

# A Firm Grip.



## Investor and Analyst Presentation

on the Occasion of the Release of the 9-Monthly Results 2009

Frankfurt am Main, 9th November 2009

# Agenda

Delticom at a Glance

Business Model

Seasonalities in the Tyre Trade

Financials

Outlook



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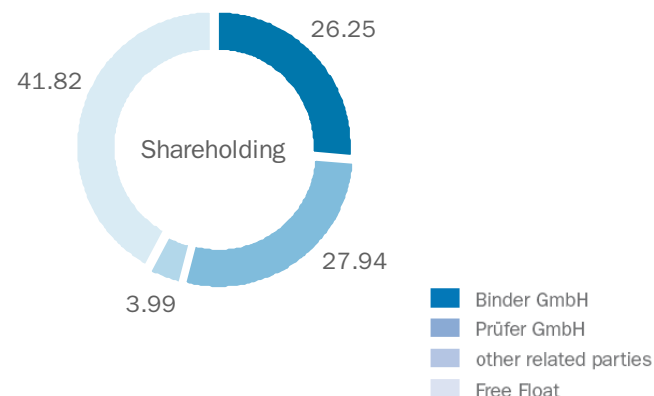
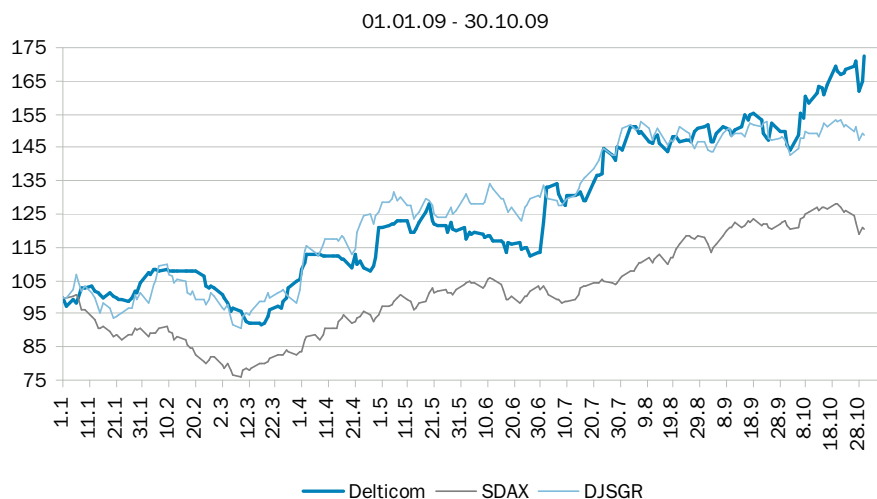
Outlook



# Delticom at a Glance

- **#1 European online tyre dealer** (car replacement tyres):  
> 100 online shops in 35 countries
  - founded 1999, IPO Oct 2006, SDAX Dec 2008
  - customer base: more than **3 million**  
2008: ~700 thousand new customers
  - **broad product range**: > 100 tyre brands, > 25,000 models
  - other products: motorcycle tyres, truck tyres, complete wheels, rims, motor oil, car parts, accessories
  - global network with more than **20,000 fitting partners**
- DE 6504  
 ■ US 2526  
 ■ UK 1744  
 ■ FR 2535  
 ■ CH 1012

|                     |    | 9M 09 | 9M 08 | yoy % |
|---------------------|----|-------|-------|-------|
| Revenues            | €m | 201.6 | 175.2 | +15.1 |
| Gross profit        | €m | 56.4  | 45.0  | +25.4 |
| EBIT                | €m | 14.7  | 8.9   | +64.6 |
| EBIT margin         | %  | 7.3   | 5.1   |       |
| Net income          | €m | 10.0  | 6.6   | +52.7 |
| Earnings per share  | €  | 0.85  | 0.56  | +52.7 |
| Employees           |    | 86    | 80    | +7.5  |
| Total assets        | €m | 112.2 | 94.5  | +18.8 |
| Equity ratio        | %  | 43.3  | 47.7  |       |
| Return on equity    | %  | 20.7  | 14.6  |       |
| Operating cash flow | €m | 2.8   | 3.5   | -19.7 |



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Delticom at a Glance

**Business Model**

Seasonalities in the Tyre Trade

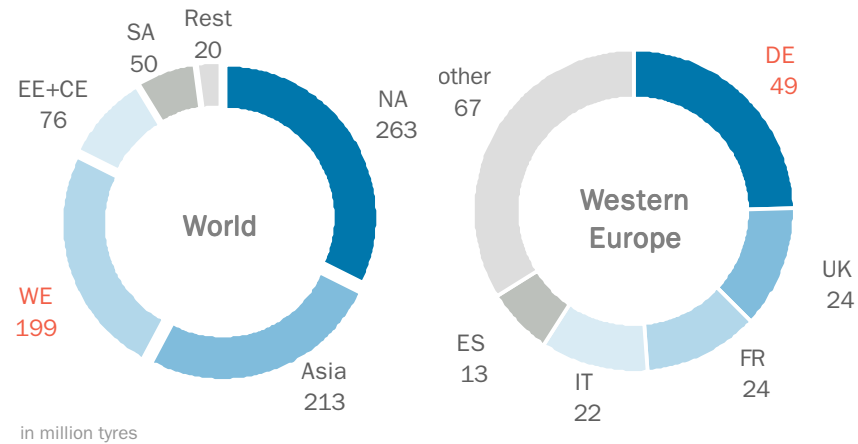
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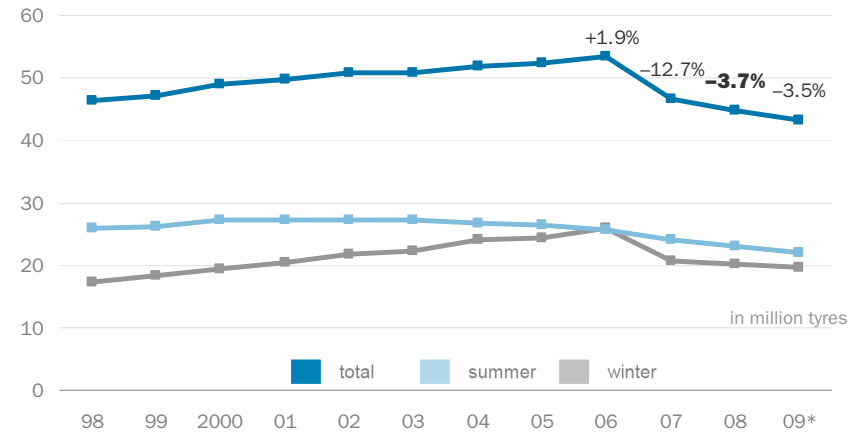
# Tyres and the Internet

## European Car Replacement Tyres: € 11 billion



Source: LMC World Tyre Forecast Service 2009, Michelin, BRV, own estimates

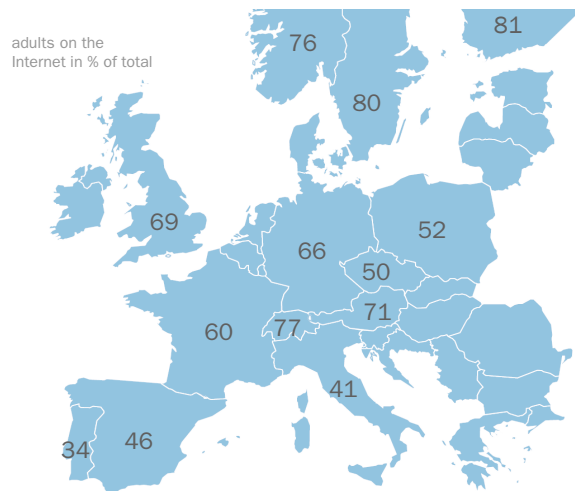
## Germany: Outlook for 2009 remains dim



Source: BRV (car replacement tyres)

\* estimates as of March 09

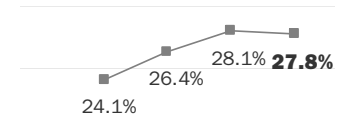
## Europeans are increasingly online...



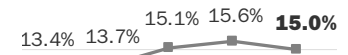
Desk Research GfK Austria, April 2009

## ... and buy their tyres online.

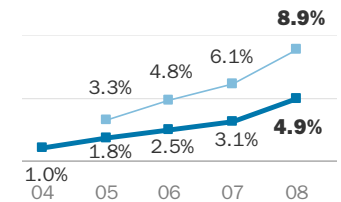
want to buy online in the future (18-39)



want to buy online in the future (all)



bought last tyres on the Internet (18-39)



bought last tyres on the Internet (all)



Source: ADAC Reifenmonitor 2005-2009, 2009 preliminary



# 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
- objective quality control (e.g. TÜV “s@fer-shopping”)
- convenience

## Fitting Stations

- 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
- reliable strategic partner
- 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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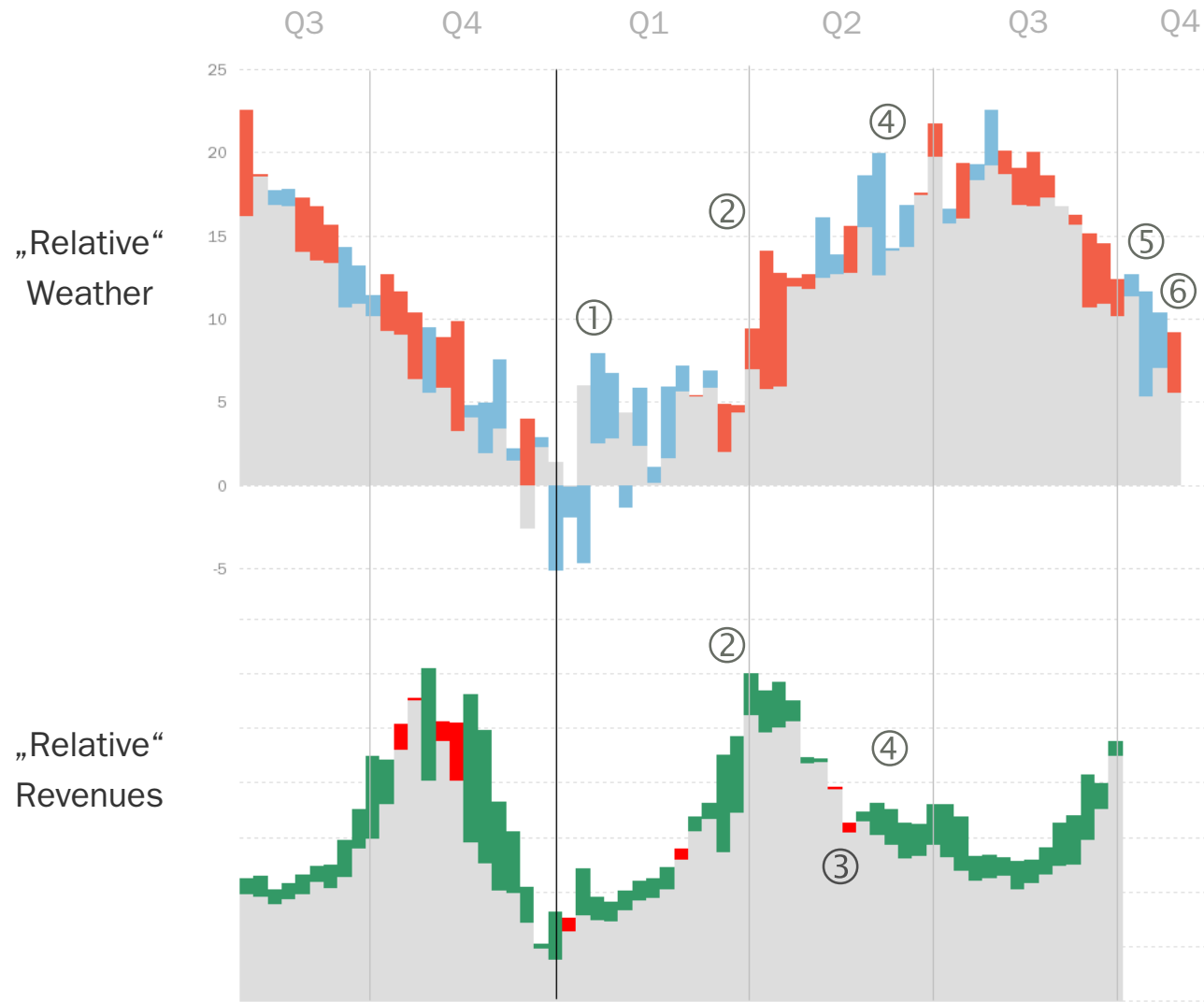
Seasonalities in the Tyre Trade

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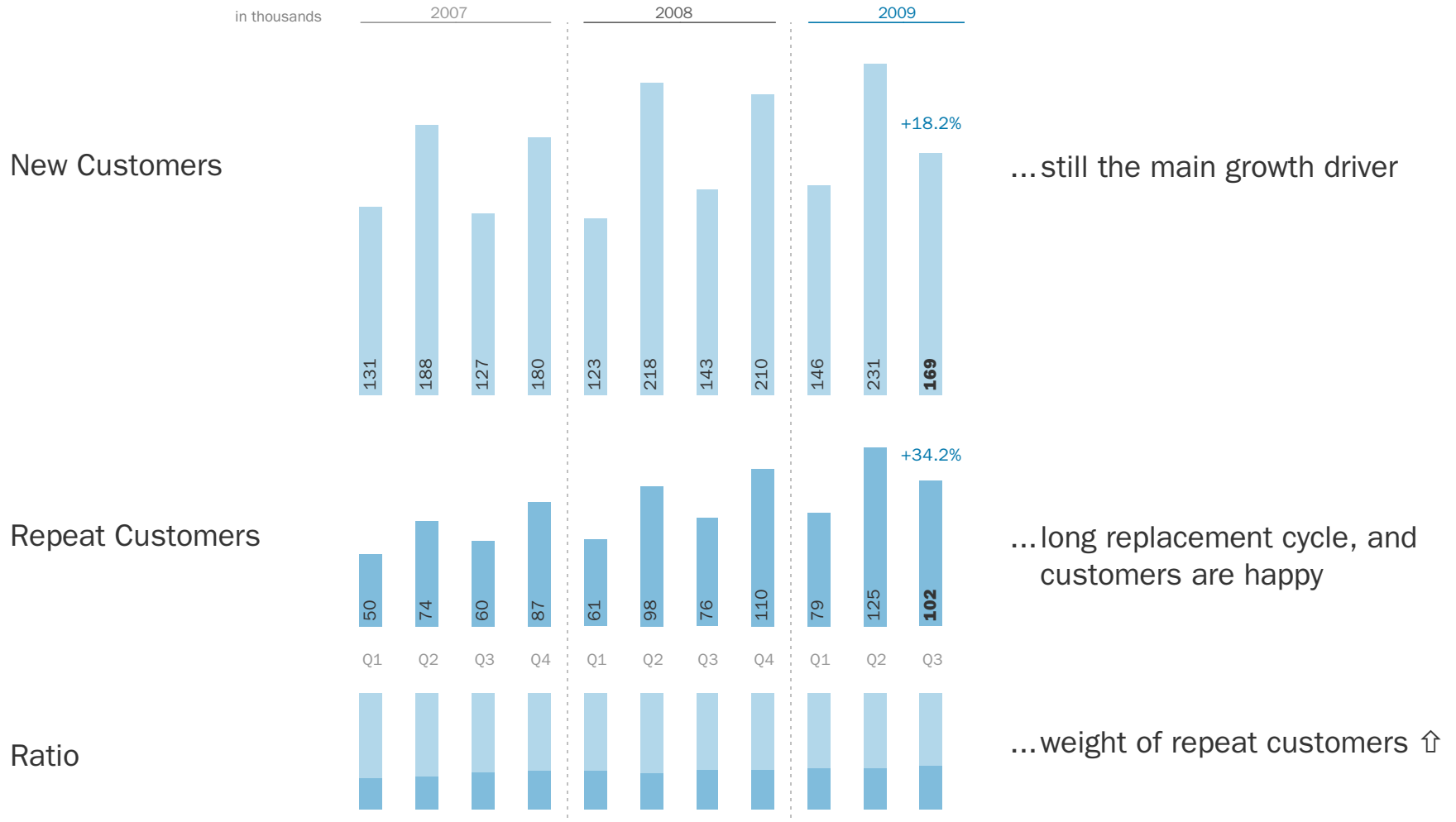
# 2007 / 2008 / 2009 Seasonalities



- ① cold in Jan 09 (but not as much snow as in 08), even colder in Feb 09 (late snow)
- ② 2 warm weeks Mar 09, revenues increased yoy
- ③ strong base from Q2 08 leads to decrease in tyre sales
- ④ latter part of Q2 colder, but still good growth in summer tyre business
- ⑤ Early snow and cold in DE and in the Alps
- ⑥ Remainder of Oct and beginning of Nov much warmer

► Summer season (Q2) and winter season (Q4) are very important.

# Customers



▶ Repeat customers constitute important growth potential

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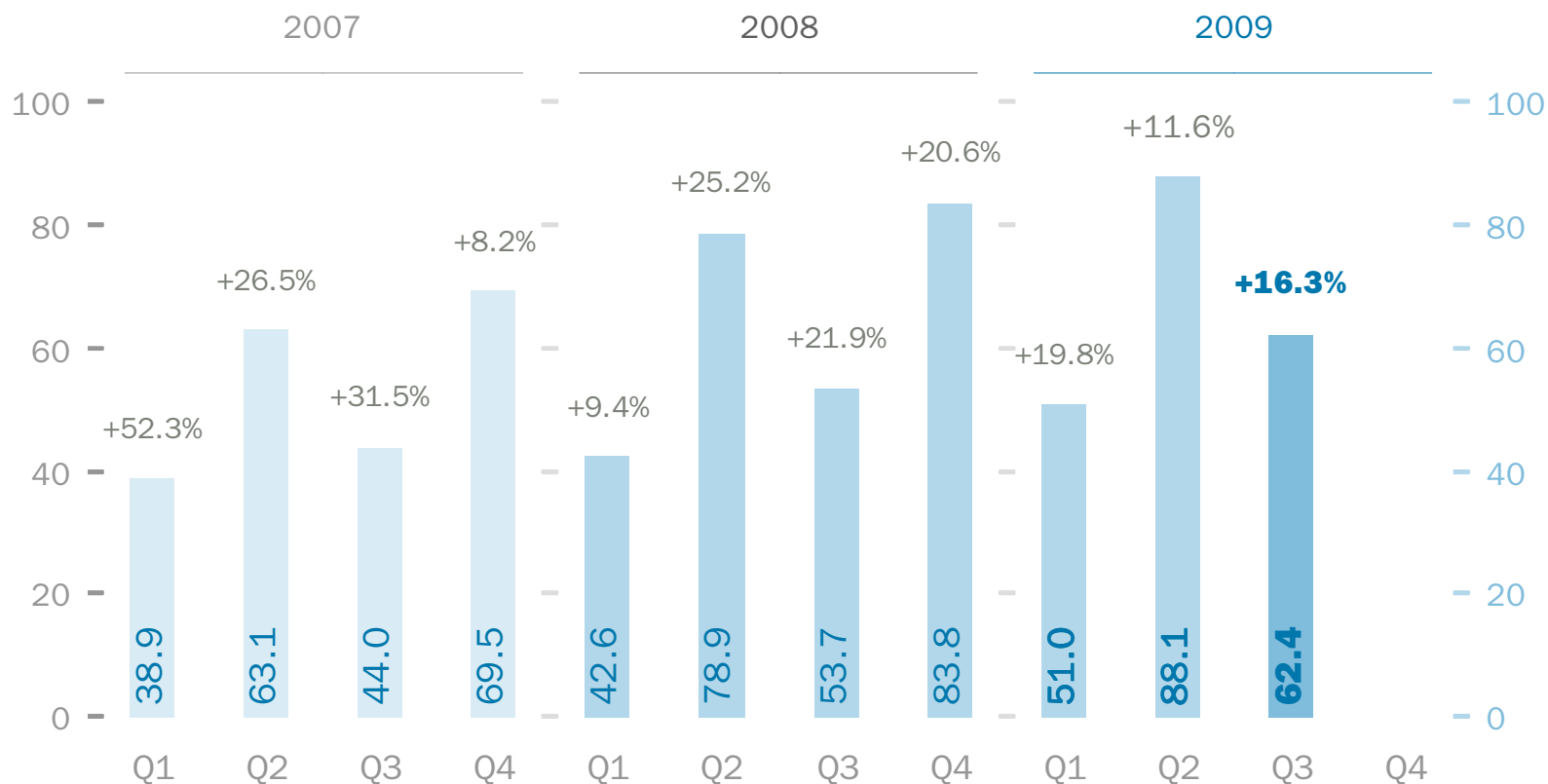
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# Quarterly Revenues

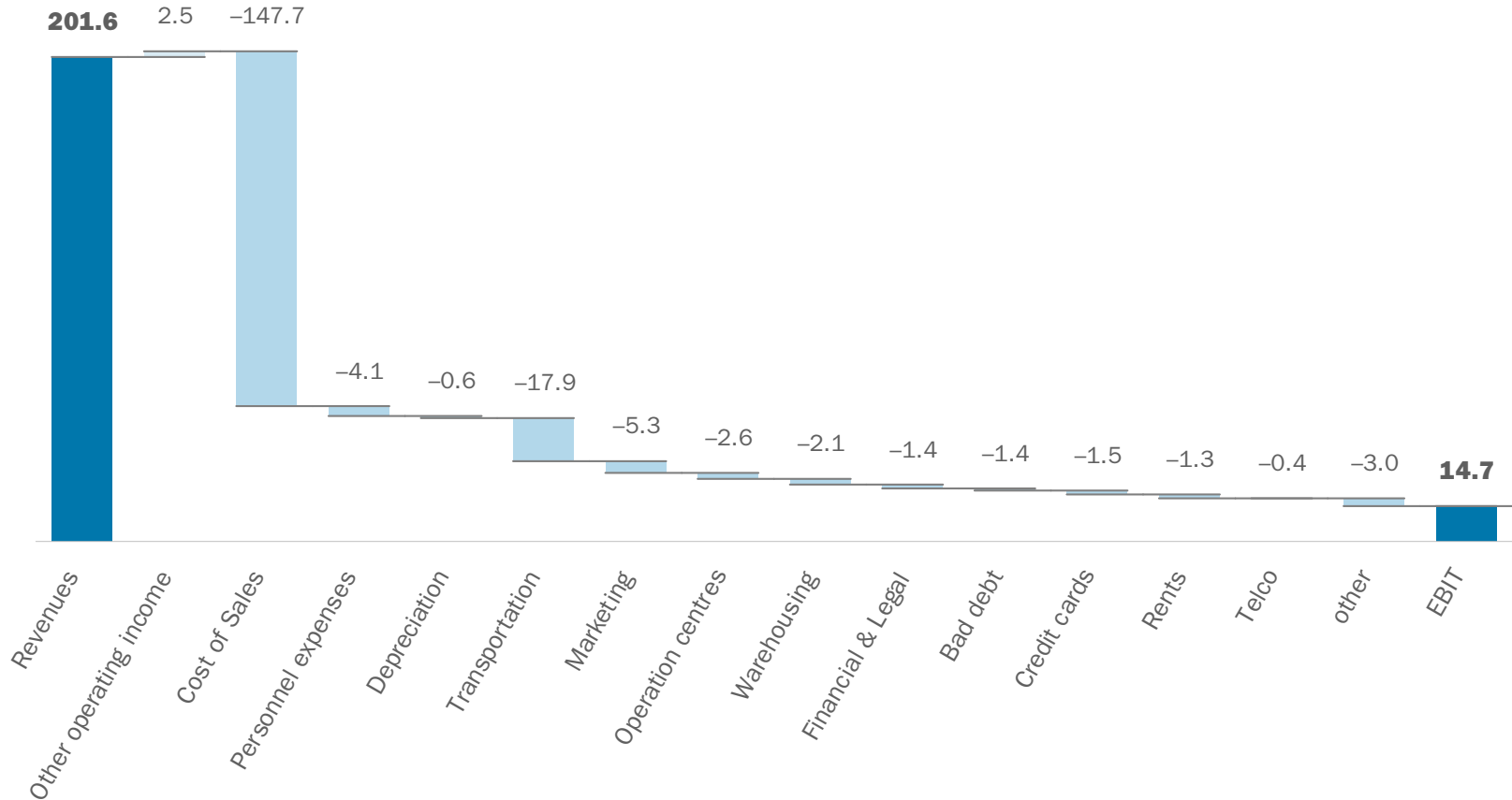
in € million



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

# Revenues-to-EBIT Bridge

in € million



► Gross margin and operating leverage drive EBIT

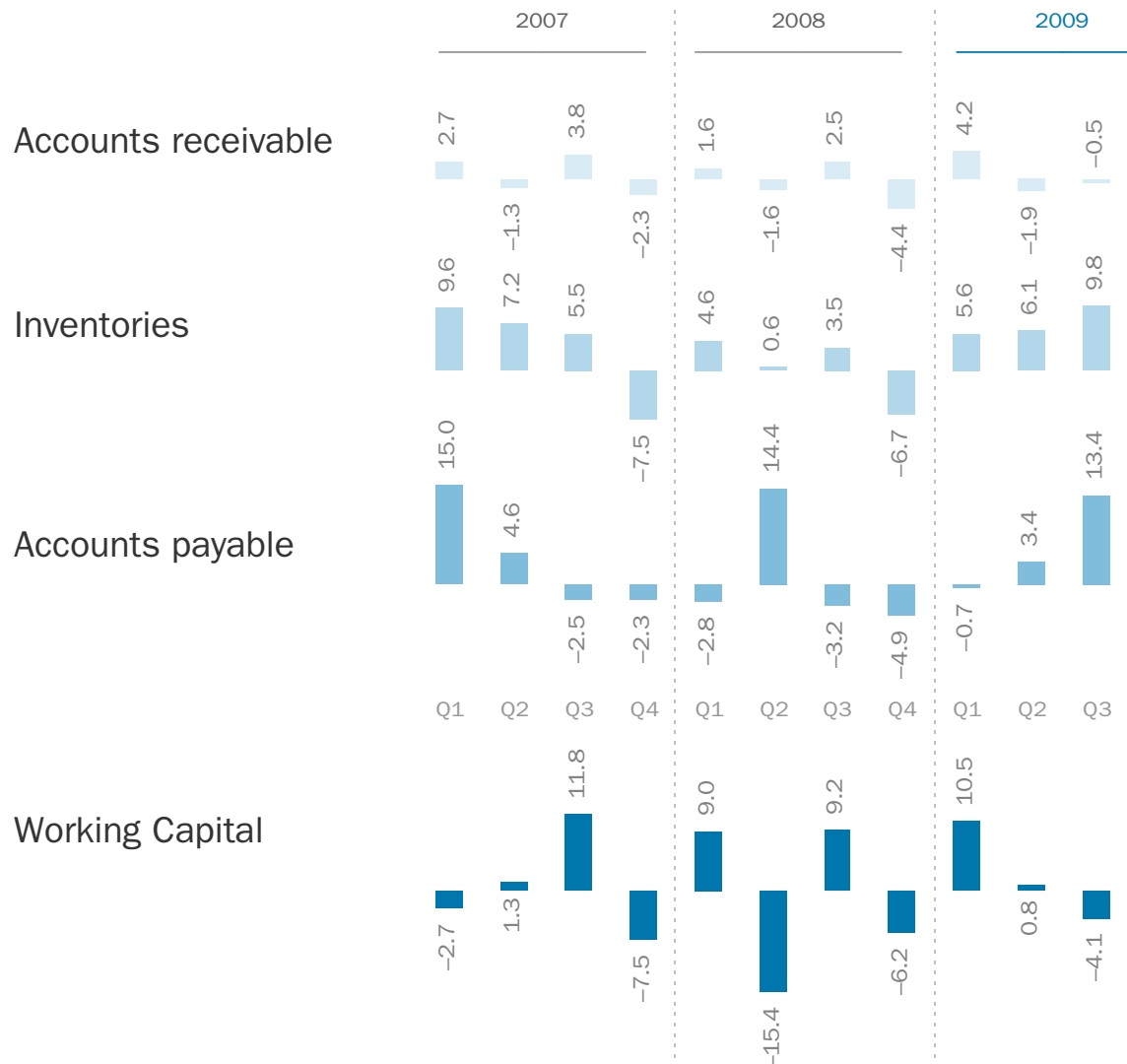
# P&L Drivers

|                                       | 9M 09        | 9M 08        | growth      |            | margin %     |              |            |
|---------------------------------------|--------------|--------------|-------------|------------|--------------|--------------|------------|
|                                       |              |              | %           | factor     | 9M 09        | 9M 08        | chnge      |
| <b>Revenues</b>                       | <b>201.6</b> | <b>175.2</b> | <b>15.1</b> | <b>1.0</b> | <b>100.0</b> | <b>100.0</b> | <b>0.0</b> |
| Cost of sales                         | 147.7        | 132.2        | 11.7        | 0.8        | 73.3         | 75.5         | -2.2       |
| <b>Gross Profit (simple)</b>          | <b>53.9</b>  | <b>43.0</b>  | <b>25.3</b> | <b>1.7</b> | <b>26.7</b>  | <b>24.5</b>  | <b>2.2</b> |
| Direct costs                          | 30.9         | 26.6         | 16.2        | 1.1        | 15.3         | 15.2         | 0.2        |
| Direct costs (dep. on sales)          | 22.7         | 18.9         | 20.2        | 1.3        | 11.2         | 10.8         | 0.5        |
| Transportation costs                  | 17.9         | 14.4         | 24.5        | 1.6        | 8.9          | 8.2          | 0.7        |
| Warehousing costs                     | 2.1          | 1.7          | 22.0        | 1.5        | 1.0          | 1.0          | 0.1        |
| Operations centre costs               | 2.6          | 2.7          | -3.5        | -0.2       | 1.3          | 1.6          | -0.3       |
| Direct costs (dep. on revenues)       | 8.2          | 7.7          | 6.4         | 0.4        | 4.1          | 4.4          | -0.3       |
| Credit card fees                      | 1.5          | 1.2          | 21.6        | 1.4        | 0.7          | 0.7          | 0.0        |
| Bad debt losses                       | 1.4          | 1.5          | -7.3        | -0.5       | 0.7          | 0.9          | -0.2       |
| Marketing costs                       | 5.3          | 5.0          | 6.9         | 0.5        | 2.6          | 2.8          | -0.2       |
| <b>Contribution margin 1</b>          | <b>23.0</b>  | <b>16.4</b>  | <b>40.1</b> | <b>2.7</b> | <b>11.4</b>  | <b>9.4</b>   | <b>2.0</b> |
| Indirect costs                        | 8.0          | 7.7          | 3.9         | 0.3        | 4.0          | 4.4          | -0.4       |
| Personnel expenses                    | 4.1          | 3.7          | 12.4        | 0.8        | 2.1          | 2.1          | 0.0        |
| Rents and overheads                   | 1.3          | 1.1          | 18.4        | 1.2        | 0.6          | 0.6          | 0.0        |
| Financial and legal costs             | 1.4          | 1.6          | -14.7       | -1.0       | 0.7          | 0.9          | -0.2       |
| IT and telecommunications             | 0.4          | 0.4          | 12.3        | 0.8        | 0.2          | 0.2          | 0.0        |
| Other                                 | 0.8          | 1.0          | -16.6       | -1.1       | 0.4          | 0.6          | -0.2       |
| <b>Contribution margin 2</b>          | <b>15.0</b>  | <b>8.7</b>   | <b>72.4</b> | <b>4.8</b> | <b>7.4</b>   | <b>5.0</b>   | <b>2.5</b> |
| FX effects                            | -0.5         | -0.1         |             |            |              |              |            |
| Other operating profit (w/o FX gains) | 0.8          | 0.8          |             |            |              |              |            |
| <b>EBITDA</b>                         | <b>15.3</b>  | <b>9.3</b>   | <b>64.5</b> | <b>4.3</b> | <b>7.6</b>   | <b>5.3</b>   | <b>2.3</b> |
| Depreciation / Amortization           | 0.6          | 0.4          | 61.8        | 4.1        | 0.3          | 0.2          | 0.1        |
| <b>EBIT</b>                           | <b>14.7</b>  | <b>8.9</b>   | <b>64.6</b> | <b>4.3</b> | <b>7.3</b>   | <b>5.1</b>   | <b>2.2</b> |
| Net financial result                  | 0.2          | 0.7          | -74.6       | -5.0       |              |              |            |
| Financial income                      | 0.2          | 0.8          | -72.1       | -4.8       |              |              |            |
| Financial expenses                    | 0.0          | 0.0          | -19.6       | -1.3       |              |              |            |
| <b>EBT</b>                            | <b>14.9</b>  | <b>9.7</b>   | <b>54.1</b> | <b>3.6</b> | <b>7.4</b>   | <b>5.5</b>   | <b>1.9</b> |
| Income taxes                          | 4.9          | 3.1          | 57.0        | 3.8        |              |              |            |
| <b>Consolidated net income</b>        | <b>10.0</b>  | <b>6.6</b>   | <b>52.7</b> | <b>3.5</b> | <b>5.0</b>   | <b>3.8</b>   | <b>1.2</b> |

|                               |       |
|-------------------------------|-------|
| purchase price                | 50,00 |
| direct costs                  | 6,00  |
| <hr/>                         |       |
| preset margin (e.g. 25%)      | 14,00 |
| retail price                  | 70,00 |
| <hr/>                         |       |
| plus VAT (e.g. Germany 19%)   | 13,30 |
| gross retail price on website | 83,30 |

(schematic example calculation)

# Working Capital Management



...follow the seasonal peaks.

...driven by sales (-), capacity (+).  
(e.g. 2009 ramp-up)

...discretionary **payment terms**  
Q2 07: stocking for winter season  
Q2 09: stocking, but paying later  
**Q3 09**: preparing for winter season

... both + and -, with significant swings. FY 08: „2009: Prepare for increased cash consumption (inventories, terms).“

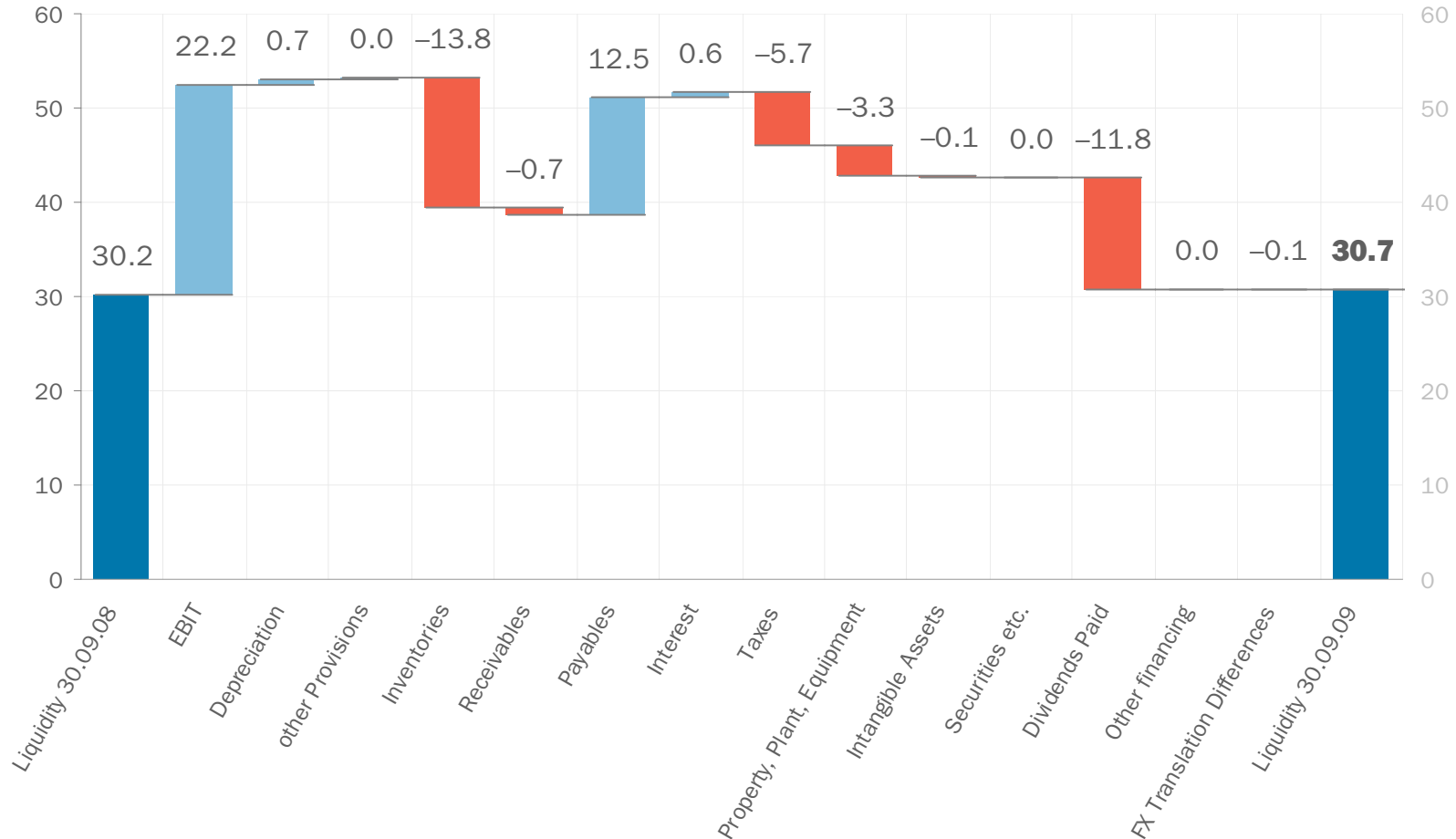
quarterly delta in € million

► Changes in working capital reflect seasonal patterns



# Cash Bridge (TTM)

in € million



► Delticom is self-financed, uses financial resources to support EBIT

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- **Current trading in Q4:**
    - early snow in D/A/CH
    - good sales, stable prices
  - **German market (BRV)**
    - 2008: summer ↓ 4.0%, winter ↓ 3.4%
    - 2009 est: summer ↓ 4%, winter ↓ 3%
  - Fuzzy signals from the **economy**
    - Ifo ↑, deflated retail sales ↓
    - GfK ↑↓, unemployment ↑ ► price levels? volume? ► depends (at least partly) on weather!
  - **Delticom** not unaffected by the wake of the recession, but **mitigating factors** exists:
    - seasonal effects ► good start into winter tyre season
    - destocking (more or less) completed ► price discipline continues
    - recession in all European countries ► customers are trading down
    - Delticom is an international business ► diversified country portfolio
    - Delticom is online ► good prices, good sales, good margins
  - **Q4:** planned moderate revenues growth @ slightly lower margins ► room for positive surprises
- Revenues FY09: +10% yoy
- EBIT-Margin FY09: 7%

# Key Investment Highlights

- 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

# Vielen Dank!

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