

On track.

## Investor and Analyst Presentation

On the Occasion of the Release of the Financial Figures for Q1 2013

Hanover, 25 April 2013



# 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 **42 countries**
- founded 1999, IPO Oct 2006, SDAX Dec 2008
- customer base: more than **6.3 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
- **148 employees**, mainly in the Hanover head office
- global network with more than **35,000 fitting partners**, e.g.

🇩🇪 DE 8586 🇺🇸 US 2508 🇬🇧 UK 2042 🇫🇷 FR 4685 🇨🇭 CH 1827



# Key Financials Q1 13

		Q1 13	Q1 12	yoy %	FY 12	
<b>Revenues EC</b>	€ m	77.5	80.9	-4.2	441.4	delayed start into summer season
<b>Revenues WS</b>	€ m	3.8	4.5	-17.0	15.0	careful replenishment
<b>Revenues</b>	€ m	81.3	85.5	-4.9	456.4	adverse market environment
<b>Gross Margin</b>	%	24.9	25.8	-0.9 p	25.7	more attractive prices
<b>EBIT</b>	€ m	2.5	3.4	-25.9	32.6	
<b>EBIT Margin</b>	%	3.1	4.0	-0.9 p	7.1	... lowered profitability
<b>Inventories</b>	€ m	86.9	134.7	-35.5	74.1	well prepared for summer season
<b>Cash Flow</b>	€ m	-1.4	5.6	-125.0	61.3	more funds tied up in net working capital
<b>Liquidity</b>	€ m	44.3	26.8	+65.1	46.2	favourable net cash position

▶ Outperforming the market in the core business segment B2C

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Delticom at a Glance

**Business Model**

Profit & Loss

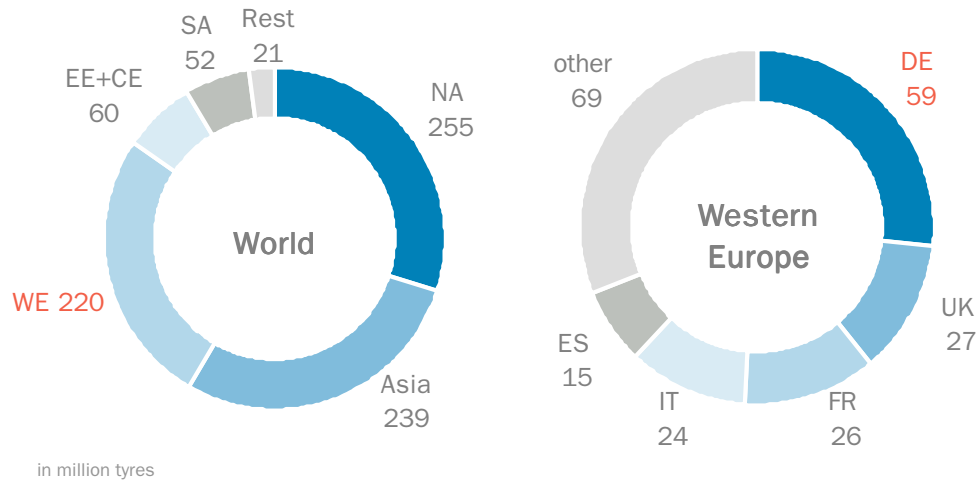
Balance Sheet

Outlook



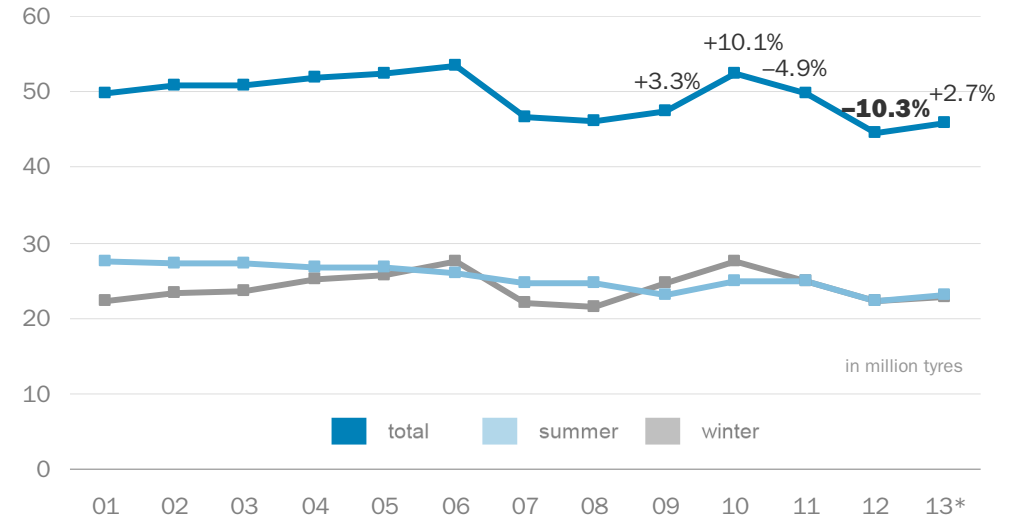
# Tyres and the Internet

## PC & LT Replacement Tyres Europe: > € 12 billion



Source: Datamonitor, Continental, Michelin, own estimates

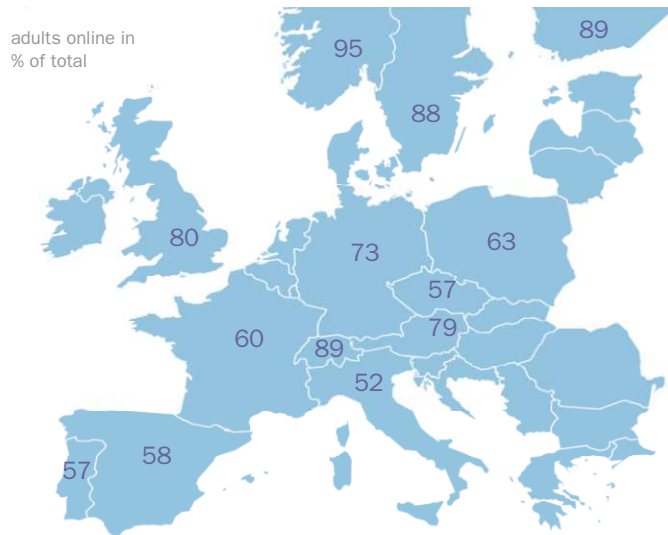
## Germany: sluggish 2012, outlook slightly better for 2013



Source: BRV (car replacement tyres)

\* estimates as of March 2013

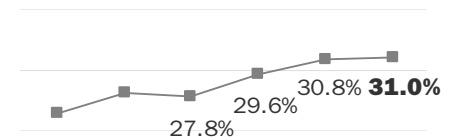
## Europeans are increasingly online...



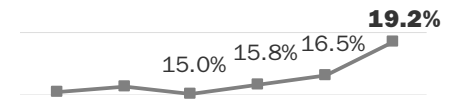
Desk Research GfK Austria, July 2012

## ... and buy their tyres online.

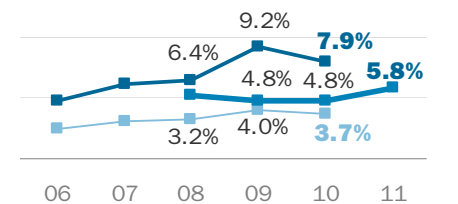
think about buying online (ADAC, 18-39)



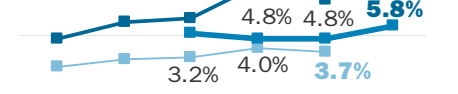
think about buying online (ADAC, all)



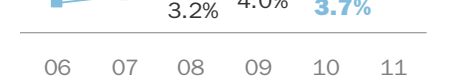
bought tyres on the Internet (ADAC, 18-39)



bought tyres on the Internet (BRV, GfK)



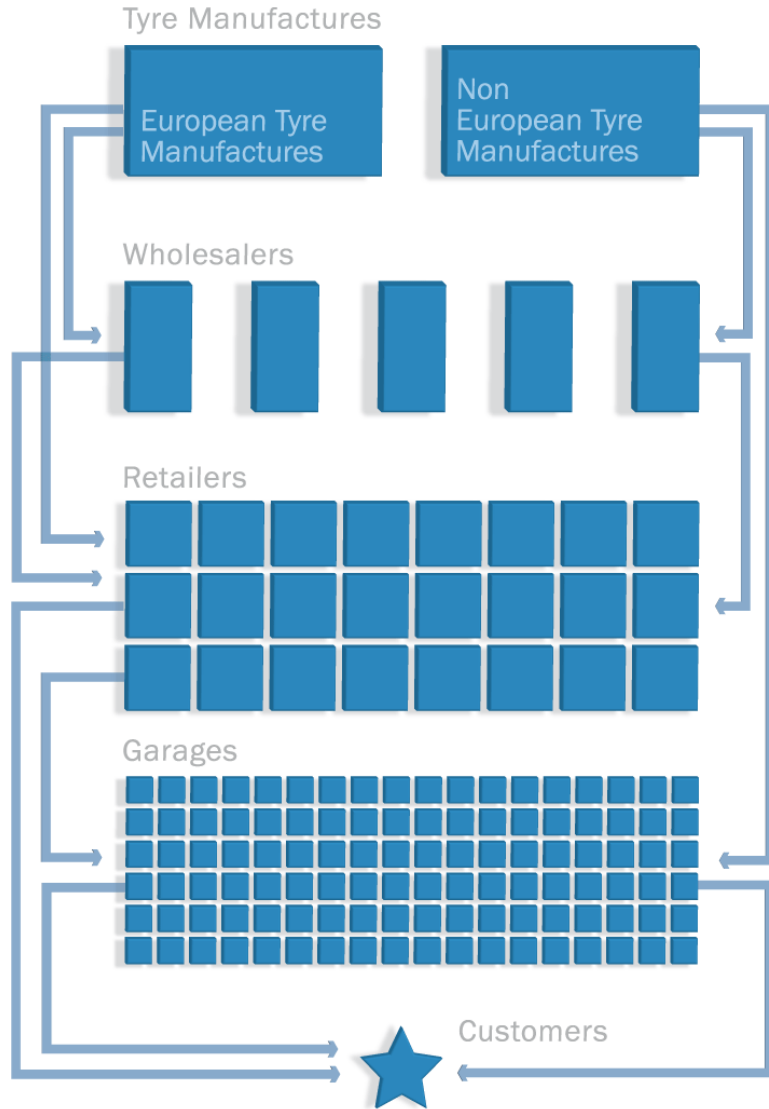
bought tyres on the Internet (ADAC all)



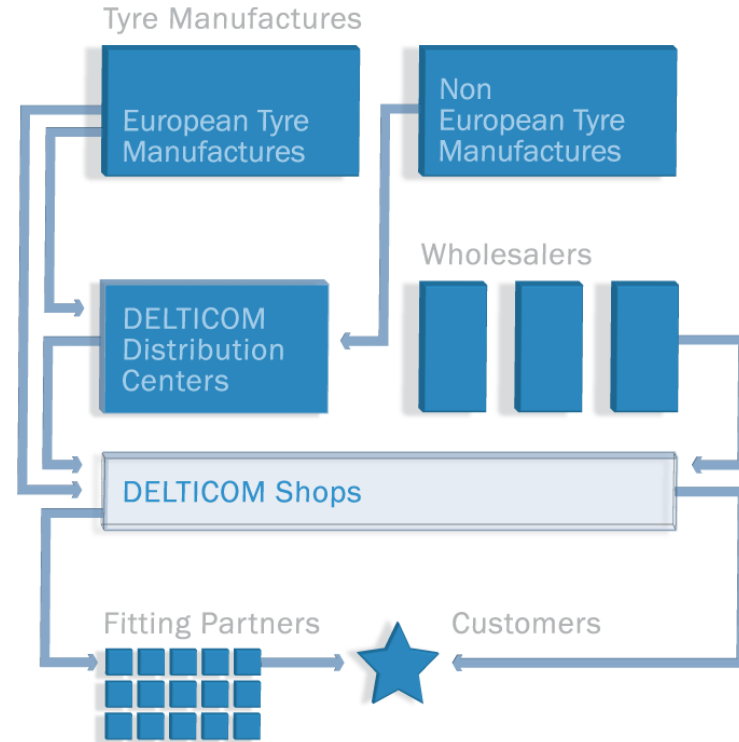
Source: ADAC (new methodology in 2011), BRV, GfK

# Redesign of the Tyre Distribution Chain

## Traditional Retail



## Delticom Redesign



Space  
+ Time  
+ Price



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**Profit & Loss**

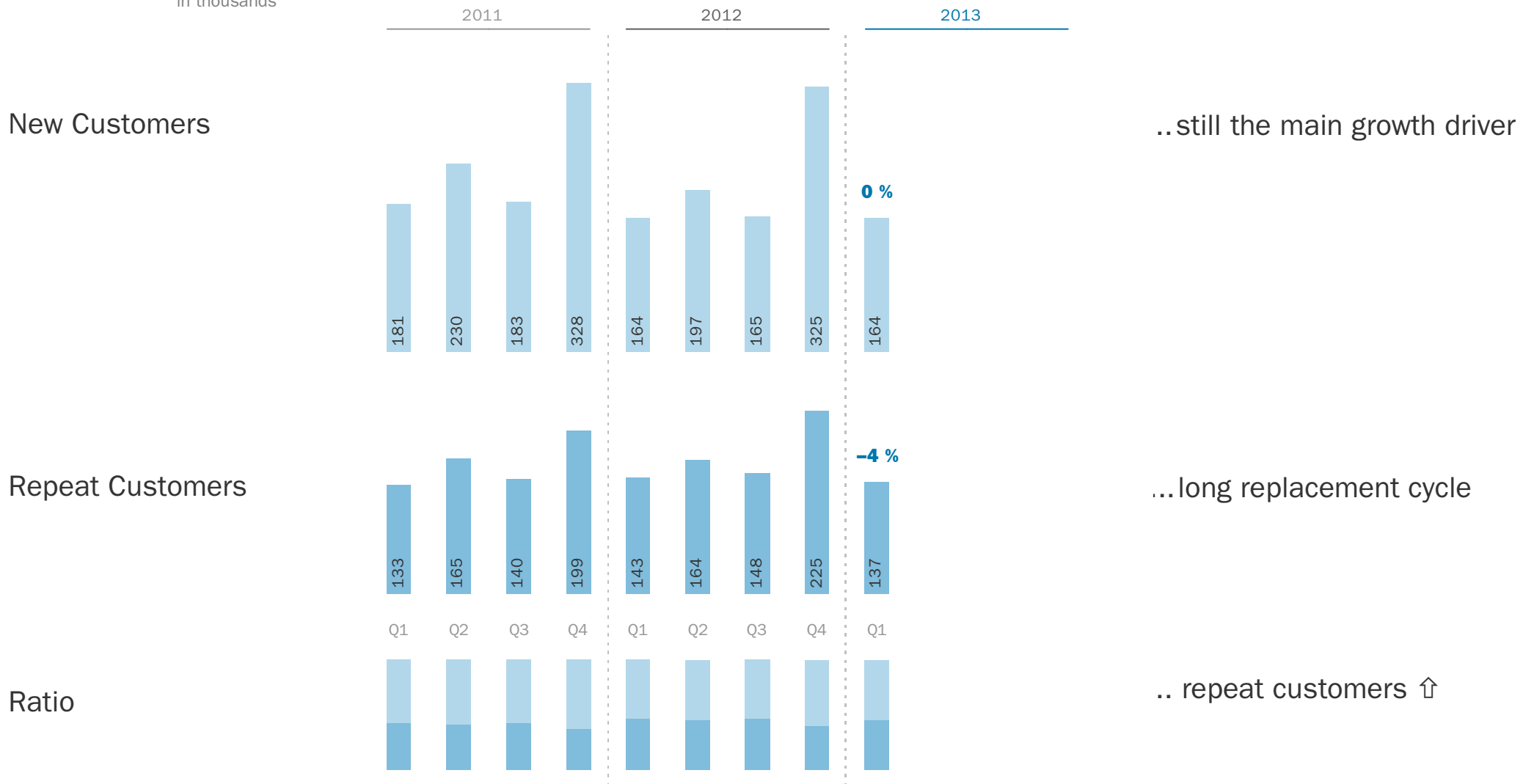
Balance Sheet

Outlook



# Customers

in thousands



▶ 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  
■ EBIT Margin



► Q1: more attractive prices to drive volume

# Quarterly EBIT

in € million



▶ Lower GPM and higher costs

# P&L Drivers (Q1)

	EUR		yoy %	% of Revenues		
	Q1 13	Q1 12		Q1 13	Q1 12	chng
<b>Revenues</b>	<b>81.3</b>	<b>85.5</b>	<b>-4.9</b>	<b>100.0</b>	<b>100.0</b>	<b>0.0</b>
Cost of sales	61.1	63.4	-3.7	75.1	74.2	0.9
<b>Gross Profit (ex ooi)</b>	<b>20.2</b>	<b>22.1</b>	<b>-8.3</b>	<b>24.9</b>	<b>25.8</b>	<b>-0.9</b>
Direct costs	12.7	12.3	2.8	15.6	14.4	1.2
Direct costs (dep. on volume)	9.0	9.3	-2.9	11.1	10.9	0.2
Transportation costs	7.1	7.0	1.1	8.7	8.2	0.5
Warehousing costs	0.7	1.0	-28.9	0.9	1.2	-0.3
Operations centre costs	1.2	1.3	-5.0	1.5	1.5	0.0
Direct costs (dep. on revenues)	3.6	3.0	20.6	4.4	3.5	0.9
Credit card fees	0.7	0.6	6.1	0.8	0.7	0.1
Bad debt losses	0.5	0.3	49.2	0.6	0.4	0.2
Marketing costs	2.5	2.1	20.7	3.1	2.4	0.6
<b>Contribution margin 1</b>	<b>7.6</b>	<b>9.7</b>	<b>-22.4</b>	<b>9.3</b>	<b>11.4</b>	<b>-2.1</b>
Indirect costs	5.1	4.9	4.2	6.3	5.7	0.5
Personnel expenses	2.3	2.2	2.8	2.8	2.6	0.2
Rents and overheads	1.6	1.6	4.4	2.0	1.8	0.2
Financial and legal costs	0.5	0.5	-2.6	0.6	0.6	0.0
IT and telecommunications	0.3	0.3	14.8	0.4	0.3	0.1
Other	0.4	0.3	13.8	0.5	0.4	0.1
<b>Contribution margin 2</b>	<b>2.5</b>	<b>4.9</b>	<b>-49.0</b>	<b>3.1</b>	<b>5.7</b>	<b>-2.6</b>
FX effects	0.3	-1.1		0.3	-1.3	1.6
Other operating profit (w/o FX gains)	0.4	0.3		0.5	0.4	0.2
<b>EBITDA</b>	<b>3.2</b>	<b>4.1</b>	<b>-21.6</b>	<b>4.0</b>	<b>4.8</b>	<b>-0.8</b>
Depreciation / Amortization	0.7	0.7	0.3	0.8	0.8	0.0
<b>EBIT</b>	<b>2.5</b>	<b>3.4</b>	<b>-25.9</b>	<b>3.1</b>	<b>4.0</b>	<b>-0.9</b>
Net financial result	0.0	0.0	-81.9			
<b>EBT</b>	<b>2.5</b>	<b>3.4</b>	<b>-25.3</b>	<b>3.1</b>	<b>4.0</b>	<b>-0.9</b>
Income taxes	0.9	1.1	-20.2			
<b>Consolidated net income</b>	<b>1.7</b>	<b>2.3</b>	<b>-27.7</b>	<b>2.1</b>	<b>2.7</b>	<b>-0.7</b>

← more attractive prices

← country mix

← partly insourced

← sales push ↑

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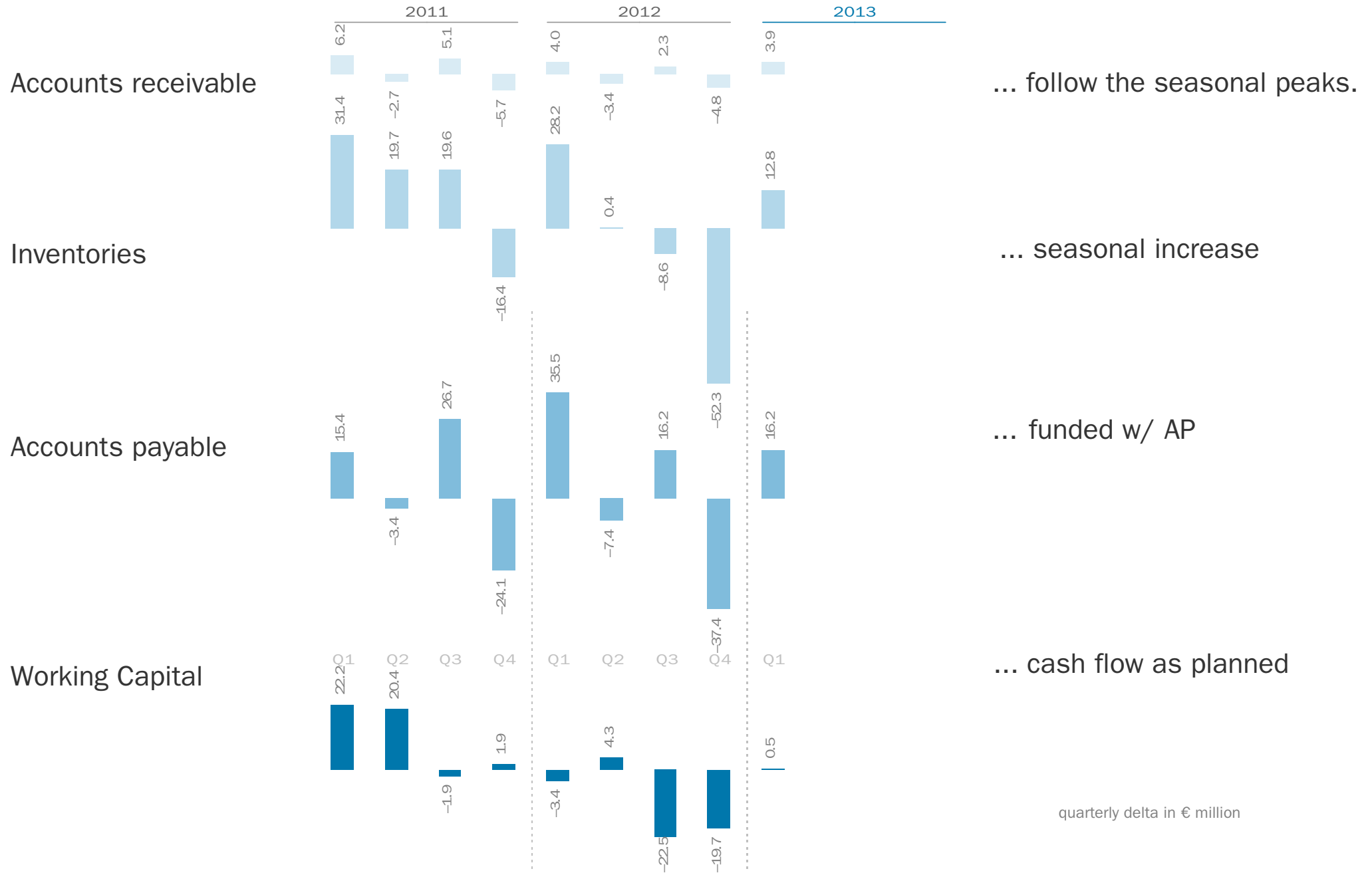
Profit & Loss

**Balance Sheet**

Outlook



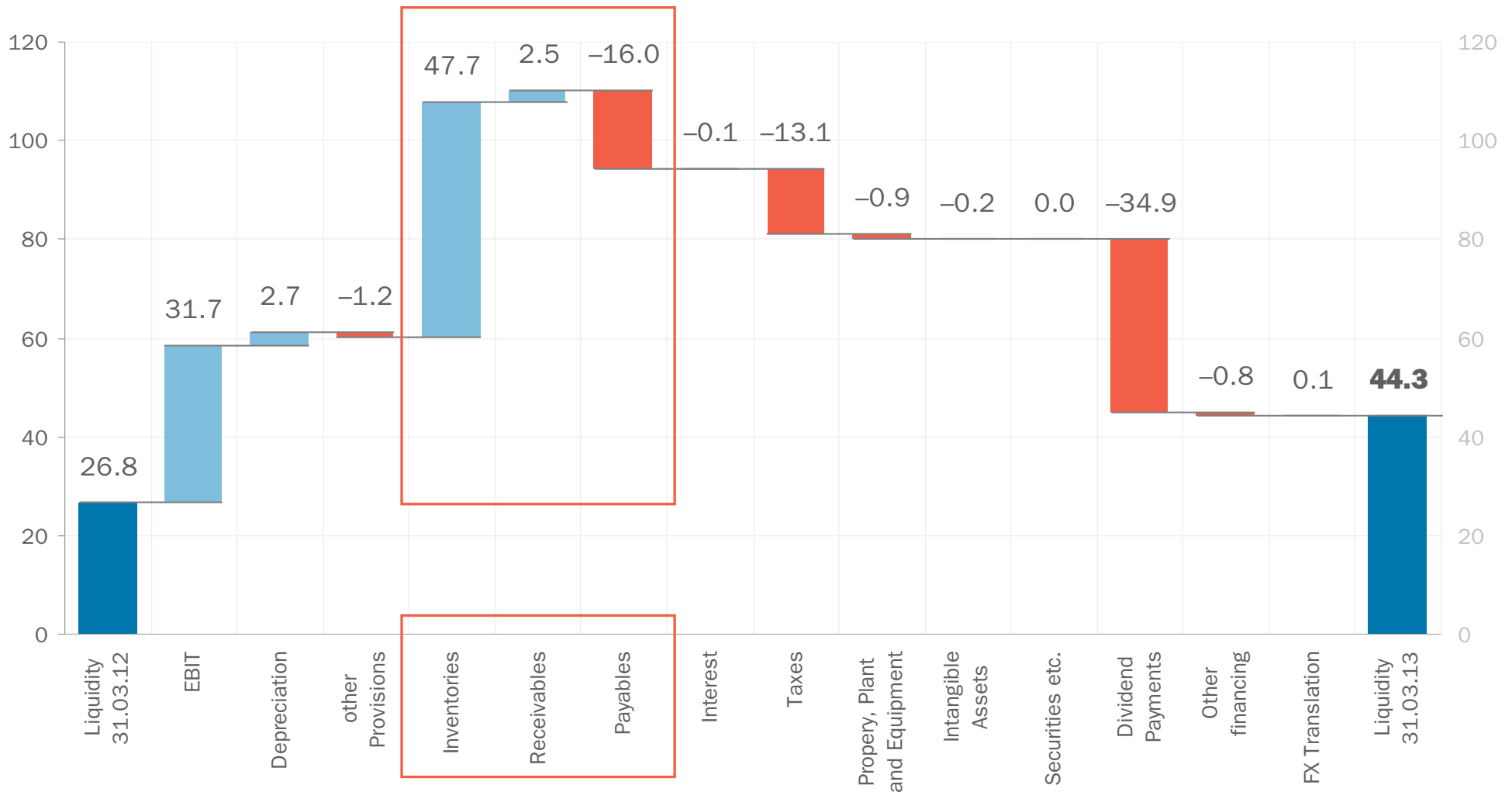
# Working Capital Management





# Liquidity Bridge

in € million



► Net cash = € 41.5 million

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- **Replacement tyre market Q1**

- Germany: sell-out (wdk): summer –49,7%, winter +6.3%
- Europe: sell-in (ERMC): summer > –17,0%

ETRMA (press release), 12 April 2013  
**“Weak performance of the European Tyres market in the first quarter 2013.”**

Reifenpresse.de, 15 April 2013

**“Januar bis März ein Reifenquartal zum Vergessen in Deutschland”**

- **Sentiment 2013**

- depressed consumer confidence
- tyres: low visibility

ETRMA (press release), April 2013  
**“Industry expects that the market for summer tyres will perform in the coming months slightly above last year.”**

Reifenpresse.de, 19 February 2013

**„Nach Meinung von Morgan-Stanley-Analysten ist das Jahr 2013 für die Reifenindustrie wie selten eines zuvor vor allem von Unsicherheiten gekennzeichnet.“**

▶ **EC-Revenues H113: up to +10% yoy**

▶ **Revenues FY13: clearly outperforming the market**

- 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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