Delticom increases revenues by 22 % year-on-year in the second quarter

Hanover, 12 August 2016 - Delticom (German Securities Code (WKN) 514680, ISIN DE0005146807, stock market symbol DEX), Europe's leading online retailer of tyres and automotive accessories as well as efood specialist and expert in the field of efficient warehouse logistics, has published its full report for the first six months of 2016. After a revenue decrease by 5 % compared to the previous year in the first three months of the current year, the company recognized revenues of € 169 million in the second quarter. This means an increase of 22 % year-on-year (Q2 15: € 139 million). During the reporting period, Delticom Group recognized revenues of € 275 million (H1 15: € 250 million, +10 %). EBIT increased in the reporting period by 18 % to € 1.6 million (H1 15: € 1.4 million €).

Business in the first six months

Market environment. Continued cold temperatures in the first quarter prompted many motorists to delay fitting summer tyres to their vehicles. The summer tyre business failed to gather momentum until after Easter as a consequence. Dealers sold almost 5 % fewer replacement car tyres to consumers during the first half-year, according to tyre experts' opinions.

Revenues. In H1 16 the company recognized revenues of € 275 million, an increase of 10 % after € 250 million in the prior-year period. Of this amount, revenues of € 6.2 million are attributable to the companies Gourmondo and ES Food, taken over on 23 February 2016. Gourmondo has been an online provider of gourmet and speciality foodstuffs, wine and other high-quality foods via gourmondo.de since 2002. It also operates Alnatura-shop.de. ES Food is primarily a logistics company with an efficient warehousing, order picking and shipping system for small goods. ES Food also operates the online shop Lebensmittel.de. Without taking into account the two companies acquired in February 2016, revenues within the Delticom Group increased by 7.5 % to € 269 million in H1 16. In the second quarter, the entire group generated revenues of € 169 million not at least thanks to the launch of 48 new online shops. This means an increase of 22 % (Q2 15: € 139 million).

New customers. In H1 16 the company was able to acquire a total of 545 thousand new customers (H1 15: 492 thousand, +11 %). In addition, a total of 505 thousand existing customers (H1 15: 488 thousand, +3.5 %) made repeat purchases at Delticom group's online shops in the reporting period.

Gross margin. The cost of goods sold (COGS) increased by 9 % from € 192 million in H1 15 to € 210 million in H1 16. The gross margin increased in the reporting period from 23 % in H1 15 to 23.6 %.

Personnel expenses. In the reporting period, Delticom employed an average of 144 staff members (H1 15: 152). Personnel expenses amounted to € 5 million (H1 15: € 4.5 million). The +10 % growth arises mainly from the transfer of the employees of Gourmondo and ES Food as part of the acquisition of both companies in February of the current year.

Other operating expenses. Other operating expenses amounted to € 63 million (H115: € 55.4 million, +13.5 %). Among the other operating expenses, transportation costs is the largest line item. The increase from € 24 million by 14 % to € 27 million is mainly due to the sales country-mix and the higher business volume. The share of transportation costs against revenues totalled 10 % (H1 15: 9.6 %).

Marketing. Marketing expenses in H1 16 amounted to € 12.4 million, after € 10.6 million the previous year. The 16 % increase is mainly connected with the higher business volume and the marketing mix in order to further boost the visibility and recognition of the online shops. H1 16 marketing spent with 4.5 % of revenues was higher than last year's 4 %. TV adverts were still transmitted for the Tirendo shops in the reporting period. The TV advertising contract expired mid-year and is not being extended.

EBITDA. Due to the one-off costs for the acquisition of the new companies, earnings before interest, taxes, depreciation and amortization (EBITDA) for the reporting period came in at € 6 million (H1 15: € 6.6 million, –7 %). This equates to an EBITDA margin of 2 % (H1 15: 2.6 %).

Depreciation. Depreciation decreased from € 5 million by 13.5 % to € 4.5 million. The decrease in depreciation on property, plant and equipment in H1 16 by 36.5 % to € 1 million (H1 15: € 2.0 million) mainly reflects the discontinuation of unscheduled depreciation in the amount of € 950 thousand. To prepare for the closure of a warehouse, in H1 15 Delticom applied an unscheduled depreciation on sorting and packaging machines deployed at this warehouse location. In addition, the PPA amortization on sales and similar rights from Tirendo ceased at the end of the 2015 financial year. The fair value at the time of acquisition totaling € 6.5 million was amortized over a useful life of 2 years.

EBIT. Earnings before interest and taxes (EBIT) increased in the reporting period by 18 % to € 1.6 million (H1 15: € 1.4 million). This translates into an EBIT margin of 0.6 % (EBIT in percent of revenues, H1 15: 0.6 %).

Income taxes. In the first six months the expenditure for income taxes totalled € 0.5 million (H1 15: € 0.5 million). This equates to a tax rate of 34 % (H1 15: 39 %).

Net income. Consolidated net income in the first half of the year totalled € 0.9 million after € 0.7 million in H1 15. This corresponds to earnings per share (EPS) of € 0.07 (undiluted, H1 15: € 0.06).

Inventories. Among the current assets, inventories is the biggest line item. Since the beginning of the year their value grew by € 30 million or 48.5 % to € 92 million (31.12.2015: € 62 million, 30.06.2016: € 75 million). The higher level of stocks in a comparison of reporting date arises, firstly, from the delayed start to the summer season. With a look to our sales targets in the second half the year, we have also started earlier with winter stocking than in 2015.

Receivables. The revenues increase is accompanied by a receivables increase. At the end of the second quarter, receivables amounted to € 38 million (31.12.2015: € 34.6 million, 30.06.2015: € 35 million).

Payables. In the wake of this inventory build-up, the accounts payable increased from an opening balance of € 78 million by 25.5 % to € 98 million. This corresponds to a share of 43.5 % of the balance sheet total (31.12.2015: 49 %, 30.06.2015: 45.4 %).

Cash flow and liquidity position. In the reporting period Delticom invested € 0.3 million into property, plant and equipment, after € 0.5 million the previous year. Further € 0.2 million were invested in intangible assets (excluding acquisition, H1 15: € 0.6 million). Furthermore, Delticom paid € 20 million of the total acquisition price for the food companies in cash.

In the reporting period, Delticom recorded a cash flow from financing activities amounting to € 26.4 million, thereof the dividend payout for the last financial year of € 6.2 million and the repayment of long-term loans of € 1.3 million. The cash outflow was offset by inflows from financial liabilities of € 34 million.

Liquidity (cash and cash equivalents plus liquidity reserve) as of 30.06.2016 totalled € 8 million (31.12.2015: € 11.4 million, 30.06.2015: € 16 million).

In the reporting period, Delticom expanded its drawdown of existing credit lines for the intra-year financing of the purchase of the new companies. On 30.06.2016, the company's net cash position (liquidity less liabilities from current accounts) amounted to € –30 million (31.12.2015: € 7 million, 30.06.2015: € –2 million).

Outlook.

Business in the first half of the year performed in line with planning. Without taking into account both of the companies acquired in February 2016, revenues increased from € 250 million by 7.5 % to € 269 million, EBITDA from € 6.6 million by 14 % to € 7.5 million and EBIT from 1.4 million by 215 % to € 4.4 million. This means that the measures for boosting revenues and cutting costs introduced last year are already working as planned.

We continue to expect that sales of the Delticom group will grow to € 620-630 million in the current financial year. Due to cost savings in the area of personnel, marketing and logistics, we regard full-year group EBITDA of € 16 million as achievable given positive business trends.

The full report for the first six months 2016 stands ready for download within the "Investor Relations" section of the website www.delti.com.

Company Profile:

Delticom AG is one of the leading e-commerce companies in Europe. Founded in 1999, the Hanover-based company now has more than 300 online shops and websites in 41 countries, among others ReifenDirekt in Germany, Switzerland and Austria, and Gourmondo.de. Delticom AG acquired its e-commerce expertise as a logistics provider and online retailer for tyres and automotive accessories, which it continuously expands for other products.

The wide range of products found on Delticom's online shops features more than 100 brands and over 25,000 tyre models for cars, motorcycles, lorries and buses, as well as complete wheels. More than 300,000 replacement parts and automotive accessories, including motor oil, snow chains and batteries and more than 20,000 different food items, including organic products at alnatura-shop.de, complete the product portfolio.

Private and business customers enjoy all the advantages of modern e-commerce in every area: easy and convenient ordering from home, reliable delivery, flexible payment options and, last but not least, attractive prices. Orders are delivered in two business days on average to customers' homes, to any address customers choose or, in the case of tyres and automotive accessories, to one of the more than 44,000 service partners worldwide (9,500 in Germany alone).

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