



9-Monthly Report 2015

Profile

Delticom is Europe's leading online tyre retailer. Founded in 1999, the Hanover-based company has more than 200 online shops in 41 countries, among others [ReifenDirekt](#), in UK and in France, as well as the [Tirendo](#) shops which enjoy a high level of recognition, not least due to its brand ambassador, Sebastian Vettel. 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. More than 200,000 car parts, including motor oil, replacement parts and accessories, complement the product portfolio.

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 42,000 service partners (9,500 in Germany alone) for professional fitting directly on to the customer's vehicle at a reasonable price.

Key Figures

		01.01.2015 – 30.09.2015	01.01.2014 – 30.09.2014	–/+ (%, %p)
Revenues	€ million	354.2	314.1	+12.7
Total income	€ million	366.4	322.7	+13.6
Gross margin ¹	%	23.9	25.2	–1.2
Gross profit ²	€ million	84.8	79.1	+7.3
EBITDA	€ million	8.6	8.0	+7.3
EBITDA margin	%	2.4	2.5	–0.1
EBIT	€ million	1.6	1.8	–10.3
Net income	€ million	0.6	–0.9	–165.1
Earnings per share ³	€	0.05	–0.08	–166.4
Total assets	€ million	214.4	231.7	–7.5
Inventories	€ million	99.5	117.4	–15.2
Investments ⁴	€ million	2.0	1.3	+56.2
Capital Employed ⁵	€ million	61.8	67.7	–8.8
Return on Capital Employed ⁶	%	2.6	2.7	0.0
Equity	€ million	48.2	46.5	+3.7
Equity ratio	%	22.5	20.1	+2.4
Return on equity	%	1.2	–1.9	+3.2
Liquidity position ⁷	€ million	23.1	24.7	–6.6
Operating cash flow	€ million	–8.4	4.6	
Free cash flow ⁸	€ million	–10.4	3.3	

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

(2) Gross profit ex other operating income

(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 – Cashflow from investing activities

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Interim Management Report of Delticom AG

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Economic Environment

Macroeconomic developments There has been a further downturn in the global economic outlook over the past few months, after China and other emerging markets reported weak growth figures.

Bolstered by the low oil price and the European Central Bank's (ECB) loose monetary policy, the eurozone remained on course for recovery at a moderate tempo in the third quarter. There has also been further improvement in the employment situation, although the rate of unemployment still varies hugely between European Union member states. Correspondingly, spending among European consumers is also just as varied.

In Germany, private consumption is a key pillar to economic development; however, given the uncertainty in key sales markets, German companies are reluctant to invest.

Development of the tyre market The negative trend observed in the first half of the year with a decline in replacement tyre business continued into the third quarter. According to industry association, summer tyre sales in Germany were down by 9.3 % in 9M 15 while winter tyre sales to consumers decreased by 3.4 %.

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 9M 15 the company recognized revenues of € 354.2 million, an increase of 12.7 % after € 314.1 million in the prior-year period.

E-Commerce Revenues in the E-Commerce division with its 202 online shops increased year-on-year by 13.2 %, from € 307.2 million to € 347.7 million. The share of divisional revenues amounted to 98.2 %, compared to 97.8 % in the previous year.

Customer numbers In the reporting period, Delticom group acquired a total of 717 thousand new customers (9M 14: 670 thousand, +7%). In the course of the financial year 2014, Delticom modified the way in which it calculates its customer numbers. As a consequence, the previous year's figure differs from the figures stated in the 9 monthly report 2014. At Group level, only customers who make a purchase from a Delticom Group shop for the first time in the reporting period are considered as new customers. In addition, 643 thousand (9M 14: 527 thousand, +22 % - based on new calculation methodology) existing customers bought their tyres in

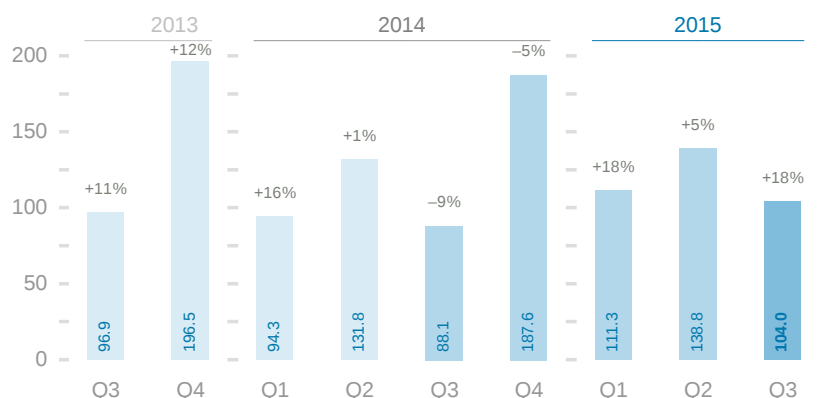
9M 15 from the Delticom Group, again. If customers have already made a purchase at a Delticom Group in the past, they are automatically regarded as existing customers at the Group from their second purchase onwards.

Seasonality

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

Revenues trend

quarterly revenues in € million



Group revenues in Q1 15 amounted to € 111.3 million (Q1 14: € 94.3 million), an increase of 18.1 %.

Delticom managed to generate growth and buck the market trend in the second quarter, too. Following Q2 15 revenues of € 138.8 million (+5.3 %), consolidated group revenues on a half-year basis increased by 10.7 % year on year to a total of € 250.2 million. In the third quarter, the company generated revenues of € 104.0 million (Q3 14: € 88.1 million, +18.1 %). Q3 15 revenues in the E-Commerce division were up year-on-year by 18.0 %, amounting to € 101.2 million.

Regional split

The group offers its product range in 41 countries. In 9M 15 revenues in EU countries totalled € 272.9 million (+14.7 %). Across all non-EU countries the revenue contribution for 9M 15 was € 81.3 million (9M 14: € 76.2 million, 6.7 %).

Revenues by region

in € thousand

	9M15	%	+	9M14	%	+	9M13	%
Revenues	354,186	100.0	12.7	314,148	100.0	1.6	309,062	100.0
Regions								
EU	272,852	77.0	14.7	237,952	75.7	2.7	231,789	75.0
Rest	81,334	23.0	6.7	76,196	24.3	-1.4	77,273	25.0

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 +14.6 % from € 235.1 million in 9M 14 to € 269.4 million in 9M 15. The E-Commerce division accounted for € 263.5 million (9M 14: € 228.8 million, +15.2 %).
Personnel expenses	On 30.09.2015, the company had a total of 145 employees (30.09.2014: 257). In the reporting period on average 148 staff members were employed at Delticom group (9M 14: 266). Personnel expenses amounted to € 7.3 million (9M 14: € 11.4 million, –36.2 %). This decrease is mainly due to the significant workforce reduction at Tirendo. The 9M 15 personnel expenses ratio stood at 2.1 % (staff expenditures as percentage of revenues, 9M 14: 3.6 %).
Transportation costs	Among the other operating expenses, transportation costs is the largest line item. They rose in the reporting period from € 28.1 million to € 34.1 million. The 21.4 % increase comes along with the sales country-mix and the higher business volume. The share of transportation costs against revenues went up from 8.9 % in 9M 14 to 9.6 % in 9M 15.
Warehousing costs	Rents and overheads increased in 9M 15 by 5.4 %, from € 5.3 million to € 5.6 million. As a result of the higher business volume, stocking costs increased by 14.9 % from € 3.0 million in 9M 14 to € 3.5 million.
Marketing costs	For the year so far, marketing expenses grew by 3.0 % to € 15.9 million (9M 14: € 15.4 million), equating to a ratio of 4.5 % (9M 14: 4.9 %). To push an early start into the winter season, marketing spent in Q3 15 was increased from € 3.8 million to € 5.2 million. As a result, Q3 15 marketing expense ratio with 5.0 % of revenues was higher than last year's 4.4 %.
Depreciation	Depreciation for 9M 15 rose by 12.6 % from € 6.2 million to € 6.9 million. This increase was essentially due to extraordinary depreciation on property, plant and equipment in H1 15, which was required in relation to preparations for the closure of the Lehrte warehouse at the end of the current financial year.

Earnings position

Gross margin	9M 15 gross margin came in with 23.9 %, after 25.2 % in 9M 14. The quarterly gross margin decreased from 26.1 % in Q3 14 to 25.9 %.
Other operating income	Other operating income increased in 9M 15 by 43.3 % to € 12.2 million (9M 14: € 8.5 million), thereof gains from exchange rate differences to the order of € 3.0 million (9M 14: € 2.1 million). FX losses have to be accounted for as line item in the other operating expenses (9M 15: € 3.6 million, 9M 14: € 1.6 million).

For the nine months the balance of FX income and losses totalled € –542.9 thousand (9M 14: € 415.5 thousand).

Gross profit

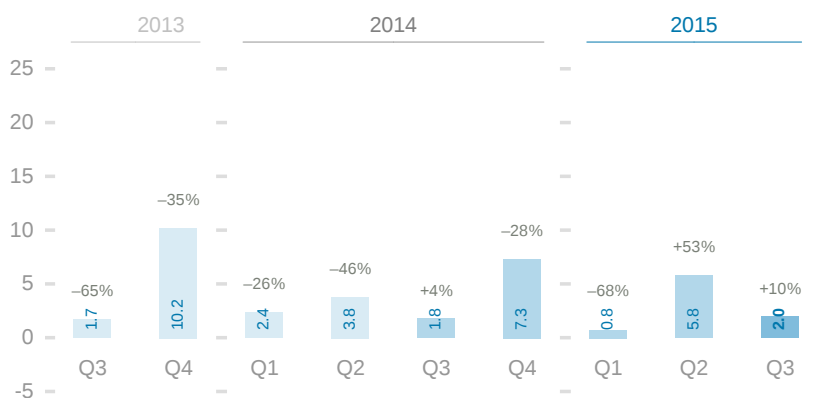
Altogether, the gross profit increased in the reporting period by 10.8 % year-on-year, from € 87.6 million to € 97.0 million. Gross profit in relation to total income of € 366.4 million (9M 14: € 322.7 million) amounted to 26.5 % (9M 14: 27.1 %).

EBITDA

Earnings before interest, taxes, depreciation and amortization (EBITDA) for the reporting period came in at € 8.6 million (9M 14: € 8.0 million, +7.3 %). This equates to an EBITDA margin of 2.4 % (9M 14: 2.5 %). EBITDA in the third quarter amounted to € 2.0 million, after € 1.8 million in Q3 14 (+10.4 %). Quarterly EBITDA margin stood at 1.9 % (Q3 14: 2.0 %).

EBITDA

quarterly, in € million



EBIT

EBIT for the reporting period came down by 10.3 % from € 1.8 million to € 1.6 million due to higher depreciations. This equates to an EBIT margin of 0.5 % (9M 14: 0.6 %). Third quarter EBIT increased from prior-year's € –0.2 million to € 0.2 million or 0.2 % of revenues (Q3 14: –0.3 %).

Financial result

Financial income for the nine months amounted to € 18.1 thousand (9M 14: € 30.9 thousand). Financial expenses decreased to € 329.3 thousand (9M 14: € 654.7 thousand), leading to a financial result of € –311.2 thousand (9M 14: € –624 thousand).

Income taxes

In 9M 15 the expenditure for income taxes was € 0.7 million (9M 14: € 2.1 million). This equates to a tax rate of 55.5 % (9M 14: 175.5 %). In 2014, Delticom AG and Tirendo Holding GmbH signed a profit and loss transfer agreement (PLTA). As a result, the tax rate in the previous year diverged significantly from the normal tax rate of the Delticom Group.

The tax rate in the reporting period also diverges from the normal tax rate of the Delticom Group. This effect is due to non-deductible losses resulting from the sale of all shares in Tyrepac Pte. Ltd., Singapore and additions under trade tax law.

Net income

Consolidated net income totalled € 0.6 million after € –0.9 million in 9M 14. Net income for Q3 15 amounted to € –0.1 million (Q3 14: € –0.7 million). For the nine months, earnings per share (EPS) were € 0.05 (undiluted, 9M 14: € –0.08).

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

	9M15	%	+	9M14	%	+	9M13	%
Revenues	354,186	100.0	12.7	314,148	100.0	1.6	309,062	100.0
Other operating income	12,197	3.4	43.3	8,513	2.7	144.7	3,479	1.1
Total operating income	366,383	103.4	13.6	322,661	102.7	3.2	312,541	101.1
Cost of goods sold	–269,382	–76.1	14.6	–235,084	–74.8	0.4	–234,055	–75.7
Gross profit	97,001	27.4	10.8	87,577	27.9	11.6	78,486	25.4
Personnel expenses	–7,262	–2.1	–36.2	–11,385	–3.6	63.6	–6,961	–2.3
Other operating expenses	–81,179	–22.9	19.0	–68,216	–21.7	14.5	–59,560	–19.3
EBITDA	8,560	2.4	7.3	7,975	2.5	–33.3	11,966	3.9
Depreciation	–6,929	–2.0	12.6	–6,155	–2.0	174.1	–2,246	–0.7
EBIT	1,632	0.5	–10.3	1,820	0.6	–81.3	9,720	3.1
Net financial result	–311	–0.1	–50.1	–624	–0.2	1705.2	–35	0.0
EBT	1,320	0.4	10.4	1,196	0.4	–87.7	9,685	3.1
Income taxes	–732	–0.2	–65.1	–2,099	–0.7	–40.6	–3,535	–1.1
Consolidated net income	588	0.2	–165.1	–903	–0.3	–114.7	6,151	2.0

Financial and assets position

Balance sheet structure

As of 30.09.2015 the balance sheet total amounted to € 214.4 million (31.12.2014: € 164.0 million).

Inventories

Among the current assets, inventories is the biggest line item. Since the beginning of the year their value grew by € 43.4 million to € 99.5 million (30.09.2014: € 117.4 million). This corresponds to a share of 46.4 % of total assets (31.12.2014: 34.2 %, 30.09.2014: 50.7 %).

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 € 25.4 million (30.09.2014: € 17.2 million).

Payables

In the wake of the inventory build-up, the accounts payable increased from € 75.9 million at the beginning of the year by € 33.6 million to € 109.5 million (30.09.2014: € 117.8 million). This corresponds to a share of 51.1 % of the balance sheet total (31.12.2014: 46.3 %, 30.09.2014: 50.8 %).

Abridged balance sheet

in € thousand

	30.09.15	%	+	%	31.12.14	%	31.12.13	%
Assets								
Non-current assets	53,520	25.0	-7.9		58,135	35.4	66,698	37.7
Fixed assets	51,686	24.1	-9.2		56,952	34.7	64,368	36.4
Other non-current assets	1,834	0.9	55.0		1,183	0.7	2,330	1.3
Current assets	160,860	75.0	51.9		105,872	64.6	110,322	62.3
Inventories	99,519	46.4	77.2		56,151	34.2	72,841	41.1
Receivables	38,253	17.8	93.7		19,745	12.0	26,158	14.8
Liquidity	23,088	10.8	-23.0		29,975	18.3	11,323	6.4
Securities	0	0.0			0	0.0	0	0.0
Cash and cash equivalents	23,088	10.8	-23.0		29,975	18.3	11,323	6.4
Assets	214,381	100.0	30.7		164,007	100.0	177,020	100.0
Equity and Liabilities								
Long-term funds	61,757	28.8	-7.7		66,943	40.8	64,635	36.5
Equity	48,177	22.5	-4.2		50,293	30.7	51,679	29.2
Long-term debt	13,580	6.3	-18.4		16,651	10.2	12,957	7.3
Provisions	315	0.1	-10.4		351	0.2	252	0.1
Liabilities	13,265	6.2	-18.6		16,300	9.9	12,704	7.2
Short-term debt	152,623	71.2	57.2		97,064	59.2	112,385	63.5
Provisions	4,830	2.3	104.1		2,367	1.4	2,028	1.1
Liabilities	147,793	68.9	56.1		94,698	57.7	110,357	62.3
Equity and Liabilities	214,381	100.0	30.7		164,007	100.0	177,020	100.0

Working capital

The net working capital on 30.09.2015 amounted to € 4.8 million (30.09.2014: € 9.1 million). Since the beginning of the year, working capital has grown by € 17.4 million (31.12.2014: € -12.5 million).

Liquidity position

Liquidity (cash and cash equivalents plus liquidity reserve) as of 30.09.2015 totalled € 23.1 million (30.09.2014: € 24.7 million, 31.12.2014: € 29.9 million). The company's net cash position amounted to € 9.8 million (liquidity less liabilities from current accounts, 30.09.2014: € -3.2 million).

Cash flow**Operating cash flow**

Mainly due to more funds tied up in net working capital, the cash flow from ordinary business activities of € -8.4 million for the period under review was lower than last year (9M 14: € 4.6 million).

Investments

In the reporting period Delticom invested € 0.7 million into property, plant and equipment, after € 0.5 million the previous year. Investments into intangible assets in 9M 15 amounted to € 0.9 million (9M 14: € 0.8 million). Further € 0.5 million (9M 14: € 0.0 million) were invested into financial assets. In total,

the cash flow from investments was € –2.0 million, after € –1.3 million the previous year.

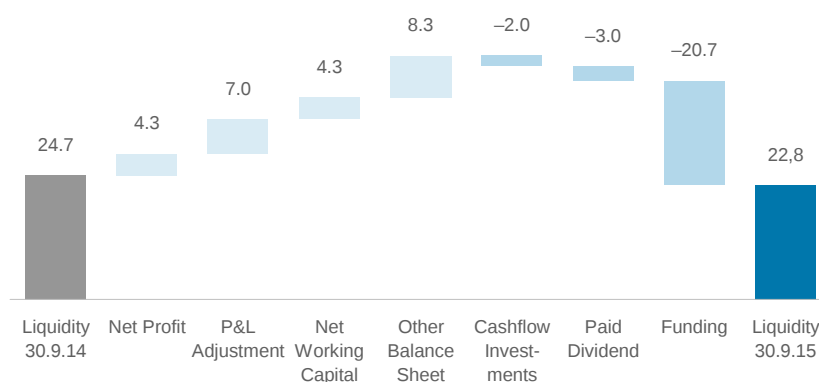
Financing activities

In the reporting period, Delticom recorded a cash flow from financing activities amounting to € 2.8 million, thereof the dividend payout for the last financial year of € 3.0 million and disbursements due to redemption of loans of € 2.6 million. The cash outflow was offset by inflows from shortterm financial liabilities of € 8.5 million.

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

Liquidity Bridge

in € million



Organisation

Legal structure

The following section lists the subsidiaries that are fully consolidated in the consolidated financial statements as of 30.09.2015:

- Delticom North America Inc., Benicia, California, (USA)
- Delticom OE S.R.L., Timisoara (Romania)
- Delticom Tyres Ltd., Oxford (United Kingdom)
- Deltiparts GmbH, Hanover (Germany)
- Giga GmbH, Hamburg (Germany)
- Gigatires LLC, California (USA)
- Pnebo Gesellschaft für Reifengroßhandel und Logistik mbH, Hanover (Germany)
- Price Genie LLC, California (USA)

- Reife tausend1 GmbH, Hanover (Germany)
- Tireseasy LLC, Delaware (USA)
- Tirendo Holding GmbH, Berlin (Germany)
- Tirendo Deutschland GmbH, Berlin (Germany)
- Toroleo Tyres GmbH, Schönefeld (Germany)
- Toroleo Tyres TT GmbH & Co.KG, Schönefeld (Germany)
- TyresNet GmbH, Munich (Germany)
- Wholesale Tire and Automotive Inc., Benicia (California, USA)

An overview of all not-consolidated subsidiaries can be found in the notes.

Significant events after the reporting date

Sascha Jürgensen resigned from the Executive Board with effect from 20th October 2015.

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 2014 on pages 46ff, together with a list of key individual risks.

Compared to the Annual Report 2014, 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

Weaker growth in China and emerging markets has dampened the overall global economic outlook. The International Monetary Fund (IMF) recently lowered its growth forecast for the current calendar year and for 2016. The eurozone is expected to remain on course for moderate growth in the coming months, helped in part by the weaker euro. Low oil prices should bolster private consumption and companies' willingness to invest; however, persistently weak rates of inflation in the eurozone are fuelling fears of deflation. In response, the ECB is considering expanding or prolonging its bond-buying programme in an effort to stimulate economic growth and eurozone inflation.

In Germany, a robust employment market continues to support private consumption. Domestic demand remains the cornerstone of economic development here; however, uncertainty surrounding foreign demand is leading many economic experts to take on a less-optimistic view of the coming months.

Tyre retail

According to industry associations, car tyre sales in the first nine months of the year were down nearly 8 % year on year. The onset of colder temperatures appears to have kick-started tyre-changing business in many areas in October, raising hopes of an increase in sales in the final quarter. It remains to be seen whether winter business will be able to even out the accumulative decline in sales over the first three quarters.

Forecast adjusted

Business at Delticom also benefited from the early start to the winter season at the start of the current quarter. In early November, Delticom raised its guidance for full-year revenues in the wake of an upturn in revenue growth. On the basis of current planning, consolidated group revenues will lie in a range of between € 530 million and € 540 million on a full-year view. The business development in the remaining weeks of the year is accompanied by a certain degree of uncertainty given the current weather conditions. Revenues in November and December 2015 could fall short of the previous year's level.

Until the end of the year, Delticom will continue to pursue its aim of increasing sales volumes year on year and reducing inventories as planned. If unit sales increase to a greater extent than revenues, a rise in sales will not necessarily lead to an increase in earnings due to higher volume-related costs.

Management therefore confirms the full-year guidance for earnings before interest, taxes, depreciation and amortisation (EBITDA). Delticom is still aiming to at least match EBITDA of the 2014 financial year in absolute terms (€ 15.3 million).

Drivers all over the world are discovering the benefits of buying their tyres online from one of Delticom's online stores. Management therefore continues to antic-

ipate the acquisition of over one million new customers for the Delticom Group in 2015 as a whole.

Consolidated Interim Financial Statements of Delticom AG

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Consolidated Income Statement

	01.01.2015 – 30.09.2015	01.01.2014 – 30.09.2014	01.07.2015 – 30.09.2015	01.07.2014 – 30.09.2014
in € thousand				
Revenues	354,186	314,148	104,019	88,082
Other operating income	12,197	8,513	3,928	2,411
Total operating income	366,383	322,661	107,947	90,494
Cost of goods sold	–269,382	–235,084	–77,047	–65,118
Gross profit	97,001	87,577	30,900	25,376
Personnel expenses	–7,262	–11,385	–2,748	–3,685
Depreciation of intangible assets and property, plant and equipment	–6,929	–6,155	–1,741	–2,033
Other operating expenses	–81,179	–68,216	–26,173	–19,899
Earnings before interest and taxes (EBIT)	1,632	1,820	238	–240
Financial expenses	–329	–655	–114	–206
Financial income	18	31	5	8
Net financial result	–311	–624	–109	–198
Earnings before taxes (EBT)	1,320	1,196	129	–438
Income taxes	–732	–2,099	–268	–286
Consolidated net income	588	–903	–139	–725
Thereof allocable to:				
Non-controlling interests	–13	1	2	1
Shareholders of Delticom AG	601	–902	–141	–724
Earnings per share (basic)	0.05	–0.08	–0.01	–0.06
Earnings per share (diluted)	0.05	–0.08	–0.01	–0.06

Statement of Recognised Income and Expenses

	01.01.2015 – 30.09.2015	01.01.2014 – 30.09.2014	01.07.2015 – 30.09.2015	01.07.2014 – 30.09.2014
in € thousand				
Consolidated Net Income	588	–902	–139	–725
Changes in the financial year recorded directly in equity				
Income and expense that will be reclassified to the statement of income at a later date				
Changes in currency translation	410	240	–72	183
Net Investment Hedge Reserve				
Changes in current value recorded directly in equity	–45	–113	–4	–111
Deferred taxes relating to Net Investment Hedge Reserve	–44	36	–116	35
Other comprehensive income for the period	335	188	8	131
Total comprehensive income for the period	924	–715	–131	–593
Attributable to non-controlling interests	51	25	1	25
Attributable to shareholders of the parent	872	–739	–132	–617

Consolidated Balance Sheet

Assets

in € thousand	30.09.2015	31.12.2014
Non-current assets	53,520	58,135
Intangible assets	44,463	47,949
Property, plant and equipment	6,713	8,978
Financial assets	510	25
Deferred taxes	1,327	705
Other receivables	507	478
Current assets	160,860	105,872
Inventories	99,519	56,151
Accounts receivable	25,358	14,489
Other current assets	10,969	4,707
Income tax receivables	1,927	549
Cash and cash equivalents	23,088	29,975
Assets	214,381	164,007

Shareholders' Equity and Liabilities

in € thousand	30.09.2015	31.12.2014
Equity	48,177	50,293
Equity attributable to Delticom AG shareholders	47,149	49,305
Subscribed capital	11,995	11,945
Share premium	25,371	25,372
Other components of equity	451	128
Retained earnings	200	200
Net retained profits	9,132	11,659
Non-controlling interests	1,028	988
Liabilities	166,203	113,715
Non-current liabilities	13,580	16,651
Long-term borrowings	12,813	15,367
Non-current provisions	315	351
Deferred tax liabilities	453	933
Current liabilities	152,623	97,064
Provisions for taxes	1,206	845
Other current provisions	3,624	1,521
Accounts payable	109,511	75,920
Short-term borrowings	12,927	4,424
Other current liabilities	25,356	14,354
Shareholders' equity and liabilities	214,381	164,007

Consolidated Cash Flow Statement

	01.01.2015 – 30.09.2015	01.01.2014 – 30.09.2014
in € thousand		
Earnings before interest and taxes (EBIT)	1,632	1,820
Depreciation of intangible assets and property, plant and equipment	6,929	6,155
Changes in other provisions	2,067	–536
Net gain on the disposal of assets	–64	5
Changes in inventories	–43,367	–44,527
Changes in receivables and other assets not allocated to investing or financing activity	–16,884	–3,667
Changes in payables and other liabilities not allocated to investing or financing activity	44,424	45,446
Interest received	18	31
Interest paid	–329	–423
Income tax paid	–2,852	327
Cash flow from operating activities	–8,427	4,632
Proceeds from the disposal of property, plant and equipment	64	0
Payments for investments in property, plant and equipment	–661	–490
Payments for investments in intangible assets	–898	–812
Payments for investments in financial assets	–485	–15
Cash flow from investing activities	–1,979	–1,316
Dividends paid by Delticom AG	–2,986	–5,930
Payments from additions to capital	0	1,215
Capital transactions with non-controlling interests	–127	220
Cash inflow of financial liabilities	8,503	15,029
Cash outflow of financial liabilities	–2,554	–900
Cash flow from financing activities	2,836	9,635
Changes in cash and cash equivalents due to currency translation	410	240
Cash and cash equivalents at the start of the period	29,975	11,323
Changes in cash and cash equivalents	–7,015	13,216
Changes in consolidation scope	127	0
Cash and cash equivalents - end of period	23,088	24,538

For information only: Net-Liquidity

in € thousand	01.01.2015	01.01.2014
	– 30.09.2015	– 30.09.2014
Liquidity – start of period	29,927	11,500
Changes in cash and cash equivalents	–7,015	13,216
Liquidity – end of period	23,088	24,716
Net Cash – start of period	10,137	–21,197
Changes in cash and cash equivalents	–7,015	13,216
Changes in financial liabilities	–5,949	–14,129
Net Cash – end of period	–2,827	–22,110
Net cash refer to short term financial liabilities:		
Net Cash – start of period	25,326	–10,337
Changes in cash and cash equivalents	–7,015	13,216
Changes in short term financial liabilities	–8,503	–6,050
Net Cash – end of period	9,808	–3,171
Net cash refer to long term financial liabilities:		
Net Cash – start of period	14,383	285
Changes in cash and cash equivalents	–7,015	13,216
Changes in long term financial liabilities	2,554	–8,079
Net Cash – end of period	9,923	5,422

Statement of Changes in Shareholders' Equity

in € thousand	Sub- scribed capital	Share premium	Reserve from currency translation	Net Invest- ment Hedge Reserve	Retained earnings	Net retained profits	Total	Non-con- trolling in- terests	Total equity
as of 1 January 2014	11,859	24,446	-181	31	200	15,324	51,679	0	51,679
Shares of capital increase	86						86		86
Capital increase of issue new shares		1,129					1,129		1,129
Transactions between controlling and non-con- trolling shareholders		-76				0	-76		-76
Dividends paid						-5,930	-5,930		-5,930
Net income						-902	-902	1	-902
Other comprehensive in- come			240	-77			163	25	188
Total comprehensive income			240	-77		-902	-739	25	-714
as of 30 September 2014	11,945	25,500	59	-47	200	8,491	46,149	322	46,470
as of 1 January 2015	11,945	25,372	115	13	200	11,659	49,305	988	50,293
Shares of capital increase	50						50		50
Capital increase of issue new shares		-1					-1		-1
Dividends paid						-2,986	-2,986		-2,986
Net income						601	601	-13	588
Other comprehensive in- come			410	-89		-140	181	53	234
Total comprehensive income			410	-89		461	782	40	822
as of 30 September 2015	11,995	25,371	525	-76	200	9,134	47,149	1,028	48,177

Notes to the Consolidated Interim Financial Statements of Delticom AG

Reporting companies

Delticom, Europe's leading online tyre retailer, was founded in Hanover in 1999. With 202 online shops in 41 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 2014.

Employees

From 01.01.2015 to 30.09.2015 Delticom had an average of 148 employees (thereof 11 apprentices and interns). The calculation is based on full-time equivalents, thus taking into account the actual work hours.

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. Due to the seasonality, differences in performance between quarters and year-over-year are unavoidable.

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

Delticom's consolidated interim financial statements as of 30.09.2015 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 2014 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 31.12.2014.

The Annual Report 2014 is made available on the Delticom website in the section *Investor Relations* or can be downloaded directly using the following link:

The fair value of the financial instruments corresponds to the book value in respect of all balance sheet items. The financial instruments in the following categories have been assigned to Level 2 of the fair value hierarchy: Financial assets available for sale amounting to € 848 thousand (31.12.2014: € 833 thousand), Financial assets held for trading amounting to € 94 thousand (31.12.2014: € 63 thousand) and Financial liabilities held for trading amounting to € 5 thousand (31.12.2014: € 3 thousand).

Effective as of 31.07.2015, Delticom AG fully sold its majority share in Tyrepac Pte. Ltd., Singapore. In the reporting period Delticom paid € 403.6 thousand into Delticom Russia.

As in previous years, there are no Level 3 fair value inputs. The valuation categories applied to the individual financial instruments have remained unchanged compared with 31.12.2014.

Group of consolidated companies

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

Compared with the Annual Report for fiscal year 2014 there were the following changes in the group of consolidated companies.

- Giga GmbH, Hamburg (Germany)
- Gigatires LLC, California (USA)
- TyresNet GmbH, Munich (Germany)
- Tireseasy LLC, Delaware (USA)
- Price Genie LLC, California (USA)

Due to its negligible impact on Delticom's net assets, financial position and results of operations, the following companies are not consolidated, but instead recognized as a financial instrument pursuant to IAS 39.

- OOO Delticom Shina, Moscow (Russia) of which Delticom owns 100 % of the shares
- Tirendo Netherlands B.V., Den Haag (Netherlands) – 100 % subsidiary of Tirendo Holding GmbH
- Tirendo AT GmbH, Vienna (Austria) – 100 % subsidiary of Tirendo Holding GmbH

- Tirendo Switzerland GmbH, Zug (Switzerland) – 100 % subsidiary of Tirendo Holding GmbH
- Tirendo Poland sp.z.o.o., Warsaw (Poland) - 100 % subsidiary of Tirendo Holding GmbH

Unusual items

No further 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.

Other operating expenses

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

in € thousand	9M15	9M14
Transportation costs	34,119	28,111
Warehousing costs	3,467	3,018
Credit card fees	3,206	2,798
Bad debt losses and one-off loan provisions	1,474	1,420
Marketing costs	15,861	15,399
Operations centre costs	5,504	4,450
Rents and overheads	5,577	5,290
Financial and legal costs	2,835	2,681
IT and telecommunications	1,700	1,207
Expenses from exchange rate differences	3,590	1,649
Other	3,846	2,193
Total	81,179	68,216

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.

Earnings per share

Basic earnings per share totalled € 0.05 (9M 14: € –0.08). The diluted earnings per share totalled € 0.05 (9M 14: € –0.08).

Calculation of earnings per share

Pursuant to IAS 33, undiluted (basic) earnings per share are calculated by dividing the consolidated net income of € 588,198.72 (previous year: € –903,289.44) by the 11,945,250 weighted average number of ordinary shares in circulation during the financial year (previous year: 11,907,570 shares).

In the period under review a dilution effect did not have to be taken into account. Accordingly, the diluted earnings corresponds to the result value of the undiluted earnings.

Dividends

On 06.05.2015 Delticom has paid a dividend of € 0.25 for fiscal year 2014 (previous year: € 0.50)

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 € 35 thousand (9M 14: € 179 thousand) were purchased from related companies and persons, and goods and services worth € 1 thousand (9M 14: € 1 thousand) were sold to related companies and persons. Accounts receivable from business with related companies and persons amounted to € 0 thousand (9M 14: € 0 thousand) and accounts payable totalled € 0 thousand (9M 14: € 7 thousand).

Contingent liabilities and other financial commitments

As compared to 31.12.2014, the situation with regards to other financial commitments has not changed significantly. As of the reporting date, there were no contingent liabilities or claims.

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 not been reviewed by our auditors.

German Corporate Governance Codex

The website 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, 12.11.2015

(The Management Board)

The Delticom Share



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

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

12 November 2015
23 November 2015

9-monthly report 2015
German Equity Forum
Frankfurt

		01.01.2015 – 30.09.2015	01.01.2014 – 31.12.2014
Number of shares	shares	11,945,250	11,945,250
Share price on first trading day ¹	€	18.61	30.98
Share price on last trading day of the period ¹	€	20.61	18.92
Share performance ¹	%	+10.8	–38.9
Share price high/low ¹	€	25.00 / 16.46	38.41 / 14.55
Market capitalisation ²	€ million	246.2	226.0
Average trading volume per day (XETRA)	shares	11,011	22,308
EPS (undiluted)	€	0.05	0.24
EPS (diluted)	€	0.05	0.24
Equity per share	€	4.03	4.21

(1) based on closing prices

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

Broker	Analyst	Recommendation	Target price	Estimates for 2015					Estimates for 2016				
				Sales (€m)	EBITDA (€m)	EBIT (€m)	EBIT (%)	EPS (€)	Sales (€m)	EBITDA (€m)	EBIT (€m)	EBIT (%)	EPS (€)
NordLB	Frank Schwope	Buy	26.00	539.0	16.7	7.7	1.4	0.41	572.0	21.1	16.0	2.8	0.92
BH Lampe	Christoph Schlienkamp	Hold	22.00	536.8	17.0	8.5	1.6	0.45	555.6	22.0	16.6	3.0	0.92
Commerzbank	Andreas Riemann	Hold	20.00	527.0	18.2	10.8	2.0	0.64	564.0	20.0	12.1	2.1	0.71
Montega	Timo Buss	Buy	25.00	539.7	17.0	9.4	1.7	0.45	566.8	25.8	21.1	3.7	1.19
Warburg	Marc-René Tonn	Hold	22.00	545.7	16.3	8.9	1.6	0.49	595.6	23.6	18.9	3.2	1.07
			Average	537.6	17.0	9.1	1.7	0.49	570.8	22.5	16.9	3.0	0.96

as of 6 November 2015

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