

# 4.0

Our fourth decade:  
**BECHTLE 4.0**

Our future:  
**INDUSTRY 4.0**

Our latest figures:  
**FINANCIAL STATEMENTS 4.0**

Your strong IT partner.  
Today and tomorrow.



## 01. 5 YEARS IN FIGURES

		2010	2011	2012	2013	2014	Change in % 2014-2013
<b>Revenue</b>	€k	1,722,919	1,994,881	2,096,835	2,273,485	2,580,448	13.5
IT system house & managed services	€k	1,151,119	1,315,669	1,394,455	1,535,316	1,727,073	12.5
IT e-commerce	€k	571,800	679,212	702,380	738,169	853,375	15.6
<b>EBITDA</b>	€k	76,127	104,764	102,013	113,541	132,251	16.5
IT system house & managed services	€k	47,000	64,632	62,205	74,214	88,083	18.7
IT e-commerce	€k	29,127	40,132	39,808	39,327	44,168	12.3
<b>EBIT</b>	€k	60,728	86,403	80,265	91,048	108,498	19.2
IT system house & managed services	€k	35,852	49,891	44,320	56,185	68,907	22.6
IT e-commerce	€k	24,876	36,512	35,945	34,863	39,591	13.6
<b>EBIT margin</b>	%	3.5	4.3	3.8	4.0	4.2	
IT system house & managed services	%	3.1	3.8	3.2	3.7	4.0	
IT e-commerce	%	4.4	5.4	5.1	4.7	4.6	
<b>EBT</b>	€k	61,784	86,289	79,001	89,308	107,385	20.2
<b>EBT margin</b>	%	3.6	4.3	3.8	3.9	4.2	
<b>Earnings after taxes</b>	€k	46,422	62,723	56,358	63,397	76,194	20.2
<b>Earnings per share</b>	€	2.21	2.99	2.68	3.02	3.63	20.2
<b>Return on equity</b>	%	14.2	17.3	13.7	14.2	15.6	
<b>Equity ratio</b>	%	56.8	52.6	54.5	55.1	54.5	-1.1
<b>Cash and cash equivalents<sup>1</sup></b>	€k	129,750	141,488	146,155	156,105	156,000	-0.1
<b>Working capital</b>	€k	166,780	189,881	211,595	234,624	291,326	24.2
<b>Cash flow from operating activities</b>	€k	59,114	55,782	56,669	73,098	55,965	-23.4
<b>Number of employees<sup>2</sup> (as of 31.12)</b>		4,766	5,479	5,970	6,219	6,572	5.7
IT system house & managed services		3,763	4,305	4,754	4,953	5,164	4.3
IT e-commerce		1,003	1,174	1,216	1,266	1,408	11.2



For more key figures  
see multi-year  
overview, page 252ff

<sup>1</sup> Incl. time deposits and securities  
<sup>2</sup> Without temporary staff

## 02. REVIEW BY QUARTER 2014

		1st quarter 01.01-31.03	2nd quarter 01.04-30.06	3rd quarter 01.07-30.09	4th quarter 01.10-31.12
<b>Revenue</b>	€k	586,696	603,676	618,281	771,795
<b>EBITDA</b>	€k	26,637	29,149	35,789	40,676
<b>EBIT</b>	€k	21,161	23,342	30,040	33,955
<b>EBT</b>	€k	20,832	23,103	29,852	33,598
<b>EBT margin</b>	%	3.6	3.8	4.8	4.4
<b>Earnings after taxes</b>	€k	14,802	16,422	21,146	23,824



From 13 May 2015,  
you can find the latest  
figures for the first  
quarter of 2015 at  
[bechtle.com/reports](http://bechtle.com/reports)

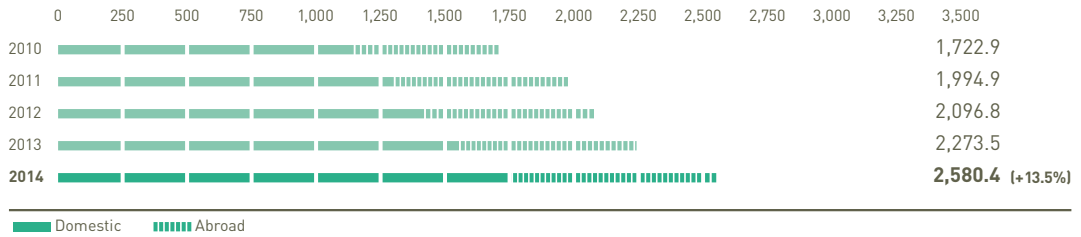
5 YEARS IN BRIEF



For revenue performance  
see page 113f

REGIONAL REVENUE DISTRIBUTION

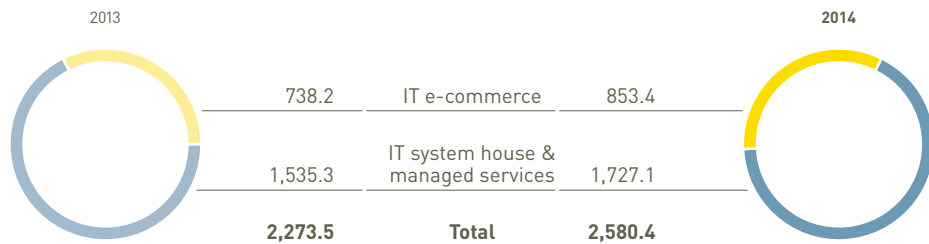
€m



For segment reporting  
see page 118 ff

REVENUE BY SEGMENTS

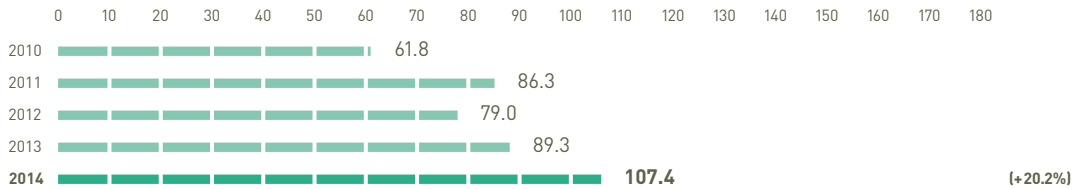
€m



For earnings situation  
see page 115 ff

EBT

€m



For EPS and dividend  
see page 117 and page 106

EPS

€

DIVIDEND PER SHARE

€



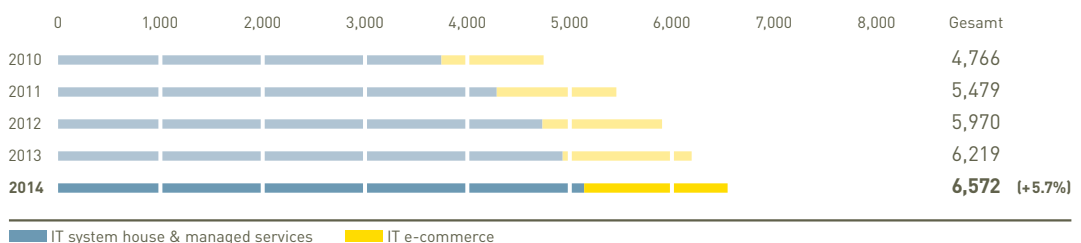
<sup>1</sup> Thereof special dividend €0.15 <sup>2</sup> Proposal to the Annual General Meeting



For development of  
employee numbers  
see page 89 ff

EMPLOYEES BY SEGMENTS

as of 31 December





**BECHTLE 4.0: Our fourth decade.** Everything started back in 1983 with a small retail shop. The first catalogue was printed in the early 1990s, and the trading segment was established a few years later. Unlike its competitors that concentrate exclusively on services, Bechtle is moving straight ahead with its combination of trading and services – and gaining pace. The fourth decade started as the third ended: with another record year. Let's see where we will be in 10 years.



**INDUSTRY 4.0:** Our glance into the future. While keeping its feet firmly on the ground in the here and now, Bechtle has always had a good feel for the future. Bechtle is not the first to jump on every train, but takes the right one at the right time. With Bechtle Cloud Computing, we offer secure infrastructures, and with solutions such as Bechtle Product Lifecycle Management, we offer concrete applications for Industry 4.0 – the next major subject that Bechtle is turning to. To learn more about the “Internet of Things”, read our “Industry 4.0 Illustrated” magazine from page 19.



**FINANCIAL STATEMENTS 4.0:** Our review of 2014. Last year was another year of success and records. And thus a year of continuity and predictability. We have maintained our course – straight ahead – in every aspect. With our growth strategy, financial strength and market position. With 353 new colleagues, and thus a total headcount of 6,572, to whom we are especially grateful. And with the development of our figures, which we present to you in this Annual Report.

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#### That's IT: 4.0!

As usual, the following pages will introduce some of our team members. Having a very young team, we are curious to see what is in store after 4.0.

#### These are the foundations on which we can build.

At the Annual General Meeting 2014, Dr. Matthias Metz, former Chairman of the Management Board of Bausparkasse Schwäbisch Hall AG, was elected to the Supervisory Board with a great majority of the votes, which subsequently appointed him as Chairman. Welcome on board, Dr. Metz!

#### Exclusively from Bechtle.

You will not find our magazine on the subject of Industry 4.0 at any newspaper stand, but only from page 19. Or as a special print with more articles on the subject, which you can order via [presse@bechtle.com](mailto:presse@bechtle.com).

#### Bechtle in first place!

With domestic revenue amounting to €1.57 billion, Bechtle has reached the first place among Germany's IT system houses for the first time. Our address – Bechtle Platz 1 – now expresses our position throughout Germany.

#### Same procedure as every year.

More market shares. More revenue.  
More employees. More earnings.  
More equity. More dividend.



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

#### Make a note in your agenda.

Investors are delighted with the results in the reporting period. And they are looking forward to a successful future. Check the financial agenda on the fold-out at the back to see when the next facts and figures will be published.



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## JANUARY

**Virtualisation project honoured.** Citrix Systems bestows the award for the largest virtualisation project in the region of Central Europe on BECHTLE, its long-standing Platinum Partner. With this award, the leading provider of virtualisation, network and SaaS technologies honours special qualities such as innovation, competence, training and creativity. **■ CAD specialist.** BECHTLE acquires planetsoftware GmbH, headquartered in Wien. The Austrian 3D CAD software specialist has three additional locations in Graz, Innsbruck and Wels and a team of 36 employees.

## FEBRUARY

**On-site services reinforced.** BECHTLE acquires Amaras AG, a specialist in on-site services. The company, which is headquartered in Monheim am Rhein, has 33 employees and is mainly active for large customers. **■ Award from VMware.** BECHTLE receives an award from VMware in recognition of its excellent performance in the fields of virtualisation and cloud solutions. The leading provider of virtual infrastructure software confers the award in the "Global Solution Provider" category during the partner conference in San Francisco. **■ Double pack.** For the fourth year in a row, DataCore honours BECHTLE AG as "Top Performer" and thus as the partner with the highest revenue in Germany. For the first time, our Austrian colleagues also win the "Top Performer" award for their country.

## MARCH

**Alliance I: PC Connection.** BECHTLE concludes an international alliance with the IT trading company PC Connection Inc., headquartered in Merrimack, New Hampshire, USA. With this agreement, BECHTLE responds to the increase in enquiries from businesses with a global positioning, which also have a need for comprehensive customer care outside Europe.

## APRIL

**ARP in Belgium.** On 1 April, the BECHTLE subsidiary ARP launches a local company in Belgium. Thus, ARP is now present in six countries. **■ Bechtle technology fair grows dynamically.** The tenth edition of the BECHTLE "Competence Centre Days" again turns out to be a crowd-puller. Under the motto "We drive IT", more than 1,600 customers, vendors, partners and employees get information about the latest technological developments in the IT industry and the BECHTLE service spectrum. **■ Bechtle wins two awards.** BECHTLE receives two vendor awards: The US software enterprise MobileIron designates BECHTLE as an IRON Partner, and the BECHTLE IT system house Austria wins the "Best in Class 2013" award from Trend Micro. **■ 3D printing on the advance.** Solidpro supplements its portfolio with the fields of 3D printing, rapid prototyping and additive manufacturing. The basis: The new partnership with alphacam, provider of the market-leading Stratasys 3D printing technologies.

## MAY

**Award-winning ARP online shop.** The ARP online shop wins the Swiss E-Commerce Award in the B2B category. The jury especially appreciates the versatile use of B2C functional components in a B2B shop. **■ Framework agreement for Apple products.** The Logistics Centre Baden-Württemberg (LZBW) awards BECHTLE a framework agreement for the procurement of Apple hardware and the provision of services. **■ Alliance II: Atea.** BECHTLE and the Norwegian Atea enter into a cooperation agreement. Following the agreement with the US-based PC Connection that had been reported in March, BECHTLE thus presses on with its strategy of international networking through alliances. This alliance covers Scandinavia and the Baltic states. **■ Partner of the Year.** EMC designates BECHTLE as the best Partner of the Year in Germany. With the Solution Provider Partner of the Year award, the storage specialist honours BECHTLE's excellent revenue growth in the fiscal year ended.

## JUNE

**Always mobile.** Deutsche Bahn AG places an order for the supply of mobile terminals and accessories and the provision of services by BECHTLE AG. **■ Changeover.** At the Annual General Meeting, Dr. Matthias Metz is elected as new member of the Supervisory Board and is subsequently appointed as its Chairman. **■ Contracts renewed.** The Supervisory Board of BECHTLE AG prematurely renews the contracts of Executive Board members Michael Guschlbauer, responsible for IT system house & managed services, and Jürgen Schäfer, responsible for IT e-commerce, which expire at the end of the year, for five years.

## JULY

**Bechtle and SimpliVity deepen partnership.** BECHTLE and SimpliVity expand the partnership for the EMEA region, which has existed since 2013. With 28 certified SimpliVity system engineers, BECHTLE qualifies for the highest partner status. As a Platinum Partner, BECHTLE has access to sales support, exclusive product know-how and training offers. **■ Olé, olé, olé.** Hyundai uses the BECHTLE Secure Cloudshare solution for the data transfer and exchange in the Fan Park in Berlin. Via the content-sharing platform, photo and film data of Germany's largest World Cup fan fest are easily, speedily and securely shared with departments and partners involved.

## AUGUST

**Bechtle flies high.** In the annual ranking of Germany's largest IT system houses, BECHTLE attains the first place. This is based on the domestic revenue of €1.57 billion, which the company generated in 2013. **■ Excellent HR work.** Best Recruiters finds BECHTLE worthy of the industry rating in gold. In the field of IT/software/telecommunications, the company ranks first among the 18 employers tested.

## SEPTEMBER

**Maintaining a good relationship.** For the 10th time, the Shareholder Days are held at group headquarters in Neckarsulm. About 100 visitors make use of the opportunity to learn about the company on site. **■ "Industry 4.0 Collaboration Lab".** The BECHTLE IT system house Karlsruhe and SolidLine AG, a company of the BECHTLE Group, establish an "Industry 4.0 Collaboration Lab". The Lifecycle Engineering Solutions Center (LESC) at the Karlsruhe Institute of Technology and the Research Center for Information Technology participate as scientific partners. Under the motto "Medium-sized enterprises meet research", the partners provide medium-sized enterprises with a seamless IT infrastructure on the premises of the LESC for the purpose of testing technologies and processes under the banner of Industry 4.0. **■ More awards.** At the EMC Partner Summit 2014, BECHTLE receives the Federation Partner of the Year Award. With this award, the US technology group honours the marketing success and competence with regard to products of EMC and federation partners and subsidiaries VMware, RSA and Pivotal.

## OCTOBER

**Alliance III: Lexel Systems Ltd.** BECHTLE gains another international cooperation partner: Lexel Systems Ltd., a specialist in the fields of IT infrastructure and IT services. The company has 180 employees in New Zealand and Australia. **■ Bechtle In-House Fairs.** With two in-house fairs on 25 and 26 September, BECHTLE presents the group's competence in the field of software solutions. The BECHTLE Software Day, which is held for the first time, focuses on IT trends such as cloud computing, mobility and IT security. During the Experience Days, the main focus was on the solutions of SolidWorks. **■ Kids take over at Bechtle.** At the 1st BECHTLE Take-Your-Kid-to-Work Day, a total of 188 sons and daughters of BECHTLE employees get to know the company in a special way: Split into four age groups, a colourful programme is hosted, organised and supervised by employees and trainees.

## NOVEMBER

**Sustainability.** BECHTLE underlines its commitment to sustainability and signs the WIN Charta, initiated by the federal state of Baden-Württemberg. In this way, BECHTLE commits itself to a total of twelve principles and objectives of sustainable operations. **■ Cisco Connect.** BECHTLE's trade show stand on the subject of Industry 4.0 at the Cisco Connect in Berlin attracts a lot of attention. Winfried Kretschmann, Minister-President of Baden-Württemberg, also stops by. **■ Golden November.** BECHTLE receives the newly created Fujitsu Select Excellence Award, the highest honour bestowed by the vendor. Another A plus grade is received in Spain, where BECHTLE direct is given an industry award for the best online shop of the year.

## DECEMBER

**A pleasant surprise.** In recognition of the outstanding team performance in 2014, each of the approximately 6,500 BECHTLE employees is sent a Lenovo tablet. An extra bonus for an extraordinary year. **■ Share writes success story.** With a closing price of €65.98 at the end of the trading year, the BECHTLE share reaches a new all-time high. In 2014 as a whole, the share gains 33.8 per cent.

Dear Stockholders,

Five record years in a row are reason enough to celebrate. The more the revenue and earnings grow, the more my board colleagues and I feel proud of this superb team achievement. Every year, another exciting chapter is added to our company history. These chapters stimulate our curiosity as to what is going to happen next. Only one thing is certain: a lot can happen! Once again, this was evident in the year ended.

More than ever, we at Bechtle regard long-term goals as an entrepreneurial virtue. Moving along on such a foundation, we can look back on a tradition, of growth continue to develop, and operate dynamically even decades after the company formation. Predictability and vision – we are committed to both.

Rather than the megatrends, it is the many large and small roll-outs, virtualisation and client projects, and the business with server and storage solutions that make us so successful on the market. Currently, we earn our money especially in the conventional infrastructure business, and we will doubtlessly continue to do so in the future. These projects are our source of strength and enable us to assume a leading role in new competitive fields as well. Naturally, we at Bechtle are also involved in the large trends. After all, these trends are what determine the direction in which our portfolio develops. Thus, the main subject of this year's annual report perfectly matches our motto: "Do one thing without neglecting the other."

Stability in a highly dynamic industry, reliability in times of permanent change, staying true to oneself and nevertheless continuing to grow – these are the key parameters that govern Bechtle's operations. Sometimes major leaps occur, but more often change takes place in a more subtle manner, and only once in a while multiple developments occasionally come together in a truly revolutionary process that is accompanied by disruptive innovations. This is something that we are currently witnessing under the heading "Industry 4.0". This typically German designation for the Internet of things, or Internet of everything as it is sometimes called, describes the concept of fully networked, cooperative and highly flexible processes. Many developments of recent years converge here, e.g. network technology, cloud computing and virtual environments. Apart from technical and IT aspects, the opening of the companies and the willingness to cooperate are what make the roll-out of the fourth industrial revolution especially challenging. The challenges are doubtlessly formidable, but so is the efficiency potential for the industry.

The idea of networking virtually everything with everyone is truly fascinating. While this is good, it is not enough to trigger any (industrial) revolution. More is required: To gain access to the benefits of Industry 4.0 for our entire economy, our working world and our consumer behaviour, we need to be open to other disciplines, be interested in exchanging knowledge and experience, and regard research not as mere theory, but as a pioneer for what will become commonplace tomorrow. Another interesting thought is that the knowledge society will not replace or displace industrial society, but the two will complement each other. Thus, there is no way around the close collaboration between vendors, service providers and research centres. More than ever, the chances of production lie in the efficient use of knowledge as the most important resource – an area in which IT plays a key role.

No matter whether we consider Industry 4.0 to be an actual revolution or merely a dynamic further development – this does not change the fact that the rapidly progressing digitalisation is all-embracing, that it will bring forth new business models and that it poses major challenges as well as unprecedented opportunities for all of us in the professional and private spheres. Therefore, we would be well advised to address the subject of Industry 4.0. All who want to actively shape the future should take a sober, open-minded and unbiased view of change.

Dear stockholders, the strategy of Bechtle AG and our corporate policy have a long-term horizon. Our Vision 2020 is a central expression of this orientation. It targets 10,000 employees and revenue of €5 billion. We view the vision as a guiding star that provides orientation and encourages us to attain new heights. On the way there, the current fiscal year is another milestone for which we have again planned revenue and earnings growth. At the same time, we aim to further improve our profitability.

We are fully convinced that we will be able to continue to expand our market share at a disproportionately high rate. Due to its financial strength, its competitive position, its decentralised structure and its close ties to medium-sized business, Bechtle AG will benefit from the growing demands of medium-sized enterprises and large groups. We are looking forward to Bechtle's future.

My two board colleagues and I trust that you too, dear stockholders, are fully satisfied with the year ended and are ready to face new challenges with confidence. We hope that you will stay with us and continue to place your trust in us.

On behalf of the Executive Board of Bechtle AG



Dr. Thomas Olemotz  
CEO

Neckarsulm, 12 March 2015

### **Michael Guschlbauer**

Member of Executive Board, 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 Executive Vice President 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**

Member of Executive Board, 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.





### **Dr. Matthias Metz**

Chairman Of The Supervisory Board

DOB: 1952, four adult children. Dr. Matthias Metz began his post-secondary education with vocational training as a banker at Deutsche Bank AG before earning a degree in business administration from the University of Erlangen-Nuremberg. After graduating in 1979, he stayed at the university as a research assistant in bank management. Following his doctorate in economics in 1985, Dr. Metz returned to Deutsche Bank AG, in Frankfurt am Main, as an executive assistant. He switched to Wüstenrot Bank AG in Ludwigsburg in 1988, climbing the ranks to become a full member of the executive board. He left Wüstenrot in 1993 to take over as manager of the Deutsche Bank branch in Augsburg. Two years later, he joined the B. Metzler seel. Sohn & Co. bank in Frankfurt am Main, where he served as the director of controlling, finances and taxes for three years. In 1998, he switched to Bausparkasse Schwäbisch Hall AG as a fully authorised representative and, one year later, became the executive board member in charge of finances. He was promoted to chairman of the executive board in 2006, a position which he held until 1 June 2014.



## REPORT OF THE SUPERVISORY BOARD

**Dear Sir or Madam,**

In the fiscal year 2014, Bechtle AG achieved new revenue and earnings records. Apart from the two-digit growth rates, the way these records were achieved was also impressive. Despite the deterioration of the business environment, which had set in by mid-year – if not easier, the performance of Bechtle AG was more than outstanding. We have continued to grow without let up. This would not have been possible without the prudent company management by the Executive Board and, most importantly, the great motivation and dedication of all our employees at Bechtle. The entire Supervisory Board is very grateful to them. Within the framework of its duties, the Supervisory Board accompanied the group's positive development by providing advice and guidance. In this context, the Supervisory Board always focused on Bechtle's long-term development on its path to the Vision 2020 and beyond.

In 2014, the Supervisory Board meticulously performed all audit and controlling duties imposed on it by law and 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 2014, the discussions mainly addressed the review of acquisition possibilities as well as the group's long-term development and, in this connection, the further expansion of the BECHTLE Group and its business segments. Moreover, we intensively provided the Executive Board with advice on the international alliances entered into in 2014 and on the development of the growth initiative "Switzerland 2020". 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 fundamental issues related to the corporate planning and strategy.

Especially the Chairman of the Executive Board maintained close contact with individual Supervisory Board members and primarily 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 discussed 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 its own 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 24 January, 14 March (balance sheet meeting for the annual and consolidated financial statements for 2013), 5 June, 31 July and 30 October 2014. All Supervisory Board members participated in two meetings, and two or three members of the Supervisory Board members respectively were excused from three meetings. Unfortunately, Barbara Greyer was unable to participate in more than half of the meetings.

Even between meetings, the Chairman of the Executive Board promptly and comprehensively informed especially the Chairman of the Supervisory Board about any projects or aspects that were of special importance to the company's development or that were urgent. Apart from the resolutions adopted at the meetings, the Supervisory Board and its committees also adopted resolutions via circular procedure in special, urgent cases. We discussed all measures and transactions that required the approval of the Supervisory Board or its committees in detail at Supervisory Board and committee meetings. At its balance sheet meeting on 14 March 2014, 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 profits of the Executive Board and passed the business plan for 2014.

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

- Strategy and intermediate goals of the group
- Economic development of the group
- Long-term strategy and intermediate goals with respect to attaining the Vision 2020
- Review of acquisition projects
- Business planning for 2014
- Successor to Gerhard Schick
- 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. In 2014, the appointment of Michael Guschlbauer and Jürgen Schäfer as members of the Executive Board and the respective Executive Board employment contracts were prematurely extended by another five years. One new Supervisory Board member was elected in 2014. Gerhard Schick's mandate ended as of the end of the Annual General Meeting on 5 June 2014. At the Annual General Meeting, Dr. Matthias Metz was elected to the Supervisory Board with a vast majority. Subsequently, the Supervisory Board elected him as its Chairman.

The Supervisory Board would like to thank Gerhard Schick – also on behalf of the Executive Board as well as all employees and shareholders of BECHTLE AG – for his immediate willingness to serve as Chairman of the Supervisory Board once again from December 2013 and for his great commitment to the search for a successor. As co-founder of BECHTLE, long-standing Chairman of the Executive Board and Chairman of the Supervisory Board, Gerhard Schick has played an outstanding role in guiding the company. To list his services to BECHTLE AG in detail would exceed the scope of this document.

## Committee Work

To fulfil its duties, the Supervisory Board has formed three committees. The audit committee came together on 23 January, 13 March, 5 June, 7 July, 30 July and 29 October 2014. Additionally, it held telephone conferences on 13 May, 7 August and 11 November 2014. Except for three meetings, in each of which one committee member was excused, all five committee members participated in the committee meetings held in the fiscal year ended. In 2014, the committee dealt intensively with transactions that require approval, such as acquisitions and long-term agreements. Other subjects discussed included the interim reports, the preliminary audits of the annual and consolidated financial statements, the proposal for the appropriation of profits 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, the agreement of the audit fee and the corporate governance.

In 2014, the personnel committee came together at seven meetings on 23 January, 12 March, 21 March, 24 April, 9 May, 7 July and 3 December 2014. All three committee members attended all committee meetings in the fiscal year ended. The discussions of the personnel committee mainly focused on the compensation system of the Executive Board and the extension of the Executive Board employment contracts of Michael Guschlbauer and Jürgen Schäfer.

The arbitration committee pursuant to Section 27 (3) of the German Co-determination Act (MitbestG) was not convened in 2014.

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 on 5 June 2014, Gerhard Schick chaired the audit committee. From 6 June 2014, Dr. Matthias Metz assumed this position.

In the fiscal year 2014, we evaluated our Supervisory Board activity according to the guideline "Efficiency Audit in the Supervisory Board" of Deutsche Schutzvereinigung für Wertpapierbesitz e.V. On the basis of the analysis, we develop further recommendations for the future work of the Supervisory Board. We consistently track the implementation of these recommendations in the Supervisory Board. The basic results of this audit revealed that the workflows and processes in the Supervisory Board are efficient and target-oriented.

## Corporate Governance and Declaration of Conformity



See

Corporate Governance  
Report,  
page 94 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 2015. 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 the corporate governance have been made permanently available to the shareholders on the Internet at [bechtle.com/investors/corporate-governance](http://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,  
[bechtle.com/  
investors/corporate-  
governance](http://bechtle.com/investors/corporate-governance)

## Audit of the Annual and Consolidated Financial Statements 2014

The General Meeting appointed Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Heilbronn, as auditor of the annual and consolidated financial statements for the fiscal year 2014. 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 2014, 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 relating to the financial statements, the proposal of the Executive Board for the appropriation of profits and the auditor's audit reports were duly sent to the members of the Supervisory Board and discussed in detail in the audit committee and in the board as a whole. The auditor also participated in the balance sheet meeting on 12 March 2015.

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 might 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 might arise during the audit. We also agreed with the auditor of the annual and consolidated financial statements that he informs us or makes a note in the audit reports in case he identified, during the audit, 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 12 March 2015, the Supervisory Board, following the recommendation of the audit committee, 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 net profit and payment of a dividend of €1.20 per share. We approve the management report and the group management report of the Executive Board and consider the proposal for the appropriation of profits 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.

Though last year was very successful, we are now faced with major challenges. In 2015, we need to reinforce the success that we have achieved. In the past, we have been able to do so time and again. However, this is a feat that needs to be accomplished anew each year. The Supervisory Board sincerely thanks the members of the Executive Board, the Executive Vice Presidents and managing directors of the group companies as well as all employees for their great commitment and enthusiasm for our business. The Supervisory Board looks into the near and farther future with confidence and motivation. We are happy to have a part in shaping the future.

On behalf of the Supervisory Board

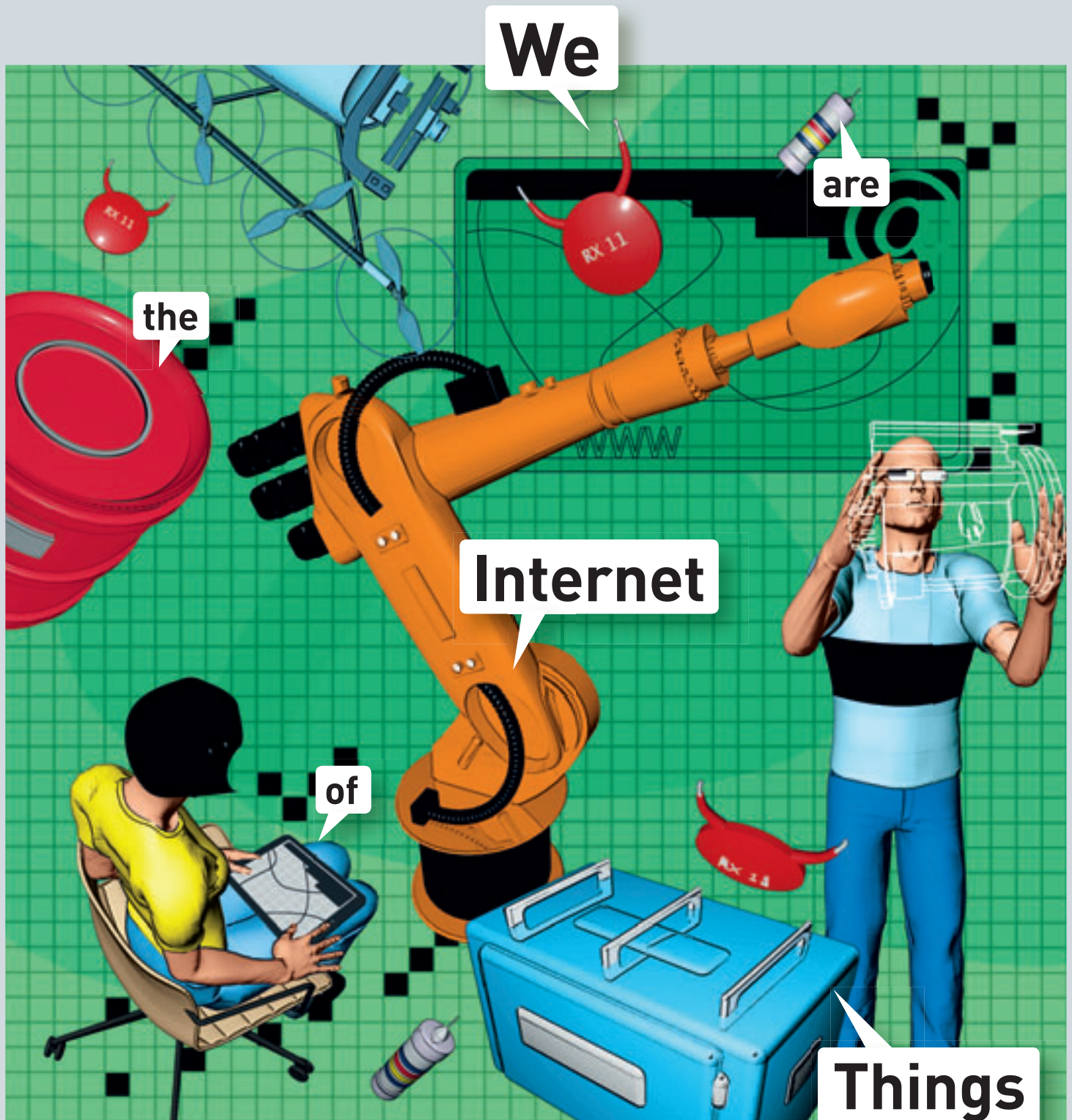
A handwritten signature in blue ink that reads "Matthias Metz". The signature is written in a cursive style with a large initial 'M' and a stylized 'L'.

Dr. Matthias Metz,  
Chairman

Neckarsulm, 12 March 2015

# *Illustrated* **INDUSTRY 4.0**

*The networked enterprise: flexible, transparent, fast – and IT-driven.*



↳ How will everything work when everything suddenly starts communicating? → page 22

**Expected value-added potential for Germany as a result of Industry 4.0 by 2025 (BITKOM):**

**23 billion.**



Mechanical and plant engineering:  
€23 billion (+ 2.2% annually)

**3 billion.**



Agriculture:  
€3 billion (+1.2% annually)

**14 billion.**



Information and communication technology:  
€14 billion (+ 1.2% annually)

**12 billion.**



Chemical industry:  
€12 billion (+ 2.2% annually)

**15 billion.**



Automotive engineering:  
€15 billion (+ 1.5% annually)



# The economy's turbocharger.

Nothing currently moves German industry more than the magic 4.0. "Made in Germany" is once again rated highly worldwide. Now the digitisation of things and companies is becoming a key lever for future value creation and competitiveness. The potential that Industry 4.0 may deliver has been investigated by companies and associations in the ICT sector, as well as by the consulting industry. The diversity of data and the figures involved are equally impressive. We have collected a few of those facts and figures for you.



Size of a mini-web server in the factory of the future, about the same as a sugar lump: 3 cm<sup>3</sup>.



Smallest batch size in an Industry 4.0 factory: 1 item.



German industry intends to invest 40 billion dollars a year in Industry 4.0 by 2020. (PwC)



Industry contributes 22% to German economic performance. This is far above the European average. (Cisco)

## 10%

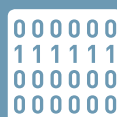
A 10% higher level of digitisation in a country delivers 0.75% higher gross domestic product per capita and a 1.02% lower unemployment rate. (Booz & Company)



By 2020 there will be 50 billion things networked together. (Cisco)



Increase in productivity expected as a result of Industry 4.0: Up to 30%.



7 gigabit per second data transfer rate in the WLANs of the future.

## 50%

50% of the development costs in the automation industry are spent on embedded systems.

# Industry 4.0 spells IT.

The fourth industrial revolution – Industry 4.0 for short – is characterised by comprehensive digitisation. Along with diaries and design plans, from now on every single thing will become digital and hence capable of communication. For example, production machinery and manufacturing components can talk to one another and independently make the manufacturing process more efficient. So much for the simplified introduction to a revolutionary development that represents nothing less than the future of industry. A tremendous opportunity for Germany as an industrial nation – and an equally big challenge for the whole of IT, without which Industry 4.0 cannot function.

The definition of Industry 4.0 lists a number of items that are ultimately connected.

**Said the car bonnet to the robot painter,** “Make me green”. To which he replied, “Nah, I’m feeling blue today.” It’s not a joke – more of a communication cock-up in the age of Industry 4.0. According to a platform shared by the German industry associations BITKOM, VDMA and ZVEI, we understand this to be “the real-time, intelligent, horizontal and vertical integration of man, machine and objects and ICT systems, for the dynamic management of complex systems”.

In practical terms that means that objects know what they are supposed to do and how to achieve their objective in interaction with others. The aforementioned car bonnet finds its own way through the production stages up to final assembly. Agricultural machinery automatically matches the seed sowing process to the weather and soil conditions. Sticking plasters record health data for individual patient therapies. And intelligent drones deliver the customised medication to your door, just as they handle any type of goods logistics for industrial production. The prospects

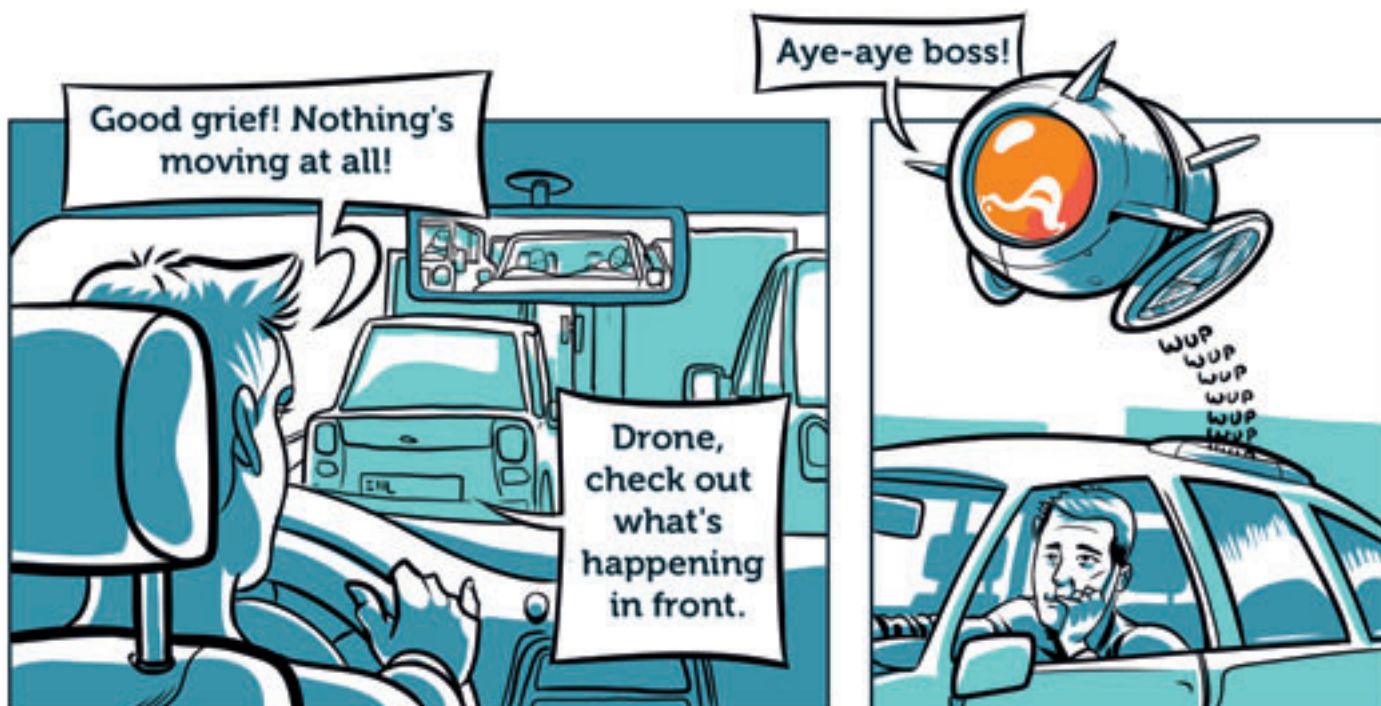
appear fantastic – and the fact is, many a fantasy turns into tangible reality with tremendous possibilities.

**The infrastructure of the future.** The threads of the new industrial revolution come together on the Internet. With the arrival of the sixth-generation Internet protocol, the necessary IP addresses are already available for billions of objects equipped with remote sensors. The expansion of the broadband networks will enable the exchange of the corresponding data volumes. Now what is needed are interfaces and common standards, to enable globally ramified infrastructures to communicate seamlessly. After all, the challenge is to integrate stakeholders and systems throughout the entire value-added chain. From computer-aided design, through production planning and manufacture, to distribution. From individual workpieces, through robotic welders and conveyor belts, to self-driving forklifts, smart high-level racks and automated container ports.

**The lever for competitive advantage.** Upgrade 4.0 offers German industry the historic opportunity to position itself effectively in the global competitive environment. The anticipated efficiency gain more than compensates for the low-pay advantages of less developed industries. Increasing productivity is accompanied by lower use of energy and other resources – the factory of tomorrow supplies itself with renewable energy, electricity-producing façades and smart grids, or actually produces additional, excess energy. In addition, production development cycles will be drastically shortened with the aid of simulations, and innovations in general will be promoted. The time from virtual planning through to production will quite possibly no longer be counted in months but in days. And the new production principles also make it possible to adapt offerings much more flexibly to demand and to customise products in very small batch sizes. Thanks to uniform standards and interfaces, machines can be reconfigured at any time, or simply replaced.

**The thing thinks, the guy guides.** When cyber-physical systems have their own intelligence within them – via barcodes, sensors or RFID tags – and machines and objects do their work largely independently, people assume other roles. For example, employees will be increasingly needed for the control, maintenance and monitoring of systems, with the use of convenient man-machine interfaces with intuitive control functions. These include touchpads as well as smart glasses or even gesture recognition and control. People and robots working literally hand in hand and eye to eye. At the same time, there will be more room for more highly qualified, value-creating activities, for example in the fields of product development or marketing. There will also be a need for architects, to expand and develop Industry 4.0.

More or less work?  
More or less controversial.



Other job profiles and training requirements will emerge. There is a demand for a new generation of technicians. The industry offers some exciting areas of work for “digital natives”. Inside companies, the boundaries between technical departments, on the one hand, and IT on the other, will finally fall. Because in future, close collaboration will be indispensable for raising potential. Business is becoming IT and IT is becoming business. Even the connection between top floor and shop floor, i.e. the office and production areas, is becoming closer and closer. The aim is to vertically integrate all levels from development to delivery, from ERP to aftersales processes.

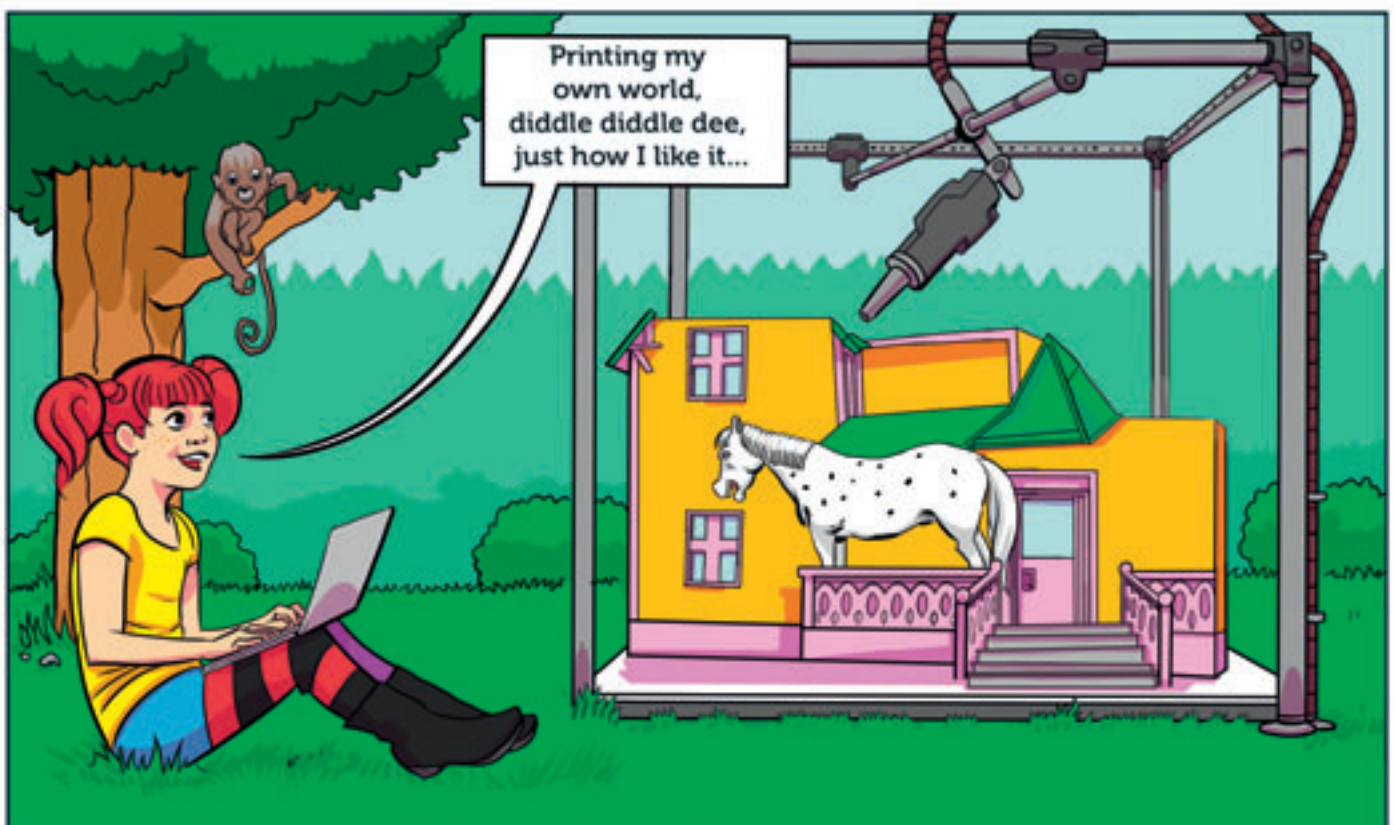
Nothing and nobody will be left out. All divisions of the company will be integrated.

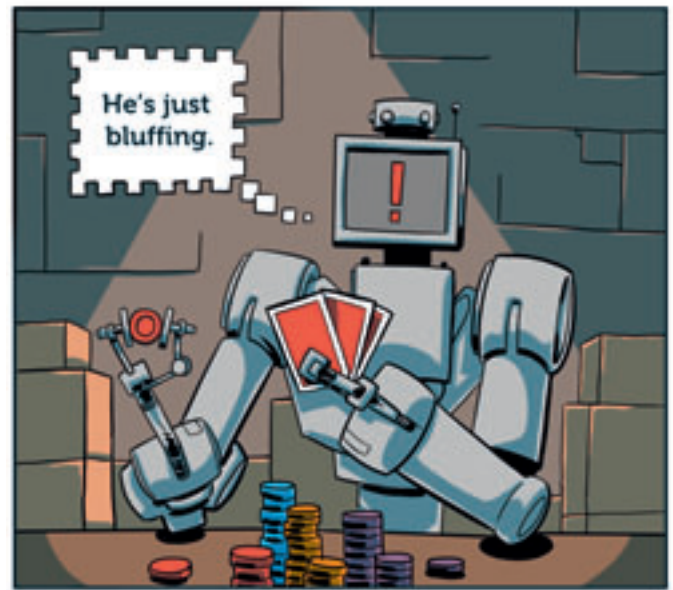
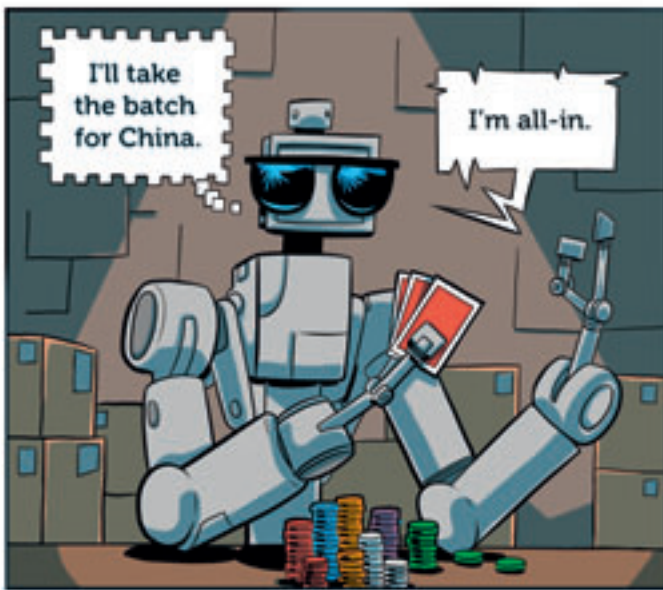
**Out in front in Germany.** Mechanical and plant engineering, automotive and chemicals are key German industries and are the most advanced in the automation of processes. These two factors combine to create an excellent starting position for the positive development of Industry 4.0 Made in Germany. A popular example is car manufacturing. Here, the multi-stage, largely linear production and logistics chains are being transformed into flexible networks, integrating every business area from design through to distribution. The plan is for individual dream cars, in place of mass production. Potential customers will not

only be able to configure their dream car online from the comfort of their own home – the personalised model will be virtually planned out, priced and offered with a delivery date, all in real time. One click on the “Order” button will automatically trigger production, and soon after that the new car will be outside the front door, just as ordered. This degree of Industrialisation 4.0 has by no means been achieved so far – as you can well imagine with over 10,000 car parts from a large number of suppliers. But the example illustrates the possibilities and, at the same time, makes clear the challenges faced by everyone involved.

There are also new players coming onto the scene, with which the automotive industry is networking, on the one hand, but which on the other hand, are also potential competitors. For example, Google cars are already conducting test drives on the company’s own test facilities and there is repeated speculation about the launch of an iCar. That makes it clear once more that industry and information technology are continuing to merge – Industry 4.0 spells IT.

**Big data delivers customer proximity.** As the “Order Configurator” for cars demonstrates, the connection between providers and customers is also becoming closer. Consumers are involved in





the product development process even more than in the past, and social networks are interwoven with virtual manufacturers' platforms. With this communication there flow valuable data, which contribute to the customisation of offerings. The customer needs established in this way will also bring new services associated with product usage. The product will increasingly become the medium for services that span the entire life cycle. The value-added chain is not only becoming longer – a complex value-added network is emerging.

Enormous volumes of data are accumulated in these processes. Produced by people, machines and the tiniest objects, as well as by their interaction. Powerful, real-time IT can already read these data volumes and analyse them with business intelligence. In the meantime, people remain responsible for interpretation, drawing conclusions and generating the data records. Highly specialised "data scientists" are needed for this – a top tip for future career choices.

**Risks yes, but opportunities more than ever.** Security experts will also be in high demand. Because the extreme networking of Industry 4.0 offers more points of vulnerability than ever – a lucrative business for hackers and industrial spies. IT service providers can expect a lot of work in this area. In future they will be involved in process planning from the outset, in order to achieve "security by design" and establish integrated "security operation centres".

German IT service providers have the advantage that the data processing centres based here can offer particularly secure cloud resources.

Because there can be no Industry 4.0 without cloud services, which are subject to extremely strict guidelines for data protection and data security in this country. One more important advantage for Germany as a business location.

With all the risks that are still to be overcome, the opportunities of Industry 4.0 by far outweigh them. And, what is more, there is actually no alternative. What is required is the courage to change, along with confidence in the assumptions and capabilities of both industry and IT.

Medium-sized structures in particular benefit from the possibilities of networking. Within newly emerging clusters, even smaller companies with specialist know-how are becoming major players. Cyber-physical production systems could well become the future export hits of the German mechanical engineering industry.

**The dynamics of Industry 4.0.** The aim is not to turn the world on its head. Industrial automation is already well advanced in this country. In the foreseeable future, further development will take the form of an evolutionary, step-by-step transition to Industry 4.0. Experts anticipate a time horizon of around 20 years. But the effects will certainly be revolutionary. Companies will be permanently transformed – as well as thoroughly digitised. IT drives the industry.

Germany is well positioned to be among the best.

# What's rice doing in the cloud?



The rice could just as well be cocoa or a cuckoo clock. Everything has its place in the “Internet of Things” – even in the cloud, where the object data are managed. For example, information about the growing area and working conditions of the rice farmers, so that consumers know what they are buying. The grains of rice – not individually but packaged collectively – also know how they get from, say, China to the supermarket. The carrier in turn knows where the goods are at all times. And the price is automatically adjusted according to demand along the way. Part of this information is embedded in the good old barcode, which we have known for many years. Every grain of rice has its story to tell and its place in the cloud. So Industry 4.0 is part of everyday life – for everyone and everything.

Hmotnost / Hmotnosť:

**10 kg**

Mínimums halbarbis /  
nalezý spozýc prýd /  
Mínimálný trvanlivosť do / M-  
nimálná trvamlvosť do

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## How does energy find its way?

Efficiency in the generation, distribution and consumption of energy – of course as renewably as possible – is one of the key issues for the future. Networking is once again a key factor, but in this case a touch more complicated. Not only electricity and heat flow between producers, providers, brokers and consumers – refrigerators, coffee machines, etc. – but data, too. Users of solar energy feed power into the grid; the whole energy market is becoming more decentralised. No one has yet developed a plan for the whole system. And for as long as meter readings are sometimes still recorded on postcards, smart homes and smart grids will still largely remain smart concepts – implementers urgently required.



# How smart is an Echo?

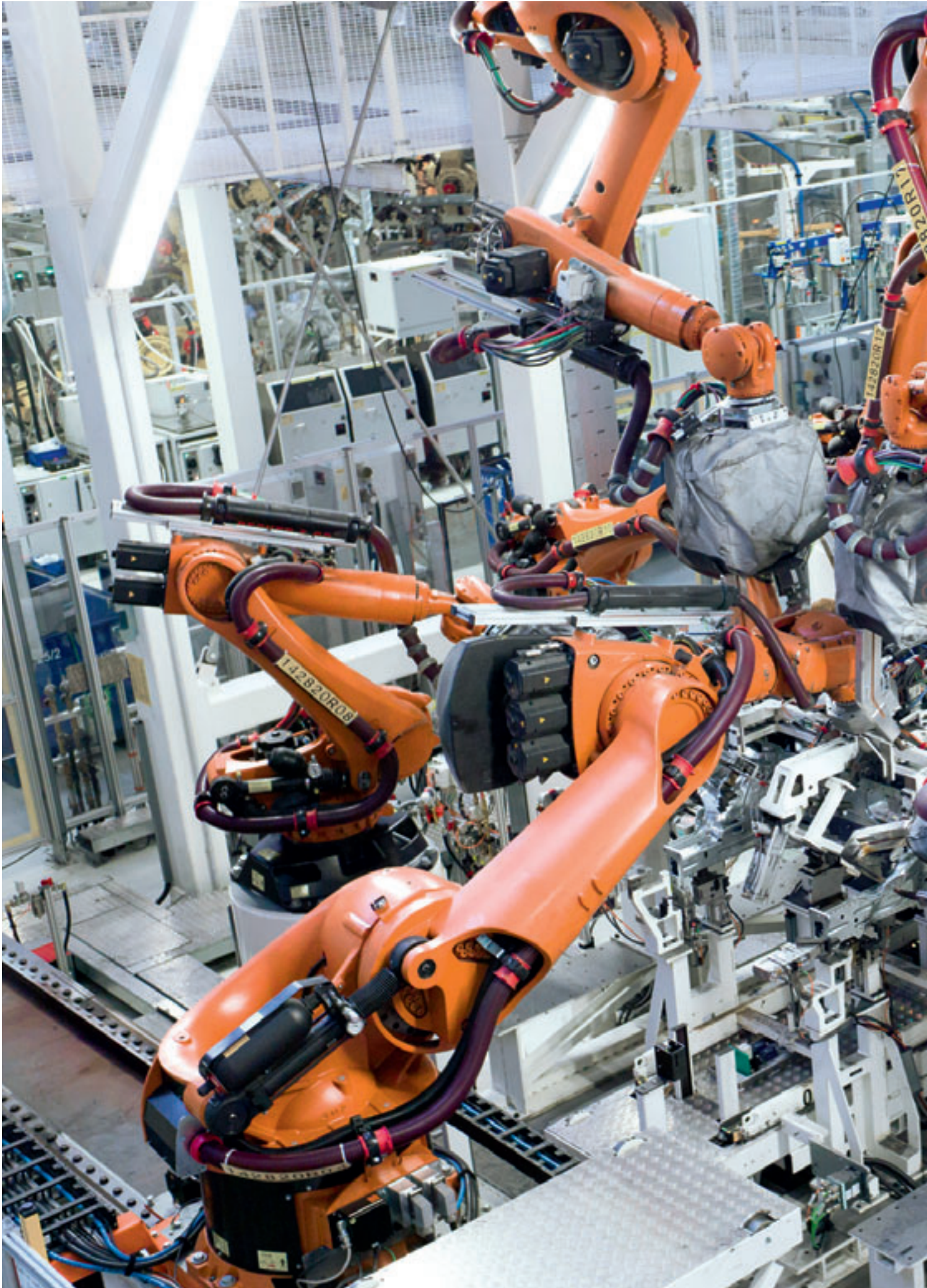
Echo from Amazon looks different from the good old concierge bell. But the principle is the same: both are used to request services. Echo is a new loudspeaker from Amazon that is not only designed to play music, but also listens to what you have to say. You can talk to it and ask for a weather forecast or get information on various subjects – and of course order all kinds of things online by asking it. A parcel then arrives on your doorstep as an echo. So far, only selected Amazon customers in the USA can use this service. Will Echo ever come to Europe? If it does, it will surely have potential. Not only as an order service, but also as a control hub for electrical appliances and all kinds of smart home applications. And – hush – as an attentive listener. After all, Echo is also a “data hoover”.



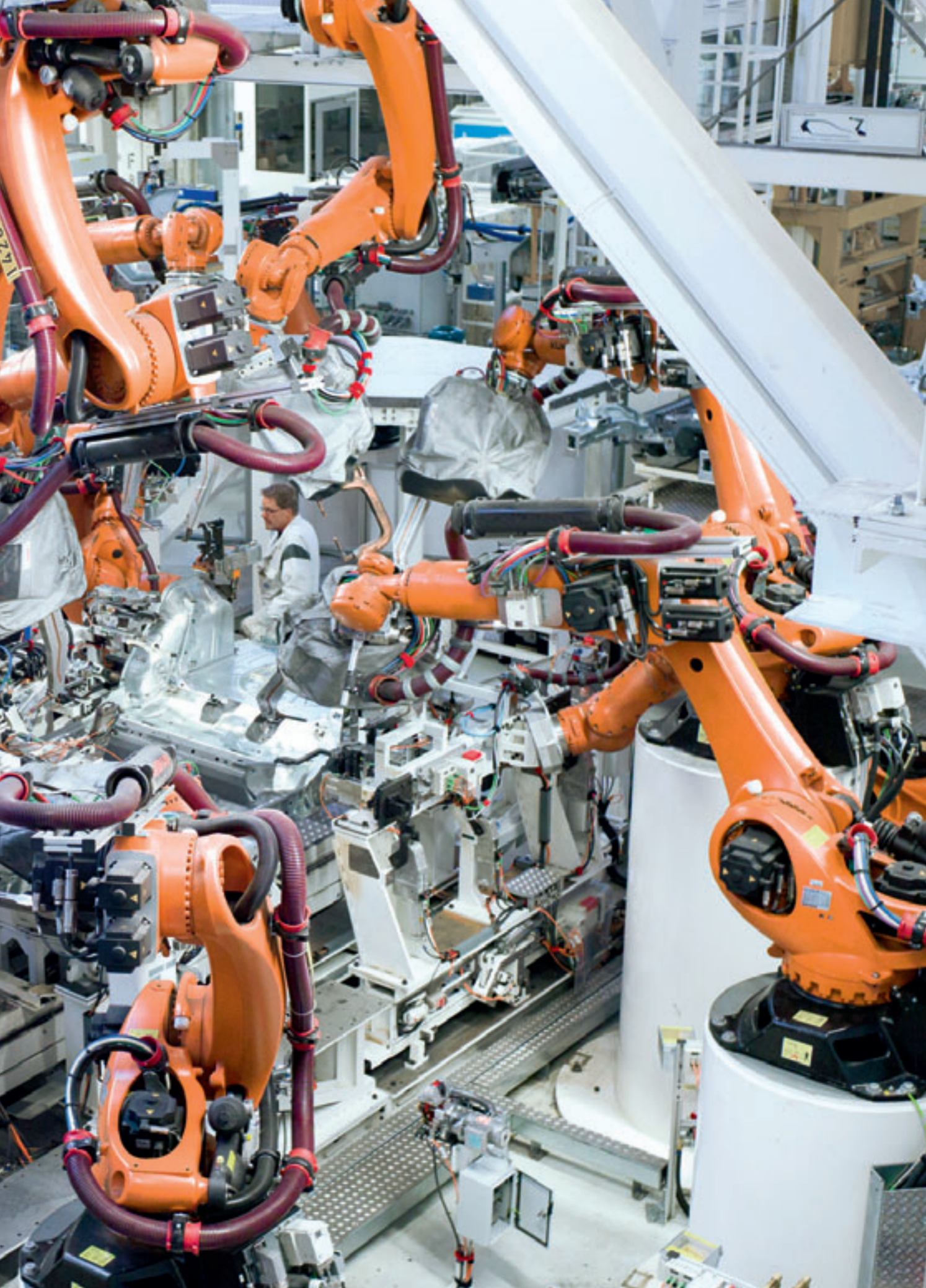
# When can the farmer put his feet up?

Agricultural machines are already mobile monster apps. Because availability is key at harvest time, combine harvesters bristle with sensors for the purpose of predictive maintenance and remote monitoring. Smart operating programs enable the planting of seed to be ideally adjusted to weather and soil conditions. Pesticides can also be more accurately and economically matched to actual requirements. Machinery providers, the chemical industry and agricultural experts work in close collaboration to provide integrated solutions. This means that farmers can access a high-yield network of expertise from the cab of their tractors. And get home earlier.

We have hidden IT eight times for you here.



Can you find them?



# There you have it. Even so, there is a lot more



**UBIQUITOUS COMPUTING** is the term used for the omnipresence of IT in the world. Modern car production provides some illustrative examples of this.



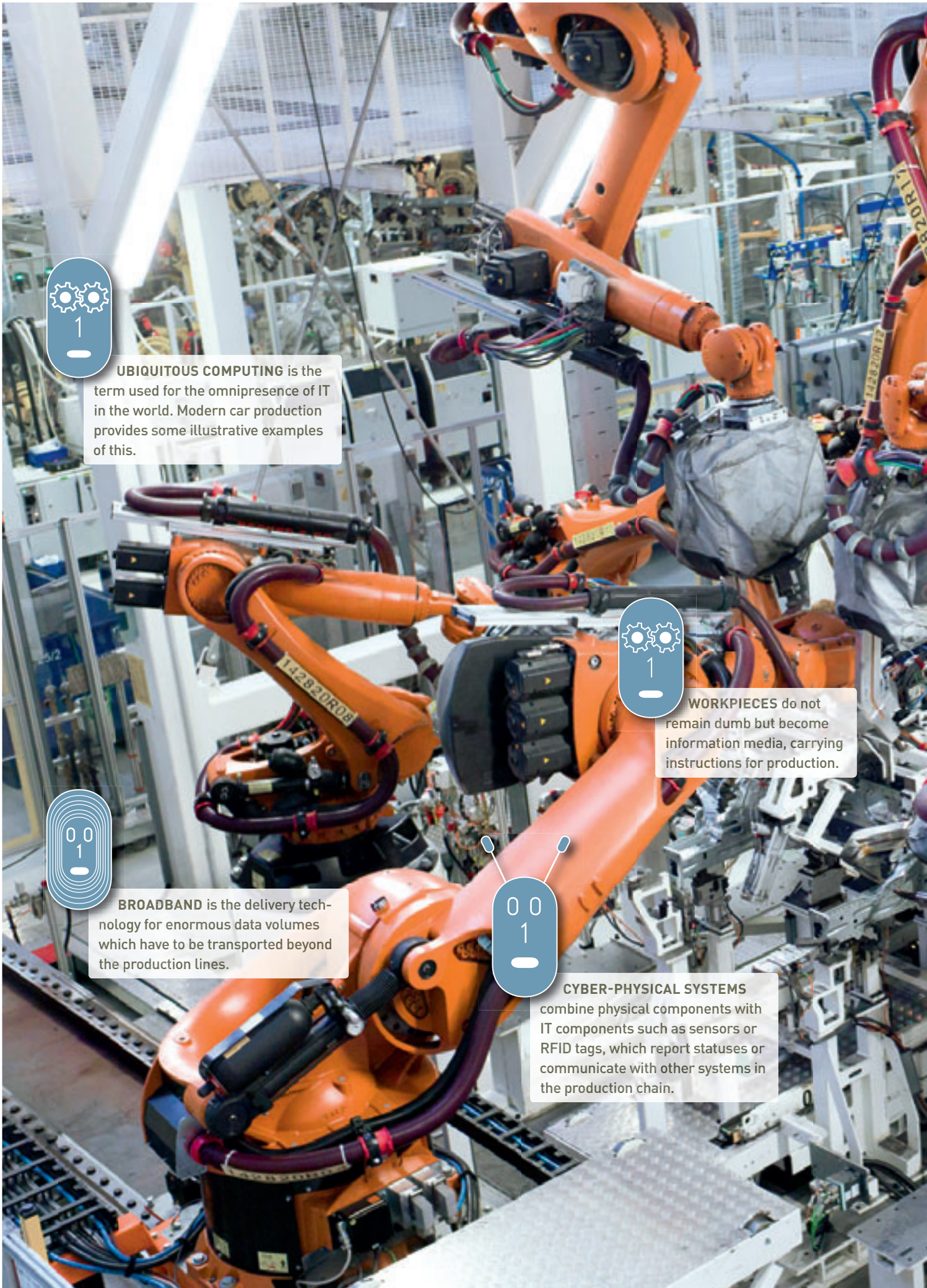
**WORKPIECES** do not remain dumb but become information media, carrying instructions for production.



**BROADBAND** is the delivery technology for enormous data volumes which have to be transported beyond the production lines.

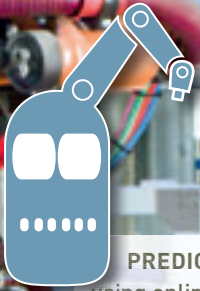


**CYBER-PHYSICAL SYSTEMS** combine physical components with IT components such as sensors or RFID tags, which report statuses or communicate with other systems in the production chain.





# IT in it than we can show here.



**PREDICTIVE MAINTENANCE**, using online monitoring, ensures that possible machinery break-downs are reported in good time and expensive loss of production can be avoided.



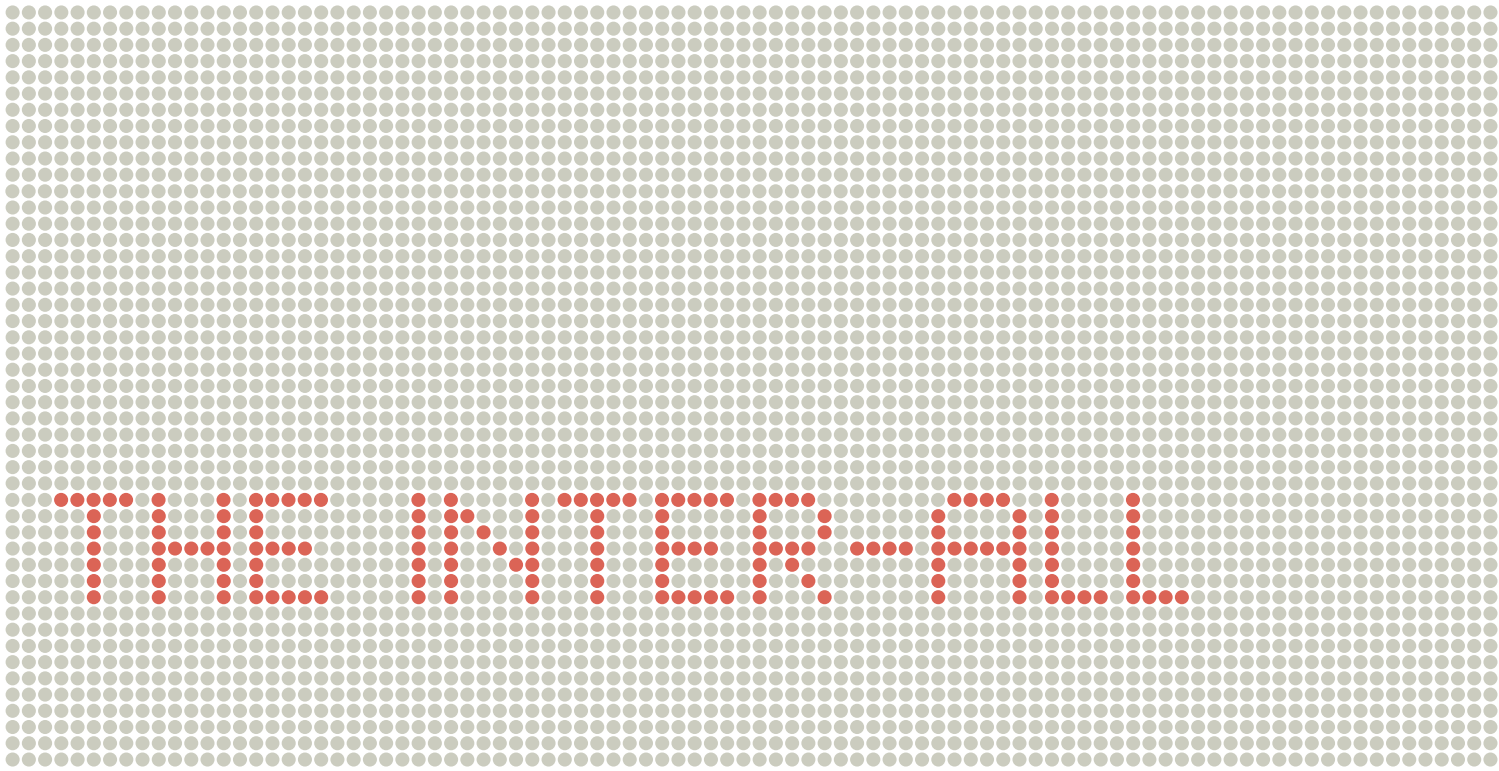
**MOBILE DEVICES** provide the employees with information about the production status, anywhere and at any time.



**HACKERS** can be everywhere – and Industry 4.0 offers more vulnerabilities than ever. With these challenges the security standards also increase. New concepts anticipate possible weak points.

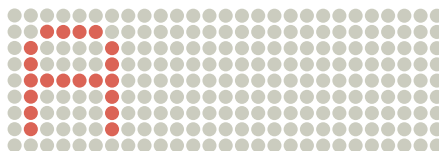


**INTERFACES** are crucial elements, and the biggest challenge facing IT and industry.



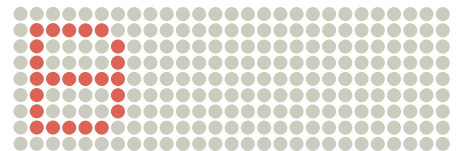
Industry 4.0 covers a whole universe of objects, topics, innovations – and not least terms that identify and describe all this. For your guidance we have compiled and explained a few keywords from the Inter-all.

**3D printing.** Manufacture of three-dimensional workpieces, for example by building up meltable plastics in layers. Used in particular for the production of prototypes or small batches. For this you need a computer with a CAD program, in conjunction with a 3D printer. Anyone can go into production with this.

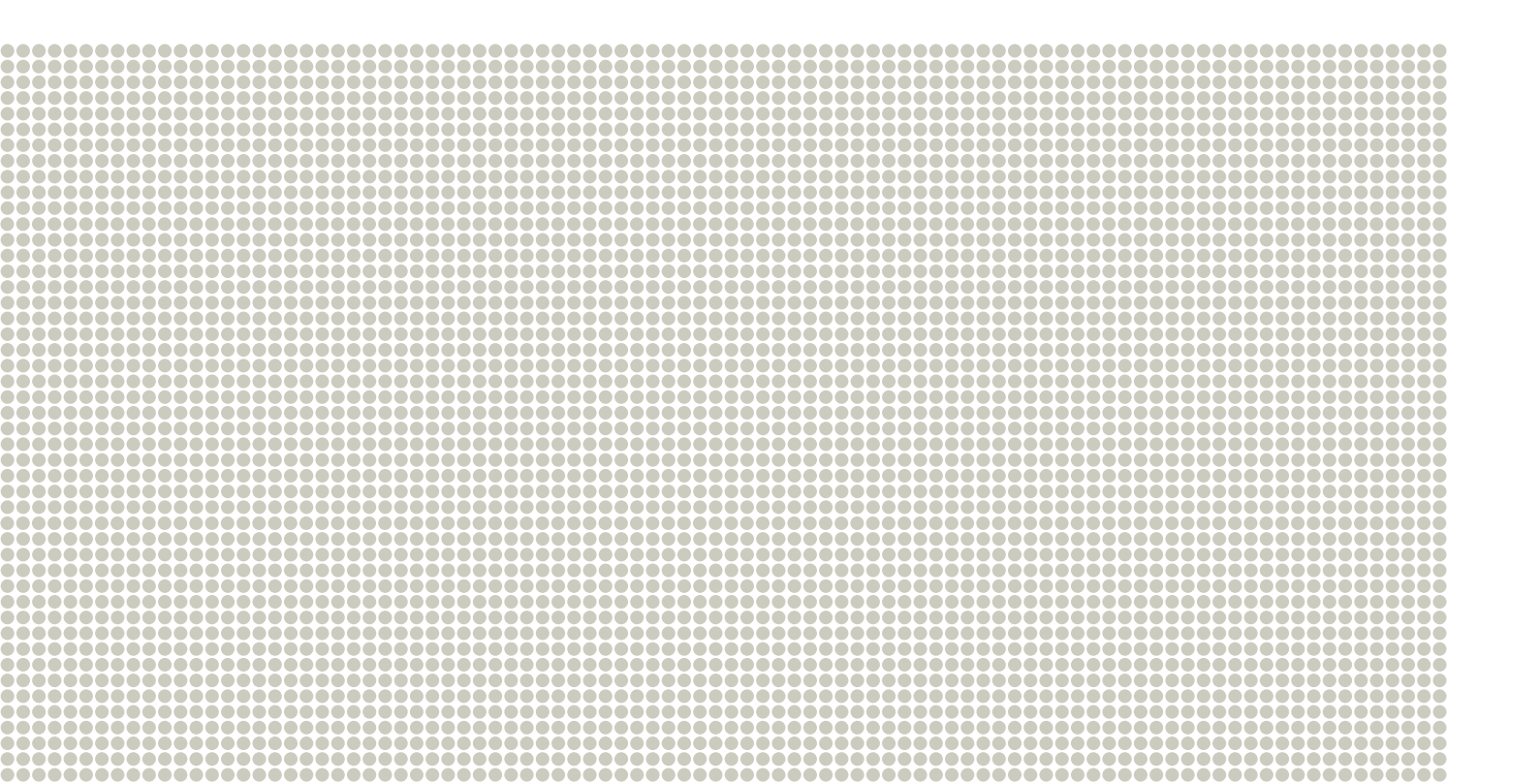


**Actuator.** Component made up of software, electronic and or mechanical elements, which converts electronic signals into mechanical motion or other physical parameters, for example pressure or temperature, and in doing so influences production processes.

**Augmented reality.** Digital extension to reality, usually when using smartphones, tablets or smart glasses, where the camera picture is augmented by additional content. In industry this can be used for maintenance or repair work, for example.

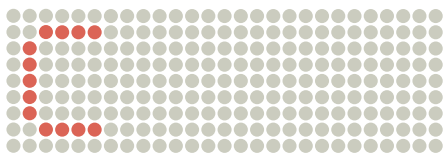


**Big data.** With the increase in digitisation ever large data volumes are accumulating. These are currently doubling every two years worldwide. The Internet of Things and Industry 4.0 are advancing this trend still further. The challenge of big data lies in the evaluation and exploitation of the unstructured mass data provided by machines, sensors and other objects.



**Broadband.** The availability of high-performance connection services for data transfer – by landline and mobile phone – is a precondition for Industry 4.0. The transfer rates that broadband has to offer are not generally defined. Today's fibre optic networks enable speeds of up to 40 gigabits per second.

**Business intelligence.** Smart software programs assist with the analysis of accumulating data. Innovative technologies such as in-memory computing enable evaluations to be carried out almost in real time – and decisions to be taken by management quickly and on the basis of data. The latest BI-tools are subsumed under the term “data discovery”.



**Cloud computing.** The principle of storing, editing and exchanging data not on local computers or central servers but in decentralised data centres is becoming more and more important. In addition to efficient and demand-related usage and cost-effective resource pooling, the cloud is a key component of Industry 4.0 – as a plat-

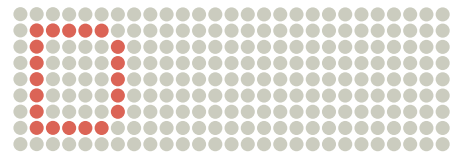
form for global data connections between the objects, people and systems involved, throughout the company. And the opaque cloud will in future become more transparent and secure. Cloud computing services operating in Germany will play a leading role in that.

**Customisation.** We have long been receiving personalised offers when we make online purchases. In spite of that, the book or the espresso machine that they recommend to us is a standard product, which others buy in just the same way. With Industry 4.0 the customisation also includes the product itself, because flexible production enables the coffee machine to be ordered with optional features or an engraved name.

**Cyber Physical System (CPS).** Systems embedded in production, engineering, logistics and process management, which record physical data with sensors, affect physical processes by means of actuators and are interconnected by means of digital networks.

**Cyborg.** A “cybernetic organism”, meaning the symbiotic combination of a living being with mechanical or electronic components. Cyborgs have been around in Hollywood for some considerable time;

everywhere else people seem only to have merged with their smartphones to date. To be serious, man and machine will merge even closer together in future – not least in the production processes of Industry 4.0. And in that context, we can assume that the technology will become ever better adapted to human ergonomics. The mouse's days are numbered.

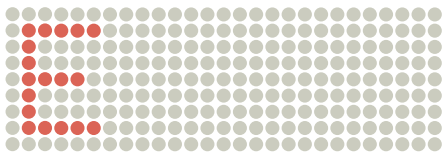


**Data protection.** The protection of the individual against the infringement of personal rights is of great significance when more and more personal data is being acquired automatically – not only when buying a product but for virtually every movement by us, which is recorded by a (self-)tracking system on our smartphone.

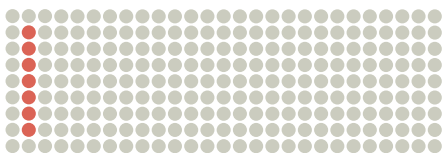
**Data scientist.** “Data expert” is a profession with a great future. The analysis, interpretation and processing of big data will be a key value-added factor and a boost for competitive advantage. In fact, all these ones and zeros are worth a lot of money.

**Data security (IT security).** The big brother of data protection makes sure that data hoards are securely stored and protected against unauthorised access. IT security is increasingly applied preventively in this context. Security aspects are considered and included in the planning early in the development process, as “security by design”.

**Digital native.** Natives of the digital world – members of the generation that grew up from the start with computers, touchpads and comforter apps. When the previous generation of “digital immigrants” has died out, everyone will be a native and the term will be superfluous.



**Embedded systems.** Hardware and software components which are integrated into a comprehensive system in order to achieve system-specific functional features.

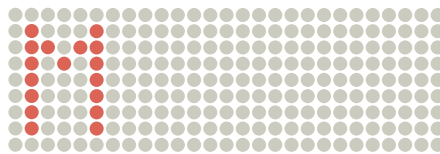


**Industry 4.0.** The platform of the same name defines Industry 4.0 as “the real time, intelligent, horizontal and vertical integration of man, machine and objects and ICT systems for the dynamic management of complex systems”. It is backed by the BITKOM, VDMA and ZVEI associations. Three that ought to know.

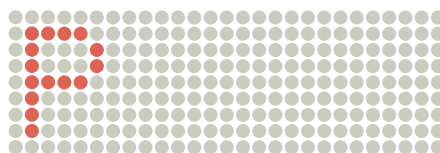
**Internet of Things (IOT).** Linking of physical objects (things) with a virtual representation on the Internet or an Internet-like structure. Automatic identification by means of RFID is a possible development of the Internet of things – this function can

be extended to include the recording of statuses or the execution of actions by means of sensor and actuator technology.

**IPv6.** “Internet Protocol Version 6” is a direct successor to the fourth-generation Internet protocol. There is a corresponding leap in the number of available addresses, from 4.3 billion to approximately 340 sextillions (or  $34 \times 10^{36}$ ). That should be enough for the time being to allocate an IP address to each of the immense number of objects in Industry 4.0. That is the only way the whole thing will work.

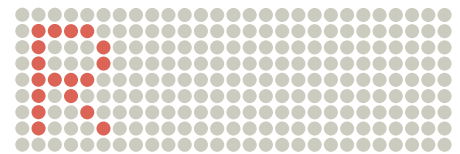


**Machine to machine (M2M).** The independent communication by machines with one another is a key feature of automated Industry 4.0. Objects exchange information without any human intervention in order to report statuses and trigger actions. Applications include the remote monitoring of production machinery or vehicles, building technology and the control of manufacturing and logistics processes. In future, machines will increasingly be enabled even to regulate and “negotiate” their capacity planning autonomously. The one that can produce fastest and cheapest gets the contract. Providing the vision of a highly flexible, super-efficient world of production.



**Plug & Produce.** This modification of “Plug & Play” paraphrases the simplicity of future production processes. Machines can be reconfigured by simply plugging in chips or docking other system components.

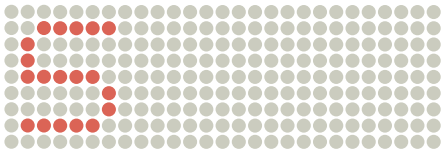
**Predictive maintenance.** The predictive maintenance of machines avoids expensive downtime in production or shipping, for example. The typical M2M application is an important factor in flight safety, but also a matter of course in every modern car. These will soon be driving themselves to the workshop when a possible breakdown threatens.



**Real time.** Describes the processing of data without any time delay – ideally simultaneously with the process initiated in reality. Every day we notice how the digital world is approaching this ideal, with the loading symbol appearing less and less often on our screen. In-memory technology is currently the benchmark for the fastest-possible data transfer. The computer generation of the same name will presumably enable the next quantum leap.

**RFID.** “Radio Frequency Identification” is mostly used to identify and locate objects. Typical examples include RFID tags to protect against theft in the retail trade – i.e. when the alarm goes off as you leave the shop. RFID is also in widespread use in ERP and logistics.

**Rapid prototyping.** Modern model-building enables CAD data to be produced immediately as workpieces – preferably using 3D printing. This means that not only can prototypes be manufactured quickly, for example for usability tests. Spares or small product runs can also be produced easily following this principle.



**Security by design.** Security concept that sees data protection and IT security as an integral component of development processes for products and services.

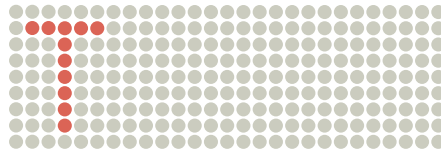
**Sensor.** Technical component that can detect physical or chemical properties qualitatively or quantitatively as a measured variable.

**Shop floor.** Common name for the production areas in manufacturing companies. Industry 4.0 strives to achieve optimum vertical integration with the remainder of the company organisation (top floor – also known as office floor).

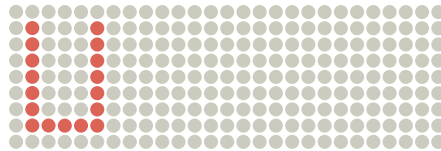
**Smart factory.** Individual or associated companies which use ICT for product development, for engineering the production system, for production, logistics and coordination of the interfaces to the customers, in order to be able to respond more flexibly to enquiries. The smart factory copes with complexity, is less prone to failure and improves efficiency in production. In the smart factory, people, machines and resources communicate with one another as naturally as in a social network.

**Smart glasses.** Wearable computer in the form of a pair of spectacles, in which the lenses form the data display and voice commands are usually used to control it.

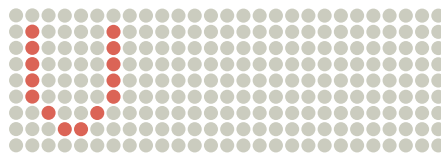
**Smart Home.** The all-round digitally networked household, controllable by mobile phone, including building services technology, energy supply, electrical appliances, etc. Popular examples include the refrigerator which automatically places new orders when stocks are running low, or heating control via smartphone.



**Transponder.** Components of RFID tags, for example. This is a neologism constructed from transmitter and responder. These transducers, also known as radio frequency labels, can be passive transponders, which are decoded by a sensor or reader from a short distance – or active transponders, which have their own energy supply and can thus transfer data over long distances, for example from satellites.



**Ubiquitous computing.** Omnipresent, computerised information processing. Going far beyond the PC and the laptop, and the paradigm of human-machine interaction to be found there, information processing will be integrated into everyday objects and activities – people will be largely unobtrusively assisted in their activities via the Internet of Things.



**Virtual engineering.** Simulations are employed with increasing frequency in the digital economy. Powerful hardware and software solutions make it possible to create virtual worlds, from complex products through to entire factories, which work in an extremely realistic manner. This drastically shortens development cycles and reduces costs. Decentralised collaboration platforms also mean that it is possible to assemble the best team for each job. And

it is only a short step from virtual engineering to the third dimension – it takes just a few days to move from real data to the real factory.

**Value-added chain.** Value-creation model as a sequential, graduated series of activities or processes, from development through production to marketing and services.

**Value-added network.** Decentralised, polycentric network, characterised by complex mutual relationships between autonomous, legally independent players. An interest group of potential value-added partners is created, which interact in joint processes as and when required. The aim of creating value-added networks is to achieve sustainable, economic added value. Specific forms of value-added networks are described as business webs.

# Faces of Industry 4.0

We are getting older and older. Many of us as singles – not left alone, but independent. Not least thanks to “digital assistance”. With floor sensors that detect falls and automatically alert the rescue centre. With skin plasters or watches that collect vital data, so that heart attacks and strokes can be anticipated. With many new tools and measures that benefit the quality of care, relieve the stress on care staff and help to reduce health costs.









# Faces of Industry 4.0

Glasses-wearers of the Industry 4.0 generation have things in perspective. Smart glasses project data directly in front of the iris, saving the wearer from having to carry a smartphone or tablet. This means, for example, that assembly workers have both hands free while, at the same time, having the instructions right in front of their eyes. Warehouse staff can get on with the job while the glasses scan the goods to be picked. In this way, augmented reality can significantly extend human capabilities and simplify the handling of many tasks.



# Faces of Industry 4.0

Transparency is right at the top of the digital shopping list of the coming consumer generation. Every product, whether yoghurt, jeans or a dishwasher, will soon have to account for its components and their origin. The networked world makes it possible. Companies and brands that are open to it will enhance their image if they can demonstrate fair and sustainable production conditions. Transparency is becoming a value-added factor. Those who resist it will not necessarily come off lightly.







# Faces of Industry 4.0

New service providers in the health care market collect anonymised X-ray images and other patient data on a large scale. Big data offers the opportunity in this context to make comparisons and analyses on a huge scale, in order to reach better diagnoses and initiate promising therapies. Every doctor can get a qualified second opinion, based on far more cases than any number of generations of therapeutic experience could possibly accumulate.





## Progress through vision.

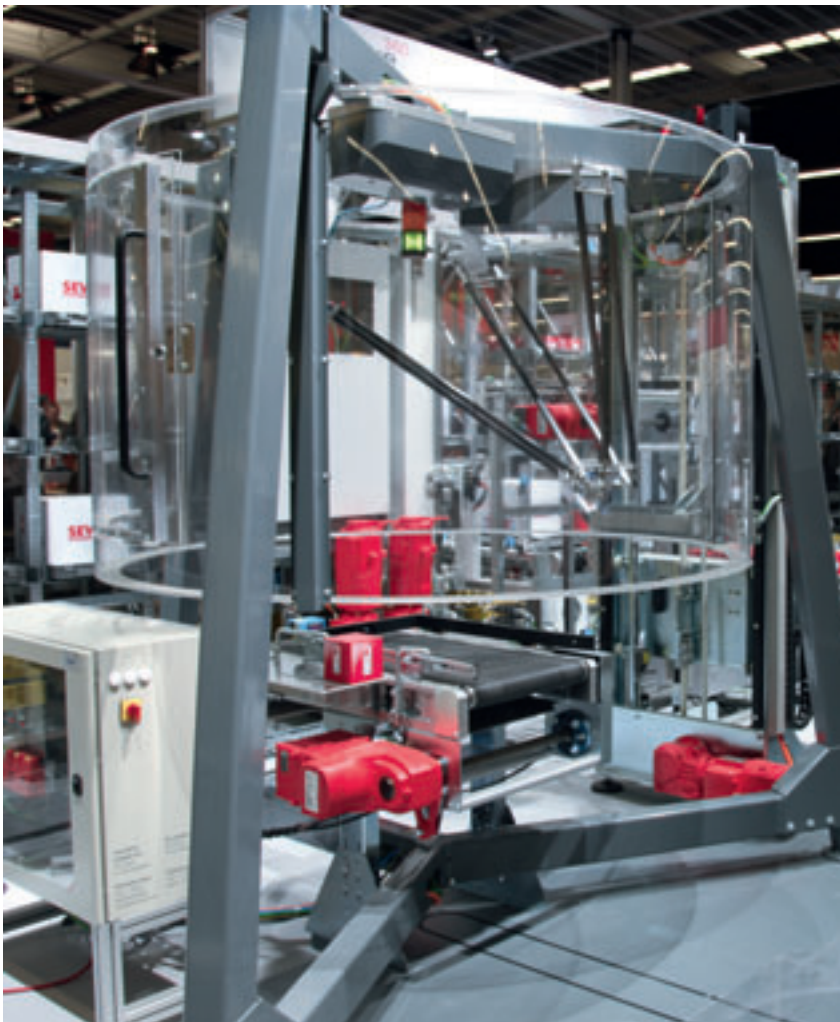


It takes lots of drive to pursue new paths. Experiences which indicate that not only previously trodden paths take us forward. Or even ambitious goals that encourage us to sound out new limits and move into unknown territory. At SEW-EURODRIVE, drive is the focal point of all thought and action. After all, the drive solutions from the global player based in Bruchsal, Germany, move various objects such as stadium roofs, baggage carousels or massive coal conveyor systems. In order to maintain growth amidst the intense competition, the company has been going its own way, moving towards Industry 4.0 for years. With the intelligence of the swarm, scope for creative tinkerers – and the gut feeling of a passionate optimiser.

**Johann Soder** is out and about every day, looking for new ideas. He wants to record, understand and reassess the status quo at first hand. "I want to feel the pulse of the company," says the Managing Director of SEW-EURODRIVE, who has been responsible for technology and innovation since 2007. For that reason, his everyday schedule includes a walk through the production plant at the company's headquarters, as well as a visit to the nearby research campus. "Today I took a robot by the hand and with a few movements I taught it to hold things in the optimum position," says the manager, talking about the latest advances of the prototype. In the future, this high-tech helper is set to play an important role in the assembly of gearboxes and other drive systems. But it is not yet quite ready to fulfil the role completely. "In the

next development phase, functions such as voice and gesture recognition and control are on the agenda," says Johann Soder, "so that we can communicate with our friends."

**Lean is more.** The descriptions of his morning visits give a hint of the most important convictions with which the technology boss drives the further development of the production processes. What matters to him is simplicity, manageability and the optimum support for human activity. Building on the principles of lean production, in the 1980s the procedures at the SEW factories were transformed into value-added chains, in which perfection in detail forms the basis for the success of the whole. The path that was taken has led to the model practised today, of small factories within



” I am excited by the idea of achieving an intelligent combination of man and technology. ”

Johann Soder, Managing Director of technology and innovation, SEW-EURODRIVE



the plant. "Small Factory Units" made up of multiple assembly islands have replaced the previous production lines. Ideally conceived working environments replaced computerised automation when this proved to be rigid and clumsy.

The keyword is flexibility: "Before we used to set up a production line, on which a particular product would then be manufactured for several years. As a result of increasing automation, these lines became very complex and maintenance-intensive. It took days to change something really minor." Today the employee on an assembly island produces a gearbox from start to finish. Other stages in production are carried out just in time within the factory unit. Overall, this results in a clearly comprehensible, adaptable process – a key success factor for a product range that makes possible millions of variations thanks to modular construction.

**Thinking the future.** The touchstone of all the technical and organisational resources employed at SEW-EURODRIVE, including information technology, is the ability to exploit the skills of the employees to optimum effect. "I am excited by the idea of achieving an intelligent combination of man and technology," says Johann Soder, explaining his view of this development, also known as the fourth industrial revolution. This concept includes the assembly cell, as well as the control centre of the individual factory unit, the perfect knack when screwing in a bolt, as well as the fundamental work for trialling new technologies. "We have been working intensively for ten years on the question of what the factory of the future will look like. We quickly recognised the great importance of mobile systems in intralogistics, picking up on topics such as virtual simulation and validation. A more recent approach is the utilisation of augmented reality."

More than 100 research engineers at SEW-EURODRIVE pick up on important future technologies by means of the company's own trend radar. This tool is used by management to help them

decide which areas deserve more intensive research. "But I always also rely to some extent on my gut feeling. And then I promote the topic with all my might so that it can be quickly implemented," says Johann Soder. To encourage innovation, he decided to relocate the main research department to the research campus in Bruchsal, established in cooperation with Karlsruhe University. There, the forward thinkers tinker away at new solutions in areas such as energy management, object recognition or control technology. "The spatial separation gives the researchers the necessary freedom to work creatively, to try things out, to make advances and suffer the occasional setback without recrimination. And without the strict time-to-market requirements that apply in series development."

**Integrating the future.** The "think tank" has a major influence on the product range and the manufacturing process at SEW-EURODRIVE. The researchers' ideas flow into an innovation reservoir, which is available to the designers in product development. Some initial ideas mature there for a few years until they come to light in new components, from which in turn the wide variety of individual industry solutions emerges; physical drive systems, but ever-more frequently applications, too. Around 200 software engineers are currently developing benefit-enhancing modules for the product range, which has had a modular structure for five decades. Embedded sensor systems and analytical IT tools represent important aspects of tomorrow's drive solutions for Johann Soder: "There is no doubt that we will need smart products and the smart factory in future. For that we must have a clear picture of what the products and the corresponding production processes are to look like."

Johann Soder can already envisage his ideal of the smart factory – as an extrapolation of the concept of the small factory units. The company can draw on some tried-and-tested optimisation methods. "The lean philosophy, which

” The principles of constant change remain the same; only the tools change. ”

Johann Soder, Managing Director of technology and innovation, SEW-EURODRIVE

goes back to the Toyota production system, has shifted the focus onto the individual. The employee becomes a stakeholder, who is allowed and intended to contribute his/her own ideas.” This form of renewal is called “creative destruction” at SEW-EURODRIVE. For three days the employee from a selected assembly island develops his/her workplace of the future, together with an interdisciplinary team. Along with the supervisor and maintenance workers, the members of the team also include product developers, researchers and experts from the in-house process consultancy firm. The entire production process and all the tools used are at their disposal. Radically open outcomes with the greatest-possible number of viewpoints. Johann Soder talks of the intelligence of the swarm or the wisdom of the many.

**Measurable effects.** Up to now, assembly islands have been modelled with cardboard boxes in order to visualise possible alternatives. However, with the researchers’ growing arsenal and the latest information technology, more and more innovative technology is finding its way into the creative process. Johann Soder can well imagine that the creative teams will soon be carrying out their job with 3D glasses in virtual simulation environments. “The principles of constant change remain the same; only the tools change.” The basic principles also include the fact that decisions are taken by consensus – and are then rapidly implemented in order to achieve the anticipated effects. Following this process, several assistance systems developed in-house have already found practical applications. In the completely modernised plant in Graben-Neudorf, a mobile assembly assistant now conveys the emerging gearbox through the production island, giving the employee precise information about its correct assembly. A handling assistant shows him/her where in the racks the appropriate parts are to be found. An autonomous logistics assistant ensures the seamless provision of larger components. These systems are monitored at all times via wireless

data connections. “The employee really is in interaction with the customer’s order. The error rate falls dramatically – these are very significant benefits, which can already be achieved with Industry 4.0,” says Johann Soder in summary.

The SEW Managing Director places great importance on making change a tangible reality, in order to strengthen the employees’ confidence in the new technologies. He is firmly convinced that the key to further improvements in productivity lies in the interplay of man and technology, which simplifies and speeds up work. “In future a gearbox will still not be produced by a robot alone. Because in spite of tremendous advances, its fine motor skills are still far inferior to those of a person. But if I have both hands free because the robot consistently holds the component in the optimum position, that’s an unbeatable combination.” Johann Soder also expects gradually increasing benefits arising from IT-based systems for the control level of the small factory units. Using fully recorded data from the production process, evaluated in real time, the responsible parties can tell more quickly when modifications are necessary. They are to “become conductors of value creation,” in the words of the 60-year-old. This ensemble of virtuoso soloists could very soon be joined by the talented robot which was only recently practising its communication skills.

**SEW-EURODRIVE** is one of the world's leaders in the field of drive technology and drive automation. Established in 1931, the family business with its headquarters in Bruchsal has a presence in 49 countries worldwide. A complete modular system of geared motors, control and regulation technology, software, service and an extensive range of accessories form the basis for meeting a wide variety of customer requirements as quickly and comprehensively as possible. All the components are manufactured at 15 production plants in Germany, France, the USA, China, Brazil, Finland and Belarus. The end products are assembled and configured to meet actual customer requirements in 77 Drive Technology Centres around the world. Products and systems from SEW-EURODRIVE are used everywhere worldwide: in the automotive, construction, building materials, drinks, foodstuffs and consumer goods industries, in the metal or woodworking industry, in transport and logistics, as well as at ports, airports and in many other applications. The company currently employs around 16,000 people and achieved sales amounting to over €2.5 billion in financial year 2013/2014. [sew-eurodrive.de](http://sew-eurodrive.de)



Of course Industry 4.0 is also playing an increasingly important role at Bechtle itself, with in-house events on the topic and attendance at partner events. And by means of cooperative ventures with research establishments and manufacturers, where new and smart methods of production are being trialled. In addition, skills are also being rapidly expanded at Bechtle in order to promote the “Internet of Things” with the necessary manpower. It is a pleasant coincidence that this “revolution” falls in the fourth decade of the company’s history.

# Bechtle

## CC DAY 2015.

The Bechtle Competence Center Day 2015 will bring together almost 2,000 participants under the banner “Industry 4.0 spells IT” on two days in March. At Bechtle Platz 1, in Neckarsulm, expert researchers and practitioners, entrepreneurs and managers, heads of departments and IT specialists, customers and employees will discuss the prospects of the fourth industrial revolution. On this occasion, renowned lecturers will provide impulses. Among those who will go up to the rostrum are two keynote speakers who are genuine pioneers of Industry 4.0. One is a visionary in research and education. The other is an industry specialist with heart and soul. A big round of applause for the keynotes of KIT professor Jivka Ovtcharova, and Johann Soder, Head of Technology at the globally successful drive specialist SEW-EURODRIVE. An overview of the full lecture programme of the Competence Center Day is available here: <http://bit.ly/1zuLlUB>

## SMART LOGISTICS.

SAP and Bechtle have been trialling the groundbreaking use of Epson and Vuzix Glasses since May 2014. Workers at Bechtle’s logistics centre are assisted in the picking of goods. The glasses guide them through the warehouse, display the relevant products and scan them for further data processing in the ERP system.

## CISCO CONNECT.

On 20 and 21 November 2014, Bechtle was represented as a Superior Sponsor at “Cisco Connect”. Germany’s biggest IT system house exhibited its wares on its own stand in a prominent place of the former railway postal hall, “Station Berlin”. Of the 2,800 people who followed Cisco’s call to the “Internet of Everything: Connect the Unconnected”, none of them missed out on Bechtle.

# PRODUCT LIFECYCLE MANAGEMENT.

Faster, deeper, further: Bechtle PLM is an end-to-end solution which integrates all the business processes of manufacturing companies throughout the entire product lifecycle. A long sentence about how to radically shorten innovation cycles. Because with integrated product lifecycle management all the departments, from market research via development to series production, work hand in hand. And consequently faster, too. Without media breaks and

with consolidated real-time data. Bechtle PLM integrates ERP, CRM and Business Intelligence with CAD, CAM and product data and document management, as well as collaboration platforms such as SharePoint – to name just a few of the most important keywords and abbreviations. PLM is an abbreviation also with regard to Industry 4.0, which requires a corresponding solution.

# 4.0

## COLLABORATION LAB.

Collaboration platform for medium-sized companies and research establishments for the trialing of Industry 4.0 applications. The joint project of SolidLine AG, the Lifecycle Engineering Solution Center at the Karlsruhe Institute of Technology (KIT) and the Bechtle IT System House in Karlsruhe enables virtual product developments to be run through with 3D simulations. This makes Industry 4.0 tangible and highlights concrete solutions which offer genuine added value to medium-sized companies. Virtual engineering helps to speed up product developments significantly and to assess them better, even during the initial development stage. This means that potential users can be involved in the simulation. The Collaboration Lab is a realistic test environment for experiencing and trying out Industry 4.0 – and an invitation to medium-sized companies to benefit from promising production principles.

# Who delivers?

The world is waiting for companies and products that will move Industry 4.0 forward. One motor is the logistics industry. Goods transported on the world's oceans often already know themselves where they are going. "Tagged" with the necessary information, drums, crates, pallets and containers are shipped fully automatically and transhipped in software-controlled ports of lading. The dancing cranes at Hamburg's gateway to the world demonstrate this most impressively.

Cyber-physical mechanical engineering equipment "Made in Germany" could increasingly make up the cargo of container ships in future. However, a far greater number of shipments take place in the depths of the ocean. This is where the cables are to be found for the massive exchange of data of Industry 4.0, which makes its way around the world on the digital shipping lanes. While the freighters plough through the waves at a speed of 20 knots on the surface, the data packages race ahead of reality at the rate of 40 gigabits per second. Virtuality sets the pace in tomorrow's world.







We have compiled a few tips and links for all who would like to take a closer look at the subject. Simply scan the QR code and continue reading digitally.

Your strong IT partner.  
Today and tomorrow.





# Group Management Report

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EARNINGS, ASSETS AND FINANCIAL POSITION 112

OPPORTUNITIES AND RISK REPORT 130

SUPPLEMENTARY REPORT 154

FORECAST REPORT 155

**In the fast lane.**

Since November, our vehicle pool has included 20 electric vehicles and is thus Germany's largest BMW i3 fleet.

**High-flyer.**

Our customers have repeatedly told us that we have an excellent team. The quality label "Best Recruiter" confirms how good we are at recruiting such people.

**Above average.**

2014 in figures:  
DAX: + 4.3%, MDAX: + 2.5%,  
TecDAX: + 17.5%, Bechtle: + 33.8%.

**Judicious.**

Take risks, control risks. These are the crossroads at which responsible entrepreneurship operates.

**Overseas.**

In late January 2015, the cooperation agreement with Japan Business Systems brought us a lot closer to some new markets.

**Tomorrow.**

The forecast report for 2015 gives us reason to look into the future with great confidence. Though individual curves have flattened out – the goals remain clear: growth in all disciplines.

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Reference to non-financial  
performance indicators

## COMPANY

### GROUP STRUCTURE

The Bechtle Group is one of Europe's leading information technology providers. Its organisation and management structure is aligned with the group's size and degree of internationalisation as well as its long-term growth targets. In this connection, efficiency, controllability and scalability of the structures are key aspects. The structure is consistently aligned with the strategy. Therefore, 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.

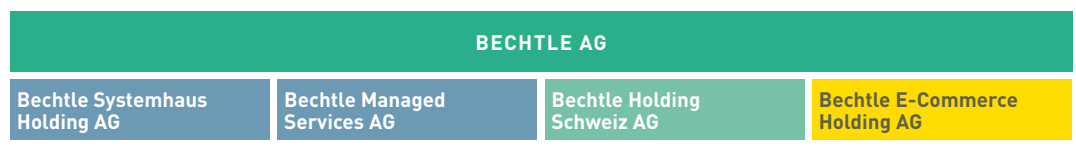
### Legal Structure



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

The BECHTLE Group is characterised by a typical holding structure. BECHTLE AG, headquartered in Neckarsulm, Germany, serves as the parent and holding company for the group that is responsible for strategic business planning and central duties in the fields of controlling and finance, corporate communications and investor relations, central IT, human resources, quality management, 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. Particularly the purchasing, European logistics, warehouse, marketing, product management and address management functions are organised under BECHTLE Logistik & Service GmbH, which also belongs to the holding.

#### 03. HOLDING STRUCTURE OF BECHTLE AG



Under BECHTLE AG, there is another level of holding companies in which the business fields and brands of the two 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 the COMSOFT DIRECT companies;
- BECHTLE E-COMMERCE HOLDING AG, Neckarsulm, Germany, supervises the trading activities of the BECHTLE DIRECT companies.

The legally independent subsidiaries are allocated to this 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” in each case. 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, thereby enabling them to concentrate on the core business. It is also important to bundle competencies and resources in order to establish synergies and achieve economies of scale in purchasing and logistics. Moreover, this structure maps clear leadership responsibility and competence, which is vital in view of the size of the BECHTLE Group.

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

## Management Structure

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



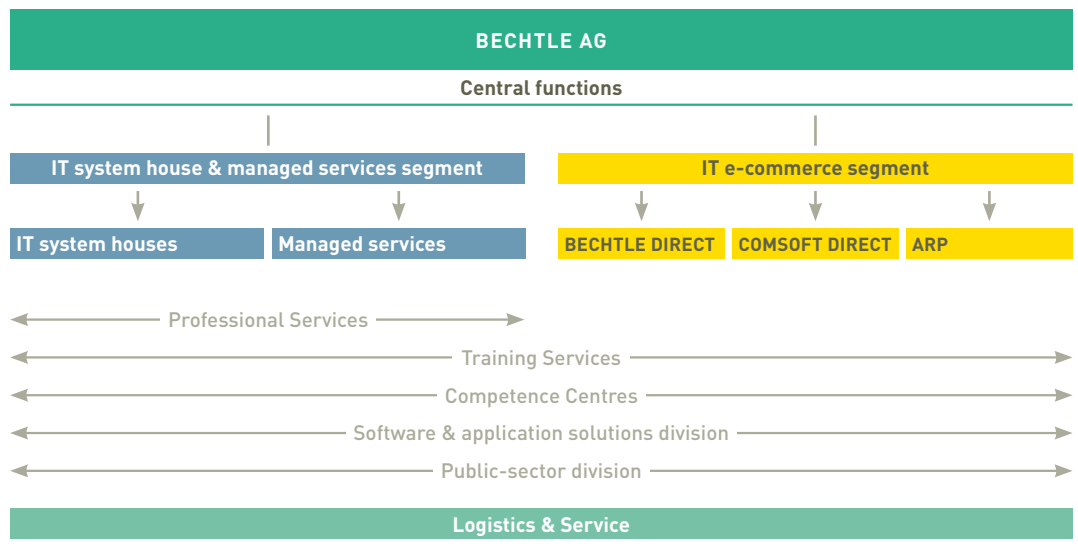
For a list of subsidiaries see Notes, page 242 ff



*“In the holding structure, every one of us can concentrate on his own core competencies.”*

**Oliver Hambrecht / Bernd Ihle**  
Managing Director / Head of Sales Public Sector Division, system house Neckarsulm

## 04. MANAGEMENT STRUCTURE OF BECHTLE AG



*"In the system house business, we count on our dense regional coverage in Germany, Austria and Switzerland."*

**Julia Schneider / Jessica Fübrich**  
Event Management, 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 Executive Vice Presidents. Apart from the cross-segmental divisions, the Executive Vice Presidents 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 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.



[bechtle.com/locations](http://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 covering 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 consistent performance-oriented compensation system supports and promotes the entrepreneurial activities of the directors.

In the reporting period, the group further expanded its extensive market presence and technology position in the IT system house & managed services segment in Germany, Austria and Switzerland by acquiring two companies. Through its acquisition of planetsoftware GmbH in Wien, BECHTLE has stepped up its market presence in Austria and expanded the product spectrum of the local BECHTLE IT system houses. The 3D CAD software specialist has three more locations in Graz, Innsbruck and Wels. planetsoftware is the largest SolidWorks partner in Austria and holds the highest certification status of the software manufacturer. BECHTLE has expanded its managed service business through the acquisition of Amaras AG in Monheim. The 33 employees of Amaras are active for customers on-site throughout Germany.



See Notes,  
Scope of Consolidation,  
page 178



See  
Business Activity,  
page 72 f

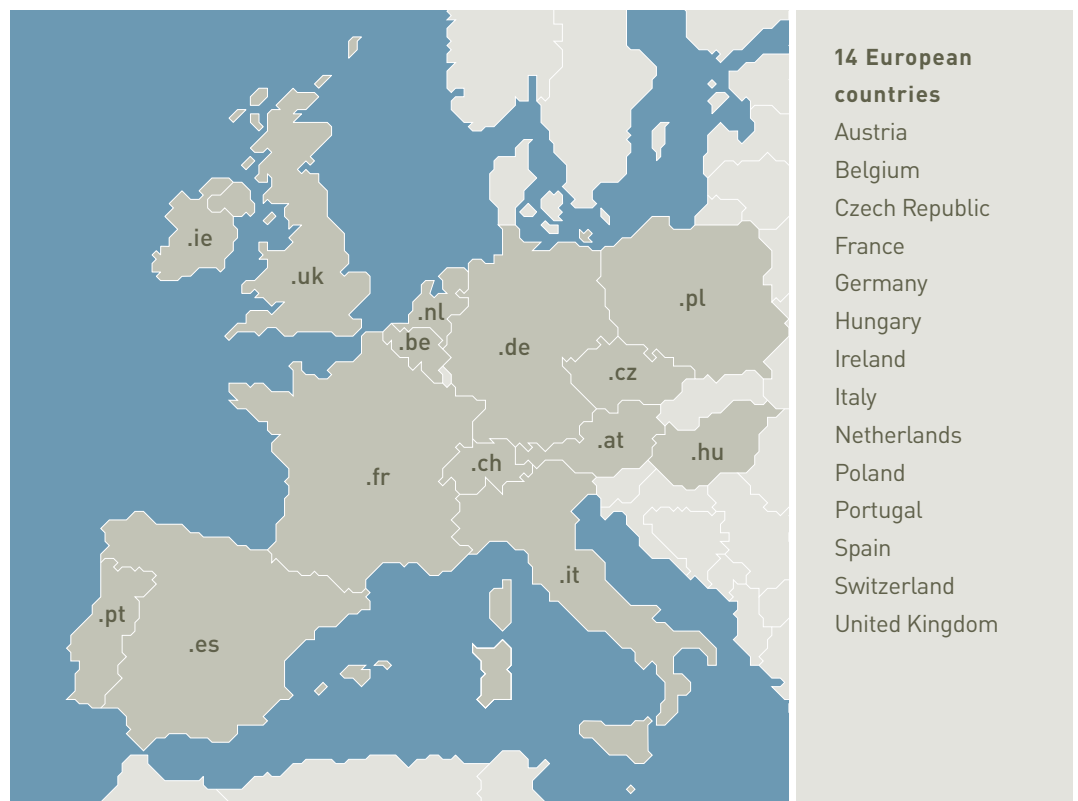
#### 05. SYSTEM HOUSE LOCATIONS OF BECHTLE AG



As of the reporting date, BECHTLE's IT system house & managed services segment had 47 IT system houses in 14 federal states in Germany, and six specialists and 22 sales offices. BECHTLE AG has eleven system house locations in eight cantons in Switzerland and six locations in six federal states in Austria. Another sales office is located in Bruxelles. The sole purpose of this office is to cater for the EU as our customer.

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 the software and licence management specialist COMSOFT DIRECT, and in six with the trading brand ARP. Moreover, ARP operates a purchasing company in Taiwan.

#### 06. E-COMMERCE LOCATIONS OF BECHTLE AG



BECHTLE AG thus owns a total of some 100 operating companies and shareholdings, which are listed in Appendix A to the Notes. The majority of the IT system houses and service and trading companies are located primarily in Germany and secondarily in 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 1,400 employees.

Since the reporting period, BECHTLE has pursued another approach in the e-commerce segment besides the founding of its own companies: the establishment of international alliances. In 2014, partnerships were entered into with enterprises in the USA, Scandinavia and the Baltic States, as well as in New Zealand and Australia. The purpose of these alliances is to be able to supply existing customers via the partners even outside Europe, thereby offering them a supply chain with global coverage and comparable quality standards. In this way, BECHTLE has also gained new customer business in its traditional markets: Customers of our alliance partners who are looking for an IT service provider in Europe can now be addressed directly and preferentially by BECHTLE through our partners' intervention.



**BUSINESS ACTIVITY**

Bechtle’s business model rests on two pillars. In the IT system house & managed services segment, Bechtle is an IT one-stop provider with more than 65 system houses in Germany, Austria and Switzerland. In the IT e-commerce segment, the Bechtle Group is one of Europe’s leading IT dealers, with subsidiaries in 14 countries. Due to the increasing pace of technological innovation and mounting complexity, IT partners are required to meet growing customer requirements. Accordingly, horizontal and vertical competence, speed and reliability are decisive for successful competitive positioning. The Bechtle Group has consistently aligned its business model and internal processes with these requirements.

**Business Segments**

BECHTLE AG is an IT service provider and IT dealer. Its activities are divided into two segments. In the IT system house & managed services segment, BECHTLE – as a one-stop provider – offers customers an extensive portfolio that features IT strategy consulting services, hardware and software, project planning and roll-out, system integration, IT services and training, cloud services and complete IT operation. The IT e-commerce segment comprises the group’s Internet and phone-based hardware and software trading activities. With the ARP, BECHTLE DIRECT and COMSOFT DIRECT brands, BECHTLE pursues a multi-brand strategy in this segment. We thus 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.

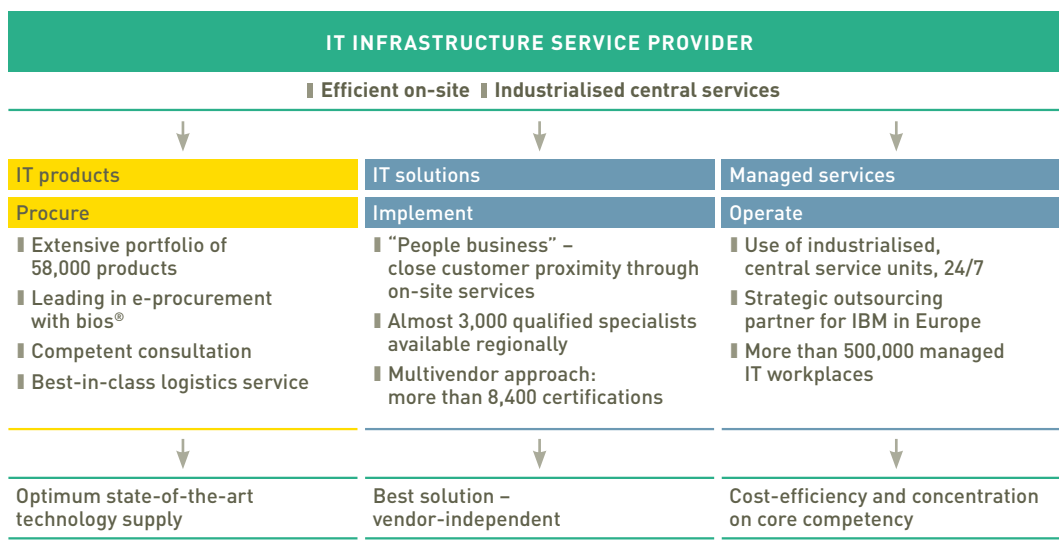


For information on the business model see Management Structure, page 65 f



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 elaborating a needs-oriented solution for each and every customer. The product portfolio is subject to ongoing review and adaptation to market and customer requirements.

Almost 3,000 service team members including certified and system engineers offer customers expertise, advanced specialised competence, many years of IT project experience and the ability to rapidly implement individual requirements by means of IT services. BECHTLE has bundled specialist know-how in Competence Centres that are active throughout the country. More than 8,400 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 [bechtle.com/it-solutions](http://bechtle.com/it-solutions)

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

**Client Management.** Client management solutions from BECHTLE standardise and optimise the IT workplace landscape at the customer and thus establish the technical preconditions for future-proof provisioning concepts. The offer features services such as roll-out, migration, mobile and print solutions, software deployment, virtual clients and client life-cycle management. 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.** A modern IT infrastructure is expected to fulfil numerous demands, such as stability, efficiency and permanent availability, along with flexibility and scalability to accommodate new requirements. BECHTLE offers these features through virtualisation, automation and flexibilisation of data centres. The offer comprises vendor-independent advice, project planning and operation of virtualised server and storage systems plus unified computing. By means of the selection of a suitable infrastructure solution with respect to technological performance, power supply, cooling and active energy management, BECHTLE enables its customers to cut IT and energy costs significantly.

**Networking Solutions.** Simplified network administration, WAN optimisation, the connection of mobile staff members, LAN security and the establishment of secure wireless networks are the main issues of a future-proof, cost-efficient network infrastructure. The objective is to reduce the complexity and save costs. From network analysis to network operation, certified BECHTLE experts ensure high infrastructure availability and efficiency. BECHTLE also combines integrated concepts for conference solutions, IP communication, instant messaging, mobile applications and telepresence in connection with the subjects of collaboration and unified communication. Network solutions place great emphasis on a comprehensive security concept.

**Virtualisation.** To make the IT flexible and thus scalable and future-proof while achieving significant energy and cost savings, companies are turning to virtualisation as the base technology. BECHTLE offers advice, implementation and the operation of virtualisation solutions for servers, storage, clients 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. What is more, virtualisation paves the way into the cloud. BECHTLE's competence in this area is backed by numerous awards. For example, VMware, the world's leading provider of virtual infrastructure software, regularly honours BECHTLE for its competence and performance. In the reporting period, BECHTLE received the award in the "Global Solution Provider" category.

**IT Security.** Threats from malware, data espionage and theft necessitate an integrated security strategy. IT security from BECHTLE combines technical security with information security, thereby providing comprehensive protection. Our certified IT security experts plan and develop IT security strategies, implement IT security infrastructures and supervise these with 24/7 monitoring. 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.** Here, BECHTLE combines expert licence-management consulting services with extensive know-how of market-leading application solutions. 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. Our more than 50 certified licence specialists review the software that is already deployed at the customer and ensure correct and audit-proof licensing. In this way, we guarantee a transparent software inventory, efficient licence management and legal certainty.

**Bechtle Technology Concepts.** Here, BECHTLE has established three ground-breaking subjects that combine infrastructure solutions, management and processes. We take care of all necessary planning, architecture and implementation services in connection with the establishment of the technology concepts on behalf of our customers. Our certified IT business architects support the technological implementation of the business requirements. Below is an overview of technology concepts:

**Mobility.** BECHTLE offers a fully integrated solution offer in the field of mobility, from the planning to provision and management to protection and support. Our experienced mobility experts and IT consultants provide the customer with vendor-independent advice on current mobility technology and document the requirements. On this basis, we develop a strategic action recommendation and the optimum mobility roadmap in collaboration with the customer. BECHTLE takes care of the secure integration and efficient administration of the mobility landscape and assumes responsibility for the security or the support for technical questions pertaining to warranty services.



*"IT security from Bechtle:  
Ensuring that our customers  
can feel safe in every aspect."*

**Peter Hummel**  
Head of IT Security, Bechtle  
Remote Services GmbH



For further information  
on the Bechtle technology  
concepts, see  
[bechtle.com/portfolio-en/  
hot-topics](https://www.bechtle.com/portfolio-en/hot-topics)



bechtle.com/  
cloud-computing

**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.

**Dynamic Data Centre.** IT infrastructures are subject to mounting pressure: Employees need fast and mobile access to data, services and applications at all times. At the same time, the amount of data is growing without let up – as is the desire to use the information potential of these digital resources more effectively. This requires highly adaptable systems and processes. In this area, concepts such as the software-defined data centre or convergent infrastructure solutions help reduce the complexity in the data centre and make IT resources available in accordance with the needs. A higher degree of automation boosts the efficiency when performing routine tasks. The management, departments and users reliably obtain access to the IT services they need. BECHTLE supports its customers with services such as management and automation, provision of intelligent storage solutions and establishment of a data centre network.

**Managed Services.** With more than 500,000 managed IT workplaces and more than 250,000 data centre systems under maintenance agreements, we are specialised in the production of cost-efficient 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 life cycle. The technical solutions are complemented by individual financing models such as leasing.

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

**Managed Cloud Services.** 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 solution modules as managed cloud services, which support the business processes of our customers as effectively as possible. Based on our managed cloud services, we deliver needs-oriented solutions that make the IT of our customers more cost-efficient and future-proof. The services are provided on the BECHTLE cloud platform and are billed according to the actual needs. The data always remain in the country of origin.



*"We take good care of 500,000 IT workstations."*

**Marion Yürek**  
Online Marketing, Logistics &  
Service

**Managed IT & Outsourcing.** BECHTLE is specialised in managed IT & outsourcing services and bolstered this area by means of an acquisition in the reporting period. 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 67

08. MANAGED SERVICES PORTFOLIO

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



bechtle.com/  
managed-services

**Professional Services.** BECHTLE offers professional services from client installation to data centre optimisation. We provide customers with advice on the IT strategy, integrate new application solutions, optimise IT systems or support the operation with our expert support. With a holistic perspective of business models and value chains, BECHTLE's certified IT business architects design future-proof IT landscapes.

**Training Services.** 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 12,500 seminar dates for 500 hot IT topics. For customers with several branches, this presence enables uniform training on-site.



schulung.bechtles.com

**Competence Centres.** The Competence Centres constitute an important pillar of BECHTLE's service portfolio. 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.

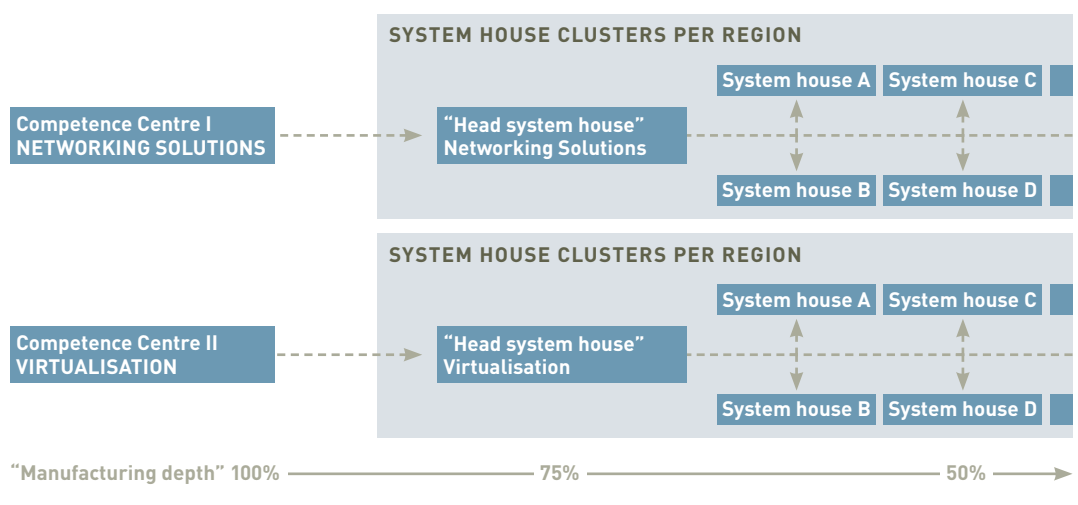
**Know-how Transfer between Locations.** Due to the increasing complexity and diversity in the field of IT, it is difficult for any individual system house to be skilled in all subjects in the required depth. In order to survive in the competition, BECHTLE not only intensified the focus on key IT subjects, but also promoted the concept of know-how transfer between locations. The objective is to ensure the equitable provision of expertise in all projects, regardless of the location of the respective system house. Therefore, the collabor-



Concept for  
know-how transfer  
between locations

ation 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 the staff training, support other system houses in customer projects and organise the successful knowledge transfer within a cluster. A system of “networked decentralisation” increasingly emerges as an effective organisation form.

#### 09. KNOW-HOW TRANSFER BETWEEN LOCATIONS



### Service Spectrum and Processes: IT E-Commerce

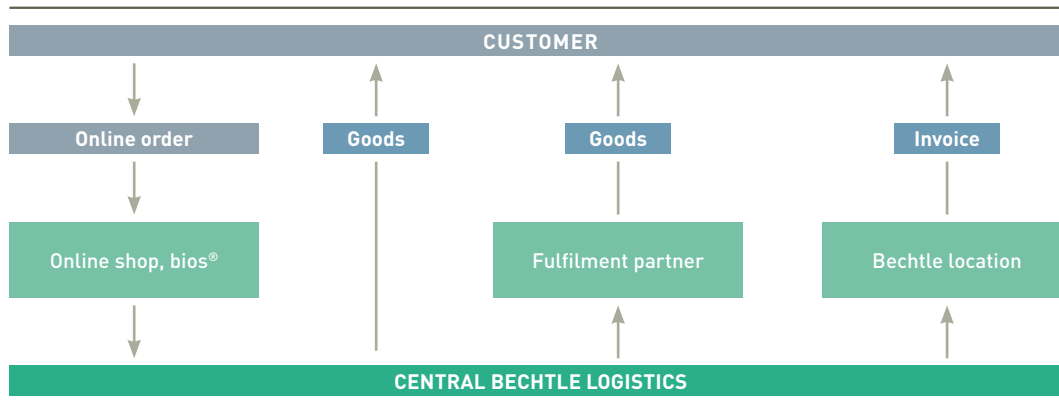
**Hardware and Software.** In the IT e-commerce segment, BECHTLE serves as a competent dealer that covers all common IT areas with more than 58,000 items, ranging from hardware to standard software to peripherals. While BECHTLE DIRECT concentrates primarily on conventional hardware of market-leading vendors, the product portfolio of ARP also features innovative niche products. Furthermore, the ARP companies sell peripheral products under their own ARP® and CLAXAN® labels, thereby offering customers an inexpensive alternative to other well-known brands while maintaining the same quality standard.



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

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 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 shipped on the same day and delivered usually on the next day.

## 10. ONLINE ORDERS AND SHIPPING OF GOODS



Lean processes and efficient logistics give us a competitive edge in the trading business. The centralisation of the product management, purchasing and warehouse guarantees competitive prices that are updated every day and prompt availability. For all EU countries, these sub-areas are therefore 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. To maintain its competitive edge in the future, BECHTLE continually implements logistics optimisation measures. In recent years, these have included the expansion of the overall warehouse area, the implementation of a new conveyor technology and the 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 picking of shipments. Currently, the central shipping warehouse in Neckarsulm has a total area of approximately 20,000 m<sup>2</sup> and room for 9,250 euro-pallets. Of the 58,000 products that are offered, about 8,500 items are constantly available on stock. In the reporting period, the average warehouse output amounted to 7,300 parcels a day.

Another key business process concerns the goods and pricing system and the uniform product database, which are accessed by all European subsidiaries. Every night, the European pricing system (EPS) developed by BECHTLE loads more than 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, the product catalogues are another important sales channel in BECHTLE's trading business. The main catalogue of BECHTLE DIRECT is published anew once a year. It appears in five languages and 17 international versions with a total print run of about 150,000 copies. The ARP catalogue is published once a year in three languages and six international versions with a print run of more than 100,000 copies. Additionally, special BECHTLE catalogues on specific trend subjects are regularly published in Germany.



*"Always determined to make the most of it."*

**Esra Akgün**  
Organisation, Logistics & Service



Up-to-date prices  
and availabilities



bios® stands for Bechtle Information & Ordering System, for further information see Glossary, page 256 ff

**E-Procurement.** 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, more than 50 per cent of all trading orders of the BECHTLE Group are already processed via bios® platforms. The services offered are not limited to the supply of hardware and software, but begin with comprehensive guidance on products and solutions and the establishment of customised procurement concepts in the form of defined shopping carts and framework agreements. Customers who 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.



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

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 clients. 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.

Under the name bios® Asset, BECHTLE offers both the procurement and the inventory management as well as ongoing management of the deployed hardware and software. In addition to the newly ordered products, all IT equipment that already exists in the company can be imported, managed and analysed. In this way, the introduction of new technologies and their life cycle can be planned in a time-saving manner, the efficiency of IT resources can be maximised and the resulting IT costs can be allocated to the responsible parties.



Sustainability through resource-friendly recycling of legacy systems

**Remarketing.** BECHTLE Remarketing is the Group company that is specialised in the remarketing of used IT. The experienced BECHTLE Remarketing specialists check and evaluate the legacy equipment that is to be replaced and take over the hardware directly at the customer's location. 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. We either prepare the legacy systems for resale or duly dispose of them in accordance with environmental regulations.



See Organisational Structure, inner back cover page

**Software Licence Management.** 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's online product range currently comprises about 10,000 products of more than 130 manufacturers and is expanded continually. COMSOFT DIRECT supplies enterprises with custom-tailored software products and solutions. The offer covers the entire software life cycle, including consulting, sales, procurement, maintenance and project management. This know-how is becoming increasingly important, as manufacturer licensing and pricing models are becoming more and more complex. Customer demand for this competence is on the rise, especially with respect to service-



oriented architectures consisting of diverse software modules with countless licensing models. COMSOFT DIRECT selects the most suitable licensing models from its extensive spectrum and enables customers to use their software applications as effectively and inexpensively as possible. The offer in this segment includes the analysis of the customers' licensing situation, in order to quickly achieve the optimum balance which avoids both illegal under-licensing and unnecessary, cost-intensive over-licensing.

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 resulting in licence optimisation for the customer. In this way, COMSOFT DIRECT covers the entire complexity of the software life cycle, from purchase planning to financing, procurement, distribution, provision and maintenance up to the replacement, and enables the customer to continually optimise productivity with maximum cost efficiency.



Professional  
inventory management  
with SAM

## 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. For example, the division offers its customers BECHTLE Product Lifecycle Management (BECHTLE PLM), a solution that accelerates business processes.

Programming work was also done for the internally developed software solutions BELOS, BECHTLE Manufacturing and BECHTLE NAV Connect. BELOS is a resource management application for planning and conducting events, trainings 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 NAV Connect – an application that is also based on Microsoft Dynamics NAV – was designed especially for use in storage and logistics. The solution permits the mapping of processes such as the receipt/dispatch of goods, order picking, stock transfer and inventories using mobile barcode scanners. The application is fully integrated

into the Microsoft Dynamics NAV ERP system and thus also supports complex processes of the warehouse management system by MDE barcode scanner. 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.

Apart from the continuous development work in connection with the maintenance and update of our web-pages and the webshops of our trading brands ARP, BECHTLE DIRECT and COMSOFT DIRECT, BECHTLE employees in the reporting period engaged in preliminary work in connection with the relaunch of the BECHTLE DIRECT webshop. This project is to be pushed ahead further in the current year.

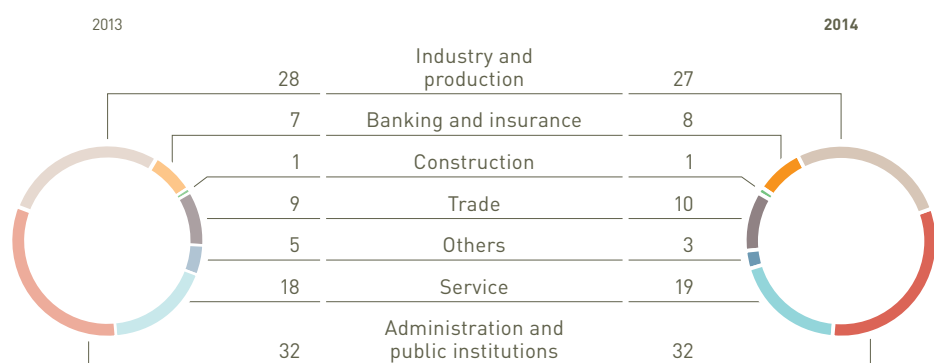
Apart from this, no major development work was done in the reporting period.

## 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 in the public-sector division 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.

Geographically, BECHTLE'S IT system house & managed services segment operates in Germany, Austria and Switzerland. The sales office established in Bruxelles in 2011 represents an exception. In the IT e-commerce segment, the BECHTLE Group is active throughout Europe. With the alliances entered into for the first time in the reporting period, BECHTLE is establishing a network of partner enterprises outside Europe. In this way, BECHTLE can address customers who wish to be supplied worldwide at uniform quality standards without maintaining its own companies in the respective markets. At the same time, BECHTLE is the reseller of choice of our alliance partners in core Europe.



See Locations,  
page 66 ff

## Competitive Position

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.



destatis.de

In Germany, BECHTLE enjoys an excellent market position, which it further improved in the reporting period. According to the professional media platform "ChannelPartner", BECHTLE ranked first in 2014 among vendor-independent companies in the German system house business in terms of domestic revenue. 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 local system houses.



*"An impressive achievement:  
Bechtle is Germany's number one."*

In the yearly customer-friendliness survey conducted by the industry journals "ChannelPartner" and "Computerwoche", BECHTLE slightly improved its assessment from 2.04 to 2.03. In the category of companies with an annual revenue of more than €250 million, BECHTLE thus remains among the top-five German system houses. 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 assessment.

**Alexander Knoche**

Tax and Corporate Law, Bechtle AG

The market research institute EITO currently estimates the total volume of the German IT market in 2014 at €71.8 billion. With its annual revenue of about €1.8 billion in Germany, the market share of BECHTLE currently amounts to about 2 per cent. Germany's ten-largest IT companies, which the professional media platform "ChannelPartner" assesses every year, occupy a market share of about 8 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, the consolidation pressure remained high in the reporting period, so that a slight shake-out can be expected in the long run.

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.



See Locations,  
page 68

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 younger markets.

## Environmental Protection



Environment  
management system  
in accordance with  
ISO 14001

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 the reporting period, BECHTLE was successfully re-certified after the designated three-year interval. With the help of the EMS, the company is able to systematically record environmental influences and continually reduce the environmental impact. This measure currently focuses on BECHTLE AG as an individual company. We will continue to examine for which subsidiaries it would make sense to adopt the EMS. Due to the decentralised structure of the BECHTLE Group, our plans do not provide for inclusion of the entire group. Nevertheless, the underlying principle of the EMS – economical and responsible use of the resources employed – applies to all companies in the BECHTLE Group. Since the introduction of the EMS, more and more enquiries have been received from BECHTLE locations interested in the EMS introduced at headquarters, examining whether they could implement at least parts of the measures at their locations. At the same time, all employees are continually sensitised to environmental concerns.

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. Most of the measures are cross-divisional measures that impact all companies based at the headquarters in Neckarsulm. 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. The central IT continues to play a central role for the power consumption, and the facility management for power, heat and water. Additionally, the following measures were applied or initiated in the reporting period:

- For the first time, BECHTLE AG introduced electric vehicles to its fleet. With the 20 BMW i3 cars that it purchased in November 2014, BECHTLE boasts the largest i3 fleet throughout Germany. The cars have been distributed to several locations, where they are available to all employees as pool vehicles. At the same time, charging stations have been set up in Neckarsulm and at the individual locations.
- Within the scope of a Bachelor's thesis, all relevant environmental services of BECHTLE AG were recorded in a pilot project. In this way, it was possible to create a carbon footprint for the company on the basis of ISO 14064. We are currently evaluating whether we should continue this project and determine the carbon footprint at regular intervals.
- As in previous years, BECHTLE further increased the degree of virtualisation in its own data centre. In a dynamically growing business and under consideration of the associated inevitable increase in computing capacities, virtualisation technology is a significant lever for curbing energy consumption.



*"Doing the environment a favour:  
Bechtle's electric fleet."*

**Michal Stolár / Pavel Mühl**  
Portfolio Management and  
Purchasing Czech Republic,  
Logistics & Service / Account  
Manager, Bechtle direct  
Czech Republic

- In the reporting period, the number of video-conferences and conference participants almost doubled. By avoiding on-site meetings, business trips and their environmental impact can be reduced significantly.
- The total amount of waste per capita has dropped. Thanks to the consistent waste separation, the proportion of recyclables has grown continually.

In addition to the introduction of the EMS, the BECHTLE Group observes environmental concerns within the scope of the statutory regulations. Thus, we do not offer any products containing hazardous or potentially hazardous substances that could endanger the environment or end users. BECHTLE requires its suppliers to comply with the EU Directive 2002/95/EC on the restriction of the use of certain hazardous substances in electrical and electronic equipment (ROHS) of March 2003. Additionally, all purchased components are regularly inspected in order to make sure that they do not contain any hazardous substances. BECHTLE ensures eco-friendly disposal of the products at the end of their life cycle, thereby fulfilling its obligations under the German Electrical and Electronic Equipment Act (ElektroG). The company has been listed in the waste electrical equipment register (EAR) since 2005. 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.

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, data centres are analysed for their energy consumption and possible savings potential. For example, savings can be achieved through server virtualisation and consolidation.



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

## Sustainability

BECHTLE's success largely depends on the fact that we always keep the big picture in mind instead of pursuing a short-term course. 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. As early as 2013, BECHTLE elaborated a sustainability code that brings home our responsibility towards society as a whole and the important guiding principles to all BECHTLE employees and business partners. In the reporting period, BECHTLE additionally composed a sustainability report that will initially be published internally in 2015 at the same time as the Annual Report. From 2016, the sustainability report is to be made available to all who are interested. To underline the importance of sustainability to BECHTLE, and to demonstrate it both internally and externally, BECHTLE AG signed the WIN Charta, which was initiated by the federal state of Baden-Württemberg, in the reporting period.



win-bw.com

In this way, BECHTLE commits itself to a total of twelve principles and objectives of sustainable operations as defined in the WIN Charta. Moreover, the companies that participate in the WIN Charta undertake to submit regular reports and to support at least one sustainability project in Baden-Württemberg.

The basic values defined in the BECHTLE sustainability code comprise the following eight categories:

## 12. SUSTAINABILITY CATEGORIES

SUSTAINABILITY		
■ Corporate governance	■ Environment	■ Human rights
■ HR work	■ Solution offers	■ Fairness
■ Customer relationships		■ 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 94 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 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 89 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 are usually founded on a firm trust basis that has grown over the years and generally pursue a long-term horizon, especially in the case of 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 79 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 ISO 14001. For many years, BECHTLE's Annual Report has featured a separate section on environmental protection.



See Environmental Protection, page 80 f

**I 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 life cycle, 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.

**I Sustainable Commitment to Human Rights.** As a company, we 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.

**I Sustainable Fair Operational and Business Practices.** Honesty, fairness and reliability stand for the integrity of BECHTLE and determine our conduct inside and outside of our company. The most important pillar in this connection is the BECHTLE code of conduct, which defines clear rules and prohibitions for the interaction with business partners. Our open and tolerant corporate culture also plays an important role in this area. At the same time, BECHTLE also expects its suppliers, service providers and downstream contractors to accept these basic values. For this reason, BECHTLE compiled a separate code of conduct for BECHTLE suppliers in the reporting period. BECHTLE'S code of conduct for suppliers of goods and services contains the principles and minimum requirements from BECHTLE'S code of conduct that BECHTLE'S suppliers should also be committed to.

**I Sustainable Social Responsibility.** As an internationally positioned enterprise, we interact in various ways with our respective 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 involvement centres on education, youth and sports. Additionally, we are involved in selected charitable projects. In our decentralised structure, the Managing Directors of the local companies are free to decide in which area and to what extent they want to get involved. At our headquarters in Neckarsulm, we support the following subjects:

**Education:** Since 2009, BECHTLE and its partners have funded an endowed chair at Heilbronn University. This has yielded various synergies in the form of joint projects and up-to-date research input.

**Children and youths:** BECHTLE has supported the foundation "Big help for little heroes" since it was established five years ago. To BECHTLE, the involvement is not only a sign of solidarity with Ralf Klenk, the company co-founder and initiator of the foundation, but also underlines the conviction that this involvement represents an extremely meaningful and necessary contribution in the field of paediatrics.

**Sports:** We consider involvement in sports to be meaningful if it does not merely consist of sporadic activities, but supports a long-term, target-oriented project. Cooperating with the Neckarsulm Sport-Union suggested itself, also because this would highlight the regional bond. Here we decided to finance a youth trainer.



See  
Service Spectrum  
and Processes,  
page 70 ff



"Kudos for Bechtle's social involvement."

**Karolina Romanczuk /  
Bartosz Schmar**  
Managing Director / Sales,  
Bechtle direct Poland

## CORPORATE MANAGEMENT

The mainstay and key benchmark of the corporate management is the long-term strategy of the Bechtle Group. It is consistently aligned with the Vision 2020, whose objective is to effectively increase the enterprise value through profitable growth. Bechtle AG wants to achieve this both organically and by means of acquisitions. We strengthen our position in the existing business areas and regions especially through satisfied customers. To reach this goal and to support the management processes, the Executive Board employs various instruments which, among other things, enable the evaluation of the business performance and ongoing review of the strategy with respect to the achievement of the long-term growth and profitability targets, which are above industry average.

### Objectives and Strategy

In the Vision 2020, the Executive Board of BECHTLE AG has set ambitious growth targets. By 2020, the group aims to generate total revenue of 5 billion euros 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 by about 15 per cent.

The required growth is to be achieved both organically and by means of acquisitions. Organically, we can build on our experience in the IT market, which already stretches back 31 years. At the same time, it is necessary to constantly adapt the position we have achieved to changing market needs. We convince our customers with effective advice, innovative technology, needs-oriented services and a comprehensive hardware infrastructure and software offer. In this way, we will be able to continue to achieve significant organic growth, as in the reporting period. 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.

So far, growth through acquisitions has mainly taken place through the acquisition of smaller to medium-sized businesses. However, in the search for suitable acquisition candidates, the company often also examines larger businesses. What matters is that an acquisition strengthens the market position of the BECHTLE Group in terms of the 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.



*"Acquisitions are part of Bechtle's growth strategy."*

**Franck Gentzbittel**

Sales, Bechtle direct France



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. With the alliances initiated in the reporting period, BECHTLE will push ahead the internationalisation beyond Europe. In 2015, we already gained an additional partner in Japan.



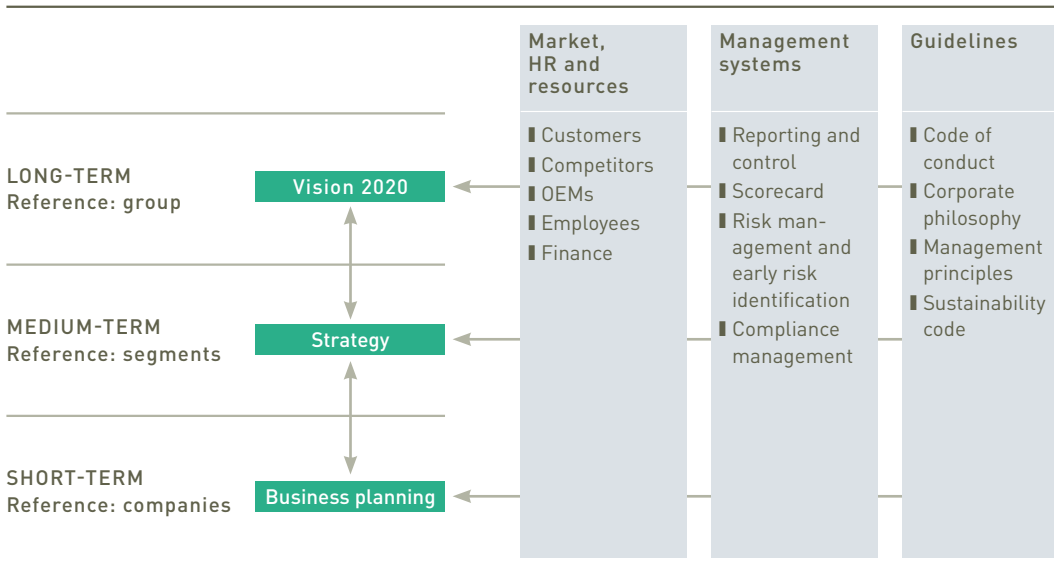
See  
Group Structure,  
page 68

See  
Supplementary Report,  
page 154

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.

On the road towards the achievement of the goals formulated in the Vision 2020, every fiscal year means a milestone. Excellent fiscal years such as the reporting period bring us much closer to the Vision 2020, and thus enable us to compensate for potentially weaker phases in the future.

13. CORPORATE GOVERNANCE OF BECHTLE AG



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 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.



Our basic values  
provide orientation

## 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 the BECHTLE Group, 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 managing 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 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 validated 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.



Intelligent BI systems  
support governance  
processes

The operational targets and duties derived from the individual meetings are communicated by the managing directors and executive vice presidents 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 available to every Managing Director or Executive Vice President 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 negative developments 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.



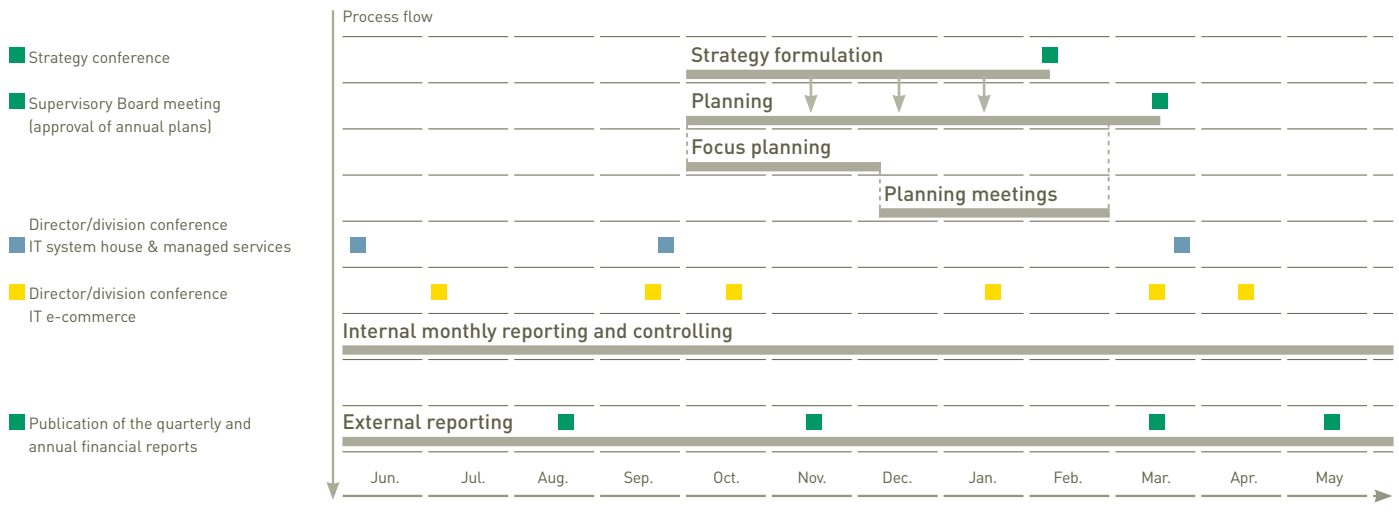
ERP systems for  
resource-oriented  
management  
and mapping of  
business processes

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, financial accounting and shipping of the goods and the status of the receivables – and deliver relevant figures (such as the customer contact frequency, contact price, 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 79 f



Training, employee  
motivation and staff  
development for successful  
customer retention

Combined with target-oriented staff training, these analyses will help BECHTLE to continue to provide customers with comprehensive, flexible and competent consulting services in future. Personnel-related data, such as fluctuation and qualification details, are used as internal key performance indicators. The aim is to systematically develop the employees in all fields of qualification and to increase the motivation in order to improve employee loyalty. BECHTLE'S one-digit fluctuation rate is below the industry average.



Non-financial  
performance indicators  
can be reviewed

In addition to the largely operations-oriented management systems presented above, the Executive Board makes use of other systems in its business policy and strategy-related decisions, such as the systems used for quality management, environment management, compliance, risk management and early identification and the internal 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 (☀️). Continuous monitoring, management and further development of the strategic goals in connection with organisational and system-based protective measures ensure improved coordination and consistent alignment of the activities of all areas in the group for the purpose of ensuring sustainable development of the company. The measures for the preparation of a sustainability report that were taken in the reporting period and the processes thus initiated in the enterprise will doubtlessly set further impulses in the future.



See Sustainability,  
page 81 ff

## EMPLOYEES

In the fiscal year ended, Bechtle further expanded its employee base – an important precondition for achieving our growth targets. Dedicated and committed employees will continue to be our most valuable assets in the future. For this reason, we have invested in our recruiting measures and successfully continued to develop our employee acquisition strategy both in the field of training and with respect to highly qualified personnel. Training remains a core area of our HR work. In 14 different professions and integrated degree programmes, Bechtle trains young people. To keep up with the fast pace of the IT industry, we also offer all our employees a comprehensive range of open seminars and tailor-made staff development programmes for senior and junior executives.

### Development of Employee Numbers

As of 31 December 2014, the BECHTLE Group had 6,572 employees. Compared to the prior year, with a total of 6,219 employees, the total workforce grew by 353, an increase of 5.7 per cent. On average, 6,421 employees worked for BECHTLE during the reporting period (prior year: 6,072 employees). The increase in the number of employees in the group is the result of acquisitions and, most importantly, new recruitment.

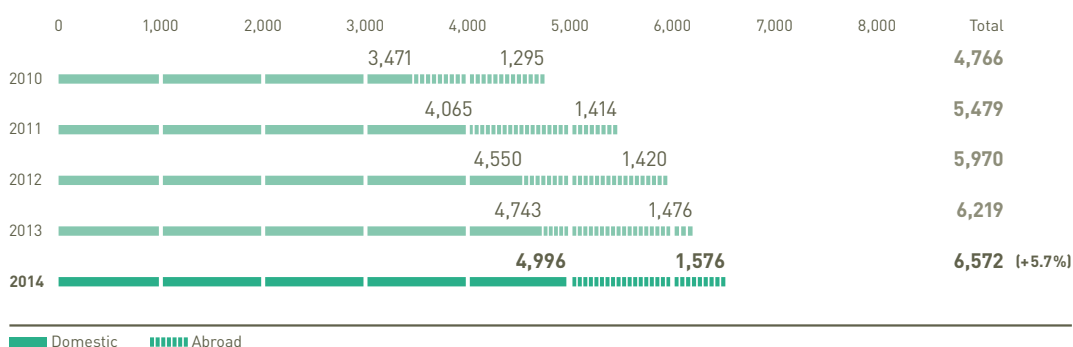


See Notes,  
Employees,  
page 237 f

In Germany, the number of employees increased by 253 to 4,996 at the end of the year (prior year: 4,743 employees). The number of employees in other countries increased from 1,476 to 1,576. Thus, Germany still accounts for about three quarters of all employees.

#### 15. EMPLOYEES BY REGIONS

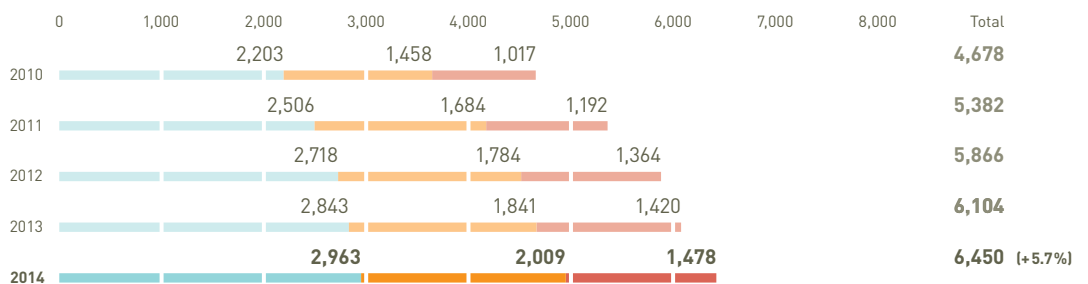
as of 31 December



Split by functional areas, we recorded the highest growth in the field of sales. In the entire group, 2,009 employees worked in this area in 2014 as of the balance sheet date, 168 more than in the prior year. The service team grew by 120 to 2,963, and the administration workforce by 58 to 1,478.

#### 16. EMPLOYEES BY AREAS

as of 31 December



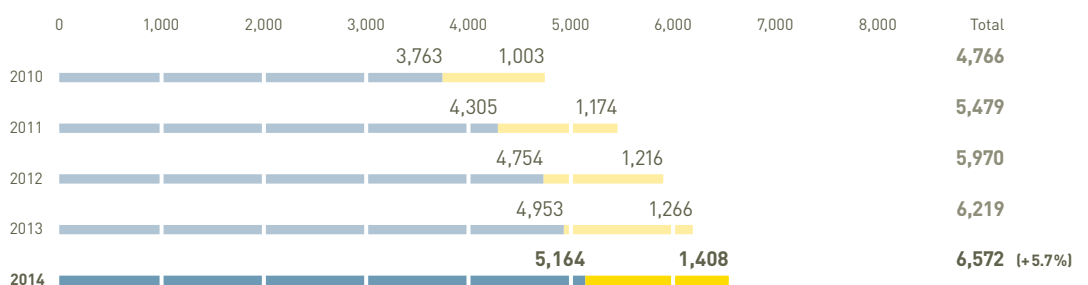
Services Sales Administration

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

At business segment level, the number of employees increased to 5,164 in the IT system house & managed services segment, compared to 4,953 in the prior year. The number of employees in the IT e-commerce segment amounted to 1,408 (prior year: 1,266). At 11.2 per cent, the headcount increase in the European trading business was much higher than in the service-focused system house segment, which recorded a headcount increase of 4.3 per cent.

#### 17. EMPLOYEES BY SEGMENTS

as of 31 December

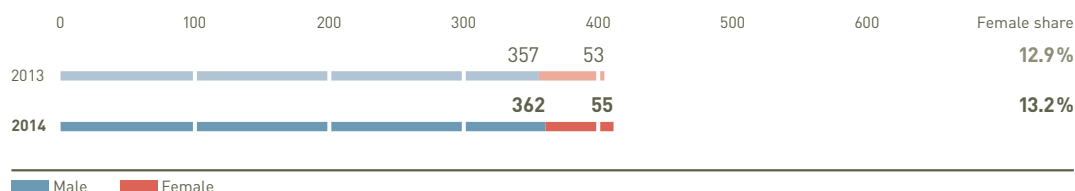


IT SH & MS IT e-commerce

As an enterprise active throughout Europe, BECHTLE already has a balanced proportion between the various cultures and nationalities and between men and women. We are convinced that the diversity of the employees promotes 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 24 per cent. At 50 per cent, the central divisions account for the highest share of women, followed by 40 per cent in the e-commerce segment. At 20 per cent, the system house segment has the lowest proportion of women.

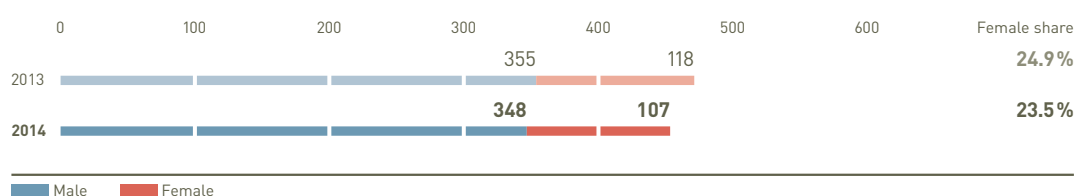
## 18. EXECUTIVES: SHARE FEMALE/MALE

as of 31 December



## 19. TRAINEES: SHARE FEMALE/MALE

as of 31 December



## Personnel Expenses and Salary Model

In 2014, expenses for wages and salaries including social contributions only underwent a below-average increase of 11.4 per cent to €388.8 million (prior year: €348.8 million). Thus, the personnel expense ratio receded from 15.3 per cent to 15.1 per cent. Accordingly, the personnel intensity also declined slightly to 62.2 per cent (prior year: 62.3 per cent) in relation to the revenue less material costs.

## 20. PERSONNEL EXPENSES

		2014	2013	2012	2011	2010
Personnel and social expenses	€m	388.8	348.8	326.6	294.6	241.4
Personnel and social expenses per employee <sup>1</sup>	€k	61.7	58.5	57.5	58.3	54.7
Personnel expense ratio	%	15.1	15.3	15.6	14.8	14.0

<sup>1</sup> Without employees on parental leave

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

## Training



bechtle-azubit.de

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.



455 trainees

As of the end of the reporting period, BECHTLE had 455 young trainees (prior year: 473), including 56 abroad. At 24 per cent, the proportion of female trainees is far above the industry average. Technical training professions (197 trainees) slightly outweigh administrative training professions (179 trainees). Moreover, 40 young people studied on an economic degree programme and 39 on a technical degree programme of the cooperative university. The training ratio in Germany dropped to 8.2 per cent (prior year: 9.2 per cent). At the head office in Neckarsulm, the training ratio is 9.3 per cent.

By providing needs-oriented training, BECHTLE makes an important contribution towards securing its own future. Our goal is to raise the training ratio in Germany to about 12 per cent in the medium term. To reach this ambitious goal, BECHTLE invests in innovative training marketing. With the training initiative AZUBIT – which consists of various components that complement each other – we impress high-school students with our future-oriented, hands-on training concept, in which trainees can quickly assume responsibility and contribute their own ideas. Moreover, we have expanded our range of high-school internships at group headquarters to include additional departments and reinforced our cooperation with schools. By means of applicant training, school class visits to our group headquarters and presentations in school classes, we give pupils an authentic insight into the training at BECHTLE and establish personal contact with young people. Furthermore, BECHTLE makes use of numerous recruiting events to present itself as a training company.



*“At Bechtle, training serves two purposes: To promote young people and to secure the future of the enterprise.”*

**Sarah Schneider / Ali Erdem**  
Trainee in wholesale and international trade management /  
Trainee in IT systems management

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 headquarters with its service units. During their training, a tried-and-tested mentoring model, regular meetings and cross-locational seminars give the young people the opportunity to share their experiences and network. The fact that upon graduation, we are able to offer virtually all trainees and students on integrated degree programmes employment contracts is a visible sign of our successful investment in training. The increasing number of BECHTLE trainees whom the local chambers of industry and commerce invite to regional and state-wide award ceremonies in recognition of their outstanding performance is also very encouraging.

The BECHTLE Academy, which was established by the company back 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 the Vision 2020 by means of suitable strategic staff-development measures.



In the reporting period 2014, the BECHTLE Academy conducted 355 events with a total of 4,379 participants, thereby making a significant contribution to the qualification of BECHTLE'S workforce. Compared to the prior year, (297 events with 3,674 participants), the number of participants went up. In 2014, the management & leadership seminars recorded the greatest increase.

To further improve the quality of the training offers, and thus the competence of the employees, we now offer throughout the group the sales-oriented training portal iLEARN, which we had already introduced in 2009 for the IT e-commerce segment. The iLEARN training offer currently comprises about 280 individual courses in the fields of products and solutions, sales, processes and sales guidelines, ISO audits, business etiquette and tests in a total of ten languages, for newcomers and experienced sales representatives in all 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 5,600 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.

Information about the entire further education offer in the form of classroom and iLEARN training is available to all employees via a portal solution.

In 2013, staff development introduced the junior management programme, which conveys action and decision-making skills for executives in middle management. In March 2014, 20 young employees successfully completed this training. A second round of 13 participants started in June 2014. In the reporting period, 13 participants completed the general management programme, a programme for the development of junior executives which has existed since 2011. 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.

BECHTLE offers university graduates and career changers an attractive trainee programme focusing on "Sales", "Sales and public sector-clients" and "IT consulting/IT system engineering", which was successful in 2014 as well. In its first year, our trainee programme was already praised by the job exchange "Absolventa" for its career-promoting features and fairness.



[bechtle.com/trainee](http://bechtle.com/trainee)

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 2014, too, employee certification measures constituted a central part of the HR work.

Last year, the largest recruiting survey in the German-speaking countries examined the recruiting qualities of 500 employers in Germany, 500 in Austria and 500 in Switzerland for the third time. As the best enterprise in its industry, BECHTLE AG was awarded the "Best Recruiter" label in gold. This award corroborates the recruitment strategy of our company.

## CORPORATE GOVERNANCE REPORT

Since its foundation, Bechtle has been characterised by values such as integrity, determination, reliability and inspiration. These values form the basis for the corporate policy of Bechtle AG, which focuses on sustainable long-term success. Responsible entrepreneurship has always been the guiding principle of Bechtle's business operations and thinking – long before such concepts were put down in relevant codes in the current form. All decision-makers at Bechtle have always been, and continue to be, aware of the expectations of the employees, customers and shareholders and of the social responsibility involved. This self-image, which has grown over the years, is a key orientation standard for the Executive Board and the Supervisory Board.



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

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

### Shareholders and Annual General Meeting



[bechtle.com/  
investors/agm](http://bechtle.com/investors/agm)

All shares of BECHTLE AG are no-par bearer shares and 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.

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 DCGK, according to which an ordinary annual general meeting should end after no more than four to six hours. In recent years, all Annual General Meetings of BECHTLE AG remained within this limit.

As previously, the Annual General Meeting of BECHTLE AG will not be broadcast over the Internet. In the opinion of the Executive Board and of the Supervisory Board, the organisational costs of an Internet broadcast would surpass its benefits for the company and its shareholders.

## Collaboration between the Executive Board and the Supervisory Board

The Supervisory Board is involved in all major corporate decisions 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 the 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.



See Report of the Supervisory Board, page 13 ff

## Executive Board

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. In 2014, the appointment of Michael Guschlbauer and Jürgen Schäfer as members of the Executive Board, and the respective Executive Board employment contracts, were prematurely extended by another five years.



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

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



See Employees, page 90 f

goal in connection with the staffing of Executive Board positions. Thus, the recommendation of DCGK for the appointment of Executive Board members is not fully complied with in this regard. Should the Cabinet bill for the "Act on Equal Participation of Men and Women in Executive Positions in the Private Economy and Public Sector" be adopted by the German parliament and enter into force, BECHTLE AG will review this internal decision under consideration of the laws applicable at the time.

## 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 short-term component and a long-term component with a three-year horizon. The criteria for the assessment of the variable compensation include EBT, the 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 General Meeting of 16 June 2010 made use of the opting-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 DCGK) for the annual and consolidated financial statements for the fiscal years until and including 2014. This means that BECHTLE AG does not comply with Section 4.2.5 (3) and (4) DCGK, 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 Executive Board and the Supervisory Board will propose to the General Meeting 2015 to extend the so-called opting-out clause.

BECHTLE AG largely complies with Section 4.2.3 (2) sentence 6 DCGK, according to which the amounts of the executive board compensation as a whole and of its variable compensation components should be capped. With respect to the fixed compensation and the by far greatest 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 part of the variable compensation components and thus of the compensation as a whole are not subject to any contractual limits. In view of the fact that the Executive Board compensation is already capped with respect to its material components, the company believes that application of the recommendation in Section 4.2.3 (2) sentence 6 DCGK would not provide any tangible added value, neither for BECHTLE AG nor for its shareholders. Therefore, the recommendation will not be complied with in the future either.

For fiscal year 2014, the fixed compensation of the Executive Board amounted to €1,305 thousand (prior year: €1,251 thousand), and the variable components amounted to €2,217 thousand (prior year: €920 thousand). The total compensation amounted to €3,522 thousand (prior year: €2,171 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), 2016 (for commitments made in 2013) or 2017 (for commitments made in 2014). The total amount in case all targets are reached is €2,284 thousand. The pro-rata total amount for the fiscal years 2012, 2013 and 2014 in case all targets are reached is €1,514 thousand. The pro-rata claim of a total of €1,007 thousand that will most likely accrue for the fiscal years 2012, 2013 and 2014 has been taken into consideration by means of provisions.

## 21. EXECUTIVE BOARD COMPENSATION

	€k	
	2014	2013
Fixed compensation	1,305	1,251
Variable compensation	2,217	920
<b>Total</b>	<b>3,522</b>	<b>2,171</b>

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

DC&K 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) DC&K). On 14 March 2014, the Supervisory Board prematurely extended the employment contracts of the Executive Board members Michael Guschlbauer and Jürgen Schäfer. The new contracts provide for severance caps pursuant to Section 4.2.3 (4) DC&K. No such cap had been agreed in the previous contracts, as the Supervisory Board had not, at the time, considered a formal cap to be appropriate. The Supervisory Board plans to agree severance caps in future renewals of or amendments to existing 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 248f

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, 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.



See Report of the  
Supervisory Board,  
page 13ff

One new Supervisory Board member was elected in 2014. Gerhard Schick's mandate ended as of the end of the Annual General Meeting on 5 June 2014. At the Annual General Meeting, Dr. Matthias Metz was elected to the Supervisory Board with a vast majority.

In line with this change, the Chairman of the Supervisory Board also changed. Until the Annual General Meeting on 5 June 2014, Gerhard Schick served in this capacity. After the Annual General Meeting, the Supervisory Board elected Dr. Matthias Metz as its Chairman. By nature, the Chairman of the Supervisory Board of BECHTLE AG engages in intensive exchange with the Executive Board and is closely acquainted with the goings-on in the company. Thus, the company does not consider a separation of the executive positions of the Supervisory Board and of the audit committee to be necessary. For this reason, Gerhard Schick also served as chairman of the audit committee. In the many years as Chairman of the Executive Board and later as Chairman of the Supervisory Board of BECHTLE AG, he gained special skills and experience in the application of accounting principles and internal audit procedures (Section 100 (5) of the German Stock Corporation Act (AktG), Section 5.3.2 DCGK).



*"Change in the Supervisory Board,  
continuity in the corporate values."*

**Ole Behrens**  
Industry Management Research &  
Training, Public-Sector Division

Dr. Matthias Metz has served as chairman of the audit committee since 6 June 2014. Dr. Matthias Metz began his post-secondary education with vocational training as a banker before earning a degree in business administration. After obtaining his doctorate (Dr. rer. pol.), he became Assistant to the Management Board of Deutsche Bank AG in Frankfurt am Main in 1985. From 1988, he worked for Wüstenrot Bank AG in Ludwigsburg, first as a fully authorised representative, then as deputy member of the Executive Board and finally as regular member of the Executive Board. In 1993, he took over the management of the Augsburg branch of Deutsche Bank AG. Two years later, he transferred to Bankhaus B. Metzler seel. Sohn & Co. KGaA in Frankfurt am Main. In his position as Director, he was responsible for controlling, finance and taxes for three years. In 1998, he was appointed as fully authorised representative of Bausparkasse Schwäbisch Hall AG, and one year later as Executive Board member responsible for finance. In 2006, he became Chairman of the Executive Board. His mandate ended on 1 June 2014. Dr. Metz, too, has special skills and experience in the application of accounting principles and internal control procedures (Section 100 (5) AktG, Section 5.3.2 DCGK).

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

The Supervisory Board endeavours to fulfil its duties with due care. Every three years, the Supervisory Board has the efficiency of its activity comprehensively audited on the basis of the guideline of Deutsche Schutzvereinigung für Wertpapierbesitz e.V. An audit conducted in 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.

In conformity with Section 5.4.1 (2) 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. Furthermore, the Supervisory Board does not see any need for the definition of specific goals for the handling of potential conflicts of interests. 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. Should the Cabinet bill for the "Act on Equal Participation of Men and Women in Executive Positions in the Private Economy and Public Sector" be adopted by the German parliament and enter into force, BECHTLE AG will review this decision under consideration of the laws applicable at the time.

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

The Rules of Procedure of the Supervisory Board provide for an age limit of 70 for election to the Supervisory Board. Gerhard Schick, who was judicially appointed as member of the Supervisory Board as of 1 December 2013 following the resignation of Klaus Winkler and whose mandate ended as of 5 June 2014, had already passed this age limit as of the date of appointment. Due to the unexpected resignation of Klaus Winkler and the necessity of staffing the position quickly and without any transitional periods, 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. However, BECHTLE AG will observe the age limit as determined in the Rules of Procedure for future candidates.

## Supervisory Board Compensation

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



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

## 22. SUPERVISORY BOARD COMPENSATION

€

Name	Basic compensation	Chairman/ Vice-chairman	Committee activity	Attendance fee	Total 2014	Total 2013
<b>Shareholder representatives</b>						
Kurt Dobitsch	25,000			3,750	28,750	28,750
Prof. Dr. Thomas Hess	25,000			3,000	28,000	28,750
Dr. Walter Jaeger	25,000		6,500	5,500	37,000	36,750
Dr. Matthias Metz (since 6 June 2014)	14,315	28,630	9,305	3,500	55,750	0
Gerhard Schick (until 5 June 2014)	10,685	21,370	6,945	4,500	43,500	7,560
Karin Schick	25,000			3,750	28,750	28,000
Dr. Jochen Wolf	25,000	12,500	16,250	8,750	62,500	61,500
<b>Employee representatives</b>						
Uli Drautz	25,000	12,500	13,000	8,750	59,250	58,250
Daniela Eberle	25,000		6,500	6,250	37,750	37,250
Barbara Greyer	25,000			1,500	26,500	28,750
Martin Meyer	25,000			3,750	28,750	15,675
Volker Strohfeld	25,000			3,750	28,750	15,675
Michael Unser	25,000			3,000	28,000	15,675
<b>Total</b>	<b>300,000</b>	<b>75,000</b>	<b>58,500</b>	<b>59,750</b>	<b>493,250</b>	<b>492,560</b>

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 dutybound 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 board members in supervisory boards and similar supervisory bodies of other companies is presented in the Notes to the Consolidated Financial Statements.



See Notes  
pages 234 and 248 ff

## Transparency

BECHTLE puts great emphasis on open, trusting communication with shareholders and other stakeholders and therefore engages in fair, timely and reliable dialogue with all stakeholders. For the Executive Board and the Supervisory Board, openness and transparency are key principles of conduct. All information relevant to the capital market is published simultaneously in German and English via an extensive distribution list 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.



[bechtle.com/investors](http://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		
	shares	
Name	31.12.2014	31.12.2013
Dr. Thomas Olemotz	0	0
Michael Guschlbauer	0	0
Jürgen Schäfer	4,000	4,000

## 24. NUMBER OF BECHTLE AG SHARES – SUPERVISORY BOARD

shares

Name	31.12.2014	31.12.2013
<b>Shareholder representatives</b>		
Kurt Dobitsch	0	0
Prof. Dr. Thomas Hess	0	0
Dr. Walter Jaeger	0	0
Dr. Matthias Metz (since 6 June 2014)	0	–
Gerhard Schick (until 5 June 2014)	–	0
Karin Schick	7,353,287 <sup>1</sup>	7,353,287
Dr. Jochen Wolf		
<b>Employee representatives</b>		
Uli Drautz	0	0
Daniela Eberle	0	0
Barbara Greyer	0	0
Martin Meyer	0	0
Volker Strohfeld	2	2
Michael Unser	0	0

<sup>1</sup> 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 audited by the audit firm Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Heilbronn, Germany, which the General Meeting had appointed as auditor for the fiscal year 2014.

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) 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 12 March 2015 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 trading year 2014 was marked by substantial volatility. The main events that impacted the market were the crisis spots in Ukraine and the Middle East. Mixed economic data and, especially in the second half of the year, fears of deterioration of the economic situation left their mark on the stock markets. On the other hand, the eased monetary policy of the central banks encouraged investments and provided high liquidity on the market. As a whole, leading German indices were able to improve in the course of the year and reached new highs. In this market setting, the Bechtle share performed well, closing the stock market year with a new all-time high of €65.98, a gain of more than 33 per cent. Moreover, the sustainable dividend policy of Bechtle AG, which is reflected in the current dividend proposal of €1.20 for the fiscal year ended, continues to be an attractive aspect for investors.

### Stock Market

After the excellent prior year, the stock markets made a rather reluctant start into the new trading year. While some of the problem countries of the euro area showed some first positive developments, the stock markets reacted especially severely to the Crimean crisis. The European Central Bank tried to counter a negative development with suitable measures. As a result of these measures, the indices later reached new record values. In mid-June, the DAX passed the 10,500 mark for the first time, and the TecDAX too reached a new record level of 1,332. In autumn, the fears of an economic downturn in Europe intensified. Investors looked into the future with increasing scepticism, and some of the prices dropped below the levels at the beginning of the year. The stock markets only recovered at a surprisingly fast rate towards the end of the year, resulting in new highs. As of the end of the year, the DAX had gained 4.3 per cent, the MDAX 2.5 per cent and the SDAX 5.1 per cent. At 17.5 per cent, the TecDAX recorded the greatest increase.

### Share Performance

The BECHTLE share was able to keep up its positive trend in 2014. On 2 January, it entered the new trading year with a closing price of €49.33. This price was also the lowest in the entire year. Subsequently, the share followed a clear upward trend, though it repeatedly responded to current market developments with slight setbacks. On 31 March, the share exceeded €60 for the first time. On 10 June, it reached a new high of €65.80.

The second half of the year was initially affected by increasing uncertainties. The share price was volatile and proved unable to escape the general downward trend. On 16 October, our share dropped to a price of €51.64. Thereafter, however, the mood at the stock exchanges picked up, and our share was able to stabilise. On 30 December, the last trading day of the trading year, the share reached a new all-time high of €65.98. In total, the BECHTLE share gained 33.8 per cent in 2014.

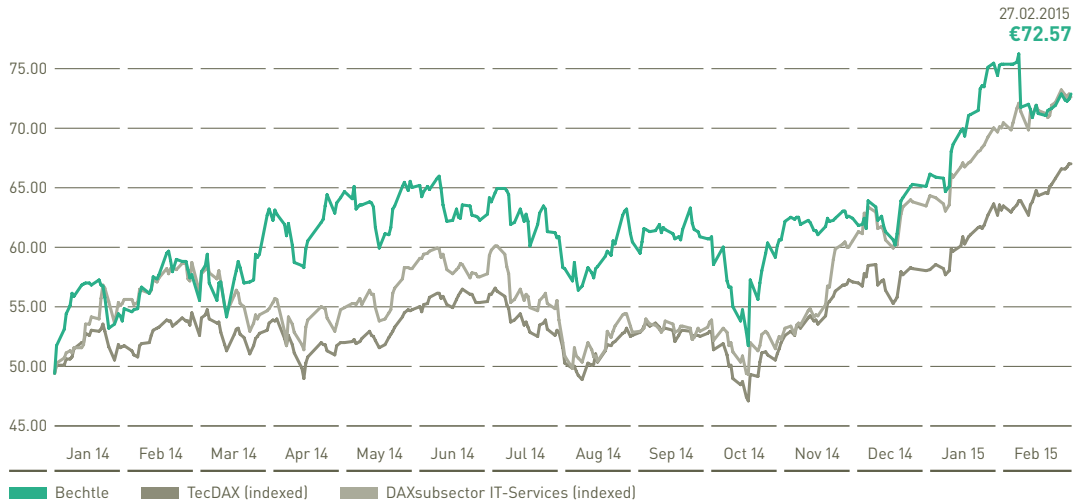


*"Top performance: In 2014, the Bechtle share gained 34 per cent."*

**Alberto Ballerini**  
Sales, Bechtle direct Italy

25. THE BECHTLE SHARE – PERFORMANCE FROM JANUARY 2014 TO FEBRUARY 2015

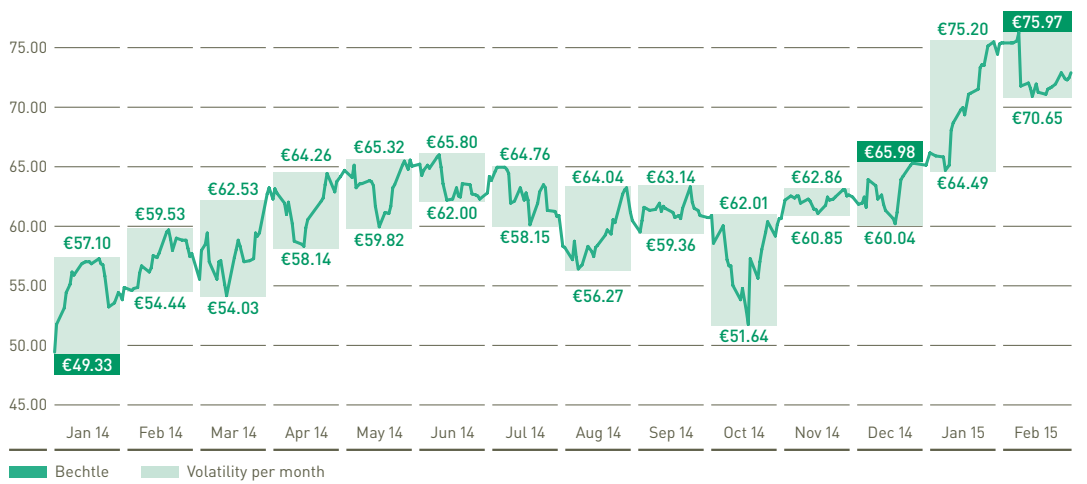
€



You can find the current share price at [bechtle.com/share](http://bechtle.com/share)

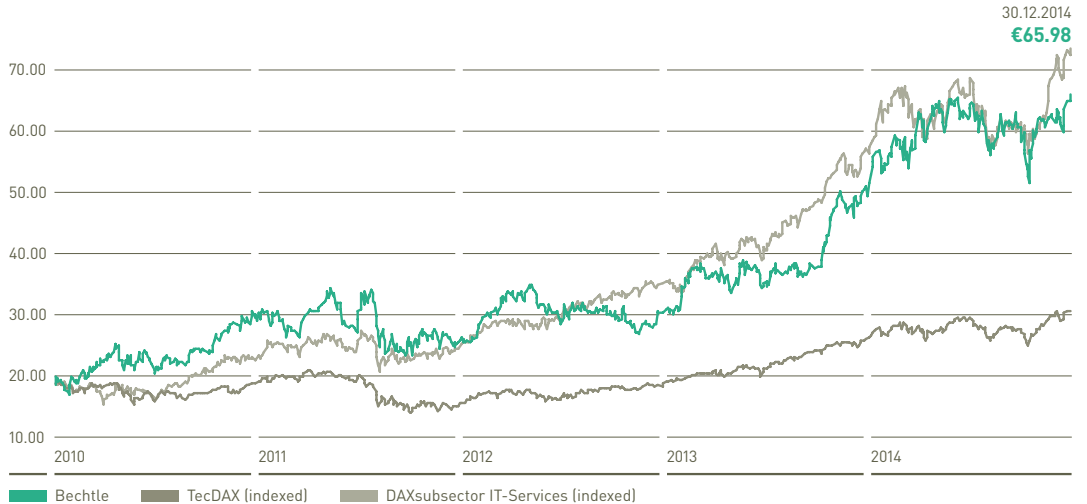
26. THE BECHTLE SHARE – HIGHS AND LOWS FROM JANUARY 2014 TO FEBRUARY 2015

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27. THE BECHTLE SHARE – PERFORMANCE FROM 2010 TO 2014

€



Apart from the prices, the market cap also progressed. At the end of the year, the market cap was €1,385.6 million, €346.7 million more than at the end of 2013 (€1,038.9 million). In the ranking of Deutsche Börse as of 31 December 2014, BECHTLE occupied 13th place in terms of market cap in the TecDAX, one place better compared to the prior year.

The stock turnover also developed well. Due to the good performance of the share price, the average daily stock exchange turnover amounted to €2,452.9 thousand, considerably more than in the prior year (€1,364.1 thousand). The trading volume also increased as far as the number of shares was concerned. On average, 41,281 BECHTLE shares were traded per day (prior year: 34,201). In the December ranking of Deutsche Börse, we reached 18th place in the TecDAX in terms of stock exchange turnover. In the prior year, the company had been in 21st place.

## 28. TRADING DATA OF THE BECHTLE SHARE

		2014	2013	2012	2011	2010
Annual opening price	€	49.33	30.93	26.42	30.39	18.65
Annual closing price	€	65.98	49.47	30.65	26.20	28.99
High	€	65.98	50.95	35.10	34.35	30.65
Low	€	49.33	30.07	25.50	23.48	17.01
Performance – absolute	€	+16.65	+18.54	+4.23	-4.19	+10.34
Performance – relative	%	+33.8	+59.9	+16.0	-13.8	+55.4
Market cap – total <sup>1</sup>	€m	1,385.6	1,038.9	643.7	550.2	608.8
Avg. turnover/trading day <sup>2</sup>	shares	41,281	34,201	42,143	51,873	30,543
Avg. turnover/trading day <sup>2</sup>	€	2,452,888	1,364,142	1,281,620	1,460,183	705,260

Xetra closing price data

<sup>1</sup> As of the end of the year

<sup>2</sup> All German stock exchanges

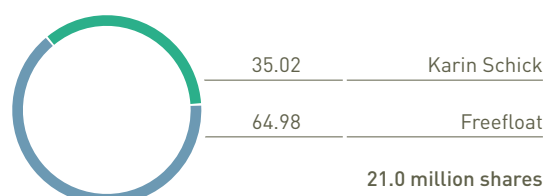
## Shareholder Structure

Karin Schick, still the company's largest shareholder, holds an interest of 35.02 per cent. This figure comprises the shares of Schick GmbH, of which Karin Schick is a partner, and shares belonging to Karin Schick's underage son. 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.

Flossbach von Storch AG, headquartered in Köln, Germany, remains the second-largest shareholder. It holds more than 10 per cent of the shares.

## 29. SHAREHOLDER STRUCTURE

%



## 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 outstanding results achieved in 2014 and in view of the company's excellent liquidity position, the Executive Board and the Supervisory Board have agreed to propose a dividend of €1.20 per share for the fiscal year 2014 to the General Meeting. In the prior year, BECHTLE AG had paid out a normal dividend of €1.10 per share. Subject to the approval of the General Meeting, the payout proposal represents an increase of the normal dividend by 9.1 per cent or €0.10.

As of 31 December 2014, the number of shares with dividend entitlement was 21,000,000. Thus, the amount to be distributed for the fiscal year 2014 amounts to €25.2 million. This means a dividend payout ratio of 33.1 per cent of the consolidated earnings after taxes (prior year: 36.4 per cent). In relation to the annual closing price of our share, the dividend yield amounts to 1.8 per cent (prior year: 2.2 per cent).

## Earnings per Share



See  
Earnings Position,  
page 93  
and Notes, Chapter III,  
Earnings per Share,  
page 191

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 €76.2 million, EPS amounted to €3.63, 20.2 per cent or €0.61 more than in the prior year (€3.02).

### 30. SHARE PERFORMANCE INDICATORS

		2014	2013	2012	2011	2010
Shares with dividend entitlement <sup>1</sup>	Shares	21,000,000	21,000,000	21,000,000	21,000,000	21,000,000
Earnings per share	€	3.63	3.02	2.68	2.99	2.21
Amount distributed	€m	25.2 <sup>2</sup>	23.1	21.0	21.0	15.8
Dividend payout ratio	%	1.8 <sup>2</sup>	36.4	37.1	33.5	33.9
Cash dividend per share	€	33.1 <sup>2</sup>	1.10	1.00	1.00	0.75
Dividend yield <sup>1</sup>	%	1.20 <sup>2</sup>	2.2	3.3	3.8	2.6
Price/earnings ratio <sup>1</sup>		18.2	16.4	11.4	8.8	13.1

<sup>1</sup> As of the end of the year

<sup>2</sup> Subject to approval of the General Meeting



For further  
key figures, see  
Multi-year Overview,  
page 252

## Annual General Meeting

On 5 June 2014, the Executive Board and the Supervisory Board welcomed more than 600 shareholders and guests to the 14th Annual General Meeting of BECHTLE AG at the "Harmonie" concert and congress centre in Heilbronn. The attendees represented 74.52 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 overwhelming majorities. As of the end of the Annual General Meeting, Gerhard Schick, the previous Chairman of the Supervisory Board, stepped down from the Supervisory Board. The Annual General Meeting elected Dr. Matthias Metz as a new member of the Supervisory Board.



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 the shareholder and investor opinion. In 2014, a total of eleven 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, M.M.Warburg and quirin bank. The coverage of the company by quirin bank started in July 2014. BECHTLE'S regular constructive dialogue with all institutions is enhanced by analyst visits to the headquarters, various conferences and joint road shows.



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

In 2014, contacts with existing and potential investors again took place on numerous occasions. 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 during a visit to group headquarters in Neckarsulm.

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 tenth time. On two dates in September and October, numerous people visited the company headquarters in Neckarsulm for information on the company's business and strategy orientation. By means of a presentation and a tour of the headquarters, BECHTLE AG gives its shareholders a deeper insight into the company, thereby enhancing the relationship with its shareholders.

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. Additionally, the financial market communication makes use of the various social media channels of BECHTLE AG. Thus, we regularly keep our investors up to date with relevant information via Facebook and Twitter in a timely manner.



*"Bechtle's Shareholder Days:  
The basis for a lasting shareholder  
loyalty."*

**Pedro Carvalho /  
Alexander Bormann**  
Sales, Bechtle direct Portugal /  
Team Leader Public Sector Division,  
Bechtle direct Switzerland



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[twitter.com/  
Bechtle\\_AG](https://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 2014, the company's issued capital amounted to €21,000,000, divided into 21,000,000 no-par bearer shares (ordinary shares). The pro-rata amount of the 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 German Stock Corporation Act (AktG).

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



[bechtle.com/  
shareholder-structure](http://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: 10.07 per cent, thereof 10.07 per cent indirectly.
  - Flossbach von Storch Invest S.A., Strassen, Luxembourg: 10.07 per cent, thereof 9.74 per cent indirectly.
- No changes occurred until 26 February 2015, 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.

The appointment and dismissal of members of the Executive Board is governed by Sections 84 f 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 a member of the Executive Board as the Chairperson or Spokesperson of the Executive Board.



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

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 (which, pursuant to Section 179 (2) sentence 1 and 2 of the German Stock Corporation Act (AktG), requires a majority of at least three quarters of the issued capital represented during the resolution process). The General Meeting of BECHTLE AG has delegated the authority to make amendments that merely concern the wording of the Articles of Incorporation to 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 €10,500,000 by issuing up to 10,500,000 new bearer shares against cash contributions and/or contributions in kind until 4 June 2019 (authorised capital according to Article 4.3 of the Articles of Incorporation). Detailed information on this subject is available in the Notes.



See Notes,  
Issued Capital,  
page 200

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



ec.europa.eu

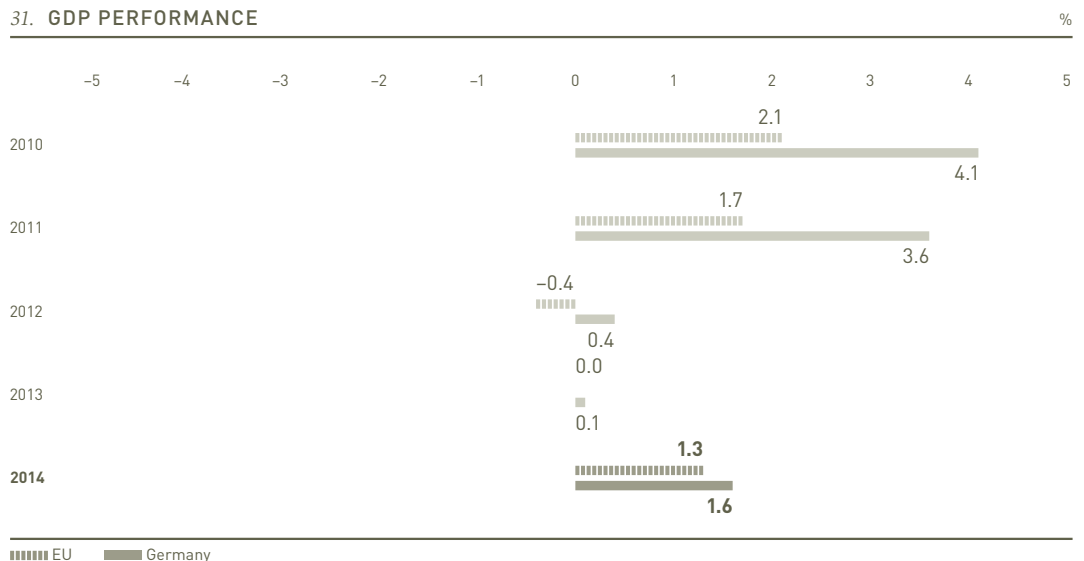
In the reporting period, the economic performance in the EU increased significantly. According to the figures published by the European Commission, the growth of the gross domestic product (GDP) throughout the EU in 2014 amounted to 1.3 per cent. In the prior year, the economy had stalled at 0.0 per cent. The BECHTLE markets in the EU underwent different developments. In terms of GDP, Italy was at the bottom of the scale, with a decline of 0.5 per cent. GDP increased in all other BECHTLE countries. The top of the scale was dominated by the UK with 2.6 per cent, Poland and Hungary with 3.3 per cent, and Ireland with 4.8 per cent. In 2014, investments in equipment, an indicator that is relevant to BECHTLE, climbed 4.6 per cent in the EU, thereby outperforming GDP as a whole. Here again, a minus 2.2 per cent, Italy reported a negative figure. The top figures at the other end of the scale are far above average. The leading markets were Spain with 13.4 per cent, the UK with 13.8 per cent, Portugal with 14.3 per cent, and Ireland at the very top, with 17.0 per cent.



destatis.de

In 2014, the German economy developed at a similar rate as the EU. As reported by the German Federal Statistical Office, GDP went up 1.6 per cent and investments in equipment 3.7 per cent in the reporting period. Compared to the prior year, this was a very good development. In 2013, GDP had stalled at about 0.1 per cent, and investments in equipment had declined 2.4 per cent. The growth of government investments in Germany remained largely unchanged at 1.0 per cent (prior year: 0.7 per cent). The development in Switzerland was mixed. According to an estimate by the Swiss federal expert group for economic forecasts, Switzerland's GDP growth in 2014 amounted to a good 1.8 per cent, compared to 1.9 per cent in the prior year. However, investments in equipment merely grew by a below-average rate of 1.1 per cent (prior year: 2.0 per cent).

#### 3.1. GDP PERFORMANCE



## INDUSTRY

In 2014, the IT market again grew faster than the economy as a whole. The market research institute EITO reported a figure of 2.4 per cent for the growth of the IT market in the EU, compared to 1.4 per cent in the prior year. All three sub-segments contributed to this development. Hardware revenues climbed 0.5 per cent, services went up 2.3 per cent and software was the growth driver with a gain of 4.2 per cent. In the countries in which BECHTLE is present, hardware revenues again diverged greatly in 2014, from minus 6.1 per cent in the UK to plus 10.7 per cent in the Czech Republic. In the software segment, the differences are not quite as conspicuous, and all BECHTLE countries are in the black. The revenue growth in 2014 ranged from 0.1 per cent in Portugal to 5.7 per cent in the UK.

The development in Austria largely corresponded to the figures for the EU. The IT market as a whole grew 2.7 per cent. Hardware revenues increased slightly by 0.3 per cent, services gained 2.4 per cent and software was up 5.1 per cent. The development in Switzerland was mixed. Though the IT market as a whole also grew 2.7 per cent, hardware revenues in Switzerland dropped 2.7 per cent in 2014. Services increased 3.0 per cent and software 5.5 per cent.

In 2014, the German IT market was one of the top performers throughout the EU. The growth was 4.0 per cent, compared to 1.5 per cent in the prior year. With a gain of 5.3 per cent, the hardware segment was especially noteworthy. The product groups that were mainly responsible for this growth were servers with plus 6.1 per cent and PCs with plus 17.8 per cent. Among the PCs, netbooks were especially strong, with a gain of 40.7 per cent. In the B2B market, laptops also demonstrated a remarkable growth rate of 13.5 per cent and conventional desktop PCs 15.5 per cent. Software increased 5.6 per cent and service revenue 2.7 per cent.

## OVERALL ASSESSMENT

In the reporting period, the macroeconomic situation was favourable for BECHTLE. After two weak years, GDP in the EU and in Germany, by far the most important market for BECHTLE, returned to noticeable growth. Especially the positive development of the investments in equipment, a segment that is especially relevant to BECHTLE, was noteworthy. In 2014, important impulses also came from the IT industry. Compared to GDP, the overall IT market grew at an above-average rate. Especially the performance of the hardware market stands out as positive. After having declined for many years, it was able to gain momentum – significantly in parts in 2014. This development was supported by the end of support for Windows XP and the associated procurement of new systems by industrial customers.

In the fiscal year 2014, BECHTLE AG made good use of the economic tailwind. The revenue went up significantly in all regions and in both segments. In this context, BECHTLE even managed to outperform the growth of the market in general and of many competitors. Thus, BECHTLE AG once again significantly expanded its market share in the reporting period.

Apart from the macroeconomic development and the economic trend in the industry, with a high willingness to invest, the BECHTLE markets did not witness any significant events outside the company in 2014 that had a noteworthy effect on the business performance.

## EARNINGS, ASSETS AND FINANCIAL POSITION

### EARNINGS POSITION

In the fiscal year 2014, Bechtle once again impressively furnished evidence of the group's power and strength, with two-digit growth rates in all areas. Despite forecasts to the contrary, the growth dynamics were largely maintained in the second half of the year. The growth was widely backed by both segments and all country markets and affected Bechtle's entire product portfolio. Due to the only moderate headcount increase and the associated below-average increase in personnel expenses, the earnings growth was considerably higher than the revenue growth. As a result, the EBIT margin in both segments surpassed the 4 per cent mark. With 4.2 per cent throughout the group, the figure has drawn even closer to the target of 5 per cent that is defined in our Vision 2020.

### Order Position

Most of the contractual relationships for the sale of IT products and services that BECHTLE enters into are 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. However, framework and operating agreements in the fields of managed services and cloud computing usually have much longer terms. 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.

Incoming orders during a fiscal year largely correspond to the revenue in this period. In the reporting period, this figure amounted to €2.58 billion, some 12 per cent more than in the prior year (€2.31 billion). The IT system house & managed services segment underwent an increase of about 10 per cent to €1.73 billion (prior year: €1.57 billion). At €0.85 billion, the incoming orders in the IT e-commerce segment were almost 15 per cent higher than in the prior year (€0.74 billion).

In this Annual Report, a new ERP system-based method for calculating the order backlog has been used for the first time. The prior-year figures have been duly adjusted. As of the end of the year, the group's order backlog was worth approximately €287 million, compared to €283 million in the prior year. Of this amount, the IT system house & managed services segment accounted for €241 million (prior year: €239 million), and the IT e-commerce segment for €46 million (prior year: €44 million). The order backlog in the IT system house & managed services segment is approximately one and a half months. In the trading segment, the order backlog is about two and a half weeks, as direct and fast delivery of the goods is the main priority.

## Revenue Performance

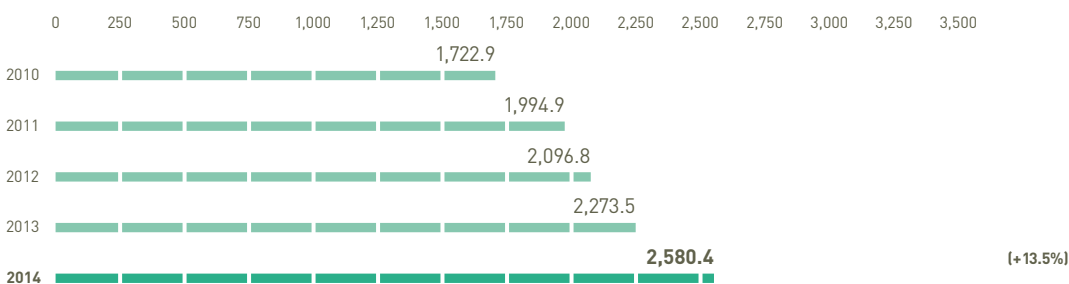
In the fiscal year 2014, BECHTLE's revenue amounted to €2,580.4 million. The revenue increase compared to the prior year (€2,273.5 million) is €307.0 million (13.5 per cent) and is largely organic. BECHTLE thus surpassed the forecast of a significant revenue increase.



See Notes,  
Revenues,  
page 188

### 32. REVENUE

€m



The foreign companies in the IT e-commerce segment were the main growth drivers. These companies gained 17.2 per cent. Here, growth impulses came from all country markets and all brands of the BECHTLE Group. However, BECHTLE also recorded two-digit growth in both segments in Germany. The increase in the domestic system houses business amounted to 13.2 per cent, and the domestic companies in the IT e-commerce segment gained 11.8 per cent. These results reflect the effects of the good macroeconomic situation and the above-average industry performance, especially the unexpected positive development in the hardware business. BECHTLE's public-sector division also performed very well.

The growth rate remained in the two-digit range throughout the year. The decline in the dynamics, which BECHTLE had expected for the second half of the year, was only marginal, and our customers' willingness to invest remained high. With growth of 10.6 per cent, the third quarter was the weakest of the year. Here, the economic cloudiness in Germany was noticeable for a short while. However, this effect disappeared entirely in the fourth quarter. From October to December, the growth rate climbed to 13.1 per cent throughout the group. In Germany, BECHTLE even recorded growth of 15.2 per cent, the highest growth rate of the entire year. Thus, the domestic companies were the main growth driver towards the end of the year.



"Foreign e-commerce as the growth driver? Two reasons to be happy."

**Steffi Neyens / Saida Alla**  
Sales, Bechtle direct Belgium /  
Team Leader New Customers,  
Bechtle direct Netherlands

### 33. REVENUE PERFORMANCE

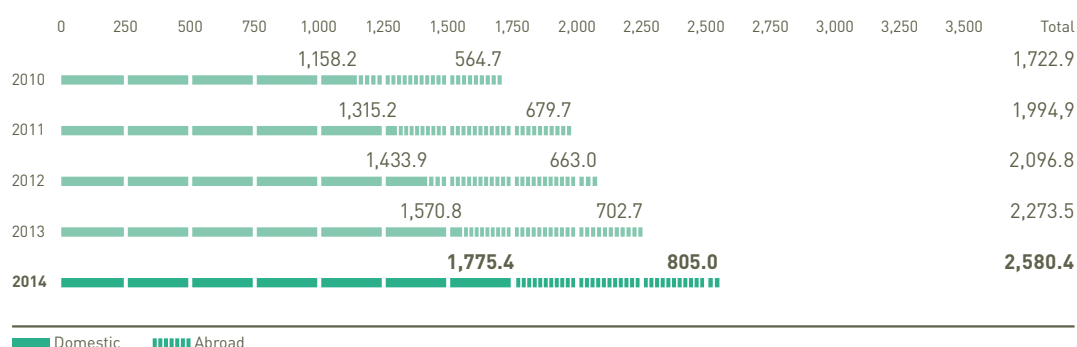
€m

	Q1		Q2		Q3		Q4	
	2014	2013	2014	2013	2014	2013	2014	2013
Revenue	586.7	514.0	603.7	518.5	618.3	558.8	771.8	682.2
% of total annual revenues	22.7	22.6	23.4	22.8	24.0	24.6	29.9	30.0

The increase in the average headcount was below the revenue growth rates. In the reporting period, BECHTLE thus further increased the productivity. Based on a number of 5,872 full-time and part-time employees (prior year: 5,542), the revenue per employee amounted to €439 thousand, compared to €410 thousand in the prior year.

#### 34. REGIONAL REVENUE DISTRIBUTION

€m



Germany continues to be the most important market for BECHTLE. Owing to the excellent performance of our overseas companies in the reporting period, the domestic share in the total revenue receded slightly from 69.1 per cent to 68.8 per cent. In absolute terms, domestic revenues increased to €1,775.4 million (prior year: €1,570.8 million). The revenue of €805.0 million that was generated abroad (prior year: €702.7 million) represented a share of 31.2 per cent (prior year: 30.9 per cent).

## Cost and Earnings Performance



See Notes,  
Expense Structure,  
page 189

**Cost of sales.** In the reporting period, gross profit went up 12.6 per cent to €383.2 million (prior year: €340.4 million). The cost of sales went up 13.7 per cent, a rate only slightly higher than that of the revenue growth. This was due to the higher increase in material costs as a result of the strong growth in the e-commerce segment. On the other hand, the increase in personnel expenses for employees in the field of services, whose personnel expenses are included in the cost of sales, was below average. Therefore, the gross margin reached 14.9 per cent, a figure that is very close to the high prior-year level of 15.0 per cent.

#### 34. COST OF SALES/GROSS PROFIT

		2014	2013	2012	2011	2010
Cost of sales	€m	2,197.2	1,933.1	1,778.1	1,697.2	1,486.4
Gross profit	€m	383.2	340.4	318.7	297.7	236.5
Gross margin	%	14.9	15.0	15.2	14.9	13.7



See Employees,  
page 91

**Distribution costs and administrative expenses.** In 2014, distribution costs amounted to €166.6 million, 9.9 per cent more than in the prior year (€151.5 million). Thus, the distribution cost ratio went down from 6.7 per cent to 6.5 per cent. Administrative expenses increased 12.2 per cent from €110.5 million to €124.0 million. The ratio dropped slightly from 4.9 per cent in the prior year to 4.8 per cent in the reporting period. This was because the increase in personnel expenses in these areas was only below average.

The personnel expenses overall were influenced by a one-time special effect: In December 2014, BECHTLE AG awarded every employee a special bonus consisting of a Lenovo tablet for private use in recognition of the outstanding team performance in the fiscal year 2014. This resulted in additional personnel expenses of a total of about €4 million.

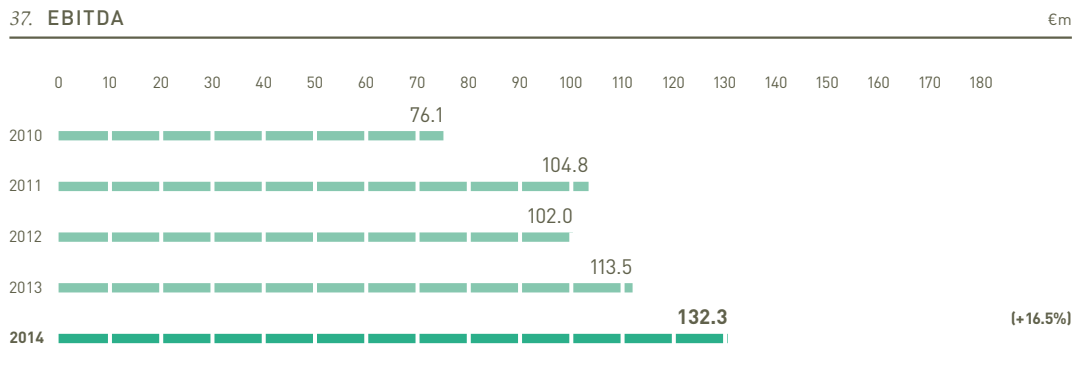
Other operating income climbed from €12.7 million to €15.8 million. This figure was affected especially by the marketing grants and other payments from suppliers, which increased thanks to the excellent operational business performance.

### 35. DISTRIBUTION COSTS/ADMINISTRATIVE EXPENSES

		2014	2013	2012	2011	2010
Distribution costs	€m	166.6	151.5	145.4	127.1	99.0
Distribution costs ratio	%	6.5	6.7	6.9	6.4	5.7
Administrative expenses	€m	124.0	110.5	104.3	93.7	86.0
Administrative expenses ratio	%	4.8	4.9	5.0	4.7	5.0

**Earnings situation.** In the reporting period, earnings before interest, taxes, depreciation and amortisation (EBITDA) increased 16.5 per cent to €132.3 million (prior year: €113.5 million). The extraordinary surge is mainly attributable to the only moderate increase in personnel expenses. The EBITDA margin improved from 5.0 per cent to 5.1 per cent.

### 37. EBITDA



In 2014, depreciation and amortisation amounted to €23.8 million, only 5.6 per cent more than in the prior year (€22.5 million). Software and property, plant and equipment accounted for the bulk of the figure, totaling €19.5 million (prior year: €17.5 million). 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 amortisation amounting to €3.5 million (prior year: €4.0 million).



*"All employees were simply thrilled by the Lenovo tablets. Thank you!"*

Santina Krell / Anton Hoffmann  
Legal, Bechtle AG



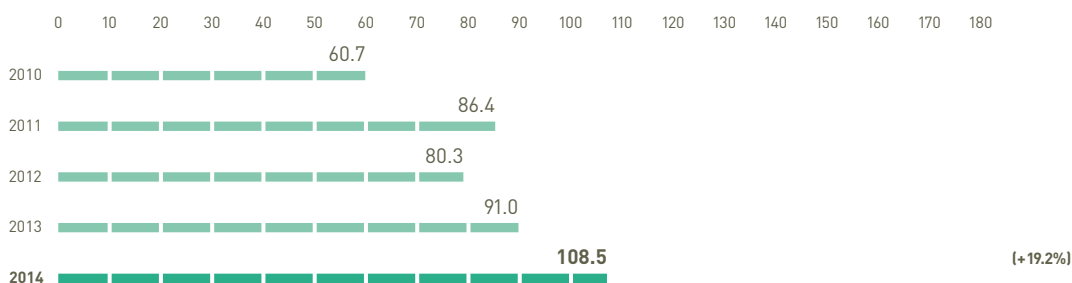
See Measurement,  
page 124

At 0.9 per cent, the depreciation and amortisation rate remained slightly below the prior-year level (1.0 per cent) and was rather insignificant compared to the other expense items. For 2014, the goodwill impairment test again did not reveal any need for impairment.

Earnings before interest and taxes (EBIT) improved by 19.2 per cent to €108.5 million (prior year: €91.0 million). The EBIT margin climbed from 4.0 per cent to 4.2 per cent.

### 38. EBIT

€m

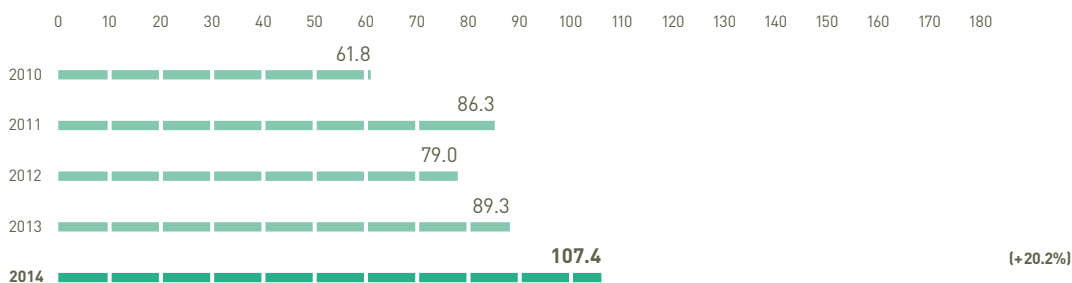


While the financial income improved to some extent despite the low interest rates, financial expenses dropped slightly, resulting in overall financial earnings of minus €1.1 million (prior year: minus €1.7 million).

In the fiscal year 2014, earnings before taxes (EBT) totalled €107.4 million, 20.2 per cent more than in the prior year (€89.3 million). BECHTLE was able to continually increase the earnings position during the first three quarters. However, EBT in the fourth quarter (€33.6 million) were lower than in the corresponding prior-year quarter (€35.9 million). This was mainly due to the above-mentioned one-time special effect.

### 39. EBT

€m

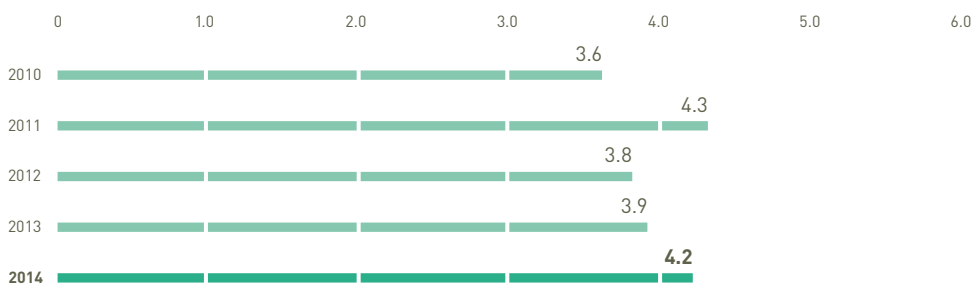




In the reporting period, the EBT margin was 4.2 per cent, compared to 3.9 per cent in the fiscal year 2013. With this indicator, which ultimately determines a company's earning power, the BECHTLE Group remains at a level above industry average.

#### 40. EBT MARGIN

%



At a rate almost the same as that of EBT, income tax expenses in the reporting period increased 20.4 per cent to €31.2 million (prior year: €25.9 million). The tax rate remained stable at 29.0 per cent. As previously, the tax rate is mainly due to the high earnings contributions of the domestic subsidiaries.

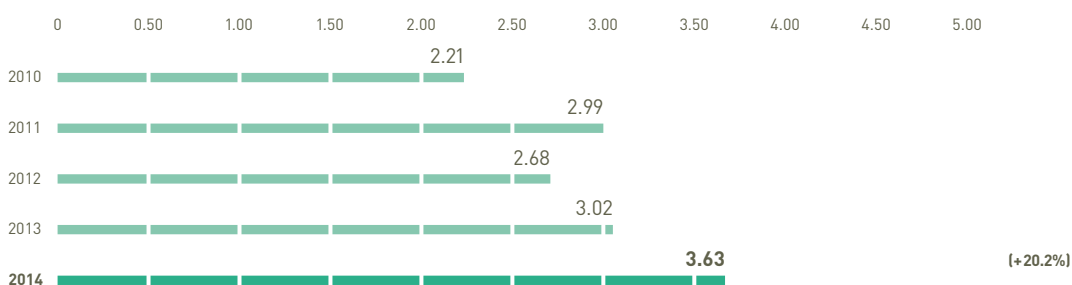


See Notes,  
Income Taxes,  
page 190 f

Earnings after tax amounted to €76.2 million, 20.2 per cent more than in the prior year (€63.4 million). Accordingly, earnings per share (EPS) climbed from €3.02 to €3.63.

#### 41. EPS

€



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 the Risk Report.



See Foreign Currencies,  
page 148

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 €49.2 million (prior year: €39.1 million). After adding €24.0 million to the reserves (prior year: €16.0 million), the net profit for 2014 amounted to €25.2 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 €1.20 per share to the General Meeting. Compared to the prior year, the dividend is thus 9.1 per cent higher, and the dividend payout ratio amounts to 33.1 per cent. At the time of preparation of the report on 26 February 2015, the number of shares entitled to dividends was, as previously, 21,000,000.



See Dividend,  
page 106

## Segment Report

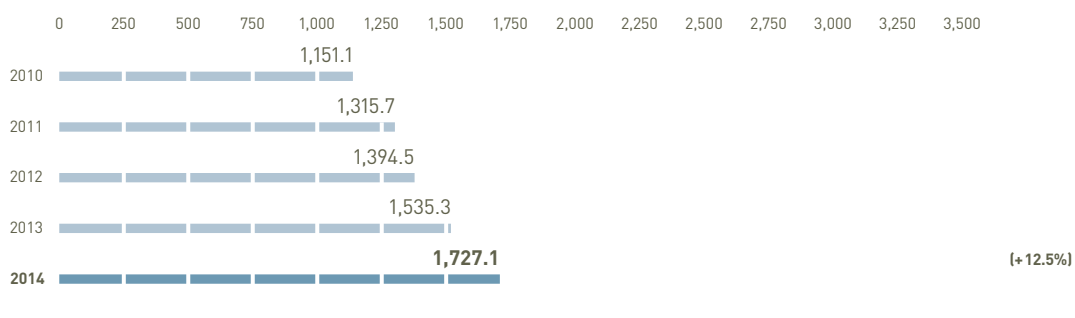


See Notes,  
Segment Information,  
page 230

**IT system house & managed services.** Here, the group generated revenue of €1,727.1 million (prior year: €1,535.3 million) in 2014, an increase of 12.5 per cent. In this segment, the group benefited from the high, broadly based demand on the customer side. In all fields of activity – from managed services to the conventional project business – BECHTLE underwent significant growth especially in Germany, thereby further improving its excellent competitive position. In total, the IT system house & managed services segment accounted for 66.9 per cent of the group revenue (prior year: 67.5 per cent).

### 42. SEGMENT REVENUE IT SYSTEM HOUSE & MANAGED SERVICES

€m

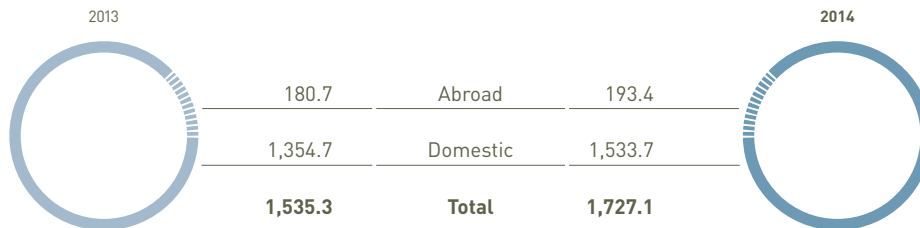


Due to the significant revenue growth and below-average increase in the number of employees, the productivity in the IT system house & managed services segment went up, as in the prior year. Based on an average number of 4,647 full-time employees (prior-year: 4,415 employees), the revenue per employee amounted to €372 thousand (prior year: €348 thousand).

At 13.2 per cent, BECHTLE's growth in Germany in the reporting period greatly outperformed the 4.0 per cent growth rate of the domestic IT market. The growth rate of 7.0 per cent that was achieved abroad was also above the respective market growth.

## 43. REVENUE DISTRIBUTION IN THE IT SYSTEM HOUSE &amp; MANAGED SERVICES SEGMENT

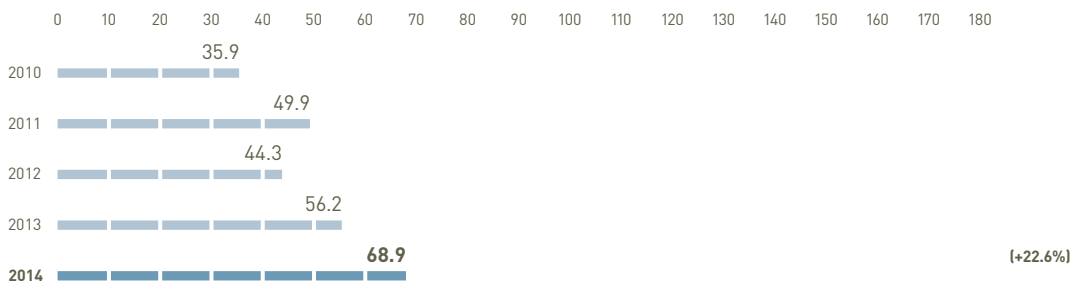
€m



In 2014, EBIT in the IT system house & managed services segment climbed 22.6 per cent to €68.9 million (prior year: €56.2 million). This was mainly due to the fact that the increase in personnel expenses was only below average. Accordingly, the EBIT margin moved upwards and reached the 4 per cent mark for the first time.

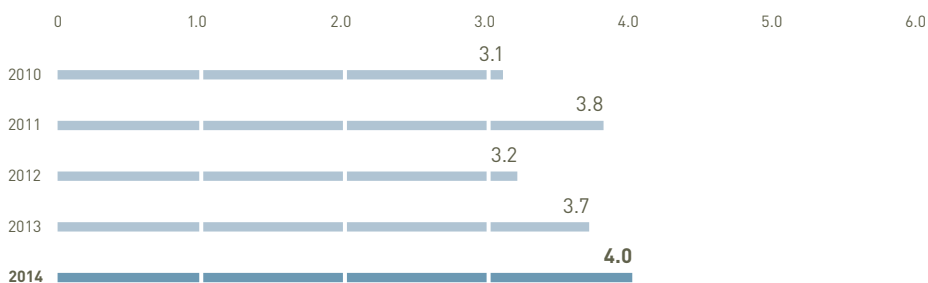
## 44. EBIT IN THE IT SYSTEM HOUSE &amp; MANAGED SERVICES SEGMENT

€m



## 45. EBIT MARGIN IN THE IT SYSTEM HOUSE &amp; MANAGED SERVICES SEGMENT

%



**IT e-commerce.** The IT e-commerce segment was the growth driver in the reporting period. The revenue increased 15.6 per cent to €853.4 million (prior year: €738.2 million). Here, especially the good performance on the foreign markets had an effect. The share of this segment in the total revenue went up from 32.5 per cent to 33.1 per cent.

#### 46. SEGMENT REVENUE IT E-COMMERCE

€m

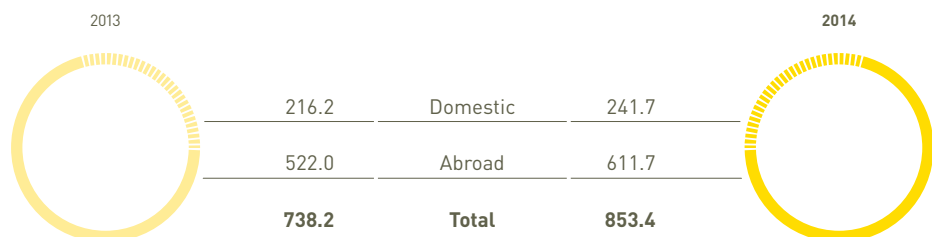


The revenue per employee underwent a significant increase in the reporting period. It went up to €697 thousand (prior year: €655 thousand) for an average of 1,225 (prior year: 1,127) full-time employees.

In the reporting period, the revenue of the IT e-commerce companies abroad amounted to €611.7 million, an outstanding 17.2 per cent more than in the prior year (€522.0 million). All national subsidiaries and all brands contributed to the growth. The domestic trading companies also achieved two-digit growth of 11.8 per cent to €241.7 million (prior year: €216.2 million).

#### 47. REVENUE DISTRIBUTION IN THE IT E-COMMERCE SEGMENT

€m



EBIT in the IT e-commerce segment climbed 13.6 per cent to €39.6 million (prior year: €34.9 million). In this segment, personnel expenses increased considerably. This was due to the new recruitment, especially in the fourth quarter. These investments were necessary to sustain the strong growth during the year and to enable future growth.

## 48. EBIT IN THE IT E-COMMERCE SEGMENT

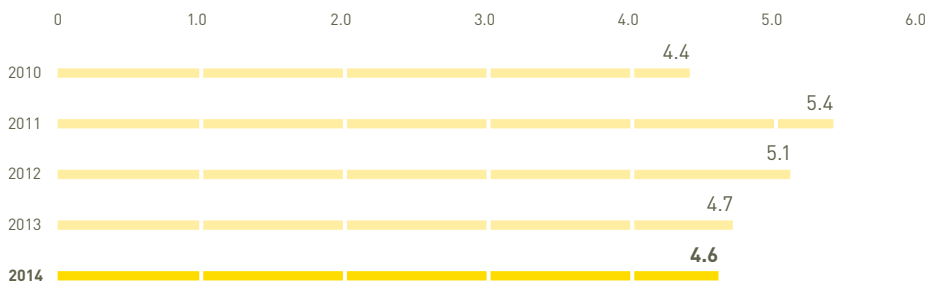
€m



Accordingly, the EBIT margin receded slightly, but nevertheless reached an excellent level of 4.6 per cent (prior year: 4.7 per cent).

## 49. EBIT MARGIN IN THE IT E-COMMERCE SEGMENT

%



## ASSETS POSITION

Traditionally, Bechtle's balance sheet key performance indicators (KPIs) are an expression of the company's applied entrepreneurship and its sober-minded strategy, which focus on the long-term success of Bechtle. In 2014, the KPIs again present a healthy and strong balance sheet. The equity ratio of 54.5 per cent is a key pillar that demonstrates how solid Bechtle is. The return on equity of 15.6 per cent and the total liquidity of €156.0 million are also indicative of the healthy operations. Besides giving us financial flexibility and entrepreneurial independence, our figures allow our customers and partners to rest assured that they are interacting with a sound and reliable partner.

Mainly owing to the higher business volume and the 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 2014, this figure amounted to €1,016.6 million, 11.7 per cent more than in the prior year.



Concerning the assets position of the segments, see Notes, page 230

## 51. CONDENSED BALANCE SHEET

	€m				
	2014	2013	2012	2011	2010
<b>Assets</b>					
Non-current assets	321.9	299.2	296.1	279.5	206.3
Current assets	694.7	611.1	547.9	521.8	447.5
<b>Equity and liabilities</b>					
Equity	554.0	501.6	459.6	421.6	371.5
Non-current liabilities	95.9	90.8	96.6	94.0	46.7
Current liabilities	366.7	318.0	287.8	285.7	235.5
<b>Balance sheet total</b>	<b>1,016.6</b>	<b>910.3</b>	<b>844.0</b>	<b>801.3</b>	<b>653.7</b>

On the assets side, non-current assets amounted to €321.9 million, 7.6 per cent more than in the prior year. This item was affected particularly by the higher trade receivables, which climbed €18.2 million to €19.8 million. This was mainly due to two effects: Firstly, in the reporting period, BECHTLE concluded larger orders with terms of up to three years, which concern the procurement of software licences that have been pre-financed by BECHTLE. Secondly, BECHTLE is acting as the lessor in three newly concluded contracts for the procurement of hardware. In addition, goodwill and property, plant and equipment went up, mainly due to the acquisitions. On the other hand, time deposits and securities fell due to the reclassification as current assets because of the shorter terms to maturity. As there were no major investment projects in the reporting period, the expenses for investments amounted to €24.1 million, only slightly more than in the prior year (€23.1 million). At 19.8 per cent, the investment ratio remained close to the prior-year level (19.7 per cent).

The capitalisation ratio dropped to 31.7 per cent as of the reporting date 31 December 2014 (prior year: 32.9 per cent). In the reporting period, the coverage of the non-current assets by the equity increased from 167.6 per cent to 172.1 per cent.

Current assets increased €83.5 million or 13.7 per cent to €694.7 million. This item especially reflects the increase in trade receivables by €42.6 million to €387.8 million due to the high business volume towards the end of the year. The DSO (days sale outstanding) increased to 38.3 days (prior year: 37.6 days) due to the higher share of non-current receivables. By 31 December 2014, inventories increased €23.5 million to €131.2 million. This was mainly due to the many orders received in late December and the high proportion of large projects. As a result, the ratio of inventories to revenues went up from 4.7 per cent to 5.1 per cent. Despite the rise, 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 increased €12.3 million to €45.5 million. This mainly reflects the higher manufacturer and supplier refunds and bonuses.

The liquidity of the BECHTLE Group including short and long-term time deposits and securities amounted to €156.0 million, a level that corresponded to that of the prior year (€156.1 million). In addition to the total liquidity, BECHTLE has a liquidity reserve of €34.9 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 2014, the net assets increased €701 thousand (prior year: minus €834 thousand) due to currency translation differences recognised outside profit or loss and the hedging of net investments of foreign operations, particularly because of the stronger Swiss franc.

In the business of BECHTLE AG, which does not involve a great deal of property, plant and equipment, ROCE (return on capital employed) is usually largely affected by the development of current assets and liabilities, on the one hand, and the earnings performance, on the other. During the reporting period, ROCE amounted to 22.3 per cent, compared to 20.6 per cent in the prior year. The improvement was caused by the earnings increase of 19.2 per cent compared to a below-average increase of the average capital employed by 10.0 per cent.

## 52. ROCE/CAPITAL EMPLOYED

		2014	2013	2012	2011	2010
ROCE	%	22.3	20.6	19.6	25.2	21.0
Capital employed	€m	486.4	442.1	410.0	342.2	288.6

Year on year, the working capital increased 24.2 per cent. In relation to the balance sheet total, the figure increased from 25.8 per cent to 28.7 per cent. This item was affected both by trade receivables, which increased due to reasons related to the reporting date and due to the long-term share as described, and by the higher inventories due to the greater business volume.

## 53. WORKING CAPITAL

		2014	2013	2012	2011	2010
Working capital	€m	291.3	234.6	211.6	189.9	166.8
In % of the balance sheet total		28.7	25.8	25.1	23.7	25.5

On the liabilities side, current liabilities increased €48.7 million to €366.7 million. Due to the higher business volume, the deferred income underwent the greatest growth of €22.3 million. Other liabilities went up €15.8 million. This increase was mainly caused by personnel liabilities, as the positive business performance resulted in higher performance-related compensation components of the employees. For reasons related to the reporting date, trade payables climbed €8.1 million, and current financial liabilities went up slightly by €2.2 million. This was mainly due to the reclassification of former non-current liabilities whose terms to maturity had dropped to less than one year as current liabilities.



*"When it comes to speed and flexibility, the excellent liquidity gives us an enormous competitive edge."*

**Astrit Petrusic**  
Team Leader Accounting,  
Bechtle AG

As of the reporting date, non-current liabilities amounted to €95.9 million, thereby €5.1 million more than in the prior year (€90.8 million). Pension provisions underwent the greatest increase of €5.6 million. Long-term financial liabilities receded according to plan, both due to normal repayment and due to shorter terms to maturity as described. This item amounted to €47.5 million, i.e. €6.1 million less than in the prior year. The share of non-current liabilities in the balance sheet total decreased from 10.0 per cent to 9.4 per cent.

In the reporting period, the equity grew 10.5 per cent from €501.6 million to €554.0 million. The increase was the result of the €52.4 million growth in retained earnings. In the reporting period, the equity ratio declined slightly from 55.1 per cent to 54.5 per cent. The return on equity climbed from 14.2 per cent to 15.6 per cent.

#### 54. RETURN ON EQUITY AND RETURN ON ASSETS

	2014	2013	2012	2011	2010
Return on equity	15.6	14.2	13.7	17.3	14.2
Return on assets	8.9	8.2	7.9	9.8	8.7

The debt ratio increased from 81.5 per cent to 83.5 per cent as of 31 December 2014. The net debt improved. Thanks to the continued outstanding liquidity situation, the net debt amounted to a negative value of €95.8 million (prior year: minus €91.9 million). Thus, BECHTLE is effectively debt-free.

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 8.2 per cent to 8.9 per cent in the reporting period.

## Measurement



See Notes,  
page 186



Value in use  
of the goodwill,  
see Notes,  
page 192 f

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 consist not only 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.



Qualitative assets:  
Employees and close supplier  
relationships

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 throughout Europe. Based on a close supplier relationship, BECHTLE is able to offer its customers a comprehensive spectrum with transparent market prices and quick availability. Usually, ordered goods are delivered directly from the vendor or distributor to the customer within 24 hours through fulfilment solutions.



See  
Business Activity,  
page 74 f

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 more than 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 base, but is also able to use its long-standing experience to quickly establish a successful business relationship with new customers.

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.



Broad market acceptance  
and market penetration

## FINANCIAL POSITION

Every year, the Bechtle Group demonstrates anew that it is not only able to generate above-average growth, but also that it can produce the funds required for this growth. The year 2014 again witnessed a high cash flow from operating activities. In this way, Bechtle ensures the financial flexibility that it needs in order to react speedily and independently to market needs and acquisition opportunities. Moreover, the company is capable of financing all investments required to reach the ambitious goals of the Vision 2020 under its own steam at all times.

### Financial Management Principles and Objectives

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



See Notes,  
page 179 f  
and page 218 ff

As a matter of principle, BECHTLE uses derivative financial instruments exclusively for hedging its operating activities. In the reporting period, these were currency forwards, currency options, interest swaps and currency swaps. The hedging of the euro, the group currency, represents a key subject of the financial management. The company uses instruments that protect the equity in euros and that do not have any effect on profit or loss in the income statement, as well as instruments that hedge cash flows in foreign currencies, thereby largely minimising the currency risk in the income statement. Hedging measures are taken for Swiss francs, as asset items and cash flows outside the euro area are largely held and generated in this currency. However, in certain cases and for specific projects, purchase prices in other foreign currencies or prices that depend on the exchange rate are also hedged with derivatives.



See Opportunities  
and Risk Report,  
Financial Instruments,  
page 149

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

Investment business is only conducted with investment-grade debtors. For time deposits within the European Union, investments with corresponding deposit guarantee are preferred. 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

Though the cash inflow from operating activities declined in 2014, it remained at a high level of €56.0 million, compared to €73.1 million in the prior year. The cash flow was affected especially by the higher earnings before taxes, on the one hand, and the development of the net assets, on the other hand. Due to the higher business volume, the changes in trade receivables and inventories resulted in much higher cash outflows than in the prior year, an effect related to the reporting date. The increase in inventories towards the end of the year due to the high order backlog resulted in a cash outflow of €24.2 million (prior year: €18.0 million), and trade receivables caused a cash outflow of €58.1 million (prior year: €33.7 million). The cash inflow from the existing trade liabilities amounted to €4.8 million, much less than in the prior year (€23.8 million).



See Assets Position,  
page 122

The cash outflow from investing activities amounted to €25.9 million, compared to €10.2 million in the prior year. This item was affected by the lower inflow from the sale of time deposits and securities, which dropped from €36.9 million to €17.6 million. The background is that because of the different terms to maturity, fewer investments became due in the reporting period. Outflows for the purchase of intangible assets and property, plant and equipment remained stable at €23.6 million (prior year: €23.5 million). Outflows for acquisitions totalled €3.5 million (prior year: €7.1 million).



See Notes,  
page 231ff

In 2014, the negative cash flow from financing activities declined from €35.0 million to €30.0 million. This was mainly due to the increase in the inflow from the assumption of financial liabilities to €7.7 million (prior year: €4.7 million) and the lower outflow of €11.7 million for the repayment of financial liabilities (prior year: €15.4 million). At €23.1 million, the dividend payout was also higher than in the prior year (€21.0 million).

The free cash flow receded from €43.1 million to €29.3 million. This was caused exclusively by the operating cash flow, which was lower than in the prior year.

### 53. CASH FLOW

	€m				
	2014	2013	2012	2011	2010
Cash flow from					
operating activities	56.0	73.1	56.7	55.8	59.1
investing activities	-25.9	-10.2	-56.0	-45.3	-47.6
financing activities	-30.0	-35.0	-17.3	-2.2	-7.2
Cash and cash equivalents	106.7	105.8	78.2	94.6	85.5
Free cash flow	29.3	43.1	19.5	12.2	41.8



See Notes,  
page 213f

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,  
Operating Leases,  
page 236

At BECHTLE AG, off-balance-sheet financing instruments primarily concern operating leases. Details are presented in the Notes to the Consolidated Financial Statements.

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

## STRATEGIC FINANCING MEASURES

In 2014, the current business and necessary replacement investments were financed with cash and cash equivalents and the operating cash flow. The funds required for the acquisitions in the fiscal year ended were covered by cash and cash equivalents. In 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 54.5 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 €64.2 million to €60.2 million. As of the reporting date 31 December 2014, they thus accounted for 5.9 per cent (prior year: 7.0 per cent) of the group's balance sheet total. The debt ratio amounted to 83.5 per cent (prior year: 81.5 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 €27.0 million, BECHTLE therefore keeps €129.0 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 generated in 2014 deliver impressive evidence of the economic strength of BECHTLE AG. All forecasts published in the fiscal year 2014 were fulfilled.

### 55. COMPARISON OF THE ACTUAL AND PROJECTED BUSINESS PERFORMANCE

	Forecast AR 2013	Forecast Q3 2014	Actual 2014	Comparison
Revenue	Clear increase over 2013	Clear increase over 2013	Growth: 13.5%	Fulfilled
Cost of sales	Parallels the revenue		Growth: 13.7%	Largely fulfilled
Distribution cost ratio	< 7%	–	6.5%	Fulfilled
Administrative expense ratio	< 5%	–	4.8%	Fulfilled
EBT	Clear increase over 2013	Significant increase over 2013	Growth: 20.2%	Fulfilled
EBT margin	Slight increase	–	From 3.9% to 4.2%	Fulfilled
Dividend	Dividend payout ratio of about one third of EAT	–	Dividend payout ratio: 36.4%	Fulfilled

In early 2015, the macroeconomy is predicted to grow even more than in 2014. The mood in the German economy is excellent. However, the forecasts for the IT market predict a significant decline in the revenue dynamics due to the weaker hardware business. At BECHTLE AG, the figures for incoming orders, revenue and earnings in the first weeks of the year confirm that there is growth, but that the momentum has tailed off. Should existing or new crisis scenarios materialise and cause the good mood and the growth to abate, this could 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 expected to remain largely unaffected by such rather temporary events.



*"Unfailingly reliable: All forecasts have been fulfilled."*

**Charles Kionga / Jens Limberger**  
Director / Head of Sales, Bechtle Internet Security & Services



See Forecast,  
page 155f and page 161

## OPPORTUNITIES AND RISK REPORT

Business operations are always marked by a balance between opportunity and risk. The objective is to identify and use attractive opportunities, while controlling or minimising risks. This is exactly what Bechtle's opportunity and risk management is about.

### OPPORTUNITY AND RISK 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. The direct responsibility for the early and continuous identification, assessment and control of opportunities is borne primarily by the group's Executive Board and the operational management in the individual business segments and holding companies, i.e. the Executive Vice Presidents and Managing Directors. 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 84 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 opportunities, which are 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. This is governed by the risk policy/strategy that is tuned to the company's overriding basic orientation. At BECHTLE AG, the risk strategy is based on the corporate culture, the corporate guidelines and the company's strategic goals, which govern everyday operations and serve as an orientation aid for all decisions in various ways. The key elements of these basic cultural definitions are rooted in BECHTLE'S corporate philosophy, the BECHTLE code of conduct, the BECHTLE sustainability code, the BECHTLE management principles and the BECHTLE social media policy.

The profitable growth targeted within the framework of the Vision 2020 will inevitably be accompanied by business risks and consistent 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 supports an effective risk management in the individual areas. The Managing Directors and Business Unit Leaders 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 audit system, are reviewed by the auditor within the scope of the audit of the annual financial statements and during the year by the company management.



*"The objective is not to avoid risk, but to control it."*

**Ralf-Ulrich Kaste**  
Group Controlling, Bechtle AG



See chart  
Holding Structure,  
page 64



See  
Systems and Instruments,  
page 86 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.



See  
Collaboration between  
the Executive Board and  
the Supervisory Board,  
page 95

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 meetings of the Executive Vice Presidents, conferences of the Managing Directors, strategy conferences as well as planning and individual meetings with the Executive Board are held in order to meet this need.

## Group Accounting

According to Section 315 (2) no. 5 of the German Commercial Code (HGB), the group management report of capital market-oriented companies must describe the key properties of the internal audit and risk management system (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 relies on the definition of the Institute of Public Auditors in Germany (IDW). According to this definition, an ICS consists of the principles, procedures and measures that the management introduces in the company for the organisational implementation of the decisions of the management. The duties and goals of the ICS are:



idw.de

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

The risk assessment form whose purpose is to summarise possible risks as comprehensively as possible, serves as the basis for the risk assessment: Each risk is assessed for probability of occurrence and expected damage amount (risk potential), evaluated according to the gross method 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; this 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 Executive Vice Presidents 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 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

BECHTLE AG is active in the IT market and thus depends both on the sector performance and on the macroeconomic development. Of course, a positive economic development presents opportunities for further successful company growth. However, even in the event of macroeconomic or sector-specific 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. IT is increasingly becoming an integrated element of production processes, also against the backdrop of Industry 4.0. Additionally, aspects such as reduction and the more economic use of resources play an increasingly important role. 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 about 60 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 two companies.

The BECHTLE Group occupies a leading competitive position in Germany and Europe. Apart from the opportunities that arise from the growing customer perception, the group's size also creates opportunities on the basis of its negotiating position towards manufacturing partners. At the same time, thank to its decentralised structure, BECHTLE is able to act quickly and flexibly to leverage any weaknesses of its competitors for the purpose of increasing the regional market exploitation. In this way, the group combines the size and financial power of an international business with the agility and customer proximity of a local medium-sized enterprise. One of BECHTLE's strategic focuses in the reporting period centred on opportunities in connection with the expansion of the relative market share in the individual regions.



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Competitive Position,  
page 79 f



*"About 60 acquisitions since the IPO – and there's no end in sight."*

**Michael Schunger**  
Head of Region South,  
Bechtel Comsoft GmbH



See Forecast Report,  
page 157

In the coming years, the IT e-commerce segment is expected to continue to grow in line with our 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 our international alliances that were newly established in the reporting period.

## Customers



See chart  
Industry Segmentation,  
page 78

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.



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IT E-Commerce  
page 74 ff

In the IT e-commerce segment, we are active with the ARP, BECHTLE DIRECT and COMSOFT DIRECT brands in 14 European countries. Among other things, BECHTLE regards the broader customer approach that is possible due to the international alliances as an opportunity for future growth. Moreover, systematic customer bonding through the use of bios® shops plays an important role.

The presence of BECHTLE in 14 European countries also offers opportunities especially in the field of requests for proposals of the European Union. Considering the pan-European roll-outs that are often required in this area, 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.com/  
our-suppliers](http://bechtle.com/our-suppliers)

BECHTLE AG maintains close partnerships with all major suppliers and manufacturers of the IT industry. 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, IBM and VMware. In its partnerships with key suppliers and manufacturers, the overwhelming majority of the group's certifications have the highest partner status.

To support the collaboration with strategic vendors, BECHTLE has additionally appointed Vendor Integrated Product Managers (VIPM), who promote the interests of the vendors and of BECHTLE alike. This concept provides various opportunities, such as the fact that 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 manufacturers. Moreover, it gives BECHTLE the opportunity to further increase its efficiency, thereby optimising its costs.

## Service Spectrum

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 usually prioritise several issues, such as competitiveness, efficiency gain, modernisation and cost optimisation. To meet these diverse demands, BECHTLE analyses the customer's existing corporate processes in order to offer solutions and IT management models on this basis, e.g. outsourcing or cloud computing. The wide portfolio of BECHTLE enables the elaboration of solutions custom-tailored to the specific needs of every customer. As a one-stop provider, BECHTLE has great advantages over smaller or niche providers. Furthermore, due to the high and further increasing relevance of IT to all corporate processes, on the one hand, and heightened security concerns, on the other, customers place great emphasis on the reliability of the company when choosing an IT partner. In addition to the rather idealistic values of the corporate culture, this reliability is especially reflected in the financial power. These factors directly influence the choice of service providers, the prices and the question of how and from whom external services are procured. In view of its status as an economically stable, reliable partner with an excellent reputation, BECHTLE can therefore gain access to attractive growth opportunities. Especially customer relationships in this so-called operation business stand to benefit from this. They are usually of a long-term nature, which facilitates the business performance planning. Moreover, the operation business promises higher margins than the conventional trading or project business.



*"A close relationship: Bechtle and the vendors."*

**Dr. Nicole Diehlmann**  
Corporate Communications,  
Bechtle AG



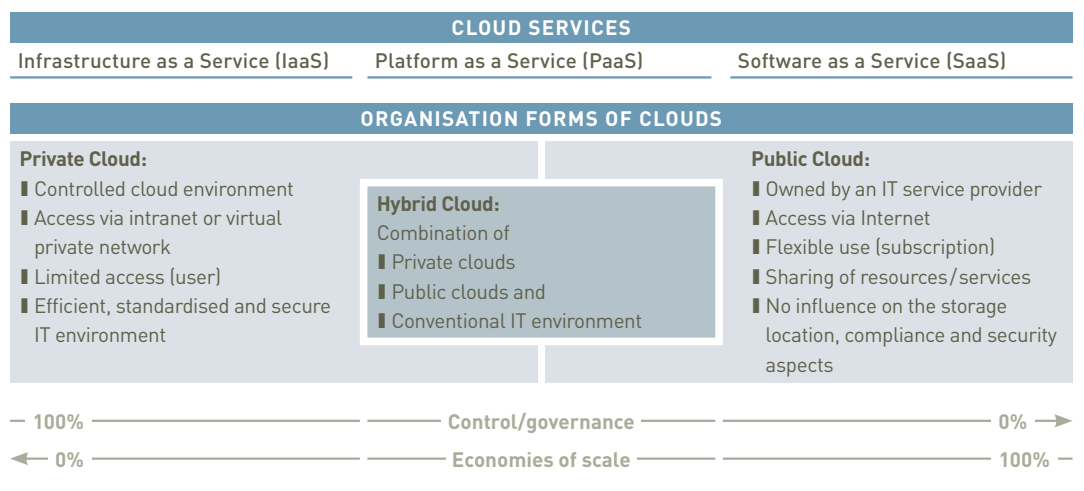
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and Processes,  
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bechtle.com/  
cloud-computing

A 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 also 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 technologies. 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.

#### 56. 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". For example, 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 hosting in their own country. The offer is supplemented with consulting and integration services for cloud computing, as the specific services often need to be integrated and networked with existing systems.



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page 19 ff

The subject of Industry 4.0 also offers the BECHTLE Group opportunities. The steadily increasing complexity of industrial IT landscapes within the framework of Industry 4.0 makes the assistance of a competent IT partner indispensable.

## Company Organisation

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



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Management Structure,  
page 65 f



See  
Know-how Transfer  
Between Locations,  
page 73

In selected business fields, the group has centrally pooled the competencies and experience for the particular market segment. This organised interaction between central support and a decentralised market approach by the system houses yields improved opportunities for growth in the respective market; for example, this is the case in the public-sector division, in software & application solutions and in the organisation of managed services.

## 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.

The shortage of experts is another challenge that BECHTLE is faced with. However, the limited availability of qualified staff could also represent opportunities, for example if the company can 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.



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Forecast Report,  
page 162



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Employees,  
page 92 f

## RISKS

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

#### 57. RISK POTENTIAL PROBABILITY OF OCCURRENCE

Probability of occurrence	Description
High	Highly probable
Medium	Probable
Low	Improbable

#### 58. 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

#### 59. 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 depends on the macroeconomic development in the individual national markets, in Europe and around the globe. Additionally, the trust that companies put in a positive economic development plays a major role. BECHTLE AG generates about two thirds of its revenue in Germany and the remaining third on markets abroad. 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, all countries in which BECHTLE is represented – except for Italy – experienced positive economic growth. The growth rates ranged between 0.2 and 1.6 per cent in Western Europe and were much higher in some Eastern European countries as well as in the United Kingdom and the Republic of Ireland. A weaker or, even worse, a declining economic trend 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 as well as its own strength 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 as well.

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. However, it is also important not to lose sight of the traditional business. BECHTLE still generates a large portion of the revenue in the trading and project business. To minimise risks, BECHTLE will continue to operate on the market as a one-stop 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.



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and Processes,  
page 70 ff



*"Growth in the European e-commerce segment: A clear opportunity for us."*

**Michael Kiener / Anna Maria Auer**  
Team Leader Sales, Bechtle direct Austria

To further reinforce the market position of BECHTLE AG in Europe, the company 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 revenue 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 expansion risks to be improbable. Substantial detrimental effects on the earnings, assets and financial position, as well as deviations from revenue and earnings targets, cannot be excluded. We classify this risk as a medium risk.

## Business Activity



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Personnel Expenses,  
page 91

**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, the reduction of functional costs is only possible to a certain extent and 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 some detrimental effects on the earnings, assets and financial situation and the business activity of the BECHTLE Group. We classify this risk as a medium risk. We also classify the risk from recruiting as a medium risk, as the occurrence of this risk is probable and some 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 vendors and distributors. Across Europe, the company cooperates with about 300 vendors 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 substantial detrimental effects on the earnings, assets and financial position as well as the business activity and deviations from earnings and revenue targets. We consider this risk to be high.

The development in the IT market points to growing competitive pressure as well as price and margin pressure among vendors. Thus, despite the trend that has been going on for many years, vendors have enforced price increases in some areas in the reporting period, as in the prior year. Due to the weak euro, the prices of a larger number of products might increase in the euro area at least in 2015. 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.

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

Moreover, due to the margin pressure on the vendor side, vendors 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 position and deviations from our revenue and earnings targets. We classify the risks from the bonuses granted by the vendors as high risks.



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Business Activity,  
IT E-Commerce,  
page 74

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 vendor or distributor, the company can save process and storage costs.

In order to avoid supply bottlenecks due to the short-term storage, the procurement processes are closely interlinked with the vendor 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 position as well as deviations from revenue and earnings targets cannot be excluded. We consider this risk to be low.



*"To identify trends and integrate them in the portfolio if necessary – this is what constant change requires."*

**Manuela Braun**  
Account Manager,  
Bechtle ÖA direct

**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 over 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 vendors. 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 also allows BECHTLE to adjust its portfolio as soon as customer demand arises.

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

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 and personal sales contacts, the online shops serve as the central sales instrument. The design, functionality, technology and pricing requirements for webshops are subject to constant change; thus, webshops must be continually adapted to 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. External service providers are engaged whenever necessary.

The occurrence of this risk is currently considered to be not improbable. The possibility of some detrimental 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 medium risk.

BECHTLE generates a large portion of its revenue 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 substantial negative effects on our business activity, earnings, assets and financial position and deviations from earnings and revenue targets. The risk is classified as a high risk.

Especially in connection with cloud computing, some market observers see a risk of a decline in hardware and software revenue. Receding server revenue has already been noticed in connection with the advance of virtualisation. Though BECHTLE sees a risk of falling revenue in certain product groups, this revenue decline is compensated by rising revenue in other areas. Although, for instance, fewer servers are sold, BECHTLE is generating higher revenue with virtualisation-related services. 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 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 78 f

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

We consider the occurrence of the risk of dependencies on individual (key) accounts not 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 medium 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 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 agreements with the vendors. Moreover, the systems are protected by a UPS and an emergency power generator.

In our opinion, the occurrence of IT security risks is not improbable despite the measures taken, and we cannot fully exclude the possibility of substantial 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 high 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 92 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 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 the risk as medium risk. We consider risks from staff development to be low. The occurrence is unlikely, and the effects would be moderate.

**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 vendors. 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



*"Bechtle is an attractive and reliable employer."*

**Manuela Schmiedeknecht**  
Team Leader Human Resources,  
Bechtle AG



See  
D&O Insurance,  
page 100

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.

## Financial Instruments



For a quantification  
of the risks see Notes,  
page 221 ff

**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 forwards, 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.



See Notes,  
Currency Risk,  
page 221 ff

**Foreign currencies.** Currency risks exist especially in areas in which receivables, debts, cash 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 or other currencies in order to take advantage of better prices. The BECHTLE Group uses currency forwards and options in order to hedge the currency risk. The hedging of generated cash flows and of assets held by foreign subsidiaries in foreign currencies is limited to Switzerland and the United Kingdom. In view of the current business volume, BECHTLE companies in Eastern European countries are excluded from this hedging. Currency forwards are used in individual cases to hedge the currency risk associated with other currencies when purchasing goods or when customers pay in foreign currency. 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 126



**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, time deposits and securities worth €156.0 million (prior year: €156.1 million) and unused cash and guarantee credit lines worth €34.9 million, as well as a positive cash flow from operating activities amounting to €56.0 million (prior year: €73.1 million), the occurrence of a liquidity risk is unlikely. Moreover, BECHTLE AG has authorised capital of up to €10.5 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 122 ff, and Notes,  
Interest Rate Risk,  
page 224

## Others



See Locations,  
page 66 ff

**Acquisitions.** Since its IPO in 2000, BECHTLE AG has acquired about 60 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 targeted acquisitions. At the same time, however, the decision to purchase a company and integrate it in 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, 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 organisational 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 different 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 expressly undertake to observe applicable laws and regulations and to assure compliance with 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 AG 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 noticeable negative effect on the consolidated income. BECHTLE AG will form provisions for legal disputes for all future legal disputes in connection with the group's business if liabilities are likely to result and the amount of the liabilities can be determined with reasonable certainty.

## OVERALL RISK ASSESSMENT

The evaluation of the group's overall risk situation by the Executive Board is the result of the 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 54.5 per cent (prior year: 55.1 per cent) and a comfortable liquidity situation.



Excellent credit rating



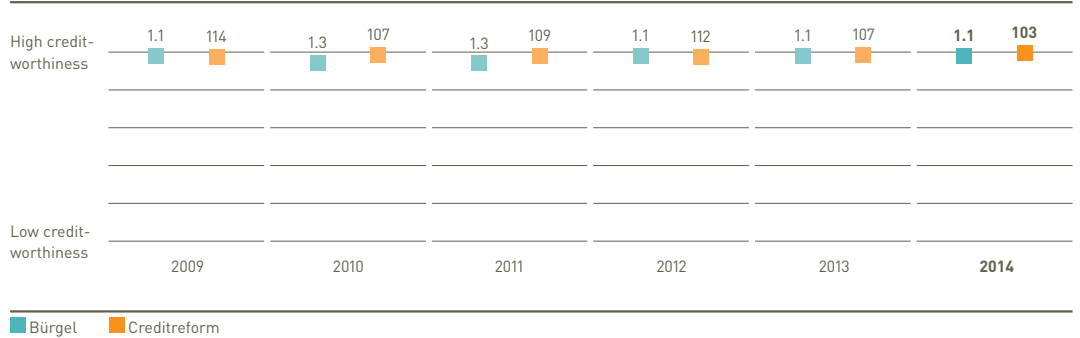
[buergel.de](http://buergel.de)

[creditreform.de](http://creditreform.de)

[www1.creditsafede.com](http://www1.creditsafede.com)

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. As of February 2015, 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). The solvency index determined by Creditreform amounted to 103, after 107 in the prior year (100 means the lowest and 600 the highest credit risk). A rating by Creditsafe was newly added. Here, BECHTLE reaches the top rating of 1.0. 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.

### 60. CREDIT RATINGS BECHTLE AG



To date, the creditworthiness of BECHTLE AG has not been assessed 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 revenue 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



*“USA, Scandinavia, Australia and now Japan: Our international alliances take us around the globe.”*

**Franziska Gärtner /  
Stefanie Rosenberger**  
Portfolio Management Ireland & UK/  
Team Leader Controlling &  
Processes Europe, Logistics &  
Service

BECHTLE has added one more partner to its global network. The cooperation agreement signed with Japan Business Systems, Inc. (JBS), Tokyo, on 21 January 2015, gives BECHTLE access to another interesting market. The new partner company has been active in the IT industry for 25 years and offers IT infrastructure, IT services, application development and ERP and CRM solutions for enterprises and public-sector clients. JBS has about 770 employees and last reported annual revenue of about €160 million. Its range of strategic vendor partners includes companies such as Apple, Cisco, Citrix, EMC, Fujitsu, HP, IBM, Lenovo, Microsoft, Oracle, Samsung and VMware.

Apart from this, BECHTLE AG did not experience any special events after the balance sheet date 31 December 2014 that would have affected the company's earnings, assets and financial position.

## FORECAST REPORT

The strategy of Bechtle AG has a long-term horizon. The Vision 2020, which was established back in 2008, is an expression of this long-term orientation. The key indicators documented in the Vision 2020 – revenue of €5 billion with an EBT margin of 5 per cent, generated by 10,000 employees – provide an orientation to guide the corporate policy of the enterprise over the next years. And they represent a source of motivation for all Bechtle employees. The Vision 2020 provides the encouragement to face new challenges with full commitment even after an extremely successful year such as the year, under review. After all, every fiscal year merely constitutes a further milestone on Bechtle's path to the Vision 2020.

### FRAMEWORK CONDITIONS

According to the forecast of the European Commission, the economy in the EU will grow 1.7 per cent in 2015. The outlook within the BECHTLE markets in the EU is also good. Growth below 1 per cent is only expected in Italy (0.6 per cent) and in Austria (0.8 per cent). All other BECHTLE countries will have growth rates of 1 per cent or more. With 3.5 per cent, Ireland is at the top of the list, followed by Poland with 3.2 per cent and the UK with 2.6 per cent. The forecast for investments in equipment is even more optimistic. These investments are to increase 4.1 per cent throughout the EU. Among the BECHTLE markets, the lowest growth is expected in France (1.8 per cent) and Belgium (1.9 per cent). The highest growth is expected in the UK (7.2 per cent), Portugal (7.4 per cent) and Spain (7.9 per cent). Again, Ireland heads the list, with an increase of 10.0 per cent. Government investments in the EU are expected to grow 0.6 per cent. In 2016, GDP in the EU is to grow by another 2.1 per cent. The European Commission expects investments in equipment to grow by as much as 5.9 per cent.

For Switzerland, no reliable forecast is available at present. Due to the discontinuation of the minimum exchange rate against the euro on 15 January of this year by the Swiss National Bank and the subsequent sharp appreciation of the franc against the euro and other currencies, the outlook for the Swiss economy has turned bleaker. The forecasts for this year's GDP growth extend from minus 0.5 per cent to almost plus 1 per cent, an unusually wide range. These considerable differences are a clear indication of the current unpredictability.

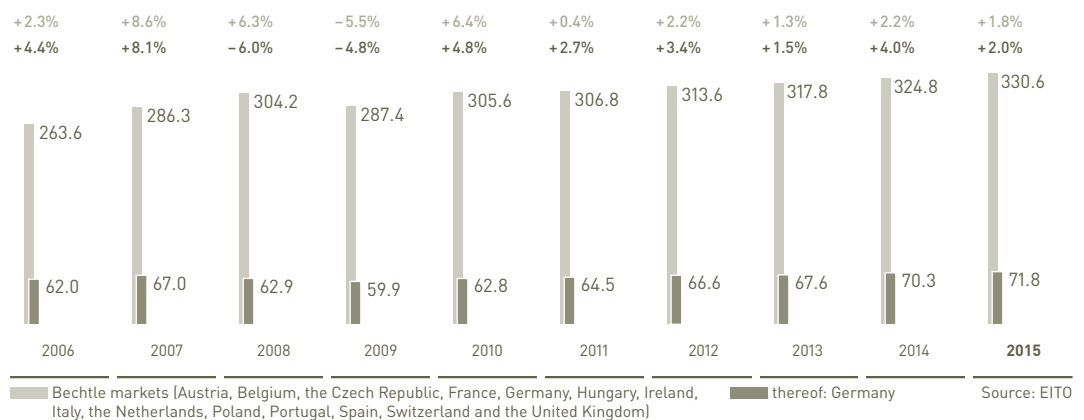
In 2015, the economic development in Germany will maintain its high level. The European Commission predicts GDP growth of 1.5 per cent, as in 2014. Investments in equipment will go up 2.9 per cent, and government expenditure 1.0 per cent. For 2016, the European Commission expects GDP in Germany to grow 2.0 per cent. Investments in equipment are expected to increase at a substantially above-average rate of 6.0 per cent, and government expenditure is to grow at a virtually unchanged rate of 1.1 per cent.

According to the figures of EITO, the IT market in the EU is to grow 1.9 per cent in 2015, slightly less than in the prior year (2.4 per cent). Following the surprisingly good performance in 2014, hardware revenues are to drop 4.4 per cent. Services are to grow 2.8 per cent and software 4.6 per cent. A negative development of the hardware revenue is anticipated in all countries in which BECHTLE is present. The gap ranges from minus 1.0 per cent to minus 6.4 per cent. The exceptions are Portugal with minus 0.4 per cent and the Netherlands with minus 8.3 per cent. The growth forecasts for software are rather congruent. They are all positive, from 1.2 per cent in Portugal to 5.7 per cent in the UK. In Austria, the dynamism is to continue in 2015. For the IT market as a whole, growth of 2.5 per cent is predicted, compared to 2.7 per cent in the prior year. Though hardware revenue is to decline 3.2 per cent, services will be up 3.0 per cent and software 5.1 per cent. For the reasons mentioned above, we do not provide any figures for the Swiss market.

In 2015, the growth of the German IT market is expected to be less dynamic. EITO predicts an increase of 2.0 per cent. Hardware is to suffer a substantial decline of 4.6 per cent. Following its skyrocketing performance in the year under review, the PC market in particular is expected to drop significantly. Service revenues are to increase 3.0 per cent and software – the growth driver – 5.5 per cent.

#### 61. IT EXPENDITURE IN THE BECHTLE MARKETS 2006–2015

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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 situation due to changes in legal framework conditions or the implementation of environmental policy measures. In most countries, the exchange rate development does not play a major role. In Switzerland, however, the strong Swiss franc could lead to a deterioration of the economic situation in the current year and thus to a weaker demand behaviour of IT customers.



## PERFORMANCE OF THE GROUP

### Products and Markets

Due to the ongoing consolidation, the European IT market and especially the German market will remain dynamic. In the future, especially smaller providers will find it difficult to offer their customers services in the needed breadth and depth. 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, its decentralised structure and its close links to medium-sized industrial enterprises. Therefore, we are confident that we will be able to continue to expand our market share. In this context, the product and service offering and the market presence are to continue to be expanded through selective acquisitions.

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 wide geographic presence and large sales force that maintains regular customer contacts, BECHTLE is very close to the needs and preferences of companies and public-sector clients. 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 years to come. Apart from Industry 4.0, we also regard subjects such as mobility, security, cloud computing, big data and applications as market drivers. BECHTLE boasts an excellent position in all said 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.

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. However, no specific steps are planned in this area for the fiscal year 2015. Rather, we will focus on the further successful development of the new companies established in recent years. Additionally, we will concentrate on promoting the internationalisation by means of further alliances. Apart from the existing partnerships for the us market, Scandinavia, the Baltic states, Australia, New Zealand and Japan, we intend to step up our search for partners especially in the Asian markets.



See Service Range  
and Processes,  
page 70 ff



*"We do not sell trends, but the services that the customer wants from us."*

**Matthias Drescher / Fatma Elitok**  
Head of Sales, Bechtle ÖA direct /  
Account Manager, Bechtle direct



See Locations,  
page 68 f

## Key Performance Indicators

**Revenue.** Since 2009, BECHTLE AG has outperformed the IT market by significantly increasing its revenue at a compound annual growth rate (CAGR) of about 13 per cent. From 2004 to 2014, CAGR was approximately 9 per cent. In 2015, we again intend to grow faster than the IT market. Apart from increased sales activities and the resulting greater market penetration, our intercontinental partnerships are to contribute to this growth in the IT e-commerce segment. This goal will also be supported by an ever wider, optimised service portfolio that is aligned with customer needs, continuous expansion of the activities in the software & application solutions and managed services divisions and, as a matter of principle, concentration on fast-growing business fields in the system house segment. Therefore, we are confident that we will be able to increase our revenue noticeably in 2015 compared to the reporting period. However, the dynamics will ease in the year under review. In its Vision 2020, BECHTLE targets consolidated revenue of €5 billion, which means an average annual growth of about 12 per cent.



*“Every fiscal year is a further milestone on the path to the Vision 2020.”*

**Jeyabairavi Jeya**  
Trainee in IT systems management

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 2015, the revenue share of the Swiss companies in euros, the group currency, is expected to be higher than in the prior year due to the strong Swiss franc. It remains to be seen what the operational performance of the Swiss companies will be like.

**Costs.** The development of the cost of sales will more or less parallel that of the revenue. Therefore, we anticipate a gross margin of about 15 per cent, as in 2014. For BECHTLE AG as a trading service provider, personnel expenses are of central importance within the scope of the business management. Personnel expenses constitute the largest expense block, accounting for more than 70 per cent among the sales and administrative functions. Due to BECHTLE's consulting-intensive business model and the emerging shortage of qualified staff in some areas, flexible adjustment of the personnel expenses 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 closely related to the revenue performance. Especially in e-commerce, further growth can only be achieved with larger sales teams. In view of the growth in the group, management expects the absolute expenses for the two functional areas sales and administration to further increase throughout this year and next. However, as we endeavour to prevent above-average growth, the ratios will at least remain at the levels of the year under review, i.e. at below 7 and below 5 per cent of the revenue.

**Earnings.** Following the extremely dynamic performance in the year under review and significant earnings growth compared to the prior year, the Executive Board is confident that in 2015, BECHTLE AG will clearly surpass the earnings situation of the prior year. However, we will not be able to maintain the dynamics of the reporting period. In both business segments, we expect a significant earnings increase. By increasing the share of qualified services and continually optimising the efficiency of the service provision, we will succeed in slightly improving the EBT margin in 2015. The Executive Board anticipates a similar development in both segments. The exchange rate of the Swiss franc will not significantly affect the earnings, as BECHTLE has hedged exchange rate fluctuations in this area. The additional bonuses granted to the employees in the fourth quarter of the reporting period were voluntary benefits on the part of the company due to the extraordinary success in the year under review. We do not expect any similar costs in the current year. 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. For this, EBT would require CAGR of about 15 per cent. From 2009 to 2014, we achieved a CAGR of almost 20 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 of €1.20 per share for the fiscal year 2014 represents a ratio of 33.1 per cent, a figure that fully reflects the corporate policy. Since its IPO, BECHTLE has paid out a dividend every year and has regularly increased it. So far, the dividend has never declined. This underscores the reliability of the shareholder-oriented distribution policy of BECHTLE AG. There are no plans for fundamental changes to the company's dividend policy.

## Assets and Financial Position

**Liquidity.** BECHTLE AG has a very healthy balance sheet structure and outstanding 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 an 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 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 €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 and even under its own steam.

**Financing.** In 2015, liabilities and the associated interest payments are not going to undergo any material changes, except in the case of acquisitions. In 2015, 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 and guarantee credit lines worth €34.9 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 2019, the Executive Board is authorised to increase the issued capital by issuing up to 10.5 million shares against cash or in-kind contributions.

Provided that no major takeovers occur in 2015, the balance sheet structure will not undergo any significant changes compared to the reporting date 31 December 2014.

**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 extension built at the headquarters in Neckarsulm and the new buildings in Freiburg and Karlsruhe. To a certain extent, these construction measures also affected the fiscal year 2012. Since 2013, there have not been any comparable investments, and none are planned for the current year either. The Executive Board therefore expects the investment ratio in the current year to remain at about the prior-year level of approximately 20 per cent, also in view of the high number of properties, plants and equipment that the company currently possesses.

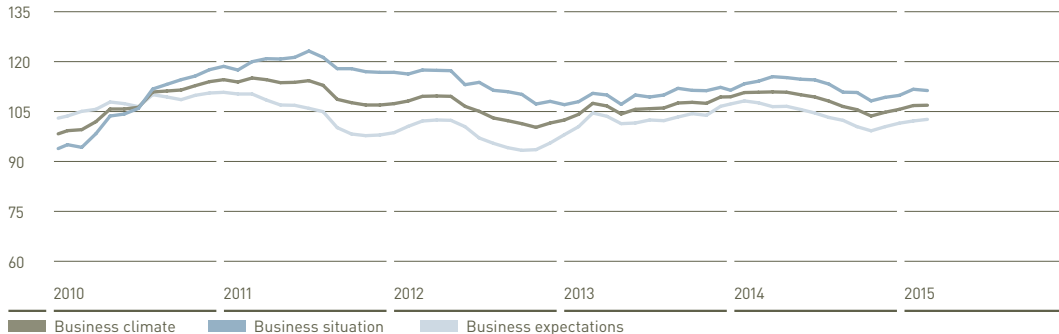
Furthermore, normal replacement investments are planned for this year. At about €16 million, these should be in the same range as the depreciation. Additionally, unscheduled investments might become necessary due to acquisitions, which represent a permanent element of our growth strategy.

OVERALL ASSESSMENT

The macroeconomic situation at the beginning of 2015 was very positive, and the forecasts are above the figures achieved in the year under review. GDP growth that is significantly above the level of 2014 is anticipated for all relevant European countries in 2015 and 2016. However, in view of the numerous crisis spots around the globe, such as the conflict in Ukraine and the ongoing financial crisis in Greece, these forecasts are subject to major uncertainties. Nevertheless, the mood in the economy is good, and the willingness to invest is high. For example, the ifo indicator for the economic climate in the euro area again went up in the first quarter of 2015. Both the current situation as well as the outlook for the next six months have again improved considerably compared to the final quarter of 2014. However, the level is still below that of the first three quarters of 2014. In January, the ifo business climate index for Germany's commercial economy increased for the third time in a row and has again reached the level of August 2014. In February, the index again went up slightly. Though the current situation was considered to be slightly inferior, the expectations for the further course of business have increased. Thus, there is noticeable optimism at the beginning of the year. Thus, there is noticeable optimism at the beginning of the year.



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



Optimism is noticeable in the IT industry as well. Following a significant increase towards the end of the year, the ifo index for IT service providers initially receded from 36 to 34 in January. In February, however, it underwent a significant increase to 45. The assessment of the current situation remains at a very high level, while the outlook for the next six months has skyrocketed from 23 to 43, reaching the second-highest value of the last four years.

Considering the sound economic situation in Germany and in the EU, the Executive Board is confident that the willingness of customers to invest will remain high, albeit not as high as in the year under review. Though the impulses from the IT market will be weaker than in the year under review, we expect the business performance of BECHTLE AG to remain positive and above the industry average. Thanks to the current strength and the investments in the sales team, BECHTLE will continually expand its market share even in markets with weaker growth and achieve significant growth.



*"With so much optimism, 2015 is bound to be a successful year."*

**Carina Waltz / Tim Karner**  
Team Leader Sales /  
Sales, Bechtle ÖA direct

## 63. OVERVIEW OF FORECASTS ON THE EARNINGS POSITION FOR 2015

	Group	IT system house & managed services	IT e-commerce
Revenue	Clear increase over 2014/growth dynamics lower than in 2014	Clear increase, but weaker growth rate	Clear increase, but weaker growth rate
Cost of sales	Parallel revenue		
Gross margin	About 15 per cent		
Distribution cost ratio	< 7 per cent		
Administrative expense ratio	< 5 per cent		
EBT	Clear increase over 2014	Clear increase over 2014	Clear increase over 2014
EBT margin	Slight increase	Slight increase	Slight increase
Dividend	Dividend payout ratio of about one third of EAT		

Acquisitions will remain an integral element of the growth strategy in all business fields. In IT e-commerce, however, the Executive Board mainly relies 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 2015, regardless of acquisitions. However, the moderate growth rate of the reporting period 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.

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**Thank you.**

We would like to use this opportunity to thank all who have contributed to Bechtle's further improvement in all disciplines. We also thank our shareholders, who have trusted us for many years.

**Thanks to the tireless.**

They really exist: the profound Bechtle experts and tireless annual report readers who read even the notes from A to Z. Good to know!

**Thanks to continuous growth...**

...the Bechtle Group meanwhile comprises about 100 companies. To be continued.

**Thanks to Gerhard Schick.**

For his spontaneous willingness to assume the chairmanship of the Supervisory Board once more in 2013, he deserves our double thanks at his second departure.



**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**

**Thanks to the producers.**

An annual report is the product of the cooperation of countless diligent internal and external brains and hands. You can find some of them in the legal notice.



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## **Consolidated Financial Statements**

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## 64. CONSOLIDATED INCOME STATEMENT

		€k	
	Notes	2014	2013
Revenue	1	2,580,448	2,273,485
Cost of sales	2	2,197,212	1,933,071
<b>Gross profit</b>		<b>383,236</b>	<b>340,414</b>
Distribution costs	2	166,556	151,546
Administrative expenses	2	124,001	110,483
Other operating income	3	15,819	12,663
<b>Earnings before interest and taxes</b>		<b>108,498</b>	<b>91,048</b>
Financial income	4	1,944	1,560
Financial expenses	4	3,057	3,300
<b>Earnings before taxes</b>		<b>107,385</b>	<b>89,308</b>
Income taxes	5	31,191	25,911
<b>Earnings after taxes (attributable to shareholders of Bechtle AG)</b>		<b>76,194</b>	<b>63,397</b>
<b>Net earnings per share (basic and diluted) in €</b>	<b>6</b>	<b>3,63</b>	<b>3,02</b>
<b>Weighted average shares outstanding (basic and diluted) in thousands</b>		<b>21,000</b>	<b>21,000</b>



See  
further comments  
in the Notes,  
in particular III.,  
page 188 ff

65. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		€k	
	Notes	2014	2013
<b>Earnings after taxes</b>		<b>76,194</b>	<b>63,397</b>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to profit or loss in subsequent periods</b>			
Actuarial gains and losses on pension provisions	17	-6,020	2,777
Income tax effects		1,231	-531
<b>Items that will be reclassified to profit or loss in subsequent periods</b>			
Unrealised gains and losses on securities		-273	-377
Income tax effects		23	42
Unrealised gains and losses on financial derivatives		5,215	-2,097
Income tax effects		-1,540	604
Currency translation differences of net investments in foreign operations		42	-35
Income tax effects		0	0
Hedging of net investments in foreign operations		-1,466	787
Income tax effects		428	-230
Currency translation differences		1,697	-1,356
<b>Other comprehensive income</b>	<b>16</b>	<b>-663</b>	<b>-416</b>
of which income tax effects		142	-115
<b>Total comprehensive income (attributable to shareholders of Bechtle AG)</b>		<b>75,531</b>	<b>62,981</b>



See further comments in the Notes, in particular IV. no. 16 page 200 ff

## 66. CONSOLIDATED BALANCE SHEET

ASSETS		€k	
	Notes	31.12.2014	31.12.2013
<b>Non-current assets</b>			
Goodwill	7	144,499	139,885
Other intangible assets	8	19,980	19,293
Property, plant and equipment	9	104,224	99,747
Trade receivables	12	19,774	1,547
Income tax receivables		57	84
Deferred taxes	10	3,722	4,131
Other assets	14	2,676	2,513
Time deposits and securities	13	27,008	32,012
<b>Total non-current assets</b>		<b>321,940</b>	<b>299,212</b>
<b>Current assets</b>			
Inventories	11	131,165	107,638
Trade receivables	12	387,828	345,195
Income tax receivables		1,196	1,029
Other assets	14	45,469	33,181
Time deposits and securities	13	22,272	18,255
Cash and cash equivalents	15	106,720	105,838
<b>Total current assets</b>		<b>694,650</b>	<b>611,136</b>
<b>Total assets</b>		<b>1,016,590</b>	<b>910,348</b>



See  
further comments  
in the Notes,  
in particular IV,  
page 192 ff

EQUITY AND LIABILITIES

€k

	Notes	31.12.2014	31.12.2013
<b>Equity</b>			
Issued capital		21,000	21,000
Capital reserves		145,228	145,228
Retained earnings		387,768	335,337
<b>Total equity</b>	<b>16</b>	<b>553,996</b>	<b>501,565</b>
<b>Non-current liabilities</b>			
Pension provisions	<b>17</b>	11,990	6,382
Other provisions	<b>18</b>	4,836	2,307
Financial liabilities	<b>19</b>	47,522	53,625
Trade payables	<b>20</b>	269	438
Deferred taxes	<b>10</b>	17,266	15,128
Other liabilities	<b>21</b>	2,652	538
Deferred income	<b>22</b>	11,343	12,369
<b>Total non-current liabilities</b>		<b>95,878</b>	<b>90,787</b>
<b>Current liabilities</b>			
Other provisions	<b>18</b>	6,239	5,774
Financial liabilities	<b>19</b>	12,711	10,546
Trade payables	<b>20</b>	178,644	170,518
Income tax payables		6,418	6,519
Other liabilities	<b>21</b>	95,695	79,941
Deferred income	<b>22</b>	67,009	44,698
<b>Total current liabilities</b>		<b>366,716</b>	<b>317,996</b>
<b>Total equity and liabilities</b>		<b>1,016,590</b>	<b>910,348</b>

## 67. 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 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
Equity as of 1 January 2014	21,000	145,228	334,438	899	335,337	501,565
Distribution of profits for 2013			-23,100		-23,100	-23,100
Earnings after taxes			76,194		76,194	76,194
Other comprehensive income				-663	-663	-663
Total comprehensive income	0	0	76,194	-663	75,531	75,531
Equity as of 31 December 2014	21,000	145,228	387,532	236	387,768	553,996



See further comments in the Notes, in particular IV. no. 16, page 200 ff

68. CONSOLIDATED CASH FLOW STATEMENT

		€k	
	Notes	2014	2013
<b>Operating activities</b>			
<b>Earnings before taxes</b>		<b>107,385</b>	<b>89,308</b>
Adjustment for non-cash expenses and income			
Financial earnings		1,113	1,740
Depreciation and amortisation of intangible assets and property, plant and equipment		23,753	22,493
Gains and losses on disposal of intangible assets and property, plant and equipment		20	2
Other non-cash expenses and income		3,848	32
Changes in net assets			
Changes in inventories		-24,217	-17,972
Changes in trade receivables		-58,053	-33,740
Changes in trade payables		4,790	23,784
Changes in deferred income		20,009	4,899
Changes in other net assets		7,398	7,198
Income taxes paid		-30,081	-24,646
<b>Cash flow from operating activities</b>	<b>23</b>	<b>55,965</b>	<b>73,098</b>
<b>Investing activity</b>			
Cash paid for acquisitions less cash acquired		-3,501	-7,146
Cash received from divestments		0	333
Cash paid for investments in intangible assets and property, plant and equipment		-23,614	-23,535
Cash received from the sale of intangible assets and property, plant and equipment		402	373
Cash paid for the acquisition of time deposits and securities		-17,014	-20,000
Cash received from the sale of time deposits and securities, and from redemptions of non-current assets		17,595	36,850
Settlement of net investment hedges		-1,466	787
Interest payments received		1,745	2,137
<b>Cash flow from investing activities</b>	<b>24</b>	<b>-25,853</b>	<b>-10,201</b>
<b>Financing activities</b>			
Cash paid for the repayment of financial liabilities		-11,718	-15,426
Cash received from the assumption of financial liabilities		7,678	4,669
Dividends paid		-23,100	-21,000
Interest paid		-2,833	-3,245
<b>Cash flow from financing activities</b>	<b>25</b>	<b>-29,973</b>	<b>-35,002</b>
Exchange-rate-related changes in cash and cash equivalents		743	-265
<b>Changes in cash and cash equivalents</b>		<b>882</b>	<b>27,630</b>
<b>Cash and cash equivalents at the beginning of the period</b>		<b>105,838</b>	<b>78,208</b>
<b>Cash and cash equivalents at the end of the period</b>		<b>106,720</b>	<b>105,838</b>



See further comments in the Notes, in particular V., page 216 f

## NOTES

### I. GENERAL DISCLOSURES

BECHTLE AG, Bechtle Platz 1, 74172 Neckarsulm, is a joint stock corporation under German law. Through its subsidiaries, BECHTLE AG operates IT system houses in Germany, Belgium, 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 2014 were released for publication on 26 February 2015 by the Executive Board (IAS 10.17).



[bechtle.com/investors/corporate-governance/](http://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 2014 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:



efrag.org

Pronouncement	Publication by IASB/IFRIC	Endorsement (EU)	Effective date (EU) <sup>1</sup>
<b>Voluntary adoption of pronouncements ahead of time</b>			
IFRIC 21 Levies	20 May 2013	13 June 2014	17 June 2014
Amendments to IFRS: Improvements to International Financial Reporting Standards, 2011–2013 Cycle	12 December 2013	18 December 2014	22 December 2014

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

**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. At BECHTLE, the first-time adoption of the interpretation does not have any noteworthy effect on the assets, earnings and financial position.

**Amendments to IFRS: Improvements to International Financial Reporting Standards, 2011–2013 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, these amendments to the IFRS do not result in any significant consequences regarding the assets, earnings and financial position and their presentation.

BECHTLE had already adopted the new and amended standards and interpretations whose adoption is mandatory for the fiscal year 2014 ahead of time for the Consolidated Financial Statements for the fiscal year 2013.

**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 <sup>1</sup>
<b>Published pronouncements not yet adopted</b>			
Amendments to IAS 1 Presentation of Financial Statements	18 December 2014	Open	01 January 2016
Amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets	12 May 2014	Open	01 January 2016
Amendments to IAS 16 Property, Plant and Equipment and IAS 41 Agriculture	30 June 2014	Open	01 January 2016
Amendments to IAS 19 Employee Benefits	20 November 2013	17 December 2014	01 February 2015
Amendments to IAS 27 Separate Financial Statements	12 August 2014	Open	01 January 2016
IFRS 9 Financial Instruments	24 July 2014	Open	01 January 2018
Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures	11 September 2014	Open	01 January 2016
Amendments to IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 28 Investments in Associates and Joint Ventures	18 December 2014	Open	01 January 2016
Amendments to IFRS 11 Joint Arrangements	06 May 2014	Open	01 January 2016
IFRS 14 Regulatory Deferral Accounts	30 January 2014	Open	01 January 2016
IFRS 15 Revenue from Contracts with Customers	28 May 2014	Open	01 January 2017
Amendments to IFRS: Improvements to International Financial Reporting Standards, 2010–2012 Cycle	12 December 2013	17 December 2014	12 January 2015
Amendments to IFRS: Improvements to International Financial Reporting Standards, 2012–2014 Cycle	25 September 2014	Open	01 January 2016

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

**Amendments to IAS 1 Presentation of Financial Statements.** The amendments within the scope of the initiative to improve disclosure obligations concern clarifications of the materiality of the presentation of items in the balance sheet, statement of comprehensive income, cash flow statement, statement of changes in equity and disclosures in the notes. BECHTLE does not expect any material effects on the presentation of the financial statements due to the adoption of these amendments.

**Amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets.** The amendments contain clarifications of appropriate methods of depreciation and amortisation for property, plant and equipment and intangible assets. Depreciation and amortisation of property, plant and equipment on the basis of the revenue generated with goods manufactured with them are expressly not appropriate. Revenue-based depreciation and amortisation of intangible assets is permissible only if the value of the asset can be directly expressed by the revenue generated or if it can be demonstrated that the revenue achieved and the wear and tear of the intangible assets are highly correlated. As the BECHTLE Group depreciates property, plant and equipment and amortises intangible assets on a straight-line basis according to their scheduled useful life, the first-time adoption will not affect BECHTLE's assets or earnings position.

**Amendments to IAS 16 Property, Plant and Equipment and IAS 41 Agriculture.** The amendments clarify that bearer plants (e.g. vines and olive trees) are to be accounted for at cost until they are mature for production and thereafter according to the regulations of IAS 16 either with the cost or revaluation model; accounting according to IAS 41 is no longer permissible. In view of the company profile, the first-time adoption of these amendments will not affect BECHTLE.

**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.

**Amendments to IAS 27 Separate Financial Statements.** The amendments comprise the introduction of the equity method as an additional option to account for investments in subsidiaries, joint ventures and associates in separate financial statements according to IFRS (apart from the accounting at amortised cost according to IFRS 9). As BECHTLE always holds 100 per cent of the interests in its subsidiaries, no changes will arise for any separate financial statements of BECHTLE AG according to IFRS.

**IFRS 9 Financial Instruments.** The final version of IFRS 9 Financial Instruments contains the revised regulations concerning the classification and measurement of financial instruments, accounting of impairment of financial assets and hedge accounting. The standard is to fully replace IAS 39. The new regulations for the classification and measurement of financial instruments no longer contain the categories “available for sale” and “held to maturity” from IAS 39. Apart from the measurements “at amortised cost” and at “fair value through profit or loss (FVtPL)”, it will henceforth be possible to account for financial instruments at “fair value through other comprehensive income (FVtOCI)”.

The categorisation is based on the following conditions:

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (cash flow characteristics test).
- The objective of the entity's business model is to both collect the contractual cash flows generated by financial asset and sell financial assets (business model test).

All financial instruments for which the cash flow condition is not met are automatically accounted for 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. If the cash flow condition is deemed met and the financial instrument is held for the purpose of collecting the contractual cash flows, the financial instrument shall be accounted for at amortised cost. If the financial instrument is also held for sale, it shall be accounted for at fair value through other comprehensive income. In both cases, however, IFRS 9 contains an option that shall be exercised upon initial recognition, according to which value changes may be entered in the earnings for the period if this would prevent an inconsistency in the measurement or recognition (fair value option). The debt instruments held by BECHTLE fulfil the cash flow condition, and the business model does not provide for their sale. Therefore, the measurement of the instruments shall con-

tinue at amortised cost as previously. As the securities held by BECHTLE fulfil both the business model condition and the cash flow condition, they can be measured at fair value through other comprehensive income, as was already the case according to the provisions of IAS 39.

Henceforth, not only losses incurred but also expected losses are to be recognised as impairment. The scope of the expected loss is differentiated according to whether or not the credit risk of financial assets has increased significantly since initial recognition. If the credit risk has increased but is considered to be low, the expected losses of the next twelve months shall be taken into consideration. However, if the credit risk is high, the expected losses are to be recognised over the full lifetime. In the case of trade receivables, all expected losses must already be taken into consideration upon initial recognition. Insofar as credit risks become evident within BECHTLE's trade receivables or leasing receivables, these are already recognised by means of impairment. Moreover, due to its financial policy that focuses on security and unlimited solvency, BECHTLE only has securities and time deposits whose credit risk is considered to be low.

IFRS 9 contains a new hedge accounting model. The scope of eligible underlying transactions for hedge accounting is expanded. It is sufficient if an economic relationship exists between the hedged item 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.

All changes in the fair value that result from changes of the company's own credit risk are to be recognised in other comprehensive income, provided that this would not result in incongruent accounting.

Though the adoption of the new standard will not have any significant effect on BECHTLE's assets, earnings and financial position, the scope of the disclosures in the notes will increase.

**Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures.** The amendment eliminates an inconsistency between the standards IFRS 10 Consolidated Financial Statements and IAS 28 (2011) Investments in Associates and Joint Ventures concerning the recognition of transactions between a company and its associates or joint ventures. If the transaction concerns a business (as defined in IFRS 3), the investor shall recognise the full gain or loss. If the transaction merely concerns the sale of assets that do not constitute a business, the partial gain or loss shall be recognised. As BECHTLE only has whollyowned subsidiaries and no joint ventures exist, the amendments to this standard will not affect the assets, earnings and financial position.

**Amendments to IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 28 Investments in Associates and Joint Ventures.** The amendments concern the application of the exception from the consolidation obligation for investment entities. As none of the group companies of BECHTLE has the characteristics of an investment entity according to IFRS 10, IFRS 12 and IAS 28, the amendments to the said standards will not affect BECHTLE's assets, earnings and financial position.

**Amendments to IFRS 11 Joint Arrangements.** The amendments show that the acquisition of interests in a joint activity that is a business must be accounted for according to IFRS 3. From the current perspective, these amendments will not affect BECHTLE, as there are no joint activities with parties outside the group.

**IFRS 14 Regulatory Deferral Accounts.** The new regulations enable first-time adopters of IFRS to keep regulatory deferral accounts that they recognised applying their previous national accounting standards in connection with rate-regulated activities in the IFRS financial statements and to continue to render accounts according to the previous GAAP. As the adoption of the regulation is explicitly reserved to first-time adopters of IFRS, it will not affect BECHTLE's assets and earnings position in any way.

**IFRS 15 Revenue from Contracts with Customers.** IFRS 15 governs the revenue recognition for almost all contracts with customers. The core of the new IFRS 15 is the introduction of a five-step model in which the customer contract and the separate performance obligations it contains are first identified. In the third and fourth steps, the transaction price is determined and allocated to the individual performance obligations. The revenue is recognised after the fulfilment of the performance obligation in the amount of the allocated pro-rata transaction price. BECHTLE has not yet completed the examination of the effects of the first-time adoption of this standard; as far as ascertained to date, effects are expected especially for the ERP systems for the accounting processing, but not so much on the earnings position.

**Amendments to IFRS: Improvements to International Financial Reporting Standards, 2010–2012 Cycle and 2012–2014 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 will not result in any significant consequences or changes regarding the assets, earnings and financial position and their presentation.

## Consolidation Principles

The Consolidated Financial Statements are based on the financial statements of BECHTLE AG and its subsidiaries prepared using uniform group accounting policies. The financial statements of BECHTLE AG and its subsidiaries have been prepared as at the same balance sheet date throughout the group. Capital consolidation has been effected by offsetting the carrying amount of the shareholdings 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, revenue, expenses, income, receivables and liabilities are eliminated. The required tax deferrals are applied to the consolidation processes.

## Scope of Consolidation



See Appendix A,  
page 242 ff

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

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

Company	Headquarters	Date of initial consolidation	Acquisition/foundation
AMARAS AG	Monheim (Rhein), Germany	01. February 2014	Acquisition
PLANET! Software-Vertrieb & Consulting GmbH <sup>1</sup>	Wien, Austria	05. March 2014	Acquisition
Bechtle Management GmbH	Wien, Austria	26. June 2014	Foundation

<sup>1</sup> Meanwhile renamed planetsoftware GmbH



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

The new company established in the fiscal year 2014 did not have any material impact on the group's assets, earnings and financial 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 in equity through other comprehensive income.

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	
		2014	2013	2014	2013
Switzerland	CHF	1.20	1.23	1.21	1.23
United Kingdom	GBP	0.78	0.83	0.81	0.85
USA	USD	1.22	1.38	1.33	1.32

## Accounting Policies

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

Revenue from the sale of IT products is 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.

Revenue from services is recognised after the provision of the service or after the acceptance by the customer. Revenue from work in progress is 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.



See page 77f

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

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

Ownership of finance leases is ascribed to the lessee in such cases where the latter essentially bears all the risks and rewards incidental to ownership (IAS 17). In cases in which BECHTLE 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 BECHTLE is the lessor, a lease receivable is recognised in the amount of the net investment value.

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

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

For the initial recognition, **goodwill** from a business combination is measured at cost in the form of the surplus of the acquisition costs of the business combination over the share of net fair value of the identifiable assets, liabilities and contingent liabilities recognised by the buyer pursuant to IFRS 3. The goodwill identified in the context of a business combination 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, purchased 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 depreciation of the capitalised costs takes place from the date of commercial use of the asset over a useful life of three to five years.

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 is 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 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, the goodwill is allocated to its 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	2–7 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 reporting period.

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. The portfolio managers are responsible for this assessment.

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

**Time deposits and securities.** Time deposits are measured as financial assets at amortised cost. They comprise time deposits and similar investments with banks and other financial service institutions, as well as investments in insurance policies with original maturities of more than three months from the date of purchase.

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 other comprehensive income 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 other comprehensive income outside profit or loss until sold.

**Cash and cash equivalents.** 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, 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 revenue.

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, **deferred income** includes all deferred revenue and earnings. In particular, these include prepayments and deferred income 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 consist exclusively of 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 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.
- Held-to-maturity financial investments at amortised cost on the basis of the effective interest method.
- Financial liabilities at amortised cost on the basis of the effective interest method.

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.



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**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 and 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 hedging instrument are recognised 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 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
<b>Assets</b>	
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 Amount equal to the net investment (finance leasing)
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
<b>Equity and liabilities</b>	
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)
Deferred income	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-compete 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 revenue.

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 hedging instruments 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 amounting to €2,580,448 thousand (prior year: €2,273,485 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 revenue. The revenue in the IT system house & managed services segment consists primarily of IT trading revenue 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 product groups that achieved the highest revenue were mobile computing, software, IT services and PCs. With these product groups, BECHTLE generated about 55 per cent of the total revenue.



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



## 2 Expense Structure

€k						
	Cost of sales		Distribution costs		Administrative expenses	
	2014	2013	2014	2013	2014	2013
Material costs	1,971,664	1,726,409	0	0	0	0
Personnel and social expenses	174,760	158,783	131,825	119,264	82,179	70,801
Depreciation and amortisation	11,158	10,603	5,952	5,262	6,643	6,628
Other operating expenses	39,630	37,276	28,779	27,020	35,179	33,054
<b>Total expenses</b>	<b>2,197,212</b>	<b>1,933,071</b>	<b>166,556</b>	<b>151,546</b>	<b>124,001</b>	<b>110,483</b>

The predominant portion of the material costs corresponds to the costs for commodities. The material costs include net expenses of €81 thousand from exchange rate fluctuations (prior year: income of €12 thousand).

Other operating expenses include the following:

- Vehicle costs amounting to €24,720 thousand (prior year: €24,447 thousand);
- Expenses for office and building rent amounting to €21,635 thousand (prior year: €21,479 thousand);
- Communication costs amounting to €6,197 thousand (prior year: €6,153 thousand);
- Marketing costs amounting to €5,412 thousand (prior year: €4,679 thousand);
- Legal and consulting costs amounting to €4,230 thousand (prior year: €3,139 thousand);
- Other costs incurred within the scope of the normal business operations.

## 3 Other Operating Income

€k		
	2014	2013
Marketing allowances and other remuneration from suppliers	13,389	10,911
Income from operating a photovoltaic system	257	233
Rental income	273	160
Income from the disposal of property, plant and equipment assets and intangible assets	111	137
Others	1,789	1,222
<b>Other operating income</b>	<b>15,819</b>	<b>12,663</b>

As in the prior year, 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 €1,944 thousand (prior year: €1,560 thousand) consists of interest income from call money, time deposits and financial receivables amounting to €1,540 thousand (prior year: €985 thousand) and income from securities, e.g. in the form of realised capital gains and interest income from bonds in the amount of €404 thousand (prior year: €575 thousand).

The financial expenses of €3,057 thousand (prior year: €3,300 thousand) include interest expenses for loans and financial liabilities amounting to €3,028 thousand (prior year: €3,263 thousand) and ineffectiveness of cash flow hedges amounting to €29 thousand (prior year: €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	
	2014	2013
Paid or due taxes		
Germany	24,416	19,228
Other countries	5,824	4,570
Deferred taxes		
from valuation differences in terms of time	-494	968
from unused losses	1,445	1,145
<b>Income taxes</b>	<b>31,191</b>	<b>25,911</b>

In Germany, the statutory corporation tax rate for the assessment period 2014 was 15.0 per cent. Including the trade tax and solidarity surcharge, the tax encumbrance amounted to 29 per cent (prior year: 29 per cent) on average. The current taxes of subsidiaries abroad are determined on the basis of the respective national tax law and at the tax rate applicable in the country of domicile. Deferred tax assets and liabilities are measured at the tax rates that are expected to be valid at the time of realisation of the asset or fulfilment of the liability.

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

	€k	
	2014	2013
Earnings before taxes	107,385	89,308
<b>Expected tax expense</b>	<b>29,701</b>	<b>24,540</b>
Tax-free revenue	-236	-34
Tax rate change for deferred taxes	-99	8
Tax expense of earlier years	396	45
Tax income of earlier years	-72	-406
Non-deductible expenses	941	851
Allocation/addition deferred tax assets to loss carryforwards	-169	-468
Use of previously unrecorded unused losses	-178	-27
Unrecognised deferred taxes on unused losses for the current year	404	495
Devaluation of previously recognised deferred taxes on unused losses	462	289
Tax amortisation goodwill	68	527
Others	-27	91
<b>Actual tax expense</b>	<b>31,191</b>	<b>25,911</b>

## 6 Earnings per Share

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

		2014	2013
Earnings after taxes	€k	76,194	63,397
Average number of outstanding shares		21,000,000	21,000,000
<b>Earnings per share</b>	<b>€</b>	<b>3.63</b>	<b>3.02</b>


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


## IV. FURTHER EXPLANATORY NOTES ON THE BALANCE SHEET

### 7 Goodwill


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

	IT system house & managed services	IT e-commerce	€k Group
<b>Cash-generating unit</b>			
As of 01.01.2014	109,370	30,515	139,885
<b>Acquisitions in the reporting period</b>	<b>3,897</b>	<b>0</b>	<b>3,897</b>
AMARAS AG	1,993	0	1,993
planetsoftware GmbH	1,904	0	1,904
<b>Currency translation differences</b>	<b>418</b>	<b>299</b>	<b>717</b>
As of 31.12.2014	113,685	30,814	144,499

  
For information on newly accrued goodwill see page 231 ff

  
For information on the assets and liabilities of the cash-generating units see page 227 ff

As with the previous impairment tests, the annual goodwill impairment test as of 30 September 2014 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.

  
For information on the planning process and expectations, see page 84 ff and Forecast Report, page 155 ff

BECHTLE determines the recoverable 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 2014, both cash-generating units had a capital cost rate of 6.9 per cent (prior year: 7.8 per cent). The cash flow forecasts used are based on individual revenue and cost plans for the coming year as approved by the management, which are thus also taken into consideration in the variable compensation systems for the executives and are in line with external information sources and experience from the past. The cash flows for 2016 and 2017 were derived on the basis of the as-is data and the target data. As a precaution, all growth rates for later years were estimated with a great aversion to risk at values close to 0 per cent. Sensitivity analyses have revealed that even in the case of substantially divergent key assumptions within a realistic framework, there would be no need for impairment of the goodwill. 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 50 per cent each or an increase of the wacc to more than 12 per cent, if the other input parameters remained unchanged.

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

## 8 Other Intangible Assets

	€k	
	31.12.2014	31.12.2013
Brands	3,564	3,493
Customer bases	4,646	6,299
Purchased software	3,180	3,183
Internally developed software	984	1,195
Customer service agreements	7,063	4,461
Non-compete agreements	543	662
<b>Other intangible assets</b>	<b>19,980</b>	<b>19,293</b>

ARP, the only brand presented in the balance sheet, has an unlimited useful life. The unlimited useful life is due to the fact that both the companies of ARP as well as the ARP brand will continue to constitute a key element of the BECHTLE Group. It is allocated to the cash-generating unit IT e-commerce.

The discount rate used to determine the value in use for the brand within the scope of the impairment tests is based on input parameters derived from the market and was set at 6.9 per cent, as for the goodwill impairment test. 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. Sensitivity analyses revealed that even in the case of divergent key assumptions within a realistic framework, there would be no need for impairment of the ARP brand. The change in the carrying amount compared to the prior year is attributable to currency translation differences.

	€k	
	2014	2013
<b>Customer bases</b>		
Carrying amount (31.12.2014)	4,646	6,299
Remaining useful life (weighted average)	1.9	2.6
Accumulated depreciation	7,154	5,728
Accumulated impairment according to IAS 36	309	309
Scheduled amortisation 2014	2,335	3,228
Impairment according to IAS 36 in 2014	0	0
Currency translation differences of accumulated amortisation in 2014	25	-112

In the reporting period, internally developed software had to be fully impaired in the amount of €528 thousand. The associated expenses had been capitalised in 2013 and in 2014. Prior to commissioning, it became evident that the software will not provide any benefit. The impairment loss was recognised under depreciation and amortisation and is attributable to the IT e-commerce segment.

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



See Appendices B  
and C, Notes,  
page 246 f

## 9 Property, Plant and Equipment

	€k	
	31.12.2014	31.12.2013
Property and buildings	69,517	68,996
Other equipment, furniture, fixtures and fittings	34,647	30,645
Advance payments and construction in progress	60	106
<b>Property, plant and equipment</b>	<b>104,224</b>	<b>99,747</b>

As of 31 December 2014, 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 2014 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	
	31.12.2014	31.12.2013
Loss carryforwards	1,400	2,846
Liabilities	2,260	2,330
Pension provisions	2,549	1,351
Other provisions	1,152	1,077
Other intangible assets	453	440
Property, plant and equipment	263	193
Others	591	288
	<b>8,668</b>	<b>8,525</b>
Netting	-4,946	-4,394
<b>Deferred tax assets (net)</b>	<b>3,722</b>	<b>4,131</b>

	€k	
	31.12.2014	31.12.2013
Goodwill	13,459	12,272
Other intangible assets	3,629	3,295
Receivables	3,993	2,457
Property, plant and equipment	458	680
Inventories	295	471
Other provisions	208	225
Others	170	122
	<b>22,212</b>	<b>19,522</b>
Netting	-4,946	-4,394
<b>Deferred tax liabilities (net)</b>	<b>17,266</b>	<b>15,128</b>

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 tax assets on loss carryforwards at various companies that recorded losses in 2013 and/or 2014 amounted to €321 thousand (prior year: €852 thousand), and the netted deferred tax liabilities at these companies amounted to €89 thousand (prior year: €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 €4,038 thousand (prior year: €1,865 thousand) for corporation tax, €7,522 thousand (prior year: €6,685 thousand) for trade tax and €7,370 thousand (prior year: €7,152 thousand) for losses of companies abroad.

As in the prior year, as of 31 December 2014, 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 €11,505 thousand (prior year: €10,920 thousand).

Of the deferred taxes accounted for in the balance sheet, a total of €1,604 thousand was deducted from the equity (prior year: €468 thousand) without affecting the income statement.

Of the deferred taxes accounted for in the balance sheet, a total of €390 thousand was added to the equity (prior year: €468 thousand) without affecting the income statement. For details concerning the deferred taxes accounted for outside profit or loss, refer to chapter 16 Equity.

## 11 Inventories

	€k	
	31.12.2014	31.12.2013
Commodities	133,290	109,693
Work in progress	2,862	2,082
Advance payments on inventories	189	89
Impairments	-5,176	-4,226
<b>Inventories</b>	<b>131,165</b>	<b>107,638</b>

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

As of 31 December 2014, the carrying amount of the impaired inventories amounted to €16,049 thousand (prior year: €12,022 thousand). In the fiscal year under review, impairments of €950 thousand were recognised as expense (prior year: €1,049 thousand).

The work in progress as reported in the balance sheet corresponds to the contract costs which have been incurred and will most likely be recoverable. The expenses recorded in connection with the use of inventories are included in the material costs.

## 12 Trade Receivables

	31.12.2014		31.12.2013	
	Current	Non-current	Current	Non-current
Trade receivables, gross	392,230	19,774	348,932	1,547
Impairments	-4,402	0	-3,737	0
<b>Trade receivables</b>	<b>387,828</b>	<b>19,774</b>	<b>345,195</b>	<b>1,547</b>



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	Flat-rate individual 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	more than 180 days
<b>31.12.2014</b>										
Trade receivables	387,828	1,271	-1,141	-3,261	291,972	81,415	14,661	1,221	1,072	618
<b>31.12.2013</b>										
Trade receivables	345,195	940	-849	-2,888	254,761	83,141	7,502	1,365	1,062	161

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 meet 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	
	2014	2013
<b>Impairment situation as of 1 January</b>	<b>3,737</b>	<b>3,651</b>
Exchange rate differences/consolidation	36	30
Utilisation	90	416
Reversal	405	329
Allocations (impairment expenses)	1,124	801
<b>Impairment situation as of 31 December</b>	<b>4,402</b>	<b>3,737</b>

The total allocation of €1,124 thousand (prior year: €801 thousand) comprises allocations to individual impairments amounting to €549 thousand (prior year: €392 thousand) and flat-rate individual impairments amounting to €575 thousand (prior year: €409 thousand).

Expenses from the immediate write-off of trade receivables amounted to €231 thousand (prior year: €273 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 are, depending on their maturity, allocated to the classes "current trade receivables" (€386,314 thousand), "non-current trade receivables" (€11,501 thousand), "current leasing receivables" (€1,514 thousand) and "non-current leasing receivables" (€8,273 thousand).

### 13 Time Deposits and Securities

	€k			
	31.12.2014		31.12.2013	
	Current	Non-current	Current	Non-current
Time deposits	15,273	25,000	7,667	25,000
Securities	6,999	2,008	10,588	7,012
<b>Time deposits and securities</b>	<b>22,272</b>	<b>27,008</b>	<b>18,255</b>	<b>32,012</b>

The carrying amount of the time deposits contains accrued interest amounting to €273 thousand (prior year: €222 thousand). In the reporting period, time deposits and securities that had been classified as short-term investments as of 31 December 2013 reached maturity. Some of the assets were reinvested, especially in non-current time deposits.

As of the balance sheet date, time deposits for the first time include pension funds in the amount of €5,080 thousand as capital investment in addition to bond loans. In the prior year, the time deposits included TEP market investments (so-called secondary market policies) in the amount of €2,475 thousand in addition to bond loans.

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

	€k	
	31.12.2014	31.12.2013
Cost of purchase	8,953	17,424
Carrying amount	9,007	17,600
Unrealised gains	42	314
Accrued interest including interest-like capital losses <sup>1</sup>	12	-138

<sup>1</sup> In the event of bonds purchased above par

Unrealised capital gains are recognised outside profit or 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 2013 and 2014, 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 €35,193 thousand (prior year: €30,192 thousand);
- "time deposits: insurances" in the amount of €5,080 thousand (prior year: €2,475 thousand); and
- "securities" in the amount of €9,007 thousand (prior year: €17,600 thousand).

## 14 Other Assets

	€k			
	31.12.2014		31.12.2013	
	Current	Non-current	Current	Non-current
Refunds and other receivables from suppliers	23,206	0	15,292	0
Unrealised gains from financial derivatives	2,979	0	7	0
Rental deposits	123	1,285	114	1,356
Loan extended to a leasing company	44	506	43	552
Insurance refunds	363	42	262	35
Due from staff	88	5	66	11
Others	221	0	199	0
<b>Total financial assets</b>	<b>27,024</b>	<b>1,838</b>	<b>15,983</b>	<b>1,954</b>
Accrued income for customer maintenance agreements	9,378	446	7,844	423
Accrued income	4,077	392	4,543	136
VAT receivable	2,572	0	2,089	0
Advance payments	1,917	0	2,033	0
Social security claims	342	0	465	0
Claims from other taxes	159	0	224	0
<b>Total non-financial assets</b>	<b>18,445</b>	<b>838</b>	<b>17,198</b>	<b>559</b>
<b>Other assets</b>	<b>45,469</b>	<b>2,676</b>	<b>33,181</b>	<b>2,513</b>

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:

	€k						
	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
<b>31.12.2014</b>							
Financial assets	27,024	26,783	53	29	64	76	19
<b>31.12.2013</b>							
Financial assets	15,983	15,850	60	27	15	26	5

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 €25,333 thousand (prior year: €17,335 thousand);
- "long-term lending" in the amount of €550 thousand (prior year: €595 thousand); and
- "financial derivatives" in the amount of €2,979 thousand (prior year: €7 thousand).

## 15 Cash and Cash Equivalents

The cash and cash equivalents amounting to €106,720 thousand (prior year: €105,838 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 170

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 2014, 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 €10,500 thousand by issuing new bearer shares (authorised capital according to the resolution of the Annual General Meeting of 5 June 2014) until 4 June 2019.

Capital increases may occur against cash contributions and/or in-kind contributions. 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 cash contributions, does not exceed €2,100 thousand (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,
- 2. the capital increase is performed for the acquisition of companies or interests in companies.

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 2014, the same value as on 31 December 2013.

## Retained Earnings

**Accrued profits.** At the Annual General Meeting of 5 June 2014, a resolution was adopted to pay a dividend of €1.10 per no-par share with dividend entitlement for the fiscal year 2013 (dividend total: €23,100 thousand). The dividend was paid out on 6 June 2014. In the prior year, a dividend total of €21,000 thousand had been paid on 18 June 2013.

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 €25,200 thousand for the fiscal year 2014 for the payment of a normal dividend of €1.20 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 earnings of €75,531 thousand, consisting of earnings after taxes (€76,194 thousand) and other comprehensive income (–€663 thousand). Accordingly, the retained earnings amounted to €387,768 thousand as of 31 December 2014 (prior year: €335,337 thousand). Apart from the dividend payment, a change from the total earnings amounting to €62,981 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

	31.12.2014			31.12.2013		
	Before taxes	Income tax effect	After taxes	Before taxes	Income tax effect	After taxes
Actuarial gains and losses on pension provisions	-14,874	2,753	-12,121	-8,854	1,522	-7,332
Unrealised gains and losses on securities	41	-2	39	314	-25	289
Unrealised gains and losses on financial derivatives	2,712	-818	1,894	-2,503	722	-1,781
Currency translation differences on net investments in foreign operations	0	0	0	-42	0	-42
Hedging of net investments in foreign operations	-10,127	2,950	-7,177	-8,661	2,522	-6,139
Currency translation differences	17,601	0	17,601	15,904	0	15,904
<b>Other comprehensive income</b>	<b>-4,647</b>	<b>4,883</b>	<b>236</b>	<b>-3,842</b>	<b>4,741</b>	<b>899</b>

€k

	01.01 – 31.12.2014			01.01 – 31.12.2013		
	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	-6,020	1,231	-4,789	2,777	-531	2,246
Items that will be reclassified to profit or loss in subsequent periods						
<b>Unrealised gains and losses on securities</b>	<b>-273</b>	<b>23</b>	<b>-250</b>	<b>-377</b>	<b>42</b>	<b>-335</b>
Gains and losses that arose in the current period	-118	10	-108	-286	24	-262
Reclassifications to profit and loss	-155	13	-142	-91	18	-73
<b>Unrealised gains and losses on financial derivatives</b>	<b>5,215</b>	<b>-1,540</b>	<b>3,675</b>	<b>-2,097</b>	<b>604</b>	<b>-1,493</b>
Gains and losses that arose in the current period	5,543	-1,636	3,907	-2,284	659	-1,625
Reclassifications to profit and loss	-328	96	-232	187	-55	132
<b>Currency translation differences on net investments in foreign operations</b>	<b>42</b>	<b>0</b>	<b>42</b>	<b>-35</b>	<b>0</b>	<b>-35</b>
Gains and losses that arose in the current period	42	0	42	-32	0	-32
Reclassifications to profit and loss	0	0	0	-3	0	-3
<b>Hedging of net investments in foreign operations</b>	<b>-1,466</b>	<b>428</b>	<b>-1,038</b>	<b>787</b>	<b>-230</b>	<b>557</b>
Gains and losses that arose in the current period	-1,466	428	-1,038	787	-230	557
Reclassifications to profit and loss	0	0	0	0	0	0
<b>Currency translation differences</b>	<b>1,697</b>	<b>0</b>	<b>1,697</b>	<b>-1,356</b>	<b>0</b>	<b>-1,356</b>
<b>Other comprehensive income</b>	<b>-805</b>	<b>142</b>	<b>-663</b>	<b>-301</b>	<b>-115</b>	<b>-416</b>

Thus, the other comprehensive income amounted to –€663 thousand (prior year: –€416 thousand) of the comprehensive income in the reporting period. The other comprehensive income as well as the comprehensive income are due 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. Thus, as was the case on 31 December 2013, the company did not hold any treasury shares as of 31 December 2014.

As of 31 December 2014, 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 2013, there were no non-controlling interests as of 31 December 2014.

## 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 €553,996 thousand, BECHTLE's equity as of 31 December 2014 reached a high value that represented an improvement compared to the prior year (€501,565 thousand), which is also reflected in the good equity ratio of 54.5 per cent (prior year: 55.1 per cent). In the reporting period, the equity grew less (+10.5 per cent) than the debt (+13.2 per cent). The increase in the debt was caused by the increase in other liabilities and deferred income. No further bank loans were raised in the reporting period, and the existing ones were repaid on schedule. The higher earnings after taxes in connection with the higher increase in debt resulted in an increase of the return on equity from 14.2 per cent to 15.6 per cent. The return on assets went up to 8.9 per cent (prior year: 8.2 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 2014, BECHTLE had cash and cash equivalents, as well as time deposits and securities, amounting to €156,000 thousand (prior year: €156,105 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, and the pre-financing in some instances, resulted in higher working capital amounting to €291,326 thousand as of 31 December 2014 (prior year: €234,624 thousand). BECHTLE defines working capital as the balance of certain balance sheet items (inventories, trade receivables and accrued income for customer maintenance agreements) on the assets side and certain balance sheet items (trade payables and deferred income) on the equity and liabilities side.

As of 31 December 2014 and 31 December 2013, 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 €17,454 thousand (prior year: €15,570 thousand). In France, the contributions to the statutory pension fund totalled €467 thousand (prior year: €373 thousand).



**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 2014, 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 2013, the comparison of plan assets (€70,654 thousand) and the defined benefit obligation (€76,617 thousand) resulted in an underfunding and a net obligation to be accounted for of €5,963 thousand, which was duly recognised as a pension provision. This recognised net obligation of €8,649 thousand resulted from actuarial losses that were recognised in other comprehensive income (retained earnings) outside profit or loss after taking into account deferred taxes.

During the reporting period, actuarial losses of €5,492 thousand accrued. Taking exchange rate differences amounting to minus €204 thousand into consideration, the actuarial losses recognised in retained earnings as at 31 December 2014 amounted to €14,345 thousand, less deferred tax assets amounting to €2,598 thousand.

Employer contributions paid in the reporting period exceeded net pension expenses recognised through profit and loss by €192 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 plus €351 thousand, the total net obligation and thus the pension provisions to be accounted for as of 31 December 2014 amounted to €11,409 thousand. As of 31 December 2014, this net obligation accounted for included the Dutch pension fund with an amount of €1,803 thousand (prior year: €1,022 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 prior year, further obligations were taken over within the scope of takeovers 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. Prior to 2013, the obligations of this defined benefit plan had been processed as direct commitments without the transfer of reserves.

As of 31 December 2013, the pension provision that was accounted for amounted to €419 thousand. Actuarial losses totalled €205 thousand (deferred tax assets: €61 thousand).

As of 31 December 2014, the pension provision increased €162 thousand to €581 thousand. In the course of the reporting period, actuarial losses amounting to €324 thousand accrued; thus, the actuarial losses recognised in retained earnings as of 31 December 2014 amounted to €529 thousand, less deferred tax assets amounting to €155 thousand.

Employer contributions paid in the reporting period exceeded net pension expenses recognised through profit and loss by €159 thousand. This amount was recognised as a reduction of personnel expenses through profit or loss.

The total net obligation to be accounted for as of 31 December 2014 was €581 thousand.

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 2014, amounted to €11,990 thousand (prior year: €6,382 thousand).

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

	€k	
	2014	2013
<b>Present value of the defined benefit obligation 01.01</b>	<b>79,085</b>	<b>72,235</b>
Current service cost (for pension entitlements in the reporting period)	3,313	3,344
Interest cost (for pension entitlements already acquired)	1,850	1,364
Employee contributions	2,479	2,566
Actuarial gains and losses		
Based on demographic development	201	120
Based on changes in financial assumptions	10,955	-1,212
Based on experience	500	-42
Curtailment	0	0
Business combinations	0	4,042
Pension benefits paid	-317	-2,019
Past service cost	-191	-215
Exchange rate differences	1,660	-1,098
<b>Present value of the defined benefit obligation 31.12</b>	<b>99,535</b>	<b>79,085</b>

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

	€k	
	2014	2013
<b>Fair value of the plan assets 01.01</b>	<b>72,703</b>	<b>62,975</b>
Projected return on plan assets	1,758	1,218
Employee contributions	2,479	2,566
Employer contributions	3,853	5,761
Income from plan assets included in other comprehensive income	5,840	1,475
Business combinations	0	2,492
Pension fund reserve	0	-392
Pension benefits paid	-313	-2,017
Administrative expenses	-288	-394
Exchange rate differences	1,513	-981
<b>Fair value of the plan assets 31.12</b>	<b>87,545</b>	<b>72,703</b>

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

	€k			
	31.12.2014	31.12.2013	31.12.2012	31.12.2011
<b>Present value of defined benefit obligation</b>	<b>99,535</b>	<b>79,085</b>	<b>72,235</b>	<b>66,553</b>
<b>Fair value of the plan assets</b>	<b>87,545</b>	<b>72,703</b>	<b>62,975</b>	<b>54,680</b>
Net obligation	11,990	6,382	9,260	11,873
<b>Pension provision accounted for</b>	<b>11,990</b>	<b>6,382</b>	<b>9,260</b>	<b>11,873</b>

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

	€k	
	2014	2013
Current service cost (for pension entitlements in the reporting period)	3,313	3,344
Interest cost (for pension entitlements already acquired)	1,850	1,364
Projected return on plan assets	-1,758	-1,218
Past service cost	-191	-215
Administrative expenses	288	394
<b>Net pension expenses for benefit commitments</b>	<b>3,502</b>	<b>3,669</b>

As of 31 December 2014 and of 31 December 2013, 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	
	2014	2013	2014	2013
Discount rate and expected interest	1.2% (Netherlands: 2.2%)	2.3% (Netherlands: 3.7%)	2.3%	3.5%
Inflation rate	1.0% (Netherlands: 2.0%)	1.0% (Netherlands: 2.0%)	n/a	n/a
Salary increase (including inflation rate)	1.5% (Netherlands: 3.0%)	1.5% (Netherlands: 3.0%)	1.5%	1.5%
Pension increase	0.0%	0.0%	2.0%	2.0%
Retirement likelihood, mortality, invalidity	BVG 2010 (P2020); company-specific likelihood of retirement	BVG 2010 (Switzerland); company-specific likelihood of retirement	Heubeck mortality tables 2005 G; likelihood of retirement depending on age and service time	Heubeck mortality tables 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 mortality tables 2005 G	Heubeck mortality tables 2005 G
Earliest retirement age	Men aged 65 and women aged 64 100% (Switzerland)	Men aged 65 and women aged 64 100% (Switzerland)	100% aged 62 or 63 (depending on commitment)	100% aged 62 or 63 (depending on commitment)
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 7.7%	Obligation increases 9.1%	Obligation decreases 13.6%	Obligation increases 17%
Expected interest	+0.5%	-0.5%		
	Obligation increases 2.0%	Obligation decreases 1.9%		

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.

	31.12.2014	Measurement class (IFRS 13)
Obligations	26.0%	Level 1
Equity instruments	34.6%	Level 1
Real estate	24.4%	Level 1
Other assets	9.5%	Level 1
Liquidity	5.5%	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 15.9 years for those insured at the Swiss pension fund, 35.6 years for the Dutch insured and 15.5 years for those at BECHTLE Onsite Services GmbH.

The actual return on plan assets totalled €7,598 thousand in the reporting period (prior year: €2,693 thousand).

The actuarial opinions for BECHTLE Holding Schweiz AG and BECHTLE Onsite Services GmbH forecast the following values for 2015:

	€k
	2015
<b>Present value of the defined benefit obligation 01.01</b>	<b>99,535</b>
Current service cost (for pension entitlements in the reporting period)	4,197
Interest cost (for pension entitlements already acquired)	183
Employee contributions	2,541
Pension benefits paid	-4,924
<b>Present value of the defined benefit obligation 31.12</b>	<b>101,532</b>

	€k
	2015
<b>Fair value of the plan assets 01.01</b>	<b>87,545</b>
Projected return on plan assets	55
Employee contributions	2,541
Employer contributions	3,816
Pension benefits paid	-4,924
Administrative expenses	-295
<b>Fair value of the plan assets 31.12</b>	<b>88,738</b>

	€k
	31.12.2015
<b>Present value of defined benefit obligation</b>	<b>101,532</b>
<b>Fair value of the plan assets</b>	<b>88,738</b>
Net obligation	12,794
<b>Pension provision accounted for</b>	<b>12,794</b>

	€k
	2015
Current service cost (for pension entitlements in the reporting period)	4,197
Interest cost (for pension entitlements already acquired)	183
Projected return on plan assets	-55
Administrative expenses	295
<b>Net pension expenses for benefit commitments</b>	<b>4,620</b>

## 18 Other Provisions

	31.12.2013	Currency translation and consolidation	Reclassification	Utilisation	Reversal	Addition	31.12.2014
Guarantees and similar obligations	3,725	8	0	2,666	597	2,734	3,204
Personnel expenses	3,222	179	0	169	42	2,719	5,909
Legal and consulting expenses	184	0	0	70	10	120	224
Investor relations	300	0	0	300	0	345	345
Others	650	150	0	405	354	1,352	1,393
	<b>8,081</b>	<b>337</b>	<b>0</b>	<b>3,610</b>	<b>1,003</b>	<b>7,270</b>	<b>11,075</b>
<b>Other non-current provisions</b>	<b>2,307</b>	<b>54</b>	<b>-1</b>	<b>27</b>	<b>21</b>	<b>2,524</b>	<b>4,836</b>
<b>Other current provisions</b>	<b>5,774</b>	<b>283</b>	<b>1</b>	<b>3,583</b>	<b>982</b>	<b>4,746</b>	<b>6,239</b>

Provisions for **guarantees and similar obligations** are formed 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 expenses** mainly comprise anniversary obligations, retroactive personnel payments that depend on future events, and additional tax and social insurance payments. 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 at the beginning	Term to	Interest rate	Scheduled repayment 2014	Carrying amount as of 31.12.2014
Sparkasse Schwäbisch Hall-Crailsheim, loan for various acquisitions 2008	6,000	30.09.2015	5.65 %	857	857
IKB Deutsche Industriebank, loan to finance the administration buildings of Bechtle AG	2,500	31.03.2015	3.70 %	417	104
Kreissparkasse Heilbronn, loan for various acquisitions 2010 and 2011	7,500	30.09.2017	2.31 %	1,071	2,946
	10,000	30.06.2018	3.70 %	1,429	5,000
Landesbank Baden-Württemberg, loan to finance the central logistics and administration building in Neckarsulm	5,000	30.06.2021	4.25 %	500	3,250
	4,092	28.02.2022	5.89 %	- <sup>1</sup>	4,092
	2,195	28.02.2022	5.89 %	279 <sup>2</sup>	1,607
	14,938	28.02.2022	5.08 %	1,854 <sup>2</sup>	10,936
	10,442	28.02.2022	5.08 %	- <sup>1</sup>	10,442
	5,000	30.06.2031	4.65 %	250	4,125
	10,000	31.12.2032	2.70 %	500	9,000
Dresdner Bank, assumption of existing loans due to acquisitions (KfW loans)	650	31.03.2016	4.23 %	81	122
	650	31.03.2016	8.35 %	217	325
Supplier loans	Largely without interest, with different repayment dates in 2015 to 2017				6,634

<sup>1</sup> Maturity

<sup>2</sup> Annuity loan: specified amount contains interest share

The loan of €2,946 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 2014 was -€78 thousand (prior year: -€105 thousand), which was recognised in other comprehensive income outside profit or loss after taking deferred taxes amounting to €23 thousand (prior year: €32 thousand) into account. In the fiscal year 2014, €59 thousand (prior year: €77 thousand) was reclassified from the accumulated other comprehensive income to the income statement in connection with this cash flow hedge.

The loan of €857 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 2014 was –€31 thousand (prior year: –€97 thousand), which was recognised in other comprehensive income outside profit or loss after taking deferred taxes amounting to €9 thousand (prior year: €28 thousand) into account. In the fiscal year 2014, €69 thousand (prior year: €110 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.

	31.12.2014		31.12.2013	
	Current	Non-current	Current	Non-current
Sparkasse Schwäbisch Hall-Crailsheim, loan for various acquisitions 2008	857	0	857	857
IKB Deutsche Industriebank, loan to finance the administration buildings of Bechtle AG	104	0	417	104
Kreissparkasse Heilbronn, loan for various acquisitions 2010 and 2011	2,500	5,446	2,500	7,946
Landesbank Baden-Württemberg, loan to finance the central logistics and administration building in Neckarsulm	2,762	40,690	2,643	43,472
Dresdner Bank, assumption of existing loans due to acquisitions (KfW loans)	298	149	298	447
Supplier loans	5,397	1,237	3,421	799
<b>Loans with an initial term of more than one year</b>	<b>11,918</b>	<b>47,522</b>	<b>10,136</b>	<b>53,625</b>
Other financial liabilities	793	0	410	0
<b>Total financial liabilities</b>	<b>12,711</b>	<b>47,522</b>	<b>10,546</b>	<b>53,625</b>

Other financial liabilities included other current account debts amounting to €793 thousand (prior year: €410 thousand).

The company has credit lines of €38,860 thousand (prior year: €36,858 thousand), which can be used both for cash loans and for guarantee credits. As of the balance sheet date, €8,582 thousand (prior year: €7,826 thousand) of this amount was utilised by 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 €5,040 thousand (prior year: €7,580 thousand), €370 thousand (prior year: €63 thousand) of which had been utilised as of the balance sheet date. In total, the unused credit lines amounted to €34,948 thousand (prior year: €36,549 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			
	31.12.2014		31.12.2013	
	Current	Non-current	Current	Non-current
Trade payables	178,644	269	170,518	438

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			
	31.12.2014		31.12.2013	
	Current	Non-current	Current	Non-current
Liabilities to employee	47,938	19	37,864	19
Liabilities to customers	6,490	7	6,174	7
Liabilities resulting from acquisitions	116	2,624	58	407
Vehicle expenses	1,567	0	n/a	n/a
Customer bonus	1,374	0	1,413	0
Costs of preparing the annual financial statements	663	0	627	0
Rent and ancillary rental costs	609	0	937	104
Telephone/Internet	311	0	314	0
Unrealised losses from financial derivatives	301	0	2,546	0
Travel expenses and expenditures	265	0	275	0
Transportation charges	166	0	174	0
Insurance	117	0	112	0
Advertising	48	0	61	0
Others	1,843	0	1,969	0
<b>Total financial liabilities</b>	<b>61,808</b>	<b>2,650</b>	<b>52,524</b>	<b>537</b>
VAT liability	24,108	0	19,539	0
Wage and church tax	4,467	0	3,978	0
Social security contributions	3,822	0	3,135	0
Liabilities from other taxes	1,490	2	765	1
<b>Total non-financial liabilities</b>	<b>33,887</b>	<b>2</b>	<b>27,417</b>	<b>1</b>
<b>Other liabilities</b>	<b>95,695</b>	<b>2,652</b>	<b>79,941</b>	<b>538</b>

Other liabilities primarily relate to various administrative expenses and distribution costs incurred in the ordinary course of business. In the reporting period, the vehicle expenses that had been presented under trade payables in the prior year were reclassified as other liabilities without adjusting the prior-year presentation.

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

- “other financial liabilities” in the amount of €61,417 thousand (prior year: €50,050 thousand);
- “liabilities resulting from acquisitions” in the amount of €2,740 thousand (prior year: €465 thousand); and
- “financial derivatives” in the amount of €301 thousand (prior year: €2,546 thousand).

## 22 Deferred Income

	€k			
	31.12.2014		31.12.2013	
	Current	Non-current	Current	Non-current
Prepayments received	25,650	0	14,118	0
Deferrals	41,359	11,343	30,580	12,369
<b>Deferred income</b>	<b>67,009</b>	<b>11,343</b>	<b>44,698</b>	<b>12,369</b>

Deferred income mainly comprises deferrals for maintenance agreements and warranty extensions.

## V. FURTHER EXPLANATORY NOTES ON THE CASH FLOW STATEMENT

The cash flow statement for the 2014 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 €55,965 thousand (prior year: €73,098 thousand) was indirectly derived from the earnings before taxes. In the context of the indirect method, the financial income, depreciation and 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 year-on-year decline in the operating cash flow was mainly caused by the increase in trade receivables (especially in non-current receivables) and the higher outflow for inventories and higher tax payments. Compared to the prior year, the operating cash flow was encumbered by the lower increase in liabilities. The development of the deferred income had a positive effect on the operating cash flow.

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 2014, net cash used for investments of €25,853 thousand (prior year: €10,201 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 €5,338 thousand (prior year: €6,565 thousand) for companies and partial business operations acquired in the reporting period as well as additional payments for contingent purchase price increases amounting to €260 thousand (prior year: €2,192 thousand) for companies acquired in prior years. Within the scope of these acquisitions, cash and cash equivalents worth €2,097 thousand were taken over (prior year: €1,611 thousand).



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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, only part of the time deposits and securities that had reached maturity had been reinvested, and time deposits and securities were shifted to free cash and cash equivalents. In the reporting period, almost all of the time deposits and securities that reached maturity were reinvested.

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-based group companies. In the reporting period, this amount totalled –€1,466 thousand (prior year: +€787 thousand).



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## 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 €29,973 thousand (prior year: €35,002 thousand). In the reporting period, BECHTLE made lower repayments and raised more 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 31.12.2014	Fair value 31.12.2014	Carrying amount 31.12.2013	Fair value 31.12.2013	Level
<b>Assets</b>						
Non-current trade receivables	LAR	11,501	11,478	1,547	1,522	3
Non-current leasing receivables	IAS 17	8,273	10,118	0	0	3
Current trade receivables	LAR	386,314	386,314	345,195	345,195	3
Current leasing receivables	IAS 17	1,514	1,514	0	0	3
Securities	AFS	9,007	9,007	17,600	17,600	1
Time deposits						
Bond loans	LAR	35,193	35,510	30,192	30,506	2
Insurances	LAR	5,080	5,151	2,475	2,258	3
Other financial assets	LAR	25,333	25,333	17,335	17,335	3
Long-term lending	LAR	550	593	595	648	3
Financial derivatives						
Derivatives with hedge relationship	n/a	2,909	2,909	0	0	2
Derivatives without hedge relationship	FAFVPL	70	70	7	7	2
Cash and cash equivalents	LAR	106,720	106,720	105,838	105,838	1
<b>Equity and liabilities</b>						
Loans	FLAC	60,233	67,272	64,171	69,340	2
Non-current trade payables	FLAC	269	272	438	427	3
Current trade payables	FLAC	178,644	178,644	170,518	170,518	3
Other financial liabilities	FLAC	61,417	61,417	50,050	50,050	3
Liabilities resulting from acquisitions	FLFVPL	2,740	2,740	465	465	3
Financial derivatives						
Derivatives with hedge relationship	n/a	109	109	2,523	2,523	2
Derivatives without hedge relationship	FLFVPL	192	192	23	23	2
<b>Thereof aggregated according to valuation category pursuant to IAS 39</b>						
	LAR	570,691	571,099	503,177	503,302	
	AFS	9,007	9,007	17,600	17,600	
	FLAC	300,563	307,605	285,177	290,335	
	FAFVPL	70	70	7	7	
	FLFVPL	2,932	2,932	488	488	

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

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). 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. In the event of a reduction of the target achievement to 90 per cent of the target achievement assumed at the acquisition, the liabilities from acquisitions would drop 10 per cent; in the event of an increase to 110 per cent of the target achievement assumed at the acquisition, the liabilities would increase 9 per cent. These liabilities will reach maturity in 2015 to 2019.

The **insurances** class contains pension funds as capital investments. These investments were made in the first quarter of 2014. The TEP market investments that were included in this class as of the end of 2013 have reached maturity in the meantime. The fair value of the pension funds corresponds to the discounted amount of the payment guaranteed plus creditworthiness impairment.

The fair value of **bond loans, long-term lending, loans and non-current receivables, leasing receivables and trade 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 receivables, leasing receivables and trade payables, other financial assets, cash and cash equivalents and other financial liabilities.**

During the reporting period up to 31 December 2014, 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	Financial assets and liabilities in Level 3							31.12.2014
	01.01.2014	Included in financial earnings	Included in other comprehensive income outside profit or loss	Included in other operating income	Additions	Compensation/settlement	Reclassification	
Liabilities resulting from acquisitions	465	37	0	-39	2,537	-260	0	2,740

Of the €37 thousand recognised as expenses in the financial earnings, additional contingent purchase price obligations that were settled in the fiscal year ended accounted for €5 thousand, and payments accounted for as of 31 December 2014 that are due in the future for €32 thousand.

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

	From the subsequent valuation				Net earnings	
	From interest	Impairment	Fair value	From disposal	2014	2013
Loans and receivables	1,373	-719	0	-231	423	-124
Financial liabilities at amortised cost	-2,900	0	0	0	-2,900	-2,943
Available-for-sale financial assets	404	0	-118	-105	181	289
Financial derivatives not accounted for as hedges	0	0	-122	-318	-440	168
Liabilities resulting from acquisitions	0	0	-37	39	2	-19
Currency translation differences of financial assets and liabilities	0	-81	0	0	-81	-12
<b>Total</b>	<b>-1,123</b>	<b>-800</b>	<b>-277</b>	<b>-615</b>	<b>-2,815</b>	<b>-2,641</b>

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 €2,772 thousand (prior year: €2,756 thousand). The amount of -€118 thousand for the available-for-sale financial assets, which resulted from the fair value measurement, accrued in the fiscal year ended; €155 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):

	2014			2013		
	Gross liabilities	Gross assets	Net amount accounted for	Gross liabilities	Gross assets	Net amount accounted for
<b>Financial assets</b>						
Current trade receivables	276	388,104	<b>387,828</b>	261	345,456	<b>345,195</b>
Refunds and other receivables from suppliers	223	23,429	<b>23,206</b>	1,397	16,689	<b>15,292</b>
<b>Financial liabilities</b>						
Current trade payables	179,309	665	<b>178,644</b>	172,775	2,257	<b>170,518</b>
Current liabilities to customers	6,497	7	<b>6,490</b>	6,188	14	<b>6,174</b>

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The trade receivables include liabilities to customers amounting to €276 thousand, and the liabilities to customers include receivables from customers amounting to €7 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 €665 thousand, and the receivables from suppliers contain liabilities in the amount of €223 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. The year-on-year decline is related to the reporting date.

## 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, NOK, 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 12 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 gained value against the euro during the reporting period, this forward exchange contract affected the earnings in the amount of –€269 thousand (prior year: €171 thousand) before taxes. Correspondingly, the translation of the Swiss earnings resulted in positive effects. Similarly, projected 2014 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 –€50 thousand (prior year: €12 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 or 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 58 million at the end of the reporting period resulted in a loss of €1,290 thousand that was recognised as other comprehensive income outside profit or loss (income tax effect: €377 thousand). In the prior year, the forward exchange contract that had been concluded in January 2013, for the sale of CHF 60 million at the end of 2013, had resulted in income amounting to €759 thousand that had been recognised as other comprehensive income outside profit or loss (income tax effect: –€222 thousand). Similarly, net assets in the UK were hedged against EUR/GBP exchange rate risks. The corresponding forward exchange contract (sale of GBP 2,300 thousand) generated other comprehensive income of €176 thousand that was recognised outside profit or loss (income tax effect: €51 thousand). In the prior year, GBP 1,500 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 €28 thousand (income tax effect: –€8 thousand).

On the other hand, the consolidated equity underwent a positive effect from the currency translation differences by €1,697 thousand (prior year: –€1,356 thousand). This amount was largely caused by the EUR/CHF conversion.

Some of the hedges designated as cash flow hedges, which had been taken out in 2013 for future goods purchases in USD or for goods whose prices depend on the USD for large orders that have already been placed, reached maturity in 2014. The currency forwards and options still outstanding have a volume of €32,482 thousand. The payments of the hedged items are expected from 2015 to 2017. The market value as of 31 December 2014 amounted to €2,909 thousand. The gain that corresponds to the effective part of the hedge (€2,821 thousand) was recognised in other comprehensive income outside profit or loss under consideration of deferred taxes (€850 thousand). The ineffectiveness of these cash flow hedges in the amount of –€29 thousand, which results from the time differences between the maturities of the transactions and the associated liabilities, was 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. In the period under review, a hedge of USD 8,500 thousand had to be reversed through profit or loss, as the expected payments did not occur as originally planned and are no longer expected. This resulted in a loss amounting to €140 thousand, which was recognised under operating expenses.

Apart from the said individual cases, hedges with terms of up to one year and individual volumes of up to €2 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		2014		2013	
		Purchase	Sale	Purchase	Sale
EUR/GBP	GBPk	913	688	0	414
EUR/USD	USDk	16,965	14,144	24,929	5,521
EUR/NOK	NOKk	45,401	12,500	0	0
EUR/CZK	CZKk	0	0	3,449	3,250
CHF/EUR	EURk	4,160	10,879	4,150	2,660
CHF/USD	USDk	0	0	200	200

As of the balance sheet date, an obligation to sell USD 2,596 thousand, to buy NOK 25,882 thousand and to sell CHF 6,644 thousand against EUR (net) 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 had existed to buy USD 2,166 thousand and to sell CHF 1,832 thousand. The measurement resulted in a loss of €122 thousand (prior year: loss of €16 thousand).

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	2014		2013	
CHF	+808	(-808)	+127	(-127)
USD	+632	(-632)	+590	(-590)
NOK	+150	(-150)	0	0
GBP	-52	(+52)	-223	(+223)
PLN	+34	(-34)	+2	(-2)
CZK	-30	(+30)	-4	(+4)
HUF	-6	(+6)	-8	(+8)

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 change in the value of the assets and liabilities of the subsidiaries with the respective currency as functional currency, are taken into consideration.

	2014		2013	
<b>Effects of a value loss (or increase) of the euro by 10% compared with</b>				
CHF	+5,409	(-5,409)	+5,551	(-5,551)
USD	+5,502	(-850)	+4,633	(-5,821)
GBP	+509	(-509)	+386	(-386)
HUF	+38	(-38)	+24	(-24)
CZK	+41	(-41)	+31	(-31)
PLN	+56	(-56)	+42	(-42)

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**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, changes in interest rates only affect the fair value measurement of the interest rate swap 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, NOK, 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 €1,560 thousand (prior year: €1,561 thousand).

In the case of the existing interest rate swaps, such a decrease (up to no less than 0 per cent p.a.) or increase in interest rates would have caused the fair value to change by –€6 thousand or +€53 thousand (prior year: –€47/+€106 thousand), respectively, recognised in other comprehensive income outside profit or loss.

**Liquidity Risk.** The liquidity risk from financial instruments results from future interest payments and redemption payments for financial liabilities and derivative financial instruments. The tables below show the non-discounted payment obligations for the relevant balance sheet items as of the balance sheet date and the prior year's balance sheet date in accordance with IFRS 7.

Cash flows from loans and interest rate swaps described in section IV no. 19 are grouped together as a 100 per cent effective cash flow hedge. Based on the three-month Euribor of 0.08 per cent that was valid on the balance sheet date, the interest rate swaps would result in future interest payments totalling €109 thousand in the period from 2015 to 2017 (prior year: €85 thousand for a three-month Euribor of 0.29 per cent for the period from 2014 to 2017). The carrying amount of the loans and interest rate swaps consists of €59,440 thousand in loans and €109 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 €301 thousand (prior year: €2,546 thousand).

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



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	Financial liabilities			
	Loans and interest rate swaps	Other current financial liabilities	Trade payables	Other financial liabilities
Carrying amount 31.12.2014	59,549	793	178,913	64,157
<b>Cash flow 2015</b>				
Interest	2,239	0	0	0
Repayment	12,133	793	178,644	61,507
<b>Cash flow 2016</b>				
Interest	1,975		8	11
Repayment	6,450		259	475
<b>Cash flow 2017</b>				
Interest	1,761		0	55
Repayment	5,221		4	1,245
<b>Cash flow 2018–2019</b>				
Interest	2,983		0	69
Repayment	6,835		6	930
<b>Cash flow 2020–2021</b>				
Interest	2,396			
Repayment	6,264			
<b>Cash flow 2022–2023</b>				
Interest	603			
Repayment	16,162			
<b>Cash flow 2024–2032<sup>1</sup></b>				
Interest	900			
Repayment	6,375			



For further disclosures on the liquidity, see page 149



For information on the cash flows of the financial liabilities, see page 213 f

<sup>1</sup> Cash flows of the LBBW loans at carrying amounts 31.12.2014: €4,125 thousand and €9,000 thousand

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	Financial liabilities			
	Loans and interest rate swaps	Other current financial liabilities	Trade payables	Other financial liabilities
<b>Carrying amount 31.12.2013</b>	<b>63,963</b>	<b>410</b>	<b>170,956</b>	<b>50,515</b>
<b>Cash flow 2014</b>				
Interest	2,567	0	0	0
Repayment	10,136	410	170,518	49,978
<b>Cash flow 2015</b>				
Interest	2,240		12	8
Repayment	7,134		239	481
<b>Cash flow 2016</b>				
Interest	1,976		12	3
Repayment	5,612		199	56
<b>Cash flow 2017–2018</b>				
Interest	3,330			
Repayment	8,946			
<b>Cash flow 2019–2020</b>				
Interest	2,692			
Repayment	6,310			
<b>Cash flow 2021–2022</b>				
Interest	1,504			
Repayment	18,498			
<b>Cash flow 2023–2032<sup>1</sup></b>				
Interest	1,124			
Repayment	7,125			

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



For further disclosures on the risk management, see page 148 f

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 47 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 €2 million (prior year: €5 million).

Time deposits are made in instruments with a deposit guarantee. As of 31 December 2014, there were no investments without a deposit guarantee. As of 31 December 2014, 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.

In the **IT system house & managed services** segment, BECHTLE provides customers with IT strategy consulting services, hardware and software, project planning and implementation, system integration, IT services, training and complete IT operation, covering the entire value chain. BECHTLE prepares individual offers 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.



Turnkey IT solution provider with customer-specific combinations of services, hardware and software

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 58,000 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 vendors. 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.



Specialist dealer with over 58,000 items, multiple brand strategy

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 member of the Executive Board responsible for IT system house & managed services and the member of the Executive Board 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 their respective earning power are made exclusively at Executive Board meetings of BECHTLE AG in close coordination with the Supervisory Board. The member of the Executive Board responsible for IT system house & managed services and the member of the Executive Board 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 supervises 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 segment.

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/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 before interest and taxes and before acquisition-related amortisation represent the earnings-related key performance indicator for the segments. The amortisation from acquisitions relates to goodwill, customer bases, customer service agreements, brands and non-compete agreements resulting within the scope of acquisitions. 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. The consolidated revenue comprises the total revenue of both segments with parties outside the 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.

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 investments are allocated to the domestic market (Germany) or abroad on the basis of the location of the given company's registered office.



For disclosures  
on the composition  
of the revenue,  
see page 188

By segments	2014			2013		
	IT system house & managed services	IT e-commerce	Total group	IT system house & managed services	IT e-commerce	Total group
Total segment revenue	1,730,480	854,317		1,538,113	738,642	
less intersegment revenue	-3,407	-942		-2,797	-473	
<b>Revenue</b>	<b>1,727,073</b>	<b>853,375</b>	<b>2,580,448</b>	<b>1,535,316</b>	<b>738,169</b>	<b>2,273,485</b>
Depreciation and amortisation	-14,875	-4,577	-19,452	-13,724	-3,788	-17,512
<b>Segment result</b>	<b>73,208</b>	<b>39,591</b>	<b>112,799</b>	<b>60,490</b>	<b>35,539</b>	<b>96,029</b>
Amortisation from acquisitions	-4,301	0	-4,301	-4,305	-676	-4,981
<b>Earnings before interest and taxes</b>	<b>68,907</b>	<b>39,591</b>	<b>108,498</b>	<b>56,185</b>	<b>34,863</b>	<b>91,048</b>
Financial earnings			-1,113			-1,740
<b>Earnings before taxes</b>			<b>107,385</b>			<b>89,308</b>
Income taxes			-31,191			-25,911
<b>Earnings after taxes</b>			<b>76,194</b>			<b>63,397</b>
Investments	13,085	11,017	24,102	17,583	5,508	23,091
Investments through acquisitions	8,920	0	8,920	6,422	0	6,422

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).

€k

By segments	2014			2013		
	IT system house & managed services	IT e-commerce	Total group	IT system house & managed services	IT e-commerce	Total group
Total segment assets	684,688	332,318		614,117	296,557	
less intersegment receivables	-288	-128		-301	-25	
<b>Assets</b>	<b>684,400</b>	<b>332,190</b>	<b>1,016,590</b>	<b>613,816</b>	<b>296,532</b>	<b>910,348</b>
Total segment liabilities	328,711	134,299		289,334	119,775	
less intersegment liabilities	-128	-288		-25	-301	
<b>Liabilities</b>	<b>328,583</b>	<b>134,011</b>	<b>462,594</b>	<b>289,309</b>	<b>119,474</b>	<b>408,783</b>

€k

By regions	2014			2013		
	Domestic	Abroad	Total group	Domestic	Abroad	Total group
Revenue	1,775,409	805,039	2,580,448	1,570,816	702,669	2,273,485
Investments	19,740	4,362	24,102	19,007	4,084	23,091
Investments through acquisitions	3,680	5,240	8,920	777	5,645	6,422

Of the consolidated revenue generated abroad, Switzerland accounted for €298,117 thousand (prior year: €290,274 thousand). The rest is split between the other countries, namely 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 consolidated revenue of the BECHTLE Group.

€k

By regions	2014			2013		
	Domestic	Abroad	Total group	Domestic	Abroad	Total group
Assets	692,450	324,140	1,016,590	612,173	298,175	910,348
thereof non-current assets	214,343	107,597	321,940	208,556	90,656	299,212
Liabilities	328,468	134,126	462,594	288,880	119,903	408,783

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 €76,646 thousand (prior year: €64,960 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 237f

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

## VIII. ACQUISITIONS AND PURCHASE PRICE ALLOCATION

### AMARAS AG

As of the acquisition date 1 February 2014, the company acquired all interests in AMARAS AG, Monheim am Rhein, 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 service agreements (€1,330 thousand) and a non-compete agreement (€340 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 (€440 thousand) were recognised in connection with the capitalisation of the customer service agreements, which are 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 (€1,392 thousand), the capital consolidation resulted in a difference of €1,993 thousand that is presented as goodwill. This goodwill is not recognised for tax purposes.

By acquiring AMARAS (33 employees), BECHTLE is further developing the managed services business, one of the core business areas.

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.

The company purchase agreement for the acquisition of AMARAS contains a contingent purchase price payment of an unlimited amount, which depends on the acquired company's future business performance. Based on the validated business plan of AMARAS, the fair value of this contingent purchase price payment on the acquisition date was €1,385 thousand.

Other acquisition costs (€2,000 thousand) resulted in an outflow of cash and cash equivalents.

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

In the reporting period, AMARAS accounted for €2,531 thousand of the revenue and €394 thousand of the earnings before taxes of the BECHTLE Group (IFRS 3.B64qi).

## PLANET! Software-Vertrieb & Consulting GmbH

As of the acquisition date 5 March 2014, the company acquired all interests in Planet! Software-Vertrieb & Consulting GmbH, headquartered in Wien, Austria.

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 service agreements (€2,180 thousand), the customer base (€665 thousand) and a non-compete agreement (€330 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 (€773 thousand) were recognised in connection with the capitalisation of the customer service agreements, which are amortised over a period of ten years, of the customer base, which is amortised over a period of five years, and of the non-compete agreement, which is amortised over a period of two years.

Under consideration of the acquired total net assets (€2,586 thousand), the capital consolidation resulted in a difference of €1,904 thousand that is presented as goodwill. This goodwill is not recognised for tax purposes.

By acquiring planetsoftware (36 employees), BECHTLE is stepping up its market presence in Austria and, at the same time, expanding the local product spectrum. Like the BECHTLE companies SolidLine and SolidPro, planetsoftware is a SolidWorks partner.

The company purchase agreement for the acquisition of planetsoftware contains a contingent purchase price payment of an unlimited amount, which depends on the acquired company's future business performance. Based on the validated business plan of planetsoftware, the fair value of this contingent purchase price payment on the acquisition date was €1,152 thousand.

Other acquisition costs (€3,338 thousand) resulted in an outflow of cash and cash equivalents.

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

In the reporting period, planetsoftware accounted for €6,344 thousand of the revenue and €27 thousand of the earnings before taxes of the BECHTLE Group (IFRS 3.B64qj).

The following table presents the fair value of the assets and liabilities of AMARAS and planetsoftware as of the date of initial consolidation as they appear in the **balance sheet**:

	€k	
	AMARAS	planetsoftware
<b>Non-current assets</b>		
Goodwill	1,993	1,904
Other intangible assets	1,670	3,191
Property, plant and equipment	17	145
<b>Total non-current assets</b>	<b>3,680</b>	<b>5,240</b>
<b>Current assets</b>		
Inventories	0	70
Trade receivables	563	1,216
Other assets	45	105
Cash and cash equivalents	1,281	816
<b>Total current assets</b>	<b>1,889</b>	<b>2,207</b>
<b>Total assets</b>	<b>5,569</b>	<b>7,447</b>
<b>Non-current liabilities</b>		
Other provisions	0	42
Deferred taxes	440	773
Deferred income	0	48
<b>Total non-current liabilities</b>	<b>440</b>	<b>863</b>
<b>Current liabilities</b>		
Trade payables	1,386	488
Income tax liabilities	55	0
Other provisions and liabilities	303	506
Deferred income	0	1,100
<b>Total current liabilities</b>	<b>1,744</b>	<b>2,094</b>
<b>Total liabilities</b>	<b>2,184</b>	<b>2,957</b>
<b>Total assets</b>		
- <b>Total liabilities</b>		
<b>= Acquisition costs</b>	<b>3,385</b>	<b>4,490</b>

Had AMARAS and planetsoftware been acquired at the beginning of the reporting period, the revenue of the BECHTLE Group for the reporting period would have amounted to €2,582 million. Earnings before taxes would not have changed and would have amounted to €107 million (IFRS 3.B64qii).

When it purchased Redmond Integrators GmbH in the fiscal year 2012, BECHTLE had assumed a contractual obligation to pay a contingent additional purchase price amounting to a total of €300 thousand. This amount was fully settled in the fourth quarter of 2014. The payment of €260 thousand is below the fair value recognised at the initial consolidation plus the interest that accrued until the date of payment. Other operating income was recognised in the amount of €39 thousand.

## IX. DISCLOSURES ON THE EXECUTIVE BOARD AND SUPERVISORY BOARD

### Members of the Executive Board

#### **Dr. Thomas Olemotz**, Chairman of the Executive Board

Place of residence: Rabenau and Heilbronn, Germany

Member of the Executive Board 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 am Rhein, Germany

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

Member of the Executive Board 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

Member of the Executive Board 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 Board of Directors

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**

	31.12.2014	31.12.2013
Dr. Thomas Olemotz	0	0
Michael Guschlbauer	0	0
Jürgen Schäfer	4,000	4,000

**Compensation of the Members of the Executive Board**

The total compensation for the activity of the Executive Board of BECHTLE AG for the fiscal year 2014 amounted to €3,522 thousand (prior year: €2,171 thousand). The fixed compensation amounted to €1,305 thousand (prior year: €1,251 thousand) and the variable compensation to €2,217 thousand (prior year: €920 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), 2016 (for commitments made in 2013) or 2017 (for commitments made in 2014). The total amount in case all targets are reached is €2,394 thousand. The pro-rata total amount for the fiscal years 2012, 2013 and 2014 in case all targets are reached is €1,514 thousand. The pro-rata claim of a total of €1,007 thousand that will most likely accrue for the fiscal years 2012, 2013 and 2014 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.

The term of office of Gerhard Schick, whom the court had appointed as a member of the Supervisory Board in December 2013 and who also served as Chairman of the Supervisory Board, ended as of the Annual General Meeting of 5 June 2014. Dr. Matthias Metz was elected as a new member of the Supervisory Board and subsequently appointed as Chairman of the Supervisory Board.

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



For further disclosures on the Supervisory Board, see page 98 ff



For further disclosures on the members of the Supervisory Board, see Appendix D, page 248 f

## 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 €31,670 thousand (prior year: €28,712 thousand) were recognised as expenses in connection with leases.

The nominal value of the future minimum lease payments under the aforesaid contracts amounted to €68,620 thousand as of 31 December 2014 (prior year: €63,382 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	
	2014	2013
Due within one year	26,136	24,427
Due between one and five years	36,582	31,866
Due after five years	5,902	7,089
<b>Total minimum lease payments</b>	<b>68,620</b>	<b>63,382</b>

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 €7,627 thousand for 2015 (prior year for 2014: €5,627 thousand) and €10,456 thousand for 2016 to 2020 (prior year for 2015 to 2019: €6,044 thousand), thus totalling €18,083 thousand (prior year: €11,671 thousand).

### Finance Leases

In connection with finance 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 five years. This corresponds to the useful life of the equipment, resulting in a residual value of zero.

As of the closing date, the trade receivables contained leasing receivables amounting to €9,787 thousand. The reconciliation of the net investment accounted for with the gross investment under consideration of the residual value amounting to zero is presented in the following table.



	€k		
	Repayment	Interest	Lease payments
Due within one year	1,514	1,276	2,790
Due between one and five years	8,273	2,486	10,759
Due after five years	0	0	0
<b>Total minimum lease payments</b>	<b>9,787</b>	<b>3,762</b>	<b>13,549</b>

The interest share of the lease payments corresponds to the not-yet-realised financial income. The leasing receivables do not contain any impairment. These receivables newly arose in the reporting period, and revenue amounting to €10,038 thousand was realised.

## 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 and social expenses were as follows:

	€k	
	2014	2013
Wages and salaries	330,663	295,996
Social security contributions and expenses for pension schemes and support	58,101	52,852
<b>Personnel and social expenses</b>	<b>388,764</b>	<b>348,848</b>

Personnel and social expenses (wages and salaries) include severance pay amounting to €1,635 thousand (prior year: €1,040 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:

	31.12.2014	31.12.2013	2014	2013
Full-time and part-time employees	5,995	5,631	5,872	5,542
Trainees	455	473	429	418
Employees on parental leave	122	115	120	112
Temporary staff	228	184	211	169
<b>Total</b>	<b>6,800</b>	<b>6,403</b>	<b>6,632</b>	<b>6,241</b>

The average number of full-time and part-time employees listed above includes 105 (prior year: 104) managing directors and/or members of the Executive Board of subsidiaries.

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

	31.12.2014	31.12.2013	2014	2013
<b>IT system house &amp; managed services</b>	<b>5,164</b>	<b>4,953</b>	<b>5,081</b>	<b>4,832</b>
Domestic	4,507	4,287	4,401	4,198
Abroad	657	666	680	634
<b>IT e-commerce</b>	<b>1,408</b>	<b>1,266</b>	<b>1,340</b>	<b>1,240</b>
Domestic	489	456	475	448
Abroad	919	810	865	792

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

	31.12.2014	31.12.2013	2014	2013
Services	2,963	2,843	2,942	2,789
Sales	2,009	1,841	1,947	1,820
Administration	1,478	1,420	1,412	1,351

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 2014 and 2013 for services rendered by the auditor of the Consolidated Financial Statements, Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, for BECHTLE AG and its subsidiaries:

	€k	
	2014	2013
Financial statements audits	473	480
Tax consulting services	0	2
Other services	150	63
<b>Auditor's fee</b>	<b>623</b>	<b>545</b>

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.



See Appendix A,  
page 242 ff

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 served as a part-time employee at BECHTLE AG without any material compensation until 31 August 2014.

In the third quarter of 2014, Karin Schick acquired a piece of land including a building in which SolidPro, a wholly owned subsidiary of BECHTLE AG, has rented office space. The existing lease with an annual rent of €294 thousand and a term until September 2023 continues to exist.

Since his departure from the Supervisory Board, Gerhard Schick, father of Karin Schick, has continued to make 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 €396 thousand in the reporting period (prior year: €326 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.

## 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 (Main), Germany
Bechtle GmbH	Freiburg (Breisgau), 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 Immobilien GmbH	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

Company	Location
Bechtle GmbH	Radolfzell (Lake Constance), Germany
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

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

Neckarsulm, 26 February 2015

BECHTLE AG  
The Executive Board



Dr. Thomas Olemotz



Michael Guschlbauer



Jürgen Schäfer

## SUBSIDIARIES OF BECHTLE AG

as of 31 December 2014 (Appendix A to the Notes)

### 69. 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 (Main)
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
AMARAS AG	Monheim (Rhein)
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

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
B0 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)

#### 70. 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
Bechtle Management GmbH	Austria	Wien
planetsoftware 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



Company	Country	Location
Coma Services AG	Switzerland	Bremgarten
Bechtle Printing Solutions AG	Switzerland	Dübendorf
Gate Informatic AG	Switzerland	Ecublens
Bechtle direct AG	Switzerland	Gland
Bechtle Marketing AG	Switzerland	Regensdorf
Bechtle Regensdorf AG	Switzerland	Regensdorf
ARP Europe AG	Switzerland	Rotkreuz
ARP Schweiz AG	Switzerland	Rotkreuz
Bechtle Holding Schweiz AG	Switzerland	Rotkreuz
Bechtle Logistics & Service 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

## 71. CHANGES IN INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

from 1 January to 31 December 2014 (Appendix B to the Notes)

	Costs of purchase						As of 31.12.2014
	As of 01.01.2014	Change in scope of consolidation	Other additions	Currency translation differences	Disposals	Transfers/ restructure	
<b>Goodwill</b>	<b>139,885</b>	<b>3,897</b>	<b>0</b>	<b>717</b>	<b>0</b>	<b>0</b>	<b>144,499</b>
<b>Other intangible assets</b>							
Brands	3,493	0	0	71	0	0	3,564
Customer bases	12,336	665	0	42	934	0	12,109
Acquired software	16,758	16	2,195	20	941	0	18,048
Internally developed software	3,521	0	623	0	528	0	3,616
Customer service agreements	6,335	3,510	267	2	427	0	9,687
Non-compete agreements	1,152	670	0	0	552	0	1,270
	<b>43,595</b>	<b>4,861</b>	<b>3,085</b>	<b>135</b>	<b>3,382</b>	<b>0</b>	<b>48,294</b>
<b>Property, plant and equipment</b>							
Property and buildings	74,245	0	2,604	0	0	0	76,849
Other equipment, furniture, fixtures and fittings	84,255	162	18,349	400	10,663	72	92,575
Advance payments and construction in progress	106	0	64	0	38	-72	60
	<b>158,606</b>	<b>162</b>	<b>21,017</b>	<b>400</b>	<b>10,701</b>	<b>0</b>	<b>169,484</b>
	<b>342,086</b>	<b>8,920</b>	<b>24,102</b>	<b>1,252</b>	<b>14,083</b>	<b>0</b>	<b>362,277</b>

from 1 January to 31 December 2013 (Appendix C 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	
<b>Goodwill</b>	<b>137,483</b>	<b>2,962</b>	<b>0</b>	<b>-560</b>	<b>0</b>	<b>0</b>	<b>139,885</b>
<b>Other intangible assets</b>							
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
	<b>57,288</b>	<b>3,258</b>	<b>2,424</b>	<b>-280</b>	<b>19,203</b>	<b>108</b>	<b>43,595</b>
<b>Property, plant and equipment</b>							
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
	<b>145,421</b>	<b>202</b>	<b>20,667</b>	<b>-282</b>	<b>7,294</b>	<b>-108</b>	<b>158,606</b>
	<b>340,192</b>	<b>6,422</b>	<b>23,091</b>	<b>-1,122</b>	<b>26,497</b>	<b>0</b>	<b>342,086</b>

€k

Cumulative depreciations and amortisations				Carrying amount		
As of 01.01.2014	Additions	Currency translation differences	Disposals	As of 31.12.2014	As of 31.12.2014	As of 31.12.2013
0	0	0	0	0	144,499	139,885
0	0	0	0	0	3,564	3,493
6,037	2,335	25	934	7,463	4,646	6,299
13,575	2,210	18	935	14,868	3,180	3,183
2,326	834	0	528	2,632	984	1,195
1,874	1,177	0	427	2,624	7,063	4,461
490	789	0	552	727	543	662
<b>24,302</b>	<b>7,345</b>	<b>43</b>	<b>3,376</b>	<b>28,314</b>	<b>19,980</b>	<b>19,293</b>
5,249	2,083	0	0	7,332	69,517	68,996
53,610	14,325	278	10,285	57,928	34,647	30,645
0	0	0	0	0	60	106
<b>58,859</b>	<b>16,408</b>	<b>278</b>	<b>10,285</b>	<b>65,260</b>	<b>104,224</b>	<b>99,747</b>
<b>83,161</b>	<b>23,753</b>	<b>321</b>	<b>13,661</b>	<b>93,574</b>	<b>268,703</b>	<b>258,925</b>

€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
<b>36,297</b>	<b>7,374</b>	<b>-200</b>	<b>19,169</b>	<b>24,302</b>	<b>19,293</b>	<b>20,991</b>
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
<b>50,884</b>	<b>15,119</b>	<b>-191</b>	<b>6,953</b>	<b>58,859</b>	<b>99,747</b>	<b>94,537</b>
<b>87,181</b>	<b>22,493</b>	<b>-391</b>	<b>26,122</b>	<b>83,161</b>	<b>258,925</b>	<b>253,011</b>

## SUPERVISORY BOARD MEMBERS

(Appendix D to the Notes)

### 72. 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)
<b>Kurt Dobitsch</b>	Since 20 May 1999	Businessman	<p><b>Chairman of the Supervisory Board</b></p> <ul style="list-style-type: none"> <li>■ United Internet AG, Montabaur, Germany thereof mandates affiliated with the group:               <ul style="list-style-type: none"> <li>■ United Internet Ventures AG, Montabaur (Chairman)</li> <li>■ United Internet Mail &amp; Media SE, Montabaur, Germany (since 4 December 2014)</li> <li>■ United Internet Service SE, Montabaur, Germany (since 4 December 2014)</li> <li>■ 1&amp;1 Internet AG, Montabaur, Germany</li> <li>■ 1&amp;1 Telecommunication AG, Montabaur, Germany</li> <li>■ 1&amp;1 Telecommunication Holding SE, Montabaur, Germany (since 21 February 2014)</li> <li>■ GMX &amp; WEB.DE Mail &amp; Media SE, Montabaur, Germany (since 20 February 2014)</li> </ul> </li> <li>■ Nemetschek AG, München, Germany thereof mandates affiliated with the group:               <ul style="list-style-type: none"> <li>■ Graphisoft S.E., Budapest, Hungary</li> <li>■ Vectorworks Inc., Columbia, USA (since 11 June 2014)</li> </ul> </li> </ul> <p><b>Member of the Supervisory Board</b></p> <ul style="list-style-type: none"> <li>■ Singhammer IT Consulting AG, München, Germany</li> </ul>
<b>Prof. Dr. Thomas Hess</b>	Since 20 June 2012	Institute director	
<b>Dr. Walter Jaeger</b>	Since 17 June 2008	Merchant	<p><b>Chairman of the Supervisory Board</b></p> <ul style="list-style-type: none"> <li>■ Wirthwein AG, Creglingen, Germany</li> </ul> <p><b>Chairman of the Advisory Board</b></p> <ul style="list-style-type: none"> <li>■ Hohenloher Spezialmöbelwerk Schaffitzel GmbH &amp; Co. KG, Öhringen, Germany</li> <li>■ Horst Mosolf GmbH &amp; Co. KG, Kirchheim unter Teck, Germany</li> <li>■ Vollert Anlagenbau GmbH, Weinsberg, Germany</li> </ul>
<b>Dr. Matthias Metz</b> Chairman of the Supervisory Board	Since 5 June 2014	Graduate in business administration	<ul style="list-style-type: none"> <li>■ Vice Chairman of the Board of Directors (Non Executive Member) der Sino-German Bausparkasse Co. Ltd., Heping-District, Tianjin, PR China (until 30 September 2014)</li> </ul>
<b>Gerhard Schick</b> Chairman of the Supervisory Board 2 December 2013 to 5 June 2014	22 March 2004 to 19 June 2012 1 December 2013 to 5 June 2014	Merchant	
<b>Karin Schick</b>	Since 9 August 2004	Employee	
<b>Dr. Jochen Wolf</b> Second Vice-Chairman	Since 2 October 2003	Director	<p><b>Chairman of the Supervisory Board</b></p> <ul style="list-style-type: none"> <li>■ Joma-Polytec GmbH, Bodelshausen, Germany</li> </ul> <p><b>Member of the Supervisory Board</b></p> <ul style="list-style-type: none"> <li>■ Bardusch GmbH + Co. KG, Ettlingen, Germany</li> <li>■ Bizerba GmbH &amp; Co. KG, Balingen, Germany</li> <li>■ IMS Gear GmbH, Donaueschingen, Germany</li> <li>■ LTS Lohmann Therapie-Systeme AG, Andernach, Germany</li> <li>■ R-Biopharm AG, Darmstadt, Germany</li> <li>■ E.G.O. Elektrogerätebau GmbH, Oberderdingen, Germany (since 1 May 2014)</li> <li>■ Heller GmbH/Gebr. Heller Maschinenfabrik GmbH, Germany (since 1 December 2014)</li> </ul> <p><b>Member of the Board of Directors</b></p> <ul style="list-style-type: none"> <li>■ E.G.O. Blanc &amp; Fischer-Firmengruppe, Oberderdingen, Germany (until 30 April 2014)</li> </ul>

## 73. 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)
<b>Uli Drautz</b> Vice-Chairman of the Supervisory Board	Since 15 October 2003	Executive employee	<b>Member of the Supervisory Board</b> ■ 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
<b>Daniela Eberle</b>	Since 15 October 2003	Employee	
<b>Barbara Greyer</b>	Since 15 October 2003	Union Secretary ver.di, State District Baden-Württemberg	
<b>Martin Meyer</b>	Since 18 June 2013	Employee	
<b>Volker Strohfeld</b>	Since 18 June 2013	IT service engineer	
<b>Michael Unser</b>	Since 18 June 2013	Second representative of IG Metall Heilbronn-Neckarsulm	<b>Member of the Supervisory Board</b> ■ ThyssenKrupp IS, Essen, Germany ■ ThyssenKrupp SY, Essen, Germany

## 74. COMMITTEES OF THE SUPERVISORY BOARD

as of 31 December 2014

Audit committee	Personnel committee
<b>Dr. Matthias Metz</b> (Chairman since 6 June 2014) Uli Drautz Daniela Eberle Dr. Walter Jaeger Dr. Jochen Wolf	<b>Dr. Jochen Wolf</b> (Chairman) Uli Drautz Dr. Matthias Metz

## 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, 2014. 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, 26 February 2015

Ernst & Young GmbH, Wirtschaftsprüfungsgesellschaft



Strähle

German Public Auditor



Moschall

German Public Auditor



## RESPONSIBILITY STATEMENT BY THE EXECUTIVE BOARD

To the best of our knowledge, and in accordance with the applicable reporting principles for financial reporting, the Consolidated Financial Statements give a true and fair view of the earnings, asset and financial position of the group, and the Management Report of the group includes a fair review of the development and performance of the business and the position of the group, together with a description of the principal opportunities and risks associated with the expected development of the group.

Neckarsulm, 12 March 2015

BECHTLE AG

The Executive Board



Dr. Thomas Olemotz                      Michael Guschlbauer                      Jürgen Schäfer

## 74. MULTI-YEAR OVERVIEW BECHTLE GROUP

		2006	2007	2008	2009	2010	2011	2012	2013	2014	Change in % 2014-2013
<b>Regions</b>											
<b>Revenue</b>	€k	1,220,138	1,383,453	1,431,462	1,379,307	1,722,919	1,994,881	2,096,835	2,273,485	2,580,448	+13.5
Domestic	€k	815,876	902,367	938,868	921,578	1,158,213	1,315,185	1,433,869	1,570,816	1,775,409	+13.0
of total revenue	%	66.9	65.2	65.6	66.8	67.2	65.9	68.4	69.1	68.8	
Abroad	€k	404,262	481,086	492,594	457,729	564,706	679,696	662,966	702,669	805,039	+14.6
<b>Segments</b>											
<b>Revenue</b>	€k	1,220,138	1,383,453	1,431,462	1,379,307	1,722,919	1,994,881	2,096,835	2,273,485	2,580,448	+13.5
IT system house & managed services	€k	816,998	885,772	927,530	919,956	1,151,119	1,315,669	1,394,455	1,535,316	1,727,073	+12.5
of total revenue	%	67.0	64.0	64.8	66.7	66.8	66.0	66.5	67.5	66.9	
IT e-commerce	€k	403,140	497,681	503,932	459,351	571,800	679,212	702,380	738,169	853,375	+15.6
<b>EBIT</b>	€k	45,730	58,253	60,229	42,712	60,728	86,403	80,265	91,048	108,498	+19.2
IT system house & managed services	€k	22,597	33,065	38,444	25,768	35,852	49,891	44,320	56,185	68,907	+22.6
EBIT margin	%	2.8	3.7	4.1	2.8	3.1	3.8	3.2	3.7	4.0	
IT e-commerce	€k	23,133	25,188	21,785	16,944	24,876	36,512	35,945	34,863	39,591	+13.6
EBIT margin	%	5.7	5.1	4.3	3.7	4.4	5.4	5.1	4.7	4.6	
<b>Income Statement</b>											
Revenue	€k	1,220,138	1,383,453	1,431,462	1,379,307	1,722,919	1,994,881	2,096,835	2,273,485	2,580,448	+13.5
Cost of sales	€k	1,046,557	1,188,121	1,213,331	1,179,770	1,486,440	1,697,185	1,778,139	1,933,071	2,197,212	+13.7
<b>Gross profit</b>	€k	173,581	195,332	218,131	199,537	236,479	297,696	318,696	340,414	383,236	+12.6
Distribution costs	€k	73,739	81,355	90,455	87,944	99,015	127,145	145,405	151,546	166,556	+9.9
Administrative expenses	€k	62,732	67,236	75,709	76,171	86,001	93,671	104,300	110,483	124,001	+12.2
Other operating income	€k	8,620	11,512	8,262	7,290	9,265	9,523	11,274	12,663	15,819	+24.9
<b>EBIT</b>	€k	45,730	58,253	60,229	42,712	60,728	86,403	80,265	91,048	108,498	+19.2
Financial income	€k	962	1,263	1,987	1,503	1,727	1,776	2,026	1,560	1,944	+24.6
Financial expenses	€k	833	510	683	553	671	1,890	3,290	3,300	3,057	-7.4
<b>Earnings before taxes (EBT)</b>	€k	45,859	59,006	61,533	43,662	61,784	86,289	79,001	89,308	107,385	+20.2
Income taxes	€k	16,251	18,047	16,105	9,404	15,362	23,566	22,643	25,911	31,191	+20.4
<b>Earnings after taxes (EAT)</b>	€k	29,608	40,959	45,428	34,258	46,422	62,723	56,358	63,397	76,194	+20.2
Material costs	€k	918,996	1,051,860	1,079,543	1,043,059	1,338,651	1,520,407	1,584,912	1,726,409	1,971,664	+14.2
Revenue less material costs	€k	309,762	343,105	360,181	343,538	393,533	483,997	523,197	559,739	624,603	+11.6
Personnel expenses	€k	192,581	203,253	217,710	220,418	241,420	294,649	326,590	348,848	388,764	+11.4
Depreciation and amortisation (on property, plant and equipment and other intangible assets without goodwill)	€k	14,456	13,501	13,910	14,264	15,399	18,361	21,748	22,493	23,753	+5.6
<b>EBITDA</b>	€k	60,186	71,754	74,139	56,976	76,127	104,764	102,013	113,541	132,251	+16.5
Financial earnings	€k	129	753	1,304	950	1,056	-114	-1,264	-1,740	-1,113	-36.0



	2006	2007	2008	2009	2010	2011	2012	2013	2014	Change in % 2014–2013	
<b>Balance Sheet (selected items)</b>											
<b>Assets</b>											
<b>Non-current assets</b>	€k	143,005	145,560	156,955	164,510	206,258	279,525	296,139	299,212	321,940	+7.6
Goodwill	€k	97,663	99,909	105,823	106,395	115,835	135,648	137,483	139,885	144,499	+3.3
Other intangible assets	€k	19,573	19,214	19,559	14,932	17,698	22,348	20,991	19,293	19,980	+3.6
Property, plant and equipment	€k	18,784	19,563	23,758	27,740	29,162	79,645	94,537	99,747	104,224	+4.5
Deferred taxes	€k	4,919	4,461	4,696	9,874	10,652	7,720	6,489	4,131	3,722	-9.9
Other assets	€k	1,868	1,946	2,564	2,253	1,870	2,356	2,224	2,513	2,676	+6.5
Time deposits and securities	€k	-	-	-	3,000	30,654	30,700	32,059	32,012	27,008	-15.6
<b>Current assets</b>	€k	275,174	305,863	339,113	356,155	447,458	521,778	547,859	611,136	694,650	+13.7
Inventories	€k	39,006	46,817	52,118	59,322	75,056	91,190	90,065	107,638	131,165	+21.9
Trade receivables	€k	181,086	189,312	188,402	183,979	249,046	286,773	307,348	345,195	387,828	+12.4
Other assets	€k	14,236	13,395	19,410	19,221	21,880	31,955	35,423	33,181	45,469	+37.0
Time deposits and securities	€k	2,642	1,929	338	15,510	13,619	16,219	35,888	18,255	22,272	+22.0
Cash and cash equivalents	€k	36,710	52,300	77,300	76,467	85,477	94,569	78,208	105,838	106,720	+0.8
<b>Equity and liabilities</b>											
<b>Equity</b>	€k	249,214	276,465	311,449	334,961	371,483	421,597	459,584	501,565	553,996	+10.5
Issued capital	€k	21,200	21,200	21,200	21,000	21,000	21,000	21,000	21,000	21,000	0.0
Capital reserves	€k	143,454	143,454	143,454	145,228	145,228	145,228	145,228	145,228	145,228	0.0
Retained earnings	€k	84,271	111,457	149,042	168,733	205,255	255,369	293,356	335,337	387,768	+15.6
<b>Non-current liabilities</b>	€k	28,105	23,765	30,964	32,284	46,727	94,004	96,644	90,787	95,878	+5.6
Pension provisions	€k	5,384	5,775	8,859	8,631	13,227	11,873	9,260	6,382	11,990	+87.9
Financial liabilities	€k	9,050	3,709	5,185	6,604	12,266	57,280	61,142	53,625	47,522	-11.4
Deferred taxes	€k	10,149	10,102	11,558	11,598	13,209	14,094	14,905	15,128	17,266	+14.1
Deferred income	€k	2,667	3,769	4,153	4,820	6,565	8,359	8,902	12,369	11,343	-8.3
<b>Current liabilities</b>	€k	143,439	151,193	153,655	153,420	235,506	285,702	287,770	317,996	366,716	+15.3
Other provisions	€k	6,116	3,310	4,019	3,959	5,338	5,643	5,241	5,774	6,239	+8.1
Financial liabilities	€k	5,416	6,049	10,466	2,561	4,812	9,002	12,567	10,546	12,711	+20.5
Trade payables	€k	84,850	88,267	83,250	79,460	129,060	148,799	145,964	170,518	178,644	+4.8
Income tax payables	€k	4,100	6,055	4,448	5,455	6,337	8,735	6,906	6,519	6,418	-1.5
Other liabilities	€k	31,784	38,043	40,763	42,381	64,624	72,237	74,963	79,941	95,695	+19.7
Deferred income	€k	11,173	9,469	10,709	19,604	25,335	41,286	42,129	44,698	67,009	+49.9
<b>Balance sheet total</b>	€k	420,758	451,423	496,068	520,665	653,716	801,303	843,998	910,348	1,016,590	+11.7
<b>Cash flow and investments</b>											
Cash flow from operating activities	€k	26,866	41,993	49,941	47,330	59,114	55,782	56,669	73,098	55,965	-23.4
Cash flow from investing activities	€k	-19,343	-9,500	-18,074	-30,292	-47,625	-45,282	-56,031	-10,201	-25,853	+153.4
Cash flow from financing activities	€k	-18,328	-16,145	-10,136	-17,772	-7,173	-2,246	-17,282	-35,002	-29,973	-14.4
Cash and cash equivalents incl. time deposits and securities	€k	39,352	54,229	77,638	94,977	129,750	141,488	146,155	156,105	156,000	-0.1
Free Cash flow	€k	5,664	25,831	28,252	34,437	41,751	12,159	19,485	43,123	29,252	-32.2
Investments (in property, plant and equipment and other intangible assets without goodwill)	€k	10,849	10,285	13,683	14,045	11,822	61,120	32,015	23,091	24,102	+4.4
Investment ratio [= Investments/ Average property, plant and equipment + other intangible assets without goodwill]	%	28.14	26.67	33.33	32.67	26.41	82.12	29.44	19.69	19.82	

	2006	2007	2008	2009	2010	2011	2012	2013	2014	Change in % 2014-2013	
<b>Key figures of the share<sup>1</sup></b>											
Annual closing price	€	19.25	27.42	13.66	18.79	28.99	26.20	30.65	49.47	65.98	+33.4
Annual high	€	22.20	35.59	27.86	20.50	30.65	34.35	35.10	50.95	65.98	+29.5
Annual low	€	14.05	19.45	9.64	11.02	17.01	23.48	25.50	30.07	49.33	+64.1
Weighted average shares	th. shares	21,200	21,200	21,165	20,853	21,000	21,000	21,000	21,000	21,000	0.0
Market capitalisation (31.12)	€k	408,100	581,304	289,592	394,590	608,790	550,200	643,650	1,038,870	1,385,580	+33.4
Average turnover/trading day <sup>2</sup>	shares	51,561	71,856	69,743	37,129	30,543	51,873	42,143	34,201	41,281	+20.7
Average turnover/trading day <sup>2</sup>	€	941,081	1,953,582	1,228,978	538,189	705,260	1,460,183	1,281,620	1,364,142	2,452,888	+79.8
Cash dividend per share	€	0.50	0.60	0.60	0.60	0.75	1.00	1.00	1.10	1.20 <sup>3</sup>	+9.1
Dividend amount distributed	€k	10,600	12,720	12,445	12,600	15,750	21,000	21,000	23,100	25,200 <sup>3</sup>	+9.1
Pay out ratio	%	35.9	31.1	27.4	36.8	33.9	33.5	37.3	36.4	33.1 <sup>3</sup>	
Dividend yield (31.12)	%	2.6	2.2	4.4	3.2	2.6	3.8	3.3	2.2	1.8 <sup>3</sup>	
Enterprise value (EV)	€k	423,024	582,580	277,565	378,300	618,242	607,239	723,670	1,084,064	1,449,430	+33.7
Earnings per share	€	1.39	1.93	2.14	1.64	2.21	2.99	2.68	3.02	3.63	+20.2
Cash flow per share	€	1.27	1.98	2.36	2.25	2.81	2.66	2.70	3.48	2.67	-23.4
Net asset value per share (= Equity/Weighted average shares)	€	11.76	13.04	14.72	16.06	17.69	20.08	21.88	23.88	26.38	+10.5
Market capitalisation to revenue		0.3	0.4	0.2	0.3	0.4	0.3	0.3	0.5	0.5	+17.5
Price earning ratio (P/E)		13.8	14.2	6.4	11.5	13.1	8.8	11.4	16.4	18.2	+11.0
EV/EBITDA		7.0	8.1	3.7	6.6	8.1	5.8	7.1	9.5	11.0	+14.8
EV/EBIT		9.3	10.0	4.6	8.9	10.2	7.0	9.0	11.9	13.4	+12.2
EV/EBT		9.2	9.9	4.5	8.7	10.0	7.0	9.2	12.1	13.5	+11.2
EV/EAT		14.3	14.2	6.1	11.0	13.3	9.7	12.8	17.1	19.0	+11.2
EV/Revenue		0.3	0.4	0.2	0.3	0.4	0.3	0.3	0.5	0.6	+17.8
<b>Personnel</b>											
Employees <sup>4</sup> (31.12)		3,888	4,250	4,405	4,354	4,766	5,479	5,970	6,219	6,572	+5.7
Domestic		2,772	3,036	3,169	3,158	3,471	4,065	4,550	4,743	4,996	+5.3
Abroad		1,116	1,214	1,236	1,196	1,295	1,414	1,420	1,476	1,576	+6.8
IT system house & managed services		3,077	3,303	3,450	3,443	3,763	4,305	4,754	4,953	5,164	+4.3
IT e-commerce		811	947	955	911	1,003	1,174	1,216	1,266	1,408	+11.2
Trainees		222	257	281	289	306	356	428	473	455	-3.8
Employees (annual average) <sup>4</sup>		3,868	4,103	4,288	4,396	4,496	5,146	5,780	6,072	6,421	+5.7
Employees without trainees (annual average)		3,605	3,805	3,971	4,058	4,137	4,753	5,315	5,542	5,872	+6.0
IT system house & managed services		2,891	2,975	3,048	3,178	3,243	3,727	4,191	4,415	4,647	+5.3
IT e-commerce		714	830	923	880	894	1,026	1,124	1,127	1,225	+8.7
Personnel expense ratio	%	15.8	14.7	15.2	16.0	14.0	14.8	15.6	15.3	15.1	
Personnel intensity	%	62.2	59.2	60.4	64.2	61.3	60.9	62.4	62.3	62.2	

<sup>1</sup> XETRA share prices<sup>2</sup> All German stock exchanges<sup>3</sup> Subject to approval by the Annual General Meeting<sup>4</sup> Without temporary staff

		2006	2007	2008	2009	2010	2011	2012	2013	2014	Change in % 2014-2013
<b>Efficiency ratios</b>											
Contribution margin	%	25.4	24.8	25.2	24.9	22.8	24.3	25.0	24.6	24.2	
Gross margin	%	14.2	14.1	15.2	14.5	13.7	14.9	15.2	15.0	14.9	
EBITDA margin	%	4.9	5.2	5.2	4.1	4.4	5.3	4.9	5.0	5.1	
EBIT margin	%	3.7	4.2	4.2	3.1	3.5	4.3	3.8	4.0	4.2	
EBT margin	%	3.8	4.3	4.3	3.2	3.6	4.3	3.8	3.9	4.2	
EAT margin	%	2.4	3.0	3.2	2.5	2.7	3.1	2.7	2.8	3.0	
Revenue per employee	€k	338.5	363.6	360.5	339.9	416.5	419.7	394.5	410.2	439.4	+7.1
IT system house & managed services	€k	282.6	297.7	304.3	289.5	355.0	353.0	332.7	347.7	371.7	+6.9
IT e-commerce	€k	564.6	599.6	546.0	522.0	639.6	662.0	624.9	655.0	696.6	+6.4
EBT per employee	€k	12.7	15.5	15.5	10.8	14.9	18.2	14.9	16.1	18.3	+13.5
Return on equity (EAT/Average annual equity)	%	12.9	16.9	16.9	11.3	14.2	17.3	13.7	14.2	15.6	
Return on total assets (EAT/Average annual total assets)	%	8.0	10.3	10.7	7.4	8.7	9.8	7.9	8.2	8.9	
ROA (= EBIT/Average annual total assets)	%	12.0	14.5	13.9	9.1	11.3	13.1	10.6	11.3	12.0	
ROE (= EBIT/Average annual equity)	%	20.1	24.0	22.2	14.1	18.4	23.8	19.6	20.4	21.5	
ROCE (= EBIT/Capital Employed)	%	19.7	23.4	22.7	15.7	21.0	25.2	19.6	20.6	22.3	
<b>Balance sheet ratios</b>											
Capitalisation ratio of non-current assets (= non-current assets/total assets)	%	34.0	32.2	31.6	31.6	31.6	34.9	35.1	32.9	31.7	
Working intensity of current assets (= current assets/total assets)	%	65.4	67.8	68.4	68.4	68.4	65.1	64.9	67.1	68.3	
Equity ratio	%	59.2	61.2	62.8	64.3	56.8	52.6	54.5	55.1	54.5	
Total liabilities to total assets	%	40.8	38.8	37.2	35.7	43.2	47.4	45.5	44.9	45.5	
Asset structure (= non-current/current assets)	%	52.0	47.6	46.3	46.2	46.1	53.6	54.1	49.0	46.3	
Capital structure (= equity/liabilities)	%	145.3	158.0	168.7	180.4	131.6	111.0	119.6	122.7	119.8	
<b>Financial ratios</b>											
Net debt	€k	-24,886	-44,471	-61,987	-85,812	-112,672	-75,206	-72,446	-91,934	-95,767	+4.2
Debt ratio (total liabilities to total equity)		0.69	0.63	0.59	0.55	0.76	0.90	0.84	0.82	0.84	+2.5
Working Capital	€k	121,427	134,881	142,490	139,465	166,780	189,881	211,595	234,624	291,326	+24.2
Working Capital to revenue	%	10.0	9.7	10.0	10.1	9.7	9.5	10.1	10.3	11.3	
Working Capital to annual total asset	%	28.9	29.9	28.7	26.8	25.5	23.7	25.1	25.8	28.7	
Capital Employed	€k	231,633	249,469	264,928	272,247	288,600	342,244	410,023	442,050	486,403	+10.0
Capital Employed to annual total asset	%	55.1	55.3	53.4	52.3	44.1	42.7	48.6	48.6	47.8	
Capital Employed to revenue	%	19.0	18.0	18.5	19.7	16.8	17.2	19.6	19.4	18.8	
<b>Structural analysis ratios</b>											
Revenue to inventory		31.3	29.6	27.5	23.3	23.0	21.9	23.3	21.1	19.7	-6.9
Revenue to average net trade receivables		9.5	9.4	9.5	10.1	10.3	10.2	9.8	9.7	9.5	-1.8
Revenue to average total assets		3.2	3.4	3.3	2.9	3.2	3.0	2.8	2.8	2.9	+1.7
DSO		38.3	38.7	38.4	36.2	35.3	35.8	37.3	37.6	38.3	+1.9

## 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 revenue.

**Currency forwards.** 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 forwards 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.

**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 profit.** Difference between revenue and cost of sales.

**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.

**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.

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**REMUNERATION**

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## LIST OF ABBREVIATIONS

<b>AktG</b>	German Stock Corporation Act (Aktiengesetz)
<b>BELOS</b>	Bechtle Event Control and Organisation System
<b>BITKOM</b>	Federal Association for Information Technology, Telecommunications and New Media (Bundesverband Informationswirtschaft, Telekommunikation und neue Medien)
<b>BVG</b>	Swiss Federal Law on Occupational Retirement, Survivors' and Disability Pensions (Bundesgesetz zur beruflichen Alters-, Hinterlassen- und Invalidenfürsorge)
<b>CODM</b>	Chief operating decision maker
<b>CRM</b>	Customer relationship management
<b>DCGK</b>	German Corporate Governance Code (Deutscher Corporate Governance Kodex)
<b>EBITDA</b>	Earnings before interest, taxes, depreciation, and amortisation
<b>EBT</b>	Earnings before taxes
<b>EPS</b>	Earnings per share
<b>EU</b>	European Union
<b>EV</b>	Enterprise value
<b>GDP</b>	Gross domestic product
<b>HGB</b>	German Commercial Code (Handelsgesetzbuch)
<b>ifo</b>	Institute for Economic Research (Institut für Wirtschaftsforschung)
<b>IFRS</b>	International Financial Reporting Standards
<b>LAN</b>	Local area network
<b>MitbestG</b>	German co-determination Act (Mitbestimmungsgesetz)
<b>PPS</b>	Production planning system
<b>ROA</b>	Return on Assets
<b>ROE</b>	Return on Equity
<b>RoHS</b>	EU directive on the restriction of the use of certain hazardous substances in electrical and electronic equipment



For further  
comments  
see Glossary,  
page 256 ff

## IMPRINT

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**FINANCIAL CALENDAR****Accounts Press Conference**

Friday, 13 March 2015, Stuttgart

**DVFA Analysts' Conference**

Friday, 13 March 2015, Frankfurt

**Interim Report 1st Quarter 2015 (31 March)**

Wednesday, 13 May 2015

**Annual General Meeting**

Thursday, 16 June 2015, 10.00 a.m.

Konzert- und Kongresszentrum Harmonie, Heilbronn

**Dividend Payment**

as of 17 June 2015

(subject to approval by the Annual General Meeting)

**Interim Report 2nd Quarter 2015 (30 June)**

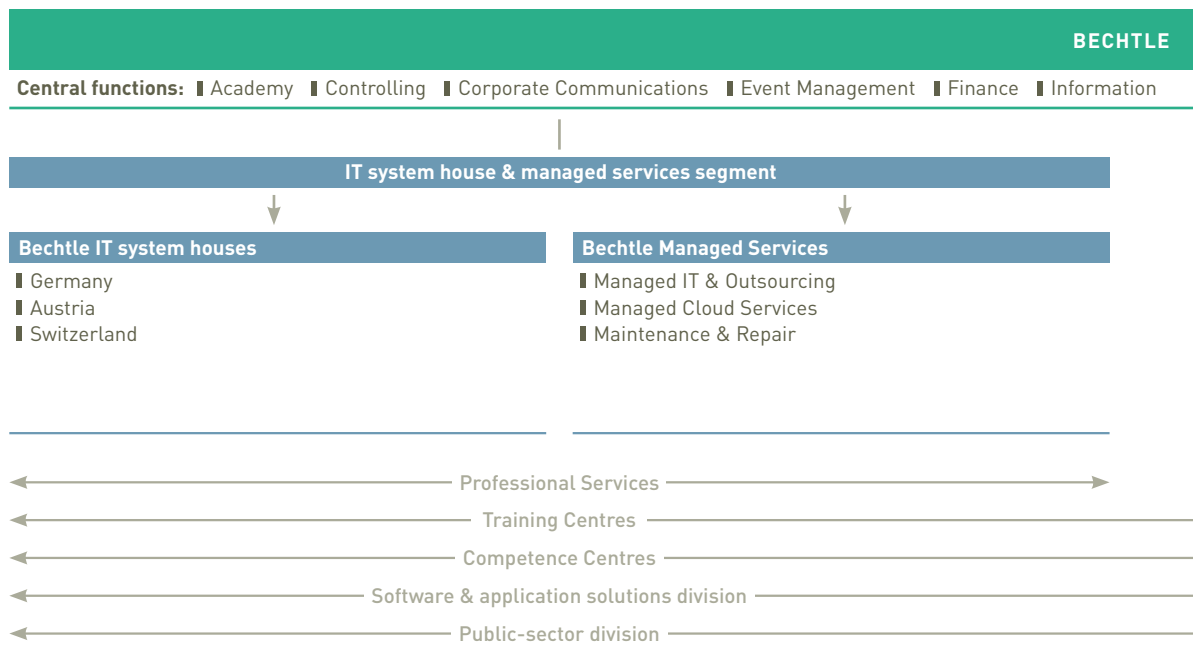
Friday, 7 August 2015

**Interim Report 3rd Quarter 2015 (30 September)**

Wednesday, 11 November 2015

See [bechtle.com/events](http://bechtle.com/events) or [bechtle.com/financial-calendar](http://bechtle.com/financial-calendar) for further dates and changes.

76. ORGANISATIONAL STRUCTURE BECHTLE GROUP



**Germany**  
47 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 2015). The legal corporate structure is presented on page 64f.

IT e-commerce segment

**BECHTLE DIRECT**

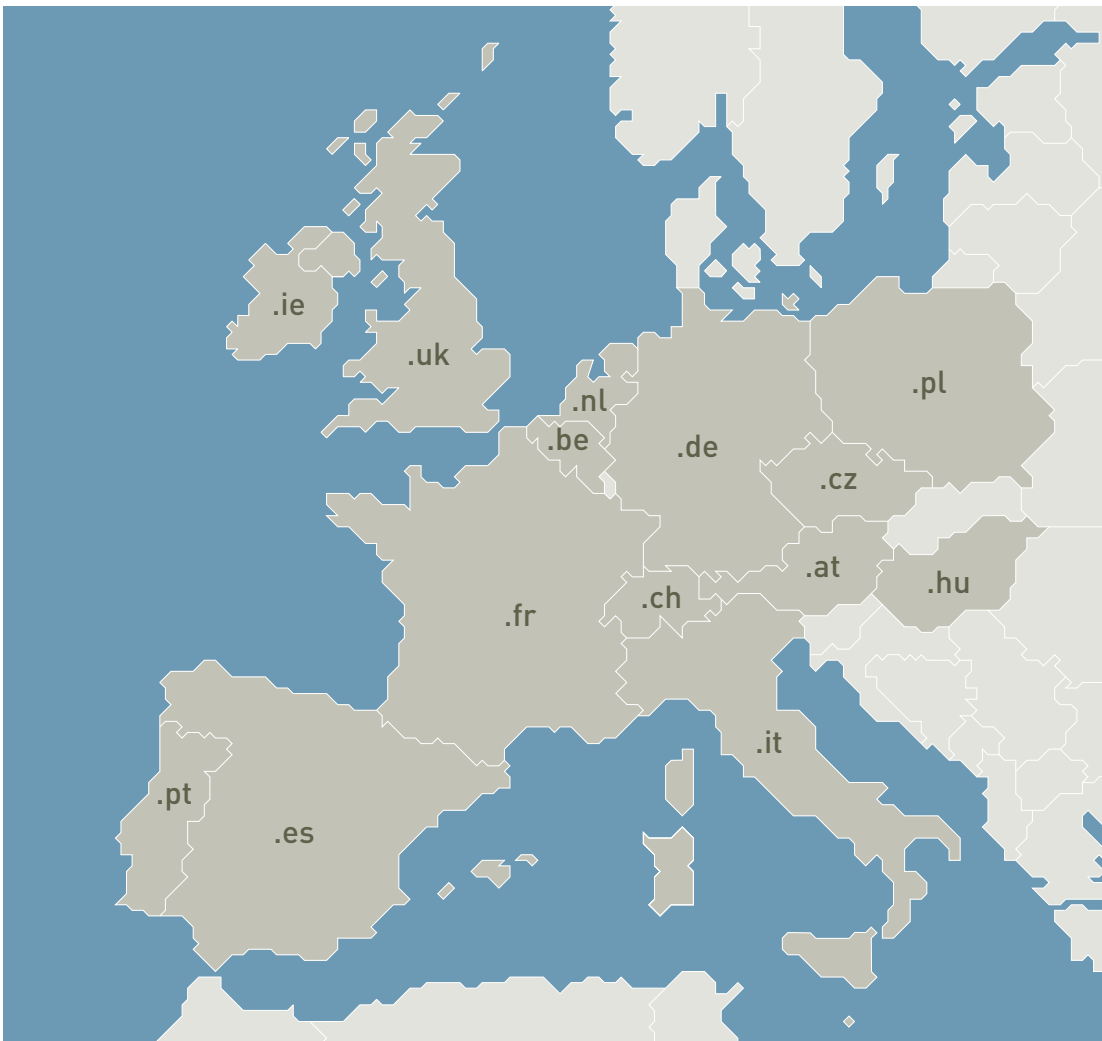
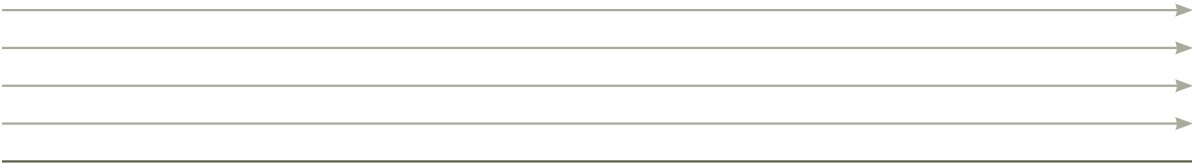
- Austria ■ Belgium
- Czech Republic ■ France
- Germany ■ Germany ÖA ■ Hungary
- Ireland ■ Italy ■ Netherlands
- Poland ■ Portugal ■ Spain
- Switzerland ■ United Kingdom

**COMSOFT DIRECT**

- Austria ■ Belgium ■ France
- Germany ■ Italy ■ Netherlands
- Spain ■ Switzerland

**ARP**

- Austria
- Belgium
- France
- Germany
- Netherlands
- Switzerland



**14 european countries**

- Austria
- Belgium
- Czech Republic
- France
- Germany
- Hungary
- Ireland
- Italy
- Netherlands
- Poland
- Portugal
- Spain
- Switzerland
- United Kingdom



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