

Delticom AG

Expanding E-Commerce market position in Europe



Hanover, March 2018

Positioning

Delticom is an E-Commerce company operating mainly in Europe and the USA.

- It specializes in the design and operation of online shops, Internet-based customer acquisition, internet marketing, developing partner networks and complex, highly efficient product picking and distribution logistics.
- Delticom AG is the leading online distributor of **tyres** and **automotive accessories**. The product range also includes the online **second-hand vehicle** trade as well as **efood**.
- Efficient **warehousing and logistics processes** are utilised for own products and services as well as being offered to third parties.

Delticom utilises its core competencies to provide best products and services to its customers

Market Trend E-Commerce



- One third of the world's population has internet access
- European E-Commerce is expected to have exceeded the mark of **€ 600 bn** in **2017**
- In Europe alone, internet penetration rate has increased by **13%** over the last five years
- **90%** of Europeans already buy online at least once a year (**DE: 98%**)
- **29%** of global consumers already bought tyres, spare parts and accessories online
- In Germany, online-trade market volume is expected to be at **€ 64 bn** in **2018** and to grow to more than **€ 80 bn** by **2021**
- “**Latercomers**” are recording high growth rates

The digital world continuous to grow with accelerated speed

Industry Trends



- Consolidation in the European replacement tyre market continues
- **+1.3%** higher sell-out volume of winter tyres (incl. 4x4) in Germany
- Overall **+0.6%** higher sell-out volume of passenger tyres (incl. 4x4) in DE in **2017** (all season tyres +16.1%)
- Online penetration in German replacement tyre business is at **13%**
- Online sales of car parts & accessories grew by **+10%** in DE
- Digitisation drives consumers online to gather information about cars and car-related products



- Food & groceries market in Germany at around **€ 200 bn**
- Market share of E-Commerce (revenues) in DE less than **2%**
- 40% of German consumers plan to buy food online in the next 12 months

Share of online trade continues to grow in all markets served

Highlights 2017



- Competitive replacement tyre market characterized by consolidation
- Sales forecast of € 650 million significantly exceeded
- Many of our goals achieved to drive further growth
 - in Europe in the field of B2C and B2B
 - in the USA
 - with Gourmondo
 - with logistics services (2 new customers)
- Extor installed its first warehouse logistics system at a customer's remise
- Successful launch of MobileMech franchise concept
- DeltiCar expanded its network of branches in France
- TyresNet roll-out to 52 countries

Delticom is ideally positioned for future growth

Key Facts 2017

453

online shops and online platforms
in **72 countries**

667 M€

Sales volume with **185 employees**

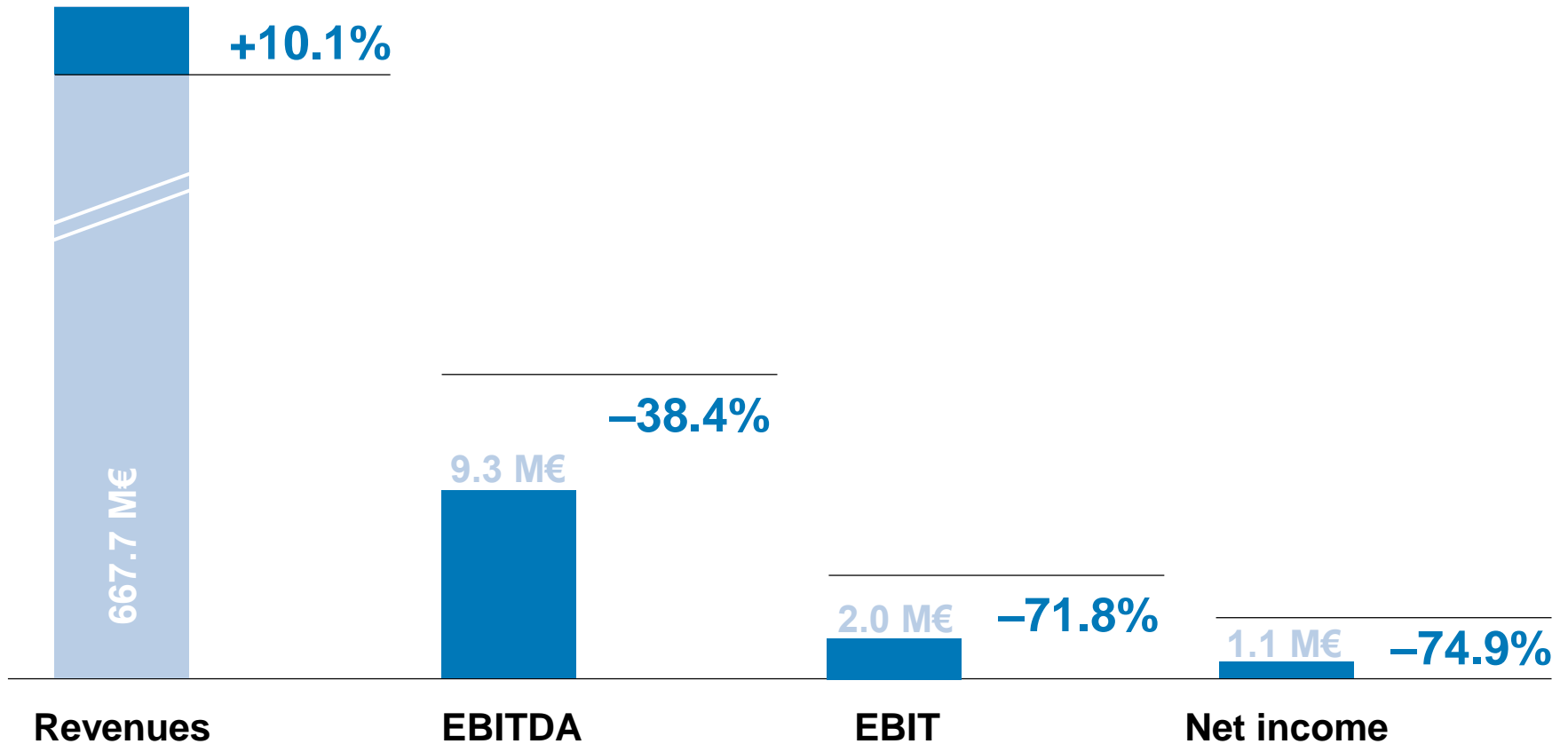
3 warehouses

>12.2M

Customers served

 **Delticom is a lean and highly efficient organisation**

Key Financials 2017



Key Financials 2017

P&L

	Unit	31.12.2017	31.12.2016		
Total income	€m	693.5	627.2	+ 10.6%	
Gross profit	€m	163.2	161.1	+ 1.3%	
Gross margin	%	23.5	25.7	– 2.2%p	
Transportation	€m	62.7	60.4	+ 3.9%	<i>Higher business volumes and country mix</i>
Stocking	€m	8.0	7.2	+ 12.1%	<i>Higher turnover in tyre and small item warehouse</i>
Rent	€m	6.6	6.0	+ 10.2%	<i>Rental of additional warehouse from mid-2017</i>
Marketing	€m	28.2	26.0	+ 8.8%	<i>Use of other online sales channels</i>
Financial & Legal	€m	4.7	4.8	– 4.0%	
Depreciation	€m	7.2	7.8	– 7.8%	<i>Scheduled amortization</i>

Focus on gaining market share and development of our start-ups

Key Financials 2017

Balance Sheet Assets

	Unit	31.12.2017	31.12.2016	
Non-current assets	€m	79.4	78.3	+ 1.4%
Intangible assets	€m	57.0	59.0	- 3.3%
Property, plant & equipment	€m	17.3	14.8	+ 17.5 %
Current assets	€m	123.0	105.0	+ 17.1%
Inventories	€m	79.8	62.8	+ 27.2% <i>Earlier stockpiling for the summer season</i>
Accounts receivable	€m	24.4	20.4	+ 19.3% <i>Higher proportion of the winter business</i>
Liquidity	€m	3.9	6.7	- 42.0%

 **Strong internal financing capability**

Key Financials 2017

Balance Sheet Equity & Liabilities

	Unit	31.12.2017	31.12.2016	
Equity	€m	52.9	58.5	- 9.5%
Subscribed capital	€m	12.5	12.5	+/- 0.0%
Share premium	€m	33.8	33.8	+/- 0.0%
Liabilities	€m	149.4	124.8	+ 19.7%
Long term borrowings	€m	7.3	7.2	+1.7%
Accounts payables	€m	114.4	89.0	+28.5%
Short term borrowings	€m	8.0	12.7	- 37.0%

 **Delticom Group has a solid balance sheet**

Outlook

- ➔ For the current year, Delticom anticipates annual revenues of € 690 million, accompanied by an **increase in EBITDA to around 14 million €**
- ➔ Delticom will **continue to set up and establish the market position of the start-ups** in the company portfolio in order to **offer customers additional services** by combining the online with the off-line world (Industry 4.0)
- ➔ Delticom is aiming to fine-tune the balance between revenues growth and profitability

▶ **By striving to provide continuously better offerings to its customers, Delticom will succeed in the E-Commerce market**

Q&A

