

1ST QUARTER 2020

QUARTERLY STATEMENT AS OF 31 MARCH 2020

Your strong IT partner.
Today and tomorrow.

BECHTLE

KEY FIGURES OF THE BECHTLE GROUP AT A GLANCE

		01.01– 31.03.2020	01.01– 31.03.2019	Change in %
Revenue	€k	1,355,674	1,239,948	9.3
IT System House & Managed Services	€k	859,116	782,219	9.8
IT E-Commerce	€k	496,558	457,729	8.5
EBITDA	€k	76,185	64,922	17.3
IT System House & Managed Services	€k	49,485	39,238	26.1
IT E-Commerce	€k	26,700	25,684	4.0
EBIT	€k	52,627	46,278	13.7
IT System House & Managed Services	€k	32,489	26,370	23.2
IT E-Commerce	€k	20,138	19,908	1.2
EBIT margin	%	3.9	3.7	
IT System House & Managed Services	%	3.8	3.4	
IT E-Commerce	%	4.1	4.3	
EBT	€k	51,055	45,006	13.4
EBT margin	%	3.8	3.6	
Earnings after taxes	€k	36,468	31,677	15.1
Earnings per share	€	0.87	0.75	15.1
Return on equity¹	%	17.5	15.6	
Cash flow from operating activities	€k	22,757	-22,112	202.9
Number of employees (as of 31.03)		11,768	10,334	13.9
IT System House & Managed Services		9,221	8,012	15.1
IT E-Commerce		2,547	2,322	9.7

		31.03.2020	31.12.2019	Change in %
Cash and cash equivalents²	€k	285,060	272,197	4.7
Working Capital	€k	636,859	647,728	-1.7
Equity ratio	%	43.0	42.4	

¹ Annualised

² Incl. time deposits and securities

REVIEW BY QUARTER 2020

		1st Quarter 01.01–31.03	2nd Quarter 01.04–30.06	3rd Quarter 01.07–30.09	4th Quarter 01.10–31.12	2020 FY 01.01–31.03
Revenue	€k	1,355,674				1,355,674
EBITDA	€k	76,185				76,185
EBIT	€k	52,627				52,627
EBT	€k	51,055				51,055
EBT margin	%	3.8				3.8
Earnings after taxes	€k	36,468				36,468

EARNINGS POSITION

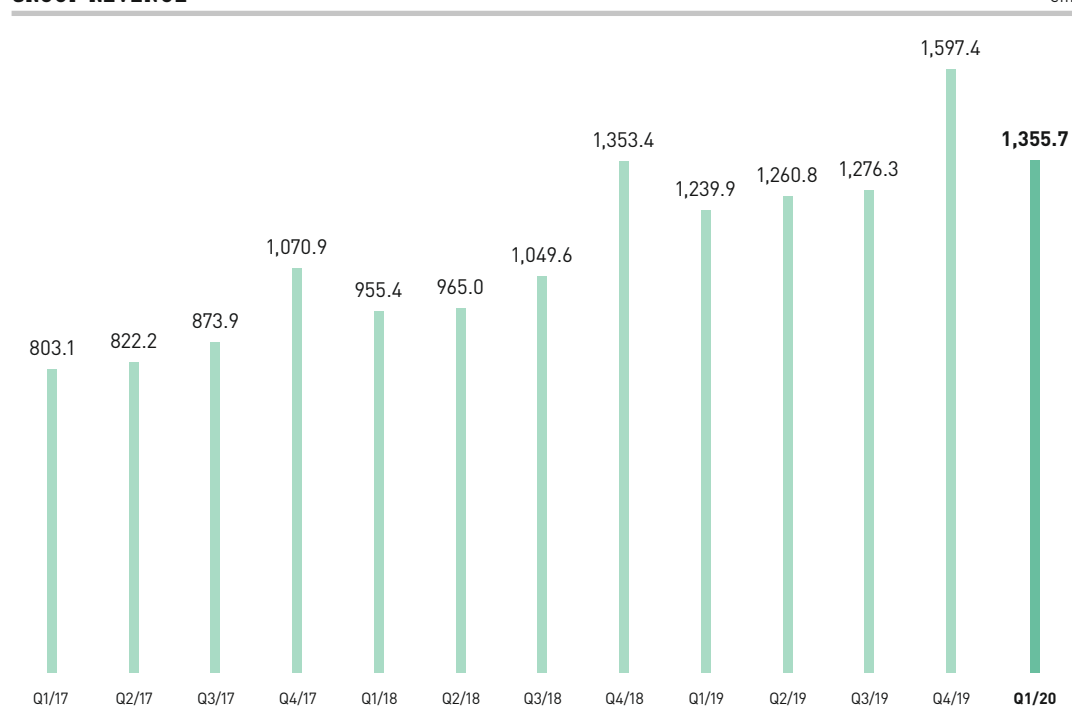
Despite the rapidly deteriorating framework conditions due to the Covid-19 pandemic, the Bechtle Group exhibited a high growth rate in the first three months of 2020. This was due especially to the surge in demand experienced in March to supply customers with home office equipment and collaboration tools as well as the very high demand from public sector clients.

As of 31 March, the order backlog amounted to €908 million (prior year: €691 million). Of this amount, the IT System House & Managed Services segment accounted for €725 million (prior year: €578 million), and the IT E-Commerce segment for €183 million (prior year: €113 million).

From January to March, the revenue increased 9.3 per cent, compared to the prior-year quarter. At 8.2 per cent, the organic growth was only slightly lower.

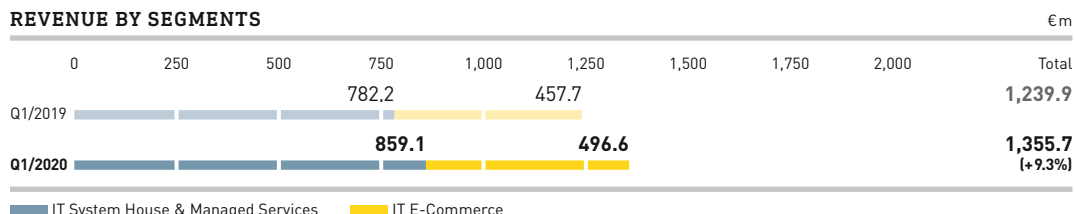
GROUP REVENUE

€m



With an almost exclusively organic increase of 10.6 per cent, growth in the domestic companies was stronger than in the companies abroad, which recorded a growth of 7.3 per cent. Outside Germany, the partly earlier and sometimes more drastic measures to control the Covid-19 pandemic were noticeable. At 20.4 per cent, the domestic trading companies thus reported the highest growth.

REVENUE BY SEGMENTS



Among the segments, the growth was largely balanced. The revenue increase was 9.8 per cent in the IT System House & Managed Services segment and 8.5 per cent in the IT E-Commerce segment. The gap between the organic growth rates – 8.1 per cent in System House and 8.5 per cent in E-Commerce – was even smaller.

REVENUE – GROUP AND SEGMENTS

	€k		
	Q1/2020	Q1/2019	Change
Group	1,355,674	1,239,948	+9.3%
Domestic	828,748	749,079	+10.6%
Abroad	526,926	490,869	+7.3%
IT System House & Managed Services	859,116	782,219	+9.8%
IT E-Commerce	496,558	457,729	+8.5%

Gross earnings went up 15.1 per cent, and the gross margin increased from 14.2 per cent to 15.0 per cent. Though the personnel expenses and the depreciation and amortisation, which are included in the cost of sales, increased at a disproportionately high rate, this was compensated for by the disproportionately low increase of 6.5 per cent in material costs.

The expenses in the two functional areas, sales and administration, developed differently. In sales, expenses increased 9.1 per cent, a rate similar to that of the revenue increase, and the expense ratio remained stable at 5.7 per cent. In administration, expenses went up at a disproportionately high rate of 21.0 per cent, and the expense ratio increased from 5.2 per cent to 5.7 per cent. This was attributable to a higher increase in other operating expenses as a result of impairments applied in expectation of the probable economic consequences of the coronavirus pandemic. Other operating income remained largely stable.

EBITDA went up 17.3 per cent, and the EBITDA margin was 5.6 per cent. Depreciation and amortisation increased by a higher rate of 26.4 per cent to €23.6 million. This was due mainly to new leasing agreements for buildings. As previously, depreciation of property, plant and equipment accounted for the largest share of depreciation and amortisation. This item amounted to €19.9 million.

EBIT went up by 13.7 per cent to €52.6 million. The margin improved to 3.9 per cent.

EBT underwent a similar development. This KPI increased 13.4 per cent to €51.1 million. The EBT margin was 3.8 per cent, compared to 3.6 per cent in the prior year.

EBT AND EBT MARGIN

€m and %



Due to the relative higher earnings share from Switzerland, the tax rate declined to 28.6 per cent.

Earnings after taxes went up 15.1 per cent to €36.5 million. EPS amounted to €0.87.

At the segment level, the earnings situation was as follows:

EBIT in the IT System House & Managed Services segment increased 23.2 per cent to €32.5 million. Though the personnel expenses went up at a disproportionately high rate due to qualification measures in the prior year, this was more than compensated for by the increased earnings part of higher-margin business such as Managed Services. The EBIT margin thus rose from 3.4 per cent to 3.8 per cent.

EBIT in the IT E-Commerce segment went up 1.2 per cent. This reflected the aforementioned higher operating expenses, whose disproportionately high increase could not be duly compensated for by the otherwise positive business performance. The EBIT margin receded from 4.3 per cent to 4.1 per cent.

EBIT – GROUP AND SEGMENTS

€k

	Q1/2020	Q1/2019	Change
Group	52,627	46,278	+13.7%
IT System House & Managed Services	32,489	26,370	+23.2%
IT E-Commerce	20,138	19,908	+1.2%

ASSETS AND FINANCIAL POSITION

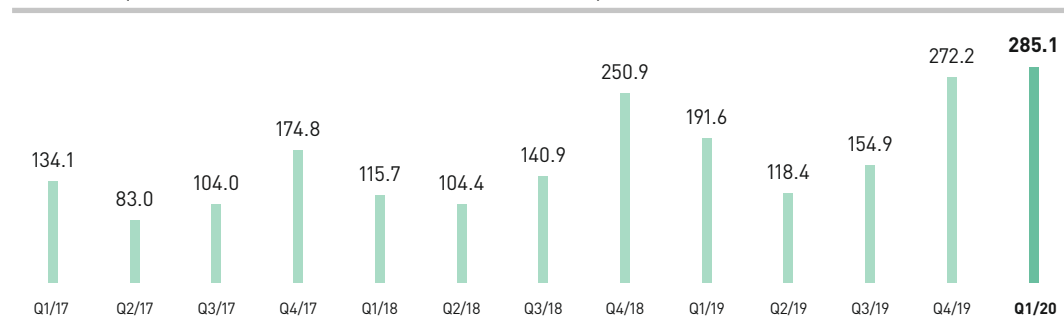
The balance sheet total of the Bechtle Group as at 31 March 2020 stood at €2,458.7 million, 2.7 per cent more than as at 31 December 2019.

Under the non-current assets, the company's property, plant and equipment increased €24.3 million due to the accounting for rights of use of new leasing contracts for buildings, the new building at the Neckarsulm headquarters and other reasons.

Under the current assets, the inventories went up €90.4 million, both due to the higher stock levels kept in view of foreseeable supply bottlenecks for individual products in the second quarter and due to the fact that the return rate in the first quarter, especially in the month of March, was much higher than usual. In many cases, our customers' incoming goods areas were not staffed due to the Covid-19 pandemic, so that ordered goods were initially returned to our warehouse. Trade receivables declined by €82.7 million in the first quarter. Our average DSO (days sales outstanding) showed a year-on-year decrease from 41.9 days to 41.7 days as at 31 March 2020. The Bechtle Group's total liquidity (cash and cash equivalents including time deposits and securities) is at a very comfortable level of €285.1 million, especially under consideration of the uncertainties that are currently prevalent.

LIQUIDITY (INCLUDING TIME DEPOSITS AND SECURITIES)

€m



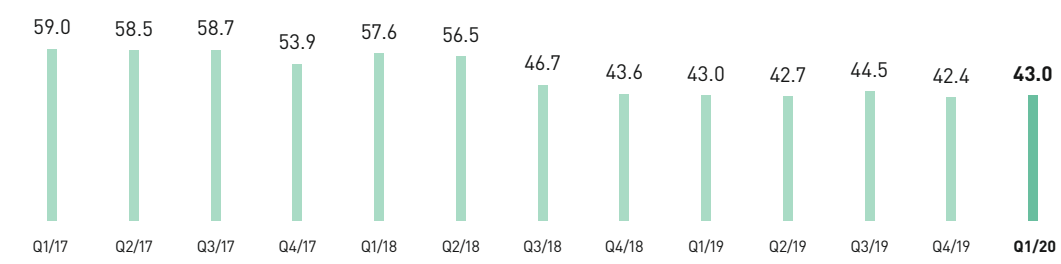
Bechtle further optimised its working capital. As at 31 March 2020, the working capital amounted to €636.9 million, 1.7 per cent less than as at 31 December 2019. Though the inventories increased considerably, the company was able to reduce the high level of receivables compared to the end of the year, and the liabilities increased because some vendors granted longer payment deadlines.

Under the non-current liabilities, the financial liabilities and other liabilities increased by about €14 million. The increase reflects the new bank loans that were raised to finance buildings and the accounting for rights of use of new leasing contracts for buildings. Under the current liabilities, in particular the other liabilities declined by €39.4 million. This was due to lower liabilities to employees as a result of variable compensation components paid out in the first quarter.

As a result of higher earnings, equity rose by €41.2 million. The equity ratio increased from 42.4 per cent as at 31 December 2019 to 43.0 per cent as at the reporting date. The extrapolated return on equity rose sharply from 15.6 per cent as at 31 March 2019 to 17.5 per cent as at the reporting date.

EQUITY RATIO

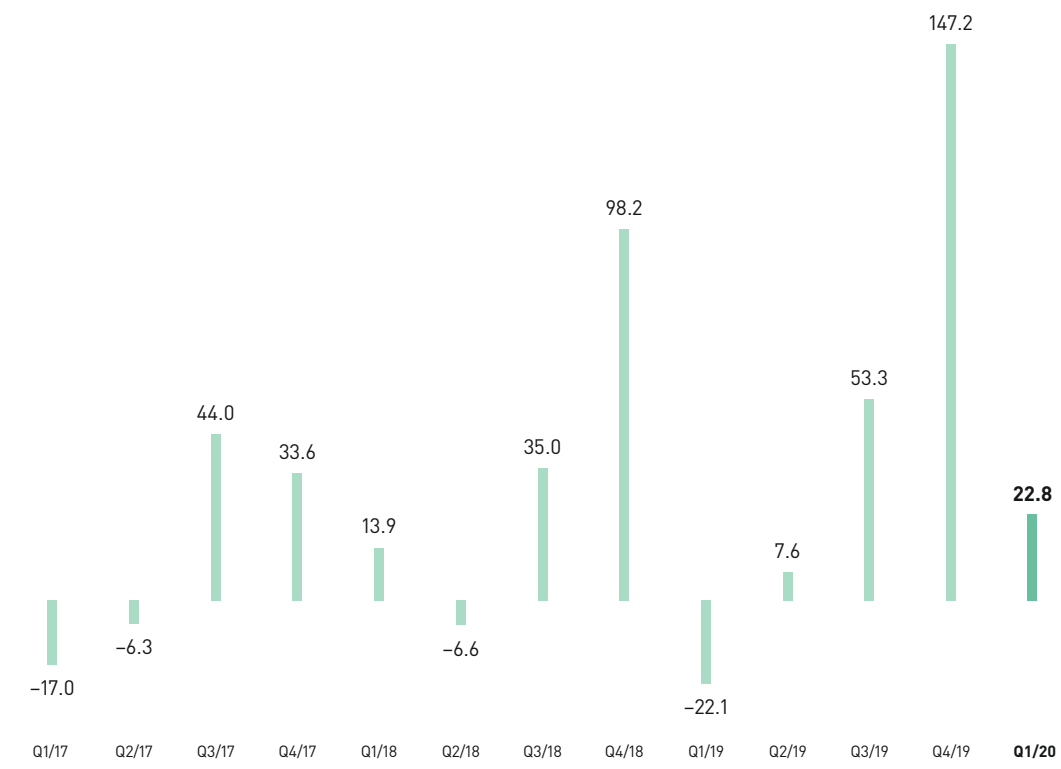
%



In the first quarter, the cash flow from operating activities stood at plus €22.8 million (prior year: minus €22.1 million). Though the cash outflow for the build-up of inventories underwent a year-on-year increase, the cash inflow from the reduction of trade receivables went up also. Furthermore, the cash outflow for trade payables could be reduced due to longer payment deadlines.

CASH FLOW FROM OPERATING ACTIVITIES

€m

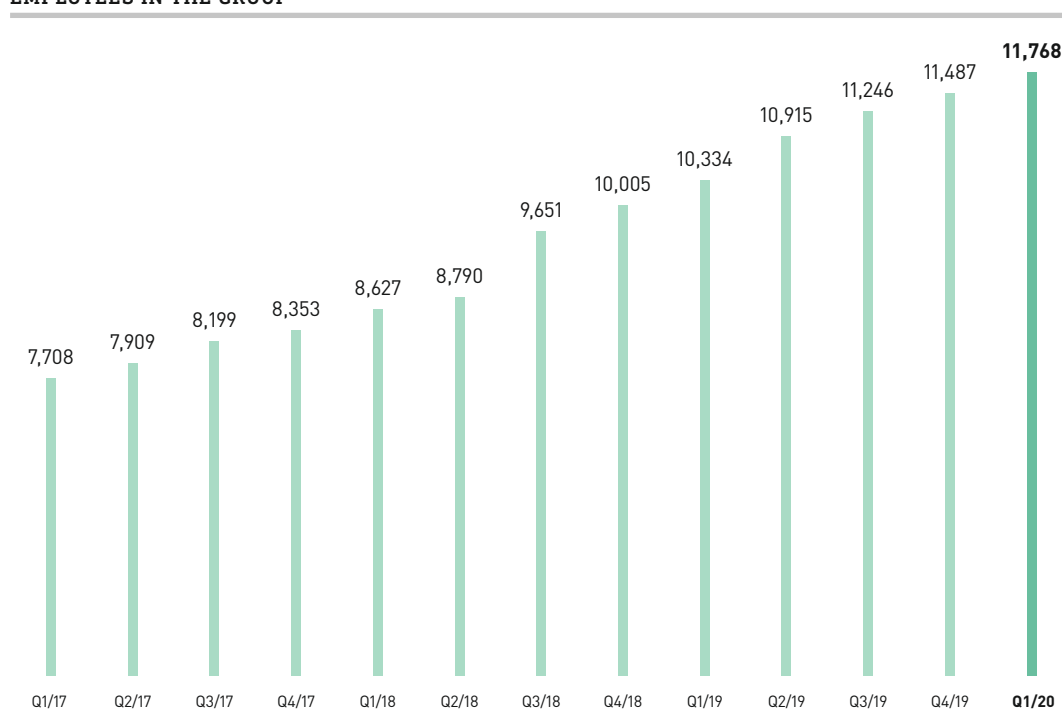


In the first quarter of 2020, the net cash used for investments increased to minus €55.5 million. This was due mainly to the outflow for time deposits and securities in the amount of €40.0 million. The outflows for investments amounted to approximately €15 million, as planned. Due to the assumption of financial liabilities, the cash flow from financing activities amounted to a positive total of €4.0 million.

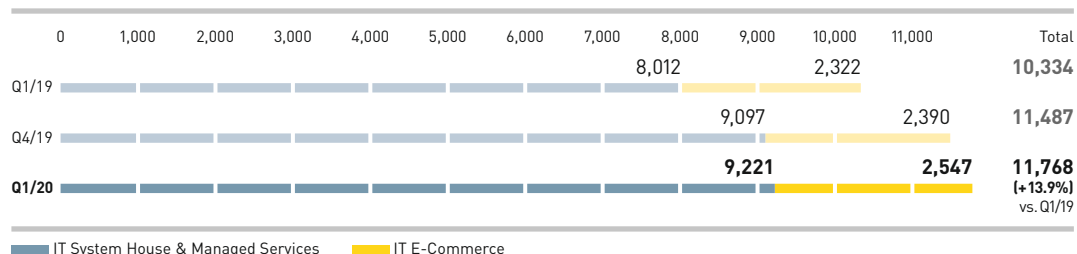
EMPLOYEES

As of the reporting date of 31 March 2020, the Bechtle Group had a total of 11,768 employees, including 660 trainees. Compared to 31 March 2019, the headcount went up by 1,434, an increase of 13.9 per cent. In the first quarter of 2020, some 281 new colleagues joined Bechtle. The increase in the number of employees is the result of acquisitions and new recruitment.

EMPLOYEES IN THE GROUP



As of the reporting date of 31 March 2020, the System House segment had a total of 9,221 employees, a year-on-year increase of 1,209 or 15.1 per cent. As a result of acquisitions, the foreign system houses posted a significantly higher headcount increase of 35.0 per cent. In the IT E-Commerce segment, the number of employees increased by 225 or 9.7 per cent compared to 31 March 2019. The domestic and foreign companies accounted for almost equal shares of the headcount increase.

EMPLOYEES BY SEGMENTS

In the first quarter of 2020, the average number of employees in the group amounted to 11,687, a year-on-year increase of 1,441 or 14.1 per cent.

As of 31 March 2020, Bechtle had 660 young trainees, 54 more than in the prior year, an increase of 8.9 per cent.

FORECAST

The macroeconomic framework conditions are facing a hitherto unknown level of uncertainty due to the Covid-19 pandemic. Accordingly, the targets for 2020 can only be projected on the basis of the assumptions valid at the time when the forecasts are made. Bechtle currently assumes that in the second quarter the demand and supply chain situation will also come under pressure in the IT market, however the framework conditions in the second half of the year will gradually return to normal, at the latest in the fourth quarter. Against this backdrop and in view of the good performance in the first quarter, we still confirm as of today our forecast for the fiscal year 2020 as presented on pages 111 to 118 of our 2019 annual report.

CONSOLIDATED INCOME STATEMENT

	€k	
	01.01– 31.03.2020	01.01– 31.03.2019
Revenue	1,355,674	1,239,948
Cost of sales	1,152,680	1,063,522
Gross profit	202,994	176,426
Distribution costs	77,712	71,252
Administrative expenses	77,425	64,001
Other operating income	4,770	5,105
Earnings before interest and taxes	52,627	46,278
Financial income	224	324
Financial expenses	1,796	1,596
Earnings before taxes	51,055	45,006
Income taxes	14,587	13,329
Earnings after taxes (attributable to shareholders of Bechtle AG)	36,468	31,677
Net earnings per share (basic and diluted)	€ 0.87	0.75
Weighted average shares outstanding (basic and diluted)	42,000	42,000
	in thousands	

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	€k	
	01.01– 31.03.2020	01.01– 31.03.2019
Earnings after taxes	36,468	31,677
Other comprehensive income		
Items that will not be reclassified to profit or loss in subsequent periods		
Actuarial gains and losses on pension provisions	-1,716	494
Income tax effects	329	-94
Items that will be reclassified to profit or loss in subsequent periods		
Unrealised gains and losses on securities	0	0
Income tax effects	0	0
Unrealised gains and losses on financial derivatives	-46	-69
Income tax effects	-3	4
Currency translation differences of net investments in foreign operations	0	0
Income tax effects	0	0
Hedging of net investments in foreign operations	1,327	-725
Income tax effects	-394	215
Currency translation differences	5,282	847 ¹
Other comprehensive income	4,779	672¹
of which income tax effects	-68	125
Total comprehensive income (attributable to shareholders of Bechtle AG)	41,247	32,349¹

¹ Prior year adjusted

CONSOLIDATED BALANCE SHEET

ASSETS		€ k	
	31.03.2020	31.12.2019	31.03.2019
Non-current assets			
Goodwill	400,658	397,592	358,612
Other intangible assets	115,616	119,303	121,604
Property, plant and equipment	304,991	280,685	253,852
Trade receivables	40,914	38,148	31,828
Deferred taxes	4,025	3,914	4,700
Other assets	7,048	6,729	11,972
Time deposits and securities	30,000	0	0
Total non-current assets	903,252	846,371	782,568
Current assets			
Inventories	375,939	285,574	342,955
Trade receivables	779,657	862,323	718,318
Income tax receivables	1,954	2,022	1,835
Other assets	142,864	126,180	92,578
Time deposits and securities	10,001	0	0
Cash and cash equivalents	245,059	272,197	191,577
Total current assets	1,555,474	1,548,296	1,347,263
Total assets	2,458,726	2,394,667	2,129,831

EQUITY AND LIABILITIES

€k

	31.03.2020	31.12.2019	31.03.2019
Equity			
Issued capital	42,000	42,000	42,000
Capital reserves	124,228	124,228	124,228
Retained earnings	889,861	848,614	749,325
Total equity	1,056,089	1,014,842	915,553
Non-current liabilities			
Pension provisions	31,946	30,702	16,506
Other provisions	10,976	10,081	11,685
Financial liabilities	388,628	373,874	377,480
Trade payables	90	13	18
Deferred taxes	32,865	33,180	40,421
Other liabilities	112,146	98,025	79,127
Contract liabilities	17,794	19,353	20,013
Deferred income	1,434	1,481	1,725
Total non-current liabilities	595,879	566,709	546,975
Current liabilities			
Other provisions	12,204	12,805	10,433
Financial liabilities	13,852	13,801	14,301
Trade payables	420,306	406,807	350,333
Income tax payables	18,195	19,859	10,731
Other liabilities	192,403	231,776	157,106
Contract liabilities	121,155	105,369	105,436
Deferred income	28,643	22,699	18,963
Total current liabilities	806,758	813,116	667,303
Total equity and liabilities	2,458,726	2,394,667	2,129,831

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 2019	42,000	124,228	711,583	5,393	716,976	883,204
Earnings after taxes			31,677		31,677	31,677
Other comprehensive income				672 ¹	672 ¹	672 ¹
Total comprehensive income	0	0	31,677	672 ¹	32,349 ¹	32,349 ¹
Equity as of 31 March 2019	42,000	124,228	743,260	6,065	749,325	915,553
Equity as of 1 January 2020	42,000	124,228	840,067	8,547	848,614	1,014,842
Earnings after taxes			36,468		36,468	36,468
Other comprehensive income				4,779	4,779	4,779
Total comprehensive income	0	0	36,468	4,779	41,247	41,247
Equity as of 31 March 2020	42,000	124,228	876,535	13,326	889,861	1,056,089

¹ Prior year adjusted

CONSOLIDATED CASH FLOW STATEMENT

	€k	
	01.01– 31.03.2020	01.01– 31.03.2019
Operating activities		
Earnings before taxes	51,055	45,006
Adjustment for non-cash expenses and income		
Financial earnings	1,572	1,272
Depreciation and amortisation of intangible assets and property, plant and equipment	23,558	18,644
Gains and losses on disposal of intangible assets and property, plant and equipment	16	–22
Other non-cash expenses and income	6,375	2,278
Changes in net assets		
Changes in inventories	–89,870	–60,364
Changes in trade receivables	73,820	40,861
Changes in trade payables	12,846	–24,775
Changes in deferred income	19,798	16,301
Changes in other net assets	–59,286	–44,941
Income taxes paid	–17,128	–16,372
Cash flow from operating activities	22,756	–22,112
Investing activity		
Cash paid for acquisitions less cash acquired	–2,560	–10,792
Cash paid for investments in intangible assets and property, plant and equipment	–15,346	–17,150
Cash received from the sale of intangible assets and property, plant and equipment	2,224	245
Cash paid for acquisitions of time deposits and securities	–40,001	
Cash received from the sale of time deposits and securities, and from redemptions of non-current assets	0	5,542
Interest payments received	199	262
Cash flow from investing activities	–55,484	–21,893
Financing activities		
Cash paid for the repayment of financial liabilities	–3,324	–3,528
Cash received from the assumption of financial liabilities	18,129	1,162
Interest paid	20	–666
Outflow for the repayment of finance leases	–10,777	–7,594
Cash flow from financing activities	4,048	–10,626
Exchange-rate-related changes in cash and cash equivalents	1,542	829
Changes in cash and cash equivalents	–27,138	–53,802
Cash and cash equivalents at beginning of the period	272,197	245,379
Cash and cash equivalents at the end of the period	245,059	191,577

FINANCIAL CALENDAR

QUARTERLY STATEMENT 1ST QUARTER 2020 (31 MARCH)

Friday, 8 May 2020

VIRTUAL ANNUAL GENERAL MEETING

Wednesday, 27 May 2020, 14.00 a.m.

HALF-YEAR FINANCIAL REPORT 2020 (30 JUNE)

Wednesday, 12 August 2020

QUARTERLY STATEMENT 3RD QUARTER 2020 (30 SEPTEMBER)

Wednesday, 11 November 2020

See [bechtle.com/financial-calendar](https://www.bechtle.com/financial-calendar) for further dates and changes.

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