

Delticom AG

Expanding E-Commerce market position in Europe



Hanover, August 2018

Industry Trends



- Market for replacement tyres remained weak
- Summer-tyres business in Germany shows a volume decline of **-5.4 %**
- 15 % increase in sales in the all-season tyre business could not fully compensate for the decline in sales in the summer tyre business
- **-2.4 %** lower sell-out volume in Germany in 1st HY 2018
- Ongoing consolidation in the European tyre market*:
 - 13.02.2018: Michelin acquires a 20% stake in ATU (owned by Mobivia) for € 60 million
 - 01.03.2018: Ehrhardt Reifen + Autoservice GmbH & Co. KG acquires Reifen Henning (in 2016 Ehrhardt was acquired by PneuHage)
 - 17.04.2018: Fintyre acquires La Genovese gomme (sales 2017: € 11.7 million)
 - 14.06.2018: European Fintyre Distribution acquires Reifen Krieg (sales 2017: € 330 million) after acquisition of the tyres and automotive technology division of Reiff group in 2017
 - 04.07.2018: Hankook acquires Reifen-Müller
- ... more acquisitions + insolvencies in the 2018 fiscal year so far

* Source: reifenpresse.de

Market environment remains difficult

Market Trend E-Commerce



- More than 4 billion people worldwide already use the internet
- The time people stay online is also increasing
- In 2017, 1.77 billion internet users bought consumer goods online
- Online retailing remains a major growth driver in trade
- E-Commerce in Germany increased by 11.1 % in 1st HY 2018
- Growing acceptance of E-Commerce in the food segment in Germany (€ 346 million online sales in the 2nd quarter 2018 (+ 26.9 %))

Online trade plays a growing role in overall trade

Key Facts 1st HY 2018

460

online shops and online distribution
platforms **in 74 countries**

291 M€

Sales volume with avg. FTE **185 employees**

4 warehouses

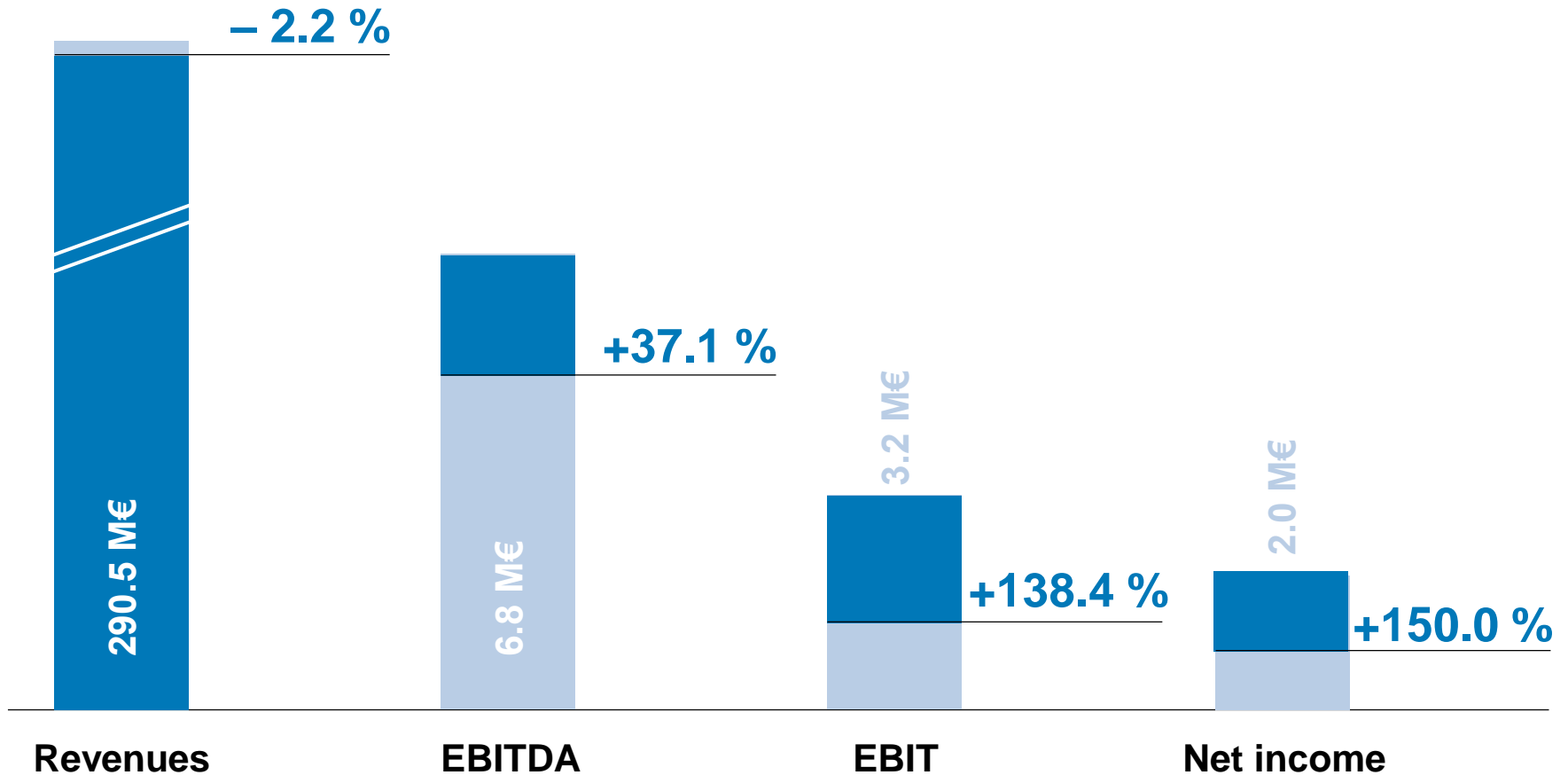
>12.8M

Customers served



Delticom is a lean and highly efficient organisation


Key Financials 1st HY 2018



Key Financials 1st HY 2018

P&L

	Unit	30.06.2018	30.06.2017		
Total income	€m	304.4	309.3	-1.6 %	
Gross profit	€m	76.9	74.4	+3.4 %	
Gross margin	%	25.3	24.1	+1.2 %p	
Transportation	€m	24.8	28.1	-11.8 %	<i>Correction from previous years + drop-ship business + B2B + country mix</i>
Stocking	€m	4.0	3.4	+17.7 %	<i>Stock transfer costs</i>
Rent	€m	3.4	3.1	+10.6 %	<i>New interim warehouse</i>
Marketing	€m	13.1	12.0	+9.2 %	<i>Online market places + higher attention to the online shops</i>
Financial & Legal	€m	2.6	2.4	+7.6 %	
Depreciation/Amortization	€m	3.6	3.6	-0.5 %	

 **Delticom succeeded in increasing its profitability in a difficult market environment**

Key Financials 1st HY 2018

Balance Sheet Assets

	Unit	30.06.2018	30.06.2017		
Non-current assets	€m	79.4	77.5	+2.4 %	
Intangible assets	€m	55.6	57.7	-3.6 %	
Property, plant & equipment	€m	18.5	15.4	+19.7 %	
Current assets	€m	140.7	138.9	+1.3 %	
Inventories	€m	93.8	90.6	+3.5 %	<i>Delayed seasonal start + early winter stocking</i>
Accounts receivable	€m	25.0	25.0	+/- 0.0 %	
Liquidity	€m	4.0	3.0	+30.2 %	<i>Net-liquidity after short-term debts at -51.6 €m</i>

Ratio of non-current assets grew from 35.8 % to 36.1 %

Key Financials 1st HY 2018

Balance Sheet Equity & Liabilities

	Unit	30.06.2018	30.06.2017	
Equity	€m	53.3	52.7	+1.2 %
Subscribed capital	€m	12.5	12.5	+/-0.0 %
Share premium	€m	33.7	33.7	+/-0.0 %
Net retained profits	€m	5.9	5.1	+1.6 %
Liabilities	€m	166.8	163.6	+1.9 %
Long term borrowings	€m	5.8	5.9	-1.8 %
Accounts payables	€m	88.1	107.3	-17.9 % <i>-26.3 m€ since start of the year</i>
Short term borrowings	€m	55.3	32.1	+72.6 % <i>Working capital funding</i>

Active liquidity management with acceptance of intrayear reporting date effects

Open items H1 review

- **Transportation costs** FY16 + FY17 in total € 1.8 million too high -> dissolved in H118



Corrections to be made in 2016, 2017 or 2018?

- **Deferred Taxes** from loss making start-ups
 - Adjustments to be done?
 - If yes, which years are effected?
 - If multiple years, what are the amounts p.a.?



Max. € 3.2 million for 2016, 2017, H118



Capital market will be kept informed

Outlook Confirmation

- ➔ Despite a late start to the season, Delticom **succeeded in increasing Group profitability in the first six months of the current year** in a difficult market environment compared to the same period last year
- ➔ Delticom plans **to further fine-tune the balance between revenues growth and profitability** and **to drive forward the market establishment of its start-ups in the corporate portfolio**
- ➔ For the current year, Delticom continues to expect to increase annual revenues to 690 million € together with an **EBITDA of around 14 million €**
- ➔ **Improvement of the Operating Cashflow** in H218

▶ **Focus 2018: to continuously provide better offerings to our customers in order to succeed in the E-Commerce market**

Q&A

