

On the right track.

## Investor and Analyst Presentation

on the occasion of the publication of the 3-Monthly Report 2010



# 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 **35 countries**
- founded 1999, IPO Oct 2006, SDAX Dec 2008
- **104 employees** (end of Q1 10), mainly in the Hanover head office
- 2010 more than 180 thousand new customers so far
- customer base: more than **3.6 million**
- **focus on replacement tyres:** > 100 tyre brands, > 25,000 models
- other products:
  - motorcycle tyres, truck tyres, industrial tyres
  - complete wheels and rims
  - motor oil, car parts, accessories
- global network with more than **25,000 fitting partners**, e.g.
  -  DE 7145
  -  US 2613
  -  UK 1743
  -  FR 2873
  -  CH 1152



# Key Financials Q1 10

		<b>Q1 10</b>	<b>Q1 09</b>	<b>yoy %</b>	guidance*	Δ	
<b>Revenues</b>	€m	74.5	51.0	+45.9	62.0	+20.0	target H1 now > +20%
<b>EBIT-Margin</b>	%	7.9	5.2	+2.7p	FY 8%		(direct) costs ↓
<b>EPS</b>	€	0.34	0.16	+110.6			dividend for 2009: € 1.70
<b>Capex</b>	€m	0.3	1.5	-82.0	FY 3.5m		no new warehouse
<b>Liquidity</b>	€m	45.0	30.9	+45.5			dividend pending

\* as of March 2010

► Pole position for the bulk of summer tyre business in Q2/Q3

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Delticom at a Glance

**Business Model**

Profit & Loss

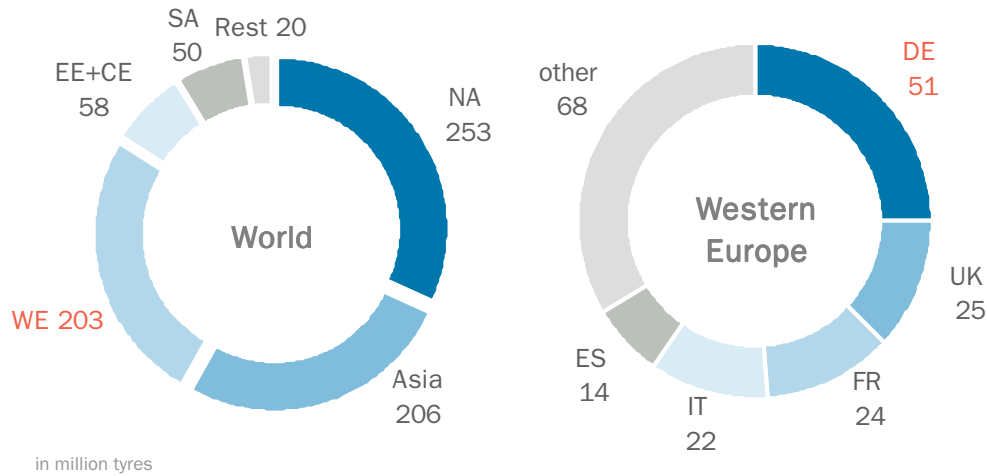
Balance Sheet

Outlook



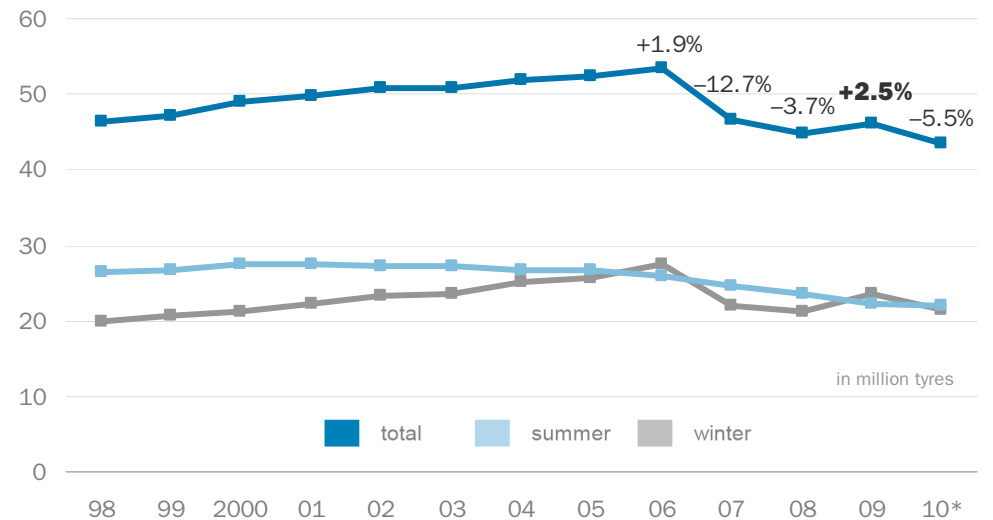
# Tyres and the Internet

## European Car Replacement Tyres: € 11 billion



Source: Datamonitor, Continental, Michelin, own estimates

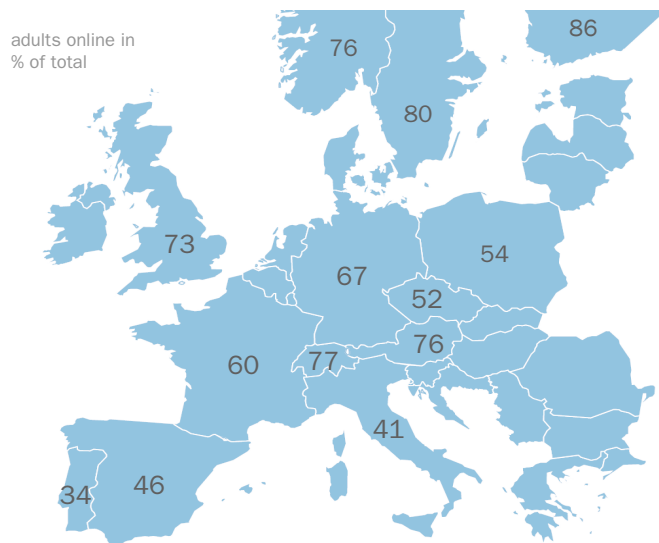
## Germany: 2009 ok, dim outlook for 2010



Source: BRV (car replacement tyres)

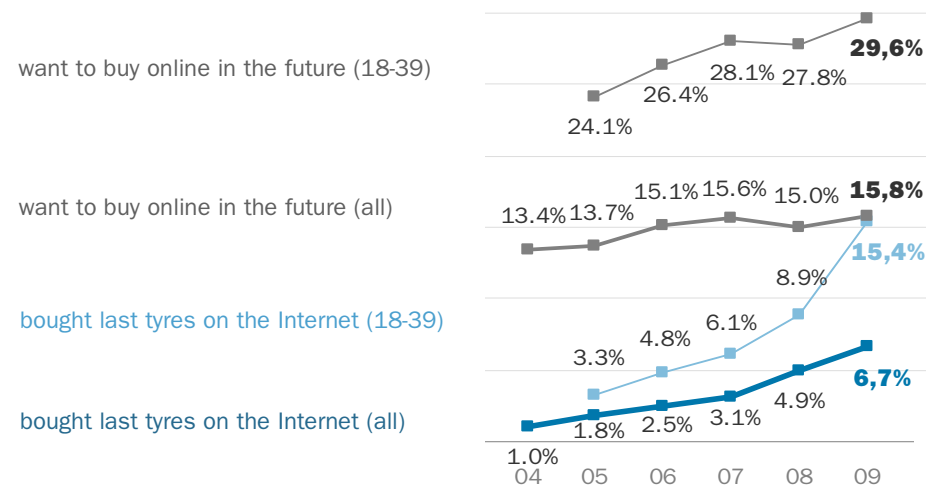
\* estimates as of January 2010

## Europeans are increasingly online...



Desk Research GfK Austria, April 2010

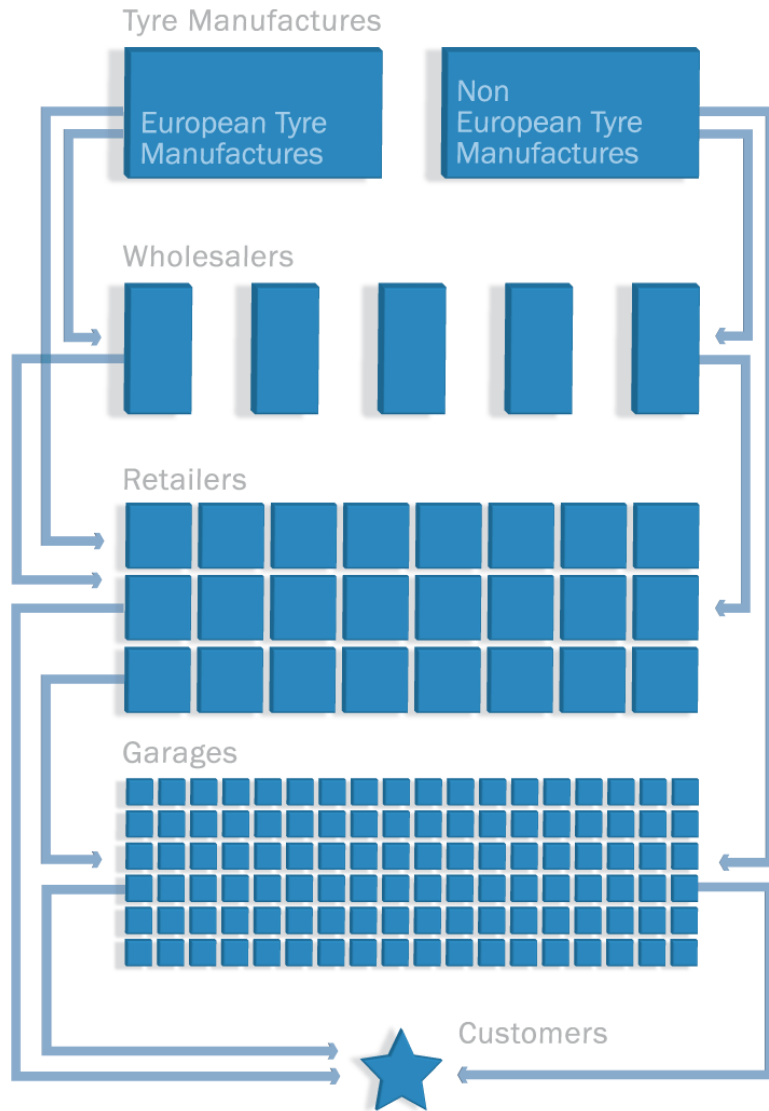
## ... and buy their tyres online.



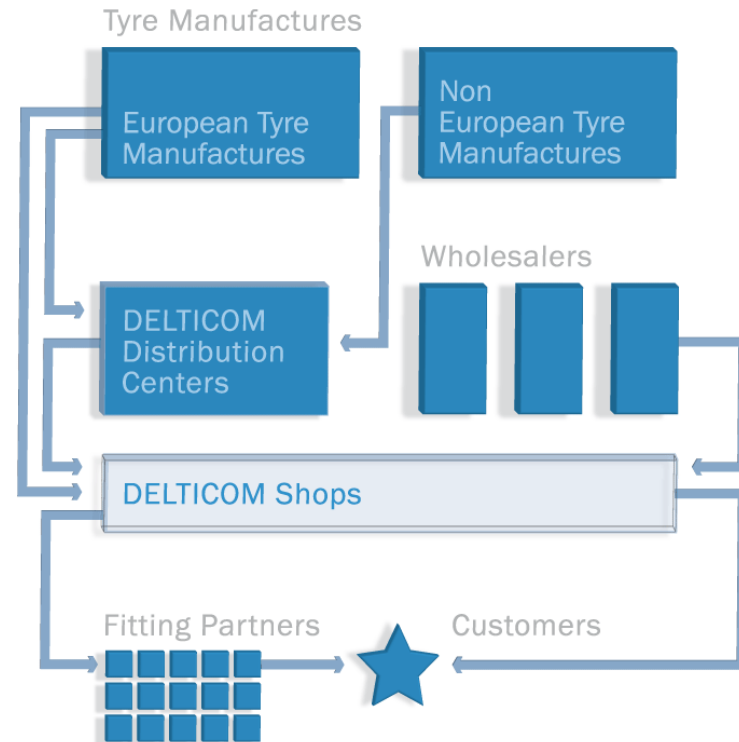
Source: ADAC Reifenmonitor 2005-2010

# 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**

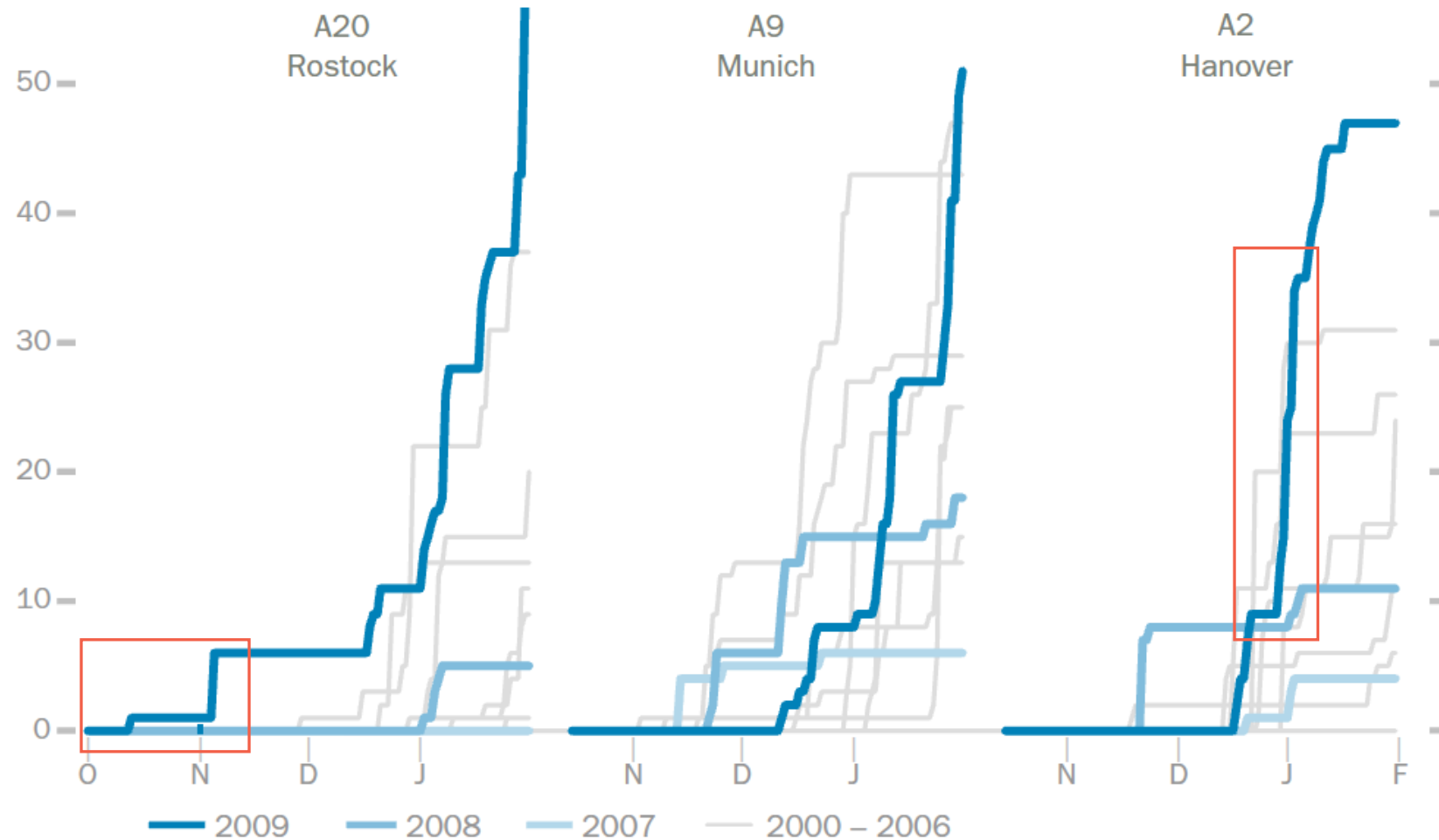
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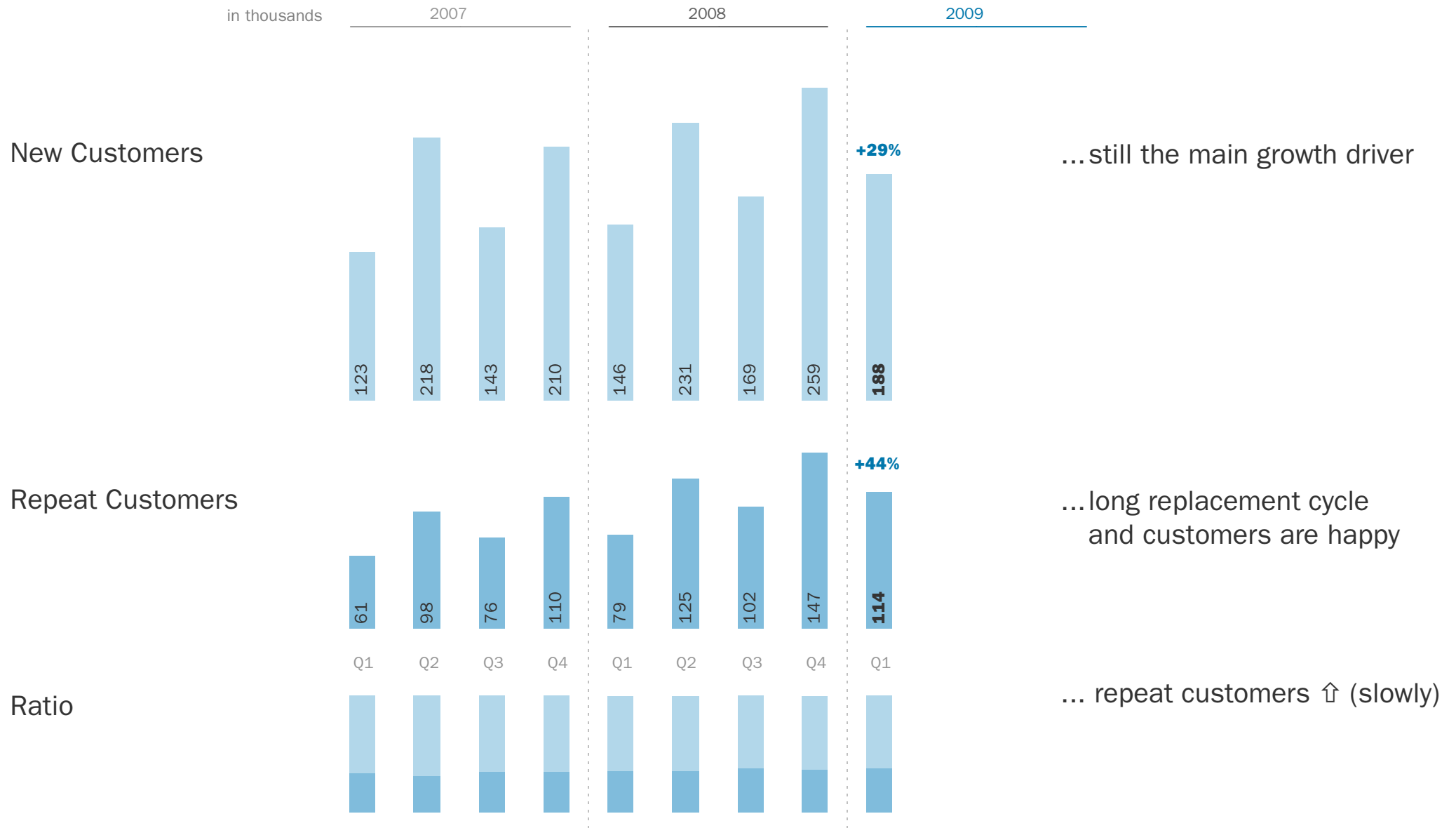
# Continued Snowfalls in the 2009/2010 Winter Season

cumulated snow heights on German interstates



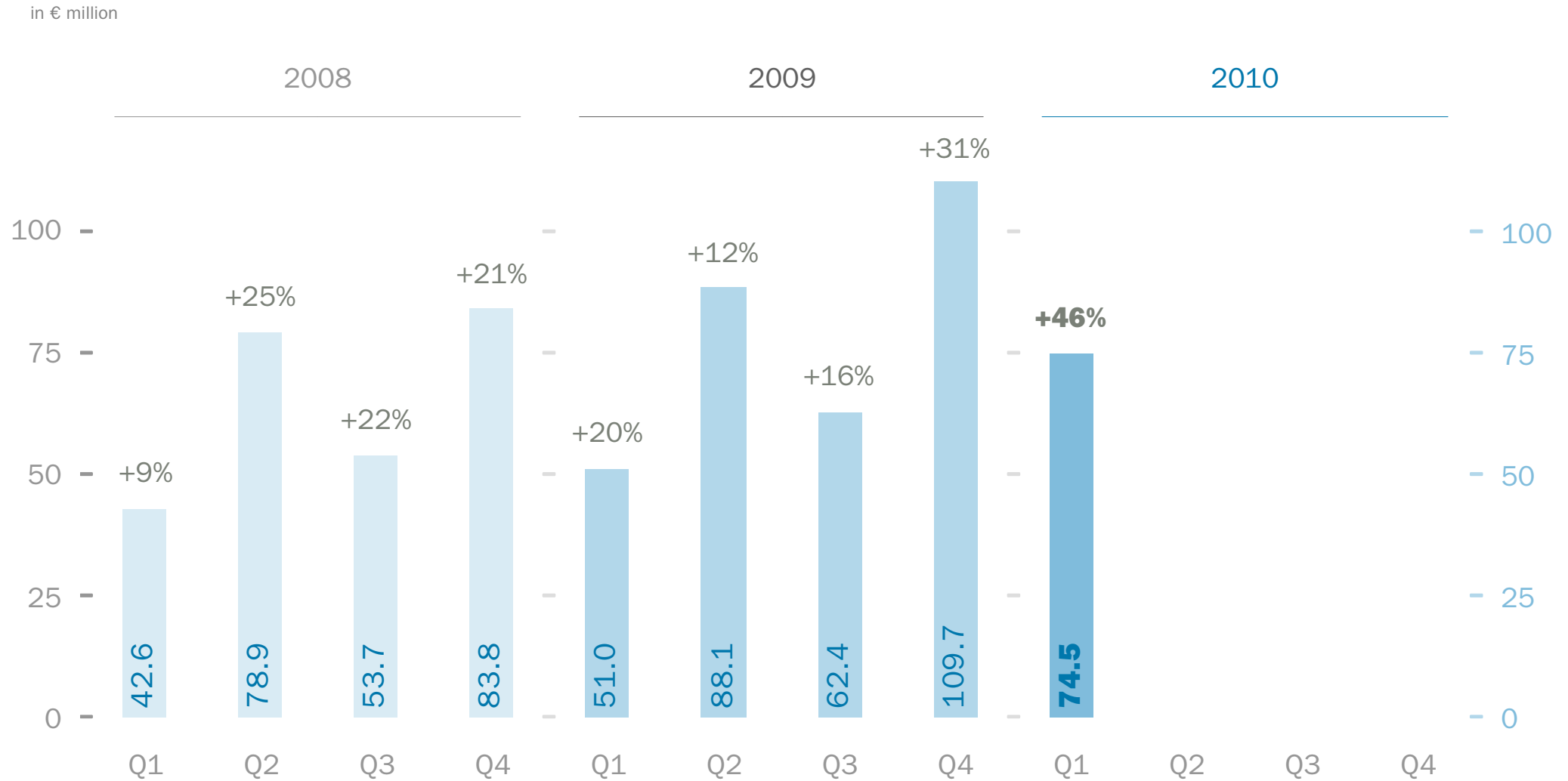
► First sales peak in October, more snow in December, January and February

# Customers



▶ Repeat customers constitute important growth potential

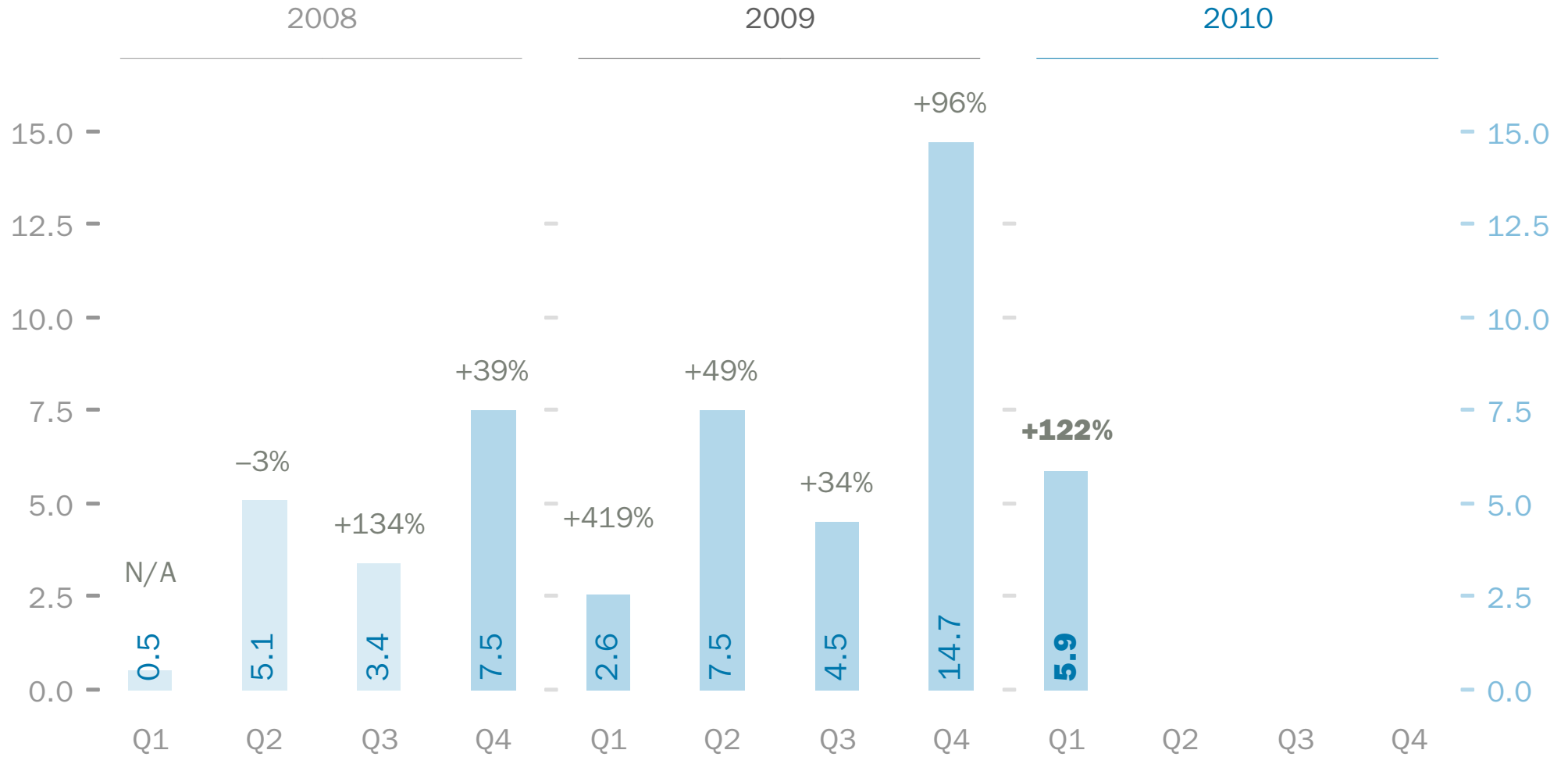
# Quarterly Revenues



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

# Quarterly EBIT

in € million



► Q1 10 helped by scale and cost improvements

# P&L Drivers

	EUR		yoy	% of Revenues		
	Q1 10	Q1 09	%	Q1 10	Q1 09	chng
<b>Revenues</b>	<b>74.5</b>	<b>51.0</b>	<b>45.9</b>	<b>100.0</b>	<b>100.0</b>	<b>0.0</b>
Cost of sales	54.8	37.8	45.1	73.6	74.0	-0.4
<b>Gross Profit (simple)</b>	<b>19.7</b>	<b>13.2</b>	<b>48.4</b>	<b>26.4</b>	<b>26.0</b>	<b>0.4</b>
Direct costs	<b>10.8</b>	<b>8.4</b>	<b>29.1</b>	<b>14.6</b>	<b>16.5</b>	<b>-1.9</b>
Direct costs (dep. on sales)	8.2	6.1	34.8	11.0	11.9	-0.9
Transportation costs	6.4	4.8	34.5	8.6	9.3	-0.7
Warehousing costs	0.9	0.4	118.2	1.2	0.8	0.4
Operations centre costs	0.9	0.9	0.7	1.2	1.8	-0.6
Direct costs (dep. on revenues)	2.7	2.3	14.0	3.6	4.6	-1.0
Credit card fees	0.5	0.3	69.0	0.7	0.6	0.1
Bad debt losses	0.4	0.3	41.8	0.6	0.6	0.0
Marketing costs	1.7	1.7	-0.8	2.3	3.4	-1.1
<b>Contribution margin 1</b>	<b>8.8</b>	<b>4.9</b>	<b>81.8</b>	<b>11.8</b>	<b>9.5</b>	<b>2.3</b>
Indirect costs	3.4	2.4	42.9	4.6	4.7	-0.1
Personnel expenses	1.6	1.4	15.0	2.1	2.7	-0.6
Rents and overheads	0.9	0.3	160.5	1.1	0.6	0.5
Financial and legal costs	0.6	0.4	54.2	0.8	0.7	0.0
IT and telecommunications	0.2	0.1	24.5	0.2	0.3	0.0
Other	0.3	0.2	32.5	0.4	0.4	0.0
<b>Contribution margin 2</b>	<b>5.4</b>	<b>2.4</b>	<b>120.5</b>	<b>7.2</b>	<b>4.8</b>	<b>2.4</b>
FX effects	0.4	0.1				
Other operating profit (w/o FX gains)	0.4	0.2				
<b>EBITDA</b>	<b>6.2</b>	<b>2.8</b>	<b>120.9</b>	<b>8.3</b>	<b>5.5</b>	<b>2.8</b>
Depreciation / Amortization	0.3	0.1	97.5	0.4	0.3	0.1
<b>EBIT</b>	<b>5.9</b>	<b>2.6</b>	<b>122.3</b>	<b>7.9</b>	<b>5.2</b>	<b>2.7</b>
Net financial result	0.0	0.1	-80.2			
<b>EBT</b>	<b>5.9</b>	<b>2.8</b>	<b>112.6</b>	<b>7.9</b>	<b>5.4</b>	<b>2.5</b>
Income taxes	1.9	0.9	116.9			
<b>Consolidated net income</b>	<b>4.0</b>	<b>1.9</b>	<b>110.6</b>	<b>5.4</b>	<b>3.7</b>	<b>1.7</b>

← smaller increase than in previous quarters

← country mix changed

← stock-and-ship ↑, drop-ship ↓

← front-/backoffice automation ↑

← ~100% online

← new warehouse

← low but increasing capital intensity

← debt-free, net cash, low/no interest rates

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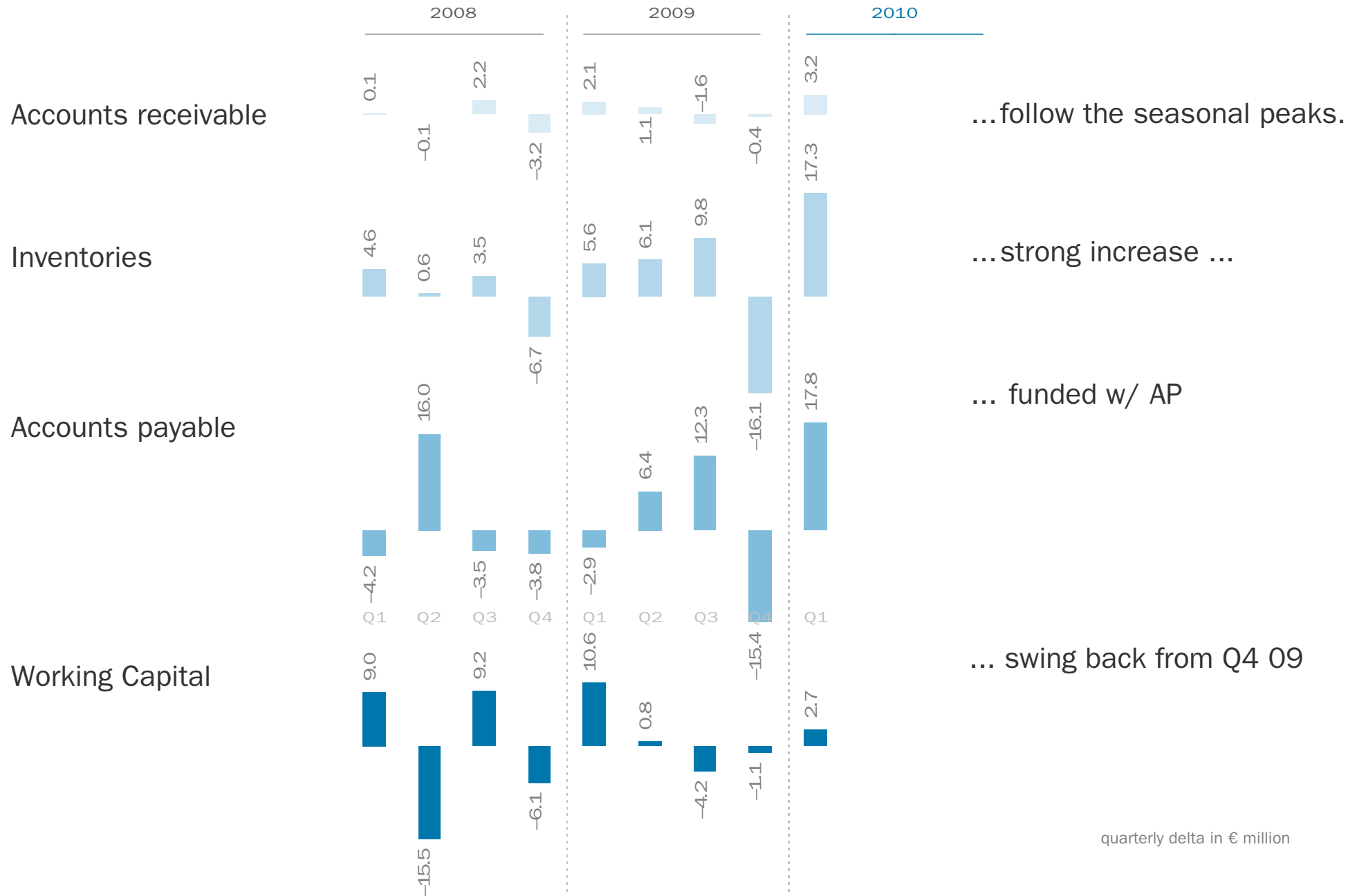
**Balance Sheet**

Outlook



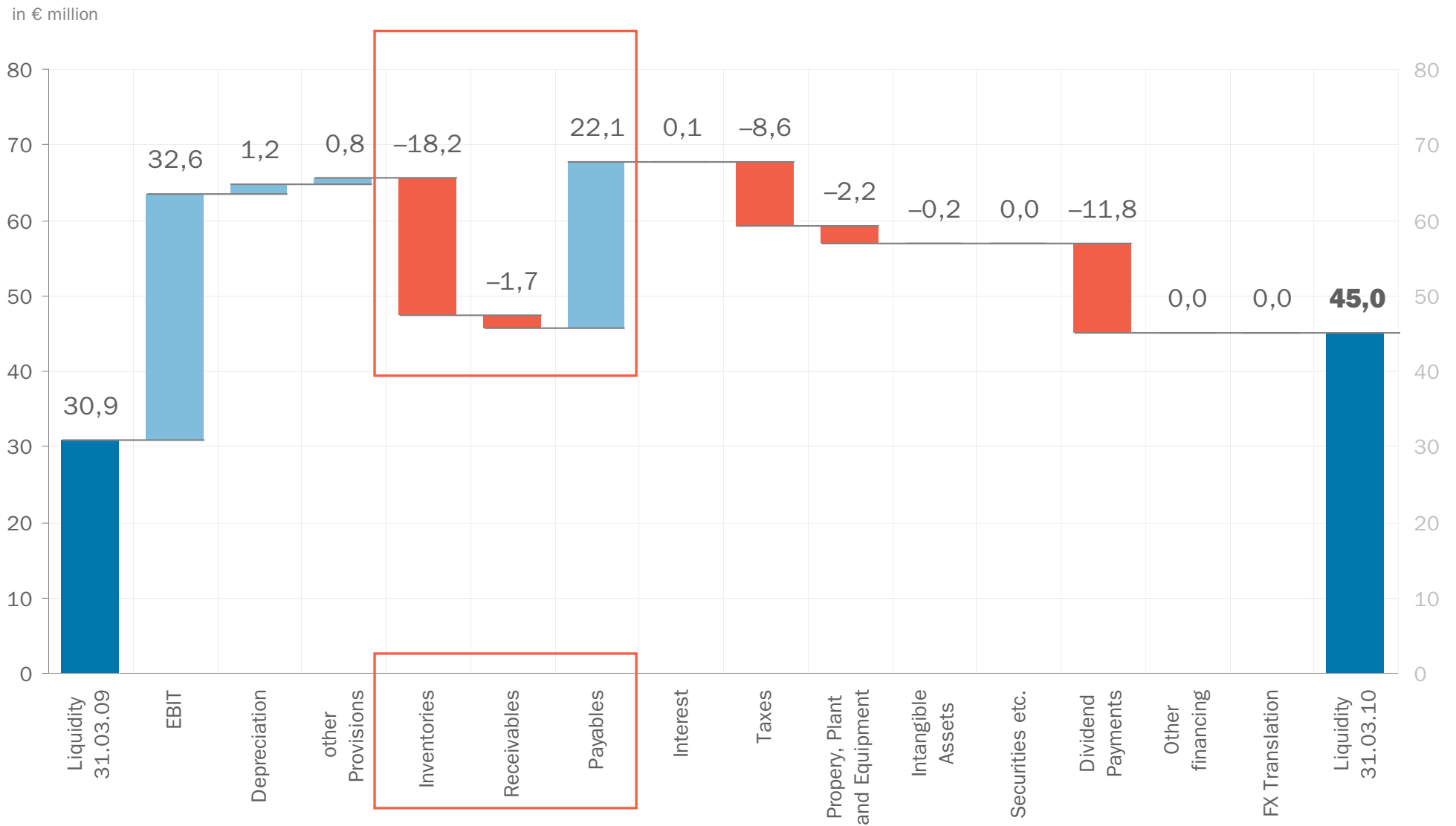


# Working Capital Management



quarterly delta in € million

# Liquidity Bridge (ttm)



► Delticom is self-financed

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- **Current trading in Q2:**
    - good sales, stable prices
    - more modest increase yoy
  - **German market (BRV)**
    - 2010 est (as of March 2010): summer ↓ 1.8% (too low), winter ↓ 9.0% (too low?)
  - **Fuzzy signals from the economy**
    - Ifo ↑, deflated retail sales ↓
    - GfK ↑↓, unemployment ↑

▶ price discipline? volume growth?
  - 2010 top- and bottom line drivers probably less favourable than in 2009, due to late-cyclical **weakening of consumer sentiment** and **base effects**. Mitigating factors:
    - seasonal effects
    - consumer confidence deteriorates
    - Delticom is an international business
    - Delticom is online

▶ summer tyres

▶ customers are trading down

▶ diversified country portfolio

▶ good prices, good sales, good margins
- ▶ Revenues FY10: more than +10% yoy **new!**
- ▶ EBIT-Margin FY10: 8% **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

Investor Relations:

Melanie Gereke  
Delticom AG  
Brühlstr. 11  
30169 Hanover, Germany

eMail: [gereke@delti.com](mailto:gereke@delti.com)  
phone: +49-511-93634-8903