

Q1  
» Q2

INTERIM REPORT 2010



Bechtle – Your strong IT Partner. Today and Tomorrow.



## KEY FIGURES OF THE BECHTLE GROUP AT A GLANCE

		01.01.– 30.06.2010	01.01.– 30.06.2009	Verände- rung in %
<b>Revenue</b>	th. euros	<b>729,735</b>	<b>641,489</b>	<b>13.8</b>
–IT system house & managed services	th. euros	471,673	423,242	11.4
–IT e-commerce	th. euros	258,062	218,247	18.2
<b>EBITDA</b>	th. euros	<b>27,924</b>	<b>19,314</b>	<b>44.6</b>
–IT system house & managed services	th. euros	15,700	11,804	33.0
–IT e-commerce	th. euros	12,224	7,510	62.8
<b>EBIT</b>	th. euros	<b>20,534</b>	<b>12,323</b>	<b>66.6</b>
–IT system house & managed services	th. euros	10,449	6,820	53.2
–IT e-commerce	th. euros	10,085	5,503	83.3
<b>EBIT margin</b>	%	<b>2.8</b>	<b>1.9</b>	
–IT system house & managed services	%	2.2	1.6	
–IT e-commerce	%	3.9	2.5	
EBT	th. euros	21,265	12,965	64.0
EBT margin	%	2.9	2.0	
Earnings after taxes	th. euros	15,908	9,150	73.9
Earnings per share	euro	0.76	0.44	73.0
Working capital <sup>1</sup>	th. euros	152,667	126,560	20.6
Return on equity <sup>2</sup>	%	9.9	6.1	
Cash flow from operating activities	th. euros	7,556	19,359	– 61.0
Cash flow per share	euros	0.36	0.93	– 61.2
<b>Number of employees (as of 30.06.)<sup>3</sup></b>		<b>4,440</b>	<b>4,395</b>	<b>1.0</b>
–IT system house & managed services		3,493	3,451	1.2
–IT e-commerce		947	944	0.3

<sup>1</sup> Inventories, plus trade receivables, less trade payables, accruals and deferrals

<sup>2</sup> Earnings after taxes proportional to the average equity for the period, annualised

<sup>3</sup> Full-time employees, apprentices, and employees on parental leave or employees doing military or civilian service

		30.06.2010	31.12.2009	Change in %
Cash and cash equivalents <sup>4</sup>	th. euros	85,173	94,977	– 10.3
Equity ratio	%	64.2	64.3	

<sup>4</sup> Incl. time deposits and securities

## REVIEW BY QUARTER 2010

		1st quarter 01.01.– 31.03.2010	2nd quarter 01.04.– 30.06.2010	3rd quarter 01.07.– 30.09.2010	4th quarter 01.10.– 31.12.2010	2010 FY 01.01.– 30.06.2010
Revenue	th. euros	354,758	374,977			729,735
EBITDA	th. euros	13,559	14,365			27,924
EBIT	th. euros	9,894	10,640			20,534
EBT	th. euros	10,245	11,020			21,265
EBT margin	%	2.9	2.9			2.9
Earnings after taxes	th. euros	7,587	8,321			15,908

# CONSOLIDATED INTERIM MANAGEMENT REPORT

## BUSINESS ACTIVITY

Bechtle acts with about 60 system houses in Germany, Switzerland and Austria and is with trading companies in twelve countries one of Europe's leading IT e-commerce providers. This combination forms the basis of Bechtle's unique business model, which combines system house services with direct marketing of IT products. Established in 1983 and headquartered in Neckarsulm, Germany, the company offers a vendor-independent, one-stop IT infrastructure shop to its more than 56,000 customers from the fields of industry and trade, the public sector and the financial industry.

In the IT system house & managed services segment, the range of goods and services includes the supply of hardware and software, project planning and roll-out, system integration, maintenance and training, and complete operation of the customer's IT. In IT e-commerce, the second business segment, Bechtle offers its customers hardware and standard software by way of direct sales via the Internet, catalogue and telesales. In view of the rapid technical progress on the IT market and the associated short product lifecycles, Bechtle is continuously expanding its diversified, balanced range of goods and services, with more than 41,000 products currently available.

## BUSINESS ENVIRONMENT

- Accelerated economic recovery
- Mood indicators up
- Noticeable pick-up of the IT market



### Macroeconomic Environment

In the second quarter, the growth in the euro zone accelerated cautiously. The European Commission estimates the increase of the gross domestic product (GDP) at 0.4 per cent compared to the prior quarter. In the first quarter of 2010, the growth amounted to a mere 0.1 per cent, compared to zero growth in the last quarter of 2009. However, the contributions of the individual countries in the second quarter were quite varied. Among the large national economies, Germany acted as a growth engine, while especially Spain performed below average. Outside the euro zone, Great Britain was slightly above average, with a growth of 0.5 per cent.

In Germany, macroeconomic activity increased considerably in the second quarter of 2010. According to press reports, the German government expects a growth of 1.5 per cent in the second quarter after initial estimates for the fourth quarter of 2009 and the first quarter of 2010 had already been corrected upwards from 0.0 per cent to 0.2 per cent. Originally, the government had reckoned on 0.9 per cent, while the forecast of the European Commission was about 0.7 per cent. Accordingly to the Bundesbank, this increase was mainly caused by the exports thanks to the growing global economy. Furthermore, investments in equipment – which Bechtle considers to be an important economic indicator for the willingness to invest – are also said to have grown. Private consumption has improved, but is in contrast still receding.

In the second quarter, the mood in the German economy remained at a high level. Following a remarkable increase in the ifo index from 98.2 to 101.7 points in April, the index was over again slightly higher at the end of the quarter in June, closing at 101.8 points. In the course of the quarter, the current situation was assessed more positively, though the estimates for the next six months dropped slightly from the high level of 104.0 in April to 102.4 points in June. All in all, the prospects for the future were considered to be positive in the second quarter. The last time the index had reached such a high level was in the first half of 2007.

### Industry

The mood in the German IT industry brightened considerably in the second quarter. In April, the ifo index for IT service providers climbed from 22.6 to 28.4 points. After a further gain in May, it only receded slightly in June, reaching 28.3 points. The increase was especially notable in the assessment of the current situation. The value skyrocketed from 9.0 in March to 21.0 points and still scored an excellent 20.0 at the end of the quarter. Business expectations in June were at the same level as in March.

The quarterly BITKOM industry index also presented a positive picture. After already jumping from minus 6 to plus 35 points in the first quarter, it picked up once again in the second quarter, reaching 48 points. Software houses and IT service providers were particularly optimistic.

According to reports by the Context market research institute, units sold in the PC market in Europe in the second quarter of 2010 went up by about 10 per cent compared to the prior-year quarter. In the business customer segment, it was especially the high demand for laptops that contributed to the growth. Contrary to the long-standing trend, PC prices increased, resulting in revenue growth of 11.8 per cent, thus exceeding the growth in quantities sold. In the second quarter, the average price of a PC increased by 3 per cent. The growth rates in the different countries varied considerably in the second quarter. According to Context, the increase in quantities sold amounted to 36.8 per cent in Germany. Italy and Great Britain recorded growth rates of 15.6 per cent, and France 8.1 per cent. Spain was at the low end of the range, with stagnating PC sales.

In the service sector, the project business continued to gain momentum. The number of projects that were rolled out was significantly higher than in the prior-year period. Project volumes were also higher. However, continuing pricing pressure in the service business kept a squeeze on margins. Though topical subjects such as virtualisation, software as a service and cloud computing continued to be key industry topics in the second quarter, they did not yet play any dominating role in terms of the market volume.

### Overall Assessment

The macroeconomic recovery continued in the second quarter. The economic performance and the mood were excellent particularly in Germany. The willingness to invest increased noticeably in the private economy. However, a particular sense of uncertainty was still predominant. Several risk factors such as the crisis in some Southern European euro countries, the high public deficit of virtually all national economies in the euro zone and potential risk scenarios of the US and Chinese economies tarnished the overall picture. This was especially evident from the conservative estimate of the further development.

## EARNINGS POSITION

- Incoming orders reach new record level
- Two-digit revenue growth
- Impressive increase in earnings



### 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, while some project transactions in the IT system house & managed services segment may take up to six months. The terms of some operating agreements within the scope of managed services may even be much longer.

Due to the current business structure, incoming orders are largely reflected in the revenue during a reporting period. In the first half of 2010, orders received reached a new record level of 763 million euros, about 15.1 per cent more than in the prior-year period (663 million euros). Both segments contributed to this increase. The IT system house & managed services segment underwent an increase of 12.6 per cent to 502 million euros (prior year: 446 million euros). In the IT e-commerce segment, incoming orders even increased by 20.3 per cent to 261 million euros (prior year: 217 million euros).

The order backlog as of 30 June 2010 rose to 174 million euros (prior year: 123 million euros), an increase of more than 40 per cent compared to the prior-year reporting date. Of this amount, the IT system house & managed services segment accounted for 153 million euros (prior year: 112 million euros), and the IT e-commerce segment for 21 million euros (prior year: 11 million euros).

### Revenue Performance

Bechtle AG impressively sustained the upward trend of the past two quarters in the reporting period. The generated revenue was considerably higher than in the prior year and even above the figures of the former record year 2008.

Compared to the corresponding prior-year period, the revenue of the Bechtle Group increased by 16.2 per cent to 375.0 million euros from April to June 2010 (prior year: 322.6 million euros). Both segments contributed to this development with substantial gains. Cumulatively, the revenue amounted to 729.7 million euros, 13.8 per cent more than in the prior year (641.5 million euros). The achieved growth is organic, as iits GmbH was only acquired at the end of the quarter and did therefore not affect the figures.

#### GROUP REVENUE in million euros



In the second quarter, revenues in Germany increased by 14.4 per cent to 244.7 million euros (prior year: 213.8 million euros). The revenue development on the foreign markets was even stronger, with an increase of 19.7 per cent from 108.8 million euros in the prior year to 130.3 million euros. Bechtle again generated most of its revenue (65.3 per cent; prior year: 66.3 per cent) on the domestic market. In the entire first half of the year, revenues in the home market increased by 13.2 per cent from 420.1 million euros to 475.5 million euros. Abroad, the figure amounted to 254.3 million euros, 14.9 per cent above the prior year (221.4 million euros).

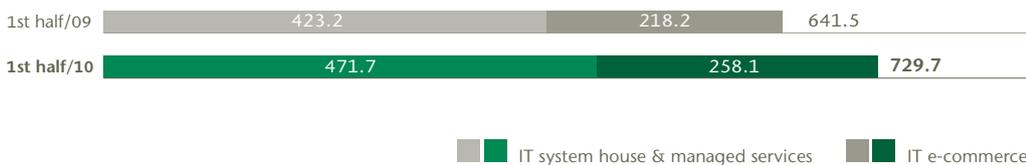
#### REGIONAL REVENUE DISTRIBUTION in million euros



■ Domestic ■ Abroad

In the second quarter, the Bechtle Group generated revenues of 243.7 million euros in the IT system house & managed services segment (prior year: 216.0 million euros), a growth of 12.8 per cent. The contribution of the domestic system houses underwent an increase of 12.6 per cent to 206.4 million euros (prior year: 183.4 million euros). On the German market, Bechtle benefited from the growing demand for IT products and the improved willingness to invest, especially on the part of medium-sized businesses. Foreign system houses, too, recorded a substantial increase of 14.4 per cent to 37.3 million euros (prior year: 32.6 million euros). Cumulatively, Bechtle generated revenues of 471.7 million euros in the IT system house & managed services segment, an increase of 11.4 per cent.

**REVENUE DISTRIBUTION BY SEGMENTS in million euros**



In the second quarter, the revenue of the IT e-commerce segment continued grew at an above-average high rate of 23.1 per cent from 106.6 million euros to 131.3 million euros. The economic upturn is still more evident in this segment than in the IT system house & managed services segment. Furthermore, the extensive sales staff qualification measures initiated in the prior year contributed to this development. Domestic revenues increased by 25.8 per cent, and the growth of the European e-commerce companies amounted to 22.0 per cent. In first half of the year, revenues increased by 18.2 per cent from 218.2 million euros to 258.1 million euros.

**REVENUE PERFORMANCE – GROUP AND SEGMENTS in thousand euros**

	Q2/2010	Q2/2009	Change	1st half/10	1st half/09	Change
<b>Group</b>	<b>374,977</b>	<b>322,619</b>	<b>16.2%</b>	<b>729,735</b>	<b>641,489</b>	<b>13.8%</b>
Domestic	244,707	213,819	14.4%	475,475	420,137	13.2%
Abroad	130,270	108,800	19.7%	254,260	221,352	14.9%
<b>IT system house &amp; managed services</b>	<b>243,716</b>	<b>215,970</b>	<b>12.8%</b>	<b>471,673</b>	<b>423,242</b>	<b>11.4%</b>
Domestic	206,415	183,378	12.6%	398,548	354,555	12.4%
Abroad	37,301	32,592	14.4%	73,125	68,687	6.5%
<b>IT e-commerce</b>	<b>131,261</b>	<b>106,649</b>	<b>23.1%</b>	<b>258,062</b>	<b>218,247</b>	<b>18.2%</b>
Domestic	38,292	30,441	25.8%	76,927	65,582	17.3%
Abroad	92,969	76,208	22.0%	181,135	152,665	18.6%

Based on an average number of 4,041 full-time employees, the revenue per employee increased considerably, reaching 93 thousand euros in the second quarter of 2010, compared to 79 thousand euros in the prior-year quarter. The revenue per employee in the IT system house & managed services segment amounted to 77 thousand euros (prior year: 68 thousand euros), based on an average of 3,161 full-time employees. The revenue per employee generated by the 880 full-time employees, on average, in the IT e-commerce segment amounted to 149 thousand euros, compared to 119 thousand euros in the prior-year quarter. The cumulative revenue per employee for the first half of the year amounted to 182 thousand euros (prior year: 157 thousand euros), based on an average number of 4,020 full-time employees in the group.

### Earnings Performance

In the second quarter, the share of the cost of sales amounted to 86.5 per cent of the revenue (prior year: 85.7 per cent). Thus, the gross margin in the group dropped slightly from 14.3 per cent to 13.5 per cent. Cumulatively, the gross margin in the first half of the year amounted to 13.8 per cent, 0.4 percentage points lower than in the prior year, mainly due to the lower trade margins in larger projects and the ongoing cost pressure in the service segment. Nevertheless, the strong revenue growth made absolute gross earnings go up by 10.7 per cent to 100.8 million euros in the first six months of 2010 (prior year: 91.0 million euros).

The group accompanied the positive development of demand on the market with intensified sales and marketing activities, resulting in a cost increase from 22.3 million euros to 23.4 million euros in the second quarter. In the first half of the year, distribution costs increased by 1.8 per cent to 45.5 million euros (prior year: 44.6 million euros). However, in relation to the revenue, the share of distribution costs dropped from 7.0 per cent in the prior year to the current value of 6.2 per cent. As expected, administrative expenses increased by 2.7 per cent to 19.2 million euros in the reporting quarter (prior year: 18.7 million euros). In the first six months of 2010, Bechtle spent 38.7 million euros on administration, 3.6 per cent more than in the prior-year period (37.3 million euros). The costs thus mainly reflect the staff development in this area. In contrast, the share of administrative expenses in the revenue decreased from 5.8 per cent to 5.3 per cent.

Compared to the prior-year quarter, other operating income increased by 58.5 per cent from 1.5 million euros to 2.5 million euros. This was mainly caused by income from currency translation differences and higher refunds and bonus payments of the manufacturers due to the considerably higher revenue volume. Cumulatively, other operating income amounted to 3.9 million euros, 19.0 per cent more than in the prior year (3.3 million euros).

Earnings before interest, taxes, depreciation and amortisation (EBITDA) amounted to 14.4 million euros, 42.9 per cent above the prior-year figure (10.1 million euros). Thus, the group's EBITDA margin amounted to 3.8 per cent (prior year: 3.1 per cent). In the first half of the year, EBITDA climbed to 27.9 million euros, 44.6 per cent more than in the prior-year period (19.3 million euros).

In the second quarter, depreciation and amortisation increased by 6.0 per cent from 3.5 million euros to 3.7 million euros. These mostly involved scheduled amortisation and depreciation of other intangible assets and property, plant and equipment. Cumulatively, depreciation and amortisation amounted to 7.4 million euros, compared to 7.0 million euros in the prior year.

In the reporting quarter, earnings before interest and taxes (EBIT) amounted to 10.6 million euros (prior year: 6.5 million euros). This represents an increase of 62.7 per cent compared to the prior year. The EBIT margin improved from 2.0 per cent to 2.8 per cent. In the first half of the year, EBIT thus increased by 66.6 per cent from 12.3 million euros to 20.5 million euros. The margin in the first half of the year was 2.8 per cent (prior year: 1.9 per cent).

Following positive financial earnings, the EBT in the second quarter amounted to 11.0 million euros, 61.2 per cent above the prior year (6.8 million euros). This figure contains income from other accounting periods from the elimination of personnel liabilities due to variable salary components. The EBT margin was 2.9 per cent, compared to 2.1 per cent in the prior year. Cumulatively, EBT amounted to 21.3 million euros, an increase of 64.0 per cent over the prior year (13.0 million euros). The EBT margin in the first half of the year was 2.9 per cent (prior year: 2.0 per cent).

In the reporting quarter, income tax expenses increased at a disproportionately low rate of 33.8 per cent to 2.7 million euros (prior year: 2.0 million euros). The tax rate dropped from 29.5 per cent to 24.5 per cent. This was mainly due to the higher earnings share of the Swiss companies, which are subject to lower tax rates, various tax-reducing structural measures and tax-increasing effects in the prior year. In the first half of the year, the tax rate amounted to 25.2 per cent, compared to 29.4 per cent in the prior year.

Therefore, earnings after tax amounted to 8.3 million euros in the second quarter (prior year: 4.8 million euros), a disproportionately high increase of 72.6 per cent. Accordingly, the net profit margin climbed from 1.5 per cent to 2.2 per cent. On the basis of 21.0 million shares, the earnings per share (EPS diluted/basic) after the first six months amounted to 0.76 euros, compared to 0.44 euros in the prior year on the basis of 20.9 million shares.

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**EBT in million euros**




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**EPS in euros**



At segment level, the earnings situation was as follows:

In the second quarter of 2010, the EBIT in the IT system house & managed services segment increased by 53.5 per cent to 5.8 million euros (prior year: 3.8 million euros). The EBIT margin was 2.4 per cent, compared to 1.8 per cent in the prior year. All system houses contributed to this development, especially the domestic companies. Apart from the revenue increase, the improvement was mainly caused by the much lower personnel expense ratio in this segment. In the six-month period, EBIT increased by 53.2 per cent from 6.8 million euros to 10.4 million euros. The margin was 2.2 per cent (prior year: 1.6 per cent).

In the IT e-commerce segment, the continually high demand and the general economic recovery continued to be clearly evident in the second quarter. In this segment, Bechtle achieved EBIT of 4.8 million euros, 75.4 per cent more than in the prior year (2.7 million euros). The margin was 3.7 per cent, compared to 2.6 per cent in the prior-year quarter. This development was caused by the higher contribution margin as a result of the revenue growth and by the higher gross margin due to the optimised product mix. In the first half of the year, EBIT amounted to 10.1 million euros, compared to 5.5 million euros in the prior year (+83.3 per cent).

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**EBIT PERFORMANCE – GROUP AND SEGMENTS** in thousand euros

	Q2/2010	Q2/2009	Change	1st half/10	1st half/09	Change
<b>Group</b>	<b>10,640</b>	<b>6,541</b>	<b>+62.7%</b>	<b>20,534</b>	<b>12,323</b>	<b>+66.6%</b>
IT system house & managed services	5,841	3,805	+53.5%	10,449	6,820	+53.2%
IT e-commerce	4,799	2,736	+75.4%	10,085	5,503	+83.3%

## ASSETS AND FINANCIAL POSITION

- Sound balance-sheet ratios
- High equity and comfortable liquidity
- Cash flow development reflects business performance



### Development of the Assets

As of 30 June 2010, the balance sheet of the Bechtle Group totalled 531.8 million euros, 2.1 per cent more than as of 31 December 2009 with 520.7 million euros. On the assets side, the greatest change involved the non-current assets, which increased by 25.3 per cent from 164.5 million euros to 206.0 million euros. This was mainly due to the substantial increase in time deposits and securities. This item amounted to 38.9 million euros as of 30 June 2010, an increase of 35.9 million euros compared to 31 December 2009. Due to currency translation differences and the acquisition of iits GmbH in late June, the goodwill increased by 5.2 million euros to 111.6 million euros. Accordingly, the capitalisation ratio (ratio of non-current assets to the balance-sheet total) increased from 31.6 per cent to 38.7 per cent.

Current assets totalled 325.8 million euros as of the reporting date 30 June 2010, 8.5 per cent under the figure of 31 December 2009 (356.2 million euros). The greatest change involved cash and cash equivalents, which dropped from 76.5 million euros to 32.2 million euros. Apart from payments for non-current financial assets, this decline also contains the acquisition and the bonus payments. As of the reporting date, cash and cash equivalents including short and long-term time deposits and securities amounted to 85.2 million euros (31 December 2009: 95.0 million euros).

For reasons related to the reporting date, trade receivables increased from 184.0 million euros to 199.9 million euros due to the significantly increased business activity especially towards the end of the quarter. For the same reason, inventories also increased by 10.3 per cent to 65.4 million euros as of the end of the reporting period (31 December 2009: 59.3 million euros). This means a share of 12.3 per cent of the total assets (31 December 2009: 11.4 per cent). Bechtle compensates the risk of a high stock level with a stable fulfilment rate. Moreover, about two thirds of the reported inventories are tied up by specific customer projects. In the first half of 2010, the DSO averaged 36.2 days, less than the prior-year level of 38.1 days. As of the reporting date, other current assets totalled 12.8 million euros, 6.4 million euros less than as of 31 December 2009. The item mainly consisted of refunds and other receivables from suppliers in connection with advertising allowances and outstanding credit notes amounting to 6.8 million euros (31 December 2009: 13.7 million euros).

### Development of the Equity and Liabilities

On the equity and liabilities side, current liabilities increased slightly to 155.9 million euros as of 30 June 2010 (31 December 2009: 153.4 million euros). As a result of the business expansion, trade liabilities increased by a considerable 20.1 per cent, while income tax liabilities and other liabilities decreased as of the end of the reporting period. The decline in other liabilities was caused by a reduction in personnel liabilities due to variable salary components amounting to 4.4 million euros and a drop in VAT liabilities by 4.1 million euros; on the other hand, liabilities for hedging net investments in foreign operations increased. As of 30 June 2010, non-current liabilities increased from 32.3 million euros to 34.3 million euros.

Due to the appropriation to retained earnings, the equity increased from 335.0 million euros to 341.6 million euros as of 30 June 2010. Due to the balance extension, the equity ratio dropped slightly from 64.3 per cent to 64.2 per cent.

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#### EQUITY in million euros




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#### RETURN ON EQUITY in per cent



In the first six months of the current financial year, the equity to non-current assets ratio dropped from 203.6 per cent as of 31 December 2009 to 165.8 per cent, mainly because of the higher time deposits and securities. Due to the comfortable liquidity of Bechtle AG, the net indebtedness (financial liabilities less cash and cash equivalents, securities and time deposits) yielded a negative figure of 75.8 million euros (31 December 2009: minus 85.8 million euros). The debt ratio (ratio of debt capital to equity) remained almost constant at 0.56 (31 December 2009: 0.55). This

reflects the high equity and healthy balance-sheet structure of the Bechtle Group. The high equity and comfortable liquidity enable the company to take advantage of growth opportunities largely irrespective of the situation on the financial markets. The good balance sheet KPIs and the high degree of financial independence form an important basis for the financing of further growth and for the sustainability of Bechtle.

As expected, the working capital increased from 139.5 million euros to 152.7 million euros due to the higher business volume. In relation to the balance-sheet total, it amounted to 28.7 per cent as of 30 June 2010, compared to 26.8 per cent as of 31 December 2009.

**BALANCE-SHEET KPIs OF THE BECHTLE GROUP**

		30.06.2010	31.12.2009
Cash and cash equivalents including time deposits and securities	mio. euros	85.2	95.0
Balance-sheet total	mio. euros	531.8	520.7
Equity	mio. euros	341.6	335.0
Equity ratio	%	64.2	64.3
Equity to non-current assets ratio	%	165.8	203.6
Net indebtedness	mio. euros	- 75.8	- 85.8
Debt ratio		0.56	0.55
Working capital	mio. euros	152.7	139.5

**Development of the Cash Flow**

Compared to the prior year, the cash flow from operating activities in the first half of 2010 dropped from 19.4 million euros to 7.6 million euros, mainly due to the changes in net assets as a result of the positive business performance. In the reporting period, the company recorded a cash outflow of 9.5 million euros from the accumulation of trade receivables (prior year: cash inflow of 24.6 million euros). The cash outflow of 7.2 million euros for deferred items (prior year: cash inflow of 0.7 million euros) and the increased cash outflow of 4.9 million euros for the higher inventories (prior year: cash outflow of 1.8 million euros) also contributed to this development. Apart from the increase in earnings and the lower income tax payments, the company also recorded a cash inflow of 11.2 million euros from the accumulation of trade liabilities during the first six months (prior year: cash outflow of 7.8 million euros).

Compared to the prior-year period, the net cash used for investments increased from 21.2 million euros to 40.5 million euros in the period from January to June 2010. These investments mainly consisted of payments for the acquisition of time deposits and securities amounting to 35.9 million euros (prior year: 15.6 million euros).

In the first half of 2010, the cash outflow from investing activities amounted to 14.1 million euros, compared to 19.4 million euros in the corresponding prior-year period. This item was mainly dominated by the dividend payment of 12.6 million euros in the second quarter.

The free cash flow as of 30 June 2010 amounted to 0.6 million euros (prior year: 12.9 million euros). In this context, the lower cash inflow from operating activities and the payments for the acquisition of consolidated companies amounting to 2.2 million euros were especially effective.

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**CASH FLOW FROM OPERATING ACTIVITIES in million euros**




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**FREE CASH FLOW in million euros**



## EMPLOYEES

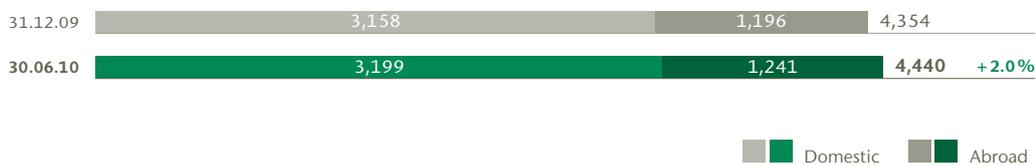


- Growing number of employees due to new recruitments and acquisitions
- Personnel expenses on previous year level

As of the reporting date 30 June 2010, the Bechtle Group had a total of 4,440 employees, including 267 trainees and individuals on parental leave or in military or civilian service (as of 31 December 2009: 4,354 employees, including 289 trainees). Thus, the number of employees in the group has increased by 86 in the current financial year. Apart from the improved economic framework conditions in the first half of 2010, the increase as of the reporting date was mainly attributable to the new subsidiaries.

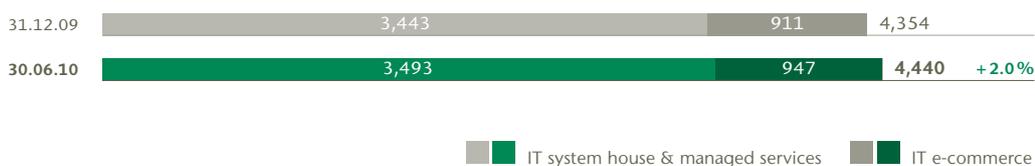
With 3,199 employees, Germany accounts for the majority of the personnel (as of 31 December 2009: 3,158 employees). A total of 1,241 employees work for the group in other countries. The main reason for the increase in the number of employees in Germany was the acquisition of the system house iits in June 2010. However, Bechtle also created a total of 45 new jobs at the other European locations due to the increased demand and the launch of the e-commerce company in Poland.

#### EMPLOYEES BY REGIONS



As of the reporting date, the IT system house & managed services segment had 3,493 employees. Thus, the number of employees raised by a total of 50 in the first half of the year (as of 31 December 2009: 3,443 employees). In terms of organic growth, e-commerce benefited more from the economic recovery than the system house segment. Accordingly, the headcount in the IT e-commerce segment climbed to a total of 947 as of the end of the reporting period. This means that this segment had 36 employees more than as of 31 December 2009 (911 employees).

#### EMPLOYEES BY SEGMENTS



The average number of all employees in the group during the first half of 2010, which amounted to 4,377, did not yet reach the prior-year figure of 4,426. In the first six months, the IT system house & managed services segment had 3,442 employees on average, compared to an average of 3,469 in the corresponding prior-year period. Currently, IT e-commerce has 935 employees on average (prior year: 957 employees).

The company continually invests in the qualification of its employees. In addition to the seminars for specialists and executives, which started in 2010, Bechtle AG also intends to successively increase its training ratio. Compared to the total number of Bechtle employees, the average proportion of training posts in the company increased from 6.1 per cent in the prior-year period to 6.3 per cent in the first half of 2010.

In the first half of the year, personnel and social expenses amounted to 113.7 million euros, which corresponds approximately to the prior-year level (112.4 million euros). Due to the higher revenue, the expense ratio decreased from 17.5 per cent to 15.6 per cent. Based on an average number of 4,020 (prior year: 4,091) full-time employees, the personnel and social expenses per employee increased slightly in the first six months of 2010 from 27.5 thousand euros to 28.3 thousand euros, an increase of 2.9 per cent.

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**PERSONNEL AND SOCIAL EXPENSES** in million euros

1st half/09		112.4	
1st half/10		113.7	+1.1%

## RESEARCH AND DEVELOPMENT

As a pure service and trading company, Bechtle is not involved in any research activities. Development activities are only conducted to a very limited extent, and principally for internal purposes. Therefore, there were no notable development activities in the reporting period.

## OPPORTUNITIES AND RISKS REPORT



- Chances of positive business performance increased
- Ongoing industry consolidation

In line with the long-term focus of Bechtle's strategy and business management, the opportunities and risks for the second half of 2010 are basically the same as presented on pages 95 to 107 in the annual report 2009, which was published in mid-March 2010.

A slightly improvement of the economic situation became evident as early as the end of the past financial year and continued in the first half of 2010. The increasing number of orders along with in some cases higher prices especially in the field of hardware trading resulted in growing revenues in both business segments. Market research institutes expect this development to continue in the remaining course of the year. For this reason, the Bechtle Group assumes that the opportunities as well as the associated risks for the industry as described in the annual report 2009 will persist, especially in terms of economic trends and cyclicity.

In the next months, the business performance will continue to be under the influence of the macroeconomic framework conditions. Should the current economic recovery slow down or even be reversed, which would affect the willingness of the customers of Bechtle AG to invest, the risk for the earnings, assets and financial position would increase accordingly. On the other hand, a continuation or intensification of the economic upsurge would increase the chances of a positive impact on the group's earnings, assets and financial position.

In the first half of 2010, the European common currency lost ground against the US dollar. Besides the traditional margin pressure, overseas manufacturers are thus additionally confronted with reduced income on the European market due to the lower export prices. Manufacturers are often responding to currency fluctuations and other developments on the production side with higher prices. Moreover, delivery times have been extended substantially for some product groups. Bechtle AG is endeavouring to ensure availability of all common IT products by means of a vendor-independent portfolio and by collaborating with more than 300 international manufacturers and 600 distributors operating on a global scale. The general trend towards higher prices for some product groups could involve opportunities or risks for Bechtle.

The growing national debt could have medium to longer-term effects on the budget policy and on the willingness of government institutions to invest. This, in turn, could affect the business of Bechtle AG with public-sector clients. In the second half of 2010, however, the funds from the economic stimulus package 2 will continue to flow, giving reason to believe that opportunities will be predominant at least in the short run. In the public-sector business, manufacturers have intensified their efforts to enforce price increases. This development could inhibit the growth.

In view of the financial difficulties some companies are faced with, the creditworthiness of Bechtle customers plays a central role in the current risk assessment. The company could become more exposed to bad-debt losses if customers were to default on their payment obligations. The group effectively limits this risk by means of regular creditworthiness analyses of the customer portfolio, which is obvious from the low level of bad-debt losses incurred so far. Furthermore, as a result of the financial crisis, a restrictive lending policy is still being applied in dealings with medium-sized industrial companies. This has led to an increased need for financing for the implementation of IT projects. Thus, the availability of alternative financing solutions and the cooperation with leasing companies are affecting the future business performance of Bechtle AG.

Since the past financial year, an acceleration of the consolidation process has been evident especially on the German-speaking system house market, which is relevant for Bechtle. This development is marked by numerous insolvencies and takeovers. By acquiring iits in the second quarter of 2010, Bechtle also actively participated in this process. The integration of the acquired locations in the Bechtle organisation is associated with risks and opportunities. So far, this process has progressed smoothly and as planned.

The consolidation in the IT industry is set to continue. The emerging changes in the competitor landscape could hold both opportunities and risks for Bechtle AG.

## NOTEWORTHY EVENTS IN THE SECOND QUARTER OF 2010

On 6 April, *Bechtle direct* launched its business activities in Poland. Thus, the trading brand is now represented in twelve European countries. The location in Wrocław is the first in an Eastern European country.

At the Annual General Meeting on 16 June in Heilbronn, the Supervisory Board appointed Dr. Thomas Olemotz, former Spokesman of the Executive Board, as Chairman of the Executive Board of Bechtle AG. Thus, Bechtle AG has returned to the traditional organisation of the executive body with the first Executive Board not chaired by a founder.

On 23 June, Bechtle AG acquired the system house group iits GmbH & Co. KG, which has four locations in Northern Germany. Established in 2002, this company augments the Bechtle Group in the fast-growing business of IT infrastructure solutions for data centres. The company is one of the five largest IT system houses in Northern Germany. Apart from the headquarters in Oldenburg, iits has branches in Bremen, Cloppenburg and Hanover, thereby ideally complementing Bechtle AG's location structure.

## NOTEWORTHY EVENTS AFTER THE REPORTING PERIOD

There were no noteworthy events after the end of the reporting period.

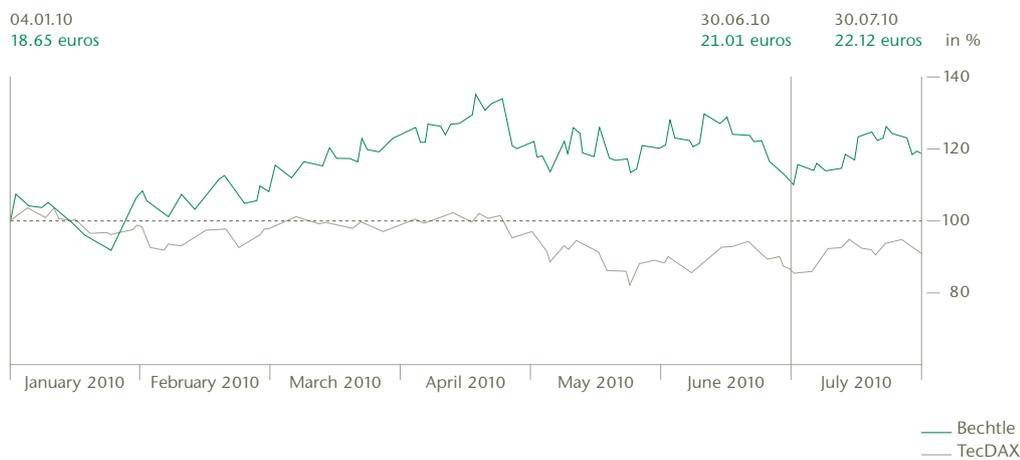
## SHARE

- Southern European debt crisis burdened stock markets
- Bechtle share subject to price fluctuations
- EPS in the second quarter 71.0 per cent above prior year



In the second quarter, concerns about impending refinancing problems of Greece and efforts to avert a euro crisis dominated the stock markets. Though the prices were still stable at the beginning of the second quarter due to the start of the dividend season, the ongoing uncertainty about the debt crisis resulted in extreme price fluctuations in May and June. Support was only provided by the economy. Towards the end of the quarter, however, bleak labour market data from the USA and apprehension that the growth rate of the Asian and especially of the Chinese national economy could slow down rekindled fears of recession. As a result, stock markets slumped across the board.

### THE BECHTLE SHARE IN COMPARISON TO THE TECDAX performance from January to July 2010



This volatility was also reflected in the TecDAX performance. From the closing level of 825.48 points on 1 April, the index first moved up to a high of 851.90 points on 15 April. On 25 May, it reached its low of 691.02 points. At the end of the quarter on 30 June, it stood at 734.48 points. Thus, the TecDAX lost 11.0 per cent in the second quarter of 2010.

The Bechtle share was also highly volatile in the second quarter. While at the beginning of the quarter on 1 April, it was quoted at a closing price of 22.89 euros, the share traded at 21.01 euros at the end of the reporting period, a loss of 8.2 per cent. The closing price on 30 June was the lowest price in the second quarter. On 20 April, the share reached its peak of 25.23 euros. As of the end of the second quarter, the market capitalisation amounted to 441.2 million euros (prior year: 284.1 million euros).

Compared to the prior year, the trading volume of the Bechtle share decreased from April to June. On average, 38,037 shares were traded on every trading day, compared to 49,132 shares in the prior-year quarter, though at a much lower price level. Compared to the first quarter of 2010 with an average of 33,995 shares per trading day, the turnover increased in the second quarter.

In the June ranking of Deutsche Börse, Bechtle remained in the 22nd place among the TecDAX stocks in terms of market cap as in the prior year and reached the 31st place in terms of stock exchange turnover (prior year: 27th place).

**TRADING DATA OF THE BECHTLE SHARE**

		Q2/2010	Q2/2009	Change
Closing price on 1 April	euros	22.89	11.59	97.5%
Closing price on 30 June	euros	21.01	13.40	56.8%
High on 20 April (30 June)	euros	25.23	13.40	88.3%
Low on 30 June (6 April)	euros	21.01	11.15	88.4%
Performance – absolute	euros	-1.88	1.81	
Performance – relative	%	-8.21	15.6	
Market capitalisation – total <sup>1</sup>	mio. euros	441.2	284.1	55.3%
Free float market capitalisation <sup>1</sup>	mio. euros	207.5	126.1	64.6%
Ø turnover/trading day <sup>2</sup>	shares	38,037	49,132	-22.6%
Ø turnover/trading day <sup>2</sup>	euros	824,743	597,979	37.9%

Xetra price data

<sup>1</sup> As of 30 June 2010

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

The Annual General Meeting of Bechtle AG of 16 June 2010 adopted a resolution concerning the payment of a dividend of 0.60 euros per share. The dividend amount remained stable for the third time in a row despite the difficult economic situation and the decrease in earnings in 2009, furnishing evidence of the company's reliable dividend policy. Based on the total dividend payment of 12.6 million euros, this means that 36.8 per cent of the consolidated earnings after taxes are distributed. The dividend yield thus amounts to 2.5 per cent in relation to the closing price on the date of the Annual General Meeting.

## EARNINGS PER SHARE

		Q2/2010	Q2/2009	Change
Earnings after taxes	th. euros	8,321	4,821	72.6%
Ø number of shares	th.	21,000	20,805	0.9%
Earnings per share	euros	0.40	0.23	73.0%

## FORECAST

- Ongoing economic recovery in the course of the year
- Revenue and earnings of Bechtle AG considerably higher than in prior year



### Macroeconomic Environment

The general notion is that the recovery of the economic development in the euro zone will continue in the second half of 2010. For the third quarter, the European Commission predicts a growth rate of 0.2 per cent over the prior quarter. In the fourth quarter, the growth is expected to reach 0.3 per cent. For the year as a whole, the Commission predicts a moderate growth of 0.9 per cent. Among the large national economies in the euro zone, Germany and France are expected to take the lead with growth rates of 1.2 and 1.3 per cent, respectively.

In Germany, the GDP growth is expected to surpass the prior quarter at 0.2 per cent in the third quarter and 0.3 per cent in the fourth quarter. For the year 2010 as a whole, business research institutes and politicians anticipate a growth of 1.2 to 1.4 per cent. However, some current government estimates consider growth of upwards of 2.0 per cent to be possible, provided that the production level stabilises. Investments for equipment, which are relevant for Bechtle and represent an important indicator for the spending behaviour of the industry, are also expected to rise, though it is unclear to what extent. Estimates range from 1.0 to 3.0 per cent. In 2010, the Commission predicts an increase of 1.4 per cent in government expenditure.

## Industry

According to the market research institute European Information Technology Observatory (EITO), the IT market in the EU will only grow slightly by 0.2 per cent in 2010. Following the dramatic slump of minus 11.8 per cent in the prior year, hardware revenues are expected to continue shrinking in 2010 (minus 1.7 per cent).

According to EITO, the Swiss IT market, which is important for Bechtle, is expected to perform better. A growth of 0.8 per cent is predicted for the overall market. Hardware revenues are to remain stable. In the service segment, EITO expects a clear growth of 5.7 per cent especially in outsourcing services.

The forecast of the industry association BITKOM, which was published in March, points to a 1.4-per-cent growth in the IT market in Germany. This means that the industry trend predicted in March is at the same level as the macroeconomic performance expected for 2010. The volume of 64 billion euros is about the same as in 2007. Nominal growth of 0.2 per cent is expected in the hardware segment. While the performance in the first half of the year was mainly influenced by the demand for mobile terminal devices, the migration to the new Windows 7 operating system is expected to stimulate the demand for desktop PCs and thus the growth in the hardware segment in the second half of the year. In the further course of the year, more optimistic forecasts are anticipated in this field, too. According to BITKOM, software revenues will grow by 0.9 per cent. Especially clear growth of 2.2 per cent is expected for the IT services segment. This development will be fuelled by outsourcing services at a rate of 6.1 per cent.

## Performance of the Bechtle Group

In the opinion of the Executive Board, the Bechtle Group holds an excellent position in the area of hardware and software trading throughout Europe and in the provision of IT services in Germany, Austria and Switzerland. The overall market outlook for the future economic performance is positive. Bechtle is benefiting from duly implemented measures to increase competitiveness as well as from the economic recovery, which has triggered an increase in the investment volume in the industry. As expected, IT e-commerce will exhibit higher growth dynamics than the IT system house & managed services segment. Provided that the current economic recovery is here to stay, the group expects the result in the second half of the year to be equally satisfying as that of the first half of the year. The management still expects both revenue and earnings to improve in the financial year 2010.

Furthermore, the integration of the acquired system houses, the start-up of the new e-commerce companies and the progress of selected large projects with industrial customers and public-sector clients are decisive for the success of Bechtle AG in this year.

*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 is convinced that these predictive 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 accounting standards and financial reporting comply with the International Financial Reporting Standards (IFRS) as applied in the EU. Due to rounding differences, percentages stated in the report may differ slightly from the corresponding amounts in million euros. Similarly, totals may differ from the individual values.*

Neckarsulm, 11 August 2010

Bechtle AG

The Executive Board

# CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## CONSOLIDATED INCOME STATEMENT

from 1 January to 30 June 2010 (2009)

in th. euros	01.04.– 30.06.2010	01.04.– 30.06.2009	01.01.– 30.06.2010	01.01.– 30.06.2009
Revenue	374,977	322,619	729,735	641,489
Cost of sales	324,192	276,630	628,964	550,460
<b>Gross profit</b>	<b>50,785</b>	<b>45,989</b>	<b>100,771</b>	<b>91,029</b>
Distribution costs	23,353	22,264	45,457	44,633
Administrative expenses	19,244	18,731	38,667	37,340
Other operating income	2,452	1,547	3,887	3,267
<b>Operating earnings</b>	<b>10,640</b>	<b>6,541</b>	<b>20,534</b>	<b>12,323</b>
Financial income	503	431	962	901
Financial expenditure	123	134	231	259
<b>Earnings before taxes</b>	<b>11,020</b>	<b>6,838</b>	<b>21,265</b>	<b>12,965</b>
Income taxes	2,699	2,017	5,357	3,815
<b>Earnings after taxes</b>	<b>8,321</b>	<b>4,821</b>	<b>15,908</b>	<b>9,150</b>
<b>Net earnings per share (basic and diluted) in euros</b>	<b>0.40</b>	<b>0.23</b>	<b>0.76</b>	<b>0.44</b>
<b>Weighted average shares outstanding (basic and diluted) in thousand</b>	<b>21,000</b>	<b>20,805</b>	<b>21,000</b>	<b>20,895</b>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

from 1 January to 30 June 2010 (2009)

in th. euros	01.04.– 30.06.2010	01.04.– 30.06.2009	01.01.– 30.06.2010	01.01.– 30.06.2009
<b>Earnings after taxes</b>	<b>8,321</b>	<b>4,821</b>	<b>15,908</b>	<b>9,150</b>
<b>Other comprehensive income</b>				
Actuarial profit and loss in pension provisions	- 726	44	- 1,085	235
Income-tax effect	152	- 8	227	- 46
Unrealised profit and loss on securities	- 107	54	- 300	59
Income-tax effect	9	- 14	44	- 15
Unrealised profit and loss on financial derivatives	- 7	60	- 49	- 50
Income-tax effect	3	- 16	15	14
Currency exchange differences of net investments in foreign operations	131	0	195	841
Income-tax effect	0	0	0	- 66
Hedging of net investments in foreign operations	- 2,949	0	- 4,475	0
Income-tax effect	859	0	1,303	0
Changes in difference from foreign currency translation	5,023	- 261	7,472	- 2,517
<b>Total other comprehensive income</b>	<b>2,388</b>	<b>- 141</b>	<b>3,347</b>	<b>- 1,545</b>
Of which Income-tax effect	1,023	- 38	1,589	- 113
<b>Total comprehensive income</b>	<b>10,709</b>	<b>4,680</b>	<b>19,255</b>	<b>7,605</b>

## CONSOLIDATED BALANCE SHEET

as of 30 June 2010 (31 December 2009)

### Assets

in th. euros	30.06.2010	31.12.2009
<b>Non-current assets</b>		
Goodwill	111,616	106,395
Other intangible assets	13,510	14,932
Property, plant and equipment	27,442	27,740
Trade receivables	705	145
Tax receivables	171	171
Deferred taxes	11,325	9,874
Other assets	2,374	2,253
Time deposits and securities	38,906	3,000
<b>Total non-current assets</b>	<b>206,049</b>	<b>164,510</b>
<b>Current assets</b>		
Inventories	65,417	59,322
Trade receivables	199,869	183,979
Tax receivables	1,421	1,656
Other assets	12,786	19,221
Time deposits and securities	14,059	15,510
Cash and cash equivalents	32,208	76,467
<b>Total current assets</b>	<b>325,760</b>	<b>356,155</b>
<b>Total assets</b>	<b>531,809</b>	<b>520,665</b>

## Equity and liabilities

in th. euros	30.06.2010	31.12.2009
<b>Equity</b>		
Issued capital	21,000	21,000
Capital reserve	145,228	145,228
Retained earnings	175,388	168,733
<b>Total equity</b>	<b>341,616</b>	<b>334,961</b>
<b>Non-current liabilities</b>		
Pension provisions	9,604	8,631
Other provisions	227	232
Financial liabilities	6,504	6,604
Trade payables	569	97
Deferred taxes	12,110	11,598
Other liabilities	235	302
Deferral items	5,064	4,820
<b>Total non-current liabilities</b>	<b>34,313</b>	<b>32,284</b>
<b>Current liabilities</b>		
Other provisions	3,456	3,959
Financial liabilities	2,884	2,561
Trade payables	95,451	79,460
Tax payables	3,112	5,455
Other liabilities	38,737	42,381
Deferral items	12,240	19,604
<b>Total current liabilities</b>	<b>155,880</b>	<b>153,420</b>
<b>Total equity and liabilities</b>	<b>531,809</b>	<b>520,665</b>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

from 1 January to 30 June 2010 (2009)

in th. euros	Issued capital	Capital reserves	Retained earnings		Treasury shares	Total equity
			Accrued profits	Change in equity recognised directly in equity		
<b>Equity as of 1 January 2009</b>	<b>21,200</b>	<b>143,454</b>	<b>153,775</b>	<b>- 4,733</b>	<b>- 2,247</b>	<b>311,449</b>
Profit distribution for 2008			-12,445			-12,445
Earnings after taxes			9,150			9,150
Other comprehensive income				-1,545		-1,545
Total comprehensive income	0	0	9,150	-1,545	0	7,605
Acquisition of treasury shares					-2,946	-2,946
<b>Equity as of 30 June 2009</b>	<b>21,200</b>	<b>143,454</b>	<b>150,480</b>	<b>- 6,278</b>	<b>- 5,193</b>	<b>303,663</b>
<b>Equity as of 1 January 2010</b>	<b>21,000</b>	<b>145,228</b>	<b>173,335</b>	<b>- 4,602</b>	<b>0</b>	<b>334,961</b>
Profit distribution for 2009			-12,600			-12,600
Earnings after taxes			15,908			15,908
Other comprehensive income				3,347		3,347
Total comprehensive income	0	0	15,908	3,347	0	19,255
Acquisition of treasury shares						0
<b>Equity as of 30 June 2010</b>	<b>21,000</b>	<b>145,228</b>	<b>176,643</b>	<b>- 1,255</b>	<b>0</b>	<b>341,616</b>

## CONSOLIDATED CASH FLOW STATEMENT

from 1 January to 30 June 2010 (2009)

in th. euros	01.04.– 30.06.2010	01.04.– 30.06.2009	01.01.– 30.06.2010	01.01.– 30.06.2009
<b>Operating activities</b>				
Earnings before taxes	11,020	6,838	21,265	12,965
Adjustment for non-cash income/expenses				
Financial earnings	- 375	-297	- 731	-642
Depreciation and amortisation in intangible assets and property, plant and equipment	3,725	3,514	7,390	6,991
Gains (-)/Losses (+) on disposals of intangible assets and property, plant and equipment	-13	54	14	46
Other non-cash expenses/income	189	-125	-144	-320
Changes in net assets				
Changes inventories	-2,688	982	-4,929	-1,804
Changes trade receivables	-21,565	-145	-9,527	24,632
Changes trade payables	7,526	2,014	11,227	-7,757
Changes accruals and deferrals	-2,636	-380	-7,212	672
Changes other net assets	-1,208	-4,133	-2,607	-4,683
Income taxes paid	-3,004	-2,341	-7,190	-10,741
<b>Cash flow from operating activities</b>	<b>-9,029</b>	<b>5,981</b>	<b>7,556</b>	<b>19,359</b>
<b>Investing activities</b>				
Cash paid for the acquisition of consolidated entities less cash acquired	-2,216	0	-2,216	-135
Cash paid for investments in intangible assets and property, plant and equipment	-2,372	-2,734	-4,819	-6,484
Cash received from sale of intangible assets and property, plant and equipment	55	29	78	111
Cash paid for the acquisition of time deposits and securities	8,814	-10,000	-35,906	-15,607
Cash received from sale of time deposits and securities as well as other non-current assets	1,643	8	1,670	25
Interest payments received	493	377	647	856
<b>Cash flow from investing activities</b>	<b>6,417</b>	<b>-12,320</b>	<b>-40,546</b>	<b>-21,234</b>
<b>Financing activities</b>				
Cash paid for finance liabilities	-1,870	-3,655	-1,989	-6,109
Cash received from finance liabilities	127	2,396	775	2,396
Dividends paid	-12,600	-12,445	-12,600	-12,445
Cash paid for the purchase of treasury shares	0	-2,687	0	-2,946
Interest paid	-179	-204	-266	-300
<b>Cash flow from financing activities</b>	<b>-14,522</b>	<b>-16,595</b>	<b>-14,080</b>	<b>-19,404</b>
Exchange-rate-related changes in cash and cash equivalents	2,043	-22	2,811	-629
<b>Changes in cash and cash equivalents</b>	<b>-15,091</b>	<b>-22,956</b>	<b>-44,259</b>	<b>-21,908</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>47,299</b>	<b>78,348</b>	<b>76,467</b>	<b>77,300</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>32,208</b>	<b>55,392</b>	<b>32,208</b>	<b>55,392</b>

## NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### I. GENERAL STATEMENTS

Bechtle AG, Bechtle Platz 1, D-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 2010 has been prepared in accordance with the IFRS.

In accordance with IAS 34, a significantly abridged scope has been selected for the presentation of the present interim financial report dated 30 June 2010 compared to the consolidated financial statements as of the end of the financial year. Allowance has also been made for the requirements going beyond IAS 34 pursuant to the German Accounting Standard No. 16 (DRS 16) and pursuant to Section 66 of the Stock Exchange Regulations for the Frankfurt Stock Exchange, and these requirements have been fully met.

### II. ACCOUNTING AND CONSOLIDATION PRINCIPLES

In the reporting period, Bechtle adopted the new and revised standards and interpretations of the following new accounting pronouncements published by the IASB/IFRIC and endorsed by the EU for the first time. The specified date for the mandatory adoption ("effective date") is determined in the respective EU directive:

Standard	Publication by IASB/IFRIC	Endorsement	Effective date <sup>1</sup>
<b>Standards and interpretations to be adopted for the first time in the current financial year</b>			
Eligible Hedged Items – Amendment to IAS 39 Financial Instruments: Recognition and Measurement	31 July 2008	15 September 2009	1 July 2009
Amendment to IFRS 1 Additional exceptions for first-time adopters	23 July 2009	23 June 2010	1 January 2010
Amendment to IFRS 2 Share-based Payment	18 June 2009	23. März 2010	1 January 2010
IFRIC 17 Distributions of Non-cash Assets to Owners	27 November 2008	26 November 2009	1 November 2009
IFRIC 18 Transfer of Assets from Customers	29 January 2009	27 November 2009	1 November 2009
Improvements to International Financial Reporting Standards	16 April 2009	23 March 2010	1 January 2010

<sup>1</sup> For financial years beginning on or after this date

These standards and interpretations, which were adopted for the first time in the financial year 2010, do not have any major impact on the assets, financial and earnings position and their presentation.

Bechtle had already adopted the new and amended standards and interpretation whose adoption is mandatory for the financial year 2010 ahead of time for the consolidated financial statements for the financial year 2009.

Apart from this, the same accounting and consolidation principles were applied as for the consolidated financial statements for the financial year 2009. For further information, please refer to the consolidated financial statements as of 31 December 2009, which form the basis for these interim financial statements. These can be accessed on the Internet under [www.bechtle.com](http://www.bechtle.com).

### Income Taxes

In the interim reporting period, the tax expenditure was determined according to IAS 34 on the basis of the effective tax rate expected for the entire financial year. Taxes relating to extraordinary events are taken into consideration in the quarter in which the underlying event occurs.

## III. SCOPE OF CONSOLIDATION

Bechtle AG, Neckarsulm and all its majority owned and controlled subsidiaries are included in the consolidated financial statements. As in the prior year, Bechtle AG directly or indirectly holds all interests in all included companies.

The following companies have been included in the consolidated financial statements for the first time in this reporting period:

Company	Headquarters	Date of initial consolidation	Acquisition/foundation
Bechtle direct Polska Sp. z. oo.	Wrocław, Poland	01.01.10	Foundation
Bechtle Management E.u.r.l.	Molsheim, France	01.01.10	Foundation
Bechtle Comsoft NV	Hamont-Achel, Belgium	09.02.10	Foundation
intelligent IT solutions GmbH & Co. KG	Oldenburg	23.06.10	Acquisiton
intelligent IT solutions Beteiligungs-GmbH	Oldenburg	23.06.10	Acquisiton

## IV. EXPLANATORY NOTES ON THE INCOME STATEMENT AND BALANCE SHEET

### Earnings per Share

The table below shows the calculation of earnings per ordinary share after taxes:

	01.01.– 30.06.2010	01.01.– 30.06.2009
Earnings after taxes (in th. euros)	15,908	9,150
Average number of outstanding shares	21,000,000	20,895,358
<b>Earnings per share (in euros)</b>	<b>0.76</b>	<b>0.44</b>

Under IAS 33, the earnings per share are determined on the basis of the earnings after taxes 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.

### Equity

#### Dividends

At the Annual General Meeting of 16 June 2010, a resolution was passed to distribute a dividend of 0.60 euros for each no-par share with dividend entitlement for the financial year 2009 (dividend total: 12,600 thousand euros). The dividend was paid on 17 June 2010.

#### Treasury Shares

As no treasury shares were purchased in the reporting period (prior-year period: 251,551 shares), Bechtle did not hold any treasury shares as of 30 June 2010, as was also the case on 31 December 2009, and the number of outstanding shares remained at 21,000,000.

Based on an average purchase price of 11.69 euros per share, the total costs of the treasury shares purchased in the prior-year period amounted to 2,946 thousand euros including transaction costs of 5 thousand euros.

No treasury shares were sold or retired in the reporting period or in the prior-year period.

The weighted average of outstanding shares in the period under review determined pursuant to IAS 33 amounts to 21,000,000 shares (prior year period: 20,895,358 shares).

## V. OPERATING LEASES

The future minimum lease payments from rental and leasing contracts classified as “operating leases” according to IAS 17 amounted to 83,709 thousand euros as of 30 June 2010 (31 December 2009: 82,378 thousand euros).

in th. euros	30.06.2010	31.12.2009
Due within 1 year	20,296	20,087
Due between 1 and 5 years	37,660	34,626
Due after 5 years	25,753	27,665
<b>Total minimum lease payments</b>	<b>83,709</b>	<b>82,378</b>

## VI. SEGMENT INFORMATION

The segment information is presented on the basis of the same principles as the consolidated financial statements for the financial year 2009.

in th. euros	01.01. – 30.06.2010			01.01. – 30.06.2009		
	IT system house & managed services	IT e-commerce	Total group	IT system house & managed services	IT e-commerce	Total group
<b>By segments</b>						
Total segment revenues	472,532	258,168		423,663	218,311	
Less intersegment revenues	-859	-106		-421	-64	
External revenues	471,673	258,062	<b>729,735</b>	423,242	218,247	<b>641,489</b>
Depreciation/amortisation	5,251	2,139	<b>7,390</b>	4,984	2,007	<b>6,991</b>
<b>EBIT</b>	10,449	10,085	<b>20,534</b>	6,820	5,503	<b>12,323</b>
Financial earnings			<b>731</b>			<b>642</b>
<b>EBT</b>			<b>21,265</b>			<b>12,965</b>
Income taxes			<b>5,357</b>			<b>3,815</b>
<b>EAT</b>			<b>15,908</b>			<b>9,150</b>
Investments	3,445	973	<b>4,418</b>	4,772	1,712	<b>6,484</b>
Investments through changes in the scope of consolidation	2,786	0	<b>2,786</b>	0	0	<b>0</b>

in th. euros	30.06.2010			31.12.2009		
	IT system house & managed services	IT e-commerce	Total group	IT system house & managed services	IT e-commerce	Total group
Total segment assets	348,730	183,785		344,374	176,524	
Less intersegment receivables	-203	-503		-230	-3	
<b>Assets</b>	<b>348,527</b>	<b>183,282</b>	<b>531,809</b>	<b>344,144</b>	<b>176,521</b>	<b>520,665</b>
Total segment liabilities	116,529	74,370		119,126	66,811	
Less intersegment liabilitiesent	-503	-203		-3	-230	
<b>Liabilities</b>	<b>116,026</b>	<b>74,167</b>	<b>190,193</b>	<b>119,123</b>	<b>66,581</b>	<b>185,704</b>

in th. euros	01.01. – 30.06.2010			01.01. – 30.06.2009		
	Domestic	Abroad	Total group	Domestic	Abroad	Total group
<b>By regions</b>						
External revenues	475,475	254,260	<b>729,735</b>	420,137	221,352	<b>641,489</b>
Investments	3,138	1,280	<b>4,418</b>	5,634	850	<b>6,484</b>
Investments through changes in the scope of consolidation	2,786	0	<b>2,786</b>	0	0	<b>0</b>

in th. euros	30.06.2010			31.12.2009		
	Domestic	Abroad	Total group	Domestic	Abroad	Total group
Assets	300,453	231,356	<b>531,809</b>	298,949	221,716	<b>520,665</b>
Liabilities	113,838	76,355	<b>190,193</b>	112,145	73,559	<b>185,704</b>

Information on the number of employees by segment and region is provided in section VIII. "Employees".

## VII. ACQUISITIONS AND PURCHASE PRICE ALLOCATIONS

### **Intelligent IT solutions GmbH & Co. KG, Oldenburg, and Komplementär-GmbH (iits)**

All interests in intelligent IT solutions GmbH & Co. KG, Oldenburg, Germany, and in the general partner intelligent IT solutions Beteiligungs-GmbH, Oldenburg, were acquired as of 23 June 2010.

The recognition and measurement of the acquired identifiable assets and assumed liabilities according to IFRS 3.10 ff are currently being determined conclusively. The company acquisition according to the purchase method is therefore recognised in the balance sheet on the basis of provisional values (IFRS 3.45). Under consideration of the acquired net assets (176 thousand euros), the capital consolidation resulted in a provisional difference of 2,474 thousand euros that is presented as goodwill.

Apart from goodwill, a significant amount of other intangible assets from customer relationships are expected for the final accounting for the company acquisition on the basis of the fair value of the acquired identifiable assets and assumed liabilities at the time of acquisition.

The acquisition of iits (66 employees) strengthens the Bechtle Group in the IT system house segment in the fast-growing business of IT infrastructure solutions for data centres. iits is one of the five largest IT system houses in North Germany. Apart from the headquarters in Oldenburg, the company has branches in Bremen, Cloppenburg and Hanover. In this way, Bechtle also continues to pursue the strategy of wide geographic coverage in German-speaking countries.

In balance-sheet terms, the acquisition at the time of initial consolidation with provisional values appears as follows:

in th. euros	
<b>Non-current assets</b>	
Goodwill	2,474
Other intangible assets	38
Property, plant and equipment	274
	<b>2,786</b>
<b>Current assets</b>	
Inventories	469
Trade receivables	3,547
Other assets	737
Cash and cash equivalents	434
	<b>5,187</b>
<b>Total assets</b>	<b>7,973</b>
<b>Non-current liabilities</b>	
Financial liabilities	495
Other provisions and liabilities	0
Deferred taxes	0
	<b>495</b>
<b>Current liabilities</b>	
Financial liabilities	942
Trade liabilities	3,474
Other provisions and liabilities	412
	<b>4,828</b>
<b>Total liabilities</b>	<b>5,323</b>
Total assets	
– Total liabilities	
<b>= Acquisition costs</b>	<b>2,650</b>

The acquisition costs caused an outflow of cash and cash equivalents in the same amount.

For the time being, the total earnings of the Bechtle Group as reported for the reporting period do not yet contain any contributions of the company that was only acquired on 23 June 2010.

Had the acquisition taken place at the beginning of the reporting period, the revenues of the Bechtle Group for the reporting period would have amounted to 751 million euros, and the earnings after taxes to 15.9 million euros.

## VIII. EMPLOYEES

The employee numbers are as follows:

	30.06.2010	31.12.2009	01.01.– 30.06.2010	01.01.– 30.06.2009
Full-time employees	4,088	3,989	4,020	4,091
Apprentices	267	289	276	269
Employees on parental leave or military/civilian service	85	76	81	66
Auxiliary staff	132	113	123	106
<b>Total</b>	<b>4,572</b>	<b>4,467</b>	<b>4,500</b>	<b>4,532</b>

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

	30.06.2010	31.12.2009	01.01.– 30.06.2010	01.01.– 30.06.2009
<b>IT system house &amp; managed services</b>	<b>3,493</b>	<b>3,443</b>	<b>3,442</b>	<b>3,469</b>
Domestic	2,884	2,858	2,850	2,847
Abroad	609	585	592	622
<b>IT-e-commerce</b>	<b>947</b>	<b>911</b>	<b>935</b>	<b>957</b>
Domestic	315	300	308	328
Abroad	632	611	627	629

The employee numbers (without employees on parental leave or military/civilian service and without auxiliary staff) break down by functional areas as follows:

	30.06.2010	31.12.2009	01.01.– 30.06.2010	01.01.– 30.06.2009
Service	2,083	2,085	2,076	2,113
Sales	1,319	1,263	1,278	1,323
Administration	953	930	942	924

## IX. EVENTS AFTER THE END OF THE REPORTING PERIOD

There were no noteworthy events after the end of the reporting period.

Neckarsulm, 11 August 2010

Bechtle AG

The 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, 11 August 2010

Bechtle AG

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.

# FINANCIAL CALENDAR

## **Interim Report 2nd quarter 2010 (1 April to 30 June)**

Thursday, 12 August 2010

Conference Call with analysts, investors and media

## **Commerzbank Sector Conference Technology, Media & Telecoms**

Tuesday, 24 August 2010, Frankfurt am Main

## **Interim Report 3rd quarter 2010 (1 July to 30 September)**

Friday, 12 November 2010

Conference Call with analysts, investors and media

### **Published by**

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The Interim Report Q2/2010 was published on 12 August 2010. It is available in German and English. Both versions can be downloaded at [www.bechtler.com/reports](http://www.bechtler.com/reports). On request, we would be pleased to send you further copies of the printed German version free of charge.



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