

3RD QUARTER 2019

QUARTERLY STATEMENT AS OF 30 SEPTEMBER 2019

Your strong IT partner.
Today and tomorrow.

BECHTLE

KEY FIGURES OF THE BECHTLE GROUP AT A GLANCE

		01.01– 30.09.2019	01.01– 30.09.2018	Change in %
Revenue	€k	3,777,057	2,969,914	27.2
IT System House & Managed Services	€k	2,434,122	2,048,544	18.8
IT E-Commerce	€k	1,342,935	921,370	45.8
EBITDA	€k	221,273	154,113	43.6
IT System House & Managed Services	€k	142,321	106,057	34.2
IT E-Commerce	€k	78,952	48,056	64.3
EBIT	€k	161,700	126,075	28.3
IT System House & Managed Services	€k	100,691	83,762	20.2
IT E-Commerce	€k	61,009	42,313	44.2
EBIT margin	%	4.3	4.2	
IT System House & Managed Services	%	4.1	4.1	
IT E-Commerce	%	4.5	4.6	
EBT	€k	157,741	125,088	26.1
EBT margin	%	4.2	4.2	
Earnings after taxes	€k	111,087	88,041	26.2
Earnings per share	€	2.64	2.10	26.2
Return on equity¹	%	17.6	15.8	
Cash flow from operating activities	€k	38,745	42,374	-8.6
Number of employees (as of 30.09)		11,246	9,651	16.5
IT System House & Managed Services		8,834	7,442	18.7
IT E-Commerce		2,412	2,209	9.2

		30.09.2019	31.12.2018	Change in %
Cash and cash equivalents²	€k	154,858	250,922	-38.3
Working Capital	€k	708,816	580,794	22.0
Equity ratio	%	44.5	43.6	2.0

¹ Annualised

² Incl. time deposits and securities

REVIEW BY QUARTER 2019

		1st Quarter 01.01–31.03	2nd Quarter 01.04–30.06	3rd Quarter 01.07–30.09	4th Quarter 01.10–31.12	2019 FY 01.01–30.09
Revenue	€k	1,239,948	1,260,804	1,276,305		3,777,057
EBITDA	€k	64,922	76,649	79,702		221,273
EBIT	€k	46,278	57,059	58,363		161,700
EBT	€k	45,006	55,708	57,027		157,741
EBT margin	%	3.6	4.4	4.5		4.2
Earnings after taxes	€k	31,677	39,193	40,217		111,087

EARNINGS POSITION

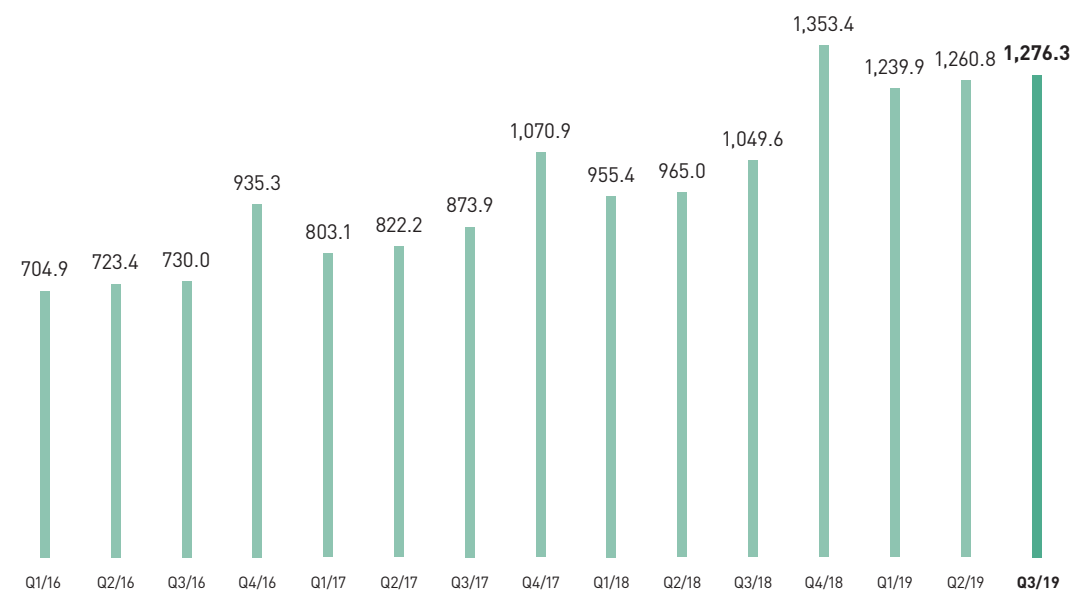
Despite the further worsening framework conditions, the Bechtle Group continued to show an excellent pace of growth in the third quarter of 2019.

As of 30 September, the order backlog amounted to €689 million (prior year: €589 million). Of this amount, the IT System House & Managed Services segment accounted for €570 million (prior year: €503 million), and the IT E-Commerce segment for €119 million (prior year: €86 million).

Year on year, the revenue went up 21.6 per cent to €1,276.3 million. The organic revenue growth amounted to 12.3 per cent.

GROUP REVENUE

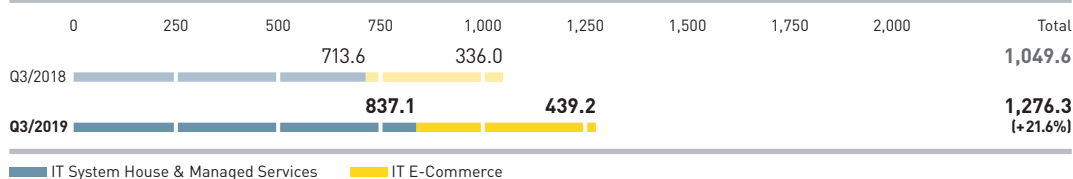
€m



The growth of 30.7 per cent in the IT E-Commerce segment was considerably stronger than that in the IT System House & Managed Services segment (+17.3 per cent). Organically, the performance in both segments was more balanced. The IT System House & Managed Services segment stepped up its revenue by 13.5 per cent and IT E-Commerce by 9.9 per cent.

REVENUE BY SEGMENTS

€m



The revenue underwent an increase of 38.0 per cent abroad and of 13.7 per cent in Germany. In the third quarter, more than a third of the revenue (37.0 per cent) was thus generated abroad.

REVENUE – GROUP AND SEGMENTS

	Q3/2019	Q3/2018	Change
Group	1,276,305	1,049,555	+21.6%
Domestic	804,664	707,680	+13.7%
Abroad	471,641	341,875	+38.0%
IT System House & Managed Services	837,069	713,568	+17.3%
IT E-Commerce	439,236	335,987	+30.7%

Material costs underwent a disproportionately low increase of 20.8 per cent. Despite the disproportionately high increase in personnel expenses as well as in depreciation and amortisation, which are included in the cost of sales, this resulted in a growth of 23.7 per cent in gross earnings and a rise in the gross margin from 14.6 to 14.9 per cent.

The two functional areas of sales and administration developed differently. Administration costs rose by 31.4 per cent, resulting in an increase in the expense ratio from 4.6 to 4.9 per cent. Distribution costs developed at a disproportionately low rate of 20.4 per cent; the expense ratio remained stable at 5.9 per cent. Other operating income more than doubled to €6.0 million, especially due to the higher OEM marketing allowances.

Year on year, EBITDA grew 40.7 per cent, reaching an EBITDA margin of 6.2 per cent. The main reason for the disproportionately high increase was the initial adoption of IFRS 16.

Owing to the initial adoption of IFRS 16, depreciation and amortisation doubled to €21.3 million. As previously, depreciation of property, plant and equipment accounted for the largest share, increasing to €17.9 million.

EBIT went up by 25.6 per cent to €58.4 million. The margin was 4.6 per cent, compared to 4.4 per cent in the prior year.

EBT underwent a similar development, going up by 23.6 per cent to €57.0 million. As a result, the EBT margin went up from 4.4 to 4.5 per cent.

EBT AND EBT MARGIN

€m and %



The tax rate underwent a slight decline from 29.6 to 29.5 per cent. Earnings after taxes went up 23.8 per cent to €40.2 million. EPS amounted to €0.96 (prior year: €0.77).

At segment level, the earnings situation was as follows:

EBIT in the IT System House & Managed Services segment increased 29.5 per cent to €40.1 million. This figure was positively impacted especially by the successful expansion of the service share and the completed staff qualification measures. In this way, the slightly higher increase in personnel expenses as well as depreciation and amortisation could be compensated. The EBIT margin thus went up from 4.3 to 4.8 per cent.

EBIT in the IT E-Commerce segment climbed 18.0 per cent to €18.3 million. This item was affected by a slightly disproportionate increase in personnel expenses and higher depreciation and amortisation due to the purchase price allocation of Inmac. The EBIT margin declined from 4.6 per cent to 4.2 per cent. Without the purchase price allocation effects, the EBIT margin would have declined from 4.8 per cent to 4.6 per cent.

EBIT – GROUP AND SEGMENTS

€k

	Q3/2019	Q3/2018	Change
Group	58,363	46,457	+25.6%
IT System House & Managed Services	40,050	30,935	+29.5%
IT E-Commerce	18,313	15,522	+18.0%

ASSETS AND FINANCIAL POSITION

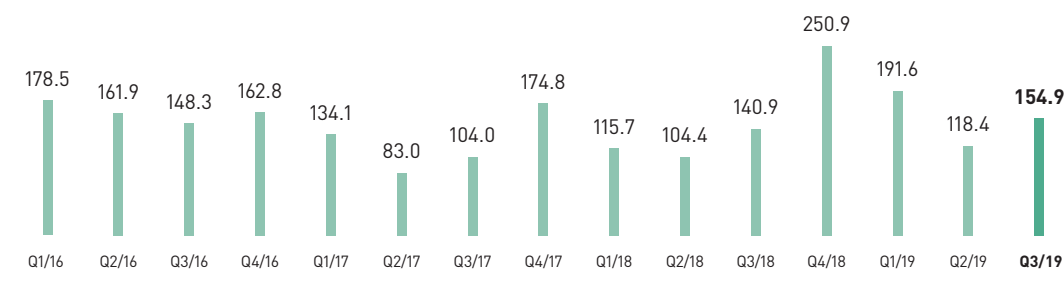
As of 30 September 2019, the balance sheet total of the Bechtle Group was 6.0 per cent higher than as of 31 December 2018.

With regard to non-current assets, property, plant and equipment increased by €106.7 million, due primarily to the initial application of IFRS 16. Due to acquisitions, goodwill rose by €27.7 million. The capitalisation ratio increased from 32.5 per cent to 37.0 per cent.

With regard to current assets, inventories were €87.7 million higher than as of 31 December 2018. This was due to the greater business volume and a higher number of larger projects. Other assets came in €13.4 million above the year-end figure due to higher deferred income and tax refunds. Trade receivables posted a decline of €19.0 million as of 30 September 2019. Our average DSO (days sales outstanding) in the first nine months of 2019 increased from 41.3 days at year-end to 44.7 days. Owing to acquisitions, the dividend payment and the growth-induced increase in financing needs, cash and cash equivalents fell by €90.5 million to €154.9 million as of 30 September 2019.

LIQUIDITY (INCLUDING TIME DEPOSITS AND SECURITIES)

€m



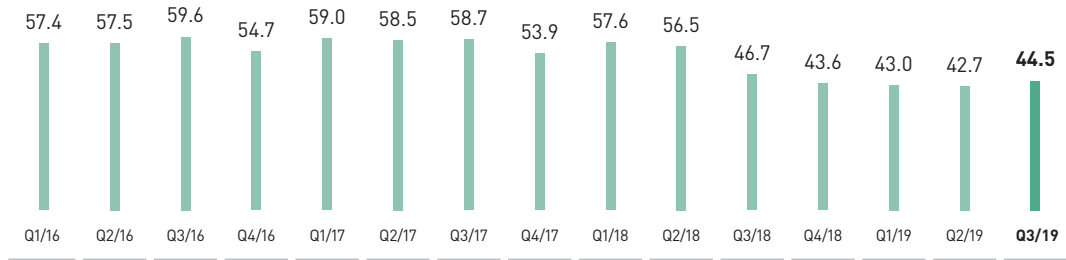
As of 30 September 2019, working capital increased from €580.8 million to €708.8 million, due to higher inventories and lower trade payables in particular. In relation to revenue, however, working capital fell year on year from 19.6 per cent to 18.8 per cent as of 30 September 2019.

With regard to equity and liabilities, non-current liabilities experienced the greatest changes. Here, other liabilities rose by €77.3 million, due primarily to the initial application of IFRS 16. With regard to current liabilities, trade payables fell by €59.5 million as of the reporting date.

As a result of higher earnings, equity rose by €72.1 million. Our equity ratio increased from 43.6 per cent as of 31 December 2018 to 44.5 per cent. The extrapolated return on equity increased from 15.8 per cent as of 30 September 2018 to 17.6 per cent as of the reporting date.

EQUITY RATIO

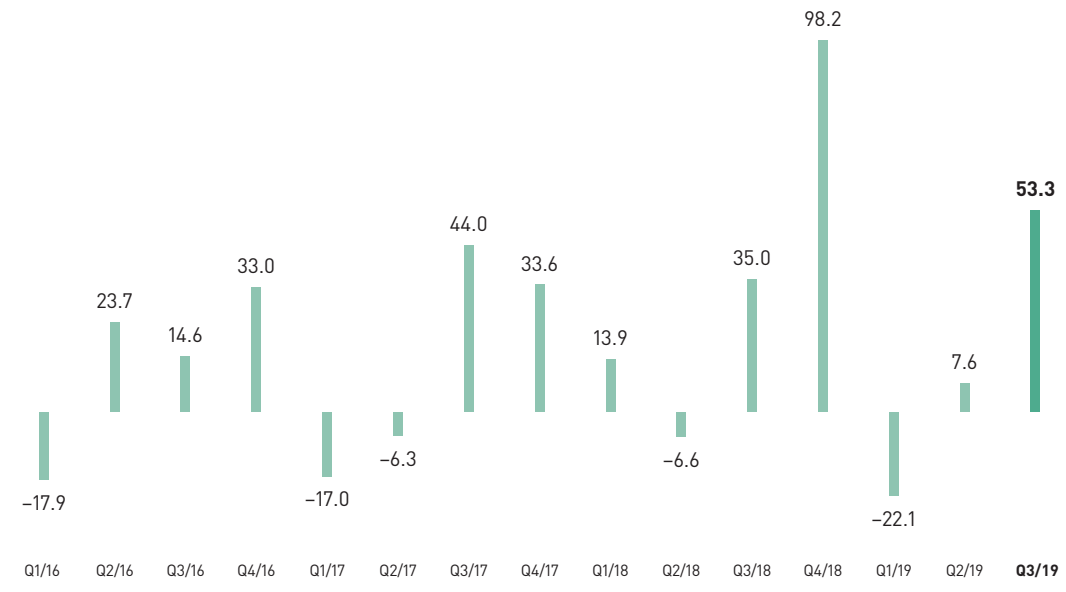
%



In the period from January to September 2019, operating cash flow amounted to €38.7 million, after €42.4 million in the prior year. This was due mainly to cash outflows as a result of the build-up of inventories and the reduction of trade payables. A stronger reduction of trade receivables and lower cash outflow on other net assets had a positive impact.

CASH FLOW FROM OPERATING ACTIVITIES

€m



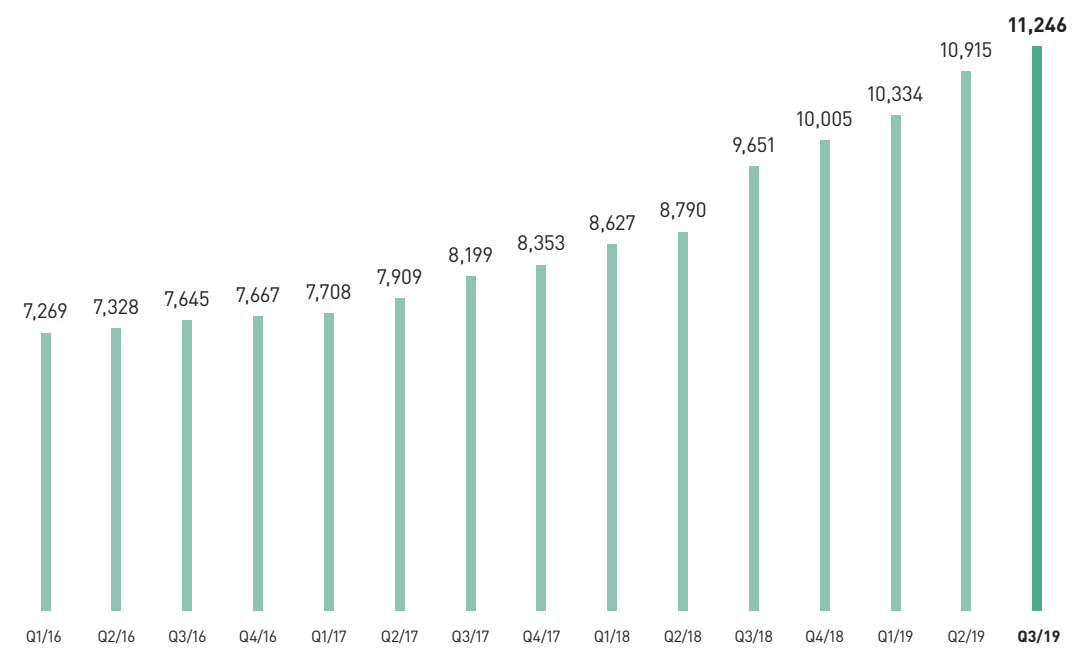
In the nine-month period, the net cash used for investments was marked mainly by a decline in disbursements for acquisitions. These fell by €192.7 million. In 2018, this item was affected by the acquisition of Inmac WStore. Cash flow from financing activities did not change appreciably. The financing of the purchase price for Inmac had a significant impact in the prior year.

Free cash flow for the period January to September stood at minus €27.0 million, as a result of higher investments and acquisitions.

EMPLOYEES

As of the reporting date of 30 September 2019, the Bechtle Group had a total of 11,246 employees, 1,595 persons or 16.5 per cent more than on 30 September 2018. Compared to 31 December 2018, the headcount went up by 1,241. The increase of 12.4 per cent was the result of new recruitment as well as acquisitions.

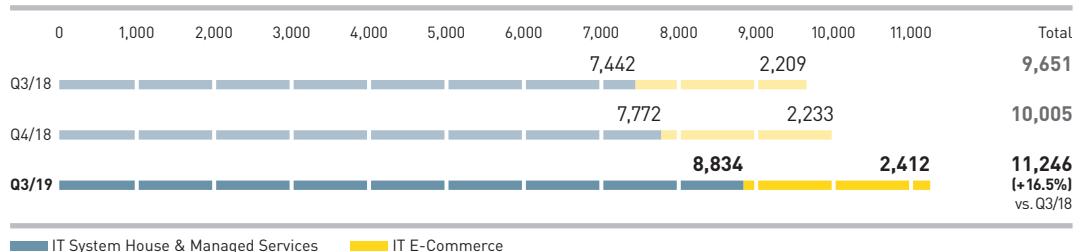
EMPLOYEES IN THE GROUP



In the IT System House & Managed Services segment, the number of employees went up by 1,392 compared to 30 September 2018, an increase of 18.7 per cent. At 19.1 per cent, the headcount increase in the domestic system houses was slightly higher than abroad, where the increase amounted to 16.3 per cent. Compared to 30 September 2018, the headcount in the IT E-Commerce segment went up by 203. At 9.3 and 9.1 per cent, respectively, the companies in Germany and abroad underwent similar growth.

The average headcount in the group in the period from January to September 2019 amounted to 10,723, some 1,900 employees more than in the corresponding prior-year period, an increase of 21.5 per cent.

EMPLOYEES BY SEGMENTS



As of 30 September 2019, Bechtle had 714 young trainees and students on integrated degree programmes, 77 more than in the prior year. At the start of the new training year on 1 September 2019, a total of 229 young trainees embarked on their career with Bechtle, more than ever before.

FORECAST

We confirm our forecast for the fiscal year 2019 as presented on pages 111 to 118 of our annual report 2018.

EFFECTS FROM THE FIRST-TIME ADOPTION OF IFRS 16

Bechtle started applying IFRS 16 on 1 January 2019. Since then, expenses previously recognised as lease expenses in the current consolidated income statement have been replaced by depreciation, amortisation and interest expenses. As of the end of the third quarter, this resulted in an improvement of EBITDA by €21.8 million. The total earnings effect from the first-time adoption of IFRS 16 reduced the earnings as of the end of the third quarter by €0.3 million. In the cash flow statement, the cash flow from operating activities improved by €23.5 million due to the changed presentation of the repayment for finance leases in the cash flow from financing activities. The associated negative interest earnings of €0.4 million are contained both in the cash flow from financing activities (interest paid) and in the cash flow from investing activities (interest received).

EFFECTS OF IFRS 16

	30.09.2019 without IFRS 16	Changes based on IFRS 16	€m 30.09.2019
EBITDA	199.5	21.8	221.3
Depreciation/amortisation	-37.8	-21.8	-59.6
EBIT	161.7	0.0	161.7
Interest earnings	-3.6	-0.4	-4.0
EBT	158.1	-0.3	157.7

CONSOLIDATED INCOME STATEMENT

	€k			
	01.07- 30.09.2019	01.07- 30.09.2018	01.01- 30.09.2019	01.01- 30.09.2018
Revenue	1,276,305	1,049,555	3,777,057	2,969,914
Cost of sales	1,086,326	895,913	3,229,853	2,526,308
Gross profit	189,979	153,642	547,204	443,606
Distribution costs	74,718	62,069	221,650	178,350
Administrative expenses	62,858	47,832	186,190	146,267
Other operating income	5,960	2,716	22,336	7,086
Earnings before interest and taxes	58,363	46,457	161,700	126,075
Financial income	249	298	828	824
Financial expenses	1,585	627	4,787	1,811
Earnings before taxes	57,027	46,128	157,741	125,088
Income taxes	16,810	13,640	46,654	37,047
Earnings after taxes (attributable to shareholders of Bechtle AG)	40,217	32,488	111,087	88,041
Net earnings per share (basic and diluted)	€ 0.96	0.77	2.64	2.10
Weighted average shares outstanding (basic and diluted)	42,000	42,000	42,000	42,000
	in thousands			

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	€k			
	01.07– 30.09.2019	01.07– 30.09.2018	01.01– 30.09.2019	01.01– 30.09.2018
Earnings after taxes	40,217	32,488	111,087	88,041
Other comprehensive income				
Items that will not be reclassified to profit or loss in subsequent periods				
Actuarial gains and losses on pension provisions	-214	-263	200	612
Income tax effects	41	51	-38	-119
Items that will be reclassified to profit or loss in subsequent periods				
Income tax effects	0	0	0	1
Income tax effects	0	0	0	0
Unrealised gains and losses on financial derivatives	-58	1,056	-174	1,054
Income tax effects	1	7	2	8
Currency translation differences of net investments in foreign operations	0	0	0	0
Income tax effects	0	0	0	0
Hedging of net investments in foreign operations	-1,334	-1,129	-2,090	-759
Income tax effects	397	336	621	226
Currency translation differences	2,746	2,758	4,494	3,162
Other comprehensive income	1,579	2,816	3,015	4,185
of which income tax effects	439	394	585	115
Total comprehensive income (attributable to shareholders of Bechtle AG)	41,796	35,304	114,102	92,226

CONSOLIDATED BALANCE SHEET

ASSETS	€k		
	30.09.2019	31.12.2018	30.09.2018
Non-current assets			
Goodwill	373,643	345,938	336,799
Other intangible assets	121,435	121,120	109,220
Property, plant and equipment	259,553	152,853	157,701
Trade receivables	29,997	27,863	37,792
Other assets	4,589	4,713	4,002
Time deposits and securities	6,469	6,771	5,850
Total non-current assets	795,686	659,258	651,364
Current assets			
Inventories	367,995	280,331	285,235
Trade receivables	735,117	754,069	629,798
Income tax receivables	860	1,357	1,024
Other assets	94,603	81,227	73,508
Time deposits and securities	0	5,543	5,515
Cash and cash equivalents	154,858	245,379	135,431
Total current assets	1,353,433	1,367,906	1,130,511
Total assets	2,149,119	2,027,164	1,781,875

EQUITY AND LIABILITIES

€k

	30.09.2019	31.12.2018	30.09.2018
Equity			
Issued capital	42,000	42,000	42,000
Capital reserves	124,228	124,228	124,228
Retained earnings	789,089	716,976	665,481
Total equity	955,317	883,204	831,709
Non-current liabilities			
Pension provisions	19,579	16,301	13,380
Other provisions	11,848	11,052	10,987
Financial liabilities	376,923	380,640	84,564
Trade payables	17	40	24
Deferred taxes	40,571	41,107	45,228
Other liabilities	82,176	4,858	4,726
Contract liabilities	14,034	10,895	11,292 ¹
Deferred income	1,486	0	0
Total non-current liabilities	546,634	464,893	170,201
Current liabilities			
Other provisions	15,286	9,162	7,228
Financial liabilities	13,219	12,872	264,634
Trade payables	312,826	372,338	293,977
Income tax payables	11,460	12,509	4,491
Other liabilities	177,363	159,957	124,061
Contract liabilities	90,171	96,120	48,029 ¹
Deferred income	26,843	16,109	37,545 ¹
Total current liabilities	647,168	679,067	779,965
Total equity and liabilities	2,149,119	2,027,164	1,781,875

¹ Prior year figures adjusted

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

€k

	Issued capital	Capital reserves	Retained earnings		Total	Total equity (attributable to shareholders of Bechtle AG)
			Accrued profits	Changes in equity outside profit or loss		
Equity as of 1 January 2018	42,000	124,228	612,242	-1,187	611,055	777,283
Distribution of profits for 2017			-37,800		-37,800	-37,800
Earnings after taxes			88,041		88,041	88,041
Other comprehensive income				4,185	4,185	4,185
Total comprehensive income	0	0	88,041	4,185	92,226	92,226
Equity as of 30 September 2018	42,000	124,228	662,483	2,998	665,481	831,709
Effects of first-time adoption of IFRS 16				11	11	11
Equity as of 1 January 2019 after adjustment	42,000	124,228	711,583	5,404	716,987	883,215
Distribution of profits for 2018			-42,000		-42,000	-42,000
Earnings after taxes			111,087		111,087	111,087
Other comprehensive income				3,015	3,015	3,015
Total comprehensive income	0	0	111,087	3,015	114,102	114,102
Equity as of 30 September 2019	42,000	124,228	780,670	8,419	789,089	955,317

CONSOLIDATED CASH FLOW STATEMENT

	€k			
	01.07- 30.09.2019	01.07- 30.09.2018	01.01- 30.09.2019	01.01- 30.09.2018
Operating activities				
Earnings before taxes	57,027	46,128	157,741	125,088
Adjustment for non-cash expenses and income				
Financial earnings	1,336	329	3,959	987
Depreciation and amortisation of intangible assets and property, plant and equipment	21,339	10,172	59,573	28,038
Gains and losses on disposal of intangible assets and property, plant and equipment	-8	-19	-38	272
Other non-cash expenses and income	4,710	-10	6,323	-1,086
Changes in net assets				
Changes in inventories	-6,583	6,129	-85,850	-42,059
Changes in trade receivables	38,761	-38,163	28,194	18,535
Changes in trade payables	-37,710	22,590	-63,471	-954
Changes in deferred income	-3,038	-5,116	526	-11,488
Changes in other net assets	-7,784	8,784	-18,521	-35,001
Income taxes paid	-14,777	-15,803	-49,691	-39,958
Cash flow from operating activities	53,273	35,021	38,745	42,374
Investing activity				
Cash paid for acquisitions less cash acquired	-4,784	-205,907	-23,697	-216,403
Cash paid for investments in intangible assets and property, plant and equipment	-4,626	-10,384	-44,714	-40,683
Cash received from the sale of intangible assets and property, plant and equipment	1,813	210	2,654	1,102
Cash received from the sale of time deposits and securities, and from redemptions of non-current assets	0	0	5,542	7,006
Interest payments received	340	189	659	478
Cash flow from investing activities	-7,257	-215,892	-59,556	-248,500
Financing activities				
Cash paid for the repayment of financial liabilities	-3,321	-42,858	-9,922	-126,219
Cash received from the assumption of financial liabilities	5	259,937	5,917	343,315
Interest paid	0	0	-42,000	-37,800
Interest paid	-622	-613	-2,147	-1,681
Outflow for the repayment of finance leases	-6,914	0	-23,498	0
Cash flow from financing activities	-10,852	216,466	-71,650	177,615
Exchange-rate-related changes in cash and cash equivalents	1,316	929	1,940	1,559
Changes in cash and cash equivalents	36,480	36,524	-90,521	-26,952
Cash and cash equivalents at beginning of the period	118,378	98,907	245,379	162,383
Cash and cash equivalents at the end of the period	154,858	135,431	154,858	135,431

FINANCIAL CALENDAR

QUARTERLY STATEMENT 3RD QUARTER 2019 (30 SEPTEMBER)

Wednesday, 13 November 2019

ANNUAL REPORT 2019

Thursday, 19 March 2020

ACCOUNTS PRESS CONFERENCE

Thursday, 19 March 2020, Neckarsulm

DVFA-ANALYSTS' CONFERENCE

Thursday, 19 March 2020, Neckarsulm

QUARTERLY STATEMENT 1ST QUARTER 2020 (31 MARCH)

Friday, 8 May 2020

ANNUAL GENERAL MEETING

Wednesday, 27 May 2020, 10:00 a.m.

Konzert- und Kongresszentrum Harmonie, Heilbronn

HALF-YEAR FINANCIAL REPORT 2020 (30 JUNE)

Wednesday, 12 August 2020

QUARTERLY STATEMENT 3RD QUARTER 2020 (30 SEPTEMBER)

Wednesday, 11 November 2020

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

Publisher/Contact

Bechtle AG
Bechtle Platz 1
74172 Neckarsulm
Germany

Investor Relations

Martin Link
Phone +49 7132 981-4149
martin.link@bechtle.com

Julia Hofmann
Phone +49 7132 981-4153
julia.hofmann@bechtle.com

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Bechtle AG
Bechtle Platz 1, 74172 Neckarsulm
Germany

Phone +49 (0) 7132 981-0
ir@bechtle.com
bechtle.com

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