

REPORT OF THE SUPERVISORY BOARD

DEAR SIR OR MADAM,

For Bechtle, 2017 was another record year. In addition to the continuity of the success, the high growth dynamics of the Bechtle Group were impressive: The revenue growth amounted to 15.4 per cent, and the earnings growth to 12.2 per cent. These figures cannot be taken for granted. Such outstanding results are only possible thanks to the tireless efforts and high motivation of our team. They truly deserve our gratitude and respect. Another impressive aspect of the figures was that in 2017, Bechtle invested time, money and energy in various projects to secure the future. As a result, many of the company's resources were tied up. The fact that Bechtle achieved such great success nevertheless shows what an outstanding, healthy and sturdy position the company has.

In the reporting period, the Supervisory Board meticulously performed all audit and controlling duties imposed on it by law and as required by the Articles of Incorporation. The Supervisory Board regularly provided the Executive Board with advice concerning the administration of the group, and closely monitored and supported the company's management and development. In 2017, the discussions mainly addressed the group's long-term development and, in this connection, the further expansion of the Bechtle Group and its business segments, e.g. the development of the cloud portfolio and the establishment of a new online platform on the bechtle.com pages within the framework of the rollout of our digitisation strategy. Another focus was the commissioning of the new data centre at the Frankfurt site. Furthermore, we supported the Executive Board in the review of acquisition options. The collaboration between the boards was characterised by open and constructive dialogue.

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

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

At its meetings, the Supervisory Board regularly took up the business performance of the group, as well as the assets and financial position, and the implementation of the corporate strategy. Moreover, we continually dealt with the risk situation and actively participated in the further development of the control and risk management system of Bechtle AG.

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

MEETINGS AND CENTRAL ISSUES

In the reporting period, the Supervisory Board held four ordinary plenary sessions: on 27 January, 14 March (balance sheet meeting for the annual and consolidated financial statements for 2016), 28 July and 27 October 2017.

Apart from the resolutions adopted at the meetings, the Supervisory Board or its committees also adopted resolutions via circular procedure where relevant, in particular in urgent cases. We discussed all measures and transactions that required the approval of the Supervisory Board or its committees in detail at Supervisory Board and committee meetings. At its balance sheet meeting on 14 March 2017, the Supervisory Board approved the annual financial statements and the consolidated financial statements of the prior year (thereby adopting the annual financial statements) and accepted the Executive Board's proposal for the appropriation of profits and the business planning for 2017.

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

- Group strategy and target achievement in connection with the implementation of the strategy
- Economic development of the group
- Vision 2020 and its target achievement
- Due diligence for acquisition projects
- Sales digitisation
- Establishment of the company's own cloud portfolio
- A replacement for the vacated seat on the Supervisory Board
- Proposal to the General Meeting to increase the capital from company funds
- Basic resolution to launch a share buyback programme
- Business planning for 2017
- Implementing the many investment projects of the Bechtle Group
- Executive Board compensation
- Implementation of the CSR Directive Implementation Act
- Internal control and risk management system

FILLING OF SUPERVISORY BOARD AND EXECUTIVE BOARD POSITIONS

In the reporting period, the personnel of the Executive Board of Bechtle AG did not undergo any changes. For personal reasons, Supervisory Board member Karin Schick stepped down from her office as of the end of 30 November 2017. By decision of the Stuttgart District Court of 4 December 2017, Elke Reichart was appointed as a member of the Supervisory Board.

COMMITTEE WORK

To fulfil its duties, the Supervisory Board has formed three committees. The audit committee came together on 26 January, 13 March, 27 July and 26 October 2017. Additionally, it held telephone conferences on 9 May, 9 August and 9 November 2017. In 2017, the committee dealt intensively with transactions that require approval, such as acquisitions and long-term agreements. Other subjects discussed included the interim financial reports, the preliminary audits of the annual and consolidated financial statements, the proposal for the appropriation of profits and the review of the internal control and risk management system. The meetings also focused on the monitoring of the auditor's independence, the definition of the main issues to be audited, the agreement of the audit fee and the corporate governance. The development of the cash flow and of the working capital was also addressed in the reporting period.

In 2017, the personnel committee came together at three meetings on 16 February, 27 July and 20 November. The meetings focused mainly on the Executive Board compensation system and on the extension of the mandate and employment contract of Dr. Thomas Olemotz.

The conciliation committee pursuant to Section 27 (3) of the German Co-determination Act (MitbestG) was not convened in 2017.

The Supervisory Board regularly and meticulously evaluates its activity according to the guideline "Efficiency Audit in the Supervisory Board" of Deutsche Schutzvereinigung für Wertpapierbesitz e.V. Action recommendations were developed on the basis of the ideas received from the board members. These action recommendations were presented at the plenary session and, after intensive review, included in the work of the Supervisory Board. We consistently track the implementation of these recommendations in the Supervisory Board. The basic results of last year's efficiency audit revealed that the workflows and processes in the Supervisory Board are efficient and target-oriented.

CORPORATE GOVERNANCE AND DECLARATION OF CONFORMITY

We intensively reviewed the set of rules of the German Corporate Governance Code (DCGK). To ensure compliance with the DCGK, we checked the implementation of the recommendations. Together with the Executive Board, we issued the declaration of conformity pursuant to Section 161 of the German Stock Corporation Act (AktG) in February 2018. Deviations from the recommendations of the Government Commission are explained in detail in the Corporate Governance Report. All declarations of conformity of the last five years and other documents concerning the corporate governance have been and continue to be made permanently available to the shareholders on the Internet at bechtle.com/corporate-governance. In the fiscal year ended, no conflicts of interests of Executive Board or Supervisory Board members emerged that, according to the code, would have had to be disclosed to the plenum without delay and about which the General Meeting would have had to be informed.



Corporate Governance Report,
see page 51 ff



Declaration of Conformity,
see bechtle.com/investors/corporate-governance

AUDIT OF THE ANNUAL AND CONSOLIDATED FINANCIAL STATEMENTS 2017

The General Meeting appointed Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Heilbronn, as auditor of the annual and consolidated financial statements for the fiscal year 2017. Following the engagement by the Supervisory Board, the auditor audited the annual financial statements of Bechtle AG as well as the consolidated financial statements and the management reports of Bechtle AG and of the Bechtle Group for the fiscal year 2017, including the accounts and the risk management and early detection system, and awarded unqualified auditor's certificates. The audit also included the monitoring system for early identification of risks, which is to be set up by the Executive Board, and the internal audit and risk management system with respect to the accounting process. The auditor confirmed that the installed systems are suitable for identifying developments endangering the company's going concern at an early stage.

The documents related to the financial statements, the proposal of the Executive Board for the appropriation of profits and the auditor's audit reports were duly sent to the members of the Supervisory Board and discussed in detail in the audit committee and in the Board as a whole. The auditor of the annual and consolidated financial statements also participated in the balance sheet meeting on 14 March 2018. He reported in detail on the material results of his audit and comprehensively answered all questions of the Supervisory Board.

Following its own review of the annual financial statements, consolidated financial statements, management report and group management report, the Supervisory Board approved the results of the audit conducted by the auditor. There were no objections made to the final results of its audit. At the balance sheet meeting on 14 March 2018, the Supervisory Board thus approved the annual financial statements and the consolidated financial statements in accordance with the recommendation of the audit committee, thereby adopting the annual financial statements pursuant to Section 172 sentence 1 of the German Stock Corporation Act (AktG). The Supervisory Board agreed to the Executive Board's proposal for the appropriation of the net profit and payment of a dividend of €0.90 per share. We approve the management report and the group management report of the Executive Board and consider the proposal for the appropriation of profits appropriate.

The Supervisory Board also reviewed the non-financial group statement of Bechtle AG prepared by the Executive Board, which, pursuant to Section 315b of the German Commercial Code (HGB), was to be prepared for the first time for the fiscal year 2017 and which is contained as a separate non-financial group report in the sustainability report 2017 of Bechtle AG, and comprehensively discussed it at the balance sheet meeting on 14 March 2018. The Executive Board explained the separate non-financial group report and answered the questions of the members of the Supervisory Board. The review conducted by the Supervisory Board did not give rise to any objections to the separate non-financial group report. The Supervisory Board approves the separate non-financial group report.

The success of Bechtle AG encourages the Supervisory Board to continue to contribute to this positive development. Most importantly, however the superb performance underlines the need to thank all who have made it possible in the first place. On behalf of the entire Supervisory Board, we would therefore like to express our sincere gratitude to all employees of the Bechtle Group, the Executive Vice Presidents, the Managing Directors of the group companies and the members of the Executive Board for their tireless efforts and their persistent willingness to give their best for the company. In recent years, Bechtle has invested in numerous projects that mainly serve one central purpose: to ensure the ongoing success of the company. We are all aware of the challenges and opportunities of a digitised world. We are more than confident that Bechtle is effectively positioned for many years to come. The pillars of a successful future have been set up. We are looking forward to continuing to monitor and advise Bechtle AG.

On behalf of the Supervisory Board



Dr. Matthias Metz
Chairman

Neckarsulm, 14 March 2018