

On track.

## Investor and Analyst Presentation

On the Occasion of the Release of the Preliminary Figures for FY 2011

Hanover, 19 January 2012



# Agenda

Delticom at a Glance

Business Model

Profit & Loss

Balance Sheet

Outlook



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# Delticom at a Glance

- **#1 European online tyre dealer**
- > 100 online shops in **41 countries**
- founded 1999, IPO Oct 2006, SDAX Dec 2008
- 2011 more than 920 thousand new customers
- customer base: more than **5.3 million**
- **focus on replacement tyres:** > 100 tyre brands, > 25,000 models
- other products:
  - motorcycle tyres, bicycle tyres
  - truck tyres, industrial tyres
  - complete wheels and rims
  - motor oil, car parts, accessories
- **116 employees**, mainly in the Hanover head office
- global network with more than **30,000 fitting partners**, e.g.

🇩🇪 DE 8139 🇺🇸 US 2301 🇬🇧 UK 1796 🇫🇷 FR 3559 🇨🇭 CH 1525



# Key Financials FY

		<b>Q411</b>	<b>Q410</b>	<b>yoy %</b>	<b>FY11</b>	<b>FY10</b>	<b>yoy %</b>	guidance*		
<b>New Customers</b>	k	328	333	-1.5	921	958	-3.8			Disappointing seasons (summer+winter)..
<b>Customer Base</b>	m				5.3	4.4	+21.0			... but customer generation still ok.
<b>Revenues</b>	€m	182.3	162.6	+12.1	480.0	419.6	+14.4	~ 10 %		Strong revenues growth...
<b>Gross Margin</b>	%	28.4	30.6	-2.2p	27.3	28.5	-1.2p			... with attractive prices.
<b>Ebit Margin</b>	%	13.2	15.2	-2.1p	10.9	11.3	-0.5p	< 10.5%		Q410 was a perfect quarter...
<b>Ebit</b>	m	24.0	24.8	-3.0	52.2	47.6	+9.6			... and Q411 comes close.
<b>Capex</b>	m	0.5	1.7	-69.4	8.5	3.5	+143.4	6.5		More tyres = higher capex (racks)

\* as of 23 March 2011, guidance for FY11

► FY performance in line with consensus

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Delticom at a Glance

**Business Model**

Profit & Loss

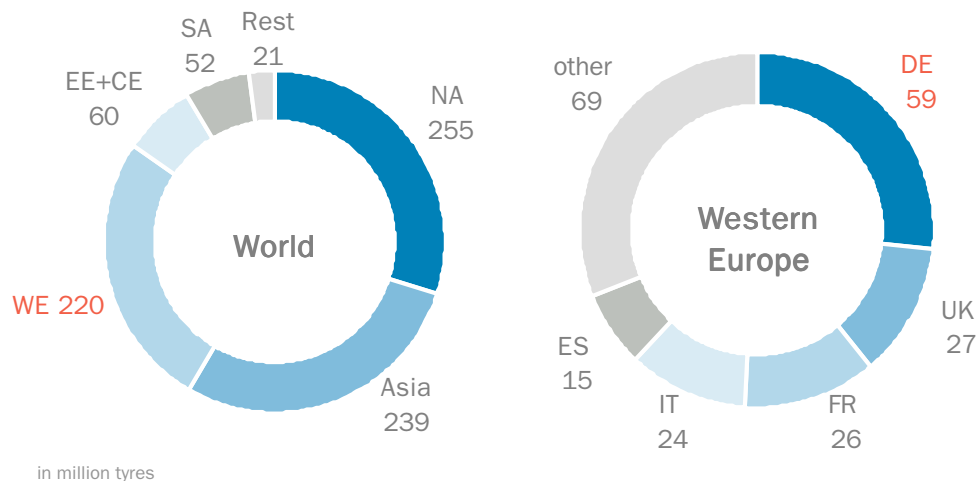
Balance Sheet

Outlook



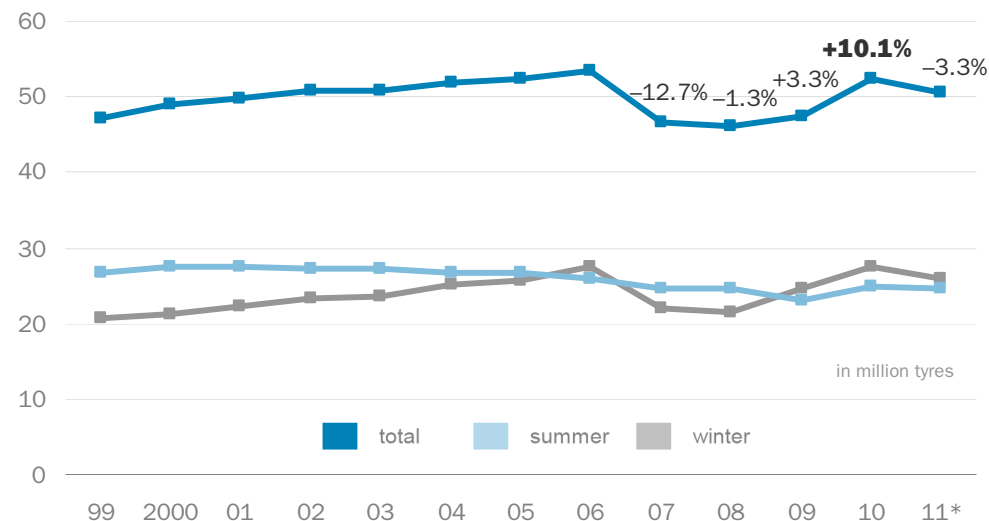
# Tyres and the Internet

## PC & LT Replacement Tyres Europe: > € 10 billion



Source: Datamonitor, Continental, Michelin, own estimates

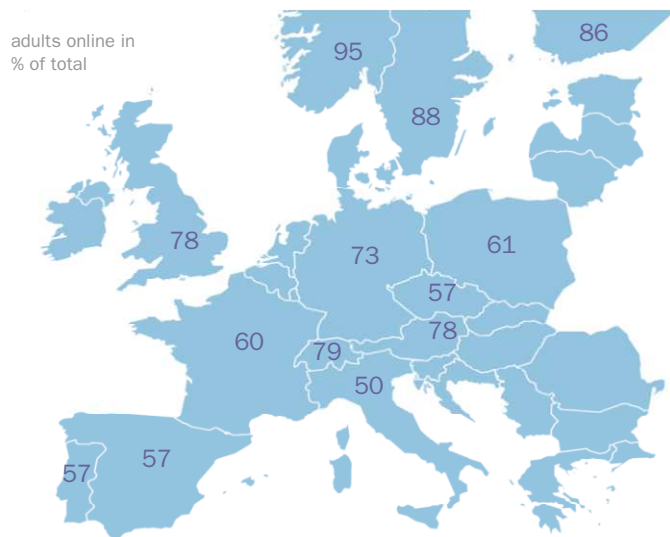
## Germany: sluggish 2011 after a very good 2010



Source: BRV (car replacement tyres)

\* estimates as of Dec 2011

## Europeans are increasingly online...



Desk Research GfK Austria, January 2012

## ... and buy their tyres online.

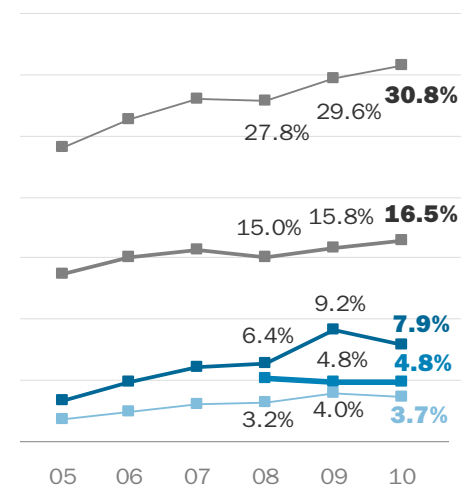
think about buying online (ADAC, 18-39)

think about buying online (ADAC, all)

bought tyres on the Internet (ADAC, 18-39)

bought tyres on the Internet (BRV,GfK)

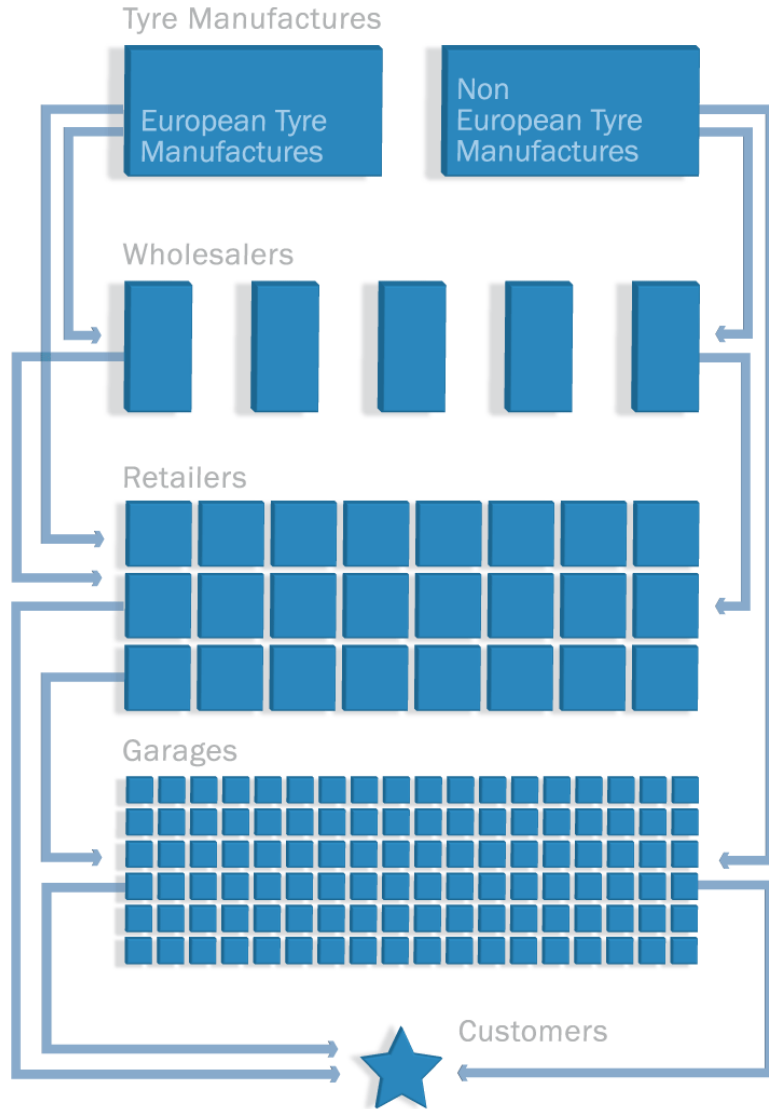
bought tyres on the Internet (ADAC all)



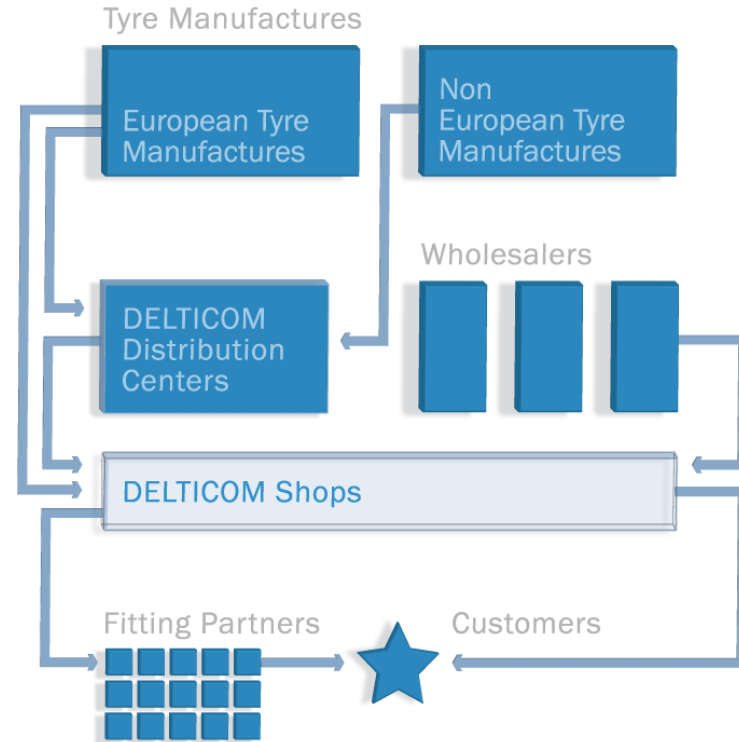
Source: ADAC (new methodology vs. 2009), BRV, GfK

# Redesign of the Tyre Distribution Chain

## Traditional Retail



## Delticom Redesign



Space  
+ Time  
+ Price



# Key Benefits for Our Partners

## Customers

- save time and money
- select from broad product offering
- fast delivery, even at peak times
- large network of service partners
- pre-/after sale services

## Fitting Partners

- customer generation, free of charge
- no restrictions on fitting prices
- might offer other services (e.g. stock tyres until next changeover)
- customers review quality of fitting service
- favourable B2B offers

## Suppliers

- Europe's leader in the online channel, strong growth, high volumes
- strong balance sheet, low credit risk
- efficient warehouse systems and processes for large and growing quantities
- versatile database (supply and demand, volumes and prices), supports consistent planning

▶ improved customer value

▶ well connected

▶ attractive partnership

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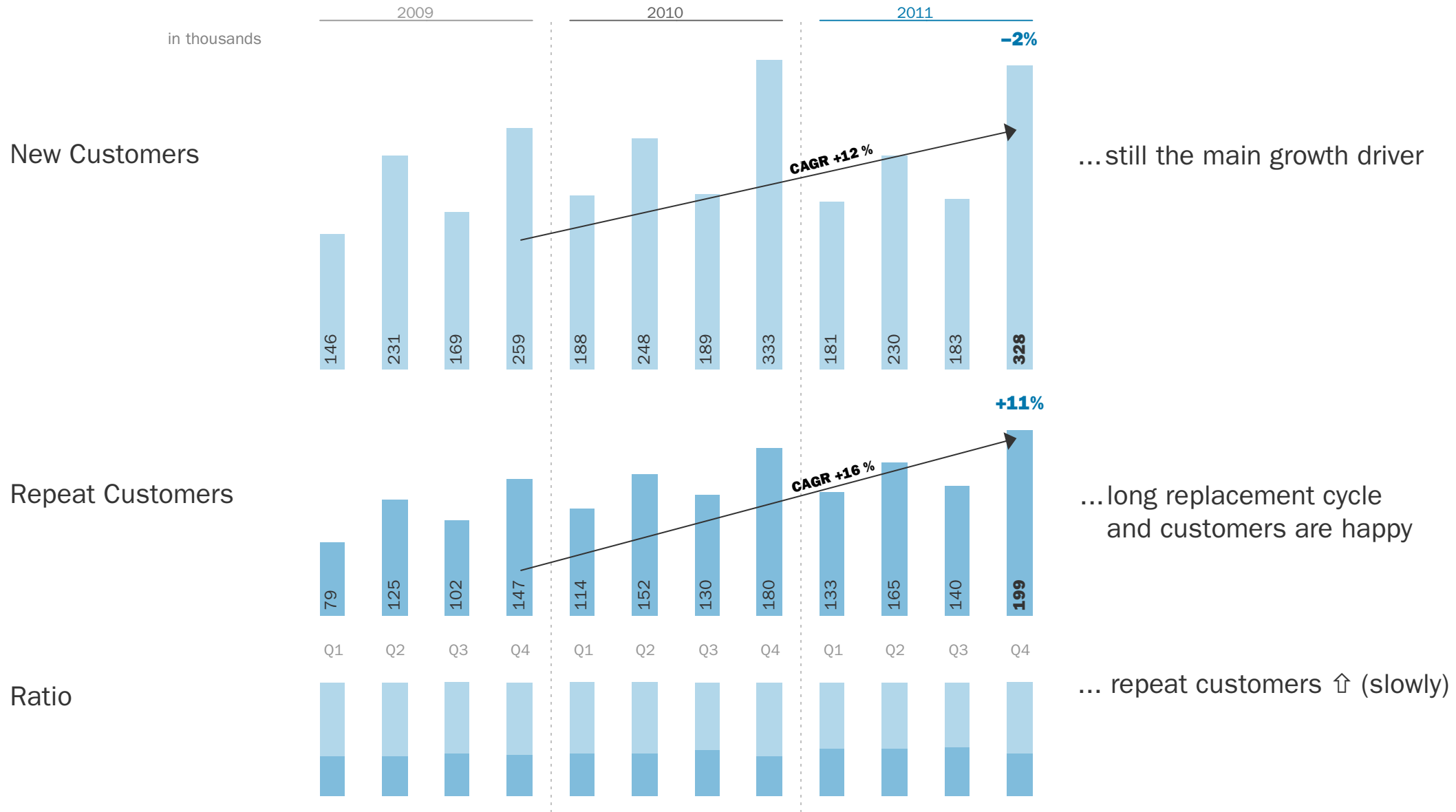
**Profit & Loss**

Balance Sheet

Outlook



# Customers



▶ Repeat customers constitute important growth potential

# Quarterly Revenues

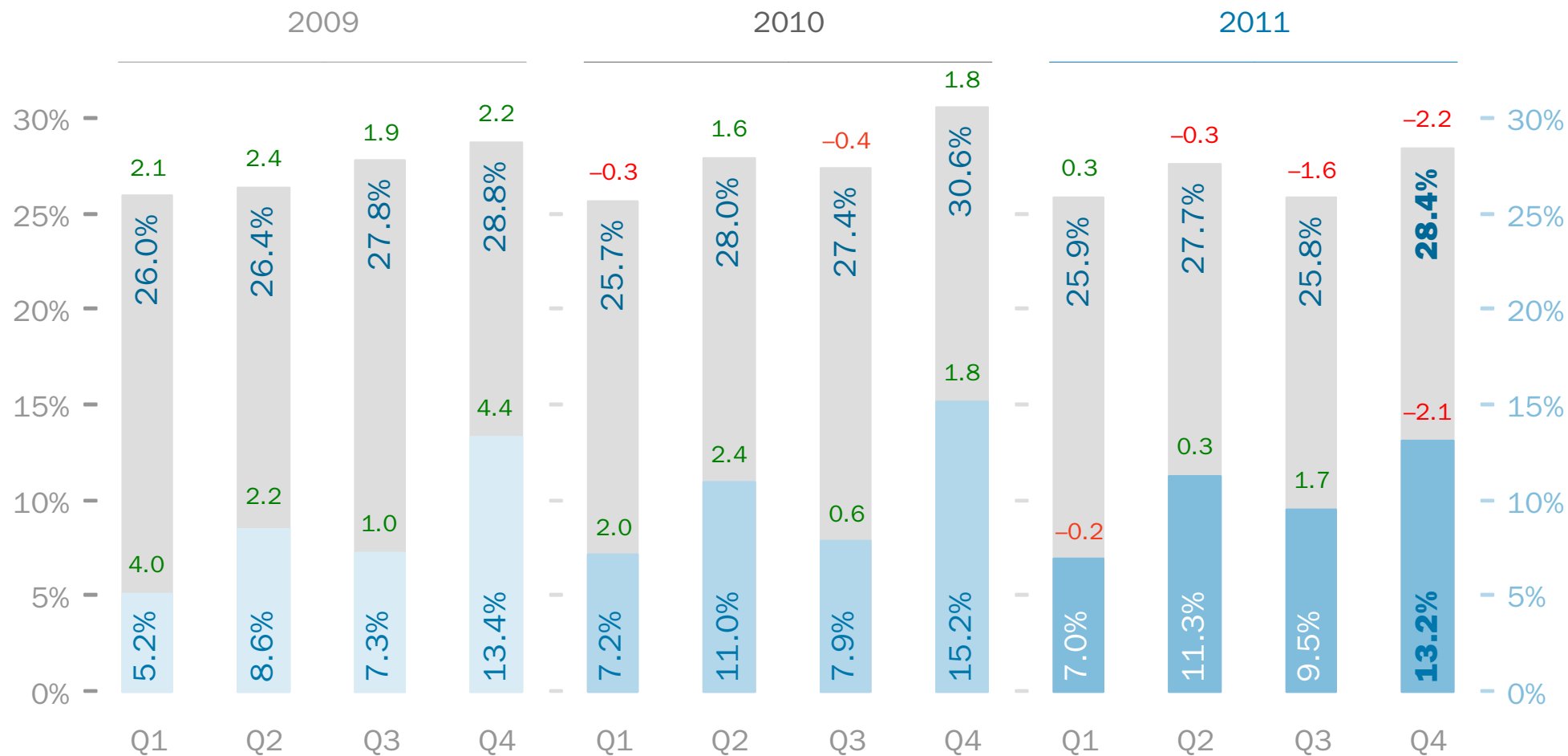
in € million



► Fluctuations in growth rates: seasons, weather, base effects, strategy

# Quarterly Gross/EBIT Margins

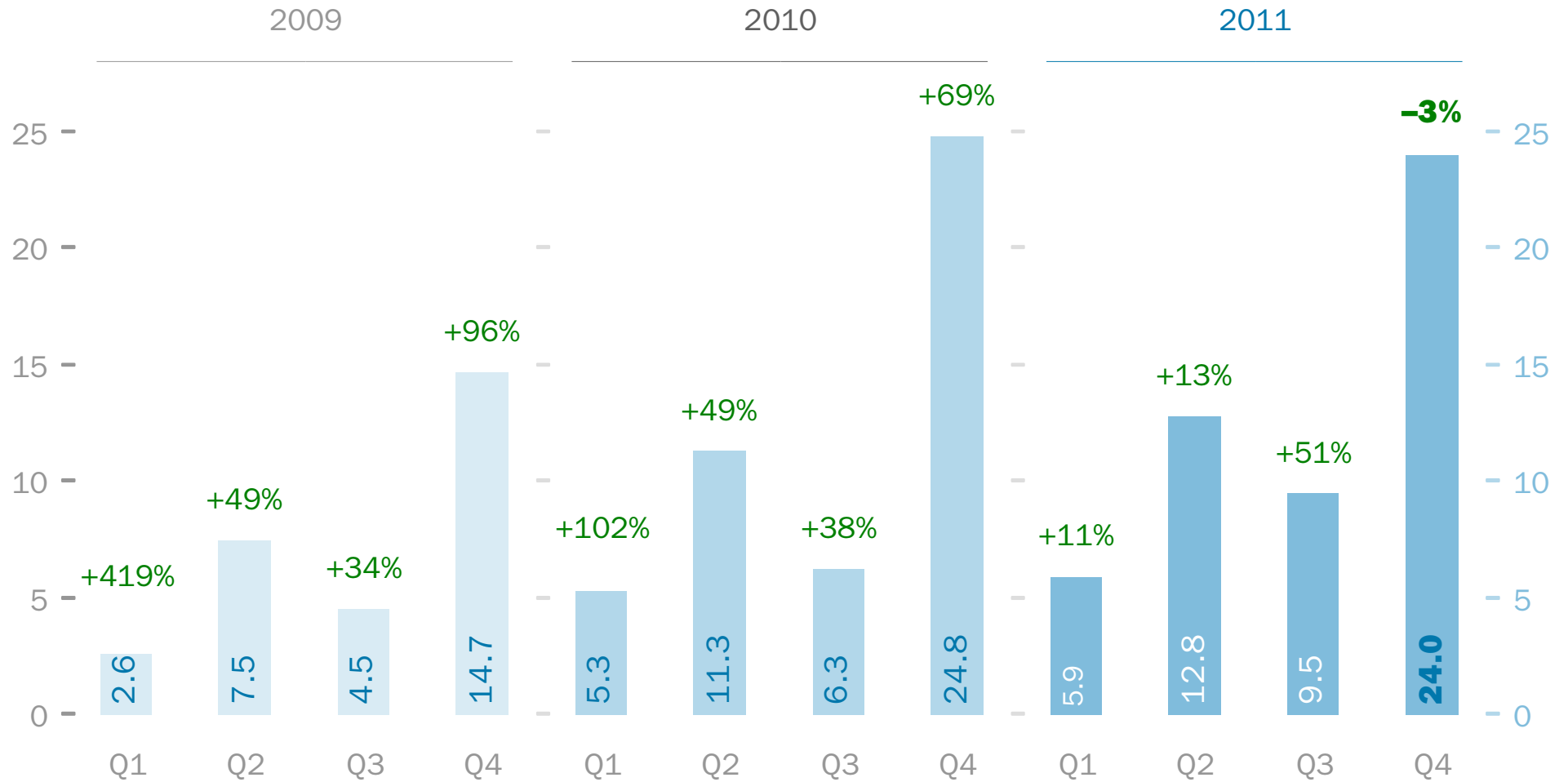
■ Gross Margin (simple)  
■ EBIT Margin



▶ No excessive price hikes like in Q4'10

# Quarterly EBIT

in € million



► Nearly reached Q410 level!

# P&L Drivers (Q4)

	EUR		yoy %	% of Revenues		
	Q411	Q410		Q411	Q410	chng
<b>Revenues</b>	<b>182.3</b>	<b>162.6</b>	<b>12.1</b>	<b>100.0</b>	<b>100.0</b>	<b>0.0</b>
Cost of sales	130.5	112.8	15.6	71.6	69.4	2.2
<b>Gross Profit (ex ooi)</b>	<b>51.9</b>	<b>49.7</b>	<b>4.3</b>	<b>28.4</b>	<b>30.6</b>	<b>-2.2</b>
Direct costs	<b>22.0</b>	<b>20.4</b>	<b>7.7</b>	<b>12.1</b>	<b>12.6</b>	<b>-0.5</b>
Direct costs (dep. on volume)	16.4	15.0	9.5	9.0	9.2	-0.2
Transportation costs	13.3	12.2	9.0	7.3	7.5	-0.2
Warehousing costs	1.8	1.7	4.9	1.0	1.1	-0.1
Operations centre costs	1.3	1.1	23.2	0.7	0.7	0.1
Direct costs (dep. on revenues)	5.6	5.4	2.6	3.1	3.3	-0.3
Credit card fees	1.2	1.3	-4.8	0.7	0.8	-0.1
Bad debt losses	0.2	0.5	-50.2	0.1	0.3	-0.2
Marketing costs	4.1	3.6	12.5	2.2	2.2	0.0
<b>Contribution margin 1</b>	<b>29.9</b>	<b>29.3</b>	<b>1.9</b>	<b>16.4</b>	<b>18.0</b>	<b>-1.7</b>
Indirect costs	5.7	4.8	16.9	3.1	3.0	0.1
Personnel expenses	2.0	2.1	-2.3	1.1	1.3	-0.2
Rents and overheads	1.8	1.0	81.4	1.0	0.6	0.4
Financial and legal costs	1.2	1.3	-11.1	0.6	0.8	-0.2
IT and telecommunications	0.2	0.2	13.3	0.1	0.1	0.0
Other	0.5	0.3	67.3	0.3	0.2	0.1
<b>Contribution margin 2</b>	<b>24.2</b>	<b>24.5</b>	<b>-1.1</b>	<b>13.3</b>	<b>15.1</b>	<b>-1.8</b>
FX effects	-0.2	0.0		-0.1	0.0	-0.1
Other operating profit (w/o FX gains)	0.6	0.6		0.3	0.4	0.0
<b>EBITDA</b>	<b>24.7</b>	<b>25.1</b>	<b>-1.6</b>	<b>13.5</b>	<b>15.4</b>	<b>-1.9</b>
Depreciation / Amortization	0.7	0.3	93.0	0.4	0.2	0.2
<b>EBIT</b>	<b>24.0</b>	<b>24.8</b>	<b>-3.0</b>	<b>13.2</b>	<b>15.2</b>	<b>-2.1</b>
Net financial result	0.0	0.0	-112.1			
<b>EBT</b>	<b>24.0</b>	<b>24.8</b>	<b>-3.2</b>	<b>13.2</b>	<b>15.3</b>	<b>-2.1</b>
Income taxes	7.6	7.5	1.8			
<b>Consolidated net income</b>	<b>16.4</b>	<b>17.3</b>	<b>-5.3</b>	<b>9.0</b>	<b>10.6</b>	<b>-1.7</b>

← no extraordinary hikes, attractive prices

← more tyres from own warehouses

← wages ↑

← E-commerce momentum ↑

← new warehouse

← strong prior-year base

# P&L Drivers (FY)

	EUR		yoy	% of Revenues			
	FY11	FY10	%	FY11	FY10	chng	
<b>Revenues</b>	<b>480.0</b>	<b>419.6</b>	<b>14.4</b>	<b>100.0</b>	<b>100.0</b>	<b>0.0</b>	
Cost of sales	349.1	300.1	16.3	72.7	71.5	1.2	
<b>Gross Profit (ex ooi)</b>	<b>130.9</b>	<b>119.5</b>	<b>9.6</b>	<b>27.3</b>	<b>28.5</b>	<b>-1.2</b>	
Direct costs	<b>62.0</b>	<b>56.6</b>	<b>9.6</b>	<b>12.9</b>	<b>13.5</b>	<b>-0.6</b>	
Direct costs (dep. on volume)	47.5	42.9	10.8	9.9	10.2	-0.3	
Transportation costs	37.5	34.5	8.5	7.8	8.2	-0.4	
Warehousing costs	5.1	4.5	13.1	1.1	1.1	0.0	
Operations centre costs	4.9	3.8	28.5	1.0	0.9	0.1	← outlook: costs ↑
Direct costs (dep. on revenues)	14.5	13.7	5.9	3.0	3.3	-0.2	
Credit card fees	3.6	3.1	14.8	0.7	0.7	0.0	
Bad debt losses	1.0	1.6	-38.8	0.2	0.4	-0.2	
Marketing costs	9.9	9.0	11.0	2.1	2.1	-0.1	← outlook: costs ↑
<b>Contribution margin 1</b>	<b>68.9</b>	<b>62.9</b>	<b>9.6</b>	<b>14.4</b>	<b>15.0</b>	<b>-0.6</b>	
Indirect costs	17.1	14.9	14.5	3.6	3.6	0.0	
Personnel expenses	7.2	6.8	6.1	1.5	1.6	-0.1	
Rents and overheads	4.9	3.5	40.3	1.0	0.8	0.2	← outlook: used warehouse capacity ↑
Financial and legal costs	2.7	2.8	-0.7	0.6	0.7	-0.1	
IT and telecommunications	0.8	0.7	10.3	0.2	0.2	0.0	
Other	1.5	1.2	25.1	0.3	0.3	0.0	
<b>Contribution margin 2</b>	<b>51.8</b>	<b>47.9</b>	<b>8.0</b>	<b>10.8</b>	<b>11.4</b>	<b>-0.6</b>	
FX effects	0.5	-0.7		0.1	-0.2	0.3	← FX swings washed out
Other operating profit (w/o FX gains)	2.0	1.7		0.4	0.4	0.0	
<b>EBITDA</b>	<b>54.3</b>	<b>48.9</b>	<b>11.0</b>	<b>11.3</b>	<b>11.7</b>	<b>-0.3</b>	
Depreciation / Amortization	2.1	1.3	62.3	0.4	0.3	0.1	← low but increasing capital intensity
<b>EBIT</b>	<b>52.2</b>	<b>47.6</b>	<b>9.6</b>	<b>10.9</b>	<b>11.3</b>	<b>-0.5</b>	
Net financial result	0.0	0.1	-99.6				← low liquidity, low/no interest rates
<b>EBT</b>	<b>52.2</b>	<b>47.7</b>	<b>9.4</b>	<b>10.9</b>	<b>11.4</b>	<b>-0.5</b>	
Income taxes	16.8	15.1	11.6				
<b>Consolidated net income</b>	<b>35.4</b>	<b>32.6</b>	<b>8.4</b>	<b>7.4</b>	<b>7.8</b>	<b>-0.4</b>	



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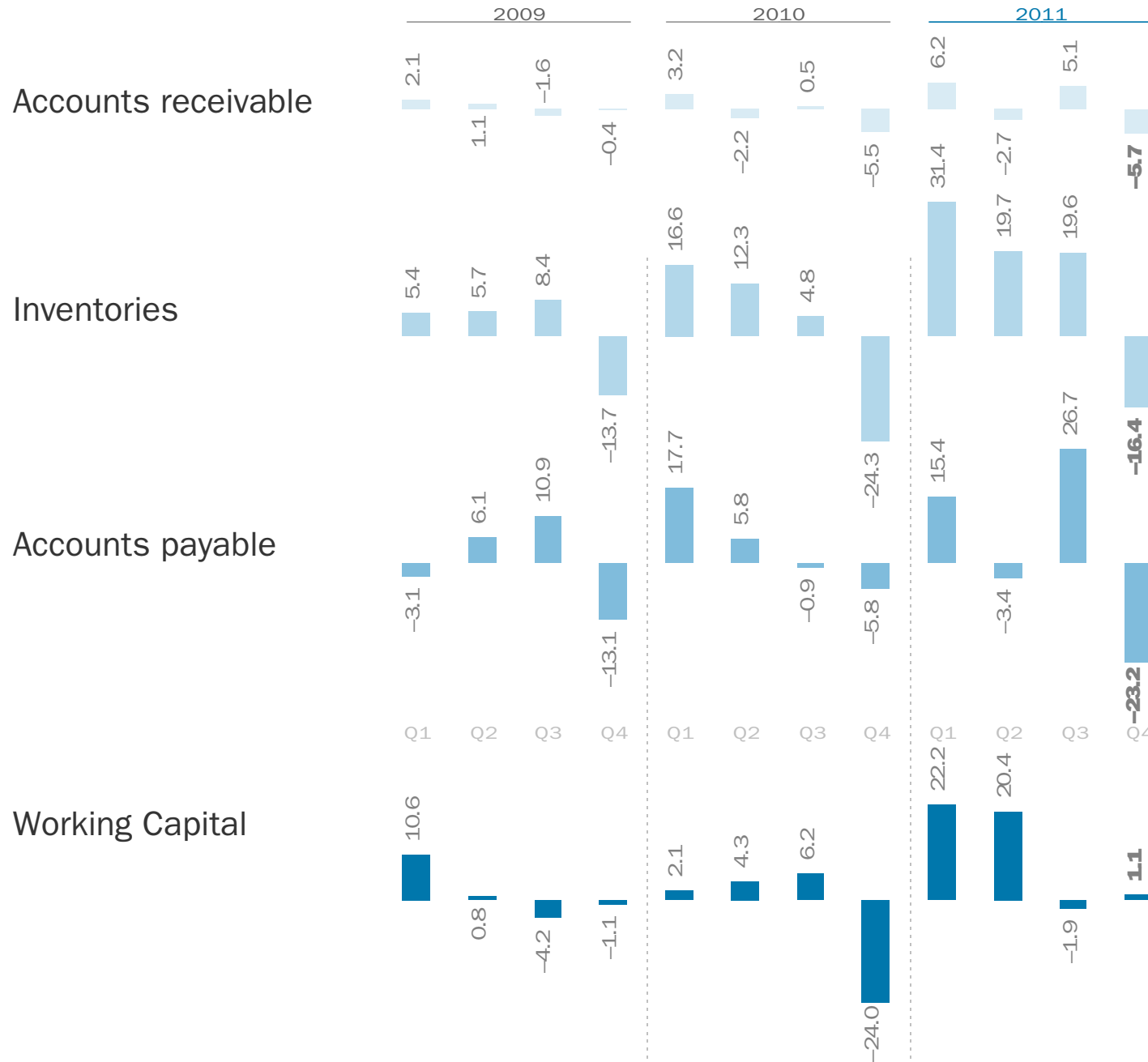
Profit & Loss

**Balance Sheet**

Outlook



# Working Capital Management



... follow the seasonal peaks.

... significant increase ...

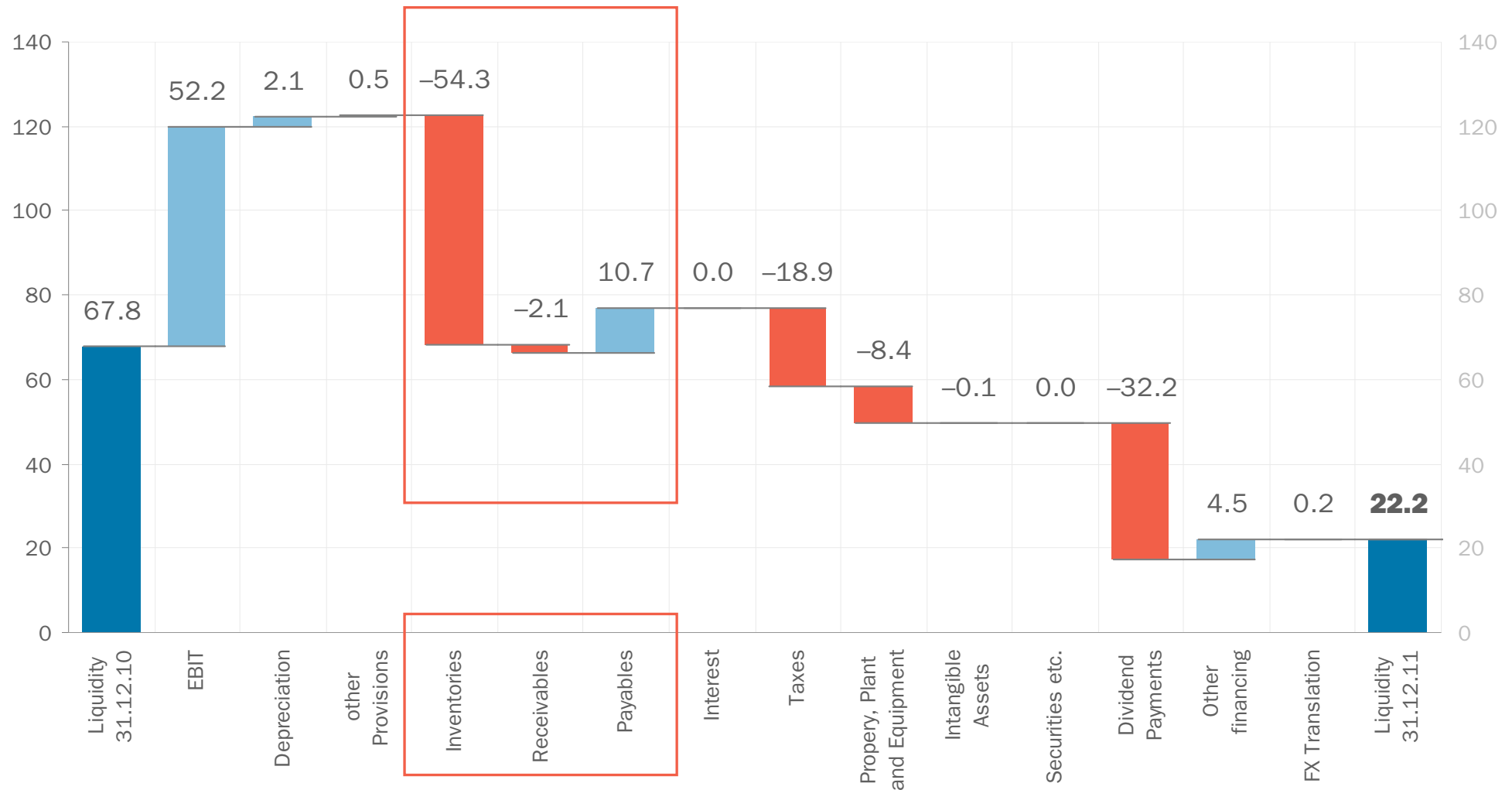
... funded w/ AP and credit lines

... swings are getting more pronounced

quarterly delta in € million

# Liquidity Bridge

in € million



► Net cash = € 17.8 million

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# Outlook

- **Current trading in Q1:**
    - normal start into 2012
    - price trend (summer): ↑
  - **Market for replacement tyres**
    - Germany: FY11 est (BRV, as of Dec11): summer –1.3%, winter –5.2%
    - Germany: Nov11 est (wdk): winter **–13.6%** ytd
  - **2012 top- and bottom line drivers:**
    - more volume, less price
    - strong inventory position
    - labelling improves mix
  - **Other factors:**
    - seasonal effects
    - customers are trading down
    - Delticom is international
    - Delticom is online
    - ▶ summer/winter tyres
    - ▶ online channel gains importance
    - ▶ diversified country portfolio
    - ▶ good prices, good sales, good margins
- ▶ **Revenues FY12: +10% yoy**
- ▶ **Margins FY12: unchanged**

- 1 #1 European online tyre retailer
- 2 Resilient and profitable business model
- 3 Strong cash flow, strong balance sheet
- 4 Redesign of the tyre distribution chain
- 5 Excellent growth opportunities

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