount of €2,571 thousand has a term until 30 September 2015. It is subject to a variable interest rate (Euribor-3M + 85 basis points) and is repaid in annual instalments of €857 thousand on 30 September of each year. Collateral has been furnished in the form of a negative pledge or a pari passu clause on furnishing collateral. The risks pertaining to the variable interest rate of the loan are eliminated by an interest rate swap. The interest rate swap with an initial reference amount of €6,000 thousand is to be regarded as a cash flow hedge and as 100 per cent effective in hedging the interest rate risk. BECHTLE pays the fixed interest rate of 4.80 per cent and receives the Euribor-3M as a variable interest rate. The date of maturity is set at 30 September 2015. Taking into account the hedge by the interest rate swap against the interest rate risk, the loan is subject to an interest rate of 5.65 per cent. The market value of the interest rate swap as of 31 December 2012 was –€207 thousand (prior year: –€281 thousand), which was recognised directly in equity (retained earnings) outside profit or loss after taking deferred taxes amounting to €60 thousand (prior year: €82 thousand) into account.

The acquisition of SolidLine in 2011 was accompanied by the assumption of **three existing KfW loans and one IBH development loan**, which had been arranged for by **Dresdner Bank**. The outstanding debt as of the balance sheet date amounted to €1,542 thousand. All these loans are subject to quarterly interest payments. The KfW loans have a term until 31 March 2016, and that of the IBH loan until 30 September 2015. Two of the KfW loans are repaid in half-yearly instalments of €101 thousand on 31 March and 30 September, and the third is to be repaid in half-yearly instalments of €108 thousand starting from 30 September 2013. The KfW loans are subject to different annual interest rates of 3.70, 4.23 and 8.35 per cent. The IBH loan is subject to an annual interest rate of 3.55 per cent and is repaid in instalments of €31 thousand on every 31 March and 30 September.

The **loan from IKB Deutsche Industriebank AG** of €938 thousand has a term until 31 March 2015. It is subject to a fixed interest rate (3.70 per cent p.a.) and is repaid in quarterly instalments amounting to €104 thousand at the end of each quarter. Collateral has been furnished in the form of a negative pledge or a *pari passu* clause on furnishing collateral.

Several interest-free **loans from a supplier** totalling €3,943 thousand, which are denominated in Swiss francs (CHF 4,759 thousand), have different repayment deadlines in 2013 and 2014.

Other financial liabilities include other current account debts amounting to €3,111 thousand (prior year: €343 thousand).

The company has global **credit lines** of €40,466 thousand (prior year: €38,414 thousand), which can be used both for cash loans and for guarantee credits. As of the balance sheet date, €2,948 thousand of this amount (prior year: €0 thousand) had been utilised by cash loans and €7,194 thousand (prior year: €7,580 thousand) by guarantee credits. Apart from this, the company has pure guarantee credit lines amounting to €7,581 thousand (prior year: €7,630 thousand), €61 thousand (prior year: €66 thousand) of which had been utilised as of the balance sheet date. In total, the unused credit lines amounted to €37,844 thousand (prior year: €38,398 thousand).

For the disclosures in accordance with IFRS 7, the financial liabilities are allocated in full to "Loans" as in the prior year.

20 Trade Payables

	€k			
	31.12.2012		31.12.2011	
	current	non-current	current	non-current
Trade payables	145,964	0	148,799	0

As in the prior year, trade payables were fully reported under "Trade payables" in line with IFRS 7.

21 Other Liabilities

	€k			
	31.12.2012		31.12.2011	
	current	non-current	current	non-current
Liabilities to personnel	34,101	0	36,726	0
Liabilities to customer	5,325	8	5,058	0
Liabilities from acquisitions	2,182	288	1,742	1,116
Customer bonus	1,532	0	758	0
Costs of annual financial statement	591	0	587	0
Rent and utilities	425	0	482	0
Unrealised losses from financial derivatives	406	0	372	0
Travel expenses and expenditures	286	0	286	0
Telephone/Internet	264	0	264	0
Transportation charges	193	0	266	0
Insurance policies	168	0	259	0
Security deposits	100	0	100	100
Advertising	64	0	62	0
Liabilities from currency hedges	0	0	39	0
Remaining	2,128	0	1,642	0
Total financial instruments	47,765	296	48,643	1,216
VAT	18,791	0	16,079	0
Social security contributions	3,996	0	3,544	0
Payroll and church tax	3,775	0	3,314	0
Liabilities from other taxes	636	0	657	0
Total additional liabilities	27,198	0	23,594	0
Other liabilities	74,963	296	72,237	1,216

Remaining liabilities primarily relate to various administrative expenses and distribution costs incurred in the ordinary course of business.

For the disclosures according to IFRS 7, the financial instruments included in the other liabilities are classified as other financial liabilities in the amount of €47,655 thousand (prior year: €49,448 thousand) and as financial derivatives in the amount of €406 thousand (prior year: €411 thousand).

22 Accruals and Deferrals

	€k			
	31.12.2012		31.12.2011	
	current	non-current	current	non-current
Prepayments received	11,590	0	10,132	0
Deferred income	30,539	8,902	31,154	8,359
Accruals and deferrals	42,129	8,902	41,286	8,359

Deferred income primarily includes deferrals for maintenance contracts and guarantee extensions.

V. FURTHER EXPLANATORY NOTES ON THE CASH FLOW STATEMENT

The cash flow statement for the 2012 reporting period and the prior year was prepared in accordance with IAS 7 and reports the development of cash flows broken down by cash inflows and outflows from operating, investing and financing activities. The cash flow is determined using the indirect method.

As in the prior year, cash and cash equivalents included cash on hand, cheques and bank balances with an original term to maturity of no more than three months and correspond to the balance sheet item "Cash and cash equivalents". Currency translation effects on cash and cash equivalents are shown separately in the calculation.

23 Cash Flow from Operating Activities

The cash flow from operating activities in the amount of €56,669 thousand (prior year: €55,782 thousand) was indirectly derived from the earnings before taxes. In the context of the indirect method, the financial earnings, depreciation, amortisation and other non-cash expenses and income as well as changes in material balance sheet items and the remaining net assets are taken into account.

As in the prior year, other non-cash expenses and income consisted of changes to provisions and impairments.

Changes to balance sheet items are adjusted for assets and liabilities taken over in acquisitions and for currency translation effects.

24 Cash Flow from Investing Activities

In 2012, net cash used for investments of €56,031 thousand (prior year: €45,282 thousand) primarily consisted of payments for investments in intangible assets and property, plant and equipment as well as time deposits and securities, acquisition of companies and settlements of net investment hedges. These payments were reduced by payments received from the sale of time deposits and securities, property, plant and equipment and other assets as well as interest payments received.

The payments made for acquisitions comprise the purchase price payments of €4,940 thousand (prior year: €22,457 thousand) for companies and partial business operations acquired in the reporting period as well as additional payments for contingent purchase price increases amounting to €1,000 thousand (prior year: €750 thousand) for companies and partial business operations acquired in prior years. These acquisitions involved the takeover of non-current assets amounting to €5,721 thousand (prior year: €32,485 thousand), current assets amounting to €4,952 thousand (prior year: €17,766 thousand) – including cash and cash equivalents worth €299 thousand (prior year: €8,291 thousand) – as well as non-current liabilities amounting to €302 thousand (prior year: €7,243 thousand) and current liabilities amounting to €5,148 thousand (prior year: €17,422 thousand).



See

VIII. Acquisitions
and Purchase
Price Allocation,
page 194 ff

The gross cash flows for the acquisition and sale of long-term investments in time deposits and securities are presented separately. The cash flows of short-term investments in time deposits and securities are shown as netted. Compared to the prior year, the reporting period witnessed more shifting of cash and cash equivalents to time deposits and securities.



See

VI. Further Disclosures
on Financial Instruments
in accordance with IFRS 7,
Currency risk,
page 185 ff

Settlements of net investment hedges comprise payments from forward contracts in connection with the hedging of the net investment in the UK and Swiss group companies. In the reporting period, this amount totalled –€187 thousand (prior year: –€1,076 thousand).

25 Cash Flow from Financing Activities

Factoring in the assumption and repayment of financial liabilities, dividend distributions and interest payments made, net cash used for financing activities amounted to €17,282 thousand (prior year: €2,246 thousand).

Gross payments received and payments made are recognised separately for non-current financial liabilities. Cash flows for current financial liabilities are shown on a net basis.

VI. FURTHER DISCLOSURES ON FINANCIAL INSTRUMENTS IN ACCORDANCE WITH IFRS 7

Information on Financial Instruments by Category

The tables below show carrying amounts and fair values of financial instruments for the categories of financial instruments in accordance with IFRS 7:

31.12.2012 Classes pursuant to IFRS 7	Valuation category	Carrying amount	Measurement in balance sheet in accordance with IAS 39			Fair value
			Amortised costs	Fair value outside profit or loss	Fair value through profit or loss	
Assets						
Trade receivables	LAR	309,591	309,591			309,591
Securities	AFS	45,378		45,378		45,378
Time deposits	LAR	22,569	22,569			22,375
Other financial assets	LAR	19,651	19,651			19,723
Cash and cash equivalents	LAR	78,208	78,208			78,208
Equity and liabilities						
Loans	FLAC	73,709	73,709			81,337
Trade payables	FLAC	145,964	145,964			145,964
Other financial liabilities	FLAC	47,655	47,655			47,655
Financial derivatives						
Derivatives with hedge relationship	n/a	406		406		406
Derivatives without hedge relationship	FLFVPL	0			0	0
Thereof aggregated according to valuation category pursuant to IAS 39:						
	LAR	430,019	430,019	0	0	429,897
	AFS	45,378	0	45,378	0	45,378
	FLAC	267,328	267,328	0	0	274,956
	FLFVPL	0	0	0	0	0

€k

31.12.2011 Classes pursuant to IFRS 7	Valuation category	Carrying amount	Measurement in balance sheet in accordance with IAS 39			Fair value
			Amortised costs	Fair value outside profit or loss	Fair value through profit or loss	
Assets						
Trade receivables	LAR	287,748	287,748			287,748
Securities	AFS	26,697		26,697		26,697
Time deposits	LAR	20,222	20,222			20,244
Other financial assets	LAR	18,326	18,326			18,348
Cash and cash equivalents	LAR	94,569	94,569			94,569
Equity and liabilities						
Loans	FLAC	66,282	66,282			70,573
Trade payables	FLAC	148,799	148,799			148,799
Other financial liabilities	FLAC	49,448	49,448			49,448
Financial derivatives						
Derivatives with hedge relationship	n/a	372		372		372
Derivatives without hedge relationship	FLFVPL	39			39	39
Thereof aggregated according to valuation category pursuant to IAS 39:						
	LAR	420,865	420,865	0	0	420,909
	AFS	26,697	0	26,697	0	26,697
	FLAC	264,529	264,529	0	0	268,820
	FLFVPL	39	0	0	39	39

Abbreviation used for the measurement categories of IAS 39:

LAR = Loans and receivables

AFS = Available for sale financial assets

FLAC = Financial liabilities at amortised cost

FLFVPL = Financial liabilities measured at fair value through profit and loss

The fair values of non-current loans, liabilities, and loans received are determined as present values of the associated payments under consideration of the term-related and risk-weighted interest rates. Due to the predominantly short terms, the carrying amounts of the trade receivables and trade payables and of the other financial assets and liabilities deviate only slightly from the fair values. In the reporting period and in the reference year, the trade receivables and trade payables included an insignificant amount of derivative financial instruments that were measured as fair value hedges and that served as currency hedges. The fair value of the time deposits comprises the fair value of the bond loans, calculated on the basis of the cash flows discounted by interest rates with matching maturities plus a risk premium, and the redemption value of the secondary market policies.

The following overview represents the fair value of the financial instruments accounted for; the measurement is based on these material parameters. The individual levels are defined in accordance with IFRS 7:

Level 1: Measurement at prices (not adjusted) quoted on active markets for identical assets and liabilities

Level 2: Measurement of the asset or liability takes place either directly or indirectly on the basis of observable input data, which do not represent quoted prices as stated in Level 1

Level 3: Measurement is based on models using input parameters not observable on the market.

The securities under Level 1 are listed on the stock exchange and have been recognised at the market price as of the balance sheet date. The measurement of the financial derivatives presented under Level 2 takes place as explained under "Accounting Policies".



See
page 150 f

€k

	31.12.2012				31.12.2011			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Security investments	45,378	0	0	45,378	26,662	35	0	26,697
Financial liabilities								
Financial derivatives	0	406	0	406	0	411	0	411

During the reporting period up to 31 December 2012, there were no reclassifications between measurements at fair value of Level 1 and Level 2 and no reclassifications to or from measurements at fair value of Level 3.

The expenses, income, losses and profits from financial instruments can be categorised as follows (net earnings):

€k

	From the subsequent valuation				Net earnings	
	From interest	Currency translation	Impairment	From disposal	2012	2011
Loans and receivables	710	426	-250	913	1,799	1,303
Financial liabilities at amortised costs	-3,286	-68	0	0	-3,354	-1,896
Available for sale financial assets	1,130	0	0	177	1,307	843
Held for trading purposes (only derivatives)	0	0	0	-30	-30	-251
Total	-1,446	358	-250	1,060	-278	-1

Total interest income for financial assets corresponds to the values stated above. The total interest cost for financial liabilities without taking interest rate swaps into account amounted to €3,095 thousand (prior year: €1,679 thousand).

Disclosures on Assets and Liabilities Netted and Not Netted

The following financial instruments have been netted in the balance sheet on the basis of a current legal netting entitlement or the existing intention to settle on a net basis (IAS 32):

	2012			2011		
	Gross amount liability	Gross amount asset	Net amount accounted for	Gross amount liability	Gross amount asset	Net amount accounted for
Financial assets						
Current trade receivables	39	307,387	307,348	87	286,860	286,773
Refunds and other receivables from suppliers	191	16,800	16,609	415	16,144	15,729
Bank accounts with the same bank	1,447	2,522	1,075	0	0	0
Financial liabilities						
Current trade payables	147,923	1,959	145,964	149,453	654	148,799
Liabilities to customers	5,328	3	5,325	5,058	0	5,058
Interest rate swap	456	50	406	696	324	372
Bank accounts with the same bank	0	0	0	1,156	1,116	40

€k

The trade receivables include liabilities to customers amounting to €39 thousand, and the liabilities to customers include receivables from customers amounting to €3 thousand. Based on contractual agreements, these customers are entitled to net these items against each other.

The trade payables contain receivables from suppliers in the amount of €1,959 thousand, and the receivables from suppliers contain liabilities in the amount of €191 thousand. Based on contractual agreements, BECHTLE is entitled to net these items against each other.



See Notes [19],
page 175 ff

The values of the interest rate swaps that have been accounted for consist of a liability to and a receivable from the banks. The obligations from the interest rate swaps are settled in netted form.

Two bank accounts of a subsidiary have been netted against each other under cash and cash equivalents. Both accounts are held with the same bank and, as a matter of principle, are considered in netted form by both parties.

Disclosures on Risk Management of Financial Instruments

Currency risk. Receivables, liabilities and cash and cash equivalents, which are not transacted in the functional (local) currency used by the companies, are exposed to currency risks from financial instruments. In the BECHTLE Group, currency risks from financial instruments denominated in foreign currency arise from the intercompany trade and, to a lesser extent, trade with external suppliers and customers in EUR, CHF, GBP, PLN, CZK, HUF, USD and JPY.

The following table shows the volume of hedging transactions performed in the respective fiscal years:

Currency pair		2012		2011	
		Purchase	Sale	Purchase	Sale
EUR/GBP	GBP k	6,200	5,400	195	–
EUR/USD	USD k	28,578	19,538	41,815	38,959
EUR/HUF	HUF k	–	–	–	4,767
CHF/EUR	EUR k	1,490	2,800	2,105	240
CHF/USD	USD k	200	–	440	492
CHF/JPY	JPY k	25,403	–	–	–

These hedging transactions serve the hedging of exchange rate risks affecting receivables and liabilities denominated in foreign currency. The BECHTLE Group uses currency futures and currency swaps as hedges.

As of the balance sheet date, the above-mentioned currency contracts that were classified as fair value hedges established the obligation to purchase \$4,993 thousand (net) (prior year: sale of \$6,596 thousand) and to sell €400 thousand (net) (prior year: purchase of €59 thousand). For these currency derivatives, the fair value measurement did not result in any gains or losses. Furthermore, Swiss group companies had an obligation to purchase €180 thousand (net) and ¥8,145 thousand (net) from hedges that were classified as held for trading in accordance with IAS 39 and that were therefore measured through profit or loss. The measurement as of the reporting date did not have any significant impact on the earnings.

The following sensitivity analysis illustrates the impact a decrease (or increase) in the euro exchange rate could have on consolidated earnings before taxes. The changes in the fair values of the financial assets and liabilities in foreign currency recognised as of the respective balance sheet date due to the changed exchange rate are taken into account. The hedges existing as of the balance sheet date are taken into consideration in the sensitivity analysis. Exchange-rate-related differences from the translation of financial statements into the reporting currency are not taken into account.

	2012		2011	
Effects of a decrease (or increase) of the euro by 10% compared to				
CHF	+366	(-366)	+247	(-247)
USD	+915	(-915)	+162	(-162)
GBP	-40	(+40)	-21	(+21)
JPY	7	(-7)	0	(-0)
CZK	-3	(+3)	0	(-0)
HUF	-1	(+1)	-1	(+1)
PLN	0	(-0)	+1	(-1)

€k

Furthermore, fluctuations in the EUR/CHF exchange rate can significantly affect the consolidated earnings as a considerable portion of the business is generated in Switzerland. To hedge the EUR/CHF exchange rate risks of this income, a forward contract for the sale of CHF 11.7 million (prior year: CHF 9 million) against euros at the end of the reporting period was concluded at the beginning of the reporting period, without qualifying or designating this hedge for hedge accounting in accordance with IAS 39. As the Swiss franc appreciated compared to the euro during the reporting period, this forward contract affected the earnings in the amount of -€16 thousand (prior year: -€209 thousand) before taxes. On the other side, positive effects were obtained from the translation of the Swiss earnings.

Similarly, projected 2012 UK income was hedged against EUR/GBP exchange rate risks during the reporting period. For this purpose, €650 thousand (prior year: €650 thousand) were sold forward. This forward contract had an impact on earnings in the amount of -€14 thousand (prior year: -€3 thousand).

In the consolidated financial statements (EUR), exchange differences arose from the conversion of foreign currency financial statements of foreign subsidiaries. These differences are carried and recognised separately directly in equity. To compensate most of these currency translation differences outside profit or loss and to hedge a net investment in a foreign operation (IAS 39.102, IFRIC 16), BECHTLE again took out a EUR/CHF forward exchange contract in the reporting period that covered the majority of these currency risks. The forward contract concluded at the beginning of the reporting period for the sale of CHF 60 million at the end of the reporting period resulted in an amount of -€166 thousand that was recognised as other earnings outside profit or loss (+€49 thousand income tax effect). In the prior year, the forward contract that had been concluded in January 2011 for the sale of CHF 60 million at the end of 2011 had resulted in an amount of -€1,071 thousand that had been recognised as other earnings outside profit or loss (+€313 thousand income tax effect).

Similarly, net assets in the UK were hedged against EUR/GBP exchange rate risks during the reporting period. The corresponding forward contract (sale of €1,000 thousand) generated other income of -€21 thousand recognised outside profit or loss (+€6 thousand income tax effect). In the prior year, the amount from the hedge of the net assets in the United Kingdom, which had been recognised as other earnings, had amounted to -€5 thousand (+€1 thousand income tax effect).

On the other hand, the consolidated equity underwent a positive effect from the increase of the currency translation differences by €152 thousand (prior year: €1,529 thousand), most of which resulted from the EUR/CHF conversion.

Interest rate risk. The interest rate risk to which the BECHTLE Group is exposed mainly concerns the interest earned by its cash and cash equivalents and from time deposits and securities.

Both the variable interest loan from Sparkasse Schwäbisch Hall-Crailsheim and the variable interest loan from Kreissparkasse Heilbronn are fully hedged against the interest rate risk by means of a corresponding interest rate swap as a cash flow hedge. Since there is no ineffectiveness from the hedge, changes in interest rates only affect the fair value measurement of the interest rate swap in equity outside profit or loss. Apart from this, the group only has a minimal position – and thus an insignificant interest rate risk – in variable-rate financial instruments, which are exposed to cash flow risks from a possible deterioration in interest rates, and fixed-income financial instruments, which are exposed to fair value risks from interest rate fluctuations.

The sensitivity analysis was conducted for the BECHTLE Group's cash and cash equivalents, time deposits and securities as of the balance sheet date under consideration of the relevant interest rates in the relevant currencies (EUR, CHF, GBP, USD, PLN, CZK, HUF). A hypothetical decrease/increase in these interest rates from the beginning of the reporting period by 100 basis points or one per cent p.a. (assuming constant exchange rates) would have led to a decrease/increase in interest income by €1,462 thousand (prior year: €1,415 thousand).

In the case of the existing interest rate swaps, such a decrease (up to no less than 0 per cent p.a.) or increase in interest rates would have caused the fair value to change by –€50 thousand or +€181 thousand (prior year: –€274/+€264 thousand), respectively, recognised directly in equity outside profit or loss.

Liquidity risk. The liquidity risk from financial instruments results from future interest payments and redemption payments for financial liabilities and derivative financial instruments. The tables below show the non-discounted payment obligations for the relevant balance sheet items as of the balance sheet date and the prior year's balance sheet date in accordance with IFRS 7.

Cash flows from loans and interest rate swaps described in section iv. No. 19 are grouped together as a 100 per cent effective cash flow hedge. Based on the Euribor-3M of 0.187 per cent that was valid on the balance sheet date, the interest rate swaps would result in future interest payments totalling €128 thousand in the period from 2013 to 2017 (prior year: €506 thousand for a Euribor-3M of 1.36 per cent for the period from 2012 to 2017). The carrying amount of the loans and interest rate swaps consists of €70,598 in loans and €406 thousand in interest rate swaps. The financial instruments included in the other liabilities are presented less the negative market value of the interest rate swaps in the amount of €406 thousand (prior year: €372 thousand). Due to the discounting of the liabilities from acquisitions, the cash flows of the other financial liabilities exceed their carrying amount.



See
page 175 ff



For further disclosures on the cash management see Risk Report, Finance, page 114 f

The liquidity risk is controlled and monitored on a weekly basis with the aid of a 14-day liquidity forecast.

	Financial liabilities				€k
	Loans and interest swaps	Other current financial liabilities	Trade payables	Other financial liabilities	
Carrying amount 31.12.2012	71,004	3,111	145,964	47,655	
Cash flow 2013					
Interest	3,069				0
Repayment	9,512	3,111	145,964		47,370
Cash flow 2014					
Interest	2,568				0
Repayment	8,017				0
Cash flow 2015					
Interest	2,238				0
Repayment	6,702				300
Cash flow 2016					
Interest	1,973				
Repayment	5,549				
Cash flow 2017					
Interest	1,761				
Repayment	5,156				
Cash flow 2018					
Interest	1,568				
Repayment	3,727				
Cash flow 2019					
Interest	1,418				
Repayment	3,106				
Cash flow 2020					
Interest	1,274				
Repayment	3,204				
Cash flow 2021					
Interest	1,128				
Repayment	3,057				
Cash flow 2022					
Interest	379				
Repayment	15,441				
Cash flow 2023–2032¹					
Interest	1,126				
Repayment	7,125				

¹ Cash flows of the LBBW loans with carrying amounts €4,625 thousand and €10,000 thousand on 31.12.2012



Concerning the cash flows of the financial liabilities see Financial liabilities, page 175 ff

€k

	Financial liabilities			
	Loans and interest swaps	Other current financial liabilities	Trade payables	Other financial liabilities
Carrying amount 31.12.2011	66,311	343	148,799	49,487
Cash flow 2012				
Interest	3,068			1
Repayment	8,658	343	148,799	48,279
Cash flow 2013				
Interest	2,804			1
Repayment	6,814			1,250
Cash flow 2014				
Interest	2,317			
Repayment	6,397			
Cash flow 2015				
Interest	2,000			
Repayment	6,202			
Cash flow 2016				
Interest	1,748			
Repayment	5,049			
Cash flow 2017				
Interest	1,550			
Repayment	4,656			
Cash flow 2018				
Interest	1,370			
Repayment	3,227			
Cash flow 2019				
Interest	1,234			
Repayment	2,606			
Cash flow 2020				
Interest	1,103			
Repayment	2,704			
Cash flow 2021				
Interest	971			
Repayment	2,557			
Cash flow 2022				
Interest	236			
Repayment	14,941			
Cash flow 2023–2031¹				
Interest	434			
Repayment	2,125			

¹ Cash flows of the LBBW loan with carrying amount of €4,875 thousand on 31.12.2011

The cash and cash equivalents are spread over 20 different banks and finance groups. We make sure that the balance at a bank or group of banks with the same deposit guarantee does not exceed the respective deposit guarantee cap. Approximately 39 per cent of the cash and cash equivalents are held with banks that belong to the liability association of the Savings Banks Finance Group; thus, a risk could arise from the default of several banks belonging to this guarantee arrangement.

For investments in securities, we put emphasis on an excellent investment grade rating and diversification in terms of industries, countries and terms to maturity. The maximum investment amount per security is €5 million.

Time deposits are made in instruments with deposit guarantee. As of 31 December 2012, there were no investments without deposit guarantee. As of 31 December 2012, BECHTLE held time deposits of no more than €10 million per liability unit.



For further disclosures on the risk management see Risk Report, page 100 ff

Credit risk. The carrying amounts of the financial assets correspond to the maximum credit risk. There are no hedges except for common lien for all trade receivables as well as country-specific deposit guarantee funds for all cash and cash equivalents and time deposits. Any credit risks identified in the financial assets are recognised in the form of impairments.

To avoid risk concentrations, customer-specific credit lines are determined by means of ongoing credit-worthiness checks.

VII. SEGMENT INFORMATION

Segment information is reported in accordance with IFRS 8 Operating Segments, as in the prior year.

The BECHTLE Group is currently active in two business segments, the IT system house & managed services segment and the IT e-commerce segment. The two segments differ in terms of the areas of activity involved as well as with regard to the processes applied for IT product trading purposes. The strategic alignment and expansion strategy pursued are different.



Turnkey IT solution provider with customer-specific combinations of services, hardware and software

In the **IT system house & managed services** segment, BECHTLE provides customers with IT strategy consulting services, hardware and software, project planning and implementation, system integration, IT services, training and complete IT operation, covering the entire value chain. BECHTLE prepares individual offers comprising a range of different services in combination with hardware and software directly reflecting the needs and preferences of each and every customer. BECHTLE operates in Germany, Austria and Switzerland in this segment, benefiting from a broadly decentralised organisation with over 65 locations keeping the company in close proximity to customers.

The **IT e-commerce segment** comprises the group's Internet, catalogue and telesales pure trading activities. As an IT specialist dealer with a portfolio of more than 51,000 products – ranging from hardware and standard software products to peripherals and accessories – BECHTLE covers all common IT areas by means of a multi-brand strategy. The BECHTLE DIRECT brand is currently established in 14 European countries and focuses on classic hardware from leading manufacturers. The ARP brand, on the other hand, also offers innovative niche products and its own brand-name products. It is represented in five European countries and operates a purchasing company in Taiwan. The Comsoft software licensing brand is present in eight European countries.



Specialist dealer
with over 51,000 thousand
items, multiple brand
strategy

BECHTLE Group companies are based primarily in Germany. Foreign group companies exist in Austria, Belgium, the Czech Republic, France, Hungary, Ireland, Italy, the Netherlands, Poland, Portugal, Spain, Switzerland, Taiwan and the United Kingdom.

The administration and the strategic management of the individual companies are centralised primarily at Gaildorf and Neckarsulm, Germany, where the parent company BECHTLE AG and the group's Executive Board are based.

As a general rule, the same reporting and valuation methods are applied for the segment information as for the consolidated financial statements. A joint résumé of the business segments has not been drawn up.

The chief operating decision maker (CODM) as defined in IFRS 8.7 is the Executive Board of BECHTLE AG, which comprises the Chairman of the Executive Board, the Executive Board member responsible for IT system house & managed services and the Executive Board member responsible for IT e-commerce. This CODM is responsible for the cross-departmental, group-wide monitoring and management of the group success and resource allocation. Strategic decisions concerning the allocation of resources to the two segments and the measurement of the earning power are made exclusively at Executive Board meetings of BECHTLE AG in close coordination with the Supervisory Board. The Executive Board member responsible for IT system house & managed services and the Executive Board member responsible for IT e-commerce individually serve as the segment managers (IFRS 8.9) for the respective business segment. In this capacity, they are in charge of the resource management and the assessment of the efficiency of the segments under their supervision. The segment manager also coaches the subordinate division heads and directors in his segment. Vis-à-vis the CODM, the segment managers are responsible for their segments and maintain regular contact to the CODM, e.g. at Executive Board meetings, in order to report on and discuss the activities, results and plans of their segments.

The segment information presented below is based on the same indicators as those underpinning the internal reporting and controlling system that are used above all by the group management/CODM for success evaluation and resource allocation purposes. It contains all income and expenses as well as the assets and liabilities of the central units/functions of the BECHTLE Group in accordance with the relevant services provided or used in the two IT system house & managed services and IT e-commerce segments. The earn-

ings-related key performance indicator for the segments is the operating profit before financial income, financial expenses and taxes (EBIT). Financial income is not consolidated as the segments are primarily funded via BECHTLE AG where external interest expense and income are mainly incurred. For this reason, financial income and expenses are reported together as financial earnings merely at group level as shown below. Accordingly, this is used as the basis for determining earnings before tax at BECHTLE Group and ultimately earnings after tax after taking due account of taxes at group level.

This results in asymmetric allocation (IFRS 8.27 f) insofar as the assets and liabilities reported for the segments include interest-bearing assets and liabilities as well as tax receivables and payables. In the case of symmetric allocation, segment assets and segment liabilities would be correspondingly lower and the earnings-related key performance indicator of the segments would include financial income, financial expenses and tax.

Transactions are only conducted between the two segments to an insignificant extent. They are accounted for at market prices and, for the purposes of completeness and transparency, are shown below explicitly in respect of revenue as well as receivables and payables. External revenue constitutes the revenue generated by the two segments with parties external to the group and, as such, the total consolidated revenue of BECHTLE Group. The same applies to the receivables and payables as well as the assets and liabilities of the two segments and, as such, the total of those recorded by BECHTLE Group, too.

The investments, depreciation and amortisation reported relate to intangible assets (including goodwill) as well as to property, plant and equipment.

In the segment reporting by region (domestic or foreign), revenue is allocated to the country in which the subsidiary concerned has its registered office. From the perspective of the given subsidiary, revenue is generated exclusively in its own country. Only revenue via parties external to the group is reported. Accordingly, assets, liabilities and investment are allocated to the domestic market (Germany) or abroad on the basis of the location of the given company's registered office.

	2012			2011		
	IT system house & managed services	IT e-commerce	Total group	IT system house & managed services	IT e-commerce	Total group
By segments						
Total segment revenues	1,397,173	704,553		1,318,731	680,436	
less intersegment revenues	-2,718	-2,173		-3,062	-1,224	
External revenues	1,394,455	702,380	2,096,835	1,315,669	679,212	1,994,881
Amortisation/depreciation	17,885	3,863	21,748	14,741	3,620	18,361
Operating earnings	44,405	36,115	80,520	49,891	36,512	86,403
Financial earnings			-1,264			-114
Earnings before taxes			79,256			86,289
Income taxes			22,695			23,566
Earnings after taxes			56,561			62,723
Investments	22,769	9,246	32,015	42,007	19,113	61,120
Investments through acquisitions	5,160	0	5,160	31,219	0	31,219

€k

€k

	2012			2011		
	IT system house & managed services	IT e-commerce	Total group	IT system house & managed services	IT e-commerce	Total group
By segments						
Total segment assets	565,040	281,229		545,430	258,672	
less intersegment receivables	-179	-648		-217	-469	
Assets	564,861	280,581	845,442	545,213	258,203	803,416
Total segment liabilities	262,956	124,920		258,906	126,152	
less intersegment liabilities	-648	-179		-469	-217	
Liabilities	262,308	124,741	387,049	258,437	125,935	384,372

In the IT system house & managed services segment, the customer base that had been capitalised at the acquisition of intelligent IT Solutions GmbH & Co. KG was impaired in an unscheduled manner by €309 thousand. Furthermore, the non-cash items in the two segments in the reporting period and in the prior year were mainly limited to the scheduled depreciation and amortisation and the usual movements within the course of the business operations (e.g. changes in trade receivables and trade payables).



See (8)
Intangible assets,
page 158 f

€k

	2012			2011		
	Domestic market	Abroad	Total group	Domestic market	Abroad	Total group
By regions						
External revenues	1,433,869	662,966	2,096,835	1,315,185	679,696	1,994,881
Investments	27,604	4,411	32,015	57,311	3,809	61,120
Investments through acquisitions	5,160	0	5,160	24,835	6,384	31,219

€k

	2012			2011		
	Domestic market	Abroad	Total group	Domestic market	Abroad	Total group
By regions						
Assets	588,565	256,877	845,442	503,260	300,156	803,416
thereof non-current assets	207,060	90,523	297,583	184,386	97,252	281,638
Liabilities	274,566	112,483	387,049	267,193	117,179	384,372

Of the external revenue generated abroad, Switzerland accounted for €290,521 thousand (prior year: €312,382 thousand). The rest is split between the remaining countries Austria, Belgium, the Czech Republic, France, Hungary, Ireland, Italy, the Netherlands, Poland, Portugal, Spain, Taiwan and the United Kingdom, each of which contributed less than 5 per cent to the external revenue generated by the BECHTLE Group.

The non-current assets reported here encompass property, plant and equipment as well as intangible assets (including goodwill). Of the non-current assets held abroad, Switzerland accounted for €63,194 thousand (prior year: €69,916 thousand). The rest is split between the remaining countries Austria, Belgium, the Czech Republic, France, Hungary, Ireland, Italy, the Netherlands, Poland, Portugal, Spain, Taiwan and the United Kingdom, each of which held less than five per cent of the non-current assets of the BECHTLE Group.

Both in the reporting period and in the prior year, no single customer generated more than ten per cent of the revenues of the BECHTLE Group (IFRS 8.34).



Information on the number of employees by segments and regions is provided in section X. "Other disclosures", "Employees".

See

X. Other Information,
Employees,
page 205 f

VIII. ACQUISITIONS AND PURCHASE PRICE ALLOCATION

Redmond Integrators GmbH



www.redmondintegrators.com/en

As of the acquisition date 1 January 2012, the company purchased all shares in Redmond Integrators GmbH, Bochum, Germany.

The acquisition was recognised in the balance sheet according to the purchase method (IFRS 3.4 ff).

Apart from the assets and liabilities already recognised by the company acquired, whose carrying amounts corresponded to their fair value, a customer base (€102 thousand) and a non-compete agreement (€220 thousand) were newly recognised as identifiable assets (IFRS 3.10 ff) and measured at fair value as of the acquisition date (IFRS 3.18 ff).

Deferred tax liabilities (€102 thousand) were recognised in connection with the capitalisation of the customer base, which is amortised over a period of three years, and of the non-compete agreement, which is amortised over a period of two years.

Under consideration of the acquired total net assets (€312 thousand), the capital consolidation resulted in a difference of €471 thousand that is presented as goodwill.



Another established
specialist in SharePoint
technologies

By acquiring Redmond Integrators (15 employees), BECHTLE has further expanded the software & application solutions division in the IT system house & managed services segment. Redmond Integrators is an established specialist in the field of solutions related to the fast-growing SharePoint technology. BECHTLE has thus consistently taken the next step in its positioning as IT solution provider, thereby drawing significantly closer to the goal of becoming the leader in the German market for SharePoint-based solutions.

As of the date of initial consolidation, the acquisition is accounted for as follows:

	€k
Non-current assets	
Goodwill	471
Other intangible assets	331
Property, plant and equipment	59
Other assets	8
Total non-current assets	869
Current assets	
Inventories	59
Trade receivables	332
Cash and cash equivalents	233
Total current assets	624
Total assets	1,493
Non-current liabilities	
Deferred taxes	102
Total non-current liabilities	102
Current liabilities	
Trade payables	141
Income tax payables	17
Other provisions and liabilities	450
Total current liabilities	608
Total liabilities	710
Total assets	
- Total liabilities	
= Acquisition costs	783

The company purchase agreement for the acquisition of Redmond Integrators contains a (contingent) purchase price payment of up to €300 thousand, which depends on the acquired company's future business performance. Based on the validated business plan of Redmond Integrators, the fair value of this contingent purchase price payment on the acquisition date was €283 thousand.

Other acquisition costs (€500 thousand) resulted in an outflow of cash and cash equivalents.

The receivables taken over were not subject to any major impairment.

In the reporting period, Redmond Integrators accounted for €1,497 thousand of the revenues and €0 thousand of the earnings after taxes of the BECHTLE Group (IFRS 3.B64qj).

KUMAtronik GmbH

As of the acquisition date 2 April 2012, the company acquired all interests in KUMAtronik GmbH, Markdorf, Germany.

The acquisition was recognised in the balance sheet according to the purchase method (IFRS 3.4 ff).

Apart from the assets and liabilities already recognised by the acquired company, whose carrying amounts corresponded to their fair value, a customer base (€570 thousand) and a non-compete agreement (€110 thousand) were newly recognised as identifiable assets (IFRS 3.10 ff) and measured at fair value as of the acquisition date (IFRS 3.18 ff).

Deferred tax liabilities (€195 thousand) were recognised in connection with the capitalisation of the customer base, which is amortised over a period of five years, and of the non-compete agreement, which is amortised over a period of one-and-a-half years.

Under consideration of the acquired total net assets (€1,361 thousand), the capital consolidation resulted in a difference of €329 thousand, which is presented as goodwill.

By acquiring KUMAtronik (almost 100 employees), BECHTLE is further expanding its strong market presence in southern Germany. Apart from its headquarters in Markdorf on Lake Constance, the established company has three more locations in Augsburg, Stuttgart and Ulm. BECHTLE is thus expanding its competitive position in the IT system house & managed services segment in attractive economic regions.

As of the date of initial consolidation, the acquisition is accounted for as follows:

	€k
Non-current assets	
Goodwill	329
Other intangible assets	733
Property, plant and equipment	196
Deferred taxes	244
Total non-current assets	1,502
Current assets	
Inventories	556
Trade receivables	2,915
Other assets	135
Cash and cash equivalents	66
Total current assets	3,672
Total assets	5,174
Non-current liabilities	
Deferred taxes	195
Total non-current liabilities	195
Current liabilities	
Other provisions	465
Financial liabilities	560
Trade payables	1,114
Other liabilities	358
Deferrals	792
Total current liabilities	3,289
Total liabilities	3,484
Total assets	
- Total liabilities	
= Acquisition costs	1,690

The values in the above table differ from the preliminary values presented in the interim financial report. After preparing the interim financial reports, facts and circumstances came to light that existed on the acquisition date (IAS 3.45).

The acquisitions costs caused an outflow of cash and cash equivalents in the same amount.

The receivables taken over were not subject to any major impairment.

The subsidiaries of KUMATRONIK in Augsburg and Ulm, Germany, are both continued as an independent company (renamed BECHTLE GmbH). The headquarters in Markdorf, Germany, and the former subsidiary in Stuttgart have been integrated into existing companies of the BECHTLE Group. Therefore, the revenues and earnings contributions of the acquired company cannot be determined separately.

Partial Business Operation “Sales Division SolidWorks” of SPI GmbH

As of the acquisition date 1 August 2012, the sales division for the CAD software SolidWorks, with locations in Ahrensburg near Hamburg, Münster and Greifswald, Germany, was purchased from SPI Systemberatung Programmierung Industrie-Elektronik GmbH, Ahrensburg, Germany.

Within the scope of this partial business operation takeover, which must be recognised according to the purchase method (IFRS 3.4 ff), customer service agreements (€535 thousand), a customer base (€425 thousand) and a non-compete agreement (€346 thousand) were newly recognised as identifiable assets (IFRS 3.10 ff) and measured at their acquisition-date fair value (IFRS 3.18 ff) in addition to the assets and liabilities already recognised by the seller, whose carrying amounts corresponded to their fair values.

Deferred tax assets (€93 thousand) were recognised in connection with the capitalisation of the customer service agreements, which are amortised over a period of ten years, of the customer base, which is amortised over a period of five years, and of the non-compete agreement, which is amortised over a period of two years. These deferred tax assets are due to the valuation differences between the customer service agreements recognised in accordance with tax law (€1,630 thousand) and the intangible assets recognised in accordance with IFRS.

In addition to the difference in the measurement of the intangible assets, the assets and accruals and deferrals are also subject to differences in respect of the carrying amounts in the tax balance sheet and the IFRS balance sheet. This results in deferred tax assets amounting to €92 thousand.

Under consideration of the acquired assets (€1,890 thousand) and liabilities (€702 thousand), the resulting difference amounted to €462 thousand, which is presented as goodwill.

The acquired partial business operation mainly focuses on the sale of the CAD software SolidWorks and the associated consulting services. In this context, BECHTLE took over 19 employees at the locations Ahrensburg near Hamburg, Münster and Greifswald as well as the existing customer agreements. Like the acquisition of Solidpro and SolidLine in 2010 and 2011, this acquisition will further strengthen BECHTLE'S foothold in the CAD segment.

As of the acquisition date, the takeover is reflected as follows in the balance sheet:

	€k
Non-current assets	
Goodwill	462
Other intangible assets	1,306
Property, plant and equipment	20
Deferred taxes	185
Other assets	3
Total non-current assets	1,976
Current assets	
Other assets	376
Total current assets	376
Total assets	2,352
Non-current liabilities	
Deferrals	5
Total non-current liabilities	5
Current liabilities	
Deferrals	697
Total current liabilities	697
Total liabilities	702
Total assets	
- Total liabilities	
= Acquisition costs	1,650

The acquisitions costs caused an outflow of cash and cash equivalents in the same amount.

The receivables taken over were not subject to any major impairment.

The acquired partial business operation was integrated in the existing SolidLine. Therefore, the revenues and earnings contributions cannot be determined separately.

Partial Business Operation “Sales Division SolidWorks” of Unicam GmbH

As of the acquisition date 1 December 2012, the sales division for the CAD software SolidWorks was purchased from Unicam Software GmbH, Georgensgmünd, Germany.

Within the scope of this partial business operation takeover, which must be recognised according to the purchase method (IFRS 3.4 ff), customer service agreements (€486 thousand), a customer base (€250 thousand) and a non-compete agreement (€206 thousand) were newly recognised as identifiable assets (IFRS 3.10 ff) and measured at their acquisition-date fair value (IFRS 3.18 ff) in addition to the assets and liabilities already recognised by the seller, whose carrying amounts corresponded to their fair values.

Deferred tax assets (€44 thousand) were recognised in connection with the capitalisation of the customer service agreements, which are amortised over a period of ten years, of the customer base, which is amortised over a period of five years, and of the non-compete agreement, which is amortised over a period of two years. These deferred tax assets are due to the valuation differences between the customer service agreements recognised in accordance with tax law (€1,100 thousand) and the intangible assets recognised in accordance with IFRS.

In addition to the difference in the measurement of the intangible assets, the assets, other liabilities and accruals and deferrals are also subject to differences in respect of the carrying amounts in the tax balance sheet and the IFRS balance sheet. This results in deferred tax assets amounting to €77 thousand.

Under consideration of the acquired assets (€1,343 thousand) and liabilities (€554 thousand), the resulting difference amounted to €311 thousand, which is presented as goodwill.

The acquired partial business operation mainly focuses on the sale of the CAD software SolidWorks and the associated consulting services. In this context, BECHTLE took over 13 employees at the Georgensgmünd location as well as the existing customer agreements. Like the acquisitions in 2010, 2011 and 2012, this acquisition will further strengthen BECHTLE'S foothold in the CAD segment.

As of the acquisition date, the takeover is reflected as follows in the balance sheet:

	€k
Non-current assets	
Goodwill	311
Other intangible assets	942
Deferred taxes	121
Total non-current assets	1,374
Current assets	
Other assets	280
Total current assets	280
Total assets	1,654
Current liabilities	
Other liabilities and deferrals	554
Total current liabilities	554
Total liabilities	554
Total assets - Total liabilities = Acquisition costs	1,100

The acquisitions costs caused an outflow of cash and cash equivalents in the same amount.

The receivables taken over were not subject to any major impairment.

The acquired partial business operation was integrated in the existing Solidpro. Therefore, the revenues and earnings contributions cannot be determined separately.

When it purchased **SolidLine AG**, Walluf, Germany, in the fiscal year 2011, **BECHTLE** had undertaken to pay contingent retroactive purchase price increases of up to €1,692 thousand. The first part of this contingent purchase price increase was calculated and paid out in February 2012. This payment of €1,000 thousand corresponds to the fair value recognised for this at the initial consolidation plus interest for the period from the date of acquisition to the date of payment. The second part of this contingent purchase price increase of a maximum of €692 thousand will be settled in the first quarter of 2013. The sellers are entitled to the maximum amount. The difference (€292 thousand) between the fair value determined for this purpose at the initial consolidation plus the interest and the liability that is now known has been recognised through profit and loss.

IX. DISCLOSURES ON THE EXECUTIVE BOARD AND SUPERVISORY BOARD

Executive Board Members

Dr. Thomas Olemotz, Chairman of the Executive Board

Place of residence: Rabenau, Germany

Board member responsible for controlling, finance, corporate communications, investor relations, central IT, logistics & service, human resources & staff development and legal

■ Chairman of the Supervisory Board

of BECHTLE E-COMMERCE HOLDING AG, Neckarsulm

of BECHTLE MANAGED SERVICES AG, Neckarsulm

of BECHTLE SYSTEMHAUS HOLDING AG, Neckarsulm

of PP 2000 Business Integration AG, Stuttgart

of SolidLine AG, Walluf

■ Chairman of the Board of Directors

of BECHTLE HOLDING SCHWEIZ AG, Rotkreuz, Switzerland

Michael Guschlbauer

Place of residence: Ludwigsburg, Germany

Board member responsible for IT system house & managed services

■ Member of the Executive Board

of BECHTLE MANAGED SERVICES AG, Neckarsulm

of BECHTLE SYSTEMHAUS HOLDING AG, Neckarsulm

■ Member of the Supervisory Board

of PP 2000 Business Integration AG, Stuttgart

Jürgen Schäfer

Place of residence: Heilbronn, Germany

Executive Board member responsible for IT e-commerce

■ Member of the Executive Board

of BECHTLE E-COMMERCE HOLDING AG, Neckarsulm

of "Förderkreis der Hochschule Heilbronn e.V."

■ Chairman of the Board of Directors

of Gustav-Berger foundation, Heilbronn

■ Member of the Supervisory Board

of RIXIUS AG, Mannheim

The Executive Board collectively assumes the responsibility for the compliance, risk management, business planning and strategic business development functions.

NUMBER OF SHARES IN BECHTLE AG

	31.12.2012	31.12.2011
Dr. Thomas Olemotz	0	0
Michael Guschlbauer	0	0
Jürgen Schäfer	4,000	4,000

Compensation of the Executive Board members

The total compensation for the activity of the Executive Board of BECHTLE AG for the fiscal year 2012 amounted to €1,534 thousand (prior year: €2,494 thousand). The fixed compensation amounted to €930 thousand (prior year: €892 thousand), and the variable compensation to €604 thousand (prior year: €1,602 thousand).

To gear the compensation structure to a sustainable business development, commitments with a long-term incentive effect have been made. These commitments are determined on the basis of the development of revenue, earnings before taxes and return on equity in the period from 2012 to 2014. The commitments are subject to the condition precedent that the defined targets are reached and are due for payment in 2015. The total amount in case all targets are reached is €2,284 thousand. The portion of €604 thousand for the fiscal year 2012 has been taken into consideration in the form of provisions.

On the basis of the Annual General Meeting resolution of 16 June 2010, individualised disclosure of Executive Board remuneration is hereby waived.

Supervisory Board Members and Their Compensation

The members of the Supervisory Board and their shareholdings in BECHTLE AG are as follows:

	31.12.2012	31.12.2011
Shareholder representatives		
Kurt Dobitsch	0	0
Prof. Dr. Thomas Hess	0	0
Dr. Walter Jaeger	0	0
Gerhard Schick	0	0
Karin Schick	7,353,287 ¹	7,333,287
Klaus Winkler	725	725
Dr. Jochen Wolf	0	0
Employee representatives		
Uli Drautz	0	1,644
Daniela Eberle	0	0
Jürgen Ergenzinger	0	0
Sonja Glaser-Reuss	1,000	1,000
Barbara Greyer	0	0
Siegfried Höfels	0	0

¹ 960,272 shares for Schick GmbH, 340,115 for Amaury Krief

The Supervisory Board compensation in the reporting period totalled €493 thousand.



See Appendix D
to the Notes.

Supervisory Board Members,
page 216 f

All other details relevant to the Supervisory Board that have to be provided by law are set out in summarised form in Appendix D to these Notes.

X. OTHER DISCLOSURES

Operating Leases

In the context of rental, leasehold and leasing agreements classed as operating leases as per IAS 17, the group hires property, plant and equipment. The leasing instalments and/or rental payments resulting from this are recognised directly as expense items in the income statement.

BECHTLE has hired buildings, vehicles and IT products by way of operating leases that cannot be terminated during the basic rental term. Payments amounting to €26,682 thousand (prior year: €25,520 thousand) were recognised as expenses in connection with leases.

Future minimum lease payments arising from the above-mentioned agreements totalled €65,185 thousand as at 31 December 2012 (prior year: €62,685 thousand).

The calculation of the minimum lease payments takes into account contractually agreed and known price adjustments. Beyond this, customary local price adjustment clauses and lease renewal options exist, which are not taken into account in the calculation since their amount and application are uncertain.

	€k
Due within one year	23,794
Due between 1 and 5 years	34,345
Due after 5 years	7,046
Total minimum lease payments	65.185

In connection with operating leases, BECHTLE also acts as lessor. Most of the agreements concerned relate to the leasing of IT products. Generally, the leasing agreements are concluded for terms of three to five years. The minimum lease payments from these leases amount to €4,892 thousand for 2013 (prior year for 2012: €5,104 thousand) and €4,791 thousand for 2014 to 2018 (prior year for 2013 to 2017: €5,965 thousand), thus totalling €9,683 thousand (prior year: €11,069 thousand).

Contingent Liabilities

Pursuant to IAS 37.86, the company is unaware of any legal dispute-related matters that would have a significantly negative impact on its income, liquidity or financial position or have had such impact over the past two years.

Employees

The personnel expenses were as follows:

	€k	
	2012	2011
Wages and salaries	276,784	252,171
Social security contributions and expenses for pension schemes and support	49,551	42,478
Total personnel expenses	326,335	294,649

Personnel expenses (wages and salaries) include severance pay (IAS 19.142) amounting to €932 thousand (prior year: €982 thousand).

All in all, the employee numbers in the BECHTLE Group were as follows as of the balance sheet date and on annual average:

	31.12.2012	31.12.2011	2012	2011
Full-time/part-time employees	5,438	5,026	5,315	4,753
Trainees	428	356	363	304
Employees on parental leave	104	97	102	89
Temporary staff	140	141	136	142
Total	6,110	5,620	5,916	5,288

The average number of full-time and part-time employees listed above includes 106 (prior year: 86) directors and/or Executive Board members of subsidiaries.

The employee numbers (without temporary staff) break down by segments and regions as follows:

	31.12.2012	31.12.2011	2012	2011
IT system house & managed services	4,754	4,305	4,563	4,043
Domestic	4,104	3,640	3,927	3,389
Abroad	650	665	636	654
IT e-commerce	1,216	1,174	1,217	1,103
Domestic	446	425	443	388
Abroad	770	749	774	715

The employee numbers (without employees on parental leave and without temporary staff) break down by functional areas as follows:

	31.12.2012	31.12.2011	2012	2011
Service	2,718	2,506	2,611	2,375
Sales	1,784	1,684	1,762	1,594
Administration	1,364	1,192	1,305	1,088

The service staff includes all employees who perform services for customer orders. The sales staff comprises employees who maintain direct contact with customers for sales purposes. The administrative staff comprises all employees who do not belong to the service and sales staff, especially employees in the purchasing department, the warehouse and the administration.

Auditor's Fee

The following fees were recognised as expense in the fiscal year 2012 for services rendered by the auditor of the consolidated financial statements, Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, for BECHTLE AG and its subsidiaries:

	€k	
	2012	2011
Financial statements audits	474	422
Other services	13	7
Auditor's fee	487	429

The fees for audits include the fees for the consolidated financial statements audit as well as for the audit of the annual financial statements of BECHTLE AG and its domestic subsidiaries.

Related Party Relationships

BECHTLE AG and all its (direct or indirect) subsidiaries are considered to be related parties. All these companies are consolidated in the consolidated financial statements of BECHTLE AG.

Parties related to BECHTLE are Karin Schick as the largest shareholder of BECHTLE AG, the members of the Executive Board and of the Supervisory Board of BECHTLE AG as well as their close family members.

Apart from her Supervisory Board office as shareholder representative, Karin Schick serves as a part-time employee at BECHTLE AG without material compensation.

Gerhard Schick, the former Chairman of the Executive Board and of the Supervisory Board, cofounder of BECHTLE and father of Karin Schick, will continue to make his great experience and expertise available to the BECHTLE Group within the scope of a consulting agreement without compensation.

In the reporting period, the employee representatives on the Supervisory Board received taxable compensations amounting to €374 thousand (prior year: €377 thousand) for their normal employment with BECHTLE.

Apart from this, there were no other noteworthy transactions between BECHTLE and related parties, neither in the reporting period nor in the prior year.



See Appendix A to
the Notes, Subsidiaries,
of Bechtle AG,
page 210 ff

Exercising of Rights Pursuant to Section 264 (3)/ Section 264b of the German Commercial Code (HGB)

The following companies, which are affiliated consolidated companies of BECHTLE AG and for which the consolidated financial statements of BECHTLE AG represent the exempting consolidated financial statements make full use of their right of exemption pursuant to Section 264 (3)/Section 264b of the German Commercial Code (HGB):

Company	Headquarters
Bechtle GmbH	Berlin
Bechtle GmbH & Co. KG	Bielefeld
Bechtle GmbH & Co. KG	Bonn
Bechtle GmbH & Co. KG	Chemnitz
Bechtle GmbH & Co. KG	Darmstadt
Bechtle GmbH	Dortmund
PSB GmbH	Dreieich
Bechtle GmbH & Co. KG	Duisburg
ITZ Informationstechnologie GmbH	Essen
Bechtle GmbH	Frankfurt
Bechtle GmbH	Freiburg
Bechtle GmbH & Co. KG	Friedrichshafen
Bechtle GmbH	Hamburg
Bechtle GmbH	Hannover
Bechtle GmbH & Co. KG	Karlsruhe
Bechtle GmbH & Co. KG	Krefeld
Bechtle IT-Systemhaus GmbH	Krefeld
Bechtle GmbH & Co. KG	Mannheim
Bechtle GmbH	Meschede
Bechtle GmbH & Co. KG	Münster
Bechtle E-Commerce Holding AG	Neckarsulm
Bechtle Field Services GmbH & Co. KG	Neckarsulm
Bechtle GmbH & Co. KG	Neckarsulm
Bechtle Grundstücksverwaltungsgesellschaft mbH	Neckarsulm
Bechtle Logistik & Service GmbH	Neckarsulm
Bechtle Managed Services AG	Neckarsulm
Bechtle ÖA direct GmbH	Neckarsulm
Bechtle Onsite Services GmbH	Neckarsulm
Bechtle Remote Services GmbH & Co. KG	Neckarsulm
Bechtle Systemhaus Holding AG	Neckarsulm
Bechtle GmbH	Nürnberg
Bechtle IT-Systemhaus GmbH & Co. KG	Ober-Mörlen
Bechtle GmbH	Offenburg
Bechtle GmbH	Radolfzell (Lake Constance)
Bechtle GmbH & Co. KG	Regensburg
Bechtle GmbH & Co. KG	Rottenburg (Neckar)
Bechtle GmbH	Schkeuditz
Bechtle GmbH	Solingen
Bechtle GmbH	Stuttgart
PP 2000 Business Integration AG	Stuttgart
Bechtle GmbH	Würselen
Bechtle GmbH	Würzburg

XI. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

No special events occurred at BECHTLE after the end of the reporting period.

Neckarsulm, 27 February 2013

BECHTLE AG
The Executive Board



Dr. Thomas Olemotz



Michael Guschlbauer



Jürgen Schäfer

SUBSIDIARIES OF BECHTLE AG*

as of 31 December 2012 (Appendix A to the Notes)

60. SUBSIDIARIES – GERMANY

Company	Location
Bechtle GmbH	Berlin
Bechtle GmbH & Co. KG	Bielefeld
Redmond Integrators GmbH	Bochum
Bechtle GmbH & Co. KG	Bonn
Bechtle GmbH	Bremen
Bechtle GmbH & Co. KG	Chemnitz
Bechtle GmbH & Co. KG	Darmstadt
ARP GmbH	Dietzenbach
Bechtle GmbH	Dortmund
PSB GmbH	Dreieich
Bechtle GmbH & Co. KG	Duisburg
ITZ Informationstechnologie GmbH	Essen
Bechtle GmbH	Frankfurt
Bechtle GmbH	Freiburg
Bechtle GmbH & Co. KG	Friedrichshafen
Bechtle Finanz- & Marketingservices GmbH	Gaildorf
Bechtle GmbH	Hamburg
HanseVision GmbH	Hamburg
Bechtle GmbH	Hannover
Bechtle GmbH & Co. KG	Karlsruhe
Bechtle GmbH	Köln
Bechtle GmbH & Co. KG	Krefeld
Bechtle IT-Systemhaus GmbH	Krefeld
SolidPro Informationssysteme GmbH	Langenau
Bechtle GmbH & Co. KG	Mannheim
Bechtle GmbH	Meschede
Bechtle GmbH & Co. KG	Münster
Bechtle direct GmbH	Neckarsulm
Bechtle E-Commerce Holding AG	Neckarsulm
Bechtle Finance GmbH	Neckarsulm
Bechtle GmbH & Co. KG	Neckarsulm
Bechtle Grundstücksverwaltungsgesellschaft mbH	Neckarsulm
Bechtle Immobilien GmbH	Neckarsulm
Bechtle Logistik & Service GmbH	Neckarsulm
Bechtle Managed Services AG	Neckarsulm
Bechtle ÖA direct GmbH	Neckarsulm

*The (direct or indirect) interest of Bechtle AG is 100 per cent in all cases.

Company	Location
Bechtle Onsite Services GmbH	Neckarsulm
Bechtle Remote Services GmbH & Co. KG	Neckarsulm
Bechtle Softwarelösungen GmbH	Neckarsulm
Bechtle Systemhaus Holding AG	Neckarsulm
Bechtle-Comsoft GmbH	Neckarsulm
Bechtle GmbH	Nürnberg
Bechtle IT-Systemhaus GmbH & Co. KG	Ober-Mörlen
PSB IT-Service GmbH	Ober-Mörlen
Bechtle GmbH	Offenburg
Bechtle GmbH	Radolfzell (Lake Constance)
Bechtle GmbH & Co. KG	Regensburg
Bechtle GmbH & Co. KG	Rottenburg (Neckar)
Bechtle GmbH	Schkeuditz
Bechtle GmbH	Solingen
Bechtle GmbH	Stuttgart
PP 2000 Business Integration AG	Stuttgart
Bechtle GmbH	Ulm
HCV Data Management GmbH	Walluf
Solid Line Aktiengesellschaft	Walluf
Bechtle GmbH	Weimar
Bechtle Remarketing GmbH	Wesel
Bechtle GmbH	Würselen
Bechtle GmbH	Würzburg
Non-operating companies:	
Bechtle Verwaltungs-GmbH	Bielefeld
Bechtle Verwaltungs-GmbH	Bonn
Bechtle Verwaltungs-GmbH	Chemnitz
DA Bechtle Verwaltungs-GmbH	Darmstadt
BO Bechtle Verwaltungs-GmbH	Duisburg
FH Bechtle Verwaltungs-GmbH	Friedrichshafen
Bechtle Data Verwaltungs-GmbH	Gaildorf
Bechtle GmbH	Gaildorf
Bechtle Kapitalbeteiligungs-Verwaltungs-GmbH	Gaildorf
intelligent IT solutions Beteiligungs-GmbH	Gaildorf
MH Bechtle Verwaltungs-GmbH	Gaildorf
MS Mikro Software Gesellschaft für Systemanalyse und Engineering mbH	Gaildorf
MVis informationssysteme GmbH	Gaildorf
OCR Datensysteme GmbH	Gaildorf

Company	Location
KA Bechtle Verwaltungs-GmbH	Karlsruhe
MA Bechtle Verwaltungs-GmbH	Mannheim
Bechtle Verwaltungs-GmbH	Münster
Bechtle Field Services GmbH & Co. KG	Neckarsulm
Bechtle Field Services Verwaltungs-GmbH	Neckarsulm
Bechtle Remote Services Verwaltungs-GmbH	Neckarsulm
HN Bechtle Verwaltungs-GmbH	Neckarsulm
Bechtle Verwaltungs-GmbH	Ober-Mörlen
REG Bechtle Verwaltungs-GmbH	Regensburg
RB Bechtle Verwaltungs-GmbH	Rottenburg (Neckar)

61. SUBSIDIARIES – WORLDWIDE

Company	Country	Location
ARP NV	Belgium	Neerpelt
Bechtle Brussels NV	Belgium	Neerpelt
Bechtle Comsoft NV	Belgium	Neerpelt
Bechtle direct NV	Belgium	Neerpelt
Bechtle direct SAS	France	Molsheim
Bechtle Management E.u.r.l.	France	Molsheim
Comsoft SOS Developers SAS	France	Valbonne
ARP SAS	France	Villebon-sur-Yvette
Bechtle direct Ltd.	United Kingdom	Chippenham, Wiltshire
Bechtle direct Limited	Ireland	Dublin
Bechtle direct S.r.l.	Italy	Bozen
Comsoft direct S.r.l.	Italy	Bozen
Bechtle direct B.V.	Netherlands	Eindhoven
Bechtle Holding B.V.	Netherlands	Eindhoven
Buyitdirect.com N.V.	Netherlands	Hoofddorp
ARP Nederland B.V.	Netherlands	Maastricht
ARP Supplies B.V.	Netherlands	Maastricht
Bechtle Data Management B.V.	Netherlands	Maastricht
Bechtle Management B.V.	Netherlands	Maastricht
Comsoft direct B.V.	Netherlands	Maastricht
Bechtle direct GmbH	Austria	Traun
HTH Consulting GmbH	Austria	St. Pölten
Bechtle GmbH	Austria	Wien

Company	Country	Location
ARP GmbH	Austria	Wiener Neudorf
Comsoft direct GmbH	Austria	Wiener Neudorf
Bechtle direct Polska Sp.z.oo.	Poland	Wrocław
Bechtle direct Portugal Unipessoal Lda	Portugal	Aveiro
Coma Services AG	Switzerland	Bremgarten
Gate Informatic AG	Switzerland	Ecublens
Bechtle direct AG	Switzerland	Gland
Bechtle Marketing AG	Switzerland	Regensdorf
Bechtle Printing Solutions AG	Switzerland	Regensdorf
Bechtle Regensdorf AG	Switzerland	Regensdorf
ARP Management AG	Switzerland	Rotkreuz
ARP Schweiz AG	Switzerland	Rotkreuz
Bechtle Holding Schweiz AG	Switzerland	Rotkreuz
Bechtle Management AG	Switzerland	Rotkreuz
Bechtle Schweiz AG	Switzerland	Rotkreuz
Comsoft direct AG	Switzerland	Rotkreuz
Bechtle St. Gallen AG	Switzerland	St. Gallen
Solid Solutions AG	Switzerland	Zürich
Bechtle direct S.L.	Spain	Madrid
Comsoft direct S.L.U.	Spain	Madrid
ARP Datacon Ltd.	Taiwan R.O.C.	Taipei Hsien
Bechtle direct s.r.o.	Czech Republic	Praha
Bechtle direct Kft.	Hungary	Budapest

62. CHANGES IN INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

from 1 January to 31 December 2012 (Appendix B to the Notes)

	Acquisition costs						As of 31.12.2012
	As of 01.01.2012	Change in scope of consolidation	Other additions	Currency translation differences	Disposals	Transfers/ Restructure	
Goodwill	135,648	1,573	0	262	0	0	137,483
Other intangible assets							
Brands	3,523	0	0	27	0	0	3,550
Customer base	23,472	1,347	0	60	2,895	0	21,984
Acquired software	18,128	62	2,219	41	309	0	20,141
Internally developed software	2,094	0	533	0	0	0	2,627
Customer service contracts	5,356	1,021	210	2	0	0	6,589
Non-compete agreements	2,260	882	0	0	745	0	2,397
	54,833	3,312	2,962	130	3,949	0	57,288
Property, plant and equipment							
Property and buildings	53,238	0	11,717	0	0	1,693	66,648
Miscellaneous equipment, furniture, fixtures and fittings	69,779	238	15,231	163	8,812	652	77,251
Advance payments and construction in progress	1,762	37	2,105	0	37	-2,345	1,522
	124,779	275	29,053	163	8,849	0	145,421
	315,260	5,160	32,015	555	12,798	0	340,192

from 1 January to 31 December 2011 (Appendix C to the Notes)

	Acquisition costs						As of 31.12.2011
	As of 01.01.2011	Change in scope of consolidation	Other additions	Currency translation differences	Disposals	Transfers/ Restructure	
Goodwill	115,835	18,963	0	850	0	0	135,648
Other intangible assets							
Brands	3,421	0	0	102	0	0	3,523
Customer base	25,777	4,378	150	282	7,115	0	23,472
Acquired software	15,532	21	2,625	148	198	0	18,128
Internally developed software	2,094	0	0	0	0	0	2,094
Customer service contracts	2,240	3,049	55	12	0	0	5,356
Non-compete agreements	895	1,515	0	0	150	0	2,260
	49,959	8,963	2,830	544	7,463	0	54,833
Property, plant and equipment							
Property and buildings	12,013	2,956	38,518	0	249	0	53,238
Miscellaneous equipment, furniture, fixtures and fittings	55,534	337	18,010	334	4,502	66	69,779
Advance payments and construction in progress	66	0	1,762	0	0	-66	1,762
	67,613	3,293	58,290	334	4,751	0	124,779
	233,407	31,219	61,120	1,728	12,214	0	315,260

€k

Cumulative depreciations and amortisations				Carrying amount		
As of 01.01.2012	Additions	Currency translation differences	Disposals	As of 31.12.2012	As of 31.12.2012	As of 31.12.2011
0	0	0	0	0	137,483	135,648
0	0	0	0	0	3,550	3,523
14,176	3,720	45	2,895	15,046	6,938	9,296
14,791	1,851	39	289	16,392	3,749	3,337
2,012	86	0	0	2,098	529	82
597	776	1	0	1,374	5,215	4,759
909	1,223	0	745	1,387	1,010	1,351
32,485	7,656	85	3,929	36,297	20,991	22,348
1,738	1,508	0	0	3,246	63,402	51,500
43,396	12,584	126	8,468	47,638	29,613	26,383
0	0	0	0	0	1,522	1,762
45,134	14,092	126	8,468	50,884	94,537	79,645
77,619	21,748	211	12,397	87,181	253,011	237,641

€k

Cumulative depreciations and amortisations				Carrying amount		
As of 01.01.2011	Additions	Currency translation differences	Disposals	As of 31.12.2011	As of 31.12.2011	As of 31.12.2010
0	0	0	0	0	135,648	115,835
0	0	0	0	0	3,523	3,421
17,016	4,076	199	7,115	14,176	9,296	8,761
13,032	1,812	138	191	14,791	3,337	2,500
1,953	59	0	0	2,012	82	141
70	526	1	0	597	4,759	2,170
190	869	0	150	909	1,351	705
32,261	7,342	338	7,456	32,485	22,348	17,698
1,211	776	0	249	1,738	51,500	10,802
37,240	10,243	265	4,352	43,396	26,383	18,294
0	0	0	0	0	1,762	66
38,451	11,019	265	4,601	45,134	79,645	29,162
70,712	18,361	603	12,057	77,619	237,641	162,695

SUPERVISORY BOARD MEMBERS

(Appendix D to the Notes)

63. SUPERVISORY BOARD MEMBERS – SHAREHOLDER REPRESENTATIVES

Name	Member since	Profession	Membership in supervisory boards and other supervisory bodies pursuant to Section 125 (1) sentence 3 of the German Stock Corporation Act (AktG)
Kurt Dobitsch	20 May 1999	Businessman	Chairman of the Supervisory Board ■ United Internet AG, Montabaur, Germany ■ Nemetschek AG, München, Germany Member of the Supervisory Board ■ 1&1 Internet AG, Karlsruhe, Germany ■ DOCUWARE AG, Germering, Germany ■ Graphisoft S.E., Budapest, Hungary ■ Singhammer IT Consulting AG, München, Germany
Prof. Dr. Thomas Hess	20 June 2012	Institute Director	
Dr. Walter Jaeger	17 June 2008	Businessman	Chairman of the Supervisory Board ■ Wirthwein AG, Creglingen, Germany Chairman of the Advisory Board ■ Hohenloher Spezialmöbelwerk Schaffitzel GmbH & Co. KG, Öhringen, Germany ■ Horst Mosolf GmbH & Co. KG, Kirchheim unter Teck, Germany ■ Vollert Anlagenbau GmbH, Weinsberg, Germany ■ GEMÜ Gebr. Müller GmbH & Co. KG, Ingelfingen, Germany
Gerhard Schick Chairman of the Supervisory Board until 19 June 2012	22 March 2004	Businessman	
Karin Schick	9 August 2004	Clerk	
Klaus Winkler Chairman of the Supervisory Board since 20 June 2012	20 May 1999	Managing Director	Member of the Supervisory Board ■ IMS Gear GmbH, Donaueschingen, Germany (until 1 January 2012) ■ Joma-Polytec GmbH, Bodelshausen, Germany Member of the Advisory Board ■ Dieffenbacher Holding GmbH & Co. KG, Eppingen, Germany ■ Kapp GmbH & Co. KG, Coburg, Germany
Dr. Jochen Wolf 2nd Vice-Chairman of the Supervisory Board	2 October 2003	Managing Director	Chairman of the Supervisory Board ■ Joma-Polytec GmbH, Bodelshausen, Germany Member of the Supervisory Board ■ Bardusch GmbH + Co. KG, Ettlingen, Germany ■ Bizerba GmbH & Co. KG, Balingen, Germany (since 1 January 2013) ■ IMS Gear GmbH, Donaueschingen, Germany ■ LTS Lohmann Therapie-Systeme AG, Andernach, Germany ■ R-Biopharm AG, Darmstadt, Germany Member of the Board of Directors ■ E.G.O. Blanc & Fischer-Firmengruppe, Oberderdingen, Germany

64. SUPERVISORY BOARD MEMBERS – EMPLOYEE REPRESENTATIVES

Name	Member since	Profession	Membership in supervisory boards and other supervisory bodies pursuant to Section 125 (1) sentence 3 of the German Stock Corporation Act (AktG)
Uli Drautz Vice-Chairman of the Supervisory Board	15 October 2003	Executive	Member of the Supervisory Board ■ Bechtle E-Commerce Holding AG, Neckarsulm ■ Bechtle Systemhaus Holding AG, Neckarsulm ■ Bechtle Managed Services AG, Neckarsulm ■ SolidLine AG, Walluf, Germany ■ PP 2000 Business Integration AG, Stuttgart, Germany
Daniela Eberle	15 October 2003	Clerk	
Jürgen Ergenzinger	17 June 2008	Union Secretary IG Metall, Administrative office Heilbronn- Neckarsulm	
Sonja Glaser-Reuss	17 June 2008	Clerk	
Barbara Greyer	15 October 2003	Union Secretary ver.di, State District Baden- Württemberg	
Siegfried Höfels	17 May 2011	Technical Employee	

65. COMMITTEES OF THE SUPERVISORY BOARD

Audit committee	Personnel committee
Klaus Winkler (Chairman since 20 June 2012) Uli Drautz Daniela Eberle Dr. Walter Jaeger Dr. Jochen Wolf	Dr. Jochen Wolf (Chairman since 20 June 2012) Uli Drautz Klaus Winkler

AUDIT OPINION

We have issued the following opinion on the consolidated financial statements and the group management report:

"We have audited the consolidated financial statements prepared by the BECHTLE AG, Neckarsulm, comprising the income statement, the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash-flows and the notes to the consolidated financial statements, together with the group management report for the fiscal year from January 1 to December 31, 2012. The preparation of the consolidated financial statements and the group management report in accordance with IFRS's as adopted by the EU, and the additional requirements of German commercial law pursuant to Sec. 315A (1) HGB ("Handelsgesetzbuch": "German Commercial Code") are the responsibility of the parent company's management. Our responsibility is to express an opinion on the consolidated financial statements and on the group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with Sec. 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and the group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRS's as adopted by the EU, the additional requirements of German commercial law pursuant to Sec. 315A (1) HGB and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development."

Heilbronn, 27 February 2013

Ernst & Young GmbH, Wirtschaftsprüfungsgesellschaft



Strähle

German Public Auditor



Hieronymus

German Public Auditor



RESPONSIBILITY STATEMENT BY THE EXECUTIVE BOARD

To the best of our knowledge, and in accordance with the applicable reporting principles for financial reporting, the consolidated financial statements give a true and fair view of the earnings, asset and financial position of the group, and the Management Report of the group includes a fair review of the development and performance of the business and the position of the group, together with a description of the principal opportunities and risks associated with the expected development of the group.

Neckarsulm, 12 March 2013

BECHTLE AG

The Executive Board



Dr. Thomas Olemotz



Michael Guschlbauer



Jürgen Schäfer

66. MULTI-YEAR OVERVIEW BECHTLE GROUP

	2007	2008	2009	2010	2011	2012	Change in % 2012-2011	
Regions								
Revenue	€k	1,383,453	1,431,462	1,379,307	1,722,919	1,994,881	2,096,835	+5.1
Domestic	€k	902,367	938,868	921,578	1,158,213	1,315,185	1,433,869	+9.0
of total revenue	%	65.2	65.6	66.8	67.2	65.9	68.4	
Abroad	€k	481,086	492,594	457,729	564,706	679,696	662,966	-2.5
Segments								
Revenue	€k	1,383,453	1,431,462	1,379,307	1,722,919	1,994,881	2,096,835	+5.1
IT system house & managed services	€k	885,772	927,530	919,956	1,151,119	1,315,669	1,394,455	+6.0
of total revenue	%	64.0	64.8	66.7	66.8	66.0	66.5	
IT e-commerce	€k	497,681	503,932	459,351	571,800	679,212	702,380	+3.4
EBIT	€k	58,253	60,229	42,712	60,728	86,403	80,520	-6.8
IT system house & managed services	€k	33,065	38,444	25,768	35,852	49,891	44,405	-11.0
EBIT margin	%	3.7	4.1	2.8	3.1	3.8	3.2	
IT e-commerce	€k	25,188	21,785	16,944	24,876	36,512	36,115	-1.1
EBIT margin	%	5.1	4.3	3.7	4.4	5.4	5.1	
Income Statement								
Revenue	€k	1,383,453	1,431,462	1,379,307	1,722,919	1,994,881	2,096,835	+5.1
Cost of sales	€k	1,188,121	1,213,331	1,179,770	1,486,440	1,697,185 ¹	1,778,035	+4.8
Gross profit	€k	195,332	218,131	199,537	236,479	297,696 ¹	318,800	+7.1
Distribution costs	€k	81,355	90,455	87,944	99,015	127,145 ¹	145,316	+14.3
Administrative expenses	€k	67,236	75,709	76,171	86,001	93,671 ¹	104,238	+11.3
Other operating income	€k	11,512	8,262	7,290	9,265	9,523 ¹	11,274	+18.4
Operating earnings (EBIT)	€k	58,253	60,229	42,712	60,728	86,403	80,520	-6.8
Financial income	€k	1,263	1,987	1,503	1,727	1,776	2,026	+14.1
Financial expenses	€k	510	683	553	671	1,890	3,290	+74.1
Earnings before taxes (EBT)	€k	59,006	61,533	43,662	61,784	86,289	79,256	-8.2
Income taxes	€k	18,047	16,105	9,404	15,362	23,566	22,695	-3.7
Earnings after taxes (EAT)	€k	40,959	45,428	34,258	46,422	62,723	56,561	-9.8
Material costs	€k	1,051,860	1,079,543	1,043,059	1,338,651	1,520,407 ¹	1,584,912	+4.2
Gross earnings	€k	340,426	362,502	343,538	393,533	483,997 ¹	523,197	+8.1
Personnel expenses	€k	203,253	217,710	220,418	241,420	294,649	326,335	+10.8
Depreciation and amortisation (on property, plant and equipment and other intangible assets without goodwill)	€k	13,501	13,910	14,264	15,399	18,361	21,748	+18.4
Financial earnings	€k	753	1,304	950	1,056	-114	-1,264	+1008.8

¹Adjusted figure

	2007	2008	2009	2010	2011	2012	Change in % 2012-2011	
Balance Sheet (selected items)								
Assets								
Non-current assets	€k	145,560	156,955	164,510	206,258	281,638	297,583	+5.7
Goodwill	€k	99,909	105,823	106,395	115,835	135,648	137,483	+1.4
Other intangible assets	€k	19,214	19,559	14,932	17,698	22,348	20,991	-6.1
Property, plant and equipment	€k	19,563	23,758	27,740	29,162	79,645	94,537	+18.7
Deferred taxes	€k	4,461	4,696	9,874	10,652	9,833	7,933	-19.3
Other assets	€k	1,946	2,564	2,253	1,870	2,356	2,224	-5.6
Time deposits and securities	€k	-	-	3,000	30,654	30,700	32,059	+4.4
Current assets	€k	305,863	339,113	356,155	447,458	521,778	547,859	+5.0
Inventories	€k	46,817	52,118	59,322	75,056	91,190	90,065	-1.2
Trade receivables	€k	189,312	188,402	183,979	249,046	286,773	307,348	+7.2
Other assets	€k	13,395	19,410	19,221	21,880	31,955	35,423	+10.9
Time deposits and securities	€k	1,929	338	15,510	13,619	16,219	35,888	+121.3
Cash and cash equivalents	€k	52,300	77,300	76,467	85,477	94,569	78,208	-17.3
Equity and liabilities								
Equity	€k	276,465	311,449	334,961	371,483	419,044	458,393	+9.4
Issued capital	€k	21,200	21,200	21,000	21,000	21,000	21,000	0
Capital reserves	€k	143,454	143,454	145,228	145,228	145,228	145,228	0
Retained earnings	€k	111,457	149,042	168,733	205,255	252,816	292,165	+15.6
Non-current liabilities	€k	23,765	30,964	32,284	46,727	98,670	99,279	+0.6
Pension provisions	€k	5,775	8,859	8,631	13,227	14,786	10,744	-27.3
Financial liabilities	€k	3,709	5,185	6,604	12,266	57,280	61,142	+6.7
Deferred taxes	€k	10,102	11,558	11,598	13,209	15,847	16,056	+1.3
Accruals and deferrals	€k	3,769	4,153	4,820	6,565	8,359	8,902	+6.5
Current liabilities	€k	151,193	153,655	153,420	235,506	285,702	287,770	+0.7
Other provisions	€k	3,310	4,019	3,959	5,338	5,643	5,241	-7.1
Financial liabilities	€k	6,049	10,466	2,561	4,812	9,002	12,567	+39.6
Trade payables	€k	88,267	83,250	79,460	129,060	148,799	145,964	-1.9
Income tax payables	€k	6,055	4,448	5,455	6,337	8,735	6,906	-20.9
Other liabilities	€k	38,043	40,763	42,381	64,624	72,237	74,963	+3.8
Accruals and deferrals	€k	9,469	10,709	19,604	25,335	41,286	42,129	+2.0
Balance sheet total	€k	451,423	496,068	520,665	653,716	803,416	845,442	+5.2
Cash flow and investments								
Cash flow from operating activities	€k	41,993	49,941	47,330	59,114	55,782	56,669	+1.6
Cash flow from investing activities	€k	-9,500	-18,074	-30,292	-47,625	-45,282	-56,031	+23.7
Cash flow from financing activities	€k	-16,145	-10,136	-17,772	-7,173	-2,246	-17,282	+669.5
Cash and cash equivalents incl. time deposits and securities	€k	54,229	77,638	94,977	129,750	141,488	146,155	+3.3
Free Cash flow	€k	25,831	28,252	34,437	41,751	12,159	19,485	+60.3
Investments (in property, plant and equipment and other intangible assets without goodwill)	€k	10,285	13,683	14,045	11,822	61,120	32,015	-47.6
Investment ratio (= Investments/ Average property, plant and equipment + other intangible assets without goodwill)	%	26.67	33.33	32.67	26.41	82.12	29.44	

		2007	2008	2009	2010	2011	2012	Change in % 2012-2011
Key figures of the share¹								
Closing price	€	27.42	13.66	18.79	28.99	26.20	30.65	+17.0
Annual high	€	35.59	27.86	20.50	30.65	34.35	35.10	+2.2
Annual low	€	19.45	9.64	11.02	17.01	23.48	25.50	+8.6
Weighted average shares	th. shares	21,200	21,165	20,853	21,000	21,000	21,000	0
Market capitalisation (31.12)	€k	581,304	289,592	394,590	608,790	550,200	643,650	+17.0
Average turnover/trading day ²	shares	71,856	69,743	37,129	30,543	51,873	42,143	-18.8
Average turnover/trading day ²	€	1,953,582	1,228,978	538,189	705,260	1,460,183	1,281,620	-12.2
Cash dividend per share	€	0.60	0.60	0.60	0.75	1.00	1.00 ³	0
Dividend amount distributed	€k	12,720	12,445	12,600	15,750	21,000	21,000 ³	0
Pay out ratio	%	31.1	27.4	36.8	33.9	33.5	37.1 ³	
Dividend yield (31.12)	%	2.2	4.4	3.2	2.6	3.8	3.3 ³	
Enterprise value (EV)	€k	582,580	277,565	378,300	618,242	610,152	725,154	+18.8
Earnings per share	€	1.93	2.14	1.64	2.21	2.99	2.69	-9.8
Cash flow per share	€	1.98	2.36	2.25 ⁴	2.81	2.66	2.70	+1.6
Net asset value per share (= Equity/Weighted average shares)	€	13.04	14.72	16.06	17.69	19.95	21.83	+9.4
Market capitalisation to revenue		0.4	0.2	0.3	0.4	0.3	0.3	+11.3
Price earning ratio (P/E)		14.2	6.4	11.5	13.1	8.8	11.4	+29.7
EV/EBITDA		8.1	3.7	6.6	8.1	5.8	7.1	+21.7
EV/EBIT		10.0	4.6	8.9	10.2	7.1	9.0	+27.5
EV/EBT		9.9	4.5	8.7	10.0	7.1	9.1	+29.4
EV/EAT		14.2	6.1	11.0	13.3	9.7	12.8	+31.8
EV/Revenue		0.4	0.2	0.3	0.4	0.3	0.3	+13.1
Personnel								
Employees⁵ (31.12)		4,250	4,405	4,354	4,766	5,479	5,970	+9.0
Domestic		3,036	3,169	3,158	3,471	4,065	4,550	+11.9
Abroad		1,214	1,236	1,196	1,295	1,414	1,420	+0.4
IT system house & managed services		3,303	3,450	3,443	3,763	4,305	4,754	+10.4
IT e-commerce		947	955	911	1,003	1,174	1,216	+3.6
Trainees (31.12)		257	281	289	306	356	428	+20.2
Employees (annual average)		4,103	4,288	4,396	4,496	5,146	5,780	+12.3
Full-time employees (annual average)		3,805	3,971	4,058	4,137	4,753	5,315	+11.8
IT system house & managed services		2,975	3,048	3,178	3,243	3,727	4,191	+12.4
IT e-commerce		830	923	880	894	1,026	1,124	+9.6
Personnel expense ratio	%	14.7	15.2	16.0	14.0	14.8	15.6	
Personnel intensity	%	59.7	60.1	64.2	61.3	60.9 ⁴	62.4	

¹XETRA share prices²All German stock exchanges³Subject to approval by the Annual General Meeting⁴Adjusted figure⁵Without temporary staff

	2007	2008	2009	2010	2011	2012	Change in % 2012-2011	
Efficiency ratios								
Contribution margin	%	24.6	25.3	24.9	22.8	24.3 ¹	25.0	
Gross margin	%	14.1	15.2	14.5	13.7	14.9 ¹	15.2	
EBITDA margin	%	5,2	5,2	4,1	4,4	5,3	4,9	
EBIT margin	%	4,2	4,2	3,1	3,5	4,3	3,8	
EBT margin	%	4,3	4,3	3,2	3,6	4,3	3,8	
EAT margin	%	3,0	3,2	2,5	2,7	3,1	2,7	
Organic growth	%	7,7	2,3	-4,1	22,8	12,8	3,8	
Revenue per employee	€k	363.6	360.5	339.9	416.5	419.7	394.5	-6,0
IT system house & managed services	€k	297.7	304.3	289.5	355.0	353.0	332.7	-5.7
IT e-commerce	€k	599.6	546.0	522.0	639.6	662.0	624.9	-5.6
EBT per employee	€k	15,5	15,5	10,8	14,9	18,2	14,9	-17.9
Return on equity (EAT/Average annual equity)	%	16,9	16,9	11,3	14,2	17,3	13,9	
Return on total assets (EAT/Average annual total assets)	%	10,3	10,7	7,4	8,7	9,8	7,9	
ROA (= EBIT/Average annual total assets)	%	14,5	13,9	9,1	11,3	13,1	10,6	
ROE (= EBIT/Average annual equity)	%	24,0	22,2	14,1	18,4	23,9	19,8	
ROCE (= EBIT/Capital Employed)	%	23,4	22,7	15,7	21,0	25,2	19,5	
Balance sheet ratios								
Capitalisation ratio of non-current assets (= non-current assets/total assets)	%	32,2	31,6	31,6	31,6	35,1	35,2	
Working intensity of current assets (= current assets/total assets)	%	67,8	68,4	68,4	68,4	64,9	64,8	
Equity ratio	%	61,2	62,8	64,3	56,8	52,2	54,2	
Total liabilities to total assets	%	38,8	37,2	35,7	43,2	47,8	45,8	
Asset structure (= non-current/current assets)	%	47,6	46,3	46,2	46,1	54,0	54,3	
Capital structure (= equity/liabilities)	%	158,0	168,7	180,4	131,6	109,0	118,4	
Financial ratios								
Net debt	€k	-44.471	-61.987	-85.812	-112.672	-75.206	-72.446	-3,7
Debt ratio (total liabilities to total equity)		0,63	0,59	0,55	0,76	0,92	0,84	-7,9
Working Capital	€k	134.881	142.490	139.465	166.780	189.881	211.595	+11,4
Working Capital to revenue	%	9,7	10,0	10,1	9,7	9,5	10,1	
Working Capital to annual total asset	%	29,9	28,7	26,8	25,5	23,6	25,0	
Capital Employed	€k	249.469	264.928	272.247	288.600	342.667	411.898	+20,2
Capital Employed to annual total asset	%	55,3	53,4	52,3	44,1	42,7	48,7	
Capital Employed to revenue	%	18,0	18,5	19,7	16,8	17,2	19,6	
Structural analysis ratios								
Revenue to inventory		29,6	27,5	23,3	23,0	21,9	23,3	+6,4
Revenue to average net trade receivables		9,4	9,5	10,1	10,3	10,2	9,7	-5,0
Revenue to average total assets		3,4	3,3	2,9	3,2	3,0	2,8	-8,0
DSO		38,7	38,4	36,2	35,3	35,8	37,7	+5,3

¹Adjusted figure

GLOSSARY

bios®. The BECHTLE information ordering system is an online hardware and software procurement system that is tailored to the needs of customers.

CAD. Computer-aided design – CAD refers to computer-aided design with the help of suitable programs or software solutions.

Capitalisation ratio. Indicates the ratio of non-current assets to the balance sheet total.

Capital employed (CE). Annual average interest-bearing capital tied up on a long-term basis.

Cash pooling. Corporate liquidity management in the scope of which surplus liquidity is withdrawn from group companies or liquidity is provided in the form of loans in the event of liquidity shortfalls.

Cloud Computing. In cloud computing, IT services are provided in real time in a needs-oriented, flexible manner via the Internet and billed according to use. The IT services may comprise software, platforms for development and application of operations and the basic infrastructure.

Contribution margin. Difference between revenue and material costs.

Currency future. Obligation to buy or sell foreign currencies at a date and price determined in advance.

D-A-CH-Region. Relates to the countries Germany, Austria, and Switzerland.

Data warehouse. A data warehouse is a central collection of data (usually a database) from various sources. The data stored in the data warehouse are kept over long periods, especially for analyses, as well as a basis for administrative decisions and for corporate management purposes.

Debt ratio. Ratio of borrowed capital to equity.

Deferred taxes. Temporary differences between calculated taxes on earnings presented in the commercial balance sheet and tax balance sheet for the purpose of presenting the tax expense according to the earnings under commercial law.

DeltaMaster. Comprehensive software solution for analysis, planning and reporting. At BECHTLE, the system is used for focus and income planning and supports the management processes in the company by means of rolling reporting.

DeltaMaster-Compass. Business-intelligence solution for controlling performance in the operational units by means of integrated reporting and benchmarking in all aspects of the BECHTLE business model.

Derivative (derivative financial instrument, financial derivative). Financial instrument whose measurement depends on the price development of the underlying. For example financial derivatives include → currency futures and → interest rate swaps.

Discounted cash flow method. Model calculation, in particular for the valuation of an enterprise, in which all future → free cash flows are discounted and added up taking into account variable parameters such as the term and capital cost rate at the time of the calculation.

Dividend payout ratio. Indicates how much of the annual profit is paid out to the shareholders in the form of a dividend. It is calculated as follows: dividend paid out divided by the consolidated earnings after taxes and minority interests, in per cent.

Dividend yield. Indicates the annual yield that the shareholder receives in the form of a dividend for their share investment measured at the annual closing rate. It is calculated as follows: dividend per share divided by the annual closing rate, multiplied by 100.

D&O insurance (Directors & Officers insurance). Pecuniary damage liability insurance that a company concludes for its Executive Board or Supervisory Board. The D&O insurance hedges unintentional violations of the obligation to exercise due care.

DPO. Days payable outstanding – indicates after how many days a company pays its liabilities to suppliers.

DSO. Days sales outstanding. DSO indicates the average number of days until due receivables are paid.

Due diligence. Refers to the systematic audit of a company's financial, legal and economic situation.

EITO. European Information Technology Observatory – a European initiative that has been publishing market data on information and communication technology as well as consumer electronics in Europe since 1993.

EPS. European Pricing System – developed by BECHTLE, this system processes more than 11 million sets of price and availability information on the offered IT products overnight and updates the selling prices on this basis each day. The EPS was launched in 1995 and is subject to ongoing further development.

Equity ratio. Ratio of equity to total capital. The higher the equity ratio, the lower the → debt ratio of the company.

ERP. The enterprise resource planning system is complex management software for efficient, smart resource planning.

ESC. European Sales Cockpit – a controlling instrument that analyses the revenue, earnings and specific sales figures for all of BECHTLE'S European trading companies and merges them in systematic, continuous benchmarks.

Firewall. Security device in computer technology consisting of software and hardware. Provides protection from unauthorised access, for example from the Internet, and secures data traffic.

Free cash flow. Cash flow from operating activities less the balances from outgoing and incoming payments related to the acquisition or sale of companies, as well as outgoing and incoming payments related to investments in intangible assets and property, plant and equipment.

Fulfilment. All activities related to the performance of a contract concluded with a customer. The services range from the acceptance of the order to picking and the shipping of the goods.

Green IT. Refers to efforts to ensure the environmentally and resource-friendly use of information technology throughout the entire life cycle – from the design of the systems and the production of the components to their use and disposal or recycling. Green IT mainly focuses on subjects such as the use of energy and the effects of harmful substances.

Gross profit. Difference between revenue and cost of sales.

IaaS. Infrastructure as a service: This involves flexible provision of IT resources such as processing performance, storage or network capacity to the user by a service provider.

IFRS. The International Financial Reporting Standards (until 2001: International Accounting Standards, IAS) for enterprises are developed and published by the International Accounting Standards Board (IASB). Their objective is to regulate the preparation of internationally comparable annual and consolidated financial statements irrespective of national laws. Since 2005, the adoption of the IFRS has been mandatory for listed companies that are headquartered in the European Union according to the IAS directive.

iLearn. A web-based training portal designed for all employees. Offered in various languages, the individual courses on all relevant industry subjects can be expanded flexibly. The use of iLearn promotes modern, media-aided training at BECHTLE.

Interest rate swap. Agreement between two contracting parties to swap different interest payment streams. Interest rate swaps are financial derivatives and are generally used to hedge interest rate risks (→ derivative).

Investment grade. Credit rating by a rating agency. Credit ratings can be roughly split into two categories: “investment grade” (= sufficiently safe) and “non investment grade” (= speculative).

Investment ratio. Ratio of investments in other intangible assets and property, plant and equipment to the average annual carrying amount of other intangible assets and of property, plant and equipment.

ISO 14001. An international standard of the International Organization for Standardization (ISO) that defines general requirements for an environmental management system for voluntary certification.

Leverage. Describes the leveraging effect that occurs when improving the → return on equity through increased use of borrowed capital.

Managed services. Defined IT services rendered for customers. Among other things, this includes the operation and management of hosting services, virtual private networks (VPN), voice over IP (VOIP), Internet access and network security.

Market cap. Market value of a company. The market cap is calculated by multiplying the share price with the number of a company's issued shares.

Navision Financial. Decentralised ERP system of the individual BECHTLE locations, with data replication in the central SAP system.

Net indebtedness (Net debt). Indicates the indebtedness or debt potential of an enterprise if all interest-bearing liabilities were to be paid with current assets. It is calculated from the financial liabilities less cash and cash equivalents as well as time deposits and securities.

Outsourcing. In the field of IT, outsourcing or out-tasking refers to the delegation of specific tasks or part of them to external IT service providers. → Managed Services.

PaaS. Platform as a service: With these services, the user is provided with developer tools enabling the creation, operation and monitoring of applications.

Personnel intensity. The ratio of personnel expenses to the → contribution margin.

Planos. Internally developed IT system that collects the individual planning elements of the departments and merges them in the overall operational planning.

Return on assets (ROA). Ratio of earnings after taxes and before financial expenses to the average annual total capital employed.

Return on capital employed (ROCE). Ratio of earnings before financial earnings and taxes to the → capital employed. The ROCE shows the operating interest on the company's capital employed or tied up on a long-term basis.

Return on equity (ROE). Ratio of earnings after taxes to the average annual equity as reported in the balance sheet. The return on equity shows how much interest the shareholders' equity as reported in the balance sheet bears.

Return on sales. Ratio of earnings after taxes to revenue.

SaaS. Software as a service is a software distribution model in which the IT service provider provides, operates and supervises software in the form of a service on the basis of Internet technologies. The end user merely needs a minimal IT infrastructure to access the provided software.

Software licensing and management. Processes that secure the administration as well as the legal and efficient use of software in the company.

SPARC. A concept for the collaboration with selected strategic manufacturers throughout Europe, largely used for the coordination of special supra-national sales and marketing activities between the partner companies.

SQL. Structured Query Language – a specific database language for defining, querying, inserting, editing and deleting data records in relational databases.

Treasury. An area that is concerned with the use and investment of financial resources. This area is also responsible for hedging financial risks, which can go far beyond the hedging of interest rate risks or exchange rate risks.

Virtualisation. Abstraction of physical resources. The individual systems are provided with a complete virtual computer with all hardware components. Software virtualisation can be used to simulate an operating system or an application. This makes it possible to execute applications locally without installing them.

Working capital. Inventories plus trade receivables less trade payables and deferrals.

LIST OF CHARTS AND TABLES

SHARE

<i>Chart 22</i>	The Bechtle Share – Performance from January 2012 to February 2013	72
<i>Chart 23</i>	The Bechtle Share – Highest and Lowest Prices January 2012 to February 2013	72
<i>Chart 24</i>	The Bechtle Share – Performance from 2005 to 2012	72
<i>Table 25</i>	Trading Data of Bechtle Share	73
<i>Table 26</i>	Key Share Figures	74
<i>Chart 37</i>	EPS	87

GENERAL ECONOMIC AND INDUSTRY INFORMATION

<i>Chart 27</i>	GDP Performance	79
<i>Chart 52</i>	IT Expenditure in the Bechtle Markets 2000–2013	120
<i>Chart 53</i>	Technology and Market Trends	121
<i>Chart 54</i>	IFO Business Climate Index for German Industry and Trade	125

EARNINGS

<i>Chart 33</i>	EBITDA	85
<i>Chart 34</i>	EBIT	86
<i>Chart 35</i>	EBT	86
<i>Chart 36</i>	EBT Margin	87
<i>Chart 40</i>	EBIT in the IT System House & Managed Services Segment	89
<i>Chart 41</i>	EBIT Margin in the IT System House & Managed Services Segment	89
<i>Chart 44</i>	EBIT in the IT E-Commerce Segment	91
<i>Chart 45</i>	EBIT Margin in the IT E-Commerce Segment	91

KEY PERFORMANCE INDICATORS

<i>Table 46</i>	Condensed Balance Sheet	92
<i>Table 47</i>	ROCE/Capital Employed	93
<i>Table 48</i>	Working Capital	93
<i>Table 49</i>	Return on Equity and Return on Assets	94
<i>Table 50</i>	Cash Flow	97

CONSOLIDATED FINANCIAL STATEMENTS

Table 55	Income Statement	130
Table 56	Statement of Comprehensive Income	131
Table 57	Balance Sheet	132
Table 58	Statement of Changes in Equity	134
Table 59	Cash Flow Statement	135
Table 62	Changes in Intangible Assets and Property, Plant and Equipment	214

COSTS

Table 19	Personnel Expenses	62
Table 31	Cost of Sales/Gross Profit	84
Table 32	Distribution Costs/Administrative Expenses	84

EMPLOYEES

Chart 14	Employees by Regions	60
Chart 15	Employees by Areas	61
Chart 16	Employees by Segments	61
Chart 17	Executive: Share Female/Male	62
Chart 18	Trainees: Share Female/Male	62

ORGANISATIONAL CHARTS/DIAGRAMS

Chart 03	Holding Structure of Bechtle AG	38
Chart 04	Management Structure of Bechtle AG	40
Chart 05	System House Locations of Bechtle AG	41
Chart 06	E-Commerce Locations of Bechtle AG	42
Chart 07	Bechtle is a "One-Stop Provider"	43
Chart 08	Managed Services Portfolio	45
Chart 09	Know-how Transfer between Locations	47
Chart 10	Online Order and Goods Delivery	48
Chart 12	Corporate Governance of Bechtle AG	56
Chart 13	Planning and Reporting Calendar of Bechtle AG	59
Chart 51	Layers and Organisation forms of Cloud Services	108
Chart 66	Organisational Structure Bechtle Group	234

REVENUE

<i>Chart 11</i>	Industry Segmentation of Bechtle AG by Revenue	52
<i>Chart 28</i>	Revenue	82
<i>Table 29</i>	Revenue Performance	83
<i>Chart 30</i>	Regional Revenue Distribution	83
<i>Chart 38</i>	Segment Revenue IT System House & Managed Services	88
<i>Chart 39</i>	Revenue Distribution in the IT-System House & Managed Services Segment	88
<i>Chart 42</i>	Segment Revenue IT E-Commerce	90
<i>Chart 43</i>	Revenue Distribution in the IT E-Commerce Segment	90

OVERVIEWS

<i>Table 01</i>	5 Years in Figures	Front inside cover
<i>Table 02</i>	Review by Quarter 2011	Front inside cover
<i>Table 60</i>	Subsidiaries – Germany	210
<i>Table 61</i>	Subsidiaries – Worldwide	212
<i>Table 63</i>	Supervisory Board Members – Shareholder Representatives	216
<i>Table 64</i>	Supervisory Board Members– Employee Representatives	217
<i>Table 65</i>	Committees of Supervisory Board	217
<i>Table 66</i>	Multi-year Overview	220

REMUNERATION

<i>Table 20</i>	Executive Board Compensation	67
<i>Table 21</i>	Supervisory Board Compensation	69

LIST OF ABBREVIATIONS

AktG	German Stock Corporation Act (Aktiengesetz)
BELOS	Bechtle Event Control and Organisation System
BI	Business intelligence
BITKOM	Federal Association for Information Technology, Telecommunications and New Media (Bundesverband Informationswirtschaft, Telekommunikation und neue Medien)
CODM	Chief operating decision maker
CRM	Customer relationship management
DCGK	German Corporate Governance Code (Deutscher Corporate Governance Kodex)
EAT	Earnings after taxes
EBIT	Earnings before interest and taxes
EBITDA	Earnings before interest, taxes, depreciation, and amortisation
EBT	Earnings before taxes
EMS	Environment management system
EPS	Earnings per share
EU	European Union
EV	Enterprise value
GDP	Gross domestic product
HGB	German Commercial Code (Handelsgesetzbuch)
ifo	Institut für Wirtschaftsforschung (Institute for Economic Research)
IFRS	International Financial Reporting Standards
LAN	Local area network
ÖA	Public-sector division (Öffentliche Auftraggeber)
PPS	Production planning system
R&D	Research & Development
ROA	Return on Assets
ROE	Return on Equity
RoHS	EU directive on the restriction of the use of certain hazardous substances in electrical and electronic equipment
SAM	Software Asset Management
VorstAG	German Act on the Appropriateness of Executive Board Compensation (Gesetz zur Angemessenheit der Vorstandsvergütung)
VWA	Academies of Business Administration and Public Management (Verwaltungs- und Wirtschafts-Akademie)
WAN	Wide area network
WpHG	German Securities Trading Act (Wertpapierhandelsgesetz)



For further
comments
see Glossary,
page 224 ff

IMPRINT

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FINANCIAL CALENDAR**Accounts Press Conference**

Thursday, 14 March 2013, Neckarsulm

DVFA Analysts' Conference

Thursday, 14 March 2013, Neckarsulm

Interim Report 1st Quarter 2013 (31 March)

Tuesday, 14 May 2013

conference call with analysts, investors and media

Annual General Meeting

Tuesday, 18 June 2013, 10.00 a.m.

Konzert- und Kongresszentrum Harmonie, Heilbronn

Dividend Payment

as of 19 June 2013

(subject to approval by the Annual General Meeting)

Interim Report 2nd Quarter 2013 (30 June)

Wednesday, 14 August 2013

conference call with analysts, investors and media

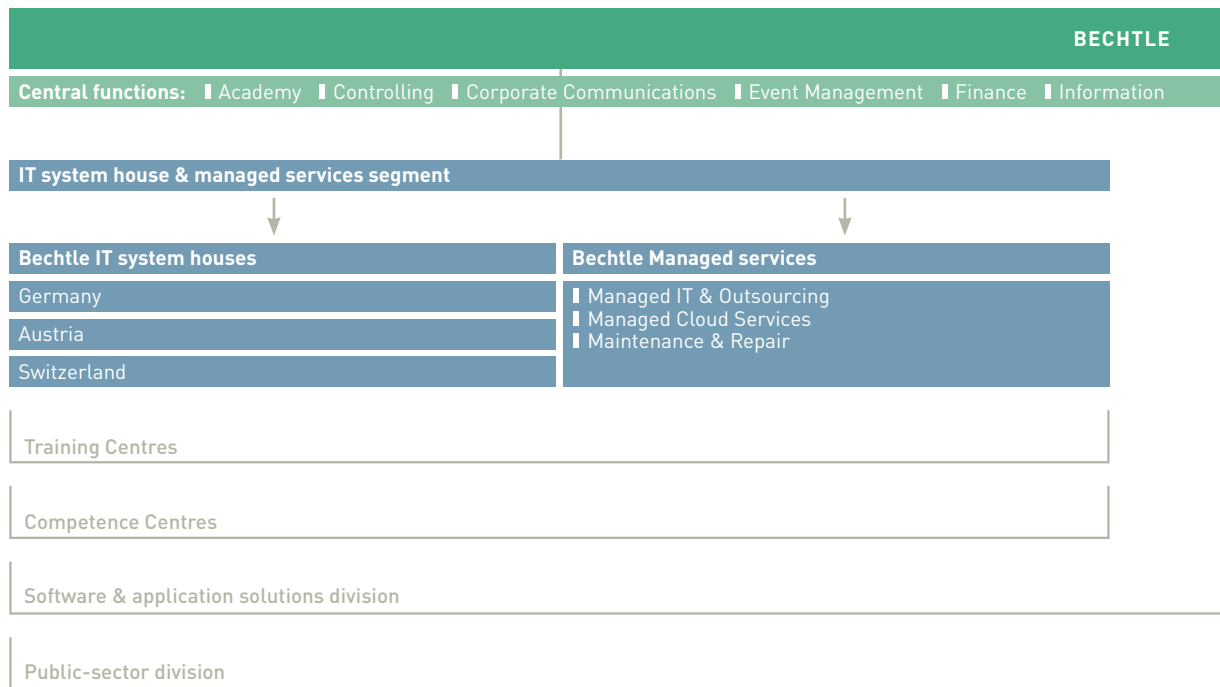
Interim Report 3rd Quarter 2013 (30 September)

Thursday, 14 November 2013

conference call with analysts, investors and media

See www.bechtle.com/events or www.bechtle.com/financial-calendar for further dates and changes.

67. ORGANISATIONAL STRUCTURE BECHTLE GROUP



Germany
55 IT system houses

Switzerland
11 IT system houses

Austria
2 IT system houses



Logistics & Service: ■ Address Management ■ European Logistics ■ Marketing ■ Product Management ■ Purchasing

Simplified organisational structure (status: March 2013). The legal corporate structure is presented on page 38f.

AG

Technology | IR | HR and Staff Development | Legal and Compliance | Project Management | Quality Management

IT e-commerce segment

BECHTLE DIRECT

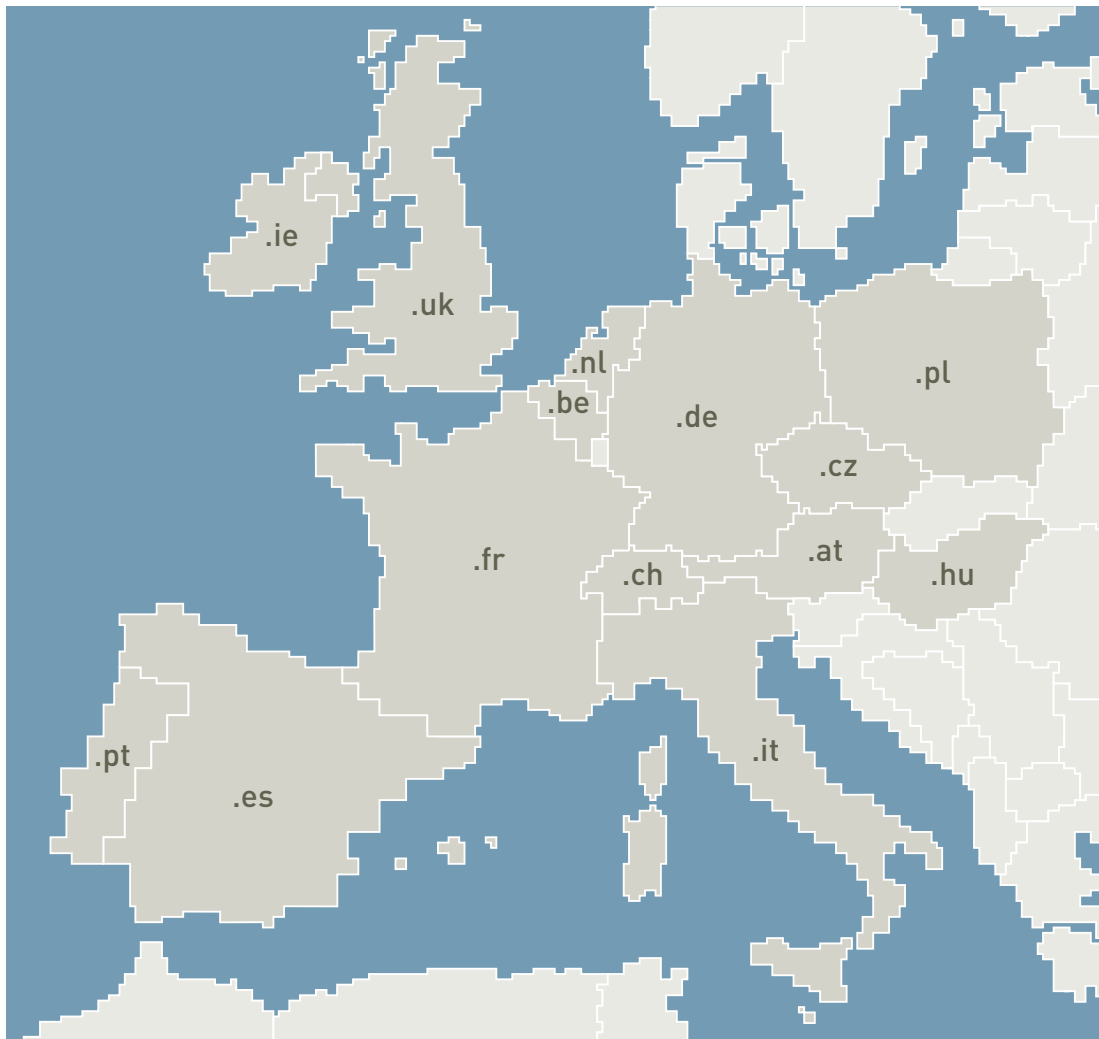
| Austria | Belgium
| Czech Republic | France
| Germany | Germany ÖA | Hungary
| Ireland | Italy | Netherlands
| Poland | Portugal | Spain
| Switzerland | United Kingdom

COMSOFT DIRECT

| Austria | Belgium | France
| Germany | Italy | Netherlands
| Spain | Switzerland

ARP

| Austria
| France
| Germany
| Netherlands
| Switzerland



14 european countries

- Austria
- Belgium
- Czech Republic
- France
- Germany
- Hungary
- Ireland
- Italy
- Netherlands
- Poland
- Portugal
- Spain
- Switzerland
- United Kingdom

| Returns and Replacement Management | Warehouse

STAYING THE COURSE. In this Annual Report, we shed light on what Bechtle has done over the past decades and what it resolves to do in the future. The common theme is our determination to stay the course. ___And stay true. To our principles and to you.

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Your strong IT partner.
Today and tomorrow.

