

2ND QUARTER 2015

Q2

Interim Report as of
30 JUNE 2015

Your strong IT partner.
Today and tomorrow.



KEY FIGURES OF THE BECHTLE GROUP AT A GLANCE

		01.01 – 30.06.2015	01.01 – 30.06.2014	Change in %
Revenue	€k	1,308,512	1,190,372	9.9
IT system house & managed services	€k	854,169	775,266	10.2
IT e-commerce	€k	454,343	415,106	9.5
EBITDA	€k	61,827	55,786	10.8
IT system house & managed services	€k	40,529	35,896	12.9
IT e-commerce	€k	21,298	19,890	7.1
EBIT	€k	49,168	44,503	10.5
IT system house & managed services	€k	30,312	26,640	13.8
IT e-commerce	€k	18,856	17,863	5.6
EBIT margin	%	3.8	3.7	
IT system house & managed services	%	3.5	3.4	
IT e-commerce	%	4.2	4.3	
EBT	€k	49,156	43,935	11.9
EBT margin	%	3.8	3.7	
Earnings after taxes	€k	34,454	31,224	10.3
Earnings per share	€	1.64	1.49	10.3
Return on equity¹	%	13.1	13.1	
Cash flow from operating activities	€k	17,080	-876	
Cash flow per share	€	0.81	-0.04	
Number of employees (as of 30.06)		6,938	6,393	8.5
IT system house & managed services		5,461	5,020	8.8
IT e-commerce		1,477	1,373	7.6
		30.06.2015	31.12.2014	Change in %
Cash and cash equivalents²	€k	136,320	156,000	-12.6
Working capital	€k	305,568	291,326	4.9
Equity ratio	%	55.7	54.5	2.3

¹ Annualised

² Incl. time deposits and securities

REVIEW BY QUARTER 2015

		1st Quarter 01.01 – 31.03	2nd Quarter 01.04 – 30.06	3rd Quarter 01.07 – 30.09	4th Quarter 01.10 – 31.12	2015 FY 01.01 – 30.06
Revenue	€k	622,450	686,062			1,308,512
EBITDA	€k	28,533	33,294			61,827
EBIT	€k	22,501	26,667			49,168
EBT	€k	22,475	26,681			49,156
EBT margin	%	3.6	3.9			3.8
Earnings after taxes	€k	15,734	18,720			34,454

CONSOLIDATED INTERIM MANAGEMENT REPORT

BUSINESS ACTIVITY

As a one-stop IT provider, BECHTLE is active with about 65 system houses in Germany, Austria and Switzerland, and is one of Europe's leading online IT dealers, with subsidiaries in 14 countries. This combination forms the basis of BECHTLE'S unique business model, which combines IT services with the conventional IT trading business. Established in 1983 and headquartered in Neckarsulm, Germany, the company offers a one-stop, vendor-independent, comprehensive IT portfolio to its more than 75,000 customers from the fields of industry and trade, the public sector and the financial industry.



See
Annual Report 2014,
page 69 ff

In the IT system house & managed services segment, the service spectrum ranges from the sale of hardware, software and application solutions to project planning and roll-out, system integration, maintenance and training to the provision of cloud services and the complete operation of the customer IT. We have bundled our trading business in IT e-commerce, the second business segment. Here, we offer our customers hardware and standard software via the Internet and telesales under the BECHTLE DIRECT and ARP brands. Moreover, the COMSOFT DIRECT brand is active in this segment as our software management and software licensing specialist.



bechtle.com/portfolio-en

BUSINESS ENVIRONMENT

- Economic situation continues to brighten up
- IT industry presents mixed picture

Macroeconomy

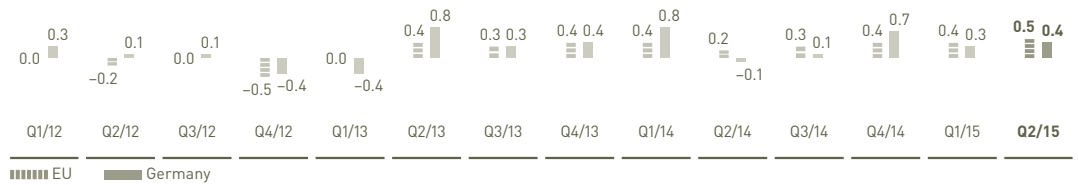
The economic situation in the EU brightened up further in the second quarter of 2015. The European Commission estimates the increase of the gross domestic product (GDP) in the second quarter of 2015 at 0.5 per cent throughout the EU, compared to 0.4 in each of the two prior quarters. All EU countries in which BECHTLE is present recorded positive growth rates, though to different extents. The bandwidth ranges from a GDP growth of 0.2 per cent in Belgium and Italy to 0.8 per cent in Poland and Spain.



ec.europa.eu

GDP PERFORMANCE IN THE EU COMPARED TO THE PRIOR QUARTER

%



In Germany, the economic development re-stabilised after a temporary weak spell mid last year. In the second quarter of 2015, the GDP is said to have increased 0.4 per cent, after 0.3 per cent in the prior quarter.



ifo.de

At the beginning of the second quarter, the mood in the German economy initially continued to brighten up, but was more restrained towards the end of the quarter. Starting from 107.9 points in March, the ifo index climbed to 108.6 in April, more or less remained at this level in May and receded to 107.4 in June. In July, the index went up again, reaching 108.0. The development of the evaluation of the current situation and of the expectations was largely in sync.

Industry



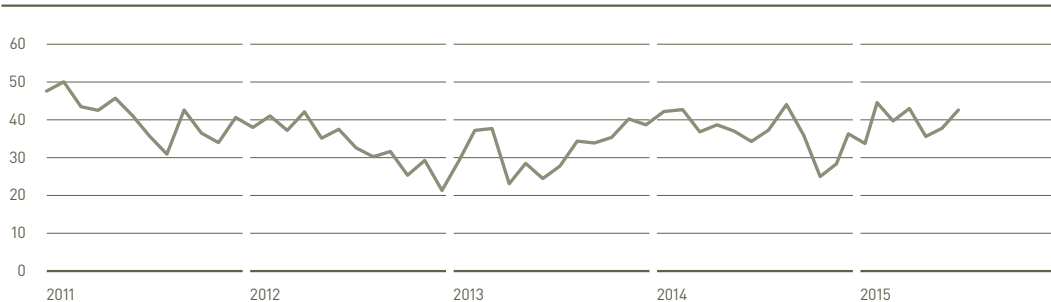
gulp.de

In the second quarter of 2015, the situation in the IT industry remained heterogeneous. In the reporting period, the GULP IT project market index, which registers projects for freelance IT specialists in Germany, underwent a year-on-year increase of 11.9 per cent. Signals in the opposite direction came from the PC market. According to the IDC market research institute, the quantities sold dropped 19.3 per cent. Among business customers, the decline was slightly lower, amounting to 17.9 per cent. The market suffered from the high reference figures of the prior year and partly higher product prices due to the weak euro. In Eastern Europe, PC sales dropped 24.3 per cent.

Product prices continued to go up in the second quarter. Only printer prices were slightly lower compared to the prior year. In most product groups, the increase was in the low one-digit range. The price leap was more noticeable in the field of servers, laptops and tablets.

In the second quarter, the mood on the German IT market was unsteady. Starting from 39.9 points in March, the ifo index for IT service providers first climbed to 42.9 in April, then dropped significantly to 35.5 in May, but then went back up to 37.8 in June. The fluctuations concerned both the evaluation of the current situation and the expectations for the business outlook. In July, the mood continued to climb to 42.4 points, supported by both situation and expectations.

IFO INDEX FOR IT SERVICE PROVIDERS



Overall Assessment

In the second quarter of 2015, the economic performance was positive. Despite the ongoing problems in Greece, the growth dynamics in the EU and in Germany improved slightly. In Germany, the mood varied though, but moved upwards towards the end of the quarter. On the IT market, PC sales are still under pressure, also because of the excellent prior year. Apart from this, however, the situation on the IT market appears all in all to be positive.

In this market environment, BECHTLE AG performed very well. The growth dynamics were stepped up compared to the prior quarter and were considerably higher than on the overall market. Despite the weak PC sales, the trading business within the BECHTLE Group also performed well.

As BECHTLE AG does not publish any forecasts for individual quarters, it is thus not possible to compare the actual figures with target figures. As far as the year as a whole is concerned, we reinforce our forecast that both the revenue and the earnings will increase significantly compared to the prior year, and the margin will improve slightly. The figures in the first six months are in full accord with these goals.

EARNINGS POSITION

- Two-digit growth in revenue and earnings
- Particularly strong growth in Germany

Order Position

For the sale of IT products and the provision of services, BECHTLE concludes both short-term and long-term contractual relationships. The IT e-commerce segment is characterised almost entirely by the conclusion of pure trading deals with very short order and delivery times. In the IT system house & managed services segment, project deals can take anywhere from several weeks to one year. Especially in the fields of managed services and cloud computing, the framework and operating agreements that BECHTLE concludes with its customers mostly have terms of several years.

In the first half of 2015, incoming orders amounted to approximately €1,284 million, 6.6 per cent more than in the prior year (€1,204 million). The IT system house & managed services segment recorded an increase of 7.5 per cent to €843 million (prior year: €784 million). At approximately €441 million, the incoming orders in the IT e-commerce segment were about 5 per cent higher than in the prior year (€420 million).



Concerning the adjustment
of the prior-year figures,
see AR 2014, page 112

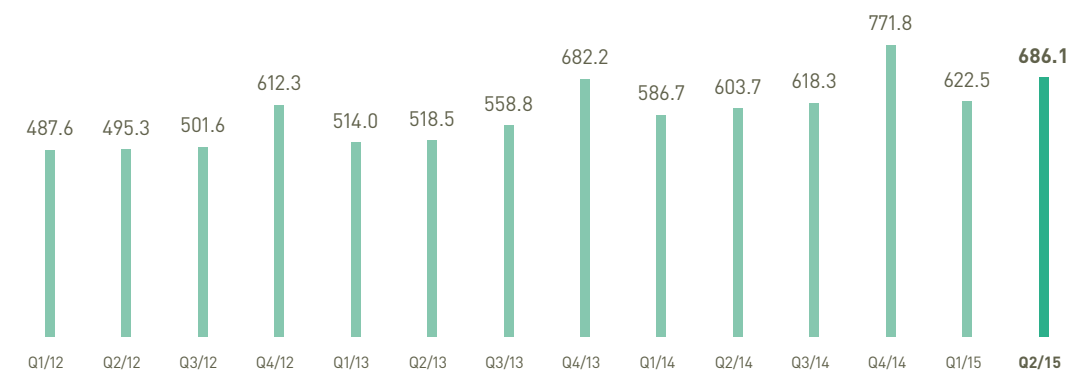
As of 30 June, the order backlog amounted to €299 million (prior year: €267 million). Of this amount, the IT system house & managed services segment accounted for €250 million (prior year: €220 million), and the IT e-commerce segment for €49 million (prior year: €47 million).

Revenue Performance

In the second quarter of 2015, BECHTLE AG stepped up its revenue-growth dynamics strongly, even reaching two-digit figures. In the second quarter, the revenue in the BECHTLE Group increased 13.6 per cent from €603.7 million to €686.1 million. With an increase of 16.1 per cent, the IT system house & managed services segment boasted the greater share in the revenue growth, especially thanks to the impressive growth of 17.0 per cent in the domestic companies. At 12.8 per cent, the growth in the group was largely organic. The takeover of Modus Consult AG in May resulted in acquisition-based growth. In the six-month period, the revenue amounted to €1,308.5 million, 9.9 per cent more than in the prior year.

GROUP REVENUE

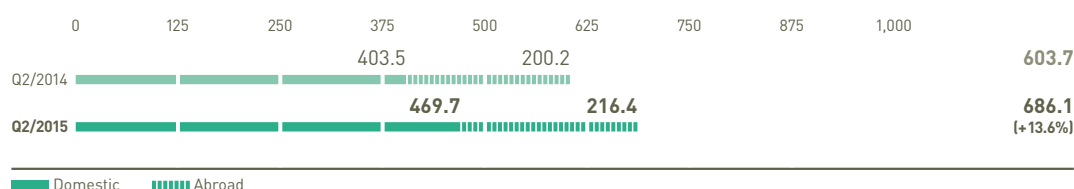
€m



In both segments, the domestic companies were the main growth driver. Thus, the revenue in Germany went up by an above-average 16.4 per cent from €403.5 million to €469.7 million. However, the foreign companies also exhibited encouraging growth dynamics. There, the revenue increased 8.1 per cent from €200.2 million to €216.4 million.

REGIONAL REVENUE DISTRIBUTION

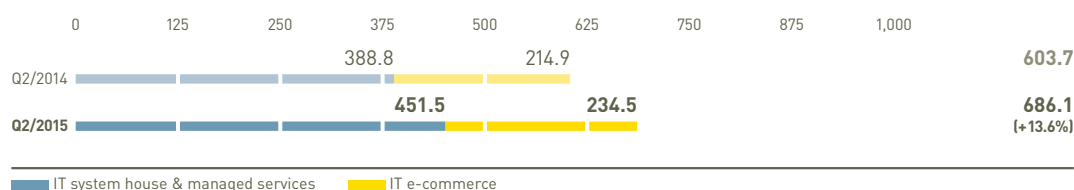
€m



As mentioned above, the IT system house & managed services segment increased its revenue 16.1 per cent to €451.5 million (prior year: €388.8 million). Here, strong impulses came from Germany, where the revenue went up by an extraordinary 17.0 per cent from €347.8 million to €407.0 million. The performance of our foreign system houses was positive as well. There, revenue climbed 8.5 per cent to €44.6 million (prior year: €41.1 million).

REVENUE BY SEGMENTS

€m



In the reporting period, the revenue in the IT e-commerce segment improved 9.2 per cent from €214.9 million to €234.5 million. In this segment too, the domestic companies were the main growth driver. In an impressive manner, they returned to the growth path, boosting their revenue by 12.6 per cent to €62.7 million (prior year: €55.7 million). Abroad, the increase amounted to a remarkable 8.0 per cent from €159.2 million to €171.8 million. The dynamics were supported by almost all country markets of the BECHTLE Group.

REVENUE – GROUP AND SEGMENTS

€k

	Q2/2015	Q2/2014	Change	H1/2015	H1/2014	Change
Group	686,062	603,676	+13.6%	1,308,512	1,190,372	+9.9%
Domestic	469,686	403,466	+16.4%	879,913	798,764	+10.2%
Abroad	216,376	200,210	+8.1%	428,599	391,608	+9.4%
IT system house & managed services	451,543	388,826	+16.1%	854,169	775,266	+10.2%
Domestic	406,987	347,768	+17.0%	761,607	686,541	+10.9%
Abroad	44,556	41,058	+8.5%	92,562	88,725	+4.3%
IT e-commerce	234,519	214,850	+9.2%	454,343	415,106	+9.5%
Domestic	62,699	55,698	+12.6%	118,306	112,223	+5.4%
Abroad	171,820	159,152	+8.0%	336,037	302,883	+10.9%

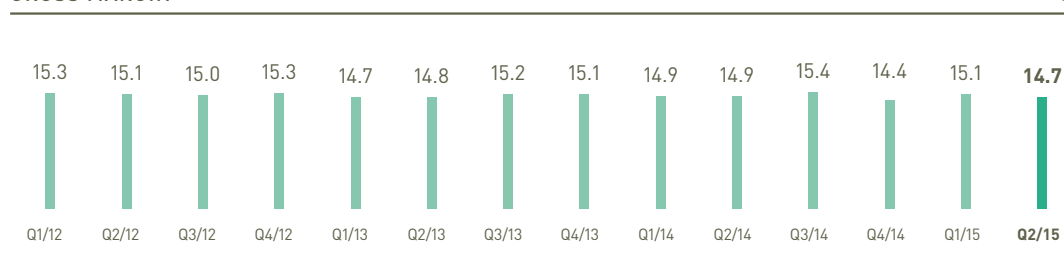
Based on an average of 6,345 full-time and part-time employees, the group's revenue per employee in the second quarter of 2015 increased to €108 thousand. In the corresponding prior-year quarter, this figure had amounted to €103 thousand, based on 5,845 employees. The revenue per employee in the IT system house & managed services segment amounted to €90 thousand, based on an average of 4,997 full-time and part-time employees, compared to €84 thousand on the basis of 4,626 employees in the prior year. The revenue per employee in the IT e-commerce segment went down slightly from €176 thousand for an average of 1,219 full-time and part-time employees to €174 thousand for an average of 1,348 full-time and part-time employees.

Earnings Performance

In the reporting quarter, the cost of sales went up 13.9 per cent, a rate slightly higher than that of the revenue growth. In view of the particularly strong trading business in both segments, the proportion of material costs was higher in the reporting quarter than in the prior year. As the below-average increase in personnel expenses within the scope of the cost of sales could not compensate this effect, the gross margin receded slightly from 14.9 per cent to 14.7 per cent. Gross earnings amounted to €100.6 million, 12.2 per cent more than in the prior year (€89.7 million). In the six-month period, the gross margin was 14.9 per cent, as in the corresponding prior-year period.

GROSS MARGIN

%



In the second quarter, our functional expenses developed with different dynamics. Distribution costs went up at a disproportionately low rate of 9.5 per cent from €41.5 million to €45.4 million. The distribution cost ratio dropped from 6.9 per cent to 6.6 per cent. On the other hand, administrative expenses increased at a disproportionately high rate of 15.5 per cent from €28.7 million to €33.2 million. As in the first quarter, this was caused both by new recruitment and by intercompany cost transfer to the account of the administrative expenses. Nevertheless, the administrative expense ratio remained stable at 4.8 per cent.

Year on year, earnings before interest, taxes, depreciation and amortisation (EBITDA) increased 14.2 per cent, from €29.1 million to €33.3 million. Thus, our EBITDA margin reached a value of 4.9 per cent, compared to 4.8 per cent in the prior year. In the six-month period, the margin was 4.7 per cent, the same as the prior-year level.

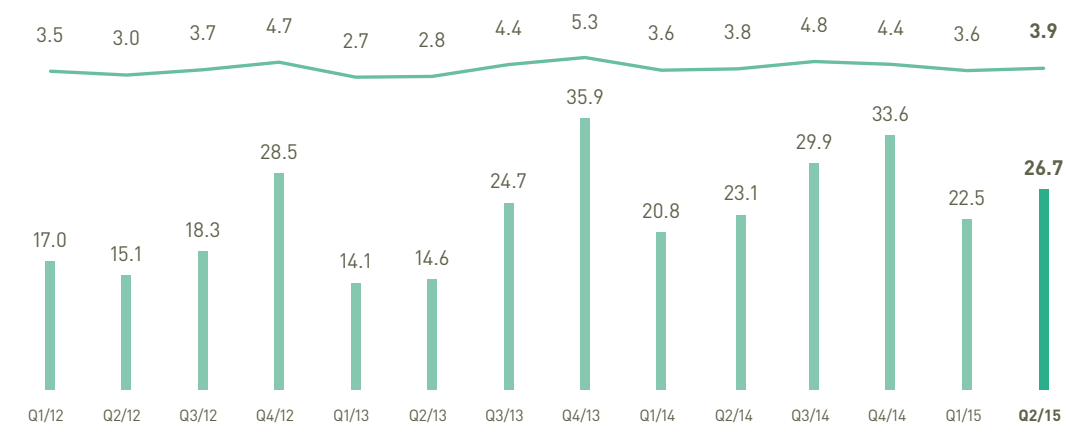
Depreciation and amortisation increased at a slightly below-average rate to €6.6 million, 14.1 per cent more than in the prior year (€5.8 million). As previously, depreciation of property, plant and equipment – which increased from €4.7 million to €5.2 million – accounted for the largest share. This was due to investments in the optimisation of the internal IT infrastructure.

Earnings before interest and taxes (EBIT) improved 14.2 per cent to €26.7 million (prior year: €23.3 million). At 3.9 per cent, the margin remained at the prior-year level. In the period from January to June, the margin went up slightly from 3.7 to 3.8 per cent.

Year on year, financial earnings improved. Thus, the group generated earnings before taxes (EBT) of €26.7 million in the period from April to June, 15.5 per cent more than in the prior year (€23.1 million). The EBT margin was 3.9 per cent (prior year: 3.8 per cent). In the six-month period, the margin improved from 3.7 to 3.8 per cent.

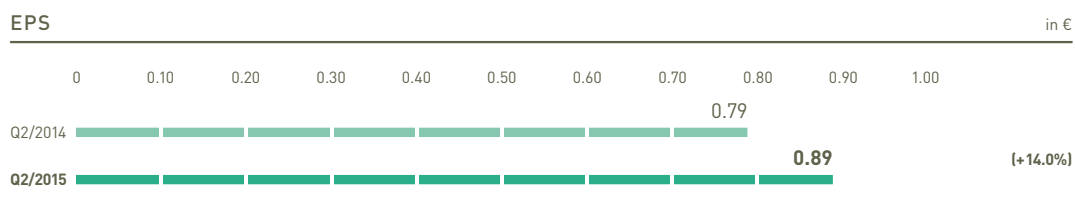
EBT AND EBT MARGIN

€m and %



In the reporting quarter, tax expense increased at a disproportionately high rate from €6.7 million to €8.0 million, especially due to the persistently high domestic earnings share. The tax rate progressed from 28.9 per cent in the prior year to 29.8 per cent in the period under review.

Earnings after taxes went up 14.0 per cent from €16.4 million to €18.7 million. The net margin was 2.7 per cent, as in the corresponding prior-year quarter. On the basis of 21.0 million shares, earnings per share (EPS) amounted to €0.89 (prior year: €0.79). In the six-month period, EPS amounted to €1.64, an increase of 10.3 per cent over the prior year (€1.49).



At segment level, the earnings situation was as follows:

In the second quarter of 2015, EBIT in the IT system house & managed services segment increased 6.3 per cent to €13.8 million (prior year: €13.0 million). The EBIT margin was 3.1 per cent, compared to 3.3 per cent in the prior year. The reason for the slight margin decline was the launch of some larger projects, which required some initial investments at the outset which had a negative effect on earnings.

In the second quarter, the IT e-commerce segment generated EBIT of €12.9 million, 24.2 per cent more than in the prior year (€10.4 million). The margin went up from 4.8 per cent to 5.5 per cent. This item was affected positively by the completed initial training of the employees newly hired in prior quarters.

EBIT – GROUP AND SEGMENTS						€k
	Q2/2015	Q2/2014	Change	H1/2015	H1/2014	Change
Group	26,667	23,342	+14.2%	49,168	44,503	+10.5%
IT system house & managed services	13,784	12,972	+6.3%	30,312	26,640	+13.8%
IT e-commerce	12,883	10,370	+24.2%	18,856	17,863	+5.6%

ASSETS AND FINANCIAL POSITION

- KPIs Underline Financial Strength
- Operating Cash Flow Picks up Considerably

As of 30 June 2015, the balance sheet total of the BECHTLE Group amounted to €1,019.8 million, which is slightly more than as of 31 December 2014 (€1,016.6 million).

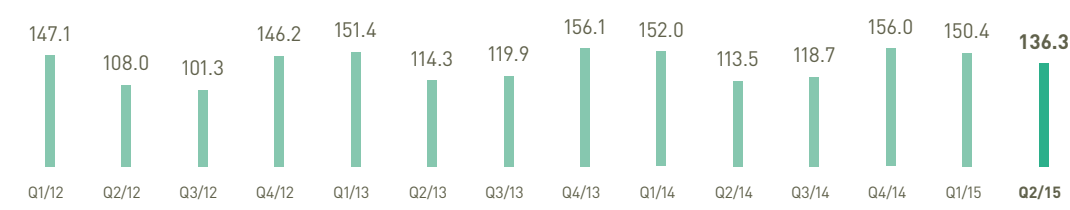
Development of the Assets

Non-current assets went up from €321.9 million to €340.6 million. Due to acquisitions inter alia, the goodwill went up €18.4 million to €162.9 million. The takeover of Modus Consult AG was also one of the reasons for the increase in other intangible assets by €8.7 million to €28.7 million. Time deposits and securities dropped €10.0 million to €17.0 million (31 December 2014: €27.0 million). As some of the maturities are now below twelve months, these assets have been classified as current assets. Our capitalisation ratio has gone up and now amounts to 33.4 per cent (31 December 2014: 31.7 per cent).

Current assets declined €15.4 million to €679.2 million. For seasonal reasons, trade receivables dropped €13.4 million to €374.4 million. Year on year, our average dso (days sales outstanding) in the first six months of 2015 increased from 38.4 days to 41.5 days. This was because of the higher balance of long-term receivables in connection with Managed Services contracts. Especially due to the dividend payment, cash and cash equivalents went down from €106.7 million to €88.5 million. Owing to decreasing maturities of assets previously classified as non-current as already mentioned above, short-term time deposits and securities increased €8.5 million. As of the balance sheet date, the total liquidity – the value of the cash and cash equivalents including short-term and long-term time deposits and securities – amounted to €136.3 million, which is €19.7 million less than the figure of 31 December 2014 of €156.0 million. In addition to the total liquidity, BECHTLE has a liquidity reserve of €36.9 million in the form of unused cash credit lines and guarantee credit lines.

LIQUIDITY (INCLUDING TIME DEPOSITS AND SECURITIES)

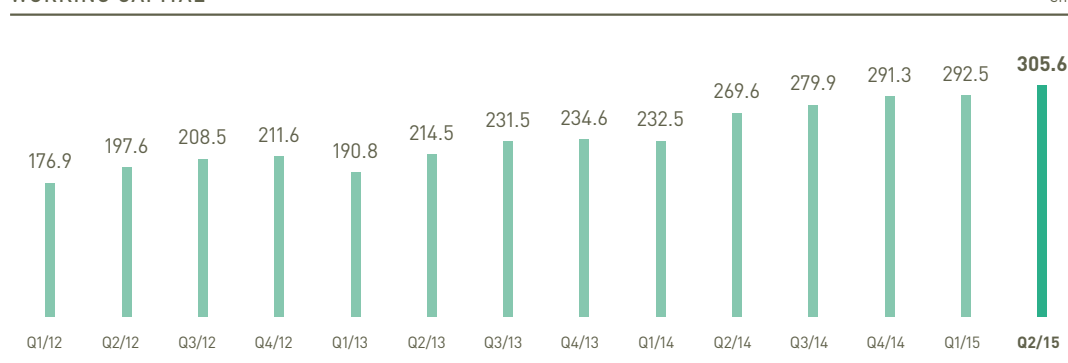
€m



As of 30 June 2015, the working capital increased from €291.3 million to €305.6 million, especially due to the lower trade payables. In relation to the balance sheet total, the working capital amounted to 30.0 per cent as of the balance sheet date, compared to 28.7 per cent as of 31 December 2014. In relation to the revenue, the working capital increased from 22.6 per cent in the corresponding prior-year period to 23.4 per cent in the first half of 2015.

WORKING CAPITAL

€m



Development of the Equity and Liabilities

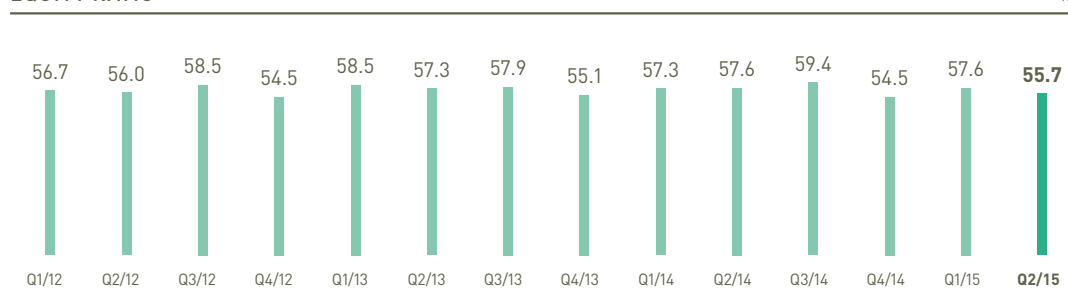
As of 30 June 2015, non-current liabilities amounted to €125.1 million, which is €29.3 million more than on 31 December 2014. Two items underwent major changes: Due to a new loan to finance acquisitions, financial liabilities went up €12.8 million to €60.3 million. Due to acquisitions, deferred income was €11.0 million above the figure of 31 December 2014.

Current liabilities fell €40.5 million to €326.2 million. For seasonal reasons, trade payables dropped €17.3 million to €161.3 million. For reasons related to the reporting date, other liabilities dropped €13.5 million to €82.2 million. This was due mainly to the lower personnel liabilities and reduced VAT liabilities.

Owing to the higher earnings, the equity climbed from €554.0 million to €568.4 million as of 30 June 2015. Our equity ratio increased from 54.5 per cent as of 31 December 2014 to 55.7 per cent. The extrapolated return on equity maintained its high level, reaching 13.1 per cent as in the corresponding prior-year quarter.

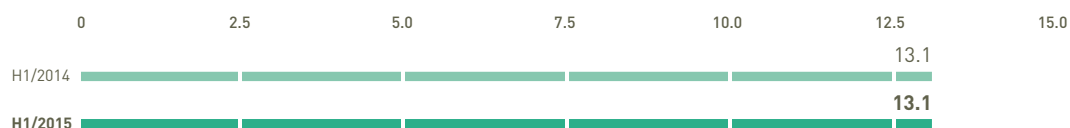
EQUITY RATIO

%



RETURN ON EQUITY

%



Because of the higher goodwill as the result of acquisitions, the equity to non-current assets ratio receded slightly from 172.1 per cent as of 31 December 2014 to 166.9 per cent as of 30 June 2015. As BECHTLE's liquidity exceeds its total financial liabilities, the group's net debt amounts to a negative value of minus €62.9 million, i.e. BECHTLE is free of debt. We were able to reduce the dependence on external creditors. As of 30 June 2015, the debt ratio was 79.4 per cent, which is less than at the end of the fiscal year 2014 (83.5 per cent).

KEY BALANCE SHEET FIGURES OF THE BECHTLE GROUP

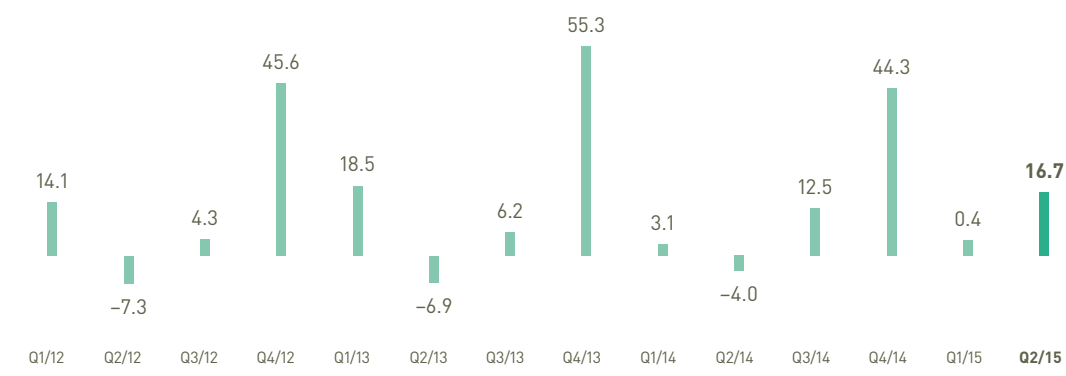
		30.06.2015	31.12.2014
Balance sheet total	€m	1,019.8	1,016.6
Cash and cash equivalents including time deposits and securities	€m	136.3	156.0
Equity	€m	568.4	554.0
Equity ratio	%	55.7	54.5
Equity to non-current assets ratio	%	166.9	172.1
Net debt	€m	-62.9	-95.8
Debt ratio	%	79.4	83.5
Working capital	€m	305.6	291.3

Development of the Cash Flow

The net cash generated from operating activities in the period from January to June 2015 amounted to €17.1 million compared to minus €0.9 million in the corresponding prior-year period. The main reasons for the significant increase were the higher earnings as well as changes in net assets that resulted in a cumulatively lower cash outflow than in the corresponding prior-year period. Especially the cash outflow for the increase in inventories (minus €1.5 million) was far below the prior-year figure (minus €26.8 million). The cash outflow for the reduction of trade payables was also lower than in the prior year, and the cash inflow from the reduction of trade receivables increased.

CASH FLOW FROM OPERATING ACTIVITIES

€m

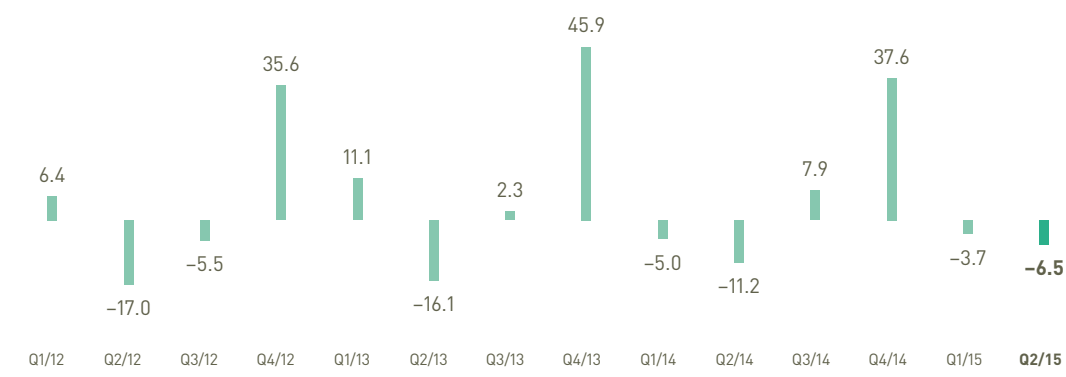


Year on year, the net cash used for investments in the first six months of 2015 increased from €15.0 million to €25.4 million. This item was affected especially by the purchase of Modus Consult AG with the increased payments for acquisitions.

The cash flow from financing activities amounted to €12.9 million, compared to €27.3 million in the prior year. The change was caused mainly by the higher cash inflow from the raising of new financial liabilities.

FREE CASH FLOW

€m



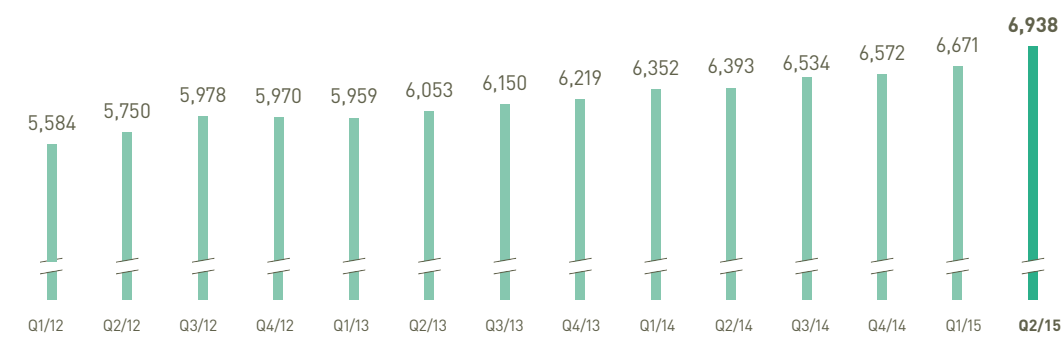
Compared to the corresponding prior-year period, the free cash flow from January to June improved due to the higher cash flow from operating activities, but remained negative at minus €10.3 million (prior year: minus €16.2 million). The free cash flow was affected especially by the payments for acquisitions.

EMPLOYEES

- Increase in employment in Germany
- Once again award as “Best Recruiter”

As of the reporting date 30 June 2015, the BECHTLE Group had a total of 6,938 employees, including 389 trainees. Compared to 30 June 2014, the number of employees increased by 545, a growth of 8.5 per cent. Compared to 31 December 2014, the headcount went up by 366. Acquisitions and new recruitment had an equal share in the increase of 5.6 per cent.

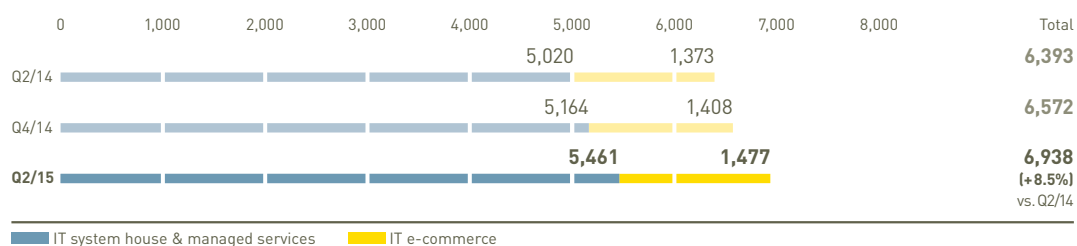
EMPLOYEES IN THE GROUP



The IT e-commerce segment recorded a headcount increase of 69 compared to 31 December 2014, an increase of 4.9 per cent. The increase in the number of employees was slightly higher in Germany than in the foreign e-commerce companies. In the system house segment, the headcount went up by 297. Throughout the group, the domestic system houses exhibited the highest growth of 7.4 per cent, especially as the result of acquisitions. The number of employees in the foreign system houses dropped slightly. This was because of the sale of the Swiss Coma Services in January.

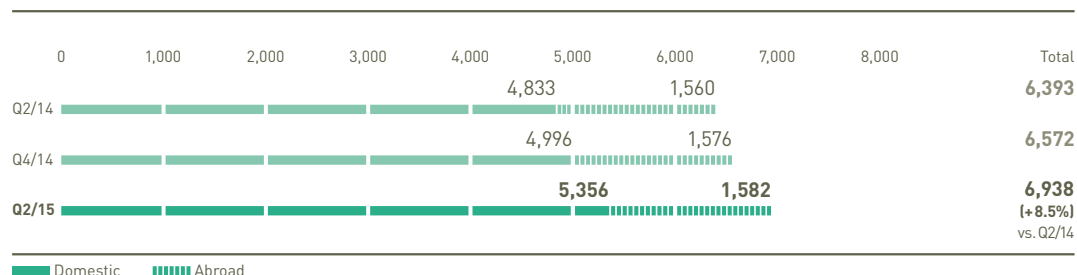
As of the end of the reporting period, the group had 389 young trainees (prior year: 412), including 52 junior staff members abroad. The training quota in Germany amounted to 6.4 per cent as of the reporting date 30 June 2015 (prior year: 7.7 per cent).

EMPLOYEES BY SEGMENTS



As of 30 June 2015, a total of 5,356 persons – more than three quarters of the workforce – were employed in Germany.

EMPLOYEES BY REGIONS

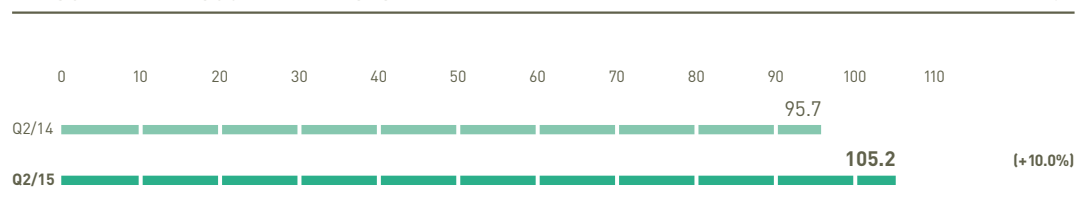


From April to June 2015, the average number of employees in the group amounted to 6,869, a total of 482 employees more than in the prior-year period, an increase of 7.5 per cent.

In the period from April to June 2015, personnel and social expenses totalled €105.2 million, 10.0 per cent more than in the corresponding prior-year period (€95.7 million). As these expenses increased at a lower rate than the revenue, the expense ratio receded from 15.9 per cent to 15.3 per cent. Based on an average of 6,345 full-time and part-time employees (prior year: 5,845), personnel and social expenses per employee increased slightly to €16.6 thousand in the second quarter of 2015 (prior year: €16.4 thousand).

PERSONNEL AND SOCIAL EXPENSES

€m



For the second time in a row, BECHTLE AG was awarded the “Best Recruiter” label in gold as the best enterprise in its industry. The underlying study performed by “Best Recruiters” examines employers in Germany, Austria and Switzerland for their recruiting qualities. The award corroborates the recruitment strategy of our company.

Our human resources work centres on training and education. Throughout the year, numerous training fairs give the enterprise the opportunity to present itself as a training company. Thus, BECHTLE again attended the Heilbronn training fair, which especially provides high school graduates with information on training and study offers. Owing to our participation in fairs, we receive many applications for available training posts every year. For the 56 training and study posts in Neckarsulm (prior year: 51), we have already received 1,227 applications (as of 30 June 2015).

This year, the "Training Day" at our group headquarters in Neckarsulm again delivered a clear impression of what the training at BECHTLE is like. On 26 June, 74 visitors made use of the opportunity to directly ask our current trainees and students about the various training options in the company and establish some first contacts.

BECHTLE is also attractive as an employer for prospective university graduates. At the VHK career forum "IT + MB/Automotive" in Stuttgart, they were provided with information on career opportunities within the company.

In April, 16 participants embarked on the meanwhile established internal general management programme for the promotion of junior executives. In May, the third round of the junior management programme, which teaches action and decision competencies for the role of an executive at the middle management level, got underway with 29 BECHTLE employees.

RESEARCH AND DEVELOPMENT

As a pure service and trading company, BECHTLE is not involved in any research activities. Software and application development activities are conducted primarily for internal purposes and only to a very limited extent. However, the software and application solutions division also offers customers the design, development and implementation of software, e.g. in SharePoint projects. In the reporting period, the scope of development services was insignificant.

OPPORTUNITIES AND RISKS

■ Economic risks persist

■ Opportunities through Global IT Alliance



See
Annual Report 2014,
page 130 ff

In line with the long-term focus of the strategy and business management of the BECHTLE Group, the opportunities and risks for the coming months are basically the same as those presented in the Annual Report 2014. In the course of the second quarter of 2015, no additional material opportunities or risks arose compared to the situation presented in the last Annual Report. Currently, no risks are known that could – individually or collectively – endanger the going concern. Apart from this, the changes in the risk situation and in the assessment of opportunities were as follows.

Basically, the economic risks described in the Annual Report have not changed. In the second quarter, a pan-European economic risk seemed to materialise due to the prolonged, partly inconclusive negotiations with the Greek government and the associated risk of national bankruptcy and an exit of Greece from the euro. Ultimately, however, we believe that the risk situation did not change upon conclusion of the negotiations. It remains to be seen whether the feared economic cooling in China and the major price slump on the Chinese stock markets will result in a specific risk to the economic development in Europe.

In the IT e-commerce segment, we entered another partnership within the framework of our Global IT Alliance in the second quarter: Jardine OneSolution Limited, which is headquartered in Hong Kong and has 13 more locations in southeast Asia, gives BECHTLE access to the important markets of China, Malaysia and Singapore. The Global IT Alliance provides BECHTLE with opportunities for promoting the internationalisation of its trading business. In this way, BECHTLE is able to accommodate the increase in enquiries from European businesses that need comprehensive customer care in Europe and beyond. By way of its network partners, BECHTLE is also able to contact new customers who can procure hardware, software and services from BECHTLE in Europe. Therefore, we intend to further expand our cooperation with partners inside and outside Europe. These and other partnerships that may be established in the future complement previous internationalisation measures and thus represent a key element of the strategic positioning on the path to the “Vision 2020”.

Apart from this, the second quarter of 2015 did not see any new circumstances that would have resulted in a change of the risk position or the evaluation of opportunities.

SHARE

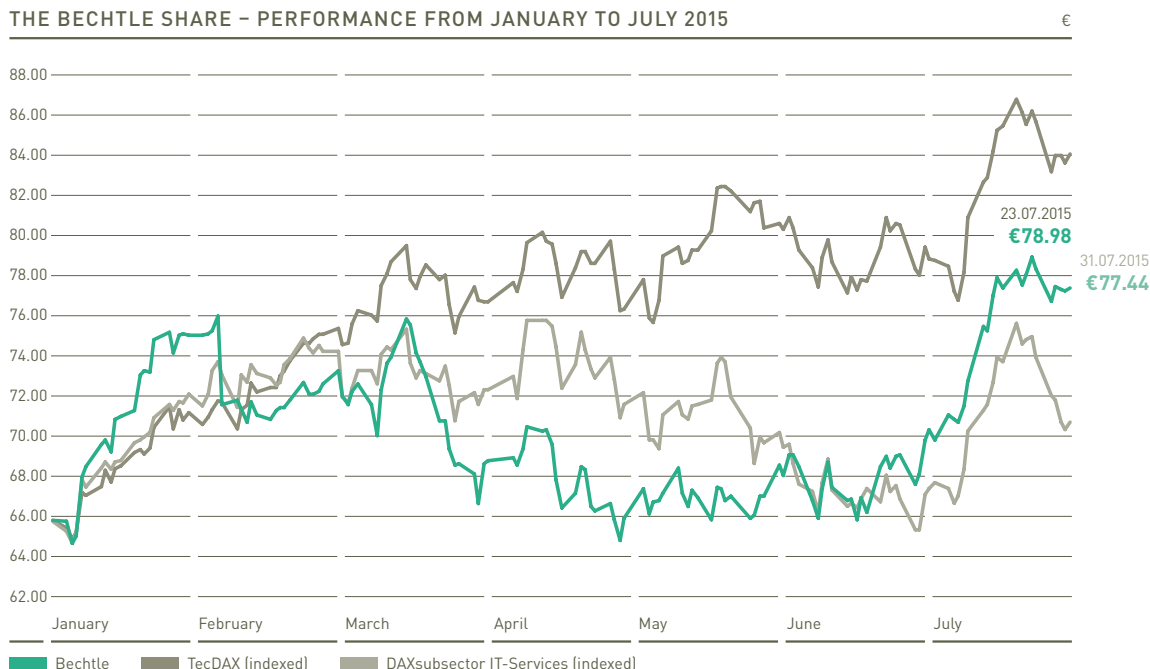
■ Bechtle share exhibits stable performance

■ Dividend goes up to €1.20

In the second quarter again, the capital markets were initially influenced by the easy monetary policy of the European Central Bank. However, initial signs of economic deterioration in China and the intensifying debt disputes of the creditors with the Greek government did not remain without consequences. Thus, the DAX entered the second quarter at a high level, but subsequently lost 8.8 per cent by the end of the quarter. By contrast, the TecDAX went up slightly by 1.7 per cent in the second quarter.

In the second quarter, the performance of the BECHTLE share was stable. The share entered the new quarter with a closing price of €68.54 on 1 April and reached its high of €70.39 on 10 April. In line with the general trend, the share price dropped in the course of the quarter, reaching its quarterly low on 29 April, with a closing price of €64.64. Following a slight price recovery, the price evened out at a level around €67. This continued until the end of the quarter. With its closing price of €67.99, the BECHTLE share recorded a slight loss of 0.8 per cent in the second quarter of 2015.

THE BECHTLE SHARE – PERFORMANCE FROM JANUARY TO JULY 2015



On average, 52,248 shares were traded every trading day in the second quarter of 2015 (prior year: 39,554). The daily turnover averaged €3,515,283, a year-on-year increase of more than €1 million. In the TecDAX ranking of Deutsche Börse, BECHTLE ranked 17th in June in terms of the stock exchange turnover, three places better than in the prior year. In terms of market cap, the company ranked 12th, one place higher than in the prior year.

TRADING DATA OF THE BECHTLE SHARE

		Q2/2015	Q2/2014	Q2/2013	Q2/2012	Q2/2011
Closing price at beginning of quarter	€	68.54	63.00	37.28	33.85	30.40
Closing price at end of quarter	€	67.99	62.57	35.19	29.08	30.85
High (closing price)	€	70.39	65.80	38.94	35.10	34.35
Low (closing price)	€	64.64	58.14	33.60	28.68	27.22
Performance – relative	%	–0.8	–0.7	–5.6	–14.1	1.5
Market cap – total ¹	€m	1,427.8	1,314.0	739.0	610.7	647.9
Avg. turnover/trading day ²	shares	52,248	39,554	27,221	46,431	54,229
Avg. turnover/trading day ²	€	3,515,283	2,479,351	991,605	1,501,151	1,608,442

Xetra price data

¹ As of 30 June

² All German stock exchanges

EARNINGS PER SHARE

		Q2/2015	Q2/2014	Change	H1/2015	H1/2014	Change
Earnings after taxes	€k	18,720	16,422	14.0%	34,454	31,224	10.3%
Avg. number of shares	th. shares	21,000	21,000	–	21,000	21,000	–
Earnings per share	€	0.89	0.79	14.0%	1.64	1.49	10.3%

About 700 shareholders and guests attended this year's Annual General Meeting, which was held in the "Harmonie" centre in Heilbronn on 16 June 2015. The General Meeting adopted most agenda items with an overwhelming majority.

Among other things, the General Meeting voted in favour of the dividend of €1.20 as proposed by the Executive Board and Supervisory Board for the fiscal year 2014. Compared to the prior year, the payment thus increased by €0.10. Based on the dividend payment of €25.2 million, 33.1 per cent of the consolidated earnings after taxes were paid out to the shareholders. In relation to the quarterly closing price, the dividend yield amounted to 1.8 per cent. This was the ninth increase of the dividend overall and the fifth in a row. This year too, BECHTLE AG has thus held fast to its shareholder-friendly dividend policy, which it has pursued since its IPO in 2000.

DIVIDEND

		2014	2013
Dividend	€	1.20	1.10
Dividend payout ratio	%	33.1	36.4
Dividend yield ¹	%	1.8	1.8

¹ As of 30 June

FORECAST

- Positive frame conditions in macroeconomy and industry
- Bechtle reinforces forecast of significant growth



Events after the reporting period, see Notes page 44

Macroeconomy

According to the forecasts of the European Commission, the economy in the EU will continue to develop steadily and slightly expand its growth dynamics in the course of the year. In the third quarter, the growth will amount to 0.5 per cent, as in the reporting quarter. A marginal increase to 0.6 per cent is anticipated for the final quarter. In the countries in which BECHTLE is present in the EU, the bandwidth of growth rates for the third quarters ranges from 0.3 per cent in Austria, Belgium, Germany and the Netherlands to 0.9 per cent in Poland. A GDP growth of 1.8 per cent is expected for 2015 as a whole. In 2015, investments in equipment are to go up 3.3 per cent throughout the EU.



ecb.europa.eu

The Swiss economy is still suffering from the strong Swiss franc. In March, the growth forecast for the GDP had already been reduced considerably. In its June forecast, the Swiss State Secretariat for Economic Affairs (SECO) cut the value again, bringing it down to 0.8 per cent. Investments in equipment are expected to grow at a slightly higher rate of 1.5 per cent.



seco.admin.ch

In the coming quarters, Germany's performance is expected to be slightly below that of the EU: The growth is to decline marginally to 0.3 per cent in the third quarter and is to regain to 0.4 per cent in the fourth quarter. For 2015 as a whole, current forecasts project a GDP growth of 1.6 to 2.2 per cent for Germany. According to the European Commission, investments in equipment are to go up 2.1 per cent.

Industry

According to the latest forecast of the EITO market research institute of July 2015, the IT market in the EU is to grow 2.1 per cent in 2015. At 1.9 per cent, hardware sales are to decline. This is to be more than compensated by the growth of 2.5 per cent in service revenue and especially the increase of 4.5 per cent in the field of software. In the countries in which BECHTLE is present, hardware sales diverge greatly. While a growth of 5.4 per cent is anticipated for Ireland and as much as 7.1 per cent for Hungary, all other countries are to follow the pan-EU negative trend. The greatest declines are to occur in the UK (-3.8 per cent) and Spain (-4.4 per cent). Software sales are to go up in all countries in which BECHTLE is present. Here, the bandwidth ranges from 0.4 per cent in Italy to 5.7 per cent in Germany and the UK.



eitocom.com

According to the EITO forecast, the performance of Switzerland's IT market will largely match that of the EU. As a whole, the IT market is expected to grow 2.7 per cent. Though hardware sales are to go down 2.0 per cent in Switzerland as well, services are to grow 2.7 per cent, and software 5.5 per cent.

In 2015, the German IT market will grow 2.9 per cent. Here too, hardware sales are to decline, though only by 1.1 per cent. This decline will be triggered exclusively by the product groups desktop PCs and mobile PCs. In this area, the extremely strong prior-year result is noticeable. However, these figures are impacted by the lower demand among private consumers. Though desktop PC sales are to drop in the business segment as well (-12.9 per cent), a slight growth of 1.8 per cent is predicted for laptops. All other product groups are expected to exhibit growth, especially servers as well as storage and network components. Service revenues are to increase 3.0 per cent and software – the growth driver – 5.7 per cent.

Performance of the Bechtle Group

BECHTLE picked up in the second quarter, growing much faster than the overall market and gaining market shares in all regions and segments. This development was supported by the strong domestic business, with two-digit growth rates in both segments. Together with the good first quarter, the excellent figures of the second quarter have carried us to the top end of the target range of our expectations for 2015.

Therefore, we reinforce our forecast of significant revenue and earnings growth in the fiscal year 2015. In this context, we intend to slightly increase our EBT margin.

Acquisitions are, and will remain, a fixed element of our growth strategy. We continually evaluate potential acquisition targets. For this, we consider both smaller and larger enterprises. We believe that in 2015, we will again assume our role as industry consolidator for the purpose of supplementing our regional positioning or to complement our competence profile.

Irrespective of the acquisitions, we plan a further headcount increase for 2015. The continuous increase in the number of employees mainly serves the realisation of growth and thus the medium-term to long-term further development of BECHTLE. We expect the dynamics of the headcount increase to grow at a slightly lower rate than the revenues.

In the IT e-commerce segment, we do not plan to establish any new companies in the short run. Following the successful agreements that we have entered into so far in our Global IT Alliance, our main objective is to further expand our international network.

Thanks to its sustainable earning power and stable liquidity base, BECHTLE has the funds needed for continuing to realise its planned growth in the future as well. There are no plans for material changes to our company structure and organisation or to our business targets and strategies.


Neckarsulm, 6 August 2015

BECHTLE AG

The Executive Board

CONSOLIDATED INCOME STATEMENT

	€k			
	01.04 – 30.06.2015	01.04 – 30.06.2014	01.01 – 30.06.2015	01.01 – 30.06.2014
Revenue	686,062	603,676	1,308,512	1,190,372
Cost of sales	585,467	514,018	1,114,025	1,013,299
Gross profit	100,595	89,658	194,487	177,073
Distribution costs	45,418	41,490	88,408	81,376
Administrative expenses	33,195	28,747	65,913	58,085
Other operating income	4,685	3,921	9,002	6,891
Earnings before interest and taxes	26,667	23,342	49,168	44,503
Financial income	648	462	1,296	886
Financial expenses	634	701	1,308	1,454
Earnings before taxes	26,681	23,103	49,156	43,935
Income taxes	7,961	6,681	14,702	12,711
Earnings after taxes (attributable to shareholders of Bechtle AG)	18,720	16,422	34,454	31,224
Net earnings per share (basic and diluted) in €	0.89	0.79	1.64	1.49
Weighted average shares outstanding (basic and diluted) in thousands	21,000	21,000	21,000	21,000


 See
 further comments
 in the Notes,
 in particular IV.,
 page 32 f

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	€k			
	01.04 – 30.06.2015	01.04 – 30.06.2014	01.01 – 30.06.2015	01.01 – 30.06.2014
Earnings after taxes	18,720	16,422	34,454	31,224
Other comprehensive income				
Items that will not be reclassified to profit or loss in subsequent periods				
Actuarial gains and losses on pension provisions	-80	-27	-2,249	-82
Income tax effects	14	4	407	13
Items that will be reclassified to profit or loss in subsequent periods				
Unrealised gains and losses on securities	-24	-73	-41	-168
Income tax effects	2	6	2	14
Unrealised gains and losses on financial derivatives	-1,361	471	944	683
Income tax effects	421	-150	-236	-206
Currency translation differences of net investments in foreign operations	0	24	0	42
Income tax effects	0	0	0	0
Hedging of net investments in foreign operations	-277	-263	-7,722	-869
Income tax effects	82	77	2,287	254
Currency translation differences	437	349	11,765	810
Other comprehensive income	-786	418	5,157	491
of which income tax effects	519	-63	2,460	75
Total comprehensive income (attributable to shareholders of Bechtle AG)	17,934	16,840	39,611	31,715



See
further comments
in the Notes,
in particular IV. and V.,
page 33 ff

CONSOLIDATED BALANCE SHEET

ASSETS

€k

	30.06.2015	31.12.2014	30.06.2014
Non-current assets			
Goodwill	162,895	144,499	144,434
Other intangible assets	28,678	19,980	21,761
Property, plant and equipment	104,625	104,224	102,558
Trade receivables	19,983	19,774	1,278
Income tax receivables	33	57	84
Deferred taxes	4,037	3,722	3,108
Other assets	3,293	2,676	2,829
Time deposits and securities	17,008	27,008	31,760
Total non-current assets	340,552	321,940	307,812
Current assets			
Inventories	134,303	131,165	134,579
Trade receivables	374,419	387,828	326,074
Income tax receivables	1,524	1,196	1,878
Other assets	49,647	45,469	34,355
Time deposits and securities	30,794	22,272	19,010
Cash and cash equivalents	88,518	106,720	62,755
Total current assets	679,205	694,650	578,651
Total assets	1,019,757	1,016,590	886,463



See
further comments
in the Notes,
in particular V.,
page 34 f

EQUITY AND LIABILITIES

€k

	30.06.2015	31.12.2014	30.06.2014
Equity			
Issued capital	21,000	21,000	21,000
Capital reserves	145,228	145,228	145,228
Retained earnings	402,179	387,768	343,952
Total equity	568,407	553,996	510,180
Non-current liabilities			
Pension provisions	13,869	11,990	6,188
Other provisions	5,350	4,836	3,180
Financial liabilities	60,327	47,522	50,946
Trade payables	248	269	328
Deferred taxes	18,906	17,266	16,165
Other liabilities	4,117	2,652	2,246
Deferred income	22,322	11,343	10,924
Total non-current liabilities	125,139	95,878	89,977
Current liabilities			
Other provisions	6,903	6,239	5,383
Financial liabilities	13,114	12,711	10,441
Trade payables	161,311	178,644	144,661
Income tax payables	7,617	6,418	6,751
Other liabilities	82,179	95,695	70,440
Deferred income	55,087	67,009	48,630
Total current liabilities	326,211	366,716	286,306
Total equity and liabilities	1,019,757	1,016,590	886,463

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 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			31,224		31,224	31,224
Other comprehensive income				491	491	491
Total comprehensive income	0	0	31,224	491	31,715	31,715
Equity as of 30 June 2014	21,000	145,228	342,562	1,390	343,952	510,180
Equity as of 1 January 2015	21,000	145,228	387,532	236	387,768	553,996
Distribution of profits for 2014			-25,200		-25,200	-25,200
Earnings after taxes			34,454		34,454	34,454
Other comprehensive income				5,157	5,157	5,157
Total comprehensive income	0	0	34,454	5,157	39,611	39,611
Equity as of 30 June 2015	21,000	145,228	396,786	5,393	402,179	568,407



See further
comments
in the Notes,
in particular V.,
page 34f

CONSOLIDATED CASH FLOW STATEMENT

	01.04 – 30.06.2015	01.04 – 30.06.2014	01.01 – 30.06.2015	01.01 – 30.06.2014
Operating activities				
Earnings before taxes	26,681	23,103	49,156	43,935
Adjustment for non-cash expenses and income				
Financial earnings	-14	239	12	568
Depreciation and amortisation of intangible assets and property, plant and equipment	6,627	5,807	12,659	11,283
Gains and losses on disposal of intangible assets and property, plant and equipment	-6	-10	-8	-14
Other non-cash expenses and income	908	157	-1,564	228
Changes in net assets				
Changes in inventories	12,742	-11,822	-1,521	-26,790
Changes in trade receivables	-23,459	-18,380	24,465	21,541
Changes in trade payables	2,868	-4,133	-23,340	-28,127
Changes in deferred income	-8,938	-2,834	-6,924	1,308
Changes in other net assets	6,593	9,726	-21,261	-12,464
Income taxes paid	-7,312	-5,805	-14,594	-12,344
Cash flow from operating activities	16,690	-3,952	17,080	-876
Investing activity				
Cash paid for acquisitions less cash acquired	-17,704	0	-17,704	-3,241
Cash received from divestments	0	0	236	0
Cash paid for investments in intangible assets and property, plant and equipment	-6,338	-7,364	-11,346	-12,243
Cash received from the sale of intangible assets and property, plant and equipment	803	70	1,449	136
Cash paid for the acquisition of time deposits and securities	-800	0	-8,800	-10,000
Cash received from the sale of time deposits and securities, and from redemptions of non-current assets	1,700	9,231	10,100	9,254
Interest payments received	250	541	622	1,049
Cash flow from investing activities	-22,089	2,478	-25,443	-15,045
Financing activities				
Cash paid for the repayment of financial liabilities	-1,389	-2,912	-6,088	-6,158
Cash received from the assumption of financial liabilities	19,395	-1,039	19,653	3,314
Dividends paid	-25,200	-23,100	-25,200	-23,100
Interest paid	-612	-674	-1,229	-1,389
Cash flow from financing activities	-7,806	-27,725	-12,864	-27,333
Exchange-rate-related changes in cash and cash equivalents	60	55	3,025	171
Changes in cash and cash equivalents	-13,145	-29,144	-18,202	-43,083
Cash and cash equivalents at beginning of the period	101,663	91,899	106,720	105,838
Cash and cash equivalents at the end of the period	88,518	62,755	88,518	62,755



See
further comments
in the Notes,
in particular VI.,
page 36

NOTES

I. GENERAL DISCLOSURES

BECHTLE AG, Bechtle Platz 1, 74172 Neckarsulm, Germany, is a listed company and as such required under Section 315a of the German Commercial Code (HGB) to prepare its consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and as endorsed by the EU. Accordingly, this interim report as of 30 June 2015 has been prepared in accordance with the IFRS.

In accordance with IAS 34, the scope of the presentation used in this interim financial report as of 30 June 2015 is significantly reduced compared to the consolidated financial statements as of the end of the fiscal year. Additionally, the requirements of German Accounting Standard No. 16 (DRS 16) and the Stock Exchange Rules and Regulations of the Frankfurt stock exchange that exceed IAS 34 have been taken into consideration and fully met.

Our business activity is subject to certain seasonal fluctuations during the year. In the past, the revenue and earnings contributions tended to be at their lowest in the first quarter and at their highest in the fourth quarter due to the traditionally strong year-end business. Therefore, the interim results only qualify as indicators for the results of the fiscal year as a whole to a limited extent.

II. KEY PRINCIPLES OF ACCOUNTING AND CONSOLIDATION



efrag.org

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:

Pronouncement	Publication by IASB/IFRIC	Endorsement (EU)	Effective date (EU) ¹
Voluntary adoption of pronouncements ahead of time			
Amendments to IAS 19 Employee Benefits	20 November 2013	17 December 2014	1 February 2015
Amendments to IFRS: Improvements to International Financial Reporting Standards, 2010–2012 Cycle	12 December 2013	17 December 2014	12 January 2015

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

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. For BECHTLE, the adoption of these amendments does not have any consequences regarding the assets, earnings and financial position and their presentation.

Amendments to IFRS: Improvements to International Financial Reporting Standards, 2010–2012 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 imprecise formulations. For BECHTLE, these amendments to 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 fiscal year 2015 ahead of time for the Consolidated Financial Statements for fiscal year 2014.



[bechtle.com/
reports](https://bechtle.com/reports)

In this interim financial report, the same key principles of accounting and consolidation were applied as in the consolidated financial statements for fiscal year 2014. For further information, please refer to the consolidated financial statements as of 31 December 2014, which form the basis for these interim financial statements.

In accordance with IAS 34, the determination of the tax expense in the interim financial reporting period takes place on the basis of the effective tax rate expected for the entire fiscal year. Taxes related to extraordinary events are taken into consideration in the quarter in which the underlying event occurs.

III. SCOPE OF CONSOLIDATION

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

The following company was included in the scope of consolidation for the first time in this reporting period:

Company	Headquarters	Date of initial consolidation	Acquisition/foundation
Modus Consult AG	Gütersloh	4 May 2015	Acquisition

IV. NOTES TO THE INCOME STATEMENT AND TO THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Expense Structure

	Cost of sales		Distribution costs		Administrative expenses	
	01.01 – 30.06.2015	01.01 – 30.06.2014	01.01 – 30.06.2015	01.01 – 30.06.2014	01.01 – 30.06.2015	01.01 – 30.06.2014
Material costs	996,234	902,500	0	0	0	0
Personnel and social expenses	91,345	86,563	70,107	64,931	43,092	37,859
Depreciation and amortisation	5,931	5,420	3,072	2,620	3,656	3,243
Other operating expenses	20,515	18,816	15,229	13,825	19,165	16,983
Total expenses	1,114,025	1,013,299	88,408	81,376	65,913	58,085

€k



See

Segment reporting,
income statement,
page 40

The year-on-year increase of all cost types was mainly caused by the much higher business volume in the reporting period.

The material costs include net expenses of €277 thousand from exchange rate fluctuations (prior year: €69 thousand).

Other Operating Income

Other operating income mainly consisted of marketing grants and other payments from suppliers amounting to €7,294 thousand (prior year: €6,223 thousand).

In the first half of 2015, part of a hedge of purchasing prices, which had been designated as a cash-flow hedge according to IAS 39, was reversed.

Financial Income and Financial Expenses

The financial income comprises income from call money, time deposits and financial receivables. The significant year-on-year increase resulted from the higher interest income from the interest on long-term trade receivables. In the previous fiscal year the long-term trade receivables climbed significantly.

The financial expenses mainly include interest paid for the financial liabilities. The year-on-year decline in financial expenses occurred due to the further repayment of previous loan liabilities. As the interest rates are currently very low, the assumption of new financial liabilities in the reporting period did not result in any major increase in interest expenses.

Earnings per Share

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

		01.01 – 30.06.2015	01.01 – 30.06.2014
Earnings after taxes	€k	34,454	31,224
Average number of outstanding shares		21,000,000	21,000,000
Earnings per share	€	1.64	1.49

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 would reduce the number of outstanding shares accordingly. The basic earnings per share are identical to the diluted earnings per share.

Other Comprehensive Income

Other comprehensive income was mainly affected by the development of the euro/Swiss franc exchange rate. While the value of the Swiss franc vis-à-vis the euro had only increased slightly in the corresponding prior-year period, the value of the Swiss currency increased significantly in the first six months of 2015 due to the discontinuation of the minimum exchange rate by the Swiss National Bank.



See page 25

Apart from this, the other comprehensive income was influenced by the hedging of the currency risk for future goods purchases in USD, of purchase prices that depend on exchange rates and the hedging of the interest rate risk of loans with variable interest rates, which were accounted for as cash flow hedges. These hedges can be considered as effective even in the case of realistic deviations from the plan. In the reporting period, the value of the USD increased considerably against the EUR. In the current period, ineffectiveness in the amount of –€33 thousand (prior year: –€12 thousand), which had resulted from the time differences between the maturities of the transactions and the associated liabilities, was recognised under financial earnings.



See
Annual Report 2014,
page 221 ff

Details on the composition of the other comprehensive income, which is recognised outside profit or loss, with respect to the change that this item underwent and its accumulated balance are presented in section V. "Notes to the Balance Sheet and to the Statement of Changes in Equity".



See page 34 f

V. NOTES TO THE BALANCE SHEET AND TO THE STATEMENT OF CHANGES IN EQUITY

Assets

The reduction in trade receivables in the reporting period resulted from seasonal fluctuations during the year, with a high-revenue final quarter. The rise in inventories was necessitated by the further increased business volume. Likewise, the increase in other assets, especially the higher accrued income, resulted from the higher business volume.

Equity

Retained Earnings



Dividends paid

At the Annual General Meeting on 16 June 2015, a resolution was adopted to pay a dividend of €1.20 per no-par share with dividend entitlement for the fiscal year 2014. The dividend was paid out on 17 June 2015.

In terms of its accumulated balance as of the balance sheet date and its change during the period under review, the other comprehensive income that is to be recognised outside profit or loss was composed as follows:

	30.06.2015			31.12.2014		
	Before taxes	Income tax effects	After taxes	Before taxes	Income tax effects	After taxes
Actuarial gains and losses on pension provisions	-17,123	3,160	-13,963	-14,874	2,753	-12,121
Unrealised gains and losses on securities	0	0	0	41	-2	39
Unrealised gains and losses on financial derivatives	3,656	-1,054	2,602	2,712	-818	1,894
Currency translation differences of net investments in foreign operations	0	0	0	0	0	0
Hedging of net investments in foreign operations	-17,849	5,237	-12,612	-10,127	2,950	-7,177
Currency translation differences	29,366	0	29,366	17,601	0	17,601
Other comprehensive income	-1,950	7,343	5,393	-4,647	4,883	236

€k

€k

	01.01 – 30.06.2015			01.01 – 30.06.2014		
	Before taxes	Income tax effects	After taxes	Before taxes	Income tax effects	After taxes
Items that will not be reclassified to profit or loss in subsequent periods						
Actuarial gains and losses on pension provisions	-2,249	407	-1,842	-82	13	-69
Items that will be reclassified to profit or loss in subsequent periods						
Unrealised gains and losses on securities	-41	2	-39	-168	14	-154
Gains and losses that arose in the current period	-25	1	-24	-136	11	-125
Reclassifications to profit and loss	-16	1	-15	-32	3	-29
Unrealised gains and losses on financial derivatives	944	-236	708	683	-206	477
Gains and losses that arose in the current period	1,675	-462	1,213	436	-134	302
Reclassifications to profit and loss	-731	226	-505	247	-72	175
Currency translation differences of net investments in foreign operations	0	0	0	42	0	42
Gains and losses that arose in the current period	0	0	0	42	0	42
Reclassifications to profit and loss	0	0	0	0	0	0
Hedging of net investments in foreign operations	-7,722	2,287	-5,435	-869	254	-615
Gains and losses that arose in the current period	-7,722	2,287	-5,435	-869	254	-615
Reclassifications to profit and loss	0	0	0	0	0	0
Currency translation differences	11,765	0	11,765	810	0	810
Other comprehensive income	2,697	2,460	5,157	416	75	491

Liabilities

The decline in trade payables and in current other liabilities was mainly caused by the usual seasonal fluctuations during the year, with a high-revenue final quarter.

In the reporting period, financial liabilities increased due to the assumption of new loan liabilities.

The increase in other non-current liabilities was caused especially by the long-term purchase price payment that was agreed for the company newly acquired in the reporting period.



For further details
of the loans, see
Annual Report 2014,
page 213 f

VI. NOTES TO THE CASH FLOW STATEMENT

The year-on-year increase in the cash flow from operating activities was mainly marked by the much lower outflow for inventories. The higher inflow from trade receivables compensated the higher outflow for trade payables. The higher outflow in the field of accrued expenses and other net assets was caused by the reduction of other liabilities, especially personnel liabilities, and payments for the purchase of other net assets.

The cash flow from investing activities was marked by the acquisition of Modus Consult AG. In the reporting period, time deposits and securities that reached maturity were reinvested. The inflows from interest income attributable to long-term trade receivables are presented in the operating cash flow.

The cash flow from financing activities was mainly marked by the dividend that was paid out in the reporting period. The dividend for the fiscal year 2014 amounted to €25,200 thousand. The dividend for the fiscal year 2013, which had been paid out in the prior year, had amounted to €23,100 thousand. In the reporting period, the inflows from the assumption of new financial liabilities were higher due to the newly acquired company.

VII. OPERATING LEASES

Future minimum lease payments from rental and leasing contracts classified as "operating leases" according to IAS 17 amounted to €66,417 thousand as of 30 June 2015 (31 December 2014: €68,620 thousand).

	€k	
	30.06.2015	31.12.2014
Due within one year	26,120	26,136
Due between one and five years	35,469	36,582
Due after five years	4,828	5,902
Minimum lease payments	66,417	68,620

VIII. FINANCE LEASES

As of the closing date, the trade receivables contained finance leasing receivables amounting to €12,977 thousand (31 December 2014: €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.

	30.06.2015		
	Repayment	Interest	Lease payments
Due within one year	2,945	1,308	4,253
Due between one and five years	10,032	2,120	12,152
Due after five years	0	0	0
Minimum lease payments	12,977	3,428	16,405

The interest share of the lease payments corresponds to the not yet realised financial income. The leasing receivables do not contain any impairment.

IX. FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial assets and liabilities (financial instruments) are classified according to IFRS 7. The allocation of the financial instruments contained in the individual balance sheet items in this interim report corresponds to the allocation in the Annual Report 2014.



See
Annual Report 2014,
page 192 ff and page 218 f

According to IFRS 13, the measurement methods are divided into the following three levels, depending on the key parameters on which the measurement is based:

- 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 following table compares the carrying amounts and fair value of the financial instruments for the classes of financial instruments according to IFRS 7 and their measurement level according to IFRS 13:

€k						
Class pursuant to IFRS 7	Measurement category	Carrying amount 30.06.2015	Fair value 30.06.2015	Carrying amount 31.12.2014	Fair value 31.12.2014	Level
Assets						
Non-current trade receivables	LAR	9,951	9,988	11,501	11,478	3
Long-term leasing receivables	IAS 17	10,032	11,513	8,273	10,118	3
Current trade receivables	LAR	371,474	371,474	386,314	386,314	3
Current leasing receivables	IAS 17	2,945	2,945	1,514	1,514	3
Securities	AFS	3,844	3,844	9,007	9,007	1
Time deposits						
Bond loans	LAR	25,027	25,318	30,188	30,520	2
Fixed-term deposits	LAR	13,805	13,791	5,005	4,990	2
Insurances	LAR	5,126	5,166	5,080	5,151	3
Other financial assets	LAR	18,054	18,054	25,333	25,333	3
Long-term lending	LAR	539	559	550	593	3
Financial derivatives						
Derivatives with hedge relationship	n/a	3,814	3,814	2,909	2,909	2
Derivatives without hedge relationship	FAFVPL	128	128	70	70	2
Cash and cash equivalents	LAR	88,518	88,518	106,720	106,720	1
Equity and liabilities						
Loans	FLAC	73,441	81,718	60,233	67,272	2
Non-current trade payables	FLAC	248	245	269	272	3
Current trade payables	FLAC	161,311	161,311	178,644	178,644	3
Other financial liabilities	FLAC	45,550	45,550	61,417	61,417	3
Liabilities resulting from acquisitions	FLFVPL	4,546	4,546	2,740	2,740	3
Financial derivatives						
Derivatives with hedge relationship	n/a	7,888	7,888	109	109	2
Derivatives without hedge relationship	FLFVPL	1,832	1,832	192	192	2
Thereof aggregated according to valuation category pursuant to IAS 39						
	LAR	532,494	532,868	570,691	571,099	
	AFS	3,844	3,844	9,007	9,007	
	FLAC	280,550	288,824	300,563	307,605	
	FAFVPL	128	128	70	70	
	FLFVPL	6,378	6,378	2,932	2,932	

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 and loss

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

Except for the following class, the definitions and measurement methods correspond to those described in the Annual Report 2014:

As of 31 December 2014, **fixed-term deposits** within the time deposits had been presented in the category of bond loans. The fair values of time deposits and bond loans are calculated in the same way. The fair values correspond to the present values of the cash flows under consideration of the risk-weighted interest rates appropriate for the periods plus creditworthiness impairment.

During the reporting period up 30 June 2015, 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.

Liabilities resulting from acquisitions are conditional, additional purchase price payments (earn-outs) for acquisitions (IFRS 3.58). During the reporting period, the calculation methodology and sensitivities did not undergo any material changes.



See
Annual Report 2014,
page 219

Liabilities from acquisitions developed as follows:

								€k
Financial assets and liabilities in Level 3	01.01.2015	Total gains and losses			Additions	Compen- sation/ settlement	Reclassi- fication	30.06.2015
		Included in financial earnings	Included in other comprehensive income	Included in other operating income				
Liabilities resulting from acquisitions	2,740	32	0	0	1,891	-117	0	4,546

The €32 thousand posted as expense under financial earnings were fully attributable to future payments accounted for as of 30 June 2015.

X. SEGMENT INFORMATION

The segment information is presented on the basis of the same principles as in the consolidated financial statements for fiscal year 2014.

By segments	01.01 – 30.06.2015			01.01 – 30.06.2014		
	IT system house & managed services	IT e-commerce	Group	IT system house & managed services	IT e-commerce	Group
Total segment revenue	855,443	455,188		776,518	415,407	
less intersegment revenue	-1,274	-845		-1,252	-301	
Revenue	854,169	454,343	1,308,512	775,266	415,106	1,190,372
Depreciation and amortisation	-7,782	-2,442	-10,224	-7,118	-2,027	-9,145
Segment result	32,747	18,856	51,603	28,778	17,863	46,641
Amortisation from acquisitions	-2,435	0	-2,435	-2,138	0	-2,138
Earnings before interest and taxes	30,312	18,856	49,168	26,640	17,863	44,503
Financial earnings			-12			-568
Earnings before taxes			49,156			43,935
Income taxes			-14,702			-12,711
Earnings after taxes			34,454			31,224
Investments	7,411	3,934	11,345	9,550	2,444	11,994
Investments through acquisitions	21,481	0	21,481	8,799	0	8,799

By regions	01.01 – 30.06.2015			01.01 – 30.06.2014		
	Domestic	Abroad	Group	Domestic	Abroad	Group
Revenue	879,913	428,599	1,308,512	798,764	391,608	1,190,372
Investments	8,406	2,939	11,345	9,843	2,151	11,994
Investments through acquisitions	23,560	-2,079	21,481	3,627	5,172	8,799



Segment information
on employees,
see page 43

As the total segment assets are not part of the internal reporting, this information is not disclosed in the notes in the quarterly reports in accordance with IAS 34.16Agiv.

XI. ACQUISITIONS AND PURCHASE PRICE ALLOCATION

Modus Consult AG

As of the acquisition date 4 May 2015, the company acquired all interests in Modus Consult AG, Gütersloh.

The acquisition was recognised in the balance sheet according to the purchase method (IFRS 3.4 ff) and must still be considered as provisional (IFRS 3.45).

Apart from the assets and liabilities already recognised by the acquired company, whose carrying amounts corresponded to their fair value, the customer service agreements (€2,300 thousand), brand (€1,800 thousand), future order backlog (€700 thousand) and a non-compete agreement (€2,100 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).

The identification of a possible customer base could not be completed by the reporting date.

Deferred tax liabilities (€2,084 thousand) were recognised in connection with the capitalisation of the customer service agreements, which are amortised over a period of five years, of the order backlog, which is amortised over a period of 12 months, and of the non-compete agreement, which is amortised over a period of two years.

Under consideration of the acquired total net assets (€8,321 thousand), the capital consolidation resulted in a preliminary difference of €12,763 thousand that is presented as goodwill. This goodwill is not recognised for tax purposes.

By acquiring Modus (184 employees), BECHTLE has further expanded the software and application solutions division in the IT-System House & Managed Services segment. Modus is an established specialist for application solutions whose spectrum mainly focuses on ERP software solutions based on Microsoft Navision and Axapta, document management systems (DMS), collaboration solutions and business intelligence.

The company purchase agreement for the acquisition of Modus contains a contingent purchase price payment of up to €2,000 thousand, which depends on the acquired company's future business performance. Based on the validated business plan of Modus, the fair value of this contingent purchase price payment on the acquisition date was €1,891 thousand.

Other acquisition costs (€19,193 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, Modus accounted for €5,188 thousand of the revenue and –€3 thousand of the earnings before taxes of the BECHTLE Group (IFRS 3.B64qi).

The following table presents the fair value of the assets and liabilities of Modus as of the date of initial consolidation as they appear in the balance sheet:

	Modus
Non-current assets	
Goodwill	12,763
Other intangible assets	10,639
Property, plant and equipment	158
Deferred taxes	41
Other assets	70
Total non-current assets	23,671
Current assets	
Inventories	886
Trade receivables	4,204
Other assets	2,455
Cash and cash equivalents	1,498
Total current assets	9,043
Total assets	32,714
Non-current liabilities	
Other provisions	41
Deferred taxes	3,178
Deferred income	16
Total non-current liabilities	3,235
Current liabilities	
Trade payables	1,785
Income tax liabilities	507
Other provisions and liabilities	1,383
Deferred income	4,720
Total current liabilities	8,395
Total liabilities	11,630
Total assets	
– Total liabilities	
= Acquisition costs	21,084

Had **Modus** been acquired at the beginning of the reporting period, the revenue of the BECHTLE Group for the reporting period would have amounted to €1,318 million. Earnings before taxes would not have changed and would have amounted to €50 million (IFRS 3.B64qii).

XII. EMPLOYEES

The employee numbers were as follows:

	30.06.2015	31.12.2014	01.01 – 30.06.2015	01.01 – 30.06.2014
Full-time and part-time employees	6,427	5,995	6,211	5,796
Trainees	389	455	414	433
Employees on parental leave	122	122	116	114
Temporary staff	252	228	236	210
Total	7,190	6,800	6,977	6,553

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

	30.06.2015	31.12.2014	01.01 – 30.06.2015	01.01 – 30.06.2014
IT system house & managed services	5,461	5,164	5,296	5,028
Domestic	4,840	4,507	4,667	4,339
Abroad	621	657	629	689
IT e-commerce	1,477	1,408	1,445	1,315
Domestic	516	489	507	476
Abroad	961	919	938	839

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

	30.06.2015	31.12.2014	01.01 – 30.06.2015	01.01 – 30.06.2014
Services	3,224	2,963	3,091	2,929
Sales	2,119	2,009	2,072	1,909
Administration	1,473	1,478	1,462	1,391



See
Annual Report 2014,
page 237 f

XIII. NOTEWORTHY EVENTS AFTER THE REPORTING PERIOD

In July of 2015, BECHTLE sold her Swiss subsidiary, Gate Informatic AG. Headquartered in Ecublens, Gate is positioning itself as a highly-specialised solutions provider for a sub-product segment of IBM. In line with the "Switzerland 2020" growth initiative, however, BECHTLE is currently relying on the extensive solutions and services portfolio offered by their network of Swiss System Houses. Due to this, BECHTLE shall be continually represented in west Switzerland via its two System Houses located in Geneva and Lausanne.

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

Neckarsulm, 6 August 2015

BECHTLE AG

Executive Board

RESPONSIBILITY STATEMENT BY THE EXECUTIVE BOARD

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the group, and the interim 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 for the remaining months of the financial year.

Neckarsulm, 6 August 2015

BECHTLE AG

The Executive Board



Dr. Thomas Olemotz



Michael Guschlbauer



Jürgen Schäfer

AUDITING INFORMATION

The present interim financial report was neither audited, according to Article 317 of the HGB, nor revised by the auditor.

Forward-looking Statements

This interim financial report contains statements that relate to the future performance of BECHTLE AG. Such statements are based on assumptions and estimates. Though the Executive Board believes that these forward-looking statements are realistic, this cannot be guaranteed. The assumptions are subject to risks and uncertainties that may result in consequences that differ substantially from those anticipated.

BECHTLE's financial accounting and reporting policies comply with the International Financial Reporting Standards (IFRS) as endorsed by the EU. Due to rounding differences, percentages stated in the report may differ slightly from the corresponding amounts in € million. Similarly, totals may differ from the individual values.

FINANCIAL CALENDAR**Interim Report 2nd Quarter 2015 (30 June)**

Friday, 7 August 2015

Conference call with analysts, investors and media

Interim Report 3rd Quarter 2015 (30 September)

Wednesday, 11 November 2015

Conference call with analysts, investors and media

See bechtle.com/events-en or bechtle.com/financial-calendar for further dates and changes.

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