Results FY 2020

DELTICOM Aktiengesellschaft

DELTICOM

Europe's leading online tyre retailer

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FY 2020: MARKET ENVIRONMENT

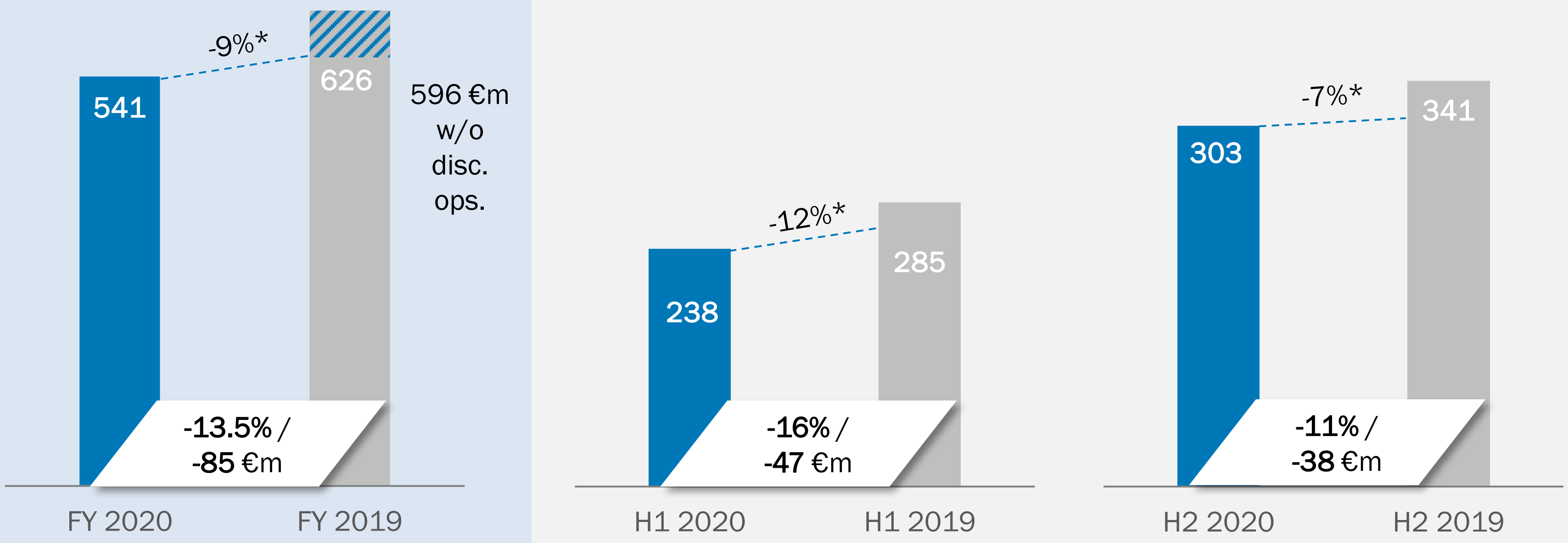
- Covid-19: Comprehensive measures and restrictions to contain the infection resulted in a drastic slump in global activity
- €-zone: Deep recession in H1 2020, recovery in Q3 not sustainable as infections rate started to rise again in late summer (GDP -7.2 % according to IfW)
- E-Com: Uplift in E-Commerce Revenues (Europe: +12.7 %, Germany: +14.6 %)

- German passenger car replacement tyre sales to consumers decreased by 10.4 % in 2020 according to WdK and ETRMA; summer tyres: -10.9 %; winter tyres: -14.6 %; increase only in all-season tyres: +12.9 %

- Pandemic-related restrictions both in the summer and winter business, and the overall limited mobility led to a significant decline in demand for replacement tyres in Europe last year (-12.1 % or -26 million units)

FY 2020: REVENUE DEVELOPMENT

Revenue (in €m)

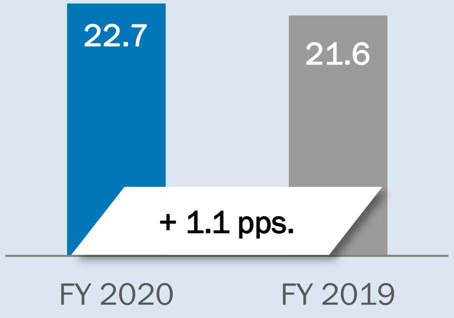


* excluding effect from closed operations

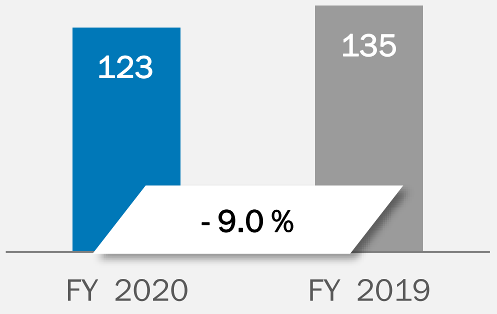
- Focus on generating sufficiently **profitable revenues**
- **€ -30 million** reduction in revenues due to divestment of loss-making businesses
- Revenues in the **core tyre business -9 %**
- **December** fell **short of expectations,** lower end of FY revenues guidance missed by 1.6 %

FY 2020: GROSS MARGIN & GROSS PROFIT MARGIN

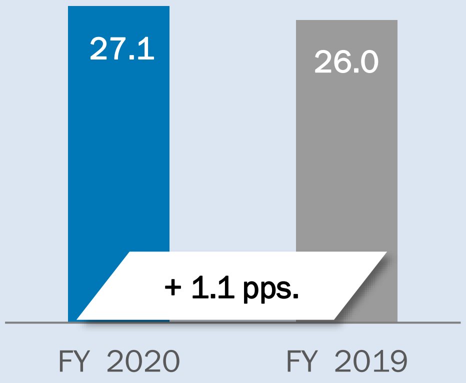
Gross margin simple
(Revenues less COGS;
in % of Revenues)



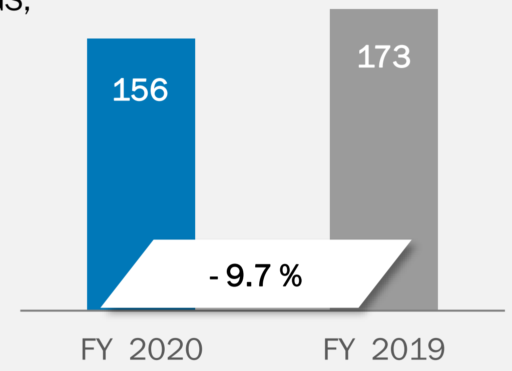
Gross profit simple
(Revenues less COGS;
in €m)



Gross profit margin
(Total income less COGS;
in % of Total income)



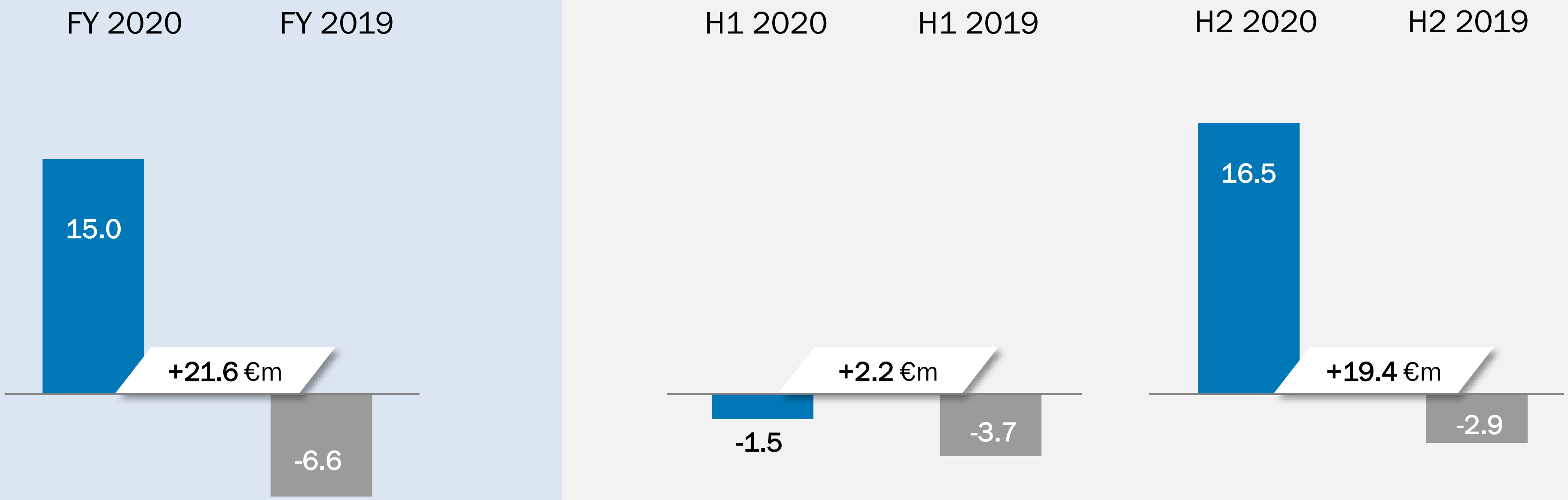
Gross profit
(Total income less COGS;
in €m)



- **Increase** in Gross margin despite difficult market environment

FY 2020: EBITDA

Reported EBITDA (in €m)



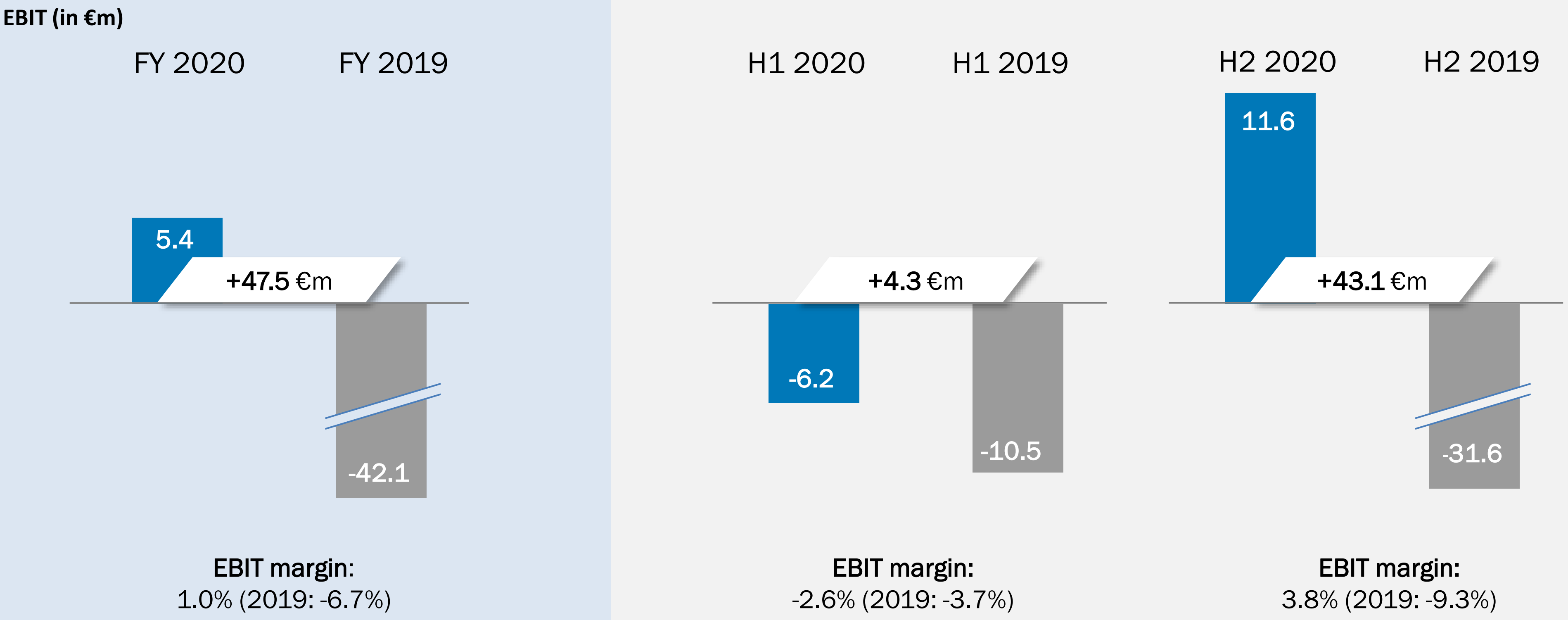
EBITDA margin:
2.8% (2019: -1.1%)

EBITDA margin
-0.6% (2019: -1.3%)

EBITDA margin
5.4% (2019: -0.8%)

- Improvement of operational earnings due to divestment and higher costs efficiency in the core business
- € 9.5 million profit contribution from project development to compensate burdens from restructuring and refocussing

FY 2020: EBIT



- **Positive EBIT** in 2020
- Declining **depreciation** in 2020 (9.7 €m) compared to 2019 (35.4 €m), no material impairment losses in 2020
- Improvement in EBIT in the past financial year largely attributable to **positive cost and margin development** in the core business

FY 2020: P&L

	Unit	FY 2020	FY 2019	
Sales	€m	**541.3**	625.8	-13.5%
Gross profit	€m	**155.9**	172.7	-9.7%
Personnel expenses	€m	14.3	19.9	-28.4%
Advertising costs	€m	18.9	28.6	-34.0%
Transportation costs	€m	50.1	62.2	-19.3%
Other operating expenses	€m	57.6	68.6	-16.1%
EBITDA	€m	**15.0**	-6.6	>+100%
Net result	€m	**6.9**	-40.8	>+100%

- Closure of loss-making business units (-30 €m)
- Operational margin improvement
- Positive impact from divestment
- Marketing controlling system newly set up
- Cost efficiency improvements also in logistics
- Despite 6,7 m€ restructuring costs
- Compensation of burdens from turnaround
- One year ahead of restructuring planning

FY 2020: BALANCE SHEET

ASSETS (EXCERPT)

	Unit	31.12.2020	31.12.2019
Non-current assets	€m	124.0	88.8
Fixed assets	€m	99.4	76.4
Other assets	€m	24.6	12.4
Current assets	€m	75.8	99.4
Inventories	€m	36.9	63.0
Accounts receivable	€m	19.1	10.5
Liquidity	€m	5.6	5.3

Increase driven by right of use assets

Further reduction of –26.1 €m managed

DSO down from 5.9 to 4.5

High fluctuation over the course of the year

- **Strict working capital management** in place
- Opening Balance Sheet for 2019 reduced by ~2.5 €m due to **DPR findings**: Adjustment of intangible assets

FY 2020: BALANCE SHEET

EQUITY & LIABILITIES (EXCERPT)

	Unit	31.12.2020	31.12.2019
Equity	€m	14.8	8.3

+6.5 €m in equity, equity ratio 7.4% after 4.4%

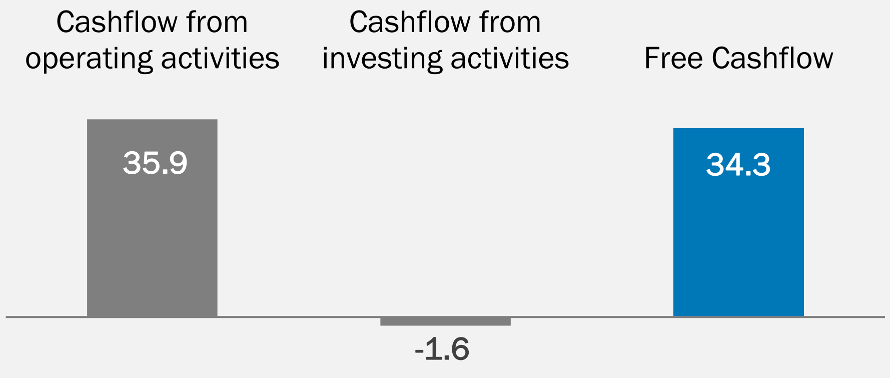
	Unit	31.12.2020	31.12.2019
Liabilities	€m	185.0	179.9
Long term liabilities	€m	50.0	29.7
Short-term liabilities	€m	132.2	146.8
Provisions	€m	2.8	3.4

Capitalization of rights of use in connection with new warehouse

Lower utilisation of credit lines (-20 €m in financial liabilities)

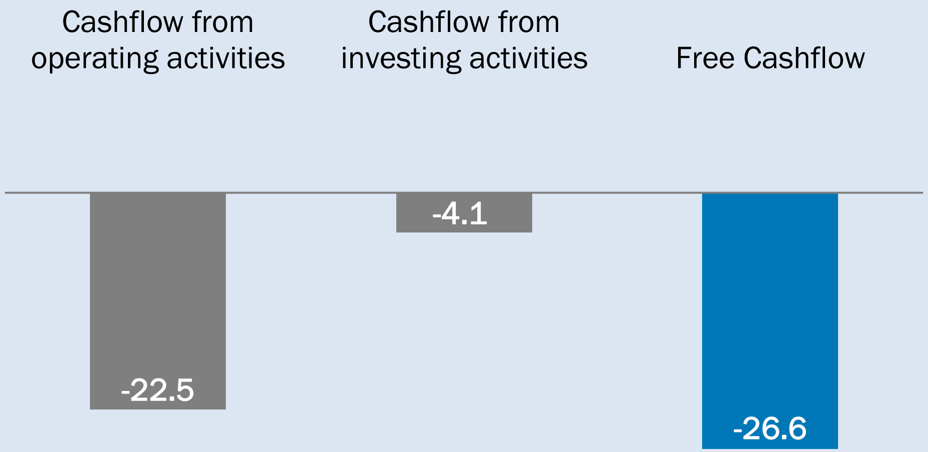
- Opening Balance Sheet for 2019 reduced by ~2.5 €m due to DPR findings: 1.7 m€ consolidated retained earnings and 0.7 m€ deferred tax liabilities

FY 2020: FREE CASHFLOW



Free Cashflow FY 2020 (€m)

Free Cashflow FY 2019 (€m)

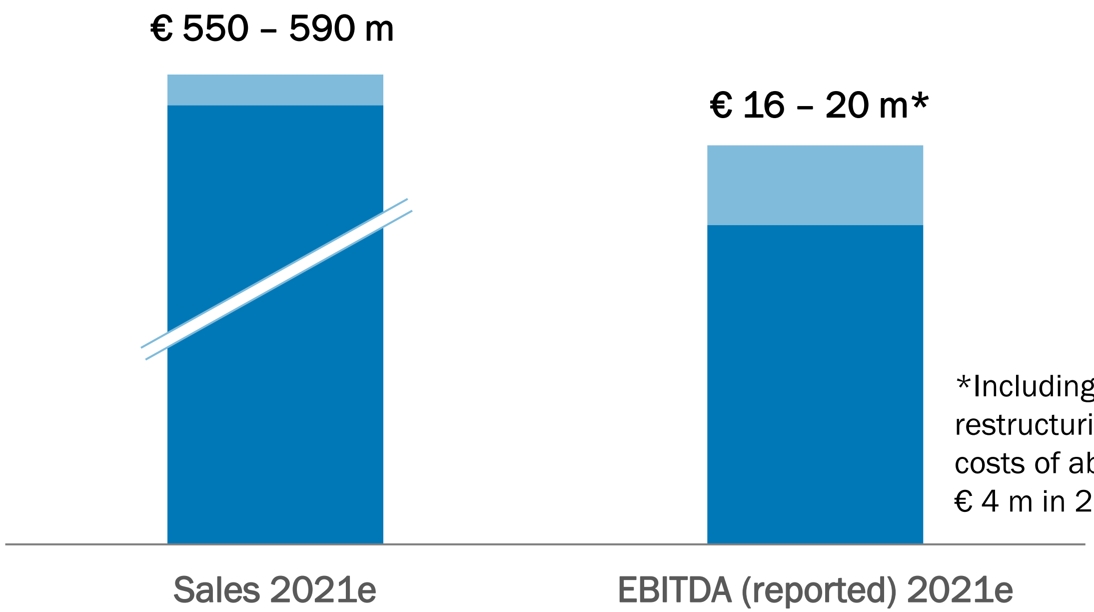


- Improved cash flow from operating activities (+58.4 €m YoY) due to improvements in Working Capital
- Positive Free Cashflow for FY 2020

REFOCUSING ON CORE BUSINESS:
UPDATE ON TURNAROUND PROCESS

Refocusing on core business in Europe: Continuation of US-business, profitable growth opportunities	✓	Non-core businesses stopped
Financing: financing secured until end of 2021	✓	Follow-up financing under way in close exchange with banks
Financing: Evaluation of options for additional capital (equity or debt) under way	~	Ongoing
Operational business: ● Review of current shop concept	✓	Plan in place and part of daily operations
● Margin improvements by better procurement conditions, optimized use of market places and more specific pricing	✓	Solidification

OUTLOOK FY2021:
SALES AND EBITDA GUIDANCE



*Including restructuring costs of about € 4 m in 2021

➔ Further increase in e-commerce penetration expected in replacement tyre business

➔ lower end of revenues guidance needs a moderate growth in the core business

➔ Strong focus on profitability: Further improvement of EBITDA

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Q&A

A firm grip on the road to success