

### **Delticom AG: Q1 2011 on track**

**Hanover, 19 April 2011 – Delticom (German Securities Code (WKN) 514680, ISIN DE0005146807, stock market symbol DEX), Europe's leading online tyre dealer, looks back on another successful quarter. According to today's preliminary figures, revenues in the first quarter of 2011 increased by 14.6% to € 85.4 million and EBIT by 4.6% to € 6.1 million. EBIT margin decreased to 7.2% (Q110: 7.9%). Earnings per share grew 4.8% to € 0.35.**

Due to a lower amount of snowfall this winter, sales were initially weaker than in the previous year. On top of this, Easter does not fall until the second half of April this year; traditionally, many drivers change to their summer tyres before this holiday. Last year, business in March was able to benefit from this effect, whereas this year will see relatively more summer tyre sales happen in the second quarter. However, demand did not gather significant momentum until springlike temperatures took hold in March.

**Revenues.** In spite of the previous year's basis, Delticom was able to generate revenues of € 85.4 million, a plus of 14.6% from prior-year's € 74.5 million. Revenues in the E-Commerce division were up year-on-year by 13.9%, from € 70.7 million to € 80.5 million. The revenues of the Wholesale division lifted by 28.6% to € 4.8 million, after prior-year revenues of € 3.7 million. Other operating income increased in Q111 by 3.1% to € 1.3 million (previous year: € 1.3 million).

**Gross profit.** The cost of sales increased in the reporting period by 15.0%, from € 54.8 million in 2010 to € 63.0 million. In an environment of rising purchasing prices and further supply bottlenecks, Delticom was to a good extent able to cushion the hikes by purchasing early. As a result, the gross profit advanced in the reporting period by 13.0% year-on-year, from € 21.0 million to € 23.7 million. The gross profit margin (gross profit in relation to total income) decreased from 27.7% to 27.3%.

**Personnel expenses.** In the reporting period on average 108 staff members were employed at Delticom (Q110: 94). Personnel expenses amounted to € 1.7 million (previous year: € 1.6 million). Compared to the prior-year period, the personnel expenses ratio (staff expenditures as percentage of revenues) remained almost unchanged (2.0%, Q110: 2.1%).

**Other operating expenses.** Overall the other operating expenses totalled € 15.4 million in the past quarter, an increase of € 2.2 million or 16.7% over the prior-year value of € 13.2 million.

Among the other operating expenses, transportation costs is the largest line item. Tyres sold online are picked up at the delivery points by parcel services which then transport the tyres to the customers or fitting stations. As business volume increases, so too do these transportation costs, from € 6.4 million by 5.8% to € 6.8 million. The share of transportation costs against revenues decreased from 8.6% in Q110 to 7.9% in Q111, partly driven by relatively stronger revenue growth coming from higher selling prices.

Marketing expenses amounted to € 2.0 million, after € 1.7 million in Q110. Although this represents an increase of 17.0%, the relationship to revenues remained on a level with last year, with a share of 2.3%.

**Depreciation.** In line with the gradual expansion of warehouse capacity and the parallel investments into warehousing infrastructure, scheduled depreciation rose by 24.6% from € 0.3 million in Q110 to € 0.4 million. The low absolute level of depreciation underlines the low capital intensity of Delticom's business.

**Earnings performance.** Although EBIT had risen steeply in the first quarter of last year (+122.3%), EBIT for Q111 saw a year-on-year increase once again, by 4.6% to € 6.1 million (Q110: € 5.9 million). This translated to an EBIT margin of 7.2% (Q110: 7.9%).

The continually low Euro money market rates led to a poor financial result of € 39 thousand (Q110: € 26 thousand). The expenditure for income taxes was € 2.0 million (previous year: € 1.9 million). The tax rate of 32.2% was almost flat at the previous year's level.

Consolidated net income for the period grew from € 4.0 million to € 4.2 million. This corresponds to earnings per share (EPS) of € 0.35 (undiluted, Q110: € 0.34), a step-up of 4.8%.

**Cash flow and liquidity position.** Following the reversal of year-end effects and the scheduled buildup of stock levels to € 83.3 million (31.12.2010: € 51.7 million), net working capital increased to € 23.7 million (31.12.2010: € 1.3 million). As a consequence, cash flow from ordinary business activities (operating cash flow) for the period under review came in lower than last year, at € -18.5 million (Q110: € 4.7 million). Delticom's reporting-date liquidity amounted to € 47.5 million; it was slightly higher than in the previous year (31.03.2010: € 45.0 million).

Frank Schuhardt (CFO) is satisfied with the progress of business so far: "The success seen in the equivalent quarter of last year placed the bar very high. So of course that makes me all the more pleased to see that Delticom has managed to once again increase revenues and its result. We're absolutely on track." For 2011, Delticom AG's management continues to anticipate an increase in revenues of approximately 10%, with an EBIT margin around one percent lower than in 2010.

**The full report for the first quarter of 2011 will be published by Delticom AG on 10 May 2011 on its website [www.delti.com](http://www.delti.com) within the "Investor Relations" section.**

## Corporate News



### Company profile:

Delticom, Europe's leading online tyre retailer, was founded in Hanover in 1999. With more than 100 online shops in 39 countries, the company offers its private and business customers an unequalled assortment of excellently priced car tyres, motorcycle tyres, bicycle tyres, truck tyres, bus tyres, special tyres, rims, complete wheels (pre-mounted tyres on rims), selected replacement car parts and accessories, motor oil and batteries. The independent website reifentest.com contains impartial information about tyre tests and helps the customers choose from more than 100 tyre brands and more than 25,000 tyre models. Delticom delivers either directly to the customer's home address, or to one of more than 28,000 service partners – affiliated garages which take delivery of tyres and then install these on the customer's vehicle. Delticom's Wholesale division also sells tyres to wholesalers domestically and abroad.

On the Internet at: [www.delti.com](http://www.delti.com)

Selected online shops: [www.reifendirekt.de](http://www.reifendirekt.de), [www.123pneus.fr](http://www.123pneus.fr), [www.mytyres.co.uk](http://www.mytyres.co.uk), [www.reifendirekt.ch](http://www.reifendirekt.ch)

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