

ANNUAL REPORT 2013

Record revenue: 2,273,485 €k

d. Always pressing forward

Why Bechtle
is so successful
on the market.

Your strong IT partner.
Today and tomorrow.

BECHTLE

01. 5 YEARS IN FIGURES

		2009	2010	2011	2012	2013	Change in % 2013-2012
Revenue	€k	1,379,307	1,722,919	1,994,881	2,096,835	2,273,485	8.4
IT system house & managed services	€k	919,956	1,151,119	1,315,669	1,394,455	1,535,316	10.1
IT e-commerce	€k	459,351	571,800	679,212	702,380	738,169	5.1
EBITDA	€k	56,976	76,127	104,764	102,013³	113,541	11.3
IT system house & managed services	€k	36,004	47,000	64,632	62,205 ³	74,214	19.3
IT e-commerce	€k	20,972	29,127	40,132	39,808 ³	39,327	-1.2
EBIT	€k	42,712	60,728	86,403	80,265³	91,048	13.4
IT system house & managed services	€k	25,768	35,852	49,891	44,320 ³	56,185	26.8
IT e-commerce	€k	16,944	24,876	36,512	35,945 ³	34,863	-3.0
EBIT margin	%	3.1	3.5	4.3	3.8	4.0	
IT system house & managed services	%	2.8	3.1	3.8	3.2	3.7	
IT e-commerce	%	3.7	4.4	5.4	5.1	4.7	
EBT	€k	43,662	61,784	86,289	79,001³	89,308	13.0
EBT margin	%	3.2	3.6	4.3	3.8	3.9	
Earnings after taxes	€k	34,258	46,422	62,723	56,358³	63,397	12.5
Earnings per share	€	1.64	2.21	2.99	2.68³	3.02	12.5
Cash flow from operating activities	€k	47,330	59,114	55,782	56,669	73,098	29.0
Cash and cash equivalents¹	€k	94,977	129,750	141,488	146,155	156,105	6.8
Equity ratio	%	64.3	56.8	52.2	54.5³	55.1	1.2
Number of employees² (as of 31.12)		4,354	4,766	5,479	5,970	6,219	4.2
IT system house & managed services		3,443	3,763	4,305	4,754	4,953	4.2
IT e-commerce		911	1,003	1,174	1,216	1,266	4.1



For more key figures
see multi-year
overview, page 226 ff

¹ Incl. time deposits and securities

² Without temporary staff

³ Figure adjusted, see page 151f

02. REVIEW BY QUARTER 2013

		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	513,950	518,517	558,805	682,213
EBITDA	€k	19,995	20,769	30,708	42,069
EBIT	€k	14,493	14,973	25,173	36,409
EBT	€k	14,086	14,592	24,749	35,881
EBT margin	%	2.7	2.8	4.4	5.3
Earnings after taxes	€k	10,075	10,401	17,609	25,312



From 14 May 2014,
you can find the latest
figures for the first
quarter of 2013 at
[www.bechtle.com/
reports](http://www.bechtle.com/reports)

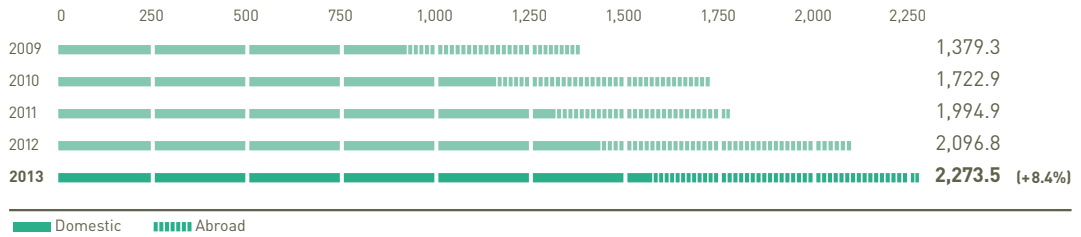
5 YEARS IN BRIEF



For revenue performance
see page 87f

REGIONAL REVENUE DISTRIBUTION

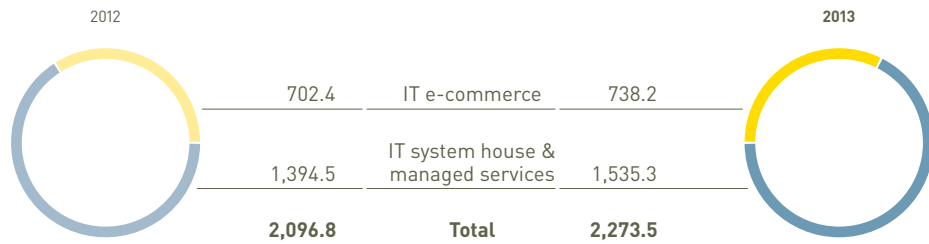
€m



For segment reporting
see page 93ff

REVENUE BY SEGMENTS

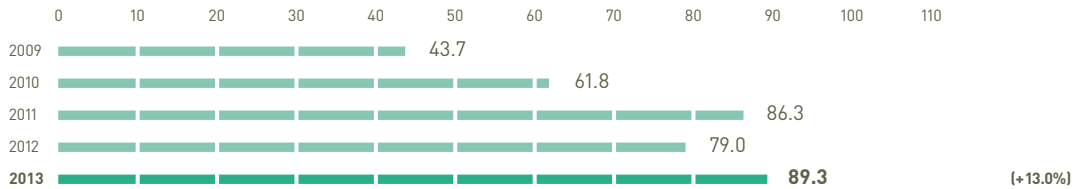
€m



For earnings situation
see page 90ff

EBT

€m



For EPS and dividend
see page 92 and page 80

EPS

€

DIVIDEND PER SHARE

€



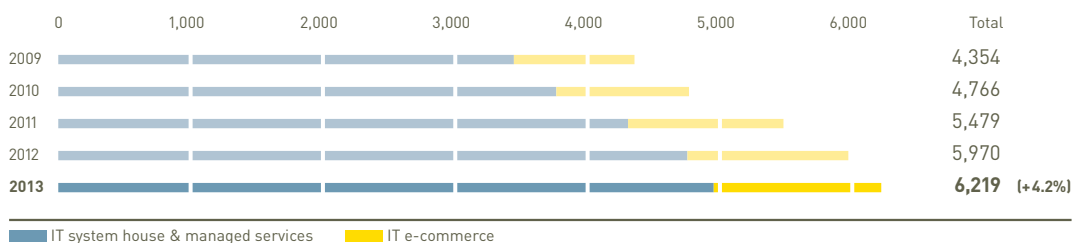
¹ Thereof special dividend €0.15 ² Proposal to the Annual General Meeting



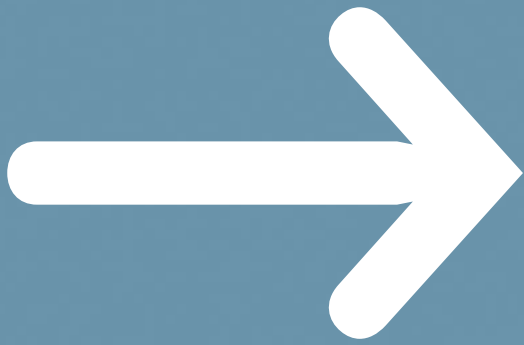
For development of
employee numbers
see page 64ff

EMPLOYEES BY SEGMENTS

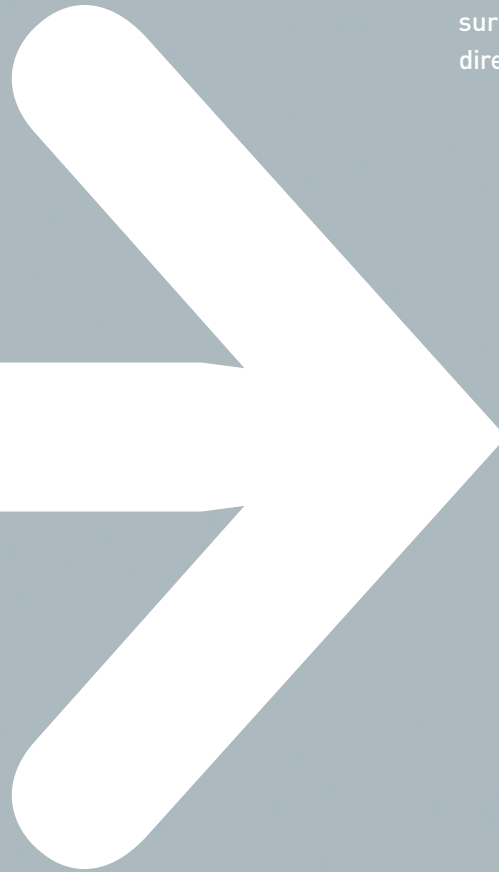
as of 31 December





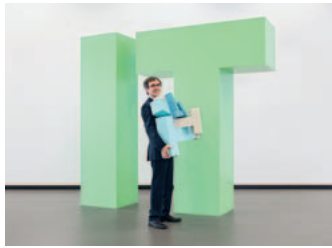


The capital market loves arrows that point upwards. So does Bechtle. Nevertheless, the basis of our 30-year success history is an arrow that points forward. Clearly, reliably, straight ahead. However, as we still make an effort to look left and right, as we also go astray at times and learn a lesson, as we also draw conclusions for the future from our examination of the past, we are sure that we are headed in the right direction: straight ahead.



"Immer geradeaus" ("Always pressing forward") is also the title of our 30th anniversary book, which can be ordered at immer.geradeaus@bechtle.com

	3
CHRONICLE 2013	6
LETTER FROM THE EXECUTIVE BOARD	8
EXECUTIVE BOARD	10
REPORT FROM THE SUPERVISORY BOARD	13
Always pressing forward	19
Group Management Report	37
COMPANY	40
FRAMEWORK CONDITIONS	84
EARNINGS, ASSETS AND FINANCIAL POSITION	86
OPPORTUNITIES AND RISK REPORT	104
SUPPLEMENTARY REPORT	128
FORECAST REPORT	129
Consolidated Financial Statements	137
INCOME STATEMENT	140
STATEMENT OF COMPREHENSIVE INCOME	141
BALANCE SHEET	142
STATEMENT OF CHANGES IN EQUITY	144
CASH FLOW STATEMENT	145
NOTES	146
Further Information	224



More than just two letters.

At Bechtle, everything is about IT. As in previous years, we will introduce some of our team members, the Executive Board members and the Chairman of the Supervisory Board, who give everything for IT.

Straight to Europe.

Bechtle has won two major contracts of the European Commission. Thus, we are not only represented in 14 countries, but have also secured our place at the heart of Europe.

Always pressing forward ...

... is what this year's special section from page 19 is about. On the basis of eight topics, Bechtle shows what this sentence and this attitude mean for our success on the market.

(Not) always pressing forward ...

... Obviously, share curves do not always develop as expected. Despite the many ups and downs, the performance of the Bechtle share was excellent in 2013: an increase of 60 per cent in one year. Plus, a new all-time high. See for yourself on page 77.

Even more.

More market shares. More revenue.
More employees. More earnings.
A higher equity ratio. A higher dividend.
The figures we achieved in 2013 were fully satisfying.



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

Year after year.

If you are interested in details of the past years, you might want to examine the multi-year overviews on pages 226 ff, which feature many figures, but only one direction: straight ahead.

To Our Shareholders

CHRONICLE 2013	6
LETTER FROM THE EXECUTIVE BOARD	8
EXECUTIVE BOARD	10
REPORT FROM THE SUPERVISORY BOARD	13

Always pressing forward

Group Management Report

COMPANY	40	40 Group Structure 45 Business Activity 59 Corporate Management 64 Employees 69 Corporate Governance Report 77 Share 82 Takeover-Related Disclosures
FRAMEWORK CONDITIONS	84	84 Macroeconomy 85 Industry 85 Overall Assessment
EARNINGS, ASSETS AND FINANCIAL POSITION	86	86 Earnings Position 96 Assets Position 100 Financial Position 102 Strategic Financing Measures 103 Overall Assessment
OPPORTUNITIES AND RISK REPORT	104	104 Risk and Opportunity Management 109 Opportu- nities 114 Risks 126 Overall Risk Assessment
SUPPLEMENTARY REPORT	128	128 Important Events after the Balance Sheet Date
FORECAST REPORT	129	129 Framework Conditions 131 Performance of the Group 135 Overall Assessment

Consolidated Financial Statements

INCOME STATEMENT	140
STATEMENT OF COMPREHENSIVE INCOME	141
BALANCE SHEET	142
STATEMENT OF CHANGES IN EQUITY	144
CASH FLOW STATEMENT	145
NOTES	146

Further Information

224	224 Audit Opinion 225 Responsibility Statement by the Executive Board 226 Multi-year Overview Bechtle Group 230 Glossary 235 List of Charts and Tables 237 List of Abbreviations 238 Imprint, Financial Calendar, Organisational Structure Bechtle Group
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JANUARY

New offices spaces at Bechtle Platz. At the beginning of the year, 217 employees in Neckarsulm move into their new offices. With the extension, the office space at the headquarters grows to 27,600 square meter, providing room for a total of 1,650 workplaces.

FEBRUARY

Contract extended. The Supervisory Board of BECHTLE AG prematurely extends the contract with Dr. Thomas Olemotz, Chairman of the Executive Board, for another five years, thereby reaffirming the principle of continuity and stability of the company management. **Virtualisation competency honoured.** At the annual VMware Partner Conference, BECHTLE receives the Global Partner Award in the category Infrastructure Virtualization Competency Partner of the Year. Thus, VMware honours BECHTLE's high virtualisation competency.

MARCH

Always pressing forward. This year's in-house fair "cc DAYS" focuses on the "future of corporate IT". On two exhibition days, more than 1,500 customers, manufacturers, partners and employees make use of the opportunity to get information about the latest technological developments of the IT industry and the BECHTLE service spectrum. **More collaboration.** By acquiring Viritim Systemhaus GmbH, BECHTLE reinforces its software and application solutions division with further competency in the field of collaboration. Established in 2001, the company from Karlsruhe is specialised in solutions related to the fast-growing SharePoint and Exchange technologies. **Toshiba Partner Awards.** On the occasion of Toshiba World 2013 in Amsterdam, the manufacturer honours partners of outstanding merit for the first time. BECHTLE Logistik & Service GmbH and PP 2000 Business Integration AG, a company of the BECHTLE Group, are among the award-winning businesses.

APRIL

Partnership intensified. A total of 58 employees from IBM Business Services that are active for customers on-site throughout Germany transfer to BECHTLE. Thus, BECHTLE further expands its managed services business and strengthens its cooperation with IBM. **Europe at Bechtle Platz.** "Better together": This slogan effectively describes the highly successful event held by BECHTLE and HP. On 10 and 11 April, 115 participants make use of the opportunity to widen our common ground, promote understanding and discuss strategies at Bechtle Platz 1. **Growth in Switzerland.** In Switzerland, BECHTLE acquires Sedna Informatik AG, thereby expanding its system house business with IBM infrastructure and virtualisation competencies. Founded in 2004, the system integrator is based in Gümligen near Bern and has 17 employees. **Two awards.** At the EMC partner kick-off, BECHTLE receives the EMCone Partner of the Year award. At EMC World in Las Vegas, BECHTLE receives the Best Midmarket Partner EMEA award, which distinguishes BECHTLE as a strategically important partner.

MAY

Cooperation agreement with Freudenberg IT. Under a cooperation agreement, BECHTLE and Freudenberg IT (FIT) supplement their service spectrum for medium-sized businesses. Within the scope of a service transition, BECHTLE Managed Services AG assumes responsibility for defined services for the IT workplaces of FIT in Germany and other countries as well as for outsourcing projects of customers. With a term of five years, the agreement forms the basis for long-term cooperation. **Mobility at the Bechtle mobile day 2013.** For the fourth time, BECHTLE holds the mobile day at group headquarters in Neckarsulm. About 500 visitors get information on enterprise mobility products and solutions. **Again: Fujitsu Partner of the Year.** For the third time in a row, BECHTLE is designated Partner of the Year. Fujitsu singles out BECHTLE, not only for its revenue performance, but also for the quality of the cooperation: The award in the "Best Teamwork" category goes to BECHTLE's VIPM (Vendor Integrated Product Manager) team. This award honours the excellent operational teamwork, the open and direct communication and the high number of jointly implemented projects.

JUNE

Bechtle wins contract of European Commission I. BECHTLE wins the European Commission's most extensive contract to date for laptops, tablets and smartphones. In addition to supplying hardware, BECHTLE will also perform consulting and other services. The contract, which is concluded for two years, contains an option for extension for a maximum of another two years. The total volume amounts to about €83 million. **Three awards.** As the strongest partner in Germany and in Central EMEAR, and in recognition of its outstanding technology competency, BECHTLE receives Partner Awards from Cisco in three categories: Partner of the Year Architectural Excellence Borderless Networks, Partner of the Year Germany und Partner of the Year Central EMEAR. **Annual General Meeting.** About 500 shareholders participate in the Annual General Meeting at the "Harmonie" centre in Heilbronn. In the election of the Supervisory Board, all former shareholder representatives are reelected for another five years. In May, the employees of the German locations had already elected the employee representatives.

JULY

Never change a winning team I. For the second time, the Federal Office of Bundeswehr Equipment, Information Technology and In-Service Support awards BECHTLE a framework agreement for the supply of IT components and services. The framework agreement "IT Platform – 2nd/3rd Computer Level" is signed for a term until 2017. **Anniversary.** On the company's 30th anniversary, numerous BECHTLE employees come together with their families and friends to celebrate the Family & Friends Day. Many exciting programme features ensure an unforgettable event for the 3,500 visitors at Bechtle Platz 1. Also among the guests: the three company founders Prof. Klaus von Jan, Ralf Klenk and Gerhard Schick. **Bechtle appointed Citrix Cloud Advisor.** Citrix appoints BECHTLE, its long-standing Platinum Partner, as Citrix Cloud Advisor. The manufacturer thus distinguishes a BECHTLE training campaign focusing on the product range of the Citrix Cloud technologies. The customers of the IT company benefit from the accumulated consulting, project and technology competency.

AUGUST

Never change a winning team II. For the second time after 2009, Dataport awards BECHTLE a framework agreement for hardware and managed services as well as managed print solutions. The order volume is in the two-digit million range. **Bechtle wins contract of European Commission II.** BECHTLE wins the interinstitutional contract of the European Commission for server systems. Apart from the supply of hardware, the contract comprises extensive consulting and other services. The contract for the procurement of the servers, which is concluded for two years, contains an option for extension to up to four years. The total volume of the order amounts to about €112 million. **Market presence in Austria.** BECHTLE acquires Sitexs-Databusiness IT-Solutions GmbH, headquartered in Wien. The company has 70 employees and four additional locations in Graz, Götzis, Innsbruck and St. Pölten. BECHTLE thus substantially expands its market presence with one of Austria's leading IT system integrators and security specialists.

SEPTEMBER

Shareholder Days. Numerous visitors make use of the opportunity to learn about the company on-site at the BECHTLE Shareholder Days. Following a presentation, a guided tour of the group headquarters allows the visitors to engage in intensive dialogue with company representatives. **New trainees at Bechtle Platz.** In September, BECHTLE welcomes 140 new trainees and students on integrated degree programmes. This year too, many of the newcomers are young women. The age structure among all trainees ranges from 16 to 31. In total, BECHTLE has more than 470 young trainees in various technical and administrative professions and students on integrated degree programmes. **Comsoft direct Switzerland designated Microsoft Partner of the Year.** As in 2012, Microsoft again designates COMSOFT DIRECT Switzerland as Partner of the Year. With this award, the manufacturer honours special achievements in the solution and licensing business.

OCTOBER

More awards. At the VMworld Partner Conference, BECHTLE receives the award for the highest VMware competency in EMEA. VMware thus honours the high level of certification and the quality of the virtualisation and cloud projects rolled out by BECHTLE. With more than 600 certified employees, BECHTLE boasts the highest number of qualified virtualisation specialists among all VMware partners in EMEA. **Bechtle expands cloud portfolio.** BECHTLE offers customers the BECHTLE Secure Cloudshare solution, a secure business alternative for the exchange of data. By means of the platform, companies can easily, speedily and securely share information internally and externally. Thanks to the hosting in the BECHTLE data centre, the data remain in Germany.

NOVEMBER

Successful premiere. More than 200 visitors follow the invitation of BECHTLE's CAD specialists SolidLine and Solidpro to the joint SolidWorks Customer Day in Neckarsulm. In lectures and an exhibition, customers are introduced to the various deployment options of the 3D software products of SolidWorks and the integrated service spectrum of the BECHTLE companies.

DECEMBER

New Chairman of the Supervisory Board. After the resignation of Klaus Winkler from his office as member and Chairman of the Supervisory Board of BECHTLE AG for personal, family-related reasons, company founder Gerhard Schick is judicially appointed member of the Supervisory Board and subsequently unanimously elected Chairman of the Supervisory Board by the board members.

Dear Stockholders,

We are looking back on an exciting year marked by ups and downs and an extremely successful finish. We have reached our goals of outperforming the market and surpassing our prior-year figures in terms of our revenue and earnings. Until mid-year, hardly anybody would have expected the figures to reach new record marks.

At the beginning of the year, customers were reluctant to go ahead with IT projects because of the uncertainties marring the economic development in Europe. Investments were postponed, the NSA scandal sensitised decision-makers and IT managers in enterprises even more and made them think about the future of IT critically, though soberly. Moreover, the above-average headcount increase in the prior year still had a noticeable effect on our earnings. But this only slowed us down for a few months. From the second half of the year, the business picked up and pulled away in the last quarter. Our success had a lot to do with our strategic orientation and even more with the impressive collective performance of our team members. Therefore, they deserve our highest recognition and sincere gratitude. We are proud of the achievements of our team!

The business results achieved effectively demonstrate what perseverance can lead to: permanent success. It has of course been a special pleasure to reach new record figures in this year of all years – our company's 30th anniversary. A remarkable anniversary in our industry. We have existed as long as the PC has been around in Germany and as long as the Microsoft Windows operating system. But Bechtle also tells the story of an outstanding entrepreneurial feat, namely the development from a one-man company into an international IT service provider with €2.3 billion in revenues and more than 6,200 employees in 14 European countries.

An examination of the reasons for the company's performance quickly reveals its straightforwardness as a common, defining theme. Thus, "Always pressing forward" was last year's guiding principle, which strikingly expresses what has characterised Bechtle for three decades: future orientation! Moving ahead, walking the Bechtle path with clear goals, steadily towards a great vision. This is how you have come to know your company, and this is also what you can expect in the years to come. After all, long-term goals have always been, and will always be, part of Bechtle.

Dear shareholders, we have achieved a lot, and are planning to achieve even more. We will continue to grow in the future, sometimes faster, sometimes slower, but always with a clear focus on our Vision 2020, which targets profitable growth to €5 billion, generated by 10,000 employees. Such goals depend on a clear strategy and awareness of the direction to be followed. Most importantly, I consider the people at Bechtle to be the company's key success factor. We have a highly motivated, qualified team that works on the continuation of Bechtle's success story with determination and great commitment.

And what exciting times we are living in! Our industry is currently undergoing the most significant changes of the past three decades. 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 developments that are currently taking place are no longer evolutionary as in past years; rather,

they are revolutionising how IT is produced, operated and used. You all know the key subjects, which have also become media buzzwords: cloud computing, mobility, network technology, data protection and technical security, as well as big data, i.e. the management of huge amounts of data. This is our world.

Thus, we bank on technology trends that are already rooted in the market. Moreover, we have answers to our customers' pressing questions of how IT can best support lean business processes and how the fluctuating demand for IT resources can be met reliably and efficiently. In this connection, we promise our customers reliability. To fulfil this promise is part of our daily work.

And our financial stability also plays a significant role here. A sound balance sheet structure and high financial power are traditional strengths of Bechtle. This has not changed. Thus, an important statement from prior years is still valid: Bechtle has no difficulties financing future growth – organically and via acquisitions – and the continuous expansion of our portfolio of hardware, software and services. Today, a solid balance sheet, transparency of the economic situation and a high equity ratio are doubtlessly key criteria in the selection of an IT partner for long-term cooperation.

The planned dividend increase, which the Executive Board and the Supervisory Board are proposing to the General Meeting for approval, proves that despite our focus on the future, we do not forget the present and reward the trust that has been put in our abilities. An increase to €1.10 is planned. Bechtle is one of the few TecDAX companies that have consistently pursued a continuous and reliable dividend policy since their IPO. This will not change in the future.

Dear shareholders, I hope that you are as pleased with your company's achievements over the past fiscal year as we are. You can rest assured that this year, we will again do everything necessary to continue on our road to success. Bechtle is sure to have some positive surprises in store for 2014. Our ambition for this year is to achieve further significant revenue and earnings growth and to gain even more market share. Remain favourably disposed to us, to your Bechtle. Thank you for your trust in the future of Bechtle.

On behalf of the Executive Board of Bechtle AG



Dr. Thomas Olemotz
CEO

Neckarsulm, 14 March 2014

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.

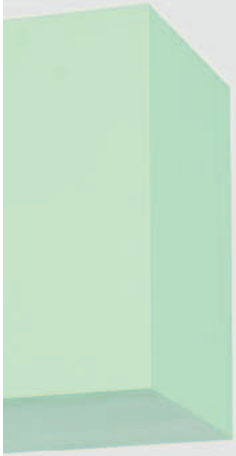
Born 1962, married, two adult children. Upon completion of his training as a banker and studies in business economics, Dr. Thomas Olemotz entered Giessen University as a scientific staff member. After obtaining his doctoral degree, he first served as assistant to the Executive Board of Westdeutsche Landesbank 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 adult 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.





Gerhard Schick

Co-founder and Chairman of the Supervisory Board.

Born 1940, married, one adult daughter. Gerhard Schick is a qualified business administrator. Prior to Bechtle, he had worked for Wilhelm Bott GmbH & Co. KG, Gaildorf, from 1967 to 1994, most recently as director. In 1983, Gerhard Schick and his business partner Ralf Klenk laid the foundation for what later became Bechtle AG. Initially, he was on the Board of Directors and later the Executive Board of Bechtle AG. In March 2004, he was appointed Chairman of Bechtle's Supervisory Board. In June 2012, he stepped down from the Supervisory Board at his own request. Klaus Winkler was elected as Chairman in his place. After Klaus Winkler had resigned from his office due to personal, family-related reasons, Gerhard Schick was again judicially appointed as member of the Supervisory Board by request of the Executive Board, after which the Supervisory Board immediately appointed him as its Chairman. Among other things, Gerhard Schick is a bearer of the Cross of the Order of Merit of the Federal Republic of Germany.

REPORT OF THE SUPERVISORY BOARD

Dear Sir or Madam,

Bechtle again enjoyed an excellent fiscal year with remarkable revenue and earnings growth. Once again, Bechtle proved that determination is one of its key corporate values. Despite the restrained beginning of the fiscal year and significant pressure on the income situation, the Executive Board – with the express backing of the Supervisory Board – held fast to its course and defended the strategy and team expansion as a key measure on the way to the Vision 2020. The second half of the year impressively underlined the importance of endurance and persistence. Bechtle invests in fast-growing business areas – such as software, application solutions and managed services – without neglecting the traditional system house and trading business. Integrating new elements and further developing proven strengths has again shown itself to be a sustainable approach. Apart from the compelling corporate governance by the Executive Board, the success was made possible by the great dedication and commitment of the Bechtle employees. The entire Supervisory Board is very grateful to them. Our special thanks also to Klaus Winkler, who played a key role in determining the future of Bechtle as Chairman of the Supervisory Board until the end of November. Klaus Winkler maintained a close relationship with Bechtle for 17 years – for three years as Chairman of the Advisory Board even before the IPO and for 14 years on the Supervisory Board of Bechtle AG. During this long period, he made a significant contribution to the company's development with his prudent, careful approach and with his reliability, expertise and well-aimed questions. Though we understand the personal, family-related reasons for his resignation, all members of the Supervisory Board find it hard to accept losing him. We wish him all the best.

In 2013, 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, the Articles of Incorporation or the rules of procedure of the Supervisory Board. In 2013, 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 advised the Executive Board on the team expansion and the acquisitions in the reporting period. 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 and especially with the Chairman of the Supervisory Board 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 and 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 corporate 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 meetings: on 25 January, 12 March (balance sheet meeting for the annual and Consolidated Financial Statements 2012), 18 June (constituent meeting of the newly elected Supervisory Board), 26 July and 31 October. Except for one meeting, in which one Supervisory Board member had a valid excuse not to participate, all twelve members of the Supervisory Board participated in all Supervisory Board meetings in the fiscal year ended.

Even between meetings, the Chairman of the Executive Board promptly and comprehensively informed the Chairman of the Supervisory Board in particular 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 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 Consolidated Financial Statements of the prior year and the proposal for the appropriation of retained earnings of the Executive Board and released the business plan for 2013.

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

- The economic development of the group
- The long-term strategy and intermediate goals with respect to attaining the Vision 2020
- The business planning for 2013
- Review of acquisition projects
- The composition of the Supervisory Board
- 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. New elections were held for the Supervisory Boards in 2013. All shareholder representatives were reelected at the Annual General Meeting on 18 June 2013. Employee representatives Jürgen Ergenzinger, Sonja Glaser-Reuss and Siegfried Höfels departed from the Supervisory Board as of the end of the term of office on 18 June 2013. The Supervisory Board thanks them for their long-standing constructive cooperation. The employee representatives Martin Meyer, Volker Strohfeld and Michael Unser joined the Supervisory Board as of the constituent meeting on 18 June 2013.

On 31 October 2013, Klaus Winkler, Chairman of the Supervisory Board of BECHTLE AG, resigned from his office as member and Chairman for personal, family-related reasons, effective at the end of 30 November 2013 after the end of the notice period of one month as outlined in the Articles of Incorporation. He had belonged to the Supervisory Board of BECHTLE AG since May 1999. He served as Chairman of the Supervisory Board from 1999 to 2004 and from 2012 to 2013. On behalf of the Executive Board and all employees of BECHTLE AG, the Supervisory Board thanks Klaus Winkler for his great achievements and personal commitment. For the period until the Annual General Meeting on 5 June 2014, Gerhard Schick, Honorary Chairman of the Supervisory Board, was judicially appointed as member of the Supervisory Board, effective as of 1 December 2013, and subsequently elected as Chairman by the Supervisory Board.

Committee Work

To fulfil its duties, the Supervisory Board has formed three committees. The audit committee came together on 24 January, 11 March, 18 June, 25 July and 30 October 2013. Additionally, it held telephone conferences on 13 May, 13 August and 13 November 2013. Except for one meeting, in which one committee member had a valid excuse not to participate, all five committee members participated in all committee meetings in the fiscal year ended. In 2013, 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 2013, the personnel committee came together at six meetings on 24 January, 6 March, 18 June, 7 August, 12 September and 2 October. Except for one meeting, in which one committee member had a valid excuse not to participate, all three committee members participated in all committee meetings in the fiscal year ended. 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 2013.

The change in chairmanship of the Supervisory Board was accompanied by a change in the chairmanship of the committees: Until his departure from the Supervisory Board as of the end of 30 November 2013, Klaus Winkler chaired the audit committee. From 6 December 2013, Gerhard Schick assumed this position.

In the fiscal year 2013, 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 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



See
Corporate Governance
Report,
page 69 ff

We intensively reviewed the set of rules of the German Corporate Governance Code (DCGK). To ensure compliance with the German Corporate Governance Code (DCGK), we checked the implementation of the recommendations. Together with the Executive Board, we issued the declaration of conformity pursuant to Section 161 of the German Stock Corporation Act (AktG) in January 2014. 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 or Supervisory Board members that would have had to be disclosed to the plenum without delay and about which the General Meeting would have had to be informed.



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 2013

The General Meeting appointed Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Heilbronn, as auditor of the annual and Consolidated Financial Statements for the fiscal year 2013. 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 2013, 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 14 March 2014.

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 of the German Corporate Governance Code (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 of the German Corporate Governance Code (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 German Corporate Governance Code (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 German Corporate Governance Code (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. According to the final result of its audit, there were no objections. In the balance sheet meeting on 14 March 2014, following the recommendation of the audit committee, the Supervisory Board thus 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 appropriation of the retained earnings and payment of a dividend of €1.10 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 by the Supervisory Board.

The Supervisory Board sincerely thanks the members of the Executive Board, the division heads and directors of the group companies as well as all employees for their joint achievements and great commitment in the fiscal year 2013. As has been the case until now, the future success depends on persistently pursuing the corporate strategy, further expanding fast-growing business areas and offering customers convincing solutions. BECHTLE has a sustainable business model, a sound financial basis, a strong corporate culture and motivated employees – our most important asset in the competition for market shares. If we continue to work towards our goals with passion, as previously, while keeping our feet firmly on the ground, the BECHTLE Vision 2020 will become reality, no matter how ambitious it might appear. The Supervisory Board too has the duty to constructively cooperate in these efforts.

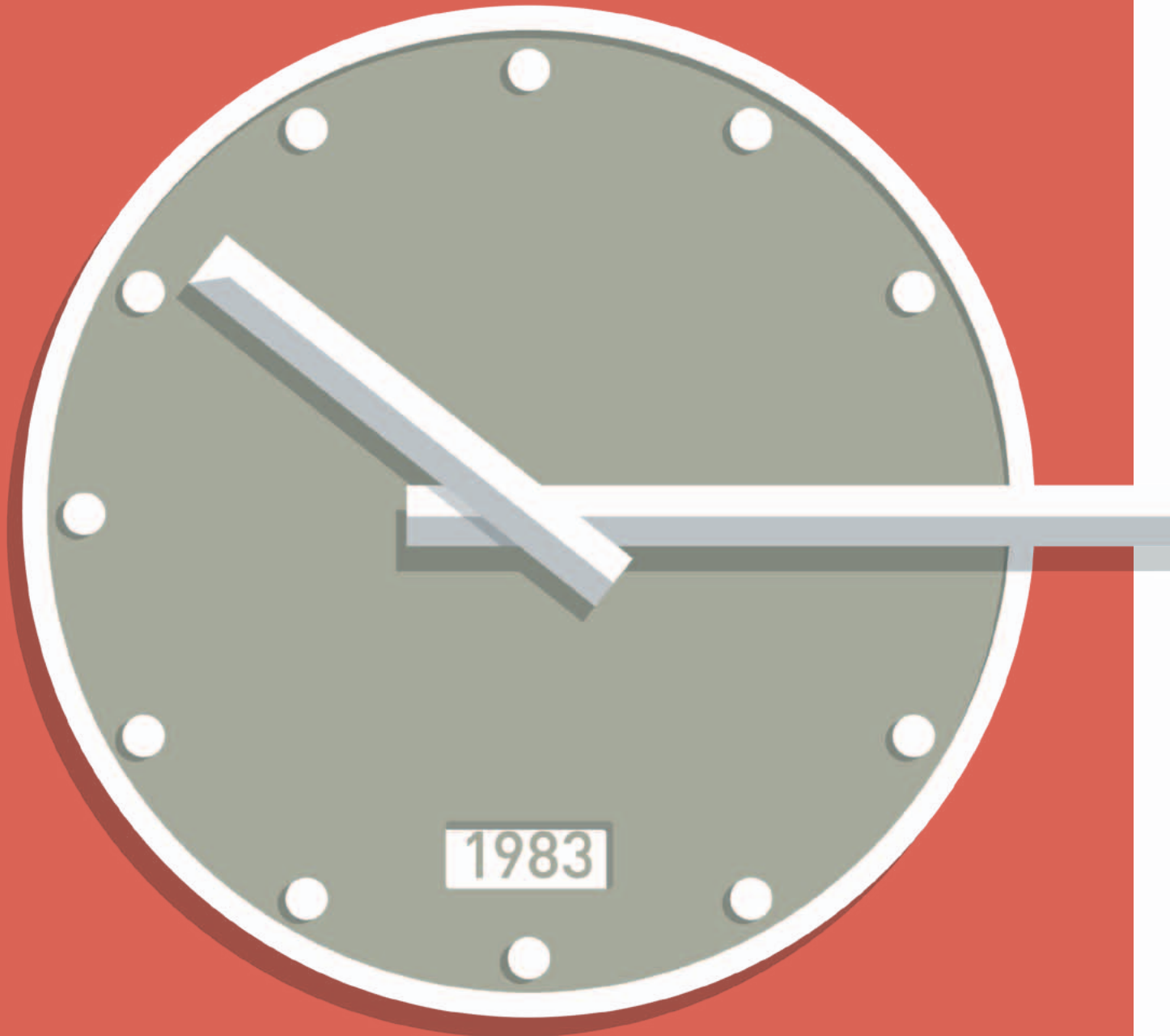
On behalf of the Supervisory Board



Gerhard Schick,
Chairman

Neckarsulm, 14 March 2014

What ALWAYS PRESSING FORWARD means for our market success.



Bechtle is target-oriented – and has always been, right from the outset. The company founders already had courageous visions that were pursued and implemented with determination.

Always pressing forward. With a clear focus on customer needs and the IT market. So far, Bechtle has always achieved all of its goals. So we remain on course, with full speed ahead

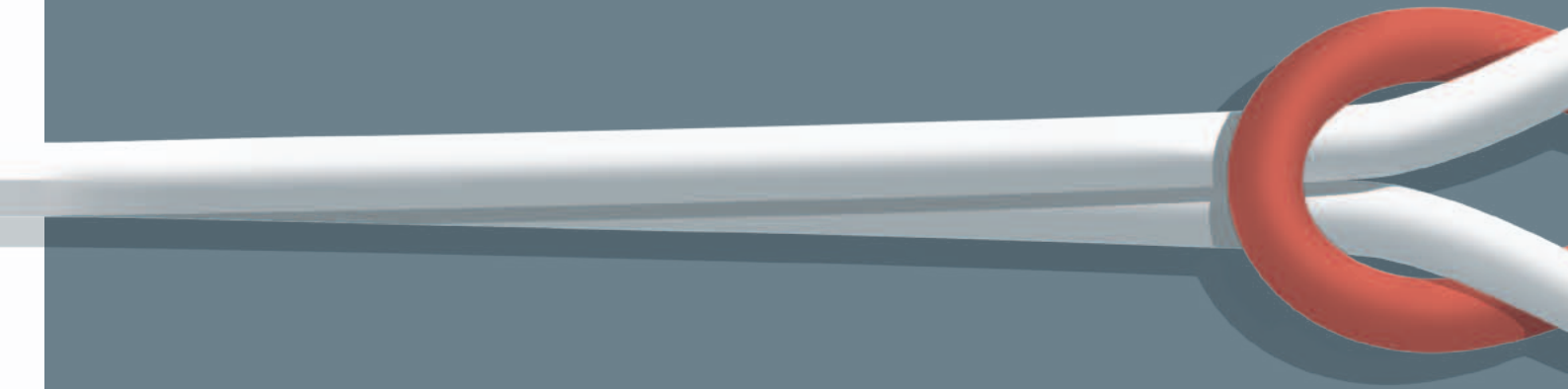
towards the “Vision 2020”. So we move on – always pressing forward. Also on the following pages.

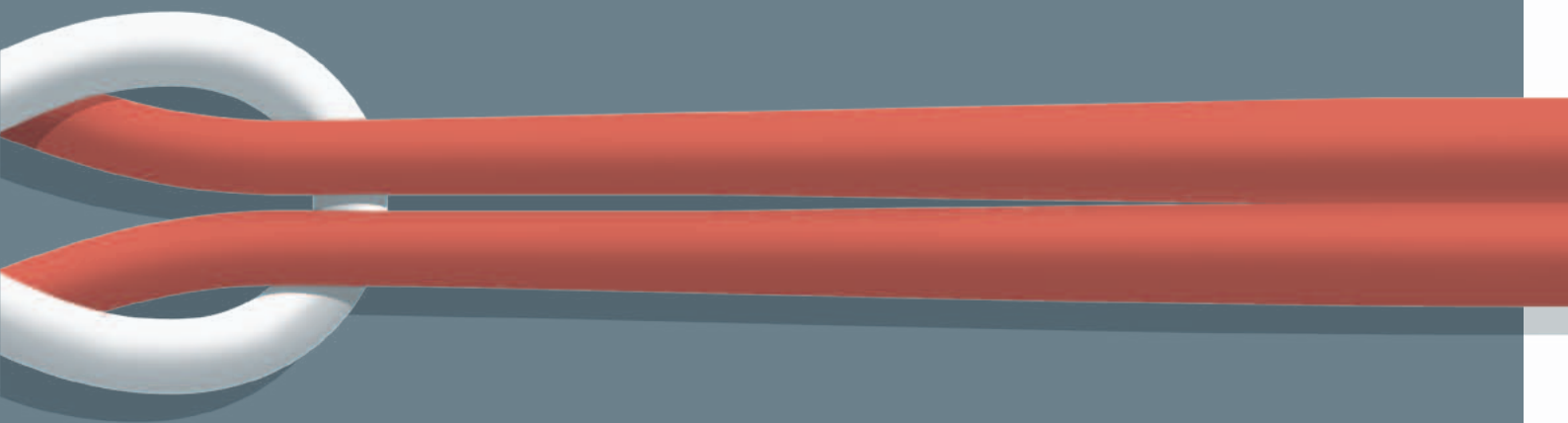
How two segments are interacting profitably.

Bechtle pursues a combined and, as such, unique business model. With 65 IT system houses in Germany, Austria and Switzerland, and one of the leading e-commerce addresses for IT in 14 countries. Online sales and consulting-intensive system house business complement each other perfectly – and are successful independ-

ently from each other. Both areas share central departments such as Project Management, Finance, Human Resources Marketing, Purchasing and Logistics under the umbrella of Bechtle AG. The advantage of this efficient model with lean administration is that the system houses and e-commerce can concentrate fully on their

operational business. The employees can focus on the needs and supervision of the Bechtle customers, keeping an eye on the market and maintaining customer proximity on-site. Thus, our business model combines strength and solidity with personal presence and flexibility.





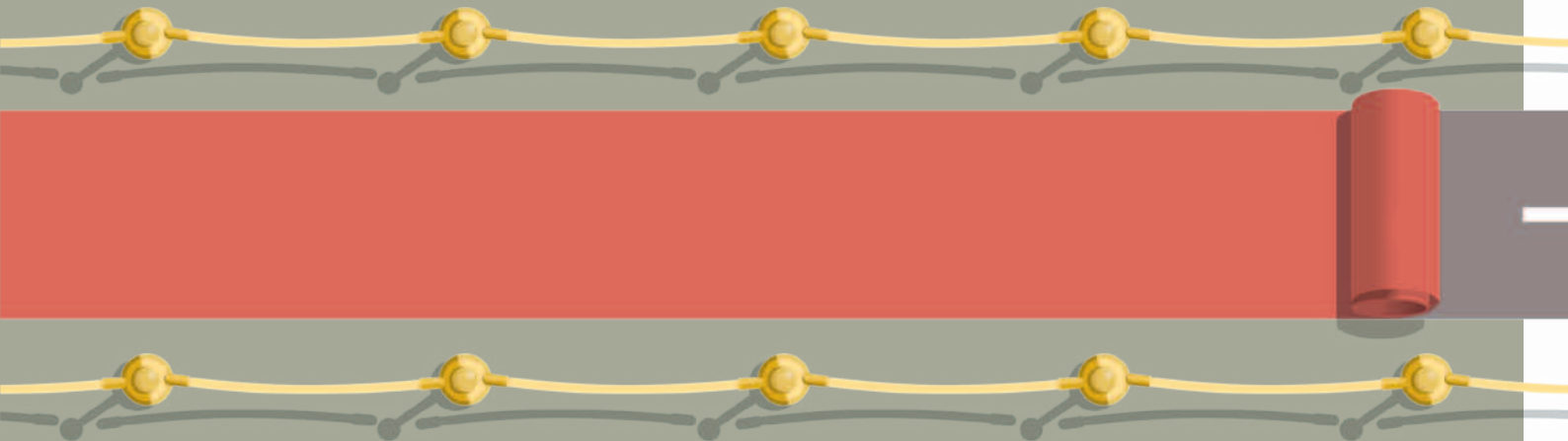


Why our customers know that they are in competent hands.

Many IT service providers roll out the red carpet for customers. Often, marketing and sales make glamorous promises. Actually, there is nothing wrong with this kind of promotion. After all, the truth will come out sooner or later. The cooperation ultimately reveals whether the customer is treated as the “star” in the long run. At Bechtle, all customers enjoy the preferential treatment of a sophisti-

cated project management. All our IT system houses make use of “Bechtle Fair Business”, a standardised framework for all project steps, from the consulting process to the long-term service performance. Structured procedural models, defined responsibilities and consistent quality assurance guarantee transparency at all times and lead to the success of the project. Always pressing forward – in accord-

ance with Bechtle’s reputation. This has been confirmed by our customers. In surveys, most customers rate our services as “excellent”. Nevertheless, the “Bechtle Project Management Community” is striving for further improvement. For this purpose, all 65 locations and 12 competence centres engage in an ongoing exchange, with a spotlight on all customers.

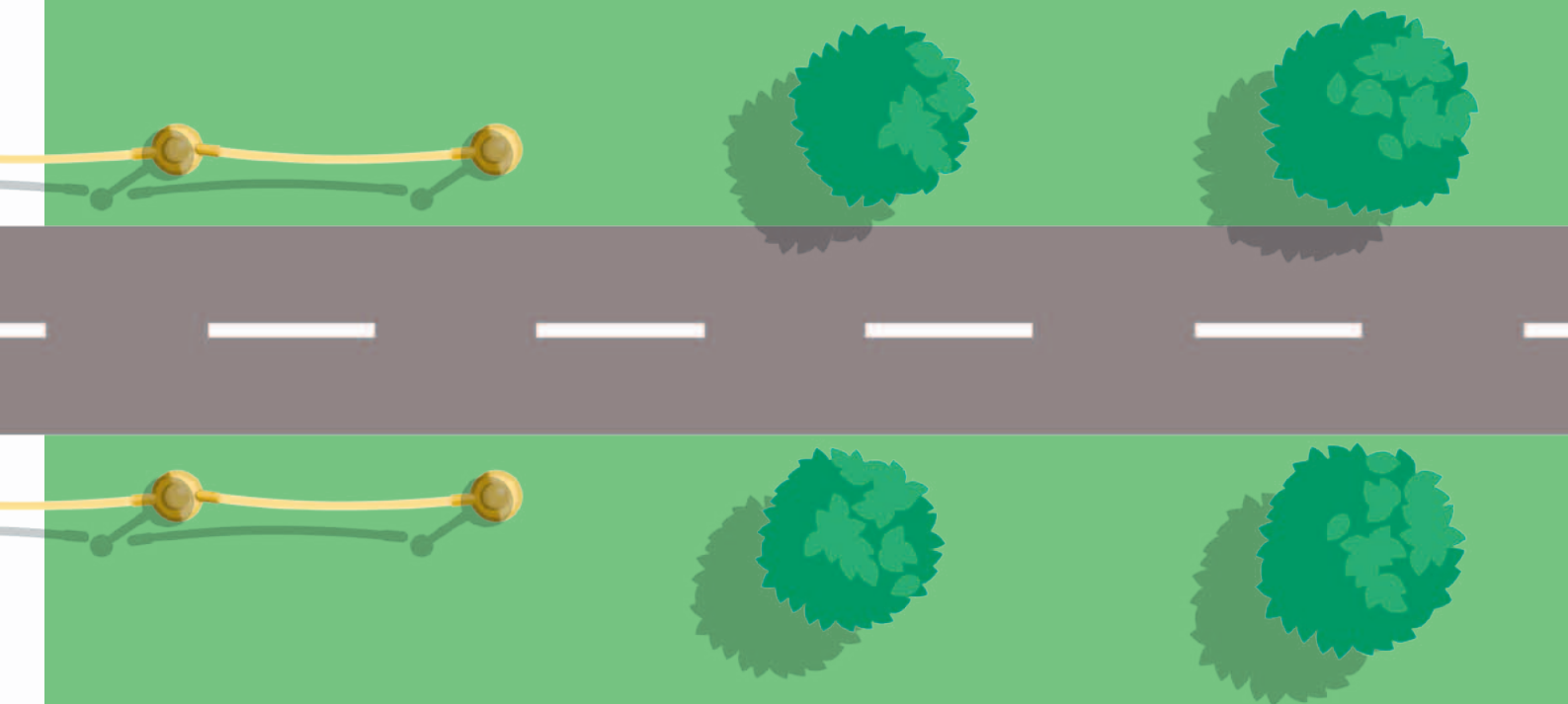


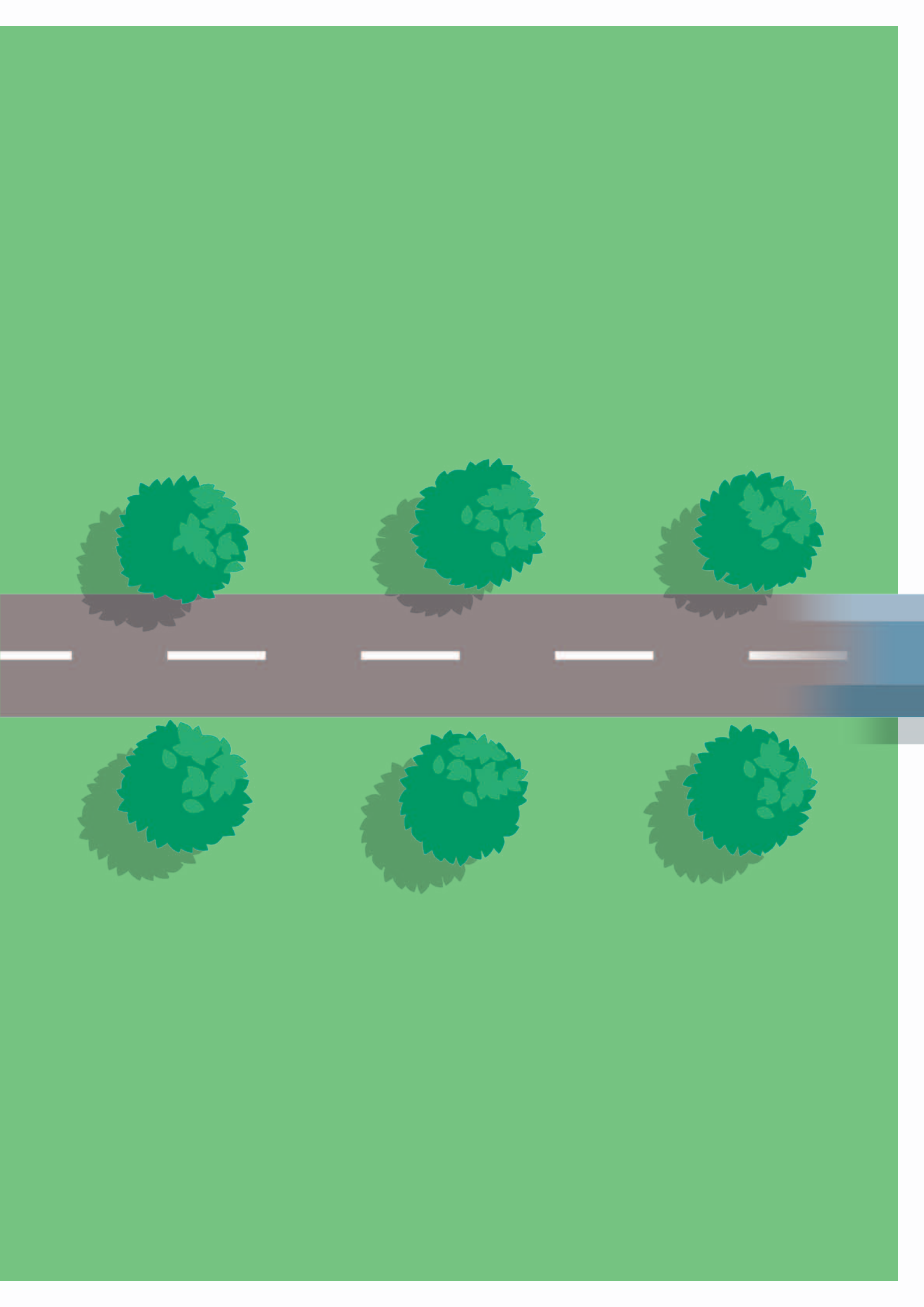
How to manage millions of mobile devices.

Today, securely implementing mobility on the road is a must for enterprises. In 2013, one in every three employees already accessed the IT of his employer while out of the office, and in 2014, 90 per cent of enterprises will provide their employees with applications on laptops, tablets and smartphones. At the same time, 50 per cent of enter-

prises would like the management of their IT environment to be easier. To reconcile these two aspects is a great challenge, which only qualified experts can master. At Bechtle, the specialists of the mobile solutions competence centre take care of this issue, sharing their know-how with all IT system houses of the holding. Here, too, our

efficient structure with decentralised, flexible units has proved its worth – always on the road for the secure, vendor and system-independent integration of mobile devices and applications in every IT environment.





Present with one address in half of Europe.

At www.bechtle.de, bechtle.fr, bechtle.co.uk and so on, business customers and public-sector clients in 14 countries can easily purchase IT products. The Bechtle direct online shop features more than 56,000 items from all renowned vendors, covering the entire IT market. The European Article System (EAS) and European Pricing Sys-

tem (EPS), as well as our centralised European product management, supply all customers with uniform processes in all countries. Thus, customers can rely on the same consulting and service quality at international locations – also as a custom-tailored, customer-specific e-procurement solution with the Bechtle Information

and Ordering System bios®. The deployment of an international customer expert community has brought the national Bechtle direct subsidiaries even closer. Additionally, our multi-brand strategy includes ARP and Comsoft direct, two brands that sail under their own flag in the Bechtle array.







Where logistics matter.

Bechtle would be inconceivable without its own efficient logistics. In this field, Bechtle Logistik & Service GmbH, the group's largest individual company, boasts some impressive details. On average, our central warehouse in Neckarsulm sends out 5,850 shipments a day and 1.5 million parcels a year. Covering some 20,000

square metres, it is as large as three football pitches for international matches. From here, the software and radio-controlled system quickly prepares shipments for despatch, usually on the day of the order. Everything is packed safely, e.g. in the Bechtle box designed according to ecological criteria, and often in direct coordination

with the Bechtle installation centre. Furthermore, numerous shipments are delivered directly by the vendors or distributors according to our instructions. In this way, things run smoothly, and about 440 employees make sure that Bechtle's customers are happy with the logistics and services.





A sure way to come to terms with the cloud.

Cloud computing is no longer something far away in the sky, but something many of us use every day, e.g. to listen to music or manage photo albums in the cloud. What is only a mouse click for private users is much more complicated for enterprises. To benefit fully from advantages such as cost optimisation, flexibility and inno-

vativeness, existing infrastructures, applications and data must first be migrated securely to the cloud. To make this possible especially for medium-sized businesses, Bechtle offers "Build your own cloud", a pre-configured solution for hardware, software, management and transition, i.e. the move into the private, public or

hybrid cloud. Of course under strict observance of data protection, data security, statutory and corporate guidelines – hosted entirely in Germany, if desired. And all of a sudden, operating the business cloud is just as easy as watching a video stream after work.



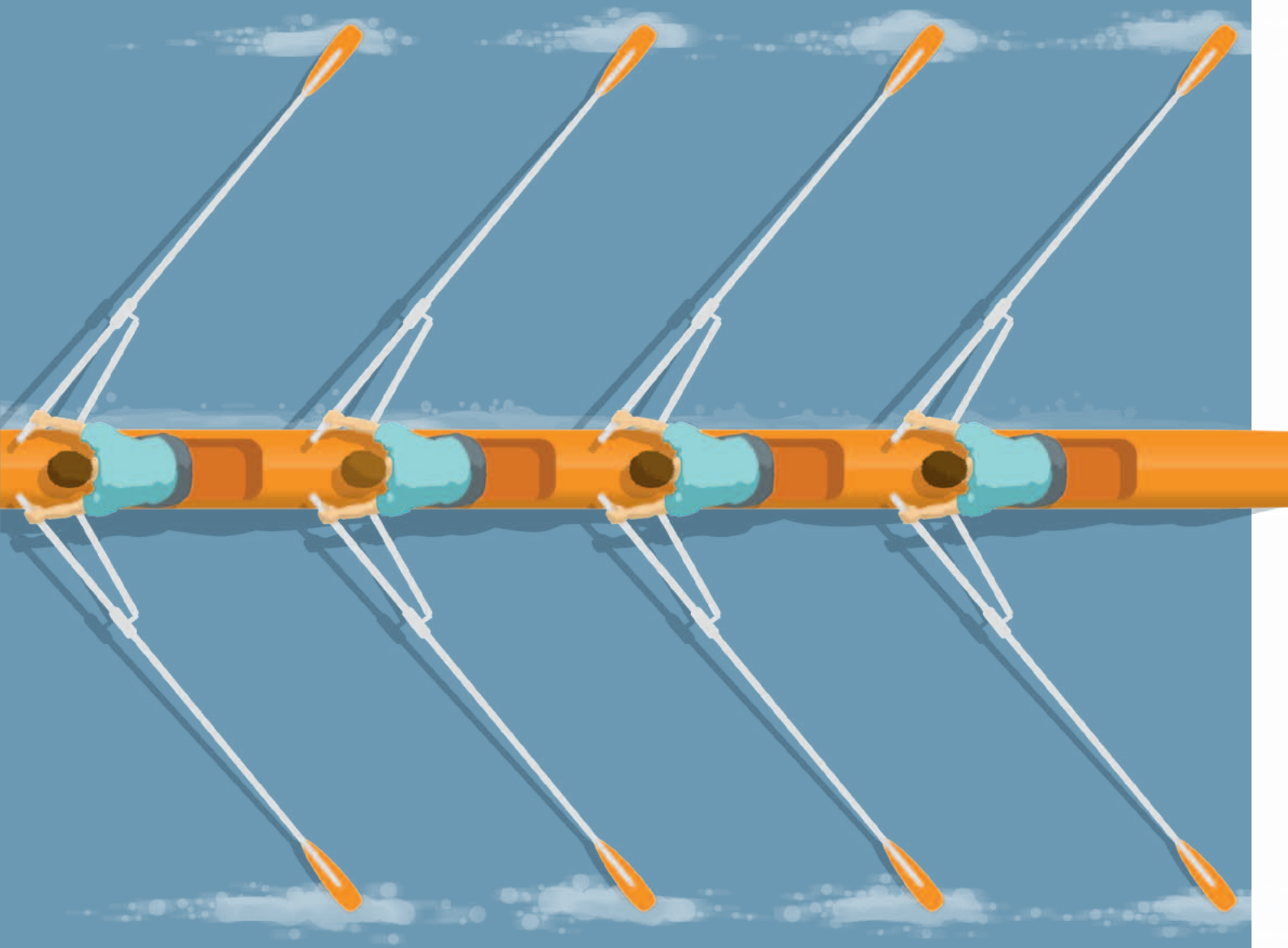
How to get ahead with collaboration.

The good old desk is becoming a relic, and the concept of working just by oneself is close to extinction. Instead, the future belongs to collaboration – networked, decentralised and mobile. No matter whether on land or sea, with or without a navigator, the main issue is to move straight ahead towards the project goal. Bechtel not

only equips its customers with state-of-the-art collaboration tools, it leads by example. At the organisational level, it does so through networked cooperation in and between the system houses, specialised communities and competence centres, or by setting up task forces for special challenges. At the technical level, Bechtel is of course

up to date. We use our intranet for close exchange of knowledge and documents or for teamwork. We communicate by telephone and in video conferences, and coordinate all dealings via unified communications. As you would expect from an IT enterprise.





How Bechtle managed services help you reach your goal sooner.

To concentrate entirely on a particular goal, it is important to avoid any disturbance. This is exactly what customers of Bechtle managed services do. They take care of their business and leave their IT, or part of it, to us. They

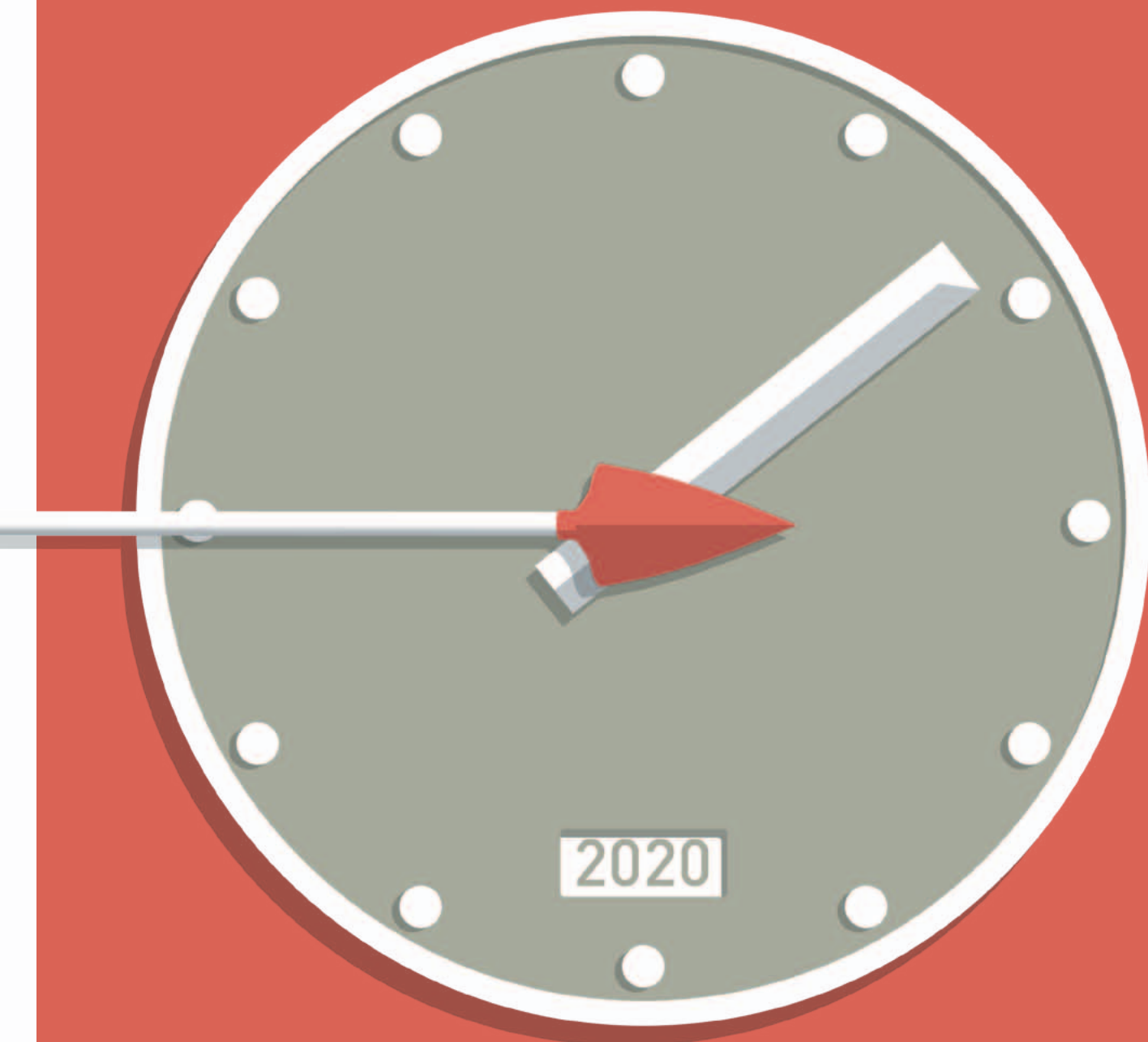
invest a lot of trust in our services, and rightfully so. After all, the modular Bechtle managed services kit contains more than 500 standardised service modules that cover about 90 per cent of all IT requirements. And since

“standard” means “tried and tested”, more and more customers focus on their core business and put Bechtle in charge of their IT – our core business.





What ALWAYS PRESSING FORWARD will also mean in the future.



If you're always pressing forward, you need to know where you are headed. Bechtle has clear goals that it wants to reach by 2020. With IT e-commerce, we want to become the Number One in

Europe and carry on with the internationalisation. Our IT system houses & managed services are to be leading IT partners for enterprises, customers and public-sector clients. For this purpose,

we want to be present throughout Germany, Austria and Switzerland. At the bottom line, we plan to generate revenues of €5 billion with 10,000 employees by 2020.

37

COMPANY 40

FRAMEWORK CONDITIONS 84

EARNINGS, ASSETS AND FINANCIAL POSITION 86

OPPORTUNITIES AND RISK REPORT 104

SUPPLEMENTARY REPORT 128

FORECAST REPORT 129

Everything in view.

Somebody who moves straight ahead has a better overview. Somebody who has a better overview is able to make the right decisions. Somebody who makes the right decisions can look back on the past with satisfaction.

Perspective.

Once again, the corporate and management structures that have been planned for the future have proven successful. One of the results of this approach can be seen from the fact that the IT system house & managed services has been able to further expand its extensive market presence in Germany, Austria and Switzerland. Pages 40–44.

Review.

Once again, IT has grown slightly faster than the economy as a whole. Bechtle, however, has grown much faster than IT, resulting in an even greater market share. See page 84 ff for more information.

Overview.

Once again, the results are more than satisfying! The earnings position has improved considerably; see pages 90–92. Assets position: clearly improved, see page 97. Financial position: significantly better, see page 101.

Insight.

Once again, we provide in-depth insights. Somebody who has the necessary overview does not need to fear insights. Bechtle explains the opportunities and risks on 23 pages. The information starts on page 104.

Outlook.

Once again, the outlook is optimistic. Bechtle considers its positioning to be strong and promising in every aspect. Go to page 129 for information on what we have planned for 2014 and how we intend to reach these goals.

COMPANY	40
	40 Group Structure
	45 Business Activity
	59 Corporate Management
	64 Employees
	69 Corporate Governance Report
	77 Share
	82 Takeover-Related Disclosures
FRAMEWORK CONDITIONS	84
	84 Macroeconomy
	85 Industry
	85 Overall Assessment
EARNINGS, ASSETS AND FINANCIAL POSITION	86
	86 Earnings Position
	96 Assets Position
	100 Financial Position
	102 Strategic Financing Measures
	103 Overall Assessment
OPPORTUNITIES AND RISK REPORT	104
	104 Risk and Opportunity Management
	109 Opportunities
	114 Risks
	126 Overall Risk Assessment
SUPPLEMENTARY REPORT	128
	128 Important Events after the Balance Sheet Date
FORECAST REPORT	129
	129 Framework Conditions
	131 Performance of the Group
	135 Overall Assessment



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

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 the Vision 2020. All structural measures in the reporting period have contributed directly or indirectly to the strategy implementation and thus help to ensure the company's sustainability. With its separation of operations and administrative tasks, effective cross-segment logistics, increasing cross-linking of the decentralised system house locations as well as the brand-oriented e-commerce focus throughout Europe, Bechtle has established a competitive organisation that is tuned to market needs.

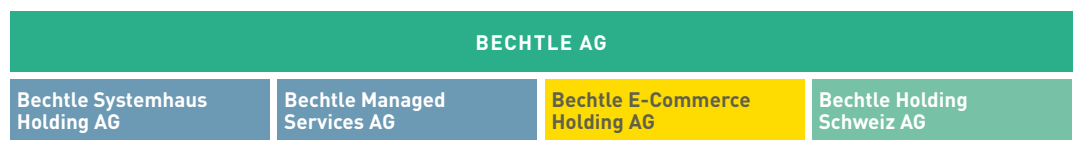
Legal Structure



A chart of the organisational structure can be found on the inner back cover page.

The parent and holding company BECHTLE AG, headquartered in Neckarsulm, Germany, is responsible for strategic business planning and central tasks in the fields of controlling and finance, corporate communications and investor relations, central IT, human resources, quality management, legal and compliance. Staff development and the BECHTLE Academy are further group divisions and responsible for the training and development of the employees in the group. The purchasing, warehouse, product management, marketing and address management functions in particular 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 the 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 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.

Management Structure

The hierarchical separation of the strategic group management of the Executive Board from the leadership of the operational units remains the key characteristic of the management structure. In this way, BECHTLE takes the greatly expanded 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.



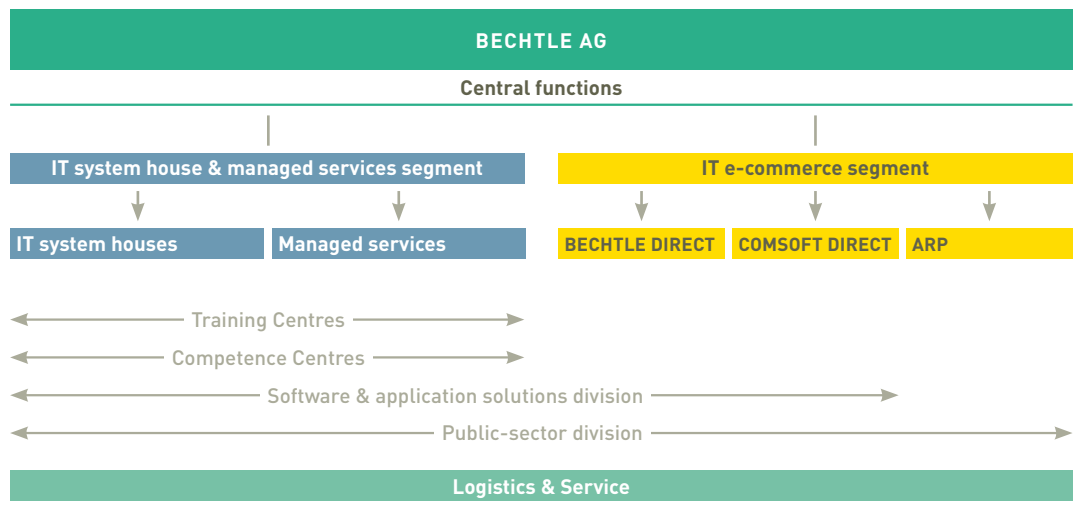
For a list of subsidiaries see Notes, page 216 ff



“The holding structure is a key precondition for the future success of Bechtle.”

Marcus Reutter
member of the management,
system house Stuttgart

04. MANAGEMENT STRUCTURE OF BECHTLE AG



In the IT system house & managed services segment, BECHTLE exclusively covers Germany, Austria and Switzerland. In the IT e-commerce segment, however, the group endeavours to be present on all relevant European IT markets. Currently, BECHTLE is represented 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, Logistik & Service GmbH and the German intermediate holding companies are also headquartered here.



[www.bechtle.com/
locations](http://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 subsidiaries act in the capacity of independent entrepreneurs with a high level of personal responsibility in their local markets. In this context, a consistently 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. By acquiring Viritim Systemhaus GmbH, Karlsruhe, BECHTLE has reinforced its software and application solutions division with further competency in the field of collaboration. The company has been merged with the BECHTLE subsidiary HanseVision. Moreover, BECHTLE further expanded its managed services business by taking over 58 employees from IBM Business Services, who are active for customers on-site throughout Germany. In Switzerland, BECHTLE acquired Sedna Informatik AG, based in Gümligen near Bern, thereby expanding its system house business with IBM infrastructure and virtualisation competencies. Through its takeover of Sitexs-Databusiness IT-Solution GmbH in Wien, BECHTLE has significantly expanded its market presence in Austria. The company has four additional locations in Graz, Götzis, Innsbruck and St. Pölten and is one of Austria's leading IT system integrators and security specialists.



See Notes,
Scope of Consolidation,
page 153



See
Business Activity,
page 47 f

05. SYSTEM HOUSE LOCATIONS OF BECHTLE AG

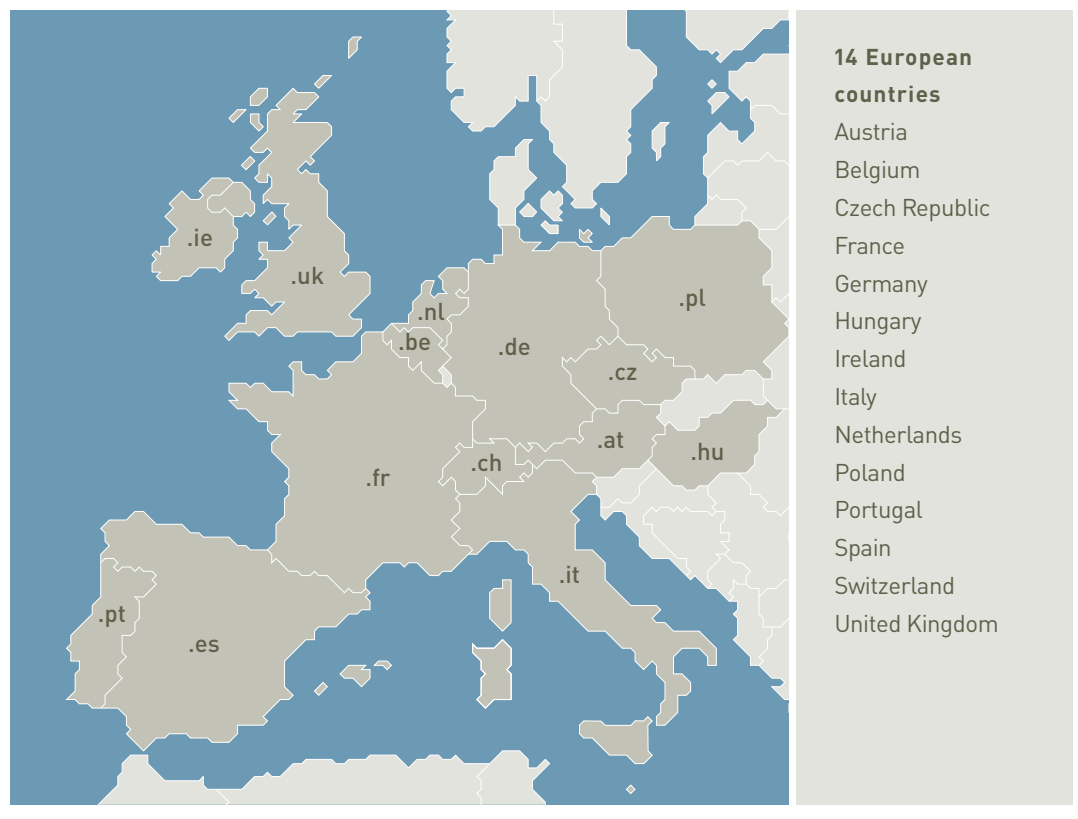


As of the reporting date, the BECHTLE Group had 54 IT system houses and 23 sales offices in 14 federal states in Germany. In Switzerland, BECHTLE AG has 11 system house locations in eight cantons. In Austria, it has locations in six federal states.

Under its BECHTLE DIRECT brand, BECHTLE AG has IT e-commerce locations in 14 European countries.

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




For a list of
subsidiaries
see Notes,
page 216 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 about 1,300 employees.

BUSINESS ACTIVITY

Bechtle is active with more than 65 system houses in Germany, Austria and Switzerland, and is one of Europe’s leading full-service IT dealers, with subsidiaries in 14 countries. This combination forms the basis of Bechtle’s unique business model, which combines IT services with online marketing of IT products. We offer a one-stop, vendor-independent, comprehensive IT portfolio to our more than 75,000 customers from the fields of industry and trade, the public sector and the financial industry. Increasing dynamism of technological innovation and increased complexity result in higher customer demands on IT service providers. Accordingly, horizontal and vertical competence is decisive for successful competitive positioning. The Bechtle Group has consistently aligned its business model and internal processes with this complexity and dynamism.

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 roll-out, system integration, IT services, training, cloud services and complete IT operation. The IT e-commerce segment comprises the group’s Internet, catalogue and telesales trading activities. With the ARP, BECHTLE DIRECT and COMSOFT DIRECT brands, BECHTLE is pursuing a multi-brand strategy in this segment.

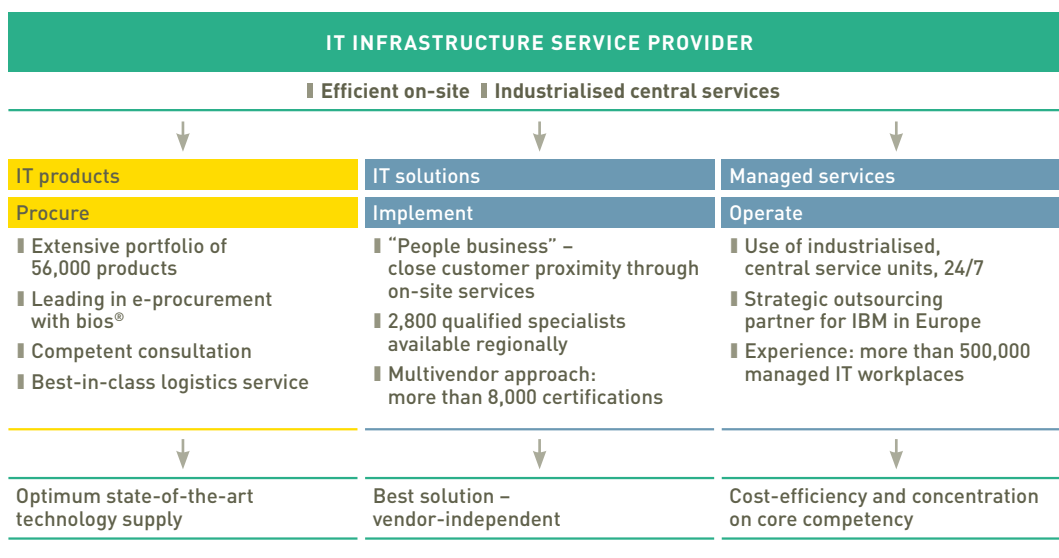


For information on the business model see Management Structure, page 41f



Our multi-brand strategy in e-commerce

07. ONE-STOP SERVICE 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 developing a needs-oriented solution for each and every customer. The product portfolio is subject to ongoing review and adaptation to market and customer requirements.

In the IT solutions unit, about 2,800 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 in complex solution themes in competence centres that are active throughout the country. More than 8,000 certifications of all renowned manufacturers guarantee premium qualification of our services.



Optimum qualification
thanks to manufacturer
certifications



More information
about individual
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 for 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 by means of automated solutions. By selecting a suitable infrastructure solution with respect to technological performance, power supply, cooling and active energy management, BECHTLE enables its customers to cut IT and 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 focal points 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



"Collaboration: something we offer our customers and practise ourselves."

Markus Schuler, Stefan Waser
SAM engagement managers,
Comsoft direct Switzerland

and applications. Based on conventional consolidation and optimised availability, security and management, we enable our customers to achieve the highest possible degree of virtualisation in the data centre. The focus is on subjects such as automation, service-level agreements, process management and self-services. BECHTLE'S competency in this area is highlighted by the many awards received. In the reporting period, for example, BECHTLE received the award for the highest VMware competency in the EMEA region from VMware, the world's leading provider of virtual infrastructure software.

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 a key software and consulting partner for industrial customers. With more than 750 software certifications, our application experts roll out software projects with solutions from the fields of CAD, ERP/PPS, CRM, SAP, BI, DMS, groupware and SharePoint. BECHTLE combines expert licence management consulting services with extensive know-how in 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 modern requirements for increased business flexibility and mobility along with cost optimisation by providing special cloud services and cloud 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.

Managed Services. By means of managed services, BECHTLE assumes 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. Through 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, BECHTLE guarantees optimum operability of the IT systems along with cost efficiency over the entire lifecycle. 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



www.bechtle-cloud.com



"Our offer: cloud computing with its feet on the ground."

Nicole Sannwald
junior account manager,
Bechtel direct Germany

contacts. Providing a central point of contact and an integrated warranty and spare part handling, 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. Cloud computing is increasingly asserting itself on the market and will, in the medium term, play a greater role in medium-sized businesses as well. Especially in medium-sized businesses, enterprise 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 solutions 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 the country of origin.

Managed IT & Outsourcing. BECHTLE is specialised in managed IT & outsourcing services and has strengthened this area by means of acquisitions in the reporting period as well as in the current year. Here, BECHTLE 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.



See Locations,
page 42 ff and
Supplementary Report,
page 128



[www.bechtle.com/
managed-services](http://www.bechtle.com/managed-services)

08. MANAGED SERVICES PORTFOLIO

BECHTLE MANAGED SERVICES		
Maintenance & Repair	Managed Cloud Services	Managed IT & Outsourcing
<ul style="list-style-type: none"> ■ Clients ■ Printer ■ Server ■ Storage ■ Network 	<ul style="list-style-type: none"> ■ Infrastructure as a Service ■ Software as a Service 	<ul style="list-style-type: none"> ■ Service Desk ■ Managed Workplace ■ Managed Print Solutions ■ Managed Data Centre ■ Managed Network & Security ■ Managed Application



Sustainability through
resource-friendly
recycling of
legacy systems

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

Competence Centres. Competence centres constitute an important pillar of BECHTLE'S service portfolio. Currently, the BECHTLE Group has 12 competence centres. The reasoning behind them is that certain specific technological services require deeper specialist knowledge that cannot be made available at every system house location of the BECHTLE Group. To be able to offer these services to all customers, the BECHTLE Group bundles this know-how in competence centres. In their capacity as internal service units, they render services for all locations.

Training Centres. The custom-tailored seminar concept of the 22 BECHTLE training centres throughout Germany is precisely aligned with market needs. The offer covers a wide spectrum, with more than 15,000 seminar dates for 500 hot IT topics. For customers with several branches, this presence enables uniform training on-site.



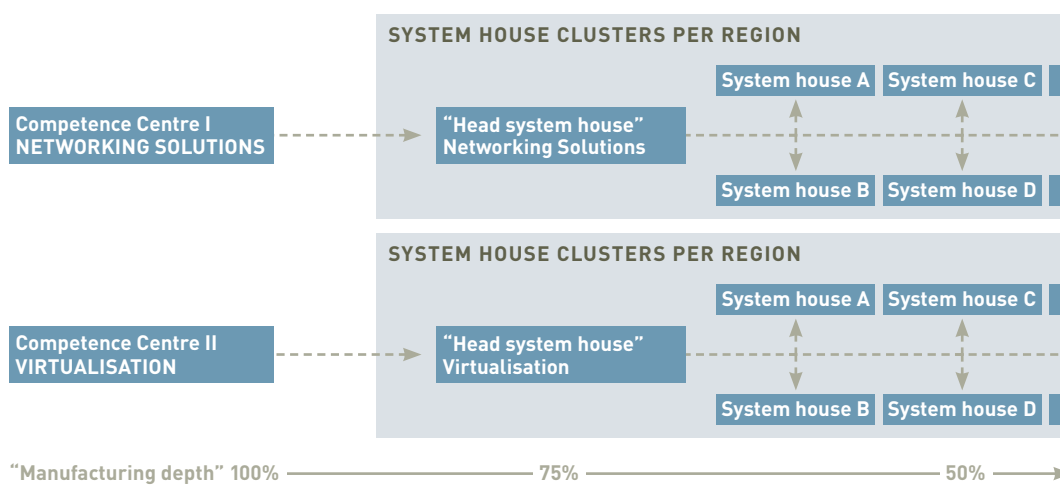
www.schulung.
bechtle.com

Know-how Transfer between Locations. Due to the increasing complexity and diversity in the field of IT, it is difficult for any 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 key IT subjects and on the concept for know-how transfer between locations, in order to remain successful in the regional competition. The objective is to ensure, in equal measure, the provision of expertise in all projects, regardless of the location of the respective system house. Therefore, the collaboration with the locations of regional clusters is 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 key subjects by intensifying staff training, support other system houses in customer projects and organise successful knowledge transfer within a cluster. A system of "networked decentralisation" 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 56,000 items ranging from hardware to standard software to peripherals. While BECHTLE DIRECT concentrates primarily on conventional hardware of market-leading vendors, the product portfolio of ARP also features innovative niche products. Furthermore, the ARP companies sell products under our own ARP® and Claxan® labels, thereby offering customers an inexpensive alternative to other known brands while maintaining the same quality standard.



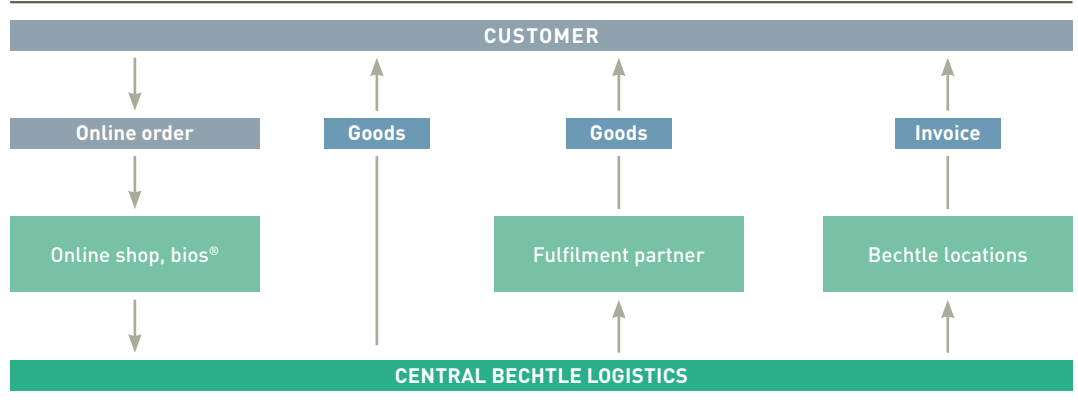
bios® stands for Bechtle Information & Ordering System, for further information see Glossary, page 230 ff



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. About 24,000 BECHTLE customers throughout Europe have substantially reduced their process costs in connection with the procurement and management of IT products with the help of bios®. Today, about 45 per cent of all trade 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 ORDERS AND SHIPPING OF GOODS



Customers that use bios® benefit from high flexibility in the product selection as well as from standardisation and can thus ensure 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 the subdivision in administration, health care, research & education and church & welfare, the group makes greater allowance for the heterogeneous structure of the public sector. Individual federal and state authorities, municipalities, chambers, associations and educational institutions thus have access to special terms of 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.



Process control,
fulfilment principle,
shipping quality,
daily audits,
short delivery times

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 unit in Neckarsulm. The activities of the Swiss system houses and of the ARP and COMSOFT DIRECT companies are controlled by the logistics centre in Rotkreuz, Switzerland. In recent years, several measures have been implemented in Neckarsulm in order to lay the foundation for meeting future logistics requirements, e.g. the expansion of the total warehouse area, implementation of new conveyor technology and introduction of system-aided warehouse management based on SAP. 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 7,500 euro-pallets. Of the 56,000 products that are offered, about 8,500 items are constantly available on stock. In the reporting period, the average warehouse output amounted to 5,850 parcels a day.



*"Almost 6,000 parcels a day:
an impressive feat."*

Sascha Nickl
head of warehouse,
logistics & service

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 15 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, product catalogues are another important sales channel in BECHTLE'S trading business. The main catalogue of BECHTLE DIRECT was published twice in Germany and Austria in 2013 and once in all other countries. Henceforth, the catalogue is to be published once a year for all countries. The edition for all countries is released in five languages and 17 international versions with a total print run of about 150,000 copies. It comprises 14 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 mobility, a list of manufacturers and keywords, an extensive IT glossary and further references to the complete product offering of the BECHTLE online shops. The ARP catalogue is published once a year in three languages and six international versions with a print run of more than



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

100,000 copies. Additionally, special BECHTLE catalogues on specific trend subjects are regularly published 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.



See Organisational
Structure, inner back
cover page

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 enterprises with custom-tailored software products and solutions. The offer covers the entire software lifecycle, 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 portfolio 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 which avoids both illegal under-licensing and unnecessary, cost-intensive over-licensing.



Professional
inventory management
with SAM

Software Asset Management. By using a modular, cost-efficient software asset management solution (SAM), we ensure 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 throughout the 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 respect to the licence optimisation for the customer. In this way, COMSOFT DIRECT covers the entire complexity of the software lifecycle, from purchase planning to financing, procurement, distribution, provision and maintenance up to 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 DIRECT'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. This division offers its customers BECHTLE product lifecycle management (BECHTLE PLM), a solution to speed up business processes. A notable BECHTLE PLM project in the reporting period was the rollout of a comprehensive enterprise solution for a customer operating worldwide. The customer now has an individual overall solution, including variant configurator and mobile data acquisition, on the basis of BECHTLE PLM standards. The BECHTLE PLM components Microsoft Dynamics NAV as an ERP solution in combination with the SolidWorks CAD world represent the foundation of the solution, which also integrates quality management.

Programming work was also done for the internally developed software solutions BELOS, BECHTLE Manufacturing and BECHTLE Event & Ticketing. BELOS is a resource management application for planning and conducting events, training and meetings. Originally developed on the basis of Lotus Notes for internal use, we now sell the software throughout Germany due to its unique market position. Moreover, the new web-capable, totally platform-independent software solution BELOS4web was introduced to the market in 2013 in order to satisfy the demand for professional event management solutions based on open web technologies and Outlook/Exchange integration. BECHTLE Manufacturing is the group's comprehensive overall package for medium-sized manufacturing businesses that is based on the ERP software Microsoft Dynamics NAV. Among other things, the tool provides a wealth of functions and a high level of transparency in sales and purchasing, production management, quality assurance for incoming goods, project management, service and complaints handling and notification and approval procedures. BECHTLE Event & Ticketing – an application that is also based on Microsoft Dynamics NAV – is designed especially for companies and facilities in the event sector that 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.

On top of the continuous development work in connection with the maintenance and update of our webpages and the webshops of our trade brands ARP, BECHTLE DIRECT and COMSOFT DIRECT, the ARP online shop was revised by an external service provider and capitalised as an intangible asset in the reporting period. Moreover, BECHTLE employees are currently developing a new webshop for the BECHTLE DIRECT trade brands. The webshop will most likely go live in late 2014 and is capitalised as an internally created intangible asset.

Apart from this, no major development work was done in the reporting period.



"Our large project for 2014: to further develop the Bechtle direct shop."

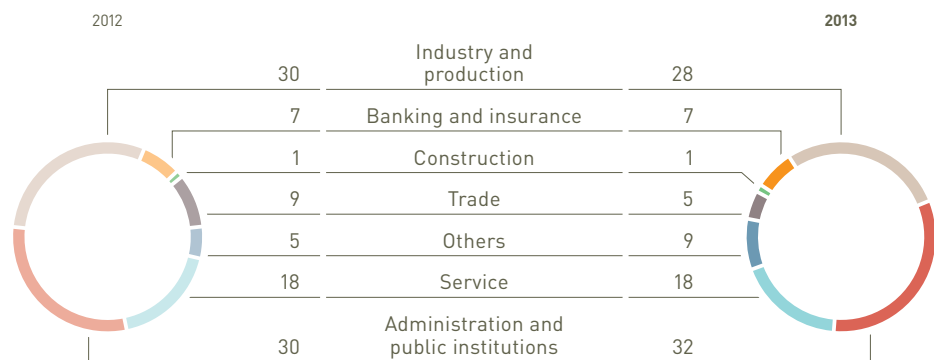
Stefanie Spanidis
user support web management,
Bechtle AG

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 computer-based workplaces and upper medium-sized businesses are enterprises with 250 to 2,000 PCs. 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 42 ff

Geographically, BECHTLE'S IT system house & managed services segment operates in Germany, Austria and Switzerland. The sales office established in Brussels, 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 80,000 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 120 companies. Only about 25 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 2013 among vendor-independent German companies 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.

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 2013 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 roll-out quality

As of the reporting date, the industry association BITKOM estimated the total volume of the German IT market in 2013 at €74.7 billion. Based on annual revenue of €1.6 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 by far the largest market share. However, in the reporting period it was obvious that the consolidation pressure in the IT industry was 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 currently present with six system house locations. The company intends to further expand its market position there.

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 position, though this position still needs to be fortified in the young markets.



See Locations, page 44

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 manifest this commitment and, most importantly, to firmly 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 continually reduce the environmental impact. At present, 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



Environment management system in accordance with ISO 14001

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.



“Numerous measures, one goal: environmental conservation.”

Evelyn Jikeli
account manager,
Bechtle direct Germany

The EMS at BECHTLE AG addresses savings in the fields of energy (power and heat), paper, water and emissions, as well as consistent re-channelling of recyclable substances into the economic cycle. In the reporting period, the annual evaluation revealed that almost all goals formulated in the prior year had been reached. At the same time, we have defined new goals. In this context, the central IT and facility management continue to play a central role. Through the establishment of a new catering area with a new concept, the accumulation of waste and the contamination of waste water are to be reduced in this area. By means of increased use of electronic documents, e.g. for training purposes, significant savings are to be achieved in the field of paper consumption as well. In the third year since the introduction of the EMS, most measures again represented cross-divisional measures that impacted 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 lifecycle, 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. Through BECHTLE Remarketing GmbH, BECHTLE is able to directly dispose of IT products in an eco-compatible way. Furthermore, BECHTLE Remarketing is specialised in taking back decommissioned IT hardware from customers, refurbishing the devices and putting them back to use.



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

The group is responding to the growing demand 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

The success of BECHTLE depends on largely on the fact that we always keep the big picture in mind instead of acting on a short-term basis. 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, regardless of the zeitgeist and trends. We believe that economic, environmental 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 reporting period, BECHTLE developed a sustainability code that brings our responsibility towards society as a whole and the important guiding principles home to all BECHTLE employees and business partners. Divided into eight categories, the code explains the principle of sustainability at BECHTLE:

12. SUSTAINABILITY CATEGORIES

SUSTAINABILITY		
<ul style="list-style-type: none"> ■ Corporate governance ■ HR work ■ Customer relationships 	<ul style="list-style-type: none"> ■ Environment ■ Solution offers 	<ul style="list-style-type: none"> ■ Human rights ■ Fairness ■ Social responsibility

Sustainable Corporate Governance. The most important item in this connection is the company's long-term orientation for the purpose of achieving profitable growth. We are convinced that this is the precondition for assuming responsibility for the effects of our entrepreneurial decisions and business activities in the economic, environmental and social context. Moreover, compliance with binding standards of conduct, open internal communication and transparency in dealings with the public are important pillars. We also document our responsibility towards stakeholders in the Corporate Governance Report.



See Corporate Governance Report, page 69 ff

Sustainable HR Work. Employees are the most valuable and important assets of BECHTLE. Therefore, sustainable HR work is inextricably linked with long-term corporate success. Our responsibility towards our employees goes hand in hand with the responsibility towards the company as a whole and the shareholders. Important elements of sustainable HR work include the training of our employees, a performance and incentive-oriented compensation system and the establishment of a secure, healthy job environment. This also means creating the basis for a balanced relationship between work and personal life. All of this is based on the BECHTLE management principles, which provide all management levels with guidelines for dealings with employees and, most importantly, for fulfilling their function as role models. Detailed information on the HR work at BECHTLE is also available in the chapter "Employees".



See Employees, page 64 ff

Sustainable Customer Relationships. Our actions are geared to the concerns of our customers and their satisfaction. Satisfied customers furnish evidence of our excellent work and form the basis for our future success. Customer relationships often rely on a firm trust basis, especially in medium-sized businesses, BECHTLE's core customer segment. For good customer relationships, it is however also important to continually adapt the portfolio to customer needs and to ensure quick and flexible troubleshooting processes.



See Competitive Position, page 54 ff



See

Environmental Protection,
page 55 f

Sustainable Environmental Awareness. At BECHTLE, environmental protection plays an important role. As an individual company, BECHTLE AG has an environment management system that is certified according to DIN ISO 14001. For many years, BECHTLE's Annual Report has featured a separate section on environmental protection.



See

Service Spectrum
and Processes,
page 46 ff

Sustainable Solution Offers. We endeavour to offer our customers solutions in accordance with the principle of making the use of information and communication technologies eco-friendly and resource-friendly throughout the entire lifecycle, from the design of the systems to their use and operation to the recycling of the equipment. For this purpose, BECHTLE has established the required technical and HR conditions, thereby enabling us to offer customers sustainable solutions at all times within the scope of our service spectrum.

Sustainable Commitment to Human Rights. As a company, we therefore assume responsibility for the protection of human rights and contribute to compliance with these within our sphere of influence. Besides observing applicable international and national standards and laws, this requires the promotion of diversity in the company. Our BECHTLE code of conduct contains a comprehensive, firmly rooted ban on discrimination that applies at all levels and in all areas of the company.

Sustainable Fair Company and Business Practice. Honesty, fairness and reliability stand for the integrity of BECHTLE and determine our conduct inside and outside our company. The most important pillar is the BECHTLE code of conduct, which defines clear rules and prohibitions for dealings with business partners. Our open and tolerant corporate culture also plays an important role here.

Sustainable Social Responsibility. As an internationally positioned enterprise, we interact in various ways with our regional environment as an employer and client. This obliges and allows us to participate in shaping the social setting of our locations within our means. Our commitment mainly concentrates on the promotion of science and education. Additionally, we are involved in selected charitable projects. As a sponsor, we selectively promote sustainable development in the fields of education, sports and culture at our location. We consistently support foundations that are also closely linked to our founding shareholders.

CORPORATE MANAGEMENT

The strategy of the Bechtle Group follows a long-term approach and is strictly aligned with the Vision 2020, the objective of which is to boost the enterprise value in a sustainable manner. The activities focus on strengthening our position in the existing business areas and on developing new markets for 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 industry average.

Objectives and Strategy

In the 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 about 12 per cent a year along with an above-average 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 concerted efforts to expand our portfolio, partly using our own resources, partly in close coordination with our manufacturer partners.

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 will 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.



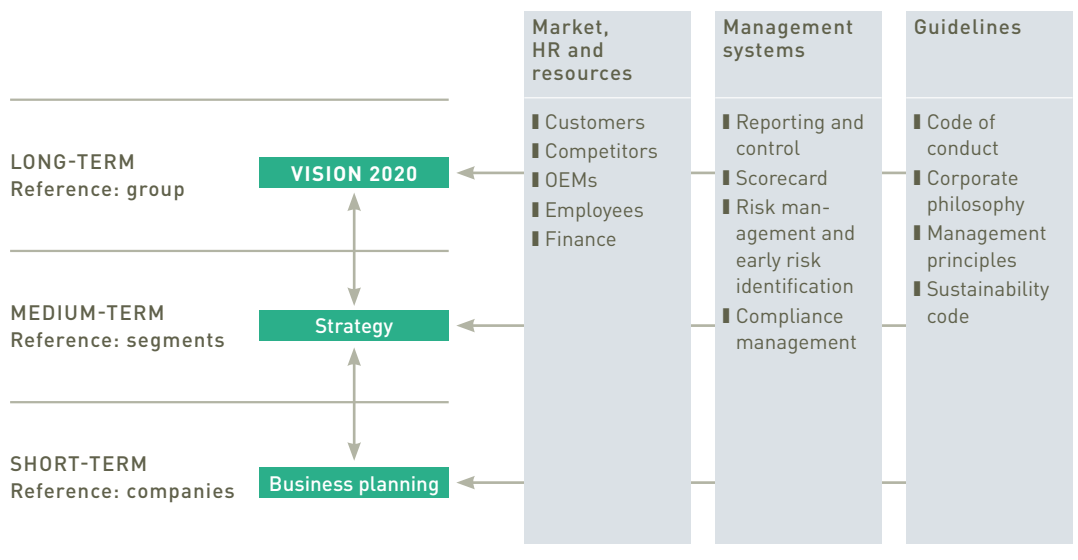
"We are constantly expanding our portfolio."

Christine Deutsch
head of business development services, Bechtle AG

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.

As we endeavour to achieve the goals formulated in the "Vision 2020", every fiscal year represents an intermediate step. In the reporting period, we made good progress on our way towards the "Vision 2020".

13. 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 sustainability code published in the reporting period 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 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 administrative expenses, EBT, impairment of goodwill and employment situation. 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 "DeltaMaster Compass". This custom-developed management tool for reporting, benchmarking and analysis provides the governance process with IT-based assistance. 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 as well as 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 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 the responsible people to respond to potential mistakes at an early stage.



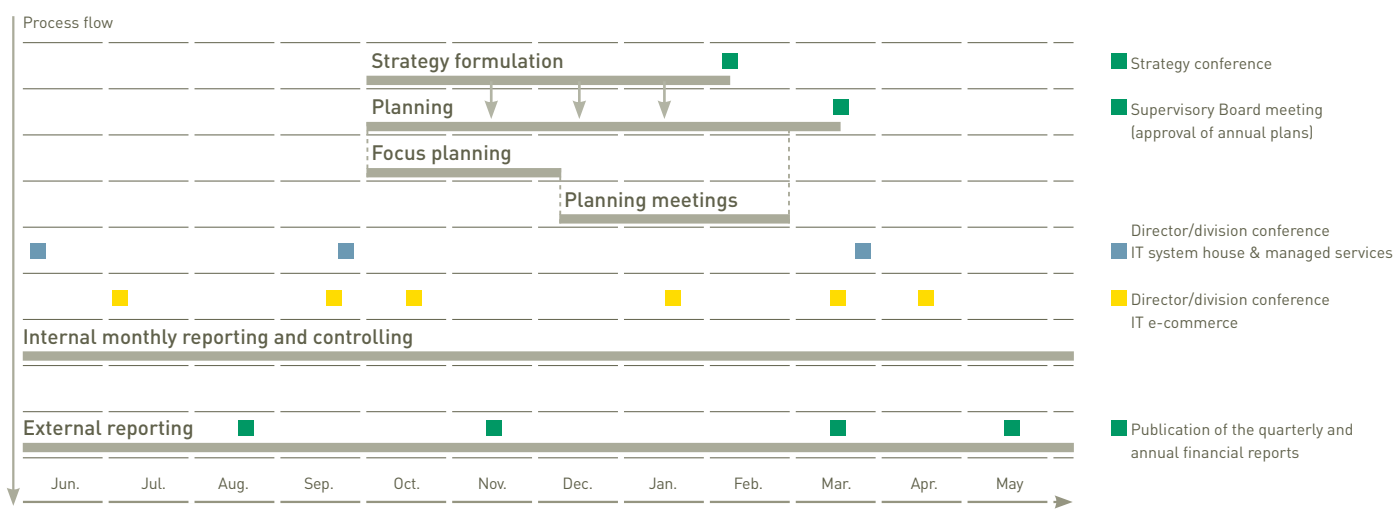
Besides central management information systems such as "DeltaMaster", "Planos", "Compass" and "esc", BECHTLE AG uses two ERP systems, Navision Financials and SAP, for the resource-oriented management of its business processes. All accounting and central logistics management processes are integrated in 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 Navision and SAP 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, 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.

14. PLANNING AND REPORTING PROCESS 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.



See

Competitive Position,
page 54 f

Combined with target-oriented staff training, these analyses will help BECHTLE to continue to provide customers with comprehensive, flexible and competent consulting services in the 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. BECHTLE's one-digit fluctuation rate is below the industry average.

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, environmental management, compliance, risk management and early identification and the internal control system (ICS). 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

Dedicated and competent employees play a key role in the success of our business and lay the foundations for reaching our growth targets in the future. Therefore, Bechtle constantly endeavours to expand the personnel base with highly qualified applicants. The forceful dynamics of the IT industry require ongoing development and qualification of the workforce. In the fiscal year ended, Bechtle again consistently invested in training measures for its employees. Besides training young people, the company attaches great importance to the further development of the existing employees. With its extensive open seminar offer for all employees and tailor-made staff development programmes for senior and junior executives, Bechtle has secured an optimum position in the competition for talented individuals.

Development of Employee Numbers



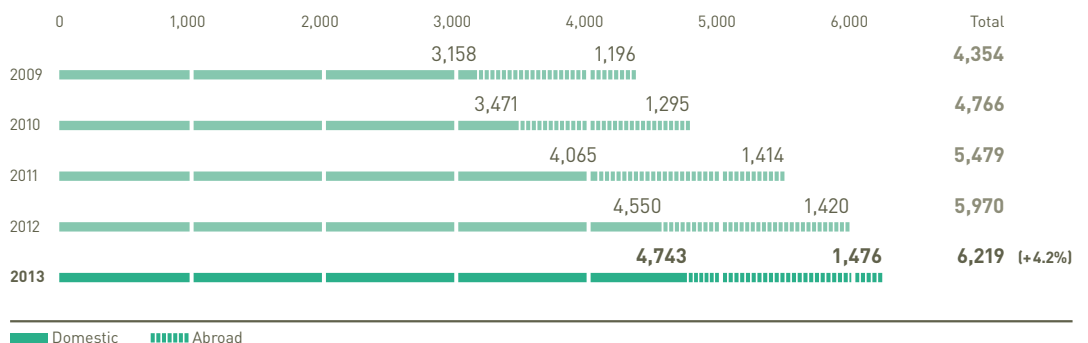
See Notes,
Employees,
page 212 f

As of 31 December 2013, the BECHTLE Group had a total of 6,219 employees. Compared to the prior year, with a total of 5,970 employees, the total workforce grew by 249, an increase of 4.2 per cent. On average, 6,072 employees worked for BECHTLE during the reporting period (prior year: 5,780 employees). The increase in the number of employees in the group is the result of both acquisitions and new recruitment.

In Germany, the number of employees increased by 193 to 4,743 at the end of the year (prior year: 4,550 employees). The number of employees in other countries increased from 1,420 to 1,476. Thus, Germany still accounts for about three quarters of all employees.

15. EMPLOYEES BY REGIONS

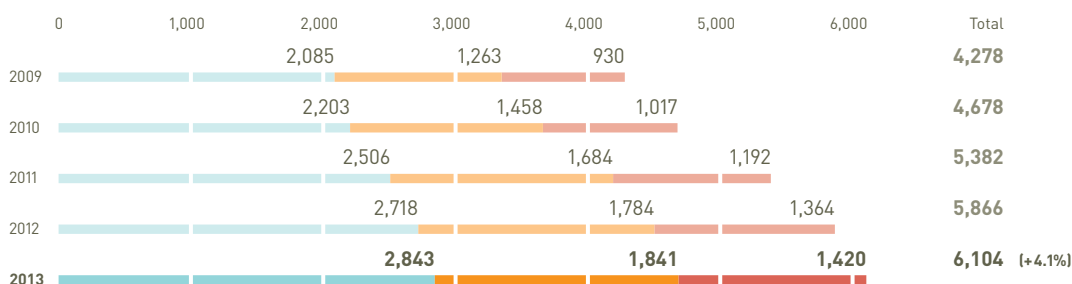
as of 31 December



Split by functional areas, we recorded the highest growth in the field of services. Throughout the group, 2,843 employees worked in this area as of the balance sheet day 31 December, 125 more than in the prior year. The sales team grew by 57 to 1,841, and the administration workforce by 56 to 1,420.

16. EMPLOYEES BY AREAS

as of 31 December



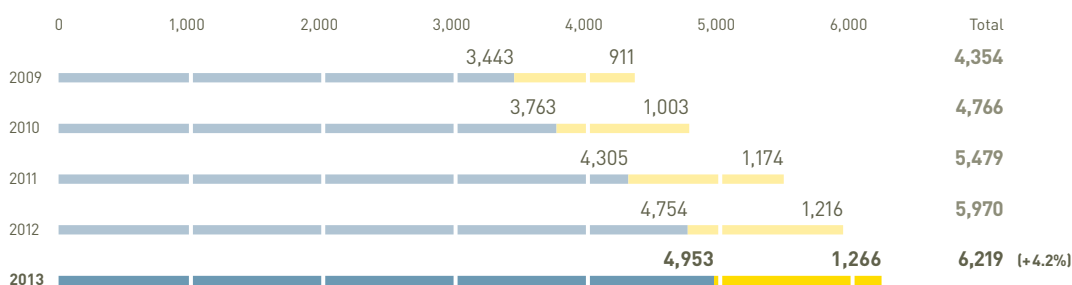
Services Sales Administration

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

At segment level, the number of employees increased to 4,953 in the IT system house & managed services segment, compared to 4,754 in the prior year. The number of employees in the IT e-commerce segment amounted to 1,266 (prior year: 1,216). At 4.1 per cent, the headcount increase in the trading business throughout Europe almost corresponded to the 4.2-per-cent increase in the service-focused system house segment.

17. EMPLOYEES BY SEGMENTS

as of 31 December



IT SH & MS IT e-commerce



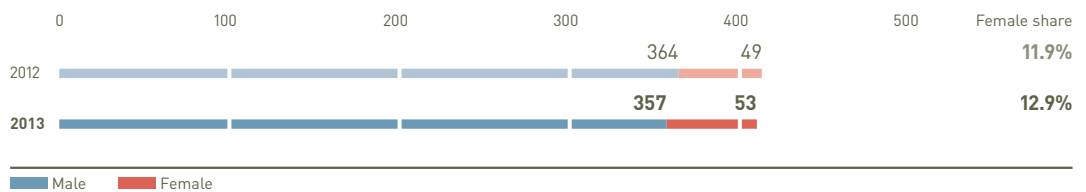
"At Bechtle, you have no difficulties finding women in IT"

Johanna Weinhardt
human resources, Bechtle AG

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 team performance, making an effective contribution to the business success. Currently, women account for approximately 27 per cent of all employees. Among the executives, 13 per cent of all employees are female; among the trainees, the proportion of females amounts to 25 per cent. At 49 per cent, the central divisions account for the highest share of women, followed by 40 per cent in the e-commerce segment. At 19 per cent, the system house segment has still the lowest proportion of women.

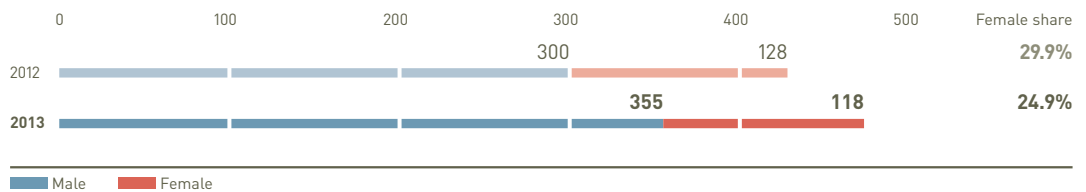
18. EXECUTIVES: SHARE FEMALE/MALE

as of 31 December



19. TRAINEES: SHARE FEMALE/MALE

as of 31 December



Personnel Expenses and Salary Model

In 2013, expenses for wages and salaries including social contributions only underwent a below-average increase of 6.8 per cent to €348.8 million (prior year: €326.6 million). Thus, the personnel expense ratio receded from 15.6 per cent to 15.3 per cent. Accordingly, the personnel intensity also declined slightly to 62.3 per cent (prior year: 62.4 per cent) in relation to the revenue less material costs.

20. PERSONNEL EXPENSES

		2013	2012	2011	2010	2009
Personnel and social expenses	€m	348.8	326.6	294.6	241.4	220.4
Personnel and social expenses per employee ¹	€k	58.5	57.5	58.3	54.7	50.9
Personnel expense ratio	%	15.3	15.6	14.8	14.0	16.0

¹ Without employees on parental leave

The salary model of many 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. Over time, we have become a renowned training company for various administrative and technical professions. In collaboration with cooperative universities, we also offer integrated degree programmes in various economic and technical subjects.



www.bechtle-azubit.de

As of the end of the reporting period, BECHTLE had 473 young trainees (prior year: 428), including 48 abroad. At 25 per cent, the proportion of female trainees is far above the industry average. Administrative and technical professions have almost the same number of trainees (191 and 194, respectively). Moreover, 47 young people studied on an economic degree programme and 41 on a technical degree programme of the cooperative university.



473 trainees

To facilitate the first steps in the company and day-to-day business, all trainees participate in the MIKADO programme for trainees. During the two-day introductory event, 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. BECHTLE plans to raise the training ratio in Germany to about 12 per cent in the medium term. At the head office in Neckarsulm, the training ratio is 11.9 per cent. At 9.2, the training ratio in Germany is higher than that of the prior year (8.6 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 organisational terms, the activities of the Academy are integrated in the staff development function, whose main task consists of supporting the achievement of Vision 2020 by means of suitable strategic staff development measures. In the reporting period 2013, the BECHTLE Academy conducted 297 events with a total of 3,674 participants, thereby making a significant contribution to the qualification of BECHTLE's workforce. In 2013, the main focus was again on



"The great importance attached to training is good for Bechtle and good for us trainees."

Laura Breig
trainee, Bechtle direct Germany

seminars to promote social and leadership skills as well as specialist expertise. However, compared to the prior year, (431 events with 5,063 participants), the participant numbers decreased. This was due to the smaller number of new recruitments in the reporting period. The number of participants in the regular introductory events for new employees also dropped for this reason.

In 2011, staff development introduced the general management programme, a programme for the development of junior executives. The second round started in April 2013 and will end in April 2014. Moreover, the junior staff development has been supplemented with a junior management programme that focuses on the development of employees with leadership potential. In June 2013, two groups with a total of 20 participants from all business areas from Germany and Switzerland commenced with this training measure. 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.



www.bechtle.com/trainee

The trainee programme focusing on "Sales" and "Services" was expanded to include the "Sales and Public Sector" branch. It was equally successful in 2013 and is to be continued in 2014. In its 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 260 individual courses in the fields of products and solutions, sales, processes and sales guidelines, ISO audit (SH), business etiquette and assessment/test in a total of ten languages for newcomers and experienced sales representatives in 14 countries. 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 4,625 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. Moreover, this form of training saves time and costs. 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 2013, too, employee certification measures constituted a central part of the HR work.

CORPORATE GOVERNANCE REPORT

In the reporting period, the Bechtle Group celebrated its 30th anniversary. In an industry marked by rapid change like no other, Bechtle has focused on the company's long-term, profitable development ever since it was established. This claim is based on the commitment to joint values and rules. Thus, values such as integrity, determination, reliability and inspiration characterised the company long before they were even put down in writing in Bechtle's corporate philosophy. All decision-makers at Bechtle have always been, and continue to be, aware of the high expectations of employees, customers and shareholders, and of the social responsibility. This self-image, which has grown over the years, is a key orientation standard for the Executive Board and the Supervisory Board.

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 289 a of the German Commercial Code (HGB) on the Internet.



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

Shareholders and 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 that the shareholders can authorise to exercise their voting rights. 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](http://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 the German Corporate Governance Code (DCGK), according to which an ordinary annual general meeting should 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 so far 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 of an Internet transmission would surpass its benefits for the company and its shareholders.

Collaboration between the Executive Board and the Supervisory Board



See Report of the
Supervisory Board,
page 13 ff

The Supervisory Board is involved in all major corporate decisions 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 of the Executive Board. 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 and especially the Chairman of the Supervisory Board also obtain information about the company's situation and important business transactions in discussions with the Executive Board and 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 Supervisory Board meetings, in order to enable the members to duly prepare for the meetings. According to the Rules of Procedure of the Supervisory Board, important business transactions are subject to the approval of the Supervisory Board.

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 of the Executive Board 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 other executives. 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 due consideration of women when staffing executive teams, and welcomes efforts to increase the proportion of women in executive positions. Currently, 13 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). The qualifications and suitability of the candidates are also the decisive criteria for the appointment of Executive Board members. Currently, the due consideration of women is not a declared goal in connection with the staffing of Executive Board positions. Thus, the recommendation of the German Corporate Governance Code (DCGK) for the appointment of Executive Board members is not fully complied with in this regard.



See Employees,
page 66

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 (Section 4.2.4 of the German Corporate Governance Code (DCGK)) for the annual and Consolidated Financial Statements for the fiscal years until and including 2014. This means that BECHTLE AG will not comply with the recommendation of Section 4.2.5 (3) of the German Corporate Governance Code (DCGK), which was newly introduced in 2013, according to which the executive board compensation is to be disclosed in individualised form in the compensation report on the basis of model tables for fiscal years that begin after 31 December 2013. 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.

The recommendation of Section 4.2.3 (2) sentence 6 of the German Corporate Governance Code (DCGK), according to which the amounts of the executive board compensation as a whole and of its variable compensation components should be capped, was newly introduced in the reporting period. With respect to the fixed compensation and part of the variable compensation components, the employment contracts of the current members of the Executive Board of BECHTLE AG specify limits. So far, only a part of the variable compensation components and the compensation as a whole are not subject to any contractual limits. In view of the fact that the main elements of the Executive Board compensation are already capped, the company believes that compliance with the recommendation of Section 4.2.3 (2) sentence 6 of the German Corporate Governance Code (DCGK) would not provide any tangible advantages, neither for BECHTLE AG nor for its shareholders. Therefore, the company does not intend to comply with the recommendation in the future.

In the fiscal year 2013, the fixed compensation of the Executive Board amounted to €1,251 thousand (prior year: €930 thousand), and the variable components amounted to €920 thousand (prior year: €604 thousand). The total compensation amounted to €2,171 thousand (prior year: €1,534 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 a three-year period beginning from the fiscal year of the commitment. The commitments depend on the achievement of the defined targets and are due for payment in 2015 (commitments 2012) and 2016 (commitments 2013) respectively. The total amount in case all targets are reached is €709 thousand. The pro-rata claim of a total of €377 thousand that will most likely accrue for the fiscal years 2012 and 2013 has been taken into consideration by means of provisions.

21. EXECUTIVE BOARD COMPENSATION

€k

	2013	2012
Fixed compensation	1,251	930
Variable compensation	920	604
Total	2,171	1,534

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

The German Corporate Governance Code (DCGK) 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) and 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 formerly did not consider a formal limitation by means of an agreement to be appropriate. Thus, the legal provisions apply in this case. However, in order to align the company practice in this area with the recommendations of the German Corporate Governance Code (DCGK), the Supervisory Board intends to agree severance caps pursuant to Section 4.2.3 (4) of the German Corporate Governance Code (DCGK) in upcoming extensions or amendments to existing Executive Board employment contracts or when concluding new Executive Board employment contracts. In the event of premature termination due to a change of control, the severance is already capped at the amount of the compensation for three years. This only applies to the employment contract of the Chairman of the Executive Board.

In the past, the Supervisory Board of BECHTLE AG agreed terms of office 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



See Notes,
Supervisory Board Members,
page 222 f

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 currently includes three 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 the office term of the Supervisory Board elected in 2008 ended in 2013, elections were held in the reporting period. All shareholder representatives that the management proposed for reelection were elected at the Annual General Meeting on 18 June 2013. The result of the election of employee representatives that was held among the employees of the BECHTLE Group before that was as follows: Uli Drautz, Daniela Eberle and Barbara Greyer have been reelected. Martin Meyer, Volker Strohfeld and Michael Unser were newly elected as members of the Supervisory Board as of the end of the Annual General Meeting on 18 June 2013. Employee representatives Jürgen Ergenzinger, Sonja Glaser-Reuss and Siegfried Höfels departed from the Supervisory Board as of the end of the office term on 18 June 2013.

Until his departure on 30 November 2013, Klaus Winkler served as Chairman of the Supervisory Board. Gerhard Schick was judicially appointed as member of the Supervisory Board as of 1 December and was thereafter elected as Chairman. By nature, the Chairman of the Supervisory Board 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. For this reason, Klaus Winkler also served as chairman of the audit committee. Klaus Winkler trained as a banker and studied 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 100 (5) of the German Stock Corporation Act (AktG), Section 5.3.2 of the German Corporate Governance Code (DCGK)). Gerhard Schick has served as chairman of the audit committee since 6 December 2013. In the many years as Chairman of the Executive Board and later as Chairman of the Supervisory Board of BECHTLE AG, he also gained special skills and experience in the application of accounting principles and internal audit procedures.



See Report of the
Supervisory Board,
page 13 ff

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 2012 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.

Under consideration of Section 5.4.1 (2) of the German Corporate Governance Code (DCGK), the Supervisory Board has put down goals concerning its 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, most of the Supervisory Board members fulfil the criterion of "independence", as they do not have any personal or business relationship with the company, its organs, a controlling shareholder or a company affiliated with a controlling shareholder, and do not exercise any advisory or organ 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. For instance, three of the twelve Supervisory Board members are women. To date, the Supervisory Board has therefore not formulated any concrete goals with respect to the subject of diversity and the due involvement of women. Moreover, the Supervisory Board does not see any need for definition of specific goals for the handling of potential conflicts of interests.

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



"30 years of Bechtle: unthinkable without Gerhard Schick. Thank you!"

Roger Bär
director, Comsoft direct
Switzerland

The Rules of Procedure of the Supervisory Board provide for an age limit of 70 for Supervisory Board candidates. Gerhard Schick, who was judicially appointed as member of the Supervisory Board as of 1 December 2013 following the resignation of Klaus Winkler, had already passed this age limit at this time. Due to the unexpected resignation of Klaus Winkler and the necessity of quickly staffing the position with somebody who knows the BECHTLE company very well, and who would be able to chair the Supervisory Board without any transitional period, the general interest of the company prevailed to such an extent that, from the perspective of the Executive Board and the Supervisory Board, compliance with the age limit was clearly of secondary importance. Moreover, the age limit specified in the Rules of Procedure is a recommendation that can be overstepped in exceptional situations as was the case here. BECHTLE AG expressly thanks Gerhard Schick for his willingness to reassume responsibility in and for the company at such short notice.

Supervisory Board Compensation



www.bechtle.com/satzung

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.

22. SUPERVISORY BOARD COMPENSATION

€

Name	Basic compensation	Chairman/ Vice-chairman	Committee activity	Attendance fee	Total 2013	Total 2012
Shareholder representatives						
Kurt Dobitsch	25,000			3,750	28,750	28,750
Prof. Dr. Thomas Hess	25,000			3,750	28,750	14,820
Dr. Walter Jaeger	25,000		6,500	5,250	36,750	32,963
Gerhard Schick (since 1 December 2013)	2,123	4,110	1,327	0	7,560	46,383
Karin Schick	25,000			3,000	28,000	28,750
Klaus Winkler (until 30 November 2013)	22,877	45,753	14,870	7,250	90,750	70,084
Dr. Jochen Wolf	25,000	12,500	16,250	7,750	61,500	61,000
Employee representatives						
Uli Drautz	25,000	12,500	13,000	7,750	58,250	57,750
Daniela Eberle	25,000		6,500	5,750	37,250	37,750
Jürgen Ergenzinger (until 18 June 2013)	11,575			1,500	13,075	28,000
Sonja Glaser-Reuss (until 18 June 2013)	11,575			1,500	13,075	28,750
Barbara Greyer	25,000			3,750	28,750	28,750
Siegfried Höfels (until 18 June 2013)	11,575			1,500	13,075	28,750
Martin Meyer (since 18 June 2013)	13,425			2,250	15,675	0
Volker Strohfeld (since 18 June 2013)	13,425			2,250	15,675	0
Michael Unser (since 18 June 2013)	13,425			2,250	15,675	0
Total	300,000	74,863	58,447	59,250	492,560	492,500

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
pages 209 and 222 ff

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 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](http://www.bechtle.com/investors)

Shareholding of Board Members

The shareholding of Executive Board and Supervisory Board members of BECHTLE AG is as follows:

23. NUMBER OF BECHTLE AG SHARES – EXECUTIVE BOARD

Name	shares	
	31.12.2013	31.12.2012
Dr. Thomas Olemotz	0	0
Michael Guschlbauer	0	0
Jürgen Schäfer	4,000	4,000

24. NUMBER OF BECHTLE AG SHARES – SUPERVISORY BOARD

Name	shares	
	31.12.2013	31.12.2012
Shareholder representatives		
Kurt Dobitsch	0	0
Prof. Dr. Thomas Hess	0	0
Dr. Walter Jaeger	0	0
Gerhard Schick (since 1 December 2013)	0	-
Karin Schick	7,353,287 ¹	7,353,287
Klaus Winkler (until 30 November 2013)	-	725
Dr. Jochen Wolf	0	0
Employee representatives		
Uli Drautz	0	0
Daniela Eberle	0	0
Jürgen Ergenzinger (until 18 June 2013)	-	0
Sonja Glaser-Reuss (until 18 June 2013)	-	1,000
Barbara Greyer	0	0
Siegfried Höfels (until 18 June 2013)	-	0
Martin Meyer (since 18 June 2013)	0	-
Volker Strohfeld (since 18 June 2013)	2	-
Michael Unser (since 18 June 2013)	0	-

¹ 960,272 shares for Schick GmbH, 340,115 for Amaury Krief

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 General Meeting had appointed as auditor for the fiscal year 2013.

Before the election proposal was submitted by the Supervisory Board, the audit firm Ernst & Young GmbH issued a declaration of independence pursuant to Section 7.2.1 (1) of the German Corporate Governance Code (DCGK). According to this declaration, there are no business, personal, financial or other relationships between the audit firm, its organs and audit managers, on the one hand, and the BECHTLE Group and its organ members, on the other hand, that could cast doubt on the auditor's independence. 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 14 March 2014 and reports the results of its audit. Moreover, the auditor provides additional information and answers questions of the Supervisory Board concerning the audit.

SHARE

The tension that was still felt on the stock market at the beginning of the trading year 2013 soon gave way to an increasingly positive mood. The relaxation in the European debt crisis and the economic recovery in key economy areas were especially noticeable in the second half of the year. The leading German indices reached highs and all gained more than 20 per cent by the end of the year. The Bechtle share also performed extremely well in the reporting period. One day before the end of the trading year, its value reached its annual high and new all-time high of €50.95, an increase of 60 per cent over the year. The sustainable dividend policy of Bechtle AG, which is reflected in the current dividend proposal of €1.10 for the fiscal year ended, continues to be an attractive aspect for investors.

Stock Market

The stock markets initially made a reluctant start into 2013. However, the positive economic development around the globe soon became noticeable. Low interest rates provided plenty of liquidity and encouraged investors to invest. The European debt crisis diminished, resulting in a pick-up of the export markets, which are of utmost importance to German enterprises. The economic indicators in the European economic area further improved in the second half of the year. The stock exchanges responded to these developments with vigorous price surges. All leading German indices recorded two-digit increases. The DAX first passed the 8,000 mark, then the record of 8,151 that had been reached five years ago, and finally the 9,000 mark. As of the end of the year, it had bagged a growth of 23 per cent. The TecDAX closed the trading year with a new record level of 1,167. At 39 per cent, this index underwent the greatest increase. In 2013, the MDAX went up 36 per cent and the SDAX 27 per cent.

Share Performance



"An increase of 60 per cent: the Bechtle share is skyrocketing."

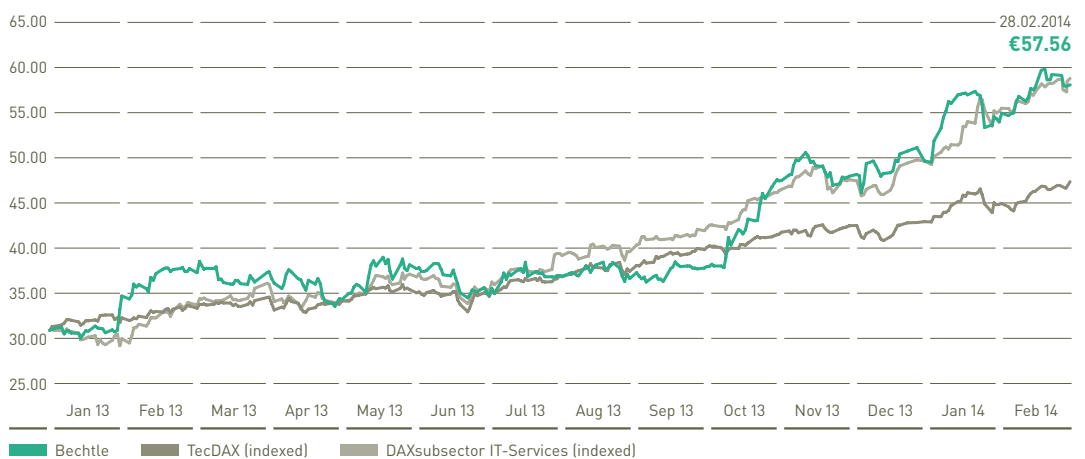
Yvonne Glasbrenner
reception, Bechtle AG

On 2 January 2013, the BECHTLE share entered the new trading year with a closing price of €30.93 and reached its annual low of €30.07 as early as 15 January. From February, the price increased at a constant pace and soon surpassed the previous all-time high. After a weaker April and a very positive May, the price entered a volatile phase in the summer months, during which the value of our share ranged from €34 to €39.

From autumn 2013, the performance of the BECHTLE share was outstandingly positive. From October, the value rose continually, reaching a price of more than €40 for the first time on 10 October, and surpassing the €50 mark on 11 November. The BECHTLE share reached its annual and all-time high of €50.95 a day before the end of the trading year. On 30 December, the share was priced at €49.47, a value increase of 60 per cent in 2013.

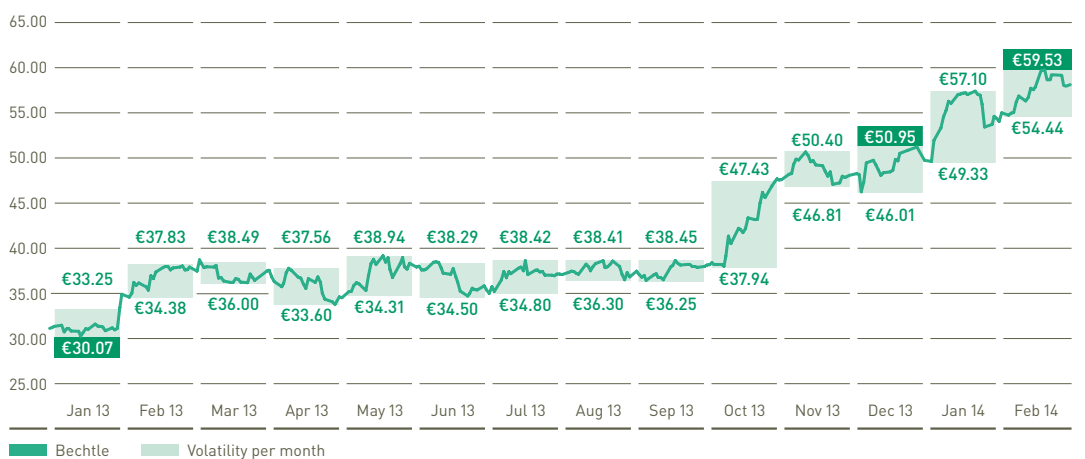
25. THE BECHTLE SHARE – PERFORMANCE FROM JANUARY 2013 TO FEBRUARY 2014

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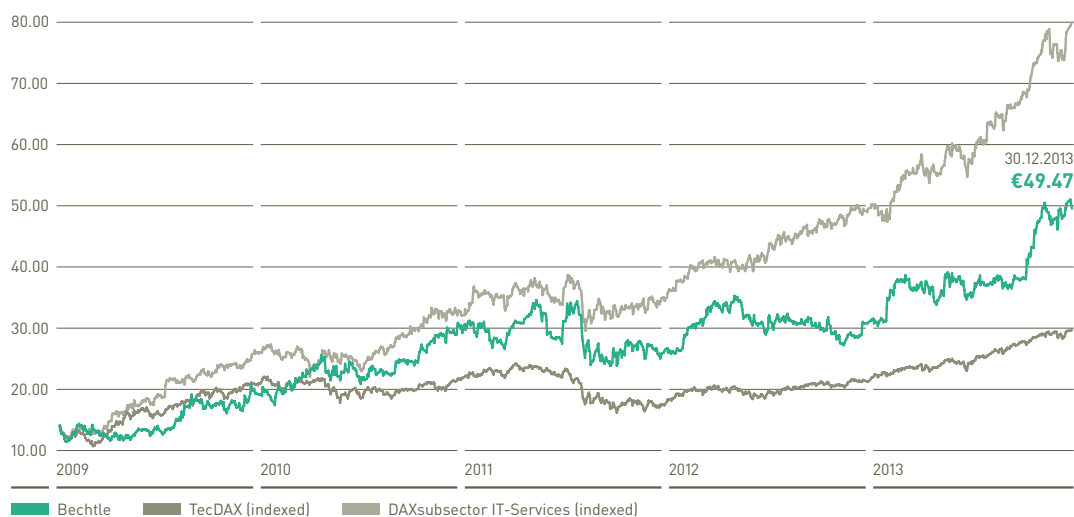
26. THE BECHTLE SHARE – HIGHEST AND LOWEST PRICES JANUARY 2013 TO FEBRUARY 2014

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27. THE BECHTLE SHARE – PERFORMANCE FROM 2009 TO 2013

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Along with the prices, the market cap also progressed. At the end of the year, the market cap was €1,038.9 million, €395.2 million more than at the end of 2012 (€643.7 million). In the ranking of Deutsche Börse as of 31 December 2013, BECHTLE was in 14th place in terms of market cap in the TecDAX. In the prior year, the company had been in 17th place.

The stock exchange turnover had two faces. While due to the good share performance the average daily stock exchange turnover of BECHTLE shares amounted to €1,364.1 thousand, slightly more than in the prior year (€1,281.6 thousand), the trading volume was smaller from the perspective of the number of shares, amounting to an average of 34,201 BECHTLE shares a day (prior year: 42,143). In the December ranking of Deutsche Börse, we reached 21st place in the TecDAX in terms of stock exchange turnover. In the prior year, the company had been in 16th place.

28. TRADING DATA OF BECHTLE SHARE

		2013	2012	2011	2010	2009
Annual opening price	€	30.93	26.42	30.39	18.65	13.28
Annual closing price	€	49.47	30.65	26.20	28.99	18.79
High	€	50.95	35.10	34.35	30.65	20.50
Low	€	30.07	25.50	23.48	17.01	11.02
Performance – absolute	€	+18.54	+4.23	-4.19	+10.34	+5.51
Performance – relative	%	+59.9	+16.0	-13.8	+55.4	+41.5
Market cap – total ¹	€m	1,038.9	643.7	550.2	608.8	394.6
Avg. turnover/trading day ²	shares	34,201	42,143	51,873	30,543	37,129
Avg. turnover/trading day ²	€	1,364,142	1,281,620	1,460,183	705,260	538,189

Xetra closing price data

¹ As of the end of the year² All German stock exchanges

Shareholder Structure



[www.bechtle.com/
shareholder-structure](http://www.bechtle.com/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. As of the end of the reporting period, the free float still 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, Flossbach von Storch AG, based in Köln, stepped up its shareholding to more than 10 per cent, thereby becoming the second-largest shareholder of BECHTLE AG.

Dividend

Since its IPO in 2000, 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. Following the successful fiscal year 2013, and in view of the company's excellent liquidity position, the Executive Board and the Supervisory Board have agreed to propose a dividend of €1.10 per share for the fiscal year 2013 to the Annual General Meeting. In the prior year, BECHTLE AG paid out a normal dividend of €1.00 per share. Subject to the approval of the Annual General Meeting, the payout proposal represents an increase of the normal dividend by 10.0 per cent or €0.10.

As of 31 December 2013, the number of shares with dividend entitlement was 21,000,000. Thus, the amount to be distributed for the fiscal year 2013 amounts to €23.1 million. This means a dividend payout ratio of 36.4 per cent of the consolidated earnings after taxes (prior year: 37.1 per cent). In relation to the annual closing price of our share, the dividend amounts to approximately 2.2 per cent (prior year: 3.3 per cent).

Earnings per Share



See
Earnings Position,
page 92
and Notes, Chapter III,
Earnings per Share,
page 166

The improvement of the operating earnings was accompanied by a corresponding rise in the earnings per share (EPS). With an unchanged number of voting rights of 21.0 million shares and earnings after taxes of €63.4 million, EPS amounted to €3.02, 12.5 per cent or €0.34 less than in the prior year (€2.68).

29. SHARE PERFORMANCE INDICATORS

		2013	2012	2011	2010	2009
Shares with dividend entitlement ¹	Shares	21,000,000	21,000,000	21,000,000	21,000,000	21,000,000
Earnings per share	€	3.02	2.68 ³	2.99	2.21	1.64
Amount distributed	€m	23.1 ²	21.0	21.0	15.8	12.6
Cash dividend per share	€	1.10 ²	1.00	1.00	0.75	0.60
Dividend yield ¹	%	2.2 ²	3.3	3.8	2.6	3.2
Dividend payout ratio	%	36.4 ²	37.1	33.5	33.9	36.8
Price/earnings ratio ¹		16.4	11.4	8.8	13.1	11.5

¹ As of the end of the year

² Subject to approval of the General Meeting

³ Figure adjusted, see page 151f

For further
key figures, see
Multi-year Overview,
page 228

Annual General Meeting

On 18 June 2013, the Executive Board and the Supervisory Board welcomed more than 500 shareholders to the 13th Annual General Meeting of BECHTLE AG at the “Harmonie” concert and congress centre in Heilbronn. The attendees represented 74.64 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 discussed agenda items were adopted with a clear majority. In the election of the Supervisory Board, all former members were reelected.



See
Report of the
Supervisory Board,
page 15

Communication with the Capital Market

The way that analysts view a company has a major impact on shareholder and investor opinion. In 2013, a total of ten institutions reported on BECHTLE in detailed surveys and ad-hoc analyses: Bankhaus Lampe, Berenberg Bank, Commerzbank, Deutsche Bank, DZ Bank, fairesearch, Hauck & Aufhäuser, Landesbank Baden-Württemberg, Metzler and M.M.Warburg. Bankhaus Lampe commenced with its coverage of the company in October 2013. 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 numerous existing and potential investors remained very intensive in 2013. In individual discussions, road shows and investor conferences, BECHTLE provided information about the company’s economic situation, business strategy and outlook. Furthermore, many investors made 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. Since 2008, our report has occupied top positions in the TecDAX in the contest “The Best Annual Report”, arguably the most prestigious German annual report ranking. In 2013, we were pleased to win the second place.

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 ninth time. On two dates in 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 deeper insight into the company, thereby enhancing the relationship with its shareholders.



“Business as usual: Bechtle is again among the winners.”

Cornelia Fink
trainee, Bechtle direct Germany

www.bechtle.com

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.

[www.facebook.com/
BechtleAG](http://www.facebook.com/BechtleAG)[www.twitter.com/
Bechtle_AG](http://www.twitter.com/Bechtle_AG)

TAKEOVER-RELATED DISCLOSURES

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

As of 31 December 2013, the company's issued capital amounted to €21,000,000, divided into 21,000,000 no-par bearer shares. The amount of issued capital that is allocated to each share is €1.00. All shares have voting rights and are entitled to dividends. The rights and obligations associated with the ordinary shares are as specified in the German Stock Corporation Act (AktG).

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 balance sheet date:

- 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 and Flossbach von Storch Invest S.A., Strassen, Luxembourg: 10.07 per cent, thereof 10.07 per cent indirectly.

No changes occurred until 28 February 2014, the reporting date.

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.

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

The appointment and dismissal of members of the Executive Board is governed by Sections 84 ff of the German Stock Corporation Act (AktG) and Section 31 of the German Co-determination Act (MitbestG). The regulations of the Articles of Incorporation do not deviate from these statutory provisions. 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 members 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 Chairperson or Spokesperson of the Executive Board.

The conditions for amendments to the Articles of Incorporation are outlined in Sections 179 to 181 of the German Stock Corporation Act (AktG). Amendments to the Articles of Incorporation require a resolution of the General Meeting (Section 179 (1) sentence 1 of the German Stock Corporation Act (AktG)). According to Article 17.2 of the Articles of Incorporation, the simple majority of the issued capital represented during the resolution process is sufficient unless the change of the purpose of the company is involved. The General Meeting of BECHTLE AG has conferred the authority to make amendments that merely concern the wording of the Articles of Incorporation on the Supervisory Board (see Article 10.4 of the Articles of Incorporation).

Pursuant to Sections 202 ff 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 issued capital by a total of up to €10,600,000 by issuing up to 10,600,000 new bearer shares against cash contributions and/or contributions in kind until 15 June 2014 (authorised capital). Detailed information on this subject is available in the Notes.



See Notes,
Issued Capital,
page 174

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 similar 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.

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

The employment contract with the Chairman of the Executive Board contains a clause that limits the severance to be granted in the case of premature termination of the employment due to a change of control to the compensation for three years. The company has not made any other compensation agreements with members of the Executive Board or employees for the case of a takeover bid.

FRAMEWORK CONDITIONS

MACROECONOMY



www.ec.europa.eu

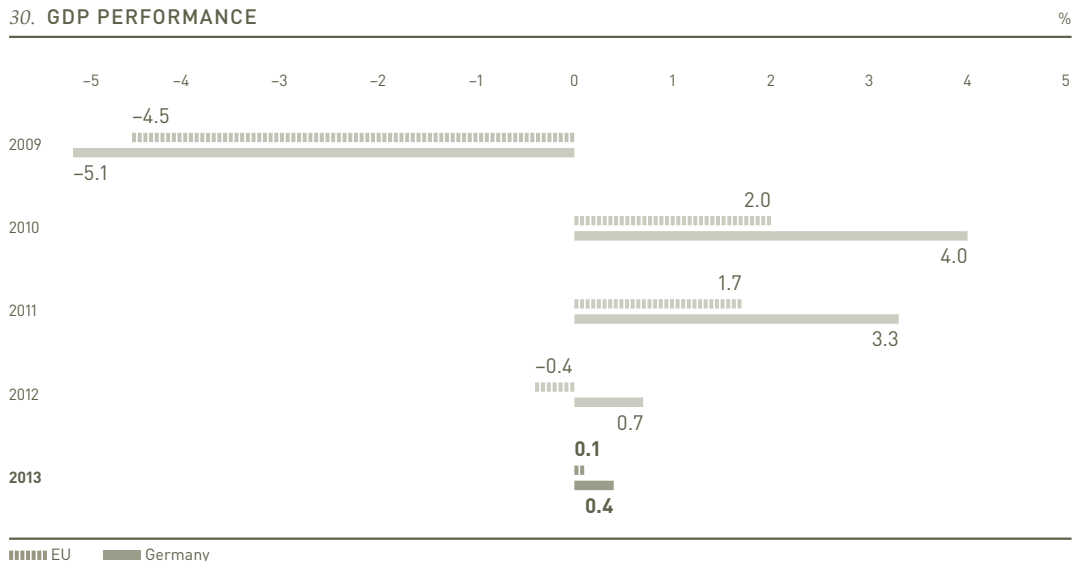
In the reporting period, the economic performance in the EU merely generated minimal growth. According to the figures published by the European Commission, the growth of the gross domestic product (GDP) in the EU in 2013 amounted to 0.1 per cent. The upside is that the decline that was still effective in the prior year was stopped. The various BECHTLE markets in the EU underwent contrasting developments. In terms of the GDP, Italy and Portugal are at the bottom of the scale with a decline of 1.9 and 1.6 per cent, respectively. On the other end of the scale, GDP in the United Kingdom and in Poland gained 1.9 and 1.6 per cent, respectively. At minus 1.3 per cent, investments in equipment – an indicator that is relevant to BECHTLE – were much lower in the EU in 2013 than the GDP, though still slightly better than in the prior year (minus 2.8 per cent). However, there were also positive examples among the BECHTLE markets, namely Hungary, Ireland, Poland, Portugal, Spain and the United Kingdom, with increases ranging between 1.2 per cent in Spain and 9.2 per cent in Ireland.



www.destatis.de

Germany and Switzerland, the two most important BECHTLE markets, underwent a more positive development. According to an estimate by the Swiss expert group for federal economic forecasts, Switzerland's GDP in 2013 amounted to 1.9 per cent, compared to 1.0 per cent in the prior year. However, investments in equipment stalled at 0.0 per cent. As reported by the German Federal Statistical Office, GDP in Germany increased 0.4 per cent in the reporting period. This is a slight setback compared to the prior year, which had seen GDP growth of 0.7 per cent. At minus 2.4 per cent, investments in equipment underwent a decline (prior year: minus 4.0 per cent), while government investments grew 0.7 per cent (prior year: 1.1 per cent). Private consumer spending and the public sector were the main growth drivers in Germany.

30. GDP PERFORMANCE



INDUSTRY

In 2013, the IT market grew faster than the economy as a whole. The market research institute EITO forecasts an increase of 1.4 per cent for the IT market in the EU. The growth was driven by the IT services segment with 1.3 per cent and the software segment with 3.4 per cent. Hardware revenues shrunk 0.7 per cent. In the countries in which BECHTLE is present, hardware revenues diverged greatly in 2013, from minus 5.3 per cent in Portugal to plus 16.6 per cent in Ireland. The differences in the software segment are not that conspicuous, but still noticeable. The revenue growth in 2013 ranged from minus 6.5 per cent in Poland to plus 5.7 per cent in Switzerland.

The development in Switzerland was better than throughout the EU. Here, the IT market saw an increase of 2.7 per cent in 2013. Hardware revenues stagnated at 0.1 per cent, services grew by 2.1 per cent and software was up 5.7 per cent.

According to EITO, spending on the German IT market grew 1.7 per cent to €68.0 billion in 2013. Boasting a gain of 4.9 per cent, software was the growth driver. The growth rate of services amounted to 2.4 per cent. Hardware revenues went down 3.8 per cent. This decline affected all product groups except for tablets, whose revenues increased almost 50 per cent.

OVERALL ASSESSMENT

In the reporting period, the macroeconomic situation was not unreservedly entirely favourable for BECHTLE. GDP in the EU almost stagnated, and only minor growth was recorded in Germany, BECHTLE'S most important market by far. An even more serious aspect was the fact that investments in equipment, which are relevant to BECHTLE, dropped severely in the EU as well as in Germany. In 2013, the IT industry provided only slight impetus. Although the market in general outperformed GDP growth in the EU and in Germany with growth rates of more than 1 per cent, hardware revenues – which are important to BECHTLE – dwindled in both regions; in Germany, the decline amounted to more than 3 per cent. On the other hand, service revenues in Germany grew more than 2 per cent.

In the fiscal year 2013, BECHTLE remained largely unaffected by these framework conditions. Revenues increased clearly in all regions, but particularly on the German home market. However, a certain weakness in the field of hardware was noticeable in the e-commerce business of BECHTLE AG, particularly in Germany. As a whole, however, BECHTLE AG was once again able to significantly expand its market share thanks to its excellent performance in the reporting period.

Apart from the macroeconomic development and the economic trend in the industry, with a declining willingness to invest in hardware and growth in the field of services, the BECHTLE markets did not witness any significant events outside the company in 2013 that had a noteworthy effect on the business performance.



"Extraordinary: record earnings despite difficult framework conditions."

Tülin Halluma
product manager
Microsoft software,
logistics & service

EARNINGS, ASSETS AND FINANCIAL POSITION

EARNINGS POSITION

For the Bechtle Group, 2013 was a very successful fiscal year. However, the two halves of the year were quite dissimilar. In the first six months, we still revealed a certain uncertainty among our customers with respect to the macroeconomic development, which was evident from the slightly curbed investment behaviour. Additionally, the group's earnings from January to June were still affected by the significant headcount increase in the prior-year period. However, from July, the reluctance to invest gradually disappeared, resulting in two-digit revenue growth rates. Thanks to consistent cost control and other measures, the earnings grew even more than the revenues.

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, though some project transactions in the IT system house & managed services segment may involve periods of up to one year. 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, this figure amounted to €2.31 billion, some 9 per cent more than in the prior year (€2.12 billion). In the IT system house & managed services segment, incoming orders increased 11 per cent to €1.57 billion in the reporting period (prior year: €1.41 billion). In the IT e-commerce segment, incoming orders underwent an increase of almost 6 per cent to €0.74 billion (prior year: €0.70 billion). 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 €345 million, compared to €300 million in the prior year. Of the total order backlog, the IT system house & managed services segment accounted for about €331 million (prior year: €293 million), and the IT e-commerce segment for about €12 million (prior year: €7 million).

Revenue Performance

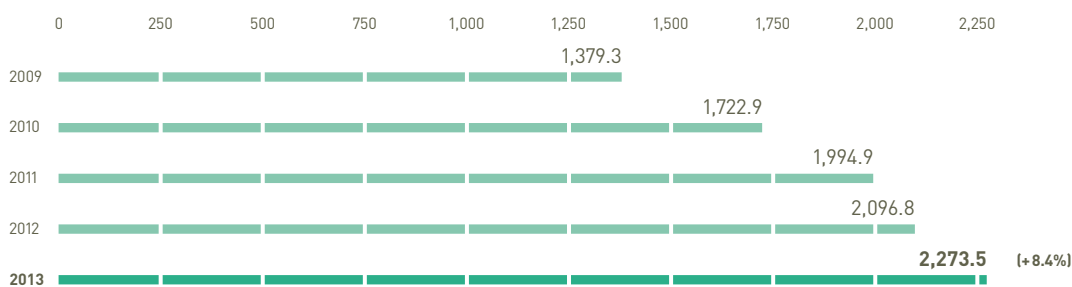
In the fiscal year 2013, BECHTLE generated revenues of €2,273.5 million, thereby reaching its goal of high one-digit revenue growth. Revenues increased 8.4 per cent from 2,096.8 million in the prior year to the current level was essentially organic. However, we are unable to provide specific figures on the organic growth in 2013, as most of the companies acquired in the last two years were merged with existing BECHTLE companies, and their revenue share can therefore not be determined.



See Notes,
Revenues,
page 163

31. REVENUE

€m



As in the prior year, the main growth driver was the German business of the IT system house & managed services segment, which gained 11.0 per cent. Assisted by the good performance of the domestic economy, especially the systematic personnel measures were effective, which included both the recruitment of new qualified service engineers and the training and qualification of our existing service and sales team, in order to be able to offer our customers more high-quality services in the field of managed services. Furthermore, BECHTLE recorded substantial demand and was able to expand its competitive position in the traditional project business. The public-sector division performed above average.

The growth dynamics picked up considerably in the course of the year. Though a certain reluctance to invest was initially still noticeable on the customer side in the first half of 2013, this mood disappeared in the second half of the year and gave way to two-digit growth rates. Thus, BECHTLE was able to achieve new revenue records for the fiscal year 2013 as a whole. In the fourth quarter, the company also managed to surpass the already high prior-year figure of €612.3 million by 11.4 per cent, reaching a total of €682.2 million. Apart from the said development on the domestic system house market, the foreign markets of both segments also supported the two-digit revenue growth in the fourth quarter.

32. REVENUE PERFORMANCE

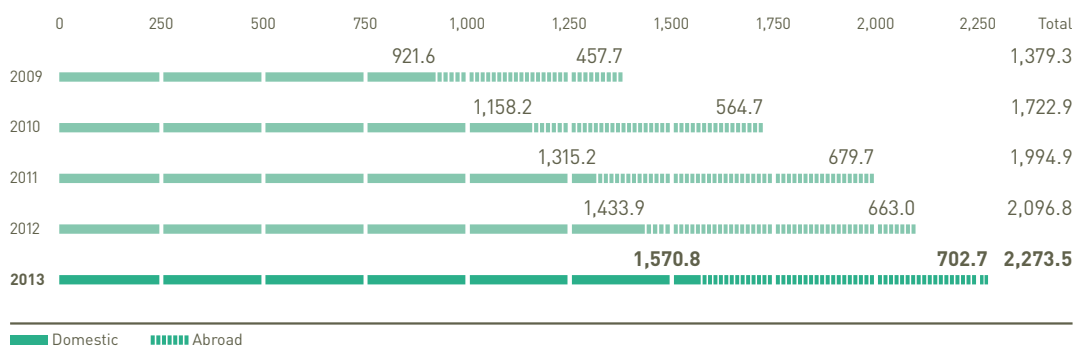
€m

	Q1		Q2		Q3		Q4	
	2013	2012	2013	2012	2013	2012	2013	2012
Revenue	514.0	487.6	518.5	495.3	558.8	501.6	682.2	612.3
% of total annual revenues	22.6	23.3	22.8	23.6	24.6	23.9	30.0	29.2

As a result of the moderate increase in the average headcount, BECHTLE'S productivity improved in the reporting period. Based on a number of 5,542 full-time employees (prior year: 5,315), the revenue per employee amounted to €410 thousand, compared to €395 thousand in the prior year.

33. REGIONAL REVENUE DISTRIBUTION

€m



Germany continues to be the most important market for BECHTLE. Owing to the excellent performance on the domestic system house market in the reporting period, the proportion in the total revenue increased further from 68.4 per cent to 69.1 per cent. In absolute terms, domestic revenues increased to €1,570.8 million (prior year: €1,433.9 million). The revenue of €702.7 million that was generated abroad (prior year: €663.0 million) represented a share of 30.9 per cent (prior year: 31.6 per cent).

Cost and Earnings Performance

See Notes,
Expense Structure,
page 164

Cost of sales. In the reporting period, gross earnings went up 6.8 per cent to €340.4 million (prior year: €318.7 million). As the cost of sales increased 8.7 per cent, a rate higher than that of the revenue growth, the gross margin declined slightly from 15.2 per cent to 15.0 per cent. This was because the material and personnel expenses grew faster than the revenue. The higher percentage of personnel expenses was caused by the disproportionately high increase in the number of employees in the field of services, whose personnel expenses are included in the cost of sales.

34. COST OF SALES/GROSS EARNINGS

		2013	2012 ¹	2011	2010	2009
Cost of sales	€m	1,933.1	1,778.1	1,697.2	1,486.4	1,179.8
Gross earnings	€m	340.4	318.7	297.7	236.5	199.5
Gross margin	%	15.0	15.2	14.9	13.7	14.5

¹ Figures adjusted, see page 151 f

Distribution costs and administrative expenses. In 2013, distribution costs amounted to €151.5 million, 4.2 per cent more than in the prior year (€145.4 million). Thus, the distribution cost ratio went down from 6.9 per cent to 6.7 per cent in the year under review. Administrative expenses increased 5.9 per cent from €104.3 million to €110.5 million. The ratio slipped from 5.0 per cent in the prior year, to 4.9 per cent in the reporting period. This was due to the only below-average increase in personnel expenses in these areas.

Other operating income climbed from €11.3 million to €12.7 million. This was mainly caused by some higher marketing grants and other compensations of suppliers in connection with the strong operating performance.

35. DISTRIBUTION COSTS/ADMINISTRATIVE EXPENSES

		2013	2012 ¹	2011	2010	2009
Distribution costs	€m	151.5	145.4	127.1	99.0	87.9
Distribution costs ratio	%	6.7	6.9	6.4	5.7	6.4
Administrative expenses	€m	110.5	104.3	93.7	86.0	76.2
Administrative expenses ratio	%	4.9	5.0	4.7	5.0	5.5

¹ Figures adjusted, see page 151 f

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 costs in the reporting period amounted to €2.1 million in the IT e-commerce segment (prior year: €2.1 million) and €2.6 million in the IT system house & managed services segment (prior year: €2.5 million).

As a trading company, BECHTLE'S IT e-commerce segment sells third-party products. 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 an important marketing instrument 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.



See Employees,
page 64 f



See Business Activity,
IT E-Commerce,
page 51



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

In the IT system house & managed services segment, the system houses autonomously conduct marketing campaigns in their individual target regions. Thus, numerous activities such as 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/
kundenmagazin](http://www.bechtle.com/kundenmagazin)

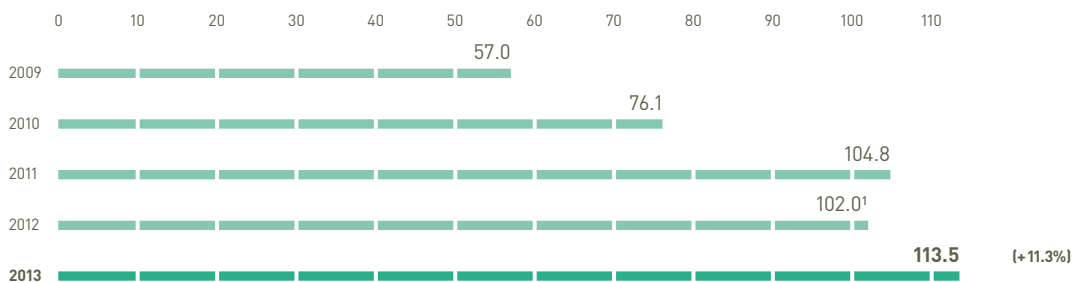
With respect to key strategic subjects, the holding also supports the competence centres and the central divisions managed services, public sector as well as software & application solutions with accompanying marketing activities. All campaigns mainly serve the presentation of BECHTLE'S product and service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

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. Mainly due to the below-average increase in personnel expenses, earnings before interest, taxes, depreciation and amortisation (EBITDA) increased 11.3 per cent to €113.5 million (prior year: €102.0 million). The EBITDA margin improved from 4.9 per cent to 5.0 per cent.

36. EBITDA

€m



¹ Figure adjusted, see page 151f

In 2013, depreciation and amortisation amounted to €22.5 million, 3.4 per cent more than in the prior year (€21.7 million). Software and property, plant and equipment accounted for the bulk of the figure, totalling €17.5 million (prior year: €16.0 million). The property, plant and equipment mostly consisted of purchased assets such as the buildings at the headquarters in Neckarsulm, the company's own IT, tenant installations and office equipment. Moreover, assets used by customers under long-term maintenance agreements were depreciated. Customer bases and customer service agreements accounted for other amortisation amounting to €4.0 million (prior year: €4.5 million).



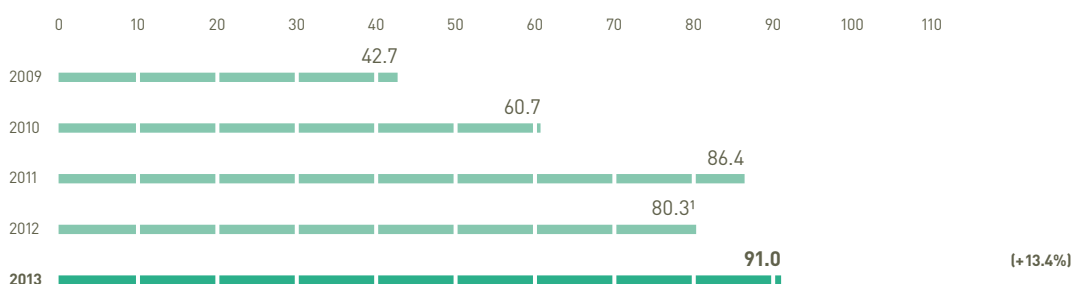
See figures,
page 99

At 1.0 per cent, the depreciation and amortisation rate corresponded exactly to the prior-year level and was rather insignificant compared to the other expense items. For 2013, the goodwill impairment tests again did not reveal any need for impairment.

Earnings before interest and taxes (EBIT) improved by 13.4 per cent to €91.0 million (prior year: €80.3 million). The EBIT margin climbed from 3.8 per cent to 4.0 per cent.

37. EBIT

€m



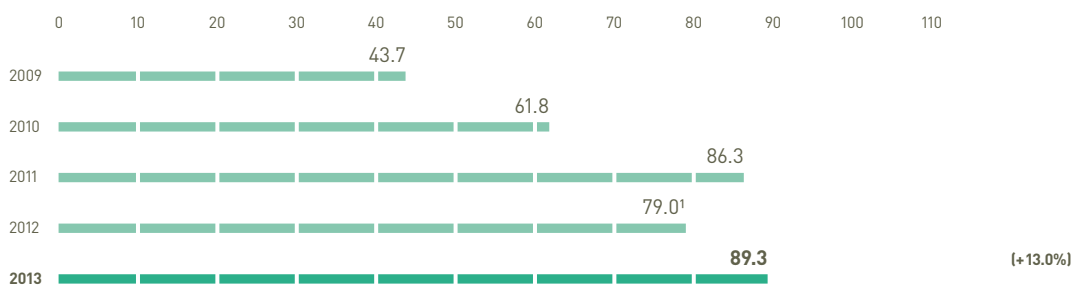
¹ Figure adjusted, see page 151f

The low interest rates impacted the financial income, causing the negative financial earnings as a whole to swell from minus €1.3 million in the prior year to minus €1.7 million in the year under review, despite unchanged financial expenses.

In the fiscal year 2013, earnings before taxes (EBT) totalled €89.3 million, 13.0 per cent more than in the prior year (€79.0 million). BECHTLE was able to continually improve the earnings position during the year. While EBT in the first half of the year amounted to €3.4 million less than in the prior year, this shortfall was more than compensated for in the second half of the year. In the fourth quarter of 2013, we achieved a new record EBT mark of €35.9 million (prior-year quarter: €28.5 million).

38. EBT

€m

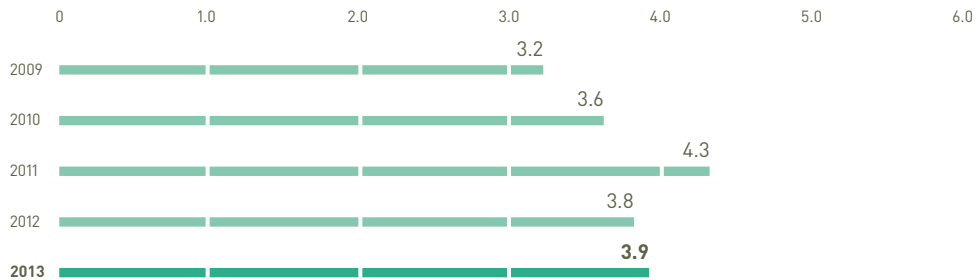


¹ Figure adjusted, see page 151f

In 2013, the EBT margin was 3.9 per cent, compared to 3.8 per cent in the fiscal year 2012. Thus, the EBT margin of the BECHTLE Group remained at a level above the industry average.

39. EBT MARGIN

%



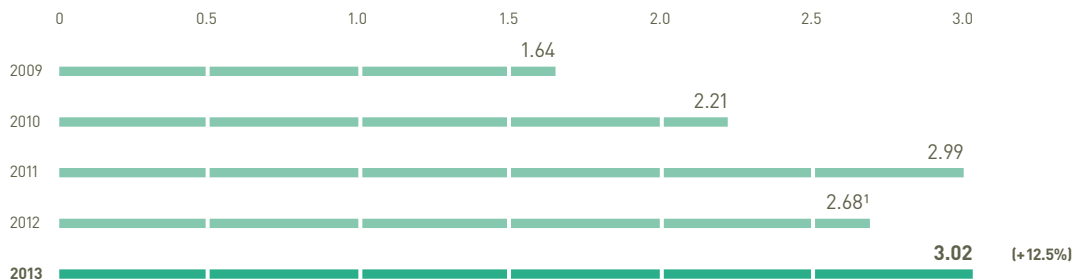
See Notes,
Income Taxes,
page 165

In the reporting period, income tax expenses increased 14.4 per cent to €25.9 million (prior year: €22.6 million). The tax rate climbed to 29.0 per cent, compared to 28.7 per cent in the prior year, especially due to the higher earnings contributions of the domestic subsidiaries.

Earnings after tax amounted to €63.4 million, 12.5 per cent more than in the prior year (€56.4 million). Accordingly, earnings per share (EPS) climbed from €2.68 to €3.02.

40. EPS

€



¹ Figure adjusted, see page 151f



See Foreign Currencies,
page 122

The effects of inflation on the earnings position are rather low, as inflation-related purchase price increases can also be passed on to the customers. Concerning the exchange rate risk on the earnings position, see Risk Report.



See Dividend,
page 80

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 €39.1 million (prior year: €31.0 million). After adding €16.0 million to the reserves (prior year: €10.0 million), the net profit for 2013 amounted to €23.1 million. The Executive Board proposes to the Supervisory Board to distribute the net profit to the shareholders and to submit a proposal for payment of a dividend of €1.10 per share to the General Meeting. Compared to the prior year, the dividend is thus 10 per cent higher, and the dividend payout ratio amounts to 36.4 per cent. At the time of preparation of the report on 28 February 2014, the number of shares entitled to dividends was, as previously, 21,000,000.

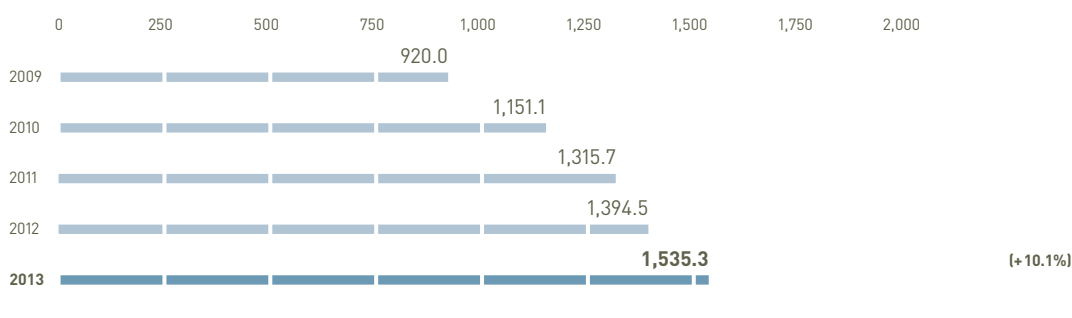
Segment Report

IT system house & managed services. In 2013, the group generated revenues of €1,535.3 million (prior year: €1,394.5 million) in this segment, an increase of 10.1 per cent. The segment benefited from the high domestic demand, the good competitive position, the headcount increase and the extensive qualification measures. Moreover, the expansion of the solution business and the high level of visibility of BECHTLE in the conventional project business were evident. In total, the IT system house & managed services segment accounted for 67.5 per cent of the group revenues (prior year: 66.5 per cent).



See Notes,
Segment Information,
page 202

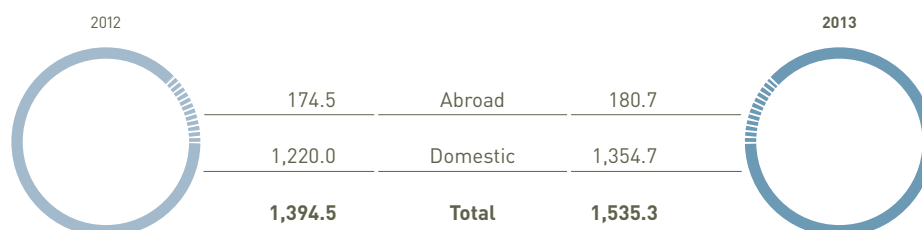
41. SEGMENT REVENUE IT SYSTEM HOUSE & MANAGED SERVICES €m



Due to the significant revenue growth and below-average increase in the number of employees, the productivity in the IT system house & managed services segment went up. Based on an average number of 4,415 full-time employees (prior-year: 4,191 employees), the revenue per employee amounted to €348 thousand (prior year: €333 thousand).

In the reporting period, BECHTLE'S growth on the home market greatly outperformed the 1.7 per cent growth rate of the German IT market. The domestic companies in the IT system house & managed services segment pushed up their revenues 11.0 per cent to €1,354.7 million (prior year: €1,220.0 million), thereby considerably expanding the market share in Germany.

42. REVENUE DISTRIBUTION IN THE IT SYSTEM HOUSE & MANAGED SERVICES SEGMENT €m

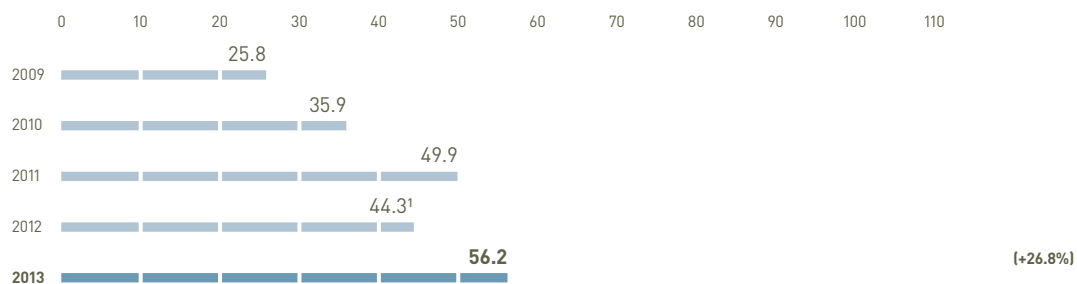


The business of the Swiss and Austrian system houses also gained momentum in the reporting period, though not quite as dynamically as in Germany. The revenues that the segment generated abroad increased 3.5 per cent, from €174.5 million to €180.7 million. Besides acquisitions, the extremely strong final quarter contributed to this growth.

In 2013, EBIT in the IT system house & managed services segment climbed 26.8 per cent to €56.2 million (prior year: €44.3 million). Apart from the only below-average increase of costs in the second half of the year, this was mainly due to the higher proportion of premium services. Accordingly, the EBIT margin increased from 3.2 per cent to 3.7 per cent.

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

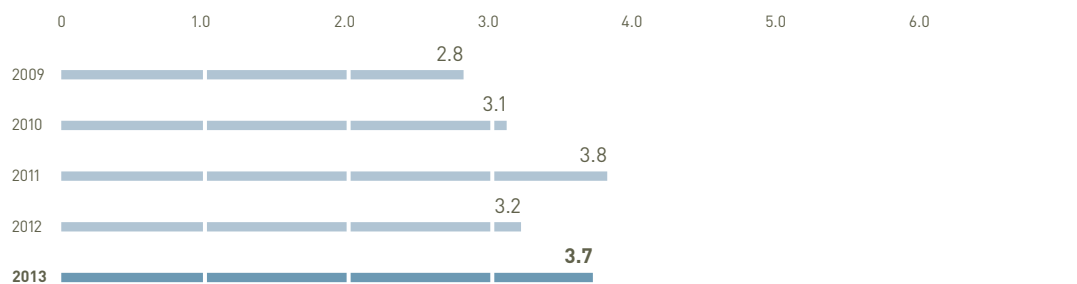
€m



¹ Figure adjusted, see page 151f

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

%



IT e-commerce. In IT e-commerce, revenues increased 5.1 per cent to €738.2 million (prior year: €702.4 million). Here, the good performance on the foreign markets had an effect. The share of this segment in the total revenue went down from 33.5 per cent to 32.5 per cent.

45. SEGMENT REVENUE IT E-COMMERCE

€m

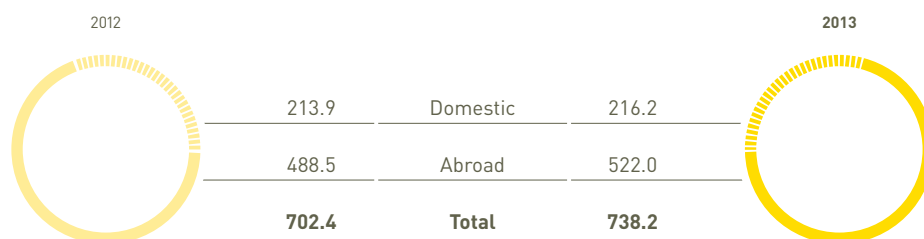


In 2013, BECHTLE had an average of 1,127 full-time employees in the IT e-commerce segment (prior year: 1,124). Due to the only marginal increase in the number of employees, the revenue per employee increased to €655 thousand in the reporting period (prior year: €625 thousand).

In the reporting period, the revenue of the IT e-commerce companies abroad amounted to €522.0 million, 6.9 per cent more than in the prior year (€488.5 million). The domestic trading companies grew 1.1 per cent to €216.2 million (prior year: €213.9 million). Due to adjustments in the product portfolio that had to be performed during the year and that were not entirely without effect on the ongoing operations, the domestic growth was rather low.

46. REVENUE DISTRIBUTION IN THE IT E-COMMERCE SEGMENT

€m



In the IT e-commerce segment, the earnings in the reporting period were affected by two aspects. On the one hand, the price and cost pressure continued to increase without let-up in the reporting period. On the other hand, the demand behaviour of the customers resulted in a product mix that was not conducive to the segment margin. Thus, the segment EBIT in the reporting period amounted to €34.9 million, 3.0 per cent less than in the prior year (€35.9 million).

47. EBIT IN THE IT E-COMMERCE SEGMENT

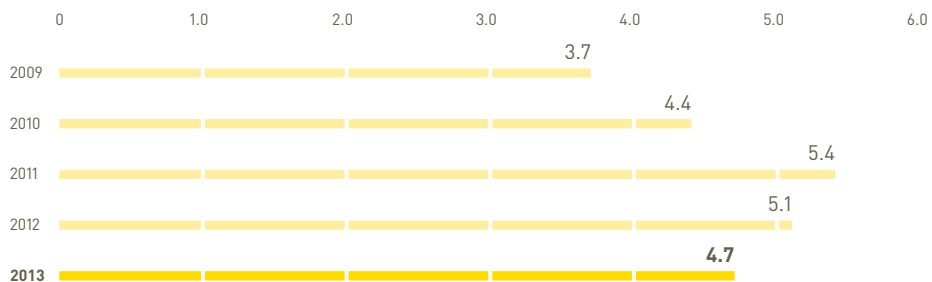
€m

¹ Figure adjusted, see page 151f

The EBIT margin in the trading segment amounted to 4.7 per cent (prior year: 5.1 per cent), remaining at a high level that is exceptional in the industry.

48. EBIT MARGIN IN THE IT E-COMMERCE SEGMENT

%



ASSETS POSITION

The success of Bechtle AG is based on a healthy, strong balance sheet. The key performance indicators for 2013 again furnish evidence of great stability and good management. The equity ratio amounted to 55.1 per cent, the return on equity to 14.2 per cent and the total liquidity to €156.1 million. Besides giving us financial flexibility and entrepreneurial independence, our figures allow our customers to rest assured that they are interacting with a sound and reliable partner.



Concerning the assets position of the segments, see Notes, page 203

Mainly owing to the higher business volume and the significant growth in retained earnings, the balance sheet total of the BECHTLE Group went up in the reporting period. As of the closing date 31 December 2013, it amounted to €910.3 million, 7.9 per cent more than in the prior year.

49. CONDENSED BALANCE SHEET

	€m				
	2013	2012 ¹	2011 ¹	2010	2009
Assets					
Non-current assets	299.2	296.1	279.5	206.3	164.5
Current assets	611.1	547.9	521.8	447.5	356.1
Equity and liabilities					
Equity	501.6	459.6	421.6	371.5	335.0
Non-current liabilities	90.8	96.6	94.0	46.7	32.3
Current liabilities	318.0	287.8	285.7	235.5	153.4
Balance sheet total	910.3	844.0	801.3	653.7	520.7

¹ Figure adjusted, see page 151f

On the assets side, non-current assets amounted to €299.2 million, only 1.0 per cent more than in the prior year. The goodwill and property, plant and equipment in particular went up, due to the acquisitions. Intangible assets and deferred taxes declined due to scheduled amortisation. Following the completion of the new buildings in Freiburg and at Bechtle Platz 1, in Neckarsulm, and of the associated modification work in the existing building, investments declined from €32.0 million to €23.1 million. Thus, the investment ratio dropped significantly to 19.7 per cent (prior year: 29.4 per cent). This development was reflected by the investments in the two segments. In the IT system house segment, investments dropped €5.2 million to €17.6 million. In IT e-commerce, they amounted to €5.2 million, €3.7 million less than in the prior year.

The capitalisation ratio dropped to 32.9 per cent as of the reporting date 31 December 2013 (prior year: 35.1 per cent). In the reporting period, the coverage of the non-current assets by the equity increased from 155.2 per cent to 167.6 per cent.

Current assets increased €63.3 million or 11.5 per cent to €611.1 million. In this item, trade receivables were particularly noticeable, growing €37.8 million to €345.2 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 was at 1.1 per cent (prior year: 1.2 per cent). Starting from a high level, the days sales outstanding (DSO) improved as the year progressed and amounted to 37.6 days as of the reporting date, a level similar to that of the prior year (37.3 days). By 31 December 2013, inventories had increased €17.6 million to €107.6 million. This was mainly due to the many orders received in late December and the great proportion of large projects. As a result, the ratio of inventories to revenues went up from 4.3 per cent to 4.7 per cent. The figure indicates that BECHTLE ties up only 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 declined €2.2 million to €33.2 million. This mainly reflects the slightly lower manufacturer and supplier refunds and bonuses still due. Short-term time deposits and securities dropped €17.6 million to €18.3 million. This was due to the long-term reinvestment of investments that had reached maturity for the purpose of optimising the return, as well as the shifting of funds into cash and cash equivalents. As of the end of the year, the group had cash and cash equivalents of €105.8 million (prior year: €78.2 million).



“Cash and cash equivalents worth more than €100 million. A truly sound financial situation.”

Katja Jäger
head of sales controlling,
Bechtle direct Germany

The liquidity including short and long-term time deposits and securities increased from €146.2 million to €156.1 million. In addition to the total liquidity, BECHTLE has a liquidity reserve of €36.5 million in the form of unused cash credit lines and guarantee credit lines.

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 in the key markets, and the balance sheet items are mostly held in euros. In 2013, the net assets declined €834 thousand (prior year: plus €91 thousand) due to currency translation differences recognised outside profit or loss and the hedging of net investments of foreign operations, particularly because of the weaker 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 20.6 per cent, compared to 19.6 per cent in the prior year. The improvement was caused by the earnings increase of 13.4 per cent compared to a below-average increase of the average capital employed by 7.8 per cent.

50. ROCE/CAPITAL EMPLOYED

		2013	2012 ¹	2012 ¹	2010	2009
ROCE	%	20.6	19.6	25.2	21.0	15.7
Capital employed	€m	442.1	410.0	342.2	288.6	272.2

¹ Figure adjusted, see page 151f

The working capital increased 10.9 per cent compared to the prior year. In relation to the balance sheet total, the value went up from 25.1 per cent to 25.8 per cent, an effect mainly related to the reporting date and caused by the higher trade receivables from the greater business volume and the higher inventories.

51. WORKING CAPITAL

		2013	2012	2011	2010	2009
Working capital	€m	234.6	211.6	189.9	166.8	139.5
In % of the balance sheet total		25.8	25.1	23.7	25.5	26.8

On the liabilities side, current liabilities increased €30.2 million to €318.0 million. For reasons related to the reporting date, trade payables underwent the greatest increase of €24.6 million. Other liabilities went up €5.0 million. This increase was mainly caused by personnel liabilities, as the positive business performance resulted in higher performance-related compensation components of the employees. By contrast, current financial liabilities decreased €2.0 million to €10.5 million, as planned.

As of the reporting date, non-current liabilities amounted to €90.8 million, €5.9 million less than in the prior year (€96.6 million). Owing to scheduled repayments, non-current financial liabilities underwent the greatest drop of €7.5 million, from €61.1 million to €53.6 million. Due to higher income and for reasons related to the exchange rates, pension provisions dropped €2.9 million. The share of non-current liabilities in the balance sheet total decreased from 11.5 per cent to 10.0 per cent.

In the reporting period, the equity increased by an above-average 9.1 per cent from €459.6 million to €501.6 million. The increase was the result of the €42.0 million growth in retained earnings. In the reporting period, the equity ratio therefore went up from 54.5 per cent to 55.1 per cent. The return on equity climbed from 13.7 per cent to 14.2 per cent.

52. RETURN ON EQUITY AND RETURN ON ASSETS

	2013	2012	2011	2010	2009
Return on equity	14.2	13.7 ¹	17.3	14.2	11.3
Return on assets	8.2	7.9	9.8	8.7	7.4

¹ Figure adjusted, see page 151 f

By 31 December 2013, the debt ratio had further improved to 81.5 per cent, compared to 83.6 per cent in the prior year. As the liquidity situation continued to be outstanding, the net debt amounted to a negative value of €91.9 million (prior year: minus €72.4 million).

As a result of the improved earnings, the return on assets, a key performance indicator that reflects the return on the total assets employed, climbed from 7.9 per cent to 8.2 per cent in the reporting period.

Measurement

In almost all cases, the fair value of the current assets and liabilities and the short-term and long-term securities correspond 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. 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. The fair value of assets and debts measured at cost is partly lower/higher than the carrying amount.

Intangible Assets

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 900 distributors across 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 through of fulfilment solutions.



"Bechtle is effectively debt-free."

Moritz Hirche
sales, Bechtle ÖA direct



See Notes,
page 161



Value in use
of the goodwill,
see Notes,
page 166 f



Qualitative assets:
Employees and close supplier
relationships



See
Business Activity,
page 51

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 an established customer bases, 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 therefore very important for the group's business success.

FINANCIAL POSITION

In 2013, Bechtle again stepped up the cash generated from operating activities, thereby gaining even more financial strength. In this way, Bechtle ensures the financial flexibility that it needs in order to react speedily and independently to market needs and especially to acquisition opportunities that arise at short notice. Moreover, the company is capable of financing all investments required to reach the ambitious goals of the Vision 2020 under its own steam and at short notice.

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.

As a matter of principle, BECHTLE uses derivative financial instruments exclusively for hedging its operating activities. In the reporting period, these were currency futures, currency options, 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. In individual cases and projects, purchase prices in foreign currency or prices that depend on the exchange rate are hedged with the help of derivatives.



See Notes,
page 160 f
and page 191 ff

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.



See Opportunities
and Risk Report,
Financial Instruments,
page 122 f

Investment business is only conducted with investment-grade debtors. Within the European Union, investments in the banking sector are only made up to the amount of the respective deposit guarantee. As such a guarantee only exists to a limited extent in Switzerland; investments in this country are only made at banks with an excellent credit rating.

Cash Flow Statement

In 2013, the cash inflow from operating activities underwent a year-on-year increase of 29.0 per cent from €56.7 million to €73.1 million. Apart from the improved earnings before taxes, the increase in the operating cash flow was mainly caused by the development of the net assets. Due to the higher balance of trade liabilities, the group recorded a cash inflow of €23.8 million in the fiscal year ended (prior year: cash outflow of €4.5 million). Other net assets as well as accruals and deferrals, which had undergone cash outflows in the prior year, now experienced cash inflows of €7.2 million and €4.9 million, respectively, in the year under review. On the other hand, the changes in inventories and trade receivables resulted in significantly higher cash outflows than in the prior year, an effect related to the reporting date and the high business volume towards the end of the year. The increase in inventories towards the end of the year due to the high order backlog resulted in a cash outflow of €18.0 million (prior year: cash inflow of €1.8 million), and trade receivables caused a cash outflow of €33.7 million (prior year: minus €17.9 million).



See Assets Position,
page 97

The cash outflow from investing activities amounted to €10.2 million, compared to €56.0 million in the prior year. This item was affected especially by the higher payments received from the sale of time deposits and securities, which increased €19.9 million to €36.9 million. Investments that reached maturity were not reinvested in the same amount. This is also evident from the payments made for the purchase of time deposits and securities, which receded from €38.4 million to €20.0 million. In view of the returns that can currently be achieved and the thus limited possibilities to optimise the financial income, reinvestment was of secondary importance in the reporting period. Following the completion of the construction activities at the headquarters in Neckarsulm and in Karlsruhe, payments for the purchase of intangible assets and property, plant and equipment dropped from €31.9 million to €23.5 million. For M&A activities, BECHTLE recorded slightly higher payments in the amount of €7.1 million (prior year: €5.6 million).



See Notes,
page 204 ff

In 2013, the negative cash flow from financing activities increased to €35.0 million, compared to €17.3 million in the prior year. This was mainly due to the higher repayment of financial liabilities in the amount of €15.4 million (prior year: €9.2 million) and the lower assumption of financial liabilities in the amount of €4.7 million (prior year: €16.1 million). Furthermore, the cash flow statement was affected by the dividend payment of €21.0 million.

The free cash flow improved from €19.5 million to €43.1 million. Apart from the higher net cash from operating activities, the free cash flow was affected primarily by the lower investments in property, plant and equipment of BECHTLE AG.

53. CASH FLOW						€m
	2013	2012	2011	2010	2009	
Cash flow from						
operating activities	73.1	56.7	55.8	59.1	47.3	
investing activities	-10.2	-56.0	-45.3	-47.6	-30.3	
financing activities	-35.0	-17.3	-2.2	-7.2	-17.8	
Cash and cash equivalents	105.8	78.2	94.6	85.5	76.5	
Free cash flow	43.1	19.5	12.2	41.8	34.4	

The main terms of the financial liabilities are explained in the Notes to the Consolidated Financial Statements. Due to the secondary importance of financial income to the BECHTLE Group, a change in the interest rate would not have any major impact on the financial position.



See Notes,
page 186 f

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 211

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

STRATEGIC FINANCING MEASURES

In 2013, 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. As there were no major investment projects in the year ended, no strategic financing measures – such as capital increases – needed to be taken, and it was not necessary to issue bonds or raise new bank loans.

The company has a relatively high equity ratio of 55.1 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, there were no major investment projects for which debt financing could have been considered. Thus, current and non-current financial liabilities dropped from €73.7 million to €64.2 million.

As of the reporting date 31 December 2013, they thus accounted for 7.0 per cent (prior year: 8.7 per cent) of the group's balance sheet total. The debt ratio amounted to 81.5 per cent (prior year: 83.6 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 €32.0 million, BECHTLE therefore keeps €124.1 million, i.e. the major part of its funds, in the form of cash as well as current time deposits and securities.

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

OVERALL ASSESSMENT

The Executive Board of BECHTLE AG considers the company's economic position as of the reporting date to be excellent. The figures presented here deliver impressive evidence of the economic strength of BECHTLE AG. All forecasts published in the fiscal year 2013 were either fulfilled or surpassed.

54. COMPARISON OF THE ACTUAL AND PROJECTED BUSINESS PERFORMANCE

	Forecast AR 2012	Forecast Q3 2013	Actual 2013
Revenue	Growth above overall IT market (EU 2013: 1.4%)	Clear, but still single-digit growth	Growth: 8.4%
Distribution cost ratio	Approximately 7%	–	6.7%
Administrative expense ratio	About 5%	–	4.9%
EBT	Earnings higher than in prior year	Noticeable increase	Growth: 13.0%
EBT margin	About 4%	–	3.9%
Dividend	Dividend payout ratio about 30% of EAT	–	Dividend payout ratio: 36.4%

At the beginning of 2014, the forecasts were more optimistic than they had been for a long time, both for the macroeconomy and for the IT industry. The mood was exceptionally positive, especially in the German economy. The Executive Board feels that the figures of BECHTLE AG for incoming orders, revenues and earnings in the first weeks of the year reaffirm this optimism. Nevertheless, there are still macroeconomic scenarios whose occurrence could cause the good mood and thus the growth to taper off. However, such a deviation in the macroeconomic forecast would only affect BECHTLE'S earnings position and cash flow from operating activities. The assets position and thus the balance sheet items of BECHTLE AG as well as the investing and financing activities have a long-term focus and are thus expected to remain largely unaffected by such rather temporary events.



See Forecast,
page 129f and page 135

OPPORTUNITIES AND RISK REPORT

Forward-looking actions always involve opportunities as well as risks. To manage a company successfully, it is necessary to identify and evaluate opportunities and risks at an early stage and draw conclusions for strategic and operational actions. In this context, it is vital to observe the interactions between opportunities and risks. Thus, the deliberate assumption of risk in a controlled manner naturally also yields opportunities. Therefore, the duty of the risk and opportunity management at Bechtle is to filter out the calculable risks and the promising opportunities, weighing them against each other under consideration of their effects.

RISK AND OPPORTUNITY MANAGEMENT

Basic Understanding

As would be expected, the risk management and opportunity management in the BECHTLE Group are tightly interwoven. Accordingly, there is no equivalent opportunity management alongside the risk management system. Rather, the opportunities, which are usually implicitly associated with risks, are recorded and evaluated within the framework of the risk management system. Thus, all statements made below concerning the risk management largely apply to the opportunity management as well. However, opportunities that are not linked to any risk are also identified. The leaner opportunity management of BECHTLE AG that has been established for this purpose is mainly derived from the strategy of the business segments and their goals. Primarily, 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.



See
Objectives and Strategy,
page 59 f

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 risks, their assessment and the initiation of suitable risk control measures in order to avert or minimise possible harmful consequences of the occurrence of the risk for the company. The assessment ranges from minor risks to material and existential risks. 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 the opportunities inherently linked to risks, a company must deliberately take risks in the course of its business activity. However, it is important to limit risks to an acceptable degree, to control them in the best way possible and to maintain a healthy balance with the accompanying opportunities. The framework for this is set by the company's policy/strategy, in the sense of 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 BECHTLE sustainability code, the BECHTLE management principles and the BECHTLE social media policy.

Within the scope of the 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 and determined use of arising opportunities. The risk policy of BECHTLE AG must take this into account. At the same time, the risk policy contributes to the verification and review of the probability of occurrence of the Vision 2020 and of the respective yearly plan.

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 support an effective risk management in the individual areas. The directors and division heads thus 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. The risk management organisation did not undergo any material changes compared to the prior year.

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 month-end closing 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 control system (ICS), are reviewed by the auditors within the scope of the audit of the annual financial statements and during the year by the company management.



"We want to fortify our leading market position in Europe."

Gozard Polak
director, Bechtle Bruxelles



See chart
Holding Structure,
page 40



See
Systems and Instruments,
page 60 ff

■ **Early warning and monitoring system.** The structure of the systems is geared towards 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 identified risks.

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 are 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.



See
Collaboration between
the Executive Board and
the Supervisory Board,
page 70

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 control and risk management system (ICS) 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, an ICS consists of the principles, procedures and measures introduced by the management in the company for the organisational implementation of the decisions of the management. The duties and goals of the ICS are as follows:



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- To ensure the effectiveness and efficiency of the business activity, including the protection of tangible and intangible assets as well as the prevention and discovery of financial losses that may be caused by employees or third parties
- To ensure the correctness and reliability of the accounting and of the internal and external reporting
- To comply with legal regulations relevant to the company

Further explanations concerning the structures introduced in our company and concerning the key features of the ICS, which can significantly affect especially the accounting, are made on the basis of this fundamental definition.

The principles, the structural and process organisation and the processes of the accounting-related ICS are outlined in policies and organisational instructions that are continually adjusted to the latest external and internal developments. The controls defined throughout the group are outlined in a group accounting manual. The requirements in the guidelines and organisational instructions are based on statutory standards as well as on voluntarily defined corporate standards.

The following features of the ICS can profoundly affect the accounting:

- Adjusted planning, reporting, controlling and early warning systems and processes exist for the holistic analysis and management of earnings-relevant risk factors and risks endangering the going concern. The risk management with respect to the accounting process is integrated in this general risk management system.
- The functions in all areas of the accounting and consolidation process (e.g. financial accounting, payroll accounting, taxes, controlling, group reporting and treasury) are clearly mapped.
- The completeness and correctness of the accounting data are regularly audited on the basis of samples and plausibility as well as by means of manual reviews.
- Important accounting-relevant processes are subject to regular analytical audits.
- The double-verification principle is applied in all material accounting-relevant processes.
- The due IT-based processing of accounting-related facts and data is ensured especially through the deployment of a uniform ERP system for processing all accounting-relevant data.
- The internal audit department is part of the ICS. It performs its duties by reviewing the month-end closing and as the need arises in group accounting.

In relation to the accounting, the points described above ensure that business transactions and facts are fully and duly identified, processed and reflected in the accounts, thereby ensuring correct accounting.



Risk Identification and Assessment

To assess all 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: Using the gross method, 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 an additive 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.
- Acceptance 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 members of the Executive Board attend each of 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. In the reporting period, the auditor reviewed the main aspects of the results and estimates of the risk management sessions within the scope of the audit of the annual financial statements 2013. In addition to the standard reporting and assessment of risks at these sessions, there is an arrangement for timely ad-hoc reporting of critical issues to the Executive Board, and subsequently 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 in the industrial environment. Therefore, even markets that are considered to be saturated, such as the countries in Western and Central 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 50 acquisitions since its IPO, thereby continually strengthening its market position. In view of the progressive thinning of the industry and the BECHTLE Group'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 addition to the concentration on premium products and services, the strategic focus in the reporting period therefore centred especially on new opportunities in connection with the expansion of the relative market share in the individual regions.

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. Here, too, there are opportunities for BECHTLE, especially with respect to the expansion of the business with premium services.



See
Competitive Position,
page 54 f



"Bechtle occupies a leading competitive position."

Vincent Smit
SAM engagement manager,
Comsoft direct Netherlands



See Forecast Report,
page 132

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 relate mainly 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.

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, e.g. through consolidation or virtualisation concepts.

Customers



See chart
Industry Segmentation,
page 54

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 push ahead its business with large customers.



Strong
customer bases

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, as 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 50 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.

The presence of BECHTLE in 14 European countries also offers opportunities especially in the field of requests for proposals of the European Union. In view of the pan-European roll-outs that are often required in this connection, BECHTLE is one of the few providers that has its own established structures in key EU countries.

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

BECHTLE AG maintains close partnerships with all major suppliers and manufacturers of the IT industry. For example, it cooperates with IBM and Freudenberg IT in the field of outsourcing. 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 or 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 its customer 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. In return, the vendors promptly receive largely unfiltered user feedback about existing products and requirements for future products.

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 offering and increasing availability of the goods, but also increases the attractiveness of BECHTLE for other distributors and vendors.

Service Range

Enterprise customers primarily 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 any possible savings potential. Existing corporate processes are being reviewed and new IT management models such as outsourcing or cloud computing are continuing to gain significance. The outsourcing of the 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 high and further increasing relevance of IT to all corporate processes and heightened security concerns in the reporting period 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 the question of how and from whom external services are procured. In the future, the expanded range of



www.bechtle.com/partner



"We cooperate closely with all major vendors."

Robert Stellinga
SAM engagement manager,
Comsoft direct Netherlands



See Service Range
and Processes,
page 46 ff

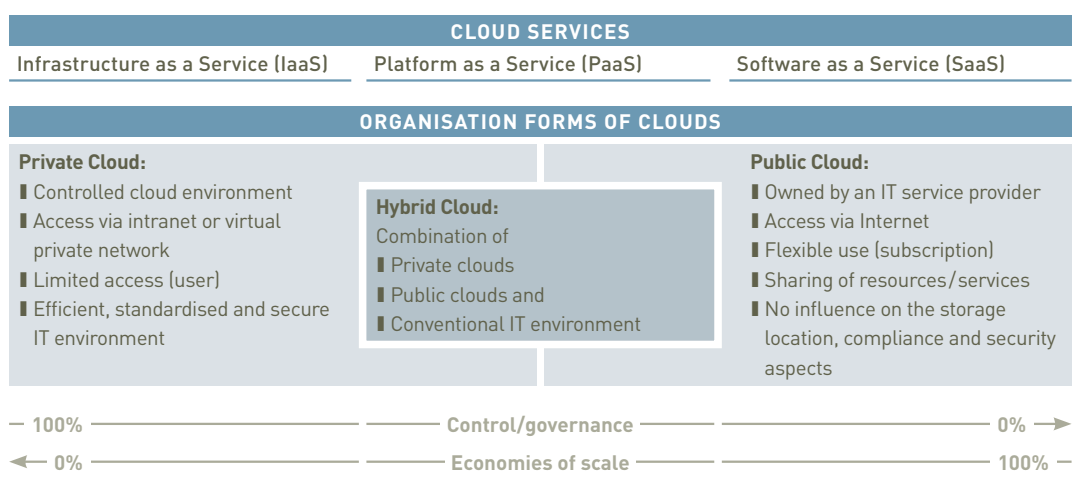
outsourcing solutions and managed services could yield attractive growth opportunities for BECHTLE as an economically stable, reliable partner with an excellent reputation. Customer relationships in this so-called operation business are usually of a long-term nature, which facilitates the business performance planning. Moreover, the projects promise higher margins than the orders in the conventional trading business.



www.bechtle-cloud.com

One 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.

55. 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 procurement and operation of IT from the "cloud". BECHTLE in Friedrichshafen and the system house Dübendorf in Switzerland offer their own data centre services in order to satisfy the demand of cloud customers for domestic hosting. 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

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 more than 65 locations in Germany and Switzerland and the locations in Austria, enable 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.

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 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. These measures are constantly expanded and supplemented.



See
Management Structure,
page 41f



See
Know-how Transfer
Between Locations,
page 49



See
Forecast Report,
page 136



See
Employees,
page 67f

RISKS



*"Opportunity or risk?
It's the balance that matters."*

Patricia Heim
team head SAM services,
Comsoft direct France

The management believes that some of the risks described below could have a 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. However, not all risks necessarily involve the danger of a detrimental effect. Risks are often associated with opportunities, and the management must examine the individual case and decide whether to take a risk or avoid the risk, and thus also miss an opportunity.

Risk Assessment

To take suitable risk management measures, especially for risks that could endanger the going concern, identified risks are assessed on the basis of their estimated probability of occurrence and the loss amount expected upon occurrence with respect to the earnings, assets and financial position, the share price and the reputation of the BECHTLE Group, and subsequently classified as "high", "medium" or "low" by means of a matrix. To ensure uniform understanding, the ordinal scales used for the measurement are described below.

56. RISK POTENTIAL PROBABILITY OF OCCURRENCE

Probability of occurrence	Description
High	Highly probable
Medium	Probable
Low	Improbable

57. RISK POTENTIAL LOSS AMOUNT

Expected loss amount in the event of occurrence of the risk	Definition of the loss amount
High	Substantial detrimental effects on the earnings, assets and financial position
Medium	Some detrimental effects on the earnings, assets and financial position
Low	Low detrimental effects on the earnings, assets and financial position

58. RISK MATRIX

		Expected loss amount		
		Low	Medium	High
Probability of occurrence	High	Medium risk	High risk	High risk
	Medium	Low risk	Medium risk	High risk
	Low	Low risk	Low risk	Medium risk

Macroeconomy and Industry

Among other things, the willingness of customers to invest is affected by the macroeconomic development in the individual national markets and in Europe as a whole, and by the trust in a positive economic development. BECHTLE generates about two thirds of its revenues in Germany and the remaining third on foreign markets. Thus, the development of the European economy as a whole, and of the German economy in particular, has a key impact on the growth of BECHTLE.

In the reporting period, some countries in which BECHTLE is represented experienced an economic decline. In the other 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. We are confronted with continually high price and margin pressure, partly weakening demand and growth cycles that are highly susceptible to economic trends. Furthermore, the IT market has been undergoing a period of consolidation for several years, which may culminate in stronger individual competitors and changed market shares. The company's earnings position largely 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. This is clearly an area with opportunities for the company.

Among other things, BECHTLE counters market risks by strengthening business areas with above-average growth potential, such as managed services, software & application solutions or mobility. 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 good growth potential in the CAD and SharePoint environment. The use of mobile devices is spreading rapidly. This gives rise to questions concerning the secure integration of these devices in existing networks and concerning the protection of data on mobile devices from abuse. In its mobile device management portfolio, BECHTLE offers customers intelligent solutions for this purpose. The BECHTLE Group constantly 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.

In view of the current market and competitive situation, we see a medium probability of the occurrence of the macroeconomic growth and economic risks. We cannot fully exclude the possibility of critical effects on our business activity, financial and earnings situation, as well as deviations from our revenue and earnings targets. We consider this risk to be high.



See
Service Range
and Processes,
page 46 ff

To further reinforce the market position of BECHTLE AG in Europe, the company continually enters new national markets in the IT e-commerce segment or, within the scope of a multi-brand strategy, establishes subsidiaries in countries in which BECHTLE companies already exist. 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 may not always be 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. All in all, these measures create a situation in which – from the perspective of the company – the opportunities of a new establishment clearly outweigh its risks.

At present, we consider the occurrence of country-specific risks to be improbable. The possibility of some detrimental effects on the earnings, assets and financial position, as well as deviations from revenue and earnings targets, cannot be excluded. We consider this risk to be low.

Business Activity



See
Personnel Expenses,
page 66f

Cost structure. The cost structure of the BECHTLE Group is characterised by a high proportion of personnel expenses whose adjustment lags behind a changed capacity utilisation. In phases of a weaker economy or curbed investment affinity of customers – as was partly the case in 2013 – the company can reduce functional costs to a certain extent only in the medium run without significantly modifying the employment situation, e.g. by means of short-time work or by making use of the natural fluctuation. All measures affecting the personnel expenses must always take the existing or possible future personnel risk (lack of qualified staff) into consideration. Therefore, BECHTLE wants to bond employees to the company on a long-term basis and be attractive for new applicants as a reliable employer. The often rather short-term risk of lower earnings is countered by the long-term opportunity of successful employer branding and bonding of qualified staff.

We consider the occurrence of the risk from the development of personnel expenses and of the salary level to be probable and cannot exclude the possibility of substantial detrimental effects on the earnings, assets and financial situation and the business activity of the BECHTLE Group. We consider this risk to be high. We also consider the risk of a shortage of qualified staff to be high, as the occurrence of this risk is probable and substantial negative effects on the earnings, assets and financial position, as well as deviations from revenue and earnings targets, cannot be excluded.

Procurement. The BECHTLE Group meets the risks in the supply markets with selective supplier management and a vendor-oriented organisation of Vendor Integrated Product Managers (VIPM), which 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 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 900 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.

We believe that risks from unilateral dependencies have a medium probability of occurrence and cannot exclude the possibility of some detrimental effects on the earnings, assets and financial positions as well as the business activity and deviations from earnings and revenue targets. We classify the risk as a medium risk.

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, as in the prior year. BECHTLE is not always able to pass on such price increases to customers to the full extent. Therefore, especially long-term contracts 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.

We consider the occurrence of this risk to be probable. We cannot exclude the possibility of critical effects on our business activity, earnings, assets and financial positions and deviations from our revenue and earnings targets. We classify the risks from the pricing policy of the manufacturers as high risks.

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.



"We purchase from a total of 1,200 partners."

Nora Bouska
product manager client
technologies, Bechtel Bruxelles



See
Business Activity,
IT E-Commerce,
page 50 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.

We consider the occurrence of this risk to be improbable. Some detrimental effects on the earnings, assets and financial positions as well as deviations from revenue and earnings targets, cannot be excluded. We consider this risk to be low.

Service range. The IT world is characterised by a high pace of technological progress, which results in constant change. As a player on this market, BECHTLE must always be ready and able to identify new trends and include such in the portfolio if necessary. At the same time, it must regularly be checked whether existing processes, workflows, products and services are still up to date. In its 30-year history, BECHTLE has shown that it is capable of keeping up with the high pace of the IT market and adapting to the market circumstances and customer needs at all times. Nevertheless, there is a risk of BECHTLE noticing important new trends too late and hence being unable to offer customers a state-of-the-art product portfolio. However, this risk is largely minimised by the close interaction of BECHTLE with all major manufacturers. Thus, BECHTLE learns of important technological innovations at an early stage. The close contact that the sales team maintains with industry and public-sector clients allows BECHTLE to adjust its portfolio as soon as customer demand arises.



"Our product portfolio must always be up to date."

Marcus Gutwein
large account manager,
Bechtle direct Germany

We consider the occurrence of this risk to be improbable. We cannot fully exclude the possibility of deviations from our revenue and earnings targets, and moderate negative effects on our business activity and earnings, assets and financial position. We consider the risk to be low.

In the IT e-commerce segment, the online shops of the ARP, BECHTLE DIRECT and COMSOFT DIRECT brands play an important role. Apart from telephone marketing, printed catalogues and personal sales contacts, the online shops serve as a central sales instrument. The design, functionality, technology and pricing requirements for webshops are subject to constant change; thus, webshops must be continually matched with the latest requirements for modern online procurement systems and market conditions, and be duly expanded. Failure of BECHTLE to set up the shops in a user-friendly, timely manner could entail the risk of customers placing their purchase orders via other webshops. For many years, BECHTLE has addressed this risk by means of its own web management team. The members of this team are responsible not only for the ongoing trouble-free operation of the shops, but, together with the people in charge, also for the specification of the functional requirements and the continuous implementation of the defined further developments. In the reporting period, for example, the ARP webshop was redesigned, and a technical relaunch of the BECHTLE DIRECT shops is planned for the current year.

The occurrence of this risk is currently considered to be not improbable. The possibility of critical effects on the business activity, earnings, assets and financial position, as well as deviations from earnings and revenue targets, cannot be fully excluded. The risk is classified as a high risk.

BECHTLE generates a large portion of its revenues from the sale of hardware and software. In this field, there is a risk that vendors could develop their own direct sales and thus establish direct business relationships with BECHTLE customers. Especially large companies are already supplied directly by vendors. However, due to its wide geographic coverage, BECHTLE has an advantage especially in the medium-sized business segment, both in terms of customer approach and customer bonding and with respect to the delivery and performance of services. By consistently focusing on efficient sales teams, BECHTLE is determined to maintain its competitive edge in the medium-sized business segment, thereby reducing the risk of vendors accessing BECHTLE customers via direct sales.

We consider the occurrence of this risk to be probable and cannot fully exclude the possibility of moderate negative effects on our business activity, earnings, assets and financial position and deviations from earnings and revenue targets. The risk is classified as a medium risk.

Especially in connection with cloud computing, some market observers see a risk of a decline in hardware and software revenues. Receding server revenues have already been noticed in connection with the advance of virtualisation. Though BECHTLE sees a risk of falling revenues in certain product groups, this revenue decline is compensated by rising revenues in other areas. Although, for instance, fewer servers are sold, BECHTLE is generating higher revenues with virtualisation-related services. Revenues can also shift within product groups. For example, a decline in the revenues generated with PCs (which, however, BECHTLE did not notice in the reporting period) can be compensated with higher revenues with tablets or laptops. As a whole, the IT market volume is not shrinking, but growing from year to year. As a one-stop IT infrastructure provider for enterprise customers, BECHTLE will therefore continue to expand its market share and grow profitably even in a changing market.

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.

We consider the occurrence of risks from long-term contracts to be improbable. We cannot fully exclude the possibility of limited negative effects on our business activity, our earnings, assets and financial position as well as deviations from our revenue and earnings targets. The risk is classified as a low risk.



See Markets,
page 54

Customers. Though individual companies of the BECHTLE Group are somewhat dependent on a small number of customers, the group has a very large customer bases 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 receivables management.

We consider the occurrence of the risk of dependencies on individual (key) accounts to be improbable. We cannot fully exclude the possibility of moderate negative effects on our business activity, our earnings, assets and financial position, as well as deviations from our revenue and earnings targets. The risk is classified as a low risk.

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 into 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 Bechtle, data backup is a top priority."

Marcus Schönfels
SAM engagement manager,
Comsoft direct Austria

For the BECHTLE Group, data backup is 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 covered by high-availability agree-

ments with the manufacturers. Moreover, the systems are protected by a UPS and an emergency power generator.

Despite the measures taken, we consider the occurrence of IT security risks to be not improbable, and we cannot fully exclude the possibility of moderate negative effects on our business activity, our earnings, assets and financial position, as well as deviations from our revenue and earnings targets. The risk is classified as a medium risk.

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. Apart from creating a positive work environment, HR work therefore focuses on operational training and promotion of junior management staff by means of internal development programmes.



See Training,
page 67 f

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. In addition, BECHTLE also endeavours to reinforce its reputation as an attractive and reliable employer by means of employer branding, in order to remain attractive for applicants in the future as well. The success of these measures is evident from the large number of qualified applications that BECHTLE regularly receives.

The occurrence of junior staff planning risks is considered to be improbable. The possibility of substantial detrimental effects on our business activity, the earnings, assets and financial position, as well as deviations from the revenue and earnings targets, cannot be fully excluded. The risk is classified as a medium risk. The occurrence of staff development risks and fluctuation risks is considered to be probable. In this field, some detrimental effects on the business activity as well as on our earnings, assets and financial position cannot be fully excluded. We classify both risks as medium risks.

Liability. In the trading business, BECHTLE assumes the standard liability and provides a contractual warranty for supplied hardware and software according to its General Terms and Conditions. However, the risk of warranty claims being asserted by customers against BECHTLE is low, as BECHTLE can usually forward the warranty claims to the manufacturers. Anyway, BECHTLE does not grant any product-specific manufacturer warranty. BECHTLE has taken out insurance or formed adequate balance-sheet provisions in case customers need to be granted warranty extensions or expansions. In the service and project business, especially in the case of managed services contracts, BECHTLE always endeavours to agree standard limitations of liability appropriate for the purpose of the contract in order to minimise liability risks. A process description that is binding throughout the group exists 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 75

Financial Instruments

Risk management. 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 options and currency and interest swaps.

The financial risk management is characterised by 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.



For a quantification
of the risks see Notes,
page 194 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 some 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, the 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. In the case of one-time amounts with usually short terms to maturity, these economic hedges are not accounted for as hedges. For projects that run over a longer period and generally have several associated hedges, the hedge accounting regulations of IAS 39 are applied. The open currency transactions and the respective receivables and liabilities are analysed on a monthly basis and tested for effectiveness.



See
Financial Position,
page 100 f

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 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 €156.1 million (prior year: €146.2 million) and unused cash and guarantee credit lines worth €36.5 million, as well as a positive cash flow from operating activities amounting to €73.1 million (prior year: €56.7 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 full due to inadequate financial means. Detailed monitoring of customer relationships including ongoing solvency checks and proactive receivables 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 rating 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. These interest rate swaps are accounted for as hedges.

The occurrence of exchange rate, interest rate and liquidity risks and of risks from non-payment is considered to be improbable. The possibility of moderate detrimental effects on our business activity, the earnings, assets and financial position, as well as deviations from our revenue and earnings targets, cannot be fully excluded. All financial risks are classified as low risks.



See Assets Position,
page 97 f, and Notes,
Interest Rate Risk,
page 197

Others



See Locations,
page 42 ff

Acquisitions. Since its IPO in 2000, BECHTLE AG has acquired more than 50 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. For BECHTLE, the opportunities that acquisitions offer clearly outweigh the risks.

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 continuous expansion and adaptation of the organisation and management structures to changing 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 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, 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 domestic tax laws and regulations. In other countries, external consultants are engaged. If this risk were to occur, it could affect the predicted earnings after taxes.

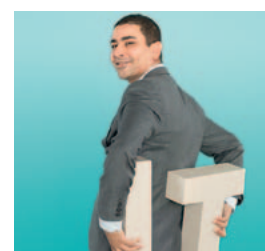
In view of the measures taken, the occurrence of this risk is improbable. The possibility of moderate detrimental effects on our business activity, the earnings, assets and financial position, as well as deviations from our revenue and earnings targets, cannot be fully excluded. We consider the risk to be low.

Compliance. A reputation risk could arise for BECHTLE due to the misconduct of a BECHTLE employee who does work for a customer on-site and has access to sensitive data. This applies especially to public-sector clients. Therefore, the subject of compliance plays an important role, especially in contracts with this customer group, but increasingly also in relationships with private-sector clients. Many customers expect the IT partner to be expressly committed to the observance of applicable laws and regulations and to assure compliance with certain standards of respectable conduct. To fulfil these requirements and thus minimise the risk of potential misconduct towards business partners as far as possible, BECHTLE AG introduced a code of conduct several years ago. 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 a security screening by the German 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.

In view of the measures taken, the occurrence of compliance risks from structures and processes is improbable. The possibility of moderate detrimental effects on our business activity, the earnings, assets and financial position, as well as deviations from our revenue and earnings targets, cannot be fully excluded. The risk is classified as a low risk.

Legal environment. Being active at an international level, the BECHTLE Group is subject to different national legislation. 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.



“Our international positioning involves risks, but especially also opportunities.”

Rachid Mahdad

SAM engagement manager,
Comsoft direct Netherlands

OVERALL RISK ASSESSMENT

The evaluation of the group's overall risk situation by the Executive Board is the result of the consolidated examination of all major compound and individual risks along with the opportunities that could arise. Compared to the prior year, there were no major changes of the overall risk position or of the risks described. The management is of the opinion that the presented risks are limited and manageable. The company boasts a solid financial basis, with a good equity ratio of 55.1 per cent (prior year: 54.5 per cent) and a comfortable liquidity situation.



Excellent
credit rating



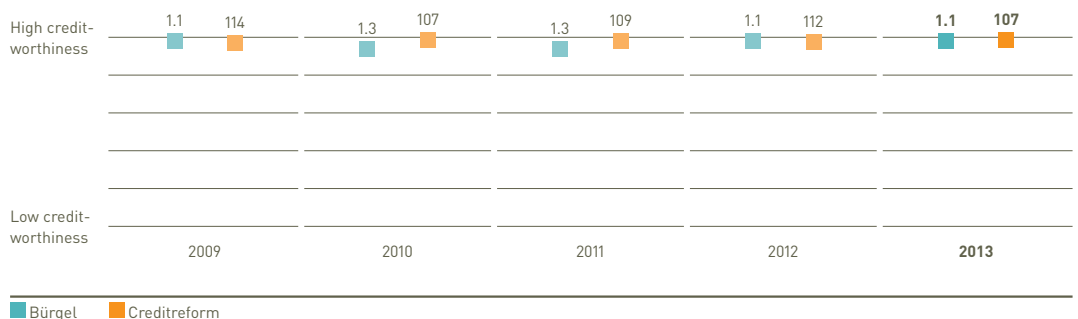
www.buergel.de



www.creditreform.de

Third-party ratings are important indicators 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. As in the prior year, 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 February 2014, the solvency index determined by Creditreform amounted to 107, after 112 in the prior year (100 means the lowest and 600 the highest credit risk). Due to the sound capital structure and first-class funding of the company, BECHTLE has received excellent ratings for many years. There is no reason why this should change in the future.

59. CREDIT RATINGS BECHTLE AG



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.

SUPPLEMENTARY REPORT

IMPORTANT EVENTS AFTER THE BALANCE SHEET DATE

On 17 January 2014, BECHTLE concluded a contract for the acquisition of all company interests in Planet! Software-Vertrieb & Consulting GmbH (planetsoftware), headquartered in Wien, Austria. The acquisition date depends on the approval of the Austrian Federal Competition Authority, which is expected to be granted in early March. The 3D CAD software specialist has three more locations in Graz, Innsbruck and Wels. With its 36 employees, the company generated revenues amounting to €7.1 million in the fiscal year 2013. With this acquisition, BECHTLE is stepping up its market presence in Austria and expanding the product spectrum of the local BECHTLE IT system houses. planetsoftware is the largest SolidWorks partner in Austria and holds the highest certification status of the software manufacturer.

Effective as of 1 February 2014, BECHTLE acquired the on-site service specialist Amaras AG. Founded in 2007 and headquartered in Monheim am Rhein, the company is specialised in the operation of service desks and on-site services at large customers. Amaras has 33 employees who generated more than €3 million in revenues in 2013. As part of BECHTLE Managed Services AG, the company will strengthen the on-site services segment. The employees will continue their operations for the existing local customers. The partners have agreed to remain silent with respect to the details of the acquisition and of the outsourcing projects.

Apart from this, BECHTLE AG did not experience any special events after the balance sheet date 31 December 2013 that would have affected the company's earnings, assets and financial position.

FORECAST REPORT

In the future, the rate of innovation in the IT sector will remain high. The main focus is on the benefits that new IT solutions deliver to customers. The complexity and diversity of such solutions will continue to grow, as will the demands on enterprises' IT organisations. In view of this, the fundamental demand for innovative IT services and smart solutions is expected to rise. Thus, the general demand for hardware and software will continue to grow. In this context, Bechtle will grow faster over the next few years than the overall market and continually expand its market share – both organically and by means of systematic acquisitions. The group's excellent competitive position represents a sustainable basis for attaining the company's long-term growth and profitability targets within the scope of the Vision 2020.

FRAMEWORK CONDITIONS

According to the forecast of the European Commission, the economy in the EU will grow 1.5 per cent in 2014. The prospects in the BECHTLE markets in the EU are mixed, though no negative GDP development is expected for any country. The bandwidth ranges from 0.6 per cent in Italy to 2.9 per cent in Poland. Investments in equipment are expected to grow 4.8 per cent throughout the EU, a trend that is rising in all countries in which BECHTLE is present. Figures range from 2.0 per cent in the Czech Republic to 12.0 per cent in Ireland. Government investments in the EU are expected to grow 0.6 per cent. In 2015, GDP in the EU is expected to grow by another 2.0 per cent. The European Commission even expects investments in equipment to grow 6.2 per cent. According to the estimates of the Federal Government's Expert Group for Economic Forecasts, Switzerland will outperform the EU in 2014, achieving GDP growth of 2.3 per cent. Investments in equipment are to increase by an above-average 3.5 per cent. The rate of growth is expected to pick up in 2015 in Switzerland as well, with 2.7 per cent for GDP and 5.0 per cent for investments in equipment.

In 2014, economic performance in Germany will again outstrip the EU average. Growth forecasts range from 1.4 to 2.0 per cent. Investments in equipment will undergo a substantial growth of 4.8 per cent, and government expenditure will increase 1.5 per cent. For 2015, the European Commission expects GDP in Germany to grow 2.0 per cent. Investments in equipment are expected to increase at a substantially above-average rate of 7.1 per cent, and government expenditure 1.2 per cent.

In 2014, the IT market in the EU is expected to grow 3.0 per cent. After the decline in the prior year, hardware revenues will again grow at a rate of 2.4 per cent, services 2.7 per cent and software 4.4 per cent. In most countries in which BECHTLE is active, hardware revenue performance is expected to improve considerably, though there will be major differences between the individual countries. Thus, the gap will range from

minus 3.4 per cent in Poland to plus 11.4 per cent in the Czech Republic. The differences in the software segment are not that conspicuous, but still noticeable. In this area, the bandwidth will range from minus 0.2 per cent in Portugal to plus 6.5 per cent in the Czech Republic. The momentum is set to increase in Switzerland in 2014. For the IT market as a whole, growth of 3.4 per cent is predicted, with hardware revenues gaining 1.5 per cent, services 3.0 per cent and software 5.4 per cent.

The German IT market, too, is to generate more growth in 2014. However, hardware is expected to remain negative next year also, with minus 1.9 per cent. This decline will mainly be due to private customers' weakening demand for PCs. The outlook for the business with enterprise customers is brighter. Service revenues are to increase 3.2 per cent and software – the growth driver – 5.1 per cent. In total, a growth of 2.6 per cent is predicted for the IT market in Germany in 2014.

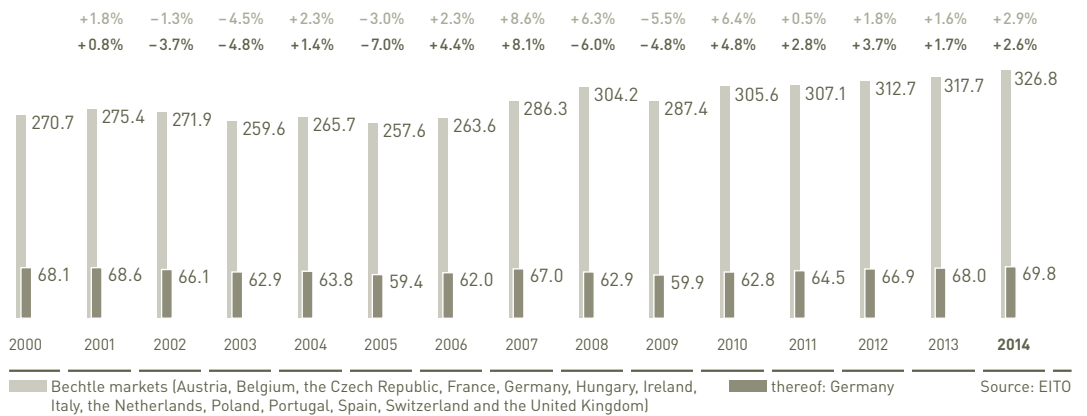


"The outlook for the business with enterprise customers is good."

Kevin Peacock
product manager Microsoft,
logistics & service

60. IT EXPENDITURE IN THE BECHTLE MARKETS 2000–2014

€b



With respect to the future economic situation predicted for the relevant national markets, 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 and especially the German market will remain highly dynamic. In the future, especially smaller providers will be unable to offer their customers services in the required breadth and depth. Therefore, they will be forced to survive in niches or in larger networks. The associated concentration trends will heat up the competition and result in constant price pressure in the industry. BECHTLE AG will benefit from this development due to its financial strength, its competitive position and its decentralised structure. Therefore, we are confident that we will be able to continue to expand our market share at a disproportionately high rate.

To take technological trends in the field of IT into account and to meet growing customer requirements, BECHTLE is busy developing and establishing a product and service portfolio that consistently focuses on customer benefits. With its high geographic presence and a large sales team, which maintains regular customer contact, BECHTLE is much closer to the needs and preferences of companies and public-sector clients than its competitors. Generally, the expansion of the range of special IT solutions will play a key role in the IT system house & managed services segment in the coming years. In this context, we regard the subjects of mobility, IT infrastructure, cloud computing, big data and applications as market drivers. BECHTLE boasts an excellent position in all of these areas and is always able to offer customers solutions that satisfy the latest technological standards. At the same time, the orientation of our portfolio is always aligned with our customers' demands. After all, BECHTLE must fulfil customer needs irrespective of any trends.

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 programmes. The goal is to develop collaboration synergies by means of uniform purchasing conditions, product specifications and marketing measures at an international level. 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 contact with manufacturers enables BECHTLE to offer customers state-of-the-art solutions and products at all times.

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 trade brand ARP in the second quarter of 2014. BECHTLE will then be represented through ARP with its own subsidiaries in six European countries. The market research institute EITO estimates the Belgian IT market volume for 2014 at about €9.9 billion, with a market growth of 2.8 per cent. Investments in hardware will account for €2.0 billion, about one fifth of the revenues. In the field of software and licence management, the group is evaluating the establishment of a COMSOFT DIRECT subsidiary in Ireland. In the medium run,



See Service Range
and Processes,
page 46 ff

a follower strategy in the IT e-commerce segment and efficient knowledge transfer between the individual trading companies are to enable ARP and COMSOFT DIRECT to enter the countries in which BECHTLE DIRECT is already successfully rooted. Within the scope of the further internationalisation – also in markets outside Europe – BECHTLE plans to enter partnerships with businesses that are already established in the respective markets.

Key Performance Indicators

Revenue. Since 2009, BECHTLE AG has significantly outperformed the IT market with a compound annual growth rate (CAGR) of about 13 per cent. From 2003 to 2013, CAGR was approximately 11 per cent. In 2014, we again plan to grow faster than the overall IT market relevant to us. 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, an optimised offering profile, further expansion in Europe, transcontinental partnerships and focused sales activities are to contribute to this growth. This goal will also be supported by a wider, optimised service portfolio that is aligned with customer needs, 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. Therefore, we are confident that we will be able to increase our revenues clearly in 2014 compared to the reporting period. In its Vision 2020, BECHTLE targets consolidated revenues of €5 billion, which means an average annual growth of about 12 per cent.

Within the scope of the planned development, the regional distribution of the revenues in 2014 is again likely to shift slightly towards the foreign markets. Nevertheless, we do not expect the growth dynamics in Germany to slow down. Instead, we expect some catch-up effects in our foreign markets. As a whole, the regional distribution is not expected to undergo any major shifts in coming years. 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 continue as a result of the strong competitive position and the market share gains.

In 2014, the IT system house & managed services segment and IT e-commerce will make more or less equal contributions to the growth of the BECHTLE Group. This means that we expect IT e-commerce to be more dynamic than in the reporting period. In the IT system house & managed services segment, we intend to keep the dynamics more or less stable.

Costs. We expect the development of the cost of sales to more or less parallel that of the revenues. Therefore, we anticipate a gross margin of about 15 per cent, as in 2013. 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 adjust-

ment of the personnel expenses, e.g. during temporary economic downturns, is only possible to a limited extent. To BECHTLE, continuity – as an employer and in its customer relationships – is far more important than short-term cost optimisation. 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 expenses for the sales and administration areas to a level of under 7 and just below 5 per cent of the revenue, respectively, similar to the figures recorded in the reporting period.

Earnings. In view of the fact that our earnings in the second half of the reporting period were considerably higher than in the prior year, the Executive Board is confident that BECHTLE AG will clearly outperform the earnings position of the prior year in 2014. However, the dynamism of the second half of 2013 is unlikely to continue. In both business segments, we expect a clear earnings increase. By further increasing the share of qualified services and continually optimising the efficiency of the service provision, we should succeed in slightly improving the EBT margin in 2014. The Executive Board believes that the margin in the IT e-commerce segment will slightly improve towards the 5 per cent mark and that the margin in the IT system house & managed services segment will also be slightly higher than in 2013. All in all, the Executive Board is confident that in the 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 is mainly aligned with the group's earnings and liquidity position and provides for a dividend payout ratio of about one third of the earnings after taxes. The current dividend proposal for the fiscal year 2013 of €1.10 per share represents a ratio of more than 36 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.

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 in particular provides a competitive advantage in growth phases. The financial position and 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 €156 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.



"Our goal for 2014 is a clear earnings increase."

Michael Teniz
member of the management,
system house Friedrichshafen

Financing. In 2014, liabilities and the associated interest payments will not undergo any material changes, except in the case of acquisitions. In 2014, smaller acquisitions can be financed from the current cash flow and available liquidity, as in the past. However, it is also possible to raise debt capital. BECHTLE has unused cash credit lines and guarantee credit lines worth €36.5 million. 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, at least to a certain extent. The company could also 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 occur in 2014, the balance sheet structure will not undergo any significant changes compared to the reporting date 31 December 2013.

Investments. The business of BECHTLE AG, which comprises IT product trading and IT services, does not require high investments. In recent years, BECHTLE'S investment ratio remained largely constant. The ratio was only significantly higher in 2011. Among other things, this was because of the extensions built at the headquarters in Neckarsulm as well as in Freiburg and Karlsruhe. To a certain extent, these construction measures also affected the fiscal year 2012. There were no comparable investments in 2013, and none are planned for 2014 either. The Executive Board therefore expects the investment ratio to remain at about the prior-year level of approximately 20 per cent, also in view of the increased property, plant and equipment that the company currently has.

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.



See

Environmental Protection,
page 55f

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.

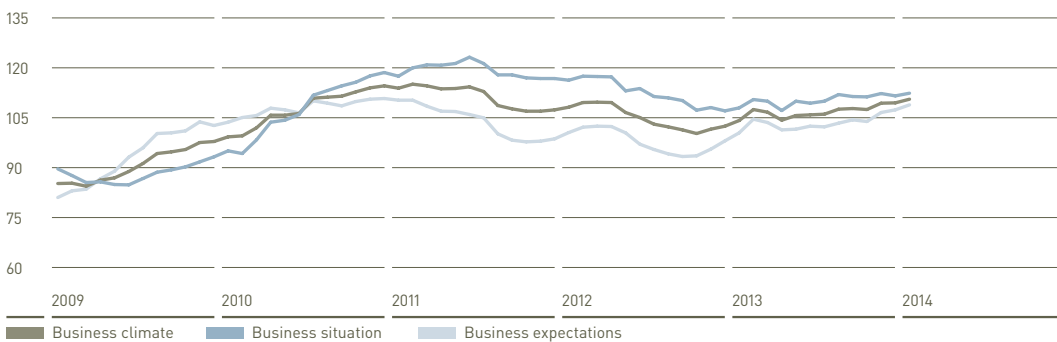
OVERALL ASSESSMENT

The macroeconomic situation at the beginning of 2014 was very positive. Though the European national debt crisis is still waiting for a lasting solution and the situation remains tense, especially in some southern European countries, the uncertainties that marked recent years have mostly eased off. As a whole, GDP growth that is significantly above the level of 2013 is anticipated for all relevant European countries in 2014 and 2015. In the first quarter of 2014, the ifo indicator for the economic climate in the euro area also gained further. The improvement is the result of the far more favourable assessment of the current situation. The economic outlook for the next six months remains at the highest level in about three years. The economic recovery is likely to take shape in the coming months. In January, the ifo business climate index for Germany's commercial economy increased for the third time in a row. The assessment of the current business situation has reached the highest level since June 2012. For almost three years, the expectations for the further business performance have not been as optimistic as they are right now. Therefore, the German economy got the new year off to a promising start.



www.ifo.de

61. IFO BUSINESS CLIMATE INDEX FOR THE COMMERCIAL ECONOMY IN GERMANY



The IT industry was also very optimistic at the start of 2014. In January, the ifo index for IT service providers climbed from 38 to 42. The evaluation of the current situation improved from 44 to 46. The outlook for the next six months improved by a remarkable five points. The value of 38 points is the highest since May 2011.

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 in 2014 to remain positive and clearly 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.



"Our outlook for 2014 is entirely positive."

Gabi Schepperte
head of group accounting & treasury, Bechtle AG

62. OVERVIEW OF FORECASTS ON THE EARNINGS POSITION FOR 2014

	Group	IT system house & managed services	IT e-commerce
Revenue	Clear increase over 2013	Clear increase with similar growth rates as in 2013	Clear increase with stronger dynamics than in 2013
Cost of sales	Will parallel revenues		
Gross margin	About 15 per cent		
Distribution cost ratio	< 7 per cent		
Administrative expense ratio	< 5 per cent		
EBT	Clear increase over 2013	Clear increase over 2013	Clear increase over 2013
EBT margin	Slight increase	Slight increase	Slight increase
Dividend	Dividend payout ratio of about one third of the EAT		

Acquisitions will remain an integral part of the growth strategy in all business fields. In IT e-commerce, however, the Executive Board relies mainly on organic growth, also by founding new companies, and on impulses from entering international partnerships. 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 range of training measures and consistent continuation of the internal management programmes, BECHTLE intends to continue to invest in the development of junior and executive staff. The Executive Board also plans to increase the headcount in 2014, regardless of acquisitions. However, the moderate growth rate of the second half of 2013 is to be maintained. Training young people will remain a central aspect of BECHTLE'S HR policy. In this connection, BECHTLE AG has adopted the medium-term goal of expanding the training ratio in Germany to approximately 12 per cent in order to safeguard its future.

INCOME STATEMENT	140
STATEMENT OF COMPREHENSIVE INCOME	141
BALANCE SHEET	142
STATEMENT OF CHANGES IN EQUITY	144
CASH FLOW STATEMENT	145
NOTES	146

Back on course.

In contrast to the slight decline compared to 2011 that we had to report here last year, page 140 presents the best income statement in our company's history for 2013. In our long-term business, we have no difficulties coping with slight setbacks.

Straight to the revenue office.

Last year, Bechtle made a contribution of almost €26 million to the taxes collected in Europe: four fifths in Germany, one fifth abroad. Well, success comes at a price – see page 165.

Bechtle takes over IBM!

Admittedly only partial business operations in the field of managed services. But in connection with all other acquisitions, we have taken over all company interests. See page 205 ff.

Back on board.

Due to family-related reasons, Klaus Winkler was forced to resign from his office as Chairman of the Supervisory Board. Gerhard Schick, long-standing Chairman of the Executive Board and experienced Supervisory Board Chairman, was able to take over at short notice. We would like to express our gratitude to both of them.



**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

INCOME STATEMENT	140	
STATEMENT OF COMPREHENSIVE INCOME	141	
BALANCE SHEET	142	
STATEMENT OF CHANGES IN EQUITY	144	
CASH FLOW STATEMENT	145	
NOTES	146	
	146	I. General Disclosures
	146	II. Summary of Key Principles of Accounting and Consolidations
	163	III. Further Explanatory Notes on the Income Statement
	166	IV. Further Explanatory Notes on the Balance Sheet
	189	V. Further Explanatory Notes on the Cash Flow Statement
	191	VI. Further Disclosures on Financial Instruments in Accordance with IFRS 7
	200	VII. Segment Information
	204	VIII. Acquisitions, Purchase Price Allocation and Divestments
	209	IX. Disclosures on the Executive Board and Supervisory Board
	211	X. Other Disclosures
	215	XI. Events occurring after the End of the Reporting Period
	216	Subsidiaries of Bechtle AG
	220	Changes in Intangible Assets and Property, Plant and Equipment
	222	Supervisory Board Members
	224	
	224	Audit Opinion
	225	Responsibility Statement by the Executive Board
	226	Multi-year Overview Bechtle Group
	230	Glossary
	235	List of Charts and Tables
	237	List of Abbreviations
	238	Imprint, Financial Calendar, Organisational Structure Bechtle Group

Further Information

63. CONSOLIDATED INCOME STATEMENT

		€k	
	Notes	2013	2012
Revenue	1	2,273,485	2,096,835
Cost of sales	2	1,933,071	1,778,139 ¹
Gross earnings		340,414	318,696¹
Distribution costs	2	151,546	145,405 ¹
Administrative expenses	2	110,483	104,300 ¹
Other operating income	3	12,663	11,274
Operating earnings		91,048	80,265¹
Financial income	4	1,560	2,026
Financial expenses	4	3,300	3,290
Earnings before taxes		89,308	79,001¹
Income taxes	5	25,911	22,643 ¹
Earnings after taxes (attributable to shareholders of Bechtle AG)		63,397	56,358¹
Net earnings per share (basic and diluted) in €	6	3,02	2,68¹
Weighted average shares outstanding (basic and diluted) in thousands		21,000	21,000



See
further comments
in the Notes,
in particular III.,
page 163 ff

¹Figure adjusted, see page 151 f

64. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		€k	
	Notes	2013	2012
Earnings after taxes		63,397	56,358¹
Other comprehensive income			
Items that will not be reclassified to profit or loss in subsequent periods			
Actuarial gains and losses on pension provisions	17	2,777	2,757 ¹
Income tax effects		-531	-517 ¹
Items that will be reclassified to profit or loss in subsequent periods			
Unrealised gains and losses on securities		-377	366
Income tax effects		42	-43
Unrealised gains and losses on financial derivatives		-2,097	-34
Income tax effects		604	9
Currency translation differences of net investments in foreign operations		-35	65
Income tax effects		0	-14
Hedging of net investments in foreign operations		787	-187
Income tax effects		-230	55
Currency translation differences		-1,356	172 ¹
Other comprehensive income	16	-416	2,629¹
of which income tax effects		-115	-510 ¹
Total comprehensive income (attributable to shareholders of Bechtle AG)		62,981	58,987¹

¹Figure adjusted, see page 151f



See further comments in the Notes, in particular IV. no. 16 page 174 ff

65. CONSOLIDATED BALANCE SHEET

ASSETS		€k		
	Notes	31.12.2013	31.12.2012	01.01.2012
Non-current assets				
Goodwill	7	139,885	137,483	135,648
Other intangible assets	8	19,293	20,991	22,348
Property, plant and equipment	9	99,747	94,537	79,645
Trade receivables	12	1,547	2,243	975
Income tax receivables		84	113	133
Deferred taxes	10	4,131	6,489 ¹	7,720 ¹
Other assets	14	2,513	2,224	2,356
Time deposits and securities	13	32,012	32,059	30,700
Total non-current assets		299,212	296,139¹	279,525¹
Current assets				
Inventories	11	107,638	90,065	91,190
Trade receivables	12	345,195	307,348	286,773
Income tax receivables		1,029	927	1,072
Other assets	14	33,181	35,423	31,955
Time deposits and securities	13	18,255	35,888	16,219
Cash and cash equivalents	15	105,838	78,208	94,569
Total current assets		611,136	547,859	521,778
Total assets		910,348	843,998¹	801,303¹



See
further comments
in the Notes,
in particular IV,
page 166 ff

¹ Figure adjusted, see page 151f

EQUITY AND LIABILITIES

€k

	Notes	31.12.2013	31.12.2012	01.01.2012
Equity				
Issued capital		21,000	21,000	21,000
Capital reserves		145,228	145,228	145,228
Retained earnings		335,337	293,356 ¹	255,369 ¹
Total equity	16	501,565	459,584¹	421,597¹
Non-current liabilities				
Pension provisions	17	6,382	9,260 ¹	11,873 ¹
Other provisions	18	2,307	2,139	1,182
Financial liabilities	19	53,625	61,142	57,280
Trade payables	20	438	0	0
Deferred taxes	10	15,128	14,905 ¹	14,094 ¹
Other liabilities	21	538	296	1,216
Accruals and deferrals	22	12,369	8,902	8,359
Total non-current liabilities		90,787	96,644¹	94,004¹
Current liabilities				
Other provisions	18	5,774	5,241	5,643
Financial liabilities	19	10,546	12,567	9,002
Trade payables	20	170,518	145,964	148,799
Income tax payables		6,519	6,906	8,735
Other liabilities	21	79,941	74,963	72,237
Accruals and deferrals	22	44,698	42,129	41,286
Total current liabilities		317,996	287,770	285,702
Total equity and liabilities		910,348	843,998¹	801,303¹

¹Figure adjusted, see page 151f

66. 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 2012 (as reported)	21,000	145,228	254,130	-1,314	252,816	419,044
Effects from the retroactive adoption of IAS 19R			2,553		2,553	2,553
Equity as of 1 January 2012	21,000	145,228	256,683	-1,314	255,369	421,597
Distribution of profits for 2011			-21,000		-21,000	-21,000
Earnings after taxes			56,358 ¹		56,358 ¹	56,358 ¹
Other comprehensive income				2,629 ¹	2,629 ¹	2,629 ¹
Total comprehensive income	0	0	56,358 ¹	2,629 ¹	58,987 ¹	58,987 ¹
Equity as of 31 December 2012	21,000	145,228	292,041 ¹	1,315 ¹	293,356 ¹	459,584 ¹
Equity as of 1 January 2013 (as reported)	21,000	145,228	289,691	2,474	292,165	458,393
Effects from the retroactive adoption of IAS 19R			2,350	-1,159	1,191	1,191
Equity as of 1 January 2013	21,000	145,228	292,041	1,315	293,356	459,584
Distribution of profits for 2012			-21,000		-21,000	-21,000
Earnings after taxes			63,397		63,397	63,397
Other comprehensive income				-416	-416	-416
Total comprehensive income	0	0	63,397	-416	62,981	62,981
Equity as of 31 December 2013	21,000	145,228	334,438	899	335,337	501,565

¹ Figure adjusted, see page 151 f

See further comments in the Notes, in particular IV. no. 16, page 174 ff

67. CONSOLIDATED CASH FLOW STATEMENT

		€k	
	Notes	2013	2012
Operating activities			
Earnings before taxes		89,308	79,001 ¹
Adjustment for non-cash expenses and income			
Financial earnings		1,740	1,264
Depreciation and amortisation of intangible assets and property, plant and equipment		22,493	21,748
Gain/loss on disposal of intangible assets and property, plant and equipment		2	73
Other non-cash expenses and income		32	98 ¹
Changes in net assets			
Changes in inventories		-17,972	1,786
Changes in trade receivables		-33,740	-17,948
Changes in trade payables		23,784	-4,511
Changes in accruals and deferrals		4,899	-752
Changes in other net assets		7,198	-1,499
Income taxes paid		-24,646	-22,591
Cash flow from operating activities	23	73,098	56,669
Investing activity			
Cash paid for acquisitions less cash acquired		-7,146	-5,641
Cash received from divestments		333	0
Cash paid for investments in intangible assets and property, plant and equipment		-23,535	-31,871
Cash received from the sale of intangible assets and property, plant and equipment		373	328
Cash paid for the acquisition of time deposits and securities		-20,000	-38,361
Cash received from the sale of time deposits and securities, and from redemptions of non-current assets		36,850	16,972
Settlement of net investment hedges		787	-187
Interest payments received		2,137	2,729
Cash flow from investing activities	24	-10,201	-56,031
Financing activities			
Cash paid for the payment of financial liabilities		-15,426	-9,243
Cash received from the assumption of financial liabilities		4,669	16,086
Dividends paid		-21,000	-21,000
Interest paid		-3,245	-3,125
Cash flow from financing activities	25	-35,002	-17,282
Exchange-rate-related changes in cash and cash equivalents		-265	283
Changes in cash and cash equivalents		27,630	-16,361
Cash and cash equivalents at the beginning of the period		78,208	94,569
Cash and cash equivalents at the end of the period		105,838	78,208

¹ Figure adjusted, see page 151f



See further comments in the Notes, in particular V., page 189f

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 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 2013 were released for publication on 28 February 2014 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 was 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 European Union. All International Financial Reporting Standards whose adoption is mandatory for the fiscal year 2013 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 certain 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 period under review, BECHTLE adopted the new and revised 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:



www.efrag.org

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 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	4 March 2013	1 January 2013
Amendments to IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities	28 June 2012	4 April 2013	1 January 2014 ²
IFRS 13 Fair Value Measurement	12 May 2011	11 December 2012	1 January 2013
Amendments to IFRS: Improvements to International Financial Reporting Standards, 2009–2011 Cycle	17 May 2012	27 March 2013	1 January 2013
Voluntary adoption of pronouncements ahead of time			
Amendments to IAS 36 Impairment of Assets	29 May 2013	19 December 2013	1 January 2014
Amendments to IAS 39 Financial Instruments	27 June 2013	19 December 2013	1 January 2014
Amendments to IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 27 Separate Financial Statements	31 October 2012	20 November 2013	1 January 2014

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

² Adoption is mandatory if IFRS 10, IFRS 11 and IFRS 12 are adopted ahead of time.

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 recognised all actuarial gains and losses in equity in the respective period (formerly IAS 19.93A) for many years, no changes are necessary in this area. IAS 19R requires any sharing on the part of the employee in the risk of the pension plan to be taken into consideration in the determination of the pension obligations. This results in a reduction of the pension provision. 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. This results in higher pension expenses. The details of the changes due to the retroactive adoption, see “Adjusted Prior-year Figures”.



See page 151f

Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards. For first-time adopters of IFRS, the accounting of government loans granted at below-market rates of interest has been changed. The benefit from the loan granted at below-market rates must not be treated as a government grant, but must be recognised as a loan according to IFRS 9 and IAS 39, respectively. As BECHTLE has already adopted IFRS and has never recognised benefits from loans granted at below-market rates as government grants, the first-time adoption of these amendments does not affect BECHTLE.

Amendments to IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities. The amendments published on 28 June 2012 contain clarifications and simplifications for the first-time adoption of the standards with respect to the presentation of comparative figures. The first-time adoption of these amendments does not affect BECHTLE, as BECHTLE had already adopted IFRS 10, IFRS 11 and IFRS 12 ahead of time in the fiscal year 2012.

IFRS 13 Fair Value Measurement. IFRS 13 defines how the fair value is to be determined if required as a measurement method in another standard. IFRS 13 creates a uniform framework for the determination of the fair value and standardises the required disclosures. Though this new standard does not lead to an expansion of the fair value measurements, it requires more extensive disclosures in the notes with respect to the parameters used to determine the fair value. As in prior years, the determination of the assets and liabilities measured at fair value in the financial statements of BECHTLE was based on public market quotations or input factors derived therefrom. Additionally, the counterparty risk was taken into consideration at prices derived from the market. Due to the adoption of this standard, the disclosures in the notes have been supplemented accordingly. This does not have any material effects on the assets, financial and earnings position.

Amendments to IFRS: Improvements to International Financial Reporting Standards, 2009–2011 Cycle. 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 did not result in any significant consequences or changes to the assets, financial and earnings position and their presentation.

Amendments to IAS 36 Impairment of Assets. According to these amendments, the recoverable amount is to be disclosed only for assets or cash-generating units impaired in the reporting period. Additional information on the measurement level according to IFRS 13 are to be disclosed if the recoverable amount of the impaired asset or cash-generating unit corresponds to the fair value less costs of disposal. In the future, these disclosures are to be provided for any impairment losses, not only for material impairment expenses. The changes represent clarifications that became necessary due to the consequential amendments in IAS 36 as a result of the release of IFRS 13. As BECHTLE adopted IFRS 13 for the first time in this report, these amendments do not affect this report.

Amendments to IAS 39 Financial Instruments. Due to these amendments to IAS 39, continuation of hedge accounting is possible for derivatives even if the counterparty of the derivative has been changed due to the statutory clearing obligation. As the derivatives taken out by BECHTLE are not subject to the clearing obligation, the amendments to this standard do not have any effect on the accounting.

Amendments to IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 27 Separate Financial Statements. The amendments to IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 27 Separate Financial Statements concern definitions and regulations for investment entities. If a group company matches the definition of an investment entity, the subsidiaries of this investment entity are not consolidated, but measured at fair value through profit or loss. As none of the group companies of BECHTLE has the characteristics of an investment entity according to IFRS 10, the amendments to the said standards do not affect BECHTLE'S assets, financial and earnings position.

BECHTLE had already adopted the other new and amended standards and interpretations whose adoption is mandatory for the fiscal year 2013, ahead of time, for the Consolidated Financial Statements for the fiscal year 2012.

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	21 November 2013	Open	1 July 2014
IFRS 9 Financial Instruments	12 November 2009 28 October 2010 16 December 2011 19 November 2013	Open	Not before 1 January 2017 ²
IFRIC 21 Levies	20 May 2013	Open	1 January 2014
Amendments to IFRS: Improvements to International Financial Reporting Standards, 2010–2012 Cycle	12 December 2013	Open	1 July 2014
Amendments to IFRS: Improvements to International Financial Reporting Standards, 2011–2013 Cycle	12 December 2013	Open	1 July 2014

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

² Effective date not included in the latest publication; in a meeting in November 2013, the IASB decided to provide for mandatory first-time adoption at the earliest for fiscal years that begin on or after 1 January 2017.

Amendments to IAS 19 Employee Benefits. The amendments to IAS 19 simplify the accounting for certain employee contributions. If the employee contributions are independent of the number of years of service, said contributions may be deducted from the service cost in the period in which the related service is rendered. BECHTLE does not expect any material effects from the adoption of these amendments.

IFRS 9 Financial Instruments. Upon completion, IFRS 9 is to fully replace IAS 39. According to IFRS 9, all financial assets that are currently governed by IAS 39 shall be allocated to the classes “measured at amortised cost” and “measured at fair value”; this means that the categories “available for sale” and “held to maturity” will no longer apply. Depending on their nature, debt instruments shall be accounted for at amortised cost or at fair value through profit or loss. All other financial instruments must be measured at fair value through profit or loss. By way of exception, changes of the fair value of equity instruments not held for trading can be recognised in other comprehensive income. Moreover, changes of the fair value from the own credit risk may be presented in other comprehensive income for liabilities that are measured at fair value through profit or loss and that are not subject to hedge accounting. A core item of the most recent publication of IASB is the inclusion of a new model for hedge accounting. The scope of eligible underlying transactions for hedge accounting is expanded. In the new IFRS 9 model, it is sufficient if an economic relation exists between the underlying transactions and the hedging instrument; the hedge effectiveness range of 80 to 125 per cent and the required retrospective effectiveness test are cancelled. Instead, expanded disclosures on the risk management strategy are required. The mandatory first-time adoption date 1 January 2015 has been cancelled; a new date is to be set only after all project phases have been completed and a final version of IFRS 9 is available. The IASB intends to further expand IFRS 9 to include new regulations for the impairment of financial assets that are measured at amortised cost as well as amendments to the regulations with regard to the classification and measurement. It will only be possible to examine and quantify the potential effects on the BECHTLE Group in a meaningful way after further project results are announced.

IFRIC 21 Levies. IFRIC 21 provides guidance on when and how to recognise a liability for a levy imposed by laws and regulations of a government. The obligating event for the recognition of a liability is identified as the activity that triggers the payment obligation in accordance with the relevant legislation. The liability is recognised progressively if the obligating event occurs over a period of time. If an obligation is triggered upon reaching a threshold value, the liability is recognised when that threshold value is reached. BECHTLE does not expect the first-time adoption of this IFRIC to have any material effects on the assets, financial and earnings position.

Amendments to IFRS: Improvements to International Financial Reporting Standards, 2010–2012 and 2011–2013 Cycles. 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 result in any significant consequences or changes regarding the assets, financial and earnings position and their presentation.

Adjusted Prior-year Figures

In this Annual Report, the prior-year figures have been adjusted due to the following reasons:

- Retroactive adoption of IAS 19R, whose adoption is mandatory from 1 January 2013.
- Netting of deferred tax assets and liabilities, which had not been performed previously due to insignificance.

These amendments resulted in the following effects on the balance sheet, income statement and other comprehensive income.

CONSOLIDATED BALANCE SHEET

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	31.12.2012				31.12.2011				01.01.2012			
	Before adjustment	Netting Deferred taxes	Adjustment IAS 19R	After adjustment	Before adjustment	Netting Deferred taxes	Adjustment IAS 19R	After adjustment	Before adjustment	Netting Deferred taxes	Adjustment IAS 19R	After adjustment
Assets												
Deferred taxes	7,933	-1,151	-293	6,489	9,833	-1,753	-360	7,720				
Total assets	845,442	-1,151	-293	843,998	803,416	-1,753	-360	801,303				
Equity and liabilities												
Retained earnings	292,165	-	1,191	293,356	252,816	-	2,553	255,369				
Pension provisions	10,744	-	-1,484	9,260	14,786	-	-2,913	11,873				
Deferred taxes	16,056	-1,151	-	14,905	15,847	-1,753	-	14,094				
Total equity and liabilities	845,442	-1,151	-293	843,998	803,416	-1,753	-360	801,303				

CONSOLIDATED INCOME STATEMENT

€k

	01.01–31.12.2012		
	Before adjustment	Adjustment IAS 19R	After adjustment
Revenue	2,096,835	–	2,096,835
Cost of sales	1,778,035	104	1,778,139
Gross earnings	318,800	–104	318,696
Distribution costs	145,316	89	145,405
Administrative expenses	104,238	62	104,300
Other operating income	11,274	–	11,274
Operating earnings	80,520	–255	80,265
Earnings before taxes	79,256	–255	79,001
Income taxes	22,695	–52	22,643
Earnings after taxes (attributable to shareholders of Bechtle AG)	56,561	–203	56,358
Net earnings per share (basic and diluted) in €	2.69		2.68

The change in the operating income corresponds to the change of the personnel expenses.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

€k

	01.01–31.12.2012		
	Before adjustment	Adjustment IAS 19R	After adjustment
Earnings after taxes	56,561	–203	56,358
Actuarial gains and losses in pension provisions	3,954	–1,197	2,757
Income tax effects	–535	18	–517
Currency translation differences	152	20	172
Other comprehensive income	3,788	–1,159	2,629
Total comprehensive income (attributable to shareholders of Bechtle AG)	60,349	–1,362	58,987

Consequently, the earnings before taxes as presented in the cash flow statement for the period from 1 January 2012 to 31 December 2012 change by –€255 thousand and the other non-cash expenses and income by +€255 thousand, so that the cash flow from operating activities does not change due to the retrospective adoption of IAS 19R.

If the company had not adopted IAS 19R as of 1 January 2013, this would not have significantly affected the consolidated earnings, but the pension provisions would have been €1.5 million higher (the amount that was retroactively adjusted as of 31 December 2012). The retained earnings would have been €1.2 million lower, and the deferred tax assets €0.3 million higher. The pension appraisal as of 31 December 2013 resulted in a retroactive adjustment for 2012 that had not been taken into consideration in the quarterly reports of 2013. The changed recognition of administrative expenses according to IAS 19R resulted in a shift between earnings after taxes and other comprehensive income for 2012. Thus, the accumulated profits are €59 thousand lower, and the accumulated change in equity outside profit or loss due to actuarial losses is €59 thousand higher.

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 re-measured 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

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 and voting rights in all consolidated companies.



See Appendix A,
Subsidiaries,
page 216 ff

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
Viritim Systemhaus GmbH ¹	Karlsruhe, Germany	15 March 2013	Acquisition
Sedna Informatik AG ²	Gümligen, near Bern, Switzerland	8 April 2013	Acquisition
Sitexs-Databusiness IT-Solutions GmbH ³	Wien, Austria	8 October 2013	Acquisition
Bechtle Management BVBA	Neerpelt, Belgium	5 December 2013	Foundation

¹ Meanwhile merged with HanseVision GmbH

² Meanwhile merged with Bechtle Schweiz AG

³ Meanwhile merged with Bechtle GmbH, Wien (not yet entered in the Commercial Register).

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



See page 204 ff

The new company established in the fiscal year 2013 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 uses 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. 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 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 in the equity.

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

	Currency	Closing rate		Average exchange rate	
		2013	2012	2013	2012
Switzerland	CHF	1.23	1.21	1.23	1.21
United Kingdom	GBP	0.83	0.82	0.85	0.81
USA	USD	1.38	1.32	1.32	1.28

Accounting Policies

Revenue recognition. The revenue comprises 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 18.20 ff). 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, this is 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.

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.



See page 53

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 costs of purchase 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 after taxes attributable to shareholders of BECHTLE AG, divided by the weighted average of the ordinary shares outstanding.

For the initial recognition, **goodwill** from a business combination is measured at acquisition 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 corresponds to the 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 at the value in use of the brand right. 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 three to ten years.

Purchased software is measured at cost and amortised on a straight-line basis over a useful life of two to ten 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. 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 revenue, 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 the term of the non-compete agreement. At BECHTLE, the useful life ranges from 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 goodwill impairment test, 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 and that are classified as available for sale are measured 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	2–13 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.

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 and valuation 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 a legally enforceable right of offsetting exists and the deferred tax assets and liabilities are 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. Commodities are measured at average cost pursuant to IAS 2 (weighted average cost method). If necessary, the commodities are written down to the net realisable value. Besides 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.

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. By way of exception, the derivative financial instruments contained in the other assets are accounted for at fair value.

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 possibly country-specific framework conditions. The portfolio managers are responsible for this assessment.

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

Time deposits and securities. Time deposits consisting of time deposits and similar deposits with banks and other financial service institutions, as well as secondary market policies 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 debt instruments, permanent, substantiated appreciation of impairments previously recognised through profit or loss is recognised through profit or loss. For equity instruments, however, appreciation is recognised in equity outside profit or loss until sold and thus realised through profit or loss.

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

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. As no actuarial assumptions are required to measure the liabilities or expenses, 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. In this connection, actuarial gains or losses may occur, which must be recognised directly in equity (other comprehensive income in the retained earnings) taking into account deferred taxes.

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.

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

Financial liabilities are recognised as expenses at amortised cost. In the BECHTLE Group, financial liabilities exclusively comprise financial instruments.

Other liabilities contain both financial and non-financial liabilities and are recognised as expenses 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. By way of exception, liabilities from acquisitions and derivative financial instruments for currency and interest rate hedging are measured at fair value.

Trade payables are recognised as expenses at amortised cost. This item exclusively contains financial instruments. 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.

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).

The initial recognition of financial instruments takes place at the fair value. The subsequent measurement of financial assets and liabilities depends on their measurement category according to IAS 39:

- Loans and receivables at amortised cost on the basis of the effective interest method
- Available-for-sale financial assets at fair value outside profit or loss
- Financial assets and liabilities at fair value through profit or loss at fair value affecting earnings
- Held-to-maturity financial investments at amortised cost on the basis of the effective interest method
- Financial liabilities at amortised cost at cost on the basis of the effective interest method



See page 191 ff

The categorisation of the individual financial instruments within the balance sheet items is presented in chapter VI. Further Disclosures on Financial Instruments in Accordance with IFRS 7.

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-model method). The fair value is determined under consideration of future cash flows over the residual term of the contract on the basis of current market data (interest rates, yield curve, forward prices). The creditworthiness of the debtor is determined with the help of an overhead percentage method under consideration of the amount, the probability of default and the recovery rate in the event of inability to pay.

The BECHTLE Group uses interest rate swaps in order to mitigate the interest rate risk resulting from future interest rate fluctuations for financial liabilities and forward exchange contracts, and currency options to mitigate the currency risk resulting from future exchange rate fluctuations for receivables or liabilities. For transactions to be classified as effective cash flow hedges, the changes of fair value are posted outside profit or loss under consideration of the applicable deferred taxes. Changes of the fair value that are attributable to the ineffective hedge are recognised in the income statement through profit or loss.

Hedges of net investments in group companies abroad 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 fair value in the income statement.

SUMMARY OF SELECTED MEASUREMENT METHODS

Position	Measurement methods
Assets	
Goodwill	Cost of purchase (subsequent measurement: impairment test)
Other intangible assets	
Customer bases	(Amortised) cost
Brands	Cost of purchase (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 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	Outside profit or loss at fair value
Cash and cash equivalents	(Amortised) cost
Equity and liabilities	
Pension provisions	Projected unit credit method (IAS 19.67 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 (liabilities resulting from acquisitions and 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 also 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 receivables, 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 other things, 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.

The recognition and measurement of **provisions** rely heavily on estimates. The assessment of the quantification of the possible amount 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.

The inclusion of **hedges** in the hedge accounting requires assumptions and estimates with respect to the underlying probability of occurrence of future transactions with hedged currencies and interest rates.

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 revenue of €2,273,485 thousand (prior year: €2,096,835 thousand) includes the considerations charged to customers for goods and services less rebates and discounts.

In this context, the IT e-commerce segment exclusively generates IT trading revenues. The revenue in the IT system house & managed services segment consists primarily of IT trading revenues and an IT service revenue share of about 25 to 30 per cent. The service share in the IT system house & managed services segment was at about the same level as in the prior year.

As a matter of principle and irrespective of the industry, all customers are commercial end customers and public-sector clients. In the fiscal year ended, the highest-revenue product groups were software, IT services, mobile computing and PCs. With these product groups, BECHTLE generated about 55 per cent of the total revenues.

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



See page 200 ff

2 Expense Structure

	€k					
	Cost of sales		Distribution costs		Administrative expenses	
	2013	2012	2013	2012	2013	2012
Material costs	1,726,409	1,584,912	0	0	0	0
Personnel expenses	158,783	145,875 ¹	119,264	113,086 ¹	70,801	67,629 ¹
Amortisation/depreciation	10,603	10,578	5,262	5,243	6,628	5,927
Other operating expenses	37,276	36,774	27,020	27,076	33,054	30,744
Total expenses	1,933,071	1,778,139¹	151,546	145,405¹	110,483	104,300¹

¹ Figure adjusted due to adoption of IAS 19R

The predominant portion of the material costs corresponds to the costs for commodities. The material costs include a net income of €12 thousand from exchange rate fluctuations (prior year: €358 thousand).

Other operating expenses include the following:

- Vehicle costs amounting to €24,447 thousand (prior year: €23,111 thousand)
- Expenses for office and building rent amounting to €21,479 thousand (prior year: €19,860 thousand)
- Communication costs amounting to €6,153 thousand (prior year: €6,035 thousand)
- Marketing costs amounting to €4,679 thousand (prior year: €4,525 thousand);
- Legal and consulting costs amounting to €3,139 thousand (prior year: €2,976 thousand)
- Other costs incurred within the scope of the normal business operations

3 Other Operating Income

	€k	
	2013	2012
Marketing allowances and other remuneration from suppliers	10,911	9,791
Income from operating a photovoltaic system	233	270
Rental income	160	159
Income from the disposal of property, plant and equipment assets and intangible assets	137	119
Others	1,222	935
Other operating income	12,663	11,274



See page 208

Apart from the income of €333 thousand from the sale of the partial business operation "Distribution", the remaining other operating income primarily consists of compensation, insurance reimbursements, cost transfers and income from the correction of accounts.

4 Financial Income and Financial Expenses

The total financial income of €1,560 thousand (prior year: €2,026 thousand) consists of interest income from call money and time deposits amounting to €985 thousand (prior year: €1,565 thousand) and income from securities, e.g. in the form of realised capital gains, and interest income from bonds in the amount of €575 thousand (prior year: €461 thousand).

The financial expenses of €3,300 thousand (prior year: €3,290 thousand) include interest expenses amounting to €3,263 thousand (prior year: €3,290 thousand) and ineffectiveness of cash flow hedges amounting to €37 thousand. As in the prior year, time deposits and securities were not impaired in the reporting period.

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	
	2013	2012
Paid or due taxes		
Germany	19,228	16,147
Other countries	4,570	4,792
Deferred taxes		
from valuation differences in terms of time	968	335 ¹
from unused losses	1,145	1,369
Income taxes	25,911	22,643¹

¹ Figure adjusted due to adoption of IAS 19R

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 27.5 per cent (prior year: 26.5 per cent) on the profit before income taxes was as follows:

	€k	
	2013	2012
Earnings before taxes	89,308	79,001 ¹
Expected tax expense	24,540	20,972
Tax-free revenue	-34	-13
Tax rate change for deferred taxes	8	62
Tax expense of earlier years	45	168
Tax income of earlier years	-406	-166
Non-deductible expenses	851	904
Allocation/addition deferred tax assets to loss carryforwards	-468	0
Use of previously unrecorded unused losses	-27	-164
Unrecognised deferred taxes on unused losses for the current year	495	936
Devaluation of previously recognised deferred taxes on unused losses	289	60
Tax amortisation goodwill	527	0
Others	91	-116 ¹
Actual tax expense	25,911	22,643¹

¹ Figure adjusted due to adoption of IAS 19R

6 Earnings per Share

The table below shows the calculation of the earnings after taxes that are due to the shareholders of BECHTLE AG:

		2013	2012
Earnings after taxes	€k	63,397	56,358 ¹
Average number of outstanding shares		21,000,000	21,000,000
Net earnings per share	€	3.02	2.68¹

¹ Figure adjusted due to adoption of IAS 19R

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.


For information
on newly accrued
goodwill,
see page 204 ff

	IT system house & managed services	IT e-commerce	Group
Cash-generating Unit			
As of 01.01.2013	106,729	30,754	137,483
Acquisitions in the reporting year	2,962	0	2,962
Viritim Systemhaus GmbH	434	0	434
Partial business operations of IBM Business Services GmbH and IBM Deutschland Mittelstand Service GmbH	0	0	0
Sedna Informatik AG	1,035	0	1,035
Sitexs-Databusiness IT-Solutions GmbH	1,493	0	1,493
Currency translation differences	-321	-239	-560
As of 31.12.2013	109,370	30,515	139,885


For information on
the assets and liabilities
of the cash-generating
units, see page 200 ff

As with the previous impairment tests, the annual goodwill impairment test as of 30 September 2013 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.

BECHTLE determines the achievable amounts of its cash-generating units with the help of the discounted cash flow method. The discount rates are based on the required return on capital and cost of capital of the BECHTLE Group. As of 30 September 2013, both cash-generating units had a capital cost rate of 7.8 per cent (prior year: cash-generating unit IT system house & managed services 7.8 per cent, cash-generating unit IT e-commerce 8.3 per cent). The cash flow forecasts used are based on management-approved individual revenue and cost plans for the next two years, which are 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 2016 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 zero 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. For example, there would be no need for impairment in the event of a reduction of the yearly free cash flow of the cash-generating units by more than €5 million each per year, or an increase of the WACC to 12 percent, if the other input parameters remained unchanged.



Concerning the planning process and expectations, see Corporate Management, page 59 ff, and Forecast Report, page 129 ff

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

8 Other Intangible Assets

	€k	
	31.12.2013	31.12.2012
Brands	3,493	3,550
Customer bases	6,299	6,938
Purchased software	3,183	3,749
Internally developed software	1,195	529
Customer service agreements	4,461	5,215
Non-compete agreements	662	1,010
Other intangible assets	19,293	20,991

ARP Datacon, the only brand presented in the balance sheet, has an unlimited useful life and belongs 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
	2013
Customer Bases	
Carrying amount (31.12.2013)	6,299
Remaining useful life (weighted average)	2.6
Accumulated amortisation	5,728
Accumulated impairment according to IAS 36	309
Scheduled amortisation 2013	3,228
Impairment according to IAS 36 in 2013	0
Currency translation differences of accumulated amortisation in 2013	-112



See Appendices B
and C to the Notes,
page 220 f

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

9 Property, Plant and Equipment

	€k	
	31.12.2013	31.12.2012
Property and buildings	68,996	63,402
Other equipment, furniture, fixtures and fittings	30,645	29,613
Advance payments and construction in progress	106	1,522
Property, plant and equipment	99,747	94,537

The increase in property and buildings as of 31 December 2013 mainly concerns the completion of the extension building at the group headquarters in Neckarsulm, and the new building in Freiburg. As of 31 December 2013, there were no contractual obligations for the purchase of property, plant and equipment.

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

As in the prior year, the property, plant and equipment as of 31 December 2013 contained an insignificant amount of leased assets according to IAS 17.20 and IAS 17.25 (finance lease).

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	
	31.12.2013	31.12.2012
Loss carryforwards	2,846	3,990
Liabilities	2,330	0
Pension provisions	1,351	1,781 ¹
Other provisions	1,077	844
Other intangible assets	440	200
Property, plant and equipment	193	447
Others	288	378
	8,525	7,640¹
Netting	-4,394	-1,151 ¹
Deferred tax assets (net)	4,131	6,489¹

¹ Figure adjusted due to adoption of IAS 19R and netting of deferred taxes

	€k	
	31.12.2013	31.12.2012
Goodwill	12,272	10,597
Other intangible assets	3,295	3,572
Receivables	2,457	613
Property, plant and equipment	680	326
Inventories	471	447
Other provisions	225	254
Others	122	247
	19,522	16,056
Netting	-4,394	-1,151 ¹
Deferred tax liabilities (net)	15,128	14,905¹

¹ Figure adjusted due to netting of deferred taxes

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.

If a tax entity has a loss history in the recent past, deferred tax assets from loss carryforwards of this entity will be recognised only if there are sufficient taxable temporary differences or substantial indications of the realisation of such.

For the determination of the amount of deferred tax assets that can be capitalised, material assumptions and estimations of the management are required concerning the expected time of occurrence and amount of income subject to future taxation as well as the future tax planning strategies. The capitalised deferred taxes on loss carryforwards at various companies that recorded losses in 2012 and/or 2013 amounted to €852 thousand (prior year: €0 thousand), and the netted deferred tax liabilities at these companies amounted to €421 thousand. Based on the planning of the companies and their current earnings performance, we believe that the measures initiated in the reporting period will result in realisation of the deferred tax assets by means of adequate taxable profits.

Unused tax losses for which no deferred tax assets have been recognised in the balance sheet amounted to €1,865 thousand (prior year: €320 thousand) for corporation tax, €6,685 thousand (prior year: €5,934 thousand) for trade tax and €7,152 thousand (prior year: €7,642 thousand) for losses of companies abroad.

As in the prior year, as of 31 December 2013, 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 €10,920 thousand (prior year: €10,120 thousand).

Of the deferred taxes accounted for in the balance sheet, a total of €468 thousand was deducted from the equity (prior year: €353 thousand) outside profit or loss.

11 Inventories

	€k	
	31.12.2013	31.12.2012
Commodities	109,693	91,078
Work in progress	2,082	1,654
Advance payments on inventories	89	510
Impairments	-4,226	-3,177
Inventories	107,638	90,065

The significant increase in inventories was due to the stock levels required for large projects.

As of 31 December 2013, the carrying amount of the impaired inventories amounted to €12,022 thousand (prior year: €9,628 thousand). In the fiscal year under review, impairments of €1,049 thousand were recognised as expense (prior year: €384 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			
	31.12.2013		31.12.2012	
	Current	Non-current	Current	Non-current
Trade receivables, gross	348,932	1,547	310,999	2,243
Impairments	-3,737	0	-3,651	0
Trade receivables	345,195	1,547	307,348	2,243

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

	Carrying amount	Individually impaired in full or in part	Individual impairment	Collective impairment	Neither overdue nor impaired	Overdue and not impaired				
						less than 30 days	31 to 60 days	61 to 90 days	91 to 180 days	over 180 days
31.12.2013										
Trade receivables	345,195	940	-849	-2,888	254,761	83,141	7,502	1,365	1,062	161
31.12.2012										
Trade receivables	307,348	1,154	-1,042	-2,609	225,987	72,742	7,453	2,224	1,251	188

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 on receivables from the delivery of goods, the company's receivables are not collateralised. In accordance with the revenue structure, most of the presented receivables are receivables from the delivery of goods. 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 provisions for bad debts are made in accordance with past experience.

The impairment of trade receivables developed as follows:

	€k	
	2013	2012
Impairment situation as of 1 January	3,651	3,730
Exchange rate differences/consolidation	30	62
Utilisation	416	391
Reversal	329	482
Allocations (impairment expenses)	801	732
Impairment situation as of 31 December	3,737	3,651

The total allocation of €801 thousand (prior year: €732 thousand) comprises allocations to individual impairments amounting to €392 thousand (prior year: €327 thousand) and collective impairments amounting to €409 thousand (prior year: €405 thousand).

Expenses from the immediate write-off of trade receivables amounted to €273 thousand (prior year: €913 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, depending on their maturity, allocated to the classes "current trade receivables" and "non-current trade receivables", as in the prior year.

13 Time Deposits and Securities

	€k			
	31.12.2013		31.12.2012	
	Current	Non-current	Current	Non-current
Time deposits	7,667	25,000	10,124	12,445
Securities	10,588	7,012	25,764	19,614
Time deposits and securities	18,255	32,012	35,888	32,059

The carrying amount of the time deposits contains accrued interest amounting to €222 thousand (prior year: €124 thousand). In the reporting period, time deposits and securities that had been classified as current investments as of 31 December 2012 reached maturity. The funds were partially reinvested in time deposits with terms of more than one year to maturity.

As in the prior year, apart from bond loans, the financial investments include TEP market investments (so-called secondary market policies) in the amount of €2,475 thousand (prior year: €2,458 thousand).

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

	€k	
	31.12.2013	31.12.2012
Cost of purchase	17,424	44,680
Carrying amount	17,600	45,378
Unrealised capital gains	314	691
Accrued interest including interest-like capital losses ¹	-138	7

¹ In the event of bonds purchased above par

The unrealised capital gains are recognised under other comprehensive income outside profit and loss. 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. In the fiscal years 2012 and 2013, no material impairment (IAS 39.67 ff) was recorded due to credit events that occurred, or are likely to occur, at the issuer.

For the disclosures according to IFRS 7, financial instruments included in time deposits and securities are allocated to:

- "time deposits: bond loans" in the amount of €30,192 thousand (prior year: €20,111 thousand)
- "time deposits: life insurances" in the amount of €2,475 thousand (prior year: €2,458 thousand)
- "securities" in the amount of €17,600 thousand (prior year: €45,378 thousand)

14 Other Assets

	€k			
	31.12.2013		31.12.2012	
	Current	Non-current	Current	Non-current
Refunds and other receivables from suppliers	15,292	0	16,609	0
Rental deposits	114	1,356	107	1,158
Loan extended to a leasing company	43	552	41	596
Insurance refunds	262	35	230	0
Due from staff	66	11	113	65
Unrealised gains from financial derivatives	7	0	0	0
Others	199	0	732	0
Total financial instruments	15,983	1,954	17,832	1,819
Accrued income for customer maintenance agreements	7,844	423	8,587	347
Accruals and deferrals	4,543	136	4,422	58
VAT receivable	2,089	0	1,696	0
Advance payments	2,033	0	1,065	0
Social security claims	465	0	1,790	0
Claims from other taxes	224	0	31	0
Total non-financial assets	17,198	559	17,591	405
Other assets	33,181	2,513	35,423	2,224

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 date:

	Carrying amount	Neither overdue nor impaired	Overdue and not impaired				
			less than 30 days	31 to 90 days	91 to 180 days	181 to 360 days	over 360 days
31.12.2013							
Financial instruments	15,983	15,850	60	27	15	26	5
31.12.2012							
Financial instruments	17,832	17,014	736	31	40	9	2

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 according to IFRS 7, financial instruments included in other assets are allocated to:

- "other financial assets" in the amount of €17,335 thousand (prior year: €19,014 thousand)
- "long-term lending" in the amount of €595 thousand (prior year: €637 thousand)
- "financial derivatives" in the amount of €7 thousand (prior year: €0 thousand)

15 Cash and Cash Equivalents

The cash and cash equivalents amounting to €105,838 thousand (prior year: €78,208 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 144

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 2012, the company's issued capital as of 31 December 2013 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. Moreover, the Executive Board is authorised, subject to the approval of the Supervisory Board, to exclude the subscription right if

- (1) the capital increase is performed against contributions in kind for the acquisition of companies or interests in companies or,
- (2) the capital increase is performed against cash contributions, does not exceed 10 per cent of the issued capital at the time of the issue and the issue price is not significantly below the listed price or,
- (3) the capital increase is performed for the purpose of issuing employee shares, if the pro-rata amount does not exceed 10 per cent of the issued capital at the time of the 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 Reserves

The capital reserves primarily include the offering premium (agio) from capital increases and amounted to €145,228 thousand as of 31 December 2013, the same value as on 31 December 2012.

Retained Earnings

Accrued profits. At the Annual General Meeting of 18 June 2013, a resolution was adopted to pay a dividend of €1.00 per no-par share with dividend entitlement for the fiscal year 2012 (dividend total: €21,000 thousand). The dividend was paid on 19 June 2013. In the prior year, a dividend total of €21,000 thousand had been paid on 20 June 2012.

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 €23,100 thousand for the fiscal year 2013 for the payment of a normal dividend of €1.10 per no-par share with dividend entitlement.

Apart from the dividend paid out, the retained earnings in the reporting period also changed by the total comprehensive income of €62,981 thousand, consisting of earnings after taxes (€63,397 thousand) and other comprehensive income (–€416 thousand). Accordingly, the retained earnings amounted to €335,337 thousand as of 31 December 2013 (prior year: €293,356 thousand). Apart from the dividend payment, a change from the total comprehensive income amounting to €58,987 thousand had taken place in the prior year.

Accumulated 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:

€k

	31.12.2013			31.12.2012		
	Before taxes	Income tax effect	After taxes	Before taxes	Income tax effect	After taxes
Actuarial gains and losses on pension provisions	-8,854	1,522	-7,332	-11,631 ¹	2,053 ¹	-9,578 ¹
Unrealised gains and losses on securities	314	-25	289	691	-67	624
Unrealised gains and losses on financial derivatives	-2,503	722	-1,781	-406	118	-288
Currency translation differences on net investments in foreign operations	-42	0	-42	-7	0	-7
Hedging of net investments in foreign operations	-8,661	2,522	-6,139	-9,448	2,752	-6,696
Currency translation differences	15,904	0	15,904	17,260 ¹	0	17,260 ¹
Other comprehensive income	-3,842	4,741	899	-3,541¹	4,856¹	1,315¹

¹ Figure adjusted due to adoption of IAS 19R

€k

	01.01 – 31.12.2013			01.01 – 31.12.2012		
	Before taxes	Income tax effect	After taxes	Before taxes	Income tax effect	After taxes
Items that will not be reclassified to profit or loss in subsequent periods						
Actuarial gains and losses on pension provisions	2,777	-531	2,246	2,757¹	-517¹	2,240¹
Items that will be reclassified to profit or loss in subsequent periods						
Unrealised gains and losses on securities	-377	42	-335	366	-43	323
Gains and losses that arose in the current period	-286	24	-262	379	-44	335
Reclassifications to profit and loss	-91	18	-73	-13	1	-12
Unrealised gains and losses on financial derivatives	-2,097	604	-1,493	-34	9	-25
Gains and losses that arose in the current period	-2,284	659	-1,625	-225	65	-160
Reclassifications to profit and loss	187	-55	132	191	-56	135
Currency translation differences on net investments in foreign operations	-35	0	-35	65	-14	51
Gains and losses that arose in the current period	-32	0	-32	0	0	0
Reclassifications to profit and loss	-3	0	-3	65	-14	51
Hedging of net investments in foreign operations	787	-230	557	-187	55	-132
Gains and losses that arose in the current period	787	-230	557	-187	55	-132
Reclassifications to profit and loss	0	0	0	0	0	0
Currency translation differences	-1,356	0	-1,356	172¹	0	172¹
Other comprehensive income	-301	-115	-416	3,139¹	-510¹	2,629¹

¹ Figure adjusted due to adoption of IAS 19R

Thus, the other comprehensive income amounted to -€416 thousand (prior year: €2,629 thousand) of the total earnings in the reporting period. The other comprehensive income as well as the total comprehensive income are attributable to the shareholders of BECHTLE AG.

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. This authorisation is valid until 15 June 2015.

In the reporting period, there were no transactions in treasury shares. As of 31 December 2013, the company did not hold any treasury shares, as had also been the case as of 31 December 2012.

As of 31 December 2013, 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 did not undergo any changes. Thus, as was the case on 31 December 2012, there were no non-controlling interests as of 31 December 2013.

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 €501,565 thousand, BECHTLE'S equity as of 31 December 2013 reached a high value that represented an improvement compared to the prior year (€459,584 thousand), which is also reflected in the good equity ratio of 55.1 per cent (prior year: 54.5 per cent). In the reporting period, the equity grew faster (+9.1 per cent) than the debt (+6.3 per cent). No further bank loans were raised in the reporting period, and the existing ones were repaid on schedule. Owing to the higher earnings after taxes, the return on equity went up from 13.7 per cent to 14.2 per cent despite the higher equity increase. The return on assets went up to 8.2 per cent (prior year: 7.9 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 2013, BECHTLE had cash and cash equivalents, as well as time deposits and securities, amounting to €156,105 thousand (prior year: €146,155 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 pre-financing measures, thereby being able to benefit from such opportunities. The liquidity situation is managed and monitored by the treasury as an integral part of 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. The strong revenue growth and the stocks that needed to be kept for large projects resulted in higher working capital amounting to €234,624 thousand as of 31 December 2013 (prior year: €211,595 thousand). BECHTLE defines working capital as the balance of certain balance sheet items (inventories, trade receivables, and accruals and deferrals for customer maintenance agreements) on the assets side and certain balance sheet items (trade payables and accruals and deferrals) on the equity and liabilities side.

As of 31 December 2013 and 31 December 2012, 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 €15,570 thousand (prior year: €14,888 thousand). In France, the contributions to the statutory pension fund totalled €373 thousand (prior year: €329 thousand).



Prior-year figures
adjusted due to
retroactive adoption
of IAS 19R

Bechtle Holding Schweiz AG and Subsidiaries. Although the pension plans of BECHTLE Holding Schweiz AG and its subsidiaries are contractually agreed 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 until 31 December 2005. Since 1 January 2006, the BECHTLE Holding Schweiz AG companies domiciled in Switzerland have made use of the semi-autonomous "BECHTLE Pension Fund" ("BECHTLE Pensionskasse") in Rotkreuz, a foundation as defined in Art. 80 ff of the Swiss Civil Code that is independent from the group. The pension fund fulfils the regulations of the Swiss Code of Obligations and of Swiss Federal Law on Occupational Retirement, Survivors' and Disability Pensions (BVG). The transparency required for accounting for the pension plans as defined benefit plans pursuant to IAS 19 has therefore existed since then. For this reason, actuarial opinions have been regularly prepared since 1 January 2006. As in the prior year, as of 31 December 2013, the figures of the pension fund in the Netherlands, which covers the companies of BECHTLE Holding Schweiz AG domiciled there, are included. Subsidiaries of BECHTLE Holding Schweiz AG that are not domiciled in Switzerland or in the Netherlands are covered by defined contribution plans of external state pension funds of the respective countries. According to the financing agreement of the pension fund, 40 per cent of the contributions are paid by the employees and 60 per cent by the employer. In the event of a recapitalisation, BECHTLE must pay at least 50 per cent of the deficit. Upon retirement, the insured can choose between a monthly pension whose amount largely depends on the capital paid in plus interest, or a one-time payment of the capital. The minimum interest is prescribed by the government.

As of 31 December 2012, the comparison of plan assets (€62,975 thousand) and the defined benefit obligation (€71,461 thousand) resulted in an underfunding and a net obligation to be accounted for of €8,486 thousand, which was duly recognised as a pension provision. This recognised net obligation of €11,647 thousand resulted from actuarial losses that were recognised directly in equity (retained earnings) outside profit or loss after taking into account deferred taxes.

Actuarial gains amounting to €2,830 thousand accrued in the course of the reporting period. Taking exchange rate differences amounting to €168 thousand into consideration, the actuarial losses recognised in retained earnings as at 31 December 2013 amounted to €8,649 thousand, less deferred tax assets amounting to €1,461 thousand.

Employer contributions paid in the reporting period exceeded net pension expenses recognised through profit and loss by €96 thousand. This amount was recognised as a reduction of personnel expenses through profit or loss.

After factoring in the other exchange rate differences amounting to minus €51 thousand, the total net obligation and thus the pension provisions to be accounted for as of 31 December 2013 amounted to €5,963 thousand. As of 31 December 2013, this net obligation accounted for included the Dutch pension fund with an amount of €1,022 thousand (prior year: €1,071 thousand).

With respect to the pension obligation, poor market performance on the capital markets and a change in legislation by the government represent potential risks for BECHTLE. Moreover, longevity of the insured persons and an imbalance of beneficiaries versus actively insured persons could have a negative financial effect for BECHTLE. To minimise these risks, attention is paid to broad diversification of the asset classes. The risk management of the BECHTLE pension fund also comprises the equal distribution of employee and employer representatives on the foundation board and a separate management.

Bechtle Onsite Services GmbH. The pension obligations of BECHTLE Onsite Services GmbH, Neckarsulm, 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. In the reporting period, further obligations were taken over within the scope of takeover of partial business operations of IBM. The employer contributions depend on the gross salary of the insured. The employee contributions are voluntary. Commitments have been made with respect to the guaranteed return on the retirement account. The performance depends on the gross annual salary and the service time. In most cases, the retirement plans provide for capital payment in one amount or in eight yearly instalments. In the event of a shortfall, BECHTLE would have to pay 100 per cent of the shortfall.

In 2013, BECHTLE decided to take out reinsurance for the obligations. In recent years, the obligations of this defined benefit plan had been processed as direct commitments without transferring reserves. Actuarial options are regularly prepared for the measurement of the obligation. As of 31 December 2012, the pension provision that was accounted for amounted to €774 thousand. Actuarial gains totalled €16 thousand (deferred tax liabilities: €4 thousand).

As of 31 December 2013, the pension provision decreased €355 thousand to €419 thousand. The obligations taken over from IBM amounted to €1,422 thousand as of the acquisition date, while €2,110 thousand was paid into the reinsurance. Moreover, €221 thousand was recognised as actuarial loss outside profit or loss (deferred taxes: €65 thousand) and €114 thousand through profit or loss. An amount of €2 thousand was paid out.

Poor performance on the capital markets could have a negative effect on BECHTLE with respect to these pension commitments. If the reinsurance failed to generate the surplus in the amount of the assured yield on the market, BECHTLE would incur additional financial expenses. BECHTLE endeavours to fulfil the commitments made or settle them ahead of time, provided that the employee agrees. New commitments will not be made.

In total, the pension obligations of **Bechtle Onsite Services GmbH and Bechtle Holding Schweiz AG and its subsidiaries**, as recognised as pension provision in the consolidated balance sheet as of 31 December 2013, amounted to €6,382 thousand (prior year: €9,260 thousand).

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

	€k	
	2013	2012
Present value of the defined benefit obligation 01.01	72,235	66,553¹
Current service cost (for pension entitlements in the reporting period)	3,344	3,821
Interest cost (for pension entitlements already acquired)	1,364	1,851 ¹
Employee contributions	2,566	2,725
Actuarial gains and losses		
Based on demographic development	120	-1,717 ¹
Based on changes in financial assumptions	-1,212	1,243 ¹
Based on experience	-42	-515 ¹
Curtailment	0	0
Business combinations	4,042	0
Pension benefits paid	-2,019	-2,230
Past service cost	-215	0
Exchange rate differences	-1,098	504 ¹
Present value of the defined benefit obligation 31.12	79,085	72,235

¹ Figure adjusted due to adoption of IAS 19R

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

	€k	
	2013	2012
Fair value of the plan assets 01.01	62,975	54,680
Projected return on plan assets	1,218	1,591
Employee contributions	2,566	2,725
Employer contributions	5,761	3,911
Income from plan assets included in other comprehensive income	1,475	1,900
Business combinations	2,492	0
Pension fund reserve	-392	0
Pension benefits paid	-2,017	-2,230
Administrative expenses	-394	0
Exchange rate differences	-981	398
Fair value of the plan assets 31.12	72,703	62,975

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

	€k		
	31.12.2013	31.12.2012	31.12.2011
Present value of the defined benefit obligation	79,085	72,235¹	66,553¹
Fair value of the plan assets	72,703	62,975	54,680
Net obligation	6,382	9,260 ¹	11,873 ¹
Pension provision accounted for	6,382	9,260¹	11,873¹

¹ Figure adjusted due to adoption of IAS 19R

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

	€k	
	2013	2012
Current service cost (for pension entitlements in the reporting period)	3,344	3,821
Interest cost (for pension entitlements already acquired)	1,364	1,851 ¹
Projected return on plan assets	-1,218	-1,591
Past service cost	-215	0
Administrative expenses	394	0
Net pension expenses for benefit commitments	3,669	4,081¹

¹ Figure adjusted due to adoption of IAS 19R

As of 31 December 2013 and of 31 December 2012, respectively, the defined benefit plans and their actuarial measurement were based on the following parameters:

	Bechtle Holding Schweiz AG (sub-group)		Bechtle Onsite Services GmbH	
	2013	2012	2013	2012
Discount rate and expected interest	2.3% (Netherlands: 3.7%)	1.9% (Netherlands: 3.4%)	3.5%	3.5%
Inflation rate	1.0% (Netherlands: 2.0%)	1.0% (Netherlands: 2.0%)	n/a	n/a
Salary increase	1.5% (Netherlands: 3.0%)	1.5% (Netherlands: 3.0%)	1.5%	0.0
Pension increase	0.0%	0.0%	2.0%	0.0
Retirement likelihood, mortality, invalidity	BVG 2010 (Switzerland); company-specific likelihood of retirement	BVG 2010 (Switzerland); company-specific likelihood of retirement	Heubeck guide 2005 G; likelihood of retirement depending on age and service time	Heubeck guide 2005 G; likelihood of retirement depending on age and service time
Likelihood of marriage	80% men, 30% women. Age difference between husband and wife is three years (Switzerland)	80% men, 30% women. Age difference between husband and wife is three years (Switzerland)	Heubeck Richttafeln 2005 G	Heubeck Richttafeln 2005 G
Earliest retirement age	Men aged 65 and women aged 64 100% (Switzerland)	Men and women 100% aged 65 (Switzerland)	100% aged 62 or 63 (depending on commitment)	Men and women 100% aged 62 (Switzerland)
Surcharge for longevity	None	None	None	None

The following sensitivity analysis was conducted with respect to the parameters that have a material impact on the obligation. The sensitivity analysis is based on the assumption that only the said parameter changes and all other parameters remain unchanged. Prior to the preparation of the Annual Report, it was examined which of the parameters have a material impact on the obligation. Apart from the parameters mentioned in the following table, the obligation would not change significantly in the event of a change of the other parameters within realistic limits.

	Bechtle Holding Schweiz AG (sub-group)		Bechtle Onsite Services GmbH	
	Discount rate	+0.5%	-0.5%	+1.0%
	Obligation decreases 5.9%	Obligation increases 6.8%	Obligation decreases 13.6%	Obligation increases 12%
Expected interest	+0.5%	-0.5%		
	Obligation increases 2.2%	Obligation decreases 2.2%		

In terms of the investment categories, the plan assets of BECHTLE Holding Schweiz AG are comprised as follows. Other assets mainly contain the assets of the pension funds belonging to the companies acquired in recent years. These can only be transferred to the BECHTLE pension fund after a period of three years.

	31.12.2013	Measurement class (IFRS 13)
Obligations	27.4%	Level 1
Equity instruments	31.7%	Level 1
Property	23.2%	Level 1
Other assets	10.8%	Level 1
Liquidity	6.9%	Level 1

The asset value of the reinsurance of BECHTLE Online Services GmbH corresponds to the value determined by the insurer.

The total projected returns result from the weighted average projected income from the investment categories held in the plan assets. The projected income is based on historical profit data and market predictions by analysts for the respective assets for the next twelve months.

The average weighted duration is 14.6 years for those insured at the Swiss pension fund, 33.2 years for the Dutch insured and 15.6 years for those at BECHTLE Onsite Services GmbH.

Actual return on plan assets totalled €2,693 thousand in the reporting period (prior year: €3,491 thousand).

The actuarial opinions for BECHTLE Holding Schweiz AG and BECHTLE Onsite Services GmbH forecast the following values for 2014:

	€k
	2014
Present value of the defined benefit obligation 01.01	79,085
Current service cost (for pension entitlements in the reporting period)	3,284
Interest cost (for pension entitlements already acquired)	160
Employee contributions	2,604
Pension benefits paid	-4,600
Present value of the defined benefit obligation 31.12	80,533

	€k
	2014
Fair value of the plan assets 01.01	72,703
Projected return on plan assets	69
Employee contributions	2,604
Employer contributions	3,804
Pension benefits paid	-4,600
Fair value of the plan assets 31.12	74,580

	€k
	31.12.2014
Present value of the defined benefit obligation	80,533
Fair value of the plan assets	74,580
Net obligation	5,953
Pension provision accounted for	5,953

	€k
	2014
Current service cost (for pension entitlements in the reporting period)	3,284
Interest cost (for pension entitlements already acquired)	160
Projected return on plan assets	-69
Net pension expenses for benefit commitments	3,375

18 Other Provisions

	€k						
	31.12.2012	Currency translation and consolidation	Reclassification	Utilisation	Reversal	Allocation	31.12.2013
Guarantees and similar obligations	3,403	29	-20	3,008	10	3,331	3,725
Personnel expenses	2,760	35	0	407	527	1,361	3,222
Legal and consulting expenses	165	0	0	38	23	80	184
Investor relations	350	0	0	290	60	300	300
Others	702	0	20	523	54	505	650
	7,380	64	0	4,266	674	5,577	8,081
Other non-current provisions	2,139	34	76	129	4	191	2,307
Other current provisions	5,241	30	-76	4,137	670	5,386	5,774

Provisions for **guarantees and similar obligations** are carried in the expected utilisation amount based on company-specific historical values. If no other insights exist in the individual case, 0.1 to 0.25 per cent of the net selling price is recognised as guarantee reserves, depending on the product. 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

The following table summarises the conditions of the current loans of the BECHTLE Group:

	Loan amount	Term to	Interest rate p.a.	Scheduled repayment 2013	Carrying amount as of 31.12.2013
Sparkasse Schwäbisch Hall-Crailsheim, loan for various acquisitions 2008	6,000	30.09.2015	5.65%	857	1,714
IKB Deutsche Industriebank, loan to finance the administration buildings of Bechtle AG	2,500	31.03.2015	3.70%	417	521
Kreissparkasse Heilbronn, loan for various acquisitions 2010 and 2011	7,500	30.09.2017	2.31%	1,071	4,018
	10,000	30.06.2018	3.70%	1,429	6,428
Landesbank Baden-Württemberg, loan to finance the central logistics and administration building in Neckarsulm	5,000	30.06.2021	4.25%	500	3,750
	4,092	28.02.2022	5.89%	0 ¹	4,092
	2,195	28.02.2022	5.89%	279 ²	1,784
	14,938	28.02.2022	6.20%	1,925 ²	12,172
	10,442	28.02.2022	6.20%	0	10,442
	5,000	30.06.2031	4.65%	250	4,375
Dresdner Bank, assumption of existing loans due to acquisitions (KfW loans)	10,000	31.12.2032	2.70%	500	9,500
	650	31.03.2016	4.23%	81	203
Supplier loans	650	31.03.2016	8.35%	217	542
	Largely without interest, with different repayment dates in 2014 to 2017				4,220

¹ Bullet loan

² Annuity loan: specified amount contains interest share

Two of the loans from Landesbank Baden-Württemberg (€12,172 thousand and €10,442 thousand) will be merged from 1 March 2014 and will thereafter be subject to an annual interest rate of 5.08 per cent until maturity; moreover, the annuity will increase to €2,385 thousand a year. The final instalment, which is to be paid on 28 February 2022, amounts to €10,308 thousand.

Apart from the scheduled repayments, BECHTLE exercised its special right of termination for two loans. By means of special repayments amounting to a total of €516 thousand, these loans with annual interest rates of 3.55 per cent and 3.70 per cent, which had been taken over in within the scope of the acquisition of Solid-Line in 2011, were fully repaid.

The loan of €4,018 thousand from Kreissparkasse Heilbronn is subject to a variable interest rate (three-month Euribor +45 basis points). The risk of the variable interest rate is 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 a fixed interest rate of 1.86 per cent and receives the three-month Euribor as a variable interest rate. The interest rate swap and loan will reach maturity on 30 September 2017. In connection with the interest rate swap, 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 2013 was –€105 thousand (prior year: –€199 thousand), which was recognised directly in equity outside profit or loss after taking deferred taxes amounting to €31 thousand (prior year: €58 thousand) into account. In the fiscal year ended, €77 thousand (prior year: €61 thousand) was reclassified from the accumulated other comprehensive income to the income statement in connection with this cash flow hedge.

The loan of €1,714 thousand from Sparkasse Schwäbisch Hall-Crailsheim is also subject to variable interest rates (three-month Euribor + 85 basis points). Here, too, the risks of the variable interest rate 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 a fixed interest rate of 4.80 per cent and receives the three-month Euribor as a variable interest rate. The date of maturity is set for 30 September 2015. In connection with the interest rate swap, 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 2013 was –€97 thousand (prior year: –€207 thousand), which was recognised directly in equity outside profit or loss after taking deferred taxes amounting to €28 thousand (prior year: €60 thousand) into account. In the fiscal year ended, €110 thousand (prior year: €130 thousand) was reclassified from the accumulated other comprehensive income to the income statement in connection with this cash flow hedge.

A land charge on the financed property serves as collateral for the loans raised in connection with buildings. For all other bank loans, there are negative pledges or pari passu clauses on furnishing collateral.

	€k			
	31.12.2013		31.12.2012	
	Current	Non-current	Current	Non-current
Sparkasse Schwäbisch Hall-Crailsheim, loan for various acquisitions 2008	857	857	857	1,714
IKB Deutsche Industriebank, loan to finance the administration buildings of Bechtle AG	417	104	417	521
Kreissparkasse Heilbronn, loan for various acquisitions 2010 and 2011	2,500	7,946	2,500	10,446
Landesbank Baden-Württemberg, loan to finance the central logistics and administration building in Neckarsulm	2,643	43,472	2,487	46,171
Dresdner Bank, assumption of existing loans due to acquisitions (KfW loans)	298	447	372	1,170
Supplier loans	3,421	799	2,823	1,120
Loans with an initial term of more than one year	10,136	53,625	9,456	61,142
Other financial liabilities	410	0	3,111	0
Total financial liabilities	10,546	53,625	12,567	61,142

Other financial liabilities included other current account debts amounting to €410 thousand (prior year: €3,111 thousand).

The company has **credit lines** of €36,858 thousand (prior year: €40,466 thousand), which can be used both for cash loans and for guarantee credits. As of the balance sheet date, €0 thousand of this amount (prior year: €2,948 thousand) had been utilised for cash loans and €7,826 thousand (prior year: €7,194 thousand) for guarantee credits. These credit lines are not earmarked, and their issue is not subject to any conditions. Apart from this, the company has pure guarantee credit lines amounting to €7,580 thousand (prior year: €7,581 thousand), €63 thousand (prior year: €61 thousand) of which had been utilised as of the balance sheet date. In total, the unused credit lines amounted to €36,549 thousand (prior year: €37,844 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			
	31.12.2013		31.12.2012	
	Current	Non-current	Current	Non-current
Trade payables	170,518	438	145,964	0

For the disclosures in accordance with IFRS 7, the trade payables were, depending on their maturity, allocated to the classes "current trade payables" and "non-current trade payables", as in the prior year.

21 Other Liabilities

	€k			
	31.12.2013		31.12.2012	
	Current	Non-current	Current	Non-current
Liabilities to employee	37,864	19	34,101	0
Liabilities to customer	6,174	7	5,325	8
Unrealised losses from financial derivatives	2,546	0	406	0
Customer bonus	1,413	0	1,532	0
Rent and ancillary rental costs	937	104	425	0
Annual financial statement costs	627	0	591	0
Liabilities resulting from acquisitions	58	407	2,182	288
Telephone/Internet	314	0	264	0
Travel expenses and expenditures	275	0	286	0
Transportation charges	174	0	193	0
Insurance	112	0	168	0
Advertising	61	0	64	0
Security deposits	0	0	100	0
Others	1,969	0	2,128	0
Total financial instruments	52,524	537	47,765	296
VAT liability	19,539	0	18,791	0
Wage and church tax	3,978	0	3,775	0
Social security contributions	3,135	0	3,996	0
Liabilities from other taxes	765	1	636	0
Total non-financial liabilities	27,417	1	27,198	0
Other liabilities	79,941	538	74,963	296

Other liabilities primarily relate to various administrative expenses and distribution costs incurred in the ordinary course of business.

For the disclosures according to IFRS 7, financial instruments included in other liabilities are allocated to:

- "other financial liabilities" in the amount of €50,050 thousand (prior year: €45,185 thousand)
- "liabilities resulting from acquisitions" in the amount of €465 thousand (prior year: €2,470 thousand)
- "financial derivatives" in the amount of €2,546 thousand (prior year: €406 thousand)

22 Accruals and Deferrals

	€k			
	31.12.2013		31.12.2012	
	Current	Non-current	Current	Non-current
Prepayments received	14,118	0	11,590	0
Deferred income	30,580	12,369	30,539	8,902
Accruals and deferrals	44,698	12,369	42,129	8,902

Accruals and deferrals primarily include accruals for maintenance contracts and guarantee extensions.

V. FURTHER EXPLANATORY NOTES ON THE CASH FLOW STATEMENT

The cash flow statement for the 2013 reporting period and the prior year was prepared in accordance with IAS 7 and reports on 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 €73,098 thousand (prior year: €56,669 thousand) was indirectly derived from the earnings before taxes. In the context of the indirect method, the financial income, depreciation, amortisation and other non-cash expenses and income, as well as changes in selected 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. The increase of the operating cash flow over the prior year was caused both by the higher earnings before taxes and by the payment surplus generated by the change in net assets.

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 2013, net cash used for investments of €10,201 thousand (prior year: €56,031 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 €6,565 thousand (prior year: €4,940 thousand) for companies and partial business operations acquired in the reporting period as well as additional payments for contingent purchase price increases amounting to €2,192 thousand (prior year: €1,000 thousand) for companies acquired in prior years. These acquisitions involved the assumption of non-current assets amounting to €6,502 thousand (prior year: €5,721 thousand), current assets amounting to €9,025 thousand (prior year: €4,952 thousand) – including cash and cash equivalents worth €1,611 thousand (prior year: €299 thousand) – as well as non-current liabilities amounting to €2,304 thousand (prior year: €302 thousand) and current liabilities amounting to €6,490 thousand (prior year: €5,148 thousand).



See page 204 ff

The gross cash flows for the acquisition and sale of long-term time deposits and securities are presented separately, while cash flows from short-term time deposits and securities are netted. In the prior year, shifting had taken place from free cash and cash equivalents to time deposits and securities. In the reporting period, only some of the time deposits and securities that reached maturity were reinvested, but no shifting took place.



See page 194 f

Settlements of net investment hedges comprise payments from forward exchange contracts in connection with the hedging of the net investment in the UK-based and Swiss group companies. In the reporting period, this amount totalled €787 thousand (prior year: –€187 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 €35,002 thousand (prior year: €17,282 thousand). In the reporting period, BECHTLE made higher repayments and raised less new financial funds than in the prior year.

For non-current financial liabilities, payments received and payments made are presented separately. 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 following table compares the carrying amounts and fair value of the financial instruments for the classes of financial instruments in accordance with IFRS 7:

€k						
Class pursuant to IFRS 7	Measurement category	Carrying amount 31.12.2013	Fair value 31.12.2013	Carrying amount 31.12.2012	Fair value 31.12.2012	Level
Assets						
Non-current trade receivables	LAR	1,547	1,522	2,243	2,241	3
Current trade receivables	LAR	345,195	345,195	307,348	307,348	3
Securities	AFS	17,600	17,600	45,378	45,378	1
Time deposits						
Bond loans	LAR	30,192	30,506	20,111	20,065	2
Life insurances	LAR	2,475	2,258	2,458	2,310	3
Other financial assets	LAR	17,335	17,335	19,014	19,014	3
Long-term lending	LAR	595	648	637	709	3
Financial derivatives						
Derivatives with hedge relationship	n/a	0	0	0	0	2
Derivatives without hedge relationship	FAFVPL	7	7	0	0	2
Cash and cash equivalents	LAR	105,838	105,838	78,208	78,208	1
Liabilities						
Loans	FLAC	64,171	69,340	73,709	81,337	2
Non-current trade payables	FLAC	438	427	0	0	3
Current trade payables	FLAC	170,518	170,518	145,964	145,964	3
Other financial liabilities	FLAC	50,050	50,050	45,185 ¹	45,185 ¹	3
Liabilities resulting from acquisitions	FLFVPL	465	465	2,470 ¹	2,470 ¹	3
Financial derivatives						
Derivatives with hedge relationship	n/a	2,523	2,523	406	406	2
Derivatives without hedge relationship	FLFVPL	23	23	0	0	2
Thereof aggregated according to measurement category pursuant to IAS 39:						
	LAR	503,177	503,302	430,019	429,895	
	AFS	17,600	17,600	45,378	45,378	
	FLAC	285,177	290,335	264,858 ¹	272,486 ¹	
	FAFVPL	7	7	0	0	
	FLFVPL	488	488	2,470 ¹	2,470 ¹	

¹ Presentation adjusted

Abbreviations used for the measurement categories of IAS 39:

LAR = Loans and receivables

AFS = Available-for-sale financial assets

FLAC = Financial liabilities at amortised cost

FAFVPL = Financial assets measured at fair value through profit or loss

FLFVPL = Financial liabilities measured at fair value through profit or loss

In the Annual Report 2012, the liabilities from acquisitions had been presented together with the other liabilities. This was retroactively adjusted in this Annual Report.

According to IFRS 13, the material parameters on which the measurement is based must be disclosed for all financial instruments whose fair value is presented or that are accounted for at fair value. The measurement methods are divided into the following three levels:

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** are listed at the stock exchange and have been recognised at the market price as of the balance sheet date.

The **financial derivatives** were measured with the aid of standardised mathematical models (mark-to-model method). These financial derivatives comprise forward exchange contracts, currency options and interest rate swaps. Apart from the interest rates that are appropriate for the periods and forward prices, the creditworthiness of the debtor was taken into account with the help of an overhead percentage method under consideration of the amount, the probability of default and the recovery rate in the event of inability to pay. Derivatives not accounted for as hedges are classified as held for trading (IAS 39).

Liabilities resulting from acquisitions are conditional, additional purchase price payments (earn-outs) for acquisitions (IFRS 3.58). In the Annual Report as of 31 December 2012, these had been presented under other liabilities. For this Annual Report, the presentation was retroactively adjusted. The fair value was determined with the help of the DCF method. Apart from the planned business development of the unit taken over, a discount rate that is appropriate for the period was used. The creditworthiness of the debtor BECHTLE (IFRS 13.42 ff) was taken into account via an overhead percentage method under consideration of the amount, the probability of default and the recovery rate in the event of inability to pay. The factor that has the greatest impact on the fair value is the planned business development. A target achievement of 100 per cent is assumed. If the achieved results are below 100 per cent, the amount to be recognised is reduced by more than half, as part of the liabilities from acquisitions do not take partial target achievement into consideration. These liabilities will reach maturity in 2014 to 2016.

The fair value of the **life insurances** in the time deposits corresponds to the redemption value plus creditworthiness impairment.

The fair value of **bond loans, long-term lending, loans and non-current trade receivables and payables** corresponds to the present value of the cash flows under consideration of the risk-weighted interest rates appropriate for the periods plus creditworthiness impairment.

For all current financial assets and liabilities, the carrying amount corresponds to the fair value (IFRS 7.29). This applies to **current trade receivables and payables, other financial assets, cash and cash equivalents and other liabilities.**

During the reporting period up to 31 December 2013, 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 financial instruments in Level 3 developed as follows:

Financial assets and liabilities in Level 3	€k						
	01.01.2013	Total gains and losses		Additions	Compensation/ settlement	Reclassification	31.12.2013
		Included in financial earnings	Included in other comprehensive income				
Liabilities resulting from acquisitions	2,470	19	0	168	-2,192	0	465

Of the €19 thousand posted as expenses in the financial earnings, additional contingent purchase price obligations that were settled in the fiscal year ended accounted for €11 thousand and payments accounted for as of 31 December 2013 that are due in the future for €8 thousand.

The expenses, income, losses and profits from financial instruments can be categorised as follows (net earnings):

	From the subsequent valuation				Net earnings	
	From interest	Impairment	Fair value	From disposal	2013	2012
Loans and receivables	621	-472	0	-273	-124	1,373
Financial liabilities at amortised cost	-2,943	0	0	0	-2,943	-3,286
Available-for-sale financial assets	929	0	-286	-354	289	1,307
Held for trading purposes (derivatives only)	0	0	-15	183	168	-30
Liabilities resulting from acquisitions	0	0	-8	-11	-19	0
Currency translation differences of financial assets and liabilities	0	-12	0	0	-12	358
Total	-1,393	-484	-309	-455	-2,641	-278

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 €2,756 thousand (prior year: €3,095 thousand). The amount of -€286 thousand for the available-for-sale financial assets, which resulted from the fair value measurement, accrued in the fiscal year ended; €91 thousand was reclassified from the accumulated other comprehensive income to the income statement.

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):

	2013			2012		
	Gross liabilities	Gross assets	Net amount accounted for	Gross liabilities	Gross assets	Net amount accounted for
Financial assets						
Current trade receivables	261	345,456	345,195	39	307,387	307,348
Refunds and other receivables from suppliers	1,397	16,689	15,292	191	16,800	16,609
Financial liabilities						
Current trade payables	172,775	2,257	170,518	147,923	1,959	145,964
Current liabilities to customers	6,188	14	6,174	5,328	3	5,325

€k

The trade receivables include liabilities to customers amounting to €261 thousand, and the liabilities to customers include receivables from customers amounting to €14 thousand. Based on contractual agreements, these customers of BECHTLE are entitled to net these items against each other. The trade payables contain receivables from suppliers in the amount of €2,257 thousand, and the receivables from suppliers contain liabilities in the amount of €1,397 thousand. Based on contractual agreements, BECHTLE is entitled to net these items against each other. These items mainly comprise bonus proceeds that suppliers pay out to BECHTLE or that BECHTLE pays out to its customers.

In the Annual Report as of 31 December 2012, the value of the interest rate swap and two bank accounts netted with each other were also disclosed in the above table. As these disclosures are not required according to IAS 32 in conjunction with IFRS 7, they have been omitted this time.

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 inter-company trade and, to a lesser extent, trade with external suppliers and customers in CHF, CZK, EUR, GBP, HUF, JPY, PLN and USD.

Hedges serve to protect against exchange rate risks affecting receivables and liabilities denominated in foreign currency. The BECHTLE Group uses forward exchange contracts and currency swaps and currency options as hedges.

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 this income against the EUR/CHF exchange rate risks, a forward exchange contract for the sale of CHF 12 million (prior year: CHF 11.7 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 lost value against the euro during the reporting period, this forward exchange contract affected the earnings in the amount of €171 thousand (prior year: –€16 thousand) before taxes. Correspondingly, the translation of the Swiss earnings resulted in negative effects. Similarly, projected 2013 UK income was hedged against EUR/GBP exchange rate risks during the reporting period. For this purpose, GBP 650 thousand (prior year: GBP 650 thousand) was sold forward. This forward exchange contract had an impact on earnings in the amount of €12 thousand (prior year: –€14 thousand).

In the Consolidated Financial Statements (EUR), exchange differences arose from the conversion of foreign currency financial statements of subsidiaries abroad. These differences are carried and recognised separately directly in equity. To compensate most of these currency translation differences outside profit and loss, and to hedge a net investment in a foreign operation (IAS 39.102, IFRIC 16), BECHTLE took out a EUR/CHF forward exchange contract in the reporting period that covered the majority of these currency risks. The forward exchange 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 €759 thousand that was recognised as other comprehensive income outside profit or loss (income tax effect: –€222 thousand). In the prior year, the forward exchange contract that had been concluded in January 2012, for the sale of CHF 60 million at the end of 2012, had resulted in an amount of –€166 thousand that had been recognised as other comprehensive income outside profit or loss (income tax effect: +€49 thousand). Similarly, net assets in the UK were hedged against EUR/GBP exchange rate risks. The corresponding forward exchange contract (sale of GBP 1,500 thousand) generated other comprehensive income of €28 thousand that was recognised outside profit or loss (income tax effect: –€8 thousand). In the prior year, GBP 1,000 thousand had been sold forward. In the prior year, the amount from the hedge of the net assets that had been recognised as other comprehensive income had totalled –€21 thousand (income tax effect: +€6 thousand). On the other hand, the consolidated equity underwent a negative effect from the decline of the currency translation differences by –€1,356 thousand (prior year: +€172 thousand). This amount was largely caused by the EUR/CHF conversion.

Hedges were taken out and designated as cash flow hedges for the first time in the fiscal year 2013, for future goods purchases in USD or for goods whose prices depend on the USD for large orders that have already been placed. These forward transactions and options have a volume of €54,940 thousand. The payments of the hedged items are expected from 2015 to 2017. The market value as of 31 December 2013 amounted to –€2,321 thousand. The loss that corresponds to the effective part of the hedge (–€2,301 thousand) was recognised in other comprehensive income outside profit or loss under consideration of deferred taxes (€663 thousand). The ineffectiveness of these cash flow hedges in the amount of –€37 thousand, which results from the time differences between the maturities of the transactions and the associated liabilities, were recognised in the financial income through profit or loss. The share of the hedges whose associated liability has already been accounted for was posted through profit or loss.

Apart from the said individual cases, hedges with terms of up to one year and individual volumes of up to €1 million are regularly concluded for operational purposes within the course of the normal business. The following table shows the volume of the hedges concluded in the respective fiscal years:

Currency pair		2013		2012	
		Purchase	Sale	Purchase	Sale
EUR/GBP	GBPk	0	414	6,200	5,400
EUR/USD	USDk	24,929	5,521	28,578	19,538
EUR/CZK	CZKk	3,449	3,250	0	0
CHF/EUR	EURk	4,150	2,660	1,490	2,800
CHF/USD	USDk	200	200	200	0
CHF/JPY	JPYk	0	0	25,403	0

As of the balance sheet date, an obligation to purchase USD 2,166 thousand (net) and sell CHF 1,832 thousand (net) against EUR existed under these currency contracts that were classified as held for trading in accordance with IAS 39 and that were thus measured through profit or loss. In the prior year, obligations to purchase USD 4,993 thousand, to sell GBP 400 thousand and CHF 217 thousand against euros and to purchase JPY 8,145 thousand against Swiss francs had existed. As in the prior year, the measurement 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.

Effects of a value loss (or increase) of the euro by 10% compared with	2013		2012	
CHF	+127	(-127)	+366	(-366)
USD	+590	(-590)	+915	(-915)
GBP	-223	(+223)	-40	(+40)
HUF	-8	(+8)	-1	(+1)
CZK	-4	(+4)	-3	(+3)
PLN	+2	(-2)	0	(-0)
JPY	0	0	7	(-7)

€k

The following sensitivity analysis illustrates the impact a decrease (or increase) in the euro exchange rate could have on other comprehensive income (outside profit or loss). The change in fair value of the derivatives accounted for as hedges (IAS 39), as well as the value change of assets and liabilities of the subsidiaries with the respective currency as functional currency, are taken into consideration.

	2013		2012	
Effects of a value loss (or increase) of the euro by 10% compared with				
CHF	+5,551	(-5,551)	+5,563	(-5,563)
USD	+4,633	(-5,821)	+22	(-22)
GBP	+386	(-386)	+306	(-306)
HUF	+24	(-24)	+44	(-44)
CZK	+31	(-31)	+21	(-21)
PLN	+42	(-42)	+38	(-38)

€k

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 has only 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 (CHF, CZK, EUR, GBP, HUF, PLN, USD). A hypothetical decrease/increase in these interest rates from the beginning of the reporting period by 100 basis points or 1 per cent p.a. (assuming constant exchange rates) would have led to a decrease/increase in interest income by €1,561 thousand (prior year: €1,462 thousand).

In the case of the existing interest rate swaps, such a decrease (to a minimum of 0 per cent p.a.) or increase in interest rates would have caused the fair value to change by –€47 thousand or +€106 thousand (prior year: –€50/+€181 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 from 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.



See page 186 f

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 three-month Euribor of 0.29 per cent that was valid on the balance sheet date, the interest rate swaps would result in future interest payments totalling €85 thousand in the period from 2014 to 2017 (prior year: €128 thousand for a three-month Euribor of 0.19 per cent for the period from 2013 to 2017). The carrying amount of the loans and interest rate swaps consists of €63,761 in loans and €202 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 and the other financial derivatives in the amount of €2,546 thousand (prior year: €406 thousand).

The liquidity risk is controlled and monitored on a weekly basis with the aid of a 14-day liquidity forecast.



For further disclosures
on the liquidity
management,
see page 123

	€k			
	Financial liabilities		Trade payables	Other financial liabilities
	Loans and interest rate swap	Other current financial liabilities		
Carrying amount 31.12.2013	63,963	410	170,956	50,515
Cash flow 2014				
Interest	2,567	0	0	0
Repayment	10,136	410	170,518	49,978
Cash flow 2015				
Interest	2,240		12	8
Repayment	7,134		239	481
Cash flow 2016				
Interest	1,976		12	3
Repayment	5,612		199	56
Cash flow 2017–2018				
Interest	3,330			
Repayment	8,946			
Cash flow 2019–2020				
Interest	2,692			
Repayment	6,310			
Cash flow 2021–2022				
Interest	1,504			
Repayment	18,498			
Cash flow 2023–2032¹				
Interest	1,124			
Repayment	7,125			

¹ Cash flows of the LBBW loans at carrying amounts 31.12.2013: €4,375 thousand and €9,500 thousand



Concerning the
cash flows of the
financial liabilities,
see page 186 f

€k

	Financial liabilities			
	Loans and interest rate swap	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	0	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 2017–2018				
Interest	3,329			
Repayment	8,883			
Cash flow 2019–2020				
Interest	2,692			
Repayment	6,310			
Cash flow 2021–2022				
Interest	1,507			
Repayment	18,498			
Cash flow 2023–2032¹				
Interest	1,126			
Repayment	7,125			

¹ Cash flows of the LBBW loans at carrying amounts 31.12.2012: €4,625 thousand and €10,000 thousand

The cash and cash equivalents are spread over 20 different banks and finance groups. In the case of bank deposits in the European Union, 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 35 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. The Swiss group companies hold about 40 per cent of the group's cash and cash equivalents at large Swiss banks, which only offer a low statutory deposit guarantee.

For investments in securities, we put an 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.



For further disclosures on the risk management, see page 122 f

Time deposits are made in instruments with a deposit guarantee. As of 31 December 2013, there were no investments without a deposit guarantee. As of 31 December 2013, BECHTLE held time deposits of no more than €20 million per liability unit.

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. Except for lenders in connection with buildings, BECHTLE provides virtually none of its creditors with collateral.

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 also 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 IT value chain. BECHTLE prepares individual offers involving a range of different services in combination with hardware and software directly reflecting the needs and preferences of each and every customer. In this segment, BECHTLE operates in Germany, Belgium, Austria and Switzerland, ensuring special customer proximity by means of its decentralised organisation with 65 locations for wide geographic coverage.



Specialist dealer with over 56,000 items, multiple brand strategy

The **IT e-commerce** segment comprises the group's Internet, catalogue and telesales trading activities. As an IT specialist with a portfolio of more than 56,000 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 DIRECT software licensing brand is present in eight European countries.

BECHTLE Group companies are based primarily in Germany. Group companies exist abroad 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, 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 assessment 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 serve individually 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 employed for the internal reporting and controlling system that are used above all by the group management and 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 earnings-related key performance indicator for the segments is the operating profit before financial income, financial expenses and taxes. Financial income is not consolidated as the segments are primarily funded via the central units 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 the BECHTLE Group and ultimately earnings after tax after taking due account of taxes at group level.

This results in asymmetric allocation (IFRS 8.27) 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 the BECHTLE Group. The same applies to the receivables and payables as well as the assets and liabilities of the two segments and of the BECHTLE Group as a whole.

The investments, depreciation and amortisation reported relate to intangible assets as well as to property, plant and equipment. The amortisation from acquisitions relates to goodwill, customer bases, customer service agreements, brands and non-compete agreements resulting within the scope of acquisitions.



For disclosures on the composition of the revenue, see page 163

In the segment reporting by region (domestic or abroad), 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.

By segments	2013			2012		
	IT system house & managed services	IT e-commerce	Total group	IT system house & managed services	IT e-commerce	Total group
Total segment revenue	1,538,113	738,642		1,397,173	704,553	
less intersegment revenue	-2,797	-473		-2,718	-2,173	
External revenue	1,535,316	738,169	2,273,485	1,394,455	702,380	2,096,835
Amortisation/depreciation	13,724	3,788	17,512	12,906	3,123	16,029
Depreciation from acquisitions	4,305	676	4,981	4,979	740	5,719
Operating earnings	56,185	34,863	91,048	44,320 ¹	35,945 ¹	80,265 ¹
Financial earnings			-1,740			-1,264
Earnings before taxes			89,308			79,001 ¹
Income taxes			25,911			22,643 ¹
Earnings after taxes			63,397			56,358 ¹
Investments	17,583	5,508	23,091	22,769	9,246	32,015
Investments through acquisitions	6,422	0	6,422	5,160	0	5,160

¹ Figure adjusted due to adoption of IAS 19R

Apart from the scheduled depreciation and amortisation, the non-cash items in the two segments in the reporting period and in the prior year were mainly limited to the usual movements within the course of the business operations (e.g. changes in trade receivables and trade payables). Moreover, in the prior year an unscheduled impairment of €309 thousand was applied to the customer base capitalised in connection with the acquisition of intelligent IT Solutions GmbH & Co. KG.

€k

By segments	2013			2012		
	IT system house & managed services	IT e-commerce	Total group	IT system house & managed services	IT e-commerce	Total group
Total segment assets	614,117	296,557		564,132 ¹	280,693 ¹	
less intersegment receivables	-301	-25		-179	-648	
Assets	613,816	296,532	910,348	563,953¹	280,045¹	843,998¹
Total segment liabilities	289,334	119,775		261,529 ¹	123,712 ¹	
less intersegment liabilities	-25	-301		-648	-179	
Liabilities	289,309	119,474	408,783	260,881¹	123,533¹	384,414¹

¹ Figure adjusted due to adoption of IAS 19R and netting of deferred taxes

€k

By regions	2013			2012		
	Domestic	Abroad	Total group	Domestic	Abroad	Total group
External revenue	1,570,816	702,669	2,273,485	1,433,869	662,966	2,096,835
Investments	19,007	4,084	23,091	27,604	4,411	32,015
Investments through acquisitions	777	5,645	6,422	5,160	0	5,160

Of the external revenue generated abroad, Switzerland accounted for €290,274 thousand (prior year: €290,521 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 10 per cent to the external revenue generated by the BECHTLE Group.

€k

By regions	2013			2012		
	Domestic	Abroad	Total group	Domestic	Abroad	Total group
Assets	612,173	298,175	910,348	587,461 ¹	256,537 ¹	843,998 ¹
thereof non-current assets	208,556	90,656	299,212	205,956 ¹	90,183 ¹	296,139 ¹
Liabilities	288,880	119,903	408,783	273,462 ¹	110,952 ¹	384,414 ¹

¹ Figure adjusted due to adoption of IAS 19R and netting of deferred taxes

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 €64,960 thousand (prior year: €62,901 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 5 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 10 per cent of the revenue of the BECHTLE Group (IFRS 8.34).



See page 212 f

Information on the number of employees by segments and regions is provided in section X. "Other Disclosures", "Employees".

VIII. ACQUISITIONS, PURCHASE PRICE ALLOCATION AND DIVESTMENTS

Viritim Systemhaus GmbH

As of the acquisition date 15 March 2013, the company acquired all interests in Viritim Systemhaus GmbH, Karlsruhe, Germany.

The acquisition was shown 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, the customer base (€125 thousand) and a non-compete agreement (€200 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 (€98 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 (€234 thousand), the capital consolidation resulted in a difference of €434 thousand that is presented as goodwill. This goodwill is not recognised for tax purposes.

By acquiring Viritim (10 employees), the BECHTLE Group has further expanded its collaboration competence that it built up by means of the acquisition of HanseVision GmbH and Redmond Integrators GmbH over the past two years. Viritim specialises in the Microsoft office technologies SharePoint and Exchange.

The company purchase agreement for the acquisition of Viritim contains a contingent purchase price payment of up to €175 thousand, which depends on the acquired company's future business performance. Based on the validated business plan of Viritim, the fair value of this contingent purchase price payment on the acquisition date was €168 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.

Following the acquisition, Viritim was merged with the BECHTLE subsidiary HanseVision GmbH. Therefore, the revenue and earnings contributions of Viritim to the consolidated earnings cannot be determined separately.

The presentation of the acquisition in the balance sheet as of the time of initial consolidation is provided in the table at the end of this section.

Partial Business Operation Takeover of IBM Business Services GmbH and IBM Deutschland Mittelstand Service GmbH

As of the acquisition dates 1 April 2013 and 1 June 2013, BECHTLE took over partial business operations from IBM Deutschland GmbH in the field of managed services. The partial business operation of IBM Deutschland Business Services GmbH, which was acquired as of 1 April 2013, has 48 employees, and the partial business operation of IBM Deutschland Mittelstand Service GmbH, which was acquired as of 1 June 2013, has ten employees.

The partial business operations were accounted for according to the purchase method (IFRS 3.4 ff). As the two partial business operation takeovers are closely linked and, considered individually, are immaterial to the BECHTLE Group, their presentation in the balance sheet as of the date of initial consolidation is summarised pursuant to IFRS 3.B65.

Both the employees and their working equipment were taken over. After a careful examination of the opportunities and risks, the customer service agreements were measured at a fair value of zero.

By taking over these subdivisions of IBM, the BECHTLE Group expands its managed services business. The employees taken over are active for customers on-site throughout Germany.

The receivables taken over were not subject to any major impairment.

Both business areas are integrated within BECHTLE Onsite Services GmbH. Therefore, the revenue and earnings contributions of these partial business operations to the consolidated earnings cannot be determined separately.

The presentation of the acquisition in the balance sheet as of the time of initial consolidation is provided in the table at the end of this section.

Sedna Informatik AG

As of the acquisition date 8 April 2013, all interests in the Swiss company Sedna Informatik AG, headquartered in Gümligen, near Bern, were acquired.

The acquisition was shown 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, the customer base (€984 thousand) was newly recognised as an identifiable asset (IFRS 3.10 ff) and measured at fair value as of the acquisition date (IFRS 3.18 ff).

Deferred tax liabilities (€202 thousand) were recognised in connection with the capitalisation of the customer base, which is amortised over a period of five years.

Under consideration of the acquired total net assets (€1,630 thousand), the capital consolidation resulted in a difference of €1,035 thousand that is presented as goodwill. This goodwill is not recognised for tax purposes.

By acquiring Sedna, BECHTLE has further expanded its own IT infrastructure competence with a qualified team. Sedna specialises in system integration and virtualisation.

The acquisition costs (€2,665 thousand) caused an outflow of cash and cash equivalents in the same amount.

The receivables taken over were not subject to any major impairment.

Due to the merger with BECHTLE Schweiz AG, the share of Sedna Informatik AG in the revenue in the fourth quarter cannot be specified. From April to September, Sedna's revenue contribution amounted to €5,418 thousand. Sedna's earnings contribution in these six months amounted to –€93 thousand (IFRS 3.B64qj).

The presentation of the acquisition in the balance sheet as of the time of initial consolidation is provided in the table at the end of this section.

Sitexs-Databusiness IT-Solutions GmbH

As of the acquisition date 7 October 2013, the company acquired all interests in the Austrian Sitexs-Databusiness IT-Solutions GmbH, headquartered in Wien, Austria.

Apart from the assets and liabilities already recognised by the acquired company, whose carrying amounts corresponded to their fair value, the customer base (€1,500 thousand) and a non-compete agreement (€400 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 (€373 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 two years.

Under consideration of the acquired total net assets (€1,907 thousand), the capital consolidation resulted in a difference of €1,493 thousand that is presented as goodwill. This goodwill is not recognised for tax purposes.

By acquiring Sitexs (about 70 employees), BECHTLE is substantially expanding its market presence with one of Austria's leading IT system integrators and security specialists. Sitexs, which has a firm foothold in the market, has sites in Wien, Graz, Götzis, Innsbruck and St. Pölten.

The acquisition costs (€3,400 thousand) caused an outflow of cash and cash equivalents in the same amount.

The receivables taken over were not subject to any major impairment.

In the reporting period, Sitexs accounted for €7,314 thousand of the revenue and –€60 thousand of the earnings after taxes of the BECHTLE Group (IFRS 3.B64q).

The following table presents the fair value of the assets and liabilities of all acquisitions performed in 2013 as of the date of initial consolidation as they appear in the **balance sheet**:

	€k			
	Viritim Systemhaus GmbH	Partial business operations IBM	Sedna Informatik AG	Sitexs- Databusiness IT-Solutions GmbH
Non-current assets				
Goodwill	434	0	1,035	1,493
Other intangible assets	325	0	984	1,949
Property, plant and equipment	18	0	49	135
Deferred taxes	0	0	107	16
Other assets	0	0	37	0
Total non-current assets	777	0	2,212	3,593
Current assets				
Inventories	0	0	0	788
Trade receivables	130	0	1,284	3,002
Other assets	28	1,760	544	273
Cash and cash equivalents	97	0	1,512	2
Total current assets	255	1,760	3,340	4,065
Total assets	1,032	1,760	5,552	7,658
Non-current liabilities				
Pension provisions	0	1,422	522	0
Other provisions	0	2	0	40
Other liabilities	0	19	0	0
Deferred taxes	98	0	303	373
Total non-current liabilities	98	1,443	825	413
Current liabilities				
Other provisions	0	0	12	20
Financial liabilities	0	0	196	1,098
Trade payables	57	0	433	1,651
Income tax payables	48	0	140	0
Other provisions and liabilities	161	317	367	736
Accruals and deferrals	0	0	914	340
Total current liabilities	266	317	2,062	3,845
Total liabilities	364	1,760	2,887	4,258
Total assets				
- Total liabilities				
= Acquisition costs	668	0	2,665	3,400

Further Disclosures on Acquisitions and Divestments

Had **Viritim, Sedna and Sitex** been acquired at the beginning of the reporting period, the revenue of the BECHTLE Group for the reporting period would have amounted to €2,294 million. Earnings after taxes would have amounted to €64 million (IFRS 3.B64qii). No revenue and earnings data are available for the partial business operations of IBM Deutschland prior to the acquisition date.

When it purchased **SolidLine AG**, Walluf, Germany, in the fiscal year 2011, BECHTLE had assumed a contractual obligation to pay a contingent additional purchase price amounting to a total of up to €1,692 thousand. In the fiscal year 2012, an initial part of this amount had already been settled and paid out (€1,000 thousand). The second part of up to €692 thousand was settled in the first quarter of 2013. This payment resulted in a cash outflow (€692 thousand). The sellers were entitled to the maximum amount. The difference between the fair value determined for this purpose at the initial consolidation plus the interest and the actual amount had already been recognised through profit and loss in the fiscal year 2012 when the liability became known.

When it purchased **HanseVision GmbH** in the fiscal year 2011, BECHTLE had assumed a contractual obligation to pay a contingent additional purchase price amounting to a total of €1,500 thousand. This amount was settled in the second quarter of 2013. The payment of €1,500 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 partial business operation “**Distribution**” including the associated customer base of the online shop of **Coma Service AG**, Bremgarten, Switzerland, was sold as of 30 June 2013. This partial business operation had four employees. The partial business operation had belonged to the IT system house & managed services segment (cash-generating unit IT system house & managed services). The sale resulted in a capital gain of €122 thousand that was presented under other operating income. Inventories worth €211 thousand were sold. The sale resulted in a cash inflow amounting to €333 thousand. Considered individually, the revenue and earnings contribution of this partial business operation was immaterial in the fiscal year 2012, and until the sale in 2013. The sale of this partial business operation does not necessitate any impairment of the goodwill of the cash-generating unit IT system house & managed services.

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 AMARAS AG, Monheim an der Ruhr, Germany (since 30 January 2014)
 - of BECHTLE E-Commerce Holding AG, Neckarsulm, Germany
 - of BECHTLE Managed Services AG, Neckarsulm, Germany
 - of BECHTLE Systemhaus Holding AG, Neckarsulm, Germany
 - of PP 2000 Business Integration AG, Stuttgart, Germany
 - of SolidLine Aktiengesellschaft, Walluf, Germany
- 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, quality management

- Member of the Executive Board
 - of BECHTLE Managed Services AG, Neckarsulm, Germany
 - of BECHTLE Systemhaus Holding AG, Neckarsulm, Germany
- Member of the Supervisory Board
 - of PP 2000 Business Integration AG, Stuttgart, Germany

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, Germany
 - of Förderkreis der Hochschule Heilbronn e.V.
- Chairman of the Supervisory Board
 - of Gustav-Berger Stiftung, Heilbronn, Germany
- Member of the Supervisory Board
 - of RIXIUS AG, Mannheim, Germany

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

	31.12.2013	31.12.2012
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 2013 amounted to €2,171 thousand (prior year: €1,534 thousand). The fixed compensation amounted to €1,251 thousand (prior year: €930 thousand) and the variable compensation to €920 thousand (prior year: €604 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 a three-year period beginning from the fiscal year of the commitment. The commitments are subject to the condition precedent that the defined targets are reached, and are due for payment in 2015 (for commitments made in 2012) or 2016 (for commitments made in 2013). The pro-rata total amount for the fiscal years 2012 and 2013 in case all targets are reached is €709 thousand. The pro-rata claim of a total of €377 thousand that will most likely accrue for the fiscal years 2012 and 2013 has been taken into consideration by means 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 Supervisory Board compensation in the reporting period totalled €493 thousand.



For further disclosures
on Supervisory Board,
see page 72 ff

The periodic Supervisory Board elections were held in the reporting period. The employees elected their representatives on the Supervisory Board on 28 May 2013, and the shareholders elected their representatives on 18 June 2013. On 31 October 2013, Klaus Winkler resigned from his office as member and Chairman of the Supervisory Board for personal, family-related reasons, effective at the end of the notice period of one month as outlined in the Articles of Incorporation. For the period until the Annual General Meeting, Gerhard Schick has been judicially appointed as member of the Supervisory Board and elected as Chairman by the Supervisory Board.



For further disclosures
on Supervisory
Board members,
see Appendix D,
page 222 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.

Disclosures on the shareholding of the Supervisory Board members are presented in the Corporate Governance Report in the Management Report.

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 €28,712 thousand (prior year: €26,682 thousand) were recognised as expenses in connection with leases.

The nominal value of the future minimum lease payments under the aforesaid contracts amounted to €63,382 thousand as of 31 December 2013 (prior year: €65,185 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	24,427
Due between one and five years	31,866
Due after five years	7,089
Total minimum lease payments	63,382

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 €5,627 thousand for 2014 (prior year for 2013: €4,892 thousand) and €6,044 thousand for 2015 to 2019 (prior year for 2014 to 2018: €4,791 thousand), thus totalling €11,671 thousand (prior year: €9,683 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	
	2013	2012
Wages and salaries	295,996	276,784
Social security contributions and expenses for pension schemes and support	52,852	49,806 ¹
Total personnel expenses	348,848	326,590¹

¹ Figure adjusted due to adoption of IAS 19R

Personnel expenses (wages and salaries) include severance pay amounting to €1,040 thousand (prior year: €932 thousand) (IAS 19.171).

All in all, the employee numbers in the BECHTLE Group were as follows as of the balance sheet date and on annual average:

	31.12.2013	31.12.2012	2013	2012
Full-time/part-time employees	5,631	5,438	5,542	5,315
Trainees	473	428	418	363
Employees on parental leave	115	104	112	102
Temporary staff	184	140	169	136
Total	6,403	6,110	6,241	5,916

The average number of full-time and part-time employees listed above includes 104 (prior year: 106) directors and/or executive board members of subsidiaries.

The employee numbers (without temporary staff) break down by segments and regions as follows:

	31.12.2013	31.12.2012	2013	2012
IT system house & managed services	4,953	4,754	4,832	4,563
Domestic	4,287	4,104	4,198	3,927
Abroad	666	650	634	636
IT e-commerce	1,266	1,216	1,240	1,217
Domestic	456	446	448	443
Abroad	810	770	792	774

The employee numbers (without employees on parental leave and without temporary staff) break down by functional areas as follows:

	31.12.2013	31.12.2012	2013	2012
Services	2,843	2,718	2,789	2,611
Sales	1,841	1,784	1,820	1,762
Administration	1,420	1,364	1,351	1,305

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 years 2013 and 2012 for services rendered by the auditor of the Consolidated Financial Statements, Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, for BECHTLE AG and its subsidiaries:

	€k	
	2013	2012
Financial statements audits	480	474
Tax consultancy	2	0
Other services	63	13
Auditor's fee	545	487

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, and 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 a shareholder representative, Karin Schick serves as a part-time employee at BECHTLE AG without any material compensation.

Until his return to the Supervisory Board in December, Gerhard Schick, father of Karin Schick, made his experience available to the BECHTLE Group within the scope of a consulting agreement without compensation.

During their membership in the Supervisory Board, the employee representatives on the Supervisory Board received taxable compensations amounting to €326 thousand in the reporting period (prior year: €374 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 216 ff

Exercise 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	Location
Bechtle GmbH	Berlin, Germany
Bechtle GmbH & Co. KG	Bielefeld, Germany
Bechtle GmbH & Co. KG	Bonn, Germany
Bechtle GmbH	Bremen, Germany
Bechtle GmbH & Co. KG	Chemnitz, Germany
Bechtle GmbH & Co. KG	Darmstadt, Germany
Bechtle GmbH	Dortmund, Germany
PSB GmbH	Dreieich, Germany
Bechtle GmbH & Co. KG	Duisburg, Germany
ITZ Informationstechnologie GmbH	Essen, Germany
Bechtle GmbH	Frankfurt, Germany
Bechtle GmbH	Freiburg, Germany
Bechtle GmbH & Co. KG	Friedrichshafen, Germany
Bechtle GmbH	Hamburg, Germany
Bechtle GmbH	Hannover, Germany
Bechtle GmbH & Co. KG	Karlsruhe, Germany
Bechtle GmbH & Co. KG	Krefeld, Germany
Bechtle IT-Systemhaus GmbH	Krefeld, Germany
Bechtle GmbH & Co. KG	Mannheim, Germany
Bechtle GmbH	Meschede, Germany
Bechtle GmbH & Co. KG	Münster, Germany
Bechtle E-Commerce Holding AG	Neckarsulm, Germany
Bechtle Field Services GmbH & Co. KG	Neckarsulm, Germany
Bechtle GmbH & Co. KG	Neckarsulm, Germany
Bechtle Grundstücksverwaltungsgesellschaft mbH	Neckarsulm, Germany
Bechtle Logistik & Service GmbH	Neckarsulm, Germany
Bechtle Managed Services AG	Neckarsulm, Germany
Bechtle ÖA direct GmbH	Neckarsulm, Germany
Bechtle Onsite Services GmbH	Neckarsulm, Germany
Bechtle Remote Services GmbH & Co. KG	Neckarsulm, Germany
Bechtle Systemhaus Holding AG	Neckarsulm, Germany
Bechtle GmbH	Nürnberg, Germany
Bechtle IT-Systemhaus GmbH & Co. KG	Ober-Mörlen, Germany
Bechtle GmbH	Offenburg, Germany
Bechtle GmbH	Radolfzell (Lake Constance), Germany

Company	Location
Bechtle GmbH & Co. KG	Regensburg, Germany
Bechtle GmbH & Co. KG	Rottenburg (Neckar), Germany
Bechtle GmbH	Schkeuditz, Germany
Bechtle GmbH	Solingen, Germany
Bechtle GmbH	Stuttgart, Germany
PP 2000 Business Integration AG	Stuttgart, Germany
Bechtle GmbH	Würselen, Germany
Bechtle GmbH	Würzburg, Germany

XI. EVENTS AFTER THE END OF THE REPORTING PERIOD

On 17 January 2014, BECHTLE concluded a contract for the acquisition of all company interests in Planet! Software-Vertrieb & Consulting GmbH (planetsoftware), headquartered in Wien, Austria. The acquisition date depends on the approval of the Austrian Federal Competition Authority, which is expected to be granted in early March. The 3D CAD software specialist has three more locations in Graz, Innsbruck and Wels. BECHTLE is thus stepping up its market presence in Austria and is expanding the product spectrum of the local BECHTLE IT system houses. planetsoftware (36 employees) is the largest SolidWorks partner in Austria and holds the highest certification status of the software manufacturer.

As of 1 February 2014 (acquisition date), BECHTLE acquired all shares in AMARAS AG, headquartered in Monheim am Rhein, Germany. AMARAS AG (33 employees) is specialised in the operation of service desks and on-site services. By means of the acquisitions, BECHTLE further develops its managed services business, one of the core business areas.

In the balance sheet, the acquisitions will be recognised according to the purchase method (IFRS 3.4 ff). Due to the short time and the complexity, the identification and measurement of the assets acquired, of the liabilities assumed and of the – partly conditional – consideration paid is not yet available (IFRS 3.B66). Provisional values are expected to become available by the quarterly report as of 31 March 2014 (IFRS 3.45).

No other noteworthy events occurred at BECHTLE after the end of the reporting period.

Neckarsulm, 28 February 2014

BECHTLE AG
The Executive Board



Dr. Thomas Olemotz



Michael Guschlbauer



Jürgen Schäfer

SUBSIDIARIES OF BECHTLE AG*

as of 31 December 2013 (Appendix A to the Notes)

68. 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
Bechtle Onsite Services GmbH	Neckarsulm
Bechtle Remote Services GmbH & Co. KG	Neckarsulm

* The (direct or indirect) interest of Bechtle AG is 100 per cent in all cases.

Company	Location
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)

69. 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 Management BVBA	Belgium	Neerpelt
Bechtle direct SAS	France	Molsheim
Bechtle Management E.u.r.l.	France	Molsheim
Comsoft SOS Developers SAS	France	Valbonne
ARP SASU	France	Villebon-sur-Yvette
Bechtle direct Ltd.	United Kingdom	Chippenham
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
Bechtle GmbH	Austria	Wien
ARP GmbH	Austria	Wiener Neudorf
Comsoft direct GmbH	Austria	Wiener Neudorf
Bechtle direct Polska Sp.z.oo.	Poland	Wroclaw
Bechtle direct Portugal Unipessoal Lda	Portugal	Aveiro
Coma Services AG	Switzerland	Bremgarten
Bechtle Printing Solutions AG	Switzerland	Dübendorf

Company	Country	Location
Gate Informatic AG	Switzerland	Ecublens
Bechtle direct AG	Switzerland	Gland
Bechtle Marketing 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

70. CHANGES IN INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

from 1 January to 31 December 2013 (Appendix B to the Notes)

	Costs of purchase						As of 31.12.2013
	As of 01.01.2013	Change in scope of consolidation	Other additions	Currency translation differences	Disposals	Transfers/ restructure	
Goodwill	137,483	2,962	0	-560	0	0	139,885
Other intangible assets							
Brands	3,550	0	0	-57	0	0	3,493
Customer bases	21,984	2,609	0	-132	12,125	0	12,336
Acquired software	20,141	49	1,478	-87	4,931	108	16,758
Internally developed software	2,627	0	894	0	0	0	3,521
Customer service agreements	6,589	0	52	-4	302	0	6,335
Non-compete agreements	2,397	600	0	0	1,845	0	1,152
	57,288	3,258	2,424	-280	19,203	108	43,595
Property, plant and equipment							
Property and buildings	66,648	0	6,214	0	1	1,384	74,245
Other equipment, furniture, fixtures and fittings	77,251	202	14,357	-282	7,293	20	84,255
Advance payments and construction in progress	1,522	0	96	0	0	-1,512	106
	145,421	202	20,667	-282	7,294	-108	158,606
	340,192	6,422	23,091	-1,122	26,497	0	342,086

from 1 January to 31 December 2012 (Appendix C to the Notes)

	Costs of purchase						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 bases	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 agreements	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
Other 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

€k

Cumulative depreciations and amortisations				Carrying amount		
As of 01.01.2013	Additions	Currency translation differences	Disposals	As of 31.12.2013	As of 31.12.2013	As of 31.12.2012
0	0	0	0	0	139,885	137,483
0	0	0	0	0	3,493	3,550
15,046	3,228	-112	12,125	6,037	6,299	6,938
16,392	2,165	-85	4,897	13,575	3,183	3,749
2,098	228	0	0	2,326	1,195	529
1,374	805	-3	302	1,874	4,461	5,215
1,387	948	0	1,845	490	662	1,010
36,297	7,374	-200	19,169	24,302	19,293	20,991
3,246	2,003	0	0	5,249	68,996	63,402
47,638	13,116	-191	6,953	53,610	30,645	29,613
0	0	0	0	0	106	1,522
50,884	15,119	-191	6,953	58,859	99,747	94,537
87,181	22,493	-391	26,122	83,161	258,925	253,011

€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

SUPERVISORY BOARD MEMBERS

(Appendix D to the Notes)

71. SUPERVISORY BOARD MEMBERS – SHAREHOLDER REPRESENTATIVES

Name	Affiliation	Profession	Membership in supervisory boards and other supervisory bodies pursuant to Section 125 (1) sentence 5 of the German Stock Corporation Act (AktG)
Kurt Dobitsch	Since 20 May 1999	Businessman	Chairman of the Supervisory Board ■ United Internet AG, Montabaur, Germany ■ Nemetschek AG, München, Germany ■ United Internet Ventures AG, Montabaur, Germany (since March 2013) Member of the Supervisory Board ■ 1&1 Internet AG, Montabaur, Germany ■ 1&1 Telecommunication AG, Montabaur, Germany (since March 2013) ■ Graphisoft S.E., Budapest, Hungary ■ Singhammer IT Consulting AG, München, Germany
Prof. Dr. Thomas Hess	Since 20 June 2012	Institute director	
Dr. Walter Jaeger	Since 17 June 2008	Merchant	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 (until 30 June 2013)
Gerhard Schick Chairman of the Supervisory Board Since 2 December 2013	22 March 2004 to 19 June 2012 Since 1 December 2013	Merchant	
Karin Schick	Since 9 August 2004	Employee	
Klaus Winkler Chairman of the Supervisory Board Until 30 November 2013	20 May 1999 to 30 November 2013	Director	Member of the Advisory Board ■ Dieffenbacher Holding GmbH & Co. KG, Eppingen, Germany ■ Kapp GmbH & Co. KG, Coburg, Germany
Dr. Jochen Wolf Second Vice-Chairman	Since 2 October 2003	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

72. SUPERVISORY BOARD MEMBERS – EMPLOYEE REPRESENTATIVES

Name	Affiliation	Profession	Membership in supervisory boards and other supervisory bodies pursuant to Section 125 (1) sentence 5 of the German Stock Corporation Act (AktG)
Uli Drautz Vice-Chairman of the Supervisory Board	Since 15 October 2003	Executive employee	Member of the Supervisory Board ■ AMARAS AG, Monheim (Rhein), Germany (since 30 January 2014) ■ Bechtle E-Commerce Holding AG, Neckarsulm, Germany ■ Bechtle Systemhaus Holding AG, Neckarsulm, Germany ■ Bechtle Managed Services AG, Neckarsulm, Germany ■ SolidLine AG, Walluf, Germany ■ PP 2000 Business Integration AG, Stuttgart, Germany
Daniela Eberle	Since 15 October 2003	Employee	
Jürgen Ergenzinger	17 June 2008 to 18 June 2013	Union Secretary IG Metall, Administrative office, Heilbronn-Neckarsulm	
Sonja Glaser-Reuss	17 June 2008 to 18 June 2013	Employee	
Barbara Greyer	Since 15 October 2003	Union Secretary ver.di, State District Baden-Württemberg	
Siegfried Höfels	17 May 2011 to 18 June 2013	Employee	
Martin Meyer	Since 18 June 2013	Employee	
Volker Strohfeld	Since 18 June 2013	IT service engineer	
Michael Unser	Since 18 June 2013	Second representative of IG Metall Heilbronn-Neckarsulm	Member of the Supervisory Board ■ ThyssenKrupp IS, Essen, Germany ■ ThyssenKrupp SY, Essen, Germany

73. COMMITTEES OF THE SUPERVISORY BOARD

as of 31 December 2013

Audit committee	Personnel committee
Gerhard Schick (Chairman) Uli Drautz Daniela Eberle Dr. Walter Jaeger Dr. Jochen Wolf	Dr. Jochen Wolf (Chairman) Uli Drautz Gerhard Schick

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, 2013. 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. 315 a (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. 315 a (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, 28 February 2014

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, 14 March 2014

BECHTLE AG

The Executive Board



Dr. Thomas Olemotz



Michael Guschlbauer



Jürgen Schäfer

74. MULTI-YEAR OVERVIEW BECHTLE GROUP

		2005	2006	2007	2008	2009	2010	2011	2012	2013	Change in % 2013-2012
Regions											
Revenue	€k	1,178,269	1,220,138	1,383,453	1,431,462	1,379,307	1,722,919	1,994,881	2,096,835	2,273,485	+8.4
Domestic	€k	784,168	815,876	902,367	938,868	921,578	1,158,213	1,315,185	1,433,869	1,570,816	+9.6
of total revenue	%	66.6	66.9	65.2	65.6	66.8	67.2	65.9	68.4	69.1	
Abroad	€k	394,101	404,262	481,086	492,594	457,729	564,706	679,696	662,966	702,669	+6.0
Segments											
Revenue	€k	1,178,269	1,220,138	1,383,453	1,431,462	1,379,307	1,722,919	1,994,881	2,096,835	2,273,485	+8.4
IT system house & managed services	€k	811,042	816,998	885,772	927,530	919,956	1,151,119	1,315,669	1,394,455	1,535,316	+10.1
of total revenue	%	68.8	67.0	64.0	64.8	66.7	66.8	66.0	66.5	67.5	
IT e-commerce	€k	367,227	403,140	497,681	503,932	459,351	571,800	679,212	702,380	738,169	+5.1
EBIT	€k	41,195	45,730	58,253	60,229	42,712	60,728	86,403	80,265 ¹	91,048	+13.4
IT system house & managed services	€k	18,607	22,597	33,065	38,444	25,768	35,852	49,891	44,320 ¹	56,185	+26.8
EBIT margin	%	2.3	2.8	3.7	4.1	2.8	3.1	3.8	3.2	3.7	
IT e-commerce	€k	22,588	23,133	25,188	21,785	16,944	24,876	36,512	35,945 ¹	34,863	-3.0
EBIT margin	%	6.2	5.7	5.1	4.3	3.7	4.4	5.4	5.1	4.7	
Income Statement											
Revenue	€k	1,178,269	1,220,138	1,383,453	1,431,462	1,379,307	1,722,919	1,994,881	2,096,835	2,273,485	+8.4
Cost of sales	€k	1,020,414	1,046,557	1,188,121	1,213,331	1,179,770	1,486,440	1,697,185	1,778,139 ¹	1,933,071	+8.7
Gross earnings	€k	157,855	173,581	195,332	218,131	199,537	236,479	297,696	318,696 ¹	340,414	+6.8
Distribution costs	€k	68,545	73,739	81,355	90,455	87,944	99,015	127,145	145,405 ¹	151,546	+4.2
Administrative expenses	€k	55,546	62,732	67,236	75,709	76,171	86,001	93,671	104,300 ¹	110,483	+5.9
Other operating income	€k	7,431	8,620	11,512	8,262	7,290	9,265	9,523	11,274	12,663	+12.3
Operating earnings (EBIT)	€k	41,195	45,730	58,253	60,229	42,712	60,728	86,403	80,265 ¹	91,048	+13.4
Financial income	€k	943	962	1,263	1,987	1,503	1,727	1,776	2,026	1,560	-23.0
Financial expenses	€k	966	833	510	683	553	671	1,890	3,290	3,300	+0.3
Earnings before taxes (EBT)	€k	41,172	45,859	59,006	61,533	43,662	61,784	86,289	79,001 ¹	89,308	+13.0
Income taxes	€k	11,886	16,251	18,047	16,105	9,404	15,362	23,566	22,643 ¹	25,911	+14.4
Earnings after taxes (EAT)	€k	29,286	29,608	40,959	45,428	34,258	46,422	62,723	56,358 ¹	63,397	+12.5
Material costs	€k	898,663	918,996	1,051,860	1,079,543	1,043,059	1,338,651	1,520,407	1,584,912	1,726,409	+8.9
Revenue less material costs	€k	287,037	309,762	343,105	360,181	343,538	393,533	483,997	523,197	559,739	+7.0
Personnel expenses	€k	179,491	192,581	203,253	217,710	220,418	241,420	294,649	326,590 ¹	348,848	+6.8
Depreciation and amortisation (on property, plant and equipment and other intangible assets without goodwill)	€k	11,926	14,456	13,501	13,910	14,264	15,399	18,361	21,748	22,493	+3.4
Financial earnings	€k	-23	129	753	1,304	950	1,056	-114	-1,264	-1,740	-37.7

¹ Figure adjusted, see page 151f

		2005	2006	2007	2008	2009	2010	2011	2012	2013	Change in % 2013-2012
Balance Sheet (selected items)											
Assets											
Non-current assets	€k	140,305	143,005	145,560	156,955	164,510	206,258	279,525 ¹	296,139 ¹	299,212	+1.0
Goodwill	€k	89,519	97,663	99,909	105,823	106,395	115,835	135,648	137,483	139,885	+1.7
Other intangible assets	€k	20,195	19,573	19,214	19,559	14,932	17,698	22,348	20,991	19,293	-8.1
Property, plant and equipment	€k	18,567	18,784	19,563	23,758	27,740	29,162	79,645	94,537	99,747	+5.5
Deferred taxes	€k	7,432	4,919	4,461	4,696	9,874	10,652	7,720 ¹	6,489 ¹	4,131	-36.3
Other assets	€k	1,946	1,868	1,946	2,564	2,253	1,870	2,356	2,224	2,513	+13.0
Time deposits and securities	€k	-	-	-	-	3,000	30,654	30,700	32,059	32,012	-0.1
Current assets	€k	273,641	275,174	305,863	339,113	356,155	447,458	521,778	547,859	611,136	+11.5
Inventories	€k	41,829	39,006	46,817	52,118	59,322	75,056	91,190	90,065	107,638	+19.5
Trade receivables	€k	164,291	181,086	189,312	188,402	183,979	249,046	286,773	307,348	345,195	+12.3
Other assets	€k	12,806	14,236	13,395	19,410	19,221	21,880	31,955	35,423	33,181	-6.3
Time deposits and securities	€k	3,736	2,642	1,929	338	15,510	13,619	16,219	35,888	18,255	-49.1
Cash and cash equivalents	€k	48,178	36,710	52,300	77,300	76,467	85,477	94,569	78,208	105,838	+35.3
Equity and liabilities											
Equity	€k	237,447	249,214	276,465	311,449	334,961	371,483	421,597 ¹	459,584 ¹	501,565	+9.1
Issued capital	€k	21,200	21,200	21,200	21,200	21,000	21,000	21,000	21,000	21,000	+0.0
Capital reserves	€k	143,454	143,454	143,454	143,454	145,228	145,228	145,228	145,228	145,228	+0.0
Retained earnings	€k	72,549	84,271	111,457	149,042	168,733	205,255	255,369 ¹	293,356 ¹	335,337	+14.3
Non-current liabilities	€k	26,880	28,105	23,765	30,964	32,284	46,727	94,004 ¹	96,644 ¹	90,787	-6.1
Pension provisions	€k	559	5,384	5,775	8,859	8,631	13,227	11,873 ¹	9,260 ¹	6,382	-31.1
Financial liabilities	€k	14,772	9,050	3,709	5,185	6,604	12,266	57,280	61,142	53,625	-12.3
Deferred taxes	€k	7,519	10,149	10,102	11,558	11,598	13,209	14,094 ¹	14,905 ¹	15,128	+1.5
Accruals and deferrals	€k	2,510	2,667	3,769	4,153	4,820	6,565	8,359	8,902	12,369	+38.9
Current liabilities	€k	149,619	143,439	151,193	153,655	153,420	235,506	285,702	287,770	317,996	+10.5
Other provisions	€k	7,592	6,116	3,310	4,019	3,959	5,338	5,643	5,241	5,774	+10.2
Financial liabilities	€k	7,008	5,416	6,049	10,466	2,561	4,812	9,002	12,567	10,546	-16.1
Trade payables	€k	92,378	84,850	88,267	83,250	79,460	129,060	148,799	145,964	170,518	+16.8
Income tax payables	€k	5,578	4,100	6,055	4,448	5,455	6,337	8,735	6,906	6,519	-5.6
Other liabilities	€k	26,840	31,784	38,043	40,763	42,381	64,624	72,237	74,963	79,941	+6.6
Accruals and deferrals	€k	10,223	11,173	9,469	10,709	19,604	25,335	41,286	42,129	44,698	+6.1
Balance sheet total	€k	413,946	420,758	451,423	496,068	520,665	653,716	801,303 ¹	843,998 ¹	910,348	+7.9
Cash flow and investments											
Cash flow from operating activities	€k	28,123	26,866	41,993	49,941	47,330	59,114	55,782	56,669	73,098	+29.0
Cash flow from investing activities	€k	-20,202	-19,343	-9,500	-18,074	-30,292	-47,625	-45,282	-56,031	-10,201	-81.8
Cash flow from financing activities	€k	-21,217	-18,328	-16,145	-10,136	-17,772	-7,173	-2,246	-17,282	-35,002	+102.5
Cash and cash equivalents incl. time deposits and securities	€k	51,914	39,352	54,229	77,638	94,977	129,750	141,488	146,155	156,105	+6.8
Free Cash flow	€k	6,400	5,664	25,831	28,252	34,437	41,751	12,159	19,485	43,123	+121.3
Investments (in property, plant and equipment and other intangible assets without goodwill)	€k	8,244	10,849	10,285	13,683	14,045	11,822	61,120	32,015	23,091	-27.9
Investment ratio [= Investments/ Average property, plant and equipment + other intangible assets without goodwill]	%	23.26	28.14	26.67	33.33	32.67	26.41	82.12	29.44	19.69	

¹ Figure adjusted, see page 151f

	2005	2006	2007	2008	2009	2010	2011	2012	2013	Change in % 2013-2012	
Key figures of the share¹											
Annual closing price	€	16.40	19.25	27.42	13.66	18.79	28.99	26.20	30.65	49.47	+61.4
Annual high	€	21.88	22.20	35.59	27.86	20.50	30.65	34.35	35.10	50.95	+45.2
Annual low	€	15.80	14.05	19.45	9.64	11.02	17.01	23.48	25.50	30.07	+17.9
Weighted average shares	th. shares	21,200	21,200	21,200	21,165	20,853	21,000	21,000	21,000	21,000	+0.0
Market capitalisation (31.12)	€k	347,680	408,100	581,304	289,592	394,590	608,790	550,200	643,650	1,038,870	+61.4
Average turnover/trading day ²	shares	65,327	51,561	71,856	69,743	37,129	30,543	51,873	42,143	34,201	-18.8
Average turnover/trading day ²	€	1,201,997	941,081	1,953,582	1,228,978	538,189	705,260	1,460,183	1,281,620	1,364,142	+6.4
Cash dividend per share	€	0.50	0.50	0.60	0.60	0.60	0.75	1.00	1.00	1.10 ³	+10.0
Dividend amount distributed	€k	10,600	10,600	12,720	12,445	12,600	15,750	21,000	21,000	23,100 ³	+10.0
Pay out ratio	%	36.3	35.9	31.1	27.4	36.8	33.9	33.5	37.3 ⁴	36.4 ³	
Dividend yield (31.12)	%	3.0	2.6	2.2	4.4	3.2	2.6	3.8	3.3	2.2 ³	
Enterprise value (EV)	€k	348,681	423,024	582,580	277,565	378,300	618,242	607,239 ⁴	723,670 ⁴	1,084,064	+49.8
Earnings per share	€	1.38	1.39	1.93	2.14	1.64	2.21	2.99	2.68 ⁴	3.02	+12.5
Cash flow per share	€	1.33	1.27	1.98	2.36	2.25	2.81	2.66	2.70	3.48	+29.0
Net asset value per share (= Equity/Weighted average shares)	€	11.20	11.76	13.04	14.72	16.06	17.69	20.08 ⁴	21.88 ⁴	23.88	+9.1
Market capitalisation to revenue		0.3	0.3	0.4	0.2	0.3	0.4	0.3	0.3	0.5	+48.9
Price earning ratio (P/E)		11.9	13.8	14.2	6.4	11.5	13.1	8.8	11.4	16.4	+43.5
EV/EBITDA		6.6	7.0	8.1	3.7	6.6	8.1	5.8	7.1	9.5	+34.6
EV/EBIT		8.5	9.3	10.0	4.6	8.9	10.2	7.0 ⁴	9.0	11.9	+32.1
EV/EBT		8.5	9.2	9.9	4.5	8.7	10.0	7.0 ⁴	9.2 ⁴	12.1	+32.5
EV/EAT		11.9	14.3	14.2	6.1	11.0	13.3	9.7	12.8	17.1	+33.2
EV/Revenue		0.3	0.3	0.4	0.2	0.3	0.4	0.3	0.3	0.5	+38.2
Personnel											
Employees ⁵ (31.12)		3,908	3,888	4,250	4,405	4,354	4,766	5,479	5,970	6,219	+4.2
Domestic		2,850	2,772	3,036	3,169	3,158	3,471	4,065	4,550	4,743	+4.2
Abroad		1,058	1,116	1,214	1,236	1,196	1,295	1,414	1,420	1,476	+3.9
IT system house & managed services		3,239	3,077	3,303	3,450	3,443	3,763	4,305	4,754	4,953	+4.2
IT e-commerce		669	811	947	955	911	1,003	1,174	1,216	1,266	+4.1
Trainees		216	222	257	281	289	306	356	428	473	+10.5
Employees (annual average) ⁵		3,616	3,868	4,103	4,288	4,396	4,496	5,146	5,780	6,072	+5.1
Employees without trainees (annual average)		3,371	3,605	3,805	3,971	4,058	4,137	4,753	5,315	5,542	+4.3
IT system house & managed services			2,891	2,975	3,048	3,178	3,243	3,727	4,191	4,415	+5.3
IT e-commerce			714	830	923	880	894	1,026	1,124	1,127	+0.3
Personnel expense ratio	%	15.2	15.8	14.7	15.2	16.0	14.0	14.8	15.6	15.3	
Personnel intensity	%	62.5	62.2	59.2	60.4	64.2	61.3	60.9	62.4	62.3	

¹ XETRA share prices² All German stock exchanges³ Subject to approval by the Annual General Meeting⁴ Figure adjusted, see page 151f⁵ Without temporary staff

		2005	2006	2007	2008	2009	2010	2011	2012	2013	Change in % 2013-2012
Efficiency ratios											
Contribution margin	%	24.4	25.4	24.8	25.2	24.9	22.8	24.3	25.0	24.6	
Gross margin	%	13.4	14.2	14.1	15.2	14.5	13.7	14.9	15.2	15.0	
EBITDA margin	%	4.5	4.9	5.2	5.2	4.1	4.4	5.3	4.9	5.0	
EBIT margin	%	3.5	3.7	4.2	4.2	3.1	3.5	4.3	3.8	4.0	
EBT margin	%	3.5	3.8	4.3	4.3	3.2	3.6	4.3	3.8	3.9	
EAT margin	%	2.5	2.4	3.0	3.2	2.5	2.7	3.1	2.7	2.8	
Revenue per employee	€k	349.5	338.5	363.6	360.5	339.9	416.5	419.7	394.5	410.2	+4.0
IT system house & managed services	€k		282.6	297.7	304.3	289.5	355.0	353.0	332.7	347.7	+4.5
IT e-commerce	€k		564.6	599.6	546.0	522.0	639.6	662.0	624.9	655.0	+4.8
EBT per employee	€k	12.2	12.7	15.5	15.5	10.8	14.9	18.2	14.9	16.1	+8.4
Return on equity (EAT/Average annual equity)	%	13.8	12.9	16.9	16.9	11.3	14.2	17.3	13.7 ¹	14.2	
Return on total assets (EAT/Average annual total assets)	%	8.3	8.0	10.3	10.7	7.4	8.7	9.8	7.9	8.2	
ROA (= EBIT/Average annual total assets)	%	11.6	12.0	14.5	13.9	9.1	11.3	13.1	10.6	11.3	
ROE (= EBIT/Average annual equity)	%	20.2	20.1	24.0	22.2	14.1	18.4	23.8 ¹	19.6 ¹	20.4	
ROCE (= EBIT/Capital Employed)	%	20.0	19.7	23.4	22.7	15.7	21.0	25.2	19.6 ¹	20.6	
Balance sheet ratios											
Capitalisation ratio of non-current assets (= non-current assets/total assets)	%	33.9	34.0	32.2	31.6	31.6	31.6	34.9 ¹	35.1 ¹	32.9	
Working intensity of current assets (= current assets/total assets)	%	66.1	65.4	67.8	68.4	68.4	68.4	65.1 ¹	64.9 ¹	67.1	
Equity ratio	%	57.4	59.2	61.2	62.8	64.3	56.8	52.6 ¹	54.5 ¹	55.1	
Total liabilities to total assets	%	42.6	40.8	38.8	37.2	35.7	43.2	47.4 ¹	45.5 ¹	44.9	
Asset structure (= non-current/current assets)	%	51.3	52.0	47.6	46.3	46.2	46.1	53.6 ¹	54.1 ¹	49.0	
Capital structure (= equity/liabilities)	%	134.5	145.3	158.0	168.7	180.4	131.6	111.0 ¹	119.6 ¹	122.7	
Financial ratios											
Net debt	€k	-30,134	-24,886	-44,471	-61,987	-85,812	-112,672	-75,206	-72,446	-91,934	+26.9
Debt ratio (total liabilities to total equity)		0.74	0.69	0.63	0.59	0.55	0.76	0.90 ¹	0.84	0.82	-2.6
Working Capital	€k	101,009	121,427	134,881	142,490	139,465	166,780	189,881	211,595	234,624	+10.9
Working Capital to revenue	%	8.6	10.0	9.7	10.0	10.1	9.7	9.5	10.1	10.3	
Working Capital to annual total asset	%	24.4	28.9	29.9	28.7	26.8	25.5	23.7 ¹	25.1 ¹	25.8	
Capital Employed	€k	205,881	231,633	249,469	264,928	272,247	288,600	342,244 ¹	410,023 ¹	442,050	+7.8
Capital Employed to annual total asset	%	49.7	55.1	55.3	53.4	52.3	44.1	42.7	48.6 ¹	48.6	
Capital Employed to revenue	%	17.5	19.0	18.0	18.5	19.7	16.8	17.2	19.6	19.4	
Structural analysis ratios											
Revenue to inventory		28.2	31.3	29.6	27.5	23.3	23.0	21.9	23.3	21.1	-9.3
Revenue to average net trade receivables		9.9	9.5	9.4	9.5	10.1	10.3	10.2	9.8	9.7	-0.8
Revenue to average total assets		3.3	3.2	3.4	3.3	2.9	3.2	3.0	2.8	2.8	+1.6
DSO		37.0	38.3	38.7	38.4	36.2	35.3	35.8	37.3	37.6	+0.8

¹ Figure adjusted, see page 151f

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 in relation to revenues.

Currency future. Obligation to buy or sell foreign currencies at a date and price determined in advance.

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.

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.

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.

EITO. European Information Technology Observatory

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.

Gross earnings. Difference between revenue and cost of sales.

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.

Personnel intensity. The ratio of personnel expenses to the revenue less material costs.

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.

Software licensing and management. Processes that secure the administration as well as the legal and efficient use of software in the company.

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

Table 23	Number of Bechtle AG Shares – Executive Board	76
Table 24	Number of Bechtle AG Shares – Supervisory Board	76
Chart 25	The Bechtle Share – Performance from January 2013 to February 2014	78
Chart 26	The Bechtle Share – Highest and Lowest Prices January 2013 to February 2014	78
Chart 27	The Bechtle Share – Performance from 2009 to 2013	79
Table 28	Trading Data of Bechtle Share	79
Table 29	Share Performance Indicators	80
Chart 40	EPS	92

GENERAL ECONOMIC AND INDUSTRY INFORMATION

Chart 30	GDP Performance	84
Chart 60	IT Expenditure in the Bechtle Markets 2000–2014	130
Chart 61	IFO Business Climate Index for the Commercial Economy in Germany	135

EARNINGS

Chart 36	EBITDA	90
Chart 37	EBIT	91
Chart 38	EBT	91
Chart 39	EBT Margin	92
Chart 43	EBIT in the IT System House & Managed Services Segment	94
Chart 44	EBIT Margin in the IT System House & Managed Services Segment	94
Chart 47	EBIT in the IT E-Commerce Segment	96
Chart 48	EBIT Margin in the IT E-Commerce Segment	96

KEY PERFORMANCE INDICATORS

Table 49	Condensed Balance Sheet	97
Table 50	ROCE/Capital Employed	98
Table 51	Working Capital	98
Table 52	Return on Equity and Return on Assets	99
Table 53	Cash Flow	102

OPPORTUNITIES AND RISKS

Table 56	Risk Potential Probability of Occurrence	114
Table 57	Risk Potential Loss Amount	114
Table 58	Risk Matrix	114
Chart 59	Credit Ratings Bechtle AG	126

CONSOLIDATED FINANCIAL STATEMENTS

Table 63	Income Statement	140
Table 64	Statement of Comprehensive Income	141
Table 65	Balance Sheet	142
Table 66	Statement of Changes in Equity	144
Table 67	Cash Flow Statement	145
Table 70	Changes in Intangible Assets and Property, Plant and Equipment	220

COSTS

Table 20	Personnel Expenses	66
Table 34	Cost of Sales/Gross Earnings	89
Table 35	Distribution Costs/Administrative Expenses	89

EMPLOYEES

Chart 15	Employees by Regions	64
Chart 16	Employees by Areas	65
Chart 17	Employees by Segments	65
Chart 18	Executive: Share Female/Male	66
Chart 19	Trainees: Share Female/Male	66

ORGANISATIONAL CHARTS/DIAGRAMS

Chart 03	Holding Structure of Bechtle AG	40
Chart 04	Management Structure of Bechtle AG	42
Chart 05	System House Locations of Bechtle AG	43
Chart 06	E-Commerce Locations of Bechtle AG	44
Chart 07	One-Stop Service Provider	45
Chart 08	Managed Services Portfolio	48
Chart 09	Know-how Transfer between Locations	49
Chart 10	Online Orders And Shipping of Goods	50
Chart 12	Sustainability Categories	57
Chart 13	Corporate Governance of Bechtle AG	60
Chart 14	Planning and Reporting Calendar of Bechtle AG	63
Chart 55	Layers and Organisation forms of Cloud Services	112
Chart 75	Organisational Structure Bechtle Group	Back inside cover

REVENUE

<i>Chart 11</i>	Industry Segmentation of Bechtle AG by Revenue	52
<i>Chart 31</i>	Revenue	82
<i>Table 32</i>	Revenue Performance	83
<i>Chart 33</i>	Regional Revenue Distribution	83
<i>Chart 41</i>	Segment Revenue IT System House & Managed Services	88
<i>Chart 42</i>	Revenue Distribution in the IT-System House & Managed Services Segment	88
<i>Chart 45</i>	Segment Revenue IT E-Commerce	90
<i>Chart 46</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 2013	Front inside cover
<i>Table 54</i>	Comparison of the actual and projected business performance	103
<i>Table 62</i>	Overview of Forecasts on the Earnings Position for 2014	136
<i>Table 68</i>	Subsidiaries – Germany	216
<i>Table 69</i>	Subsidiaries – Worldwide	218
<i>Table 71</i>	Supervisory Board Members – Shareholder Representatives	222
<i>Table 72</i>	Supervisory Board Members– Employee Representatives	223
<i>Table 73</i>	Committees of Supervisory Board	223
<i>Table 74</i>	Multi-year Overview Bechtle Group	226

REMUNERATION

<i>Table 21</i>	Executive Board Compensation	72
<i>Table 22</i>	Supervisory Board Compensation	74

LIST OF ABBREVIATIONS

AktG	German Stock Corporation Act (Aktiengesetz)
BELOS	Bechtle Event Control and Organisation System
BITKOM	Federal Association for Information Technology, Telecommunications and New Media (Bundesverband Informationswirtschaft, Telekommunikation und neue Medien)
BVG	Swiss Federal Law on Occupational Retirement, Survivors' and Disability Pensions
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
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
MitbestG	German co-determination Act (Mitbestimmungsgesetz)
PPS	Production planning system
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
VWA	Academies of Business Administration and Public Management (Verwaltungs- und Wirtschafts-Akademie)



For further
comments
see Glossary,
page 230 ff

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If your mobile phone has a QR reader, you can directly access the PDF of our Annual Report by taking a photograph of this code.



FINANCIAL CALENDAR**Accounts Press Conference**

Tuesday, 18 March 2014, Stuttgart

DVFA Analysts' Conference

Tuesday, 18 March 2014, Frankfurt

Interim Report 1st Quarter 2014 (31 March)

Wednesday, 14 May 2014

Annual General Meeting

Thursday, 5 June 2014, 10.00 a.m.

Konzert- und Kongresszentrum Harmonie, Heilbronn

Dividend Payment

as of 6 June 2014

(subject to approval by the Annual General Meeting)

Interim Report 2nd Quarter 2014 (30 June)

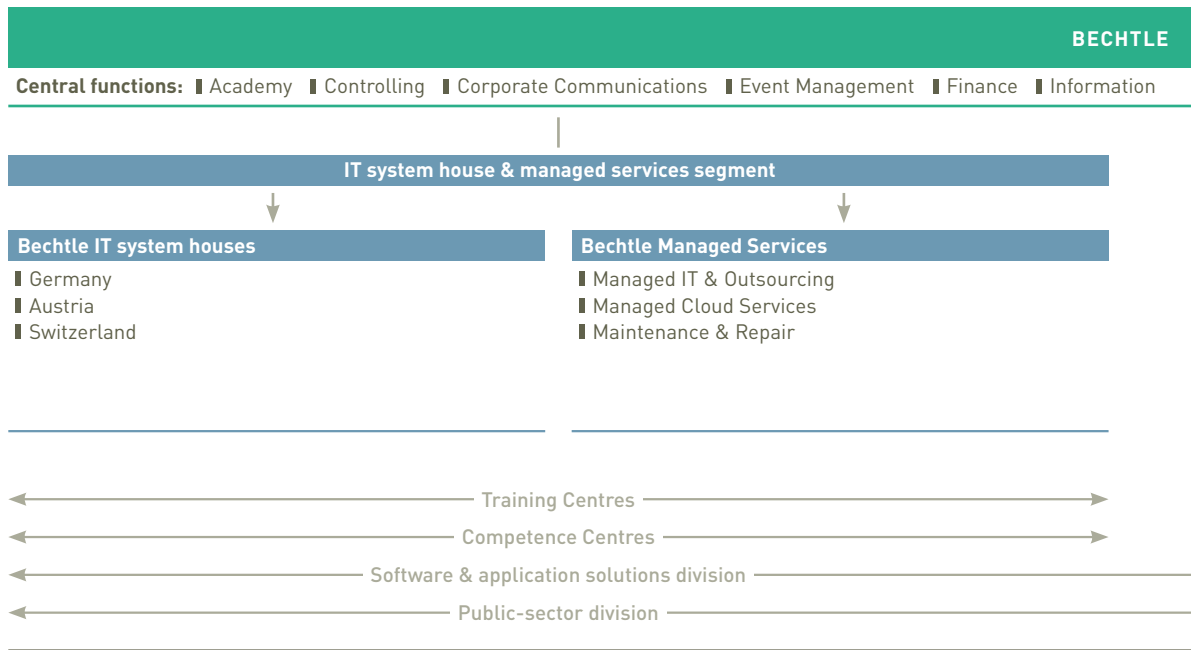
Friday, 8 August 2014

Interim Report 3rd Quarter 2014 (30 September)

Wednesday, 12 November 2014

See www.bechtle.com/events or www.bechtle.com/financial-calendar for further dates and changes.

75. ORGANISATIONAL STRUCTURE BECHTLE GROUP



Germany
54 IT system houses

Switzerland
11 IT system houses

Austria
6 IT system houses



Logistics & Service: Address Management | European Logistics | Marketing | Product Management | Purchasing

Simplified organisational structure (status: March 2014). The legal corporate structure is presented on page 40f.

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

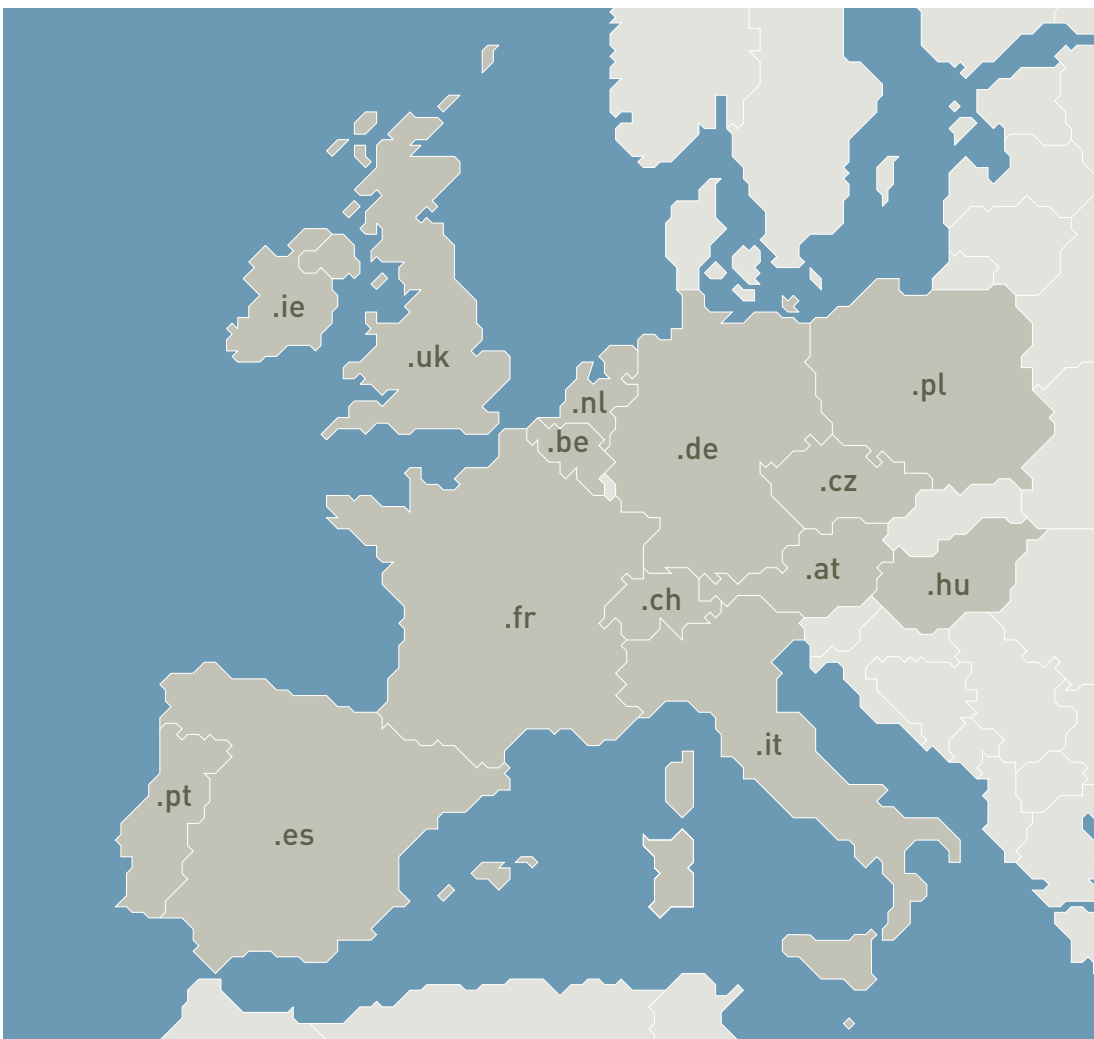
- Austria ■ Belgium ■ France
- Germany ■ Italy ■ Netherlands
- Spain ■ Switzerland

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



30 years of "always pressing forward" is a beginning that we have reason to be proud of. Therefore, what we want to do in the future is to continue in exactly the same way:

d. Pressing forward

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Your strong IT partner.
Today and tomorrow.

