

Maximum Report

2015

ALSO Group makes operational progress: profit before taxes (+18.7%)

Net sales of the ALSO Group improved compared to the previous year, by 11.9 percent to 3670.3 million euros. Despite high losses at ALSO Logistics Services GmbH, profit before taxes (EBT) climbed from 30.5 million euros to 36.2 million euros (+18.7 percent) and Group net profit from 21.0 million euros to 24.4 million euros (+16.4 percent). ALSO has achieved great progress in all parts of the company. Particularly the optimal integration of ALPHA International B.V. in the Netherlands, the consolidation of ALSO France and Finland, and the excellent development in Denmark, Sweden, and the Baltics contributed to this very good result.

ICT MARKET

According to the CONTEXT market research institute, in the first half of 2015 the value of the ICT distribution market in the regions that are relevant for ALSO grew by 3.2 percent from the previous year. However, there were wide differences in the performance of the various product categories. While development in the market for data center networking and security (+25.1 percent) as well as unified communications (+24.2 percent) was extremely positive, mobile computing declined (-4.0 percent). This was mainly because the market no longer benefited so strongly from the wave of renewal caused by the withdrawal of support for Windows XP.

In the first half of 2015, the ALSO Group could increase its net sales by 11.9 percent and match the development of the ICT market in virtually all product categories. There was a pleasing sales increase of 17.7 percent in the server computing sector, to which especially ALSO Germany and France contributed.

CENTRAL EUROPE MARKET SEGMENT

In the Central Europe market segment, net sales increased by 14.3 percent from the previous year, to 2907.7 million euros. Profit before taxes (EBT) rose from 25.7 million euros to 30.5 million euros (+18.5 percent). The EBT margin stayed at the previous year's level of 1.0 percent. Central Europe again delivered double-digit sales growth, thanks mainly to particularly strong development in Germany, France, and the Netherlands. Concurrently, ALSO Switzerland further adapted and optimized the measures that were decided to counteract the continuing cost pressure from falling margins.

NORTHERN/EASTERN EUROPE MARKET SEGMENT

In the Northern/Eastern Europe market segment, net sales rose by 3.3 percent from the previous year, to 833.4 million euros. Denmark, Sweden, and the Baltics were the main contributors to the growth. Profit before taxes (EBT) improved from 5.5 million euros to 8.5 million euros, and the EBT margin from 0.7 percent to 1.0 percent. This increase resulted mainly from growth in high-margin business sectors in Norway and Sweden.

ACQUISITION IN POLAND

The ALSO Group is expanding its presence in Europe by opening the new country company ALSO Polska sp.z o.o., Warsaw. Through the planned acquisition of the activities of PC Factory S.A., competitiveness will be increased and market penetration made more efficient and effective.

DEVELOPMENT OF ALSO LOGISTICS SERVICES GMBH, GERMANY

In the first half-year, the logistics activities that were acquired last year from the insolvency assets of Weltbild (now ALSO Logistics Services GmbH, Augsburg) caused losses of around 4 million euros. The personnel reduction measures could not yet be realized as planned. Concurrently, sales have declined. Consequently, in view of its cost structure, without extensive restructuring the company is unable to act competitively in the market. The ALSO Group therefore decided on July 27, 2015, to discontinue financing the ongoing business. Should no further means of financing be available, the management of ALSO Logistics Services GmbH must now decide whether to apply for insolvency. The resulting non-recurring restructuring costs for the ALSO Group in the second half-year are estimated at around 8 million euros.

OUTLOOK FOR 2015

For 2015, for the entire IT market in the ALSO countries (excluding the Baltics), the Gartner market research institute forecasts slower growth in end-user spending of 1.1 percent. Growth in the previous year was still 2.2 percent. Gartner expects sales of PCs, tablets, and ultramobile end-devices to stagnate. Mobile telephones also show first signs of market saturation.

Despite the challenging conditions and the expected costs associated with the restructuring of ALSO Logistics Services GmbH, for the fiscal year ALSO expects a result at the level of the previous year. Overall, ALSO is very optimistic for the current fiscal year. The Group continues to expect a stable business development and a solid result at the previous year's level.

Prof. Dr. Gustavo Möller-Hergt
Chairman of the Board of Directors of ALSO Holding AG and CEO

Source: "Gartner Market Databook, 2Q15 Update" (June 2015)

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Condensed interim consolidated financial statements as of June 30, 2015 (unaudited)

Condensed consolidated statement of comprehensive income



EUR 1000	1st half 2015		1st half 2014		Change
TOTAL NET SALES	3670276	100.0 %	3279446	100.0 %	11.9 %
Cost of goods sold and service expenses	-3426076	-93.3 %	-3065269	-93.5 %	11.8 %
GROSS PROFIT	244200	6.7 %	214177	6.5 %	14.0 %
Operating expenses	-185367	-5.1 %	-162510	-5.0 %	14.1 %
EBITDA	58833	1.6 %	51667	1.6 %	13.9 %
Depreciation and amortization	-15158	-0.4 %	-13404	-0.4 %	13.1 %
OPERATING PROFIT (EBIT)	43675	1.2 %	38263	1.2 %	14.1 %
Financial result	-7793	-0.2 %	-7868	-0.2 %	-1.0 %
Share of income of associates	282	0.0 %	60	0.0 %	370.0 %
PROFIT BEFORE TAX (EBT)	36164	1.0 %	30455	0.9 %	18.7 %
Income taxes	-11746	-0.3 %	-9472	-0.3 %	24.0 %
NET PROFIT GROUP	24418	0.7 %	20983	0.6 %	16.4 %
<i>Items that will not be reclassified subsequently to profit or loss</i>					
Remeasurement of defined benefit plans	-6244		-1639		
Tax effects	777		205		
SUBTOTAL	-5467		-1434		
<i>Items that may be reclassified subsequently to profit or loss</i>					
Exchange differences	4605		308		
Adjustment to market value of cash flow hedges	671		-3993		
Tax effects	323		605		
SUBTOTAL	5599		-3080		
OTHER COMPREHENSIVE INCOME	132		-4514		
TOTAL COMPREHENSIVE INCOME	24550		16469		
Net profit Group is attributable to:					
Shareholders of ALSO Holding AG	24680		21335		
Non-controlling interests	-262		-352		
Total comprehensive income is attributable to:					
Shareholders of ALSO Holding AG	24812		16821		
Non-controlling interests	-262		-352		
NET PROFIT PER SHARE IN EUR					
Basic net profit per share	1.92		1.66		
Diluted net profit per share	1.92		1.66		



The accompanying notes form an integral part of the condensed interim consolidated financial statements.

Condensed consolidated statement of financial position

EUR 1000	06.30.2015		12.31.2014		06.30.2014	
Cash and cash equivalents	10 626		24 156		6 736	
Other current assets	1 432 845		1 426 148		1 227 382	
TOTAL CURRENT ASSETS	1 443 471	85 %	1 450 304	85 %	1 234 118	83 %
Deferred tax assets	6 558		5 617		2 800	
Other non-current assets	257 079		255 895		244 199	
TOTAL NON-CURRENT ASSETS	263 637	15 %	261 512	15 %	246 999	17 %
TOTAL ASSETS	1 707 108	100 %	1 711 816	100 %	1 481 117	100 %
Current financial liabilities	54 374		8 958		37 126	
Other current liabilities	946 107		1 016 423		798 036	
TOTAL CURRENT LIABILITIES	1 000 481	59 %	1 025 381	60 %	835 162	56 %
Non-current financial liabilities	200 128		194 114		191 491	
Other non-current liabilities	47 292		38 370		31 611	
TOTAL NON-CURRENT LIABILITIES	247 420	14 %	232 484	13 %	223 102	15 %
EQUITY	459 207	27 %	453 951	27 %	422 853	29 %
TOTAL LIABILITIES AND EQUITY	1 707 108	100 %	1 711 816	100 %	1 481 117	100 %

The accompanying notes form an integral part of the condensed interim consolidated financial statements.

Condensed consolidated statement of changes in equity

EUR 1000	Share capital	Capital reserves	Treasury shares	Other reserves*	Retained earnings	Equity attributable to shareholders	Non-controlling interests	Total
JANUARY 1, 2015	9960	203525	-1194	-15688	257762	454365	-414	453951
Net profit Group	0	0	0	0	24680	24680	-262	24418
Other comprehensive income	0	0	0	132	0	132	0	132
TOTAL COMPREHENSIVE INCOME	0	0	0	132	24680	24812	-262	24550
Distributions to shareholders	0	-19294	0	0	0	-19294	0	-19294
Remeasurement of put options on shares of non-controlling interests	0	0	0	0	-161	-161	161	0
JUNE 30, 2015	9960	184231	-1194	-15556	282281	459722	-515	459207
JANUARY 1, 2014	9960	218272	-1194	-2266	196780	421552	-276	421276
Net profit Group	0	0	0	0	21335	21335	-352	20983
Other comprehensive income	0	0	0	-4514	0	-4514	0	-4514
TOTAL COMPREHENSIVE INCOME	0	0	0	-4514	21335	16821	-352	16469
Distributions to shareholders	0	-14747	0	0	0	-14747	0	-14747
Remeasurement of put options on shares of non-controlling interests	0	0	0	0	-333	-333	188	-145
JUNE 30, 2014	9960	203525	-1194	-6780	217782	423293	-440	422853

* See note: Other reserves

The accompanying notes form an integral part of the condensed interim consolidated financial statements.

Condensed consolidated statement of cash flows

EUR 1000	1st half 2015	1st half 2014
NET PROFIT GROUP	24418	20983
Depreciation and amortization	15158	13404
Change in provisions and employee benefits	134	1824
Other non-cash items	5703	410
SUBTOTAL	45413	36621
Change in net working capital	-45789	-80631
CASH FLOW FROM OPERATING ACTIVITIES	-376	-44010
Net cash flow from acquisitions of subsidiaries	0	-45217
Net cash flow from acquisitions of associates	0	-815
Purchase price adjustment from the acquisition of subsidiaries*	1000	0
Net investments in property, plant & equipment	-5288	-2835
Net investments in intangible assets	-1265	-1987
CASH FLOW FROM INVESTING ACTIVITIES	-5553	-50854
Distribution to shareholders	-19294	-14747
Net cash flow from the acquisition of non-controlling interests**	-699	0
Change in financial liabilities	12221	74705
CASH FLOW FROM FINANCING ACTIVITIES	-7772	59958
EXCHANGE DIFFERENCES	171	13
CHANGE IN CASH AND CASH EQUIVALENTS	-13530	-34893
Cash and cash equivalents at January 1	24156	41629
Cash and cash equivalents at June 30	10626	6736

* Part of the purchase price payment for the logistics center of the Weltbild Publishing Group was repaid by the seller.
Regarding purchase of the logistics center, reference should be made to page 107 of the annual report for 2014.

** Regarding acquisition of the non-controlling interest of Druckerfachmann.de GmbH, reference should be made to page 109 of the annual report for 2014.

The accompanying notes form an integral part of the condensed interim consolidated financial statements.

Notes to the condensed interim consolidated financial statements as of June 30, 2015 (unaudited)

CORPORATE INFORMATION

The basis of ALSO's business models are the two customer categories "providers" and "buyers". The ALSO Group has a portfolio of more than 350 vendors in the various ICT product categories of hardware, software, and IT services, including all global market leaders. We offer the vendors access to a broad spectrum of buyers, who can call up further customized services in the logistics, finance, IT, and digital services sectors, as well as traditional distribution services. ALSO offers services along the entire value chain from a single source.

On the basis of a European B2B marketplace, the customers are enabled to sustainably shape and develop their businesses.

BASIS OF PREPARATION

The unaudited condensed interim consolidated financial statements of ALSO Holding AG inclusive all of its directly and indirectly controlled subsidiaries for the six months ended June 30, 2015 have been prepared in accordance with International Accounting Standard (IAS) 34 "Interim Financial Reporting". These condensed interim consolidated financial statements are presented in EUR (reporting currency), since the majority of revenues are generated in the euro area. The condensed interim consolidated financial statements should be read in conjunction with the consolidated financial statements as of December 31, 2014.

SELECTED SIGNIFICANT ACCOUNTING AND MEASUREMENT PRINCIPLES

The accounting and measurement principles used in the preparation of the condensed interim consolidated financial statements are consistent with those used in the consolidated financial statements for the year ended December 31, 2014 except for standards that became newly applicable from January 1, 2015. The accounting and measurement principles used are fully described from page 96 of the Annual Report 2014.

As from January 1, 2015, ALSO adopted the following new and amended standards and interpretations for the first time:

- ▶ Defined Benefit Plans: Employee Contributions (Amendments to IAS 19)
- ▶ Annual improvements 2010 to 2012
- ▶ Annual improvements 2011 to 2013

The individual changes do not have any material effect on the financial position, performance or cash flow situation of ALSO.

The Group has not early adopted any other standard, interpretation, or amendment that has been issued but is not yet effective. No further changes are known that will become effective for the consolidated financial statements 2015.

The preparation of these condensed interim consolidated financial statements requires management to make certain assumptions and estimates about the future that influence the amounts presented in this report. Actual results may vary from these estimates.

CHANGES IN THE SCOPE OF THE CONSOLIDATION

In the first half of 2015 there were no changes in the scope of the consolidation.

In 2014, the ALSO Group acquired several entities. Detailed information about those transactions and their effects on the consolidated financial statements for the year ended December 31, 2014 can be found from page 106 of the Annual Report 2014.

EXCHANGE RATES

For preparation of the interim financial statements the following exchange rates were applied:

EXCHANGE RATE TO EUR

		Average rate		Closing date rate		
		1st half 2015	1st half 2014	06.30.2015	12.31.2014	06.30.2014
USA	USD	1.12	1.37	1.12	1.21	1.37
Switzerland	CHF	1.06	1.22	1.04	1.20	1.22
Norway	NOK	8.65	8.28	8.79	9.04	8.40
Denmark	DKK	7.46	7.46	7.46	7.45	7.46
Sweden	SEK	9.34	8.95	9.22	9.39	9.18

SEGMENT INFORMATION

EUR 1000	Central Europe		Northern/Eastern Europe		Reconciliation		Group	
	1st half 2015	1st half 2014	1st half 2015	1st half 2014	1st half 2015	1st half 2014	1st half 2015	1st half 2014
Net sales to third parties	2840708	2473571	829513	805829	55	46	3670276	3279446
Net sales to other segments	67015	70619	3870	967	-70885	-71586	0	0
TOTAL NET SALES	2907723	2544190	833383	806796	-70830	-71540	3670276	3279446
EBITDA	47807	42290	11112	8662	-86	715	58833	51667
<i>As % of total net sales</i>	1.6 %	1.7%	1.3 %	1.1%			1.6 %	1.6%
PROFIT BEFORE TAX (EBT)	30453	25708	8521	5498	-2810	-751	36164	30455
<i>As % of total net sales</i>	1.0 %	1.0%	1.0 %	0.7%			1.0 %	0.9%
Segment assets	1501901	1283126	400430	336405	-195223	-138414	1707108	1481117
Segment liabilities	1129958	902814	269849	216000	-151906	-60550	1247901	1058264
Full-time equivalent positions on reporting date	2840	2413	828	839	137	103	3805	3355

The reconciliation of the segment results to the consolidated results contains centralized activities of the holding companies in Switzerland, Finland and Germany (headquarter activities) which are not allocated to the segments. The allocation of the net sales is determined by the place where invoicing occurs. Revenues as well as assets and liabilities (mainly trade receivables and payables) between the segments are eliminated in the "Reconciliation" column.

TRANSACTIONS WITH RELATED PARTIES

EUR 1000	1st half 2015	1st half 2014
TRANSACTIONS WITH MAIN SHAREHOLDERS AND OTHER RELATED PARTIES		
Net sales Droege Group	7 950	0
Operating expenses Droege Group	3 759	1 595
Trade receivables Droege Group	1 469	6
Trade payables Droege Group	903	405
TRANSACTIONS WITH ALSO PENSION FUND		
Other liabilities (outstanding contributions):		
ALSO Holding AG	14	17
ALSO Schweiz AG	291	266

For the first half of 2015, transactions with key management are comparable with those transactions disclosed in the consolidated financial statements 2014.

OTHER RESERVES

EUR 1000	Cash flow hedge reserve	Exchange differences	Remeasurement of defined benefit plans	Total other reserves
JANUARY 1, 2015	-5339	1038	-11387	-15688
Net profit Group	0	0	0	0
Other comprehensive income	666	4933	-5 467	132
TOTAL COMPREHENSIVE INCOME	666	4933	-5467	132
Distributions to shareholders	0	0	0	0
Remeasurement of put options on shares of non-controlling interests	0	0	0	0
JUNE 30, 2015	-4673	5971	-16854	-15556
JANUARY 1, 2014	252	2413	-4931	-2266
Net profit Group	0	0	0	0
Other comprehensive income	-3440	360	-1 434	-4 514
TOTAL COMPREHENSIVE INCOME	-3440	360	-1434	-4514
Distributions to shareholders	0	0	0	0
Remeasurement of put options on shares of non-controlling interests	0	0	0	0
JUNE 30, 2014	-3188	2773	-6365	-6780

FINANCIAL INSTRUMENTS

The carrying amount of the financial instruments is essentially the fair value.

FAIR VALUE OF THE FINANCIAL INSTRUMENTS

EUR 1000	Level 1	Level 2	Level 3	Fair value 06.30.2015
FINANCIAL ASSETS				
Current derivative financial instruments		136	1248	1384
<i>Forward exchange contracts</i>		136		136
<i>Call options</i>			1248	1248
FINANCIAL LIABILITIES				
Contingent consideration from acquisitions of subsidiaries			-1639	-1639
Current derivative financial instruments		-267	-153	-420
<i>Forward exchange contracts</i>		-267		-267
<i>Put options on non-controlling interests</i>			-153	-153
Non-current derivative financial instruments		-6549		-6549
<i>Interest rate swaps</i>		-6549		-6549
TOTAL FINANCIAL INSTRUMENTS LEVEL 3			-544	

FAIR VALUE OF THE FINANCIAL INSTRUMENTS

EUR 1000	Level 1	Level 2	Level 3	Fair value 06.30.2014
FINANCIAL ASSETS				
Current derivative financial instruments		256		256
<i>Forward exchange contracts</i>		256		256
FINANCIAL LIABILITIES				
Contingent consideration from acquisitions of subsidiaries			-1733	-1733
Current derivative financial instruments		-588	-817	-1405
<i>Forward exchange contracts</i>		-588		-588
<i>Put options on non-controlling interests</i>			-817	-817
Non-current derivative financial instruments		-4536	-153	-4689
<i>Interest rate swaps</i>		-4536		-4536
<i>Put options on non-controlling interests</i>			-153	-153
TOTAL FINANCIAL INSTRUMENTS LEVEL 3			-2703	

RECONCILIATION OF FINANCIAL INSTRUMENTS WITHIN LEVEL 3

EUR 1000	1st half 2015	1st half 2014
JANUARY 1	-848	-2579
Fair value adjustments of contingent consideration from the acquisition of subsidiaries recognized in financial result	-68	38
Fair value adjustments of call options recognized in financial result	473	0
Fair value adjustments of put options recognized in equity	0	-145
Exchange differences	-101	-17
JUNE 30	-544	-2703

In the first half of 2015 and 2014 respectively, there were no transfers of financial instruments between Level 1 and Level 2. There were also no transfers into or out of Level 3.

FAIR VALUE HIERARCHY

ALSO applies the following measurement hierarchy to determine the fair value of financial instruments:

- Level 1: Listed, unchanged market price in active markets
- Level 2: Measurement methods in which all assumptions that have a material impact on the fair value are indirectly or directly available.
- Level 3: Measurement methods with assumptions that have a material impact on the fair value which are not publicly available.

MEASUREMENT TECHNIQUES OF FINANCIAL INSTRUMENTS WITHIN LEVEL 2 AND 3

Forward exchange contracts are measured based on observable forward rates and spot rates and are recognized at their positive or negative replacement value. Interest rate swaps are measured based on the net present value of observable forward rates and recognized in the statement of financial position at their positive or negative replacement value respectively.

The fair value of contingent considerations from the acquisition of subsidiaries, put options on shares of non-controlling interests and call options is calculated based on contractually agreed measurement methods. These calculations are based on the expected future operating profits of subsidiaries and, therefore, depend on assumptions that are neither directly nor indirectly observable in the market. The expected future operating profits are based on medium-term plans which cover a period of three years. Those plans are reviewed by the management of ALSO.

A change in the underlying expected future profits would have the following effect on the fair value:

SENSITIVITY OF FINANCIAL INSTRUMENTS WITHIN LEVEL 3

EUR 1000	1st half 2015	1st half 2014
5 % increase in the expected future results	68	-107
5 % reduction in the expected future results	-44	243

SEASONALITY

The demand for products in the fields of information and communications technology and consumer electronics is seasonal. Particularly in the fourth quarter of the year, because of the Christmas trade, net revenue of the ALSO Group is higher than in the rest of the year.

INCOME TAXES

Income tax expense is recognized based on an estimate of the income tax rate expected for the full year.

DISTRIBUTIONS TO SHAREHOLDERS

At the General Meeting held on March 12, 2015, the shareholders of ALSO Holding AG decided to distribute CHF 1.60 per registered share from the reserve from contribution in kind to the shareholders of ALSO Holding AG, payable from March 19, 2015.

CONTINGENT LIABILITIES

Relative to December 31, 2014, no material changes occurred in the contingent liabilities. Detailed information about the contingent liabilities is contained on page 133 of the Annual Report 2014.

ALSO LOGISTICS SERVICES GMBH

In the first half-year, the logistics activities that were acquired last year from the insolvency assets of Weltbild (now ALSO Logistics Services GmbH, Augsburg) caused losses of around 4 million euros. The personnel reduction measures could not yet be realized as planned. Concurrently, sales have declined. Consequently, in view of its cost structure, without extensive restructuring the company is unable to act competitively in the market. The ALSO Group therefore decided on July 27, 2015, to discontinue financing the ongoing business. Should no further means of financing be available, the management of ALSO Logistics Services GmbH must now decide whether to apply for insolvency. The resulting non-recurring restructuring costs for the ALSO Group in the second half-year are estimated at around 8 million euros.

EVENTS AFTER THE REPORTING PERIOD

With its media release of July 21, 2015, ALSO Holding AG announced that it has signed a purchase contract to acquire the activities of the PC Factory-Group.

The PC Factory-Group with headquarters in Warsaw has been active in the distribution business since 2001 and provides comprehensive services for well-known vendors in the areas of warehousing, logistics and merchandising. In 2014, the company reported annual sales of approximately 400 million euros. Through the acquisition of the broad customer base and the existing vendor contracts ALSO expects to increase competitiveness and to gain an even more effective market penetration.

Completion of the purchase is subject to certain conditions, particularly approval by the responsible cartel authorities.

No further material events occurred after the reporting period.

APPROVAL OF CONSOLIDATED INTERIM FINANCIAL STATEMENTS

These interim financial statements were released for publication by the Board of Directors of ALSO Holding AG on July 23, 2015.

IMPRINT

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EDITING/CONCEPT AND TEXT

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DESIGN AND REALISATION

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