

On track.

Investor and Analyst Presentation

On the Occasion of the Release of the Preliminary Figures for H1 2013

Hanover, 18 July 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 **6.5 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 8604 🇺🇸 US 2527 🇬🇧 UK 2054 🇫🇷 FR 4801 🇨🇭 CH 1842



Key Financials H1

		Q213	Q212	yoy%	H113	H112	yoy%	
Revenues EC	€m	128.9	104.0	+24.0	206.4	184.9	+11.6	good growth in Q2...
New Customers	k	271	197	+37.6	435	360	+20.6	... and strong new customer gains
Revenues	€m	130.9	107.8	+21.5	212.2	193.3	+9.8	against the market trend
Gross Margin	%	24.0	26.9	-2.9p	24.4	26.4	-2.1p	more attractive prices
EBIT	€m	6.4	9.8	-35.2	8.9	13.2	-32.8	lower GPM and higher costs ...
EBIT Margin	%	4.9	9.1	-4.2p	4.2	6.9	-2.7p	... lowered profitability
Inventories	€m				115.0	135.1	-14.9	stock levels in plan
Cash Flow	€m				-13.6	-0.5		tax refund claims
Liquidity	€m				9.8	7.7	+27.1	favourable net cash position

▶ H1 performance on track

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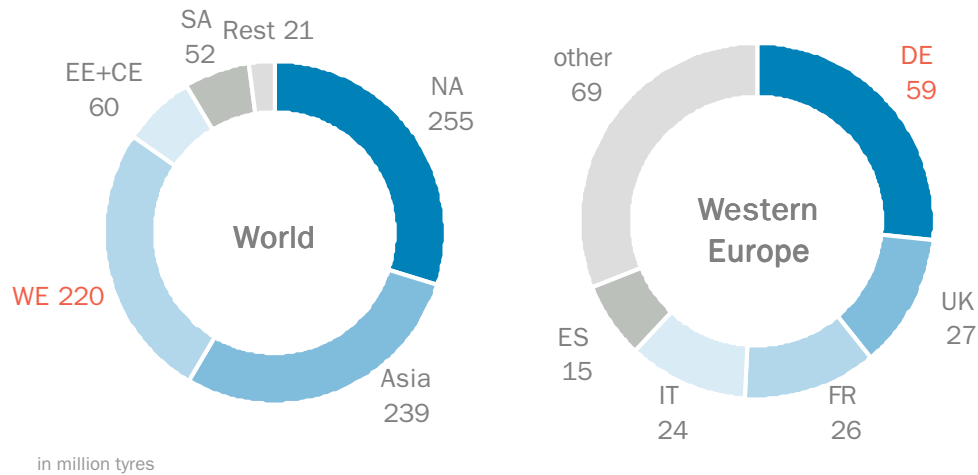
Balance Sheet

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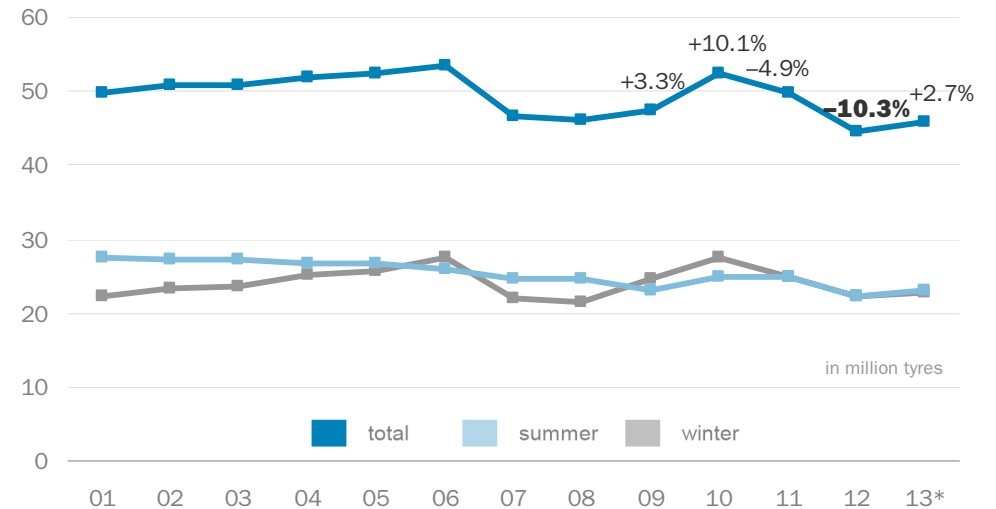
Tyres and the Internet

PC & LT Replacement Tyres Europe: > € 12 billion



Source: Datamonitor, Continental, Michelin, own estimates

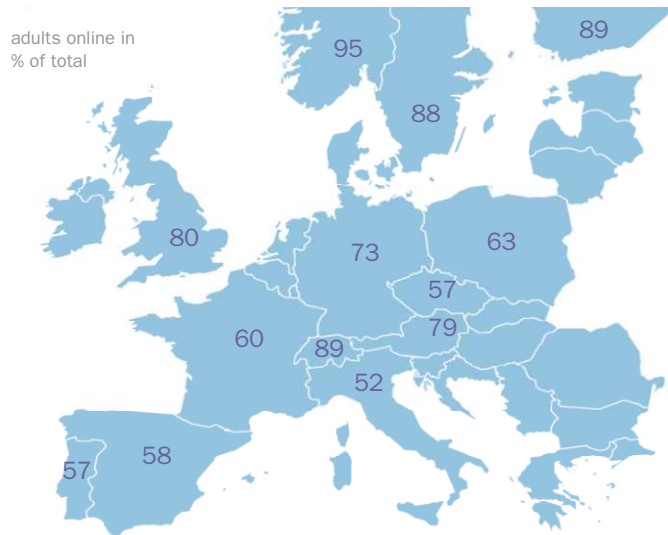
Germany: sluggish 2012, outlook slightly better for 2013



Source: BRV (car replacement tyres)

* estimates as of March 2013

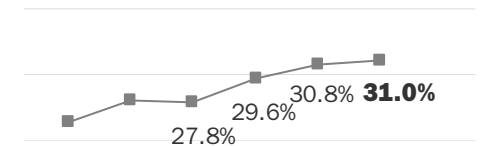
Europeans are increasingly online...



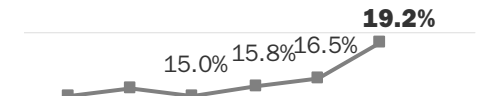
Desk Research GfK Austria, July 2012

... and buy their tyres online.

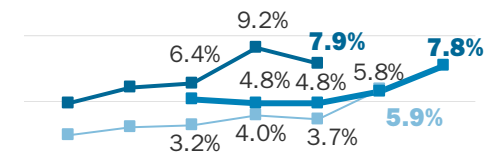
think about buying online (ADAC, 18-39)



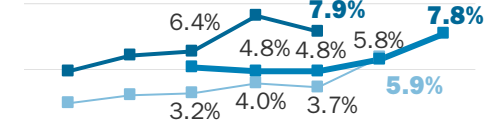
think about buying online (ADAC, all)



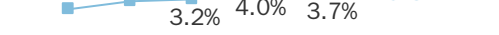
bought tyres on the Internet (ADAC, 18-39)



bought tyres on the Internet (BRV, GfK)



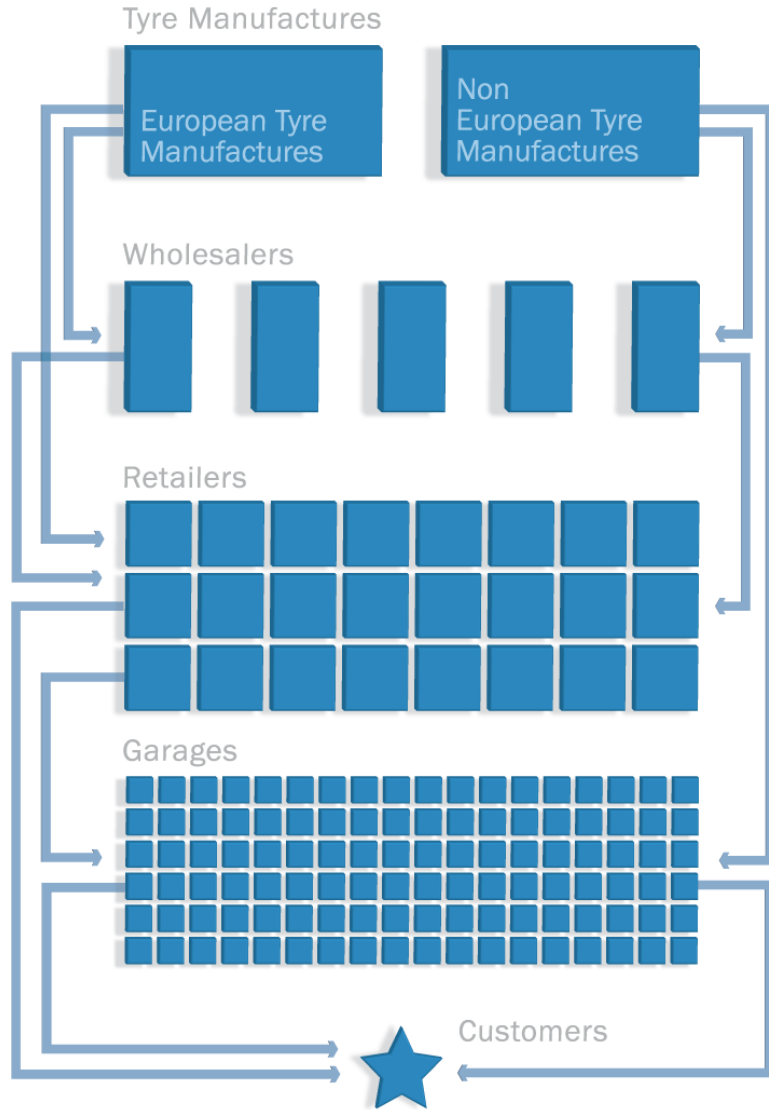
bought tyres on the Internet (ADAC all)



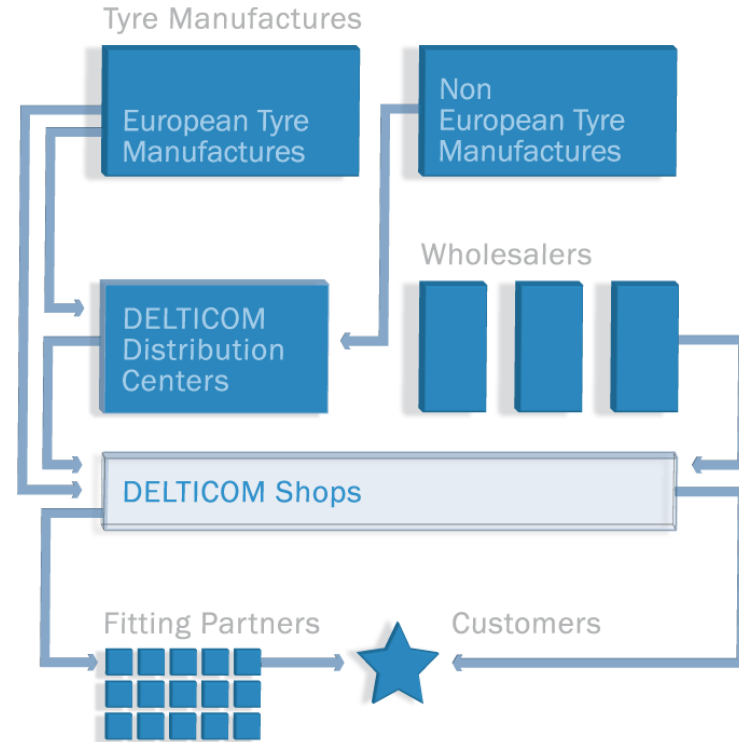
Source: ADAC (new methodology in 2011), BRV, GfK

Redesign of the Tyre Distribution Chain

Traditional Retail



Delticom Redesign



Space
+ Time
+ Price

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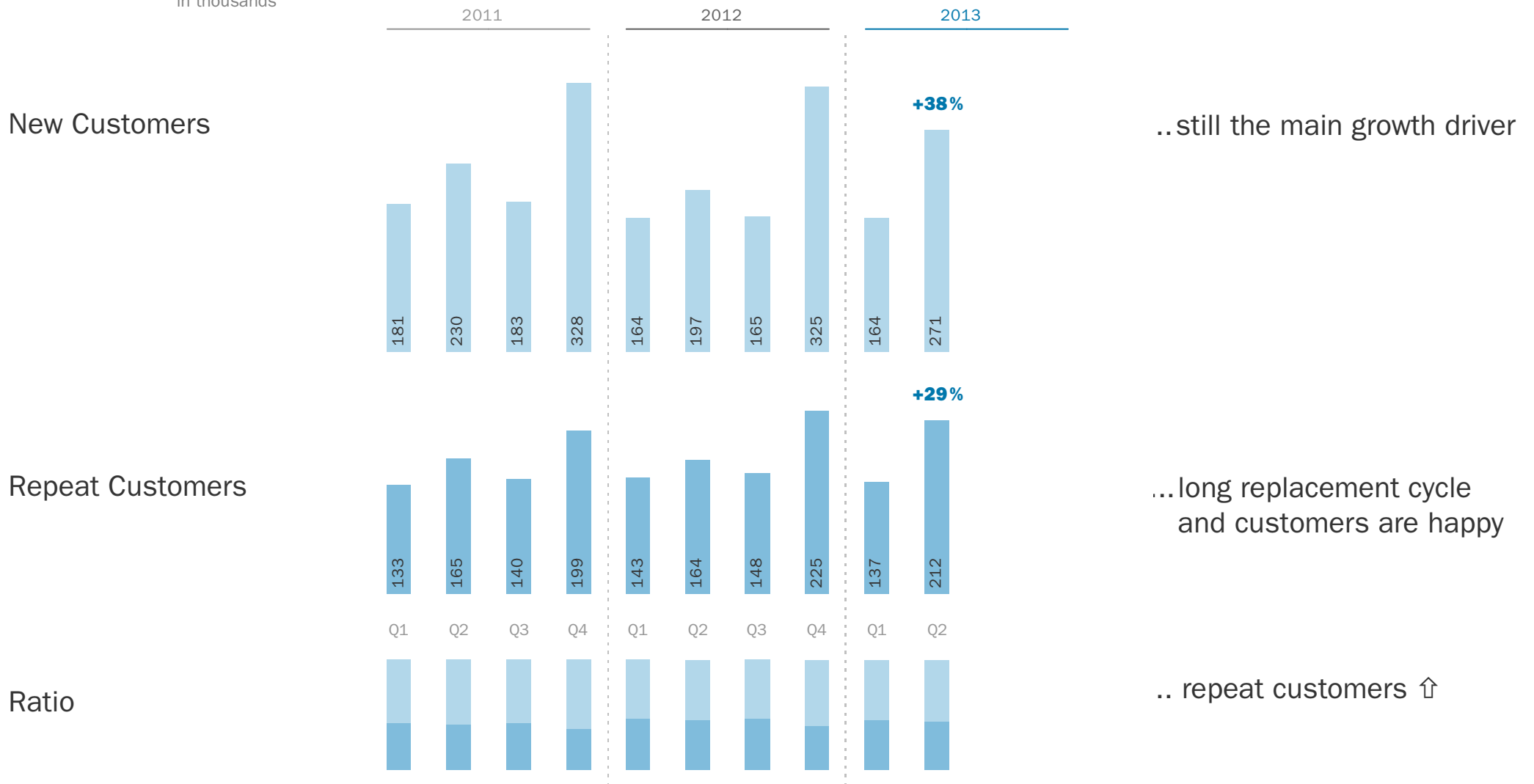
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Customers

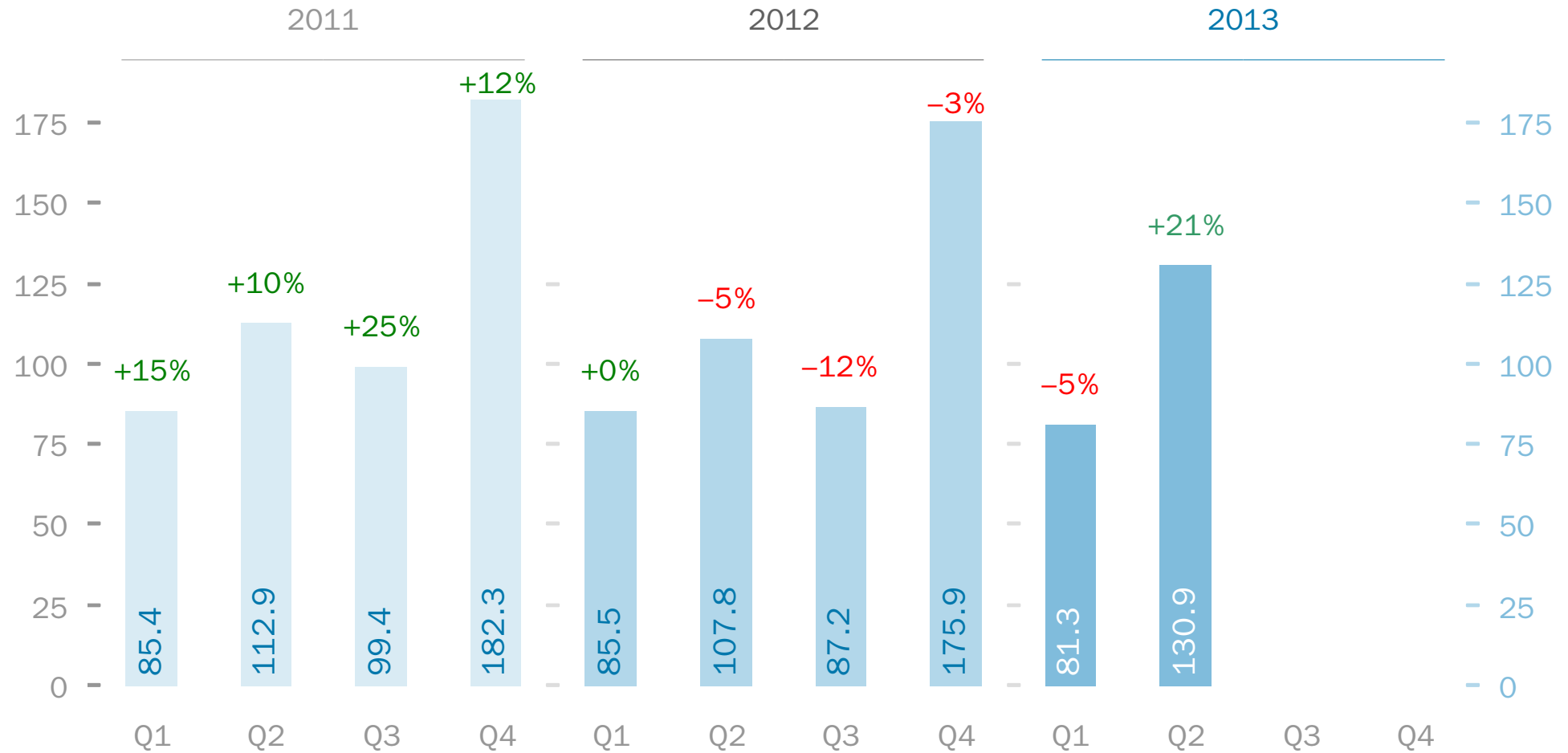
in thousands



▶ Q2: Strong new customer growth

Quarterly Revenues

in € million



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

Quarterly Gross/EBIT Margins

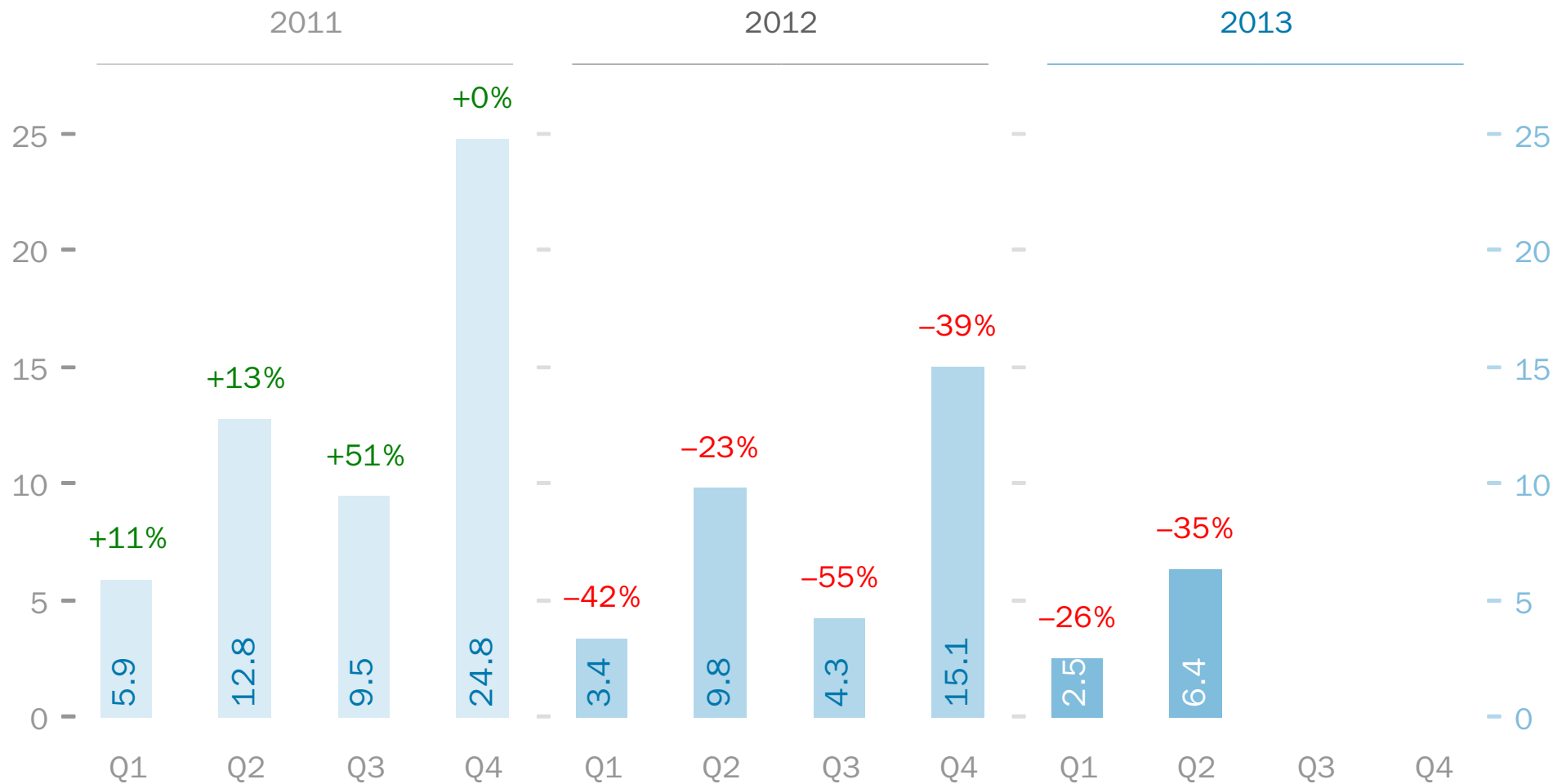
■ Gross Margin
■ EBIT Margin



► Q2: more attractive prices to drive volume

Quarterly EBIT

in € million



► Lower GPM and higher costs

P&L Drivers (Q2)

	EUR		yoy %	% of Revenues		
	Q2 13	Q2 12		Q2 13	Q2 12	chng
Revenues	130.9	107.8	21.5	100.0	100.0	0.0
Cost of sales	99.4	78.7	26.3	76.0	73.1	2.9
Gross Profit (ex ooi)	31.5	29.0	8.4	24.0	26.9	-2.9
Direct costs	19.2	14.6	31.6	14.7	13.6	1.1
Direct costs (dep. on volume)	13.7	11.1	23.5	10.5	10.3	0.2
Transportation costs	11.6	9.1	26.7	8.8	8.5	0.4
Warehousing costs	0.9	0.7	40.5	0.7	0.6	0.1
Operations centre costs	1.2	1.3	-6.3	1.0	1.2	-0.3
Direct costs (dep. on revenues)	5.5	3.5	57.0	4.2	3.3	1.0
Credit card fees	1.0	0.9	18.6	0.8	0.8	0.0
Bad debt losses	0.5	0.4	33.6	0.4	0.3	0.0
Marketing costs	4.0	2.3	75.7	3.0	2.1	0.9
Contribution margin 1	12.2	14.4	-15.1	9.3	13.4	-4.0
Indirect costs	5.7	4.3	31.3	4.3	4.0	0.3
Personnel expenses	2.3	2.2	5.0	1.7	2.0	-0.3
Rents and overheads	1.7	1.5	13.8	1.3	1.4	-0.1
Financial and legal costs	0.9	-0.1		0.7	-0.1	0.8
IT and telecommunications	0.3	0.3	13.4	0.3	0.3	0.0
Other	0.5	0.5	6.5	0.4	0.4	-0.1
Contribution margin 2	6.6	10.1	-35.0	5.0	9.4	-4.3
FX effects	-0.2	-0.4		-0.1	-0.4	0.2
Other operating profit (w/o FX gains)	0.6	0.8		0.5	0.7	-0.2
EBITDA	7.0	10.5	-32.8	5.4	9.7	-4.3
Depreciation/ Amortization	0.7	0.7	1.6	0.5	0.6	-0.1
EBIT	6.4	9.8	-35.2	4.9	9.1	-4.2
Net financial result	0.0	0.0	-97.7			
EBT	6.4	9.8	-34.8	4.9	9.1	-4.2
Income taxes	2.0	3.3	-38.3			
Consolidated net income	4.3	6.5	-33.1	3.3	6.0	-2.7

← more attractive prices

← H1 flat

← sales push ↑

P&L Drivers (H1)

	EUR		yoy	% of Revenues		
	H1 13	H1 12	%	H1 13	H1 12	chng
Revenues	212.2	193.3	9.8	100.0	100.0	0.0
Cost of sales	160.5	142.2	12.9	75.6	73.6	2.1
Gross Profit (ex ooi)	51.7	51.1	1.2	24.4	26.4	-2.1
Direct costs	31.9	26.9	18.4	15.0	13.9	1.1
Direct costs (dep. on volume)	22.8	20.4	11.5	10.7	10.6	0.2
Transportation costs	18.7	16.2	15.6	8.8	8.4	0.4
Warehousing costs	1.6	1.6	-1.4	0.8	0.9	-0.1
Operations centre costs	2.5	2.6	-5.7	1.2	1.4	-0.2
Direct costs (dep. on revenues)	9.1	6.5	40.3	4.3	3.4	0.9
Credit card fees	1.7	1.5	13.3	0.8	0.8	0.0
Bad debt losses	1.0	0.7	40.6	0.5	0.4	0.1
Marketing costs	6.5	4.3	49.5	3.0	2.2	0.8
Contribution margin 1	19.8	24.2	-18.0	9.3	12.5	-3.2
Indirect costs	10.8	9.2	16.9	5.1	4.8	0.3
Personnel expenses	4.5	4.4	3.9	2.1	2.3	-0.1
Rents and overheads	3.3	3.0	8.9	1.6	1.6	0.0
Financial and legal costs	1.4	0.4	233.8	0.6	0.2	0.4
IT and telecommunications	0.7	0.6	14.1	0.3	0.3	0.0
Other	0.9	0.8	9.7	0.4	0.4	0.0
Contribution margin 2	9.0	15.0	-39.5	4.3	7.7	-3.5
FX effects	0.1	-1.5		0.1	-0.8	0.8
Other operating profit (w/o FX gains)	1.1	1.1		0.5	0.6	-0.1
EBITDA	10.3	14.6	-29.7	4.8	7.5	-2.7
Depreciation/ Amortization	1.3	1.3	0.9	0.6	0.7	-0.1
EBIT	8.9	13.2	-32.8	4.2	6.9	-2.7
Net financial result	0.0	-0.1	-90.9			
EBT	8.9	13.2	-32.4	4.2	6.8	-2.6
Income taxes	2.9	4.4	-33.9			
Consolidated net income	6.0	8.8	-31.7	2.8	4.5	-1.7

← more E-Commerce

← costs ↑

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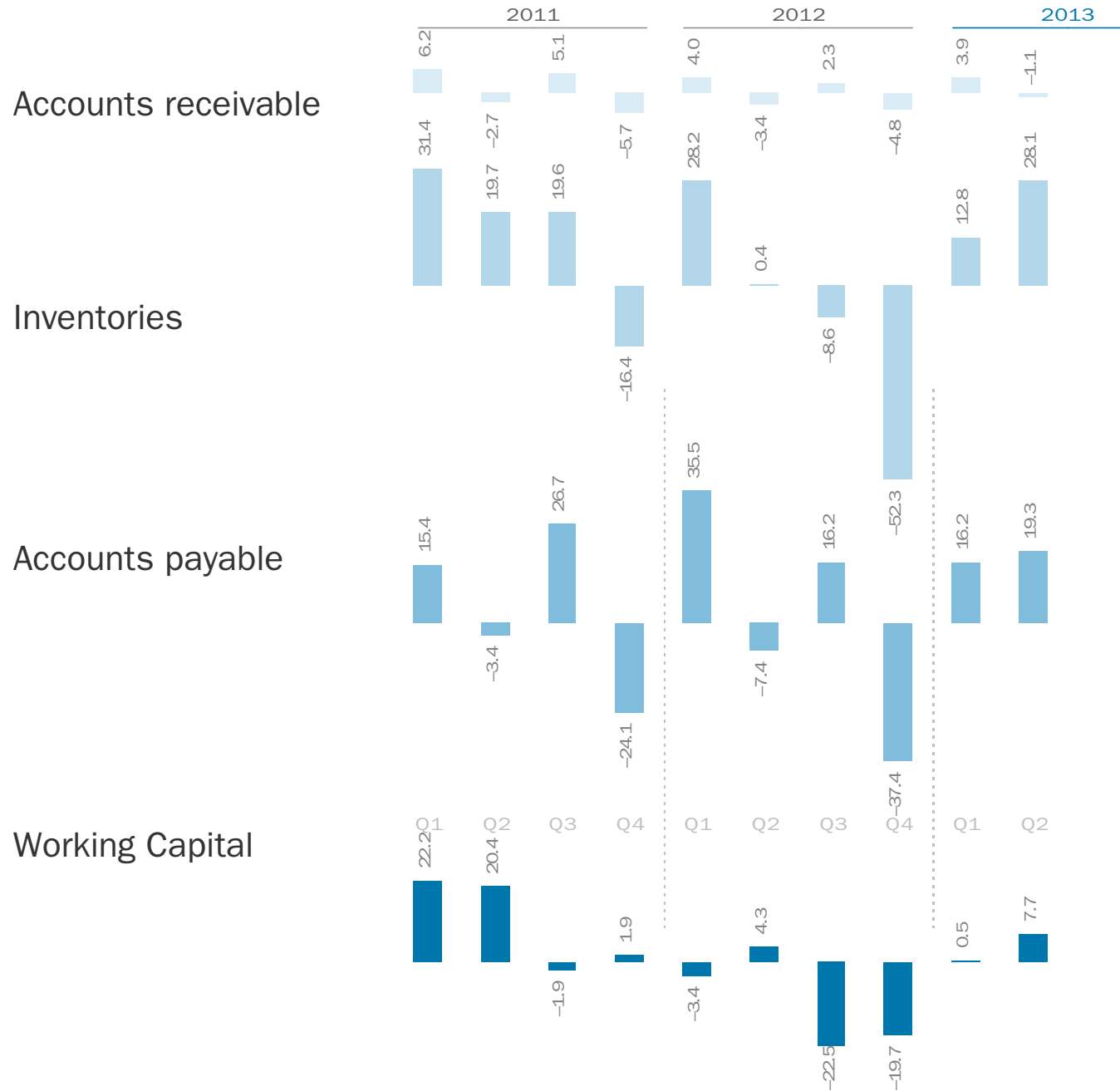
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Working Capital Management



... follow the seasonal peaks.

... winter tyre stocks built up ...

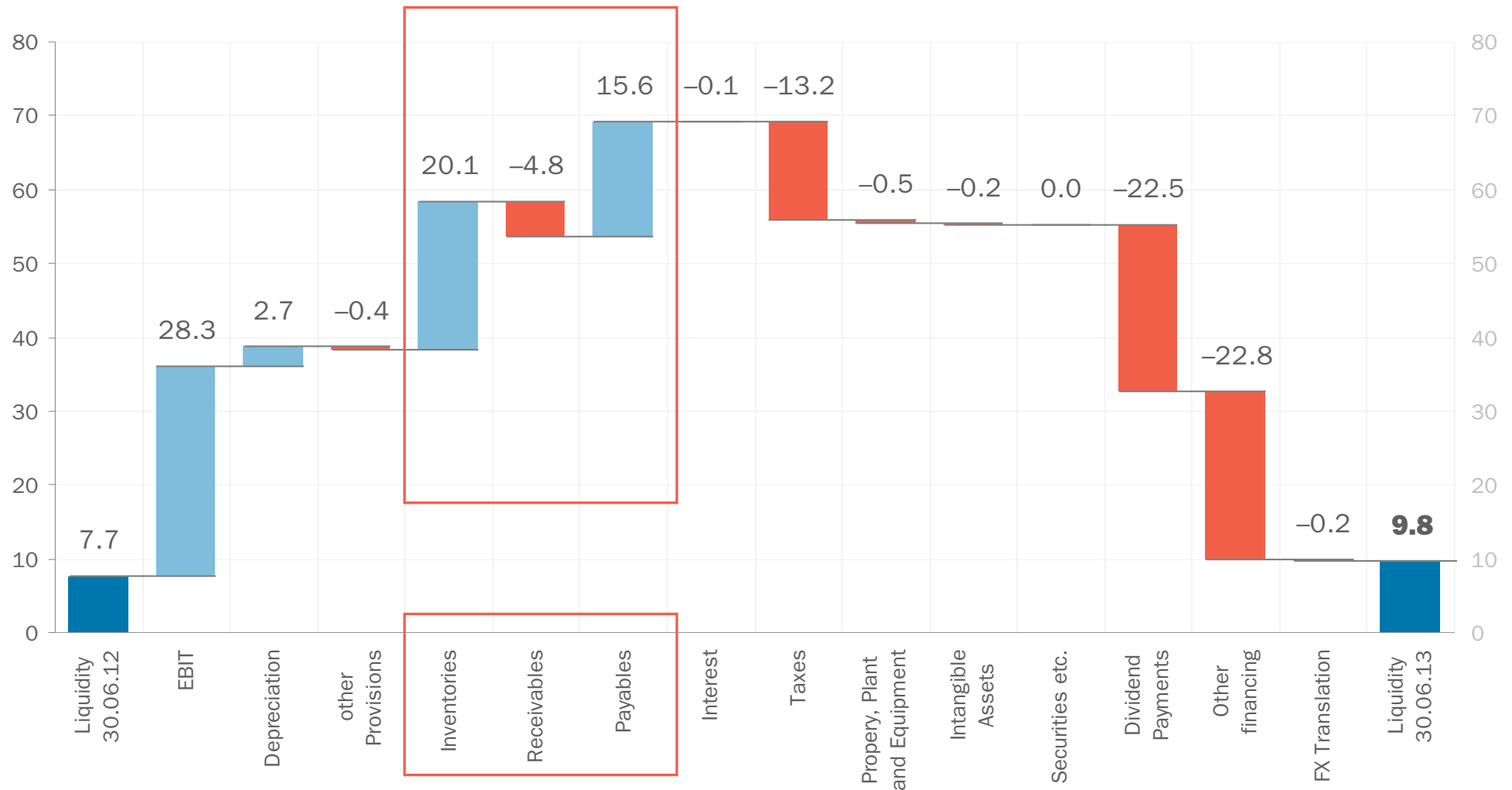
... partly funded w/ AP

... better cash flow ahead

quarterly delta in € million

Liquidity Bridge

in € million



► Net cash = € 7.1 million

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- **Replacement tyre market Q2**

- Germany: sell-out Jan-May (wdk): summer –14,7%, winter +7.9%
- Europe: sell-in H1 (ETRMA): –6,0%

ETRMA (press release), 16 July 2013
“Consumer, Agro and motorcycle
tyres still at significantly lower
levels compared to same period
2012.”

Reifenpresse.de, 12 June 2013

“Deutscher Reifenmarkt: Licht am Tunnelende weiter nicht in Sicht”

- **Sentiment 2013**

- depressed consumer confidence
- tyres: low visibility

ETRMA (press release), July 2013
“ETRMA expects the market to reach
2012 figures at the year end.”

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.“

▶ **Revenues FY13 > FY12; 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

Investor Relations:

Melanie Gereke
Delticom AG
Brühlstr. 11
30169 Hanover, Germany

eMail: gereke@delti.com
phone: +49-511-93634-8903