

Progress in Numbers.

ANNUAL REPORT 2011

We thank our **5,479** employees.

Your strong IT partner.
Today and tomorrow.

BECHTLE

5 YEARS IN FIGURES

01. 5 YEARS IN FIGURES

		2007	2008	2009	2010	2011	Change in % 2011-2010
Revenue	th. euros	1,383,453	1,431,462	1,379,307	1,722,919	1,994,881	+15.8
IT system house & managed services	th. euros	885,772	927,530	919,956	1,151,119	1,315,669	+14.3
IT e-commerce	th. euros	497,681	503,932	459,351	571,800	679,212	+18.8
EBITDA	th. euros	71,754	74,139	56,976	76,127	104,764	+37.6
IT system house & managed services	th. euros	42,808	47,846	36,004	47,000	64,632	+37.5
IT e-commerce	th. euros	28,946	26,293	20,972	29,127	40,132	+37.8
EBIT	th. euros	58,253	60,229	42,712	60,728	86,403	+42.3
IT system house & managed services	th. euros	33,065	38,444	25,768	35,852	49,891	+39.2
IT e-commerce	th. euros	25,188	21,785	16,944	24,876	36,512	+46.8
EBIT margin	%	4.2	4.2	3.1	3.5	4.3	
IT system house & managed services	%	3.7	4.1	2.8	3.1	3.8	
IT e-commerce	%	5.1	4.3	3.7	4.4	5.4	
EBT	th. euros	59,006	61,533	43,662	61,784	86,289	+39.7
EBT margin	%	4.3	4.3	3.2	3.6	4.3	
Earnings after taxes	th. euros	40,959	45,428	34,258	46,422	62,723	+35.1
Earnings per share	euros	1.93	2.14	1.64	2.21	2.99	+35.1
Cash flow from operating activities	th. euros	41,993	49,941	47,330	59,114	55,782	-5.6
Cash and cash equivalents¹	th. euros	52,300	77,638	94,977	129,750	141,488	+9.0
Equity ratio	%	61.2	62.8	64.3	56.8	52.2	
Number of employees as of 31.12.²		4,250	4,405	4,354	4,766	5,479	+15.0
IT system house & managed services		3,303	3,450	3,443	3,763	4,305	+14.4
IT e-commerce		947	955	911	1,003	1,174	+17.0



More key figures
can be
found in the
multi-year overview
on pages 222-225

¹ Incl. time deposits and securities

² Full-time employees, trainees, and employees on parental leave

REVIEW BY QUARTER 2011

02. REVIEW BY QUARTER 2011

		1st quarter 01.01.-31.03.	2nd quarter 01.04.-30.06.	3rd quarter 01.07.-30.09.	4th quarter 01.10.-31.12.
Revenue	th. euros	456,107	457,031	497,332	584,411
EBITDA	th. euros	21,741	23,806	27,108	32,109
EBIT	th. euros	17,847	19,644	22,114	26,798
EBIT margin	%	3.9	4.3	4.4	4.6
EBT	th. euros	18,096	19,940	21,847	26,406
EBT margin	%	4.0	4.4	4.4	4.5
Earnings after taxes	th. euros	13,175	14,482	15,923	19,143

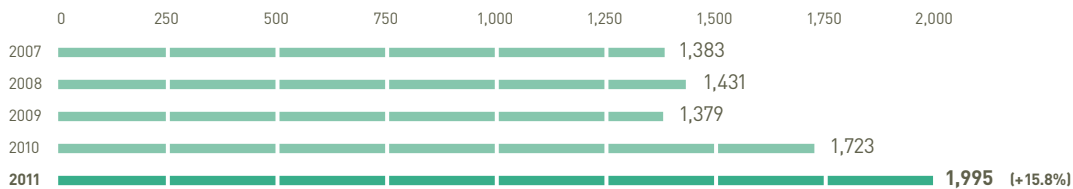


From 15 May 2012,
you can find the latest
figures for the first
quarter of 2012 at
[www.bechtle.com/
reports](http://www.bechtle.com/reports)

5 YEARS IN BRIEF

REVENUE

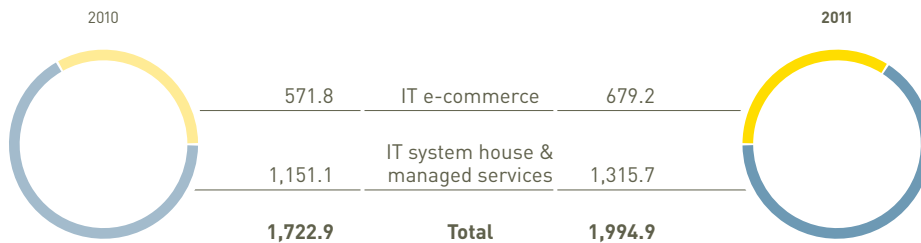
in million euros



For revenue performance see page 87 f

REVENUE BY SEGMENTS

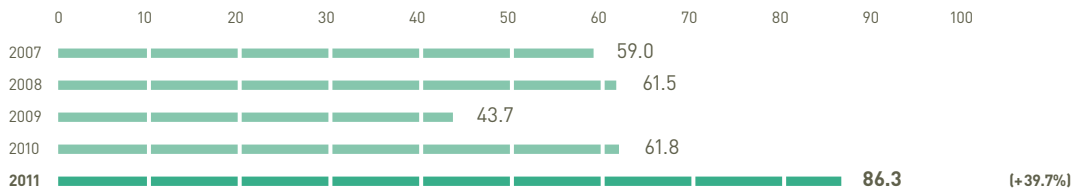
in million euros



For segment reporting see page 93 ff

EBT

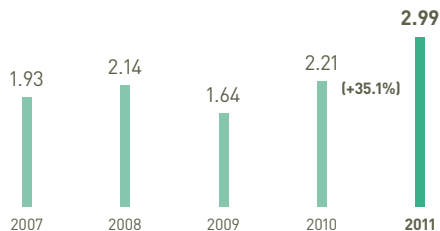
in million euros



For earnings situation see page 91 ff

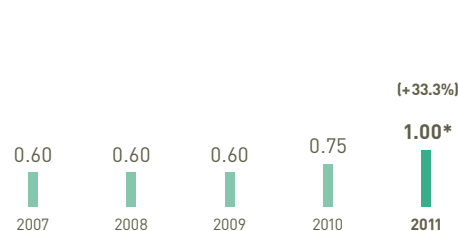
EPS

in euros



DIVIDEND PER SHARE

in euros



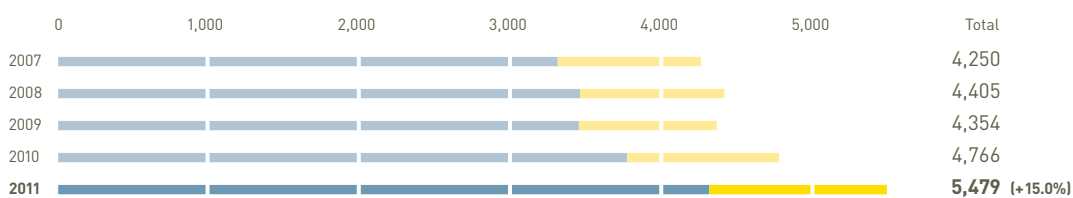
* Proposal to the Annual General Meeting



For EPS and dividend see page 93 and page 79

EMPLOYEES BY SEGMENTS

as of 31 December



IT system house & managed services IT e-commerce



For development of employee numbers see page 60 f

Progress needs **goals**. Bechtle AG has goals. These goals are outlined in our **VISION 2020** and have served as encouragement, guideline and benchmark since 2009.

For **Bechtle AG**: To generate revenues of 5 billion euros and an EBT margin of 5 per cent with 10,000 employees by 2020.

For **IT-E-Commerce**: To be the Number 1 in Europe. To continue with the internationalisation – even beyond Europe.

For **IT-Systemhaus & Managed Services**: To be the leading IT partner for business customers and public-sector clients and to be present throughout Germany, Austria and Switzerland.

Numbers and **diagrams** are the most effective way of visualising progress. The various subjects and perspectives are more diversified and colourful than you would expect from the conventional charts of an annual report.

In this year's **special section** of our annual report, we demonstrate our **progress in numbers** and our numbers in images – in **diagrams**. The first of these images on the right-hand side shows the proportion this part occupies in this year's annual report.

To our Shareholders
14 pages (5,8%)

4
6
8
10

Progress in Numbers
20 pages (8,3%)

15

Group Management Report
100 pages (41,3%)

35
38

83

86

108

127

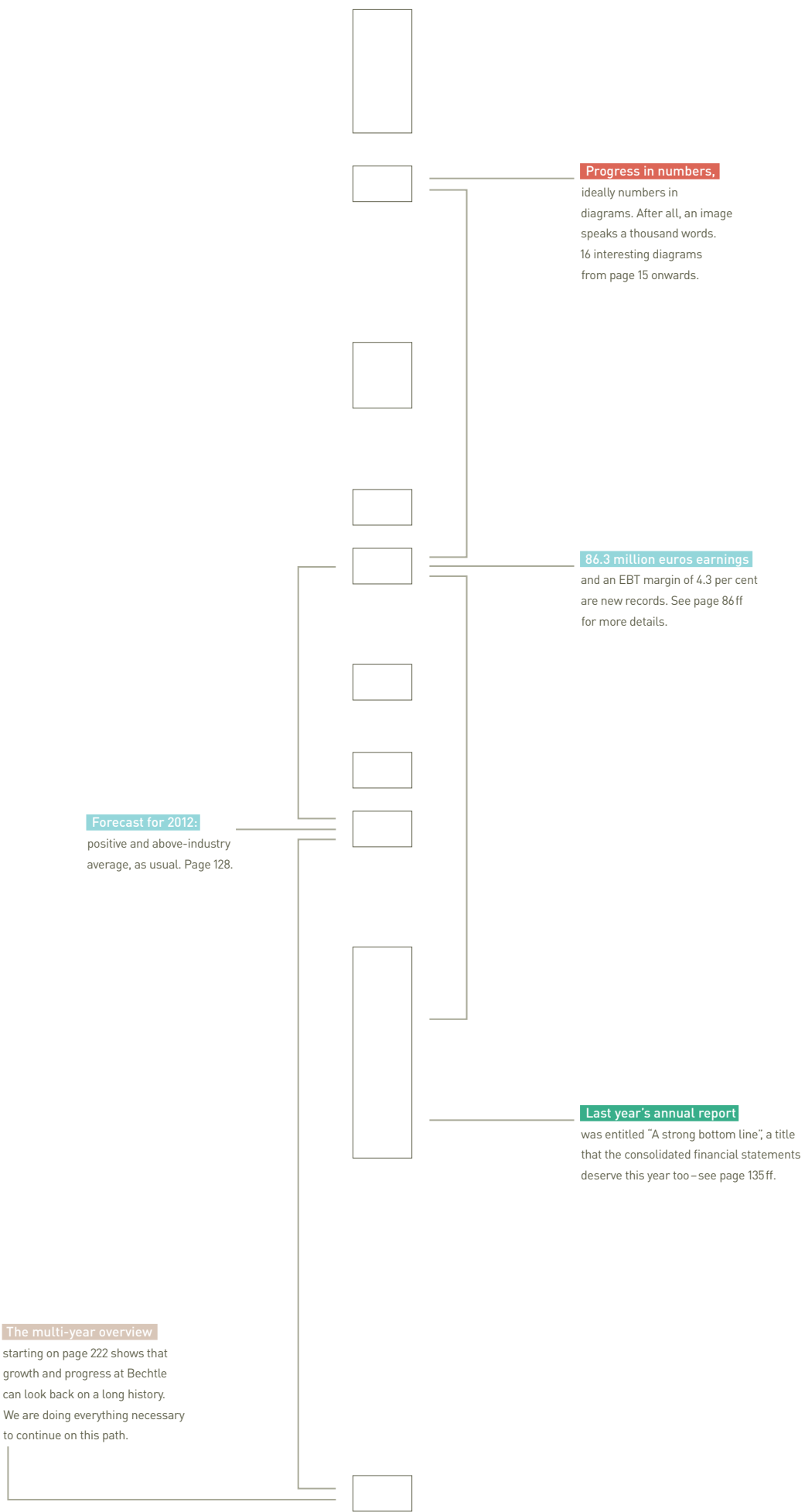
128

Consolidated Financial Statements
87 pages (36,0%)

135
138
139
140
142
143
144

Further Information
18 pages (7,4%)

222



Cross reference within the Annual Report



Cross reference to other printed works and other literature



Cross reference to information on the internet



Reference to non-financial performance indicators

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JANUARY

Gold from Acer. At this year's Acer kick-off event in the Hanover Congress Centre, BECHTLE receives three gold awards in the categories "Best Acer Value Business" (BECHTLE IT system house Hamburg), "Best Project" (BECHTLE IT system house Berlin) and "Best Acer Volume Business" (BECHTLE DIRECT).

FEBRUARY

Best in class. VMware honours BECHTLE'S advanced virtualisation competence with two international awards. The world's leading provider of cloud infrastructure solutions designates BECHTLE as the "Partner of the Year" in the EMEA region. BECHTLE managing director Roland König receives the "Global Partner Executive – Most Valuable Partner" award, which is bestowed only once around the globe. BECHTLE also receives awards from DataCore as "Best Performer", from IBM as "Best Outsourcing Partner 2010" and from Cisco as "Commercial/Mid-Market Partner of the Year".

Interested young generation. BECHTLE extends an invitation to the Training Day at the group headquarters in Neckarsulm, Germany. The Employment Agency, the Baden-Württemberg Cooperative State University and the Heilbronn-Franken Chamber of Industry and Commerce are also on site with information stands and consultants. About 160 visitors get useful information on starting a professional career.

MARCH

Expansion of the logistics centre. BECHTLE'S growth is evident in all avenues: The expansion of the logistics hall in Neckarsulm, Germany, starts. With the added area of 8,250 square metres, BECHTLE now has a total logistics area of more than 23,650 square metres.

Growth in Switzerland. BECHTLE Switzerland purchases redIT's St. Gallen branch. The business activity focuses on complex infrastructure solutions in eastern Switzerland. BECHTLE takes over 18 redIT employees and the existing infrastructure maintenance agreements.

Successful in-house fair. On three exhibition days, over 1,750 customers, manufacturers and employees visit the 7th BECHTLE Competence Centre Day in Neckarsulm, Germany. The latest IT developments and solutions are presented at some 40 stands and in more than 50 specialised lectures.

NetApp honours growth. At the NetApp partner conference in Berlin, Germany, BECHTLE receives the award in the "Strongest Growth" category. The storage and data management manufacturer – the leader in the German market – presents awards to its most successful partners. In Germany, BECHTLE is among NetApp's three top partners.

APRIL

Expansion in e-commerce. With a new company in Prague, BECHTLE DIRECT is now represented in 13 European countries. After Poland, this location in the Czech Republic is the second in an Eastern European country.

CAD steps up its presence. Following the acquisition of SolidPro GmbH in August last year, BECHTLE makes another step to strengthen its foothold in the field of CAD, acquiring SolidLine AG, the leading system house partner of the CAD software manufacturer Solidworks, which was established in 1996. Besides its headquarters in Walluf near Wiesbaden, Germany, SolidLine has 13 branches and training centres throughout Germany. Additionally, the CAD specialist holds 100 per cent of the shares in the Swiss Solid Solutions AG, with locations in Zürich, Arbon and Schönbühl.

MAY

Mobility trends. For the second time, BECHTLE holds the "mobile day" at its headquarters in Neckarsulm, Germany. More than 400 participants visit 30 exhibition stands and attend numerous specialised lectures for information on the latest mobile computing trends.

JUNE

An expression of trust. More than 50 per cent of the issued capital is represented by approximately 500 shareholders at the Annual General Meeting. They agree to all agenda items and adopt a resolution for a dividend increase to 0.75 euros per share.

Higher free float. BWK GmbH, a long-standing major shareholder of BECHTLE AG that had already held shares prior to the IPO, sells its 18.7 per cent interest in the company. A total of 3,916,507 shares are placed with institutional investors from Germany and other countries at a price of 29 euros per share. Thus, the free float climbs to about 65 per cent.

Attractive employer. BECHTLE AG continues to grow and create new jobs. In June, the company passes the 5,000 employees mark.

JULY

Growth in the solution business. BECHTLE acquires HanseVision GmbH in Hamburg, Germany. The Microsoft solutions specialist concentrates especially on the future-oriented SharePoint technologies. HanseVision was established in 1999 by the current managing director Lorenz Goebel and has 22 employees. **Successful ISO certification.** The environmental management system of BECHTLE AG at the Neckarsulm and Gaildorf sites is certified according to ISO 14001:2004. We have defined clear goals for the next years, such as the reduction of the energy and water consumption and the optimised control of the air-conditioning technology.

AUGUST

Continuous investor relations. About 100 shareholders visit the annual BECHTLE shareholder days in order to gain a personal impression of their company by means of presentations, tours and informative meetings at the headquarters in Neckarsulm, Germany. **High customer satisfaction.** In a survey conducted by the two industry journals "ChannelPartner" and "Computerwoche" for the purpose of electing the most customer-friendly system house in the category with annual revenue of more than 250 million euros, BECHTLE again secures second place. The purpose of the survey was to determine how satisfied customers are with their service provider. **New location.** BECHTLE establishes a new system house location in Giessen, thereby expanding its presence in Germany's state of Hesse. Thus, BECHTLE gains even more customer proximity in central and north Hesse.

SEPTEMBER

Strong training year. At the start of the new training year, 143 young trainees embark on their career with BECHTLE, an unprecedented figure. In the previous year, the number was only 87. **Annual report on the rostrum.** In the contest for the best annual report, "manager magazin" elects BECHTLE as the second runner-up in the TecDAX. In the overall ranking, BECHTLE advances from the 30th to the 11th place. **Improved status.** BECHTLE is an authorised support partner of the storage manufacturer NetApp. The certification also represents a quality label that bears witness to the company's high competence in remote, maintenance and support services for NetApp storage solutions. **Bechtle in the cloud.** BECHTLE receives the "Cisco Cloud Infrastructure Partner" certification from Cisco. The manufacturer thus acknowledges our high competence in cloud infrastructures and proven experience with Cisco technologies. **20 years Bechtle catalogue.** With a print run of 150,000 copies throughout Europe and a current scope of 640 pages, the "BECHTLE IT Bible" has developed into a standard reference work in the IT industry since the first issue was released in 1991.

OCTOBER

Partnership for the cloud. As the first partner of VMware in Germany, BECHTLE introduces a hybrid cloud solution to the market in collaboration with Colt. BECHTLE provides customers with a standardised, cloud-capable data centre that is able to use external resources. In this way, businesses retain the sovereignty over their data and the entire infrastructure management, while being able to get applications and need-oriented services from the cloud. **New office building.** Upon completion of the construction work on the logistics building, the construction work for a new office building on Bechtle Platz 1 begins. It will comprise about 6,500 square metres on four levels, offering working space for 400 people. In total, 26,600 square metres of office space will be available in Neckarsulm, Germany.

NOVEMBER

Flood of awards in autumn. BECHTLE receives several awards. For the second time in a row, VMware honours BECHTLE as the "Highest Invested Solution Partner" for the EMEA region. BECHTLE receives three awards from Citrix: BECHTLE IT system house Munich receives the award in the "Most Certified XenDesktop" category, the Austrian HTH Consulting becomes the "Citrix Best Networking Partner" for the second time in a row and COMSOFT DIRECT in Switzerland is designated "Rising Star". BECHTLE receives the "Partner of the Year" award from Fujitsu. In the current fiscal year, BECHTLE is the first partner worldwide to pass the 100 million euros mark with Fujitsu products. In Austria, BECHTLE also receives Fujitsu's "Channel Partner of the Year" award. Moreover, Symantec elects BECHTLE as the "Small & Medium Business Partner of the Year".

DECEMBER

Preparations on schedule. The establishment of a company in Hungary marks the next step of the preparations for the market entry of BECHTLE DIRECT in the 14th country on schedule. The Web shop and catalogue in the local language are to be launched in spring. **Even more growth in the solution business.** BECHTLE acquires Redmond Integrators GmbH, Bochum, Germany, another Microsoft solution specialist. Together with HanseVision, which was acquired in July, BECHTLE is thus represented with specialists in the auspicious field of application solutions in the north and west. **Year-end spurt at Bechtle logistics.** In December, 115,000 parcels are shipped. In 2011, the central BECHTLE logistics ships more than 1,467,000 parcels, a new annual record.

Dear Stockholders,

Your Bechtle is doing well. In 2011, we impressively surpassed the excellent figures of the prior year, setting new records. Strong growth is evident in all areas. Our main success factor that led to this superb performance was the people, who jointly form an effective team. With motivation, talent and excellent qualifications, they unswervingly carry on writing an outstanding enterprise story; year after year, month after month, day after day. Does this mean that there is no need for us to worry about the future? Are we bound to continue on our success path?

Regardless of all economic framework conditions, the answer to this question is closely linked to an important guiding principle: Long-term success depends exclusively on the systematic ability to effect continuous renewal – and teamwork.

Additionally, I would like to express my conviction that joint values and a clear vision are instrumental in ensuring the needed guidance and an eligible goal. The more dynamic, complex and uncertain the framework conditions are, the more important reliable orientation becomes. In this connection, decisive factors include the concentration on our strengths and the willingness to abandon traditional paths and face the important question of what current technologies and trends mean to us and our customers. After all, we do business with people and for people, which counts more than all financial data and technological innovation.

This is why last year, we again invested massively in new employees and further qualification. And we will continue to pursue this strategy, since there is no alternative to personal initiative! The ubiquitous shortage of specialists has been, and is still being, discussed frequently. Our answer: Act now and ensure internal training, continual knowledge expansion and strong know-how transfer within the company. This decision represents an investment in our future. This especially requires perseverance, endurance and the courage to take new paths. For example, consider our initiatives in the social networks, which have become an integral part of Bechtle's work in the fields of human resources and public relations. In this context, I consider the significant increase to 143 new trainees who embarked on their professional career with Bechtle in 2011 – more than ever before – to be a remarkable success.

Besides the excellent revenue growth, outstanding earnings increase and remarkable rise in the number of employees, we have also undergone substantial strategic development since my last shareholder letter. Over the past year, especially our software & application solutions division has become much stronger. By acquiring SolidLine in Germany and Switzerland, we have assumed a market-leading role in the field of CAD software. In this way, we consistently and speedily pursued our course of action that had started a year earlier with the acquisition of Solidpro. Our strategy in a second software area focusing on the Microsoft product SharePoint was similar. In this field, Hamburg-based Hansevision joined the Bechtle Group in summer, followed by Bochum-based Redmond Integrators in January 2012. Thus, software & application solutions is increasingly developing into another pillar in our IT system house & managed services segment.

Furthermore, all trend surveys conducted among IT managers and CIOs show that our concentration on the six Bechtle IT solution subjects is absolutely correct. In 2012, we will focus on networking solutions, virtualisation, IT security, mobility and cloud computing. We have greatly expanded our portfolio in all these areas, especially in cloud computing.

Large customers as well as medium-sized businesses are intensively looking into the options of an individual cloud solution of their own. In this respect, we have taken a clear position: Bechtle is making its customers' data centres "cloud ready". In this field, we are able to draw on our existing IT infrastructure competence – which is our core field of expertise – and play our trump card: our virtualisation competence, which is matchless throughout Europe and represents the key technology for cloud computing. In the EMEA region, no other company has more virtualisation specialists than Bechtle. Thus, we are predestined to provide customers with reliable consulting services, set up individual cloud solutions, implement them and even operate them if desired. This development has convinced us that talking about cloud computing means talking about the future of IT.

Our expansion in the IT e-commerce segment is also progressing well: Since April 2011, we are represented in the Czech Republic with a country-specific online shop and an office in Prague. Exactly one year later, Hungary brings the number of European countries in which we are present to 14. At the same time, we are also intensively examining other markets for the continuous geographic expansion of this segment.

All in all, we have been able to start the new year from a clear position of strength. The foundation for further profitable growth has been laid.

Despite the uncertain outcome of the euro crisis, we are confident that the revenue will continue to grow this year at above-industry rates. Apart from the organic growth, 2012 is likely to offer new attractive opportunities for expanding the scope and regional coverage of our business model by means of acquisitions. Our financial situation is excellent and enables us to easily realise further acquisitions even under our own steam. You can rest assured that we will stick to our motto "be moderate, but without slowing down".

We have stepped up our pace; the rate of change that is necessary for the systematic ability to implement continuous renewal is clearly evident at Bechtle in small and large matters, and we are firmly locked on to our Vision 2020. Our employees are our main drivers. We are positioned effectively, and we are headed in the right direction. We are facing a great future, in whose making all of us at Bechtle want to play a major role. Dear shareholders, it is my sincere desire that you share this view and stay closely involved with us.

Yours sincerely,



Dr. Thomas Olemotz
Chairman of the Executive Board

Jürgen Schäfer

Executive Board member,
responsible for the
IT e-commerce segment

Born 1958, married, two children. After his studies of business economics and a job at a medium-sized wholesale company, Jürgen Schäfer joined BECHTLE in 1988. He was first responsible for purchasing and organisation and was later appointed director of the BECHTLE IT system house in Würzburg, Germany. Subsequently, he successfully established the trading business under the BECHTLE DIRECT brand and, as division head, supervised the European expansion and the consolidation of all trading processes in BECHTLE'S logistics and service division. Since his appointment as a member of the Executive Board of BECHTLE AG in early 2009, he has been in charge of the e-commerce activities of the three group trading brands ARP, BECHTLE DIRECT and COMSOFT DIRECT in Europe.

Dr. Thomas Olemotz

Chairman of
the Executive Board,
responsible for
controlling and finance,
corporate communications,
investor relations, IT,
logistics & service,
human resources and
staff development,
and legal

Born 1962, married, two children. Upon completion of his training as a banker and studies in business economics, Dr. Thomas Olemotz entered Giessen University as a scientific staff member. After obtaining his doctoral degree, he first served as assistant to the Executive Board of Westdeutsche Landesbank and then moved on to the Deutsche Bank Group. At Deutsche Gesellschaft für Mittelstandsberatung, he became the division head responsible for medium-sized mergers and acquisitions. His next professional milestones were a position as head of business development at Delton AG and a position as a member of the Executive Board responsible for finance and human resources at Microlog Logistics AG, in which Delton AG holds the majority interest. In March 2007, he stepped over to BECHTLE AG, where he first served as CFO and, after about two years, as Executive Board spokesman. He has been Chairman of the Executive Board of BECHTLE AG since June 2010.

Michael Guschlbauer

Executive Board member,
responsible for the
IT system house &
managed services
segment

Born 1964, married, two children. After finishing his training as an office and communication electronics engineer, he first worked in various technical and project management positions and later in the field of sales. In 1994, he transferred to DeTeSystems (later: T-Systems), where he first served as sales representative and later in various management positions. Eventually, Michael Guschlbauer was put in charge of the Large Enterprises division, Sales & Service management, as a member of the Board of Management of T-Systems Business Services. In January 2008, he embarked on his career at BECHTLE as division head of managed services. A year later, he was appointed as a member of the Executive Board of BECHTLE AG and assumed strategic responsibility for the group's IT system house & managed services business segment.

8%

12.5%

56.7%

31

5



REPORT OF THE SUPERVISORY BOARD

For Bechtle AG, the fiscal year 2011 was a year of new revenue and earnings records. The company benefited especially from the commitment of its employees and the strong position in the competition environment. In the future, the group will continue to expand its presence. The Supervisory Board will support the Executive Board in this process and in the development of new business areas for profitable growth. In this field, too, Bechtle made good progress in the fiscal year ended, as is evident from the recent acquisitions in the solution business. The software and application solutions segment supplements Bechtle's profile as a strong one-stop IT solution provider and ensures close customer bonding. In the coming years, the Supervisory Board will supervise the development of this and other strategic activities.

In 2011, the Supervisory Board meticulously performed all audit and controlling duties imposed on it by law and as required by the Articles of Incorporation. We regularly provided the Executive Board with advice concerning the administration of the group and closely monitored and coached the company's management and development. We were directly involved at an early stage in all decisions that were of material importance to the company or in which the Supervisory Board had a say by virtue of law or the Articles of Incorporation. In 2011, the discussions mainly addressed the group's strategic orientation and, in this connection, the evaluation of new markets and the expansion of the business segments. Furthermore, we intensively discussed the acquisitions performed in the reporting period, the purchase of the central company buildings, including the construction measures at the Neckarsulm site, and the staff development programmes initiated throughout the group. The collaboration of the boards was characterised by intensive open dialogue.

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

In addition to personal discussions with individual members of the Supervisory Board, 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 individual subsidiaries on a monthly basis. Moreover, we intensively elaborated the past quarter and the short to medium-term perspectives at quarterly meetings.

Furthermore, the Supervisory Board actively examined the company. At its meetings, the Supervisory Board regularly looked into the business performance of the group and its segments, as well as the assets and financial position and the implementation of the strategy. Furthermore, we continually took care of the group's risk situation and actively monitored and updated the control and risk management system of BECHTLE AG. The Chairman of the Supervisory Board and the first Vice-Chairman directly approached the



“For Bechtle, 2011 was another year of superb performance. Everything is pointing to further growth – for a promising future.”

Gerhard Schick
Chairman of the Supervisory Board

division heads and the directors of the subsidiaries, thereby continuing to apply the tried-and-tested approach that had already been used in prior years. In personal meetings, they gained a detailed overview of the companies' operations and information on orders and projects of special significance.

The independent auditing and monitoring measures taken by members of the Supervisory Board especially included the regular review of the income statements of individual subsidiaries, intensive screening for anomalies, a target/actual comparison of key performance indicators and participation in strategy meetings, directors' conferences and risk management sessions.

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

Meetings and Central Issues

In the reporting period, the Supervisory Board held four ordinary plenary sessions: on 27 January, 15 March (balance sheet meeting for the annual financial statements 2010), 21 July and 20 October. Additionally, an extraordinary session was convened on 7 June in connection with the takeover of HanseVision GmbH. Even between sessions, the Chairman of the Executive Board promptly and comprehensively informed the Supervisory Board about any projects or aspects that were of special importance to the company's development or that were urgent. Apart from the resolutions adopted at the sessions, the board and its committees also adopted resolutions via circular procedure in special, urgent cases.

We discussed all measures and transactions that required the approval of the Supervisory Board or its committees in detail at Supervisory Board and committee meetings. At its balance sheet meeting, the Supervisory Board adopted the annual financial statements of the prior year, approved the consolidated financial statements of the prior year and the proposal for the appropriation of retained earnings and released the business plan for 2011.

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

- The strategy and intermediate goals of the group and measures to be implemented
- The business planning for 2011
- Economic situation of the BECHTLE Group
- The development of new national markets
- The expansion of the software and application solutions, managed services and public sector divisions
- Due diligence of acquisition projects
- The internal audit and risk management system
- Diversity in the Executive Board and Supervisory Board

At its meeting on 27 January 2011, the Supervisory Board, by recommendation of the personnel committee, reappointed Michael Guschlbauer and Jürgen Schäfer as members of the Executive Board from 1 January 2011 until 31 December 2014, and concluded new employment contracts for the two Executive Board members for this period. The previous employment contracts with the two Executive Board members would have ended on 31 December 2011. The appointment of Dr. Thomas Olemotz, Chairman of the Executive Board, is valid until 31 December 2013. Since 2011, the Executive Board compensation is paid in accordance with the requirements of the Act on the Appropriateness of the Management Board Compensation (VorstAG). In the process, long-term compensation components were added to the employment contracts of all Executive Board members. Moreover, in accordance with VorstAG, the D&O insurance is subject to a deductible.

Committee Work

To fulfil its duties, the Supervisory Board formed three committees. The audit committee came together on 26 January, 14 March, 7 June, 20 July, 19 October and 1 December. Additionally, it held telephone conferences on 10 May, 9 August, and 9 November. In 2011, the committee dealt primarily with the interim financial reports, preliminary audits of the annual and consolidated financial statements, the proposal for the appropriation of retained earnings and the review of the internal audit system and risk management system. The meetings also focused on the monitoring of the auditor's independence, the definition of the main issues to be audited and the agreement of the audit fee. Moreover, the agenda included transactions subject to approval, such as acquisitions and long-term contracts, as well as corporate governance issues.

In 2011, the personnel committee came together at four meetings on 26 January, 15 March, 18 May and 20 July. The meetings mainly focused on the compensation system for the Executive Board, especially with respect to the requirements of VorstAG and of the German Corporate Governance Code.

The arbitration committee pursuant to Section 27 (3) of the German Co-Determination Act (MitbestG) did not need to be convened in 2011.

The chairmanship of the committees did not change in the reporting period: Dr. Jochen Wolf continued to chair the audit committee, and Gerhard Schick served as chairman of the personnel committee and of the arbitration committee. At the plenary sessions, the Supervisory Board was informed in detail about the work of the committees.

In the fiscal year 2011, we again evaluated our Supervisory Board activity and conducted an internal efficiency audit.

Staffing of the Supervisory Board and Executive Board

In the reporting period, the staffing of the Executive Board of BECHTLE AG did not undergo any changes. Sadly, Udo Bettenhausen, employee representative on the Supervisory Board, passed away in 2011. As of 17 May 2011, Siegfried Höfels took his place until the end of the office term of the current Supervisory Board. Udo Bettenhausen had served on the Supervisory Board since 18 January 2007. We greatly appreciated his constructive and cooperative approach. We will always keep him in remembrance.

Corporate Governance and Declaration of Conformity

We intensively reviewed the set of rules of the German Corporate Governance Code. We took a closer look at the recommendations and suggestions on diversity in the Executive Board and in the Supervisory Board, and at the effectiveness of the Executive Board compensation structure. To ensure compliance with the German Corporate Governance Code, we checked the implementation of the recommendations. Together with the Executive Board, we renewed the declaration of conformity pursuant to Section 161 of the German Stock Corporation Act (AktG) in January 2012. Deviations from the recommendations of the Government Commission are explained in detail in the Corporate Governance Report. All declarations of conformity and other documents concerning corporate governance have been made permanently available to the shareholders on the Internet. In the fiscal year ended, there were no conflicts of interests of Executive Board and Supervisory Board members that would have had to be disclosed to the plenum without delay and about which the Annual General Meeting would have had to be informed.



See

Declaration of Conformity,
page 74 f



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

Audit of the Annual and Consolidated Financial Statements for 2011

The Annual General Meeting appointed Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Heilbronn, as auditor of the annual and consolidated financial statements for the fiscal year 2011. 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 2011, including the accounts and the risk management and early detection system, and awarded unqualified auditor's certificates. The consolidated financial statements of BECHTLE AG have been prepared according to IFRS. The auditor has confirmed that these consolidated financial statements fulfil the conditions for exemption from the preparation of financial statements according to German law. The audit also included the monitoring system for early identification of risks, which is to be set up by the Executive Board, and the internal audit and risk management system with respect to the accounting process. The auditor has confirmed that the installed systems are suitable.

The documents related to the financial statements, the proposal of the Executive Board for the appropriation of retained earnings and the auditor's audit reports were duly sent to the members of the Supervisory Board and discussed in detail by the audit committee and the board as a whole. The auditor also participated in the balance sheet meeting on 13 March 2012.

The auditor of the annual and consolidated financial statements has reported in detail on all material results of his audit and has comprehensively answered all questions of the Supervisory Board. Prior to the audit, the Supervisory Board had requested the auditor of the annual and consolidated financial statements, pursuant to Section 7.2.1 of the German Corporate Governance Code, to promptly inform the Chairman of the Supervisory Board of any disqualification or partiality issues that could arise during the audit. Pursuant to Section 7.2.3 of the German Corporate Governance Code, we also requested the auditor of the annual and consolidated financial statements to promptly report any material findings and events that are relevant to the duties of the Supervisory Board that could arise during the audit. We also agreed with the auditor of the annual and consolidated financial statements that he shall inform us or make a note in the audit reports if, during the audit, he should identify facts revealing any incorrectness of the declaration of the Executive Board and the Supervisory Board concerning the German Corporate Governance Code pursuant to Section 161 of the German Stock Corporation Act (AktG).

The Supervisory Board reviewed the independence of the auditor pursuant to Section 7.2.1 of the German Corporate Governance Code on its own responsibility and obtained a written declaration of independence from the auditor. The declaration renders an account of all professional, business-related, personal, financial and other relationships between the auditor of the annual and consolidated financial statements and his boards and chief auditors, on the one hand, and the company and the members of its boards, on the other hand.

Following its own review of the annual financial statements, consolidated financial statements, management report and group management report, the Supervisory Board agreed to the result of the audit conducted by the auditor. In the balance sheet meeting on 13 March 2012, following the recommendations of the audit committee we adopted the annual financial statements pursuant to Section 172 sentence 1 of the German Stock Corporation Act (AktG) and approved the consolidated financial statements. The Supervisory Board agrees to the Executive Board's proposal for the appropriation of the retained earnings and payment of a dividend of 0.85 euros per share, plus a one-time special distribution of 0.15 euros per share certificate. We approve the management report and the group management report of the Executive Board and consider the proposal for the appropriation of retained earnings to be appropriate.

The management report of BECHTLE AG and the group management report of the BECHTLE Group do not contain any special disclosures pursuant to Section 171 (2) sentence 2 of the German Stock Corporation Act (AktG) and Section 289 (4) and Section 315 (4) of the German Commercial Code (HGB) that would have required a statement or explanation of the Supervisory Board.

We would like to thank the Executive Board, the directors of the group companies, the division heads and all employees for their successful work and outstanding commitment in the fiscal year 2011, and the shareholders for the trust they put in the company. We are happy that the group is on a profitable growth track and is successfully implementing its goals towards the "Vision 2020".

On behalf of the Supervisory Board



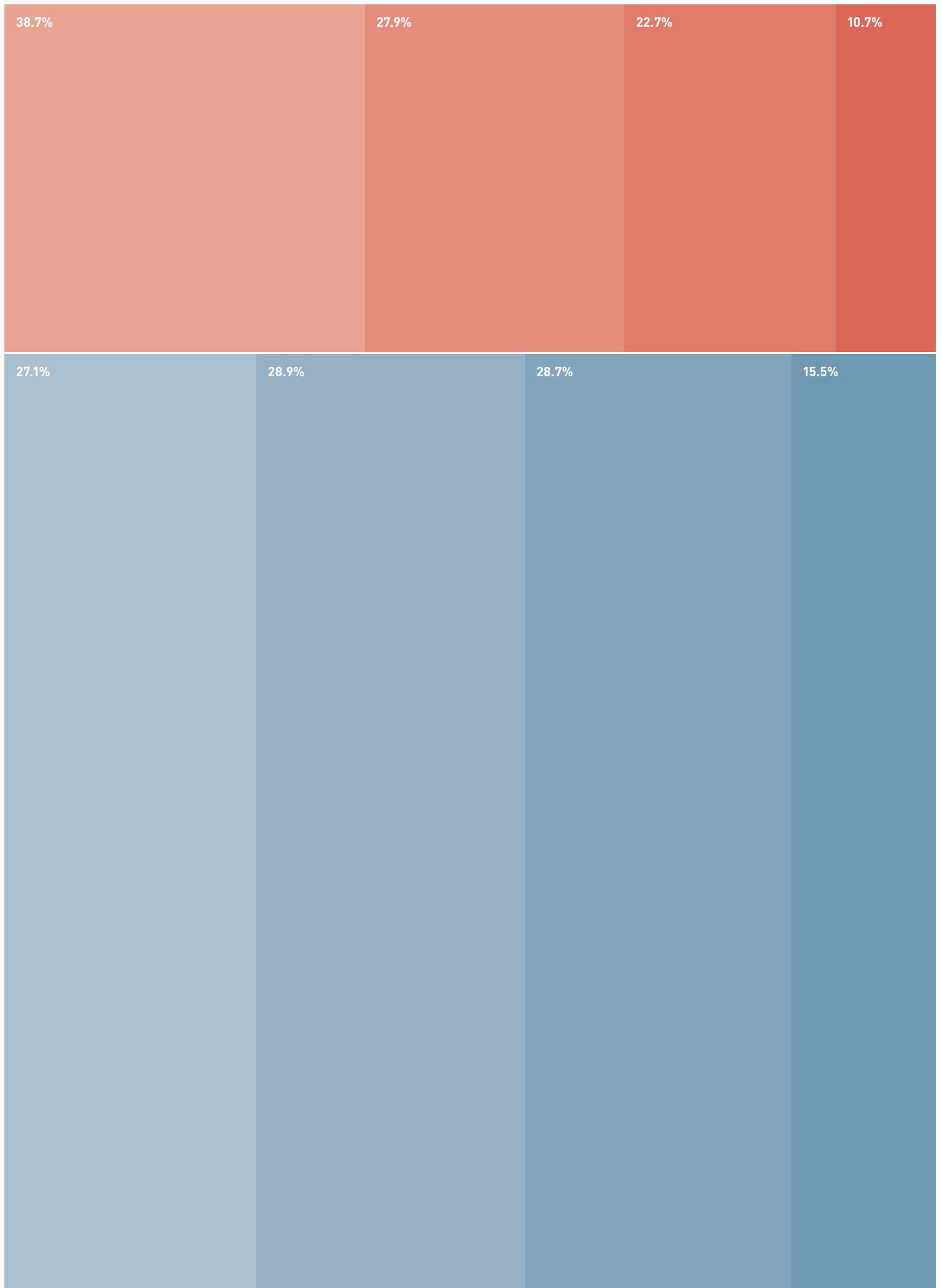
Gerhard Schick

Chairman

Neckarsulm, 13 March 2012

PROGRESS IN NUMBERS.

03. EMPLOYEES (GERMANY)



1,074 **Women**



"Our employees: in the lead, not only in terms of numbers."

Regine Viehofer,
human resources manager

2,896 **Men**

DYNAMIC, SUCCESSFUL, QUALIFIED: THE EMPLOYEES OF BECHTLE AG.

Progress in numbers: In only eight years, our workforce worldwide has more than doubled to 5,479 (31 December 2011). According to our Vision 2020, BECHTLE will double its number of employees once more to 10,000 by the end of the decade.

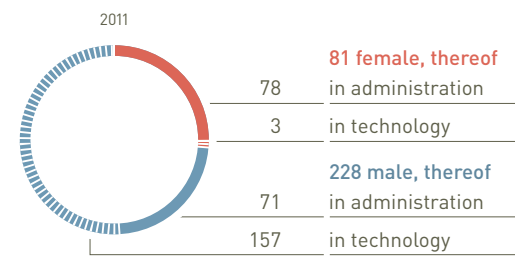
The underlying dimensions are at least as exciting as these figures. In the male-dominated IT market, a female share of one-third is extremely rare. Significantly more than 50 per cent of the staff is below 40 years of age and have been with the company for more than 10 years, on average, e.g. in the system house business.

Apart from professional experience, continuous further training forms the basis for our employees' above-average qualification. The internal BECHTLE academy has been around since 1999; in the last two years alone, 10,854 employees attended 884 of its events for the purpose of acquiring even more knowledge.

Furthermore, Bechtel intensively invests in junior staff and thus in its own future. A total of 309 trainees in Germany as of the end of the year mean a training ratio of 7.8 per cent. Our ambitious goal for the end of 2012 is 12 per cent – also with an above-average quota of women of more than 25 per cent.

At www.bechtle-azubit.de, a page managed directly by the trainees that is well worth a look, the young colleagues endeavour to attract their own successors with a lot of charm and competence.

04. TRAINEES (GERMANY)



3,970

THE ABC OF EBT.



"IT is our core competence; good figures are our passion."

Gerhard Stoll,
head of accounting

Continuous earnings growth is something that makes everyone involved smile with satisfaction. In 2011, the tax authorities were pleased with 8.2 million euros in extra taxes, BECHTLE was delighted with EAT of 63 million euros, and our shareholders were pleased to receive a dividend pay out of 21 million euros (prior year: 15.8 million euros).

Since our IPO, our earnings have recorded annual growth of 23 per cent; EBT have increased almost tenfold since 2000. These are values that could even exceed the scope of two-page diagrams.

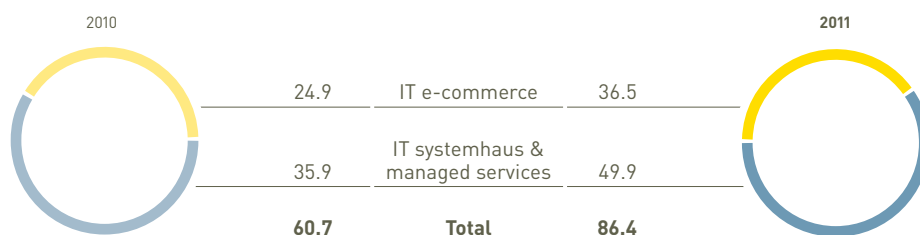
At the same time, BECHTLE is one of the few technology companies that have been paying a dividend year after year without letup since its IPO. At 3.8 per cent for 2011, ours is one of the TecDAX securities with the highest dividend yield.

05. TWO-YEAR EBT COMPARISON



06. EBIT

in million euros



This progress in numbers is based on a strategy that is both clear and successful: to effectively generate profitable growth with successful customers. The goal: the Vision 2020 of BECHTLE AG.

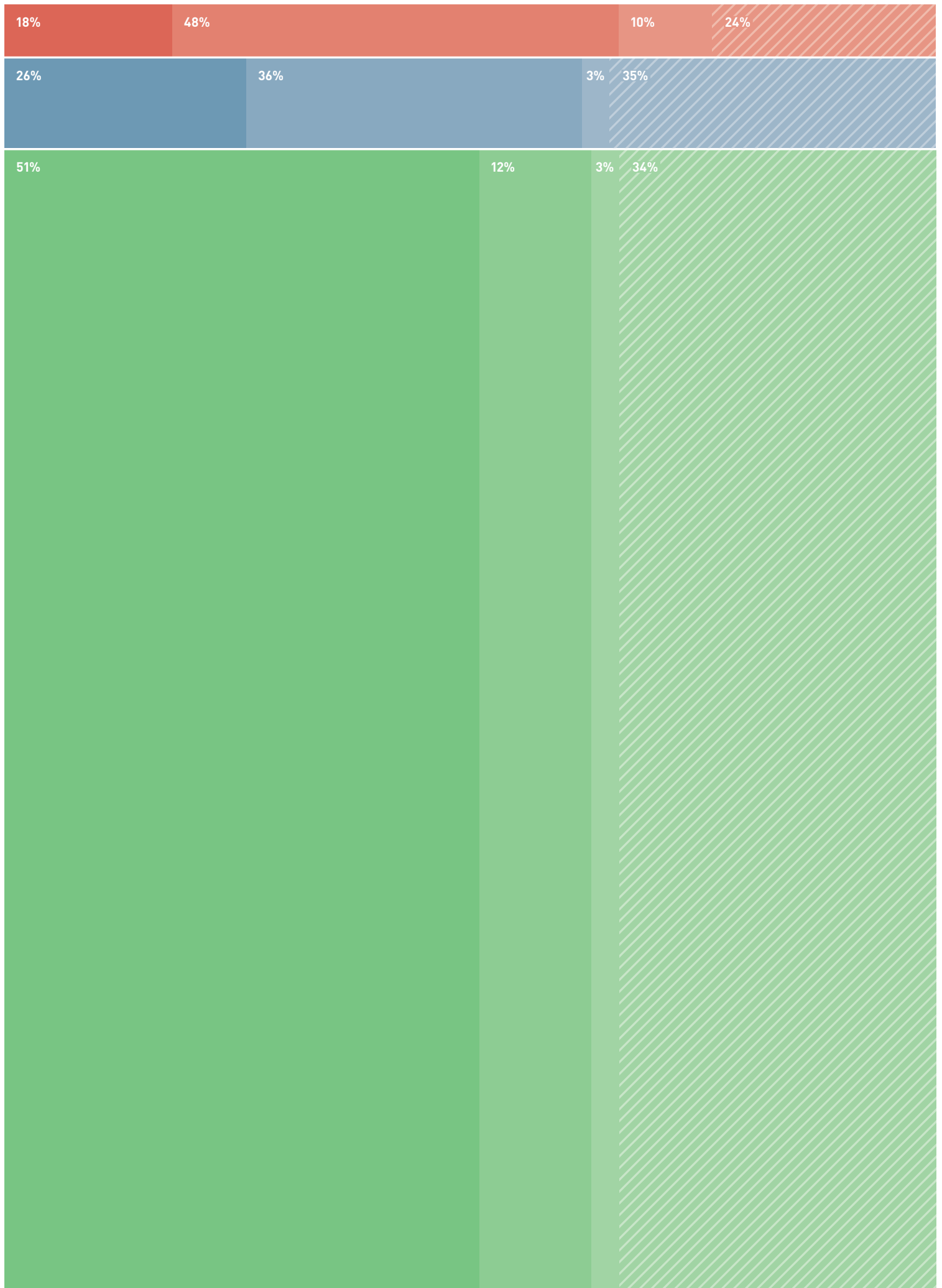
in million euros

Taxes (27.3 per cent of EBT): 23.6

EAT: 62.7

Dividend pay out (33.5 per cent of EAT): 21.0

07. ORDERS BY SALES CHANNELS (GERMANY, AUSTRIA, SWITZERLAND)



30,000 Austria

52,000 Switzerland

660,000 Germany



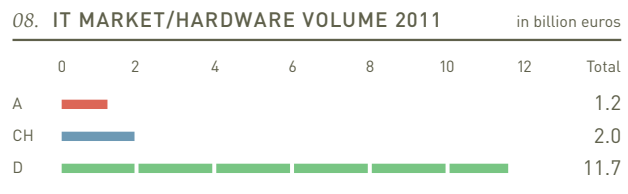
"No matter how, we are always there for the customers."

Gerhard Dächert,
sales consultant, SH Mannheim

ALL ROADS LEAD TO THE CUSTOMER.

As is generally known, progress has many facets and often takes exciting turns. In our business, the customer decides which ones he wants to take: from personal meetings to telesales with qualified consulting services to pure e-commerce.

While the Austrians and Swiss frequently use the phone, a tiny majority in Germany prefers personal contact. The bottom line is that all three countries still have a lot of potential, as is evident from the little diagram.



Source: EITO

In the course of cooperation, most of our customers use all channels and, in ecommerce, especially the BECHTLE bios® shops, which already receive more than 40 per cent of all trading orders throughout Europe. bios® is a purchasing system that is custom-tailored to the needs of each individual customer and that more than 21,000 BECHTLE customers benefit from to reduce their IT procurement and management costs – see page 48 for further details.

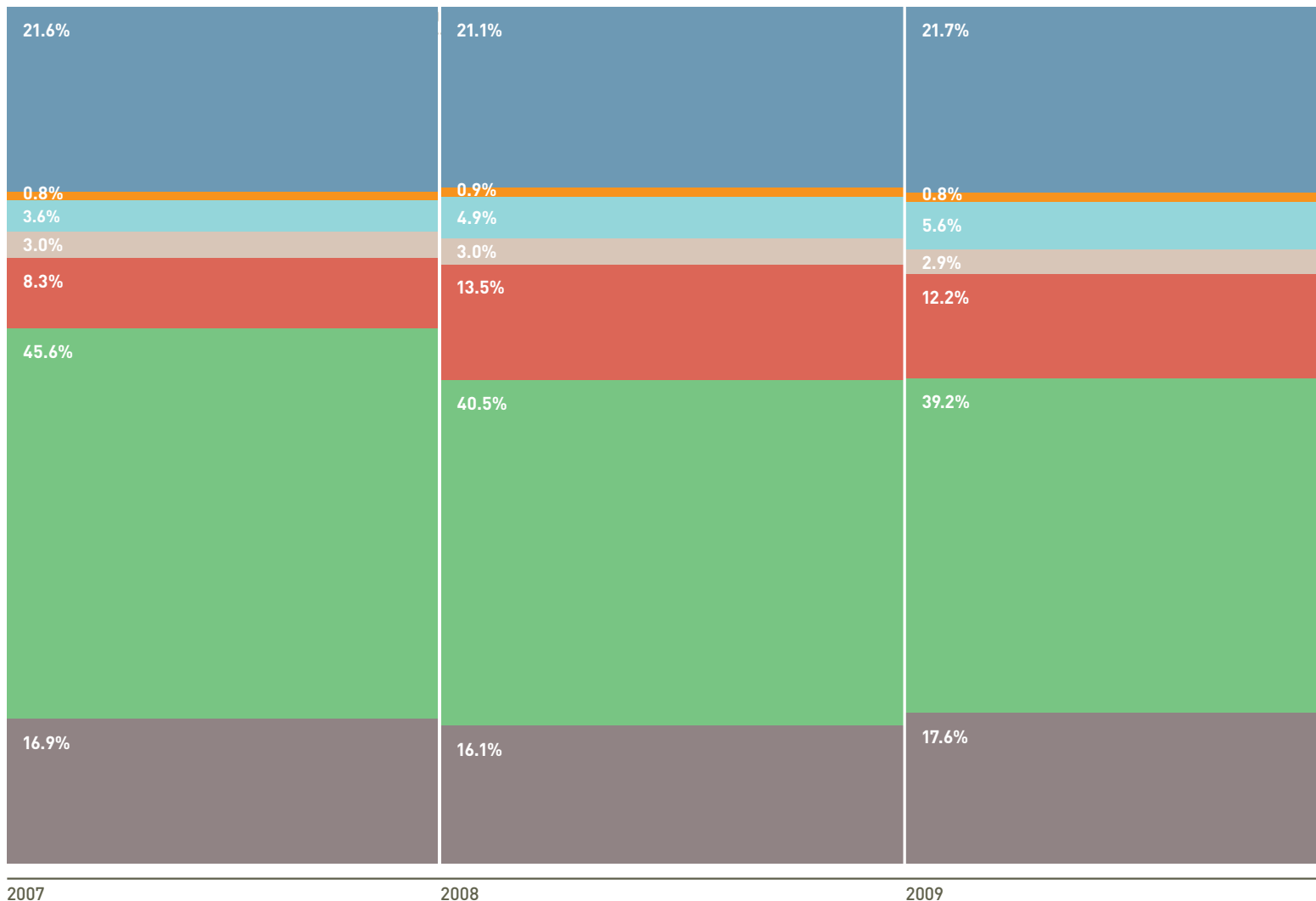
At the same time, the IT system house business and the needs of our customers are becoming more demanding, and solutions are becoming increasingly complex, resulting in a continuous increase in the need for qualified consulting services. Therefore, the sales team is set to grow from 1,700 at present to more than 3,000 by 2020.

THE EXPERTISE ALSO CONTINUES TO GROW.

IT is people's business. But BECHTLE IT is also product business. This is exactly what makes the business model of BECHTLE AG so unique. We do not only coach, support and manage – we are also a trading business. So we often know earlier and better what's happening on the market and at the manufacturers. No other IT company in Germany has a product expertise that is characterised by such steady quantitative and qualitative growth, as the following diagram illustrates: Since 2007, the volume of the key product groups has increased by more than 50 per cent. At the same time, the proportion of high-end products has grown continually, as has our up-to-date know-how. On the other hand, this development generates a growing demand for high-quality services, thereby closing the loop on the BECHTLE business model.

A neutral, vendor-independent range of more than 44,000 products with which BECHTLE covers all needs of the IT market forms the basis for the steady growth. To keep this portfolio up to date in terms of its content and prices, an average of 280 new products need to be introduced every week, and 7 million data records need to be updated night after night with respect to product features, prices and availability – the secret of success in numbers.

09. SALES SHARE OF SELECTED PRODUCT GROUPS



Product with the highest revenue in 2011:

Fujitsu Lifebook T730 laptop, 4,356,438.02 euros

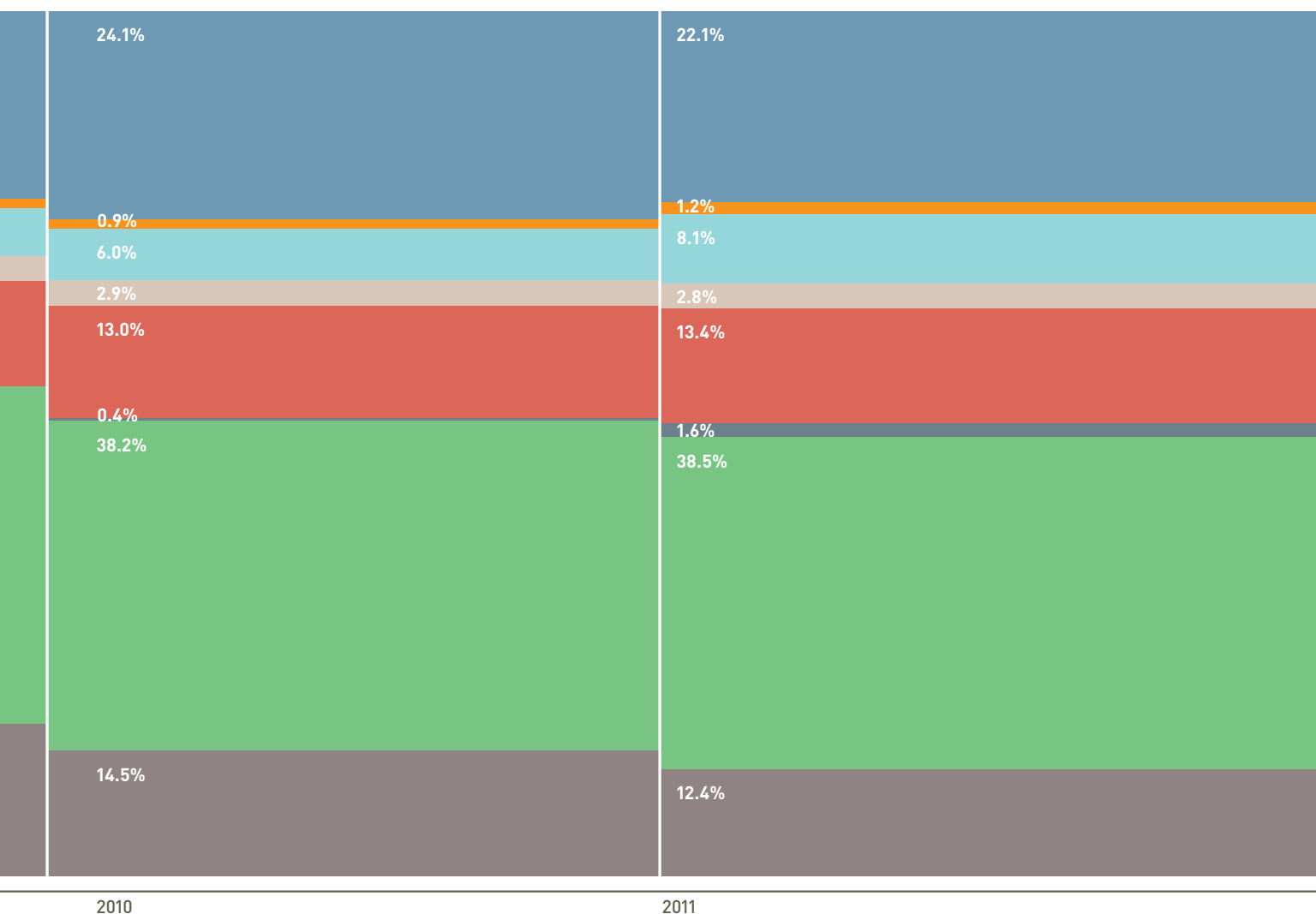
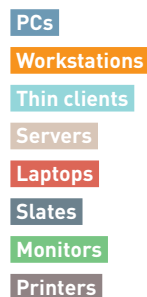
44,000 products online

280 new products/week

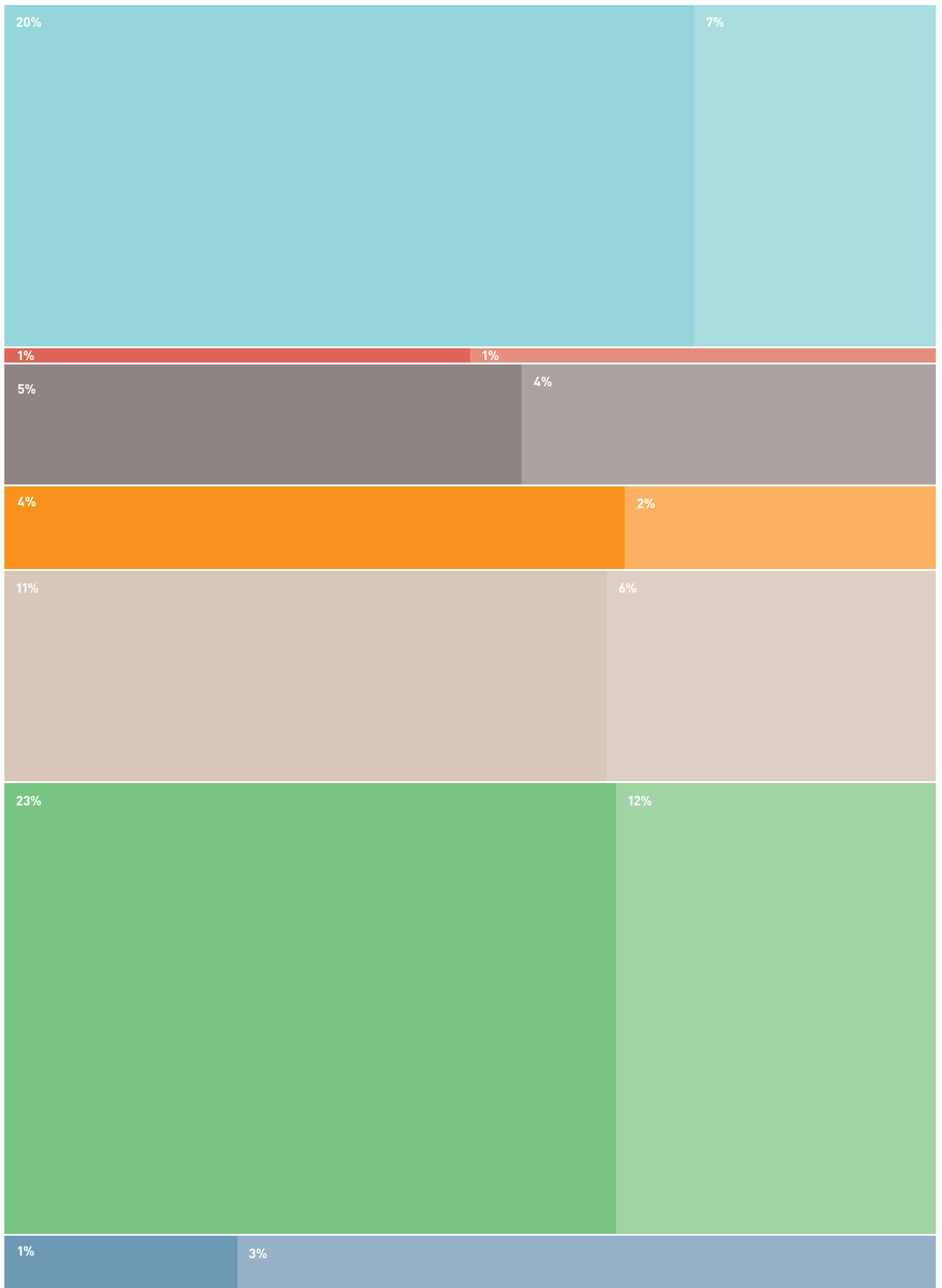
Bestselling product of 2011:

Logi RX250 optical mouse, grey, 31,604 units

7 million data records/night



10. REVENUE BY CUSTOMER GROUP



535 Administration and public institutions

22 Construction
188 Trade

129 Banking and insurance

330 Service

706 Industry and production

85 Others

1,995



"All customers are welcome."

Sieglinde Leitz,
team management reception

THE CUSTOMERS ARE WHAT REALLY MATTERS. BUT WHICH ONES?

On the one hand, all, as BECHTLE considers each customer to be as important as though it was the only one. On the other hand, none, as BECHTLE is always careful not to be dependent on individual customers or customer groups.

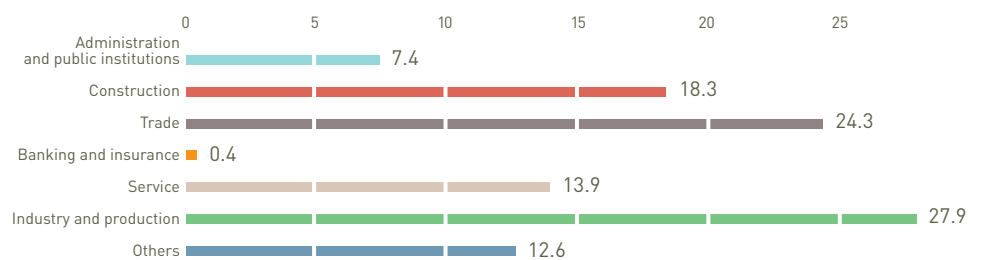
Thus, the growth witnessed in recent years has yielded a colourful, healthy blend of customers that merely comprises two basic areas: the public sector and, in all other groups, medium-sized businesses.

In turn, these areas comprise numerous industries in the private sector and diverse institutions in the public sector: from small die-casting manufacturers to corporations with thousands of PC workstations, and from regional hospitals to EU authorities in Brussels. The diversity of our customer portfolio makes us immune to fluctuations in individual industries, markets or countries.

What is more, our customers appreciate that we look beyond the confines of individual industries.

11. REVENUE GROWTH BY CUSTOMER GROUPS 2011

in per cent





"If we are unable to stop by personally, we send an update."

Katharina Renz,
corporate communications

TO REACH YOUR GOALS, SOMETIMES IT'S NECESSARY TO TAKE TO THE STREETS.

Despite our conscious efforts to avoid any unnecessary trips, we still racked up as many as 16,000,000 km in the course of a single year; that's the equivalent of flying to the moon roughly 60 times over.

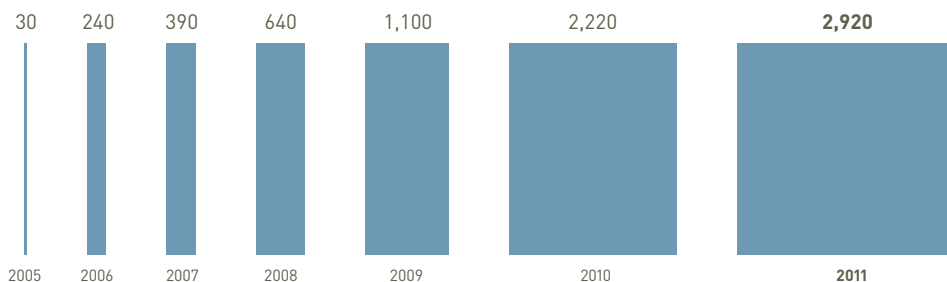
Fortunately, thanks to BECHTLE's wide geographic coverage with 60 system house locations, it does not take us more than an hour, on average, to get to any of the 30,000 system house customers. Still, about 1,000 field sales representatives are actively travelling for the purpose of meeting new customers, surveying the IT infrastructure or learning the current goals and needs of existing customers.

Moreover, we stay in contact with our customers with our quarterly "BECHTLE update". The scope and print run of this customer journal of BECHTLE AG are growing almost faster than BECHTLE itself. In the last five years alone, the annual number of printed pages has increased tenfold from 240,000 to some 3 million today – growth in numbers to read about.

Customer visits

Clients

12. PRINTED PAGES CUSTOMER JOURNAL "BECHTLE UPDATE" PER YEAR in thousands of pages



16,000,000

96,000

30,000

19,500

2011



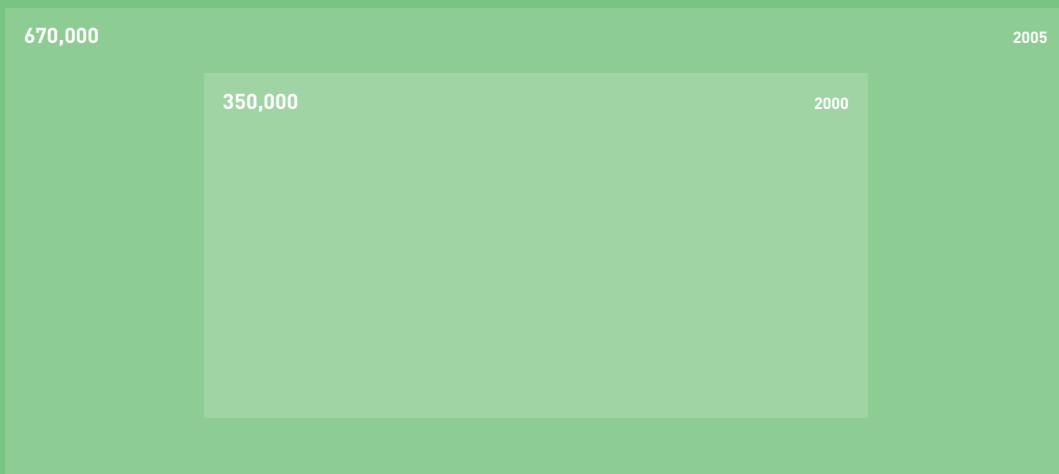
8,000

2011



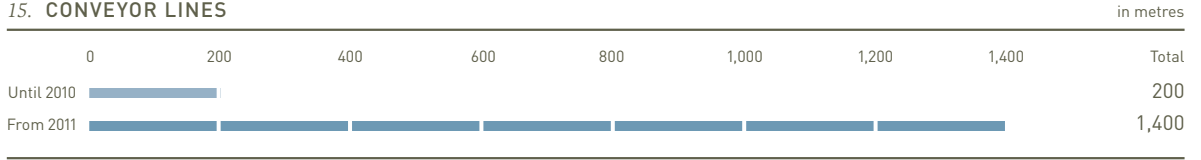
1,400,000

2011



Logistics/
warehouse space
in m²

15. CONVEYOR LINES



Number of
products in
the central
warehouse
as of 31.12.

LOGISTICS: PROGRESS IN STOCK.

Annual
parcel output

The logistics & service area forms a link between our two segments and enables these to focus entirely on their core business. Logistics & service takes care of the product management, pricing, warehousing, catalogue production and shipment.

Thus, the growth of the segments is also reflected in the growth in logistics: more space, more products in stock, more parcels shipped. And more speed: Orders placed by 4.30 p.m. are delivered the next day.

In December 2011, for example, the number of parcels delivered amounted to 115,000. And there are days on which up to 1,000 systems are configured according to customer specifications. Clearly, this is an area where progress in numbers is more visible than anywhere else.



EXCELLENT: OUR STATUS WITH PARTNERS.

For customer trust, the partner status that a system house reaches with a supplier is just as decisive as the successful completion of complex tasks.

Like many others in the IT industry, the history of BECHTLE'S partner status also started with the IBM personal computer. Today, we are a partner of more than 300 manufacturers and enjoy the highest partner status at 45 of our 50 partners with the highest revenue, as shown in the warmest colours in the accompanying chart. This is thanks to significantly more than 2,500 certified employees, 120 product managers and over 30 awards in 2011 alone.

On the other hand, for example, BECHTLE is, in each case, the largest and most important partner of Cisco, Citrix, Fujitsu, HP and VMware in Europe.

A win-win situation for everyone involved and in every direction.



"Excellent competence in all levels of detail."

Marcus Krüger,
virtualisation sales, SH Bielefeld

45

5



Emissions

SOMETIMES, LESS IS MORE.

Thermal energy

Growth is a goal every enterprise aims at. However, the larger the company, the greater the burden on the environment becomes. More and more energy and raw materials are consumed, and more waste and exhaust fumes are created. Nowadays, however, every responsible enterprise is also interested in minimizing its environmental impact. This is also the case with BECHTLE. However, it must be taken into consideration that an IT company cannot be as flexible in this regard as an industrial company, for instance. To avoid a flood of complaints, servers must run properly and be cooled.

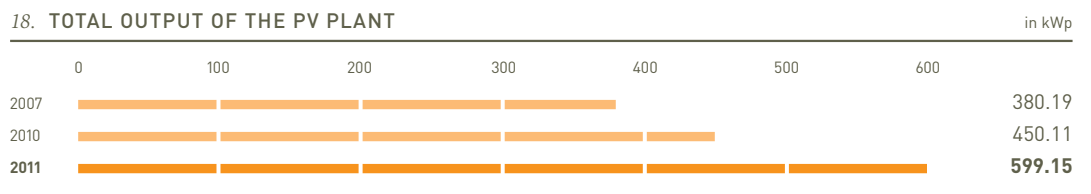
For the benefit of the environment, we introduced a certified environmental management system in 2011 for the central administration departments that are consolidated in BECHTLE AG at the Neckarsulm and Gaildorf sites. Despite the growth, we have evaluated initial savings goals in the areas shown to the left.

By the way, you are currently holding a small piece of BECHTLE'S environmental philosophy in your hands: an annual report printed on climate-friendly, FSC-certified paper.

Paper

Waste

Water



TO BE CONTINUED.

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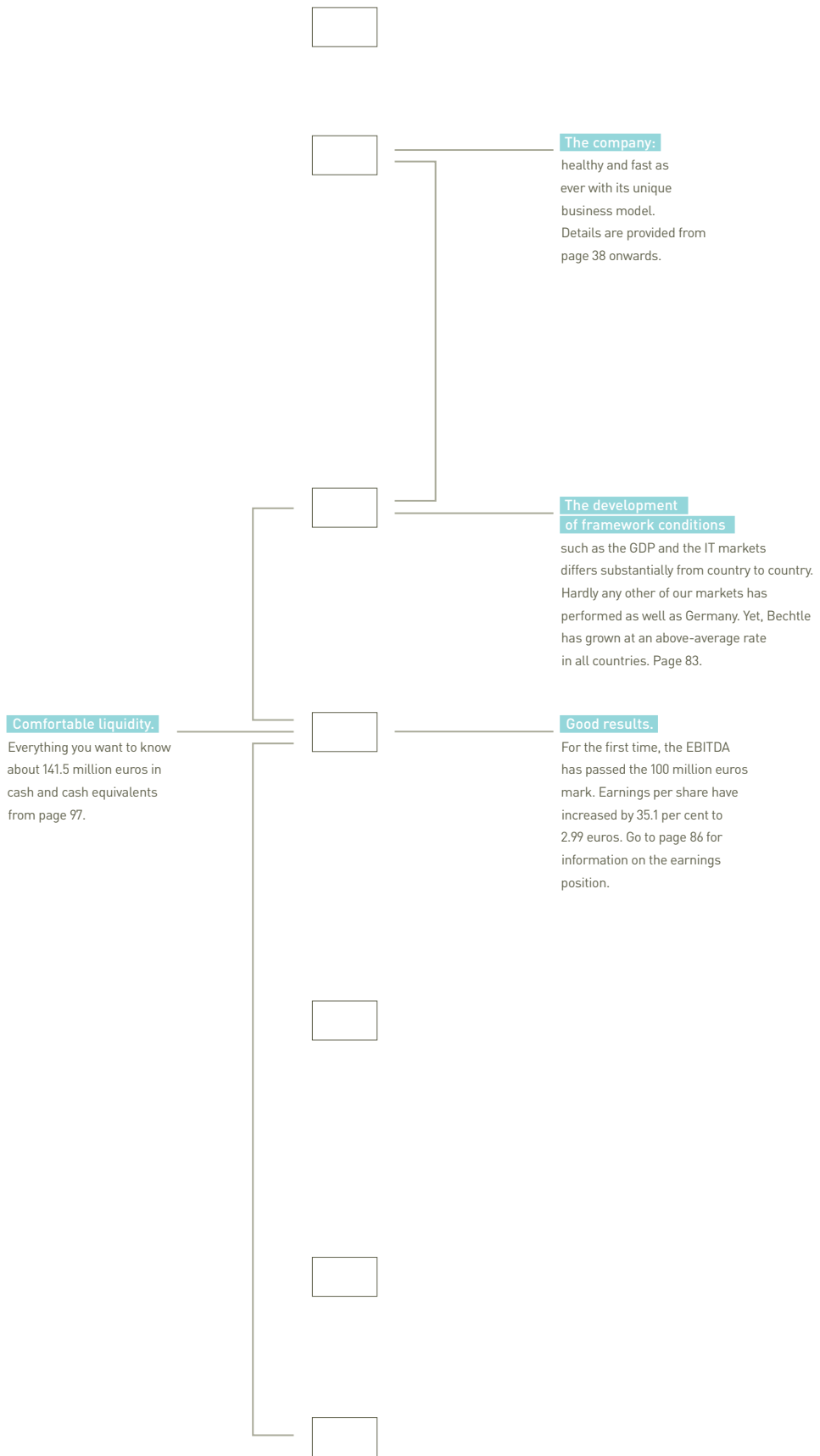
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COMPANY

GROUP STRUCTURE

The Bechtle Group is one of Europe's leading information technology providers. The organisational and management structure of Bechtle AG accommodates the company's strategic focuses of the business activity and is tuned to its long-term goals. All structural measures in the reporting period contributed directly or indirectly to the strategy implementation and mainly serve to improve market penetration and increase competitiveness. With its effective cross-segment logistics, increasingly efficient networking of the decentralised system house locations and the pan-European focus in e-commerce, the Bechtle Group has established viable organisational preconditions for sustainable profitable growth.

Legal Structure

 A chart of the Organisational Structure is available on page 236 f

The parent and holding company BECHTLE AG, headquartered in Neckarsulm, Germany, is responsible for strategic business planning and central duties in the fields of controlling and finance, corporate communications and investor relations, central IT, human resources, quality management, legal and compliance. Staff development and the BECHTLE Academy represent further group functions that are responsible for the training and development of the employees in the group. Particularly the purchasing, warehouse, product management and catalogue production functions are organised under BECHTLE Logistik & Service GmbH, which also belongs to the holding.

19. HOLDING STRUCTURE OF BECHTLE AG

BECHTLE AG			
Bechtle Systemhaus Holding AG	Bechtle Managed Services AG	Bechtle E-Commerce Holding AG	Bechtle Holding Schweiz AG

Under BECHTLE AG, the group has implemented another level of holding companies in which the business fields and brands of the two reporting segments IT system house & managed services and IT e-commerce are bundled:

- BECHTLE SYSTEMHAUS HOLDING AG, Neckarsulm, Germany, supervises all activities of the IT system houses in Germany and Austria;
- BECHTLE MANAGED SERVICES AG, Neckarsulm, Germany, bundles the outsourcing services;
- BECHTLE HOLDING SCHWEIZ AG, Rotkreuz, Switzerland, is responsible for all system house and e-commerce companies in Switzerland, the trading activities of the ARP companies and the software licensing business of the COMSOFT DIRECT companies;
- BECHTLE E-COMMERCE HOLDING AG, Neckarsulm, Germany, supervises the trading activities of the BECHTLE DIRECT companies.

The legally independent subsidiaries are allocated to the said second holding level. Most of the German and Austrian companies are structured as "GmbH" or "GmbH & Co. KG", and most of the Swiss companies as "AG". The legal structure of the companies in other countries is similar to that of the "GmbH". BECHTLE AG holds 100 per cent of the interests in all subsidiaries, either directly or by means of investment companies.



See list of
the subsidiaries
in the Notes,
page 212 ff

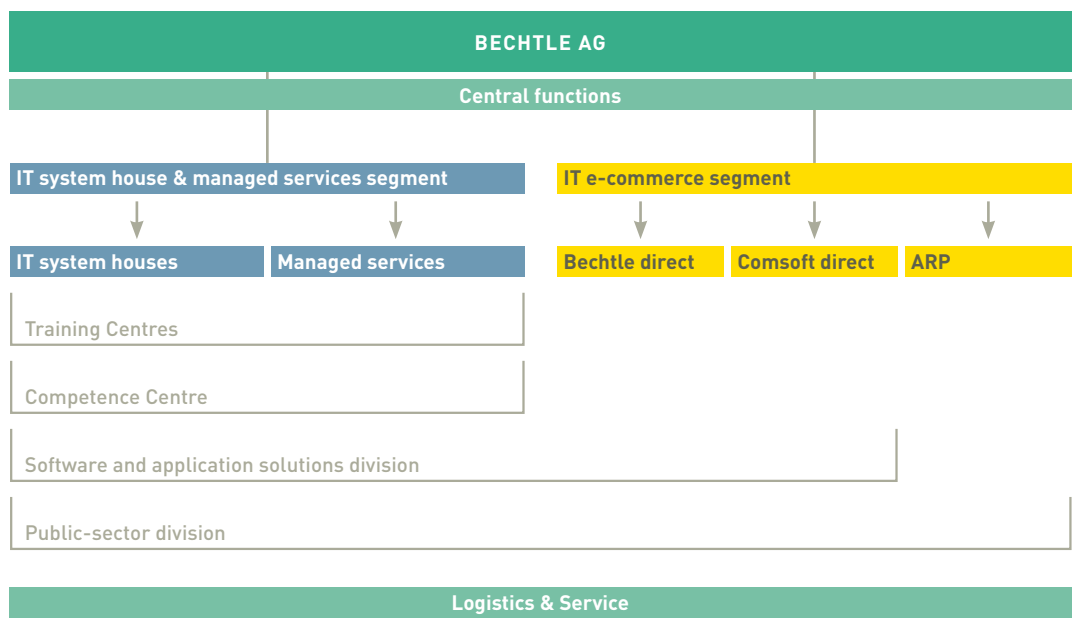
The objective of this two-level holding structure is to relieve the decentralised subsidiaries of the bulk of administrative and cross-company work and to represent a clear executive organisation. Moreover, competencies and resources are bundled in order to enable synergies and to achieve economies of scale in purchasing and logistics.

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

The presented strategic holding organisation provides BECHTLE AG with a necessary structural precondition for successful further development of the company. Nevertheless, the legal structure of the BECHTLE Group does not yet fully reflect the company's management and executive structure. The executive structure is predominantly aligned with the needs of the operational business and the economic framework conditions of the markets. In the medium run, the legal structure is to be largely coordinated with the management structure.

Management Structure

20. MANAGEMENT STRUCTURE OF BECHTLE AG



The hierarchical separation of the strategic group management of the Executive Board from the leadership of the operational units remains the key characteristic of the management structure. In this way, BECHTLE takes the greatly expanded management tasks and the highly dynamic economic environment into account. Moreover, we thus ensure highly efficient control and management of the group, better support of the decentralised operational units by the central divisions and implementation of the executive organisation required for the further growth of BECHTLE AG. The two business segments IT system house & managed services and IT e-commerce are not only marked by divergent internal structures and market requirements, they also apply different development strategies for their expansion.

In the IT system house & managed services segment, BECHTLE exclusively covers Germany, Austria and Switzerland with more than 60 locations. In contrast, in the IT e-commerce segment, the group is consistently expanding its positioning throughout Europe and is present in a total of 14 countries.

In both business segments, the operational units are headed by division heads. Apart from the cross-segmental divisions, the division heads of the IT system house & managed services segment are responsible for the activities of the BECHTLE IT system houses in Germany, Switzerland and Austria as well as for managed services. In the IT e-commerce segment, they control the trading business of the ARP and BECHTLE DIRECT brands and the software licensing business of the COMSOFT DIRECT companies.

Logistik & Service GmbH is directly supervised by the Chairman of the Executive Board of BECHTLE AG, as are the other central functions controlling and finance, corporate communications and investor relations, central IT, human resources and staff development as well as legal.



A chart of the Organisational Structure is available on page 236 f

Locations

The group headquarters of the BECHTLE Group is located in Neckarsulm, Germany. Apart from BECHTLE AG, the central units are also situated here. The finance department is located in Gaildorf, Germany.

In the consulting-intensive service business of the IT system house & managed services segment, on-site customer contacts are vital. For this reason, we have a dense network of IT system houses at more than 60 locations in Germany, Austria and Switzerland. In this structure, the directors of the operating subsidiaries act in the capacity of independent entrepreneurs with a high level of personal responsibility in their local markets. In this context, a consistent performance-oriented compensation system supports and promotes the entrepreneurial activities of the directors.



www.bechtle.com/locations

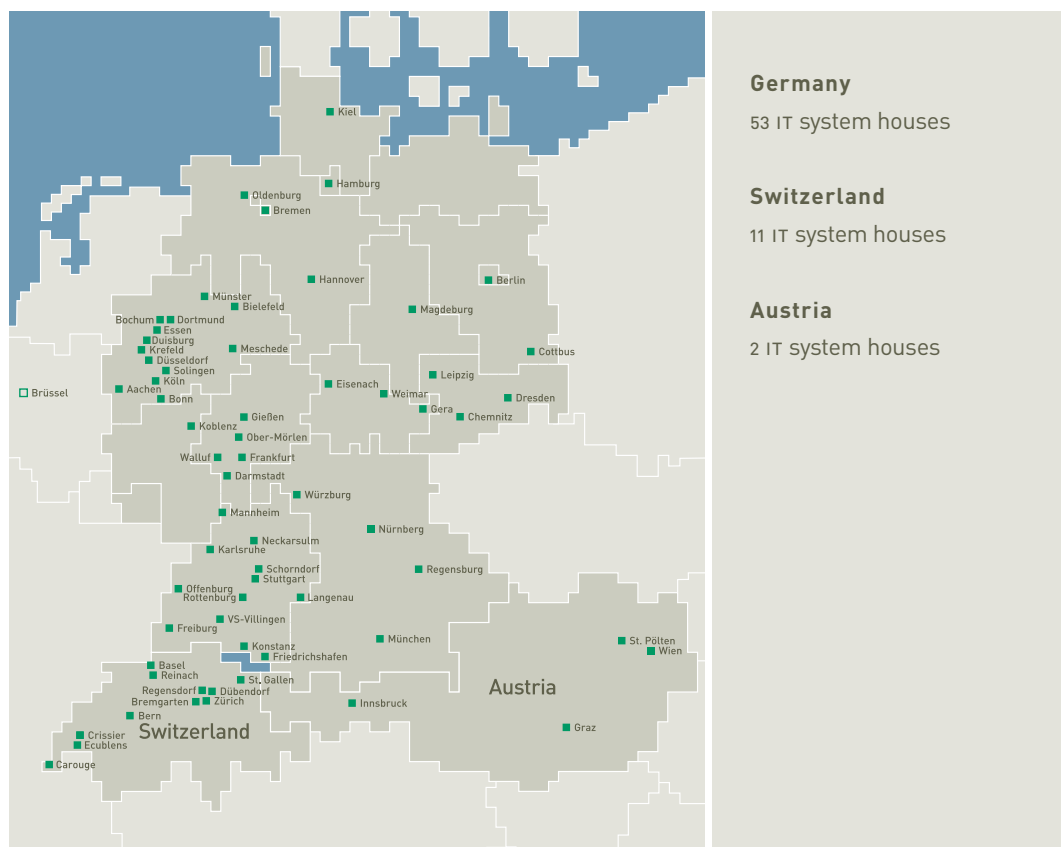
In the reporting period, the group further expanded its extensive market presence and technology position in the IT system house & managed services segment in Germany, Austria and Switzerland by acquiring companies and establishing new companies. In 2011, BECHTLE opened three new sales bases in Gießen, Koblenz and Mönchengladbach. To optimise the customer approach for European institutions, BECHTLE'S public sector division established a new sales company in Brussels, Belgium.



See Notes, Acquisitions, page 198 ff

By acquiring SolidLine AG with its locations in Germany and Switzerland, our software and application solutions division has stepped up its activities in the technology and solution-oriented CAD environment. The purchase of HanseVision GmbH, a Hamburg-based company specialised in Microsoft SharePoint, represents a further supplement to our solution business. Moreover, the activities in the field of complex infrastructure solutions in Eastern Switzerland and South Germany have been further expanded through the acquisition of redIT's St. Gallen branch as well as the assumption of the staff and customer contracts of the IT system house Rösch GmbH, Offenburg, Germany.

21. LOCATIONS OF BECHTLE AG IN THE SYSTEM HOUSE SEGMENT



As of the reporting date, the BECHTLE Group has 53 IT system houses and 24 sales offices in 14 federal states in Germany. In Switzerland, BECHTLE has 11 system house locations in eight cantons and in Austria locations in Vienna and St. Pölten as well as additional sales bases in Graz and Innsbruck.



"Czech Republic in 2011, Hungary in 2012: Bechtle is progressing well."

Rachael Budd,
Bechtle direct sales UK

Under its BECHTLE DIRECT brand, BECHTLE AG has IT e-commerce locations in 14 European countries. The growth potential and socioeconomic framework conditions were among the reasons for the group's decision in April 2011 to enter the Czech market. With the launch of its own trading company in Hungary in April 2012, BECHTLE's e-commerce segment is now represented in three Eastern European countries.

BECHTLE is currently present in eight European countries with COMSOFT DIRECT, the software and licence management specialist, and in five with the trading brand ARP. Moreover, ARP operates a purchasing company in Taiwan.

22. LOCATIONS OF BECHTLE AG IN THE E-COMMERCE SEGMENT



BECHTLE AG thus owns a total of some 80 operating companies and investments, which are listed in appendix A to the notes. The majority of the IT system houses and service and trading companies are located in Germany and Switzerland. The largest of the almost 70 locations in Europe is at the same time the location of the company headquarters in Neckarsulm, Germany, with more than 1,100 employees.



See list of
the subsidiaries
in the Notes,
pages 212 ff

BUSINESS ACTIVITY

Through the commercial networking of the two business segments IT system house & managed services and IT e-commerce, Bechtle is able to offer convincing custom-tailored all-round solutions from one source. Our service spectrum ranges from IT infrastructure and IT solutions to managed services and cloud computing. As an international group of companies, Bechtle boasts advanced technological competence, the needed measure of competitive strength, financial stability, excellent manufacturer contact and modern logistics. On the other hand, we are a regional on-site service provider that offers customer proximity, personal consulting, flexibility and extraordinary speed. Bechtle has consistently aligned its business model and internal processes to the complexity and dynamism of the market. As a result, our efficiency impresses not only medium-sized businesses, but also public sector clients and large corporations operating on an international scale.

Business Segments

BECHTLE AG runs its operations under the two segments IT system house & managed services and IT e-commerce. In the IT system house & managed services segment, BECHTLE provides customers with IT strategy consulting services, hardware and software, project planning and implementation, system integration, IT services, training and complete IT operation. The IT e-commerce segment comprises the group's Internet, catalogue and phone-based trading activities. With the ARP, BECHTLE DIRECT and COMSOFT DIRECT brands, BECHTLE is pursuing a multi-brand strategy in this segment.



Our multi-brand strategy
in e-commerce

Service Spectrum and Processes

IT System House & Managed Services. The BECHTLE Group is a service and trading enterprise. BECHTLE'S service portfolio in the IT system house & managed services segment spans the entire IT value chain. The service portfolio is characterised by the fact that BECHTLE is a "one-stop provider". The solutions offered are directly aligned to the needs and wishes of the customers. By means of the individual composition of an offer from various services in combination with hardware and software, BECHTLE is capable of elaborating an individual solution for each and every customer. The product portfolio is subject to ongoing review and adaptation to market and customer requirements.

In the IT solutions unit, more than 1,800 service team members, certified specialists and system engineers offer customers expertise, advanced specialised competence, many years of IT project experience and the ability to rapidly implement individual requirements. BECHTLE has bundled specialist know-how in competence centres that are active throughout the country. More than 2000 certifications of all renowned manufacturers guarantee premium qualification in BECHTLE services. BECHTLE IT solutions feature a fully integrated portfolio focusing on the following subjects:

Client Management. Client management solutions from BECHTLE standardise and optimise the IT workplace landscape and thus establish the technical preconditions for future-proof provisioning concepts. The offer ranges from mobile solutions and virtual clients to print solutions and software deployment. With its managed workplace services, BECHTLE takes over the entire functional and cost responsibility, while optimising and constantly modernising the customer's IT workplaces.

Server & Storage. These services comprise vendor-independent consulting, planning and operation of virtualised server and storage systems by means of automated solutions. By means of energy efficiency consulting and the selection of a suitable infrastructure solution with respect to technological performance, power supply and cooling, active energy management and efficient, scalable server and storage systems, BECHTLE often enables its customers to cut energy costs substantially. As a one-stop IT provider, BECHTLE combines efficient system integration with comprehensive know-how in the planning and establishment of future-proof data centres.

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

Virtualisation. To achieve significant energy and cost savings, companies are turning to virtualisation as the base technology for consolidating server, storage and network infrastructures in the data centre. Ranging from consulting to operation, BECHTLE offers virtualisation solutions for servers, storage, clients and applications. Based on conventional consolidation and optimisation in terms of availability, security and management, BECHTLE enables its customers to virtualise their data centres to the highest possible degree. The focus is on subjects like automation, service level agreements, process management and self-services.

Cloud Computing. BECHTLE addresses the modern requirements for increased business flexibility and mobility along with cost optimisation by providing special cloud services and technologies on the basis of a dynamic infrastructure. In this area, the company has a comprehensive service portfolio that includes consulting services via "cloud radar"; integration and operation of cloud technologies and complete turnkey solutions. Certified specialists and business architects identify the need for cloud-capable IT services and



Optimum qualification thanks to manufacturer certifications



More information about the specific Bechtle IT solutions is available at www.bechtle.com/it-solutions



More information about Cloud Computing is available at www.bechtle.com/customer-magazine

determine the optimum cloud strategy and cloud architecture for the customer on this basis. Moreover, we operate as a vendor-independent general contractor and take on responsibility for the complete cloud infrastructure or the operation of the implemented solutions in the form of managed cloud services.

IT Security. IT security from BECHTLE comprises solution competence from one source and ensures maximum protection of the customer's corporate data within the framework of technical and organisational IT security. Our certified IT security experts plan and develop IT security strategies and implement and supervise IT security infrastructures. Moreover, BECHTLE offers consulting services and solutions for corporate data protection. Qualified data protection officers with practical experience, IT security officers and legal experts take care of the consulting, design and implementation in a competent and reliable manner.

Business Applications. With several locations, BECHTLE business applications is an important software and consulting partner for industrial enterprises. With more than 750 software certifications, our application experts roll out software projects with solutions from the fields of CAD, ERP/PPS, CRM, SAP, business intelligence, document management systems, groupware and SharePoint. BECHTLE combines expert licence management consulting services with extensive know-how on market-leading application solutions for medium-sized businesses. We help to reduce costs with a suitable software model, provide assistance in the optimisation of business processes and integrate future-proof, productive application solutions.



[www.bechtle.com/
managed-services-en](http://www.bechtle.com/managed-services-en)

By means of **Managed Services**, BECHTLE assumes the responsibility for defined operating tasks related to the customers' IT. In this context, fine-tuned service level agreements ensure the availability of the IT infrastructure. BECHTLE guarantees optimum operability of the IT systems over the entire lifecycle with remote operation or on-site supervision of servers, clients, printers and networks on the basis of standardised operating concepts and comprehensive user services for the customer IT infrastructure. The technical solutions are complemented by individual financing models such as leasing.

23. MANAGED SERVICES PORTFOLIO

BECHTLE MANAGED SERVICES				
Installation Centre	Field Services	Service Desk	Remote Management	Onsite Services
↓	↓	↓	↓	↓
Rollout Services	Hardware Recovery	Single Point of Contact	24/7 Remote Monitoring	Outtasking, Outsourcing
Client Installation	IMAC Services	User Help Desk 1st & 2nd Level	2nd Level Remote Support	Expert Services
Server Installation	Filial Support	Expert Help Desk	Remote Services	Service & Transition Management

Bechtle Installation Centre. The installation centre offers all possibilities for the timely and competent realisation of customer requirements – from individual installations to nationwide rollouts at a rate of up to 1,000 systems a day.

Bechtle Field Services. In the field services segment, BECHTLE offers a wide range of warranty and customer services that exceed the statutory warranty obligation. In order to ensure optimum deployment control for this service, all reports are centrally recorded on a 24/7 basis and forwarded to the approximately 300 engineers. This enables an on-site service with a maximum reaction time of two hours.

Bechtle Remote Services. A company's IT infrastructure must work smoothly. For this purpose, BECHTLE offers modular solutions that can be combined optimally with the on-site services rendered at the customer's location. With its service desk, BECHTLE serves as the central contact point, taking care of defect reports and service requests. BECHTLE'S remote management monitors and operates IT infrastructure systems in the fields of server and storage, LAN/WAN, firewall and security. The objective of the continuous monitoring, documentation and troubleshooting is to provide maximum availability of the IT infrastructure. The modular solution packages offer multi-tier service level agreements perfectly aligned to customer needs.

Bechtle Onsite Services. The BECHTLE onsite services support the service teams at the customer on site on a permanent basis under outtasking and outsourcing agreements. The onsite services are rendered by local service provider teams that specialise in the requirements of the particular customer. Furthermore, the customer can outsource his entire IT and have the IT processes provided by BECHTLE.

Competence Centres and Training Centres. The competence centres constitute an important pillar of BECHTLE'S service portfolio. The market has a greater demand for particular services. In order to be able to offer customers the latest expertise for these services, the BECHTLE Group bundles this know-how in 13 competence centres. In their capacity as internal service units, these competence centres render services for all locations.

The custom-tailored seminar concept of the 21 BECHTLE training centres in Germany is precisely aligned to the needs of the market. The offer covers a wide spectrum, with more than 15,000 seminar dates for 400 hot IT-related topics. For customers with several branches, this presence enables uniform training on site.

Know-how Transfer between Locations. Due to the increasing complexity and diversity in the field of IT, it is difficult for an individual system house to be skilled in all subjects in the required depth. In the fiscal year ended, BECHTLE again continued to work on the focusing of the key IT subjects and on the concept for the know-how transfer between the locations, in order to remain successful in the regional competition. The objective is to ensure equitable provision of expertise in all projects and customer situations, regardless of the location of the respective system house. The collaboration with the locations of the regional clusters is



"Our basic installation: fully focused on customer needs."

*Joachim Sammet,
head of installation centre,
Bechtle remote services*



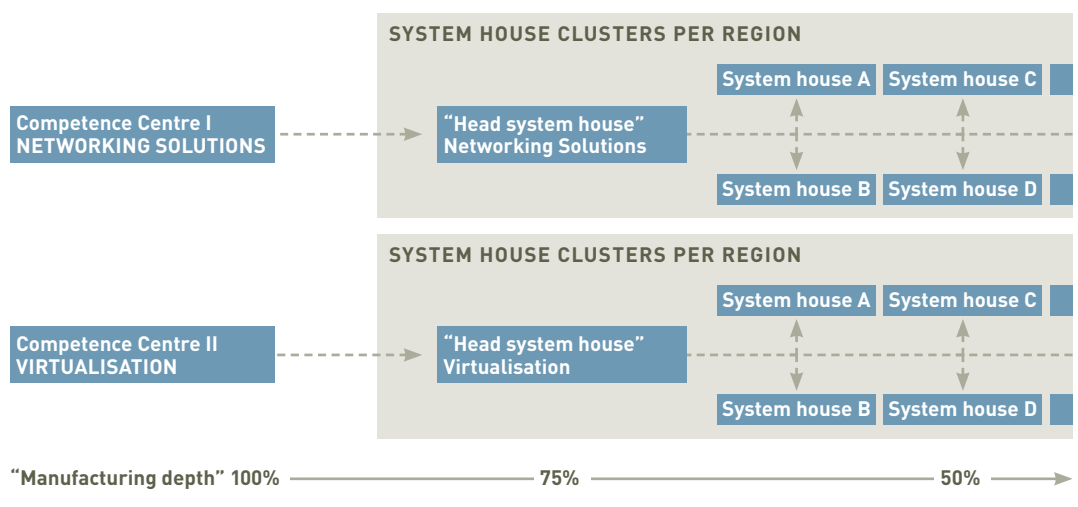
www.schulung.bechtle.com



Concept for know-how transfer between locations

optimised starting from the competence centres in the IT system house & managed services segment. For example, the individual system houses that are responsible for the projects invest in the sales and consulting quality of the main subjects by intensifying the training of the employees, support other system houses in customer projects and organise the successful knowledge transfer within a cluster. A “networked decentralisation” system increasingly emerges as an effective organisation form.

24. KNOW-HOW TRANSFER BETWEEN LOCATIONS



IT e-commerce. In the IT e-commerce segment, BECHTLE serves as competent dealer that covers all common IT areas with more than 44,000 items ranging from hardware to standard software to peripherals. While BECHTLE DIRECT concentrates more on conventional hardware of the market-leading vendors, the product portfolio of ARP also features innovative niche products. Furthermore, the ARP companies sell products under its own ARP® and Claxan® labels, thereby offering customers an inexpensive alternative to other known brands while maintaining the same quality standard.



bios® stands for Bechtle information & ordering system; for further information, see Glossary, page 226



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

The bios® shops are a special feature of BECHTLE DIRECT. This online procurement system is tailored to the needs of the customers and serves the purpose of reducing order and flow times, using framework agreements optimally throughout the entire company, managing IT stocks automatically and thus saving time and money. More than 21,000 BECHTLE customers throughout Europe have already substantially reduced their process costs in connection with the procurement and management of IT products with the help of bios®. Today, more than 40 per cent of all trading orders of the BECHTLE Group are already processed via bios® platforms. The services offered are not limited to the supply of hardware and software, but start with comprehensive consulting on products and solutions and the establishment of customised procurement concepts in the form of defined shopping baskets and framework agreements.

bios® customers benefit from the high flexibility in the product selection as well as from the standardisation, and can thus ensure uniformity of their IT infrastructure in all purchase orders.

In the public sector division, the group also consistently maintains its customer-specific approach with its bios® shops. By means of a division in administration, health care, research & education and church & welfare, the group makes greater allowance for the heterogeneous structure of the public sector. The individual federal and state authorities, municipalities, chambers, associations and educational institutions thus have access to special terms of the manufacturers even without tenders and further negotiation.

In the highly process-controlled IT e-commerce segment, BECHTLE has established lean workflows that are of great significance to the success of this segment. To a certain extent, the underlying processes are even part of the actual service. For example, many of the purchase orders in IT e-commerce are processed according to the fulfilment principle: BECHTLE forwards incoming purchase orders directly to the manufacturers or distributors, who then ship the goods to the customers in the name and for the account of BECHTLE. BECHTLE ensures the shipping quality – which is mainly determined by the speed – by means of agreements with partners and daily audits. By applying the fulfilment principle, BECHTLE keeps its stock level low, thereby reducing the risk of devaluation of IT products, which are characterised by very short innovation cycles. Customers benefit from short delivery times: purchase orders received by 4:30 p.m. are usually shipped the same day and delivered the next.



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

Lean processes and efficient logistics give the company a competitive edge in the trading business. The centralisation of the product management, purchasing and warehouse guarantees competitive prices and prompt availability. For all EU countries, these sub-areas are taken care of by BECHTLE'S Logistics & Service department in Neckarsulm, Germany. The activities of the Swiss system houses and of the ARP and Comsoft companies are controlled by the logistics centre in Rotkreuz.

Another key business process concerns the goods and pricing system and the uniform product database, which is accessed by all European subsidiaries. Every night, the European pricing system (EPS) developed by BECHTLE loads more than 6.5 million items of pricing and availability information from IT manufacturers and distributors and calculates the respective national prices. Suppliers are primarily selected on the basis of the lowest price and the ability to ship immediately across Europe. Market-related product information is automatically updated online for the country-specific Web shops.

Apart from the online shops and active telephone sales, the product catalogues are another important sales channel in BECHTLE'S trading business. The main catalogue of BECHTLE DIRECT is published twice a year in nine languages and 18 international editions with a total print run of 150,000 copies. It comprises 12 product categories and features product recommendations that highlight items with special functions or equipment, information pages on hot IT topics like cloud computing or green IT, a list of manufacturers and keywords, and extensive IT glossary and further references to the complete product offer of the BECHTLE online shops. Since April 2011, the BECHTLE IT catalogue has also been available as an iPad and iPhone app. The ARP catalogue is published three times a year in three languages with a print run of more than 60,000 copies. Additionally, special BECHTLE catalogues on the subjects of "mobile computing", "supplies";



Product catalogues:
sales channel and
optimum addition
to the online shop

“networking, server, storage” and “health” are published in Germany. The catalogues feature detailed specifications, product images and direct references to suitable accessories and thus represent the ideal supplement to the central online product database. Since the release of the first issue in 1988, the catalogues have developed into a recognised standard reference work in the IT industry.



A chart of
the Organisational
Structure is available
on page 236 f

Software Licensing. In the course of the year, BECHTLE AG also expanded its software licensing and management activities. The COMSOFT DIRECT companies, which operate in this segment in eight countries, offer customers a cross-vendor, full-service solution portfolio for software licenses. COMSOFT DIRECT supplies the enterprises with custom-tailored software products and solutions. The offer covers the entire software lifecycle, including consulting, sales, procurement, maintenance and project management. This know-how is becoming increasingly important, as manufacturer licensing and pricing models are becoming more and more complex. This competence is increasingly demanded by customers, especially with respect to service-oriented architectures consisting of diverse software modules with countless licensing models. COMSOFT DIRECT selects the most suitable licensing models from its extensive spectrum and enables customers to use their software applications as effectively and inexpensively as possible. The offer in this segment includes the analysis of the customers’ licensing situation, in order to quickly achieve the optimum balance between illegal underlicensing and unnecessary, cost-intensive overlicensing.



Professional
inventory management
with SAM

Software Asset Management. We use a modular, cost-efficient software asset management solution (SAM) for the professional inventory management of the software licences employed by the customer. The available IT inventory information can be accessed to gain a comprehensive picture of the software deployed in the entire company, including the frequency of use and distribution. In connection with the current company situation and the planned development, this enables the realisation of extensive consulting potential in connection with the licence optimisation for the customer. In this way, COMSOFT DIRECT covers the entire complexity of the software life cycle from the purchase planning to the financing, procurement, distribution, provision and maintenance up to the replacement and enables the customer to continually optimise his productivity with maximum cost efficiency.

Market-covering software portfolio. Similar to BECHTLE DIRECT, the group also uses the COMSOFT DIRECT brand in its strategy to offer all business-relevant applications at current prices by means of an extensive online portfolio through its own Web shops. Comsoft’s online product range currently comprises more than 5,000 products of about 80 manufacturers and is expanded continually. It ranges from operating systems and office packages to software development tools, virtualisation solutions and useful workplace tools. Apart from the extensive selection, the customer also benefits from the consolidation of diverse procurement sources under a single efficient provider.

Research and Development

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

In the reporting period, the development work involved the maintenance and update of the Web pages. Programming work was also done for the two internally developed software solutions BELOS and structura dynamic. BELOS is a resource management application for planning and conducting events, training and meetings. The software was prepared to meet internal needs and is marketed only to a limited extent. In structura dynamic, BECHTLE offers a comprehensive overall package based on Microsoft Dynamics, which is specifically designed for medium-sized manufacturers. The tool also provides a wealth of functions and a high level of transparency for project management, resource and sales planning, production management, service and complaint handling and notification and approval procedures. The software solutions are subject to regular maintenance and further development.

The online solutions of the existing Web shops of ARP, BECHTLE DIRECT and Comsoft were developed in-house by BECHTLE in 1995. Since then, a team of programmers has taken care of the continuous maintenance, the further development of the e-commerce platform and the implementation of new country sites, e.g. for the market launches in the Czech Republic and currently in Hungary. In the reporting period, development services were also rendered for the Web shop solutions of the trading brands, which can be accessed under the respective country domains of BECHTLE.

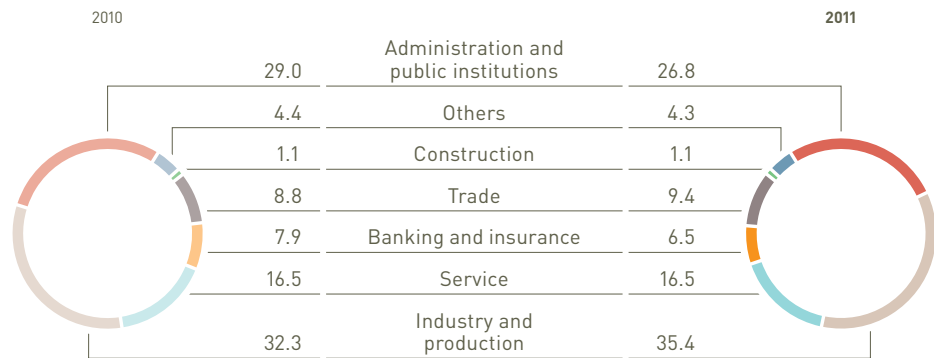
Apart from this, no major development work was done in the reporting period. Due to the currently limited scope and negligible economic significance of the development work, BECHTLE does not report any R&D figures.

Markets

BECHTLE'S core target group consists of medium-sized businesses. BECHTLE defines the size of businesses according to the number of PC workstations. Local medium-sized businesses are customers with 20 to 50 PC workstations, regional medium-sized businesses are companies with 50 to 250 PC workstations, and upper medium-sized businesses are enterprises with 250 to 2,000 PC workstations. Apart from conventional medium-sized businesses, BECHTLE also addresses larger enterprises and groups as well as public-sector clients with more than 2,000 PC workstations.

25. INDUSTRY SEGMENTATION OF BECHTLE AG BY REVENUE

in per cent



Basically, BECHTLE addresses the IT market irrespective of the industry. However, the special requirements of the tendering procedures of public-sector clients have resulted in a more clearly focused and specialised marketing approach to this customer group. As an internal service unit, the central public sector division supports the decentralised system houses and the trading companies in the processing of public invitations to tender.



See Locations,
page 41ff

Geographically, BECHTLE'S IT system house & managed services segment operates in Germany, Austria and Switzerland. The sales office established in Brussels, Belgium, in the reporting period represents an exception. In the IT e-commerce segment, the BECHTLE Group is active throughout Europe.

Competitive Position



www.destatis.de

According to information of the Federal Statistical Office, more than 70,000 IT companies that differ greatly in terms of size, service spectrum and specialisation offer their products and services in Germany. Most of these companies merely operate on a local scale and seldom exceed annual revenues of 5 million euros. According to the Federal Statistical Office, the group of medium-sized IT companies with annual revenues of approximately 50 to 250 million euros comprises about 100 companies. Only about 20 companies, including BECHTLE, are on the list of larger system houses that are active in Germany.



See
Systems and Instruments,
page 59

In Germany, BECHTLE enjoys an excellent market position. According to the professional media platform ChannelPartner, BECHTLE ranked second in 2011 among vendor-independent German system houses in terms of the domestic revenue and is far ahead of the lower-ranking companies. Competitive strength is even more important than revenue. According to a survey ChannelPartner conducted among German system houses for the purpose of identifying the most important competitors, BECHTLE was the most frequently mentioned company.

In the annual customer-friendliness survey conducted by the industry journals ChannelPartner and Computerwoche, BECHTLE AG ranked among the leading German system houses in 2011 in the category of companies with annual revenues of more than 250 million euros. During the three-week online survey, more than 6,000 projects were evaluated, including more than 620 BECHTLE projects. Among other things, the questions focused on the quality of the offer of the selected system house. The quality of the project rollout was determined on the basis of statements regarding the project management, communication, reaction times and competency. Adherence to deadlines, a good price/performance ratio and the support after completion of the project (maintenance, training, etc.) also formed part of the basis for the rating.



Bechtle leads in
customer-friendliness,
offer quality and
project rollout quality

As of the reporting date, the industry association BITKOM estimated the total volume of the German IT market in 2011 at 70.0 billion euros. Based on annual revenue of 1.3 billion euros in Germany, the market share of the BECHTLE Group currently amounts to about 2 per cent. Germany's 10 largest IT companies, which the industry medium "ChannelPartner" assesses every year, occupy a market share of about 6.9 per cent. These figures show how fragmented the German IT market is. Small and medium-sized companies still collectively account for by far the largest market share. However, in the reporting period it was also obvious that the consolidation pressure in the IT industry is still at a high level and that large companies in particular have expanded their market position by means of acquisitions.

According to its own information, BECHTLE is one of the market leaders in the system house business in Switzerland. In Austria BECHTLE AG is present with two system house locations in Vienna and St. Pölten and sales offices in Graz and Innsbruck.

In the IT e-commerce segment, the group considers its market position to be outstanding in Germany and Switzerland. In the other European countries, BECHTLE occupies a stable market position, though this position still needs to be fortified in countries in which the market entry took place just recently.



See Locations,
page 41 ff

Environmental Protection

As a trading and service company, BECHTLE AG is less affected by environmental protection requirements than manufacturing companies. Nevertheless, BECHTLE is committed to environmental protection. As far as possible, the group endeavours to employ its resources responsibly. To underscore this commitment and, most importantly, to root it within the company, BECHTLE AG introduced an environment management system (EMS) according to ISO 14001 and had it certified in the reporting period. In this way, the company is able to systematically assess environmental influences and continuously improve the environmental situation. Initially, this measure will affect BECHTLE AG, Germany, as an individual company. Following a test phase, we will examine for which subsidiaries it would make sense to adopt the EMS. Due to the decentralised structure of the BECHTLE Group, our current plans do not provide for inclusion of the entire group in this system. Nevertheless, the underlying principle of the EMS – economical and responsible use of the resources employed – applies to all companies in the BECHTLE Group.



Environment
management system
in accordance
with ISO 14001

The EMS at BECHTLE AG addresses savings in the fields of water, paper, residual waste, energy (power and heat) and emissions due to business trips. BECHTLE AG has recorded the consumption and formulated suitable savings goals, to the extent that a relevant environmental impact was identified in the individual departments. For example, the savings goals for paper consumption affect the human resources department and the Academy. The paper consumption in these two departments is high enough to make savings quantifiable. Measures that cannot be limited to individual departments and that therefore concern all companies situated at the headquarters in Neckarsulm, Germany, include reduced water consumption, central collection of recyclable substances or separate collection of waste paper and residual waste at each workplace. In the current fiscal year, the savings goals that were estimated in 2011 will be compared with the actual consumption, and realistic goals for the further planning will be calculated on this basis.

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

BECHTLE attaches considerable importance to green IT. In future, companies that are not yet sufficiently sensitised to the subject of green IT must expect rising energy costs, higher charges and – last but not least – negative media coverage. On the other hand, a professional approach to green IT provides the opportunity of taking on social responsibility and not only using environmental protection as a competitive advantage but also to benefit from lower operating costs. Today, many companies do not merely base their decisions on the best offer, but also analyse the cost of the entire lifecycle, which also includes the steadily rising energy costs. The employees are another important factor. Employee training contributes to the goal of effectively ensuring sensitivity to IT at the workplace and to the associated current energy costs. The company regards itself as a strategic partner for green IT. In addition to the high service quality and high availability of the systems, BECHTLE'S duties include providing flexible support of the customers' business processes.



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

The group is also responding to the growing need for low-consumption IT products and energy-efficient concepts with an expanded service and product offer of eco-friendlier and more efficient IT environments. From consulting to procurement to implementation, BECHTLE covers all stages of the economic and ecological optimisation of IT infrastructures. Thus, computing centres are analysed for their energy consumption and possible savings potential. For example, savings can be achieved through server virtualisation and consolidation. Furthermore, BECHTLE'S current product offer features various energy-saving hardware and software products.

CORPORATE MANAGEMENT

The Bechtle Group's strategy and corporate organisation are consistently aligned to the Vision 2020. As we move on towards our goals, we will reinforce existing businesses and develop new business fields. In this process, growth through acquisitions and organic growth will complement each other. In addition to a future-oriented HR policy, the ongoing improvement of the management systems also contributes to the successful development of Bechtle. Especially the controlling instruments that were further developed in the reporting period support our management processes and ensure continuous review of the strategy with a view to the achievement of the long-term growth and profitability goals.

Objectives and Strategy

In the Vision 2020, the Executive Board of BECHTLE AG has set itself very ambitious growth targets. By 2020, the group aims to generate total revenue of 5 billion euros with an EBT margin of 5 per cent and an increase of the workforce to 10,000. This goal requires an average revenue growth of 10 to 15 per cent per year along with an increase in profitability.

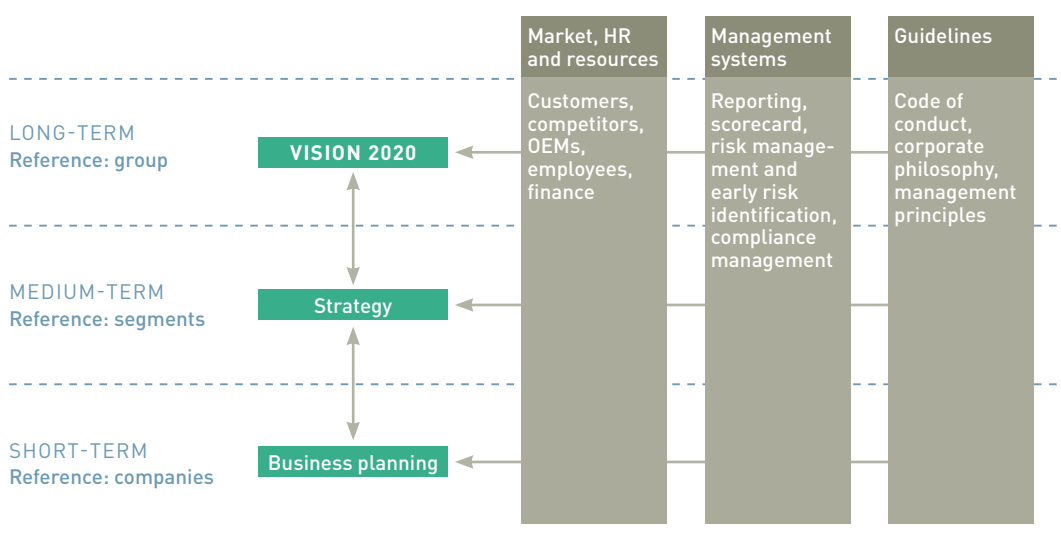
BECHTLE plans to continue its organic growth by means of competent consulting, new technologies, high-quality services and a needs-oriented hardware infrastructure and software portfolio as part of a customer solution. To this end, we are making a concerted effort to expand our portfolio, partly using our own resources, partly in close coordination with key manufacturers.

Further growth is to be supported by means of attractive acquisitions or selective establishment of new companies. The acquisitions mainly target small to medium-sized businesses that strengthen the regional market position of the BECHTLE Group in terms of customers and/or services. Therefore, the objectives are the addition of IT-specific expertise and the intensive processing of strategically important regional markets and customer groups for the purpose of gaining market shares. In the IT system house & managed services segment, our goal is to be present throughout Germany, Austria and Switzerland by 2020 as the leading IT partner of the industry and of the public sector.

In the IT e-commerce segment, BECHTLE pursues a consistent internationalisation approach on the basis of a multi-brand strategy. The company is already represented in a total of 14 European countries. The group will further expand its presence and assume a leading position in e-commerce in Europe by 2020.

In view of the foreseeable shortage of specialists and executives in the entire IT industry, training and staff development are critical success factors for the implementation of the strategy and the pursuit of the long-term growth targets. The objective is to provide innovative, solution-oriented and efficient concepts for the customer IT by way of duly qualified personnel, thereby ensuring competitive positioning in an environment subject to constant change.

26. CORPORATE GOVERNANCE OF BECHTLE AG



Our basic values
provide orientation

The basic values of BECHTLE AG, which are rooted in the corporate philosophy, are a central part of the corporate culture. Together with the internal governance principles and the code of conduct, these values support the long-term strategic objectives. These formulated contents provide all employees with instructions on how to reach their goals and furnish orientation in the management process with respect to efficient, sustainable corporate governance and control.

Systems and Instruments

The Executive Board of BECHTLE AG is responsible for the overall planning and realisation of the group's long-term targets. The main objective of the company development is to effectively increase the company value through profitable growth.

The short and medium-term planning for the management of the operational units and the resulting measures are derived from the long-term corporate planning. However, they are also geared to the development of competitors and of the market environment. For the employees of BECHTLE AG, the top priority is to achieve growth and optimised returns through satisfied customers and to attain market leadership at the company's location.

Revenue, revenue growth, earnings before taxes (EBT) and earnings before taxes in relation to the revenue (EBT margin) are relevant key performance indicators for the economic targets. Individual profit sharing schemes are applied to enhance the employees' commitment to the agreed targets.

At annual strategy conferences, the Executive Board presents measures and measurable milestones by means of which BECHTLE strives to reach its long-term goals. The short-term management takes place by means of the annual focus planning, a strategy paper of the various companies and individual planning meetings with the directors. Within the scope of the focus planning, the decision makers make an initial rough estimate of the development of key items of the income statement, such as the revenue, contribution margin, distribution costs and personnel expenses, EBT, impairment of goodwill and headcount. The focus planning is done in the new planning and reporting system "DeltaMaster" and determines the benchmark for the detailed planning for the upcoming fiscal year. These contents are substantiated and backed by HR, service and sales plans coordinated between the group controlling and the management. The ERP system automatically provides the data for this. The result of the individual process steps is fed into the IT system "Planos", which was especially developed for this purpose, within the scope of the overall operational planning. For reasons of data security, the "DeltaMaster" and "Planos" applications are operated separately on the system side. All individual planning elements collectively form the basis for the annual planning of the Group.

The operational targets and duties derived from the individual meetings are communicated by the directors and division heads in the respective individual companies and divisions of both segments and form the basis for the individual performance targets of the employees. The development during the year is continuously analysed with the help of database-supported management instruments such as the DeltaMaster Compass, a custom-developed controlling cockpit that was introduced in the reporting period. Thus, the management can promptly initiate suitable measures in the event of any deviations from the plan. The assessment takes place in the form of a benchmark test with the help of the BECHTLE scorecard, which transforms various performance criteria into a performance ranking that is transparent for all companies and divisions. Additionally, the operational development of all IT e-commerce companies is captured and analysed in a special software tool called European Sales Cockpit (ESC).

In addition, to regularly assess the business performance – also compared to other locations – the group provides the operational units with detailed weekly and monthly reports with standardised profitability ratios for incoming orders, revenues and contribution margins using the planning and reporting system "DeltaMaster". The information is automatically supplied by an SQL-based data warehouse that is directly fed by the SAP financial accounting module. Moreover, some of the subsidiaries have their own management system for the operational control of their sales activities. This system comprises effectiveness indicators and order and customer-related parameters that enable direct assessment of the business performance. Apart from the experience of the sales staff with respect to the customers' demand behaviour and investment appetite, the development of the purchase prices and of incoming orders are regarded as mission-specific early indicators for the due assessment of the business performance.

Within the scope of the management of the companies, cash flow-based indicators such as the working capital, cash-to-cash-cycle time, DSO and DPO are used in addition to the direct business indicators. The key factors affecting the cash flow are always available to every director or division head in the DeltaMaster Compass in the form of a cash-flow cockpit with the respective internal benchmarks. This allows those responsible to respond to potential mistakes at an early stage.



"Progress is good. But it also needs to be managed."

Anna Kawik,
controlling, logistics & service

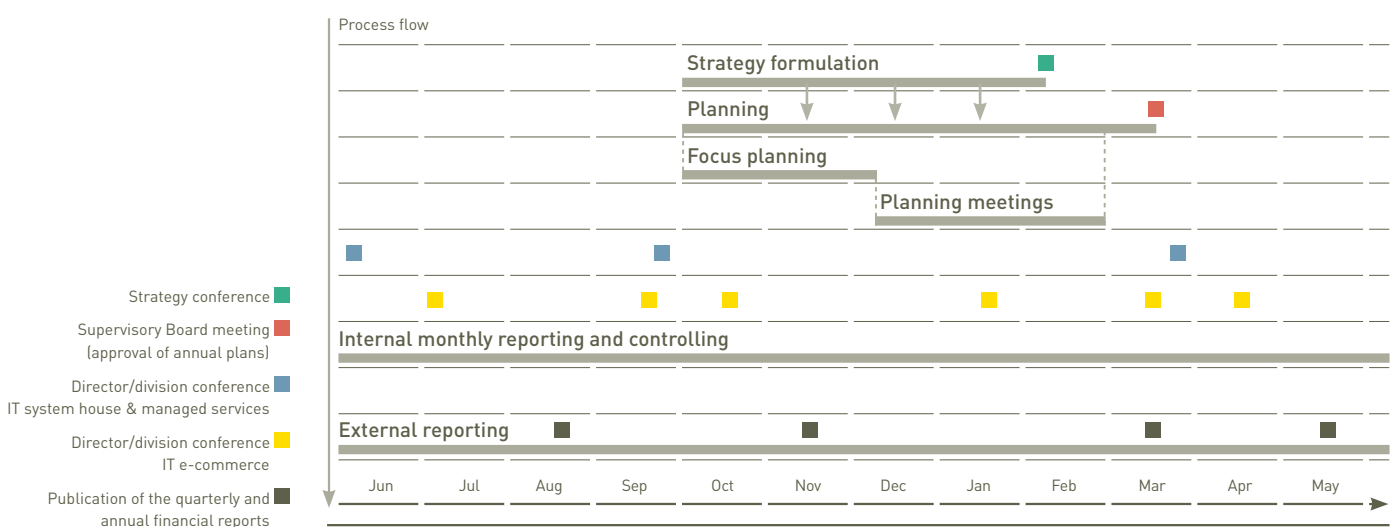


Besides central management information systems like DeltaMaster, Planos, Compass and ESC, BECHTLE AG uses two ERP (enterprise resource planning) systems, Navision Financials and SAP, for the resource-oriented management of its business processes. All accounting, controlling and central logistics management processes are integrated in SAP. The optimum mapping of business processes and the standardisation of the utilised management instruments are key criteria for the design of the implemented IT. In this way, it is ensured that the leadership structure and the employed systems remain freely scalable to accommodate further growth of the company.

Monthly and quarterly financial statements that are made available to the executive staff for their respective fields of responsibility enable a comparison with the economic position in the past as well as with plan values in order to identify negative developments at an early stage. The Financials ERP system serves as an enterprise resource planning and sales information system at all locations. The two interlinked systems collect information pertaining to the sales success – such as the status of the sales process phases, the coordination of tasks in the sales team, billing and shipping of the goods and the status of the receivables – and deliver relevant figures (such as the customer contact frequency, order total, contribution margin per sales rep and DSO).

At group level, the consolidated data for all operational units from the various reporting systems are used for the coordination of investment and financing decisions, early identification of target/actual variances and initiation of suitable measures.

27. PLANNING AND REPORTING CALENDER OF BECHTLE AG



However, many mission-critical indicators cannot be quantified or can only be quantified indirectly. This includes factors such as the brand reputation, customer satisfaction, staff qualification, experience, motivation and leadership qualities, as well as the corporate culture, which can only be described qualitatively, if at all.

To get a better picture of the reputation in the market, BECHTLE'S management takes advantage of customer surveys or studies and assessments of professional media, industry associations and market research institutions. Among other things, the results of these studies are used within the scope of the strategic planning in order to ascertain the company's image in relation to competitors. The "customer satisfaction" factor is analysed in both company segments at regular intervals. The results serve as indicators for the quality of the customer loyalty and are used internally to coordinate sales activities.

BECHTLE regards the results of the annual surveys conducted by the industry journals ChannelPartner and Computerwoche for the purpose of identifying Germany's most customer-friendly system house as a clear indicator of its successful customer retention. In the category of companies with revenues of more than 250 million euros, the interviewed users gave the group an average rating of 1.91 (prior year: 2.05), which thus reached a leading position in the overall ranking. Combined with target-oriented staff training, these analyses will help BECHTLE to continue to provide customers with comprehensive, flexible and competent consulting services in future. Personnel-related data like fluctuation and qualification details are used as internal key performance indicators. The aim is to systematically develop the employees in all fields of qualification and to increase the motivation in order to improve employee loyalty.

In addition to the largely operations-oriented management systems presented above, the Executive Board makes use of other systems in its business policy and strategy-related decisions, such as the systems used for quality management, environment management, compliance, risk management and early identification and the internal audit system (IAS). Apart from the target/actual comparison of the purely financial management indicators, these systems also enable a review of the company's non-financial performance indicators (☀️). Against the background of continuous monitoring, management and further development of the strategic goals, these organisational and system-based protective measures facilitate the coordination and consistent alignment of the activities of all areas in the group for the purpose of ensuring sustainable development of the company.



See

Competitive Position,
page 53



Training,

employee motivation and
staff development for
successful customer
retention



Non-financial
performance indicators
can be reviewed

EMPLOYEES

In 2011, over 700 new employees joined Bechtle, more than ever before. In the course of the year, the group thus passed the 5,000 employees mark. At the same time, Bechtle continues to focus on the development and training of the existing employees. The investments in our employees represent a vital precondition for reaching the "Vision 2020". The struggle for qualified experts will continue without letup. On the increasingly competitive human resources market, Bechtle considers itself an attractive, reliable employer with a good starting position. Consistent employer branding forms the basis for all innovative HR marketing measures. In connection with a modern, attractive work environment, we will use this feature to ensure that Bechtle will be perceived as a popular employer of tomorrow.

Development of the Employee Numbers



See

Notes, Employees,
page 207f

As of 31 December 2011, the BECHTLE Group had a total of 5,479 employees. Compared to the prior year, with a total of 4,766 employees, the total workforce increased by 713. On average, 5,146 employees worked for BECHTLE during the reporting period (prior year: 4,496 employees). The increase in the number of employees in the group is the result of acquisitions and new recruitment.

As of the end of 2011, BECHTLE had 4,065 employees in Germany. All in all, this means 594 people more than in the prior year (3,471 employees). The number of employees in other countries increased from 1,295 to 1,414.

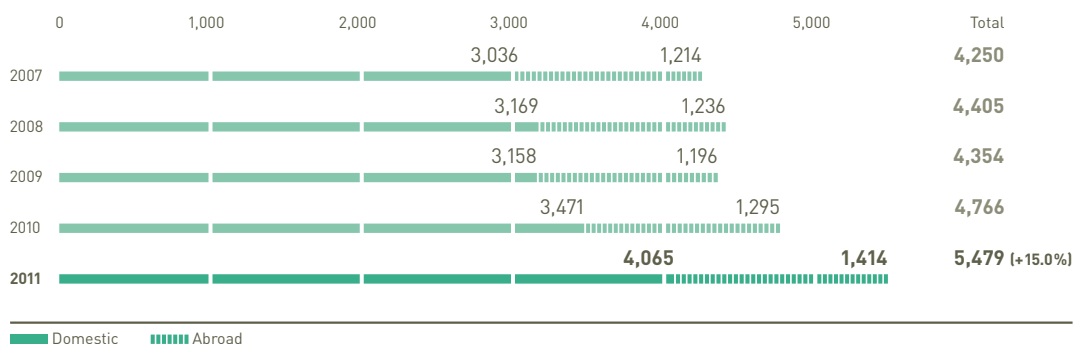


"A good feeling: one of 5,479."

*Dominic Lützenkirchen,
trainee, ITZ Essen*

28. EMPLOYEES BY REGIONS

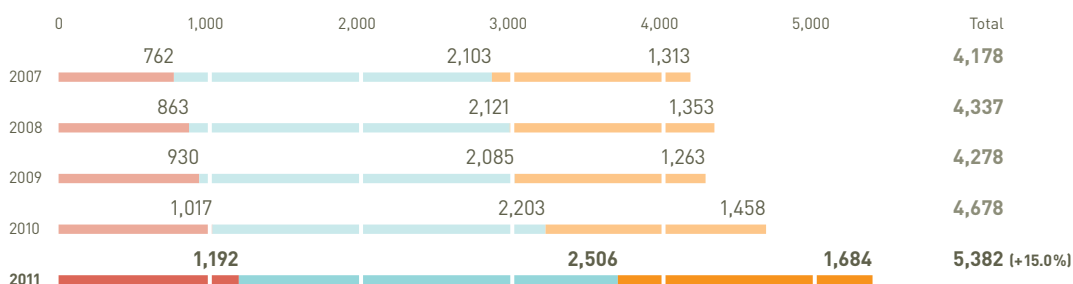
as of 31 December



Split by functional areas, the service area experienced the highest growth. A total of 2,506 employees worked in this area in the entire group as of 31 December 2011, 303 more than in the prior year. The administration workforce increased by 175 to 1,192, and the sales team by 226 to 1,684.

29. EMPLOYEES BY AREAS

as of 31 December



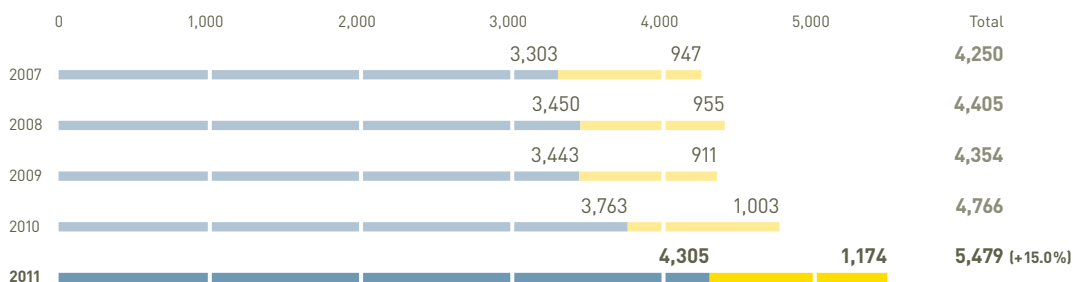
Administration Services Sales

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

At segment level, the number of employees increased to 4,305 in the IT system house & managed services segment, compared to 3,763 in the prior year. The number of employees in the IT e-commerce segment amounted to 1,174 (prior year: 1,003). At 17.0 per cent, the growth in the number of employees was slightly higher in the trading segment than in the service business (14.4 per cent).

30. EMPLOYEES BY SEGMENTS

as of 31 December



IT system house & managed services IT e-commerce

Personnel expenses and salary model

In 2011, the higher average number of employees resulted in higher expenditures for wages and salaries including social contributions of 22.0 per cent to 294.6 million euros (prior year: 241.4 million euros). Thus, the personnel expense ratio increased from 14.0 per cent to 14.8 per cent. The personnel intensity declined to 60.5 per cent (prior year: 61.3 per cent) in relation to the gross profit.

31. PERSONNEL EXPENSES

	2011	2010	2009	2008	2007
Personnel and social expenses in million euros	294.6	241.4	220.4	217.7	203.3
Personnel and social expenditure per employee in thousand euros*	58.3	54.7	50.9	51.6	50.3
Personnel expense ratio in per cent	14.8	14.0	16.0	15.2	14.7

*Without employees on parental leave

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

Training

BECHTLE continuously puts a lot of emphasis on training young people, thereby securing its supply of qualified junior personnel. We consider training as an investment in the future for the purpose of actively forestalling a shortage of qualified staff. In 2011, the company offered training for 14 administrative and technical professions in the fields of information technology, systems electronics and warehouse management. Furthermore, BECHTLE trains students of the Baden-Württemberg Cooperative State University, mainly in the fields of IT, business IT, business administration and commerce.



In 2011, 143 trainees embarked on their career with BECHTLE, more than ever before. At the end of the reporting period, BECHTLE had a total of 356 trainees (prior year: 306), including 47 abroad. Despite the large number of new employees hired, the training ratio in Germany amounted to 7.8 per cent, a level corresponding to that of the prior year. Over the past five years, the number of trainees has doubled. About 30 per cent of the training jobs are staffed with women. Thus, BECHTLE is far above the industry average of 9 per cent. In the reporting period, the most popular training profession was information technology, followed by wholesale and international trade management and IT system management. The predominating subjects among the students of the Cooperative State University were commerce and business IT.

To facilitate the first steps in the company and day-to-day business, all trainees participated in the so-called MIKADO programme for trainees. During the two-day introductory event, the novices from all over Germany get to know BECHTLE and especially the group HQ with its service units.

BECHTLE considers needs-oriented training to be an important step towards making the business future-proof. Thus, in the 2011 reporting period, most of the successfully qualified trainees were offered permanent employment contracts. In the current fiscal year, BECHTLE plans to raise the training ratio in Germany from 7.8 per cent to about 12 per cent.

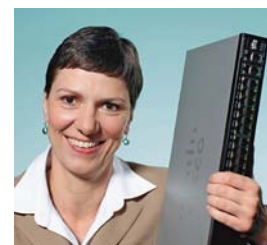
To reach this goal, BECHTLE launched the AZUBIT project in the reporting period. This recruiting project focuses on the AZUBIT microsite, which went online in October 2011. Here, trainees and students from various areas talk about their training and their employer as a training company. This is done in the form of blog submissions, photographs and videos. Moreover, visitors to the Web site can directly contact the bloggers. The main idea of the project is to enable prospective candidates to get answers to their questions about the profession of their choice or about their future employer "at eye level". At the same time, an AZUBIT profile went online on Facebook.

In 2011, BECHTLE AG also stepped up its public dialogue and expanded its social media activities. In the course of the year, the microblogging service Twitter was followed by further profiles on all major social networks, such as Facebook, YouTube, Flickr and, most recently, Google+.

The BECHTLE Academy, which was established by the company in 1999, complements the individual training at the group locations, offering all employees a comprehensive programme ranging from ongoing training measures to the acquisition of special skills to interdisciplinary seminars. The monthly introductory events for new employees are also supervised by the BECHTLE Academy. Since the fiscal year 2009, the activities of the academy have been embedded in the newly established staff development department, whose main task consists of supporting the achievement of the Vision 2020 by means of suitable strategic staff development measures. For example, the executive development programme, which had already started in 2010, was intensively continued during the reporting period. In March 2011, a new junior executive development programme was launched. The objective of the international general management programme is to develop junior personnel in order to increasingly recruit executive staff from the company's own ranks. In the current programme, four of 19 participants have already been promoted, three of them to managing director. Another important building block in the junior staff development is a trainee programme for the IT system house & managed services segment, which is to start in April 2012. For the first time, trainees will be recruited both for sales and for services. Another step in the internationalisation of the BECHTLE Group was the launch of an introductory event (in English) for new BECHTLE employees in the foreign e-commerce companies in October 2011. From April 2012 on, the company has planned a six-day leadership and communication programme for the second executive level of the e-commerce companies in English, French and, from autumn on, in Spanish.



See Forecast Report,
page 134



"Our employees are our success guarantee."

Anette Cezanne,
head of staff development



See Forecast Report,
page 134

In 2011, the BECHTLE Academy conducted 503 events with a total of 6,252 participants (prior year: 381 events with a total of 4,599 participants), thereby making a significant contribution to the qualification of BECHTLE'S workforce. Apart from the regular introductory events for new employees, the main focus in 2011 was on seminars to promote social and leadership skills as well as expertise.



"Thanks to modern training options, our employees are among the best."

Lorenz Kittelmann,
head of e-learning

To further improve the quality of the training offers and thus the competence of the employees, we now offer the sales-oriented training portal iLearn throughout the group, which we had already introduced in 2009 for the IT e-commerce segment. The iLearn training offer currently comprises more than 100 individual courses for IT products, processes and sales guidelines in a total of nine languages for newcomers and experienced sales representatives. The courses that are taken directly on the private workstations are also combined with classroom events of the BECHTLE Academy and the training roadmap at BECHTLE DIRECT. Currently, more than 3,200 members of the BECHTLE Group benefit from iLearn. The objective of iLearn is to ensure uniform, up-to-date product knowledge at all locations, thereby further expanding the competitiveness of BECHTLE in trading business. The Web-based training portal was certified according to DIN EN ISO 9001 in 2009 and submitted to a quality check by Forrester Research in July 2010.

Compared to other companies in the industry, BECHTLE boasts a high certification density. By means of vendor-certified employees, BECHTLE always guarantees a high level of consulting quality and solution competence for its customers. In 2011, too, employee certification measures constituted a central part of the HR work.

CORPORATE GOVERNANCE REPORT

The Executive Board and the Supervisory Board of Bechtle AG are fully committed to the Corporate Governance principles. For the members of both boards, the rules represent key orientation standards for the responsible management and control of the company and have characterised the self-image as well as the effective value-oriented actions of the group's boards for many years.

Below, the Executive Board and Supervisory Board report jointly on the corporate governance at BECHTLE AG according to Section 3.10 of the German Corporate Governance Code (DCGK).



See also
Declaration of Conformity,
page 74 f

Shareholders and Annual General Meeting

The Annual General Meeting is a central, internal decision-making organ of BECHTLE AG through which the shareholders can make use of their rights and exercise their voting rights. In recent years, about 500 shareholders attended the Annual General Meeting, which is traditionally held at the "Harmonie" Concert and Congress Centre in Heilbronn, Germany.

BECHTLE AG only has no-par common bearer shares in circulation. All shares have the same voting rights. To enable shareholders to safeguard their interests at the Annual General Meeting, the Executive Board appoints proxies on whom the shareholders can confer their voting rights, subject to their instructions. It is ensured that the proxies can be reached at all times during the Annual General Meeting. Proxy authorisation can also be granted electronically. The agenda and the reports and documents required for the Annual General Meeting are made available to the shareholders on the Internet for review and download. The Articles of Incorporation of BECHTLE AG do not provide for postal votes. The company considers the extensive voting proxy options to be sufficient for all shareholders to exercise their rights even without personally attending the Annual General Meeting.



www.bechtle.com/agm

BECHTLE AG endeavours to organise the Annual General Meeting as efficiently as possible and not to extend it unduly. In this context, the company follows the provisions of the DCGK, according to which an ordinary annual general meeting should normally end after no more than four to six hours. All Annual General Meetings in recent years remained within this limit.

The Executive Board and the Supervisory Board of BECHTLE AG still do not broadcast the entire Annual General Meeting over the Internet. In the opinion of the management, the organisational costs and the legal uncertainties would surpass the benefits for the company and its shareholders.

Collaboration between the Executive Board and the Supervisory Board



See Report of the
Supervisory Board,
page 10f

The Executive Board and the Supervisory Board of BECHTLE AG collaborate closely for the benefit of the company. The Supervisory Board is involved in all major corporate decisions on the basis of a set of Rules of Procedure and assists the Executive Board by providing advice. The Executive Board duly and comprehensively informs the Supervisory Board of all material issues of the business development, business planning, strategy and potential risks and opportunities of the business performance, as well as compliance-related subjects. The Executive Board informs the Supervisory Board without delay about any extraordinary events that are of importance to the assessment of the situation, development or management of the company. The Supervisory Board also obtains information about the company's situation and important business transactions in meetings with the Executive Board and Directors outside the scope of the regular Supervisory Board meetings. Thus, the Supervisory Board has a useful information base for monitoring operations with valuable suggestions and recommendations. At the beginning of each fiscal year, the Executive Board submits its plans to the Supervisory Board for approval. Additionally, the Executive Board also reports any deviations from previous plans and the reasons for such deviations to the Supervisory Board during the year. As a matter of principle, the Executive Board forwards its documents to the members of the Supervisory Board in coordination with the Chairman of the Supervisory Board in good time before the Supervisory Board meetings, in order to enable the members to duly prepare for the meetings. According to the Rules of Procedure, important business transactions are subject to the approval of the Supervisory Board.

Executive Board

In the fiscal year 2011, the Executive Board comprised Dr. Thomas Olemotz, Michael Guschlbauer and Jürgen Schäfer. Dr. Thomas Olemotz, Chairman of the Executive Board, is responsible for controlling and finance, corporate communications, investor relations, central IT, logistics & service, human resources and staff development as well as legal. Michael Guschlbauer is responsible for the IT system house & managed services segment and quality management, and Jürgen Schäfer is in charge of the IT e-commerce business. The Executive Board collectively assumes the responsibility for the compliance, risk management, business planning and strategic business development functions.

Among other things, the Rules of Procedure govern the distribution of tasks and the collaboration within the Executive Board and with the Supervisory Board. An age limit of 65 has been determined for members of the Executive Board.

For BECHTLE AG, the qualification and suitability of applicants is the foremost and relevant criterion for the appointment of Executive Board members and other executives. No special significance is attributed to the gender. Therefore, the extent of due consideration of women when staffing executive positions as required by DCGK is somewhat limited. The company believes that its principle of gender neutrality serves corporate interests in the best way. Various executive functions in the company are already staffed with women. There-

fore, BECHTLE AG does not consider the implementation of Sections 4.1.5 and 5.1.2 of DCGK to be conducive to its aims. Nevertheless, the company continues to take care to staff executive teams with members of both sexes and welcomes efforts to promote the participation of women in executive positions.

Executive Board Compensation

The Supervisory Board and the personnel committee of BECHTLE AG restructured the Executive Board compensation at the beginning of the reporting period, adapting it to the requirements of VorstAG and the recommendations of Section 4.2.3 (2) of DCGK.

The Executive Board contracts, to which a (four-year) long-term agreement has been added effective as of 1 January 2011, now provide for a fixed compensation element and a variable compensation element comprising a short-term, performance-dependent component and a long-term component. Variable components thus account for considerably more than half of the total compensation of the Executive Board of BECHTLE AG. The criteria for the assessment of these payments include EBT, the revenue growth, the EBT margin and for the long-term component a minimum return on equity. As in the past, the company did not make any pension commitments to the members of the Executive Board in the reporting period. Moreover, the Supervisory Board has not concluded any agreements between the company and members of the Executive Board in case of a change of control due to a takeover bid.

The Annual General Meeting of 16 June 2010 decided to extend the opting-out clause that has been in force since 2006. Thus, BECHTLE AG is exempted from the legal requirement for individualised disclosure of the Executive Board compensation pursuant to Section 286 (5) of the German Commercial Code (HGB) until and including 2015 (Section 4.2.4 of DCGK). In view of the relatively small number of three Executive Board members, the company is of the opinion that the disclosure of the total Executive Board compensation and the itemisation in fixed and variable components provide adequate transparency.

For the fiscal year 2011, the fixed compensation of the Executive Board amounted to 892 thousand euros (prior year: 805 thousand euros), and the variable components amounted to 1,602 thousand euros (prior year: 1,101 thousand euros). The total compensation amounted to 2,494 thousand euros (prior year: 1,906 thousand euros).

32. EXECUTIVE BOARD COMPENSATION

in euros

	2011	2010
Fixed compensation	892,000	805,000
Variable compensation	1,602,000	1,101,000
Total	2,494,000	1,906,000

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

The German Corporate Governance Code recommends limiting the severance of an Executive Board member in the event of premature termination of his activity without good cause to the compensation for two years (severance cap), or not to compensate more than the residual term of the contract (Section 4.2.3 [4] of DCGK). The Supervisory Board of BECHTLE AG endeavours to bind the Executive Board members to the company for as long as possible. The Supervisory Board of BECHTLE AG does not consider a formal limitation by means of an agreement to be practicable. Thus, the legal provisions apply in this case. In the opinion of the Supervisory Board, the legal provisions adequately account for the mutual interests in the event of departure of an Executive Board member and therefore form an appropriate basis. The company intends to continue to use this approach. In the opinion of BECHTLE AG, deviating from the recommendation of DCGK serves the company's interests in this instance. However, to take the basic tenor of the recommendation into consideration, the company will, in the event of premature cancellation of an Executive Board contract by mutual consent, endeavour to conclude a severance agreement with the particular Executive Board member that complies with the principle of appropriateness.

Supervisory Board



See Notes, Supervisory Board members, page 218 f

In line with the Articles of Incorporation, the Supervisory Board of BECHTLE AG consists of twelve members. In accordance with the German Co-Determination Act (MitbestG), it consists of equal numbers of shareholder representatives and employee representatives. The Supervisory Board comprises four female members, various members have a special international background, and the overwhelming majority of the members are independent. As none of the Supervisory Board members has any business or personal relationship with the company or with the Executive Board, no conflicts of interest are expected. Some of the employee representatives are normal employees of the company.

Sadly, employee representative Udo Bettenhausen passed away in the reporting period. On 17 May, Siegfried Höfels took his place.

Gerhard Schick is the Chairman of the Supervisory Board. Moreover, he is chairman of the committee pursuant to Section 27 (3) of the German Co-Determination Act (MitbestG) and chairman of the personnel committee. In his capacity as Chairman of the Supervisory Board, Gerhard Schick coordinates the duties of the Supervisory Board, chairs the meetings and represents the concerns of the Supervisory Board in external dealings. Moreover, he regularly communicates with the Executive Board in order to intensively discuss matters concerning strategic alignment, business performance and risk management. Uli Drautz is the Vice-Chairman of the Supervisory Board. Dr. Jochen Wolf serves as chairman of the audit committee. As doctor of economics, long-standing head of group controlling, administrative director, CFO and director of an investment company, he has special skills and experience in the application of accounting principles and internal audit procedures (Section 100 [5] of the German Stock Corporation Act [AktG], Section 5.3.2 of DCGK).

A nomination committee has not been formed. In this respect, BECHTLE does not follow the recommendation of Section 5.3.3 of DCGK. In view of the staffing of the Supervisory Board, the Supervisory Board does not consider the formation of such a committee to be necessary at present.

The Supervisory Board meetings are prepared by the shareholder and employee representatives separately. If necessary, the Supervisory Board holds meetings without the Executive Board. This was not the case in the reporting period.

In the past, the Supervisory Board of BECHTLE AG agreed terms of office of less than five years for Executive Board members appointed for the first time. The company intends to continue to use this approach.

The Supervisory Board endeavours to fulfil its duties with due care. Therefore, the efficiency of its activity is checked extensively every three years on the basis of the guideline of Deutsche Schutzvereinigung für Wertpapierbesitz e.V. The last survey, which was conducted in 2009, revealed that the Supervisory Board worked efficiently. Should the plenary session come to the conclusion that the efficiency has deteriorated, the efficiency audit will be conducted on an annual basis.

Concerning its future composition, the Supervisory Board has put down its goals in writing, under consideration of Section 5.4.1 of DCGK. The Supervisory Board thus intends to reserve at least two Supervisory Board seats for persons who especially meet the criterion of internationality. The Supervisory Board does not see any necessity to fix the number of "independent" members. Currently, the large majority of Supervisory Board members fulfils the characteristic of "independence", as they do not exercise any consulting or board functions for customers, suppliers, creditors or other business partners of BECHTLE AG. At the same time, the Supervisory Board believes that it may make sense to propose representatives of business partners as Supervisory Board members if their specific skills are more beneficial to the company than potential conflicts of interests could be detrimental. Currently, the Supervisory Board consists of twelve members, four of whom are women. In view of this size and composition, the Supervisory Board currently does not see any need for action and has therefore not yet defined any fixed goals for the due consideration of women. The Rules of Procedure provide for an age limit of 70 for Supervisory Board candidates.

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

For its work, the Supervisory Board has issued Rules of Procedure. In particular, these Rules of Procedure govern the collaboration in the Supervisory Board.

The company is required to duly support the Supervisory Board members in their single-handed performance of training measures (Section 5.4.1 [4] of DCGK). BECHTLE AG is of the opinion that the function of a Supervisory Board member involves a lot of responsibility and various duties. Therefore, it believes that anybody applying for such a function must have the necessary skills when joining the Supervisory Board and must, without being prompted to do so, participate in further training measures while serving on the Supervisory Board. In this context, the Supervisory Board members are duly supported by the company whenever necessary.

Supervisory Board Compensation



www.bechtle.com/satzung

The Supervisory Board compensation did not change in the reporting period. It is based on the resolution of the Annual General Meeting of 16 June 2010. The compensation is outlined in Article 11 of the Articles of Incorporation of BECHTLE AG. BECHTLE AG presents the compensation of Supervisory Board members in individualised form. The compensation structure takes the responsibility and scope of activity of the individual members into account. The chairmanship, vice-chairmanship and committee activities, as well as committee chairmanship, are taken into consideration.

Contrary to the recommendation in Section 5.4.6 (2) of DCGK, the compensation does not contain any performance-related component. In the company's opinion, the Supervisory Board's successful and responsible fulfilment of duties does not necessitate such a component.

33. SUPERVISORY BOARD COMPENSATION

in euros

Name	Basic compensation	Chairman/ Vice-Chairman	Committee activity	Attendance fee	Total 2011	Total 2010
Shareholder representatives						
Kurt Dobitsch	25,000			3,750	28,750	22,887
Dr. Walter Jaeger	25,000			3,750	28,750	22,887
Gerhard Schick	25,000	50,000	16,250	7,250	98,500	71,812
Karin Schick	25,000			3,750	28,750	22,887
Klaus Winkler	25,000		6,500	5,750	37,250	30,028
Dr. Jochen Wolf	25,000	12,500	16,250	7,250	61,000	49,558
Employee representatives						
Udo Bettenhausen (until 16 May 2011)	9,315			0	9,315	22,887
Uli Drautz	25,000	12,500	13,000	7,250	57,750	47,238
Daniela Eberle	25,000		6,500	5,500	37,000	30,028
Jürgen Ergenzinger	25,000			3,750	28,750	22,887
Sonja Glaser-Reuss	25,000			3,750	28,750	22,887
Barbara Greyer	25,000			3,750	28,750	22,887
Siegfried Höfels (from 17 May 2011)	15,685			2,250	17,935	0

The Supervisory Board members have not been granted any loans or other declarations of liability. The same applies to the Executive Board members. During the reporting period, the company did not have any share option programmes or similar securities-oriented incentive systems.

D&O Insurance

The Executive Board and the Supervisory Board are under obligation to apply the principles of proper corporate management. Should they culpably violate their duty to exercise due care, BECHTLE AG may assert damage claims against them. To cover this risk, the company has taken out directors & officers insurance for the Executive Board and Supervisory Board members. Within the scope of the extension of the Executive Board contracts in early 2011, the D&O specifications were adapted to the new provisions of AktG, and a deductible of 10 per cent was agreed. Moreover, Section 3.8 (3) of DCGK recommends a deductible for the D&O insurance of supervisory board members. Currently, BECHTLE AG does not comply with this recommendation, as it does not believe that a reasonable deductible would contribute to an improved sense of responsibility and motivation of the Supervisory Board.

Conflicts of Interest

The members of the Executive Board and of the Supervisory Board are committed to the interests of the company. In their decisions within the scope of their activity, they are not permitted to pursue personal interests or use business opportunities to which the company is entitled for themselves. The Executive Board members disclose any conflicts of interest to the Supervisory Board and inform the other members of the Executive Board without delay. In its report to the Annual General Meeting, the Supervisory Board provides information about any encountered conflicts of interest and their consequences.

During their activity for BECHTLE, the Executive Board members are subject to a comprehensive non-compete clause. Any kind of sidelining, including the assumption of supervisory board mandates outside the group, is subject to the approval of the Supervisory Board. In the past fiscal year, the Supervisory Board and Executive Board members did not experience any conflicts of interest, e.g. due to a consulting or board function for customers, suppliers, creditors or business partners. Detailed information on the existing mandates of the board members on supervisory boards and similar supervisory bodies is presented in the notes to this Annual Report.



See Notes,
page 204 f and 218 f

Transparency

To promote trust on the part of shareholders and the public, BECHTLE engages in fair, timely and open dialogue with all shareholders and other target groups. For the Executive Board and the Supervisory Board, openness and transparency are key principles of conduct. To ensure equal treatment of all market players, all capital market-relevant information is published simultaneously in German and English and made available on the company's website. Important dates, financial reports, press releases, and presentations are also made available to shareholders and other interested individuals on the company homepage. Moreover, BECHTLE offers its shareholders the possibility of learning the latest details about the performance of the BECHTLE share and important analyst and press opinions by means of a weekly report. Upon request, BECHTLE sends potential investors publications such as annual and quarterly reports free of charge.



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Disclosures According to the German Securities Trading Act

Pursuant to Section 15a of the German Securities Trading Act (WpHG), individuals who are entrusted with executive duties and who are authorised to make material entrepreneurial decisions of the issuer, as well as natural persons and legal entities closely affiliated with them, must promptly disclose the purchase or sale of BECHTLE shares if the transaction volume exceeds 5,000 euros within a calendar year. BECHTLE publishes all transactions of this type on the website under "Directors' Dealings" and reports them to the German Federal Financial Supervisory Authority (BaFin).



www.bechtle.com/directors-dealings

Notifiable transactions in the reporting period pursuant to Section 15a of the German Securities Trading Act (WpHG):

34. NOTIFIABLE TRANSACTIONS PURSUANT TO SECTION 15A WPHG:

Date and place of the transaction	Notifying person	Disclosures on the notifying person	Financial instrument	Transaction	Unit price in euros	Units	Transaction volume in euros
01.06.2011 OTC	BWK 2. Vermögensverwaltungs-gesellschaft mbH	Legal person closely related to a member of the Supervisory Board	Share	Sale	29.00	3,916,507	113,578,703
25.08.2011 OTC	Schick GmbH	Legal person closely related to a member of the Supervisory Board	Share	Purchase	23.90	50,000	1,195,000
17.10.2011 OTC	Schick GmbH	Legal person closely related to a member of the Supervisory Board	Share	Purchase	23.74	75,000	1,780,500

Shareholding of Board Members

The shareholding of Executive Board and Supervisory Board members of BECHTLE AG is as follows:

35. NUMBER OF BECHTLE AG SHARES – EXECUTIVE BOARD

	31.12.2011	31.12.2010
Dr. Thomas Olemotz	0	0
Michael Guschlbauer	0	0
Jürgen Schäfer	4,000	4,000

36. NUMBER OF BECHTLE AG SHARES – SUPERVISORY BOARD

	31.12.2011	31.12.2010
Shareholder representatives		
Kurt Dobitsch	0	0
Dr. Walter Jaeger	0	0
Gerhard Schick	0	0
Karin Schick	7,333,287 ¹	7,208,287
Klaus Winkler	725	725
Dr. Jochen Wolf	0	3,916,507
Employee representatives		
Udo Bettenhausen	0	0
Uli Drautz	1,644	1,644
Daniela Eberle	0	0
Jürgen Ergenzinger	0	0
Sonja Glaser-Reuss	1,000	1,000
Barbara Greyer	0	0
Siegfried Höfels	0	0

¹ 940,272 shares for Schick GmbH, 340,115 for Amaury Krief

Accounting and Auditing of Annual Financial Statements

BECHTLE prepares the consolidated financial statements and the interim financial reports according to the applicable rules of the International Financial Reporting Standards (IFRS) as applied in the EU and the annual financial statements of BECHTLE AG according to the regulations of the German Commercial Code (HGB).

The annual and consolidated financial statements were again audited by the audit firm Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Heilbronn, Germany, which the Annual General Meeting had appointed as auditor for the fiscal year 2011.

Before submitting the election proposal, the audit firm Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft issued a declaration of independence pursuant to Section 7.2.1 (1) of DCGK. According to this declaration, there are no business, personal, financial or other relationships between the audit firm and the BECHTLE Group which could cast doubt on the auditors' independence. Moreover, the audit firm was not involved in the accounting or preparation of the annual or consolidated financial statements.

The auditor participates in the Supervisory Board discussions on the annual and consolidated financial statements, attends the balance sheet meeting on 13 March 2012 and reports the results of his audit. Moreover, he provides additional information and answers questions of the Supervisory Board concerning the audit.

Declaration of Conformity with the German Corporate Governance Code



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

On 26 January 2012, the Executive Board and the Supervisory Board renewed the Declaration of Conformity with the German Corporate Governance Code in its current form and made it permanently available to the shareholders on the company's Web site:

Declaration of Conformity of the Executive Board and the Supervisory Board of Bechtle AG with the recommendations of the Government Commission on the German Corporate Governance Code pursuant to Section 161 of the German Stock Corporation Act (AktG)

The Executive Board and the Supervisory Board of BECHTLE AG declare that since the last Declaration of Conformity on 28 February 2011, all recommendations of the "Government Commission on the German Corporate Governance Code" except for the following recommendations have been and will be complied with:

D&O insurance deductible for the Supervisory Board. No deductible has been agreed for the D&O insurance for the Supervisory Board. The company does not believe that a deductible would increase the sense of responsibility and motivation of the Supervisory Board. (Section 3.8 [3] of DCGK)

Diversity in the staffing of the Executive Board and executive functions. Currently, many executive functions at BECHTLE AG are already staffed with women. However, provisions to ensure due consideration of women in line with DCGK have not been implemented so far. As a matter of principle, the Executive Board and executive functions of BECHTLE AG are staffed exclusively on the basis of the qualifications of the applicants, without paying any special attention to their gender. Nevertheless, the company continues to take care to staff executive teams with members of both sexes and welcomes efforts to promote the participation of women in executive positions. (Sections 4.1.5 and 5.1.2 of DCGK)

Severance cap in Executive Board contracts. The Supervisory Board has not entered any agreement with the Executive Board members in case of premature termination of the board activity without good cause. Thus, the legal provisions would apply in such a case. In the opinion of the Supervisory Board, the legal

provisions adequately account for the mutual interests in the event of departure of an Executive Board member and therefore form an appropriate basis. The company intends to continue to use this approach. (Section 4.2.3 [4] of DCGK)

Individualised disclosure of the Executive Board compensation. BECHTLE AG publishes the Executive Board compensation in the corporate governance report, divided into non-performance-related and performance-related components. According to the Annual General Meeting resolution of 16 June 2010, this information is not presented in individualised form. This resolution remains valid until the Annual General Meeting that will decide about the granting of discharge for the fiscal year 2014, at the latest however until 15 June 2015. In view of the relatively small number of three Executive Board members, the company is of the opinion that the disclosure of the total Executive Board compensation and the itemisation in fixed and variable components provide adequate transparency. (Section 4.2.4 of DCGK)

Establishment of a nomination committee. In view of the staffing of the Supervisory Board, the Supervisory Board does not see any need for the formation of a nomination committee that is staffed exclusively with shareholder representatives and that proposes suitable candidates to the Supervisory Board for its election proposals to the AGM. (Section 5.3.3 of DCGK)

Composition of the Supervisory Board. For its composition, the Supervisory Board of BECHTLE AG has formulated concrete goals with respect to the internationality and the age limits for candidates. Moreover, in its current composition, the Supervisory Board considers the requirements for the internationality and independence of its members to be fulfilled under consideration of the particularities of BECHTLE AG (Section 5.4.1 [2] of DCGK). In this regard, it thus complies with the recommendations of DCGK. However, the Supervisory Board does not comply with the recommendations to specify concrete goals for the due participation of women. Given its current size and composition – the Supervisory Board consists of twelve mostly independent members, four of whom are women – the Supervisory Board has not defined any concrete goals for the due consideration of women so far. (Section 5.4.1 [2] and [3] of DCGK)

Performance-related compensation of Supervisory Board members. The compensation of the Supervisory Board members does not contain any performance-related component. BECHTLE AG believes that all members of the Supervisory Board exercise their duties with maximum commitment and willingness and with a view to the company's long-term success. Therefore, the company does not consider a performance-related component to be necessary for responsible Supervisory Board work. For the time being, the company considers this approach to be appropriate. (Section 5.4.6 [2] of DCGK)

Neckarsulm, 26 January 2012

BECHTLE AG

On behalf of the Executive Board



Dr. Thomas Olemotz

On behalf of the Supervisory Board



Gerhard Schick

SHARE

In 2011, the German share market suffered its greatest decline since 11 September 2001. The high national debt in some countries of the euro area and in the USA, the downgrading of these countries by the rating agencies and the associated economic fears were the main triggers of the severe fluctuation on the capital markets. In the reporting period, all leading German indices underwent two-digit losses. The performance of the Bechtle share was also affected by these framework conditions. Despite the company's excellent economic development in 2011, the share performance dropped by about 14 per cent. Nevertheless, there were also positive aspects such as the increased Bechtle share trading volume and the great interest that international investors also showed. Another positive factor for investors, especially in times of uncertainty, is the sustainable dividend policy of Bechtle, which is reflected in the higher dividend proposal of 0.85 euros and the one-time special dividend of 0.15 euros for the last fiscal year.

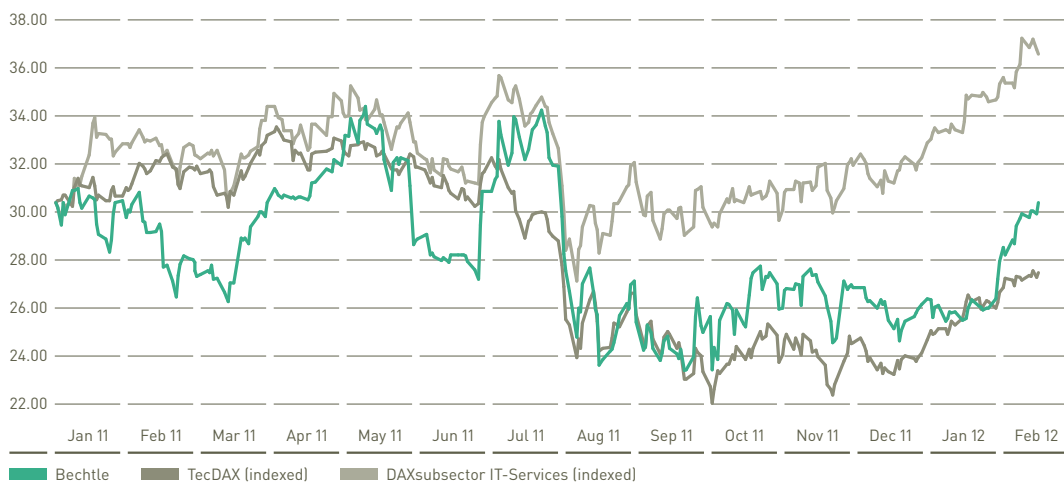
Stock Market

As far as the stock exchange was concerned, 2011 had two faces: in the first half of the year, investors remained optimistic despite the dwindling faith in the stability of the euro area and prices increased across a broad front. Even negative events like the reactor disaster in Fukushima merely caused slight declines. In summer, however, the fears due to further increasing state deficits in the USA and the EU, and the related concerns about a slackening of the economic performance, prevailed. After the USA lost their premium rating from the rating agency Standard & Poor's, the prices slumped. At least, the fears that the negative trend could further intensify towards the end of the year did not materialise, but gave way to a slight recovery. Nevertheless, all leading German indices underwent two-digit declines in 2011. With a loss of about 13 per cent, the MDAX endured the crisis with the least damage. The DAX and the SDAX each lost about 15 per cent. Among the indices, the TecDAX brought up the rear, losing more than 20 per cent of its value.

Share Performance

On 3 January 2011, the BECHTLE share kicked off the new trading year with a closing price of 30.39 euros. The price development was very volatile in the first half of the year, with a wide bandwidth of share prices from 26 euros to 34 euros. On 12 May, BECHTLE reached its annual high of 34.35 euros, but remained volatile thereafter. BECHTLE was also affected by the global turbulence on the share markets, which resulted in a rapid decline of our share price from early August on. We reached the annual low of 23.48 euros on 22 September. Subsequently, the share recovered slightly, bottoming out at a level of approximately 26 euros. Thus, BECHTLE was able to detach its performance from the weaker trend of the TecDAX. At the end of the year, BECHTLE was quoted at 26.20 euros. In the reporting period, the share price thus suffered a value loss of 13.8 per cent.

37. THE BECHTLE SHARE - PERFORMANCE FROM JANUARY 2011 TO FEBRUARY 2012 in euros

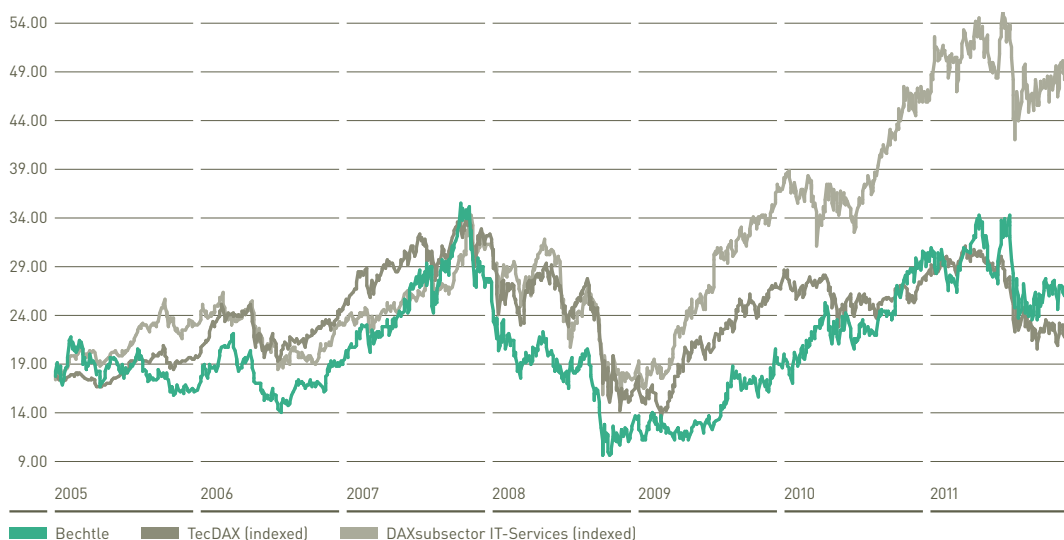


17.02.2012
€30.39



See
www.bechtle.com/ir-en
 for the current share
 price

38. THE BECHTLE SHARE - PERFORMANCE FROM 2005 TO 2011 in euros



30.12.2011
€26.20

Apart from the prices, the market cap also receded. At the end of the year, it amounted to 550.2 million euros, 58.6 million euros less than at the end of 2010.



Considerable
higher free float

In contrast, the BECHTLE share trading volume increased significantly in the reporting period, mainly due to the higher free float, which rose from 47 to 65 per cent in the course of the reallocation of the BWK shares. In the reporting period, the average daily stock exchange turnover of BECHTLE shares amounted to 1,460.2 thousand euros, twice as much as in the prior year. In terms of the quantity, this represents an average daily trading volume of 51,873 BECHTLE shares (prior year: 30,543).

In the TecDAX ranking of Deutsche Börse, BECHTLE ranked 15th in terms of market cap as of 31 December 2011, an improvement of three places compared to the prior year. Due to the improved liquidity of the share, BECHTLE climbed from 31st place to 23rd place in terms of the trading volume.

39. TRADING DATA OF BECHTLE SHARE

		2011	2010	2009	2008
Annual opening price	€	30.39	18.65	13.28	27.86
Annual closing price	€	26.20	28.99	18.79	13.66
High	€	34.35	30.65	20.50	27.86
Low	€	23.48	17.01	11.02	9.64
Performance – absolute	€	-4.19	+10.34	+5.51	-13.34
Performance – relative	%	-13.8	+55.4	+41.5	-49.4
Market cap – total ¹	million euros	550.2	608.8	394.6	289.6
Average turnover/trading day ²	shares	51,873	30,543	37,129	69,743
Average turnover/trading day ²	€	1,460,183	705,260	538,189	1,228,978

Xetra closing price data

¹ As of the end of the year

² All German stock exchanges

Shareholder Structure



[www.bechtle.com/
shareholder-structure](http://www.bechtle.com/shareholder-structure)

In 2011, the shareholder structure of BECHTLE AG underwent a major change. In early June, the long-standing major shareholder BWK GmbH sold its interest in the company, amounting to 18.7 per cent, to institutional investors in Germany and other countries. Within the scope of an expedited book building procedure, a total of 3,916,507 shares were placed at a price of 29.00 euros a share. Since then, BWK, which had held interests in BECHTLE AG since 1997 – i.e. even before the company's IPO – has not held any shares.

With her interest of 34.92 per cent, Karin Schick is still the largest shareholder. This figure includes the shares of Schick GmbH, of which Karin Schick is a partner, and shares belonging to her underage son. On 25 August and 17 October, Schick GmbH had purchased an additional total of 125,000 BECHTLE shares, thereby slightly increasing the shareholding of Karin Schick in the reporting period.

dws Investment GmbH purchased part of the share package of BWK, thereby increasing its existing shareholding as of the start of June to 5.73 per cent. As of September, the fund company Loys AG expanded its shareholding to 3.34 per cent.

Dividend

Since its IPO in 2000, BECHTLE has been pursuing a shareholder-friendly dividend policy that is focused on continuity. In the TecDAX, the company is still one of the few companies that have continued to distribute profits to shareholders year after year since their IPO, and whose dividends have steadily increased over time. In view of the record earnings in the reporting period and the company's excellent liquidity, the Executive Board and the Supervisory Board propose to the Annual General Meeting to increase the dividend by 0.10 euros to 0.85 euros per share and a one-time special dividend of 0.15 euros. This represents a dividend increase of 33 per cent.

As of 31 December 2011, the number of shares with dividend entitlement was 21,000,000. Thus, the sum to be distributed for the fiscal year 2011 amounts to 21.0 million euros. This means a dividend payout ratio of 33.5 per cent of the consolidated earnings after taxes. Thus, in relation to the annual closing rate, the dividend yield is 3.8 per cent (prior year: 2.6 per cent).

Earnings per share

The improvement of the operating earnings was accompanied by a corresponding rise in the earnings per share, which amounted to 2.99 euros in the reporting period, 35.1 per cent more than in the prior year (2.21 euros). The EPS were calculated on the basis of an average of 21,000,000 shares in circulation in the reporting period.

40. KEY PERFORMANCE INDICATORS

		2011	2010	2009	2008
Shares with dividend entitlement ¹	shares	21,000,000	21,000,000	21,000,000	20,990,500
Earnings per share	€	2.99	2.21	1.64	2.14
Amount distributed	million euros	21.0 ²	15.8	12.6	12.6
Cash dividend per share	€	1.00 ²	0.75	0.60	0.60
Dividend yield ¹	%	3.8 ²	2.6	3.2	4.4
Price/earnings ratio ¹		8.8	13.1	11.5	6.4

¹ As of the end of the year

² Subject to the approval of the Annual General Meeting



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Governance Report,
page 72



"Neat: an iPad for each employee, one euro in dividends for each share."

Rudolf Ladewig,
division manager,
Bechtle direct Germany

Annual General Meeting

The 11th Annual General Meeting of BECHTLE AG took place on 7 June 2011 at the "Harmonie concert and congress centre" in Heilbronn, Germany. The company's Executive Board and Supervisory Board welcomed more than 500 shareholders who represented 54.37 per cent of the ordinary shares. The voting results, which document the great trust placed in the management, contributed to the success of the event. All agenda items were adopted with votes of more than 98 per cent.

Communication with the Capital Market

The way that analysts view a company has a major impact on the opinion of shareholders and investors. In 2011, a total of nine institutions regularly reported on BECHTLE in detailed surveys and topical brief analyses: COMMERZBANK, Deutsche Bank, DZ BANK, HAUCK & AUFHÄUSER, Landesbank Baden-Württemberg, METZLER, M.M. Warburg and WestLB. The independent research firm fairesearch continued the coverage of Close Brothers Seydler, which had been discontinued in 2010. However, the share research of Merrill Lynch was discontinued by the bank in March 2011. BECHTLE'S regular constructive dialogue with all institutions was enhanced by analyst visits to the headquarters, various conferences and joint road shows. In the past fiscal year, the recommendations of the said banks were "buy" or "hold".



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

The relationship with existing and potential investors continued to be very intensive in the reporting period 2011, especially also since the reallocation of the BWK shares. In individual discussions, road shows and investor conferences, BECHTLE provided information about the company's economic situation, business strategy and outlook. Furthermore, more and more investors are making use of the opportunity to inform themselves about BECHTLE during personal meetings at group headquarters in Neckarsulm, Germany.

Last but not least, personal contact to private investors is an important element of the investor relations activities. Apart from the Annual General Meeting, BECHTLE'S agenda in the fiscal year ended included the introduction of the group to private shareholders within the scope of the shareholder days, which were held for the seventh time. On three dates in August, September and October, about 100 shareholders visited the company headquarters in Neckarsulm, Germany, for information on the company's business and strategy orientation. Apart from offering presentations and tours, BECHTLE AG uses this event to provide its shareholders with a more profound insight into the company, thereby enhancing the relationship with its shareholders.



www.bechtle.com

The website of BECHTLE AG is an important and intensively used information platform for communication with shareholders and the capital market. The website is continuously developed by the company, and the contents are updated on a regular basis.

TAKEOVER-RELATED DISCLOSURES

The disclosures required pursuant to Section 315 (4) of the German Commercial Code (HGB) are presented below:

As of 31 December 2011, the company's issued capital amounted to a total of 21,000,000 euros. It is divided into 21,000,000 no-par bearer shares. The amount of issued capital that is allocated to each share is 1.00 euro. All company shares are issued as ordinary no-par bearer shares. There are no different types of shares. Each share is associated with the same rights and obligations. Each share represents one vote at the Annual General Meeting. This does not apply to treasury shares held by the company, which do not bestow any rights upon the company.

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

The company is aware of the following direct or indirect capital interests exceeding 10 per cent of the voting rights as of 31 December 2011:

- Karin Schick, Gaildorf, Germany: 28.82 per cent (direct)
- Karin Schick, Gaildorf, Germany: 6.10 per cent (indirect)

There are no holders of shares with special rights granting powers of control.

There are no employee share ownership plans or similar schemes under which the employees hold an interest in the capital and do not exercise their control rights directly.

The appointment and dismissal of members of the Executive Board is governed by Sections 84 ff of the German Stock Corporation Act (AktG). There are no deviating or supplementary regulations of the Articles of Incorporation. In the reporting period, the staffing of the Executive Board did not undergo any changes.

Section 5.1.2 of the German Corporate Governance Code outlines further principles concerning the appointment of the Executive Board. According to these principles, the Supervisory Board is to ensure diversity in the composition of the Executive Board and in this regard to especially seek to ensure adequate representation of women. Furthermore, the Supervisory Board is to implement a long-term succession plan in collaboration with the Executive Board. In general, the maximum appointment term of five years should not be applied to initial appointments. In the case of contracts whose residual term is more than one year, reappointment with simultaneous cancellation of the current appointment should only take place in the event of special circumstances. An age limit is to be set for members of the Executive Board. BECHTLE AG complies with these recommendations. However, appointments to the Executive Board of BECHTLE AG are made exclusively on the basis of the applicants' qualifications, regardless of their gender.

The conditions for amendments to the Articles of Incorporation are mainly outlined in Sections 179 to 181 of the German Stock Corporation Act (AktG). Amendments to the Articles of Incorporation are subject to a resolution of the Annual General Meeting with a majority of at least three fourths of the issued capital represented during the adoption of the resolution. Amendments to the Articles of Incorporation only become effective upon entry in the Commercial Register at the domicile of BECHTLE AG. The Articles of Incorporation may impose a capital majority that is different from the statutory provision (only a greater



[www.bechtle.com/
shareholder-structure](http://www.bechtle.com/shareholder-structure)



See Report of the
Supervisory Board,
page 13

majority for changing the purpose of the company) as well as other requirements. The Articles of Incorporation of BECHTLE AG do not contain any such provision. The Annual General Meeting may confer the authority to make amendments that merely concern the wording of the Articles of Incorporation on the Supervisory Board. At the company, this has been done by means of Article 10.4 of the Articles of Incorporation.

Pursuant to Sections 202 ff of the German Stock Corporation Act (AktG), the Executive Board is authorised, subject to the approval of the Supervisory Board, to increase the company's issued capital by a total of up to 10,600,000 euros by issuing new bearer shares against cash contributions and/or contributions in kind until 15 June 2014 (authorised capital).

Subject to the approval of the Supervisory Board, the Executive Board decides on the exclusion of the subscription right and on details concerning the issue of the new shares. The subscription right may be excluded:

- for fractional amounts,
- in the case of capital increases against contributions in kind for the purpose of granting shares for the acquisition of companies or interests in companies,
- in the event of a capital increase against cash contribution, provided the total proportion of the issued capital allocated to the new shares for which the subscription right is excluded does not exceed 10 per cent of the issued capital at the time of the issue and the issue value is not considerably lower than the listed price. Shares (i) that are issued or sold during the term of this authorisation under exclusion of the subscription right in direct or analogous application of Section 186 (3) sentence 4 of the German Stock Corporation Act (AktG) or (ii) that are issued or can be issued to service bonds with conversion and/or option rights, provided the bonds are issued after this authorisation comes into force in analogous application of Section 186 (3) sentence 4 of the German Stock Corporation Act (AktG) under exclusion of the subscription right of the shareholders, shall be offset against this limit of 10 per cent of the issued capital.
- in the event of a capital increase for the purpose of issuing employee shares, provided the total proportion of the issued capital allocated to the new shares for which the subscription right is excluded does not exceed 10 per cent of the issued capital at the time of the issue.

The purchase of treasury shares is only possible according to the provisions of Section 71 (1) of the German Stock Corporation Act (AktG) in the event of one of the exceptional situations specified therein. Based on the resolution of the Annual General Meeting of 16 June 2010, the company is authorised to purchase treasury shares pursuant to Section 71 (1) no. 8 of the German Stock Corporation Act (AktG). The authorisation came into force on 16 June 2010 and is valid until 15 June 2015. Treasury shares must be purchased via the stock exchange or within the framework of a public bid by the company. The price the company pays per share may not exceed or be lower than the average closing price for the company's shares on the Xetra platform during the last five trading days prior to the purchase of treasury shares or, in the case of a public purchase bid, prior to the date of publication of the public purchase bid, by more than 10 per cent (without ancillary acquisition costs). The scope of the authorisation is limited to up to 10 per cent of the issued capital. Redemption is only permitted for the purposes specified in the resolution.

The company has no other significant agreements that would apply in the event of a change of control due to a takeover bid.

The company did not conclude any agreements with members of the Executive Board or employees that would apply in the case of a change of control due to a takeover bid.

FRAMEWORK CONDITIONS

MACROECONOMY

In the reporting period, the economic performance in the EU remained at a good level. According to estimates of the European Commission, the gross domestic product (GDP) increased by 1.5 per cent in 2011 (prior year: 2.0 per cent). However, the initial growth dynamics slackened considerably in the course of the year. While the growth rate in the first quarter still amounted to 0.7 per cent over the prior quarter, it dropped to 0.2 and 0.3 per cent, respectively in the next two quarters. In the last quarter of the year, the economy then decreased by 0.3 per cent. The development of the investments in equipment is an important growth indicator, also for BECHTLE. According to estimates of the Commission, these grew by an above-average rate of 4.1 per cent in 2011. In contrast, government expenditure only increased by a marginal 0.3 per cent.



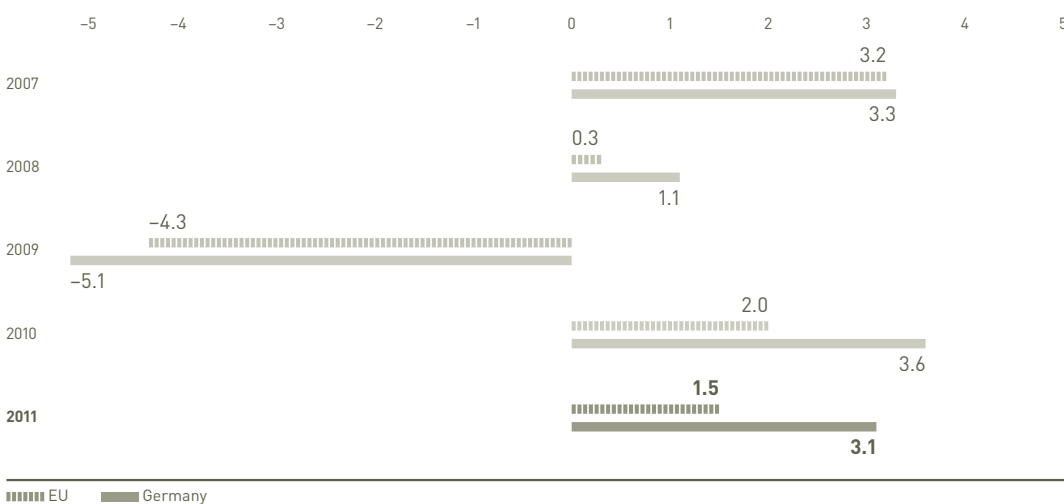
ec.europa.eu

In the EU countries in which BECHTLE is present, the GDP was subject to major fluctuations. For example, the growth of 0.2 per cent in Italy and 0.7 per cent in Spain was significantly lower than the EU average. At minus 1.5 per cent, Portugal's economy even contracted. The top end includes Austria with a growth rate of 3.1 per cent, and Poland with 4.3 per cent. The divergence in the field of investments in equipment was even more severe within the BECHTLE EU markets. Here, the bandwidth ranged from minus 11.3 per cent in Portugal to plus 9.1 per cent in France.

Outside the EU, Switzerland is highly relevant to us, where economic performance gained 1.7 per cent (prior year: 2.7 per cent), a level more or less the same as in the EU.

41. BIP PERFORMANCE

in per cent





www.destatis.de

In the reporting period, the German economy was the growth driver in the EU, undergoing an impressive upsurge with a GDP growth of 3.0 per cent (prior year: 3.7 per cent). However, the dynamics fluctuated greatly in the course of the year: following a plus of 1.4 per cent in the first quarter, the growth abated significantly from April to June, reaching a value of 0.1 per cent. Following a brief recovery in the third quarter with 0.5 per cent, the last three months of 2011 stagnated at 0.0 per cent. The growth was mainly driven by the sturdy domestic economy. Investments in equipment grew by an above-average 8.3 per cent, compared to 10.5 per cent in the prior year. With an increase of 1.2 per cent, government expenditure exhibited a steady development.

INDUSTRY

In the reporting period, the IT industry in the EU suffered a decline. According to information of the European Information Technology Observatory (EITO), revenues dropped by 0.6 per cent. This was due to a clear minus of 12.5 per cent in the hardware business. One factor that greatly contributed to this minus was the shift of the purchasing intensity from desktop PCs, laptops and netbooks to tablets. However, EITO does not yet include this new product category in the hardware revenues. Software trading increased by 3.9 per cent, and IT service revenues went up by 2.0 per cent. In the countries in which BECHTLE is present, the hardware revenues ranged from minus 28.2 per cent in Spain to minus 4.5 per cent in Poland. In the field of software, the countries that were affected more severely by the euro crisis also remained at the bottom of the scale: Portugal with minus 4.5 per cent, Ireland with minus 0.8 per cent and Spain with minus 0.6 per cent. Poland again reached the top end, with an increase of 7.4 per cent.

The Swiss IT market stagnated at 0.0 per cent. Hardware revenues receded by 11.6 per cent, while services increased by 2.1 per cent and software by 4.2 per cent.



www.bitkom.org/en

In 2011, Germany's IT market performed well. In November 2011, the industry association BITKOM predicted a growth of 3.2 per cent. At 5.1 per cent, the software segment was the growth driver in this field, too. IT services increased by 3.6 per cent. Hardware revenues also went up by 1.1 per cent. However, unlike EITO, BITKOM also takes tablet and semiconductor revenues into account in this estimate.

OVERALL ASSESSMENT

The year 2011 was marked by good growth rates and a still high willingness to invest. Yet, due to the global turbulence on the financial markets and the national debt crisis in Europe and the USA, the growth dynamics slackened in the course of the year. Especially the second half of the year was characterised by uncertainty and fears of a global economic crisis. Thus, many forecasts – both for the overall economy and the IT markets – which often were too optimistic, had to be corrected during the year. At the same time, however, frequently predicted crisis scenarios did not materialise either.

The focus has shifted within the IT market. While hardware was still the growth driver in 2010, revenues with these products dropped in 2011. Instead, the industry growth was supported by services and primarily by software. The individual national markets exhibited greater divergences than usual. Especially the southern European countries and Ireland, which were shaken by the national debt crisis, remained far behind the growth pace of other EU countries. Nevertheless, BECHTLE AG escaped these factors largely unscathed and was even able to generate growth and expand its market share in countries with receding growth rates.

Apart from the macroeconomic development and especially the heterogeneity in terms of the willingness to invest in hardware in the various BECHTLE markets, the past fiscal year did not witness any other significant events outside the company that had a tangible effect on the business performance.

EARNINGS, ASSETS AND FINANCIAL POSITION

EARNINGS POSITION

The group can look back on a very successful fiscal year. In the period under review, Bechtle benefited from stable economic framework conditions and good demand in the IT industry. Bechtle reached its ambitious 2011 revenue target of about 2.0 billion euros. The company's EBT of 86.3 million euros and EBT margin of 4.3 per cent also represent new records. In Germany and abroad, the profitable growth was borne by both segments alike.

Order Position

Most of the contractual relationships for the sale of goods and services that BECHTLE enters into continue to be 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. With terms of up to five years, outsourcing operating or framework agreements may run for much longer periods. Though framework agreements do not outline fixed purchase quantities, they determine the terms and conditions for future deliveries and services. They are only included in the order backlog and in the order position to the extent that concrete purchase orders have already been received from the customer. Moreover, as a matter of principle, orders with a term of more than one year are only taken into consideration with respect to their order volume for the period of up to one year.

Incoming orders during a fiscal year largely correspond to the revenue in this period. In the reporting period, incoming orders amounted to approximately 2.08 billion euros, some 17 per cent more than in the prior year (1.78 billion euros). Organically, the incoming order volume was about 10 per cent above the prior year, with an increase of only about 2 per cent in the fourth quarter, in view of the already very strong prior-year quarter. Both segments contributed to the increase in incoming orders. The figure amounted to 1.40 billion euros (prior year: 1.22 billion euros) in the IT system house & managed services segment, around 15 per cent more than in the prior year, and to 0.68 billion euros (prior year: 0.56 billion euros) in the IT e-commerce segment, about 21 per cent more than in the prior year. The order backlog in the IT system house & managed services segment is two and a half months, 20 days more than in the prior year. The increase mainly resulted from the rising number of contracts with longer terms. In IT e-commerce, it is still only a few days, owing to the focus on immediate and fast delivery of goods.

The managed services area, which takes over the IT operating responsibility for the customer, is characterised by long-term contractual relationships. BECHTLE does not publish separate figures for this business area.

In the fiscal year under review, the large orders of the Federal Office for Information Management and Information Technology of the Bundeswehr and of Dataport, the information and communication technology service provider of the states of Schleswig-Holstein, Hamburg and Bremen, were continued. These contracts are of greater significance to the group, as their annual revenue volumes are in the higher two-digit million range. In the fiscal year ended, these two orders accounted for approximately 60 million euros (prior year: 65 million euros) of the revenue.

As of the end of the year, the order backlog was worth approximately 281 million euros, compared to about 194 million euros in the prior year. Of the total order backlog, the IT system house & managed services segment accounted for about 274 million euros (prior year: 185 million euros), and the IT e-commerce segment for about 7 million euros (prior year: 9 million euros).



"We have successfully expanded our activities in the public sector division."

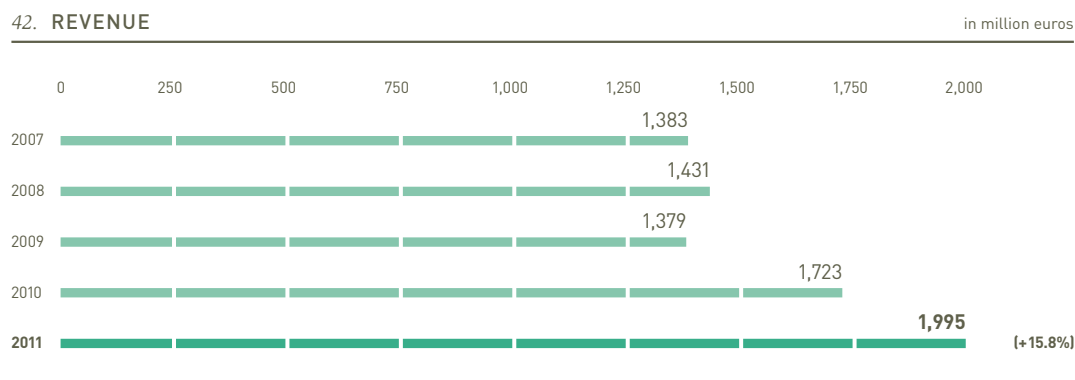
*Adrian Honsberg,
public sector sales, SH Mannheim*

Revenue Performance

With total revenues of about 2.0 billion euros, the group has reached its ambitious growth targets for 2011.



See Notes, Revenue,
page 162



Revenues increased by 15.8 per cent from 1,722.9 million euros in the prior year to 1,994.9 million euros in the reporting period. Most of this growth (12.8 per cent) was organic.

The IT e-commerce segment, which grew by almost 19 per cent, was the main driver of the growth. Especially the systematic sales team training and qualification measures proved to be effective. Due to the mounting uncertainty concerning the economic framework conditions in the course of the year, the dynamism of the business dropped in the second half of 2011 compared to the first two quarters.

This development can also be seen from an examination of the individual quarters. The seasonality of BECHTLE'S business during the year and the great importance of the fourth quarter remained unchanged. Thus, a revenue increase was evident throughout the entire year. However, compared to the prior year, 2011 growth rates fell noticeably, starting with 29 and 22 per cent in the first and second quarters and 17 per cent and 3 per cent in the third and final quarters of the year. Rather than the effects of the seasonality, this reflects the impact of the economic performance in the course of the year as well as the base effects, in particular. Nevertheless, the revenue of the fourth quarter, which amounted to 584.4 million euros, 3.2 per cent more than the comparable previous record quarter of 2010, is especially noteworthy.

43. REVENUE PERFORMANCE

in million euros

	Q1		Q2		Q3		Q4	
	2011	2010	2011	2010	2011	2010	2011	2010
Revenue	456.1	354.8	457.0	375.0	497.3	426.9	584.4	566.3
% of total annual revenues	22.9	20.6	22.9	21.8	24.9	24.8	29.3	32.9



"With more than 700 new employees, we have increased both the revenue and the productivity."

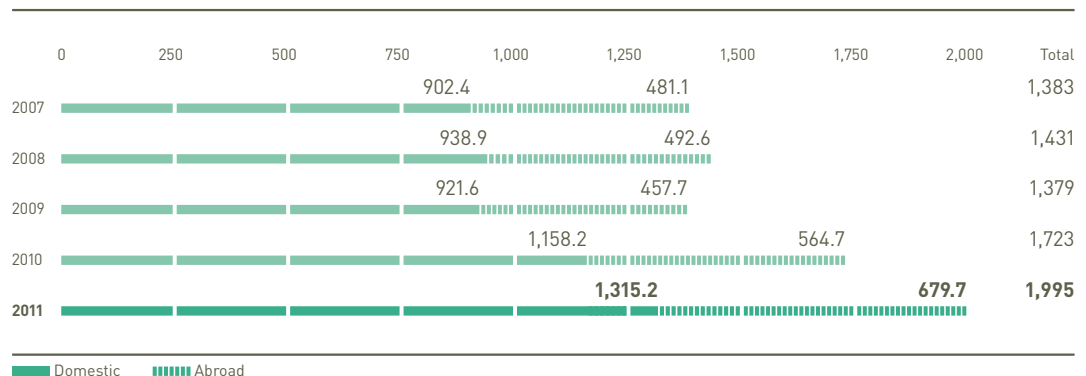
Johanna Ostlender,
sales back office, SH Aachen

Though the average number of employees went up significantly in the reporting period, BECHTLE was able to further increase the productivity. Based on a number of 4,753 full-time employees (prior year: 4,137), the revenue per employee amounted to 420 thousand euros, compared to 416 thousand euros in the prior year.

Germany continues to be the most important market for BECHTLE. The domestic revenue reached 1,315.2 million euros (Prior year: 1,158.2 million euros), a share of 65.9 per cent (prior year: 67.2 per cent) of the total revenue. The international revenue of 679.7 million euros (prior year: 564.7 million euros) accounted for 34.1 per cent (prior year: 32.8 per cent). The revenue distribution thus shifted slightly in favour of the international markets.

44. REGIONAL REVENUE DISTRIBUTION

in million euros



In line with the persistent investment mood in the industry, the public sector division continued to perform well in 2011. Thus, the group's revenues with public sector clients increased by 8.0 per cent to 527.6 million euros (prior year: 488.3 million euros). Accordingly, the revenues in this customer segment accounted for 26.4 per cent of the total revenue (prior year: 28.3 per cent).

Cost and Earnings Performance

Cost of sales. In the reporting period, the increase of the group revenue by 15.8 per cent also resulted in a rise in gross profit by 26.6 per cent to 299.5 million euros (prior year: 236.5 million euros). Compared to the revenue, the cost of sales increased by a disproportionately low rate of 14.1 per cent, thereby bringing the gross margin up from 13.7 per cent to 15.0 per cent. The gross margin increase was mainly caused by the increased trade margin and the higher service share, as well as projects with higher contribution margins, especially in the solution business.



See Notes,
Expense Structure,
page 162

45. COST OF SALES/GROSS PROFIT

in million euros

	2011	2010	2009	2008	2007
Cost of sales	1,695.4	1,486.4	1,179.8	1,213.3	1,188.1
Gross profit	299.5	236.5	199.5	218.1	195.3
Gross margin in %	15.0	13.7	14.5	15.2	14.1

Distribution costs and administrative expenses. In 2011, distribution costs amounted to 123.1 million euros, 24.3 per cent more than in the prior year (99.0 million euros). This was due to the higher average number of employees, the higher commission payments and the intensified sales and marketing activities, especially in the newly entered national markets. Thus, the distribution cost ratio increased from 5.7 per cent to 6.2 per cent. Administrative expenses increased by 18.0 million euros or 21.0 per cent to 104.0 million euros (prior year: 86.0 million euros). The higher expenses were also caused by the higher average number of employees in the field of administration. The ratio increased slightly from 5.0 per cent in the prior year to 5.2 per cent in the period under review.



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page 42

Other operating income climbed from 9.3 million euros to 14.1 million euros. This was mainly caused by the higher income from exchange rate fluctuations and some higher marketing grants and other compensations of suppliers in connection with the strong operating performance.

46. DISTRIBUTION COSTS/ADMINISTRATIVE EXPENSES

in million euros

	2011	2010	2009	2008	2007
Distribution costs	123.1	99.0	87.9	90.5	81.4
Distribution costs ratio in %	6.2	5.7	6.4	6.3	5.9
Administrative expenses	104.0	86.0	76.2	75.7	67.2
Administrative expenses ratio in %	5.2	5.0	5.5	5.3	4.9

Marketing expenses. The marketing expenses of BECHTLE AG are part of the distribution costs, except for the expenses for the BECHTLE catalogue, which are allocated to the cost of sales. Broken down by segments, the marketing expenses in the reporting period amounted to 2.0 million euros in IT e-commerce (prior year: 1.8 million euros) and 2.4 million euros in IT system house & managed services (prior year: 2.0 million euros).

As a trading company, BECHTLE sells third-party products in the IT e-commerce segment. As is usual in this sector, marketing expenses are mostly balanced by income in the form of vendor incentives. In the IT system house & managed services segment, too, many of the marketing campaigns are supported by the vendors. Thus, the said expenses only have a minor impact on the company's earning position.



See

Business Activity,
IT E-Commerce,
page 49 f

The product catalogues are among the most important marketing instruments in IT e-commerce. The catalogues are centrally prepared for all countries. The other marketing campaigns in this segment mainly involve product advertising via mailing campaigns and the weekly dispatch of printed product information. BECHTLE also engages in online advertising. The individual international subsidiaries are largely free in their choice of marketing measures in order to take the specific needs of the respective countries into consideration. The main focus is on online marketing in some areas and on printed publications in other cases.



[www.bechtle.com/
events](http://www.bechtle.com/events)

In the IT system house & managed services segment, the system houses autonomously conduct marketing campaigns in their individual target regions. Thus, numerous customer events, IT forums and in-house fairs took place in the reporting period. The IT system houses get support from the central event management of BECHTLE AG and from corporate communications.

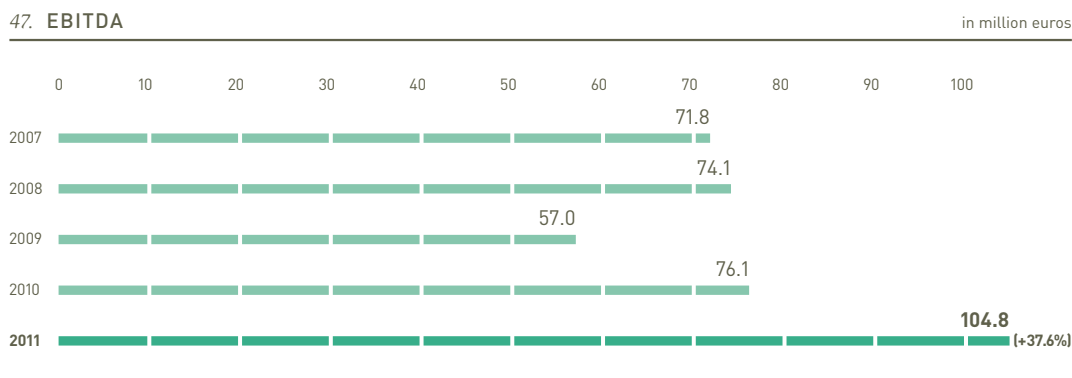


[www.bechtle.com/
customer-magazine](http://www.bechtle.com/customer-magazine)

With respect to key strategic subjects, the holding also supports the competence centres and the central divisions managed services, public sector, as well as software and application solutions with accompanying marketing activities. All campaigns mainly serve the presentation of BECHTLE's product and service portfolio and customer bonding. Key elements of the central marketing campaigns include the customer journal "BECHTLE update", the BECHTLE Mobile Day and the BECHTLE Competence Centre Day (CC DAY). "BECHTLE update" is published four times a year and reports on the latest events in the company and successful projects, and presents the locations of the BECHTLE Group. At the annual CC DAY, BECHTLE presents the entire bandwidth of its range of services to customers and to its own employees at company headquarters in Neckarsulm. Focusing on the hot topic of mobile solutions, the BECHTLE Mobile Day, which was already held for the second time in 2011, has become another important group event besides the CC DAY.

BECHTLE usually does not participate in professional trade shows with its own booths, but in cooperation with vendors or partners at their booths.

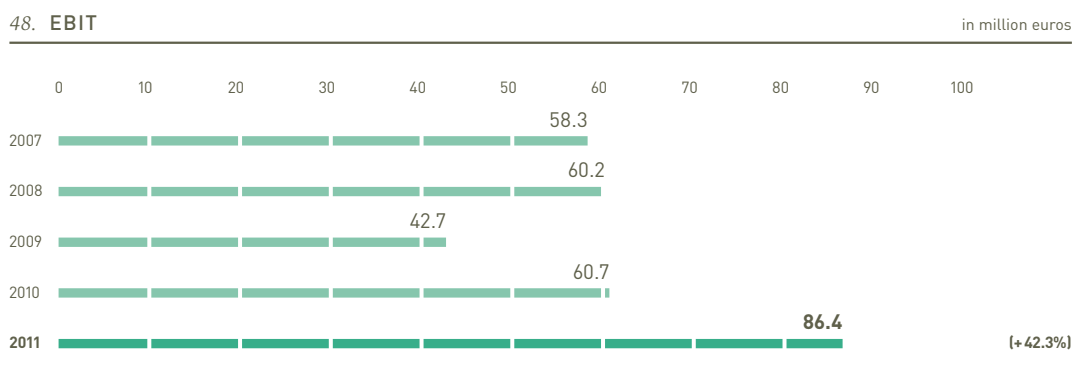
Earnings situation. Earnings before interest, taxes, depreciation and amortisation (EBITDA) increased at a disproportionately high rate of 37.6 per cent to 104.8 million euros (prior year: 76.1 million euros). The EBITDA margin increased from 4.4 per cent to 5.3 per cent.



In 2011, depreciation and amortisation amounted to 18.4 million euros, 19.2 per cent more than in the prior year (15.4 million euros). As usual, software and property, plant and equipment accounted for the bulk of this amount, totalling 12.9 million euros (prior year: 11.4 million euros). The property, plant and equipment mostly consisted of acquired assets as well as the extension buildings at the headquarters in Neckarsulm, and the company's own IT and office equipment. Moreover, depreciation of property, plant and equipment included tenant installations and assets used by customers under long-term maintenance agreements.

Customer bases and customer service agreements accounted for other amortisation amounting to 5.4 million euros. The increase compared to the prior year (4.0 million euros) was primarily related to the take-overs in the reporting period. At 0.9 per cent, the depreciation and amortisation rate corresponded to the prior-year level and was rather insignificant compared to the other expense items. For 2011, the goodwill impairment tests again did not reveal any need for impairment.

Earnings before interest and taxes (EBIT) increased by 42.3 per cent to 86.4 million euros (prior year: 60.7 million euros). This figure includes special income of about 1.4 million euros due to the statutory adjustment of the pension schemes of BECHTLE Holding Schweiz AG.



"We achieve excellent results through effective services and satisfied customers."

*Anne Kathrin Schneider,
technical sales back office,
SH Freiburg*



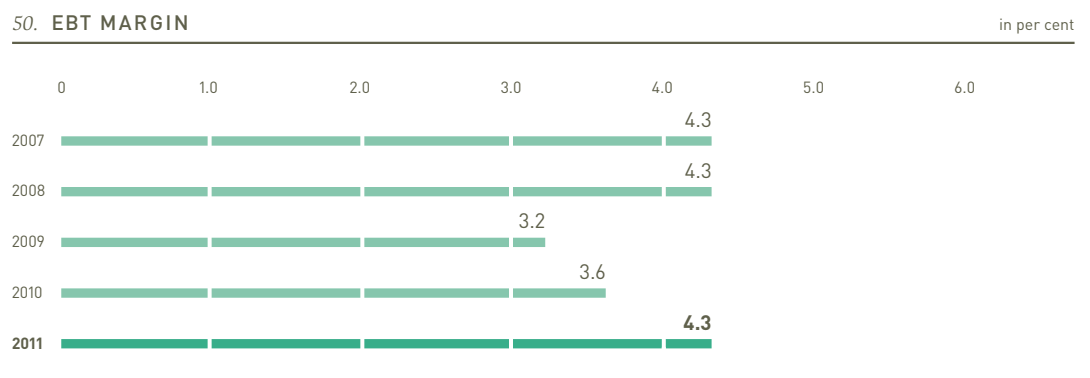
See Fair Value,
page 100

The acquisition of the previously leased logistics and administration buildings in Neckarsulm, Germany, and the associated increase in loan liabilities, also resulted in a noticeable increase in interest costs in the group, so that, for the first time, the financial earnings, i.e. the balance of financial expenses and financial income, turned out negative in 2011. As of the balance sheet date, the group recognised financial earnings of minus 0.1 million euros, compared to 1.1 million euros in the prior year.

Earnings before taxes (EBT) surged by 39.7 per cent to 86.3 million euros (prior year: 61.8 million euros). In the reporting period, the earnings of the BECHTLE Group thus reached a new record. Despite the dwindling economic dynamism in the course of the year, BECHTLE was able to continually improve the earnings position during the year. In the period from October to December alone, we generated EBT of 26.4 million euros (corresponding prior-year quarter: 24.5 million euros).



In the reporting period, the EBT margin underwent a significant expansion to 4.3 per cent (prior year: 3.6 per cent) and is thus on a level above the industry average.



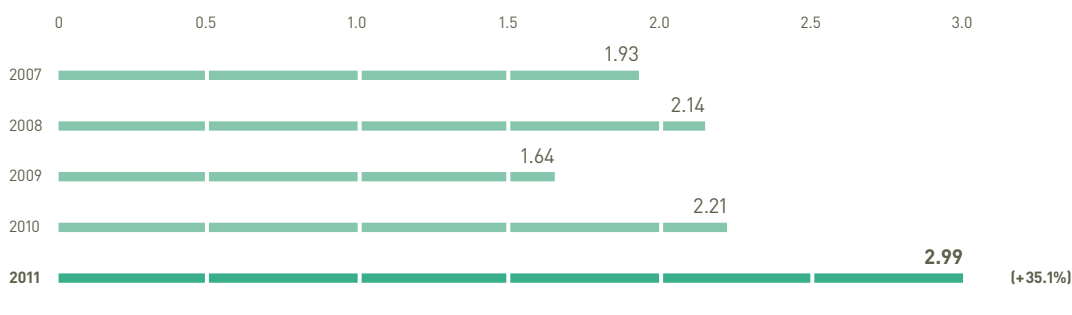
See Notes,
Income Taxes,
page 163 f

In the reporting period, income tax expenses increased at a disproportionately high rate of 53.4 per cent to 23.6 million euros (prior year: 15.4 million euros). The tax rate amounted to 27.3 per cent, compared to 24.9 per cent in the prior year. This was mainly due to past structural measures that had resulted in a lower tax burden in the prior year.

Earnings after tax amounted to 62.7 million euros, 35.1 per cent more than in the prior year (46.4 million euros). Earnings per share (EPS) increased by 35.1 per cent to 2.99 euros (prior year: 2.21 euros).

51. EPS

in euros



The individual financial statements of BECHTLE AG form the basis for the appropriation of retained earnings and thus for the distribution of dividends. The reported annual profit was 34.9 million euros (prior year: 20.6 million euros). After adding 13.9 million euros to the reserves (prior year: 4.8 million euros), the retained earnings for 2011 amounted to 21.0 million euros (prior year 15.8 million euros). The Executive Board proposes to the Supervisory Board to distribute the retained earnings to the shareholders and to submit a proposal to the Annual General Meeting for payment of a dividend of 0.85 euros and of a one-time special dividend of 0.15 euros per share certificate. Thus, the dividend per share is 0.25 euros higher than in the prior year. At the time of preparation of the report on 29 February 2012, the number of shares entitled to dividends was, as previously, 21,000,000.



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Segment Report

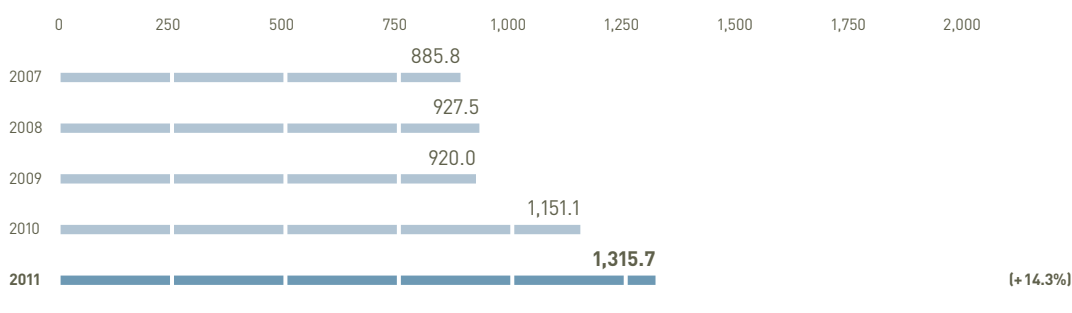
IT system house & managed services. In 2011, the group generated revenues of 1,315.7 million euros (prior year: 1,151.1 million euros) in this segment. This means an increase of 14.3 per cent or 164.6 million euros. The segment benefited from the stable economic performance. Especially the hardware-driven revenues increased at a disproportionately high rate. Moreover, the good competitive position of BECHTLE AG and the extensive staff qualification measures yielded a positive effect. In total, the IT system house & managed services segment accounted for 66.0 per cent of the group revenues (prior year: 66.8 per cent).



See Notes,
Segment Information,
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52. SEGMENT REVENUE IT SYSTEM HOUSE & MANAGED SERVICES

in million euros



Despite the above-average increase in the number of employees, the productivity in the IT system house & managed services segment was maintained at the prior-year level. Based on an average number of 3,727 full-time employees (prior year: 3,243 employees), the revenue per employee amounted to 353 thousand euros (prior year: 355 thousand euros)

For the first time, BECHTLE's segment revenues in Germany clearly surpassed the one billion euro mark. In 2011, the domestic system houses increased their revenues by a total of 12.7 per cent to 1,110.9 million euros (prior year: 985.6 million euros).

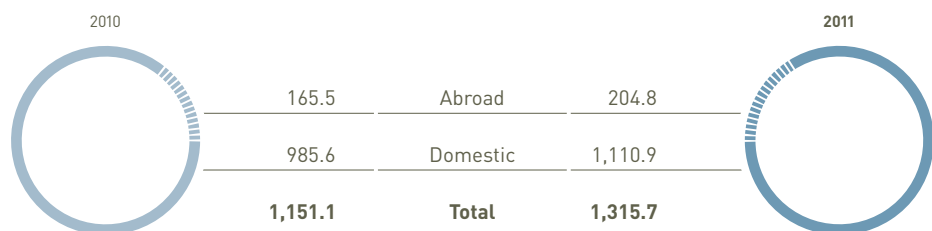
The Swiss and Austrian system houses exhibited the most dynamic growth, accounting for 204.8 million euros of the revenue (prior year: 165.5 million euros), an increase of 23.7 per cent.



"Our good services are the basis for long-standing customer relationships."

Michael Rücker,
service coordinator for client & repair service, SH Neckarsulm

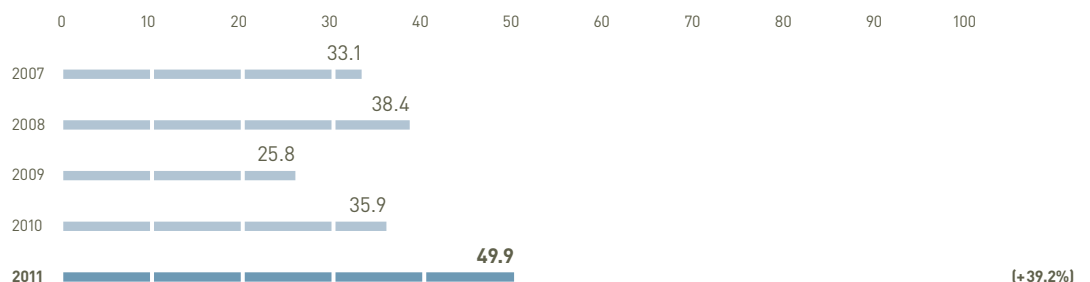
53. REVENUE DISTRIBUTION IN THE IT SYSTEM HOUSE & MANAGED SERVICES SEGMENT in million euros



Organically, the revenue in this segment amounted to 1,265.0 million euros, 9.9 per cent more than in the prior year. In the reporting period, the acquired system house companies were included in the consolidated financial statements with a pro-rata revenue volume of 50.7 million euros.

In 2011, EBIT in the IT system house & managed services segment increased by 39.2 per cent to 49.9 million euros (prior year: 35.9 million euros). Thus, the prior-year figure was greatly exceeded. This was mainly due to the higher gross earnings.

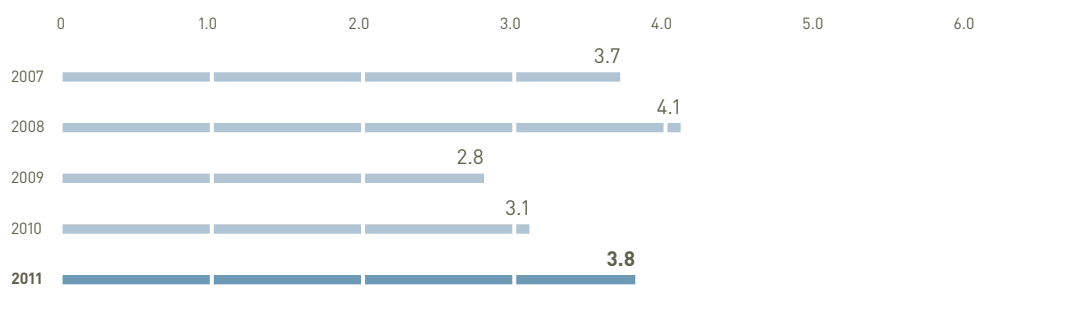
54. EBIT IN THE IT SYSTEM HOUSE & MANAGED SERVICES SEGMENT in million euros



Accordingly, the EBIT margin improved from 3.1 per cent to 3.8 per cent. This positive development mainly reflects the efficient employee capacity utilisation in the IT system house & managed services segment and the associated productivity increase, as well as the expansion of the solution business in the fiscal year ended.

55. EBIT MARGIN IN THE IT SYSTEM HOUSE & MANAGED SERVICES SEGMENT

in per cent



IT e-commerce. In 2011, the revenue in the IT e-commerce segment increased by 18.8 per cent to 679.2 million euros (prior year: 571.8 million euros), a result again obtained exclusively from organic growth. This was possible especially thanks to the newly established trading companies and the sales staff qualification measures.

56. SEGMENT REVENUE IT E-COMMERCE

in million euros



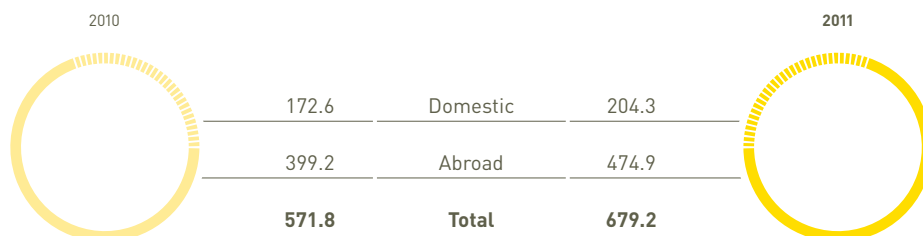
The share of the trading business in the total revenue was expanded from 33.2 per cent to 34.0 per cent.

In 2011, BECHTLE had an average of 1,026 full-time employees in the IT e-commerce segment (prior year: 894). In the past year, the revenue per employee increased to 662 thousand euros (prior year: 640 thousand euros). Thanks to the said new recruitments and qualification measures, the successful growth in IT e-commerce progressed substantially.

Owing to the internationalisation strategy, the foreign share of IT e-commerce is on the rise. In the reporting period, the revenues of the foreign companies amounted to 474.9 million euros, 19.0 per cent more than in the prior year (399.2 million euros). With an equally strong growth of 18.4 per cent, the domestic trading companies accounted for 204.3 million euros (prior year: 172.6 million euros).

57. REVENUE DISTRIBUTION IN THE IT E-COMMERCE SEGMENT

in million euros

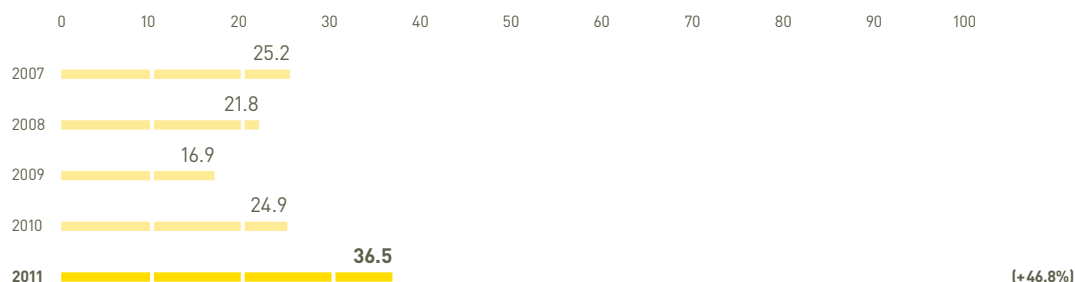


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page 42

In the IT e-commerce segment, BECHTLE greatly benefited from the industry's willingness to invest, achieving EBIT of 36.5 million euros, 46.8 per cent more than in the prior year (24.9 million euros). The earnings were slightly reduced by the start-up costs of the new subsidiary in the Czech Republic.

58. EBIT IN THE IT E-COMMERCE SEGMENT

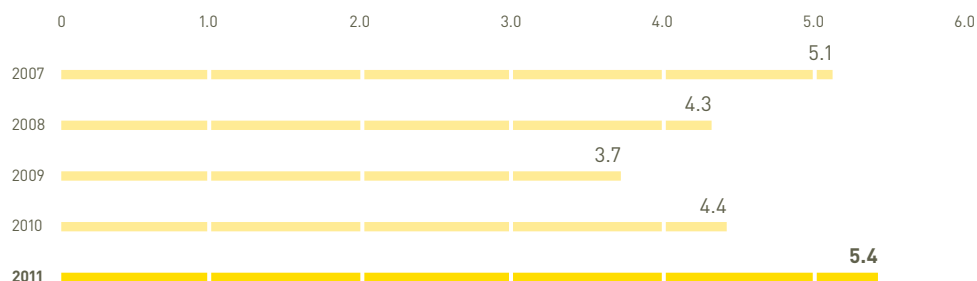
in million euros



Despite the investments made in the reporting period, the EBIT margin in the trading segment improved greatly and amounted to an extraordinary 5.4 per cent, compared to 4.4 per cent in 2010.

59. EBIT MARGIN IN THE IT E-COMMERCE SEGMENT

in per cent



ASSETS POSITION

With great success, Bechtle continued to boost its enterprise value in 2011. At the same time, the group optimised its capital structure. The balance sheet has remained solid – as usual, all major figures and key indicators are excellent. The improved equity base of 419 million euros and a return on equity of 17.3 per cent furnish impressive evidence of this fact.

As a result of the higher business volume and the investments during the reporting year, the balance sheet total of the BECHTLE Group increased substantially in the reporting period. As of the closing date 31 December 2011, it amounted to 803.4 million euros, 22.9 per cent more than in the prior year.



Concerning the assets position of the segments, see Notes, page 197

60. CONDENSED BALANCE SHEET

in million euros

	2011	2010	2009	2008	2007
Assets					
Non-current assets	281.6	206.3	164.5	157.0	145.6
Current assets	521.8	447.5	356.1	339.1	305.9
Equity and liabilities					
Equity	419.0	371.5	335.0	311.4	276.5
Non-current liabilities	98.7	46.7	32.3	31.0	23.8
Current liabilities	285.7	235.5	153.4	153.7	151.2
Balance sheet total	803.4	653.7	520.7	496.1	451.4

On the assets side, non-current assets amounted to 281.6 million euros, 75.4 million euros or 36.5 per cent more than in the prior year. This was mainly attributable to the increase in property, plant and equipment by 50.5 million euros compared to the prior year to 79.6 million euros. The increase resulted primarily from the acquisition of the previously leased land along with the logistics and administration buildings in Neckarsulm, Germany, and the building activities at the headquarters. Additionally, the acquisitions pushed up the goodwill by 19.8 million euros to 135.6 million euros in the reporting period. Against this background, other intangible assets also increased by 4.7 million euros to 22.3 million euros. Long-term time deposits and securities remained unchanged at 30.7 million euros. Due to the takeovers, and especially due to the land and buildings purchased and the construction activities, investments increased from 11.8 million euros in the prior year to 61.6 million euros in the reporting period. Thus, the investment ratio skyrocketed to 82.1 per cent (prior year: 26.4 per cent).

On the reporting date 31 December 2011, the capitalisation ratio was 35.1 per cent, compared to 31.6 per cent in the prior year. In the reporting period, the coverage of the non-current assets by the equity receded from 180.1 per cent to 148.8 per cent.



"Progressive: our new warehouse management system."

*Georg Felsing,
head of warehouse,
logistics & service*

Current assets amounted to 521.8 million euros, 74.3 million euros more than in the prior year. In this item, trade receivables were particularly effective, growing by 37.7 million euros to 286.8 million euros. The increase was mainly fuelled by the greatly increased business volume in 2011, particularly in the last quarter. Impairment of current trade receivables amounted to 1.3 per cent, a level comparable to that of the prior year (1.2 per cent). Thanks to the determined receivables management of BECHTLE AG, the DSO only underwent a slight increase to 35.8 days during the reporting period (prior year: 35.3 days), despite the much higher volume and the advanced internationalisation of the business. By 31 December, inventories had increased by 16.1 million euros to 91.2 million euros. This was caused by the tense procurement situation due to production losses in Thailand and the large number of incoming orders towards the end of the fiscal year, which necessitated higher stock levels. Nevertheless, the ratio of inventories to revenues increased only insignificantly from 4.4 per cent to 4.6 per cent. The value indicates that BECHTLE only ties up a small amount of capital in the form of stock on hand. Moreover, the majority of the inventories are linked directly to projects and are prefinanced on behalf of the customer. Due to business-specific accruals and deferrals for maintenance agreements of Solidpro and SolidLine, as well as seasonal receivables such as refunds and bonus payments of suppliers, other assets increased by 10.1 million euros to 32.0 million euros. In view of the uncertain financial markets, BECHTLE invested more intensively in assets available at short notice. In the reporting period, short-term time deposits and securities thus increased from 13.6 million euros to 16.2 million euros. As of the end of the year, the group had cash and cash equivalents of 94.6 million euros (prior year: 85.5 million euros).

The liquidity including short and long-term time deposits and securities increased by 9.0 per cent from 129.8 million euros to 141.5 million euros.

Inflation did not have any major impact on the assets. The balance sheet items are mostly calculated in euros, and the inflation rates in the reporting period remained on a low level in the key markets. In the reporting period, the net assets increased by 0.7 million euros (prior year: 6.9 million euros) due to currency translation differences recognised outside profit or loss and the hedging of net investments of foreign operations due to the stronger Swiss franc.

In the business of BECHTLE AG, which does not involve a great deal of property, plant and equipment, ROCE (return on capital employed) is usually largely affected by the development of current assets and liabilities, on the one hand and, the earnings performance, on the other. Moreover, the takeover of the land and buildings at the Neckarsulm site affected the non-current assets in the reporting period. During the reporting period, ROCE amounted to 25.2 per cent, compared to 21.0 per cent in the prior year. This was due to the substantial increase in earnings (39.7 per cent) compared to an only moderate rise in the average capital employed (18.7 per cent).

61. ROCE/CAPITAL EMPLOYED

in per cent/in million euros

	2011	2010	2009	2008	2007
ROCE	25.2	21.0	15.7	22.7	23.4
Capital employed	342.7	288.6	272.2	264.9	249.5

The working capital underwent an absolute increase compared to the prior year, but a decrease from 25.5 per cent to 23.6 per cent in relation to the balance sheet total. Though trade receivables and inventories increased, this was partly compensated for by an increase in trade payables and prepayments received in the accruals and deferrals as of the end of the year.

62. WORKING CAPITAL

in million euros

	2011	2010	2009	2008	2007
Working capital	189.9	166.8	139.5	142.5	134.9
In % of the balance sheet total	23.6	25.5	26.8	28.7	29.9

On the liabilities side, current liabilities increased by 50.2 million euros to 285.7 million euros (prior year: 235.5 million euros). With an increase of 19.7 million euros, trade payables underwent the greatest absolute change. As of the reporting date, this item amounted to 148.8 million euros, a result closely associated with the record revenue. Other liabilities totalled 72.2 million euros, 7.6 million euros more than in the prior year. Personnel liabilities were one of the reasons for this increase, as the positive business performance also resulted in higher performance-related compensation components of the employees in the reporting period. The earn-out agreements with respect to companies acquired in the fiscal year also accounted for part of the other liabilities. Current financial liabilities increased by 4.2 million euros to 9.0 million euros. This reflects the purchase price financing for acquisitions as well as common supplier loans. Because of the increase in maintenance agreements and warranty extensions of SolidLine AG, which was purchased in the fiscal year, accruals and deferrals increased from 25.3 million euros to 41.3 million euros.

As of the reporting date, non-current liabilities amounted to 98.7 million euros, 51.9 million euros more than in the prior year. The non-current financial liabilities of the BECHTLE Group increased by 45.0 million euros to 57.3 million euros. In addition to the financial liabilities assumed in connection with acquisitions, the increase can mainly be attributed to the assumption of the existing financial liabilities of the leasing company in the course of the repurchase of the land and buildings, as well as the additional construction work at the headquarters. Pension provisions mainly concern the Swiss companies. These provisions increased by 1.6 million euros, amounting to 14.8 million euros as of 31 December 2011. The change in the financing structure of BECHTLE AG was accompanied by a rise in the proportion of non-current liabilities in the balance sheet total from 7.1 per cent to 12.3 per cent.

As of the closing date, there were no contingencies toward special-purpose entities not included in the consolidated financial statements. Investment obligations in connection with building activities amounted to 6.7 million euros.



"We have strengthened our equity base and generated an excellent return."

*Manuel Neymeyer,
sales back office, SH Mannheim*

In the reporting period, the equity increased by 12.8 per cent from 371.5 million euros to 419.0 million euros. The increase was the result of the 47.6 million euro increase in retained earnings. Due to the considerable balance sheet extension, the equity ratio in the reporting period dropped from 56.8 per cent to 52.2 per cent. However, owing to the significantly higher earnings after taxes, the return on equity went up from 14.2 per cent to 17.3 per cent.

63. RETURN ON EQUITY AND RETURN ON ASSETS

in per cent

	2011	2010	2009	2008	2007
Return on equity	17.3	14.2	11.3	16.9	16.9
Return on assets	9.8	8.7	7.4	10.7	10.3

The property, plant and equipment added in the reporting period were financed with borrowed capital. Against the backdrop of a higher return on equity and return on assets, the group's financial leverage has thus improved. Therefore, the debt coefficient went up to 0.92, compared to 0.76 in the prior year. As the liquidity situation continued to be outstanding, the net indebtedness resulted in a negative value of 75.2 million euros (prior year: minus 112.7 million euros).

Due to the increased earnings in the reporting period, the return on assets (ROA), a key performance indicator that reflects the return on the total assets employed, improved from 8.7 per cent to 9.8 per cent.

Fair Value

On principle, the fair value of the current assets corresponds to the carrying amount. This applies to the other intangible assets with a limited useful life, the property, plant and equipment, the trade receivables, the income tax receivables, the other assets, the time deposits and securities and the deferred taxes within the scope of the non-current assets. On principle, the goodwill and the brands presented under the other intangible assets are not carried at fair value. The carrying amounts are assessed by means of annual impairment tests on the basis of the values in use, which are determined using a discounted cash flow method. As the values in use greatly exceed the carrying amounts, these assets are not subject to any impairment. It is not possible to quantify the extent to which goodwill and brand-forming factors or intangible assets that are not accounted for are responsible for the excess. The carrying value of the non-current and current liabilities also basically corresponded to the fair value.

Intangible Assets

The assets of a company not only consist of quantifiable elements, but also of elements that can only be described in qualitative terms. The employees of BECHTLE AG are doubtlessly among the most important assets. The group reports on this subject in a separate chapter.



Qualitative asset:
employees and close
supplier relationships

Moreover, the supplier relationships in both business segments are highly significant to the company's success. BECHTLE collaborates with more than 300 vendors and about 600 distributors throughout Europe. Based on a close supplier relationship, BECHTLE is able to offer its customers a comprehensive spectrum with transparent market prices and quick availability. Usually, ordered goods are delivered directly from the vendor or distributor to the customer within 24 hours in the form of fulfilment solutions.



See Business Activity,
IT E-Commerce,
page 48 ff

Thanks to the close partnership with the vendors – partly via in-house product managers for the most important vendors – BECHTLE receives information about new product developments at an early stage and is therefore always able to offer customers optimum solutions.

Especially in the consulting-intensive service business, customer relationships are the key to success. Respectability, reliability and continuity are indispensable determinants of customer relationships, particularly in dealings with medium-sized customers. BECHTLE has been active in the IT market for almost 30 years and has concentrated on medium-sized customers as the core segment from the outset. Therefore, the company not only has a grown customer base, but is also able to use its long-standing experience to quickly establish a successful business relationship with new customers.

Thanks to the broad market acceptance and the high market penetration, the ARP, BECHTLE, BECHTLE DIRECT and COMSOFT DIRECT brands, which belong to the BECHTLE Group, represent an intangible asset for the company. The positive image of the brands among customers, vendors and employees, which has been built up over many years, is very important for the group's business success.



Broad market
acceptance and
market penetration

FINANCIAL POSITION

Bechtle was able to keep its financial power at a high level in 2011. By securing sufficient liquidity, the company retains the financial flexibility needed in order to be able to react quickly and independently in the event of an aggravated procurement situation or attractive acquisition offers – as was the case in the fiscal year ended. Moreover, a comfortable liquidity buffer forms the basis for positioning the company as a strong, solid partner for customers. These are important preconditions for future organic growth and acquisitions.

Financial Management Principles and Objectives

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



See Notes,
page 157 ff and 187 ff

As a matter of principle, BECHTLE uses derivative financial instruments exclusively for hedging its operating activities. In the reporting period, these were currency futures, interest swaps and currency swaps. The hedging of the group currency euro represents a key subject of the financial management. The company endeavours to use instruments that protect the equity in euros and that do not have any effect on profit or loss in the income statement. Hedging measures are primarily taken for Swiss francs, as asset items and cash flows outside the euro area are held and generated primarily in this currency.



See Opportunities and
Risk Report, Finance,
page 123

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

Investment business was only conducted with investment-grade debtors. Investments in the banking sector are only made in the form of protected deposits.

Cash Flow Statement

Compared to the prior year, the cash inflow from operating activities fell by 5.6 per cent from 59.1 million euros to 55.8 million euros. In contrast to the excellent earnings performance, especially the changes in other net assets were responsible for the decline of the operating cash flow. In the reporting period, this item, under which the group had recorded an inflow of 19.5 million euros in the prior year, underwent a cash outflow of 3.2 million euros, mainly due to the change in other liabilities and other assets. Moreover, in line with the earnings performance, income tax payments amounted to 18.0 million euros, 5.2 million euros more than in the prior year. The cash inflow from the accumulation of trade payables was 17.0 million euros, considerably less than the prior-year figure of 40.0 million euros. Accruals and deferrals went up from 0.5 million euros to 4.4 million euros. This figure includes customer prepayments towards the end of the year. The capital tie-up was reflected in the development of the inventories and receivables under the net assets. The cash outflow from the build-up of inventories amounted to 14.3 million euros, a level similar to that of the prior year (14.2 million euros). The increased trade receivables resulted in a cash outflow of 35.1 million euros, a figure 18.2 million euros lower than that of 2010.



See Assets Position,
page 98

The cash outflow from investing activities amounted to 45.3 million euros, compared to 47.6 million euros in the prior year. This item was affected especially by the payments for the purchase of intangible assets and property, plant and equipment, which increased by 16.7 million euros to 28.9 million euros. This included the expansion of the logistics centre and the construction of a new administration building at the headquarters of BECHTLE AG, which started in the fiscal year ended. The increase in assets as presented in the balance sheet due to the repurchase of the existing buildings, and the associated land in Neckarsulm, Germany, had hardly any effect on the cash flow statement, as it was compensated by an almost equal amount of financial liabilities taken over from the leasing company. In the reporting period, the group posted cash outflows amounting to 15.5 million euros (prior year: 31.0 million euros) for time deposits and securities. BECHTLE invested these amounts due to the high balance of cash and cash equivalents and to optimise financial earnings. On the other hand, the cash inflow from the sale of short-term time deposits and securities amounted to 12.8 million euros (prior year: 6.8 million euros). Moreover, the increased acquisition activity of BECHTLE AG had a noticeable effect in the reporting period. The cash outflow for acquisitions went up from 5.9 million euros in the prior year to 14.9 million euros in the period under review. Furthermore, the group recorded a cash outflow of 1.1 million euros (prior year: 7.5 million euros) for hedging assets held in foreign currency.



See Notes,
page 198 ff

In 2011, the negative cash flow from financing activities dropped to 2.2 million euros, compared to 7.2 million euros in the prior year. This item was affected especially by the raising of financial liabilities with an inflow of 22.6 million euros (prior year: 12.0 million euros). BECHTLE recorded a slightly increased cash flow of 7.2 million euros (prior year: 6.0 million euros) for the repayment of financial liabilities. The increased dividend was recorded in the cash flow statement at 15.8 million euros, compared to 12.6 million euros in the prior year.

Cash and cash equivalents increased from 85.5 million euros in the prior year to 94.6 million euros as at the end of the reporting period.

The free cash flow dropped from 41.8 million euros to 12.2 million euros. In connection with the net cash from operating activities, the free cash flow amount was primarily affected by the extensive investments in property, plant and equipment and the acquisition strategy of BECHTLE AG in the reporting period.

64. CASH FLOW

in million euros

	2011	2010	2009	2008	2007
Cash flow from					
Operating activities	55.8	59.1	47.3	49.9	42.0
Investing activities	-45.3	-47.6	-30.3	-18.1	-9.5
Financing activities	-2.2	-7.2	-17.8	-10.1	-16.1
Cash and cash equivalents	94.6	85.5	76.5	77.3	52.3
Free cash flow	12.2	41.8	34.4	28.3	25.8



See Notes,
page 159 and 181f

The main terms of the financial liabilities are explained in the Notes to the Consolidated Financial Statements. Due to the secondary importance of the financial earnings for the BECHTLE Group, a change in the interest rate would not have any major impact on the financial position.



See Notes,
Operating Leases,
page 206

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

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

STRATEGIC FINANCING MEASURES

In 2011, the current business and necessary replacement investments were financed with cash and cash equivalents and the operating cash flow. The funds required for the acquisitions in the fiscal year ended were covered partly with cash and cash equivalents and partly by assuming financial liabilities. In July 2011, BECHTLE AG prematurely terminated the lease for the logistics and administration building at the headquarters in Neckarsulm, Germany, which had been concluded in the financial year 2002, and purchased land and buildings worth 31.7 million euros from the leasing company. The purchase was financed through the assumption of the financial liabilities. As the owner of the land and buildings it uses, BECHTLE is more flexible as far as the further expansion of the headquarters is concerned. Moreover, lower expenses for the use and management of the purchased property are expected in the future. As there were no other major investment projects, no strategically significant financing measures, such as capital increases or issue of bonds, were necessary.

The company has a relatively high equity ratio of 52.2 per cent. This provides evidence of a financing strategy that is based on the policy of maintaining maximum independence from outside creditors. However, the financing strategy provides for continuous monitoring and, if necessary, optimisation of the capital structure. To improve the leverage and thus the efficiency of the capital structure, the current and non-current financial liabilities were increased from 17.1 million euros to 66.3 million euros in the fiscal year ended and thus accounted for 8.3 per cent of the balance sheet total as of 31 December 2011 (prior year: 2.6 per cent). Similarly, the stable equity ratio also forms the basis for a higher borrowing potential and financial flexibility, especially in order to make use of acquisition opportunities that arise at short notice. Apart from non-current time deposits and securities worth 30.7 million euros, BECHTLE therefore keeps 110.8 million euros, i.e. the major part of its funds, in the form of cash as well as time deposits and securities that are available at short notice.

As a matter of principle, BECHTLE pursues the goal of having sufficient access to various financing sources at all times.



"Our financial independence enables flexible and quick decisions."

Katja Jakob,
sales back office, SH Frankfurt

ACCOUNTING JUDGEMENTS AND ESTIMATES

Except as presented below, no options were exercised and no balance-sheet-related arrangements were made during the fiscal year which, if exercised or arranged differently, would have had a material effect on the earnings, assets and financial position.



See Notes,
page 160f

Information about the effect of estimates, assumptions and judgments made especially in connection with the valuation of the property, plant and equipment and of the intangible assets, pension liabilities, provisions, contingencies and tax expenses is presented in the chapter "Estimates, judgments and assumptions" in the Notes to the Consolidated Financial Statements.

A past decision that was significant for the balance sheet concerned the construction of the new company headquarters. In the fiscal year 2002, BECHTLE had concluded a lease for the central logistics and administration building in Neckarsulm, Germany. Alternatively, the building could have been purchased from the outset. In this case, the building and the extension buildings would have had to be recognised as assets under property, plant and equipment at their cost of approximately 38.0 million euros. The balance extension in connection with the purchase of the group headquarters from the lease and the assumption of the financial liabilities in the fiscal year ended have caused a significant effect on the assets and earnings position, resulting in a higher capitalisation ratio and a lower equity ratio.

A significant number of subsidiaries of the BECHTLE Group are active and domiciled in Switzerland and keep their accounts in local currency (Swiss francs). To hedge the EUR/CHF exchange rate risk with respect to the net assets of these Swiss subsidiaries, BECHTLE makes use of financial hedging instruments, such as currency futures. Apart from economic hedging, the objective is to achieve a compensation of the translation differences resulting from the translation of the financial statements of foreign subsidiaries in foreign currency, which are to be recognised directly in equity in the consolidated financial statements (euros). For this purpose, BECHTLE qualifies and designates this hedge for hedge accounting measures in accordance with IAS 39 and recognises gains or losses from the hedge – to the extent that the hedge provides effective protection – outside profit or loss under other earnings. Without such a designated hedge accounting measure, all gains and losses from the hedge would have to be recognised in the EBT through profit or loss.

In connection with the accounting of provisions for pensions, BECHTLE does not enter the actuarial gains and losses according to the so-called corridor method (IAS 19.92), but always in their full amount in the period in which they accrue directly in the equity, outside profit or loss, according to IAS 19.93A. Thus, all actuarial losses that accrued until the balance sheet date have been fully recorded and presented in the equity. Had the corridor method been used, only a certain part of the actuarial gains and losses would have been recognised through profit or loss in the respective reporting period.

At the time of addition of financial assets or financial liabilities, there is a one-time option to measure the asset or liability at fair value through profit and loss (IAS 39.9). So far, BECHTLE has not made use of this option and measures granted loans and receivables at amortised cost and financial assets available for sale at fair value outside profit or loss. So far, the use of the option for measurement at fair value through profit or loss would not have resulted in any major changes in the valuations.

OPPORTUNITIES AND RISK REPORT

As a company operating throughout Europe in a fast-moving industry characterised by short product life cycles, Bechtle is constantly confronted with numerous risks and opportunities that could affect business operations. We have implemented management systems to identify, assess and control opportunities and risks at an early stage. In line with our value-oriented corporate management, we deliberately take risks in a controlled manner in order to exploit new opportunities and achieve economically sustainable success. We regularly review our systems for effectiveness and develop them further as the need arises.

RISK AND OPPORTUNITY MANAGEMENT

Basic Understanding



See
Objectives and Strategy,
page 55

In the BECHTLE Group, risk management and opportunity management are, naturally, closely interlinked. The internal opportunity management of BECHTLE AG is mainly derived from the strategy of the business segments and their goals. The group's Executive Board and the operational management in the individual business segments and holding companies, i.e. the division heads and directors, are directly responsible for the early and continuous identification, assessment and control of opportunities. Thus, like the risk management, these tasks are an integral part of the corporate planning and control system. The management of BECHTLE AG puts a lot of emphasis on detailed evaluations and comprehensive scenarios concerning the company's market and competitive position and critical success factors for the company's performance. From this, the potential for concrete opportunities is derived for the individual business segments and discussed at planning meetings between the Executive Board and the executives with operating responsibility, and suitable measures and targets are agreed in order to exploit this potential.



See
chart Corporate Governance,
page 56

At BECHTLE AG, "risk management" is defined as the entirety of all organisational arrangements and measures to identify and manage entrepreneurial risks. The main objective of the risk management is the due identification of material and existential risks, their assessment and the initiation of suitable measures within the framework of risk control, thereby minimising or averting possible harmful consequences of the occurrence of the risk for the company. Efficient risk management ensures that personnel and resources are deployed in such a way that the attainment of company goals is supported in the best way possible.

The management is of the opinion that the risk management should not try to avoid all risks. To successfully exploit opportunities, a company must deliberately take risks in the course of its business activity. However, it is important to limit risks to an acceptable degree and to control them in the best way possible. This degree is governed by the risk policy and risk strategy that is tuned to the company's overriding basic orientation. At BECHTLE AG, the risk strategy is based on the corporate culture, the corporate guidelines and the company's strategic goals, which govern everyday operations and serve as an orientation aid for all decisions in various ways. The key elements of these basic cultural definitions are rooted in BECHTLE'S corporate philosophy, code of conduct, management principles and social media policy.

Within the scope of the Vision 2020, the goal of BECHTLE AG is to be present throughout Germany, Austria and Switzerland, and to become the leading IT partner of corporate customers and public-sector clients in the IT system house & managed services segment. In the IT e-commerce segment, we want to consolidate our leading market position in Europe and continue with the internationalisation. The targeted profitable growth will inevitably be accompanied by business risks. The risk policy of BECHTLE AG must take this into account.

Organisation

In line with the organisational structure of the BECHTLE Group, the risk management clearly distinguishes between duties and responsibilities of the group holding/intermediate holdings and of the operational subsidiaries and individual management areas. The group controlling has established a reporting system that enables early identification of developments that threaten the company's success. Apart from the provision of various analysis tools for the operational units, the insights gained from periodic analyses and statistics support an effective risk management in the individual areas. Thus, the directors and division heads bear a substantial part of the responsibility for the active risk management. This basic principle also corresponds to the decentralised business model and the management philosophy of BECHTLE AG.



"Entrepreneurial action means taking risks in a controlled manner and using opportunities."

*Santiago Gallardo,
Bechtle direct sales, Spain*



See
chart Holding Structure,
page 38



See
Systems and Instruments,
page 56 ff

The risk management organisation of BECHTLE AG mainly performs two functions:

- **Process-independent monitoring.** This comprises the review of the operability of all processes. The Internal Audit department is an important part of the process-independent monitoring. It audits business operations retroactively for compliance and suitability. The activities of the internal audit department are based on the provisions of Section 91 (2) of the German Stock Corporation Act (AktG). At BECHTLE AG, the tasks of the Internal Audit department are continuously performed during the review of the monthly balance and event driven at other times by the group accounting. The suitability of the early risk identification system set up by the Executive Board, and the effectiveness of individual risk control measures and of the accounting-related internal audit system, are reviewed by the auditors within the scope of the audit of the annual financial statements and during the year by the company management.
- **Early warning and monitoring system.** The structure of the systems is geared towards the strategic and operational threats and ensures the operability of the risk management and other corporate processes. Early warning systems help the company identify risks and opportunities in good time. In connection with the identification of latent risks, special attention is paid to early indicators. The monitoring comprises the continuous review of the effectiveness, adequacy and efficiency of the measures and of the necessity control structures with respect to the identified risks.



See Collaboration
between the Executive
Board and the
Supervisory Board,
page 66 f

Within the scope of the risk management, effective communication across all hierarchy levels is vital for the interlinking with the business operations. In this connection, board and team work is an important instrument for the organisation and control of the needed information flow. At the top management level, this is done at Supervisory Board and Executive Board meetings and risk management sessions. At the management level, especially division head meetings, director conferences, strategy conferences and planning and individual meetings with the Executive Board are held in order to meet this need.

Group Accounting

According to Section 315 (2) no. 5 of the German Commercial Code (HGB), the group management report of capital market-oriented companies must describe the key properties of the internal audit and risk management system with respect to the group accounting process, which also includes the accounting processes of the companies included in the consolidated financial statements. In this connection, BECHTLE uses the definition of the Institute of Public Auditors in Germany. According to this definition, the internal audit system comprises the principles, procedures and measures introduced by the management, which serve the organisational implementation of management decisions (i) to protect the effectiveness and efficiency of the business activity (this includes the protection of the assets and the prevention or discovery of financial losses), (ii) to ensure the correctness and reliability of the internal and external accounting and (iii) to comply with regulations relevant to the company.



Institute of
Public Auditors
in Germany:
www.idw.de

Concerning the accounting processes of the included companies and the group accounting process, the following structures and processes are implemented at BECHTLE AG:

The Executive Board bears the overall responsibility for the internal audit system with respect to the accounting processes of the included companies and the group accounting process at BECHTLE. All companies and strategic business segments included in the consolidated financial statements are integrated by means of a clearly defined leadership and reporting organisation. The principles, the structural and process organisation and the processes of the group accounting-related internal audit system are outlined in group-wide policies and organisational instructions that are adjusted to the latest external and internal developments at regular intervals. Regarding the accounting processes of the included companies and the group accounting process, the management regards features of the internal audit system that could considerably affect the consolidated balance sheet and the overall statement of the consolidated financial statements, including the group management, report as important. This applies especially to the following elements:

- Identification of material risk fields and audit areas that are relevant to the group accounting process
- Monitoring audits to check the group accounting process and their results at the level of the group's Executive Board, at the level of the strategic segments and at the level of the companies included in the consolidated financial statements
- Preventive audit measures in the group's financial management and accounting and of the companies included in the consolidated financial statements, of the strategic segments and in operational, performance-oriented company processes, which generate important information for the preparation of the consolidated financial statements and the group management report, including functional separation and predefined approval processes in relevant areas
- Measures to ensure due IT-based processing of group accounting-related matters and data
- Measures to monitor the group accounting-related internal audit system, especially by the Internal Audit department

Risk Identification and Assessment

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

The risk assessment form, whose purpose is to summarise possible risks as comprehensively as possible, serves as the basis for the risk assessment: each risk is assessed for probability of occurrence and expected damage amount (risk potential) and positioned in a risk matrix indicating the significance (A, B and C risks). The assessment reveals how probable the occurrence of the risk is for the underlying risk potential. The result is a consolidated presentation of all identified risks in the form of a "risk map", both for BECHTLE AG as a group and for each of its business segments.



Structured risk
assessment

Risk Control

The company responds to identified risks on a case-specific basis and with different strategies:

- Risk avoidance: Refraining from activities involving risks may mean that opportunities cannot be used either
- Risk limitation: Minimisation of the probability of occurrence
- Risk reduction: Reduction of the average probability of occurrence
- Risk compensation: The risk is borne by the company and economically compensated by an offsetting transaction
- Risk transfer: Transfer of the risk to another (insurance) company
- Assumption of the risk: No countermeasures taken

Risk Reporting and Documentation

The management of BECHTLE AG holds at least once a year risk management sessions whose contents are subject to ongoing review and further development. In addition to the risk management session of BECHTLE AG, separate sessions at which the risks are explicitly discussed and continuously reassessed with the responsible individuals are held for each segment and executive division. The Chairman of the Executive Board and the Chairman of the Supervisory Board participate in all these sessions. The responsible division heads and individual employees entrusted with controlling and risk management responsibilities also participate in the meetings. Thus, all areas and responsibilities that are important for the company's success are involved in the risk management process. The results and the estimates of the risk management sessions are usually subjected to an annual review. In addition to the standard reporting and assessment of risks at these sessions, there is an arrangement for ad-hoc reporting of critical issues to the responsible bodies (audit committee, Supervisory Board) and other individuals involved in the risk management process.

OPPORTUNITIES

Market and Competition



See

Competitive Position,
page 52 f

For BECHTLE AG as a company in the IT industry, a positive general economic development presents opportunities for successful growth. However, even in an environment marked by macroeconomic stagnation or decline, BECHTLE can benefit from the consolidation of the competitor landscape and expand its relative market share under its own steam. Therefore, the group intensively examines strategic market and competition analyses, deriving concrete growth options for its future development. Naturally, the examination also focuses on industry and technology trends that have a direct impact on the company's profitable growth.

The IT market is characterised by an intensive innovation speed and short product cycles. Due to the advancing technologisation, the significance of information technology is on the rise – both in the private sphere and in the industrial environment. Therefore, even markets that are considered to be saturated, such as the countries in Western Europe, continue to have a large and further increasing growth potential. Owing to the complexity of the IT, especially high-quality services will gain in significance. BECHTLE'S product and service portfolio covers all current and presently foreseeable needs of industrial customers. Thanks to the group's structural and strategic positioning, the preconditions for exploiting the resulting growth potentials are thus on hand.

For a number of years, the system house market – especially in German-speaking regions – has been undergoing a period of intense consolidation, which BECHTLE is actively exploiting. Thanks to its solid financial resources and good reputation, the company has been able to perform more than 40 acquisitions since its IPO, thereby continually strengthening its market position. In view of the progressive thinning of the industry and BECHTLE'S persistently excellent assets position and funding, the company will have further opportunity to continue to fortify its competitive position; for example, by means of acquisitions or by expanding the product and service spectrum. In the reporting period, BECHTLE again made use of this opportunity and acquired a total of three companies.



See Assets Position,
page 98 f

The BECHTLE Group holds a leading competitive position. Thanks to its decentralised structure, it is able to act quickly and flexibly to increase the regional market exploitation. Additionally, the company's financial strength forms the basis for taking advantage of competitors' weaknesses in a determined manner. Apart from the development of new business fields, the strategic focus in the reporting period centred on new opportunities in connection with the expansion of the relative market share in the individual regions.

The ongoing uncertainty on capital markets and the associated inadequate financing option of many medium-sized companies have given rise to additional opportunities for the BECHTLE Group. The need of customers to save costs in the short to medium term is fuelling demand for innovative IT concepts and services. At the same time, the demands on information technology are rising, as in the long run, only companies that regard IT as a production factor and that successfully transform IT into a value-creating business division will be able to gain a lasting competitive edge.

In the coming years, the IT e-commerce segment is expected to grow above average, especially also in view of the Vision 2020. Besides the planned development at the existing locations, the opportunities in this segment relate mainly to the further internationalisation of the business on the basis of a multi-brand strategy. The necessary systems and processes have been continuously improved over the past years and form a reliable platform for further growth. In the reporting period, we further penetrated Eastern Europe with the BECHTLE DIRECT brand, establishing a new subsidiary in the Czech Republic in addition to the one in Poland. In the reporting period, BECHTLE also prepared the market entry to Hungary and, in December 2011, established its own subsidiary in Budapest, which is to go live in spring 2012.



See Forecast Report,
page 130 f



See Locations,
page 41 f



See

Environmental Protection,
page 53f

Under the buzzword “green IT”, the issue of climate protection has already become a well-established factor in the IT industry. To meet the requirements for eco-friendly IT and to exploit the resulting opportunities, BECHTLE has introduced an innovative range of low-emission, energy-saving products. In the service sector, we offer customer-specific solutions that also contribute to energy savings in the IT infrastructure, for example through server consolidation or virtualisation of applications.

Customers



See chart

Industry Segmentation,
page 52

In the IT system house & managed services segment, BECHTLE processes the German-speaking markets with a dense network of system houses. Due to the widely diversified customer structure, the effect of unique industry-specific economic trends and special investment-related framework conditions on the company is relatively small. Moreover, BECHTLE'S long-standing presence in this segment represents a high market entry barrier for potential competitors. The strong competitive position in the medium-sized business segment enables BECHTLE to expand its market leadership in this area and to align its own business model on a cross-industry level.

Strong
customer
base

BECHTLE also markets its services in the public sector, a business field in which the company has consistently expanded its activities in recent years. Apart from the basic opportunity associated with the expansion of the customer portfolio and the achievable higher business volume, the focus on the needs of public-sector clients and the consideration of the special aspects of the contract award practice in this segment offer another opportunity: the investment behaviour of this customer group is less susceptible to economic trends and is often even anti-cyclical. In the reporting period, we opened a sales office in Brussels, Belgium, in order to exploit additional growth impulses outside Germany in this customer segment. Thus, we are able to address European institutions more effectively.



See

Business Activity,
IT E-Commerce,
page 48f

In the IT e-commerce segment, we are active with the ARP, BECHTLE DIRECT and COMSOFT DIRECT brands in 14 European countries. In this segment, BECHTLE considers a wider customer approach and targeted customer bonding through the use of bios® shops as an opportunity for future growth.

Apart from BECHTLE DIRECT, which focuses on enterprise customers, BECHTLE ÖA DIRECT serves as a platform for public-sector clients. In this field, too, the anti-cyclical investment behaviour of public-sector clients and the above-average growth rates that BECHTLE achieved in this customer segment in recent years provide the opportunities already addressed above.

Manufacturers and Distributors

BECHTLE AG maintains close partnerships with all major suppliers and manufacturers of the IT industry. For example, the company cooperates with IBM in the field of outsourcing. Intensive collaboration with partner companies enables us to offer technologically suitable solutions for the growing bandwidth of customer requirements. BECHTLE is improving its own growth opportunities especially by means of a more

extensive range of individual service solutions for enterprise customers and public-sector clients. Moreover, BECHTLE AG is one of the largest partners of Cisco, Citrix, Fujitsu, HP and VMware. In its partnerships with key suppliers and manufacturers, the overwhelming majority of the group's certifications have the highest partner status.



www.bechtle.com/partner-en

To support the collaboration, BECHTLE has additionally appointed Vendor Integrated Product Managers (VIPM) for strategic manufacturers, who promote the interests of the manufacturer and of BECHTLE alike. For example, information about the manufacturers can be forwarded to the responsible procurement, sales and service staff in the company without delay, in a centralised and target-oriented manner. This enables BECHTLE to ensure that from the customer perspective, its offer reflects the state of the art at all times, which increases the quality of the sales activities and enables customers to benefit immediately from innovative product promotions of the manufacturers. On the other hand, the BECHTLE product catalogues, for example, have for many years been a sales channel with a high multiplier effect for manufacturers and distributors.



See [Business Activity, IT E-Commerce, page 49 f](#)

Additional synergies are achieved through the standardisation of logistics processes and synchronisation of the ERP systems between BECHTLE and the partners. This not only makes for a wider product offer and increasing availability of the goods, but also increases the attractiveness of BECHTLE for other distributors and manufacturers.

Service Range

Enterprise customers increasingly expect their IT providers to deliver complete solutions from one source. With its combination of trading and services and, within the field of services, with its blend of project, services and financing business, BECHTLE is well prepared to benefit from this trend. Furthermore, BECHTLE has duly positioned itself by means of acquisitions, strategic alliances and competence centres especially tuned to the needs and trends of the market and has fortified its position with qualified staff.



See [Service Spectrum and Processes, page 44 ff](#)

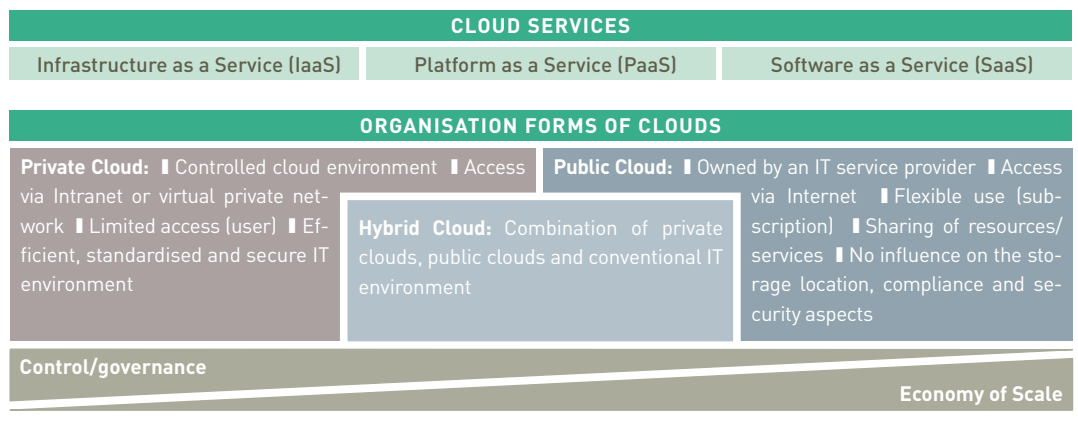
In connection with the procurement and operation of the IT, many companies want to make use of any possible savings potential. Existing corporate processes are being reviewed, and innovative IT management models such as outsourcing are gaining significance. The outsourcing of the IT, or parts of it, enables companies to redistribute costs and reduce the capital tied up in the form of IT investments. Due to the increasing relevance of IT to all corporate processes and certain security concerns on the part of customers, many outsourcing customers are examining the reliability of their partners. This directly influences the choice of service providers, the prices and how and from whom external services are procured. In future, the expanded range of outsourcing solutions and managed services could yield attractive growth opportunities for BECHTLE as an economically stable, reliable partner with an excellent reputation. Customer relationships in this so-called operation business are usually of a long-term nature, which facilitates business performance planning. Moreover, the projects promise higher margins than the orders in the conventional trading business.



More information on cloud computing is available in the Bechtle update 3/2011, page 4 ff at www.bechtle.com/customer-magazine

In recent months, a new form of procurement and operation of IT infrastructures and their applications in companies has gained a foothold in the industry under the name of "cloud computing". In cloud computing, processing performance, storage, applications and IT services are supplied in real time via data networks. In this context, the price of the individual services is determined by actual usage. The IT industry is convinced that the business field of cloud computing holds great potential for growth, though it presents entirely new challenges especially for medium-sized providers of software and IT services. Thus, apart from products and services, entire business models, sales strategies and consulting services will need to be adapted to the new technology. In future, the role of service providers in the IT market will consist of introducing cloud computing to the companies. System houses can do this by offering their own cloud services or by serving as intermediate dealers that form a link between the large cloud providers and the user companies.

65. LAYERS AND ORGANISATION FORMS OF CLOUD SERVICES



BECHTLE is active in the cloud computing market both in cooperation with renowned partners and with its own range of solutions. In this connection, the BECHTLE system houses offer an extensive portfolio of virtualisation and server technologies, infrastructure solutions and security-relevant applications, thereby creating the needed customer-specific conditions for the procurement and operation of the IT from the "cloud". In addition, the group offers its customers consulting and integration services for cloud computing, as the specific services often need to be integrated in, and networked with, existing systems. According to a study that the Experton Group conducted for BITKOM, the cloud computing revenue in Germany will increase from 3.5 billion euros in 2011 to 13.0 billion euros in 2015. This means an average revenue growth of 48 per cent per year. In the medium term, this technology will account for about 10 per cent of the total IT expenditure.



www.bitkom.org/en

Company Organisation



See Management Structure, page 40

By consistently aligning the company structure to the strategy, an important precondition has been established for exploiting the opportunities resulting from the market developments described. The extensive geographic presence, with about 60 locations in Germany and Switzerland and locations in Austria, enables

us to address local medium-sized businesses on site via the regional system houses and – from the perspective of the BECHTLE Group as a whole – to attract businesses and corporations that operate on a nationwide scale and that prefer a large IT service provider as a reliable partner. Despite the great significance of decentralised responsibility and decision-making structures, the BECHTLE Group benefits from its size in the field of centralised administrative tasks and bundled purchasing and logistics processes by using corresponding economies of scale. Additionally, competence centres, specialised product management teams and division heads bundle expertise that is made available centrally to all locations.

Thanks to the attained market position and the combination of centralised and decentralised structural elements, BECHTLE is ready to actively exploit new market opportunities. In the public-sector division, for example, BECHTLE has pooled the competencies and experience for this special market segment. This organised interaction between central support and a decentralised market approach by the system houses also yields improved opportunities for growth in this market – a proven basic principle that BECHTLE also applies in the newly created software and application solutions division and in the organisation of the managed services division.

Personnel

BECHTLE attaches great importance to long-term bonding of employees to the company, high motivation and a corporate culture with a positive influence. The applied management style is a key condition for a good atmosphere in the company. The company's management takes the lead in living the basic values rooted in the corporate philosophy and creates an open atmosphere of mutual trust. This includes short communication routes and open exchange between the divisions, locations and hierarchy levels. This is important in order to make existing expertise usable and to duly take both the strategic and the operational viewpoint into consideration when making decisions.

Preparing for an impending shortage of experts is another challenge that BECHTLE is facing. However, a lack of qualified staff could also represent opportunities, for example if the company could train a sufficient number of experts internally and bind employees to the company on a long-term basis. Thus, BECHTLE plans to raise the training ratio in Germany to about 12 per cent in 2012. Furthermore, BECHTLE regularly invests in the training of existing staff members. The BECHTLE Academy, which was established in 1999, constitutes an important element in the mounting competition for future employees. The staff development department complements the activities of the BECHTLE Academy. At the same time, the Academy represents a proven organisational platform for the systematic implementation of staff development measures. In 2011, many of the development programmes introduced in the prior year were continued.



"Thanks to the bundling of the central functions in the holding, the subsidiaries can concentrate exclusively on sales."

*Dominik Mäusel,
junior account manager,
SH Regensburg*



See Forecast Report,
page 134



See Employees,
page 63

RISKS

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

Macroeconomy and Industry

BECHTLE AG sells IT products in 14 European countries and offers IT services in Germany, Austria and Switzerland. Though the business depends greatly on the domestic market, the development of the European economy as a whole has a decisive effect on BECHTLE'S growth, as foreign markets account for about one third of the group's revenue.

In the reporting period, most European countries recorded economic growth. It cannot be said with certainty whether this growth will go on in 2012. A weaker or, even worse, a declining economic trend could involve risks for the earnings, assets and financial position of the BECHTLE Group.

BECHTLE operates in a highly competitive and technologically short-lived market. Both the IT trading segment and the IT service segment are characterised by competition in terms of pricing, product quality and service quality. Thus, we are confronted with mounting price and margin pressure, partly weakening demands and growth cycles that are highly susceptible to economic trends. Furthermore, the IT market is continually undergoing a period of intensified consolidation, which may culminate in stronger individual competitors and changed market shares. The company's earnings position mainly depends on the extent to which BECHTLE can exploit the industry consolidation to achieve above-average growth as well as on the effectiveness and, most importantly, on the efficiency with which the group succeeds in fulfilling the customers' growing need for smarter IT solutions.



See
Service Spectrum
and Processes,
page 46

Among other things, BECHTLE counters market risks by strengthening business areas with above-average growth potential, such as managed services. With its outsourcing services, this business field not only offers attractive growth perspectives, it also reduces BECHTLE'S susceptibility to short-term economic trends by means of longer contract terms. Through the development of the software and application solutions division, we have also entered niche markets with a good growth potential in the CAD and SharePoint environment. In this way, the BECHTLE Group expands its solution portfolio in order to use the business synergies of the various customer segments as effectively as possible as a one-stop IT provider.

To further reinforce the market position of BECHTLE AG in Europe, the company continually enters new national markets in the IT e-commerce segment. In this context, BECHTLE is confronted with political, economic and legal risks in the respective target countries. Furthermore, the establishment of new trading companies requires concerted efforts in the field of sales, which are not always successful. The revenues and earnings could be impaired by start-up costs for the establishment and personnel as well as investments in country-specific sales and marketing activities. Moreover, there is a risk that the selected measures could later be found to lack sustainability or fail to gain the expected market acceptance. BECHTLE AG endeavours to limit such risks and risks resulting from the legal, economic or company-specific framework conditions by means of extensive analyses and audits before entering a market, uniform investment controlling for all e-commerce companies and successive know-how transfer from previous market launches. Moreover, the market entry strategy provides for the hiring of suitable professionals and executives who have detailed knowledge of the local market and of the other framework conditions. Therefore, executive positions in new subsidiaries are usually staffed with local managers who are first subjected to an intensive training programme in Germany.

Business Activity

Cost Structure. The cost structure of BECHTLE AG is characterised by a high proportion of personnel expenses whose adjustment lags behind a changed capacity utilisation. In economically weak phases, BECHTLE can only reduce functional costs to a certain extent in the medium term without any major impairments of the occupation situation. Furthermore, measures affecting personnel expenses must always take the existing or possible future personnel risk (lack of qualified staff) into consideration.



See
Personnel Expenses,
page 62

Procurement. BECHTLE AG meets the risks in the supply markets with selective supplier management and a manufacturer-oriented organisation of Vendor Integrated Product Managers (VIPM), which also ensures close interaction of the group logistics processes with manufacturers and distributors. However, the effectiveness of these measures is limited with respect to the development of the international supply markets. For example, should the price slump in the industry be above average due to the aggravated competitive situation, and continue over an extended period, this could greatly affect the group's profitability.

BECHTLE buys its products from all renowned IT manufacturers and distributors. Across Europe, the company cooperates with about 300 manufacturers and more than 600 distributors. Should a partner be unable to supply goods, BECHTLE can always offer comparable alternative products at short notice. In terms of its economic situation and existence, the group does not depend on any single supplier. However, during the reporting period the effects of the natural disasters in Japan and Thailand were very obvious on the IT market, resulting in supply bottlenecks and higher prices for certain consumables and IT components in the course of the year. BECHTLE countered this availability risk by means of active supplier management and adapted stock levels. The latter is possible even at short notice especially due to the group's comfortable financial position.

Developments in the IT market point to growing competitive pressure as well as price and margin pressure among manufacturers. Thus, despite the trend that has been going on for many years, manufacturers have enforced price increases in some areas in the reporting period. BECHTLE is not always able to pass on such price increases to customers to the full extent. Therefore, especially long-term contract and projects pose a risk to the group's earnings position. Moreover, due to the margin pressure on the manufacturer side, manufacturers may step up their conditions for paying bonuses, reduce bonuses in general or increasingly pay in kind (e.g. in the form of free training for employees). Depending on the degree of the change, such a development could affect the earnings position of BECHTLE AG.



See
Business Activity,
IT E-Commerce,
page 49

BECHTLE minimises storage risks and reduces the capital tie-up by continuously improving its procurement, flow and sales processes. The principle is to procure goods only shortly before they are shipped to the customer or to engage distributors as fulfilment partners. As the ordered goods are often shipped to the customer directly by the manufacturer or distributor, the company can save process and storage costs.

In order to avoid supply bottlenecks due to the short-term storage, the procurement processes are closely interlinked with the manufacturer and distributor systems. This ensures high availability and quick delivery to the customer. By means of the group-wide volume bundling through central procurement and logistics processes, BECHTLE also achieves project-related benefits and economies of scale.

Service Range. In the managed services segment, long-term contracts account for the lion's share of the business. The fixed price guarantee commonly agreed for such projects can affect the margin generated due to changes of the cost basis during the term. Moreover, such contracts contain specific requirements with regards to the project flow and compliance with legal regulations. Failure to meet these criteria could lead to damage claims or termination of the contract. Furthermore, in its capacity as general contractor, BECHTLE bears the risk of contractual fines due to missed deadlines, unforeseeable developments at the project sites, deficient services of subcontractors and possible logistical difficulties.



See Markets,
page 51 f

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

IT. Basic IT risks emerge from the use of computer-based databases and the deployment of ERP, controlling and accounting systems. For example, a goods availability risk could arise if the operability of IT systems necessary for smooth order handling is no longer guaranteed. This could happen due to hardware failures, operating errors or defects in electronic data processing devices.

The probability and extent of damage from viruses and hackers is difficult to estimate. The intrusion of unauthorised parties in the IT system could result in a confidentiality risk. BECHTLE employs encryption and authentication technologies as well as firewalls to protect confidential information transmitted electronically. Despite high-level protective mechanisms and security standards, there is a danger that internal and confidential information could be used illegally.

For the BECHTLE Group, backups are a top priority. The central computing centre in Neckarsulm, Germany, which is responsible for ensuring the operability of all IT systems in the group, has therefore developed a bundle of backup measures at various levels that prevent the failure of technical IT systems, or at least minimise its probability. As far as we can discern, BECHTLE is not exposed to any integrity risk from incorrect processing, loss of data or faulty storage of data.

Among other things, BECHTLE protects the IT systems by means of firewalls and strict security regulations. The IT system availability reflects the state of the art. Additionally, we protect the operations by means of redundantly designed data lines. At all locations, the network connection takes place via backup lines. For the stability of the IT e-commerce systems, BECHTLE always employs several providers with a mutual backup function. All material production systems are redundant and subject to high-availability agreements with the manufacturers. Moreover, the systems are protected by a UPS and an emergency power generator.

Personnel. Training, motivation and commitment of the employees are key success factors of the BECHTLE Group. Therefore, loss of expertise due to above-average fluctuation of qualified personnel and a lack of qualification and performance orientation on the part of the employees are among the major personnel risks. Furthermore, in the fast-growing business fields, there is a risk that the demand for qualified personnel cannot be met sufficiently. For this reason, BECHTLE is not only eager to sign qualified specialists and executive personnel for the company and integrate them successfully, but most importantly to bind them to the company permanently. Henceforth, we will invest even more in the training of young people. Therefore, the training ratio in Germany is to amount to about 12 per cent in 2012.



"We invest in a modern, secure IT and also constantly continue to develop our own systems."

*Rainer Osterholz,
user service, data centre*



See Training,
page 62 ff

Due to the ongoing consolidation in the IT market, there is not yet any general shortage of well-qualified staff. On the other hand, in individual competence areas it is far more difficult to replace highly qualified IT specialists, which may mean a risk for the operational business flow. However, in the industry BECHTLE is regarded as an attractive, reliable employer, which can be seen due to the large number of qualified and experienced applicants. Apart from creating a positive work environment, HR work focuses on operational training and promotion of junior management staff by means of internal development programmes.

Liability. In the trading business, BECHTLE assumes the standard liability and provides a contractual warranty for supplied hardware according to its General Terms and Conditions. However, in this regard, BECHTLE only passes on the manufacturers' warranty. The risk of warranty claims being asserted by customers against BECHTLE without recourse to the manufacturer is low. BECHTLE has taken out insurance or formed adequate balance-sheet provisions in case customers need to be granted warranty extensions or expansions. In the service and project business, especially in the case of managed services contracts, BECHTLE always endeavours to agree standard limitations of liability under consideration of the purpose of the contract in order to minimise liability risks. D&O insurance pursuant to statutory regulations covers any liability claims resulting from mismanagement. The scope of the general insurance cover is checked regularly and adapted, if necessary. Thus, negative financial effects of insurable risks on the business are excluded or at least limited.



See
D&O Insurance,
page 71

Finance



For a quantification
of the risks
see Notes,
page 190 ff

Financial Instruments. Currency, interest and liquidity risks are subject to active management on the basis of guidelines that apply to the entire group. In this context, the specific requirements for the organisational separation of the operations and auditing of the functional divisions are observed.

Derivative financial instruments are used exclusively for the purpose of hedging operational underlying transactions and mission-critical financial transactions in the form of currency futures, currency swaps and interest swaps.

The financial risk management is characterised by the clear allocation of responsibilities, central rules for the fundamental limitation of financial risks, purposeful alignment of the employed instruments to the requirements of the business activity and separate monitoring by a centrally controlled treasury.

Foreign Currencies. Currency risks exist especially in areas in which receivables, debts, funds and planned transactions exist or will accrue in currencies other than the local currency of the parent company. The foreign currency risk is mainly limited to Swiss francs, as a considerable portion of the international business is generated in Switzerland. Except for Switzerland, the United Kingdom and the Eastern European countries, procurement mainly takes place in euro countries and in euros. In individual cases, goods are purchased in us dollars. The BECHTLE Group uses currency futures in Swiss francs and pounds sterling in order to hedge the currency risk. The hedging of foreign currencies pertains to the payment flows generated in Switzerland and the United Kingdom and to the assets held by the national subsidiaries. Currency futures are used in individual cases to hedge the currency risk associated with the us dollar when purchasing goods in us dollars or when customers pay in us dollars.



See Notes,
Currency Risk,
page 190 ff

Liquidity. To ensure unlimited solvency, the company must have sufficient liquidity at all times. The liquidity situation is managed and monitored by the treasury as an integral part of the group accounting. In view of the current financial position of the BECHTLE Group at the end of the year with cash, cash equivalents and securities worth 141.5 million euros (prior year: 129.8 million euros) and a positive cash flow from operating activities amounting to 55.8 million euros (prior year: 59.1 million euros), liquidity risks are unlikely. Moreover, BECHTLE AG has authorised capital of up to 10.6 million euros, which can be used to increase the equity capital base, if necessary.



See
Cash Flow Statement,
page 102 ff

The treasury department of BECHTLE AG ensures the liquidity supply for the group divisions and subsidiaries by means of cash pooling. Furthermore, it controls the interest rate risk and is responsible for the assessment, analysis and monitoring of positions subject to market risks.

Receivables. The solvency of our business customers plays an important role in the examination of the future risk situation. BECHTLE could be exposed to bad debt losses because customers may be unable to meet their payment obligations in due time or in their entirety due to inadequate funding possibilities. Detailed monitoring of customer relationships including ongoing solvency checks and proactive debt management help to avoid risks from bad debt losses and eliminate the need for taking out trade credit insurance.

Potential risks in connection with the investment of cash equivalents are limited by exclusively executing transactions with banks with an excellent degree of creditworthiness and within the scope of defined limits. Payment transactions, too, are only handled via banks whose creditworthiness is beyond doubt.

Interest. As a matter of principle, financial assets and debts with terms of more than one year involve an interest rate risk. In the fiscal year ended, BECHTLE increased its long-term financial liabilities. The interest rate risks of the BECHTLE Group are centrally analysed, and the resulting measures are actively managed by the group's finance department. The procedure applied by the department is subject to regular auditing as determined by the management. The risk of interest rate fluctuations of loans with variable interest rates is eliminated by means of interest rate swaps.



See Assets Position,
page 99 f
and Notes,
Interest Rate Risk,
page 192

Others



See Locations,
page 41

Acquisitions. Since its IPO in 2000, BECHTLE AG has acquired more than 40 companies. Takeovers are an essential part of the corporate strategy, which is designed with long-term profitable growth in mind. BECHTLE intends to further strengthen and expand its market position by means of specific acquisitions. At the same time, however, the decision to purchase a company and integrate it into the group always involves an entrepreneurial risk. It is always possible that the expectations placed on the acquired company may not fully materialise. BECHTLE addresses this risk by conducting extensive due diligence audits in advance. The preparation, implementation and audit of acquisitions take place in line with defined competence arrangements and approval processes. Moreover, BECHTLE has many years of experience in integrating companies. We have established the structures and processes that are necessary for this and pursue a post-merger concept that meets the group's needs in connection with the integration of newly acquired companies in the best possible way.

The rapid corporate growth of BECHTLE in recent years also involves risks. On the one hand, the newly acquired companies tie up management resources during the integration phase. On the other hand, the rapid growth necessitates the continuous expansion and adaptation of the organisation and management structures to the changed framework conditions. For this purpose, BECHTLE has continually developed and strengthened the respective resources in the company and key positions in the management. However, these risks are balanced by considerable entrepreneurial opportunities for further development of the group.

Environmental Protection. The group's portfolio is limited to the provision of IT services and the sale of hardware and software. BECHTLE does not engage in technological R&D or production activities. Therefore, the company is largely unaffected by environmental risks and risks resulting from changed environmental legislation.

Taxes. The group operates in 14 European countries and is therefore subject to various tax regulations. Changes in the tax legislation could result in higher tax expenses and higher tax payments. Furthermore, the changed framework conditions could affect the tax receivables and liabilities as well as the company's deferred tax assets and liabilities. The group has a central tax department that ensures compliance with the domestic tax legislation and regulations. In other countries, external consultants are engaged.

Compliance. The amount of business with public-sector clients and government-controlled companies further increased in the fiscal year under review. Accordingly, BECHTLE is increasingly involved in projects financed by government authorities and organisations. To accommodate the changing business structure and to minimise the risk of potential misconduct towards all business partners as far as possible, BECHTLE AG already introduced a code of conduct in the fiscal year 2010. The purpose of this code of conduct is to ensure compliance with applicable national and international laws and regulations in all activities of the company and to define minimum standards for responsible actions. Along with the code of conduct, BECHTLE has also set up a compliance board consisting of the entire Executive Board of BECHTLE AG, the Chairman of the Supervisory Board and a permanent representative of the legal department. The employees can contact the compliance board via a special hotline and an e-mail account. Reported information or violations are reviewed and assessed by the compliance board, which takes suitable measures if necessary. To prevent potential misconduct of the employees in the handling of confidential data within the scope of the public-sector orders, BECHTLE AG and the responsible individuals in the company underwent security screening by the Federal Ministry of Economics and Technology. Since then, BECHTLE has been party to a non-disclosure agreement with the German federal government. Thus, the company has established the basis for handling public-sector projects subject to non-disclosure in line with customer expectations.

Legal Environment. Being active at an international level, the BECHTLE Group is subject to various national laws. This may involve risks for legal transactions – e.g. in connection with the wording of contracts – which BECHTLE counters by engaging the central internal legal department or external legal advisors at an early stage whenever necessary.

At present, the company is not involved in any legal disputes that could have a negative effect on the consolidated earnings. BECHTLE AG will form provisions for legal disputes for all future legal disputes in connection with the group's business if liabilities are likely to result and the amount of the liabilities can be determined with reasonable certainty.

OVERALL RISK ASSESSMENT

The evaluation of the group's overall risk situation is the result of the consolidated examination of all major compound and individual risks. The management is of the opinion that the presented risks are limited and manageable. The company boasts a solid financial basis, with an above-average equity ratio of 52.2 per cent (prior year: 56.8 per cent) and a comfortable liquidity situation.

Third-party ratings are another important indicator for the overall risk assessment. Apart from the company's own internal risk assessment, BECHTLE'S credit rating and aggregate default risk are regularly appraised and monitored by banks and rating agencies. All institutions are of the opinion that BECHTLE'S probability of default is very low: 0.09 to 0.30 per cent (based on the customary one-year term). This corresponds to the credit ratings of the rating agencies Bürgel and Creditreform for BECHTLE AG (Bürgel solvency index: 1.3 and Creditreform 1.0 solvency index: 109 and Creditreform 2.0 solvency index: 112 in January 2012). On the Standard & Poor's rating scale, which is widely used in financial markets worldwide, these probabilities of default correspond to a rating of A- to BBB+. On the bank-independent, six-level IFD (Initiative Finanzstandort Deutschland) rating scale, BECHTLE has a rating of I, which is the best level (probability of default up to 0.3 per cent per year). A deterioration of the rating could result in higher capital costs and have a negative impact on the business activities.



To date, the creditworthiness of BECHTLE AG has not been appraised by the rating agencies Standard & Poor's, Moody's Investors Service, Fitch Ratings, or Dominion Bond Rating Service.

BECHTLE AG is aware of its own risk and opportunity profile for its business activities. In connection with daily updated analyses of the business performance based on operational indicators, the presented measures play a significant role in enabling BECHTLE to use the opportunities for further development of the company without losing sight of the risks involved.

Except for the risks described above, the Executive Board does not expect any other significant impairment of company revenues and profitability due to other regulatory risks. All in all, BECHTLE AG is not aware of any risks that could jeopardise the continued existence of the company, either alone or in combination with other risks. The Executive Board is convinced that it will be able to make use of future challenges and opportunities without taking undue risk.

SUPPLEMENTARY REPORT

IMPORTANT EVENTS AFTER THE BALANCE SHEET DATE

In the course of the further expansion of its software and application solutions segment, BECHTLE AG acquired Redmond Integrators GmbH, Bochum, Germany, as of 1 January 2012. Half a year after the acquisition of Hamburg-based HanseVision, BECHTLE is thus strengthening its software segment with another established, recognised SharePoint specialist, thereby consistently taking the next step in its positioning as an IT solution provider. Redmond Integrators, whose customer base comprises larger medium-sized businesses and groups of companies, was established in 2007 and generated revenues of 1.5 million euros in the fiscal year 2011.

Apart from this, BECHTLE AG did not experience any special events after the balance sheet date 31 December 2011 that would have affected the company's earnings, assets and financial position.

For statements concerning the situation on the reporting date, see Forecast report.



See Forecast Report,
page 133 f

FORECAST REPORT

In the future, the rate of innovation in the IT sector will remain very high. The complexity and variety of solutions will continue to grow. As a result, the demands on enterprise IT organisation are set to increase as before. In view of this, the demand for innovative IT services and smart solutions is expected to develop positively. Based on an increase of the business volume under its own steam, and by means of acquisitions, Bechtle will continue to grow faster than the overall market in the years to come – thereby continually expanding its market share. The competitive position that the group has meanwhile reached represents an excellent basis for attaining the company's long-term growth and profitability targets within the scope of "Vision 2020".

FRAMEWORK CONDITIONS

According to the forecast of the European Commission, the economy in the EU will regain momentum in 2013, following a slow-down in this year. GDP is expected to stagnate by 0.0 per cent in 2012 and reach 1.5 per cent – a level corresponding to that of the reporting period – in 2013. Within the BECHTLE markets in the EU, the outlooks for 2012 are mixed, but tend towards the gloomy. They range from minus 3.3 per cent in Portugal to plus 2.5 per cent in Poland. Belgium, Spain, Italy, the Netherlands and the Czech Republic are facing a decline or stagnation. In the BECHTLE markets reporting BIP growth, this is unlikely to exceed 0.7 per cent, with the exception of Poland. The Commission expects investments in equipment to grow by 1.7 per cent throughout Europe in 2012. A significant increase is anticipated for 2013, with a growth of 5.4 per cent. In 2012, government expenditure in the EU is expected to drop by 0.2 per cent. A tiny increase of 0.1 per cent is predicted for 2013. As estimated by Eurostat, Switzerland is expected to be stable and grow by 1.9 per cent in 2012, and 1.8 per cent in 2013.

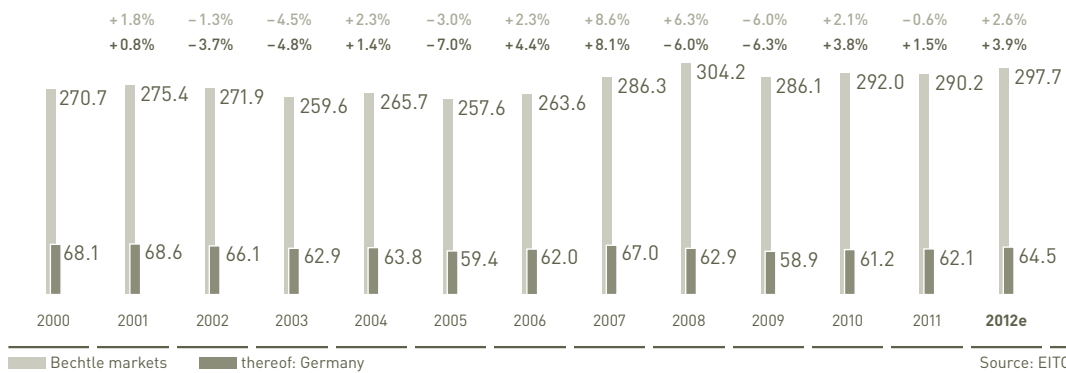
The Commission believes that the growth in Germany will be above the EU average. Following a hiatus in the current year with only 0.6 per cent, GDP is predicted to recover to 1.5 per cent in 2013. In both years, investments in equipment are to reach above-average rates of 3.5 per cent and 7.1 per cent, respectively. Government expenditure is to grow at a stable rate of about 1 per cent in both years.

For 2012, noticeable growth is again expected in the IT industry. According to the market research institute EITO, the IT market in the EU is to grow by 2.7 per cent. The growth will be driven by the IT services segment with 2.9 per cent and the software segment with 4.6 per cent. Hardware revenues are expected to stall at minus 0.1 per cent. In the countries in which BECHTLE is present, hardware revenues will again diverge greatly in 2012, from minus 12.6 per cent in Spain to plus 8.3 per cent in the Czech Republic. The IT market in Switzerland is expected to grow by 2.5 per cent. Though hardware revenues are still expected to recede by 2.5 per cent, services are to grow by 2.7 per cent and software by 4.9 per cent.

The November 2011 forecast of the industry association BITKOM for the German IT market points to an above-average growth of 4.5 per cent. Hardware and software are to account for 5.2 per cent each. A growth rate of 3.8 per cent is anticipated for services.

66. IT EXPENDITURE IN THE BECHTLE MARKETS 2000-2012

in billion euros



With respect to the economic situation predicted in the relevant national markets for the future, the BECHTLE Group does not expect any major impact on the demand trend due to changes in legal framework conditions, the development of currency exchange rates or the implementation of environmental policy measures.

PERFORMANCE OF THE GROUP

Products and Markets

Due to the ongoing consolidation, the European IT market is likely to remain very dynamic. The associated concentration trends will increase competition and result in rising price and margin pressure in the industry. Despite this development, BECHTLE AG believes that it will be able to expand its market share at a disproportionately high rate and benefit from this consolidation due to its financial strength and competitive position.

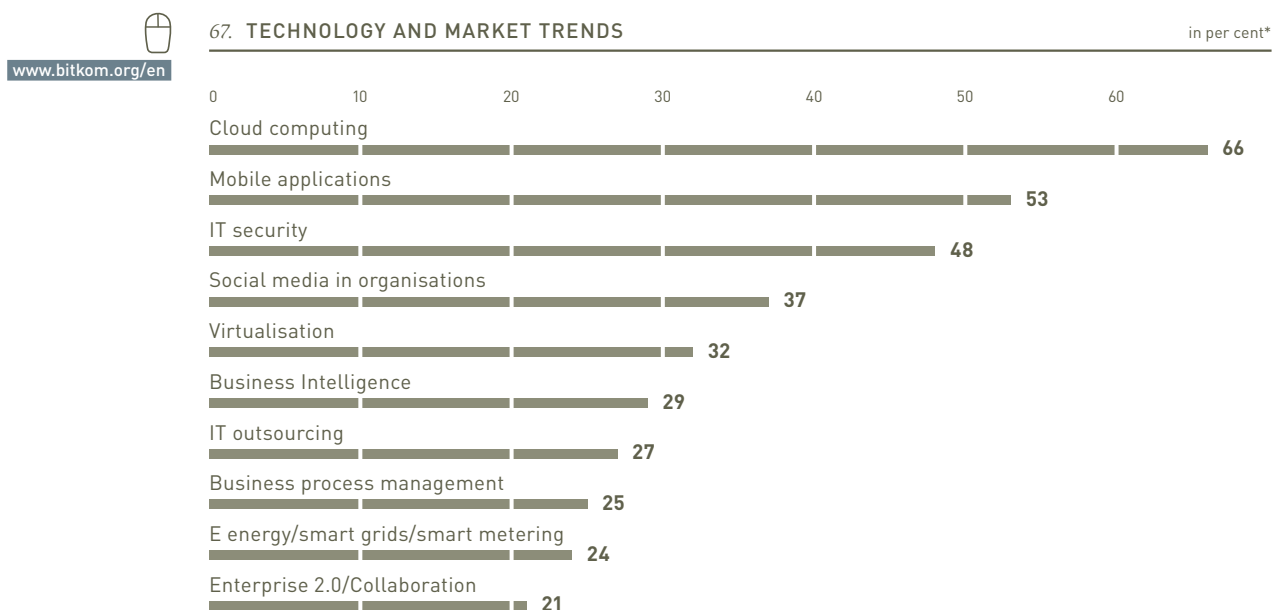
To take technological trends in the field of IT into account, and to meet growing customer requirements, BECHTLE is busy developing and establishing a high-quality product and service portfolio. In this context, the expansion of the range of special IT solutions plays a key role in the IT system house & managed services segment. In view of budgetary constraints and the intensive focus on cost-saving potential in IT, new service and consulting concepts and individual project solutions are to contribute to more efficient business processes at customers and allow us to develop fast-growing business fields. Concepts such as software as a service (SaaS), platform as a service (PaaS) and infrastructure as a service (IaaS) as elements of cloud computing, whose purpose is to make IT costs more scalable and flexible, will greatly accelerate this development especially in the next two years. In the coming years, BECHTLE will consistently further



See
Service Spectrum,
and Processes
page 45 f

develop the business of the system houses by effectively concentrating its services and sales activities on the hot subjects of client management, server & storage, networking solutions, virtualisation, IT security and software.

Key ITC trends in 2012:



*Includes multiple answers

Source: BITKOM industry survey

Furthermore, the product and service offering and the market presence are to be expanded in future through selective acquisitions. To a certain extent, the high rate of innovation in the IT industry, which is driven by the technological progress, is unlikely to slacken off, regardless of the macroeconomic situation. BECHTLE is therefore continuously intensifying its close collaboration with external partners, such as suppliers and manufacturers, in the field of procurement and logistics. The interlinking with manufacturers and distributors throughout Europe is to continue to be improved especially through our partner programme "SPARC": The goal is to develop collaboration synergies by means of uniform international purchasing conditions, product specifications and marketing measures. Multinational enterprises thus benefit from the advantages of central logistics, and BECHTLE is able to guarantee the supply of identical products at fixed conditions across national borders. Especially the close contacts with manufacturers enable BECHTLE to offer customers state-of-the-art solutions and products at all times.

The BECHTLE Group aims to expand its market position in the IT e-commerce segment by establishing additional subsidiaries in Europe. We plan to launch our business activities in Hungary in April 2012. Thus, BECHTLE direct will be represented with its own subsidiaries in three Eastern European countries and a total of 14 European countries. The market research institute EITO estimates the Hungarian IT market for 2012 to be worth about 1.6 billion euros, 0.3 billion or about one fifth of which comprises hardware invest-

ments. Moreover, BECHTLE direct is considering a potential market entry in Turkey. Plans for further expansion measures in Europe are currently also under way in the field of the trading brands COMSOFT DIRECT and ARP. COMSOFT is currently evaluating the framework conditions for the establishment of a subsidiary in the United Kingdom. ARP might enter the Belgian market in 2013. In the medium run, a follower strategy in the IT e-commerce segment and efficient knowledge transfer between the individual trading companies are to enable the ARP and COMSOFT brands to enter the countries in which BECHTLE direct is already successfully rooted.

Key Performance Indicators

Revenue. BECHTLE AG has reached its ambitious growth target of approximately 2.0 billion euros for 2011. With a revenue growth of about 16 per cent, the group has clearly outperformed the IT market average. We expect that BECHTLE will again outperform the overall IT market, which is relevant to us, in the next two years. In view of the widespread price decline in the industry, this will require an above-average increase in product sales and, in particular, better customer and market penetration. In the IT e-commerce segment, the streamlined profile of the ARP, BECHTLE DIRECT and COMSOFT DIRECT brands, progressive expansion in Europe and focused sales activities are to contribute to this growth. This goal is also supported by means of a wider and, most importantly, a high-quality portfolio, continuous expansion of the activities in the software and applications solutions division as well as in the public sector division and concentration on fast-growing business fields in the system house segment. In its "Vision 2020", BECHTLE targets revenues of 5 billion euros, which means an average annual growth of about 10 to 15 per cent.

Due to the advancing internationalisation of the business and the increasing number of IT e-commerce companies, the regional distribution of revenues in the following years will generally shift towards foreign countries within the scope of the planned development. Among the foreign subsidiaries, Switzerland will continue to account for an above-average share of the group revenue.

Both the IT system house & managed services segment and IT e-commerce will contribute to the growth of the BECHTLE Group. However, in the years to come, IT e-commerce will most likely be more dynamic than the IT system house & managed services segment. In the long run, this is associated with the expectation that both segments will contribute about the same amount to the group's total revenue. Structural shifts between the segments will also play a role in future revenue performance. Thus, the group's objective is to increasingly relocate standardised hardware procurement processes from the IT system house & managed services segment to the IT e-commerce segment, where the associated processes can be implemented more cost-efficiently.

Costs. For BECHTLE AG as a trading service provider, personnel expenses are of central importance with respect to the business management. Personnel expenses constitute the largest expense block, accounting for approximately 70 per cent in the sales and administrative functions. Due to BECHTLE's consulting-intensive business model, flexible adjustment of the personnel expenses, e.g. during temporary economic downturns, is only possible to a limited extent. In the field of sales, the expenses are also highly correlated



"We want to grow faster than the IT market."

*Sabrina Rückert,
Bechtle direct sales Germany*

with the revenue performance. For this year and next, the management expects a further increase in the absolute expenditure for the sales and administration areas to a level of about 7 and 6 per cent of the revenue, respectively.

Earnings. Though record earnings were generated in the fiscal year ended, the Executive Board expects a further improvement of the earnings situation of BECHTLE AG in the next two years. BECHTLE endeavours to continually optimise its service efficiency, and thereby enhance its earning power. Overall, the Executive Board is confident that in future, BECHTLE AG will be able to further expand its EBT margin, which is already above the industry average. The targeted EBT margin is 5 per cent for the group.



For the development of key performance indicators, see multi-year overview, page 222 ff

BECHTLE AG plans to continue to share its entrepreneurial success with its shareholders in the form of an attractive dividend. In recent years, about 30 per cent of the consolidated earnings after taxes were distributed. The current dividend proposal, including the special distribution for the fiscal year 2011 of 1.00 euro per share, represents a ratio of more than 33 per cent. This underscores the reliability of the shareholder-oriented distribution policy of BECHTLE AG and reflects the company's excellent assets position, liquidity and profitability. There are no plans for fundamental changes to the company's dividend policy.

Assets and Financial Position

Liquidity. BECHTLE AG has a solid balance sheet structure and comfortable liquidity. This financial strength is an important precondition that enables BECHTLE to continuously grow under its own steam and respond flexibly to market requirements. Above all, the high liquidity provides a competitive advantage, and also in growth phases. The financial position and thus the stability of the IT partner is another increasingly important key decision-making criterion from the customer perspective, especially in connection with the award of long-term projects. Therefore, BECHTLE will continue to attach special importance to the cash management. The positive development of the key performance indicators is proof of the company's successful liquidity management and is to be kept up in future. In addition to the liquidity of more than 140 million euros, BECHTLE AG has a substantial borrowing potential. Combined with the continued positive development of the operating cash flow, BECHTLE thus has adequate resources for attaining its goals and financing future growth without any difficulties.

Financing. The financial earnings, i.e. the balance of the interest income and interest expenses, depend on the development of the interest rate levels on the financial markets, despite the positive development of the cash and cash equivalents. Currently, the company does not expect 2012 to bring any noticeable change in the conditions for deposits. Therefore, financial earnings should remain more or less on par with prior-year levels. As in the past, smaller acquisitions can be financed from the current cash flow and available liquidity resources. Also, it is possible to raise debt capital as in the reporting period. The takeover of larger companies could result in a more drastic cash outflow, though in such a case, financing with debt capital would be more likely. This, in turn, could affect the current financing structure of BECHTLE AG, resulting in an increased negative financial balance. Moreover, BECHTLE could resort to the equity financing

options according to the adopted Annual General Meeting resolutions. Until June 2014, the Executive Board is authorised to increase the issued capital by issuing up to 10.6 million shares against cash or contributions in kind.

Provided that no major takeovers take place in the next two years, the balance sheet structure will not undergo any significant changes compared to the reporting date 31 December 2011.

Investments. The business of BECHTLE AG, which comprises IT product trading and IT services, does not require high investments. In recent years, BECHTLE'S investment ratio largely remained constant at about 30 per cent. The acquisition of the land and existing buildings as well as the extension buildings at the headquarters in Neckarsulm, Germany, represented an exception during the reporting period, due to which the investment ratio surged to about 82 per cent. As the building activities for the new administration building in Neckarsulm are still under way, and are not expected to be completed before the end of the year or early 2013, an increased investment ratio is also anticipated at least in the current fiscal year (without taking any potential acquisitions into consideration), though it should be considerably lower than in 2011. The new office building will measure 6,500 square metres, offering space for an additional 300 to 400 employees. From today's perspective, the investment required for reaching the growth targets will return to a more normal ratio of about 30.0 per cent from 2013 on.

Furthermore, normal replacement investments are planned for this year. At about 13 million euros, these should be in the same range as the depreciation. Additionally, unscheduled investments may be necessary due to acquisitions.

For many years, BECHTLE AG has been encouraging the responsible use of resources. To underscore this commitment and, most importantly, to integrate it more firmly in the company, BECHTLE AG introduced an environmental management system according to ISO 14001 in the reporting period. In the coming years, this system is to be expanded to further group companies at the headquarters in Neckarsulm, Germany. In this way, it will be possible to assess environmental influences more systematically and to continuously improve the environmental situation.



Environment
management system in
accordance with
ISO 14001 introduced

OVERALL ASSESSMENT

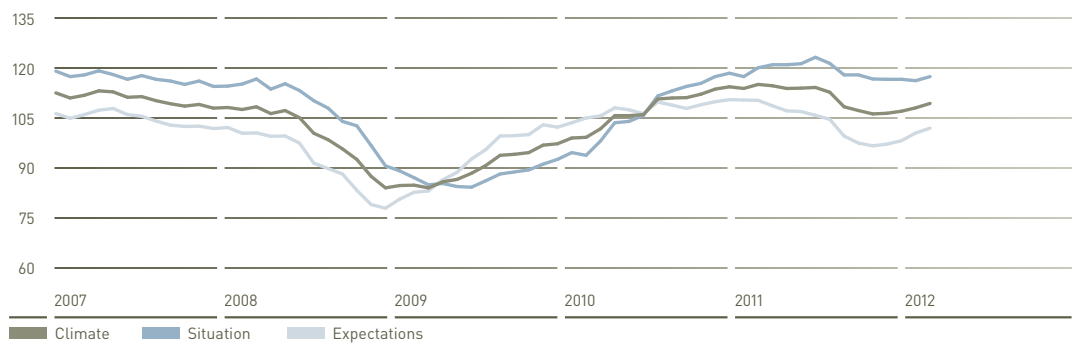
At the beginning of 2012, the macroeconomic situation was still under the impression of the euro crisis, though slight recovery trends were already noticeable. After declining twice, the ifo indicator of the economic climate in the euro area increased slightly in the first quarter of 2012, but is still way below its long-term average. The evaluation of the current situation has further deteriorated. Only the expectations for the next six months are a little bit brighter compared to the fourth quarter of 2011. In Germany, the ifo business climate index went up in January and February, thereby sustaining the upward trend from the two last



www.ifo.de

months of 2011. Especially the business expectations for the next six months have improved, allowing the German economy to enter the new year with positive impulses.

68. IFO BUSINESS CLIMATE INDEX FOR GERMAN INDUSTRY AND TRADE



At the beginning of 2012, the mood in the IT industry was mixed as well. In January, the ifo index for IT service providers fell slightly from 34 to 33, especially due to the deteriorated evaluation of the current situation. In contrast, the value for the outlook for the next six months increased considerably at the beginning of the year, climbing from 19 in December to 25 in January.

In view of the stable economic situation, the slightly improved mood indicators and the strength of the group, the Executive Board expects the business performance of BECHTLE AG over the next two years to be positive and above the industry average. With the various strategic measures taken in recent years, the management has established an effective basis for long-term continuation of BECHTLE'S profitable growth. BECHTLE is thus able to act from a strong position.



"Bechtle believes in successful growth: organically and by means of acquisitions."

*Caterina Morgante,
head of European translation
team*

Acquisitions will remain an integral part of the growth strategy in all business fields. In IT e-commerce, however, the Executive Board mainly targets organic growth and plans to enter Hungary and other national markets in the next two years. In the IT system house & managed services segment, though, selective acquisitions will supplement the regional positioning and competence profile of BECHTLE AG in a meaningful way.

Certification and training measures in the group will continue to play an important role. By means of an expanded qualification offer, and the new training programme that started in the fiscal year 2012 in the system house & managed services segment, BECHTLE intends to continue to invest intensively in junior staff development. Provided that BECHTLE AG continues to perform well in the next two years, the group will increase its headcount and put even more emphasis on the training of young people. In this connection, to safeguard the future, BECHTLE AG intends to expand its training ratio in Germany from the current value of about 8 per cent to approximately 12 per cent in 2012.

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FURTHER INFORMATION



Balance sheet progress.

The first pages have already given you an impression of how good 2011 was for Bechtle.

Pages 140 and 141 show what the balance sheet looks like in detail.

Subsidiaries.

The more details you want to know, the longer you will examine the notes. For example to find all 124 subsidiaries.

List of charts and tables.

If you appreciate clear tables and informative charts beside explicit texts, this annual report has exactly what you are looking for: The directory from page 230 onwards lists 79 charts and tables.



Cross reference within the Annual Report



Cross reference to other printed works and other literature



Cross reference to information on the Internet



Reference to non-financial performance indicators

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CONSOLIDATED INCOME STATEMENT

from 1 January to 31 December 2011 (2010)

69. INCOME STATEMENT

in th. euros

	Notes	2011	2010
Revenue	1	1,994,881	1,722,919
Cost of sales	2	1,695,402	1,486,440
Gross profit		299,479	236,479
Distribution costs	2	123,105	99,015
Administrative expenses	2	104,037	86,001
Other operating income	3	14,066	9,265
Operating earnings		86,403	60,728
Financial income	4	1,776	1,727
Financial expenses	4	1,890	671
Earnings before taxes		86,289	61,784
Income taxes	5	23,566	15,362
Earnings after taxes (attributable to shareholders of Bechtle AG)		62,723	46,422
Net earnings per share (basic and diluted) in euros	6	2.99	2.21
Weighted average shares outstanding (basic and diluted) in thousand		21,000	21,000



See

further comments
in the Notes,
in particular III.,
page 162 ff

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

from 1 January to 31 December 2011 (2010)

70. STATEMENT OF COMPREHENSIVE INCOME

in th. euros

	Notes	2011	2010
Earnings after taxes		62,723	46,422
Other comprehensive income			
Actuarial gains and losses on pension provisions		-317	-4,908
Income tax effects		42	613
Unrealised gains and losses on securities		266	-62
Income tax effects		-19	25
Unrealised gains and losses on financial derivatives		-133	150
Income tax effects		40	-45
Currency translation differences of net investments in foreign operations		-72	-5
Income tax effects		14	0
Hedging of net investments in foreign operations		-1,076	-7,520
Income tax effects		314	2,189
Currency translation difference		1,529	12,263
Total other comprehensive income	16	588	2,700
of which income tax effects		391	2,782
Total comprehensive income (attributable to shareholders of Bechtle AG)		63,311	49,122



See further comments in the Notes, in particular III., page 162 ff

CONSOLIDATED BALANCE SHEET

as of 31 December 2011 (31 December 2010)

71. BALANCE SHEET – ASSETS

in th. euros

	Notes	31.12.2011	31.12.2010
Non-current assets			
Goodwill	7	135,648	115,835
Other intangible assets	8	22,348	17,698
Property, plant and equipment	9	79,645	29,162
Trade receivables	12	975	231
Income tax receivables		133	156
Deferred taxes	10	9,833	10,652
Other assets	14	2,356	1,870
Time deposits and securities	13	30,700	30,654
Total non-current assets		281,638	206,258
Current assets			
Inventories	11	91,190	75,056
Trade receivables	12	286,773	249,046
Income tax receivables		1,072	2,380
Other assets	14	31,955	21,880
Time deposits and securities	13	16,219	13,619
Cash and cash equivalents	15	94,569	85,477
Total current assets		521,778	447,458
Total assets		803,416	653,716



See
further comments
in the Notes,
in particular IV.,
page 165 ff

EQUITY AND LIABILITIES

in th. euros

	Notes	31.12.2011	31.12.2010
Equity			
Issued capital		21,000	21,000
Capital reserves		145,228	145,228
Retained earnings		252,816	205,255
Total equity	16	419,044	371,483
Non-current liabilities			
Pension provisions	17	14,786	13,227
Other provisions	18	1,182	810
Financial liabilities	19	57,280	12,266
Deferred taxes	10	15,847	13,209
Other liabilities	21	1,216	650
Deferred income	22	8,359	6,565
Total non-current liabilities		98,670	46,727
Current liabilities			
Other provisions	18	5,643	5,338
Financial liabilities	19	9,002	4,812
Trade payables	20	148,799	129,060
Income tax payables		8,735	6,337
Other liabilities	21	72,237	64,624
Deferred income	22	41,286	25,335
Total current liabilities		285,702	235,506
Total equity and liabilities		803,416	653,716

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

from 1 January to 31 December 2011 (2010)

72. STATEMENT OF CHANGES IN EQUITY

in th. euros

	Issued capital	Capital reserves	Retained earnings			Total equity (attributable to shareholders of Bechtle AG)
			Accrued profits	Changes in Equity outside profit of loss	Total	
Equity as of 1 January 2010	21,000	145,228	173,335	-4,602	168,733	334,961
Distribution of profits for 2009			-12,600		-12,600	-12,600
Earnings after taxes			46,422		46,422	46,422
Other comprehensive income				2,700	2,700	2,700
Total comprehensive income	0	0	46,422	2,700	49,122	49,122
Equity as of 31 December 2010	21,000	145,228	207,157	-1,902	205,255	371,483
Equity as of 1 January 2011	21,000	145,228	207,157	-1,902	205,255	371,483
Distribution of profits for 2010			-15,750		-15,750	-15,750
Earnings after taxes			62,723		62,723	62,723
Other comprehensive income				588	588	588
Total comprehensive income	0	0	62,723	588	63,311	63,311
Equity as of 31 December 2011	21,000	145,228	254,130	-1,314	252,816	419,044



See further comments in the Notes, in particular IV. no. 16, page 172 ff

CONSOLIDATED CASH FLOW STATEMENT

from 1 January to 31 December 2011 (2010)

73. CASH FLOW STATEMENT

in th. euros

	Notes	2011	2010
Operating activities			
Earnings before taxes		86,289	61,784
Adjustment for non-cash expenses and income			
Financial earnings		114	-1,056
Depreciation and amortisation of intangible assets and property, plant and equipment		18,361	15,399
Gain/loss on disposal of intangible assets and property, plant and equipment		-39	-9
Other non-cash expenses and income		238	3,308
Changes in net assets			
Changes in inventories		-14,341	-14,215
Changes in trade receivables		-35,064	-53,302
Changes in trade payables		16,995	40,002
Changes in accruals and deferrals		4,384	451
Changes in other net assets		-3,200	19,520
Income taxes paid		-17,955	-12,768
Cash flow from operating activities	23	55,782	59,114
Investing activity			
Cash paid for acquisitions less cash acquired		-14,916	-5,898
Cash received from the sale of consolidated companies		0	520
Cash paid for investments in intangible assets and property, plant and equipment		-28,904	-12,223
Cash received from the sale of intangible assets and property, plant and equipment		197	238
Cash paid for the acquisition of time deposits and securities		-15,461	-31,000
Cash received from the sale of time deposits and securities, and from redemptions of non-current assets		12,784	6,777
Settlement of net investment hedges		-1,076	-7,520
Interest payments received		2,094	1,481
Cash flow from investing activities	24	-45,282	-47,625
Financing activities			
Cash paid for the payment of financial liabilities		-7,182	-6,006
Cash received from the acceptance of financial liabilities		22,551	12,046
Dividends paid		-15,750	-12,600
Interest paid		-1,865	-613
Cash flow from financing activities	25	-2,246	-7,173
Exchange-rate-related changes in cash and cash equivalents		838	4,694
Changes in cash and cash equivalents		9,092	9,010
Cash and cash equivalents at beginning of the period		85,477	76,467
Cash and cash equivalents at the end of the period		94,569	85,477



See further comments in the Notes, in particular V., page 185 f

NOTES

I. GENERAL DISCLOSURES

BECHTLE AG, Bechtle Platz 1, 74172 Neckarsulm, Germany, is a joint stock corporation under German law. With IT system house subsidiaries in Germany, Austria and Switzerland, as well as IT e-commerce companies in 14 European countries, BECHTLE AG offers end-to-end manufacturer-independent IT infrastructure services and one-stop shopping for its business customers.

BECHTLE has been quoted at the Frankfurt Stock Exchange (Prime Standard) since 2000 and listed in the TecDAX technology index since 2004. The company's shares are traded at all German stock exchanges.

The Consolidated Financial Statements of BECHTLE AG for the fiscal year 2011 were released for publication on 29 February 2012 by the Executive Board (IAS 10.17).



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

BECHTLE AG has issued a declaration of conformity with the German Corporate Governance Code in accordance with Section 161 of the German Stock Corporation Act (AktG). An up-to-date version of the declaration is published on the company's Web site.

II. SUMMARY OF KEY PRINCIPLES OF ACCOUNTING AND CONSOLIDATION

Basis of Preparation

The parent company BECHTLE AG is a listed company and as such required under Section 315a of the German Commercial Code (HGB) to prepare its Consolidated Financial Statements in accordance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and as endorsed by the EU. All International Financial Reporting Standards whose adoption is mandatory for the fiscal year 2011 have been adopted. The International Financial Reporting Standards adopted ahead of time are listed in the disclosures on the new accounting standards. Furthermore, the disclosures required pursuant to Section 315a (1) of the HGB are presented in the Notes.

The Consolidated Financial Statements have been prepared on a historical cost basis, except for securities and derivative financial instruments, which have been measured at fair value. The presentation in the balance sheet distinguishes between current and non-current assets and liabilities. Assets and liabilities with a maturity of up to one year are considered as current items. Deferred tax assets and liabilities and provisions for defined benefit plans are presented as non-current items. The income statement has been prepared according to the function of expense method. The Consolidated Financial Statements are presented in euros and rounded to the nearest thousand (thousand euros). Any deviations are explicitly indicated.

New Accounting Pronouncements

New/amended standards and interpretations adopted for the first time. In the reporting period, BECHTLE adopted the new and amended standards and interpretations of the following new accounting pronouncements, which had been published by the IASB/IFRIC and endorsed by the EU, for the first time. The effective dates specified for the mandatory adoption also originate from the respective EU directive:

Pronouncement	Publication by IASB/IFRIC	Endorsement (EU)	Effective date (EU) ¹
Pronouncements to be adopted for the first time in the current fiscal year			
Amendments to IFRS: Improvements to International Financial Reporting Standards (IASB 2010)	6 May 2010	18 February 2011	1 July 2010– 1 January 2011
Voluntary adoption of pronouncements ahead of time			
Amendments to IFRS 7 Financial Instruments: Disclosures	7 October 2010	22 November 2011	1 July 2011

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

Amendments to IFRS: Improvements to International Financial Reporting Standards (IASB 2010).

For BECHTLE, these amendments to the IFRS, which took place within the scope of the annual update procedure in the form of the third published omnibus standard, did not result in any significant consequences or changes to the assets, financial and earnings position and their presentation in this annual report.

Amendments to IFRS 7 Financial Instruments: Disclosures. The amendments implement extensive new qualitative and quantitative disclosures on transferred financial assets that are not derecognised and on the continuing involvement in transferred financial assets as of the balance sheet date. For example, a transfer of financial assets is on hand when selling trade receivables (factoring) or when executing transactions with asset-backed securities (ABS). Additional disclosures are required in order to describe the relationship between transferred financial assets not or not fully derecognised and the associated liabilities and to show the type and risk of the continuing involvement in transferred and derecognised financial assets. As BECHTLE does not have any financial assets of this type, the adoption of these amendments has not had any consequences.

BECHTLE had already adopted the other new and amended standards and interpretations whose adoption is mandatory for the fiscal year 2011 ahead of time for the consolidated financial statements for the fiscal year 2010.

New/amended standards and interpretations not yet adopted. IASB and IFRIC have released further standards and interpretations whose adoption is not yet mandatory (“effective date”) or that have not yet been endorsed by the EU. Where the endorsement has yet to take place, the date for the mandatory adoption is derived from the respective pronouncements of IASB/IFRIC. If endorsed later on, the EU directive may specify a different date for the mandatory adoption:

Pronouncement	Publication by IASB/IFRIC	Endorsement	Effective date ¹
Published pronouncements not yet adopted			
Amendments to IAS 1 Presentation of Financial Statements	16 June 2011	open	1 July 2012
Amendments to IAS 12 Income Taxes	20 December 2010	open	1 January 2012
Amendments to IAS 19 Employee Benefits	16 June 2011	open	1 January 2013
Amendments to IAS 32 Financial Instruments: Presentation	16 December 2011	open	1 January 2014
Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards	20 December 2010	open	1 July 2011
Amendments to IFRS 7 Financial Instruments: Disclosures	16 December 2011	open	1 January 2013
IFRS 9 Financial Instruments and consequential amendments to IFRS 7 Financial Instruments: Disclosures	12 November 2009 28 October 2010 16 December 2011	open	1 January 2015
IFRS 10 Consolidated Financial Statements and consequential amendments to IAS 27 Separate Financial Statements	12 May 2011	open	1 January 2013 ²
IFRS 11 Joint Arrangements and consequential amendments to IAS 28 Investments in Associates and Joint Ventures	12 May 2011	open	1 January 2013 ²
IFRS 12 Disclosure of Interests in Other Entities	12 May 2011	open	1 January 2013 ²
IFRS 13 Fair Value Measurements	12 May 2011	open	1 January 2013
IFRIC 20: Stripping Costs in the Production Phase of a Surface Mine	19 October 2011	open	1 January 2013

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

² Early adoption only permitted jointly.

Amendments to IAS 1 Presentation of Financial Statements. The amendments to IAS 1 pertain to the other earnings that are recognised directly in equity. Henceforth, these gains and losses that are recognised outside profit and loss must be grouped into items that will be reclassified to profit or loss in subsequent periods (recycling) and items that will not affect the income statement. Upon adoption of this amended standard, the structure of BECHTLE’S statement of comprehensive income will change as requested, and the other earnings will be split accordingly. However, this amendment does not have any impact on the assets, financial and earnings position.

Amendments to IAS 12 Income Taxes. These amendments contain a partial clarification of the treatment of temporary tax differences in connection with the use of the fair value model of IAS 40. For the often difficult assessment as to whether existing differences in property held as financial investment will be reversed through use or through sale, the amendments now determine that as a matter of principle, sale is to be presumed. BECHTLE does not hold any property as financial investment and does not intend to do so in the foreseeable future. Therefore, BECHTLE does not expect any effects from the adoption of these amendments.

Amendments to IAS 19 Employee Benefits. Due to the amendments to IAS 19, any actuarial gains and losses from defined benefit plans must immediately be recognised in equity. Thus, the alternative corridor approach to recognise actuarial gains and losses no longer applies. Furthermore, a uniform interest rate must be used to discount the defined benefit obligation and to calculate the expected return from the plan assets. As was previously the case with the discount rate, this interest rate is to be based on the yield of high-quality corporate bonds. As BECHTLE has already been recognising all actuarial gains and losses in equity in the respective period (IAS 19.93A) for many years and has never used the corridor approach, no changes are necessary in this area. However, to determine the expected return on the plan assets, BECHTLE uses a higher interest rate (2011: 3.25 per cent) than for the calculation of the present value of the defined benefit obligation (2011: 2.5 per cent). Due to the lower interest rate to be used in the future for the calculation of the expected return on plan assets, the adoption of these amendments to IAS 19 will have an income-reducing effect.



See
Accounting Policies,
Pension Provisions,
page 156

Amendments to IAS 32 Financial Instruments: Presentation. The amendments to IAS 32 concern the conditions for offsetting financial assets and financial liabilities. The existing provisions have been supplemented with additional application guidelines, but have been principally retained. It is confirmed that an unconditional and legally enforceable right of set-off must be on hand even in the event of insolvency of the counterparty and regardless of future events. BECHTLE does not expect any effects from the adoption of these amendments.

Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards. The amendments replace the previous references to fixed adoption dates with references to the date of transition to IFRS. Furthermore, guidance is provided on how the presentation of financial statements in accordance with IFRS is to be resumed after a period during which the IFRS could not be complied with due to a functional currency subject to severe hyperinflation. BECHTLE is already an IFRS adopter, and activities in high-inflation countries are neither under way nor planned for the foreseeable future. Accordingly, the adoption of the amendments will not affect BECHTLE.

Amendments to IFRS 7 Financial Instruments: Disclosures. The amendments add disclosure obligations in connection with netting arrangements for financial assets and financial liabilities (IAS 32) to IFRS 7. The disclosures are mandatory regardless of whether the assets and liabilities are netted or presented separately. The additional disclosure requirements enable the user of the financial statements to determine the positive effect or, in the case of items not netted, the potential effect of the netting arrangement through reconciliation. The disclosures in BECHTLE'S Notes will be supplemented accordingly in the course of the initial adoption; however, this does not have any impact on the assets, financial and earnings position.

IFRS 9 Financial Instruments and consequential amendments to IFRS 7 Financial Instruments: Disclosures. IFRS 9 contains a new method for the classification, measurement and derecognition of financial assets and liabilities. This is part of the IASB project to replace IAS 39. In December 2011, the IASB postponed the effective date to 1 January 2015 (previously 1 January 2013). It will only be possible to examine and quantify the potential effects on the BECHTLE Group in a meaningful way after further project results are announced. The disclosures mandatory for the initial adoption of IFRS 9 have been added as amendments to IFRS 7.

IFRS 10 Consolidated Financial Statements and consequential amendments to IAS 27 Separate Financial Statements. IFRS 10 creates a uniform definition of the control of a company, thereby providing a uniform understanding of a parent/subsidiary relationship. Control is on hand if an entity has the power to decide about the investment and a right to variable distributions, whose amount can be influenced by the investor. The control may be based on corporate law, agreement or economic aspects. Furthermore, the amendments address basic consolidation issues, such as the use of uniform accounting methods, the treatment of interests of non-controlling shareholders or the initial consolidation. In this context, the previous provisions in IAS 27 (2008) have not undergone any major changes. IFRS 10 replaces parts of IAS 27 (2008) and SIC-12. In the course of the introduction of IFRS 10, IAS 27 will be amended in that all regulations concerning the consolidation scope and consolidated financial statements will be deleted. IAS 27 contains the unchanged regulations for the individual financial statements and has thus been renamed IAS 27 Separate Financial Statements. As BECHTLE holds 100 per cent of the interests in all noteworthy investments and is thus already in control, the adoption of these amendments will not affect BECHTLE.

IFRS 11 Joint Arrangements and consequential amendments to IAS 28 Investments in Associates and Joint Ventures. This standard replaces IAS 31 Interests in Joint Ventures and SIC-13. In future, joint ventures shall always be accounted for according to the equity method. For joint activities that are not performed under a separate company, the assets, liabilities, income and expenses that are attributed to the company involved shall be recognised directly in the consolidated financial statements of the respective company.

The amendments to IAS 28 were adopted in the course of the introduction of IFRS 11. As the equity method will henceforth be expressly applicable both to associates and to joint ventures, IAS 28 has been renamed Investments in Associates and Joint Ventures. The methods for the accounting of investments with the help of the equity method have not undergone any significant changes. Due to the full consolidation of all subsidiaries, BECHTLE does not expect any effects from the initial adoption of these amendments.

IFRS 12 Disclosure of Interests in Other Entities. IFRS 12 combines the required disclosures of the companies, joint ventures and associates included in the consolidated financial statements and supplements these especially with respect to investments in which less than 100 per cent of the interests are held. Early provision of the disclosures required in IFRS 12 is permitted irrespective of the adoption of the new IFRS 10 and 11 and of the amended IAS 27 and 28. As BECHTLE holds 100 per cent of the interests in all noteworthy investments, the initial adoption of IFRS 12 will not have any major impact on the scope of the disclosures.

IFRS 13 Fair Value Measurements. IFRS 13 defines how the fair value is to be determined if required as a measurement method in another standard. IFRS 13 creates a uniform framework concept for the determination of the fair value and standardises the required disclosures. However, this new standard does not expand the fair value measurement. As the current determination of the assets and liabilities measured at fair value in the financial statements of BECHTLE is based on public market quotations or input data derived therefrom, no significant effects are expected from the adoption of this new standard in view of the measurement methods currently used.

IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine. IFRIC 20 deals exclusively with the stripping costs incurred during the development of a surface mine. The interpretation defines when assets are to be recognised for such development costs and when they must be directly recognised as expenses. Moreover, IFRIC 20 determines the subsequent valuation of these assets. As the business model of BECHTLE does not involve any surface mines, the adoption of this new interpretation will not affect BECHTLE'S assets, financial and earnings position.

Consolidation Principles

The Consolidated Financial Statements are based on the financial statements of BECHTLE AG and its subsidiaries prepared using uniform group accounting policies. The financial statements of BECHTLE AG and its subsidiaries have been prepared as at the same balance sheet date throughout the group. Capital consolidation has been effected by offsetting the carrying amount of the shareholding against the pro rata remeasured equity of the subsidiaries at the time of acquisition. Any positive differences are recognised as goodwill pursuant to IFRS 3.32. Any negative differences are recognised in the income statement through profit or loss pursuant to IFRS 3.34 ff. The consolidated income statement takes into account the earnings of the acquired companies from the acquisition date, i.e. from the date the group attains control. Inclusion in the Consolidated Financial Statements ends as soon as the parent company relinquishes control.

All intra-group gains and losses, revenues, expenses, income, receivables and liabilities are eliminated. The required tax deferrals are applied to the consolidation processes.

Scope of Consolidation



See Appendix A,
Subsidiaries,
page 212 ff

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

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

Company	Headquarters	Date of initial consolidation	Acquisition/ foundation
Bechtle Grundstücksverwaltungsgesellschaft mbH	Neckarsulm, Germany	23.02.2011	Foundation
HCV Data Management GmbH	Walluf, Germany	17.05.2011	Acquisition
Solid Line Aktiengesellschaft	Walluf, Germany	17.05.2011	Acquisition
Solid Solutions AG	Zürich, Switzerland	17.05.2011	Acquisition
HanseVision GmbH	Hamburg, Germany	28.07.2011	Acquisition
Bechtle direct Kft.	Budapest, Hungary	23.11.2011	Foundation
Bechtle Brussels NV	Neerpelt, Belgium	16.12.2011	Foundation
Bechtle Data Management B.V.	Maastricht, Netherlands	29.12.2011	Foundation



See VIII. Acquisitions
and Purchase Price
Allocation, page 198 ff

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

The new companies established in fiscal year 2011 did not have any material impact on the group's assets, financial and earnings position.

Currency Translation

BECHTLE'S subsidiaries keep their accounts in their respective local currency, except for BECHTLE HOLDING SCHWEIZ AG, a non-operating, pure holding company with a substantial amount of cash in euros, which is using euro as functional currency. Transactions in foreign currencies are converted at the closing rate on the date of the transaction. On the closing date, monetary assets and liabilities are measured at the closing rate, while non-monetary balance sheet items are translated at the rate on the day of the transaction. Exchange gains and losses resulting from exchange rate fluctuations in foreign currency transactions are recognised through profit or loss. In contrast, currency translation differences based on net investments in a foreign business of a subsidiary are recognised under a separate item in the equity outside profit and loss.

Within the framework of the consolidation, assets and liabilities are translated into the functional currency euro at the closing rate in accordance with IAS 21. The revenue and expense accounts are translated at the average rate during the reporting period. Equity is determined on the basis of historical rates. Any resulting translation differences are recognised in a separate item under equity.

Changes in exchange rates of important currencies in relation to the euro:

	Currency	Closing rate		Average rate	
		2011	2010	2011	2010
Switzerland	CHF	1.22	1.25	1.23	1.38
United Kingdom	GBP	0.84	0.86	0.87	0.86
USA	USD	1.29	1.34	1.39	1.33

Accounting Policies

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

Revenues from the sale of IT products are recognised when the significant risks and rewards of ownership of the goods sold are transferred to the buyer, the amount of revenue can be measured reliably, and it is sufficiently probable that the economic benefits will flow to the group.

Revenues from services are recognised after the provision of the service or after the acceptance by the customer. Revenues from work in progress are recognised according to the stage of completion on the balance sheet date, provided that the result can be reliably estimated (IAS 11). Depending on the underlying agreement, the stage of completion is determined on the basis of the work done or the ratio of the cost incurred by the balance sheet date to the estimated total cost. If the result of the work in progress cannot be measured reliably, they are only recognised in the amount of the incurred expenses that are probably recoverable.

Maintenance agreements and other services billed in advance are recognised over the term under consideration of the services already provided.



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

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

Ownership of finance leases is ascribed to the lessee in such cases where the latter essentially bears all the risks and rewards incidental to ownership (IAS 17). In cases in which the BECHTLE Group is the lessee, the leased assets are capitalised at the lower of the acquisition costs or the present value of the minimum lease payments and at the same time recognised as liabilities. The leased asset is depreciated on a straight-line basis over the shorter of the useful life or the term of the lease. In cases in which BECHTLE is the lessor, a lease receivable is recognised in the amount of the net investment value.

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

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

Goodwill and other intangible assets. For the initial recognition, **goodwill** from a business combination is measured at cost in the form of the surplus of the acquisition costs of the business combination over the share of net fair value of the identifiable assets, liabilities and contingent liabilities recognised by the buyer pursuant to IFRS 3. The goodwill identified in the context of a business combination is a payment that has been made in expectation of future economic benefit from assets that cannot be individually identified or presented separately.

According to IFRS 3, goodwill is not amortised. Instead, it is tested for impairment at least once a year according to IAS 36.

Other intangible assets in the BECHTLE Group include brands, customer bases, acquired software, internally developed software, customer service agreements and non-complete agreements.

Brands acquired in the context of company acquisitions are measured in accordance with the economic benefit resulting from the brand name rights. The useful life is assumed to be unlimited, as an analysis of all relevant factors does not reveal any foreseeable limitation of the period in which these brand rights can prospectively generate net cash flows for the BECHTLE Group. Consequently, in accordance with IAS 38, brand rights may not be amortised, but shall be tested for impairment at least once a year according to IAS 36.

Customer bases are measured at cost. Customer bases acquired in the context of company acquisitions are measured in accordance with the economic benefit resulting from the customer bases. Customer bases are amortised on a straight-line basis over a period that depends on the expected benefit for the company. As a matter of principle, it is assumed that customer relationships are of a long-term nature. The expected useful life is five to ten years.

Acquired software is measured at cost and amortised on a straight-line basis over a useful life of three to eight years.

Internally developed software is capitalised under the conditions of IAS 38 provided that both the technical feasibility and the marketability of the newly developed products are ensured, the group derives an economic benefit and internal use or sale is planned. Capitalisation takes place at cost, including all attributable direct costs and reasonable mark-ups for overheads and depreciation and amortisation. Costs incurred in the period prior to the technical feasibility are immediately recognised as research costs. Straight-line amortisation of the capitalised costs takes place from the date of commercial use of the asset over a useful life of three to five years. The amortisation is presented under cost of revenue, distribution costs and administrative expenses, depending on the origin.

Customer service agreements are measured at cost. Customer service agreements acquired within the scope of company acquisitions are measured at the amount corresponding to the benefit resulting from the customer service agreements. Customer service agreements are amortised over their residual terms according to the benefit resulting from them.

Non-compete agreements are measured at cost. Non-compete agreements acquired in the context of company acquisitions are measured in accordance with the economic benefit resulting from the non-compete agreements. Non-compete agreements are amortised on a straight-line basis over a period that depends on the expected benefit for the company. As a matter of principle, it is assumed that non-compete agreements are of a long-term nature. The expected useful life is one to two years.

For goodwill and other intangible assets with an unlimited useful life, an impairment test is performed at least once a year. In the case of intangible assets with limited useful lives and property, plant and equipment, an impairment test is performed if events or changes occur that suggest an impairment. In the BECHTLE Group, impairment tests are always conducted on the basis of the value in use determined by means of the discounted cash flow method. The basis for this is the current plan drawn up by the management for the next three fiscal years. The planning assumptions are duly adjusted to the current state of knowledge based on internal and external information available. In the process, appropriate assumptions on macroeconomic trends and historical developments are taken into account. As a matter of principle, the expected growth rates in the relevant markets are used as the basis for the calculation of cash flows.

The need for depreciation and amortisation corresponds to the amount by which the carrying amount of the assets exceeds the fair value. For the impairment tests for goodwill, these are allocated to their corresponding cash-generating units. In the BECHTLE Group, there are two cash-generating units that coincide with the two segments IT system house & managed services and IT e-commerce from segment reporting. Assets that are no longer intended for use in business operations are assessed at the lower of the carrying amount and the fair value less costs of disposal.

Property, Plant and Equipment

Property, plant and equipment are measured at cost less scheduled depreciation. Where necessary, unscheduled impairments are also performed. Scheduled depreciation takes place on a pro rata temporis basis and mainly on a straight-line basis according to the expected useful life. Scheduled depreciation is based on the following useful lives:

Office equipment	3 – 5 years
Furniture, fixtures and fittings	5 – 20 years
Vehicle fleet	3 – 6 years
Buildings	15 – 50 years

Low-value assets of property, plant and equipment are fully depreciated in the year of accrual and recognised as disposal. Maintenance costs are recognised through profit or loss when incurred.

If the building phase of an asset extends over a longer period, directly attributable borrowing costs are, as a matter of principle, capitalised in accordance with IAS 23. Due to the financial structure of the BECHTLE Group, no borrowing costs needed to be capitalised in the fiscal year under review.

Deferred Taxes

In accordance with IAS 12, deferred taxes are recognised for all temporary differences between the carrying amounts in the consolidated balance sheet and the tax base of assets and liabilities (liability method) as well as for unused tax losses.

Deferred tax assets for accounting differences and for unused tax losses are only recognised to the extent that it is probable that these difference will lead to taxable profit in future. As at the balance sheet date, the value of the deferred tax assets recognised in previous periods is reviewed as to whether it is still sufficiently probable that a future benefit can be realised. Deferred tax assets are offset against deferred tax liabilities provided that the tax creditor is identical in both cases. The assessment is based on the tax rates applicable in the year of reversal. Changes in tax rates are taken into consideration if these have been adopted.

Inventories

Merchandise is measured at average cost pursuant to IAS 2 (weighted average cost method). If necessary, the merchandise is written down to the net realisable value. Apart from the loss-free measurement, this write-down takes all other inventory risks into consideration. If the reasons that led to a write-down of inventories no longer exist, the impairment loss is reversed.

The work in progress presented under inventories is measured in the amount of incurred and probably recoverable expenses.

Treasury Shares

The total cost of treasury shares acquired is reported under a separate item as a reduction in equity. The number of company shares outstanding, i.e. in circulation, is reduced in accordance with the number of treasury shares. The number of floating, i.e. issued shares remains unchanged. In the event of the resale of treasury shares, resulting profits or losses are offset against the capital reserves outside profit or loss in compliance with IAS 32.33.

Pension Provisions

Pension liabilities are accounted for and measured according to IAS 19. In this context, distinction is made between defined contribution plans and defined benefit plans.

In the case of defined contribution plans, the employer has no obligations apart from the regular payment of defined contributions. No actuarial assumptions are therefore required to measure the liabilities or expenses, and no actuarial gains or losses can arise. BECHTLE does not have any significant amount of defined contribution plans.

In contrast, the obligations arising from defined benefit plans are to be measured on the basis of actuarial assumptions and calculations taking into account biometric assumptions. Here, actuarial gains or losses may arise.

BECHTLE does not recognise the actuarial gains and losses according to the so-called corridor method (IAS 19.92), but always in their full amount in the period in which they accrue, outside profit or loss after consideration of deferred taxes directly in equity (other earnings under retained earnings) according to IAS 19.93A. Thus, all actuarial gains and losses that accrued until the balance sheet date have been fully recorded and presented in equity. Had the corridor method been used, only a certain part of the actuarial gains and losses would have been recognised through profit or loss in the respective reporting period.

Other Provisions

Other provisions are formed where there is a current obligation to third parties arising from a past event. It must be possible to estimate the amount reliably, and it must be more likely than unlikely that an outflow of future resources will take place. Provisions are only formed for legal and substantive obligations to third parties. Provisions are measured at the amount that, on the balance sheet date, represents the best possible estimate of the expense amount that will probably be necessary to fulfil the current obligation.

Other provisions for warranties are formed for prospective claims on the basis of company-specific experience and the revenues.

Non-current provisions with a term of more than one year are discounted on the basis of the relevant interest rates on the balance sheet date, provided that the interest effect is material.

Deferral Items

At BECHTLE, accruals and deferrals include all revenue and income accruals and deferrals. In particular, these include prepayments and deferred income for maintenance agreements and warranty services. They are measured in accordance with the services still to be rendered.

Financial Instruments

Financial instruments are contracts that result simultaneously in a financial asset for one company and in a financial liability for another. This includes both primary financial instruments (e.g. trade receivables or payables) and derivative financial instruments (transactions to hedge risks of change in value).

IAS 39 distinguishes the following categories of financial instruments:

- Held-for-trading financial assets at fair value through profit or loss
- Held-to-maturity investments
- Loans and receivables
- Available-for-sale financial assets
- Financial liabilities at amortised cost
- Financial assets and liabilities at fair value through profit or loss

Unless otherwise specified, financial instruments are recognised at fair value. The fair value of a primary financial instrument is generally the price obtainable in the market, i.e. the price at which the financial instrument can be traded freely between independent parties within a transaction. As a matter of principle, the purchase and sale of financial assets is recognised as of the settlement date. Loans and receivables are recognised at amortised cost.

So far, BECHTLE has not exercised the option to designate financial assets or liabilities at their initial recognition as financial assets or liabilities to be measured at fair value through profit or loss.

Trade Receivables and Other Assets

Trade receivables and other assets are measured at amortised cost taking into consideration due write-down for all identifiable individual risks. Non-current receivables with a residual term of more than one year are discounted on the basis of the relevant interest rates on the balance sheet date. The general credit risk is, where documentable, also taken into consideration by means of appropriate impairments.

As a matter of principle, impairments of trade receivables are performed by means of allowance accounts. The decision as to whether a credit risk is to be taken into consideration through an allowance account or through a direct impairment of the receivable depends on the degree of reliability of the assessment of the risk situation as well as various country-specific framework conditions. The portfolio managers are responsible for this assessment.

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

Time Deposits and Securities

Investments, consisting of time deposits and similar deposits with banks and other financial service institutions with original maturities of more than three months from the acquisition date, are measured as financial assets at amortised cost.

As a matter of principle, securities are classified as available-for-sale financial assets and measured at fair value. They mainly comprise exchange traded corporate bonds. The initial measurement takes place on the settlement date. Changes in fair value are accrued in equity outside profit or loss and only recognised through profit or loss upon disposal and permanent or material impairment. For equity instruments, appreciation of impairments previously recognised through profit or loss are recognised in equity outside profit or loss until sold and thus realised through profit or loss. For debt instruments, however, any permanent, substantiated appreciation is recognised through profit or loss.

Cash and Cash Equivalents

Cash and cash equivalents are measured as financial assets at amortised cost. They include the current bank balances and cash on hand as well as short-term financial investments with initial maturities of less than three months from the acquisition date.

Financial Liabilities, Trade Payables and Other Liabilities

Except for liabilities from financial derivatives, liabilities are posted at amortised cost. Non-current liabilities with a term of more than one year are discounted on the basis of the relevant interest rates on the balance sheet date.

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

Derivative financial instruments are accounted for as assets or liabilities. All derivative financial instruments are recognised at fair value according to the accounting policy on the settlement date. Fair values are determined with the aid of standardised mathematical models (mark-to-market method) or market values.

The BECHTLE Group uses interest swaps in order to mitigate the interest rate risk for financial liabilities resulting from future fluctuations in interest rates. For interest swaps to be classified as effective cash flow hedges, the changes of the fair value are posted outside profit or loss taking into consideration the applicable deferred tax. The market value of interest swaps is determined by discounting the expected future cash flows over the residual term of the contract on the basis of current market interest rates and the yield curve. Changes of the fair value that are attributable to the ineffective hedge are recognised in the income statement through profit or loss.

Currency futures and currency swaps to hedge receivables or liabilities (= hedged items) in foreign currency are measured as fair value hedges. A fair value hedge hedges the fair value of accounted assets and liabilities. The change of the fair value of the currency future and the change of the market value of the hedged item that is based on the hedged risk are simultaneously recognised in the earnings.

Hedges of net investments in foreign group companies hedge the foreign currency risk from subsidiaries using functional currencies other than the group currency euro. Gains or losses from the hedging transaction that are attributable to the effective part of the hedging transactions are recognised under other earnings outside profit or loss. Gains or losses attributable to the ineffective part of the hedge are recognised in the income statement.

Gains and losses from the change of the fair value of derivative financial instruments that are not accounted for within the scope of the hedge accounting according to IAS 39 are immediately recognised at their market value in the income statement.

SUMMARY OF SELECTED MEASUREMENT METHODS

Position	Measurement methods
Assets	
Goodwill	Acquisition costs (subsequent measurement: impairment test)
Other intangible assets	
Customer bases	(Amortised) cost
Brands	Acquisition costs (subsequent measurement: impairment test)
Customer service agreements	(Amortised) cost
Acquired software	(Amortised) cost
Internally developed software	(Amortised) cost of development on the basis of directly attributable (direct and overhead) costs
Non-compete agreements	(Amortised) cost
Property, plant and equipment	(Amortised) cost
Trade receivables	(Amortised) cost
Other assets	(Amortised) cost Fair value (derivatives)
Inventories	Lower of cost and net realisable value
Time deposits and securities	
“Loans and receivables”	(Amortised) cost
“Held for sale”	Outside profit or loss at fair value
Cash and cash equivalents	(Amortised) cost
Equity and liabilities	
Pension provisions	Projected unit credit method (IAS 19.64 ff) via actuarial opinion
Other provisions	Settlement value (with highest probability of occurrence)
Financial liabilities	(Amortised) cost
Trade liabilities	(Amortised) cost
Other liabilities	(Amortised) cost or settlement value Fair value (derivatives)
Accruals and deferrals	Settlement value

Estimates, Judgements and Assumptions

The preparation of the Consolidated Financial Statements requires estimates and assumptions on the part of the Executive Board that affect the reported amount of assets, liabilities, income and expenses in the Consolidated Financial Statements as well as the disclosure of other financial liabilities and contingent liabilities. The uncertainty associated with these assumptions and estimates may yield results that necessitate substantial adjustments of the carrying amount of the affected assets and liabilities in future period. All estimates and assumptions are based on the current knowledge and are made in good faith in order to provide a true and fair picture of the group's earnings, assets and financial position. The most important issues that are affected are as follows:

The **impairment test for goodwill, other intangible assets and property, plant and equipment** requires estimates of future cash flows from assets or from the cash-generating unit to determine its value in use as well as the selection of an appropriate discount rate to determine the present value of these cash flows. For estimates of future cash flows, long-term revenue forecasts are to be made in the context of the economic setting and the development of the industry.

The measurement for the initial recognition of **customer bases, customer service agreements and non-competive agreements** acquired within the scope of acquisitions also involves estimates for the determination of the utilisation values.

The scheduled depreciation of **property, plant and equipment** requires estimates and assumptions when determining the standardised useful life of assets for the group as a whole.

Major assessments are required to measure the **deferred tax** assets and liabilities of the group. In particular, the deferred tax assets on unused tax losses require estimates of the amount and dates of future taxable income as well as the future tax planning strategies. Uncertainties continue to exist with respect to future changes in tax law. If there is doubt that it will be possible to realise the unused tax losses, these are not recognised or impaired.

The **inventories** contain impairments to the lower net realisable value. The amount of the impairments requires estimates and assumptions concerning the prospective realisable sales revenues.

Impairments are recognised for doubtful **debts** in order to account for expected losses resulting from customers' inability to pay. The structure of the maturity of the receivable balances, past experience in connection with the derecognition of debts, an estimate of the customer's creditworthiness and changes in payment performance form the basis for the assessment of the appropriateness of the impairments for bad debts.

The measurement of **pensions and similar personnel obligations** is based on assumptions about the future development of certain factors. These factors include, among others, actuarial assumptions such as the discount rate, expected increases in the value of plan assets, expected salary and pension increases, mortality rates and the earliest retirement age. Due to the long-term nature of such plans, such estimates are subject to considerable uncertainties.

The recognition and measurement of **provisions** rely heavily on estimates. The assessment of the quantification of the possible sum of payment obligations is based on the respective situation and circumstances. Provisions are created for obligations where there is a risk of losses, these losses are probable and their amount can be reliably estimated.

To determine whether an agreement constitutes a **lease**, it is necessary to assess whether the fulfilment of the contractual agreement depends on the use of a certain asset or certain assets and on whether the agreement grants the right to use the asset.

III. FURTHER EXPLANATORY NOTES ON THE INCOME STATEMENT

1 Revenue

The revenues of 1,994,881 thousand euros (prior year: 1,722,919 thousand euros) include the considerations charged to customers for goods and services less rebates and discounts.

As a matter of principle and irrespective of the industry, all customers are commercial end customers and public-sector clients.

In this context, the IT e-commerce segment exclusively generates IT trading revenues. The revenues in the IT system house & managed services segment consist primarily of IT trading revenues and of an IT service revenue share of about 20 to 25 per cent. Due to the sometimes extremely close interlinking of the sale of goods and services and the lack of clear distinction in the project business, it is not possible to divide the trading and service amounts more precisely. The proportion of services in the IT system house & managed services segment exhibited a slight upward trend compared to the prior year, which was caused by the acquisitions in the software and application solutions division.



See VII. Segment information, page 195 ff

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

2 Expense Structure

	in th. euros					
	Cost of sales		Distribution costs		Administrative expenses	
	2011	2010	2011	2010	2011	2010
Material costs	1,521,920	1,338,651	0	0	0	0
Personnel expenses	128,641	109,517	92,805	73,339	73,203	58,564
Amortisation/depreciation	8,796	6,717	4,593	4,143	4,972	4,539
Other operating expenses	36,045	31,555	25,707	21,533	25,862	22,898
Total costs	1,695,402	1,486,440	123,105	99,015	104,037	86,001

Other operating expenses primarily include vehicle costs amounting to 19,772 thousand euros (prior year: 16,250 thousand euros), expenses for office and building rent amounting to 19,158 thousand euros (prior year: 18,672 thousand euros), communication costs amounting to 5,561 thousand euros (prior year: 4,643 thousand euros), marketing costs amounting to 4,403 thousand euros (prior year: 3,791 thousand euros), legal and consulting costs amounting to 2,581 thousand euros (prior year: 3,110 thousand euros) and other costs incurred in the course of the normal business activity.

3 Other Operating Income

	in th. euros	
	2011	2010
Marketing allowances and other remuneration from suppliers	8,049	5,719
Income from exchange rate fluctuations	4,543	2,300
Income from operating a photovoltaic system	228	196
Rental income	146	121
Income from the disposal of property, plant and equipment assets and intangible assets	110	135
Others	990	794
Other operating income	14,066	9,265

Offsetting the exchange rate fluctuations recognised under cost of sales, distribution costs and administrative expenses, the net income in the reporting period totalled 1,513 thousand euros (prior year: 314 thousand euros).

The remaining other operating income primarily consists of compensation, insurance reimbursements, cost transfers, purchase price reductions and income from the correction of accounts.

4 Financial Income and Financial Expenses

The financial income amounting to 1,776 thousand euros (prior year: 1,727 thousand euros) consists entirely of interest income (prior year: 1,606 thousand euros). Capital gains from the sale of securities available for sale were included in the prior year in the amount of 121 thousand euros. The financial expenses amounting to 1,890 thousand euros (prior year: 671 thousand euros) include interest expenses amounting to 1,861 thousand euros (prior year: 594 thousand euros) as well as impairments amounting to 29 thousand euros (prior year: 72 thousand euros) and capital losses amounting to 0 thousand euros (prior year: 5 thousand euros) from securities available for sale.

5 Income Taxes

The taxes paid and due on earnings and income as well as the tax deferrals are presented as income taxes.

The tax expenses are composed as follows:

	in th. euros	
	2011	2010
Paid or due taxes		
Germany	15,962	11,242
Other countries	5,851	4,700
Deferred taxes		
from valuation differences in terms of time	146	-726
from unused losses	1,607	146
Income taxes	23,566	15,362

For the reporting period, the reconciliation between the actual tax expenses and the amount that arises under consideration of a weighted domestic and foreign tax rate of approximately 27 per cent (prior year: about 27 per cent) on the profit before income taxes was as follows:

	in th. euros	
	2011	2010
Earnings before taxes	86,289	61,784
Expected tax expense	22,625	16,391
Tax-free revenue	-6	-12
Tax rate change for deferred taxes	98	-173
Tax expense of earlier years	52	101
Tax income of earlier years	-180	-415
Non-deductible expenses	846	690
Use of previously unrecorded unused losses	-514	-2,625
Unrecognised deferred taxes on unused losses for the current year	632	597
Devaluation of previously recognised deferred taxes on unused losses	65	474
Others	-52	334
Actual tax expense	23,566	15,362

6 Earnings per Share

The table below shows the calculation of the EAT that are due to the shareholders of BECHTLE AG:

	2011	2010
Earnings after taxes (in th. euros)	62,723	46,422
Average number of outstanding shares (number)	21,000,000	21,000,000
Earnings per share (euros)	2.99	2.21

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

IV. FURTHER EXPLANATORY NOTES ON THE BALANCE SHEET

7 Goodwill

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

	in th. euros		
	IT system house & managed services	IT e-commerce	Group
Cash-Generating Unit			
As of 01.01.2011	85,620	30,215	115,835
Acquisitions in the reporting year	18,663	0	18,663
Solid Line AG including HCV Datamanagement GmbH, Walluf, Germany	6,966		6,966
Solid Solution AG, Zürich, Switzerland	5,786		5,786
HanseVision, Hamburg, Germany	5,911		5,911
Acquisitions in prior years: contingent, subsequent purchase price increase	300	0	300
Netzwerk Beratung Informationssysteme Duisburg GmbH, Duisburg	300		300
Currency translation differences	424	426	850
As of 31.12.2011	105,007	30,641	135,648



See VIII. Acquisitions and Purchase Price Allocation, page 198 ff. for information on newly accrued goodwill

Like the previous impairment tests, the annual impairment test of the goodwill as at 30 September 2011 in accordance with IAS 36 did not reveal any need for impairment, neither for the cash-generating unit IT system house & managed services nor for the cash-generating unit IT e-commerce.

In both cash-generating units, the values in use for the goodwill, which were determined in the context of the impairment tests, were based on discount rates (after taxes) of about 7.9 per cent (prior year: 8.5 per cent). This corresponds to the required return on capital and capital costs of the BECHTLE Group. The decline compared to the prior year is the result of the higher debt ratio and lower interest rates. The cash flow forecasts used are based on management-approved individual revenue and cost plans for the next two years, which are thus also taken into consideration in the variable compensation systems for the executives and are in line with external information sources and experience from the past. The cash flows for 2014 have been derived on the basis of the as-is data and the target data. As a precaution, all growth rates for later years were estimated with a great aversion to risk at values close to 0 per cent. The values in use determined in the reporting period greatly exceed the recognised goodwill. Sensitivity analyses revealed that even in the case of substantially divergent key assumptions within a realistic framework, there would be no need for impairment of the goodwill.



Concerning the planning process and expectations, see Corporate management, page 55 ff. and Forecast report, page 128 ff

Further details of the development of the goodwill are presented in Appendices B and C to the Notes.

8 Other Intangible Assets

	in th. euros	
	31.12.2011	31.12.2010
Brands	3,523	3,421
Customer bases	9,296	8,761
Acquired software	3,337	2,500
Internally developed software	82	141
Customer service contracts	4,759	2,170
Non-compete agreements	1,351	705
Other intangible assets	22,348	17,698

ARP Datacon, the only brand presented in the balance sheet, has an unlimited useful life and belongs to the cash-generating unit IT e-commerce.

The discount rate used to determine the value in use for the brand within the scope of the impairment test reflects the asset-specific risks. To ensure a particularly cautious determination of the value, a relatively high rate of 15 per cent after taxes was used. The cash flow forecasts used are based on the revenue and cost plans approved by the management. Further growth rates are only assumed in the amount necessary to compensate the inflation. In the reporting period, as in prior years, the value in use that was determined for the brand surpassed the value in the balance sheet. By means of sensitivity analyses, it has been determined that even in the case of divergent key assumptions within a realistic framework, there would be no need for impairment of the ARP Datacon brand. The change in goodwill compared to the prior year is attributable to currency translation differences.

	in th. euros
	2011
Customer Bases	
Carrying amount (31.12.2011)	9,296
Remaining useful life (weighted average)	2.4 years
Accumulated depreciation	14,176
Accumulated impairment as per IAS 36	0
Currency translation differences of accumulated depreciation	199
Scheduled depreciation 2011	4,076



See
Appendices B and C
to the Notes,
page 216 f

Details of the development of the other intangible assets are presented in Appendices B and C to the Notes.

9 Property, Plant and Equipment

	in th. euros	
	31.12.2011	31.12.2010
Property and buildings	51,500	10,802
Other equipment, furniture, fixtures and fittings	26,383	18,294
Advance payments and construction in progress	1,762	66
Property, plant and equipment	79,645	29,162

The land and buildings as of 31 December 2011 comprise the property purchased in the reporting period by early termination of the existing lease for the central logistics and administration buildings in Neckarsulm, Germany. The previous lessee BECHTLE purchased the land and buildings worth 31,668 thousand euros and assumed the debts (financial liabilities) in the same amount from the previous lessor Fabiana Grundstücksverwaltungsgesellschaft mbH, München, Germany, effective as of 1 August 2011. Additionally, incidental acquisition costs amounting to 1,704 thousand euros were capitalised. Through the acquisition of the land and buildings in Neckarsulm, Germany, which BECHTLE uses for its central functions, the company anticipates greater flexibility for further growth-oriented development and lower recurring expenses for the use and management of the existing property.

As at the balance sheet date, contractual liabilities for the purchase of property, plant and equipment amounting to 6,725 thousand euros existed in connection with the new buildings at group headquarters in Neckarsulm, Germany.

Unscheduled depreciation of property, plant and equipment was only performed to an insignificant extent.

As in the prior year, the property, plant and equipment did not contain any leased assets according to IAS 17.20 and IAS 17.25 (finance lease) as of 31 December 2011.

Details of the development of the property, plant and equipment are presented in Appendices B and C to the Notes.

10 Deferred Taxes

The amounts of deferred tax assets and liabilities are shown below. Apart from changes in the current year, these also include deferred taxes to be recognised in the context of the initial consolidation of acquired companies and tax effects from equity changes outside profit or loss.

	in th. euros	
	31.12.2011	31.12.2010
Unused tax losses	5,017	7,138
Pension provisions	2,628	2,274
Other provisions	1,369	636
Property, plant and equipment	599	343
Others	220	261
Deferred tax assets	9,833	10,652

	in th. euros	
	31.12.2011	31.12.2010
Goodwill	9,318	7,808
Intangible assets	4,563	3,511
Inventories	528	654
Property, plant and equipment	265	357
Receivables	492	355
Other Provisions	262	271
Investments	151	138
Others	268	115
Deferred tax liabilities	15,847	13,209

The assessment of the impairment of deferred tax assets depends on the management's view of how likely it is that the deferred tax assets will be realised. This depends on the generation of future taxable profits in connection with which the tax valuation differences are reversed and unused tax losses can be asserted.

Under current tax provisions, unused domestic losses are regarded as unlimited. The restricted use of loss offsetting possibilities (minimum taxation) under German tax law and time limits of foreign tax losses were taken into consideration in the assessment of the impairment of deferred tax assets on unused losses.

Unused tax losses for which no deferred tax assets have been recognised in the balance sheet amounted to 682 thousand euros (prior year: 1,661 thousand euros) for corporation tax, 6,085 thousand euros (prior year: 3,375 thousand euros) for trade tax and 5,208 thousand euros (prior year: 6,031 thousand euros) for losses of foreign companies. Of the unused foreign tax losses, 121 thousand euros (prior year: 1,986 thousand euros) will expire within two years.

As in the prior year, as of 31 December 2011, no deferred tax liabilities had been recognised for taxes on profits of subsidiaries of BECHTLE that had not been transferred, as these profits were either not subject to such taxation or are to be reinvested for an indefinite period.

The temporary differences in connection with interests in subsidiaries for which no tax liabilities were recognised amounted to a total of 9,186 thousand euros (prior year: 7,611 thousand euros).

Of the deferred taxes accounted for in the balance sheet, a total of 1,704 thousand euros were deducted from the equity (prior year: equity increase by 593 thousand euros) outside profit and loss.

11 Inventories

	in th. euros	
	31.12.2011	31.12.2010
Commodities	92,341	76,375
Work in progress	1,738	1,329
Advance payments on inventories	257	145
Impairments	-3,146	-2,793
Inventories	91,190	75,056

The carrying amount of the impaired inventories as of 31 December 2011 amounted to 1,429 thousand euros (prior year: 1,570 thousand euros). In the fiscal year under review, impairments of 353 thousand euros were recognised as expense (prior year: 847 thousand euros).

The work in progress as reported in the balance sheet corresponds to the contract costs incurred.

The expenses recorded in connection with the use of inventories are included in the material costs.

12 Trade Receivables

	in th. euros			
	31.12.2011		31.12.2010	
	current	non-current	current	non-current
Trade receivables, gross	290,503	975	252,113	231
Impairments	-3,730	0	-3,067	0
Trade receivables	286,773	975	249,046	231

As of the balance sheet date, the maturity structure of the current trade receivables was as follows:

	in th. euros									
	Carrying amount	Individually impaired in full or in part	Individual impairment	Flat-rate individual impairment	Neither overdue and nor impaired	Overdue and not impaired				
						less than 30 days	between 31 and 60 days	between 61 and 90 days	between 91 and 180 days	over 180 days
31.12.2011										
Trade receivables	286,773	1,396	-1,287	-2,443	229,112	51,847	5,827	1,631	539	151
31.12.2010										
Trade receivables	249,046	1,040	-923	-2,144	190,586	53,644	4,983	1,248	394	218

The company grants the periods of payment customary in the industry and country. In view of the balance of trade receivables that were neither impaired nor overdue, there were no indications on the reporting date that the debtors would not comply with their payment obligations.

Except for the common reservation of title, the company's receivables are not collateralised. The company is thus exposed to the risk of default up to the carrying amount. In the past, the company suffered minor defaults of individual customers and customer groups. To hedge the general credit risk, reasonable impairments are made in accordance with past experience.

The impairments for doubtful debts developed as follows:

	in th. euros	
	2011	2010
Situation of impairments as of 1 January	3,067	2,331
Exchange differences/Consolidation	97	236
Utilisation	345	359
Dissolutions	408	311
Allocations (Impairment expenses)	1,319	1,170
Situation of impairments as of 31 December	3,730	3,067

The total allocation of 1,319 thousand euros (prior year: 1,170 thousand euros) comprises allocations to individual impairments amounting to 952 thousand euros (prior year: 535 thousand euros) and flat-rate individual impairments amounting to 367 thousand euros (prior year: 635 thousand euros).

Expenses from the immediate write-off of trade receivables amounted to 225 thousand euros (prior year: 353 thousand euros). Income from payments received on written-off claims only existed to an insignificant extent.

For the disclosures in accordance with IFRS 7, the trade receivables were, as in the prior year, allocated in full to "Trade receivables".

13 Time Deposits and Securities

	in th. euros			
	31.12.2011		31.12.2010	
	current	non-current	current	non-current
Time deposits	5,222	15,000	12,935	15,000
Security investments	10,997	15,700	684	15,654
Time deposits and securities	16,219	30,700	13,619	30,654

The carrying amount of the time deposits contains accrued interest amounting to 222 thousand euros (prior year: 235 thousand euros).

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

	in th. euros	
	31.12.2011	31.12.2010
Acquisition costs	26,596	16,135
Carrying amount	26,697	16,338
Unrealised gains	325	59
Unrealised losses	-100	-72
Accrued interest including interest-like capital losses ¹	-124	216

¹ In the event of bonds purchased above par.

The unrealised capital gains are recognised under other earnings outside profit and loss. The unrealised capital losses concern material impairments (IAS 39.67 ff) recognised as expenses due to a credit event of the issuer that has occurred or that is probable. Apart from the interest calculated on an accrual basis, the accrued interest contains the capital losses recognised through profit or loss since the purchase, which is included in the expected return when bonds are purchased above par.

For the disclosures in accordance with IFRS 7, the financial instruments are classified as "Time deposits" in the amount of 20,222 thousand euros (prior year: 27,935 thousand euros) and as "Securities" in the amount of 26,697 thousand euros (prior year: 16,338 thousand euros).

14 Other Assets

	in th. euros			
	31.12.2011		31.12.2010	
	current	non-current	current	non-current
Refunds and other receivables from suppliers	15,729	0	12,733	0
Rental deposits	114	958	87	819
Loan extended to a leasing company	39	637	38	676
Insurance refunds	214	0	118	0
Due from staff	88	92	181	89
Interest rate swap	0	0	103	0
Other	455	0	634	0
Total financial instruments	16,639	1,687	13,894	1,584
Deferral for customer maintenance agreements	8,725	662	3,143	264
Deferred income	3,438	7	1,609	22
Social security claims	1,271	0	1,559	0
Advance payments	1,065	0	1,065	0
VAT accruals	774	0	534	0
Claims from other taxes	43	0	76	0
Total different assets	15,316	669	7,986	286
Other assets	31,955	2,356	21,880	1,870

The company's other assets are not collateralised. The company is thus exposed to the risk of default up to the carrying amount.

The financial instruments included in the other current assets have the following maturities as of the respective balance sheet dates:

in th. euros

	Carrying amount	Neither overdue nor impaired	Overdue				
			less than 30 days	between 31 and 90 days	between 91 and 180 days	between 180 and 360 days	over 360 days
31.12.2011							
Financial instruments	16,639	16,275	291	47	14	9	3
31.12.2010							
Financial instruments	13,894	13,666	90	120	9	7	2

As of the reporting date, there were no indications that the debtors of assets not overdue would not meet their payment obligations.

For the disclosures in accordance with IFRS 7, the financial instruments included in the other assets are classified as "Other financial assets" in the amount of 18,326 thousand euros (prior year: 15,375 thousand euros) and as "Financial derivatives" in the amount of 0 thousand euros (prior year: 103 thousand euros).

15 Cash and Cash Equivalents

The cash and cash equivalents amounting to 94,569 thousand euros (prior year: 85,477 thousand euros) include cash at banks and on hand and short-term realisable time deposits with initial maturities of less than three months from the date of acquisition.

For the disclosures in accordance with IFRS 7, all cash and cash equivalents are allocated to "Cash and cash equivalents".

16 Equity



See
Consolidated Statement
of Changes in Equity,
page 142

The development of the group equity is presented in the consolidated statement of changes in equity as an explicit component of the financial statements before the Notes to the Consolidated Financial Statements.

Issued Capital

As was the case on 31 December 2010, the company's issued capital as of 31 December 2011 was divided into 21,000,000 fully paid-up ordinary shares of a calculated nominal value of 1.00 euro each. Each share has one vote.

Authorised and contingent capital. Pursuant to Article 4 (3) of the Articles of Incorporation of BECHTLE AG, the Executive Board is authorised, subject to the approval of the Supervisory Board, to increase the company's issued capital by up to 10,600 thousand euros by issuing new bearer shares (**authorised capital** according to the resolution of the Annual General Meeting of 16 June 2009) until 15 June 2014.

Capital increases may occur against cash contributions and/or contributions in kind. Subject to the approval of the Supervisory Board, the Executive Board is authorised to exclude fractional amounts from the shareholders' subscription rights. Subject to the approval of the Supervisory Board, the Executive Board is also authorised to exclude the subscription right if (1st case) the capital increases occur against contributions in kind to acquire companies or interests in companies or (2nd case) the capital increase occurs against cash contributions, does not exceed 10 per cent of the issued capital at the time of issue, and the issue price is not significantly below the listed price, or (3rd case) the capital increase occurs for the purpose of issuing employee shares and the pro-rata amount does not exceed 10 per cent of the issued capital at the time of issue.

Subject to the approval of the Supervisory Board, the Executive Board is authorised to determine further details of the capital increases from the authorised capital.

Capital Reserve

The capital reserves primarily include the offering premium (agio) from capital increases and amounted to 145,228 thousand euros as of 31 December 2011, the same value as on 31 December 2010.

Retained Earnings

Accrued profits. At the Annual General Meeting of 7 June 2011, a resolution was adopted to pay a dividend of 0.75 euros (prior year: 0.60 euros) per no-par share with dividend entitlement for the fiscal year 2010 (dividend total: 15,750 thousand euros). The dividend was paid on 8 June 2011. In the prior year, dividends of 12,600 euros had been paid on 17 June 2010.

Dividends may only be paid from the net profit and the retained earnings of the company, as recognised in the Annual Financial Statements of BECHTLE AG prepared in accordance with German commercial law. These amounts deviate from the total equity as presented in the Consolidated Financial Statements in accordance with IFRS. The resolution for the payment of future dividends is jointly proposed by the Executive Board and Supervisory Board of the company and adopted by the Annual General Meeting. The decisive factors are in particular profitability, the financial position, capital requirements, business prospects and the general economic framework conditions of the company. Since the company's strategy is geared towards internal and external growth, investments will be necessary for this purpose, which should – where possible – be financed internally. The Executive Board decided to propose to the Supervisory Board and to the Annual General Meeting to appropriate the net profit of 21,000 thousand euros for the fiscal year 2011 for payment of a normal dividend of 0.85 euros per no-par share with dividend entitlement and a one-time special dividend of 0.15 euros per no-par share with dividend entitlement.

Apart from the dividend paid, the retained earnings in the reporting period also changed by the total earnings of 63,311 thousand euros, which consisted of earnings after taxes (62,723 thousand euros) and other earnings (588 thousand euros). Accordingly, the retained earnings amounted to 252,816 thousand euros as of 31 December 2011 (prior year: 205,255 thousand euros). Apart from the dividend payment, a change from the total earnings amounting to 49,122 thousand euros had taken place in the prior year.

Accumulated earnings outside profit or loss. In terms of its accumulated balance as of the balance sheet date and its change during the reporting period, the other earnings that are to be recognised directly in equity outside profit or loss is composed as follows:

	in th. euros			
	31.12.2011	31.12.2010	01.01.– 31.12.2011	01.01.– 31.12.2010
Actuarial gains and losses of the pension plan	-14,388	-14,071	-317	-4,908
Income tax effects	2,570	2,528	42	613
Unrealised gains from securities	325	59	266	-62
Income tax effects	-24	-5	-19	25
Unrealised losses/gains from financial derivatives	-372	-239	-133	150
Income tax effects	109	69	40	-45
Currency translation differences from net investments in foreign operations	-72	0	-72	-5
Income tax effects	14	0	14	0
Hedging of net investments in foreign business operations	-9,261	-8,185	-1,076	-7,520
Income tax effects	2,697	2,383	314	2,189
Currency translation differences	17,088	15,559	1,529	12,263
Accumulated earnings outside profit or loss	-1,314	-1,902	588	2,700

Thus, the other earnings amounted to 588 thousand euros (prior year: 2,700 thousand euros) of the total earnings in the reporting period. All other earnings as well as the total earnings are due to the shareholders.

Treasury Shares

By resolution of the Annual General Meeting on 16 June 2010, the Executive Board was authorised, subject to the approval of the Supervisory Board, to purchase treasury shares pursuant to Section 71 (1) no. 8 of the German Stock Corporation Act (AktG). The purchase of treasury shares must comply with the content of the resolution of the Annual General Meeting.

In the reporting period, there were no transactions in treasury shares. Thus, as was the case on 31 December 2010, the company did not hold any treasury shares as of 31 December 2011.

As of 31 December 2011, the number of outstanding shares was 21,000,000, the same number as on 31 December 2010. The weighted average number of outstanding shares in the reporting period, which was determined in accordance with IAS 33, thus also amounted to 21,000,000 (prior year: 21,000,000).

Non-controlling Interests

In the reporting period, the non-controlling interests (formerly referred to as minority interests) did not undergo any changes. Thus, as was the case on 31 December 2010, there were no non-controlling interests as of 31 December 2011.

Capital Management

Within the scope of the capital management (IAS 1.134 f), BECHTLE focuses on a sound capital structure with a high equity ratio, a high return on assets and a comfortable li-liquidity situation and, in this connection, on cash-flow-oriented indicators such as working capital.

At 419,044 thousand euros, BECHTLE'S equity as of 31 December 2011 reached a high value that represented a further improvement compared to the prior year (371,483 thousand euros), which is also reflected in the good equity ratio of 52.2 per cent (prior year: 56.8 per cent). The additional borrowed capital that was raised in the reporting period resulted in a higher debt ratio and provided the group with an optimised capital structure (financial leverage). In this way and especially due to the much higher earnings after taxes in the reporting period, the return on equity went up to 17.3 per cent (prior year: 14.2 per cent), and the return on assets to 9.8 per cent (prior year: 8.7 per cent).

As in the past, the goal of the capital management at BECHTLE is to retain a strong equity base in order to maintain the trust of investors, lenders and the market and to facilitate future internal and external growth.

To maintain or adjust the capital structure, the group may adjust the dividend payments to shareholders, issue new shares or buy back treasury shares and even retire shares if necessary.

The group's sound capital structure also forms the basis for financial flexibility and extensive independence from outside creditors, which is very important for BECHTLE. The objective is to have a comfortable liquidity situation to ensure full solvency at all times. As of 31 December 2011, BECHTLE had cash and cash equivalents as well as time deposits and securities amounting to 141,488 thousand euros (prior year: 129,750 thousand euros). With respect to the structure of these assets, quick availability is more important than maximum yield, e.g. in order to have access to cash and cash equivalents whenever necessary for acquisitions or major project prefinancing measures and to be able to benefit from such opportunities. The liquidity situation is managed and monitored by the treasury as an integral part of the group accounting.

Against this background, cash-flow-oriented indicators such as working capital, DSO and other capital tie-up periods are highly significant. BECHTLE always keeps an eye on these indicators in order to tie up as little capital and liquidity as possible in its operational service creation process. The strong revenue growth in the reporting period also resulted in higher working capital that amounted to 189,881 thousand euros (prior year: 166,780 thousand euros) as of 31 December 2011. BECHTLE defines working capital as the balance of certain balance sheet items (inventories, trade receivables, and accruals and deferrals for customer maintenance agreements) on the assets side and certain balance sheet items (trade payables and accruals and deferrals) on the equity and liabilities side.

As of 31 December 2011 and 31 December 2010, respectively, no fundamental changes had been made to the goals, guidelines and procedures.

17 Pension Provisions

Except for the pension plans of BECHTLE HOLDING SCHWEIZ AG, Rotkreuz, Switzerland, and its subsidiaries as well as of BECHTLE Onsite Services GmbH, Neckarsulm, Germany, the BECHTLE Group has no defined benefit plans.

Defined contribution obligations primarily derive exclusively from the statutory pension obligation. In the reporting period, employer contributions to the statutory pension fund in Germany totalled 12,840 thousand euros (prior year: 11,499 thousand euros).

Bechtle Holding Schweiz AG and subsidiaries. Although, the pension plans of BECHTLE HOLDING SCHWEIZ AG and its subsidiaries are contractually agreed to as defined contribution plans, they must, however, be accounted for as defined benefit plans pursuant to IAS 19, as a financial participation by the companies in the event of a shortfall in cover cannot be excluded.

Due to insufficient information provided by the Group's independent pension funds (group insurance providers), the pension plans were not accounted for as defined benefit plans pursuant to IAS 19.30 until 31 December 2005.

Since 1 January 2006, the BECHTLE HOLDING SCHWEIZ AG companies with registered office in Switzerland have made use of the semi-autonomous "BECHTLE Pension Fund" ("BECHTLE Pensionskasse"), which is independent of the Group and is a foundation as defined in Art. 80 ff of the Swiss Civil Code, Art. 331 ff of the Swiss Law of Obligations and Art. 48 ff of the Swiss Federal Law on Occupational Retirement, Survivors' and Disability Pensions (BVG), with registered office in Rotkreuz, Switzerland. Thus, the transparency required for accounting for the pension plans as defined benefit plans pursuant to IAS 19.48 ff has been on hand since then. For this reason, actuarial opinions have been regularly prepared since 1 January 2006. As of 31 December 2011, the figures of the pension fund in the Netherlands, which covers the companies of BECHTLE HOLDING SCHWEIZ AG that are situated there and that had not comprised any significant amounts before that, were also included for the first time. Subsidiaries of BECHTLE HOLDING SCHWEIZ AG that are not situated in Switzerland or in the Netherlands are covered by defined contribution plans of external state pension funds of the respective countries.

As of 31 December 2010, the comparison of plan assets (45,156 thousand euros) and the defined benefit obligation (57,786 thousand euros) resulted in an underfunding and a net obligation to be accounted for of 12,630 thousand euros, which was duly recognised as a pension provision. This recognised net obligation of 14,158 thousand euros resulted from actuarial losses that were recognised directly in equity (retained earnings) outside profit or loss after taking into account deferred taxes pursuant to IAS 19.93A.

Actuarial gains amounting to 40 thousand euros accrued in the course of the reporting period. Taking exchange rate differences amounting to -416 thousand euros into consideration, the actuarial losses recognised in retained earnings as at 31 December 2011 amounted to 14,534 thousand euros, less deferred tax assets amounting to 2,613 thousand euros. For the first time as at 31 December 2011, these actuarial losses also include the Dutch pension fund with an amount of 640 thousand euros.

Due to the increased and further increasing life expectancy, the pension conversion rate had to be adjusted in the reporting period in accordance with the latest mortality and longevity statistics (BVG 2010). The curtailment in the form of a reduction of the conversion rate for the supplementary insurance from 6.6 per cent today to 6.0 per cent in 2015 has resulted in a reduction of the defined benefit obligation and past service cost amounting to -1,404 thousand euros to be recognised through profit or loss.

Employer contributions paid in the reporting period exceeded the net pension expenses recognised through profit and loss by an amount of 1,403 thousand euros, which was eventually recognised as a reduction of the personnel expenses (operating expenses).

Taking into consideration the net obligation amounting to 2,620 euros that was taken over during the reporting period in connection with the acquisition of Solid Solutions AG, Zürich, Switzerland, and other exchange rate differences of 27 thousand euros, the total net obligation and thus the pension provision to be accounted for as of 31 December 2011 amounted to 14,196 thousand euros.

Bechtle Onsite Services GmbH. The pension obligations of BECHTLE Onsite Services GmbH, Neckarsulm are a result of the takeover of a partial business unit as of 1 October 2005 and, based on an actuarial opinion, were accounted for in the BECHTLE Group for the first time as of 31 December 2005.

The obligations of this defined benefit plan were processed as direct commitments without the transfer of reserves. These relate to an unfunded pension plan without fund cover. Regular actuarial opinions are prepared for the measurement. As of 31 December 2010, the pension provision that was accounted for amounted to 597 thousand euros. Actuarial gains totalled 87 thousand euros (deferred tax liabilities: 25 thousand euros).

As of 31 December 2011, the pension provision decreased by 7 thousand euros to 590 thousand euros. Of this decrease, 59 thousand euros were recognised as actuarial gain outside profit or loss (deferred taxes: 17 thousand euros) and 52 thousand euros as expenses.

In total, the pension obligations of **Bechtle Onsite Services GmbH and Bechtle Holding Schweiz AG and its subsidiaries** as recognised in the consolidated balance sheet as of 31 December 2011 amounted to 14,786 thousand euros.

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

	in th. euros	
	2011	2010
Present value of the defined benefit obligation 01.01.	58,383	43,471
Current service cost (for pension entitlements in the reporting period)	3,367	2,697
Interest cost (for pension entitlements already acquired)	1,590	1,378
Employee contributions	2,290	1,879
Actuarial gains/losses	-1,145	2,246
Curtailment	-1,404	0
Company mergers	8,241	0
Paid pension benefits	-3,689	-1,855
Exchange rate differences	1,833	8,567
Present value of the defined benefit obligation 31.12.	69,466	58,383

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

	in th. euros	
	2011	2010
Fair value of the plan assets 01.01.	45,156	34,840
Projected return on plan assets	1,643	1,540
Employee contributions	2,290	1,879
Employer contributions	3,261	2,618
Actuarial gains/losses	-1,046	-655
Company mergers	5,621	0
Paid pension benefits	-3,689	-1,855
Exchange rate differences	1,444	6,789
Fair value of the plan assets 31.12.	54,680	45,156

The table below shows the reconciliation for the pension provisions recognised on the balance sheet:

	in th. euros					
	31.12.2011	31.12.2010	31.12.2009	31.12.2008	31.12.2007	31.12.2006
Present value of the defined benefit obligation	69,466	58,383	43,471	39,692	38,460	39,363
Fair value of plan assets	54,680	45,156	34,840	30,833	32,685	33,979
Net obligation	14,786	13,227	8,631	8,859	5,775	5,384
Balance sheet pension provisions	14,786	13,227	8,631	8,859	5,775	5,384

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

	in th. euros	
	2011	2010
Current service cost (for pension entitlements in the reporting period)	3,367	2,697
Interest cost (for pension entitlements acquired at an earlier date)	1,590	1,378
Projected return on plan assets	-1,643	-1,540
Past service cost	-1,404	0
Net pension expenses for benefit commitments	1,910	2,535

As of 31 December 2011, the defined benefit plans and their actuarial measurement were based on the following parameters:

	Bechtle Holding Schweiz AG (sub-group)	Bechtle Onsite Services GmbH
Discount rate	2.25% (Netherlands: 4.40%)	5.30%
Inflation rate	1.50% (Netherlands: 2.00%)	n/a
Long-term expected appreciation of plan assets	3.00% (Netherlands: 4.40%)	n/a
Salary increase (including inflation rate)	2.00% (Netherlands 3.0-5.2%)	0.00%
Pension increase	0.00%	0.00%
Retirement likelihood, mortality, invalidity	BVG 2010 (Switzerland)	Heubeck guide 2005 G; likelihood of retirement depending on age and service time
Likelihood of marriage	80% men, 30% women; age difference between husband and wife is three years (Switzerland)	Heubeck guide 2005 G
Earliest retirement age	Men and women 100% aged 64 (Switzerland)	Men and women 100% aged 62
Surcharge for longevity	none	none

The total projected returns result from the weighted average projected income from the investment categories held by the plan assets. The projected income is estimated by management based on historical profit and market predictions by analysts for the respective assets for the next twelve months.

In respect of the investment categories, the plan assets of BECHTLE HOLDING SCHWEIZ AG are comprised as follows:

	31.12.2011
Obligations	35.2%
Equity instruments	22.8%
Property	28.7%
Other assets	11.9%
Liquidity	2.4%

Actual return on plan assets totalled -417 thousand euros in the reporting period (prior year: 885 thousand euros).

The empirical adjustments of the defined benefit obligation and the plan assets are as follows:

	in th. euros				
	2011	2010	2009	2008	2007
Empirical adjustment to defined benefit obligation (gain)	-366	107	-196	4,075	-344
Empirical adjustment to plan assets (gain)	-2,060	-655	1,097	-5,660	-1,460

The actuarial opinions for BECHTLE HOLDING SCHWEIZ AG and BECHTLE Onsite Services GmbH forecast the following values for 2012:

	in th. euros
	2011
Present value of the defined benefit obligation 01.01.	69,466
Current service cost (for pension entitlements in the reporting period)	3,788
Interest cost (for pension entitlements already acquired)	1,582
Employee contributions	2,556
Paid pension benefits	-3,045
Present value of the defined benefit obligation 31.12.	74,347

	in th. euros
	2011
Fair value of the plan assets 01.01.	54,680
Projected return on plan assets	1,647
Employee contributions	2,556
Employer contributions	3,657
Paid pension benefits	-3,043
Fair value of the plan assets 31.12.	59,497

	in th. euros
	31.12.2011
Present value of defined benefit obligation	74,347
Fair value of plan assets	59,497
Net obligation	14,850
Balance sheet pension provisions	14,850

	in th. euros
	2011
Current service cost (for pension entitlements in the reporting period)	3,788
Interest cost (for pension entitlements acquired at an earlier date)	1,582
Projected return on plan assets	-1,647
Net pension expenses for benefit commitments	3,723

18 Other Provisions

in th.euros

	31.12.2010	Currency translation and consolidation	Utilisation	Reversal	Allocation	31.12.2011
Guarantees and similar obligations	3,187	1	2,132	77	2,150	3,129
Personnel expenses	1,554	1	112	112	827	2,158
Legal and consulting costs	437	-2	175	151	81	190
Investor Relations	180	0	180	0	180	180
Others	790	27	461	0	812	1,168
	6,148	27	3,060	340	4,050	6,825
Other non-current provisions	810	2	16	68	454	1,182
Other current provisions	5,338	25	3,044	272	3,596	5,643

Provisions for **guarantees and similar obligations** are carried in the expected utilisation amount based on company-specific historical values. **Personnel expenses** mainly consist of salary back payments. The **legal and consulting costs**, for the most part, relate to costs for legal advice. The provisions for **investor relations** include costs for the Annual General Meeting and the Annual Report. **Other provisions** primarily relate to provisions for anticipated losses, archiving and disposal costs as well as contingent liabilities.

19 Financial Liabilities, Interest Rate Swaps and Credit Lines

in th. euros

	31.12.2011		31.12.2010	
	current	non-current	current	non-current
- Landesbank Baden-Württemberg, loan for purchase of land and buildings with respect to the central logistics and administration buildings in Neckarsulm, Germany	1,217	29,784	-	-
- Kreissparkasse Heilbronn, loan for various acquisitions 2010 and 2011	2,500	12,947	1,071	6,161
- Landesbank Baden-Württemberg Stuttgart, loan for new buildings 2011	750	8,875	-	-
- Sparkasse Schwäbisch Hall-Crailsheim, loan for various acquisitions 2008	857	2,571	857	3,429
- Dresdner Bank, assumption of existing loans due to acquisitions (KfW loans and IBH loan)	264	1,542	-	-
- IKB Deutsche Industriebank, loan to finance the new administration buildings of Bechtle AG	417	937	417	1,354
- Supplier loans	2,654	624	1,974	1,322
- Other long-term loans	0	0	1	0
Loans with an initial term of more than year	8,659	57,280	4,320	12,266
Other financial liabilities	343	0	492	0
Total financial liabilities	9,002	57,280	4,812	12,266



See

(9) Property, Plant
and Equipment,
page 167

In connection with the early termination of the existing lease for the central logistics and administration buildings in Neckarsulm, Germany, BECHTLE took over the land and buildings as well as the respective financial liabilities from Fabiana Grundstücksverwaltungsgesellschaft mbH, München, Germany, as of 1 August 2011.

These assumed liabilities comprise four **loans from Landesbank Baden-Württemberg** that had initially amounted to 31,668 thousand euros, with terms until 28 February 2022 and different conditions. As of the reporting date, 667 thousand euros had already been repaid according to schedule. Two of the loans (24,799 thousand euros) are subject to an annual interest rate of 6.2 per cent until 28 February 2014 and of 5.08 per cent thereafter until the end of the term. Until 31 December 2013, quarterly annuities amounting to 481 thousand euros are incurred for one of these loans and quarterly interest payments for the other loans. From 31 March 2014, these loans will be combined and served with an annuity of 596 thousand euros. The final instalment, which is to be paid on 28 February 2022, amounts to 10,308 thousand euros. The annual interest rate of the two other loans (6,202 thousand euros) is 5.89 per cent and is fixed until 30 September 2018. One of these loans (4,092 thousand euros) reaches its final maturity with quarterly interest payments, the other loan (2,110 thousand euros) is served with a quarterly annuity of 70 thousand euros. A land charge on the financed property serves as collateral for these loans.

A loan of 10,000 thousand euros was raised to finance acquisitions. As of the balance sheet date, there was an outstanding debt amounting to 9,286 thousand euros. The term of this **loan from Kreissparkasse Heilbronn** runs until 30 June 2018. It is subject to a fixed annual interest rate of 3.7 per cent and is to be repaid in quarterly instalments of 357 thousand euros at the end of each quarter. Collateral only exists in the form of a negative pledge.

Another **loan from Kreissparkasse Heilbronn** of 6,161 thousand euros has a term until 30 September 2017. It is subject to variable interest rates (Euribor-3M + 45 basis points) and is to be repaid in quarterly instalments of 268 thousand euros at the end of each quarter. The collateral consists of a negative pledge or a pari passu clause on furnishing collateral. The risks pertaining to the variable interest rate of the loan are eliminated by an interest rate swap. The interest rate swap with an initial reference amount corresponding to the amount of the loan is to be regarded as a cash flow hedge and as 100 per cent effective in hedging the interest rate risk. BECHTLE pays the fixed interest rate of 1.86 per cent and receives the Euribor-3M as a variable interest rate. The terms of the interest swap and of the loan are congruent. Taking into account the hedge by the interest rate swap against the interest rate risk, the loan is subject to an interest rate of 2.31 per cent. The market value of the interest rate swap as of 31 December 2011 was -91 thousand euros (prior year: 103 thousand euros), which was recognised directly in equity (retained earnings) outside profit or loss after taking deferred taxes amounting to 27 thousand euros (prior year: -30 thousand euros) into account.

For the additional buildings at the headquarters in Neckarsulm, Germany, **loans were raised from Landesbank Baden-Württemberg** amounting to 10,000 thousand euros, of which an outstanding debt in the amount of 9,625 thousand euros remain as of 31 December 2011. Of this loan, an amount of 4,750 thousand euros, whose term runs until 30 June 2021 and which is subject to a fixed annual interest rate of 4.25 per cent, shall be repaid in quarterly instalments of 125 thousand euros. The remaining amount of 4,875 thousand euros, whose term runs until 30 June 2031 and which is subject to a fixed annual interest rate of 4.65 per cent (until 30 June 2021), is to be repaid in quarterly instalments of 63 thousand euros.

A loan from Sparkasse Schwäbisch Hall-Crailsheim in the amount of 3,428 thousand euros has a term until 30 September 2015. It is subject to a variable interest rate (Euribor-3M + 85 basis points) and is repaid in annual instalments of 857 thousand euros on 30 September of each year. Collateral is provided in the negative pledge, or the pari passu clause on furnishing collateral. The risks pertaining to the variable interest rate of the loan are eliminated by an interest rate swap. The interest rate swap with an initial reference amount of 6,000 thousand euros is to be regarded as a cash flow hedge and as 100 per cent effective in hedging the interest rate risk. BECHTLE pays the fixed interest rate of 4.8 per cent and receives the Euribor-3M as a variable interest rate. The date of maturity is set at 30 September 2015. Taking into account the hedge by the interest rate swap against the interest rate risk, the loan is subject to an interest rate of 5.65 per cent. The market value of the interest rate swap as of 31 December 2011 was -281 thousand euros (prior year: -343 thousand euros), which was recognised directly in equity (retained earnings) outside profit or loss after taking deferred taxes amounting to 82 thousand euros (prior year: 99 thousand euros) into account.

The acquisition of SolidLine in 2011 was accompanied by the assumption of **three existing KfW loans and one IBH development loan** totalling 1,938 thousand euros, which had been arranged for by **Dresdner Bank**. The outstanding debt as of the balance sheet date amounted to 1,803 thousand euros. All these loans are subject to quarterly interest payments. The KfW loans have a term until 31 March 2016, and that of the IBH loan until 30 September 2015. Two of the KfW loans are repaid in half-yearly instalments of 101 thousand euros on 31 March and 30 September, and the third is to be repaid in half-yearly instalments of 108 thousand euros starting from 31 March 2013. The KfW loans are subject to different annual interest rates of 3.70, 4.23 and 8.35 per cent. The IBH loan is subject to an annual interest rate of 3.55 per cent and is repaid in instalments of 31 thousand euros on every 31 March and 30 September.

The loan from **IKB Deutsche Industriebank AG** of 1,354 thousand euros has a term until 31 March 2015. It is subject to a fixed interest rate (3.7 per cent p.a.) and is repaid in quarterly instalments amounting to 104 thousand euros at the end of each quarter. Collateral is provided in the negative pledge, or the pari passu clause on furnishing collateral.

Several loans from a supplier totalling 3,278 thousand euros are denominated in Swiss francs (3,988 thousand Swiss francs), interest-free, and repayable on 1 February 2012 (624 thousand euros), 1 September 2012 (1,362 thousand euros), 1 October 2012 (668 thousand euros) and 1 February 2013 (624 thousand euros).

Other financial liabilities included other current account debts amounting to 343 thousand euros (prior year: 195 thousand euros in current account debts and 297 thousand euros in supplier loans with a term of less than one year).

The company has global credit lines of 38,414 thousand euros, which can be used both for cash loans and for guarantee credits. As of the balance sheet date, 0 thousand euros of this amount were utilised by cash loans and 7,580 thousand euros by guarantee credits. Apart from this, the company has pure guarantee credit lines amounting to 7,630 thousand euros, 66 thousand euros of which had been utilised as of the balance sheet date. In total, the unused credit lines amounted to 38,398 thousand euros (prior year: 36,252 thousand euros).

For the disclosures in accordance with IFRS 7, the financial liabilities are allocated to "Loans" as in the prior year.

20 Trade Payables

in th. euros

	31.12.2011		31.12.2010	
	current	non-current	current	non-current
Trade payables	148,799	0	129,060	0

As in the prior year, trade payables were fully reported under "Trade payables" in line with IFRS 7.

21 Other Liabilities

in th. euros

	31.12.2011		31.12.2010	
	current	non-current	current	non-current
Personnel liabilities	36,726	0	27,913	0
Customer liabilities	5,058	0	4,004	0
Liabilities resulting from acquisitions	1,742	1,116	0	450
Customer bonus	758	0	852	0
Annual financial statement costs	587	0	643	0
Rent and ancillary rental costs	482	0	368	0
Unrealised losses from financial derivatives	372	0	343	0
Travel expenses and expenditures	286	0	221	0
Telephone/Internet	264	0	245	0
Transportation charges	266	0	185	0
Insurance policies	259	0	200	0
Security deposits	100	100	35	200
Advertising	62	0	106	0
Liabilities from currency hedges	39	0	218	0
Liabilities to factoring company	0	0	4,709	0
Others	1,642	0	1,459	0
Total financial instruments	48,643	1,216	41,501	650
VAT	16,079	0	17,247	0
Social security contributions	3,544	0	2,528	0
Wage and church tax	3,314	0	2,949	0
Liabilities from other taxes	657	0	399	0
Total other liabilities	23,594	0	23,123	0
Other liabilities	72,237	1,216	64,624	650

Other liabilities primarily relate to various administrative expenses and distribution costs incurred in the ordinary course of business.

For the disclosures according to IFRS 7, the financial instruments included in the other liabilities are classified as other financial liabilities in the amount of 49,448 thousand euros (prior year: 41,590 thousand euros) and as financial derivatives in the amount of 411 thousand euros (prior year: 561 thousand euros).

22 Deferrals Items

	in th. euros			
	31.12.2011		31.12.2010	
	current	non-current	current	non-current
Prepayments received	10,132	0	10,417	0
Deferred income	31,154	8,359	14,918	6,565
Deferrals items	41,286	8,359	25,335	6,565

Deferrals and accruals primarily include accruals for maintenance contracts and guarantee extensions.

V. FURTHER EXPLANATORY NOTES ON THE CASH FLOW STATEMENT

The cash flow statement for the 2011 reporting period and the prior year was prepared in accordance with IAS 7 and reports the development of cash flows broken down by cash inflows and outflows from operating, investing and financing activities. The cash flow is determined using the indirect method.

As in the prior year, cash and cash equivalents included cash on hand, cheques and bank balances with an original term to maturity of no more than three months and correspond to the balance sheet item "Cash and cash equivalents". Currency translation effects on cash and cash equivalents are shown separately in the calculation.

23 Cash Flow from Operating Activities

The cash flow from operating activities in the amount of 55,782 thousand euros (prior year: 59,114 thousand euros) was indirectly derived from the earnings before taxes. In the context of the indirect method, the financial results, depreciation, amortisation and other non-cash expenses and income as well as changes in material balance sheet items and the remaining net assets are taken into account.

As in the prior year, other non-cash expenses and income consisted of changes to provisions and impairments.

Changes to balance sheet items are adjusted for assets and liabilities taken over in acquisitions and for currency translation effects.

24 Cash Flow from Investing Activities

In 2011, net cash used for investments of 45,282 thousand euros (prior year: 47,625 thousand euros) primarily consisted of payments for investments in intangible assets and property, plant and equipment as well as time deposits and securities, acquisition of companies and settlements of net investment hedges. These payments were reduced by payments received from the sale of time deposits and securities, property, plant and equipment and other assets as well as interest payments received.

The payments made for acquisitions comprise the purchase price payments of 22,457 thousand euros (prior year: 11,272 thousand euros) for companies and partial business operations acquired in the reporting period as well as additional payments for contingent purchase price increases amounting to 750 thousand euros (prior year: 0 thousand euros) for companies and partial business operations acquired in prior years. These acquisitions involved the takeover of non-current assets amounting to 32,485 thousand euros (prior year: 12,016 thousand euros), current assets amounting to 17,766 thousand euros (prior year: 17,974 thousand euros) – including cash and cash equivalents worth 8,291 thousand euros (prior year: 5,374 thousand euros) – as well as non-current liabilities amounting to 7,243 thousand euros (prior year: 2,119 thousand euros) and current liabilities amounting to 17,422 thousand euros (prior year: 16,149 thousand euros).



See VIII. Acquisitions and Purchase Price Allocation, page 198 ff

The premature termination of the lease for the central logistics and administration buildings in Neckarsulm, Germany, and the purchase of this property and assumption of the liabilities merely affected the cash paid for investments in intangible assets and property, plant and equipment in the amount of the incidental acquisition costs (1,704 thousand euros).



See (9) Property, Plant and Equipment, page 167

The gross cash flows for the acquisition and sale of long-term investments in time deposits and securities are recognised separately. The cash flows of short-term investments in time deposits and securities are shown as netted.



See VI. Further Disclosures on Financial Instruments in Accordance with IFRS 7, Currency risk, page 190 f

Settlements of net investment hedges comprise payments from forward contracts in connection with the hedging of the net investment in the UK and Swiss group companies. In the reporting period, this amount totalled -1,076 thousand euros (prior year: -7,520 thousand euros).

25 Cash Flow from Financing Activities

Factoring in the assumption and repayment of financial liabilities, dividend distributions and interest payments made, net cash used for financing activities amounted to 2,246 thousand euros (prior year: 7,173 thousand euros).

Gross payments received and payments made are recognised separately for non-current financial liabilities. Cash flows for current financial liabilities are shown on a net basis.

VI. FURTHER DISCLOSURES ON FINANCIAL INSTRUMENTS IN ACCORDANCE WITH IFRS 7

Information on Financial Instruments by Category

The tables below show carrying amounts and fair values of financial instruments for the categories of financial instruments in accordance with IFRS 7:

		in th. euros				
31.12.2011 Classes pursuant to IFRS 7	Valuation category	Carrying amount	Measurement in balance sheet in accordance with IAS 39			Fair value
			Amortised costs	Fair value outside profit or loss	Fair value through profit or loss	
Assets						
Trade receivables	LAR	287,748	287,748			287,748
Securities	AFS	26,697		26,697		26,697
Time deposits	LAR	20,222	20,222			20,244
Other financial assets	LAR	18,326	18,326			18,348
Financial derivatives						
Derivatives with hedge relationship	n/a	0		0		0
Cash and cash equivalents	LAR	94,569	94,569			94,569
Equity and liabilities						
Loans	FLAC	66,282	66,282			70,573
Trade payables	FLAC	148,799	148,799			148,799
Other financial liabilities	FLAC	49,448	49,448			49,448
Financial derivatives						
Derivatives with hedge relationship	n/a	372		372		372
Derivatives without hedge relationship	FLFVPL	39			39	39
Thereof aggregated according to valuation category pursuant to IAS 39:						
	LAR	420,865	420,865	0	0	420,909
	AFS	26,697	0	26,697	0	26,697
	FLAC	264,529	264,529	0	0	268,820
	FLFVPL	39	0	0	39	39

in th. euros

31.12.2010 Classes pursuant to IFRS 7	Valuation category pursuant to IAS 39	Carrying amount	Measurement in balance sheet in accordance with IAS 39			Fair value
			Amortised costs	Fair value outside profit or loss	Fair value through profit or loss	
Assets						
Trade receivables	LAR	249,277	249,277			249,277
Securities	AFS	16,338		16,338		16,338
Time deposits	LAR	27,935	27,935			27,935
Other financial assets	LAR	15,375	15,375			15,398
Financial derivatives						
Derivatives with hedge relationship	n/a	103		103		103
Cash and cash equivalents	LAR	85,477	85,477			85,477
Equity and liabilities						
Loans	FLAC	17,078	17,078			17,126
Trade payables	FLAC	129,060	129,060			129,060
Other financial liabilities	FLAC	41,590	41,590			41,590
Financial derivatives						
Derivatives with hedge relationship	n/a	343		343		343
Derivatives without hedge relationship	FLFVPL	218			218	218
Thereof aggregated according to valuation category pursuant to IAS 39:						
	LAR	378,064	378,064	0	0	378,087
	AFS	16,338	0	16,338	0	16,338
	FLAC	187,728	187,728	0	0	187,776
	FLFVPL	218	0	0	218	218

Abbreviation used for the measurement categories of IAS 39:

LAR = Loans and receivables

AFS = Available for sale financial assets

FLAC = Financial liabilities at amortised cost

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

The fair values of long-term loans, liabilities, and loans received are determined as present values of the associated payments under consideration of the term-related and risk-weighted interest rates. Due to the predominantly short terms, the carrying amounts of the trade receivables and trade payables and of the other financial assets and liabilities deviate only slightly from the fair values. In the reporting period and in the reference year, the trade receivables and trade payables included an insignificant amount of derivative financial instruments that were measured as fair value hedges and that served as currency hedges.

The following overview represents the fair value of the financial instruments accounted for; the measurement is based on these material parameters. The individual levels are defined in accordance with IFRS 7: Level 1: Measurement at prices quoted on active markets (adopted unchanged) for identical assets and liabilities

Level 2: Measurement of the asset or liability takes place either directly (as prices) or indirectly (derived from prices) based on observable input data, which do not represent quoted prices as stated in Level 1

Level 3: Measurement is based on models using input parameters not observable on the market

The securities under Level 1 are listed on the stock exchange and have been recognised at the market price as of the balance sheet date. The measurement of the financial derivatives presented under Level 2 takes place as explained under "Accounting Policies".

	in th. euros							
	31.12.2011				31.12.2010			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Security investments	26,662	35		26,697	16,274	64		16,338
Financial derivatives				0		103		103
Financial liabilities								
Financial derivatives		411		411		561		561

During the reporting period up to 31 December 2011, there were no reclassifications between measurements at fair value of Level 1 and Level 2 and no reclassifications to or from measurements at fair value of Level 3.

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

	in th. euros						
	From interest	From the subsequent valuation			From disposal	Net earnings	
		Currency translation	Impairment			2011	2010
Granted loans and receivables	850	1,590	-912	-225	1,303	97	
Financial liabilities at amortised costs	-1,858	-38			-1,896	-335	
Available for sale financial assets	872		-29		843	644	
Held for trading purposes (only derivatives)		-39		-212	-251	-965	
Total	-136	1,513	-941	-437	-1	-559	

Total interest income for financial assets corresponds to the values stated above. The total interest cost for financial liabilities without taking interest rate swaps into account amounted to 1,679 thousand euros (prior year: 328 thousand euros).

Disclosures on Risk Management of Financial Instruments

Currency risk. Receivables, liabilities and cash and cash equivalents which are not transacted in the functional (local) currency used by the companies are exposed to currency risks from financial instruments. In the BECHTLE Group, currency risks from financial instruments denominated in foreign currency arise from the intercompany trade and, to a lower extent, trade with external suppliers and customers in EUR, CHF, GBP, PLN, CZK, USD and HUF.

The BECHTLE Group uses forward contracts and swaps to hedge exchange rate risks affecting receivables and liabilities denominated in foreign currency. The following table shows the volume of hedging transactions performed in the respective fiscal years:

Currency pair		2011		2010	
		Purchase	Sale	Purchase	Sale
EUR/CHF	in th. CHF	–	–	5,000	5,000
EUR/GBP	in th. GBP	195	–	474	511
EUR/USD	in th. USD	41,815	38,959	9,133	9,032
EUR/HUF	in th. HUF	–	4,767	–	–
CHF/EUR	in th. EUR	2,105	240	5,360	1,160
CHF/USD	in th. USD	440	492	–	290

As of the balance sheet date, the above-mentioned currency contracts that were classified as fair value hedges established the obligation to sell 6,596 thousand us dollar (net) (prior year: 1,718 thousand us dollars) and to purchase 59 thousand pounds sterling (net) (prior year: 176 thousand pounds sterling). Of the forward contracts that had been concluded in 2010 and that were classified as fair value hedge, net purchase obligations amounting to 132 thousand pounds sterling still exist. For these currency derivatives, the fair value measurement resulted in a net loss of 70 thousand euros, which was netted against a corresponding gain of the hedged items. Furthermore, Swiss group companies had an obligation to purchase 680 thousand euros (net) and to sell 282 thousand us dollars (net) from hedges that were classified as held for trading in accordance with IAS 39 and that were therefore measured through profit or loss.

The following sensitivity analysis illustrates the impact a decrease (or increase) in the euro exchange rate could have on consolidated earnings before taxes. The changes in the fair values of the financial assets and liabilities recognised as of the respective balance sheet date due to the changed exchange rate are taken into account. Exchange-rate-related differences from the translation of financial statements into the reporting currency are not taken into account.

in th. euros				
	2011		2010	
Effects of a value loss (or increase) of the euro by 10% compared with				
CHF	+247	(-247)	+542	(-542)
USD	+162	(-162)	14	(-14)
GBP	-21	(+21)	12	(-12)
PLN	+1	(-1)	0	(-0)
HUF	-1	(+1)	-	-
CZK	0	(-0)	1	(-1)

Furthermore, fluctuations in the EUR/CHF exchange rate can significantly affect the consolidated earnings as a considerable portion of the business is generated in Switzerland. To hedge the EUR/CHF exchange rate risks of the income expected to be generated by the Swiss subsidiaries in 2011, a forward contract for the sale of 9 million Swiss francs (prior year: 6 million Swiss francs) against euros at the end of the reporting period was concluded at the beginning of the reporting period, without qualifying or designating this hedge for the accounting of hedges in accordance with IAS 39. As the Swiss franc appreciated compared to the euro during the reporting period, this forward contract affected the earnings in the amount of -209 thousand euros (prior year: -747 thousand euros) before taxes. On the other side, positive effects were obtained from the conversion of the Swiss earnings.

Similarly, projected 2011 UK income was hedged against EUR/GBP exchange rate risks during the reporting period. For this purpose, 650 thousand pounds sterling (prior year: 320 thousand pounds sterling) were sold forward. As in the prior year, this forward contract did not have any significant impact on earnings.

In the consolidated financial statements (euros), exchange differences arose from the conversion of foreign currency financial statements of foreign subsidiaries. These differences are carried and recognised separately directly in equity. To compensate widely for these currency translation differences outside profit or loss and to hedge a net investment in a foreign business unit (IAS 39.102, IFRIC 16), BECHTLE again took out a corresponding EUR/CHF forward exchange contract in the reporting period, which covered the majority of these currency risks. The forward contract concluded at the beginning of the reporting period for the sale of 60 million Swiss francs at the end of the reporting period resulted in an amount of -1,071 thousand euros that was recognised as other earnings outside profit or loss (+313 thousand euros income tax effect). On the other hand, the consolidated equity underwent a highly positive effect from the increase of the currency translation differences by 1,529 thousand euros (prior year: 12,263 thousand euros), most of which resulted from the EUR/CHF conversion. In the prior year, the forward contract that had been concluded in January 2010 for the sale of 60 million Swiss francs at the end of 2010 had resulted in an amount of -7,495 thousand euros that had been recognised as other earnings outside profit or loss (+2,182 thousand euros income tax effect).

Similarly, net assets in UK were hedged against EUR/GBP exchange rate risks during the reporting period. The corresponding forward contract (sale of 1,000 thousand pounds sterling) generated other income of -5 thousand euros recognised outside profit or loss (+1 thousand euros income tax effect). In the prior year, the amount from the hedge of the net assets in the United Kingdom, which had been recognised as other earnings, had amounted to -25 thousand euros (+7 thousand euros income tax effect).

Interest rate risk. The interest rate risk to which the BECHTLE Group is exposed applies primarily to the interest earned by its cash and cash equivalents and from time deposits and securities.

Both the variable interest loan from Sparkasse Schwäbisch Hall-Crailsheim and the variable interest loan from Kreissparkasse Heilbronn are fully hedged against the interest rate risk by means of a corresponding interest rate swap as a cash flow hedge. Since there is no ineffectiveness from the hedge, changes in interest rates only affect the fair value measurement of the interest rate swap in equity outside profit or loss. Apart from this, the group only has a minimal position – and thus an insignificant interest rate risk – in variable-rate financial instruments, which are exposed to cash flow risks from a possible deterioration in interest rates, and fixed-income financial instruments, which are exposed to fair value risks from interest rate fluctuations.

The sensitivity analysis was conducted for the BECHTLE Group's cash and cash equivalents, time deposits and securities as of the balance sheet date under consideration of the relevant interest rates in the relevant currencies (EUR, CHF, GBP, USD, PLN, CZK, HUF). A hypothetical decrease/increase in these interest rates from the beginning of the reporting period by 100 basis points or one per cent p.a. (assuming constant exchange rates) would have led to a decrease/increase in interest income by 1,415 thousand euros (prior year: 1,298 thousand euros).

In the case of the existing interest rate swaps, such a decrease/increase in interest rates would have caused the fair value to change by -274 thousand euros or +264 thousand euros (prior year: -373/+357 thousand euros), respectively, recognised directly in equity outside profit or loss.

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



For further disclosures on the cash management see Risk Report, Finance, page 122 f

Cash flows from loans and interest rate swaps described in section IV. No. 19 are grouped together as a 100 per cent effective cash flow hedge. Based on the Euribor-3M of 1.36 per cent that was valid on the balance sheet date, the interest rate swap would result in future interest payments totalling 506 thousand euros in the period from 2012 to 2017 (prior year: 512 thousand euros for a Euribor-3M of 0.88 per cent for the period from 2011 to 2017). The trade liabilities include insignificant derivative financial instruments that serve as currency hedges. The financial instruments included in the other liabilities are presented less the negative market value of the interest rate swaps in the amount of 372 thousand euros (prior year: 343 thousand euros). The remaining other financial liabilities include derivative financial instruments used as currency hedges in the amount of 39 thousand euros, which are due in 2012. Due to the discounting of the liabilities from acquisitions, the cash flows of the other financial liabilities exceed their carrying amount.

The liquidity risk is controlled and monitored on a weekly basis with the aid of a 2-week liquidity forecast.

in th. euros

	Financial liabilities			
	Loans and interest swaps	Other current financial liabilities	Trade payables	Other financial liabilities
Carrying amount 31.12.2011	65,939	343	148,799	49,487
Cash flow 2012				
Interest	3,068			1
Repayment	8,658	343	148,799	48,279
Cash flow 2013				
Interest	2,804			1
Repayment	6,814			1,250
Cash flow 2014				
Interest	2,317			
Repayment	6,397			
Cash flow 2015				
Interest	2,000			
Repayment	6,202			
Cash flow 2016				
Interest	1,748			
Repayment	5,049			
Cash flow 2017				
Interest	1,550			
Repayment	4,656			
Cash flow 2018				
Interest	1,370			
Repayment	3,227			
Cash flow 2019				
Interest	1,234			
Repayment	2,606			
Cash flow 2020				
Interest	1,103			
Repayment	2,704			
Cash flow 2021				
Interest	971			
Repayment	2,557			
Cash flow 2022				
Interest	236			
Repayment	14,941			
Cash flow 2023–2031¹				
Interest	434			
Repayment	2,125			

¹ Cash flows of the LBBW loan with a carrying amount of 4,875 thousand euros on 31.12.2011.



Concerning the cash flows of the financial liabilities, see [19] Financial liabilities, page 181 ff

in th. euros

	Financial liabilities			
	Loans and interest swaps	Other current financial liabilities	Trade payables	Other financial liabilities
Carrying amount 31.12.2010	16,586	492	129,060	41,808
Cash flow 2011				
Interest	443			1
Repayment	4,320	492	129,060	41,158
Cash flow 2012				
Interest	354			1
Repayment	3,668			325
Cash flow 2013				
Interest	265			1
Repayment	2,345			325
Cash flow 2014				
Interest	177			
Repayment	2,345			
Cash flow 2015				
Interest	94			
Repayment	2,033			
Cash flow 2016				
Interest	31			
Repayment	1,071			
Cash flow 2017				
Interest	8			
Repayment	804			



For further disclosures
on the risk management,
see Risk Report,
page 118 ff

Credit risk. The carrying amounts of the financial assets correspond to the maximum credit risk. There is no hedging, with the exception of industry-standard reservations of title for all trade receivables as well as country-specific deposit guarantee funds for all cash and cash equivalents and time deposits. Any risks of default identified in the financial assets are recognised in the form of impairments.

VII. SEGMENT INFORMATION

Segment information was reported in accordance with IFRS 8 "Operating Segments", as in the prior year.

The BECHTLE Group is currently active in two business segments, the IT system house & managed services segment and the IT e-commerce segment. The two segments differ in terms of the areas of activity involved as well as with regard to the processes applied for IT product trading purposes. The strategic alignment and expansion strategy pursued are also different.

In the **IT system house & managed services** segment BECHTLE provides customers IT strategy consulting services, hardware and software, project planning and implementation, system integration, IT services, training and complete IT operation, covering the entire value chain. BECHTLE prepares individual offers involving a range of different services in combination with hardware and software directly reflecting the needs and preferences of each and every customer. BECHTLE operates in Germany, Austria and Switzerland in this segment, benefiting from a broadly decentralised organisation with over 60 locations keeping the company in close proximity to customers.



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

The **IT e-commerce** segment comprises the group's Internet, catalogue and telesales trading activities. As an IT specialist with a portfolio of more than 44,000 products, ranging from hardware and standard software products to peripherals and accessories, BECHTLE provides IT solutions for all our customers' IT needs while employing a multi-brand strategy. The BECHTLE direct brand is now established in 14 European countries and focuses on classic hardware from leading manufacturers. The ARP brand on the other hand also offers innovative niche products and its own brand-name products. ARP is represented in five European countries and operates a purchasing company in Taiwan. The Comsoft software licensing brand is present in eight European countries.



Specialist dealer with over 44 thousand items, multiple brand strategy

BECHTLE Group companies are based primarily in Germany. Foreign group companies exist in Austria, Belgium, the Czech Republic, France, Hungary, Ireland, Italy, the Netherlands, Poland, Portugal, Spain, Switzerland, Taiwan and the United Kingdom.

The administration and notably the strategic management of the individual companies are centralised primarily at Gaildorf and Neckarsulm, where the parent company BECHTLE AG and the Group Executive Board are based.

As a general rule, the same reporting and valuation methods are applied for the segment information as for the consolidated financial statements. A joint résumé of the business segments has not been drawn up.

The chief operating decision maker (CODM) as defined in IFRS 8.7 is the Executive Board of BECHTLE AG, which comprises the Chairman of the Executive Board, the Executive Board member responsible for IT system house & managed services and the Executive Board member responsible for IT e-commerce. This CODM is responsible for the cross-departmental, group-wide monitoring and management of the group success and resource allocation. Strategic decisions concerning the allocation of resources to the two segments and the assessment of the earning power are made exclusively at Executive Board meetings of BECHTLE AG in close coordination with the Supervisory Board. The Executive Board member responsible for IT system house & managed services and the Executive Board member responsible for IT e-commerce

individually serve as the segment managers (IFRS 8.9) for the respective business segment. In this capacity, they are in charge of the resource management and the assessment of the efficiency of the segments under their supervision. The segment manager also coaches the subordinate division heads and directors in his segment. Vis-à-vis the CODM, the segment managers are responsible for their segments and maintain regular contact to the CODM, e.g. at Executive Board meetings, in order to report on and discuss the activities, results and plans of their segments.

The segment information presented below is based on the same indicators as those underpinning the internal reporting and controlling system that are used above all by the group management/CODM for success evaluation and resource allocation purposes. It contains all income and expenses as well as the assets and liabilities of the central units/functions of the BECHTLE Group in accordance with the relevant services provided or used in the two IT system house & managed services and IT e-commerce segments. The earnings-related key performance indicator for the segments is the operating profit before financial income, financial expenses and tax (EBIT). Financial income is not consolidated as the segments are primarily funded via BECHTLE AG where external interest expense and income are mainly incurred. For this reason, financial income and expenses are reported together as financial earnings merely at Group level as shown below. Accordingly, this is used as the basis for determining earnings before tax at BECHTLE Group and ultimately earnings after tax after taking due account of taxes at Group level.

This results in asymmetric allocation (IFRS 8.27f) insofar as the assets and debts reported for the segments' include interest-bearing assets and liabilities as well as tax receivables and payables. In the case of symmetrical allocation, segment assets and segment liabilities would be correspondingly lower and the earnings-related key performance indicator of the segments would include financial income, financial expenses and tax.

Transactions are only conducted between the two segments to an insignificant extent. They are accounted for at market prices and, for the purposes of completeness and transparency, are shown below explicitly in respect of revenue as well as receivables and payables. External revenue constitutes the revenue generated by the two segments with parties external to the Group and, as such, the total consolidated revenue of BECHTLE Group. The same applies to the receivables and payables as well as the assets and liabilities of the two segments and, as such, the total of those recorded by BECHTLE Group too.

The investments, depreciation and amortisation reported relate to intangible assets (including goodwill) as well as to property, plant and equipment.

In the segment reporting by region (domestic or foreign), revenue is allocated to the country in which the subsidiary concerned has its registered office. From the perspective of the given subsidiary, revenue is generated exclusively in its own country. Only revenue via parties external to the Group is reported. Accordingly, assets, liabilities and investment are allocated to the domestic market (Germany) or abroad on the basis of the location of the given company's registered office.

in th. euros

	2011			2010		
	IT system house & managed services	IT e-commerce	Total Group	IT system house & managed services	IT e-commerce	Total Group
By Segments						
Total segment revenues	1,318,731	680,436		1,153,115	572,128	
less intersegment revenues	-3,062	-1,224		-1,996	-328	
External revenues	1,315,669	679,212	1,994,881	1,151,119	571,800	1,722,919
Amortisation/depreciation	14,741	3,620	18,361	11,148	4,251	15,399
Operating earnings	49,891	36,512	86,403	35,852	24,876	60,728
Financial result			-114			1,056
Earnings before taxes			86,289			61,784
Income taxes			23,566			15,362
Earnings after taxes			62,723			46,422
Investments	42,007	19,113	61,120	9,387	2,435	11,822
Investments through acquisitions	31,219	0	31,219	11,612	0	11,612
Total segment assets	545,430	258,672		435,676	218,134	
less intersegment receivables	-217	-469		-20	-74	
Assets	545,213	258,203	803,416	435,656	218,060	653,716
Total segment liabilities	258,906	126,152		188,261	94,066	
less intersegment liabilities	-469	-217		-74	-20	
Liabilities	258,437	125,935	384,372	188,187	94,046	282,233

Apart from the scheduled depreciation and amortisation, the non-cash items in the two segments in the reporting period and in the prior year were mainly limited to the usual movements within the course of the business operations (e.g. changes in trade receivables and trade payables).

in th. euros

	2011			2010		
	Domestic market	Abroad	Total Group	Domestic market	Abroad	Total Group
By Regions						
External sales	1,315,185	679,696	1,994,881	1,158,213	564,706	1,722,919
Investments	57,311	3,809	61,120	9,105	2,717	11,822
Investments through acquisitions	24,835	6,384	31,219	9,708	1,904	11,612
Assets	503,260	300,156	803,416	376,934	276,782	653,716
thereof non-current assets	184,386	97,252	281,638	101,959	60,736	162,695
Liabilities	267,193	117,179	384,372	183,057	99,176	282,233

Of the external revenue generated abroad, Switzerland accounted for 312,382 thousand euros (prior year: 268,741 thousand euros). The rest is split between the remaining countries Austria, Belgium, the Czech Republic, France, Ireland, Italy, the Netherlands, Poland, Portugal, Spain, Taiwan and the United Kingdom, each of which contributed less than 5 per cent to the external revenue generated by the BECHTLE Group.

The non-current assets reported here encompass property, plant and equipment as well as intangibles (including goodwill). Of the non-current assets held abroad, Switzerland accounted for 69,916 thousand euros (prior year: 37,607 thousand euros). The rest is split between the remaining countries Austria, Belgium, the Czech Republic, France, Ireland, Italy, the Netherlands, Poland, Portugal, Spain, Taiwan and the United Kingdom, each of which held less than 5 per cent of the non-current assets of the BECHTLE Group.

Both in the reporting period and the prior year, no single customers generate revenue in excess of ten per cent of BECHTLE Group's total (IFRS 8.34).



See
X. Other Information,
Employees,
page 207f

Information on the number of employees by segments and regions is provided in section X. "Other disclosures", "Employees".

VIII. ACQUISITIONS AND PURCHASE PRICE ALLOCATION

Partial business operation "Technologie Services Region Ost" (St. Gallen Branch) of redIT Services AG, Zug, Switzerland

(redIT St. Gallen Branch). As of the acquisition date 1 March 2011, the partial business operation "Technologie Services Region Ost" in St. Gallen, Switzerland, was acquired from redIT Services AG, Zug, Switzerland.

Within the scope of this partial business operation takeover, which must be recognised according to the purchase method (IFRS 3.4 ff), a customer base (248 thousand euros) and customer service agreements (209 thousand euros) were newly recognised as identifiable assets (IFRS 3.10 ff) and measured at their acquisition-date fair value (IFRS 3.18 ff) in addition to the assets (251 thousand euros) and liabilities (559 thousand euros) already recognised by the seller, whose carrying amounts corresponded to their fair values.

No deferred taxes were recognised in connection with the capitalisation of the customer base, which is amortised over a period of five years, and of the customer service agreements, which are amortised over a period of two years. There was no goodwill to be recognised.

The business activity of the acquired redIT St. Gallen branch focuses on complex infrastructure solutions in Eastern Switzerland. BECHTLE has taken over 18 employees of redIT, the infrastructure maintenance agreements of the existing customers and the office facilities of redIT, thereby strengthening its own previous system house location St. Gallen.

As of the acquisition date, the takeover is reflected as follows in the balance sheet:

	in th. euros
Non-current assets	
Goodwill	0
Other intangible assets	457
Property, plant and equipment	8
Total non-current assets	465
Current assets	
Inventories	209
Other assets	34
Total current assets	243
Total assets	708
Current liabilities	
Deferral items	559
Total current liabilities	559
Total liabilities	559
Total assets	
- Total liabilities	
= Acquisition costs	149

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

Besides being insignificant in the BECHTLE Group, the revenues and earnings contributions of the acquired partial business operation cannot be measured precisely, as the operation part does not operate and is not controlled separately but is integrated in a larger company unit.

Solid Line Aktiengesellschaft, Walluf, Germany



www.solidline.de

(SolidLine). As of the acquisition date 17 May 2011, the company purchased all shares of Solid Line Aktiengesellschaft, Walluf, Germany.

The acquisition was shown in the balance sheet according to the purchase method (IFRS 3.4 ff).

Apart from the assets and liabilities recognised from the acquired company, whose carrying amounts corresponded to their fair value, a customer base (3,050 thousand euros), customer service agreements (2,840 thousand euros) and a non-compete agreement (815 thousand euros) were newly recognised as identifiable assets (IFRS 3.10 ff) and measured at fair value as of the acquisition date (IFRS 3.18 ff).

Deferred tax liabilities (1,642 thousand euros) were recognised in connection with the capitalisation of the customer base, which is amortised over a period of five years, of the customer service agreements, which are amortised over a period of ten years, and of the non-compete agreement, which is amortised over a period of two years.

Under consideration of the acquired total net assets (4,924 thousand euros), the capital consolidation resulted in a difference of 12,752 thousand euros that is presented as goodwill.



Leading system
house partner
of CAD software
manufacturer Solidworks

By acquiring SolidLine (approximately 160 employees), BECHTLE has taken over the leading system house partner of the CAD software manufacturer Solidworks. For BECHTLE, this means a substantial expansion of its market position in the area of CAD and a confirmation of its position as a strong, one-stop IT solution provider. Apart from its headquarters and a subsidiary in Walluf, Germany, SolidLine has 13 branches and training centres throughout Germany as well as a Swiss subsidiary with locations in Zurich, Arbon and Schönbühl. By means of the acquisition, BECHTLE hopes to establish synergies with customers in the mechanical and plant engineering, tool and mould-making, industrial design and medical technology sectors.

The acquisition is accounted for as follows as of the date of initial consolidation:

	in th. euros
Non-current assets	
Goodwill	12,752
Other intangible assets	6,726
Property, plant and equipment	3,239
Other assets	590
Deferred taxes	557
Total non-current assets	23,864
Current assets	
Inventories	1,657
Trade receivables	2,370
Income tax receivables	9
Other assets	4,737
Cash and cash equivalents	7,633
Total current assets	16,406
Total assets	40,270
Non-current liabilities	
Pension provisions	2,620
Financial liabilities	1,674
Deferred taxes	1,731
Deferral items	644
Total non-current liabilities	6,669
Current liabilities	
Financial liabilities	393
Trade payables	1,972
Tax payables	272
Other provisions and liabilities	1,207
Deferral items	12,081
Total current liabilities	15,925
Total liabilities	22,594
Total assets	
- Total liabilities	
= Acquisition costs	17,676

The company purchase agreement for the acquisition of SolidLine contains a (contingent) purchase price payment of up to 1,692 thousand euros, which depends on the acquired company's future earnings before taxes. The fair value of this contingent purchase price payment at the acquisition date was 1,368 thousand euros, based on the validated earnings projections of SolidLine. This amount is included in the presented acquisition costs (IFRS 3.39). Other acquisition costs (16,308 thousand euros) resulted in an outflow of cash and cash equivalents.

In the reporting period, SolidLine accounted for 21,698 thousand euros of the revenues and 1,376 thousand euros of the earnings after taxes of the BECHTLE Group (IFRS 3.B64qj).

The receivables taken over were only subject to minor impairments.

HanseVision GmbH, Hamburg, Germany



www.hansevision.com

(HanseVision). As of the acquisition date 28 July 2011, the company purchased all shares of HanseVision GmbH, Hamburg, Germany

The acquisition was shown in the balance sheet according to the purchase method (IFRS 3.4 ff).

Apart from the assets and liabilities already recognised by the acquired company, whose carrying amounts corresponded to their fair value, a customer base (1,080 thousand euros) and a non-compete agreement (700 thousand euros) were newly recognised as identifiable assets (IFRS 3.10 ff) and measured at fair value as of the acquisition date (IFRS 3.18 ff).

Deferred tax liabilities (574 thousand euros) were recognised in connection with the capitalisation of the customer base, which is amortised over a period of five years, and of the non-compete agreement, which is amortised over a period of two years.

Under consideration of the acquired total net assets (1,550 thousand euros), the capital consolidation resulted in a difference of 5,911 thousand euros that is presented as goodwill.



Established specialist in
Microsoft solutions,
especially in SharePoint
technologies

By acquiring HanseVision (22 employees), BECHTLE has consistently pursued its strategic alignment as an IT solution provider, further expanding the field of software and application solutions in the IT system house & managed services segment. HanseVision is an established specialist in Microsoft solutions that concentrates especially on the future-oriented SharePoint technologies. BECHTLE also expects the acquisition to deliver considerable synergies and cross-selling effects in the conventional system house business.

The acquisition is accounted for as follows as of the date of initial consolidation:

	in th. euros
Non-current assets	
Goodwill	5,911
Other intangible assets	1,780
Property, plant and equipment	46
Other assets	62
Deferred taxes	57
Total non-current assets	7,856
Current assets	
Trade receivables	284
Income tax receivables	146
Other assets	29
Cash and cash equivalents	658
Total current assets	1,117
Total assets	8,973
Non-current liabilities	
Deferral taxes	574
Total non-current liabilities	574
Current liabilities	
Tax payables	3
Other provisions and liabilities	935
Total current liabilities	938
Total liabilities	1,512
Total assets	
- Total liabilities	
= Acquisition costs	7,461

The company purchase agreement for the acquisition of HanseVision contains a (contingent) purchase price payment of up to 1,500 thousand euros, which depends on the acquired company's future business performance. Based on the validated business plan of HanseVision, the fair value of this contingent purchase price payment on the acquisition date was 1,461 thousand euros. This amount is included in the presented acquisition costs (IFRS 3.39). Other acquisition costs (6,000 thousand euros) resulted in an outflow of cash and cash equivalents.

In the reporting period, HanseVision accounted for 1,812 thousand euros of the revenues and -17 thousand euros of the earnings after taxes of the Bechtle Group (IFRS 3.B64qj).

The receivables taken over were only subject to minor impairments.

Had the acquisition of **SolidLine and HanseVision** already taken place at the beginning of the reporting period, the revenues of the BECHTLE Group for the reporting period would have been 2,011,697 thousand euros, and earnings after taxes 63,466 thousand euros (IFRS 3.B64qii).

When it purchased **Netzwerk Beratung Informationssysteme Duisburg GmbH**, Duisburg, Germany, in the fiscal year 2008, BECHTLE had undertaken to pay contingent retroactive purchase price increases. In the fiscal year 2010, these contingent purchase price increases were contractually capped at a maximum of 400 thousand euros and made contingent upon the contribution margin achieved with certain customers and upon certain customer relationships. In April 2011, this contingent purchase price payment was settled and paid out. The amount totalled 300 thousand euros, which was recognised as additional goodwill.

When it purchased **HTH Consulting GmbH**, St. Pölten, Austria, in the fiscal year 2010, BECHTLE had undertaken to pay contingent retroactive purchase price increases amounting to a total of up to 500 thousand euros, depending on the acquired company's future earnings before taxes. At the time, the fair value of this contingent purchase price payment on the acquisition date was recognised as 450 thousand euros, based on the validated earnings projections of HTH. In April 2011, this contingent purchase price payment was settled and paid out. The amount was exactly 450 thousand euros, as already determined and recognised in the prior year.

IX. DISCLOSURES ON THE EXECUTIVE BOARD AND SUPERVISORY BOARD

Executive Board Members

Dr. Thomas Olemotz, Chairman of the Executive Board

Place of residence: Rabenau, Germany

Board member responsible for controlling, finance, corporate communications, investor relations, central IT, logistics & service, human resources & staff development and legal

■ Chairman of the Supervisory Board

of BECHTLE E-COMMERCE HOLDING AG, Neckarsulm, Germany

of BECHTLE SYSTEMHAUS HOLDING AG, Neckarsulm, Germany

of PP 2000 Business Integration AG, Stuttgart, Germany

of BECHTLE MANAGED SERVICES AG, Neckarsulm, Germany

of SolidLine AG, Walluf, Germany

■ Chairman of the Board of Directors

of BECHTLE HOLDING SCHWEIZ AG, Rotkreuz, Switzerland

Michael Guschlbauer

Place of residence: Ludwigsburg, Germany

Board member responsible for IT system house & managed services

■ Member of the Executive Board

of BECHTLE SYSTEMHAUS HOLDING AG, Neckarsulm, Germany

of BECHTLE MANAGED SERVICES AG, Neckarsulm, Germany

■ Member of the Supervisory Board

of PP 2000 Business Integration AG, Stuttgart, Germany

Jürgen Schäfer

Place of residence: Heilbronn, Germany

Executive Board member responsible for IT e-commerce

■ Member of the Executive Board

of BECHTLE E-COMMERCE HOLDING AG, Neckarsulm, Germany

of "Förderkreis der Hochschule Heilbronn e.V."

■ Chairman of the Board of Directors

of Gustav-Berger Stiftung, Heilbronn, Germany

■ Member of the Supervisory Board

of RIXIUS AG, Mannheim, Germany

NUMBER OF SHARES IN BECHTLE AG

	31.12.2011	31.12.2010
Dr. Thomas Olemotz	0	0
Michael Guschlbauer	0	0
Jürgen Schäfer	4,000	4,000

Compensation of the Executive Board members

The total compensation for the activity of the Executive Board of BECHTLE AG for the fiscal year 2011 amounted to 2,494 thousand euros. Fixed compensation amounted to 892 thousand euros, and variable compensation to 1,602 thousand euros.

On the basis of the Annual General Meeting resolution of 7 June 2011, individualised disclosure of Executive Board compensation is hereby waived.

Supervisory Board members and their compensation

The Supervisory Board compensation in the reporting period totalled 491 thousand euros. All other details relevant to the Supervisory Board that have to be provided by law are set out in summarised form in Appendix D to these Notes.

Details based on a recommendation made by the government commission on the German Corporate Governance Code are set out in the Corporate Governance Report included in the Management Report.



See Appendix D
to the Notes,
Supervisory Board Members,
page 218 f

X. OTHER DISCLOSURES

Operating Leases

In the context of rental, leasehold and leasing agreements classed as operating leases as per IAS 17, the Group hires property, plant and equipment. The leasing instalments and/or rental payments resulting from this are reported directly as expense items in the income statement.

BECHTLE has hired buildings, vehicles and IT products by way of operating leases that cannot be terminated during the basic rental term. Payments amounting to 25,520 thousand euros (prior year: 25,608 thousand euros) were recognised as expenses in connection with leases.

Future minimum lease payments arising from the above-mentioned agreements totalled 62,685 thousand euros as at 31 December 2011 (prior year: 88,807 thousand euros).

The calculation of the minimum lease payments takes into account contractually agreed and known price adjustments. Beyond this, customary local price adjustment clauses and lease renewal options exist, which are not taken into account in the calculation since their amount and application are uncertain.

	in th. euros
Due within one year	21,281
Due between 1 and 5 years	33,714
Due after 5 years	7,690
Total minimum lease payments	62,685

The prior-year figure had included 34,237 thousand euros from the lease for the central logistics and administration building in Neckarsulm, Germany, which had been concluded in 2002, and the extension built in 2008/2009. The property was owned and leased by Fabiana Grundstücksverwaltungsgesellschaft mbH, München, Germany, in which BECHTLE AG has not held and does not hold any direct or indirect interests. The lease had a term until 2022, with a subsequent property purchase option for BECHTLE AG.



See
 (9) Property, Plant
 and Equipment,
 page 167, and
 (19) Financial Liabilities,
 page 181 ff

In the reporting period, this lease was terminated prematurely. As of 1 August 2011, BECHTLE purchased the land and buildings (property, plant and equipment) and took over the associated debts (financial liabilities) from the previous lessor.

Within the scope of operating leases, BECHTLE also acts as lessor, mostly in connection with the leasing of IT products. As a rule, the leasing agreements are concluded for a term of between 3 and 4 years. The corresponding minimum lease payments from these leases amount to 5,104 thousand euros for 2012 (prior year for 2011: 4,295 thousand euros) and 5,965 thousand euros for 2013 to 2016 (prior year for 2012 to 2015: 4,966 thousand euros), thus totalling 11,069 thousand euros (prior year: 9,261 thousand euros).

Contingent Liabilities

Pursuant to IAS 37.86, the company is unaware of any legal dispute-related matters that would have a significantly negative impact on its income, liquidity or financial position or have had such impact over the past two years.

The acquisition of SolidLine results in contingent retroactive purchase price increases (IFRS 3.39) which were not to be shown in the balance sheet as liability (IAS 37) with a present value of 285 thousand euros.



See VIII. Acquisitions and Purchase Price Allocation, page 198 ff

Employees

Personnel expenses break down as follows:

	in th. euros	
	2011	2010
Wages and salaries	252,171	204,937
Social security contributions and expenses for pension schemes and support	42,478	36,483
Total personnel expenses	294,649	241,420

Personnel expenses (wages and salaries) include severance pay (IAS 19.142) amounting to 982 thousand euros (prior year: 1,250 thousand euros).

Overall, employee numbers in the BECHTLE Group were as follows as of the balance sheet date and as an annual average:

	31.12.2011	31.12.2010	2011	2010
Full-time staff	5,026	4,372	4,753	4,137
Trainees	356	306	304	277
Employees on parental leave	97	88	89	82
Temporary staff	141	138	142	130
Total	5,620	4,904	5,288	4,626

The average number of full-time employees listed above includes 86 (prior year: 73) directors and/or executive board members of subsidiaries.

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

	31.12.2011	31.12.2010	2011	2010
IT system house & managed services	4,305	3,763	4,043	3,542
Domestic	3,640	3,129	3,389	2,933
Abroad	665	634	654	609
IT e-commerce	1,174	1,003	1,103	954
Domestic	425	342	388	316
Abroad	749	661	715	638

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

	31.12.2011	31.12.2010	2011	2010
Service	2,506	2,203	2,375	2,110
Distribution	1,684	1,458	1,594	1,338
Administration	1,192	1,017	1,088	966

Auditor's Fee

The following fees were recognised as expense in the 2011 fiscal year for services rendered by the auditor of the consolidated financial statements, Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft:

	in th. euros
	2011
Financial statements audits	422
Other services rendered for Bechtle AG or subsidiaries	7
Auditor's fee	429

The fees for audits include the fees for the consolidated financial statements audit as well as for the audit of the annual financial statements of BECHTLE AG and its domestic subsidiaries.

Related Party Relationships



See Appendix A to
the Notes, Subsidiaries
of Bechtle AG,
page 212 ff

BECHTLE AG and all its (direct or indirect) subsidiaries are considered to be related parties. All these companies are consolidated in the consolidated financial statements of BECHTLE AG.

Parties related to BECHTLE are Karin Schick as the largest shareholder of BECHTLE AG, the members of the Executive Board and of the Supervisory Board of BECHTLE AG as well as their close family members.

Apart from her Supervisory Board office as shareholder representative, Karin Schick serves as a part-time employee at BECHTLE AG without any material compensation.

In the reporting period, the employee representatives on the Supervisory Board received taxable compensations amounting to 377 thousand euros (prior year: 329 thousand euros) for their normal employment with BECHTLE.

Apart from this, there were no other noteworthy transactions between BECHTLE and related parties, neither in the reporting period nor in the prior year.

Exercising of Rights Pursuant to Section 264 (3)/ Section 264b of the German Commercial Code (HGB)

The following companies, which are affiliated consolidated companies of BECHTLE AG and for which the consolidated financial statements of BECHTLE AG represent the exempting consolidated financial statements make full use of their right of exemption pursuant to Section 264 (3)/Section 264b of the German Commercial Code (HGB):

Company	Headquarters
Bechtle GmbH	Berlin
Bechtle GmbH & Co. KG	Bielefeld
Bechtle GmbH & Co. KG	Bonn
Bechtle GmbH & Co. KG	Chemnitz
Bechtle GmbH & Co. KG	Darmstadt
PSB GmbH	Dreieich
Bechtle GmbH & Co. KG	Duisburg
ITZ Informationstechnologie GmbH	Essen
Bechtle GmbH	Frankfurt
Bechtle GmbH	Freiburg
Bechtle GmbH & Co. KG	Friedrichshafen
Bechtle GmbH	Hamburg
Bechtle GmbH	Hannover
Bechtle GmbH & Co. KG	Karlsruhe
Bechtle GmbH & Co. KG	Krefeld
Bechtle IT-Systemhaus GmbH	Krefeld
Bechtle GmbH & Co. KG	Mannheim
Bechtle GmbH	Meschede
Bechtle GmbH & Co. KG	Münster
Bechtle E-Commerce Holding AG	Neckarsulm
Bechtle Field Services GmbH & Co. KG	Neckarsulm
Bechtle GmbH & Co. KG	Neckarsulm
Bechtle Grundstücksverwaltungsgesellschaft mbH	Neckarsulm
Bechtle Logistik & Service GmbH	Neckarsulm
Bechtle Managed Services AG	Neckarsulm
Bechtle ÖA direct GmbH	Neckarsulm
Bechtle Onsite Services GmbH	Neckarsulm
Bechtle Remote Services GmbH & Co. KG	Neckarsulm
Bechtle Systemhaus Holding AG	Neckarsulm
Bechtle IT-Systemhaus GmbH & Co. KG	Ober-Mörlen
intelligent IT solutions GmbH & Co. KG	Oldenburg
Bechtle GmbH	Radolfzell (Lake Constance)
Bechtle GmbH & Co. KG	Regensburg
Bechtle GmbH & Co. KG	Rottenburg
Bechtle GmbH	Schkeuditz
Bechtle GmbH	Solingen
Bechtle GmbH	Stuttgart
PP 2000 Business Integration AG	Stuttgart
Bechtle GmbH	Würselen
Bechtle GmbH	Würzburg

XI. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD



www.redmondintegrators.com

As of the acquisition date 1 January 2012, the company purchased all shares in Redmond Integrators GmbH, Bochum, Germany.

The acquisition was shown in the balance sheet according to the purchase method (IFRS 3.4 ff). The values to be recognised are still being determined and have only been available on a preliminary basis so far (IFRS 3.B66 in conjunction with IFRS 3.45).

Apart from the assets and liabilities already recognised by the acquired company, whose carrying amounts correspond to their fair value, a customer base (102 thousand euros) and a non-compete agreement (220 thousand euros) were newly recognised as identifiable assets (IFRS 3.10 ff) and measured at fair value as of the acquisition date (IFRS 3.18 ff).

Deferred tax liabilities (102 thousand euros) were recognised in connection with the capitalisation of the customer base, which is amortised over a period of three years, and of the non-compete agreement, which is amortised over a period of two years.

Under consideration of the acquired total net assets (312 thousand euros), the capital consolidation resulted in a difference of 471 thousand euros that is presented as goodwill.



Further
established
specialist in
SharePoint-based
solutions

By acquiring Redmond Integrators (15 employees), BECHTLE has further expanded the software and application solutions division in the IT system house & managed services segment. Redmond Integrators is an established specialist in the field of solutions related to the fast-growing SharePoint technology. BECHTLE has thus consistently taken the next step in its positioning as IT solution provider, thereby drawing even closer to the goal of becoming the leader in the German market for SharePoint-based solutions.

As of the date of initial consolidation, the acquisition is accounted for as follows at provisional values:

	in th. euros
Non-current assets	
Goodwill	471
Other intangible assets	331
Property, plant and equipment	59
Other assets	8
Total non-current assets	869
Current assets	
Inventories	59
Trade receivables	332
Cash and cash equivalents	233
Total current assets	624
Total assets	1,493
Non-current liabilities	
Deferred taxes	102
Total non-current liabilities	102
Current liabilities	
Trade payables	141
Tax payables	17
Other provisions and liabilities	450
Total current liabilities	608
Total liabilities	710
Total assets	
- Total liabilities	
= Acquisition costs	783

The company purchase agreement for the acquisition of Redmond Integrators contains a (contingent) purchase price payment of up to 300 thousand euros, which depends on the acquired company's future business performance. Under consideration of the validated business plan of Redmond Integrators, the fair value of this contingent purchase price payment is 283 thousand euros.

Other acquisition costs (500 thousand euros) resulted in an outflow of cash and cash equivalents.

The receivables taken over were not subject to any major impairments.

Neckarsulm, 29 February 2012

BECHTLE AG

The Executive Board



Dr. Thomas Olemotz



Michael Guschlbauer



Jürgen Schäfer

SUBSIDIARIES OF BECHTLE AG*

as of 31 December 2011 (Appendix A to the Notes)

74. SUBSIDIARIES – GERMANY

Company	Headquarters
Bechtle GmbH	Berlin
Bechtle GmbH & Co. KG	Bielefeld
Bechtle GmbH & Co. KG	Bonn
Bechtle GmbH & Co. KG	Chemnitz
Bechtle GmbH & Co. KG	Darmstadt
ARP GmbH	Dietzenbach
Bechtle GmbH	Dortmund
PSB GmbH	Dreieich
Bechtle GmbH & Co. KG	Duisburg
ITZ Informationstechnologie GmbH	Essen
Bechtle GmbH	Frankfurt
Bechtle GmbH	Freiburg
Bechtle GmbH & Co. KG	Friedrichshafen
Bechtle Finanz- & Marketingservices GmbH	Gaildorf
Bechtle GmbH	Hamburg
HanseVision GmbH	Hamburg
Bechtle GmbH	Hannover
Bechtle GmbH & Co. KG	Karlsruhe
Bechtle GmbH	Köln
Bechtle GmbH & Co. KG	Krefeld
Bechtle IT-Systemhaus GmbH	Krefeld
SolidPro Informationssysteme GmbH	Langenau
Bechtle GmbH & Co. KG	Mannheim
Bechtle GmbH	Meschede
Bechtle GmbH & Co. KG	Münster
Bechtle direct GmbH	Neckarsulm
Bechtle E-Commerce Holding AG	Neckarsulm
Bechtle GmbH & Co. KG	Neckarsulm
Bechtle Grundstücksverwaltungsgesellschaft mbH	Neckarsulm
Bechtle Logistik & Service GmbH	Neckarsulm
Bechtle Managed Services AG	Neckarsulm
Bechtle ÖA direct GmbH	Neckarsulm
Bechtle Onsite Services GmbH	Neckarsulm
Bechtle Remote Services GmbH & Co. KG	Neckarsulm

*The (direct or indirect) interest of Bechtle AG is 100 per cent in all cases.

Company	Headquarters
Bechtle Softwarelösungen GmbH	Neckarsulm
Bechtle Systemhaus Holding AG	Neckarsulm
Bechtle-Comsoft GmbH	Neckarsulm
Bechtle GmbH	Nürnberg
Bechtle IT-Systemhaus GmbH & Co. KG	Ober-Mörlen
PSB IT-Service GmbH	Ober-Mörlen
Bechtle GmbH	Offenburg
intelligent IT solutions GmbH & Co. KG	Oldenburg
Bechtle GmbH	Radolfzell (Lake Constance)
Bechtle GmbH & Co. KG	Regensburg
Bechtle GmbH & Co. KG	Rottenburg (Neckar)
Bechtle GmbH	Schkeuditz
Bechtle GmbH	Solingen
Bechtle GmbH	Stuttgart
PP 2000 Business Integration AG	Stuttgart
HCV Data Management GmbH	Walluf
Solid Line AG	Walluf
Bechtle GmbH	Weimar
Bechtle GmbH	Würselen
Bechtle GmbH	Würzburg

Non-operating companies:

Bechtle Verwaltungs-GmbH	Bielefeld
Bechtle Verwaltungs-GmbH	Bonn
Bechtle Verwaltungs-GmbH	Chemnitz
DA Bechtle Verwaltungs-GmbH	Darmstadt
BO Bechtle Verwaltungs-GmbH	Duisburg
FH Bechtle Verwaltungs-GmbH	Friedrichshafen
Bechtle Data Verwaltungs-GmbH	Gaildorf
Bechtle GmbH	Gaildorf
Bechtle Kapitalbeteiligungs- Verwaltungs-GmbH	Gaildorf
compartner ASP ONE GmbH	Gaildorf
compartner systems GmbH	Gaildorf
MH Bechtle Verwaltungs-GmbH	Gaildorf
MS Mikro Software Gesellschaft für Systemanalyse und Engineering mbH	Gaildorf
MVis informationssysteme GmbH	Gaildorf
OCR Datensysteme GmbH	Gaildorf

Company	Headquarters
KA Bechtle Verwaltungs-GmbH	Karlsruhe
MA Bechtle Verwaltungs-GmbH	Mannheim
Bechtle Verwaltungs-GmbH	Münster
Bechtle Field Services GmbH & Co. KG	Neckarsulm
Bechtle Field Services Verwaltungs-GmbH	Neckarsulm
Bechtle Remote Services Verwaltungs-GmbH	Neckarsulm
HN Bechtle Verwaltungs-GmbH	Neckarsulm
Bechtle Verwaltungs-GmbH	Ober-Mörlen
intelligent IT solutions Beteiligungs-GmbH	Oldenburg
REG Bechtle Verwaltungs-GmbH	Regensburg
RB Bechtle Verwaltungs-GmbH	Rottenburg (Neckar)

74. SUBSIDIARIES – WORLDWIDE

Company	Country	Headquarters
Bechtle Brussels NV	Belgium	Neerpelt
Bechtle Comsoft NV	Belgium	Neerpelt
Bechtle direct NV	Belgium	Neerpelt
Bechtle direct SAS	France	Molsheim
Bechtle Management E.u.r.l.	France	Molsheim
ARP SAS	France	Valbonne
Comsoft SOS Developers SAS	France	Valbonne
Bechtle direct Ltd.	United Kingdom	Chippenham, Wiltshire
Bechtle Direct Limited	Ireland	Dublin
Bechtle direct S.r.l.	Italy	Bozen
Comsoft direct s.r.l.	Italy	Bozen
Bechtle direct B.V.	Netherlands	Eindhoven
Bechtle Holding B.V.	Netherlands	Eindhoven
Buyitdirect.com N.V.	Netherlands	Hoofddorp
ARP Nederland B.V.	Netherlands	Maastricht
ARP Supplies B.V.	Netherlands	Maastricht
Bechtle Data Management B.V.	Netherlands	Maastricht
Bechtle Management B.V.	Netherlands	Maastricht
Comsoft direct B.V.	Netherlands	Maastricht
Bechtle direct GmbH	Austria	Linz
HTH Consulting GmbH	Austria	St. Pölten
Bechtle GmbH	Austria	Wien
ARP GmbH	Austria	Wiener Neudorf
Comsoft direct GmbH	Austria	Wiener Neudorf

Company	Country	Headquarters
Bechtle direct Polska Sp.z.oo.	Poland	Wrocław
Bechtle direct Portugal Unipessoal Lda	Portugal	Aveiro
Coma Services AG	Switzerland	Bremgarten
Gate Informatic AG	Switzerland	Ecublens
Bechtle direct AG	Switzerland	Gland
Bechtle Marketing AG	Switzerland	Regensdorf
Bechtle Printing Solutions AG	Switzerland	Regensdorf
Bechtle Regensdorf AG	Switzerland	Regensdorf
ARP Management AG	Switzerland	Rotkreuz
ARP Schweiz AG	Switzerland	Rotkreuz
Bechtle Holding Schweiz AG	Switzerland	Rotkreuz
Bechtle Management AG	Switzerland	Rotkreuz
Bechtle Schweiz AG	Switzerland	Rotkreuz
Comsoft direct AG	Switzerland	Rotkreuz
Bechtle St. Gallen AG	Switzerland	St. Gallen
Solid Solutions AG	Switzerland	Zürich
Bechtle direct S.L.	Spain	Madrid
Comsoft direct S.L.U.	Spain	Madrid
ARP Datacon Ltd.	Taiwan R.O.C.	Taipei Hsien
Bechtle direct s.r.o.	Czech Republic	Praha
Bechtle direct Kft.	Hungary	Budapest

CHANGES IN INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

from 1 January to 31 December 2011 (Appendix B to the Notes)

75. CHANGES IN INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

	Acquisition costs						As of 31.12.2011
	As of 01.01.2011	Change in scope of consolidation	Other additions	Currency translation differences	Disposals	Transfers/ Restructure	
I. Goodwill	115,835	18,963	0	850	0	0	135,648
II. Other intangible assets							
1. Brands	3,421	0	0	102	0	0	3,523
2. Customer base	25,777	4,378	150	282	7,115	0	23,472
3. Acquired software	15,532	21	2,625	148	198	0	18,128
4. Internally developed software	2,094	0	0	0	0	0	2,094
5. Customer service contracts	2,240	3,049	55	12	0	0	5,356
6. Non-compete agreements	895	1,515	0	0	150	0	2,260
	49,959	8,963	2,830	544	7,463	0	54,833
III. Property, plant and equipment							
1. Property and buildings	12,013	2,956	38,518	0	249	0	53,238
2. Miscellaneous equipment, furniture, fixtures and fittings	55,534	337	18,010	334	4,502	66	69,779
3. Advance payments and construction in progress	66	0	1,762	0	0	-66	1,762
	67,613	3,293	58,290	334	4,751	0	124,779
	233,407	31,219	61,120	1,728	12,214	0	315,260

from 1 January to 31 December 2010 (Appendix C to the Notes)

	Acquisition costs						As of 31.12.2010
	As of 01.01.2010	Change in scope of consolidation	Other additions	Currency translation differences	Disposals	Transfers/ Restructure	
I. Goodwill	106,395	5,105	0	4,335	0	0	115,835
II. Other intangible assets							
1. Brands	2,889	0	0	532	0	0	3,421
2. Customer base	26,270	2,865	0	1,882	5,240	0	25,777
3. Acquired software	13,811	45	1,518	745	587	0	15,532
4. Internally developed software	2,026	0	68	0	0	0	2,094
5. Customer service contracts	0	2,240	0	0	0	0	2,240
6. Non-compete agreements	0	895	0	0	0	0	895
	44,996	6,045	1,586	3,159	5,827	0	49,959
III. Property, plant and equipment							
1. Property and buildings	11,950	0	63	0	0	0	12,013
2. Miscellaneous equipment, furniture, fixtures and fittings	49,366	462	10,107	1,698	6,099	0	55,534
3. Advance payments and construction in progress	0	0	66	0	0	0	66
	61,316	462	10,236	1,698	6,099	0	67,613
	212,707	11,612	11,822	9,192	11,926	0	233,407

in th. euros

Cumulative depreciations and amortisations				Carrying amount		
As of 01.01.2011	Additions	Currency translation differences	Disposals	As of 31.12.2011	As of 31.12.2011	As of 31.12.2010
0	0	0	0	0	135,648	115,835
0	0	0	0	0	3,523	3,421
17,016	4,076	199	7,115	14,176	9,296	8,761
13,032	1,812	138	191	14,791	3,337	2,500
1,953	59	0	0	2,012	82	141
70	526	1	0	597	4,759	2,170
190	869	0	150	909	1,351	705
32,261	7,342	338	7,456	32,485	22,348	17,698
1,211	776	0	249	1,738	51,500	10,802
37,240	10,243	265	4,352	43,396	26,383	18,294
0	0	0	0	0	1,762	66
38,451	11,019	265	4,601	45,134	79,645	29,162
70,712	18,361	603	12,057	77,619	237,641	162,695

in th. euros

Cumulative depreciations and amortisations				Carrying amount		
As of 01.01.2010	Additions	Currency translation differences	Disposals	As of 31.12.2010	As of 31.12.2010	As of 31.12.2009
0	0	0	0	0	115,835	106,395
0	0	0	0	0	3,421	2,889
17,217	3,705	1,334	5,240	17,016	8,761	9,053
10,964	1,985	639	556	13,032	2,500	2,847
1,883	70	0	0	1,953	141	143
0	70	0	0	70	2,170	0
0	190	0	0	190	705	0
30,064	6,020	1,973	5,796	32,261	17,698	14,932
900	311	0	0	1,211	10,802	11,050
32,676	9,068	1,397	5,901	37,240	18,294	16,690
0	0	0	0	0	66	0
33,576	9,379	1,397	5,901	38,451	29,162	27,740
63,640	15,399	3,370	11,697	70,712	162,695	149,067

SUPERVISORY BOARD MEMBERS

(Appendix D to the Notes)

76. SUPERVISORY BOARD MEMBERS – SHAREHOLDER REPRESENTATIVES

Name	Member since	Profession	Membership in supervisory boards and other supervisory bodies pursuant to Section 125 (1) sentence 3 of the German Stock Corporation Act (AktG)
Kurt Dobitsch	20 May 1999	Businessman	Chairman of the Supervisory Board ■ United Internet AG, Montabaur, Germany ■ Nemetschek AG, München, Germany Member of the Supervisory Board ■ 1&1 Internet AG, Karlsruhe, Germany ■ DOCUWARE AG, Germering, Germany ■ Graphisoft S.E., Budapest, Hungary Member of the Board of Directors ■ Hybris AG, Zürich, Switzerland (until 10/2011)
Dr. Walter Jaeger	17 June 2008	Businessman	Chairman of the Supervisory Board ■ Wirthwein AG, Creglingen, Germany Member of the Supervisory Board ■ Kaufland Stiftung & Co. KG, Neckarsulm, Germany (until 23 November 2011) ■ Lidl Stiftung & Co. KG, Neckarsulm, Germany (until 23 November 2011) Chairman of the Advisory Board ■ Hohenloher Spezialmöbelwerk Schaffitzel GmbH & Co. KG, Öhringen, Germany ■ Mosolf GmbH & Co. KG, Kirchheim unter Teck, Germany ■ Vollert Anlagenbau GmbH & Co. KG, Weinsberg, Germany ■ Armaturenfabrik Franz Schneider GmbH & Co. KG, Nordheim, Germany (until 30 April 2011) ■ GEMÜ Gebr. Müller GmbH & Co. KG, Ingelfingen, Germany
Gerhard Schick Chairman of the Supervisory Board	22 March 2004	Businessman	
Karin Schick	9 August 2004	Clerk	
Klaus Winkler	20 May 1999	Managing Director	Member of the Supervisory Board ■ IMS Gear GmbH, Donaueschingen, Germany (until 1 January 2012) ■ Joma-Polytec GmbH, Bodelshausen, Germany Member of the Advisory Board ■ Dieffenbacher GmbH & Co. KG, Eppingen, Germany ■ Kapp GmbH & Co. KG, Coburg, Germany
Dr. Jochen Wolf 2nd Vice-Chairman of the Supervisory Board	2 October 2003	Managing Director	Chairman of the Supervisory Board ■ Joma-Polytec GmbH, Bodelshausen, Germany Member of the Supervisory Board ■ Bardusch GmbH + Co. KG, Ettlingen, Germany ■ IMS Gear GmbH, Donaueschingen, Germany ■ LTS Lohmann Therapie-Systeme AG, Andernach, Germany ■ R-Biopharm AG, Darmstadt, Germany Member of the Board of Directors ■ E.G.O. Blanc & Fischer-Firmengruppe, Oberderdingen, Germany Member of the Advisory Board ■ C. Hafner GmbH & Co. KG, Pforzheim, Germany (until 13 March 2011)

EMPLOYEE REPRESENTATIVES

Name	Member since	Profession	Membership in supervisory boards and other supervisory bodies pursuant to Section 125 (1) sentence 3 of the German Stock Corporation Act (AktG)
Udo Bettenhausen	18 January 2007 until 16 May 2011	Clerk	
Uli Drautz Vice-Chairman of the Supervisory Board	15 October 2003	Executive	Member of the Supervisory Board ■ Bechtle E-Commerce Holding AG, Neckarsulm ■ Bechtle Systemhaus Holding AG, Neckarsulm ■ Bechtle Managed Services AG, Neckarsulm ■ Solid Line AG, Walluf, Germany (since 1 June 2011) ■ PP 2000 Business Integration AG, Stuttgart, Germany
Daniela Eberle	15 October 2003	Clerk	
Jürgen Ergenzinger	17 June 2008	Union Secretary IG Metall, Administrative office Heilbronn-Neckarsulm, Germany	
Sonja Glaser-Reuss	17 June 2008	Clerk	
Barbara Greyer	15 October 2003	Union Secretary ver.di, State District Baden-Württemberg	
Siegfried Höfels	17 May 2011	Technical Employee	

7.7. COMMITTEES OF SUPERVISORY BOARD

Audit committee	Personnel committee
Dr. Jochen Wolf (Chairman) Uli Drautz Daniela Eberle Gerhard Schick Klaus Winkler	Gerhard Schick (Chairman) Uli Drautz Dr. Jochen Wolf

AUDIT OPINION

We have issued the following opinion on the consolidated financial statements and the group management report:

"We have audited the consolidated financial statements prepared by the BECHTLE AG, Neckarsulm, comprising the income statement, the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash-flows and the notes to the consolidated financial statements, together with the group management report for the fiscal year from January 1 to December 31, 2011. The preparation of the consolidated financial statements and the group management report in accordance with IFRS's as adopted by the EU, and the additional requirements of German commercial law pursuant to Sec. 315a (1) HGB ("Handelsgesetzbuch": "German Commercial Code") are the responsibility of the parent company's management. Our responsibility is to express an opinion on the consolidated financial statements and on the group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with Sec. 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and the group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRS's as adopted by the EU, the additional requirements of German commercial law pursuant to Sec. 315a (1) HGB and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development."

Heilbronn, 29 February 2012

Ernst & Young GmbH, Wirtschaftsprüfungsgesellschaft



Strähle

German Public Auditor



Hieronymus

German Public Auditor



RESPONSIBILITY STATEMENT BY THE EXECUTIVE BOARD

To the best of our knowledge, and in accordance with the applicable reporting principles for financial reporting, the Consolidated Financial Statements give a true and fair view of the earnings, asset and financial position of the Group, and the Management Report of the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Neckarsulm, 13 March 2012

BECHTLE AG

The Executive Board



Dr. Thomas Olemotz



Michael Guschlbauer



Jürgen Schäfer

MULTI-YEAR OVERVIEW BECHTLE GROUP

78. MULTI-YEAR OVERVIEW

		2006	2007	2008	2009	2010	2011	Change in % 2011-2010
Regions								
Revenue	th.euros	1,220,138	1,383,453	1,431,462	1,379,307	1,722,919	1,994,881	+15.8
Domestic	th.euros	815,876	902,367	938,868	921,578	1,158,213	1,315,185	+13.6
of total revenue	%	66.9	65.2	65.6	66.8	67.2	65.9	
Abroad	th.euros	404,262	481,086	492,594	457,729	564,706	679,696	+20.4
Segments								
Revenue	th. euros	1,220,138	1,383,453	1,431,462	1,379,307	1,722,919	1,994,881	+15.8
IT system house & managed services	th. euros	816,998	885,772	927,530	919,956	1,151,119	1,315,669	+14.3
of total revenue	%	67.0	64.0	64.8	66.7	66.8	66.0	
IT e-commerce	th. euros	403,140	497,681	503,932	459,351	571,800	679,212	+18.8
EBIT	th. euros	45,730	58,253	60,229	42,712	60,728	86,403	+42.3
IT system house & managed services	th. euros	22,597	33,065	38,444	25,768	35,852	49,891	+39.2
EBIT margin	%	2.8	3.7	4.1	2.8	3.1	3.8	
IT e-commerce	th. euros	23,133	25,188	21,785	16,944	24,876	36,512	+46.8
EBIT margin	%	5.7	5.1	4.3	3.7	4.4	5.4	
Income Statement								
Revenue	th. euros	1,220,138	1,383,453	1,431,462	1,379,307	1,722,919	1,994,881	+15.8
Cost of sales	th. euros	1,046,557	1,188,121	1,213,331	1,179,770	1,486,440	1,695,402	+14.1
Gross profit	th. euros	173,581	195,332	218,131	199,537	236,479	299,479	+26.6
Distribution costs	th. euros	73,739	81,355	90,455	87,944	99,015	123,105	+24.3
Administrative expenses	th. euros	62,732	67,236	75,709	76,171	86,001	104,037	+21.0
Other operating income	th. euros	8,620	11,512	8,262	7,290	9,265	14,066	+51.8
Operating earnings (EBIT)	th. euros	45,730	58,253	60,229	42,712	60,728	86,403	+42.3
Financial income	th. euros	962	1,263	1,987	1,503	1,727	1,776	+2.8
Financial expenditure	th. euros	833	510	683	553	671	1,890	+181.7
Earnings before taxes (EBT)	th. euros	45,859	59,006	61,533	43,662	61,784	86,289	+39.7
Income taxes	th. euros	16,251	18,047	16,105	9,404	15,362	23,566	+53.4
Earnings after taxes (EAT)	th. euros	29,608	40,959	45,428	34,258	46,422	62,723	+35.1
of which minority interests	th. euros	45	62	56	-	-	-	
of which shareholders of Bechtle AG	th. euros	29,563	40,897	45,372	34,258	46,422	62,723	+35.1
Total operating performance	th. euros	1,228,758	1,394,965	1,439,724	1,386,597	1,732,184	2,008,947	+16.0
Material costs	th. euros	918,996	1,051,860	1,079,543	1,043,059	1,338,651	1,521,920	+13.7
Personnel expenses	th. euros	192,581	203,253	217,710	220,418	241,420	294,649	+22.0
Depreciation and amortisation (on property, plant and equipment and other intangible assets without goodwill)	th. euros	14,456	13,501	13,910	14,264	15,399	18,361	+19.2
Financial result	th. euros	129	753	1,304	950	1,056	-114	

		2006	2007	2008	2009	2010	2011	Change in % 2011-2010
Balance Sheet (selected items)								
Assets								
Non-current assets	th. euros	143,005	145,560	156,955	164,510	206,258	281,638	+36.5
Goodwill	th. euros	97,663	99,909	105,823	106,395	115,835	135,648	+17.1
Other intangible assets	th. euros	19,573	19,214	19,559	14,932	17,698	22,348	+26.3
Property, plant and equipment	th. euros	18,784	19,563	23,758	27,740	29,162	79,645	+173.1
Deferred taxes	th. euros	4,919	4,461	4,696	9,874	10,652	9,833	-7.7
Other assets	th. euros	1,868	1,946	2,564	2,253	1,870	2,356	+26.0
Time deposits and securities	th. euros	-	-	-	3,000	30,654	30,700	+0.2
Current assets	th. euros	275,174	305,863	339,113	356,155	447,458	521,778	+16.6
Inventories	th. euros	39,006	46,817	52,118	59,322	75,056	91,190	+21.5
Trade receivables	th. euros	181,086	189,312	188,402	183,979	249,046	286,773	+15.1
Other assets	th. euros	14,236	13,395	19,410	19,221	21,880	31,955	+46.0
Time deposits and securities	th. euros	2,642	1,929	338	15,510	13,619	16,219	+19.1
Cash and cash equivalents	th. euros	36,710	52,300	77,300	76,467	85,477	94,569	+10.6
Equity and liabilities								
Equity	th. euros	249,214	276,465	311,449	334,961	371,483	419,044	+12.8
Issued capital	th. euros	21,200	21,200	21,200	21,000	21,000	21,000	0
Capital reserve	th. euros	143,454	143,454	143,454	145,228	145,228	145,228	0
Retained earnings	th. euros	84,271	111,457	149,042	168,733	205,255	252,816	+23.2
Non-current liabilities	th. euros	28,105	23,765	30,964	32,284	46,727	98,670	+111.2
Pension provisions	th. euros	5,384	5,775	8,859	8,631	13,227	14,786	+11.8
Financial liabilities	th. euros	9,050	3,709	5,185	6,604	12,266	57,280	+367.0
Deferred taxes	th. euros	10,149	10,102	11,558	11,598	13,209	15,847	+20.0
Deferral items	th. euros	2,667	3,769	4,153	4,820	6,565	8,359	+27.3
Current liabilities	th. euros	143,439	151,193	153,655	153,420	235,506	285,702	+21.3
Other provisions	th. euros	6,116	3,310	4,019	3,959	5,338	5,643	+5.7
Financial liabilities	th. euros	5,416	6,049	10,466	2,561	4,812	9,002	+87.1
Trade payables	th. euros	84,850	88,267	83,250	79,460	129,060	148,799	+15.3
Tax payables	th. euros	4,100	6,055	4,448	5,455	6,337	8,735	+37.8
Other liabilities	th. euros	31,784	38,043	40,763	42,381	64,624	72,237	+11.8
Deferral items	th. euros	11,173	9,469	10,709	19,604	25,335	41,286	+63.0
Balance sheet total	th. euros	420,758	451,423	496,068	520,665	653,716	803,416	+22.9
Cash flow and investments								
Cash flow from operating activities	th. euros	26,866	41,993	49,941	47,330	59,114	55,782	-5.6
Cash flow from investing activities	th. euros	-19,343	-9,500	-18,074	-30,292	-47,625	-45,282	-4.9
Cash flow from financing activities	th. euros	-18,328	-16,145	-10,136	-17,772	-7,173	-2,246	-68.7
Cash and cash equivalents incl. time deposits and securities	th. euros	39,352	54,229	77,638	94,977	129,750	141,488	+9.0
Free Cash flow	th. euros	5,664	25,831	28,252	34,437	41,751	12,159	-70.9
Investments (in property, plant and equipment and other intangible assets without goodwill)	th. euros	10,849	10,285	13,683	14,045	11,822	61,120	+417.0
Investment ratio (= Investments/ Average property, plant and equipment + other intangible assets without goodwill)	%	28.14	26.67	33.33	32.67	26.41	82.12	

		2006	2007	2008	2009	2010	2011	Change in % 2011-2010
Key figures of the share¹								
Closing price	euros	19.25	27.42	13.66	18.79	28.99	26.20	-9.6
Annual high	euros	22.20	35.59	27.86	20.50	30.65	34.35	+12.1
Annual low	euros	14.05	19.45	9.64	11.02	17.01	23.48	+38.0
Weighted average shares	in th. shares	21,200	21,200	21,165	20,853	21,000	21,000	0
Market capitalisation (31.12.)	th. euros	408,100	581,304	289,592	394,590	608,790	550,200	-9.6
Average turnover/trading day ²	shares	51,561	71,856	69,743	37,129	30,543	51,873	+69.8
Average turnover/trading day ²	euros	941,081	1,953,582	1,228,978	538,189	705,260	1,460,183	+107.0
Cash dividend per share	euros	0.50	0.60	0.60	0.60	0.75	1.00 ³	+33.3
Dividend amount distributed	th. euros	10,600	12,720	12,445	12,600	15,750	21,000	+33.3
Pay out ratio	%	35.9	31.1	27.4	36.8	33.9	33.5	
Dividend yield	%	2.6	2.2	4.4	3.2	2.6	3.8	
Enterprise value (EV)	th. euros	423,024	582,580	277,565	378,300	618,242	610,152	-1.3
Earnings per share	euros	1.39	1.93	2.14	1.64	2.21	2.99	+35.1
Cash flow per share	euros	1.27	1.98	2.36	2.25 ⁴	2.81	2.66	-5.6
Net asset value per share (= Equity/Weighted average shares)	euros	11.76	13.04	14.72	16.06	17.69	19.95	+12.8
Market capitalisation to revenue		0.3	0.4	0.2	0.3	0.4	0.3	
Price earning ratio (P/E)		13.8	14.2	6.4	11.5	13.1	8.8	
EV/EBITDA		7.0	8.1	3.7	6.6	8.1	5.8	
EV/EBIT		9.3	10.0	4.6	8.9	10.2	7.1	
EV/EBT		9.2	9.9	4.5	8.7	10.0	7.1	
EV/EAT		14.3	14.2	6.1	11.0	13.3	9.7	
EV/Revenue		0.3	0.4	0.2	0.3	0.4	0.3	
Personnel								
Employees ⁵ (31.12.)		3,888	4,250	4,405	4,354	4,766	5,479	+15.0
Domestic		2,772	3,036	3,169	3,158	3,471	4,065	+17.1
Abroad		1,116	1,214	1,236	1,196	1,295	1,414	+9.2
IT system house & managed services		3,077	3,303	3,450	3,443	3,763	4,305	+14.4
IT e-commerce		811	947	955	911	1,003	1,174	+17.0
Trainees (31.12.)		222	257	281	289	306	356	+16.3
Employees (Annual average) ⁵		3,868	4,103	4,288	4,396	4,496	5,146	+14.5
Personnel intensity	%	61.9	59.7	60.1	64.2	61.3	60.5	

¹XETRA share prices²All German stock exchanges³Proposal to the Annual General Meeting⁴Adjusted figure⁵Without temporary staff

		2006	2007	2008	2009	2010	2011	Change in % 2011-2010
Efficiency ratios								
Gross margin	%	14.2	14.1	15.2	14.5	13.7	15.0	
EBITDA margin	%	4.9	5.2	5.2	4.1	4.4	5.3	
EBIT margin	%	3.7	4.2	4.2	3.1	3.5	4.3	
EBT margin	%	3.8	4.3	4.3	3.2	3.6	4.3	
EAT margin	%	2.4	3.0	3.2	2.5	2.7	3.1	
Organic growth	%	-0.3	7.7	2.3	-4.1	22.8	12.8	
Revenue per employee	th. euros	338.5	363.6	360.5	339.9	416.5	419.7	+0.8
EBT per employee	th. euros	12.7	15.5	15.5	10.8	14.9	18.2	+21.6
Return on equity (EAT / Average annual equity)	%	12.9	16.9	16.9	11.3	14.2	17.3	
Return on total assets (EAT / Average annual total assets)	%	8.0	10.3	10.7	7.4	8.7	9.8	
ROA (= EBIT/Average annual total assets)	%	12.0	14.5	13.9	9.1	11.3 ¹	13.1	
ROE (= EBIT/Average annual equity)	%	20.1	24.0	22.2	14.1	18.4 ¹	23.9	
ROCE (= EBIT/Capital Employed)	%	19.7	23.4	22.7	15.7	21.0	25.2	
Balance sheet ratios								
Capitalisation ratio of non-current assets (= non-current assets/total assets)	%	34.0	32.2	31.6	31.6	31.6	35.1	
Working intensity of current assets (= current assets/total assets)	%	65.4	67.8	68.4	68.4	68.4	64.9	
Equity ratio	%	59.2	61.2	62.8	64.3	56.8	52.2	
Total liabilities to total assets	%	40.8	38.8	37.2	35.7	43.2	47.8	
Asset structure (= non-current/current assets)	%	52.0	47.6	46.3	46.2	46.1	54.0	
Capital structure (= equity/liabilities)	%	145.3	158.0	168.7	180.4	131.6	109.0	
Financial ratios								
Net debt	th. euros	-24,886	-44,471	-61,987	-85,812	-112,672	-75,206	-33.3
Total liabilities to total equity		0.69	0.63	0.59	0.55	0.76	0.92	
Working Capital	th. euros	121,427	134,881	142,490	139,465	166,780 ¹	189,881	+13.9
Working Capital to revenue	%	10.0	9.7	10.0	10.1	9.7 ¹	9.5	
Capital Employed	th. euros	231,633	249,469	264,928	272,247	288,600	342,667	+18.7
Capital Employed to revenue	%	19.0	18.0	18.5	19.7	16.8	17.2	
Structural analysis ratios								
Revenue to inventory		28.3	29.6	27.5	23.3	23.0	21.9	-4.7
Revenue to average net trade receivables		9.5	9.4	9.5	10.1	10.3	10.2	-1.4
Revenue to total assets		3.2	3.4	3.3	2.9	3.2	3.0	-6.3
DSO		38.3	38.7	38.4	36.2	35.3	35.8	+1.4

¹Adjusted figure

GLOSSARY

bios®. The BECHTLE information ordering system is an online hardware and software procurement system that is tailored to the needs of customers.

CAD. Computer-aided design – CAD refers to computer-aided design with the help of suitable programs or software solutions.

Capitalisation ratio. Indicates the ratio of non-current assets to the balance sheet total.

Capital employed. Annual average interest-bearing capital tied up on a long-term basis.

Cash pooling. Corporate liquidity management in the scope of which surplus liquidity is withdrawn from group companies or liquidity is provided in the form of loans in the event of liquidity shortfalls.

Cloud Computing. In cloud computing, IT services are provided in real time in a needs-oriented, flexible manner via the Internet and billed according to use. The IT services may comprise software, platforms for development and application of operations and the basic infrastructure.

Contribution margin. Difference between revenue and material costs.

Currency future. Obligation to buy or sell foreign currencies at a date and price determined in advance.

D-A-CH-Region. Relates to the countries Germany, Austria, and Switzerland.

Data warehouse. A data warehouse is a central collection of data (usually a database) from various sources. The data stored in the data warehouse are kept over long periods, especially for analyses, as well as a basis for administrative decisions and for corporate management purposes.

Debt coefficient (ratio). Ratio of borrowed capital to equity.

Deferred taxes. Temporary differences between calculated taxes on earnings presented in the commercial balance sheet and tax balance sheet for the purpose of presenting the tax expense according to the earnings under commercial law.

DeltaMaster. Comprehensive software solution for analysis, planning and reporting. At BECHTLE, the system is used for focus and income planning and supports the management processes in the company by means of rolling reporting.

DeltaMaster-Compass. Business-intelligence solution for controlling performance in the operational units by means of integrated reporting and benchmarking in all aspects of the BECHTLE business model.

Derivative (derivative financial instrument, financial derivative). Financial instrument whose measurement depends on the price development of the underlying. For example financial derivatives include → currency futures and → interest rate swaps.

Discounted cash flow method. Model calculation, in particular for the valuation of an enterprise, in which all future → free cash flows are discounted and added up taking into account variable parameters such as the term and capital cost rate at the time of the calculation.

Dividend payout ratio. Indicates how much of the annual profit is paid out to the shareholders in the form of a dividend. It is calculated as follows: dividend paid out divided by the consolidated earnings after taxes and minority interests, in per cent.

Dividend yield. Indicates the annual yield that the shareholder receives in the form of a dividend for their share investment measured at the annual closing rate. It is calculated as follows: dividend per share divided by the annual closing rate, multiplied by 100.

D&O insurance (Directors & Officers insurance). Pecuniary damage liability insurance that a company concludes for its Executive Board and Supervisory Board. The D&O insurance hedges unintentional violations of the obligation to exercise due care.

DPO. Days payable outstanding – indicates after how many days a company pays its liabilities to suppliers.

DSO. Days sales outstanding. DSO indicates the average number of days until due receivables are paid.

Due diligence. Refers to the systematic audit of a company's financial, legal and economic situation.

EITO. European Information Technology Observatory – a European initiative that has been publishing market data on information and communication technology as well as consumer electronics in Europe since 1993. The activities of EITO are supervised by Bitkom Research GmbH, a subsidiary of BITKOM.

EPS. European Pricing System – developed by BECHTLE, this system processes more than 6.5 million sets of price and availability information on the offered IT products overnight and updates the selling prices on this basis each day. The EPS was launched in 1995 and is subject to ongoing further development.

Equity ratio. Ratio of equity to total capital. The higher the equity ratio, the lower the → debt ratio of the company.

ERP. The enterprise resource planning system is complex management software for efficient, smart resource planning.

ESC. European Sales Cockpit – a controlling instrument that analyses the revenue, earnings and specific sales figures for all of BECHTLE'S European trading companies and merges them in systematic, continuous benchmarks.

Firewall. Security device in computer technology consisting of software and hardware. Provides protection from unauthorised access, for example from the Internet, and secures data traffic.

Free cash flow. Cash flow from operating activities less the balances from outgoing and incoming payments related to the acquisition or sale of companies, as well as outgoing and incoming payments related to investments in intangible assets and property, plant and equipment.



BITKOM,
see List of Abbreviations
page 233

Fulfilment. All activities related to the performance of a contract concluded with a customer. The services range from the acceptance of the order to picking and the shipping of the goods.

Green IT. Refers to efforts to ensure the environmentally and resource-friendly use of information technology throughout the entire life cycle – from the design of the systems and the production of the components to their use and disposal or recycling. Green IT mainly focuses on subjects such as the use of energy and the effects of harmful substances.

Gross profit. → Contribution margin

laas. Infrastructure as a service: This involves flexible provision of IT resources such as processing performance, storage or network capacity to the user by a service provider.

IAS. International Accounting Standards → IFRS.

IFRS. The International Financial Reporting Standards (until 2001: International Accounting Standards, IAS) for enterprises are developed and published by the International Accounting Standards Board (IASB). Their objective is to regulate the preparation of internationally comparable annual and consolidated financial statements irrespective of national laws. Since 2005, the adoption of the IFRS has been mandatory for listed companies that are headquartered in the European Union according to the IAS directive.

iLearn. A Web-based training portal designed for all employees. Offered in various languages, the individual courses on all relevant industry subjects can be expanded flexibly. The use of iLearn promotes modern, media-aided training at BECHTLE.

Interest rate swap. Agreement between two contracting parties to swap different interest payment streams. Interest rate swaps are financial derivatives and are generally used to hedge interest rate risks (→ derivative).

Inventories. Ratio of inventories to revenues.

Investment grade. Credit rating by a rating agency. Credit ratings can be roughly split into two categories: "investment grade" (= sufficiently safe) and "non investment grade" (= speculative).

Investment ratio. Ratio of investments in other intangible assets and property, plant and equipment to the average annual carrying amount of other intangible assets and of property, plant and equipment.

ISO 14001. An international standard of the International Organization for Standardization (ISO) that defines general requirements for an environmental management system for voluntary certification.

Leverage. Describes the leveraging effect that occurs when improving the → return on equity through increased use of borrowed capital.

Managed services. Defined IT services rendered for customers. Among other things, this includes the operation and management of hosting services, virtual private networks (VPN), voice over IP (VOIP), Internet access and network security.

Market cap. Market value of a company. The market cap is calculated by multiplying the share price with the number of a company's issued shares.

Navision Financial. Decentralised ERP system of the individual BECHTLE locations, with data replication in the central SAP system.

Net indebtedness. Indicates the indebtedness or debt potential of an enterprise if all interest-bearing liabilities were to be paid with current assets. It is calculated from the financial assets less cash and cash equivalents as well as time deposits and securities.

Outsourcing. In the field of IT, outsourcing or out-tasking refers to the delegation of specific tasks or part of them to external IT service providers. → Managed Services.

Paas. Platform as a service: With these services, the user is provided with developer tools enabling the creation, operation and monitoring of applications.

Personnel intensity. The ratio of personnel expenses to the gross profit.

Planos. Internally developed IT system that collects the individual planning elements of the departments and merges them in the overall operational planning.

Return on equity. Ratio of earnings after taxes to the average annual equity as reported in the balance sheet. The return on equity shows how much interest the shareholders' equity as reported in the balance sheet bears.

Return on sales. Ratio of earnings after taxes to revenue.

Return on assets. Ratio of earnings after taxes and before financial expenses to the average annual total capital employed.

ROCE (return on capital employed). Ratio of earnings before financial earnings and taxes to the → capital employed. The ROCE shows the operating interest on the company's capital employed or tied up on a long-term basis.

SaaS. Software as a service is a software distribution model in which the IT service provider provides, operates and supervises software in the form of a service on the basis of Internet technologies. The end user merely needs a minimal IT infrastructure to access the provided software.

Software licensing and management. Processes that secure the administration as well as the legal and efficient use of software in the company.

SPARC. A concept for the collaboration with selected strategic manufacturers throughout Europe, largely used for the coordination of special supranational sales and marketing activities between the partner companies.

SQL. Structured Query Language – a specific database language for defining, querying, inserting, editing and deleting data records in relational databases.

Treasury. An area that is concerned with the use and investment of financial resources. This area is also responsible for hedging financial risks, which can go far beyond the hedging of interest rate risks or exchange rate risks.

Virtualisation. Abstraction of physical resources. The individual systems are provided with a complete virtual computer with all hardware components. Software virtualisation can be used to simulate an operating system or an application. This makes it possible to execute applications locally without installing them.

Working capital. Inventories plus trade receivables less trade payables and deferred items.

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LIST OF ABBREVIATIONS

AktG	German Stock Corporation Act (Aktiengesetz)
BaFin	German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht)
BELOS	Bechtle Event Control and Organisation System
BITKOM	Federal Association for Information Technology, Telecommunications and New Media (Bundesverband Informationswirtschaft, Telekommunikation und neue Medien e.v.)
CODM	Chief operating decision maker
DCGK	German Corporate Governance Code (Deutscher Corporate Governance Kodex)
EBIT	Earnings before interest and taxes
EBITDA	Earnings before interest, taxes, depreciation, and amortisation
EBT	Earnings before taxes
EMS	Environment management system
EPS	Earnings per share
EU	European Union
Eurostat	Statistical office of the European Union
EV	Enterprise value
GDP	Gross domestic product
HGB	German Commercial Code (Handelsgesetzbuch)
LAN	Local area network
ÖA	Public-sector division (Öffentliche Auftraggeber)
R&D	Research & Development
ROA	Return on Assets
ROE	Return on Equity
RoHS	EU directive on the restriction of the use of certain hazardous substances in electrical and electronic equipment
SAM	Software Asset Management
VorstAG	German Act on the Appropriateness of Executive Board Compensation (Gesetz zur Angemessenheit der Vorstandsvergütung)
WAN	Wide area network
WpHG	German Securities Trading Act (Wertpapierhandelsgesetz)



For further
comments
see Glossary,
page 226 ff

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If your mobile phone has a QR reader, you can directly access the PDF of our Annual Report by taking a photograph of this code.



FINANCIAL CALENDAR**Accounts Press Conference**

Thursday, 15 March 2012, Stuttgart

DVFA Analysts' Conference

Thursday, 15 March 2012, Frankfurt am Main

Interim Report 1st Quarter 2012 (31 March)

Tuesday, 15 May 2012

conference call with analysts, investors and media

Annual General Meeting

Tuesday, 19 June 2012, 10.00 a.m.

Konzert- und Kongresszentrum Harmonie, Heilbronn

Dividend Payment

as of 20 June 2012

(subject to approval by the Annual General Meeting)

Interim Report 2nd Quarter 2012 (30 June)

Friday, 10 August 2012

conference call with analysts, investors and media

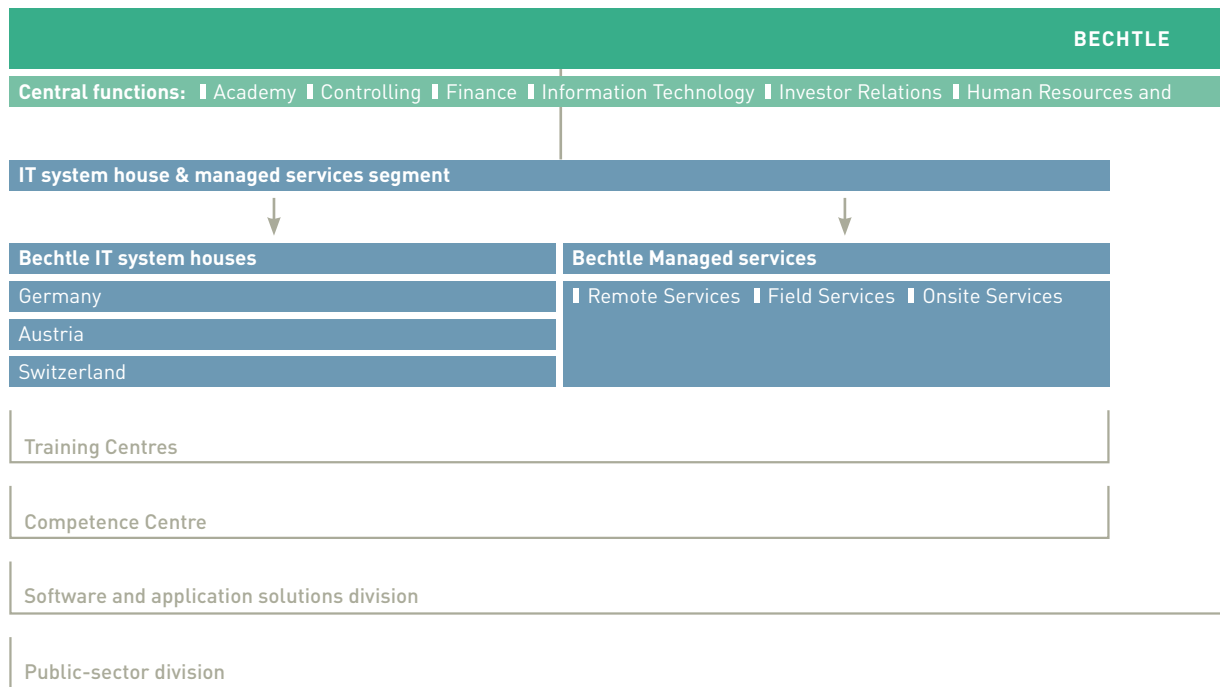
Interim Report 3rd Quarter 2012 (30 September)

Tuesday, 13 November 2012

conference call with analysts, investors and media

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

79. ORGANISATIONAL STRUCTURE BECHTLE GROUP



Germany
53 IT system houses

Switzerland
11 IT system houses

Austria
2 IT system houses



Logistics & Service: Address Management | Catalogue Production | Direct Marketing | European Logistics | Product Management

Simplified organisational structure (status: March 2012). The legal corporate structure is presented on page 38f.

AG

Staff Development | Quality Management | Legal and Compliance | Corporate Communications | Event Management

IT e-commerce segment

Bechtle direct

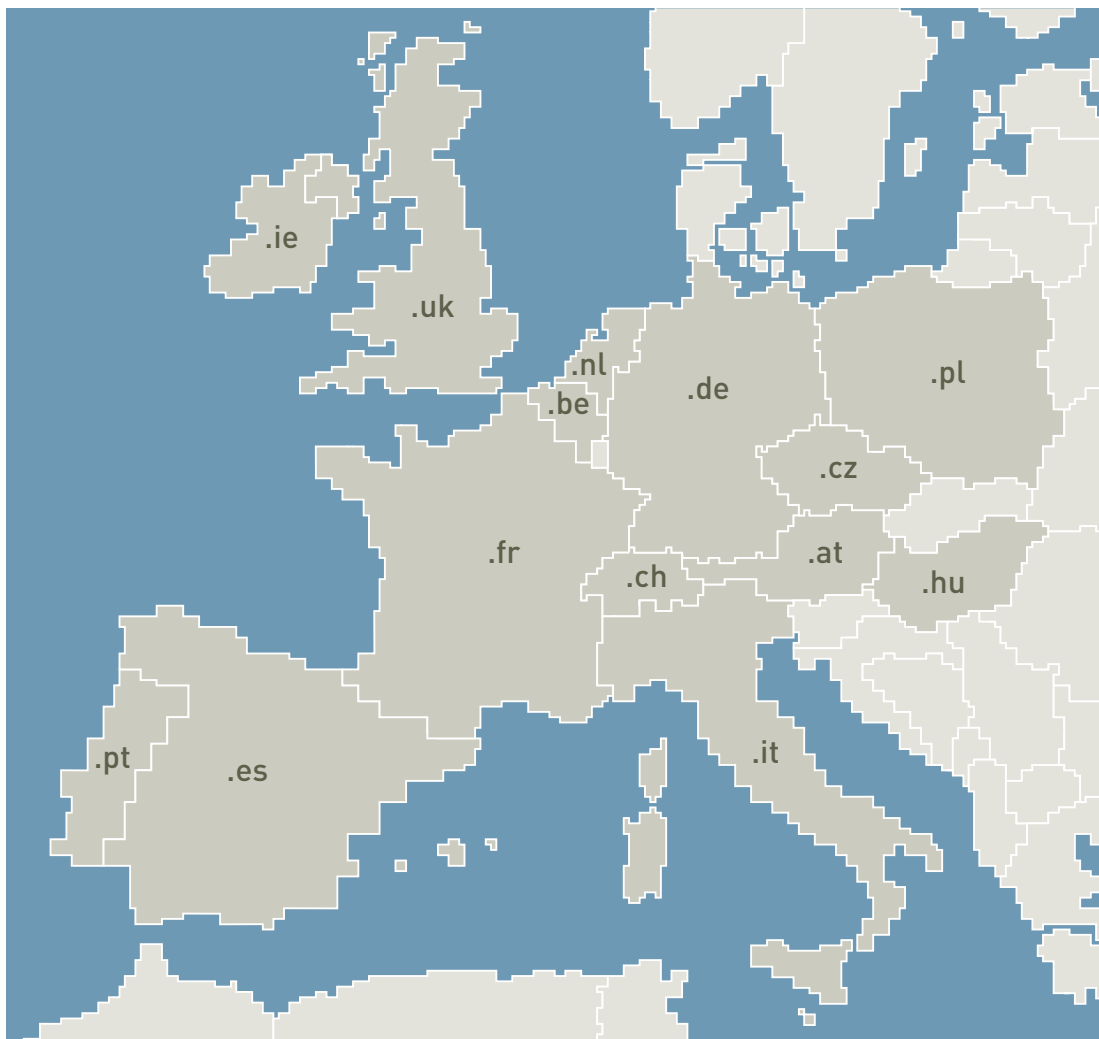
■ Austria ■ Belgium
■ Czech Republic ■ France
■ Germany ■ Germany ÖA ■ Hungary
■ Ireland ■ Italy ■ Netherlands
■ Poland ■ Portugal ■ Spain
■ Switzerland ■ United Kingdom

Comsoft direct

■ Austria ■ Belgium ■ France
■ Germany ■ Italy ■ Netherlands
■ Spain ■ Switzerland

ARP

■ Austria
■ France
■ Germany
■ Netherlands
■ Switzerland



14 european countries

- Austria
- Belgium
- Czech Republic
- France
- Germany
- Hungary
- Ireland
- Italy
- Netherlands
- Poland
- Portugal
- Spain
- Switzerland
- United Kingdom

Purchasing | Returns and Replacement Management | Warehouse

2011: 5,479 employees

2005: 3,908 employees