

New growth on a strong base.

## Investor and Analyst Presentation

On the Occasion of the Release of the 3-Monthly Report 2014

Hanover, 15 May 2014



# Agenda

Delticom Group at a Glance

Profit & Loss

Balance Sheet

Outlook



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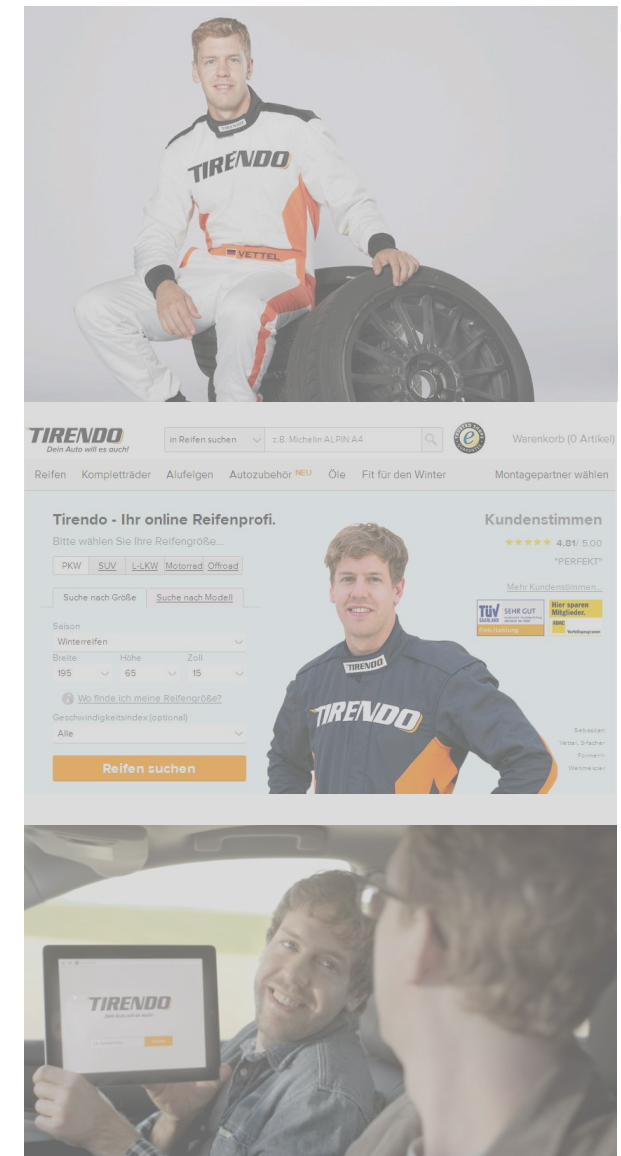
# Key Financials

|                                   |    | Q114 | Q113 | yoy%   |   |
|-----------------------------------|----|------|------|--------|---|
| <b>Revenues</b>                   | €m | 94,3 | 81,3 | +16,0  | early summer season start                             |
| <b>New Customers<sup>1)</sup></b> | k  | 210  | 182  | +15,5  | on track  |
| <b>Revenues EC</b>                | €m | 91,9 | 77,5 | +18,5  | +13.3% against Q1'13 Deltirendo                       |
| <b>Gross Margin</b>               | %  | 24,5 | 24,9 | -0,4p  |   |
| <b>EBITDA</b>                     | €m | 2,4  | 3,2  | -26,0  | higher cost base                                      |
| <b>EBIT</b>                       | €m | 0,3  | 2,5  | -88,4  | ppa-effect  |
| <b>EBIT Margin</b>                | %  | 0,3  | 3,1  | -2,8p  | ... lowered profitability                             |
| <b>Inventories</b>                | €m | 94,7 | 86,9 | +8,9   | according to plan                                     |
| <b>Operating Cash Flow</b>        | €m | 10,7 | -1,4 | -863,4 | higher depreciations & positiv working capital effect |
| <b>Liquidity</b>                  | €m | 20,9 | 44,3 | -52,7  | remains sufficiently high                             |

1) incl. Tirendo

 **Strong Q1**

- Acquisition on Sept 16th, 2013
- **Launched in March 2012.**
- Tirendo has online shops in **11 countries** across Europe
- **One-brand, one-shop strategy** across countries and across product groups, including:
  - tyres, complete wheels and rims
  - automotive accessories, motor oil
  - car spare and replacement parts
- State of the Art proprietary e-commerce IT architecture
- international team of specialists from 25 countries; as of 31.03.2014: **107 employees**
- Fast growing brand awareness in Germany
  - supported by TV Campaigns with **Brand Ambassador Sebastian Vettel**
  - as key driver to further increase online penetrations rates



# Key Financials Tirendo

|                                  |    | <b>Q1 14</b> | <b>Q1 13</b> | <b>yoy%</b> |   |
|----------------------------------|----|--------------|--------------|-------------|---|
| <b>Revenues</b>                  | €m | 8,3          | 3,6          | +131,2      | Solid topline growth...                                     |
| <b>Gross Margin<sup>1)</sup></b> | %  | 18,6         | 14,1         | +4,5p       | ... with margin improvement driven by central purchasing... |
| <b>EBIT</b>                      | €m | -3,3         | -2,5         | -33,8       | ... resulting in improved EBIT margin.                      |
| <b>New Customers</b>             | k  | 24,8         | 17,7         | +40,5       | Strong new customer acquisition                             |
| <b>Countries</b>                 |    | 11           | 6            |             | Broader international footprint                             |

1) Simulation: as if Tirendo would take care for delivery themselves like Delticom

► Q1: strong new customer gains + margin improvement

# Delticom without Tirendo

|                           | EUR         |             | yoy<br>%    | % of Revenues |              |                   |
|---------------------------|-------------|-------------|-------------|---------------|--------------|-------------------|
|                           | Q114        | Q113        |             | Q114          | Q113         |                   |
| <b>Revenues</b>           | <b>86,0</b> | <b>81,3</b> | <b>5,8</b>  | <b>100,0</b>  | <b>100,0</b> |                   |
| Cost of goods sold        | -64,4       | -61,1       | 5,5         | 74,9          | 75,1         |                   |
| <b>Gross profit</b>       | <b>21,5</b> | <b>20,2</b> | <b>6,5</b>  | <b>25,1</b>   | <b>24,9</b>  | ← Gross Margin up |
| Other operating income    | 2,6         | 1,5         | 69,9        | 3,0           | 1,9          |                   |
| Personal expenses         | -2,3        | -2,3        | 2,0         | 2,7           | 2,8          |                   |
| Other operating expenses  | -16,7       | -16,3       | 2,6         | 19,4          | 20,0         |                   |
| thereof advertising costs | -2,7        | -2,5        | 10,3        | 3,2           | 3,1          |                   |
| <b>EBITDA</b>             | <b>5,1</b>  | <b>3,2</b>  | <b>59,8</b> | <b>6,0</b>    | <b>4,0</b>   |                   |
| Depreciation              | -1,6        | -0,7        | 131,5       | 1,8           | 0,8          | ← including ppa   |
| <b>EBIT</b>               | <b>3,6</b>  | <b>2,5</b>  | <b>40,8</b> | <b>4,2</b>    | <b>3,1</b>   | ← EBIT improved   |

▶ Q1: Delticom remains profitable

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Delticom Group at a Glance

**Profit & Loss**

Balance Sheet

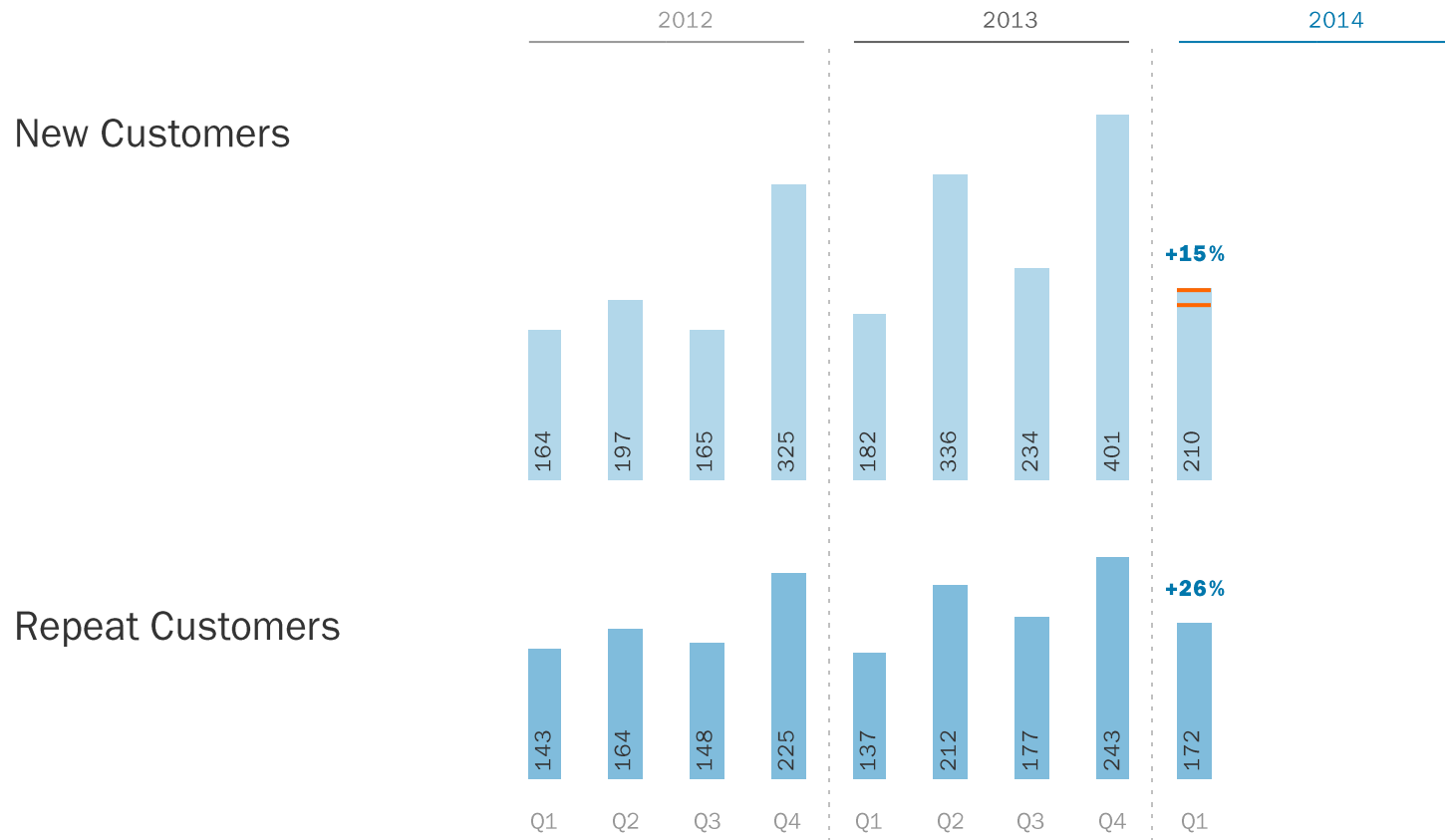
Outlook





# Customers (New Customers incl. Tirendo from 01.01.2013)

in thousands



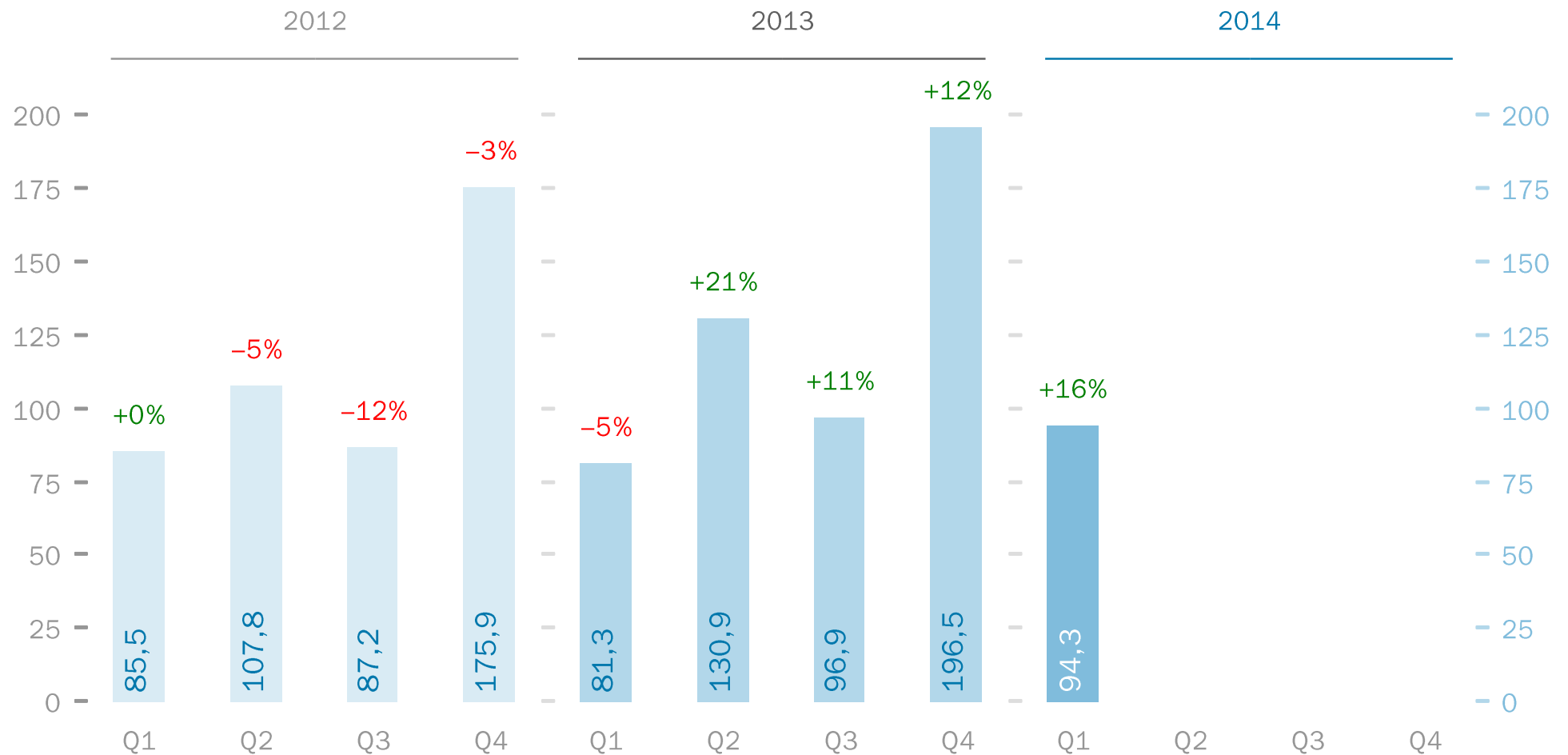
..still the main growth driver

...long replacement cycle and customers are happy

► Q1: Strong new customer growth with **Tirendo**

# Quarterly Revenues (incl. Tirendo from 16.09.2013)

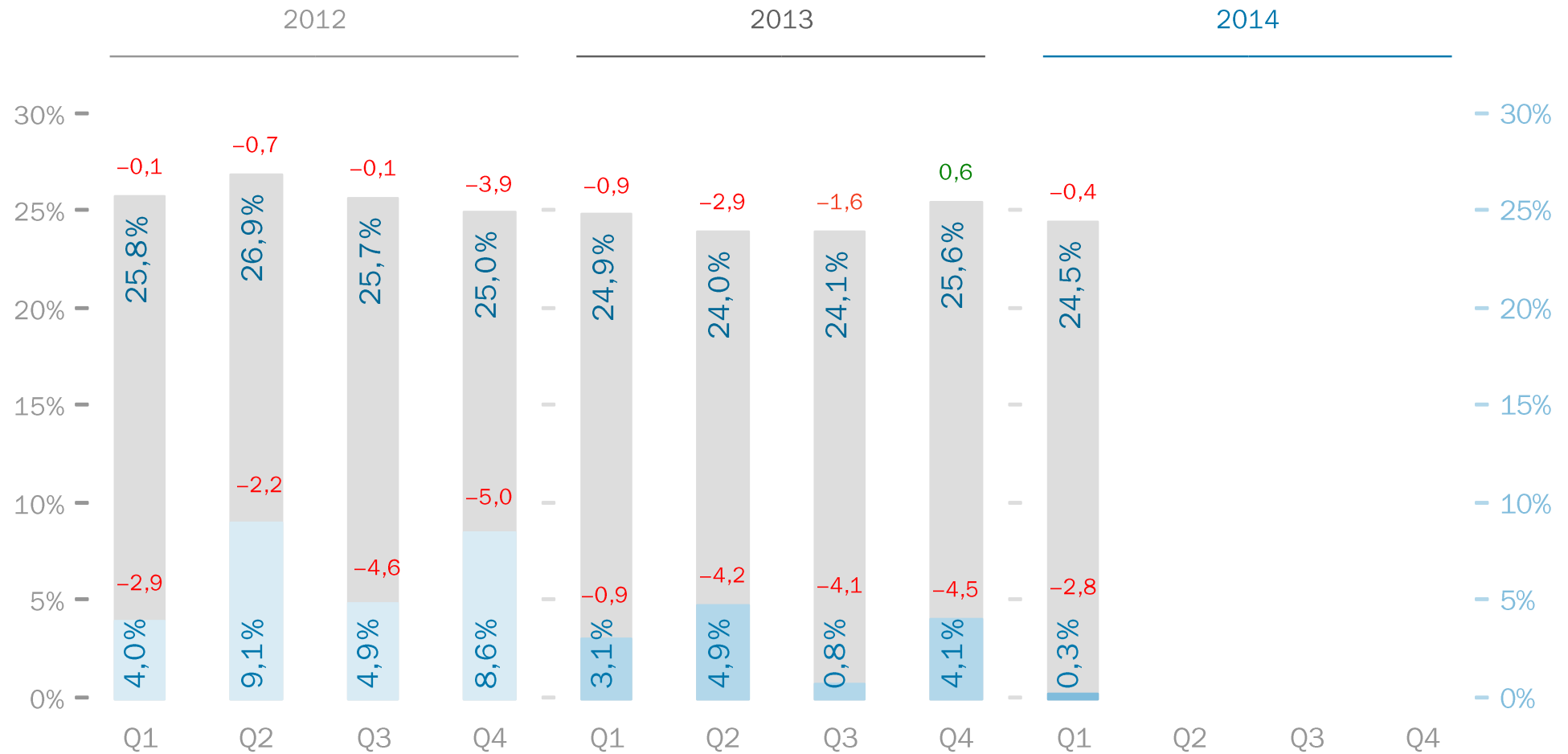
in € million



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

# Quarterly Gross/EBIT Margins

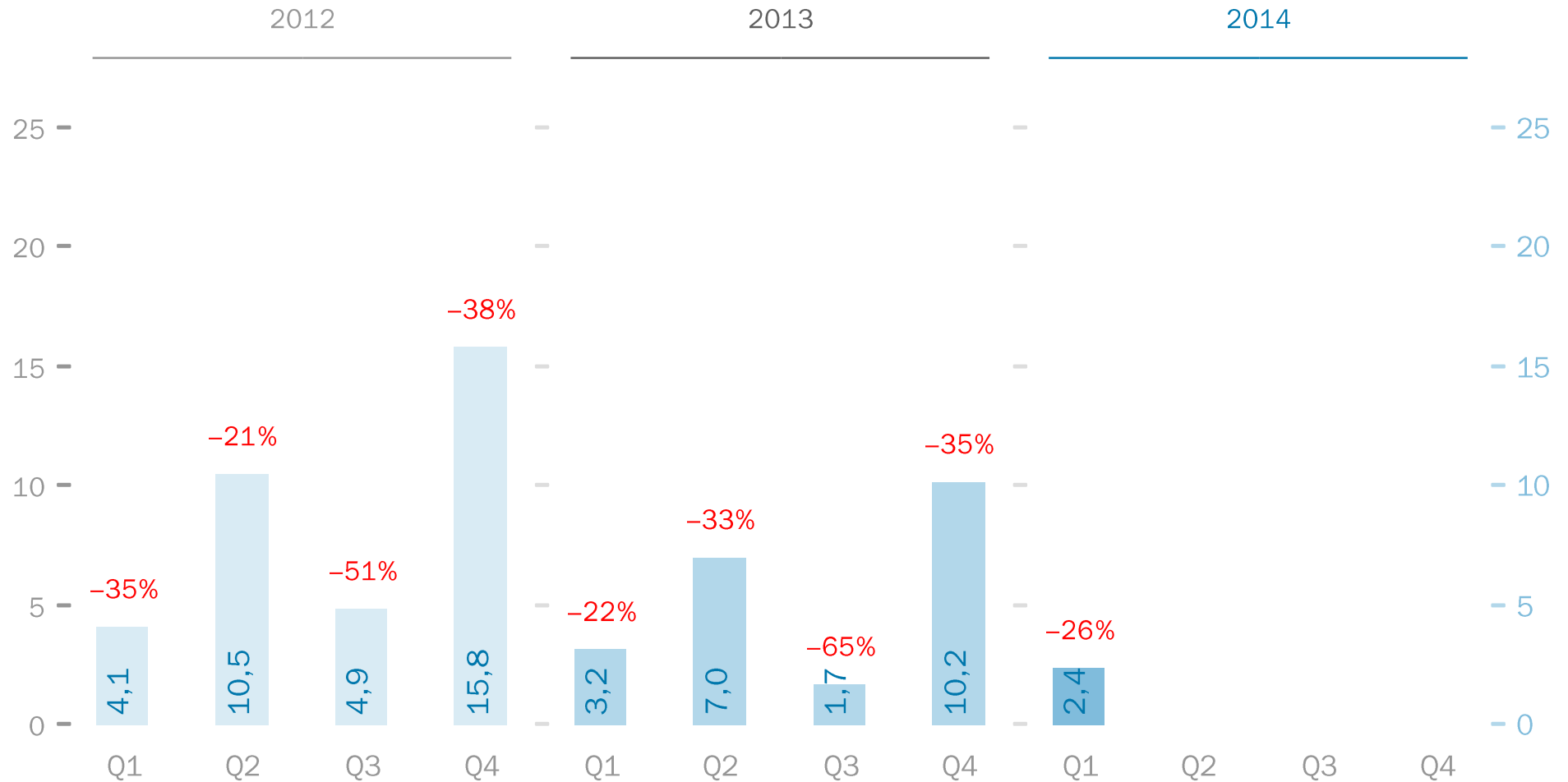
■ Gross Margin  
■ EBIT Margin



► Q1: Tirendo effect

# Quarterly EBITDA

in € million



► Q1: Delticom without Tirendo EUR 5.1 million

# P&L Drivers (Q1)

|                                       | EUR         |             | yoy<br>%      | % of Revenues |              |             |
|---------------------------------------|-------------|-------------|---------------|---------------|--------------|-------------|
|                                       | Q1 14       | Q1 13       |               | Q1 14         | Q1 13        | chnge       |
| <b>Revenues</b>                       | <b>94,3</b> | <b>81,3</b> | <b>16,0</b>   | <b>100,0</b>  | <b>100,0</b> | <b>0,0</b>  |
| Cost of sales                         | 71,2        | 61,1        | 16,6          | 75,5          | 75,1         | 0,4         |
| <b>Gross Profit (ex ooi)</b>          | <b>23,1</b> | <b>20,2</b> | <b>14,2</b>   | <b>24,5</b>   | <b>24,9</b>  | <b>-0,4</b> |
| Direct costs                          | 15,8        | 12,7        | 25,2          | 16,8          | 15,6         | 1,2         |
| Direct costs (dep. on volume)         | 9,7         | 9,0         | 7,0           | 10,3          | 11,1         | -0,9        |
| Transportation costs                  | 7,2         | 7,1         | 2,0           | 7,7           | 8,7          | -1,1        |
| Warehousing costs                     | 0,9         | 0,7         | 32,7          | 1,0           | 0,9          | 0,1         |
| Operations centre costs               | 1,5         | 1,2         | 20,7          | 1,6           | 1,5          | 0,1         |
| Direct costs (dep. on revenues)       | 6,2         | 3,6         | 70,9          | 6,5           | 4,4          | 2,1         |
| Credit card fees                      | 0,9         | 0,7         | 30,5          | 0,9           | 0,8          | 0,1         |
| Bad debt losses                       | 0,5         | 0,5         | 11,4          | 0,5           | 0,6          | 0,0         |
| Marketing costs                       | 4,8         | 2,5         | 92,7          | 5,1           | 3,1          | 2,0         |
| <b>Contribution margin 1</b>          | <b>7,2</b>  | <b>7,6</b>  | <b>-4,3</b>   | <b>7,7</b>    | <b>9,3</b>   | <b>-1,6</b> |
| Indirect costs                        | 7,5         | 5,1         | 46,8          | 7,9           | 6,3          | 1,7         |
| Personnel expenses                    | 3,6         | 2,3         | 60,8          | 3,9           | 2,8          | 1,1         |
| Rents and overheads                   | 1,8         | 1,6         | 7,9           | 1,9           | 2,0          | -0,1        |
| Financial and legal costs             | 1,0         | 0,5         |               | 1,0           | 0,6          | 0,5         |
| IT and telecommunications             | 0,4         | 0,3         | 34,3          | 0,5           | 0,4          | 0,1         |
| Other                                 | 0,7         | 0,4         | 64,7          | 0,7           | 0,5          | 0,2         |
| <b>Contribution margin 2</b>          | <b>-0,2</b> | <b>2,5</b>  | <b>-108,5</b> | <b>-0,2</b>   | <b>3,1</b>   | <b>-3,3</b> |
| FX effects                            | 0,2         | 0,3         |               | 0,2           | 0,3          | -0,1        |
| Other operating profit (w/o FX gains) | 2,4         | 0,4         |               | 2,5           | 0,5          | 2,0         |
| <b>EBITDA</b>                         | <b>2,4</b>  | <b>3,2</b>  | <b>-26,0</b>  | <b>2,5</b>    | <b>4,0</b>   | <b>-1,4</b> |
| Depreciation/ Amortization            | 2,1         | 0,7         | 209,3         | 2,2           | 0,8          | 1,4         |
| <b>EBIT</b>                           | <b>0,3</b>  | <b>2,5</b>  | <b>-88,4</b>  | <b>0,3</b>    | <b>3,1</b>   | <b>-2,8</b> |
| Net financial result                  | -0,3        | 0,0         | 3830,3        |               |              |             |
| <b>EBT</b>                            | <b>0,0</b>  | <b>2,5</b>  | <b>-98,8</b>  | <b>0,0</b>    | <b>3,1</b>   | <b>-3,1</b> |
| Income taxes                          | 0,0         | 0,9         | -98,8         |               |              |             |
| <b>Consolidated net income</b>        | <b>0,0</b>  | <b>1,7</b>  | <b>-98,8</b>  | <b>0,0</b>    | <b>2,1</b>   | <b>-2,0</b> |

← Q113 without Tirendo

← diluted by Tirendo

← country-mix

← higher volume

← EUR 2.0 million Tirendo

← Tirendo employees

← low base & formation of accruals

← marketing grants

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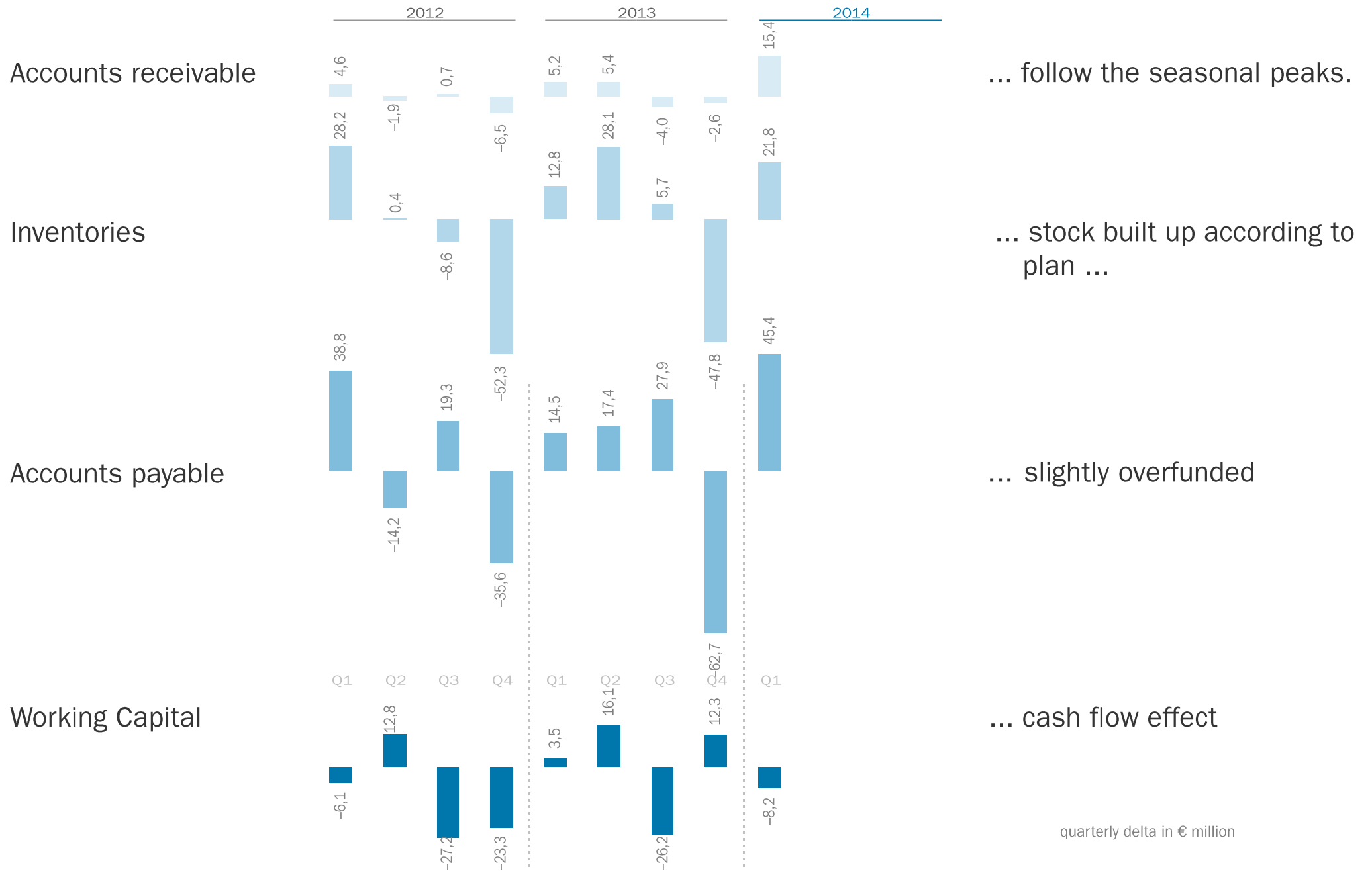
Profit & Loss

**Balance Sheet**

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# Working Capital Management



... follow the seasonal peaks.

... stock built up according to plan ...

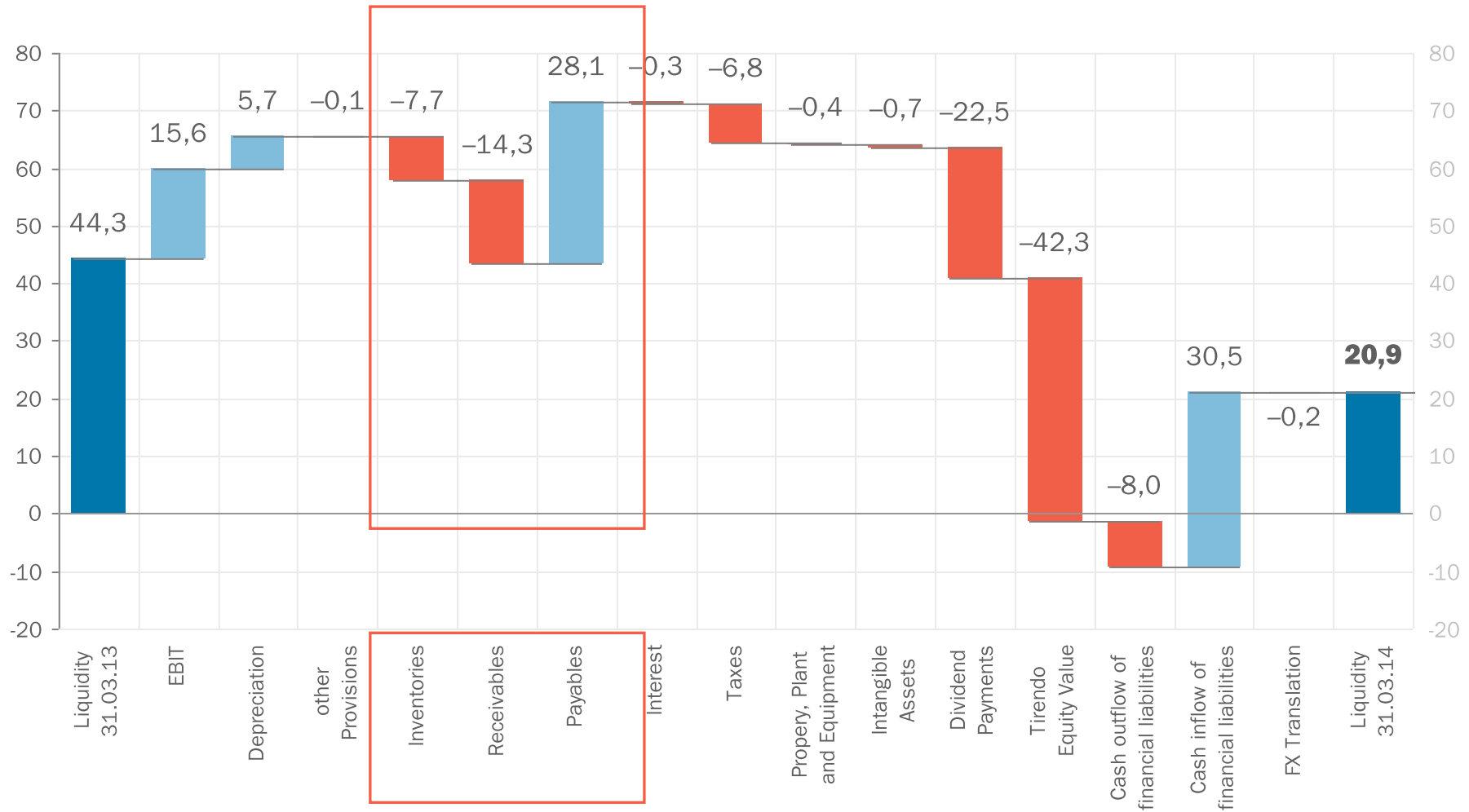
... slightly overfunded

... cash flow effect

quarterly delta in € million

# Liquidity Bridge

in € million



► Net cash = € 8.7 million (liquidity less liabilities from current accounts)



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- Replacement tyre market Q1
  - Germany, sell-out (wdk): summer +54.3% (?), winter –18.9%
  - Europe, sell-in (ETRMA): +10.0%
  
- Sentiment 2014
  - consumer confidence slightly better
  - tyres: hope for recovery in 2014
  - Overall picture still not clear:
    - e.g. Germany (winter): +6.0% (wdk) vs. +3.2% (BRV)
  
- ▶ Revenues +10%
- ▶ EBITDA at least at previous year's level

# Q&A

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