



Semi-Annual Report 2013

Profile

Delticom is Europe's leading online tyre retailer. Founded in 1999, the Hanover-based company has more than 100 online shops in 42 countries, among others the *ReifenDirekt* domains in [Germany](#), [Switzerland](#) and [Austria](#), [mytyres.co.uk](#) in UK and in France. Delticom offers a wide range of products for its private and business customers: more than 25,000 models from over 100 tyre brands for cars, motorcycles, commercial vehicles and buses, but also complete wheels, motor oil, replacement parts and accessories.

Delticom's customers enjoy all the advantages of modern E-Commerce: convenience in order placing, quick, efficient delivery, clear cost information and, last but not least, low prices. The products are delivered in two business days to any address the customer chooses. Alternatively, Delticom delivers the tyres to one of more than 35,000 service partners (8,400 in Germany alone) for professional fitting directly on to the customer's vehicle at a reasonable price.

Key Figures

		01.01.2013 – 30.06.2013	01.01.2012 – 30.06.2012	–/+ (%, %p)
Revenues	€ million	212.2	193.3	+9.8
Total income	€ million	214.9	195.3	+10.0
Gross margin ¹	%	24.4	26.4	–2.1
Gross profit	€ million	54.4	53.2	+2.3
EBIT	€ million	8.9	13.2	–32.8
EBIT margin ²	%	4.2	6.9	–2.7
Net income	€ million	6.0	8.8	–31.7
Earnings per share ³	€	0.51	0.74	–31.7
Total assets	€ million	171.9	182.2	–5.6
Inventories	€ million	115.0	135.1	–14.9
Investments ⁴	€ million	0.3	0.4	–27.4
Capital Employed ⁵	€ million	49.4	52.8	–6.4
Return on Capital Employed ⁶	%	18.0	25.1	–7.1
Equity	€ million	46.3	49.4	–6.3
Equity ratio	%	26.9	27.1	–0.2
Return on equity	%	13.0	17.8	–4.8
Liquidity position ⁷	€ million	9.8	7.7	+27.1
Operating cash flow	€ million	–13.6	–0.5	
Free cash flow ⁸	€ million	–13.6	–0.9	

(1) Gross profit ex other operating income in % of revenues

(2) Consolidated earnings before interest and taxes (EBIT) to revenues

(3) Undiluted

(4) Investments in tangible and intangible assets

(5) Capital Employed = total assets – current liabilities

(6) ROCE = EBIT / Capital Employed

(7) Liquidity position = cash and cash equivalents + liquidity reserve

(8) Free cash flow = Operating cash flow – Capex

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Interim Management Report of Delticom AG

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Economic Environment

Macroeconomic developments The global economy had difficulty gaining momentum in the first half of 2013. The eurozone has not yet succeeded in pulling itself out of the recession. High unemployment figures and negative economic data dampened consumer sentiment. Consumer spending in Germany continued to remain strong, owing to stable labour market data.

Development of the tyre market After a delayed start into the summer season due to poor weather conditions, Q2 failed again to reverse the negative market trend. Even fewer summer tyres were sold than in the already-weak previous year. Summer tyre sales decreased significantly in Germany too, even after accounting for a rebound in April. According to figures published by the wdk (organisation of the German tyre manufacturers), sales of summer car replacement tyres saw a year-on-year decline of 12.3 % in the first six months of the year.

Business performance and earnings situation

Revenues

Group Delticom, Europe's leading online tyre retailer, generates the bulk of its revenues through sales of replacement tyres for cars, motorcycles, trucks and industrial vehicles.

In H1 13 the company recognised revenues of € 212.2 million, an increase of 9.8 % after € 193.3 million in the prior-year period.

Revenues by division and region

in € thousand

	H113	%	+%	H112	%	+%	H111	%
Revenues	212,207	100.0	9.8	193,270	100.0	-2.5	198,293	100.0
Primary Segments								
E-Commerce	206,426	97.3	11.6	184,910	95.7	-2.7	190,108	95.9
Wholesale	5,781	2.7	-30.9	8,360	4.3	2.1	8,185	4.1
Regions								
EU	158,128	74.5	13.0	139,945	72.4	-7.6	151,386	76.3
Rest	54,080	25.5	1.4	53,325	27.6	13.7	46,906	23.7

E-Commerce

Revenues in the E-Commerce division with its 128 online shops increased year-on-year by 11.6 %, from € 184.9 million to € 206.4 million. The share of divisional revenues amounted to 97.3 %, compared to 95.7 % in the previous year. In H1 13 the company was able to acquire a total of 435 thousand new customers (H1 12: 360 thousand, +20.6 %). During the same period 307 thousand existing customers (H1 12: 266 thousand, +15.3 %) made repeat purchases at Delticom.

Wholesale

Delticom's Wholesale division sells tyres to wholesalers in Germany and abroad. In the reporting period divisional revenues came down by 30.9 % to € 5.8 million, after prior-year revenues of € 8.4 million.

Seasonality

The chart *Revenues trend* summarises the development of the quarterly revenues.

Revenues trend

quarterly revenues in € million



Thanks to persistent snowfalls Delticom was able to record a substantial rise in winter tyres sales at the start of the year. However, winter tyre business in general represents only a small proportion of total replacement sales in Q1.

Low temperatures lasting well into March prevented many drivers from making an early switch to summer tyres. In the first quarter, Delticom generated revenues of € 81.3 million (Q1 12: € 85.5 million) – a decrease of 4.9 %.

With rising temperatures summer tyre sales in April saw some rebound. Despite this catch-up effect, summer tyre business in the second quarter was yet again disappointing for the European tyre trade.

In the second quarter, Delticom was able to generate revenues of € 130.9 million (Q2 12: € 107.8 million, +21.5 %). Against the market trend, Q2 13 revenues in the core E-Commerce division were up year-on-year by 24.0 %, amounting to € 128.9 million (H1 13: € 206.4 million, +11.6 %).

Regional split

The group offers its product range in 42 countries. In H1 13 revenues in EU countries totalled € 158.1 million (+13.0 %). Across all non-EU countries the revenue contribution for H1 13 was € 54.1 million (+1.4 %).

Key expense positions

Cost of goods sold	The cost of goods sold (COGS) is the largest expense item; it considers the purchase price of sold tyres. Group COGS increased by +12.9 % from € 142.2 million in H1 12 to € 160.5 million in H1 13. The E-Commerce division accounted for € 155.4 million (H1 12: € 134.7 million). COGS in the Wholesale division was € 5.1 million (H1 12: € 7.5 million).
Transportation costs	Among the other operating expenses, transportation costs is the largest line item. They increased in the reporting period from € 16.2 million by 15.6 % to € 18.7 million. The share of transportation costs against revenues increased from 8.4 % in H1 12 to 8.8 %.
Warehousing	Rents and overheads increased in H1 13 by 8.9 %, from € 3.0 million to € 3.3 million. Stocking costs came in at prior year's level (H1 13: € 1.6 million, H1 12: € 1.6 million).
Personnel expenses	In the reporting period Delticom employed an average of 148 staff members (H1 12: 142). Personnel expenses amounted to € 4.5 million (H1 12: € 4.4 million). The personnel expenses ratio in the reporting period came to 2.1 % (staff expenditures as percentage of revenues, H1 12: 2.3 %).
Marketing	H1 13 Marketing expenses grew by 49.5 % to € 6.5 million (H1 12: € 4.3 million). In order to support the sales of summer tyres in the peak season, Q2 12 marketing spent of 3.0 % of revenues was higher than last year's 2.1 %.
Depreciation	Depreciation for H1 13 was with € 1.3 million unchanged from last year (H1 12: € 1.3 million). The low absolute level of depreciation underlines the low capital intensity of Delticom's business.

Earnings position

Gross margin	Against the background of a challenging market environment, Delticom offered its customers attractive prices to achieve its sales targets. H1 13 gross margin came in with 24.4 %, after 26.4 % in H1 12. The quarterly gross margin came down from 26.9 % in Q2 12 to 24.0 %.
Other operating income	Other operating income increased in H1 13 by 30.1 % to € 2.7 million (H1 12: € 2.1 million), thereof gains from exchange rate differences to the order of € 1.6 million (H1 12: € 1.0 million). FX losses are accounted for in the other operating expenses. In H1 13 the FX losses amounted to € 1.5 million (H1 12: € 2.5 million). In the reporting period, the balance from FX gains and losses was € 0.1 million (H1 12: € -1.5 million).

Gross profit

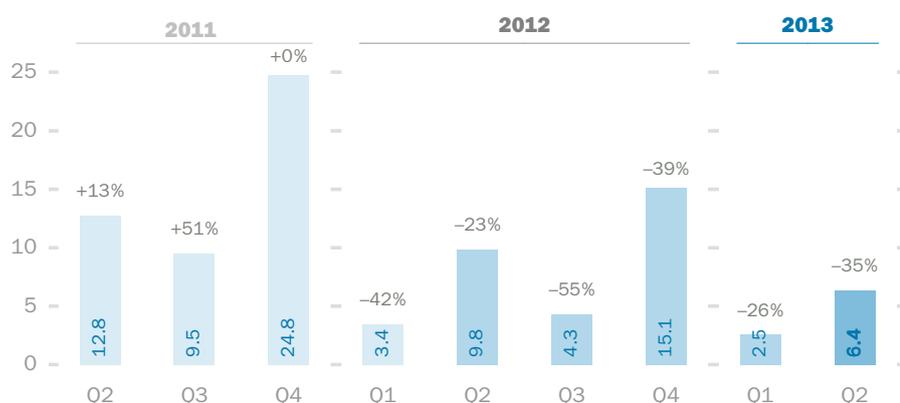
Altogether, the gross profit increased in the reporting period by 2.3 % year-on-year, from € 53.2 million to € 54.4 million. Gross profit in relation to total income (€ 214.9 million, H1 12: € 195.3 million) totalled 25.3 % (H1 12: 27.2 %).

EBIT

The chart *EBIT* shows the preceding quarters.

EBIT

quarterly, in € million



Earnings before interest and taxes (EBIT) decreased in the reporting period by 32.8 % to € 8.9 million (H1 12: € 13.2 million). This translates into an EBIT margin of 4.2 % (EBIT in percent of revenues, H1 12: 6.9 %). Second quarter EBIT saw a decline of 35.2 %, from prior-year's € 9.8 million to € 6.4 million. The quarterly EBIT margin was 4.9 % (Q2 12: 9.1 %).

Financial result

Financial income for the first six months amounted to € 27 thousand (H1 12: € 23 thousand). Financial expenses were € 35 thousand (H1 12: € 109 thousand). The financial result totalled € -8 thousand (H1 12: € -86 thousand).

Income taxes

In H1 13 the expenditure for income taxes was € 2.9 million (H1 12: € 4.4 million). This equates to a tax rate of 32.5 % (H1 12: 33.2 %).

Net income H1 13

Consolidated net income totalled € 6.0 million after € 8.8 million in H1 12. This corresponds to earnings per share (EPS) of € 0.51 (undiluted, H1 12: € 0.74), a decline of 31.7 %.

The table *Abridged P+L statement* summarises key income and expense items from multiple years' profit and loss statements.

Abridged P+L statement

in € thousand

	H113	%	+%	H112	%	+%	H111	%
Revenues	212,207	100.0	9.8	193,270	100.0	-2.5	198,293	100.0
Other operating income	2,690	1.3	30.1	2,068	1.1	-33.7	3,118	1.6
Total operating income	214,897	101.3	10.0	195,338	101.1	-3.0	201,411	101.6
Cost of goods sold	160,505	75.6	12.9	142,171	73.6	-1.9	144,922	73.1
Gross profit	54,392	25.6	2.3	53,167	27.5	-5.9	56,488	28.5
Personnel expenses	4,545	2.1	3.9	4,374	2.3	25.4	3,489	1.8
Other operating expenses	39,597	18.7	15.7	34,212	17.7	2.2	33,486	16.9
EBITDA	10,250	4.8	-29.7	14,580	7.5	-25.3	19,514	9.8
Depreciation	1,345	0.6	0.9	1,332	0.7	63.7	814	0.4
EBIT	8,905	4.2	-32.8	13,247	6.9	-29.2	18,700	9.4
Net financial result	-8	0.0	-90.9	-86	0.0	-209.3	79	0.0
EBT	8,897	4.2	-32.4	13,161	6.8	-29.9	18,779	9.5
Income taxes	2,890	1.4	-33.9	4,370	2.3	-27.6	6,033	3.0
Consolidated net income	6,008	2.8	-31.7	8,791	4.5	-31.0	12,746	6.4

Financial and assets position**Balance sheet structure**

As of 30.06.2013 the balance sheet total amounted to € 171.9 million (31.12.2012: € 156.4 million). Table *Abridged balance sheet* illustrates the low capital intensity of the business model.

Abridged balance sheet

in € thousand

	30.06.13	%	+%	31.12.12	%	+%	31.12.11	%
Assets								
Non-current assets	14,451	8.4	-6.1	15,391	9.8	-7.7	16,669	10.0
Fixed assets	13,396	7.8	-7.9	14,540	9.3	-9.7	16,098	9.7
Other non-current assets	1,055	0.6	23.9	852	0.5	49.1	571	0.3
Current assets	157,431	91.6	11.7	140,982	90.2	-5.8	149,695	90.0
Inventories	114,971	66.9	55.1	74,107	47.4	-30.4	106,492	64.0
Receivables	32,687	19.0	57.9	20,707	13.2	-1.4	21,006	12.6
Liquidity	9,772	5.7	-78.8	46,168	29.5	108.0	22,197	13.3
Securities	0	0.0		0	0.0		0	0.0
Cash and cash equivalents	9,772	5.7	-78.8	46,168	29.5	108.0	22,197	13.3
Assets	171,882	100.0	9.9	156,374	100.0	-6.0	166,364	100.0
Equity and Liabilities								
Long-term funds	49,435	28.8	-24.6	65,560	41.9	-17.1	79,108	47.6
Equity	46,275	26.9	-26.1	62,636	40.1	-17.0	75,480	45.4
Long-term debt	3,159	1.8	8.1	2,924	1.9	-19.4	3,628	2.2
Provisions	290	0.2	88.8	154	0.1	411.2	30	0.0
Liabilities	2,869	1.7	3.6	2,770	1.8	-23.0	3,597	2.2
Short-term debt	122,447	71.2	34.8	90,814	58.1	4.1	87,256	52.4
Provisions	1,889	1.1	-13.2	2,177	1.4	-66.8	6,560	3.9
Liabilities	120,558	70.1	36.0	88,637	56.7	9.8	80,696	48.5
Equity and Liabilities	171,882	100.0	9.9	156,374	100.0	-6.0	166,364	100.0

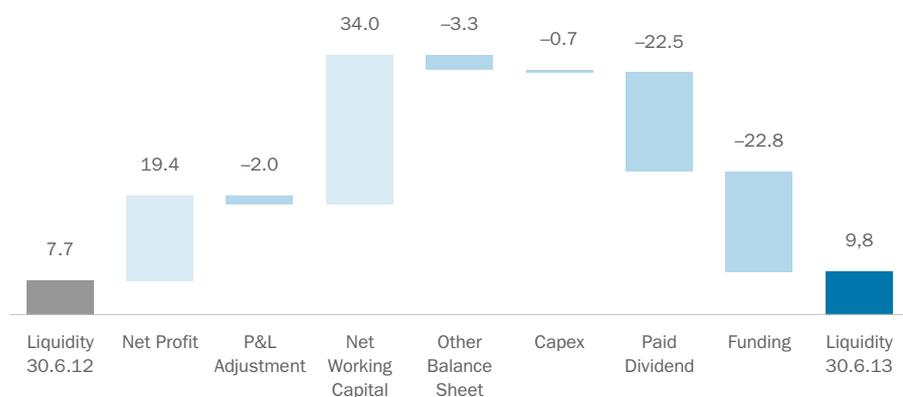
Inventories	Among the current assets, inventories is the biggest line item. Since the beginning of the year their value grew by € 40.9 million or 55.1 % to € 115.0 million (31.12.2012: € 74.1 million). This corresponds to a share of 66.9 % of total assets (31.12.2012: 47.4 %, 30.06.2012: 74.1 %).
Receivables	Trade receivables usually follow the seasons, but reporting date effects are often unavoidable. At the end of the quarter, the accounts receivable amounted to € 11.0 million (30.06.2012: € 10.5 million).
Payables	In the wake of this inventory build-up, the accounts payable increased from an opening balance of € 74.8 million by 47.2 % to € 110.1 million. This corresponds to a share of 64.1 % of the balance sheet total (31.12.2012: 47.8 %, 30.06.2012: 52.9 %).
Working capital	The net working capital on 30.06.2013 amounted to € 11.4 million (30.06.2012: € 45.4 million). Since the beginning of the year, working capital grew by € 8.2 million to € 11.4 million (31.12.2012: € 3.2 million).
Liquidity position	Liquidity (cash and cash equivalents plus liquidity reserve) as of 30.06.2013 totalled € 9.8 million (30.06.2012: € 7.7 million, 31.12.2012: € 46.2 million). The company's net cash position amounted to € 7.1 million (liquidity less liabilities from current accounts, 30.06.2012: € -18.0 million).

Cash flow

Based on the cash flow, the chart *Liquidity Bridge* illustrates how the liquidity position changed in the trailing 12 months.

Liquidity Bridge

in € million



Operating cash flow	Due to working capital expansion and unusually high tax refund claims, the cash flow from ordinary business activities (operating cash flow) for the period under review was significantly lower than last year, at € –13.6 million (H1 12: € –0.5 million).
Investments	In the reporting period Delticom invested € 0.2 million into property, plant and equipment, after € 0.3 million the previous year. The investments were offset by inflows from the disposal of tangible assets. The H1 13 cash flow from investments was positive with € 35 thousand (H1 12: € –372 thousand).
Financing activities	Cash flow from financing activities in the reporting period totalled € –22.8 million, thereof the dividend payout for the 2012 financial year of € 22.5 million.

Organisation

Legal structure

As of 30.06.2013, the Delticom Group comprised the following subsidiaries.

- Reifendirekt GmbH, Hanover (Germany)
- Pnebo Gesellschaft für Reifengroßhandel und Logistik mbH, Hanover (Germany)
- Delticom Tyres Ltd., Oxford (United Kingdom)
- NETIX S.R.L., Timisoara (Romania)
- Delticom North America Inc., Benicia (California, USA)
- Tyrepac Pte. Ltd., Singapur
- Hongkong Tyrepac Ltd., Hongkong
- OOO Delticom Shina, Moskow (Russia)
- Guangzhou Tyrepac Trading Ltd., Guangzhou (China)

Delticom holds a majority interest in Singapore-based Tyrepac Pte. Ltd and its subsidiaries amounting to 50.9 %. Of the other subsidiaries, Delticom AG owns 100 % of the outstanding shares.

Employees

In the reporting period an average of 148 persons were employed at Delticom (H1 12: 142), thereof 6 apprentices and trainees. The business is run mainly from the Hanover head office.

Significant events after the reporting date

There were no events of particular importance after the end of the period under review.

Risk Report

As a company that operates internationally, Delticom is exposed to varying types of risk. In order to be able to identify, evaluate and respond to such risks in a timely fashion, Delticom put in place a risk management system early on. The system is based on corporate guidelines for the early risk detection and risk management. An outline of the risk management process is presented in the Annual Report for fiscal year 2012 on pages 42ff, together with a list of key individual risks.

Compared to the Annual Report 2012, the risk situation has not changed materially. Individual risks endangering the company do not exist, and considered together, the aggregate risk does not pose any danger to Delticom's going concern.

Outlook

- Economic environment** Early indications point to a slow economic recovery in the eurozone. However, the situation in the region is still strained: High unemployment and tough austerity and consolidation measures burden private consumption in many member states. Given the stable employment situation, consumer confidence in Germany remains robust. Slowing growth in emerging economies is being viewed with increasing concern, however. Experts predict that exports will develop rather sluggishly in the upcoming months. As a result, private consumption will become even more important as a pillar of the domestic economy.
- Tyre retailing** The European replacement market was not able to benefit from a change in trend in the first half of the year. The dealers will need good winter tyre sales to recoup the lack of sales year-to-date.
- Guidance unchanged** Assuming a satisfactory course of business for the full year, Delticom should be able to exceed previous year's revenues. The management expects company growth to once again significantly outperform the industry as a whole in 2013, regardless of broader sector developments.

Consolidated Interim Financial Statements of Delticom AG

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Consolidated Income Statement

in € thousand	01.01.2013	01.01.2012	01.04.2013	01.04.2012
	– 30.06.2013	– 30.06.2012	– 30.06.2013	– 30.06.2012
Revenues	212,207	193,270	130,932	107,786
Other operating income	2,690	2,068	1,152	1,377
Total operating income	214,897	195,338	132,084	109,163
Cost of goods sold	–160,505	–142,171	–99,450	–78,745
Gross profit	54,392	53,167	32,634	30,418
Personnel expenses	–4,545	–4,374	–2,283	–2,173
Depreciation of intangible assets and property, plant and equipment	–1,345	–1,332	–671	–661
Other operating expenses	–39,597	–34,212	–23,314	–17,766
Earnings before interest and taxes (EBIT)	8,905	13,247	6,366	9,819
Financial expenses	–35	–109	–15	–66
Financial income	27	23	14	16
Net financial result	–8	–86	–1	–49
Earnings before taxes (EBT)	8,897	13,161	6,365	9,770
Income taxes	–2,890	–4,370	–2,033	–3,297
Consolidated net income	6,008	8,791	4,332	6,472
Thereof allocable to:				
Shareholders of Delticom AG	6,008	8,791		
Earnings per share (basic)	0.51	0.74		
Earnings per share (diluted)	0.50	0.74		

Statement of Recognised Income and Expenses

in € thousand	01.01.2013	01.01.2012	01.04.2013	01.04.2012
	– 30.06.2013	– 30.06.2012	– 30.06.2013	– 30.06.2012
Consolidated Net Income	6,008	8,791	4,332	6,472
Changes in the financial year recorded directly in equity				
Changes in currency translation	–23	76	–57	158
Net Investment Hedge Reserve				
Changes in current value recorded directly in equity	27	0	–1	0
Deferred taxes relating to Net Investment Hedge Reserve	–8	0	0	0
Other comprehensive income for the period	–5	76	–58	158
Total comprehensive income for the period	6,003	8,867	4,273	6,630

Consolidated Balance Sheet

Assets

in € thousand	30.06.2013	31.12.2012
Non-current assets	14,451	15,391
Intangible assets	1,016	1,053
Property, plant and equipment	11,548	12,660
Financial assets	832	826
Deferred taxes	561	335
Other receivables	494	517
Current assets	157,431	140,982
Inventories	114,971	74,107
Accounts receivable	11,013	9,585
Other current assets	17,360	8,173
Income tax receivables	4,314	2,949
Cash and cash equivalents	9,772	46,168
Assets	171,882	156,374

Shareholders' Equity and Liabilities

in € thousand	30.06.2013	31.12.2012
Equity	46,275	62,636
Subscribed capital	11,859	11,847
Share premium	24,446	24,311
Other components of equity	-7	-2
Retained earnings	200	200
Net retained profits	9,777	26,279
Liabilities	125,606	93,738
Non-current liabilities	3,159	2,924
Long-term borrowings	1,800	2,250
Non-current provisions	290	154
Deferred tax liabilities	1,069	520
Current liabilities	122,447	90,814
Provisions for taxes	241	432
Other current provisions	1,648	1,745
Accounts payable	110,106	74,814
Short-term borrowings	911	905
Other current liabilities	9,541	12,918
Shareholders' equity and liabilities	171,882	156,374

Consolidated Cash Flow Statement

in € thousand	01.01.2013 – 30.06.2013	01.01.2012 – 30.06.2012
Earnings before interest and taxes (EBIT)	8,905	13,247
Depreciation of intangible assets and property, plant and equipment	1,345	1,332
Changes in other provisions	40	-727
Net gain on the disposal of assets	-237	14
Changes in inventories	-40,864	-28,564
Changes in receivables and other assets not allocated to investing or financing activity	-10,593	-2,700
Changes in payables and other liabilities not allocated to investing or financing activity	31,933	24,581
Interest received	27	24
Interest paid	-35	-97
Income tax paid	-4,122	-7,635
Cash flow from operating activities	-13,601	-525
Proceeds from the disposal of property, plant and equipment	331	35
Payments for investments in property, plant and equipment	-249	-339
Payments for investments in intangible assets	-41	-68
Payments for investments in financial assets	-5	0
Cash flow from investing activities	35	-372
Dividends paid by Delticom AG	-22,510	-34,950
Payments from additions to capital	147	0
Cash inflow of financial liabilities	6	21,711
Cash outflow of financial liabilities	-450	-450
Cash flow from financing activities	-22,807	-13,689
Changes in cash and cash equivalents due to currency translation	-23	76
Cash and cash equivalents at the start of the period	46,168	22,197
Changes in cash and cash equivalents	-36,396	-14,510
Cash and cash equivalents - end of period	9,772	7,687
For information only:		
Liquidity – start of period	46,168	22,197
Changes in cash and cash equivalents	-36,396	-14,510
Liquidity – end of period	9,772	7,687
Net Cash – start of period	43,013	17,803
Changes in cash and cash equivalents	-36,396	-14,510
Changes in financial liabilities	444	-21,261
Net Cash – end of period	7,061	-17,968

Statement of Changes in Shareholders' Equity

in € thousand	Sub- scribed capital	Share premium	Reserve from currency translation	Net Invest- ment Hedge Reserve	Accumulated profits / losses			Total equity
					Retained earnings	Net retained profits	total	
as of 1 January 2012	11,847	24,311	50	0	200	39,072	39,272	75,480
Dividends paid						-34,950	-34,950	-34,950
Total comprehensive income for the period			76			8,791	8,791	8,867
as of 30 June 2012	11,847	24,311	126	0	200	12,913	13,112	49,397
as of 1 January 2013	11,847	24,311	-2		200	26,279	26,479	62,636
Shares of capital increase	12							12
Capital increase of issue new shares		135						135
Dividends paid						-22,510	-22,510	-22,510
Total comprehensive income for the period			-23	18		6,008	6,008	6,003
as of 30 June 2013	11,859	24,446	-25	18	200	9,777	9,976	46,275

Notes to the Consolidated Interim Financial Statements of Delticom AG

Segment results

H1 13

in € thousand	E-Commerce	Wholesale	not allocated	Group
Revenues	206,426	5,781	0	212,207
Other operating income	2,650	0	40	2,690
Cost of goods sold	-155,368	-5,137	0	-160,505
Gross profit	53,708	644	40	54,392
Personnel expenses	-2,331	-131	-2,082	-4,545
Depreciation and amortization	-1,267	0	-78	-1,345
thereof property, plant and equipment	-1,219	0	-48	-1,267
thereof intangible assets	-48	0	-30	-78
Other operating expenses	-38,047	-174	-1,377	-39,597
thereof bad debt losses and one-off loan provisions	-961	0	0	-961
Segment result	12,064	338	-3,497	8,905
Net financial result				-8
Income taxes				-2,890
Consolidated net income				6,008

H1 12

in € thousand	E-Commerce	Wholesale	not allocated	Group
Revenues	184,910	8,360	0	193,270
Other operating income	1,938	100	29	2,068
Cost of goods sold	-134,715	-7,456	0	-142,171
Gross profit	52,134	1,004	29	53,167
Personnel expenses	-2,153	-341	-1,880	-4,374
Depreciation and amortization	-1,275	-1	-57	-1,332
thereof property, plant and equipment	-1,226	-1	-30	-1,256
thereof intangible assets	-49	0	-27	-76
Other operating expenses	-32,603	-277	-1,332	-34,212
thereof bad debt losses and one-off loan provisions	-683	0	0	-683
Segment result	16,103	385	-3,241	13,247
Net financial result				-86
Income taxes				-4,370
Consolidated net income				8,791

Reporting companies

Delticom, Europe's leading online tyre retailer, was founded in Hanover in 1999. With 128 online shops in 42 countries, the company offers its private and business customers a broad assortment of car tyres, motorcycle tyres, truck tyres, bus tyres, special tyres, bicycle tyres, rims, complete wheels (pre-mounted tyres on rims), selected replacement car parts and accessories, motor oil and batteries. Further information about the reporting company can be found in the chapter *Business Operations* and in the chapter *Organisation* of the annual report 2012.

Seasonal effects

In many countries, business with car replacement tyres depends to a large extent on the seasons with their different weather and road conditions. For example, the business in the northern parts of Europe and in German-speaking countries is characterized by two peak periods - the purchase of summer tyres in spring and winter tyres in early winter. Volume is generally weaker in the first quarter, as most winter tyres are bought and fitted with the first snow, and thus before the end of the year. The second quarter is characterized by strong sales: the weather in April and May is usually quite warm and car drivers buy their new summer tyres.

The third quarter is a transitional quarter between the summer and winter business, with unit sales again being somewhat weaker. In most European countries, the last quarter generates the highest sales as car drivers face difficult road conditions and become aware of the fact that they need new tyres.

Principles of accounting and consolidation, balance sheet reporting and valuation methods

Delticom's consolidated interim financial statements as of 30.06.2013 were prepared according to the *International Financial Reporting Standards* (IFRS), as prescribed by the International Accounting Standards Board (IASB), that were mandatory according to the European Union (EU) Directive. All applicable and mandatory IFRS standards on the balance sheet date were applied, especially IAS 34 (Interim Financial Reporting).

To the extent that there were no changes to standards requiring first-time application, the accounting, valuation and calculation methods explained in the 2012 Consolidated Financial Statements have also been applied in this set of interim financial statements, and apply correspondingly.

These interim financial statements contain all clarifications and information required for annual financial statements, and can therefore be read in conjunction with the annual financial statements as of 31.12.2012.

The Annual Report 2012 is made available on the Delticom website in the section *Investor Relations* or can be downloaded directly using the following link:

www.delti.com/Investor_Relations/Delticom_AnnualReport_2012.pdf

One deviation from the Annual Report 2012 was the recognition for the first time of a net investment hedge reserve in equity. A net investment hedge uses derivative or non-derivative financial instruments to hedge exchange rate-related fluctuations in the net assets of foreign business operations by recognizing the effective portion of the exchange rate-related fluctuations of the hedging instruments within equity in the net investment hedge reserve and thus compensating the exchange rate-related fluctuations in the net assets of the foreign business operations.

In the case of the sale of part or all of the foreign operation, the amount previously shown in the net investment hedge reserve is recognized in profit or loss.

Group of consolidated companies

The group of consolidated companies comprises Delticom AG as controlling company, two domestic and three foreign subsidiaries, all fully consolidated in the interim financial accounts.

The Tyrepac Pte. Ltd., Singapore of which Delticom owns 50.9 % of the shares, and Tyrepac's fully owned subsidiaries Hongkong Tyrepac Ltd., Hongkong and Guangzhou Tyrepac Trading Ltd., Guangzhou, China, (founded on 10.01.2013) are not consolidated due to their negligible impact on Delticom's net assets, financial position and results of operations. Instead it is recognized as a financial instrument pursuant to IAS 39. The same applies to the 100 % subsidiary company of the Delticom AG, OOO Delticom Shina, Moscow, Russia.

Compared with the Annual Report for fiscal year 2012 there were no changes in the group of consolidated companies.

Unusual items

No significant matters have arisen that affect the assets, liabilities, equity, result for the period, or cash flows, and which are unusual for Delticom AG's business due to their type, extent or frequency. Business trends are explained in the interim management report.

Profit and loss statement, balance sheet and statement of cash flow

Detailed information with regards to business trends and the profit and loss statement can be found in the chapter *Business performance and earnings situation* of the interim management report. The chapter *Financial and assets position* presents additional Information concerning the balance sheet and the cash flow statement.

Other operating expenses

The following table shows the development of the other operating expenses.

in € thousand	H113	H112
Transportation costs	18,671	16,158
Warehousing costs	1,624	1,646
Credit card fees	1,696	1,496
Bad debt losses and one-off loan provisions	961	683
Marketing costs	6,461	4,321
Operations centre costs	2,481	2,630
Rents and overheads	3,304	3,034
Financial and legal costs	1,369	410
IT and telecommunications	659	578
Expenses from exchange rate differences	1,490	2,452
Other	881	803
Total	39,597	34,212

Equity

As part of a stock option program, Delticom has granted to Frank Schuhardt (CFO) option rights that are settled with equity instruments. This commitment is based on the option terms of 09.08.2007. On 02.05.2013, Mr. Schuhardt exercised 12,000 options from the 25.11.2008 tranche. The exercise price amounted to € 12.227 per ordinary share. This transaction increased the subscribed capital by € 12,000.00 to € 11,859,440.00. The capital reserves increased by € 134,724.00 to € 24,446,102.69.

Earnings per share

Basic earnings per share totalled € 0.51 (H1 12: € 0.74). The diluted earnings per share totalled € 0.50 (H1 12: € 0.74).

Calculation of earnings per share

Pursuant to IAS 33, undiluted (basic) earnings per share are calculated by dividing the consolidated net income of € 6,007,787.73 (previous year: € 8,790,724.62) by the 11,851,328 weighted average number of ordinary shares in circulation during the financial year (previous year: 11,847,440 shares).

During the period under review, there were 15,810 potential shares (financial instruments and other agreements which entitle their holders to subscribe to ordinary shares) from the tranche dated 22.11.2007, 37,500 potential shares from the tranche dated 08.05.2008, 17,500 potential shares from the tranche dated 25.11.2008 and 15,000 potential shares from the tranche dated 30.03.2009.

The exercise prices for the tranches 22.11.2007, 08.05.2008, 25.11.2008 and 30.03.2009 were below the average share prices since the options were issued on 22.11.2007, 08.05.2008, 25.11.2008 and 30.03.2009. As a result all tranches are included in the diluted earnings per share.

The calculation of the diluted earnings per share was based (in accordance with IAS 33) on net income after taxes totalling € 6,007,787.73 (previous year: € 8,790,724.62) and the weighted average number of shares outstanding during the fiscal year and the number of potential shares from options totalling 11,945,250 shares (previous year: 11,945,250 shares).

Dividends

On 02.05.2013 Delticom has paid a dividend of € 1.90 for fiscal year 2012 (previous year: € 2.95)

Related parties disclosure

Related companies and persons in the meaning of IAS 24 include the Managing and Supervisory boards of Delticom AG (*category persons in key positions*), the majority shareholders Binder GmbH and Prüfer GmbH (*category companies with a significant influence on the Group*), as well as not consolidated subsidiaries (*category not consolidated subsidiaries*). All transactions with related parties are agreed contractually, and conducted on terms as would also be usual with third parties. Transactions which occurred during the interim reporting period did not have any significant effects on the earnings, financial and asset positions.

Related companies and persons (*Category persons in key positions*): In the reporting period, goods and services worth € 208 thousand (H1 12: € 443 thousand) were purchased from related companies and persons, and goods and services worth € 1 thousand (H1 12: € 1 thousand) were sold to related companies and persons. Accounts receivable from business with related companies and persons amounted to € 1 thousand (H1 12: € 0 thousand) and accounts payable totalled € 75 thousand (H1 12: € 88 thousand).

Related companies and persons (*category not consolidated subsidiaries*): In the reporting period, goods and services worth € 0 thousand (H1 12: € 0 thousand) were purchased from related companies and persons, and goods and services worth € 1,315 thousand (H1 12: € 848 thousand) were sold to related companies and persons. Accounts receivable from business with related companies and persons amounted to € 804 thousand (H1 12: € 715 thousand) and accounts payable totalled € 0 thousand (H1 12: € 0 thousand).

Contingent liabilities and other financial commitments

As compared to 31.12.2012, the situation with regards to other financial commitments has not changed significantly:

As of the reporting date, there were no contingent liabilities or claims.

Employees

From 01.01.2013 to 30.06.2013 Delticom had an average of 148 employees (thereof 6 apprentices and interns). The calculation is based on full-time equivalents, thus taking into account the actual work hours.

Key events after the reporting date

There were no key events that occurred after the reporting date.

Declaration according to section 37w Abs. 5 WpHG (Securities Act)

The interim financial statements and the interim management report has been reviewed by our auditors.

German Corporate Governance Codex

The website www.delti.com/Investor_Relations/Entsprechungserklaerung.html shows the current statements made by the Managing and Supervisory boards of Delticom AG pursuant to Section 161 of the German Public Limited Companies Act (AktG).

Responsibility Statement

To the best of our knowledge, we declare that, according to the principles of proper interim consolidated reporting applied, the interim consolidated financial statements provide a true and fair view of the company's net assets, financial position and results of operations, that the interim consolidated management report presents the company's business including the results and the company's position such as to provide a true and fair view and that the major opportunities and risks of the company's anticipated growth for the remaining financial year are described.

Hanover, 08.08.2013

(The Management Board)

Auditors' Report

Translation of the auditor's report issued in German language on the consolidated financial statements prepared in German language by the management of Delticom AG, Hanover.

We have reviewed the condensed consolidated interim financial statements – comprising the condensed income statement, condensed statement of comprehensive income, condensed statement of financial position, condensed statement of cash flows, condensed statement of changes in equity and selected explanatory notes – and the interim group management report of Delticom AG, Hanover, for the period from January 1, 2013 to June 30, 2013 which are part of the half-year financial report pursuant to § (Article) 37w WpHG ("Wertpapierhandelsgesetz": German Securities Trading Act). The preparation of the condensed consolidated interim financial statements in accordance with the IFRS applicable to interim financial reporting as adopted by the EU and of the interim group management report in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports is the responsibility of the parent Company's Board of Managing Directors. Our responsibility is to issue a review report on the condensed consolidated interim financial statements and on the interim group management report based on our review.

We conducted our review of the condensed consolidated interim financial statements and the interim group management report in accordance with German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Those standards require that we plan and perform the review so that we can preclude through critical evaluation, with moderate assurance, that the condensed consolidated interim financial statements have not been prepared, in all material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU and that the interim group management report has not been prepared, in all material respects, in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports. A review is limited primarily to inquiries of company personnel and analytical procedures and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot express an audit opinion.

Based on our review, no matters have come to our attention that cause us to presume that the condensed consolidated interim financial statements have not been prepared, in all material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU nor that the interim group management report has not been prepared, in all material respects, in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports.

Hanover, 08.08.2013

PricewaterhouseCoopers Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Helmuth Schäfer
German Public Auditor

ppa. Thomas Monecke
German Public Auditor

The Delticom Share



WKN
ISIN
Reuters / Bloomberg
Index membership
Type of shares
Transparency level

514680
DE0005146807
DEXGn.DE / DEX GR
SDAX, CXPR, GEX, NISAX
No-par value, registered
Prime Standard

17 October 2013
07 November 2013

preliminary Q3 figures
full Q3 report

		01.01.2013 – 30.06.2013	01.01.2012 – 31.12.2012
Number of shares	shares	11,859,440	11,847,440
Share price on first trading day ¹	€	32.88	67.00
Share price on last trading day of the period ¹	€	38.78	32.30
Share performance ¹	%	+17.9	-51.8
Share price high/low ¹	€	42.87 / 31.43	82,51 / 30,74
Market capitalisation ²	€ million	459.9	382.7
Average trading volume per day (XETRA)	shares	23,512	28,309
EPS (undiluted)	€	0.51	1.87
EPS (diluted)	€	0.50	1.85
Equity per share	€	3.90	5.29

(1) based on closing prices

(2) based on official closing price at end of quarter

Broker	Analyst	Recommendation	Target price	Estimates for 2013				Estimates for 2014			
				Sales (€m)	EBIT (€m)	EBIT (%)	EPS (€)	Sales (€m)	EBIT (€m)	EBIT (%)	EPS (€)
NordLB	Frank Schwope	Buy	42.00	482.0	35.2	7.3	2.02	514.0	39.8	7.7	2.30
Metzler	Jürgen Pieper	Buy	48.00	505.0	39.3	7.8	2.27	565.0	48.1	8.5	2.80
Exane	Andreas Inderst	Outperform	45.00	533.0	28.1	5.3	1.60	624.0	35.2	5.6	2.02
Berenberg	Alexandra Schlegel	Hold	34.50	476.0	35.0	7.4	2.02	500.0	39.0	7.8	2.21
Deutsche Bank	Tim Rokossa	Hold	35.00	511.0	31.0	6.1	1.77	573.0	39.0	6.8	2.22
BH Lampe	Christian Ludwig	Sell	28.00	498.6	25.4	5.1	1.46	536.0	29.0	5.4	1.67
Commerzbank	Dennis Schmitt	Hold	37.00	501.0	31.6	6.3	1.81	567.0	29.5	5.2	1.70
HSBC	Christopher Johnen	Neutral	38.00	516.4	28.3	5.5	1.60	560.4	34.4	6.1	1.95
Cheuvreux	Jennifer Gaussmann	Underperform	35.00	489.5	42.7	8.7	2.42	539.6	49.2	9.1	2.79
Hauk & Aufhäuser	Sascha Berresch	Sell	33.00	493.8	32.1	6.5	1.84	539.1	36.5	6.8	2.09
Citi	Philip Watkins	Neutral	37.00	474.0	35.0	7.4	2.07	515.2	40.6	7.9	2.34
Montega	Hendrik Emrich	Hold	40.00	475.0	39.7	8.4	2.25	510.0	44.7	8.8	2.53
		Average	37.71	496.3	33.6	6.8	1.93	545.3	38.8	7.1	2.22

as of 19 July 2013

Imprint

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