

# A Firm Grip.



## Investor and Analyst Presentation on the Occasion of the Release of the 3-Monthly Results 2009

Hanover, 14th May 2009

# Agenda

Delticom at a Glance

Business Model

Seasonalities in the Tyre Trade

Financials

Outlook



# Agenda

Delticom at a Glance

Business Model

Seasonalities in the Tyre Trade

Financials

Outlook



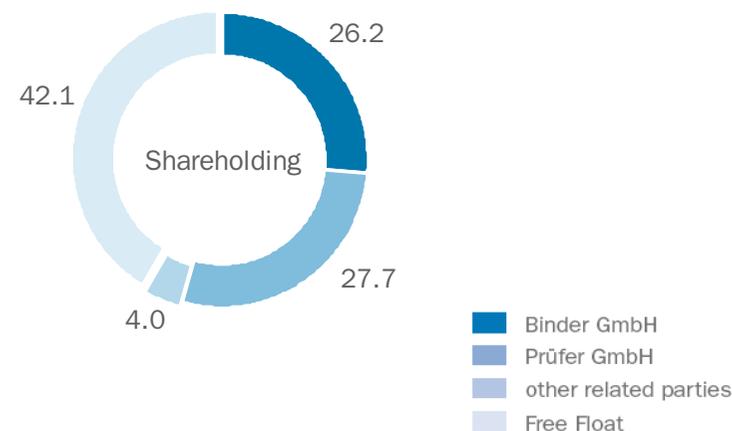
# Delticom at a Glance

- **#1 European online tyre dealer** (car replacement tyres):  
> 100 online shops in 35 countries
- founded 1999, IPO Oct 06, SDAX Dec 08
- customer base: more than **2.8 million**  
2008: ~700 thousand new customers
- **broad product range**: > 100 tyre brands, > 25,000 models
- other products: motorcycle, truck, rims, complete wheels, motor oil, car parts, accessories
- global network with more than **24,500 fitting partners**

🇩🇪 DE 6138 
 🇺🇸 US 5377 
 🇬🇧 UK 1738 
 🇫🇷 FR 2257 
 🇨🇭 CH 908



		Q1 09	Q1 08	yoy
Revenues	€m	51.0	42.6	+19.8
Gross profit	€m	14.1	10.9	+28.9
EBIT	€m	2.6	0.5	+419.4
EBIT margin	%	5.2	1.2	
Net income	€m	1.9	0.5	+292.1
Earnings per share	€	0.48	0.12	+292.1
Employees		84	79	+6.3
Total assets	€m	96.4	85.2	+13.1
Equity ratio	%	54.1	54.9	
Return on equity	%	3.6	1.0	
Dividend	€	3.00	2.00	+50.0
Operating cash flow	€m	-10.5	-9.0	--16.7



# Agenda

Delticom at a Glance

**Business Model**

Seasonalities in the Tyre Trade

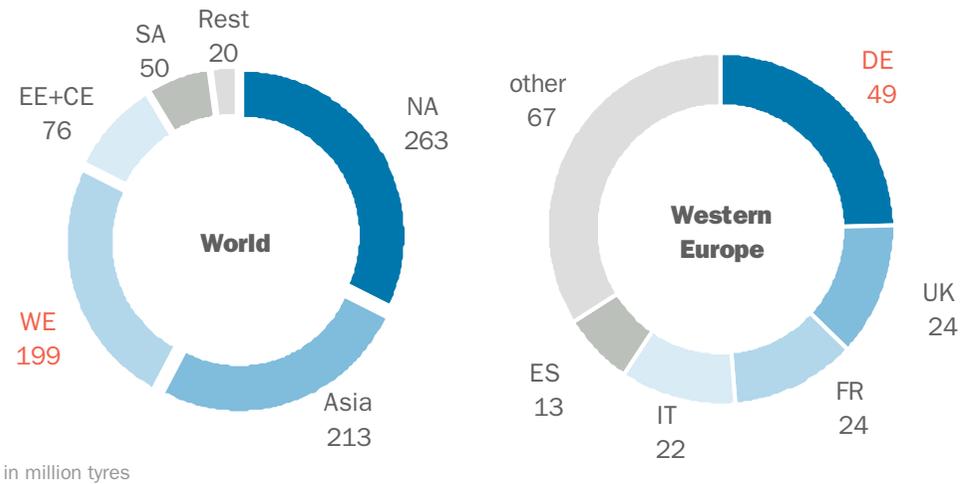
Financials

Outlook



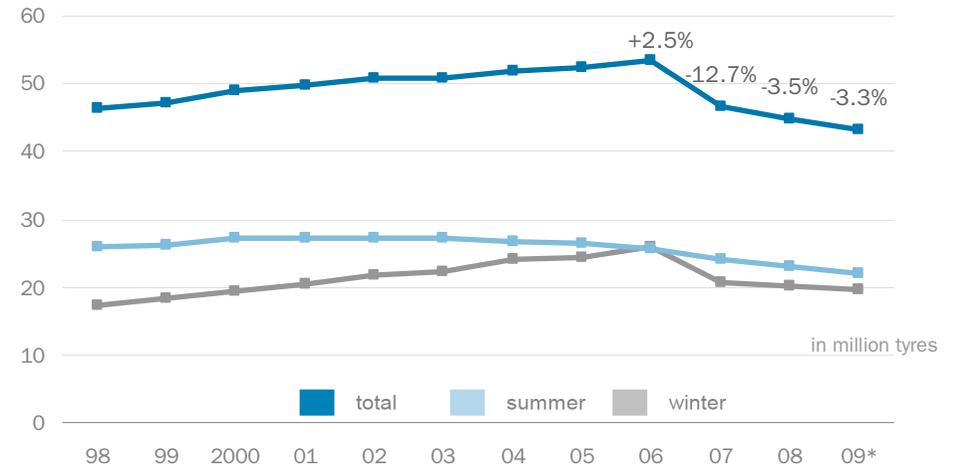
# Tyres and the Internet

## European Car Replacement Tyres: € 11 billion



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

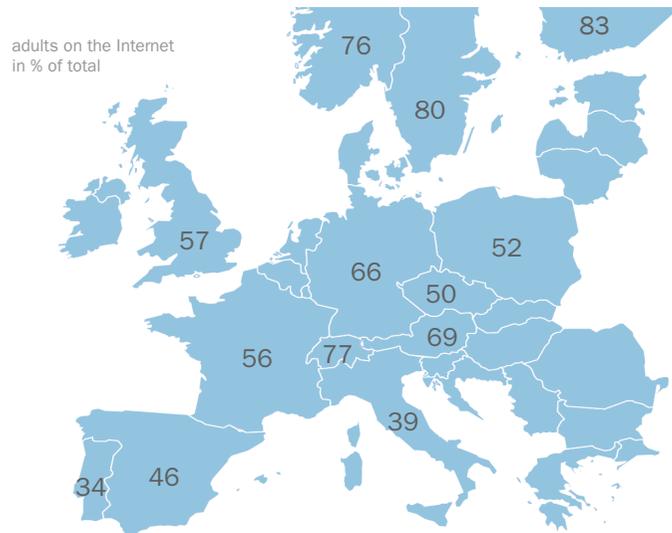
## Germany: 2 bad years in a row, difficult 2009 ahead.



Source: BRV (car replacement tyres)

\* estimates as of March 09

## Europeans are increasingly online...



Desk Research GfK Austria, December 2008

## ... 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)



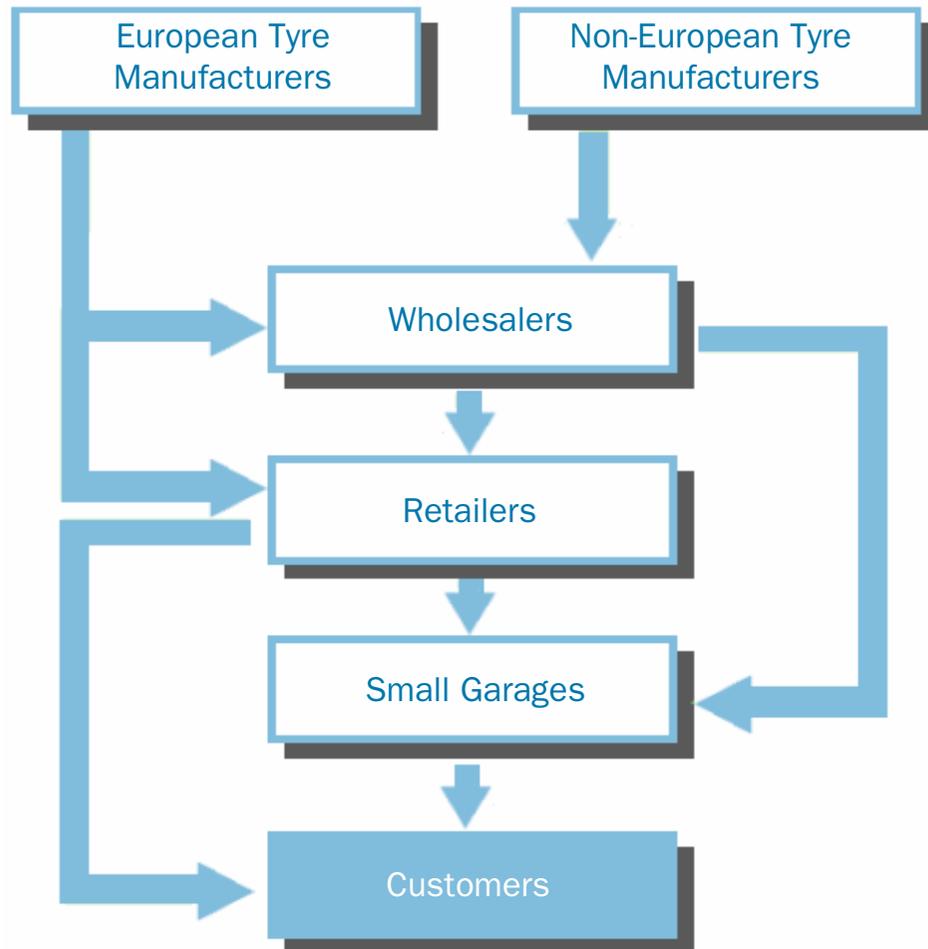
bought last tyres on the Internet (all)



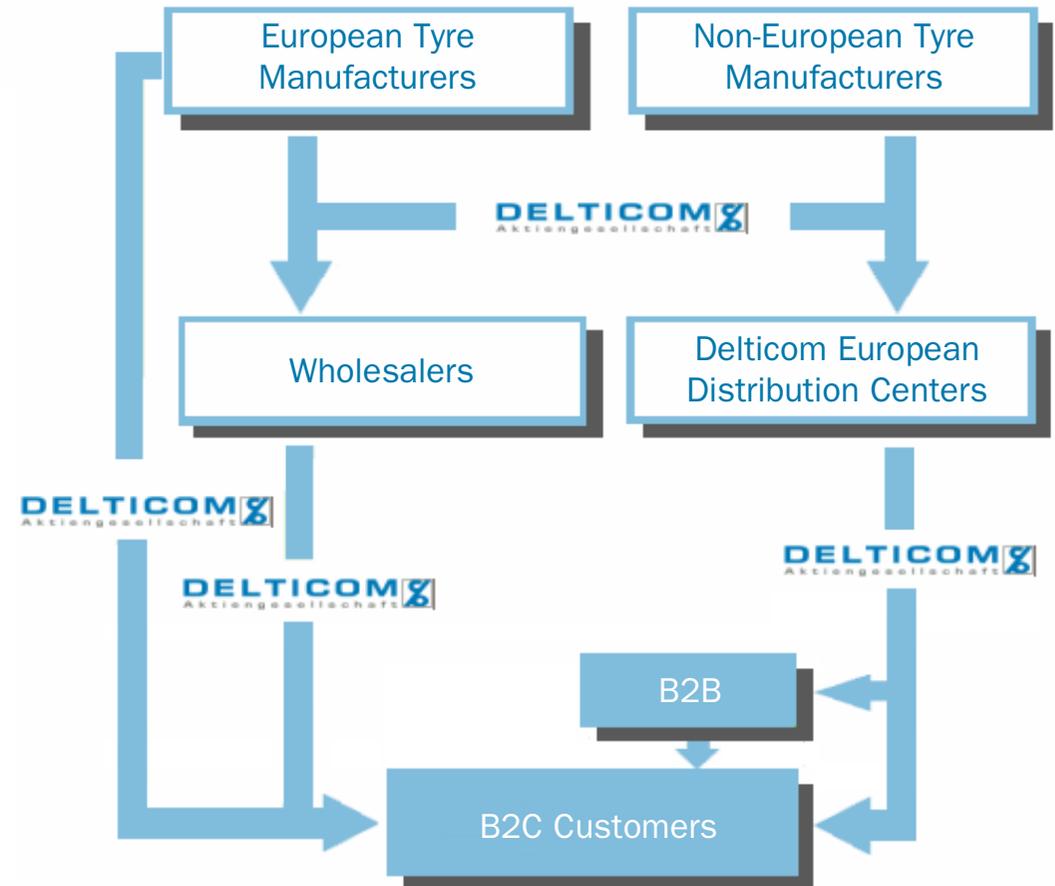
Source: ADAC Reifenmonitor 2005-2009, 2009 preliminary

# Redesign of the Tyre Distribution Chain

## Traditional Retail



## Delticom Redesign



# Agenda

Delticom at a Glance

Business Model

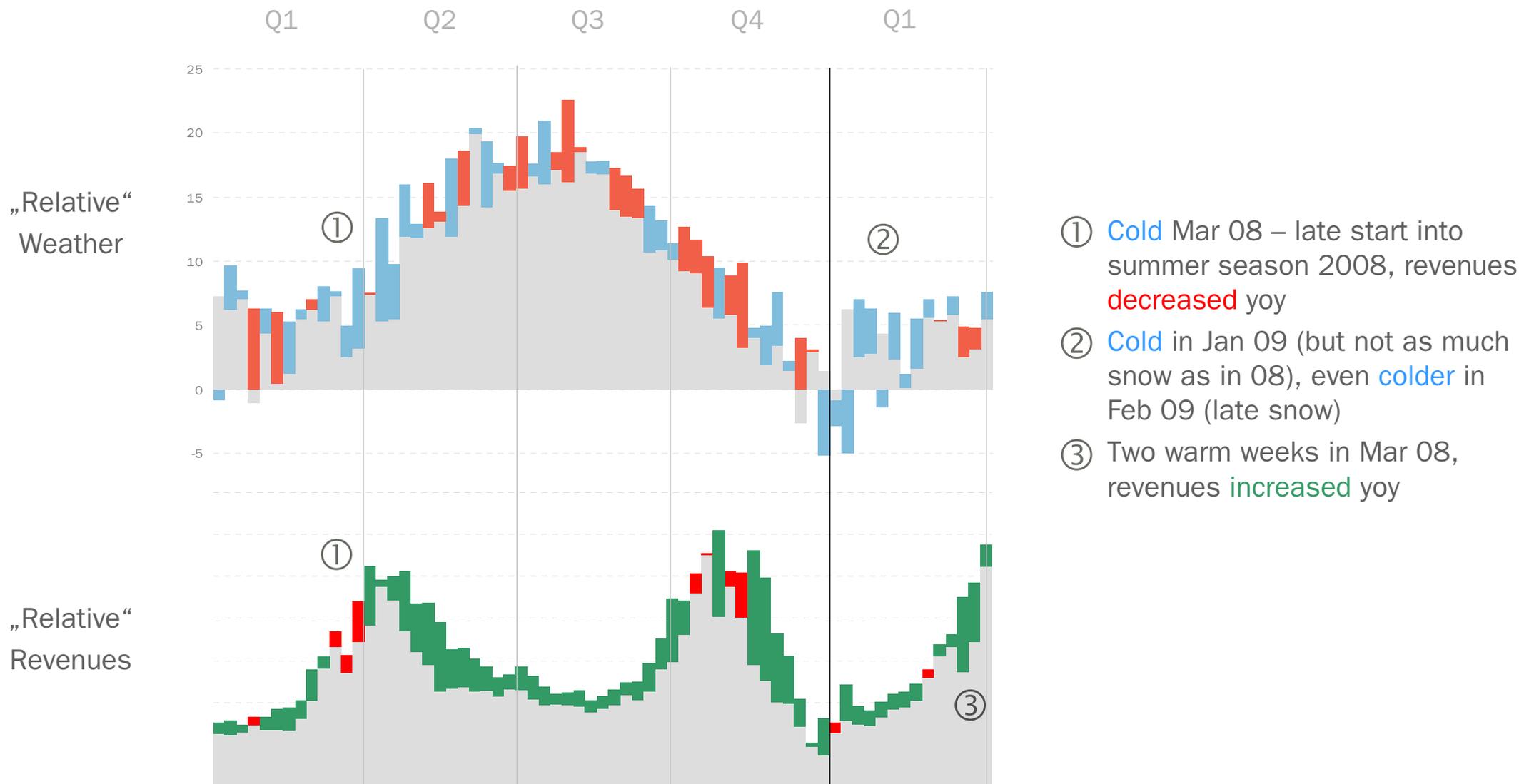
Seasonalities in the Tyre Trade

Financials

Outlook



# 2007 / 2008 / 2009 Seasonalities



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

# Agenda

Delticom at a Glance

Business Model

Seasonalities in the Tyre Trade

**Financials**

Outlook



# Quarterly Revenues

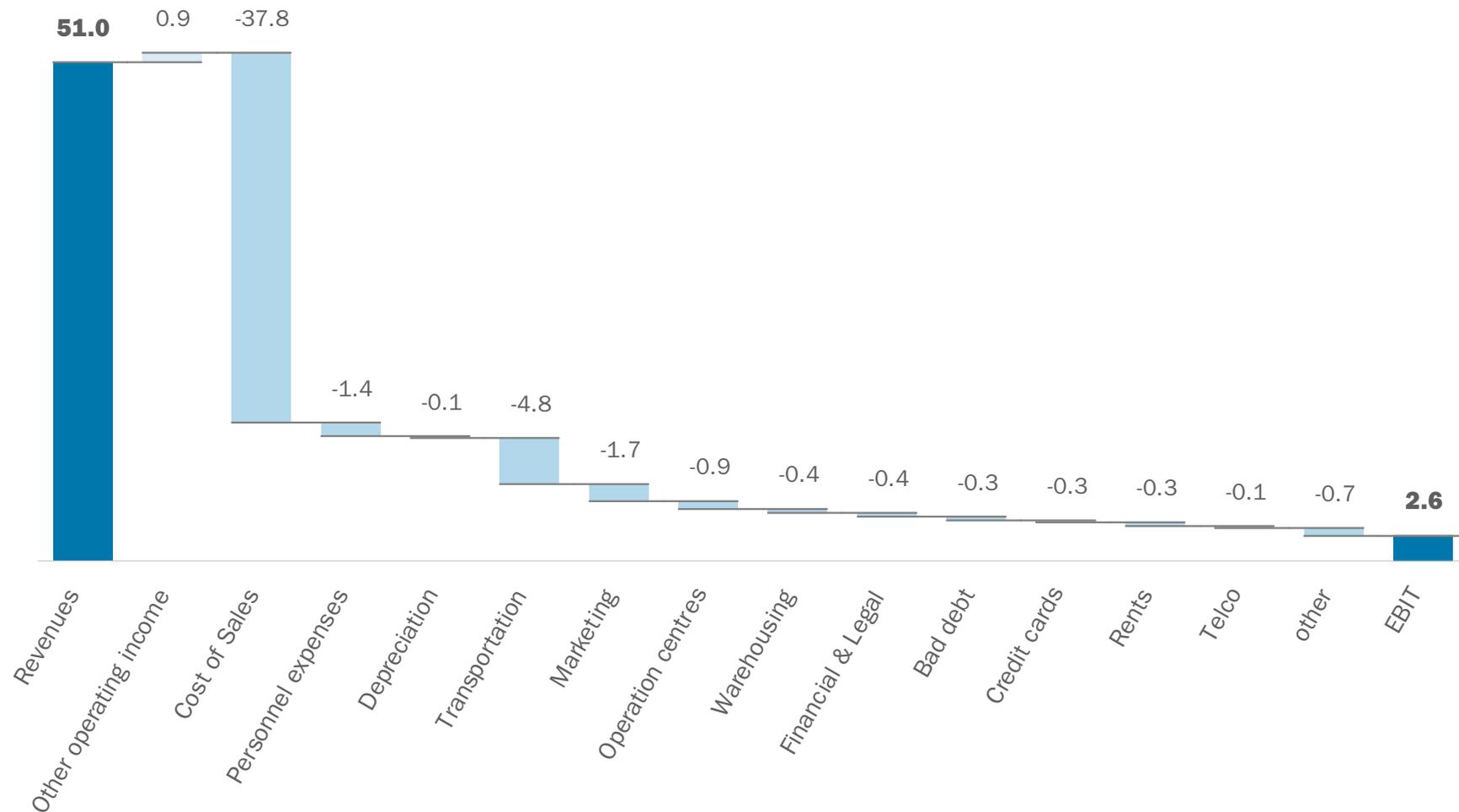
in € million



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

# Revenues-to-EBIT Bridge

in € million

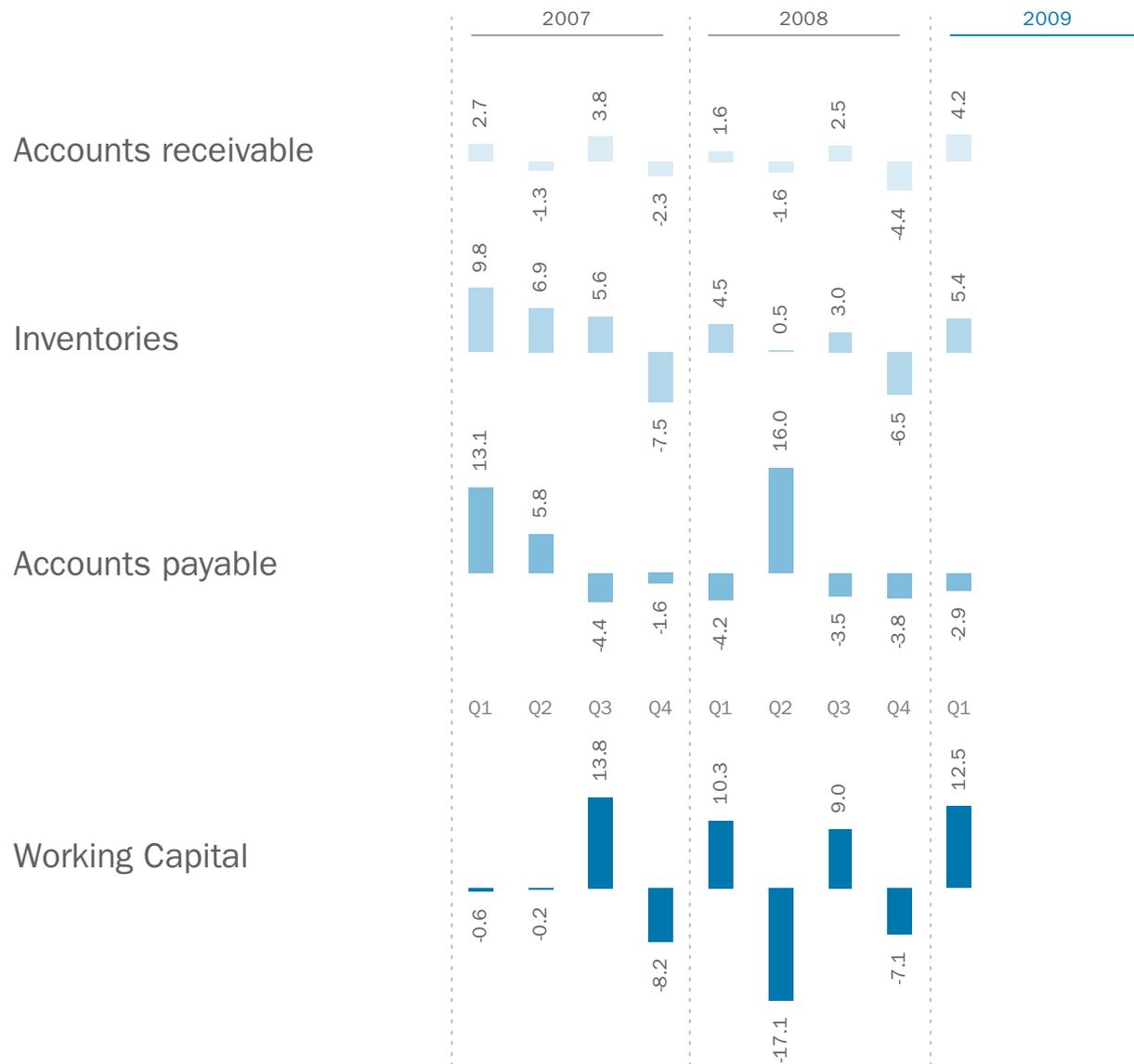


► Gross margin and operating leverage drive EBIT

# P&L Drivers

	Q1 09	Q1 08	growth		margin %		
			%	factor	Q1 09	Q1 08	chng
<b>Revenues</b>	<b>51.0</b>	<b>42.6</b>	<b>19.8</b>	<b>1.0</b>	<b>100.0</b>	<b>100.0</b>	<b>0.0</b>
Cost of sales	37.8	32.4	16.5	0.8	74.0	76.1	-2.1
<b>Gross Profit (simple)</b>	<b>13.2</b>	<b>10.2</b>	<b>30.3</b>	<b>1.5</b>	<b>26.0</b>	<b>23.9</b>	<b>2.1</b>
Direct costs	8.4	7.2	17.2	0.9	16.5	16.8	-0.4
Direct costs (dep. on sales)	6.1	5.1	18.2	0.9	11.9	12.1	-0.2
Transportation costs	4.8	3.8	24.8	1.3	9.3	9.0	0.4
Warehousing costs	0.4	0.4	-6.0	-0.3	0.8	1.0	-0.2
Operations centre costs	0.9	0.9	1.6	0.1	1.8	2.1	-0.3
Direct costs (dep. on revenues)	2.3	2.0	14.5	0.7	4.6	4.8	-0.2
Credit card fees	0.3	0.3	5.0	0.3	0.6	0.7	-0.1
Bad debt losses	0.3	0.4	-21.3	-1.1	0.6	0.9	-0.3
Marketing costs	1.7	1.3	27.1	1.4	3.4	3.2	0.2
<b>Contribution margin 1</b>	<b>4.9</b>	<b>3.0</b>	<b>61.8</b>	<b>3.1</b>	<b>9.5</b>	<b>7.0</b>	<b>2.5</b>
Indirect costs	2.4	2.4	0.5	0.0	4.7	5.6	-0.9
Personnel expenses	1.4	1.2	17.9	0.9	2.7	2.7	0.0
Rents and overheads	0.3	0.3	2.2	0.1	0.6	0.8	-0.1
Financial and legal costs	0.4	0.4	-15.0	-0.8	0.7	1.0	-0.3
IT and telecommunications	0.1	0.1	5.8	0.3	0.3	0.3	0.0
Other	0.2	0.4	-39.9	-2.0	0.4	0.9	-0.4
<b>Contribution margin 2</b>	<b>2.4</b>	<b>0.6</b>	<b>308.5</b>	<b>15.6</b>	<b>4.8</b>	<b>1.4</b>	<b>3.4</b>
FX effects	0.1	-0.4					
Other operating profit (w/o FX gains)	0.2	0.4					
<b>EBITDA</b>	<b>2.8</b>	<b>0.6</b>	<b>348.3</b>	<b>17.6</b>	<b>5.5</b>	<b>1.5</b>	<b>4.0</b>
Depreciation / Amortization	0.1	0.1	30.8	1.6	0.3	0.3	0.0
<b>EBIT</b>	<b>2.6</b>	<b>0.5</b>	<b>419.4</b>	<b>21.2</b>	<b>5.2</b>	<b>1.2</b>	<b>4.0</b>
Net financial result	0.1	0.2	-30.5	-1.5			
Financial income	0.1	0.2	-31.4	-1.6			
Financial expenses	0.0	0.0	-67.2	-3.4			
<b>EBT</b>	<b>2.8</b>	<b>0.7</b>	<b>296.9</b>	<b>15.0</b>	<b>5.4</b>	<b>1.6</b>	<b>3.8</b>
Income taxes	0.9	0.2	307.7	15.6			
<b>Consolidated net income</b>	<b>1.9</b>	<b>0.5</b>	<b>292.1</b>	<b>14.8</b>	<b>3.7</b>	<b>1.1</b>	<b>2.6</b>

# Working Capital Management



... Follow the seasonal peaks.  
**Q1 09:** Warm in last week of March

... Driven by sales (-) and capacity (+).  
 (e.g. 2007 ramp-up)

... Discretionary **payment terms**, e.g.  
 Q3 07: early payment  
 Q2 08: stocking for winter season

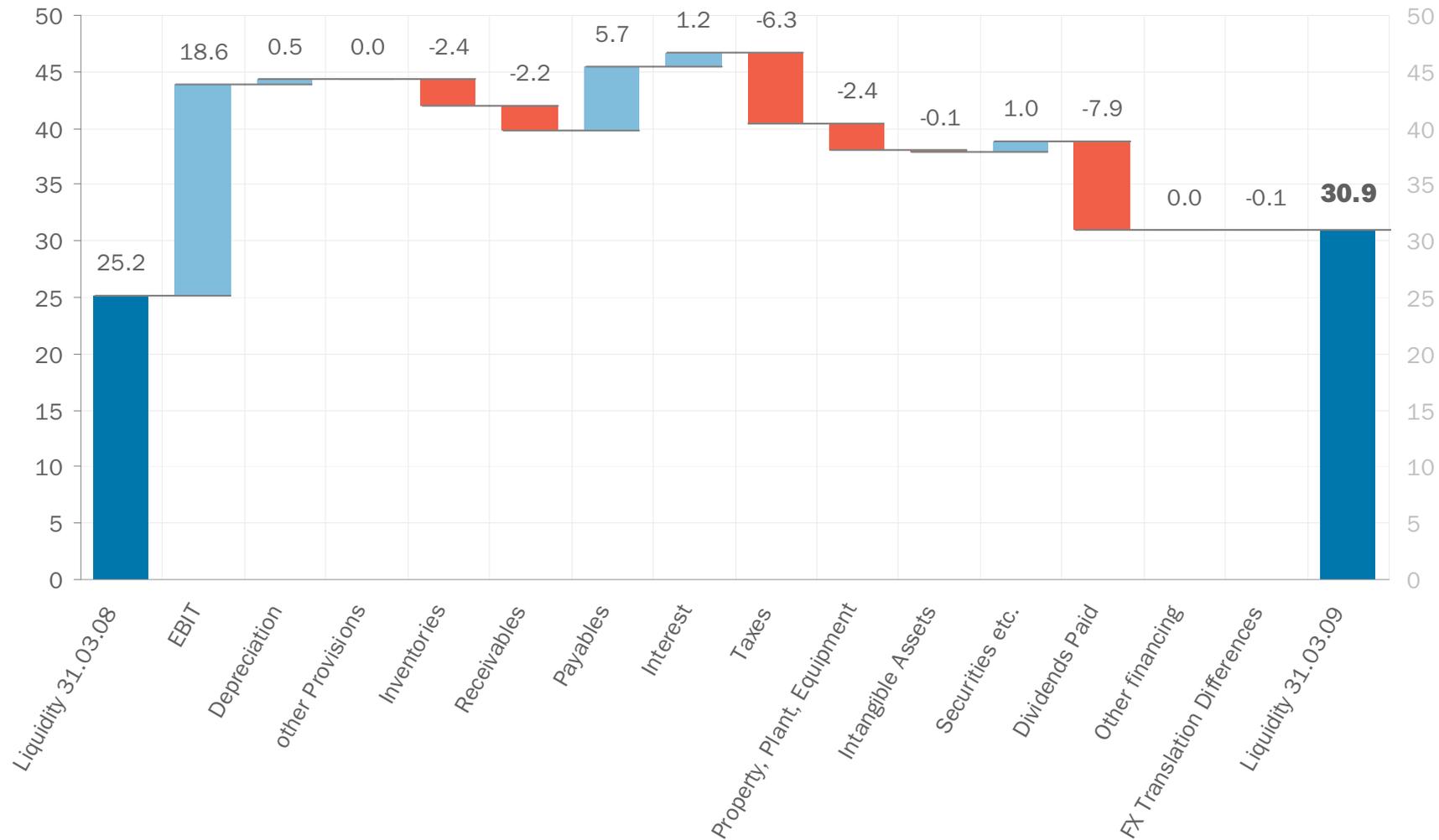
... Both + and -, with significant swings.  
**FY 08:** „2009: Prepare for increased cash consumption (inventories, terms).“

quarterly delta in € million

► Changes in working capital reflect seasonal patterns

# Cash Bridge (TTM)

in € million



► Delticom continues to be strongly self-financed

# Agenda

Delticom at a Glance

Business Model

Seasonalities in the Tyre Trade

Financials

Outlook



# Outlook

- **Current trading in Q2:**
    - pleasing April, satisfactory yoy growth
      - warm
      - reversal of Easter effect
    - price levels remain robust
    - remember **base effects** Q2 08
  - ... **German market** (BRV)
    - 2008: summer ↓ 4.5%, winter ↓ 3.3%
    - **2009:** summer ↓ 4%, winter ↓ 3%
    - „Sales drop of Ø –3.5% ... is ‚Best-Case‘-Scenario. More likely seems to us ... –6% or –7%“
  - Production ↓ ... Still: “Recession” or “Depression”? Prices ↓? Demand ↓?
  - Delticom not unaffected by recession, but other factors might (partly) offset effects:
    - Ongoing internationalization      ▶ diversified country portfolio
    - Recession in all European countries      ▶ customers are trading down
    - Delticom is online      ▶ good prices, good sales, good margins
- ▶ **Revenues 2009: not more than +10%**
- ▶ **EBIT-Margin: > 6% treated as a positive surprise**

# 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!

Investor Relations:

Melanie Gereke  
Delticom AG  
Brühlstr. 11  
30169 Hanover, Germany

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