

Annual Report 2002



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Product procurement

Consulting

Integration

IT Services

Outsourcing



Key figures of the Bechtle Group in a three-year comparison according to U.S. GAAP

		2002	2001	Change in % 2001-2002	2000
Consolidated profit and loss account					
Revenues	TEuro	751,709	645,588 ***	16.4	488,576
EBITDA	TEuro	27,012	24,264	11.3	17,378
EBITA (before established clientele amortization)	TEuro	18,957	16,641	13.9	10,531
EBITA	TEuro	18,418	16,566	11.2	10,531
EBIT	TEuro	18,418	13,140	40.2	7,898
EBT	TEuro	18,987	14,423	31.6	8,498
Net result for the period	TEuro	12,001	9,011	33.2	5,184
Dividend (proposal for 2002)	TEuro	5,038	5,050	-0.2	5,025
Consolidated balance sheet					
Shareholders' equity	TEuro	164,213	160,601	2.2	156,533
Balance sheet total	TEuro	246,755	229,274	7.6	216,755
Business operating figures					
Earnings per share	Euro	0.5956	0.4461	33.5	0.2850
Dividend per share (proposal for 2002)	Euro	0.25	0.25	0.0	0.25
Cash flow from operating activities per share	Euro	0.69	0.87	-20.7	-2.06
Number of employees as at 31.12. *)		2,254	2,106	7.0	1,680
Gross yield (as a percentage of revenues)	%	21.7	22.0	-0.3	22.9
Personal expenditure ratio (as a percentage of revenues)	%	13.3	13.3	0.0	13.8
Personal intensity (expenditure as a percentage of gross yield)	%	61.4	60.3	1.1	60.0
Profitability and efficiency					
Return on equity before tax	%	11.5	9.0	2.6	5.4
Return on equity after tax	%	7.3	5.6	1.7	3.3
Return on total assets	%	5.1	4.1	1.0	3.0
Financial position and liquidity					
Cash flow from operating activities	TEuro	13,943	17,584	-20.7	-37,355
Working Capital **)	TEuro	96,363	96,500	-0.1	102,586
Net liquidity	TEuro	25,109	38,526	-34.8	17,330
Equity capital ratio	%	66.5	70.0	-3.5	72.2

* including trainees

** current assets net of current liabilities

*** adjusted figure, explanation at page 22

Review by quarter 2002

	1st quarter	2nd quarter	3rd quarter	4th quarter	2002 Financial year
	1 January to 31 March 2002	1 April to 30 June 2002	1 July to 30 Sept. 2002	1 October to 31 Dec. 2002	01 January to 31 Dec. 2002
	TEuro	TEuro	TEuro	TEuro	TEuro
Revenues	164,968	183,994	204,864	197,883	751,709
EBITDA	3,568	4,652	9,633	9,159	27,012
Depreciation	1,915	2,029	2,002	2,109	8,055
EBITA (before established clientele amortization)	1,653	2,623	7,631	7,050	18,957
Established clientele amortization	132	136	134	137	539
EBITA	1,521	2,487	7,497	6,913	18,418
Goodwill amortization	0	0	0	0	0
EBIT	1,521	2,487	7,497	6,913	18,418
Financial result	171	127	116	155	569
EBT	1,692	2,614	7,613	7,068	18,987
Income tax	568	1,132	2,599	2,687	6,986
Minority interest	0	0	0	0	0
Net income for period	1,124	1,482	5,014	4,449	12,069

Segment disclosures

System integration		2002	2001	Change in % 2001-2002	2000
Profit and loss account					
Revenues	TEuro	557,919	488,291	14.3	384,426
EBITDA	TEuro	19,677	18,172	8.3	14,807
EBIT	TEuro	11,919	7,971	49.5	6,037
Number of employees as at 31. 12.		2,022	1,881	7.5	1,547

eCommerce		2002	2001	Change in % 2001-2002	2000
Profit and loss account					
Revenues	TEuro	193,790	157,297	23.2	104,150
EBITDA	TEuro	7,335	6,092	20.4	2,571
EBIT	TEuro	6,499	5,169	25.7	1,861
Number of employees as at 31. 12.		232	225	3.1	133

The share

Opening price on 02.01.2002 (Xetra)	Euro	8.30
Closing price on 31.12.2002 (Xetra)	Euro	6.66
Share price performance compared to Nemax 50 as at 31.12. (Xetra)		+ 49
Proposed dividend	Euro	0.25
All-year high at 28.01.2002 (Xetra)	Euro	9.00
All-year low at 24.09.2002 (Xetra)	Euro	4.80
Freefloat (31.12.2002)	%	46
Market capitalization (Freefloat) as at 31.12.2002	Mio. Euro	60.5
Number of shares (entitled to full dividend payout) as at 31.12.2002		20,149,988
Segment	Prime Standard	
Security identification code		515 870
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Content

Key-figures of the Bechtle Group	2
Preface of the Management Board The world of true values	4
Expansion System house Trust as the basis, freedom for growth	6
Internationalization eCommerce People do make a difference	8
Clip function logistics The diplomatic corps	10
Bechtle and the market Performance rising steadily	12
Communication From side note to corporate profile	14
Capital market / Bechtle share Very cloudy, little sunshine, but lot of energy	16
Declaration of compliance with the German Corporate Governance Codex pursuant to § 161 AktG (German Companies Act)	18
Supervisory Board's Report	20
Management Report	21
Consolidated Profit and Loss Account in accordance with U.S. GAAP from 1 January to 31 December 2002 (2001)	29
Consolidated Balance Sheet as at 31 December 2002 (2001) in accordance with U.S. GAAP	30
Consolidated Cash Flow Statement to the Interim Accounts in accordance with U.S. GAAP from 1 January to 31 December 2002 (2001)	31
Statement of changes in shareholders' equity	32
Annex to the consolidated financial statements (U.S. GAAP) for the fiscal year 2002	34
Changes in Group fixed assets	66
Independent Auditors' Report	68

Gerhard Schick
(Chairman)



Ralf Klenk



Dr. Rainer
Eggensperger



The world of true values

“We are different” – this was the statement that headed the preface to our Annual Report last year. We made this assertion because the IT market and many of our competitors had gone into reverse or at best hit the brakes, whereas Bechtle had been thundering ahead at a healthy pace.

This year, however, it would be better to say, “We are the same” – the same as the year before, just as successful, and thus different once again to all the others. Not only have we stayed ahead of the competition, we have also continued to extend our lead, pushing steadily forward with our expansion, strengthening our position on the market and generating excellent earnings from a very solid equity base.

The year was even more successful than the year before: we increased EBT by 32 percent to 19 million euros and achieved a 17 percent increase in sales revenues to 750 million euros. Earnings, taking into account the elimination of goodwill amortization and the recently adopted established clientele amortization of the customer base, were up from 17.9 to 18.9 million euros. We have thus achieved our goal of gradually increasing profitability, despite what has been a very critical economic scenario overall.

Growth and the reasons for growth have one thing in common: continuity. We live by the principles of constancy, staying power, and solid expansion. The practice of thinking in terms of quarterly reports, which has been imposed on companies by the stock exchange, was never our thing, and short-term financial cosmetics in order to meet predicted targets simply destroys confidence. Standing by one’s principles and sound economic thinking can’t be as wrong as some high flyers would have us believe. At some point they all fell from grace.

Amidst all the hype surrounding the Neuer Markt growth segment, we were definitely the outsider: we were earning money, paying out dividends, and successfully integrating companies we had acquired. We had no cash burn rate, and were not intent on entering the United States whatever the cost.

There has been no change in these values, only our role as an outsider has changed. We are no longer the freak surrounded by those who lived solely for visions and imaginary growth rates. We have managed to bring the fantasies that soared at the sound of terms like eCommerce and the Web down to earth again and actually give them substance. Even when it

was considered chic to burn millions on such ideas – we made money with them and continue to make money. Probably because we were always convinced that the New Economy would not change the basic principles of doing business. Perhaps the most important of them is that a company must make money if it wants to be successful and allow its shareholders, as the name implies, to share in its success.

We earn this money honestly, with extremely tight financial controls, a high level of transparency and an above-average involvement of Bechtle staff, who earn our respect and sincere thanks. Our shareholders must also be able to share the same confidence in Bechtle as we do ourselves. Those companies whose names no longer appear on the stock exchange lists have not only lied to the stock market, they have lied to themselves. To have the guts to admit honestly to yourself that you were very good, but not good enough has always been better than coming up with nice target figures and then not noticing that you are already in free fall, and only wake up when you hit solid ground.

We take a very critical look at ourselves, therefore, when we observe that our success this year again has a slightly bitter after-taste: the performance of our share. We would only be lying to ourselves if, for our own peace of mind and that of our shareholders, we were to say that we had performed far better than all the key indexes and that share prices worldwide had nosedived. If you are different, then you must at least be resolute in pursuing your goal, and defy the capital market, as difficult as that may be.

The best way to do this is to maintain the continuity of your own successful development. This may at first sight appear hard to comprehend, but the difficult situation on the IT market is also the best thing that could have happened to us in the long term.

Firstly, the market shakeout will continue. This will open the door to fierce competition and lead to more M&As. Growth through strategic acquisitions and their fast and smooth integration into the Bechtle Group is a tried and tested method, and a very profitable one.

Secondly, we are ideally positioned in terms of opportunities and risks on the market. The crucial problem facing our industry today is the provision of financing for customer projects. The implications of Basel II will certainly make sure

that this remains a long-term issue. The willingness to invest in the IT sector, and indeed the necessity of doing so, is there. However, recent studies show that over half of all customer projects do not get off the ground due to financing problems. Very few competitors in fact have the resources to handle projects on their own.

Our ability to build up equity and to put these capital resources to good use is our great strength and our opportunity. Millions of euros of our own funds mean that we can finance major projects without external support. With insufficient capital cover, many players have lost the game before they even start.

In addition, we are the undisputed leader in the market segment, which all hard and software producers worldwide have recently declared as their main target group: that of small and medium-sized businesses, particularly the high end of the market. Anyone in this segment who decides not to go into partnership with Bechtle is certain to lose some of the market. With a full-scale, high-quality service and favourable retail prices, we have acquired market potential in the IT sector that is as mouth-watering as a juicy filet steak.

This makes for exciting times in our sector. We have the credentials to make the leap to the highly contested upper branches of this market. The consolidation phase is not yet over, but one thing is already clear: Bechtle will be one of the winners in this consolidation process.

Gerhard Schick
(Chairman)

Ralf Klenk

Dr. Rainer Eggensperger

Trust as the basis, freedom for growth



In 2007, all eyes will be on a green map of Germany in the Bechtle head office building in Neckarsulm that is currently under construction. "In 2007 at the latest," from experience, is what we really ought to be saying. Because Bechtle to date has generally exceeded its expansion targets. In 2007 at the latest, therefore, with 60 system house locations in all the key business centres in Germany, we will provide customer proximity to perfection throughout the country. Even today, with over 40 locations, MSBs in all parts of Germany have only a short distance to travel to a reliable Bechtle partner.

At the beginning, some private coaching in the principles of the market economy was necessary. And it was no joy ride for the two members of today's Bechtle Board of Management - Gerhard Schick and Ralf Klenk - taking it in turns every fortnight to drive along the "dirt road" from Heilbronn to Chemnitz to get involved in development work at the first location far away from the head offices in Heilbronn. They travelled 400 kilometres to get there, and sometimes had to return on the same day. "We certainly set a good example of how to do things on the cheap," recalls the Bechtle Managing Director in Chemnitz, Ulrich Zimmer. "A lot of money was invested in technology that would generate productivity. But once a certain amount had been reached, hotel costs no longer seemed necessary."

Ulrich Zimmer, "very green" in his own estimation in 1990, who had started up his own IT company with borrowed money, benefited enormously from the intensive coaching. With two of the four Bechtle locations for which he is now responsible, he is the undisputed market leader in the system house business in Saxony. The number of staff has grown from eight immediately following German reunification to almost one hundred today, with sales increasing in the last ten years by a factor of twenty, and productivity of each employee by a factor of three. Above all: Bechtle makes money in Saxony every year - in a region in which large medium-sized companies are very thin on the ground - not something to be taken for granted.



Ulrich Zimmer
Managing Director
Bechtle Chemnitz



Chemnitz is an excellent example of Bechtle's successful expansion policy. In 1993, Bechtle purchased Ulrich Zimmer's entire shares and, appointing him as the Managing Director with a share in the profits, they set themselves up in the IT business in Saxony. The principles employed at that time still influence Bechtle's expansion today: think long-term, don't go after the fast buck, sensible investments for increased productivity and maximum commercial solidity.

Bechtle Chemnitz is also a mirror image in miniature of Bechtle's growth throughout Germany. Just as Bechtle had continuously expanded its system house network throughout Germany, the same principle was used to control the company's expansion from Chemnitz into Saxony and Brandenburg. Having once established a very strong position in Chemnitz, the next step in 1994 was to set up another Bechtle system house in the state capital of Dresden. Through an acquisition, the subsidiary of a large international company was added in Schwarzheide. To increase the company's size further in a region with very little industry, it was necessary to move further afield: Bechtle thus acquired another system house in Cottbus.

Customers in Saxony and Brandenburg now have a quartet of companies at their disposal with just the right feel for the benefits that result from Bechtle's nation-wide growth: synergies between the company locations, the high availability of specialists for specific customer requirements, profitable investments in special services and short distances

to a comprehensive range of products and services from one source.

And performance is up: there are now opportunities for large volume business that would be simply too big for a small system house. A case in point - AOK Saxony: the health insurance company has some 5,000 PCs and 200 servers installed in its offices throughout the state. "To be able to provide the kind of service such a customer needs at short notice or handle a roll-out of several 1,000 PCs, there is no alternative, you must have a certain size," explains Ulrich Zimmer.

Zimmer finds space for his creativity and the strength to handle new projects, as do all the other Bechtle managing directors, from the successful mix of a decentralised structure with centralised functions such as accounting, financial control and logistics. "Nothing's handed to you on a plate of course, but Bechtle's centralised functions certainly eliminates a lot of the pressure. I can concentrate on the essentials instead of having to check the company's bank account every day and ask myself whether there's enough money available for the next purchase," says Zimmer.

The freedom to make decisions and responsibility for performance at the local level are basic Bechtle principles. "I was told right at the beginning of our partnership that I was the person who knew how things tick around here and would have to take care of business locally," Zimmer. There is such a degree of freedom allowed that none of Bechtle's managing directors in Germany are committed to using central purchasing and logistics resources in Heilbronn. Each of them could go out into the marketplace and purchase the items he needs for his customers himself, but he would then lose all the positive effects available through this supportive centralised function and ultimately a considerable amount of productivity as well.

To generate the kind of success Bechtle has achieved in Chemnitz, human values are often pushed to one side. A man like Ulrich Zimmer in particular, who lived for decades in a totalitarian system, is extremely sensitive to such things. "In the ten years of our partnership, nobody has compelled me to do anything. When we met in 1993, we saw that we were very well suited to each other and that together we could make a go of it. Despite the tough road we have taken in this difficult market, it was mutual trust that cemented our relationship right from the start, and it has been the basis of our success."

People do make a difference



Nine countries, 22,000 items, 60,000 Internet hits a week, 120,000 catalogues published twice a year in five languages, 1,000 pages covering the entire IT market – these in brief are the key data of Bechtle’s Europe-wide IT retail business. Seven years after the first company was set up outside Germany, Bechtle now has a presence in all the key markets of western and southern Europe. The concept is transferable at little expense to new countries, with a reduction in the basic costs for the catalogue and online shop. Europe-wide branding is taking place at the same time: the Bechtle catalogue has meanwhile become the standard reference work for the IT sector.

If you need a challenge, then get a big one: of all the countries to choose from, Bechtle went to none other than Switzerland for its first location outside Germany. Switzerland is not a member of the EU, has complicated customs formalities and there are risks that come with a strong currency. Even the apparent advantage of speaking the same language does not mean very much in a country that affords itself the luxury of having four official languages.

On the other hand, taking on a big challenge provides the greatest learning experience for future expansion and one grows, of course, through experience. In the case of Switzerland, however, this was much more difficult than it appeared at first sight. This was clearly demonstrated in the simple fact that there are not just four distinct languages to deal with, but an almost inconceivably wide variety of local dialects. And these continue to be preserved and used with such pride that are a real obstacle in sales negotiations.

One of the fundamental aspects when building up the sales force is to ensure that the sales consultant speaks the same language as the prospective customer. The Swiss, however, are quite adamant on this point: “A customer in Berne should be serviced by a sales consultant from Berne, because he doesn’t like doing business with someone from Zürich,” says Patrick Pulver, describing the peculiarities of his fellow countrymen. Patrick Pulver is the Chairman of Bechtle-Comsoft Direct AG, which was set up following the merger with Comsoft Data direct SA, which had been acquired by Bechtle (Switzerland) AG.

This detailed understanding of the behaviour of buyers in Switzerland and its strategic implementation has been one of the keys to the company's success. The Bechtle-Comsoft sales team is spread out over five regions to deal effectively with the regional aspects of language and culture. One neat idea: a customer call from Zürich is automatically forwarded to the Zürich team, so that the customer always knows where he is. He deals with the same person in the team each time, but is confident that he will still be given the right kind of advice by someone else should his contact person not be available.

Allocation of members of the sales team to customers is so well thought out that regional allocation is just one aspect. Customers size is the second key criterion. "Different customer groups need a different type of person to deal with them on the sales side," says Patrick Pulver, describing Bechtle-Comsoft Direct S.A. philosophy. "With a big customer, the sales consultant must have a completely different personality to that needed for a small customer." The sales teams for the five regions are therefore further divided into three different customer target groups.

These clearly defined structures are good for sales. Having a regional portfolio means that a new member of the team immediately knows what he has to do and where. Having to deal with the same customer every time also allows him to develop an approach whereby an initial minor sale will often be the door opener to an intensive partnership relation.



Patrick Pulver
Managing Director
Bechtle-Comsoft
Direct S.A.

"Members of the sales team need a structure like this to show them the way to go," says Patrick Pulver. "But then the best thing is to leave them to their own devices. They are results-oriented and receive an excellent commission on sales. They are a kind of decentralised Bechtle system in mini format, since they run their own business in a large business operation. You don't have to tell them what to do all the time. You can see how successful they are if you look at the fantastic results we have achieved over the last two years since the acquisition."

The sales support Bechtle Group provides throughout Europe is designed to meet country-specific needs. The Swiss have a catalogue available in French and German for their direct sales business, with prices in each case quoted in Swiss Francs, and up-to-date daily Swiss prices via the online shop, and have access to the fast and reliable logistics service of the Bechtle Group. "The whole thing is super and it helps a lot in terms of administration," says Pulver, but adds: "You can't sell that way in Switzerland. Displaying products in a catalogue or offering them on the Web and waiting for someone to call doesn't work here."

You have to approach the customer directly and establish a lasting personal relationship with him - and that's our declared goal. "In this situation, people make a difference. They determine our success," is how Pulver describes his philosophy.

Bechtle in Switzerland has a couple of top salesmen like this, although they are very few and far between in the entire IT sector and are a very coveted commodity. The same kind of thing is found in sport, suggests Pulver, where there are very few really top class players. They all want to play at the top of the league. "And at the top of the league in Swiss IT direct sales you'll find Bechtle-Comsoft."

The diplomatic corps



The Achilles heel is the same every time: logistics. Even household names go wrong when setting up permanent customer relations, because they are not capable of handling the logistic requirements. Whether we are talking eCommerce or system house – Bechtle logistics is the link to success.

It is not availability, nor delivery times, nor is it the means of transport that determine customer satisfaction and customer loyalty nowadays. With the current flood of data we are confronted with, the key factors during the decision-making phase are communication and information.

VIPs, as the name suggests, are important people. They are chased by paparazzi, protected by bodyguards and always in the headlines.

The V.I.PMs from Bechtle are also important people. But they tend to work discreetly in the background, controlling information, making connections and getting things moving.

Despite having the same first letters and the same high level of importance, V.I.PMs are quite different – they are “Vendor Integrated Product Managers”, and quite unique. You will only find them at Bechtle.

V.I.PMs are product managers with a double allegiance: one to Bechtle and one to the strategic IT manufacturer, for whom they are the personal link to the company. Like Melanie Schüle. In Bechtle product management, she is known as “Miss HP”, because she and her five colleagues ensure that any business between Bechtle and Hewlett Packard runs smoothly and extremely effectively.

Melanie Schüle also lives in two different worlds: she speaks the languages of Bechtle and HP, deals with the structures of an MSB and a global group of companies, and moves in two completely different corporate cultures.

V.I.PMs could be called the diplomats of the IT sector. “We are intermediaries, translators and lawyers all rolled

into one," says Melanie Schüle. "And – as the job title indicates – we are managers, who ensure that the business with our strategic manufacturers is progressing at the right pace."

For Bärbel Schmidt, Managing Director of the Personal Systems Group, Hewlett Packard Deutschland GmbH, the value she places on the V.I.PMs is even higher: "They are the driving force behind our business relationship," she says, "and the extended arm of HP."

The V.I.PMs are certainly multi-functional. They transfer the central marketing department of "their" manufacturer into the Bechtle organisation, get the business between the two companies off the ground, prepare business plans and provide support for projects and sales. One day, they're handling complaints, the next they're fighting for the solution to a problem and the day after finds them successfully promoting a new product.

These specialist product managers have become increasingly necessary as Bechtle has grown in size: with currently 374 manufacturers, 22,000 products, over 40 system houses and 9 European retail organisations, handling product communications without their help would be equivalent to squaring the circle. It used to take up to six months in some cases for information from the manufacturer to arrive at the Bechtle sales department; from a total of 100 special offers launched, literally a handful would make it to the salesmen in the field.

The situation today is quite different. "We now get the information from our manufacturer at a centralised location, direct, and very early," says Melanie Schüle, "and we then channel it to the entire Bechtle organisation."

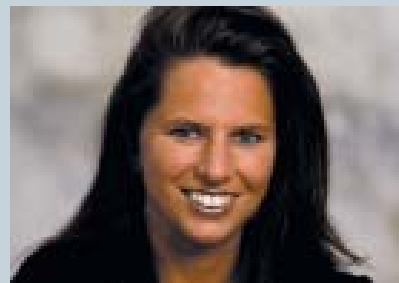
Bärbel Schmidt points out the importance of this communications channel: "The V.I.PM is an absolutely vital interface to get our information out quickly, but also to receive up-to-date feedback and reports from Bechtle from all locations," says HP Managing Director. "In addition to that, all the information is sent off only once to a specific target audience, so there's no latitude for different interpretations."

Such direct communications increase the quality of the advice Bechtle gives to its customers enormously, underlines its competence by always providing up-to-date information and offers the customer the immediate benefits available from special manufacturer and product

offers. At the same time, the contact to the manufacturer is so close that conflict situations with the customer in the event of complaints about products are effectively nipped in the bud. "We have a hot line to our manufacturer, there is no time lost, and we thus ensure a high level of customer satisfaction that also benefits the manufacturer we work with," explains Melanie Schüle.

Jointly prepared targets, business plans and reports ensure strong growth in sales for both Bechtle and the strategic manufacturers. "The ten strategic manufacturers for which we currently have a V.I.PM have all increased the amount of business they do with Bechtle," says Mario Düll, head of Vendor Integrated Product Management, summing up. "This of course also means an increase in sales for Bechtle."

But there are also cases that demonstrate the opposite. Mario Düll: "A company that believed it could do without a V.I.PM, took a drop in the business it does with us." The fact that this meant a loss in market share, points out quite clearly that Bechtle is now having a significant impact on the German IT market.



Melanie Schüle
Vendor Integrated Productmanager HP

Performance: rising steadily



The ultimate goal has been evident throughout Bechtle's 20-year history: to be out in front with the leaders. Like a mountain climber, who never loses sight of the summit, market leadership has always been Bechtle's declared goal. Only the dimensions have changed over the years; and the successes that have been achieved: Bechtle's shares have grown steadily in a declining market and have consolidated their position.

"It has always paid to do things our way, never succumbing to the temptations and pressure from outside and, above all, never becoming arrogant," says Gerhard Schick, Chairman and CEO of Bechtle AG, describing the company's business approach. "To be determined to get to the top in terms of quality and customer satisfaction, but also in terms of size, is in my view not only a legitimate goal, it is also one worth aiming for. It benefits our customers, our shareholders, our staff and the company itself."

During Bechtle's start-up phase, our goal was to become top dog in the areas where we set up business, which was subsequently followed by the desire to become the market leader in a number of economic regions. This eventually led to market leadership for MSBs in Germany, and took on a European dimension when the company's direct sales business began to expand beyond Germany's borders.

The entire development and the corporate goals are characterised by two factors that are very typical of Bechtle as a whole: strong growth and sustainability. The same principles of commercial prudence with which a healthy balance is achieved between growth and return on investment are also applied to developing a rock-solid

market position. A single-minded focus on sustainability when consolidating and enhancing a position of leadership once it has been established – on this solid basis – is a guarantee for sustainable performance and ultimate corporate success.

The constants in Bechtle's development are offset by the great imponderable: the IT market. It has been in turmoil for years, has seen more lows than highs over the last few years, and demands an extraordinary level of flexibility. For ailing companies, this means the end of the road, whereas healthy companies like Bechtle have already benefited from the situation, and will continue to do so.

Three years ago, Bechtle was one of Germany's top five system houses. Today, we are right at the top. An elite three-class society has evolved: alone, at the top of the segment that accounts for over 700 million euros in revenues are CC Compunet and Bechtle, followed by a huge gap down to three companies that occupy the 200 and 500 million range. Below them there is a dwindling mass made up of a large number of small system houses, of which 40 percent account for revenues of less than half a million euros, while two thirds have fewer than ten people on their staff. This is fertile ground for acquisitions and, in view of Bechtle's capital strength, provides excellent opportunities for external growth.

In the shakeout that follows when the competition toughens up, there will be plenty of room for organic growth. The number of local medium-sized competitors will be reduced, and this will make the strong Bechtle system houses even stronger. Competitors operating nationwide with a broad product portfolio and comprehensive customer support are very much the exception these days. For a system house network that covers the entire country, such as the one Bechtle provides, therefore, this is a perfect time to increase its domination of business on a national scale.

"The competitors most definitely feel the competitive pressure we bring to bear," says Gerhard Schick. "Around half of the system houses admit that we are one of their major competitors. This emphasises our excellent position on the market."

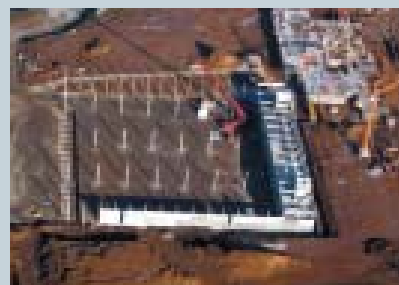
A position that has increasingly more influence today, even with suppliers. "Among the giants in the IT sector, there are manufacturers who see us even today as the No.1 of the German system houses, because we are the only remaining German company at the top of the market."

For MSBs with a national reach, Bechtle's position as No.1 is undisputed. "We play in a league of our own with Compunet, but hardly ever get in each other's way, because we focus on MSBs as our target group and overlap only in those areas where we are also attractive for large companies," says Bechtle's Chairman and CEO.

Despite agreeing to share the top position, Schick takes a sporting attitude to the challenge: "We wouldn't have got this far if we hadn't repeatedly set ourselves higher goals, so that we never really slowed down, but got better every time," he says. "And we wouldn't be Bechtle if we weren't determined to become No.1, whatever the odds."



In Neckarsulm the new affiliate company is built at Bechtle-Platz 1



The new logistic centre under construction

From side note to corporate profile

Getting a mention in the limited space available in the business section of Germany's major daily newspapers means a tough fight every day, especially for a company like Bechtle. With revenues of 750 million euros, Bechtle is relatively small: a look at the list of the top 500 companies in Europe is enough to reveal the ranking of the competitors. Among the Top Ten in Europe published by BP in the UK, we find German heavyweights like DaimlerChrysler, Volkswagen, Siemens, Allianz and Deutsche Bank.

Bechtle not only has to fight for space against these heavyweights; outside the Top 100 rankings, household names with large press departments also court the favour of the media: Lufthansa, MAN or Ford in Cologne, for example, are only ranked 113-115 in Europe, but even number 497, Alcatel SEL in Stuttgart, is still much more than just a competitor that pint-sized Bechtle has to take seriously in the battle for public attention, a resource that is very much in short supply – not to mention, of course, the large number of companies that compare with Bechtle in terms of size.

Despite this almost unassailable competition, in terms of the actual quantity and above all the scope of the reporting, in the 2002 business year, more attention was paid by the business and financial press to Bechtle than ever before. The fruits of the intensified communications effort were seen in print. The „career“ of the five-line mention in the margin to a lengthy report or

Börsen-Zeitung

- Dokumentation -

Ausgabe 172 vom 06.09.2002, Seite 13

„Der Neue Markt wird sich wieder anzapfen lassen“ IT-Haus Bechtle steht zu dem einstigen Wachstumssegment – Gespräch mit Vorstandschef Gerhard Schick

Von Ina-Maria Dehnert, Stuttgart
Börsen-Zeitung, 6.9.2002
So ändern sich die Zeiten. Noch im Jahr 2000 musste sich Gerhard Schick fast entschuldigen, als er eine solche Dividendenpolitik anordnete. Doch der Vorstandsvorsitzende des am Neuen Markt gelisteten IT-Hauses Bechtle ist sich neu geblieben. „Die Aktionäre haben uns beim Börsengang Geld gegeben, und ich bin der Meinung, man sollte dies honorieren“, sagt Schick im Gespräch mit der Börsen-Zeitung. Wenn auch mit einer Ausschüttung von 0,25 Euro je Aktie 2001 die Börse nicht in dem Himmels wachsend – Bechtle setzt also daran, auch in einem hartem IT-Umfeld die Ausschüttung im laufenden Turnus wieder zeigen zu können.

2000 zu 27 Euro an den Markt gehommene Aktie ist zwar weit von diesem Niveau entfernt. Doch sie hält sich mit knapp 6 Euro deutlich über dem Penny-Stock-Niveau. Auch bei der anstehenden veranschlagten Finanzschlüsselkennzahl hat die Gesellschaft Boden gut gemacht. Allein, damit institutionelle Investoren zu finden, ist ein schwieriges Unterfangen. Bechtle gehört zu 35% der Parisk Schick und zu 20% der BWS Unternehmensbesitzergesellschaft, der Rest ist hochgepreist. Einzelne Fonds sind engagiert, haben aber nicht mehr als 5%

mark. Schick ist überzeugt davon, dass der Neue Markt noch den derzeitigen Konsolidierungen auch wieder die Chance zur Kapitalbeschaffung bietet. Jedoch nur für die, die auch in der Krise ihren Anlegern etwas geben – nicht Dividende – und sorgsam wirtschaften. Angesichts verschiedener Skandale werde er kritisch gefordert, ob denn die „schwarzen Zahlen bei Bechtle echt seien“, erhalte er. Solche Befürchtungen müsse man ernst nehmen. „Bei uns geht alles nur nach vorne. Von Delisting-Bedenken oder ähnlichem Vorgängen für die Emittenten durch die Deutsche Börse hält Schick wenig. Er setzt darauf, dass es zu einer Selbstreinigung am Markt kommt.“

Nötige IT-Investitionen

Aber warum tut sich Bechtle den Neuen Markt überhaupt noch an? Warum hat man den Neuen SD im Blick? Warum nicht wie andere in eine der traditionellen Segmente wechseln? „Weil wir als IT-Unternehmen in den Wachstumssegmenten sitzen und an es glauben“, antwortet der Chef des System- und E-Commerce-Hauses. Im Gespräch mit Bechtle würde man ein solches Unternehmen dagegen kaum vermissen. Es würde dort unbeschadet bleiben, wenn dort auch die Bewertung läge. Und die kurzezeitigen Indizes bedeuten doch gekürzte Investitionsbedarfe in die EDV-Infrastruktur. „Besonders in Deutschland gibt es hier noch viel Nachholbedarf.“

Keine Abenteuer

Beim IPO flossen 135 Mill. Euro in die Unternehmenskasse. „Ich habe kein schlechtes Gewissen, dass wir so viel Geld bekommen haben. Wir sind dank verträglich umgegangen, haben keine übermäßigen Zukäufe getätigt“, sagt Schick. Wenn Bechtle den Markt wieder ansteigt, werde das wieder so sein. Mit der Expansion – Bechtle kann sich ein Engagement in Osteuropa vorstellen – sei es wie mit der Dividende. Noch im Jahr 2000 habe er zur Kapitalbeschaffung in Ostdeutschland geschickt. „Man muss in der Branche über die den Kopf, die es gewagt und dabei viel Geld verloren hätte.“

Diesen Ansatz jedoch verbewahren zu verstanden, legt den Unternehmen aus Gaiddorf fern. Auch zum Vorbereit für eine Initiative von Qualitätsmanagement in dem am geliebtesten Wachstumssegment führt sich Schick nicht berufen. Für solche Aktionen ist nicht 62-Jährige viel zu beschreiben. Vielmehr konzentriert sich das an der Börse rund 115 Mill. Euro schwere Unternehmen darauf, in eigener Sache voranzukommen. „Andererseits wächst, die Profitabilität nach und nach steigt“, lautet das Ziel Schicks.

Gleichwohl: Mit der derzeitigen Ertragslage bin ich nicht zufrieden“, räumt er ein. Im ersten Halbjahr 2002 wurde der Konzernumsatz auf 349 (l. v. 297,7) Mill. Euro gesteigert. Es blieb eine operative Marge von gerade einmal 1,1%. Im Gesamtjahr sollen 100 (84,5) Mill. Euro Erlöse werden (vgl. BZ vom 28. März). Das mittelfristige Margenziel liegt bei rund 5%.

Bemerkenswert ist die Performance der Bechtle-Aktie, denn scheitern die Anleger trotz dieser Kennzahlen zu haben, dass Bechtle in einem von Gewinnwarnungen, Insolvenzen und Bilanzskandalen gebeutelten Umfeld schwarze Zahlen zeigt. Die im März

Börsen-Zeitung

- Dokumentation -

Ausgabe 172 vom 06.09.2002, Seite 13

ZUR PERSON

Als Schnäppchenjäger ist Schick gerne unterwegs

ide – Mehr Manager wie Gerhard Schick taten dem Neuen Markt gut. Der Vorstandsvorsitzende der Bechtle AG hält von hochfliegenden Plänen nichts. Geschäftsmodelle ohne Bodenhaftung sind ihm fremd. Sein IT-Haus, an dem seine Familie 35% hält, zeichnet sich dadurch aus, lieber kleinere, sichere Schritte zu machen als übermäßig voranzuschreiten – und auf die Nase zu fallen.

Die Vorsicht mag an den langjährigen beruflichen Erfahrungen von Schick liegen. 1940 geboren durchlief der Industriekaufmann zahlreiche Stationen im Rechnungswesen und Controlling im schwedischen Mittelstand. So arbeitete er etwa bei der Wilhelm Bott GmbH in Gaiddorf, wo auch die Bechtle AG ihren Sitz hat. Seit 1983 leitet er Bechtle. Der Vorstandschef wacht in dem Führungsgremium über die Finanzen und das Controlling.

Dass er in Zeiten des Hype in dem Wachstumssegment in Sachen Marketing offers von den Neuer-Markt-Kollegen anderer Unternehmen ab-

gezogen wurde, dürfte ihn wenig schmerzen. Denn der Katzenjammer ist bei diesen mittlerweile groß – wenn die Companies überhaupt noch existieren. Schick hat derweil des Offerten die Gunst der Stunde genutzt und sich nach günstigen Zukaufoptionen umgesehen.

Wachstum durch Zukäufe und deren rasche und reibungslose Integration in die Bechtle-Gruppe – daraus hat Schick fast schon einen Sport gemacht. Dass man dafür manchmal buchstäblich sehr früh aufstehen muss, um bei Schnäppchen zum Zuge zu kommen, dürfte für den Mergersmensch Schick die leichteste Übung sein. Der 62-Jährige betrifft sein Amt voller Agilität. Dennoch hat er angekündigt, dass er an der Bechtle-Spitze nicht bleiben und in ein paar Jahren die Geschäfte an einen jüngeren Nachfolger übergeben wird. Zu vermuten ist, dass Schick alles dran setzt, diesem ein wohl geordnetes Haus zu übergeben.

(Börsen-Zeitung, 6.9.2002)

even corporate profile in well-known publications of Germany's media industry. There has also been a noticeable increase in the interest of the electronic media, which is substantiated by radio and TV programmes that include Bechtle participation.

The news agencies dpa, Reuters and VWD also report regularly on Bechtle, as do almost all the relevant national daily newspapers in Germany or business magazines – which is demonstrated by the following incomplete list: Badische Zeitung, Börse Online, Börsen-Zeitung, Darmstädter Echo, Der Aktionär, die Tageszeitung, Die Welt, Effecten-Spiegel, Euro am Sonntag, Financial Times Deutschland, Focus-Money, Frankfurter Allgemeine Sonntagszeitung, Frankfurter Allgemeine Zeitung, Freie Presse Chemnitz, Handelsblatt, Heilbronner Stimme, Kölner Stadt-Anzeiger, Main-Post, Neue Rhein Zeitung, Nordsee-Zeitung, Nürnberger Zeitung, Platow Brief, Saarbrücker Zeitung, Sparkassenzeitung, Stuttgarter Nachrichten, Stuttgarter Zeitung, Süddeutsche Zeitung, Südkurier, Südwestpresse, Tele-Börse, Weser Kurier, Westdeutsche Zeitung, Wetzlarer Neue Zeitung, and Wirtschaftswoche.

For 2003, Bechtle has set itself the goal of at least maintaining its presence in the daily newspapers and gaining the attention of magazines such as Capital, DMEuro and manager-magazin. This continuous intensification of our communications effort is not only of benefit to Bechtle's day-to-day business operations, but ultimately also helps to introduce the Bechtle share to a broader investor audience.

Süddeutsche Zeitung Montag, 14. Oktober 2002

Interview

„Bescheidenheit zahlt sich aus“

52. Interview mit Gerhard Schick, Chef des Bechtle-Systemhauses

52. Die Bescheidenheit ist ein Schlüssel zum Erfolg. Sie ist nicht gegen den Trend zu Überheblichkeit und Hochstuferei in der Informations-Technologie. Das Unternehmen mit 2003 Umsatzziffern von 200 Millionen Euro (Umsatz) konnte 2002 in dem Marktsegment von 1,4 Milliarden Euro Marktanteil gewinnen. Wie sieht das Unternehmen in Zukunft aus?

Schick: Herr Schick, die Stimmung in der Technologie-Branche ist äußerst angespannt. Schon die letzten Monate haben...

Gerhard Schick: Herr Schick, ich kann Ihnen keine Lösung anbieten. Wir bekommen derzeit viele Probleme mit Kaufverträgen – aber was das so ist, das ist Unternehmen zu sagen. Das ist nicht so weit hergehend, aber insgesamt...

52. Was ist die größte Herausforderung für Sie in der Zukunft? Schick: Die größte Herausforderung ist die Finanzierung. Es gibt zwei Möglichkeiten...

52. Wie sieht die Zukunft des Unternehmens aus? Schick: Die Zukunft des Unternehmens ist sehr gut. Wir haben viele Chancen...



Gerhard Schick, Chef des Bechtle-Systemhauses

Permanente Herausforderung ist die Finanzierung. Es gibt zwei Möglichkeiten...

52. Was ist die größte Herausforderung für Sie in der Zukunft? Schick: Die größte Herausforderung ist die Finanzierung. Es gibt zwei Möglichkeiten...

Interview: Judith Rapp

Frankfurter Allgemeine Zeitung Das Unternehmerrisikogeschäft

„Wir müssen die Schwäche am Neuen Markt aussitzen“

Mit Gerhard Schick, Vorstandschef und Hauptaktionär der Bechtle AG, sprach Susanne Pfeuß

Montag, 12. August 2002, Nr. 185 / Seite 15

Der Investor der heutigen Börse bringt Gerhard Schick mit einem... 300 Millionen Euro Eigenkapital. Das...

jetzt schon schwach auf der Brust sind... führung geübt. Das fördert die Bereit-

Schick als ein Unternehmen mit wende-... 10 Millionen Euro, eine Firma, die...

Die Finanzierung ist ein Problem... 200 Millionen Euro...

schäftigen bei Bechtle schon Erfahrung... mit größtem Aktienkurs gemacht.

Die Finanzierung ist ein Problem... 200 Millionen Euro...

Die Finanzierung ist ein Problem... 200 Millionen Euro...

„Wir können auch in schwierigen... Zeiten mit Geld umgehen.“

Die Finanzierung ist ein Problem... 200 Millionen Euro...

Die Finanzierung ist ein Problem... 200 Millionen Euro...

Die Finanzierung ist ein Problem... 200 Millionen Euro...

Die Finanzierung ist ein Problem... 200 Millionen Euro...

Die Finanzierung ist ein Problem... 200 Millionen Euro...

Die Finanzierung ist ein Problem... 200 Millionen Euro...

Die Finanzierung ist ein Problem... 200 Millionen Euro...

Die Finanzierung ist ein Problem... 200 Millionen Euro...

Zur Person



Gerhard Schick

Gerhard Schick, geboren 1948 in... nach der kaufmännischen Lehre...

Very cloudy, little sunshine, but lost of energy

“It can only get better” – this was the kind of forced optimism that was being heard on the capital markets in 2002, and it fell on deaf ears. The truth was that many investors were totally disgusted with the performance of shares on the markets. Counter to all predictions, the dramatic collapse of prices that had begun in the spring of 2000, continued into 2002. What was more, the investors had been expected to swallow too much: the series of scandals in corporate finance, the impotence of Germany’s stock market watchdogs, and the disastrous relationship between research and investment banking were weighty factors that led to the gradual loss of confidence in the shares.



The year 2002 was one of the absolute lows in stock exchange history worldwide since the stock market crash of 1,929. It was the first time that the European stock markets had closed with a net loss in three straight years. In autumn, the stock markets reached their lowest level. The Dax index fell on 9th October to 2,519, its lowest since September 1996. In New York, one day later, Dow at 7,197

and Nasdaq Composite at 1,118 points reported their worst results since October 1997 and August 1996.

On the German capital markets in particular, the situation was desolate. DAX lost 43.9 percent in 2002, dropping to 2,893, and was worse with this, its worst annual performance since it was set up than all other European blue chip market barometer in the same period. In London, the FTSE 100 index fell 25.5 percent in the course of the year, Switzerland’s SMI declined 27.6 percent and the French CAC40 index took a 34.8 percent slide. The Nemax 50 index lost a devastating 67.1 percent of its market value, coming off much worse than the Nasdaq 100, which “only” conceded 33.7 percent.

Measured against such events, the Bechtle share must be classified as a conservative performer, since its performance in 2002, in view of the situation on the stock markets

worldwide, actually looks quite good. On 2nd January, the share entered the stock exchange year 2002 on Xetra with an opening market price of 8.30 euros, but soon saw its high of nine euros for the year during trading on 28th January. The share's low for the year was reached on 24th September, and stood at 4.80 euros. Its closing price on 30th December 2002 was 6.66 euros. This represents an absolutely unsatisfactory drop of 19.8 percent over the year, although the share had nevertheless performed better than all the major international share indexes, not to mention the DAX and Nemax 50. The two indexes were well beaten – by 24 and 49 points respectively.

In retrospect, there had been no negative effect due to the Bechtle share in 2002 not being listed on the Nemax 50, since it had clearly outperformed the index.

An increase in volume would certainly help pave the way for admission to TecDax, which Bechtle sees as a future goal. The far too low market capitalisation of the free float and the low trading volume, however, are still obstacles at the moment. With staying power, which is a typical Bechtle strength, the move into the TecDax index could be made in the mid-term, particularly as a shakeout of companies in the index is foreseeable.

The low trading volume of Bechtle shares, however, can definitely be seen as evidence of confidence: Bechtle shareholders are keeping a tight hold of their shares, thus emphasising their expectations that the inherent strength and profit earning ability of the company in the long term contain significant potential for upward mobility.

These factors could prove positive in the new setup, following the restructuring of the German stock exchange and its indexes. Bechtle sees excellent prospects of positioning itself as an interesting investment for institutional investors, regardless of whether the share is listed on the TecDax index or not. The outperformance even of conservative indexes means that the Bechtle share today is a comparatively safe investment, whereas membership in the technology segment can be regarded as a medium-term growth opportunity. The Bechtle share thus has an interesting opportunity/risk profile.

Share prices table 2002 (XETRA closing price)

02. Jan	8.20	02. May	5.90	02. Sep	6.00
03. Jan	8.24	03. May	5.88	03. Sep	5.70
04. Jan	7.95	06. May	5.55	04. Sep	5.70
07. Jan	8.09	07. May	5.70	05. Sep	5.85
08. Jan	8.20	08. May	5.80	06. Sep	5.70
09. Jan	8.30	09. May	6.00	09. Sep	5.70
10. Jan	8.19	10. May	6.04	10. Sep	5.71
11. Jan	8.12	13. May	5.99	11. Sep	5.76
14. Jan	7.95	14. May	6.45	12. Sep	5.70
15. Jan	8.00	15. May	6.35	13. Sep	5.66
16. Jan	8.00	16. May	6.35	16. Sep	5.64
17. Jan	7.95	17. May	6.39	17. Sep	5.65
18. Jan	7.95	20. May	6.39	18. Sep	5.41
21. Jan	7.90	21. May	6.34	19. Sep	5.40
22. Jan	8.05	22. May	6.30	20. Sep	5.25
23. Jan	8.05	23. May	5.98	23. Sep	5.00
24. Jan	8.20	24. May	5.90	24. Sep	4.99
25. Jan	8.60	27. May	5.90	25. Sep	5.05
28. Jan	8.70	28. May	5.81	26. Sep	5.25
29. Jan	8.60	29. May	5.90	27. Sep	5.11
30. Jan	8.50	30. May	5.90	30. Sep	5.45
31. Jan	8.55	31. May	5.82		
				01. Oct	5.40
01. Feb	8.50	03. Jun	6.07	02. Oct	5.46
04. Feb	8.20	04. Jun	5.95	03. Oct	5.40
05. Feb	8.24	05. Jun	5.90	04. Oct	5.48
06. Feb	7.70	06. Jun	5.90	07. Oct	5.35
07. Feb	7.60	07. Jun	5.85	08. Oct	5.23
08. Feb	7.60	10. Jun	6.00	09. Oct	5.25
11. Feb	7.80	11. Jun	5.99	10. Oct	5.27
12. Feb	7.80	12. Jun	5.90	11. Oct	5.41
13. Feb	7.60	13. Jun	5.90	14. Oct	5.45
14. Feb	7.57	14. Jun	6.00	15. Oct	5.80
15. Feb	7.40	17. Jun	6.00	16. Oct	5.75
18. Feb	7.40	18. Jun	5.90	17. Oct	5.94
19. Feb	7.20	19. Jun	5.95	18. Oct	5.83
20. Feb	7.18	20. Jun	5.85	21. Oct	5.90
21. Feb	7.32	21. Jun	5.80	22. Oct	5.94
22. Feb	7.28	24. Jun	5.75	23. Oct	5.85
25. Feb	7.59	25. Jun	6.00	24. Oct	5.85
26. Feb	8.02	26. Jun	5.90	25. Oct	5.80
27. Feb	8.15	27. Jun	5.90	28. Oct	6.20
28. Feb	7.80	28. Jun	6.00	29. Oct	5.90
				30. Oct	6.12
				31. Oct	6.00
01. Mrch	7.68	01. Jul	5.80		
04. Mrch	7.84	02. Jul	5.65	01. Nov	6.05
05. Mrch	7.68	03. Jul	5.51	04. Nov	6.40
06. Mrch	7.65	04. Jul	5.65	05. Nov	6.90
07. Mrch	7.75	05. Jul	5.75	06. Nov	6.90
08. Mrch	7.69	08. Jul	5.80	07. Nov	6.80
11. Mrch	7.81	09. Jul	5.86	08. Nov	6.99
12. Mrch	7.88	10. Jul	5.90	11. Nov	6.99
13. Mrch	7.80	11. Jul	5.80	12. Nov	7.19
14. Mrch	7.78	12. Jul	6.00	13. Nov	7.02
15. Mrch	7.70	15. Jul	5.90	14. Nov	7.01
18. Mrch	7.85	16. Jul	5.85	15. Nov	7.05
19. Mrch	7.79	17. Jul	5.90	18. Nov	7.03
20. Mrch	7.78	18. Jul	5.80	19. Nov	6.90
21. Mrch	7.78	19. Jul	5.90	20. Nov	7.00
22. Mrch	7.74	22. Jul	5.75	21. Nov	7.05
25. Mrch	7.60	23. Jul	5.55	22. Nov	6.92
26. Mrch	7.54	24. Jul	5.35	25. Nov	6.98
27. Mrch	7.38	25. Jul	5.20	26. Nov	6.95
28. Mrch	7.29	26. Jul	5.10	27. Nov	6.85
		29. Jul	5.25	28. Nov	6.92
02. Apr	7.40	30. Jul	5.11	29. Nov	6.89
03. Apr	7.40	31. Jul	5.30		
04. Apr	7.40				
05. Apr	7.32	01. Aug	5.40	02. Dec	6.81
08. Apr	7.25	02. Aug	5.80	03. Dec	6.80
09. Apr	6.89	05. Aug	5.60	04. Dec	6.79
10. Apr	6.97	06. Aug	5.60	05. Dec	6.80
11. Apr	6.80	07. Aug	5.55	06. Dec	6.87
12. Apr	6.80	08. Aug	5.82	09. Dec	6.65
15. Apr	6.80	09. Aug	5.60	10. Dec	6.50
16. Apr	6.49	12. Aug	5.75	11. Dec	6.50
17. Apr	6.58	13. Aug	5.84	12. Dec	6.50
18. Apr	6.49	14. Aug	5.60	13. Dec	6.60
19. Apr	6.58	15. Aug	5.70	16. Dec	6.50
22. Apr	6.70	16. Aug	5.85	17. Dec	6.50
23. Apr	6.45	19. Aug	5.80	18. Dec	6.55
24. Apr	6.28	20. Aug	5.75	19. Dec	6.60
25. Apr	5.95	21. Aug	5.80	20. Dec	6.60
26. Apr	5.84	22. Aug	5.85	23. Dec	6.50
29. Apr	5.77	23. Aug	5.82	27. Dec	6.65
30. Apr	5.85	26. Aug	5.77	30. Dec	6.66
		27. Aug	5.80		
		28. Aug	5.91		
		29. Aug	5.97		
		30. Aug	5.98		

Declaration of Compliance with the German Corporate Governance Code pursuant to § 161 AktG (German Companies Act)

- § 1 The executive bodies of Bechtle AG hereby declare that in the business year 2002 the company complied with the recommendations of the Government Commission's German Corporate Governance Code with the exception of the recommendations described in § 2 and intends to comply with the recommendations under the code in future with the exception of the recommendations described in § 3.
- § 2 Bechtle AG deviated from the following recommendations of the Government Commission's German Corporate Governance Code in the business year 2002 as follows:
- 2.3.1 Reports and documents for the shareholders' General Meeting**
Commencing 2003, reports and documents required for the shareholders' General Meeting including the Annual Report will not only be provided together the agenda, but will also be published on the Bechtle website www.bechtle.com.
- 2.3.3 Appointment of a representative to exercise a shareholder's voting rights**
Commencing 2003, the Management Board of Bechtle AG will arrange for the appointment of a representative to exercise a shareholder's voting right in accordance with instructions; this representative is also to be reachable during the General Meeting.
- 3.8 Deduction in the case of a D&O (directors and officers' liability insurance) policy**
In the case of the D&O policy taken out by Bechtle AG for all the executive bodies of the company, in particular for the Executive Board and the Supervisory Board, no deduction is currently made. A suitable deduction for members of the executive bodies will be agreed in 2003.
- 5.3 Formation of committees by the Supervisory Board**
The Supervisory Board of Bechtle AG is composed of three persons. According to the recommendations of the German Corporate Governance Code, committees with decision-making powers must also be composed of three persons. Since the number of Supervisory Board members required by the law and the articles of association is currently the same as the number required for a committee with decision-making powers as specified in the recommendations of the German Corporate Governance Code, no separate committees have been formed.
- 5.4.1 Age-limit for members of the Supervisory Board**
There has been no age-limit for members of the Supervisory Board to date. Commencing 2003, an age-limit will be specified.
- 5.4.5 Performance-related compensation for members of the Supervisory Board**
Bechtle AG is of the opinion that all the members of its Supervisory Board perform their mandates with maximum commitment and willingness and with a view to the long-term success of the company even with no performance-related compensation. In agreement with the Supervisory Board, therefore, there has been no performance-related compensation provided.
- 6.6 Reportable transactions in securities**
The company applies the provisions of § 15 a of the Securities Trading Act on the disclosure and reporting of the purchase or sale of shares in the company, options or other derivatives by members of its Executive Board and Supervisory Board in full. To minimise the administration costs, the company waives disclosure of such transactions, provided the value of the total number of transactions per-formed within 30 days by the person required to report them does not exceed 25,000 euros.

7.1.2 Interim reports

The interim reports shall be publicly accessible within 45 days of the end of the reporting period. The company published its quarterly report for the completed nine-month period of the business year 2002 for the first time within this time limit and also intends to apply the time limit for publishing all future quarterly reports.

§ 3 The executive bodies of Bechtle AG also intend to deviate from the following recommendations of the German Corporate Governance Code in future:

5.3 Formation of committees by the Supervisory Board

The Supervisory Board of Bechtle AG is composed of three persons. According to the recommendations of the German Corporate Governance Code, committees with decision-making powers must be composed of three persons. As long as the number of Supervisory Board members required by the law and the articles of association is the same as the number required for a committee with decision-making powers as specified in the recommendations of the German Corporate Governance Code, the company also intends to form no separate committees in future.

5.4.5 Performance-related compensation for members of the Supervisory Board

Bechtle AG is of the opinion that all the members of its Supervisory Board perform their mandates with maximum commitment and willingness and with a view to the long-term success of the company even with no performance-related compensation. In agreement with the Supervisory Board, therefore, there will also be no performance-related compensation provided in future.

6.6 Reportable transactions in securities

The company applies the provisions of § 15 a of the Securities Trading Act on the disclosure and reporting of the purchase or sale of shares in the company, options or other derivatives by members of its Executive Board and Supervisory Board in full. To minimise the administration costs, the company will also waive disclosure of such transactions in future, provided the value of the total number of transactions performed within 30 days by the person required to report them does not exceed 25,000 euros.

Gaildorf, December 2002

Bechtle AG

On behalf of the Executive Board
Gerhard Schick

On behalf of the Supervisory Board
Klaus Winkler

Supervisory Board's Report

The Executive Board instructed the Supervisory Board regularly, both in writing and in person, about the company's business policy, fundamental matters of the Management, the situation and earnings position of the company and its subsidiaries as well as significant business transactions, and discussed these with the members of the Supervisory Board.

In six meetings during 2002, the Supervisory Board received detailed reports on the course and progress of business of the company and its subsidiaries. The meetings principally discussed acquisitions, economic development of the individual parts of the company, share development, personnel affairs of the Executive Board, strategic topics of the group and questions of risk management.

Formation of committees was waived since the current number of Supervisory Board members, as specified in the applicable statutory provisions, meets the requirements for the formation of a decision-making committee under the recommendations of the German Corporate Governance Codex.

Where necessary, the Supervisory Board has examined business activities and passed decision on legal transactions requiring agreement. Aside from the regular meetings, the Chairman of the Supervisory Board maintained close contact with the Executive Board, as did the other members of the Supervisory Board in certain matters. Ongoing and timely reporting was ensured at all times.

The annual financial statements, as prepared by the Executive Board and endorsed with an unqualified auditors' report, were submitted to the Supervisory Board and were discussed in depth at the Supervisory Board's March 20, 2003 meeting where the balance-sheet was discussed in the presence of the auditor. The Supervisory Board has approved the annual financial statements, which are thereby adopted. The Supervisory Board has also examined and approved consolidated financial statements for 2002, which likewise have been endorsed with an unqualified auditors' report.

At the meeting of March 20, 2003, the Supervisory Board expressed its gratitude to the members of the Executive Board for their commitment in a difficult business year in 2002 and asked that its thanks also be conveyed to the members of the group.

Stuttgart, March 20, 2003

The Supervisory Board

Klaus Winkler
Chairman

Management Report

General economic environment and market performance

Economic Environment

The German economy in 2002, according to preliminary figures published by the Federal Statistical Office Germany, grew only 0.2 percent in real terms compared with the previous year. This is the worst performance since 1993. The number of insolvencies saw an increase of 16.0 percent in 2002 on the previous year; in the IT sector, the number of insolvencies actually doubled. The continued economic stagnation has resulted in unemployment in Germany climbing to its highest level for December since 1997.

Falling prices on the stock markets once again had extremely serious consequences for the overall performance of the economy. According to the European Central Bank (ECB), market prices in the euro zone have dropped by more than 2,900 billion euros since August 2000. A drop of this magnitude is almost half the entire economic output of the year 2000.

Two months after the terrorist attacks on New York and Washington, the economic experts in Germany were still predicting an increase in Gross Domestic Product (GDP) for 2002 of 0.7 percent in real terms. Virtually all economic indicators subsequently improved from month to month. Predictions made for this year by the most well-known economic indicators, however, had been extremely misleading.

The economy is not expected to show significant signs of recovery in 2003 either. At the end of 2002, the Institut der deutschen Wirtschaft (IW) published the figures forecast by the 44 most important German trade associations. A total of 18 industrial sectors expect production figures to go down in 2003, while 19 associations expect stagnation. No less than 85.0 percent of all business associations assume that the economy in the short term will not recover.

IT market

In the opinion of the US market research experts from International Data Corporation (IDC), the year 2002 was the worst ever in the history of the IT sector. For the first time, market analysts have identified a global decline in IT investments in computers, networks and services. IDC have observed a first ever overall drop of 2.3 percent. The service business, which probably accounts for around one quarter to one third of all IT spending worldwide, has fallen back to the level it had in 1998. In Germany, according to the latest estimates published by BITKOM, the German IT trade association, the total IT market was down 1.3 percent in 2002, the PC market had seen a downturn of no less than 6.9 percent. The recovery of the overall market expected in the second half of the year never came, since corporate buyers showed some reservation in terms of IT purchases.

A reflection of this development on the IT market as a whole can be seen on the IT employment market. The results of an analysis carried out by Swiss-based job placement agency Adecco show that the number of vacancies in the IT sector had dropped 64.5 percent in 2002 compared with the previous year. In the course of the year, a total of only 23,738 IT career opportunities had been advertised in the 40 daily newspapers studied by Adecco; in the year before, there had been 66,817 offers.

Generally speaking, it would appear that the IT market is on its way to becoming a saturated market and that high growth rates are a thing of the past.

Business performance

Bechtle delivered a positive performance, managing to distance itself once again from the IT sector and the overall economic trend. Result before income taxes (EBT) were up 31.6 percent to 19.0 million euros (2001: 14.4) and thus exceeded our own expectations by around 4.5 million euros.

Group revenues increased by 16.4 percent, rising to 751.7 million euros (2001: 645.6). This means that sales were 1.7 percent below the expected figure of 765.0 million euros, which been reduced in November and 6.0 percent below forecast figure of 800.0 million euros, which had been announced at the start of the business year.

Earnings from catalogue sales in the business year were included for the first time under sales revenues instead of under other operating income. Both these sales figures and the costs for producing the catalogue are entered in the eCommerce segment. The figures for the previous year have been adjusted accordingly.

EBIT (operating income) improved in the period under review by 40.2 percent to 18.4 million euros (2001: 13.1). Net income for the year at 12.0 million euros (2001: 9.0) is 33.2 percent up on the previous year. When comparing EBIT, EBT and net income, it is important to note changes in the accounting principles in accordance with U.S. GAAP for 2002: in accordance with the requirements of SFAS No. 142, regular goodwill amortization has now been eliminated. In the previous year, these results still included goodwill amortization amounting to 3.4 million euros. In the year under review, however, established clientele amortization amounting to 0.5 million euros (2001: 0.1) was adopted.

These changes in the requirements do not affect EBITDA (earnings before interest, taxation, depreciation and amortization) and EBITA before established clientele amortization (earnings before interest, taxation, goodwill amortization and established clientele amortization), which means that the two figures can be compared directly. EBITDA was up 11.3 percent to 27.0 million euros (2001: 24.3), with EBITA before established clientele amortization rising 13.9 percent to 19.0 million euros (2001: 16.6).

Earnings per share (diluted/undiluted) improved by 33.6 percent to 0.596 euros. The average number of shares (diluted/undiluted) at the balance sheet date was 20,149,988 (previous year 20,200,000).

Segment performance

Bechtle customers are chiefly small to medium-sized businesses, public sector customers and large corporate customers. The company's target customers generally possess some IT know-how. What they frequently lack, however, are the resources to handle all the IT needs of the company on their own. For such customers, Bechtle provides one stop shopping for everything relating to the network and PCs. The portfolio extends from specialist advice, plus the provision and implementation of all the standard IT hard and software available on the market, to supplementary services, such as training and human resources.

The customer's prime interest is price, availability and having the complete range of products available on the market from various manufacturers, and also the market position and strength of the supplier, full service from one source and proximity to the IT partner. With its system house and eCommerce divisions, Bechtle represents the entire IT market as far as the customer is concerned on both the service and product side. The

important strategic role of lubricating the system is the job of the Logistics & Service subsidiary company. The decentralised structure of the Bechtle Group is additionally supported by the centralised functions available at the holding company.

The nationwide coverage of Bechtle's system house network now comprises over 40 locations, which represent the immediate local contact partner for the customer. All the companies are wholly-owned subsidiaries of the holding company. They operate independently, headed by a managing director who is fully responsible for the company's business performance and receives a share of the company's profits.

Bechtle serves customers who have sufficient IT knowledge themselves or those who are solely in acquiring IT products with a complete range via Bechtle direct. This division focuses exclusively on retail business and is represented by its own companies in the nine most important countries in Europe. Sales are carried out via a catalogue that is published twice a year in five languages, with up-to-date daily prices available online via the company's website. Since the vast majority of the orders are placed and processed online, Bechtle has named this its IT eCommerce division.

The eCommerce companies and the individual system houses naturally require logistics services such as purchasing, product management and despatch. These functions are handled by the centralised logistics and service unit (Bechtle Logistik & Service in Heilbronn), which, as a result, can develop and use the synergy effects between the two segments. It is also responsible for catalogue production.

System house

Revenues in the system house segment grew in the 2002 business year by 14.3 percent to 557.9 million euros (2001: 488.3). This growth, however, has been achieved exclusively through companies that were acquired and integrated into the Bechtle Group. The companies acquired in the course of the 2001 business year have been included in the revenues for the 2002 business year in full at 85.7 million euros (2001: pro rata share 51.0); those companies acquired in 2002 accounted for 44.5 million euros of total revenues. The existing system houses were unable to avoid general economic fall in the demand for IT products and services. Without the additional revenues from the acquisitions, there would have been a decline of around 2.5 percent.

EBIT was up 49.0 percent to 11.9 million euros (2001: 8.0). Earnings in the previous year, however, had been affected by the accounting principles to be applied, which required the amortization of goodwill amounting to 3.2 million euros.

EBITDA adjusted for amortization nevertheless showed an increase of 8.3 percent to 19.7 million euros (2001: 18.2). EBITA grew 6.6 percent to 11.9 (2001: 11.2) and the comparable EBITA before established clientele amortization grew 10.1 percent to 12.3 million euros (2001: 11.2).

Business performance has been influenced by startup costs for the new locations in Hamburg, Kassel, Munich and Großostheim amounting to 1.5 million euros. They are offset by an overall positive EBIT figure of 1.4 million euros achieved by Bechtle Data AG, Regensdorf/Switzerland, Bechtle GmbH, Langenzenn and Bechtle GmbH, Solingen, which were acquired in the year under review. The majority of existing locations within the group have delivered a stable performance. Losses generated by Uhlmann GmbH, who specialise in Apple Macintosh products, were the result of declining Apple revenues in 2002.

eCommerce

Revenues in the eCommerce segment rose in the year under review by 23.2 percent to 193.8 million euros (2001: 157.3). Despite a declining IT market environment, the segment reported organic growth of 5.7 percent. Action Computer Supplies S.A., Madrid, which had been acquired the year before, with revenues in the period under review amounting to 38.1 million euros (2001: pro rata share 14.7) was a major contributing factor.

EBIT for the eCommerce segment improved by 25.7 percent, increasing to 6.5 million euros (2001: 5.2). EBITDA was up 20.4 percent to 7.3 million euros (2001: 6.1). A 20.7 percent increase to 6.5 million euros (2001: 5.4) was recorded for the segment's EBITA. EBITA before established clientele amortization performed equally with a growth level of 21.8 percent to 6.6 million euros (2001: 5.5).

With the exception of Italy and Belgium, all country units ended the year with positive pre-tax earnings. During the second half of the year, Belgium hit break-even and began making a profit, and the losses of the first half of the year in Italy were also significantly reduced.

Investments and financing Asset and capital structure

Fixed asset investments amounting to 8.5 million euros were financed with amortization of intangible and tangible assets worth 8.6 million euros. The funds for investments in the established clientele and goodwill of companies we had acquired amounting to 12.1 million euros were provided almost entirely from borrowings amounting to 11.1 million euros. As a result, debts incurred for the repayment of loans to banks amounting to 1.0 million euros increased to 12.8 million euros (2001: 2.7). The prime focus of the investments was the acquisition of the Data Division of Eurodis Schweiz AG in Switzerland.

The dividend payment by Bechtle AG amounting to 5.1 million euros was the result of the inflow of cash from the company's day-to-day business operations.

A total of 13.9 million euros accrued from its business operations. The figure in the previous year had been 17.6 million euros.

Liquid funds at the end of the year amounted to over 37.9 million euros (2001: 41.2). Including bank loans, net liquidity is at 25.1 million euros (2001: 38.5). The capital ratio, in particular as a result of stretching the balance sheet for our acquisition activities, went from 70.1 percent to 66.6 percent.

Employees

Bechtle employed a total 2,254 people as at 31. December 2002. There were also 75 temporary members of staff on the payroll. In the course of the year, a further 185 employees were added as a result of acquisitions. In the case of existing locations and those set up in the year under review, 110 new employees were put on the payroll, while a total of around 150 staff were laid off throughout the group as of May.

At the end of the year, the company employed 170 trainees.

Risks and Risk management

Operating environment and risks

Product innovations and falling margin:

The IT market in both the retail and the services segment is characterised by fierce competition. The products have a short life cycle, while there is the additional burden of continuously falling margins. Bechtle counters this situation by continuously optimising our procurement, throughput and sales processes. In doing so, Bechtle strictly adheres to the fundamental rule of purchasing the goods shortly before shipping them to the customer or authorising distributors to operate as fulfilment partners. To prevent our very restrictive stockholding strategy leading to bottlenecks, the procurement processes are tied in very closely with the systems used by the manufacturers and distributors. This means high availability and also ensures that the customer receives his order quickly and punctually.

Customer dependency:

Bechtle serves a broad range of customers. As a result, our existence is not absolutely dependent on the whims of a single customer.

Growth:

The rapid growth of the Bechtle Group and the high number of companies acquired have been a considerable burden on our human and organisational resources. Strong growth of the Bechtle Group in 2003 could in principle lead to inefficiencies and a rise in operating expenditure. Bechtle, however, draws on its experience and benefits from the transfer of tried and tested mechanisms, with which more than 25 acquired companies were successfully integrated into the group.

Supplier dependency:

Bechtle purchases its products from all the well-known names in the IT sector. If a manufacturer is not able to deliver, Bechtle at short notice is in a position to offer alternative products. As a result of the merger of HP and Compaq, there is now a disproportionate overloading in terms of supplier relations in favour of the „New HP“. Although Bechtle's business activities and existence are not absolutely dependent on this supplier, any upsets in the business relationship could nevertheless seriously affect the way Bechtle does business. However, there are absolutely no indications that such a situation will occur.

Warranty and liability:

In the system house segment, Bechtle has a contractual obligation to provide a warranty for the systems it supplies. Under such a warranty, the manufacturers' guarantees are passed on to the customer. Beyond that, the statutory warranty applies. We consider the risk associated with meeting customer claims under the warranty without recourse to manufacturers to be relatively small. In so far as Bechtle provides its own services and accepts a warranty obligation, the company is insured to an appropriate degree by means of liability insurance.

Information risks

The operation of computer-driven databases and the operation of enterprise resource planning systems, finance control and financial planning inevitably results in information risks:

An availability risk could in principle arise when systems are needed to ensure smooth operation and must therefore be permanently operational and, due to hardware failure, operator error or physical damage to Bechtle's own IT facilities, are no longer available.

An integrity risk could generally arise due to erroneous processing, data loss or faulty data storage.

A confidentiality risk could occur due to data espionage and unauthorised access by a third party to the system landscape of the Bechtle Group.

The availability of the Bechtle systems is state of the art and can be described as good to very good throughout. The rooms in which the systems are installed are protected and monitored for fire and forced entry. All mission-critical production systems are provided in duplicate and also covered by a high availability maintenance contract with the manufacturer. The WAN interface is protected at all locations by means of back-up lines. Several providers with a mutual backup capability are used for the interface to the eCommerce systems. The eCommerce system itself is distributed across several servers. All production systems are additionally protected by uninterruptible power supplies.

As far as can be ascertained, there are no integrity risks and other risks for Bechtle.

Financial risks

Credit risks:

When investing liquid funds, there is always the risk that a borrower will not repay the funds lent to him. The Bechtle Group's borrowers are exclusively banks with very good creditworthiness.

Liquidity risks:

To meet payment obligations, the appropriate liquidity must be available at all times. In view of Bechtle AG's current liquidity situation with a net liquidity of 25.1 million euros and a positive cash flow from its day-to-day business operations of 13.9 million euros (2001: 17.6), the possibility of such a risk seems very remote.

Risks of non-payment:

Both the system houses and the retail companies of the eCommerce segment supply goods to customers on account. In principle, non-payment is always possible due to the customer's inability to pay. By means of strict centralised financial control and continuous creditworthiness checks, Bechtle has reduced the relevant risks to a minimum. In the period under review, specific bad debt charges amounting to 0.2 million euros had to be made.

Risk management

The Executive Board, in compliance with § 91 (2) of the German Companies Act (Aktien-gesetz), has installed an internal monitoring system designed to provide early identification of risk. The departments for controlling and finance are responsible for various planning, information, control and monitoring tasks. An important control tool is the monthly comparison of the contribution margin calculated with the aid of the enterprise resource planning system and the financial accounts department. The financial accounts of all the companies within the Bechtle Group, with the exception of Bechtle direct Ltd., Chippenham, are handled at Bechtle AG's head office in Gaildorf. This greatly improves the transparency of the financial situation and simplifies the preparation of the consolidated, quarterly and annual financial statements. Bechtle has implemented organisational procedures designed to provide early warning of risks in the company's future development and reporting channels for fast communication of early-warning

indicators of relevance to executive decision-making. The company's senior management also attaches great importance to the creation of a corporate culture that increases the risk awareness of each individual employee.

Events after the balance sheet date

For the period between the balance sheet date and the date on which this report was prepared, no events of any significant occurred.

Outlook

The declining trend on the IT markets, in Bechtle's view, is likely to continue at least into the first half of the year. This means that the market consolidation phase will continue. In view of its strong focus and its substance, Bechtle is in a strong position to face a period of fierce competition and has identified opportunities for gaining more market share and for making economically sound acquisition.

Bechtle's comparatively good liquidity situation combined with the weak capital situation of many small competitors will be an advantage. The inability to obtain interim financing for customer projects is currently the most critical problem the industry has to face.

It is only possible to assess the sales and earnings performance for 2003 against the backdrop of the predictions being made for the economy as a whole, because these parameters are inseparable. Since no reliable scenarios and trends can currently be presented to the general public, Bechtle is also unable to provide any reliable revenues predictions of its own. Bechtle's aim, however, regardless of all the economic trends, is to at least maintain the level of the previous year. This is also in line with the aim of achieving an appropriate level of profitability, which is the basis for maintaining Bechtle's current dividend policy.

Gaildorf, March 2003
Bechtle AG
The Executive Board

Gerhard Schick
Dr. Rainer Eggensperger
Ralf Klenk

Consolidated Profit and Loss Account
in accordance with U.S. GAAP
from 1 January to 31 December 2002 (2001)

		1 January to 31 December 2002	1 January to 31 December 2001
	Notes	TEuro	TEuro
Revenues		751,709	645,588
Cost of revenues		658,031	564,364
Gross profit / loss		93,678	81,224
Selling and marketing expenses		37,800	34,148
General and administrative expenses		41,472	36,541
Other operating income	(11)	4,012	2,605
Operating income / loss		18,418	13,140
Interest income and expenses	(12)	566	1,270
Other financial result		3	13
Result before income taxes (and minority interest)		18,987	14,423
Income tax	(13)	6,986	5,417
Result before minority interest		12,001	9,006
Minority interest		0	5
Net income / loss		12,001	9,011
Net income per share (basic) Euro		0.5956	0.4461
Net income per share (diluted) Euro		0.5956	0.4461
Weighted average shares outstanding (basic)		20,150	20,200
Weighted average shares outstanding (diluted)		20,150	20,200

The attached notes are integral constituent of the financial statement.

Consolidated Balance Sheet as at 31 December 2002 (2001)
in accordance with U.S. GAAP (audited)

		31 December 2002	31 December 2001
Assets	Notes	TEuro	TEuro
Current assets			
Cash and cash equivalents		37,867	41,200
Trade accounts receivable	(1)	95,332	88,269
Inventories	(2)	24,396	20,432
Deferred tax asset	(13)	4,031	2,810
Prepaid expenses and other current assets	(3)	8,432	10,758
Total current assets		170,058	163,469
Non current assets			
Tangible assets, net		9,472	10,500
Intangible assets, net	(4)	8,359	4,442
Goodwill, net	(5)	58,866	50,650
Notes receivable / loans	(6)	0	213
Total non current assets		76,697	65,805
Total assets		246,755	229,274
Liabilities and shareholders' equity			
	Notes	TEuro	TEuro
Current liabilities			
Short-term debt and current portion of long-term debt		3,911	1,040
Trade accounts payable		31,911	31,753
Advance payments received		5,408	3,573
Accrued expenses	(7)	13,395	13,764
Income tax payable		3,198	926
Deferred tax liabilities	(13)	1,451	1,313
Other current liabilities	(8)	10,622	11,176
Deferred income		3,799	3,424
Total current liabilities		73,695	66,969
Non current liabilities			
Long-term debt, less current portion	(9)	8,847	1,634
Total non current liabilities		8,847	1,634
Minority interest		0	70
Shareholders' equity			
Share capital	(10)	20,200	20,200
20,200,000 shares issued with par value of 1.00 Euro			
Additional paid-in capital		134,554	134,452
Treasury stock		-3,327	0
Retained Earnings / Accumulated deficit		12,754	5,803
Accumulated other comprehensive income / loss		32	146
Total shareholders' equity		164,213	160,601
Total liabilities and shareholders' equity		246,755	229,274

The attached notes are integral constituent of the financial statement.

Consolidated Cash Flow Statement to the Interim Accounts
in accordance with U.S. GAAP
from 1 January to 31 December 2002 (2001)

	1 January to 31 December 2002	1 January to 31 December 2001
	TEuro	TEuro
Cash Flow from operating activities		
Net profit / loss	12,001	9,011
Adjustments for:		
Depreciation and amortization	8,594	11,124
Increase in provisions and accruals	1,903	3,609
Losses / gains on the disposal of fixed assets	-279	-167
Other company-produced additions to assets	-340	-626
Increase in deferred taxation on the debit side	138	735
Increase in deferred taxation on the asset side	-1,221	-1,559
Increase in net working capital	-6,885	-4,613
Personnel costs of granted stock options	102	0
Others	-70	70
Net cash provided by operating activities	13,943	17,584
Cash Flow from investing activities		
Acquisition of subsidiaries, net of cash acquired	-190	-726
Purchase of property, plant and equipment	-20,235	-19,690
Proceeds from sale of equipment	1,344	714
Investment in financial assets	213	180
Net cash used in investing activities	-18,868	-19,522
Cash Flow from financing activities		
Purchase of treasury stock	-3,327	0
Proceeds from short or long-term borrowings	11,099	0
Cash repayments of amounts borrowed	-1,016	-1,113
Dividend payments	-5,050	-5,025
Net cash provided by (used in) financing activities	1,706	-6,138
Net effect of currency translation in cash and cash equivalents	82	83
Adjustment for derivative instruments	-196	0
Net decrease in cash and cash equivalents	-3,333	-7,993
Cash and cash equivalents at beginning of period	41,200	49,193
Cash and cash equivalents at end of period	37,867	41,200

The attached notes are integral constituent of the financial statement.

Statement of changes in shareholders' equity from 1 January to 31 December 2002 (2001)

	Number of ordinary shares issued	Subscribed capital	Capital reserves
		TEuro	TEuro
Shareholders' equity as at 31 December 2000	20,200,000	20,200	134,452
Dividends paid 2000			
Net income 2001			
Exchange adjustment *)			
Shareholders' equity as at 31 December 2001	20,200,000	20,200	134,452
Shareholders' equity as at 31 December 2001	20,200,000	20,200	134,452
Purchase of treasury stock			
Dividends paid 2001			
Allocation to appropriated retained earnings			
Net Income 2002			
Granted stock options			102
Exchange adjustment **)			
Adjustment for derivative instruments ***)			
Shareholders' equity as at 31 December 2002	20,200,000	20,200	134,554

*) Related tax effect: +32 TEuro

**) Related tax effect: +33 TEuro

***) Related tax effect: -84 TEuro

The attached notes are integral constituent of the financial statement.

Treasury stock	Retained earnings Cumulative results	Retained earnings Appropriated retained earnings	Accumulated other comprehensive income	Total shareholders' equity	Comprehensive Income
TEuro	TEuro	TEuro	TEuro	TEuro	TEuro
0	1,813	5	63	156,533	5,240
	-5,026			-5,026	
	9,011			9,011	9,011
			83	83	83
0	5,798	5	146	160,601	9,094
0	5,798	5	146	160,601	9,094
-3,327				-3,327	
	-5,050			-5,050	
	-6,000	6,000		0	
	12,001			12,001	12,001
				102	
			82	82	82
			-196	-196	-196
-3,327	6,749	6,005	32	164,213	11,887

Notes to the Consolidated Financial Statement (U.S. GAAP) for the Financial Year 2002

I. Financial Areas and Basic Company Information

The company was converted from Bechtle Gesellschaft mit beschränkter Haftung to Bechtle Aktiengesellschaft (referred to hereinafter as „Bechtle“ or „company“) in May 1999. The shares of the company were listed on the Neuer Markt at the Frankfurt Stock Exchange on March 30, 2000. Shares also traded at the stock exchanges in Berlin, Düsseldorf, Hamburg, Hanover, Munich and Stuttgart. The company is quoted under International Securities Identification Number 515 870.

The object of Bechtle AG and the principal subsidiaries included in the consolidated financial statement is the distribution of IT and communication product applications including the necessary components (hardware and software), the provision of training courses, organizational and application support, project management and the preparation of expert assessments in computer applications.

The objects of the parent company also include the acquisition and sale of holdings in other companies, assumption of personal liability, management of trading companies, financing, central purchasing, accounting, warehousing, marketing, personnel administration and training of the employees of group companies.

II. Summary of key Accounting, Valuation and Consolidation Principles

The consolidated German companies prepare their accounts and documentation in accordance with the provisions of the German Commercial Code. Consolidated foreign companies prepare their accounts and documentation in accordance with the respective local regulations. The German Commercial Law and the local principles of accounting applied to consolidated foreign companies differ in significant respects from the United States Generally Accepted Accounting Principles (U.S. GAAP). All adjustments necessary to represent the annual financial statement in compliance with U.S. GAAP were made.

Consolidation Principles

As a stock market listed company as at the balance-sheet date, the parent company has exercised its option to consolidated financial statement releasing the group companies from presenting individual financial statement in accordance with international accounting standards pursuant to Article 292a, sections 1 and 2 of the German Commercial Code.

Intergroup profits and losses, revenues, expenditures and earnings, as well as accounts payable and liabilities have been eliminated.

Capital investments in subsidiaries included in the consolidated financial statement are consolidated according to the purchase method of accounting pursuant to Statement of Accounting Standards (SFAS) No. 141 by balancing the acquisition cost against the proportion of equity capital of the subsidiaries allocated to the parent company at the time of acquisition or initial consolidation. A difference between acquisition cost and proportionate equity capital is capitalised as goodwill.

The Consolidated Profit and Loss Account takes into account the profits/losses of acquired companies at the actual time of acquisition.

The consolidated financial statement was prepared on the reporting date of the annual financial statement of the parent company. The financial year of the company ends 31 December. All references to the financial year refer to the 12-month period ending 31 December of the reporting year. The financial statement of the subsidiaries included in the consolidation are drawn up to the same reporting date.

Scope of Consolidation

The scope of consolidation includes Bechtle AG, Gaildorf, and its majority owned and controlled subsidiaries. After having acquired the remaining 49 percent of the shares in the Stuttgart company Uhlmann GmbH at the beginning of the year, Bechtle AG now holds all shares in all consolidated companies, directly or indirectly, through its intermediate holding company Bechtle Beteiligungs-GmbH, in Gaildorf.

The companies listed below were acquired or established during the previous financial year, and have been included in the scope of consolidation for the first time:

Company	Registered Office	Date of first-time consolidation	Acquisition / Founded
Bechtle Data AG *)	Regensdorf, Switzerland	01.01.2002	Establishment
Bechtle GmbH (formerly: BDF Computersysteme Vertriebs- und Service GmbH)	Langenzenn by Nuremberg	01.01.2002	Acquisition
Bechtle GmbH	Hamburg	01.01.2002	Founded
Bechtle Netzwerk GmbH	Grossostheim	01.03.2002	Founded
Bechtle EDV-Service GmbH **)	Gaildorf	01.03.2002	Founded
Bechtle Datenverarbeitungs-GmbH **)	Gaildorf	01.11.2002	Founded

*) The newly established company Bechtle Data AG acquired the Data Division of Eurodis Switzerland AG with effect 1 February 2002.

**) These companies are „off the shelf“ companies.

The complete list of shareholdings will be submitted to the Commercial Register together with the annual financial statement of Bechtle AG.

Use of Estimates

The preparation of the consolidated financial statement requires the Executive Board to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statement. The actual results can, therefore, differ from the estimated figures.

Revenue Recognition

Revenues are transacted in the segments system integration and eCommerce. A distinction is made between service provision and products.

The revenues are recorded after service has been rendered or after acceptance by the customer, with consideration given to sales deductions.

Earnings and associated expenses are recorded independently of the underlying cash flows.

Revenues from maintenance contracts are collected on a pro rata temporis basis over the term of the contract.

For software maintenance contracts and warranty extensions, accrued expenses and deferred income amounting to TEuro 3,798 (previous year: TEuro 3,424) was posted to the balance sheet and written back over the average term of the contracts (normally 12 months).

Advertising Expenses

The company generally expenses advertising and sales promotion as incurred. In the reporting year, expenses amounting to TEuro 723 (previous year: TEuro 1,816) were accounted for with effect on income.

Research and Development Costs

With the exception of the development costs incurred in connection with the development of self-used or commercial software, no significant research and development costs were incurred. In this regard, we refer to our notes to self-manufactured software.

In the period under review, there were research and development costs of TEuro 220 (previous year: TEuro 115) with reduced effect on income.

Cash and Cash Equivalents

The cash assets include current credit with banks and cash balances, as well as financial investments which can be translated to cash at short notice with original maturity dates of three months or less from date of acquisition.

Inventories

Commercial items were valued at the average purchasing prices or the lower market prices. All recognisable inventory risks arising in connection with restricted usability are obsolescence are covered by appropriate markdowns. Reductions in value were made for non-readily marketable articles.

Tangible Assets

The tangible assets were stated at acquisition cost net of depreciation. The assets of the fixed assets are reduced according to their probable useful life by scheduled depreciations on the basis of accepted maximum tax rates.

The useful lifetimes are:

Office equipment:	3 years
Plant and business equipment and fittings:	5-8 years
Vehicle fleet:	5 years
Buildings:	25 years

Low-value assets of the fixed assets with an acquisition cost of less than Euro 410 in a total amount of TEuro 458 (previous year: TEuro 480) are fully depreciated in the year of acquisition. They are simultaneously treated as disposals in the changes in group fixed assets.

Maintenance costs are accounted for with effect on income at the time incurred.

Intangible Assets and Goodwill

Intangible assets

Intangible assets include acquired and self-manufactured software and established clientele.

Bought-In Software

Bought-in software is valued at acquisition cost and depreciated in a straight-line over a useful life of three years.

Homegrown Software

The capitalisation of homegrown software is dependent on whether the software is intended for sale to third parties or to be used by the company itself.

In both cases, capitalisation of the costs is dependent on the point of technical feasibility. Software development costs must be expensed as incurred until technical feasibility is established.

The capitalisation of homegrown software intended for sale to third parties is regulated by SFAS No. 86, „Accounting for the Costs of Computer Software to be Sold, Leased or Otherwise Marketed“. According to this, technical feasibility has been established when the program design, i.e. all functions, features and performance requirements have reached the production stage.

The capitalisation of software intended for internal use is regulated by the Statement of Position No. 98-1, „Accounting for the Costs of Computer Software developed or obtained for internal use“. According to this, technical feasibility only exists if the management has authorised the software project and provided the funds required, and it is likely that the project will be completed and the software used for the purpose intended.

All costs, i.e. principally the costs of programming and testing, must be capitalised with effect from the time of technical feasibility until the point at which the software is ready for the market or software development is completed.

In both cases, the labour costs of employees are subject to capitalisation in as far as they can be allocated directly to the project. Overhead associated with the project is not subject to capitalisation.

The activated costs are depreciated on a straight-line basis for the period of the expected economic life of three years.

Established Clientele

Established clientele are depreciated on a straight-line basis over a period dependent on the expected use for the company. It is generally assumed that customer relations are of a long-term nature. The expected useful life is between five and twelve years.

Goodwill

Bechtle applies the Statement of Financial Accounting Standards (SFAS) No. 142, „Goodwill and Other Intangible Assets“, published in June 2001 by the Financial Accounting Standards Board (FASB), with effect 01 January 2002.

According to SFAS No. 142, goodwill is no longer to be depreciated according to schedule over its economic useful life, rather it must be reviewed for recoverability once a year in a two-stage process. This so-called „Impairment Test“ is based on fair value and implemented at the reporting unit level. A reporting unit is the same as the operating segment or one level below the operating segment.

The first stage of the initial recoverability review of goodwill must be carried out within six months from initial application of the standard. A devaluation may be necessary if it is established that the fair value of a reporting unit is less than its book value including goodwill. The amount of the devaluation must then be determined in the second stage of the recoverability review. If depreciations are ultimately necessary, they must be shown separately in the profit and loss account as one-off effects of the readjustment for the first time.

Bechtle conducted the relevant studies in the first half of 2002. It identified two reporting units which are identical to the „System integration“ and „eCommerce“ segments from the segment reporting. The impairment test, which was carried out on the basis of the „Discounted Cash Flow“ procedure, showed that there is not a need for devaluation of either reporting unit.

Goodwill was depreciated on schedule over 15 years with effect December 31, 2001.

Impairment of Fixed Assets

The company values its assets in accordance with SFAS No. 144, „Accounting for the Impairment of Disposal of Long-Lived Assets“.

According to this standard, assets and certain intangible assets must be assessed for impairment if events or changes arise which can result in reduced recoverability. The recoverability of assets designated to remain in the hands of the company is determined by comparing the book values of the asset with the estimated future influx of funds generated by the asset. The depreciation requirement corresponds to the amount by which the book value of the asset exceeds the fair value. Assets which no longer serve the needs of the business are valued at book value or lower realisable value less costs of disposal.

Stock Option Programme

The stock option programme is balanced in accordance with SFAS No. 123, „Accounting for Stock-Based Compensation“. The fair value of the granted options is accounted for as personnel expenses on a pro rata basis over the three-year retention period with an offsetting entry in the reserve account.

Treasury Stock

Treasury stock in the amount of the acquisition costs are openly reported as a reduction in equity capital. The number of outstanding, i.e. circulating, shares of the company is reduced according to the amount of treasury stock. The number of issued shares remains unchanged.

Derivative Instruments

Derivative instruments are used by Bechtle for hedging purposes only. The company uses interest swaps to reduce the interest rate fluctuation risk related to interest on bank borrowing. According to SFAS No. 133, „Accounting for Derivative Instrument and Hedging Activities“, including the amendments to SFAS No. 137, „Accounting of Derivative Instrument and Hedging Activities - Deferred of the Effective Date of FASB Statement No. 133“, and SFAS No. 138, „Accounting for certain Derivative Instrument and certain Hedging Activities“, all derivative instruments must be recorded on the balance sheet with their fair market values as assets or liabilities. In the case of the interest swaps which are used by the company as a cash flow hedge, the changes in the fair market value of the derivative instruments are reported in the equity capital under ‘Other Comprehensive Income’ after deduction of deferred taxes. The fair value of interest swaps is defined by discounting the expected future cash flows over the remaining term of the contract on the basis of current market interest rates and the yield curve.

Currency and Translation of Foreign Currency

The subsidiaries of Bechtle prepare their accounts in the local currency.

Assets and liabilities are translated at the average exchange rate on the balance sheet date. The equity capital is determined on the basis of historic rates. The revenue and expense accounts were translated at the average month-end exchange rates. The currency differences arising from the use of different rates are reported separately under the item 'Other Comprehensive Income' in the equity capital account. Currency conversion differences arising from exchange-rate fluctuations are recorded with effect on income. In total, TEuro 15 (previous year: TEuro 18) have been accounted for with effect on earnings in the reporting year.

Preparation of Profit and Loss Account using the Cost-of-Sales Method

The profit and loss account is drawn up according to the cost-of-sales method.

The earnings reported in the previous year under other operating income from catalogue production are allocated to the revenues in the financial year. The previous year's figure was adjusted accordingly (TEuro 4,056).

Income Tax

The company determines the income taxes according to the balance sheet oriented approach pursuant to SFAS No. 109. Deferred tax assets and liabilities are recorded for future tax effects from differences between assets/liabilities stated in the commercial balance sheet according to U.S. GAAP and the associated tax bases as well as for tax loss carryforwards. The deferred tax assets and liabilities are valued using the enacted tax rates expected to be in effect when difference reverses. The effect of changes in the tax rate is recognised with effect on income tax in the year of the legal amendment.

Comprehensive Income

Companies applying SFAS No. 130, „Reporting Comprehensive Income“, are obligated to report comprehensive income and its component parts, net income and other comprehensive income separately in their annual financial statement. Other comprehensive income includes sales, expenses, profits and losses not included in net income. Both other comprehensive income and comprehensive income are disclosed in the consolidated statement of changes in shareholders' equity.

Earnings Per Share

Earnings per share were calculated according to SFAS No. 128, „Earnings per Share“. SFAS No. 121 stipulates that earnings per share (or EPS) be disclosed for all companies that have issued common shares. Ordinary EPS is computed by dividing net earnings by the weighted average number of common shares outstanding.

New Accounting Standards

In December 2002, the FASB published SFAS No. 148, „Accounting for Stock-Based Compensation – Transition and Disclosure“. This new standard amends SFAS No. 123 and provides an alternative method of transition for a voluntary change of accounting method to the fair value based method of accounting for stock-based employee compensation. In addition, SFAS No. 148 amends the disclosure requirements of SFAS No. 123 to require more prominent and more frequent disclosures in financial statement about the effects of stock-based compensation. The new standard is effective for financial years ending after December 15, 2002 and beginning after December 15, 2002 as well as interim periods within those financial years. Bechtle has applied the FASB’s preferred accounting method to its stock option programme since it came into effect in March 2002 and charges the fair value of granted options to personnel expense. SFAS No. 148 therefore involves no essential changes for Bechtle.

In addition, the FASB published SFAS No. 145, „Rescission of FASB Statement 4, 44, and 46, Amendment of FASB Statement 13, and Technical Corrections“, in April 2002, SFAS No. 146, „Accounting for Costs Associated with Exit or Disposal Activities“, in June 2002, and SFAS No. 147, „Acquisitions of Certain Financial Institutions“, in October 2002. SFAS No. 145 establishes new rules for the disclosure of profits or losses from the premature redemption of certain debts as well as the treatment of certain leasing transactions and is effective in financial years beginning after May 15, 2002. SFAS No. 146 addresses the accounting and reporting requirements for costs associated with restructuring measures and is to be applied with binding effect to exit or disposal activities initiated after December 31, 2002. SFAS No. 147 refers to mergers undertaken on or after October 01, 2002 with the involvement of financial institutions.

The new standards SFAS No. 145, 146 and 147 will not have a significant effect on Bechtle.

Corporate Governance

Bechtle AG published a declaration on the Corporate Governance Codex pursuant to Article 161 of the German Stock Corporation Act. The declaration was made available to the shareholders on the company’s website in December 2002.

III. Further Notes to the Balance Sheet and Profit and Loss Account

1. Trade Accounts Receivable

To cover the general credit risk, appropriate valuation adjustments will be made based on past experience.

	2002 TEuro	Previous year TEuro
Trade accounts receivable	96,519	89,428
Valuation adjustments	1,187	1,159
	95,332	88,269

Concentration of credit risks

Accounts receivable by the company are unsecured, and the company therefore bears the risk of non-payment of these amounts. The company has in the past had to absorb minor defaults on payments by individual customers or groups of customers.

During the reporting period, there were no individual customer revenues exceeding five percent of total revenues.

2. Inventories

The company's inventory is limited to commercial items.

3. Prepaid Expenses and Other Current Assets

	2002 TEuro	Previous year TEuro
Bonuses outstanding	2,311	1,435
Credit notes outstanding	1,930	1,879
Deferred tax assets	1,248	3,342
Accounts receivable from leasing companies	1,059	1,862
Accounts receivable from suppliers	750	377
Advertising costs subsidies	116	699
Others	643	1,001
Other current assets	8,057	10,595
Prepaid expenses	375	163
	8,432	10,758

4. Intangible Assets

	2002 TEuro	Previous year TEuro
Established clientele	4,782	1,425
Downpayments made	1,749	230
Homegrown software	735	1,343
Other intangible assets	1,093	1,444
	8,359	4,442

Established clientele	TEuro
Book value (31.12.2002)	4.782
Depreciable life (weighted average)	9.9 years
Cumulative depreciations	614
Expenses for period (01.01.-31.12.2002)	539

Scheduled amortization of established clientele is expected to amount to a total of TEuro 549 p.a. for the next five years.

Homegrown software	2002 TEuro	Previous year TEuro
Book value as at 01.01.	1,343	1,324
Additions	340	626
Depreciations during the financial year *)	948	607
Book value as at 31.12.	735	1,343

*) including unscheduled depreciations in the system integration segment in a total amount of TEuro 279 due to reduction in expected utility.

5. Goodwill

As at December 31, 2002, Bechtle had recorded goodwill amounting to TEuro 58,866 on the balance sheet. This includes the balance as at December 31, 2001 (TEuro 50,650) as well as newly acquired goodwill (TEuro 8,141) from corporate acquisitions during the financial year 2002. Subsequent purchase price adjustments (TEuro -27) and currency conversion differences (TEuro 102) were also taken into consideration.

The fiscally depreciable goodwill from corporate acquisitions amounts to TEuro 28,382.

Had SFAS No. 142 been adopted in the previous year, it would – due to the elimination of goodwill amortization of TEuro 3,426 – have resulted in an increase in result before income tax of TEuro 3,426, an increase in deferred tax expenses of TEuro 362 and a gain in earnings per share of Euro 0.1517.

6. Loans

By agreement dated October 08, 1998, a loan amounting to TEuro 213 was granted by Bechtle GmbH & Co. KG, Mannheim, for the acquisition of a property and paid back with effect April 30, 2002.

7. Accrued Expenses

Accrued expenses for	2002 TEuro	Previous year TEuro
Commissions	1,450	1,564
Remuneration	1,074	884
Vacation payments	622	774
Professional association	591	482
Bonuses	274	446
Severely handicapped payments	188	171
Other personnel expenses	411	181
Personnel	4,610	4,502
Outstanding invoices	5,450	6,607
Guarantees	618	779
Restructuring	506	0
Legal and consultancy costs	486	417
Contributions and insurances	301	99
Other accrued expenses	1,424	1,360
	13,395	13,764

8. Other Current Liabilities

	2002 TEuro	Previous year TEuro
Turnover tax	4,959	3,878
Social security payments	2,258	1,981
Income tax on wages/salaries and church tax	1,414	1,152
Unrealised losses from derivative instruments	279	0
Others	1,712	4,165
	10,622	11,176

9. Long-term Debt, less current portion

	2002 TEuro	Previous year TEuro
Baden-Württembergische Bank		
– debt for acquisition of the System House Division of Eurodis Switzerland AG	8,267	0
– debt for financing Bechtle GmbH & Co. KG, Darmstadt	781	1,207
Sparkasse Schwäbisch Hall-Crailsheim	710	1,225
Südwestbank AG	104	216
Long-term debt, total	9,862	2,648
Current portion	1,015	1,014
Long-term debt net of current portion	8,847	1,634

The two **debts payable to the Baden-Württembergische Bank** in the amount of TEuro 8,267, are denominated in Swiss francs and are due to mature on December 30, 2008; they bear a floating interest rate (CHF-LIBOR-6M + 90 basis points). The surety on the debts consists in the obligation that funds generated from the resale of assets acquired from Eurodis AG must be utilised primarily for repayment of these debts.

The risks associated with the floating interest rate on the above two debts will be eliminated by means of two interest swaps. The interest swaps are designated as cash flow hedges and are 100 percent effective in hedging against the interest rate risk. Excepting the reference amounts (totalling TCHF 12,000), both interest swaps have identical terms. Bechtle pays a fixed interest rate of 2.54 percent and receives the CHF-LIBOR-6M as a floating interest rate. The expiration date is fixed at December 30, 2008. The fair market values as at December 31, 2002 amounted to TEuro -279.

Taking into account the interest swaps as hedges against market interest rate fluctuations, the interest rate payable on both debts amounts to 3.44 percent.

The **debt payable to the Baden-Württembergische Bank** in the amount of TEuro 781 matures on October 1, 2004 and bears interest of 4.5 percent. The surety on the debt consists in the obligation that securities be treated equally, that accounts receivable and inventories not be charged and that shares of Bechtle GmbH & Co. KG, Darmstadt, not be sold without the consent of Baden-Württembergische Bank.

The **debt payable to the Sparkasse Schwäbisch Hall - Crailsheim** matures on May 31, 2004 and bears interest of 4.15 percent. The surety on the debt consists in the obligation to treat securities equally.

The **two debts payable to Südwestbank AG** mature on January 01, 2004 and October 31, 2004 and bear interest of 4.6 percent and 5.0 percent respectively. Bechtle AG has provided a guaranty on the debts as security.

The company has global **lines of credit** amounting to TEuro 24,683 plus lines of credit by way of bank guaranty in the amount of TEuro 895. At the balance-sheet date cash credits and credits by way of bank guaranty respectively accounted for TEuro 138 and TEuro 1,234 of this amount, leaving an unused line of credit of TEuro 24,206.

10. Shareholders' Equity

Share Capital

The share capital of the company is divided into 20,200,000 shares of issued and outstanding common stock with a theoretical nominal value of Euro 1.00 per share. Each share carries one vote.

The number of emitted shares remained unchanged at 20,200,000 compared with the previous year, however the number of shares outstanding decreased (due to the buyback of own shares) to 19,700,714 as at December 31, 2002 (previous year: 20,200,000). The weighted average number of shares outstanding in financial 2002 is 20,149,988 (previous year: 20,200,000), as determined in accordance with SFAS No. 128.

Authorised capital

According to No. 4.3 of the articles of incorporation, the Executive Board is, subject to the approval of the Supervisory Board, authorised to increase the share capital by up to TEuro 8,000 one time or several times during the period up to June 30, 2004 (Authorised Capital I). When doing so, shareholders must be granted subscription rights.

Based on No. 4.4 of the articles of incorporation, the Executive Board is authorised to increase the share capital by a total of TEuro 2,000 one time or several times during the period up to June 30, 2004 (Authorised Capital II) by issuing new bearer shares against cash contributions and/or non-cash contributions. The Executive Board is entitled to decide on the exclusion of the subscription right of the shareholders. The Executive Board is also entitled, in each case subject to the approval of the Supervisory Board, to decide on the exclusion of the subscription right of the shareholders if (Case 1) the capital increase is made against cash contributions and does not exceed 10 percent of the capital stock, and if the issuing price of the new bearer shares is not significantly higher than the price of the company's listed shares or, in case of a capital increase against non-cash contributions (Case 2), the intent of the increase is to acquire an enterprise or an interest in an enterprise.

Following the utilisation of a partial amount of TEuro 200 in 2000, Authorised Capital II as at December 31, 2002 amounted to TEuro 1,800.

Contingent capital

The General Shareholders' Meeting of June 1, 2001 resolved to increase the company's share capital by a nominal amount not exceeding TEuro 2,000 by issuing up to 2,000,000 new shares with profit entitlement from the beginning of the financial year in which the issue is made. This contingent capital increase serves exclusively to exercise subscription rights which were granted in the content of the stock option plan 2001/2008 in accordance with the General Shareholders' Meeting resolution of June 1, 2001 and may only be performed to the extent that the option rights are issued in the context of the stock option plan 2001/2008 and the bearers of these option rights actually make use of them (Contingent Capital 2001).

Dividends

The General Shareholders' Meeting of June 10, 2002 decided to pay a dividend amounting to Euro 0.25 per share with full dividend rights (20,200,000) for 2001 and

to allocate an amount of TEuro 6,000 to the revenue reserves and carry forward the remaining amount of TEuro 163.

Dividends are only allowed to be paid from the balance-sheet profit and the retained earnings of the company as disclosed in the German annual financial statement of Bechtle AG. These amounts deviate from the sum total from the equity capital as reported in the consolidated financial statement according to U.S. GAAP. The payment of future dividends is jointly proposed by the company's Executive Board and the Supervisory Board and decided by the General Shareholders' Meeting. The determining factors are, in particular, the profitability, the financial position, the capital requirements, the business outlook and the general economic conditions of the company. As the company's strategy is geared to internal and external growth, investments to this end will be necessary and, where possible, will be financed internally. The Executive Board and the Supervisory Board will propose to the General Shareholders' Meeting that a dividend of Euro 0.25 be paid per share.

The balance-sheet profit as stated in the commercial annual financial statement of Bechtle AG has developed as follows during the previous financial year:

	TEuro
Balance at January 1, 2002	11,213
Dividends paid	- 5,050
Retained earnings	- 6,000
Profit/loss brought forward	163
Net income 2002	7,265
Reserves for own shares	- 3,320
Withdrawal from reserves	942
Balance at December 31, 2002	5,050

Capital reserves

As part of the stock option programme of Bechtle AG (BEST Programme No. 1), lot 2002, management and key staff were granted a total of 248,200 stock options in March 2002. If the bearer of the stock options has not achieved certain targets defined for the financial year 2002 during the one-year basic term, his options will expire. Stock options which have not expired may, after two years at the earliest (retention period), be exercised for a period of five years (exercise period) provided that the share price at the exercise date is at least Euro 8.96. If the work contract is terminated during the retention period, the subscription rights will expire. If the work contract is terminated during the exercise period, the options must be either exercised or they will expire. Options which have not been exercised on expiration of the programme at the end of the exercise period will also lapse. If options are exercised, the owner receives one share of Bechtle AG per option against a payment of Euro 7.79 (exercise price). To enable options to be exercised, the company obtained the authorization of the General Shareholders' Meeting in 2001 to raise contingent capital not exceeding a nominal amount of TEuro 2,000 through the issue of up to 2,000,000 new stocks. The exercise price was defined as the average of the closing prices of the Bechtle AG share in the XETRA trading system during the week from March 11 to 15 2002.

The total expenditure is computed by multiplying the value of the individual options on the granting date by the number of options which are expected to be exercised. The following parameters were included in the financial option evaluation model for determining of the value of the individual options (Euro 3.77): share price Euro 7.79, exercise price Euro 7.79, exchange ratio 1:1, volatility 62 percent, annual dividend disbursement per share Euro 0.25, expected retention period (option life) 5.5 years, riskless interest rate 4.5 percent p.a., minimum exercise price Euro 8.96. The number of options expected to be exercised is based on the 248,200 originally granted subscription rights and an estimated rate of termination among the bearers of the options of four percent per annum. After certain milestone targets defined for the financial year 2002 were not achieved by all bearers of options with the result that their options expired, the number of options expected to be exercised at December 31, 2002 was adjusted downwards to 103,266. At year end, there were 113,000 share options outstanding with a remaining time to maturity of 7.21 years.

Euro 102,375 of the total expenditure of Euro 389,313 to be allocated on a pro rata basis over the three-year vesting period were accounted for as personnel costs in financial 2002.

The following table summarises the information on the share options in the reporting year:

	Quantity	Exercise price Euro	Fair market value of option of granting date Euro
Outstanding stock options at beginning of financial year 2002	0		
During financial year 2002			
newly granted stock options	248,200	7.79	3.77
expired stock options	135,200	7.79	3.77
lapsed stock options	0		
Outstanding stock options at end of financial year 2002	113,000	7.79	3.77
of which are exercisable	0		

Treasury stock

The General Shareholders' Meeting of June 10, 2002 authorised the Executive Board to acquire, with the approval of the Supervisory Board, own shares of the company in accordance with Article 71, section 1 (8) of the German Stock Corporation Act during the period up to December 1, 2003. This authorization may be exercised on one or more occasions, and in whole or in partial amounts. The Executive Board is entitled to purchase, in total, own shares representing up to ten percent of the capital stock.

The company may acquire its own shares either through the stock exchange or by means of a public offering. The price paid by the company per share may not exceed ten percent above or below the average spot price of the share in the Xetra trading system during the last five days prior to the share purchase date or, in the case of a public offering, prior to public announcement of the purchase offer.

The General Shareholders' Meeting authorised the Executive Board to utilise acquired shares of the company exclusively as an acquisition currency and for the purposes of changing the company's capital structure, acquisition of shares and introducing shares in the company to foreign stock exchanges on which they have not previously been listed. The Executive Board was also authorized to acquire own shares with the approval of the Supervisory Board, but without the need for a further resolution the General Shareholders' Meeting.

Bechtle AG had 499,286 own shares in its inventory (previous year: 0) as at the balance sheet date of December 31, 2002. This corresponds to 2.47 percent or TEuro 499 of the share capital. These own shares were all acquired during the fourth quarter 2002. The acquisition cost was TEuro 3,327 and the average purchase price per share was Euro 6.66.

The enclosed statement of changes in shareholders' equity shows in detail the development of the company's consolidated shareholders' equity.

11. Other Operating Income

The other operating income in the amount of TEuro 4,012 (previous year: TEuro 2,605) mainly relates to income from the retransfer of accruals and valuation adjustments as well as the disposal of assets from fixed assets.

12. Interest Income and Expenses

	2002 TEuro	Previous year TEuro
Other interest and similar income	1,028	1,562
Interest and similar expenses	462	292
	566	1,270

13. Income tax

The paid and due income taxes as well as the deferred tax assets are reported as income taxes.

The tax expenses incurred in the financial year are composed as follows:

	2002 TEuro	Previous year TEuro
Current tax expenses	8,429	5,361
Deferred taxes	- 1,443	56
Tax expenses	6,986	5,417

The balance for the financial year between actual tax expenses and earnings before income tax subject to a tax rate of approximately 38 percent including corporation tax, solidarity surcharge and trade tax is as follows:

	2002 TEuro	Previous year TEuro
Earnings before taxes on income	18,987	14,423
Expended tax expenses	7,215	5,481
Non tax-deductible amortization of goodwill	671	1,225
Only tax deductible goodwill amortization	-1,042	-1,176
Depreciation of deferred tax assets	550	153
Charge-off of deferred tax liabilities of Bechtle AG	- 707	0
Previous years' tax expenses	383	0
Others	- 84	-266
Actual tax expenses	6,986	5,417

The following table shows the deferred tax assets and liabilities. In addition to changes in the current year, it includes the deferred tax assets to be taken into account in the first-time consolidation of acquired companies as well as tax effects arising from changes in shareholders' equity not affecting the operating result.

	2002 TEuro	Previous year TEuro
Deferred tax assets		
Tax loss carryforwards	4,205	2,963
Accrued expenses	232	0
Goodwill foreign	60	0
Interest swap	84	0
	4,581	2,963
Depreciation of deferred tax assets	550	153
Deferred tax assets	4,031	2,810
Deferred tax liabilities		
Established clientele	428	0
Goodwill	649	0
Capitalised software	292	516
Losses of GmbH & Co. KGs	0	707
Others	82	90
Deferred tax liabilities	1,451	1,313

The deferred tax assets mainly result from earnings tax loss carryforwards which, according to German tax regulations, can be carried forward without limitation. We assume that in future sufficient earnings will be generated to offset the tax losses carried forward.

The basic tax rate used for the accrual of deferred taxes is approximately 38 percent.

The actual tax rate is taken as the basis for calculating deferred tax rebate claims on loss carryforwards.

The tax loss carryforwards in the total amount of TEuro 10,892 at December 31, 2002 for which the deferred tax assets were established relate to domestic and foreign subsidiaries. Start-up losses of foreign companies account for TEuro 2,561 (previous year TEuro 2,669). The tax loss carryforwards are unlimited in time according to the national tax laws currently in effect, with the exception of Spain.

There are loss carryforwards in the spanish subsidiary amounting to TEuro 504. Such losses can be carried forward for a maximum period of 15 years.

IV. Acquisition of New Companies

Uhlmann GmbH, Stuttgart

On January 11, 2002 the remaining 49 percent of the shares of Uhlmann GmbH were acquired against a payment of TEuro 660 in cash following the acquisition of a 51 percent of the shares of the company in March 2001. The acquisition cost rose subsequently by TEuro 17 as a result of dividend outpayments to existing shareholders. The participations were reported as the proportionate total purchase price of TEuro 784 excluding incidental acquisition costs (TEuro 3) in the context of the purchase method. With regard to the recently acquired 49 percent share, a difference of TEuro 304 resulted from the capital consolidation taking into account proportionate net assets of TEuro 80. In accordance with SFAS No. 141, TEuro 118 of this amount were allocated to established clientele payments to the acquired customer base, which will be amortized over five years using the straight-line method. The remaining difference of TEuro 186 could not be allocated to a balance-sheet asset or accounted for as a separate asset, and therefore was recorded as goodwill. In the course of capitalising the established clientele, deferred tax liabilities in the amount of TEuro 47 were established. They increased the goodwill and will be retransferred parallel to the scheduled amortization of established clientele over the estimated useful life.

The acquired company Uhlmann GmbH (15 employees), the second largest Apple dealer in Germany, complements the system house segment of the Bechtle Group and extends its range of products and services to include Apple products.

The 49 percent owned company had the following balance sheet as at the time of acquisition:

Uhlmann

	49%
	TEuro
Current assets	
Inventories	202
Accounts receivable	310
Other current assets	43
	555
Non-current assets	
Tangible assets	42
Established clientele	118
Goodwill	233
	393
Total assets	948
Current liabilities	
Trade accounts payable	115
Deferred tax liabilities	47
Other current liabilities	402
	564
Non-current liabilities	0
Total liabilities	564
Total assets - Total liabilities =	384

BDF Computersysteme Vertriebs- und Service GmbH, Langenzenn

On January 14, 2002, the BDF Computersysteme Vertriebs- und Service GmbH was acquired against payment of TEuro 2,397 excluding incidental acquisition costs amounting to TEuro 2 in cash. The acquisition cost rose subsequently by TEuro 314 as a result of dividend outpayments to existing shareholders. The corporate acquisition was recorded on the balance sheet using the purchase method. The purchase price of TEuro 2,713 resulted in a difference of TEuro 2,330 under consideration of the acquired net assets. According to SFAS No. 141, TEuro 999 were allocated to the acquired established clientele, which will be amortized over ten years. The remaining amount of TEuro 1,331 will be reported as goodwill since this amount could not be allocated to a balance-sheet asset or accounted for as a separate asset. In the course of capitalising the established clientele, deferred tax liabilities in the amount of 397 were established. They increased the goodwill and will be retransferred parallel to the scheduled amortization of established clientele over the estimated useful life.

The acquisition of BDF Computersysteme Vertriebs- und Service GmbH (26 employees) has expanded the system house segment of the Bechtle Group to include the Langenzenn location and, with it, a firmly established company with long standing customer relations.

The company had the following balance sheet as at the time of first-time consolidation:

BDF

	TEuro
Current assets	
Inventories	462
Accounts receivable	1,223
Other current assets	218
	1,903
Non-current assets	
Tangible assets	120
Established clientele	999
Goodwill	1,728
Other intangible assets	68
	2,915
Total assets	4,818
Current liabilities	
Trade accounts payable	711
Deferred tax liabilities	397
Other current liabilities	997
	2,105
Total liabilities	2,105
Total assets - Total liabilities =	2,713

Bechtle Data AG, Regensdorf, Switzerland

On February 1, 2002, the Data Division (System House Division) of Eurodis Schweiz AG was acquired and transferred to Bechtle Data AG, Switzerland - which had been established for the purpose of the acquisition. Only the inventories (TEuro 4,453), the tangible assets (TEuro 306) and the goodwill (TEuro 8,668) were acquired against payment of a total purchase price of TEuro 13,427 in cash.

In accordance with SFAS No. 141, TEuro 2,600 of the amount were allocated to goodwill for the acquired established clientele, which will be amortized over ten years. The remaining goodwill (TEuro 6,068) could not be allocated to a balance-sheet asset or accounted for as a separate asset, and was therefore recorded as goodwill.

The acquired System House Division (30 employees) has a leading market position in Switzerland in the profitable high-end IT system solutions segment, and particularly in the system integration of high-end Compaq and IBM computer systems in banks and service enterprises. To date, Bechtle has been represented only in the eCommerce market in Switzerland by its subsidiary Bechtle Comsoft Direct S.A.. Bechtle Data AG expands the company's system house segment and its presence in an attractive market for application server and storage systems solutions. Bechtle also profits from transfer of know-how to its German subsidiaries which will aid their market entry into this lucrative business segment.

The company had the following balance sheet as at the time of first-time consolidation:

Eurodis / Bechtle Data AG

	TEuro
Current assets	
Inventories	4,453
	4,453
Non-current assets	
Tangible assets	306
Established clientele	2,600
Goodwill	6,068
	8,974
Total assets	13,427

Bechtle GmbH, Solingen

The Solingen business operations (IT system house) of dcs Dittrich Computer Systeme GmbH, Augsburg was acquired on September 16, 2002. The business operations were transferred to BCS Computervertrieb GmbH (formerly TU Bechtle Verwaltungs-GmbH), Rottenburg. The company was subsequently renamed Bechtle GmbH and its registered office was relocated to Solingen. Only the tangible assets (TEuro 72), the inventories (TEuro 209) and the goodwill (TEuro 250) were acquired against payment of a total purchase price of TEuro 531 in cash.

According to SFAS No. 141, TEuro 138 of the amount for goodwill were allocated to the acquired established clientele, which will be amortized over ten years. The remaining goodwill (TEuro 112) could not be allocated to a balance-sheet asset or accounted for as a separate asset, and was therefore recorded as goodwill.

The acquired IT system house (36 employees, including eight trainees) expands the system integration segment of the Bechtle Group to include the Solingen location and, with it, an established company with long standing customer relations.

The company had the following balance sheet as at the time of acquisition:

Bechtle GmbH, Solingen

	TEuro
Current assets	
Inventories	209
	<u>209</u>
Non-current assets	
Tangible assets	72
Established clientele	138
Goodwill	112
	<u>322</u>
Total assets	<u>531</u>

V. Pro-Forma Information

If the companies acquired during the financial year had been acquired at the beginning of financial year 2001, the key balance-sheet data would have been as follows:

	2002 TEuro	Previous year TEuro
Revenues	755,993	741,975
Net income	11,993	11,505
Earnings per share	0.5986	0.5696

VI. Contingencies and Commitments

Other Financial Liabilities

The company have several non-cancellable rental agreements for office and storage space. The company also rents buildings, vehicles and various services under operating leases which are non-cancellable during the basic term of the lease. Total payments under all operating rents amounting to TEuro 10,034 (previous year: TEuro 8,154) were accounted for as expenses.

The future liabilities with respect to the foregoing agreements with an initial or remaining term of more than one year as at December 31, 2002 amount to TEuro 80,506 (TEuro 26,025). The increase in future liabilities is mainly attributable to the rental agreement concluded on the central logistics and administration building in Neckarsulm during the financial year.

Financial year	TEuro
2003	8,464
2004	8,524
2005	6,855
2006	5,702
2007	4,866
over 5 years	46,095
Total minimum rent payments	80,506

Litigation

The company is unaware of any proceedings which would have a substantial detrimental effect its earnings, liquidity or financial position.

VII. Additional Notes to the Cash Flow Statement

Cash Flow from Operating Activities

The cash inflow from operating activities during financial year 2002 amounted to TEuro 13,943 (previous year: TEuro 17,584). This was principally attributable to an increase in trade accounts receivable and a decrease in trade accounts payable.

Cash Flow from Investment Activities

The cash outflow from investment activities amounted to TEuro 18,868 and mainly attributable to investments in intangible and tangible assets amounting to TEuro 20,235.

Cash Flow from Financing Activities

The cash inflow from financing activities of TEuro 1,706 is mainly the result of the raising of short and long-term debts to finance acquisition of the Data Division of Eurodis Switzerland AG.

Cash and Cash Equivalents

	2002 TEuro	Previous year TEuro
Liquid funds	37,867	41,200

Cash Outflow in the period

	2002 TEuro	Previous year TEuro
Interest	462	292
Income tax	3,685	4,192

VIII. Related Parties

Transactions with Related Parties

In 2002, there was no significant turnover from transactions with shareholders, executive employees or companies controlled by such persons.

Rental agreements on various properties exist between consolidated companies and managing board members, directors, their close relatives and companies controlled by these persons. In the reporting year, rental expenses amounting to TEuro 222 (previous year: TEuro 762) were treated as revenue expenditure.

IX. Segment Disclosures

In terms of segment disclosures in accordance with SFAS No. 131, the group is currently active in two business segments - namely, in system integration and in eCommerce. The segments differ in respect of their scope of activity and have a different approach to trading IT products.

The **system integration** segment combines the provision of services and product procurement in designing the customer's IT infrastructure. The range of services extends from advice on hardware procurement, development of networks, peripheral hardware integration, service, maintenance and training through to complete technical support. The Bechtle Group is organised regionally and has, thanks to its near-nationwide IT system house coverage, built up an extensive network of consultation centres in close proximity to the customer. To concentrate its know-how in individual specialist fields (e.g. IBM AS/400 and RS/6000, Lotus Notes, CAD/CAM), the Bechtle Group has set up competence centres whose knowledge can be utilised by each location in the network for the benefit of the customer. In the course of its work as a system house, the Bechtle Group has set up training centres at several locations offering customers' employees a wide range of seminar events which can be either general or tailored to the customer's specific requirements.

The **eCommerce** segment concentrates purely on trading through direct selling to trade customers with over 20 PC workstations. The product line is designed to offer customers hardware and software products, peripheral equipment and the necessary consumables for all applications. It reflects the market in terms of its range and diversity. The focus is on brand-name products of all major suppliers including IBM, Compaq, Hewlett Packard, Fujitsu Siemens, Cisco, Toshiba, Lexmark, Microsoft, Novell and Lotus. Approximately 22,000 Articles are available in nine countries via an online shop and a main catalogue with over 1,100 pages which is published twice annually. The main catalogues have a circulation of over 200,000 and are sent to existing and prospective customers throughout Europe. The Bechtle Group is represented in nine European countries by ten direct-selling companies.

In Germany, the Bechtle Group has offices in Aachen, Berlin, Bottrop, Chemnitz, Cottbus, Darmstadt, Dresden, Düsseldorf, Eschborn, Freiburg, Friedrichshafen, Gaildorf, Gera, Grossostheim, Hamburg, Hanover, Heilbronn, Höchberg, Ingolstadt, Karlsruhe, Kassel, Kiel, Cologne, Krefeld, Langenzenn, Magdeburg, Mannheim, Mainhausen, Mainz, Munich, Münster, Regensburg, Rottenburg, Schorndorf, Schkeuditz, Schwarzhöhe, Schweinfurt, Solingen, Stuttgart, Sulz, Villingen-Schwenningen and Weimar.

Internationally, the group has offices in Bolzano (Italy), Linz (Austria), Son (Netherlands), Chippenham (United Kingdom), in Gland, Fehraltorf, Basle and Regensdorf (Switzerland), Strasbourg (France), Turnhout (Belgium), Madrid and in Barcelona (Spain).

Central administration of the group companies is in Gaildorf.

There are no major inter-segment transactions.

Earnings before interest and taxes is the control variable of the segments. Interest is not included as the segments are primarily financed through Bechtle AG and external interest expenses and/or earnings primarily arise here.

External revenues by segment	2002 TEuro	Previous year TEuro
System integration	557,919	488,291
eCommerce	193,790	157,297
Company total	751,709	645,588

Depreciation and amortization by segment	2002 TEuro	Previous year TEuro
System integration	7,180	8,511
eCommerce	1,414	2,613
Company total	8,594	11,124

Operating income by segment	2002 TEuro	Previous year TEuro
System integration	11,919	7,971
eCommerce	6,499	5,169
Total operating income	18,418	13,140
Financial result	569	1,283
Earnings before taxes	18,987	14,423

Gross assets by segment	2002 TEuro	Previous year TEuro
System integration	196,814	179,411
eCommerce	49,941	49,863
Assets total	246,755	229,274

Goodwill by segment	2002 TEuro	Previous year TEuro
System integration	49,787	41,571
eCommerce	9,079	9,079
Company total	58,866	50,650

Long-lived assets *) by segment	2002 TEuro	Previous year TEuro
System integration	15,146	12,041
eCommerce	2,685	2,901
Company total	17,831	14,942

Investments in long-lived assets *) by segment	2002 TEuro	Previous year TEuro
System integration	10,381	8,417
eCommerce	861	442
Company total	11,242	8,859

*) Software, advance payments, established clientele and tangible assets.

Geographical Information

The following amounts may be allocated to geographical regions in the annual financial statement.

External revenues by region	2002 TEuro	Previous year TEuro
Domestic	595,777	559,177
Foreign	155,932	86,411
Company total	751,709	645,588

The revenues are allocated to the country in which the company is headquartered. Revenues are transacted only in the home market, as seen the company's viewpoint.

The long-lived assets are distributed to the regions as follows:

Long-lived assets *) by region	2002 TEuro	Previous year TEuro
Domestic	12,752	12,625
Foreign	5,079	2,317
Company total	17,831	14,942

All long-lived assets are located in the country in which the company is headquartered.

*) Software, advance payments, established clientele and tangible assets.

X. Earnings Per Share

The following table presents the computation of the basic and diluted net earnings per ordinary share:

	2002 TEuro (excepting number and amount per share)	Previous year TEuro
Net income / net profit for ordinary stockholders	12,001	9,011
Average number of shares	20,149,988	20,200,000
Basic and diluted earnings per share	0.596	0.446

The 113,000 stock options still outstanding as at the balance-sheet date in the context of the stock option programme can, if exercised at a later date, lead to a dilution of earnings per share.

XI. Remuneration of Executive Bodies

Executive Board

The benefits of the Executive Board of Bechtle AG in the financial year totalled TEuro 1,103. The compensation of the Executive Board consisted of a fixed component and variable component. The fixed and variable benefits amounted to TEuro 752 and TEuro 351 respectively.

The total benefits granted to former members of the Executive Board of Bechtle AG amounted to TEuro 80 for the financial year. Fixed and variable benefits accounted for TEuro 33 and TEuro 47 respectively.

Supervisory Board

The benefits of the Supervisory Board of Bechtle AG in the financial year amounted to TEuro 35 (previous year: TEuro 35). Performance related compensation of the members of the Supervisory Board was dispensed with.

XII. Employees

We employed an annual average of 2,037 employees (previous year: 1,828).

XIII. Subsequent Events to the Balance-Sheet Date

No further events of particular importance to the company occurred after the close of the financial year.

XIV. Significant Differences between U.S. GAAP and German Accounting Principles

The deviations from the accounting, valuation and consolidation methods applicable under German law essentially relate to the contents and presentation of the consolidated financial statement, the capitalisation of homegrown intangible assets of the fixed assets, the treatment of costs of shareholders' equity procurement as well as the application of the purchase method (purchase accounting) to capital consolidation. Furthermore, deferred taxes are established for all significant temporary differences arising between the commercial balance sheet and the tax balance sheet.

Content and the Representation of the Consolidated Financial Statement

The consolidated financial statement in accordance with Article 297 of the German Commercial Code (HGB) consists of the consolidated balance sheet, the consolidated profit and loss account and the annex to the consolidated financial statement. Stock market listed companies are required to include a cash flow statement and segment disclosures with the Annex to the consolidated financial statement. According to U.S. GAAP, the consolidated financial statement must also include a statement of changes in shareholders' equity.

The consolidated balance sheet pursuant to the German Commercial Code (HGB) must, basically, be structured in accordance with Article 266 HGB. According to this, assets and debts are not reported separately on the basis commitment period or maturity. According to U.S. GAAP, assets and debts must, according to their commitment period or maturity, be distinguished from the long-term balance-sheet items as „short-term committed assets“ or „short-term debts due“.

The profit and loss account according to the cost of sales method is structured in accordance with Article 275, section 3 of the German Commercial Code. According to U.S. GAAP, the basic and diluted number of shares and the associated earnings per share are additionally stated within the framework of the profit and loss account.

Capitalisation of Homegrown Intangible Assets of the Fixed Assets

According to Article 248 HGB, intangible assets of the fixed assets which have not been acquired against payment, are not allowed to be capitalised. According to U.S. GAAP, expenses incurred in connection with homegrown software may, under certain conditions, be capitalised if such software is intended for sales to third parties or for internal use.

Costs of Capital Procurement

According to HGB, it is not permissible for the costs of capital procurement to be accrued or offset against borrowed funds. According to U.S. GAAP, the costs of procurement of equity capital (e.g. flotation costs related to an initial public offering) less the effects of tax deductibility are deducted from the gross funds borrowed, and thereby reduce the capital reserves.

Application of the Purchase Method (purchase accounting) in the Capital Consolidation

According to Article 301 HGB, options exist with respect to the methods to be applied in the capital consolidation of the subsidiaries included in the consolidated financial statement and the treatment of a difference arising from capital consolidation. According to U.S. GAAP, the capital is consolidated according to the purchase method by offsetting the acquisition costs against the parent company's proportionate equity capital at the time of acquisition or first-time consolidation.

Goodwill and Intangible Assets

In comparison with HGB rules, certain intangible assets related to corporate acquisitions must, according to U.S. GAAP, be stated separately from derivative goodwill in the balance sheet, thus reducing the value of the derivative goodwill. Derivative goodwill as well as intangible assets must, according to HGB, be depreciated on scheduled manner and also, if necessary, in a non-scheduled manner. By comparison, U.S. GAAP prohibits the scheduled depreciation of goodwill as well as intangible assets with indefinite life. Instead, it prescribes an annual recoverability review, from which follows a non-scheduled depreciation as required. Intangible assets with a definite life are also depreciated in a scheduled and non-scheduled manner according to U.S. GAAP.

Acquisition of Own Shares

According to HGB, own shares must always be reported on the asset side of the balance sheet, under a separate item, in current assets. In addition, a reserve for own shares must be established from the annual profit or loss, the profit carryforward or free reserves in the same amount on the liabilities side. Own shares are therefore subject to the strict lowest value principle and are value-adjusted as required. According to U.S. GAAP, own shares must not be capitalised as separate assets, rather they must be reported as a reduction in the equity capital in the amount of the acquisition costs. Valuation adjustments are not made.

Stock Option Programme

Under German law, there are to date no specific rules on balancing stock option plans. The granting of stock options on the basis of a certain capital amount as recompense for work performed does not, according to HGB, result in personnel expenses. The capital reserves are not allocated to the personnel expenses in the form of an offsetting entry. According to U.S. GAAP, the issue of stock options as recompense for work are to be booked as personnel expenses in the amount of the fair value of the stock options at the time of granting. The offsetting entry is made in the capital reserves. If the stock options represent remuneration for several periods, the allocation of the capital reserves and personnel expenses must be distributed over the service period.

Derivative Instruments

Most derivative instruments are not recorded in the statement of accounts under German law. Unrealised profits are not taken into consideration. An accrual must be established for unrealised losses, as this is not avoided through the formation of a valuation unit for the underlying transaction to be hedged. According to U.S. GAAP, derivative instruments must be stated in the balance sheet with their fair market value. If specific hedge criteria are met, then the profits and losses are initially reported after taking account of tax effects in the equity item „Accumulated other comprehensive income“ and accounted for with effect on income together with the profit or loss from the secured item or transaction.

Deferred Taxation

According to HGB, deferred taxes must be calculated using the so-called „asset and liability method“, but only remaining debit balances are accounted for in the consolidated financial statement. In addition, it is not permitted to account for deferred tax assets from tax loss carryforwards. According to U.S. GAAP, deferred taxes are determined for the period in which the differences are expected to reverse on the basis of temporary valuation differences between assets and debits stated in tax balance sheet and consolidated financial statement, based on the expected tax rate at the end of the reporting period. Changes in the tax rate must only be taken into consideration at the time of adoption of the amendment. According to U.S. GAAP, deferred taxes on tax loss carryforwards must also be calculated if the company has such tax loss carryforwards. If deferred tax assets are non-recoverable, they have to be value-adjusted. The decisive factor for an evaluation of recoverability is the estimated probability that these items will actually be realisable in future.

XV. Changes in Group Fixed Assets

The changes in group fix assets are shown in the fixed-asset movement schedule attached to the Annex.

XVI. Executive Bodies

Members of the Executive Board

Gerhard Schick
Chairman and CEO
with responsibility for Finance, Corporate Planning, Public Relations and for the eCommerce segment (with effect 01 November 2002)

Ralf Klenk
with responsibility for the System Houses segment, Logistics & Service, IT and Personnel

Jürgen Renz
until 31 October 2002
with responsibility for the eCommerce segment

Dr. Rainer Eggensperger
with responsibility for the Solutions and Future Tasks Division

Members of the Supervisory Board

Klaus Winkler
Managing Director
Chairman of the Supervisory Board

- Member of the Supervisory Board of Infoman AG, Stuttgart and Sick AG, Waldkirch

Kurt Dobitsch
Business Consultant
Deputy Chairman

- Chairman of the Supervisory Board of United Internet AG, Montabaur as well as Nemetschek AG, Munich
- Member of the Supervisory Board of R+S AG, Denkendorf, of Finex AG, Ebersberg, of 1&1 Internet AG, Karlsruhe, of Adlink AG, Montabaur and of twenty4help knowledge Service AG, Dortmund

Otto Beilharz
Managing Director

- Member of the Supervisory Board of Kellner & Kunz AG, Vienna

Number of Shares of Bechtle AG

10,000 stock options were granted to executive board member Dr. Rainer Eggensperger.

Executive Board	31.12.02	31.12.01
Gerhard Schick	1,226,933	1,226,655
Ralf Klenk	852,462	852,462
Dr. Rainer Eggensperger	5,716	5,716

Supervisory Board	31.12.02	31.12.01
Klaus Winkler		
– owned	650	650
– on behalf of BWK UnternehmensBeteiligungsGesellschaft	3,916,507	3,916,507
Kurt Dobitsch	0	0
Otto Beilharz	4,448	4,448

Gaildorf, March 2003

Bechtle AG

The Executive Board

Gerhard Schick

Dr. Rainer Eggensperger

Ralf Klenk

Changes in Group Fixed Assets

	Costs of acquisition and production					31.12.2002
	01.01.2002	Change in scope of consolidation	Other additions	Disposals	Transfer Restructure	
	TEuro	TEuro	TEuro	TEuro	TEuro	
I. Intangible Assets						
1. Software	5,532	149	816	432	-102	5,963
2. Established clientele	1,500	0	2,779	0	1,117	5,396
3. Goodwill	59,455	0	9,333	0	-1,117	67,671
4. Advance payments	230	0	1,783	264	0	1,749
	66,717	149	14,711	696	-102	80,779
II. Tangible Assets						
1. Land and buildings	1,093	0	0	0	0	1,093
2. Miscellaneous equipment and fixtures	26,525	559	5,826	4,951	102	28,061
3. Plant and machinery	0	0	38	0	0	38
	27,618	559	5,864	4,951	102	29,192
III. Investments						
1. Notes receivable / loans	213	0	0	213	0	0
	213	0	0	213	0	0
	94,548	708	20,575	5,860	0	109,971

Cumulate depreciation

Net book values

01.01.2002	Change in scope of consolidation	Other additions	Disposals	Transfer Restructure	31.12.2002	31.12.2002	31.12.2001
TEuro	TEuro	TEuro	TEuro	TEuro	TEuro	TEuro	TEuro
2,745	80	1,572	228	-34	4,135	1,828	2,787
75	0	539	0	0	614	4,782	1,425
8,805	0	0	0	0	8,805	58,866	50,650
0	0	0	0	0	0	1,749	230
11,625	80	2,111	228	-34	13,554	67,225	55,092
93	0	37	0	0	130	963	1,000
17,025	438	6,432	4,353	34	19,576	8,485	9,500
0	0	14	0	0	14	24	0
17,118	438	6,483	4,353	34	19,720	9,472	10,500
0	0	0	0	0	0	0	213
0	0	0	0	0	0	0	213
28,743	518	8,594	4,581	0	33,274	76,697	65,805

Independent Auditors' Report

We have audited the consolidated financial statement of Bechtle AG, Gaildorf, consisting of the balance sheet, profit and loss statement, statement of changes in shareholders' equity and cash flow statement as well as the notes to the financial statement for the fiscal year from January 1 to December 31, 2002. The preparation and content of the financial statement are the responsibility of the company's executive board. It is our responsibility to express an opinion whether the financial statement is in accordance with the US Generally Accepted Accounting Principles (U.S. GAAP).

We conducted our audit in accordance with German auditing regulations and the generally accepted standards promulgated by the Institute of German Certified Public Accountants (IDW). Those standards require that we plan and perform the audit in such manner that inaccuracies and misstatement which have a significant impact on the presentation of the consolidated financial statement are detected with reasonable assurance. The determination of auditing procedures makes allowance for knowledge of the business activity and of the economic and legal environment of the company as well as the expectations of possible errors. Within the scope of the audit, the evidence supporting the figures disclosed in the consolidated financial statement is evaluated on the basis of random checks. The audit also includes assessing the accounting principles used and the significant estimates made by the legal representatives, as well as evaluating the overall presentation of the consolidated financial statement. We believe that our audit provides a sufficiently sound basis for our opinion.

Our audit gave rise to no objections.

In our opinion, the consolidated financial statement gives a true and fair view of the net assets, financial position and results of operations of Bechtle AG, Gaildorf, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). Our audit, which also encompassed the Group management report drawn up by the Executive Board for the fiscal year from January 1 to December 31, 2002, gave rise to no objections. In our opinion, the Group management report and the other information contained in the consolidated financial statement provide a true and fair view of the situation of the Group overall and a proper presentation of the risks associated with future development. We also confirm that the consolidated financial statement and the Group management report for the fiscal year from January 1 to December 31, 2002 meet the conditions for an exemption of the Group from the duty to prepare consolidated financial statement and a Group management report under German law.

Heilbronn, March 10, 2003

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Deutsche Allgemeine Treuhand AG
Certified Accountants

Sohler
Public Accountant

Moschall
Public Accountant

Credits

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