

On track.

Investor and Analyst Presentation

On the Occasion of the Release of the Annual Report 2010

Hanover, 23 March 2011



Agenda

Delticom at a Glance

Business Model

Profit & Loss

Balance Sheet

Outlook



Agenda

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Balance Sheet

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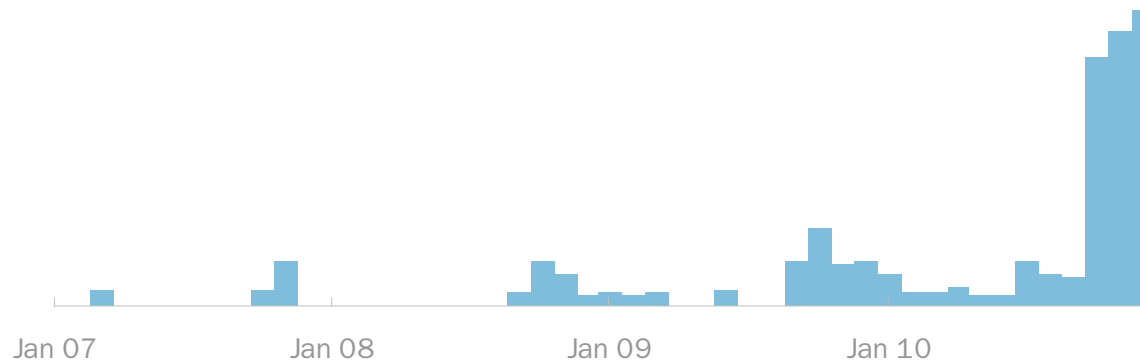
Delticom at a Glance

- **#1 European online tyre dealer**
- > 100 online shops in **39 countries**
- founded 1999, IPO Oct 2006, SDAX Dec 2008
- 2010 almost one million new customers
- customer base: **4.4 million**
- **focus on replacement tyres:** > 100 tyre brands, > 25,000 models
- other products:
 - motorcycle tyres, bicycle tyres
 - truck tyres, industrial tyres
 - complete wheels and rims
 - motor oil, car parts, accessories
- **101 employees**, mainly in the Hanover head office
- global network with more than **27,000 fitting partners**, e.g.

🇩🇪 DE 7803 🇺🇸 US 2232 🇬🇧 UK 1798 🇫🇷 FR 3165 🇨🇭 CH 1355

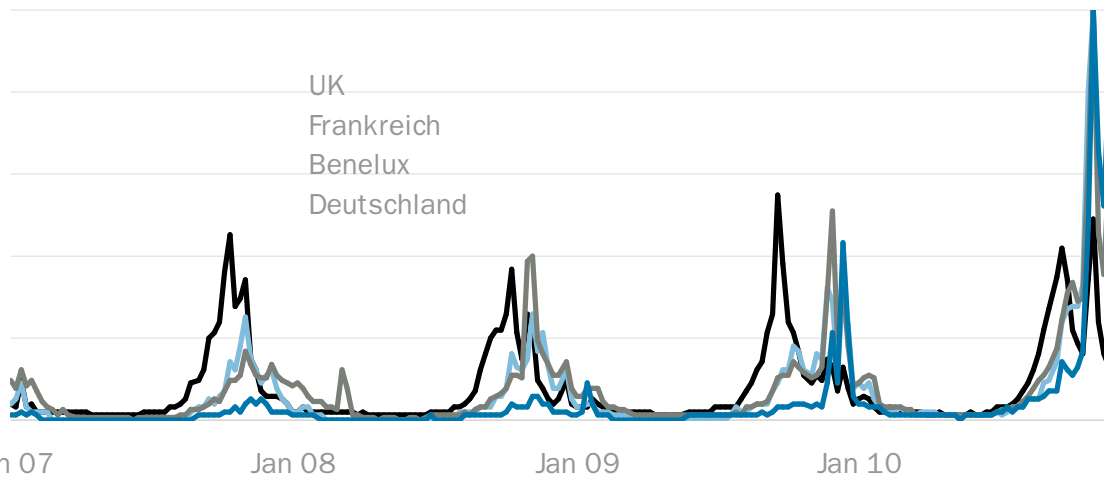


One-Off Effects Q4 10



Source: Google Inc., Google News Archivesearch

German winter tyre regulation issues make the news...



Source: Google Inc., Google Search Volume

... and winter brings much snow in other countries, too

► Positive volume and price effects

Key Financials 2010

		Q410	Q409	yoy %	FY10	FY09	yoy %	guidance
New Customers	k	333	259	+28,4	958	805	+18,9	Still strong customer generation...
Customer Base	m				4,4	3,4	+27,9	... and more repeat customers
Revenues	€m	162,6	109,7	+48,2	419,6	311,3	+34,8	> 30% Good volume growth...
Gross Margin	%	31,5	30,4	+1,1p	29,7	28,8	+0,9p	... at better margins
Ebit Margin	%	15,0	13,4	+1,6p	11,2	9,4	+1,8p	~ 11% Mainly driven by gross margin growth
Ebit	m	24,3	14,7	+65,6	47,1	29,4	+60,1	Financial result is negligible
Capex	m	1,7	0,4	+297,5	3,5	3,6	-2,4	New warehouse planned Q211

► Very good FY, *extraordinary* Q4

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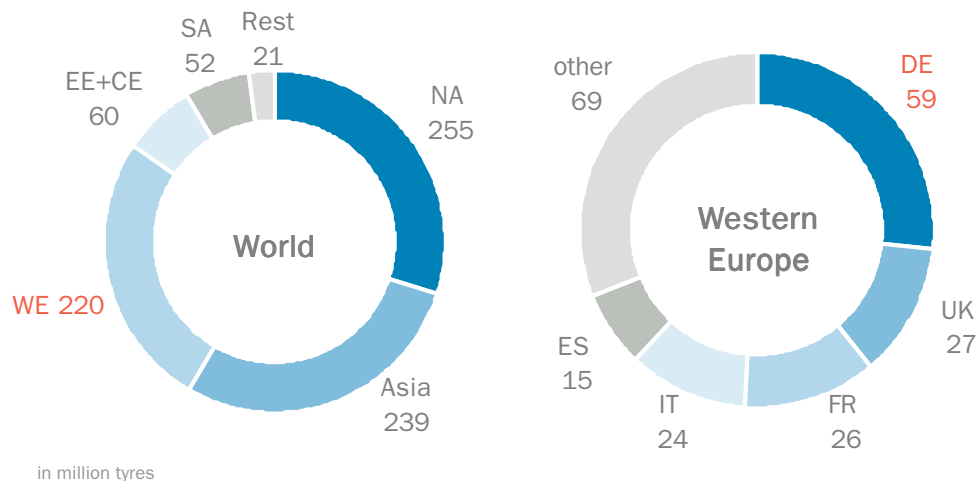
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Outlook



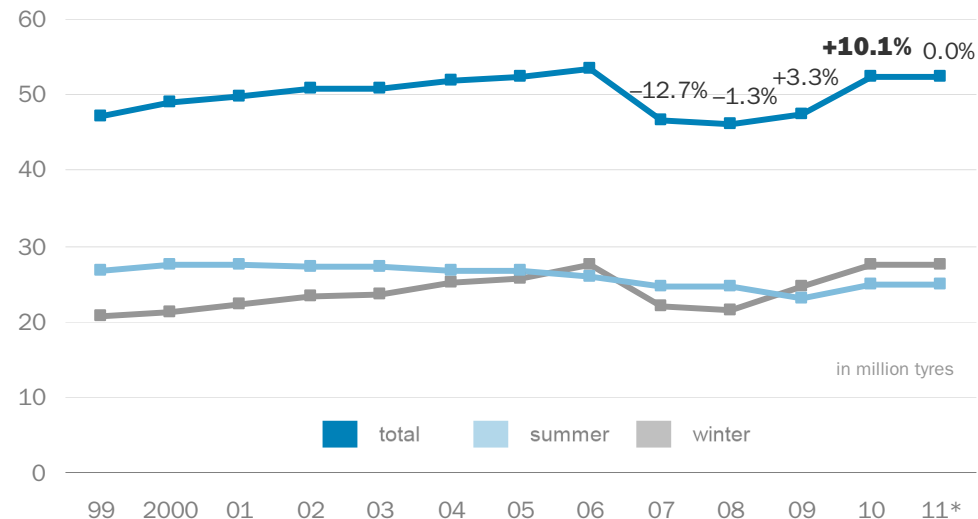
Tyres and the Internet

PC & LT Replacement Tyres Europe: > € 10 billion



Source: Datamonitor, Continental, Michelin, own estimates

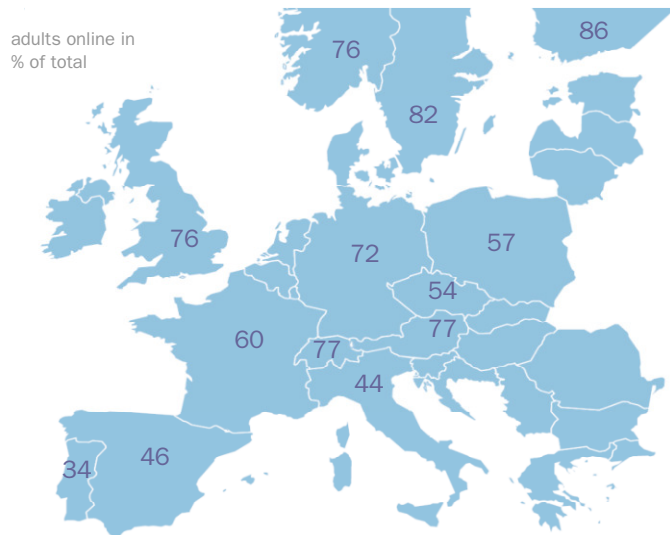
Germany: very good 2010, uncertain outlook for 2011



Source: BRV (car replacement tyres)

* estimates as of March 2011

Europeans are increasingly online...



Desk Research GfK Austria, January 2011

... and buy their tyres online.

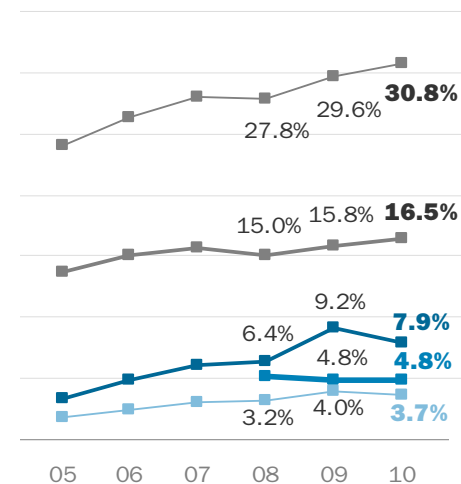
think about buying online (ADAC, 18-39)

think about buying online (ADAC, all)

bought tyres on the Internet (ADAC, 18-39)

bought tyres on the Internet (BRV,GfK)

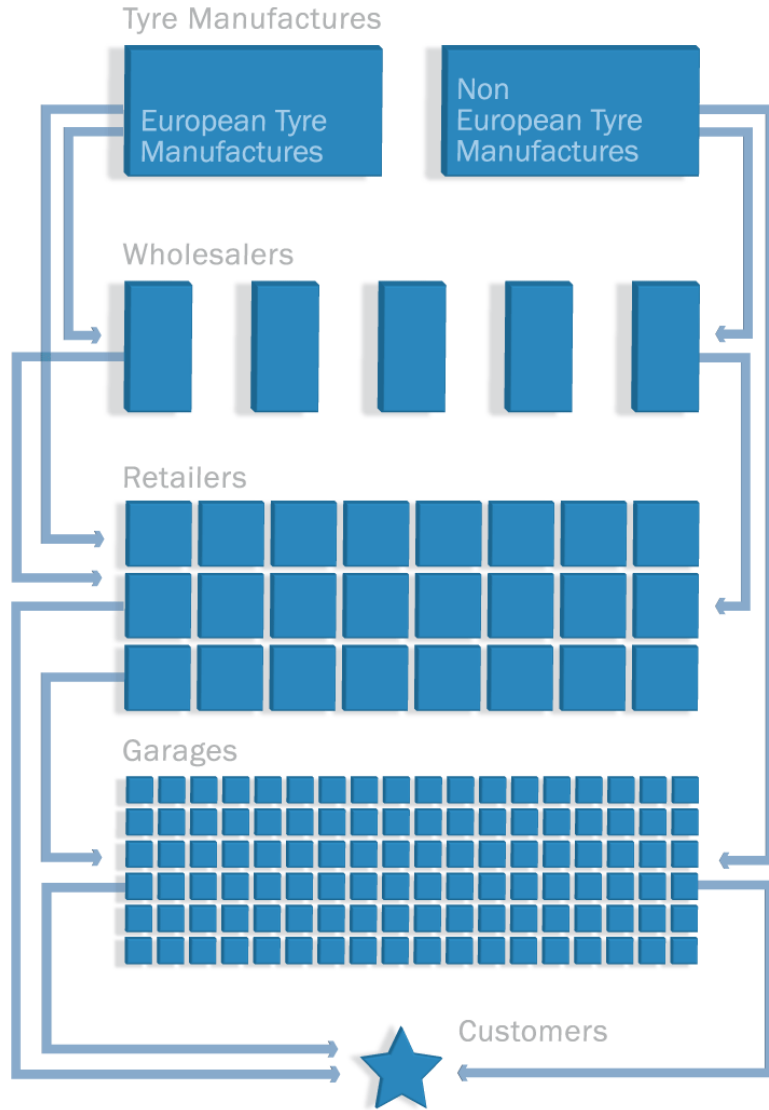
bought tyres on the Internet (ADAC all)



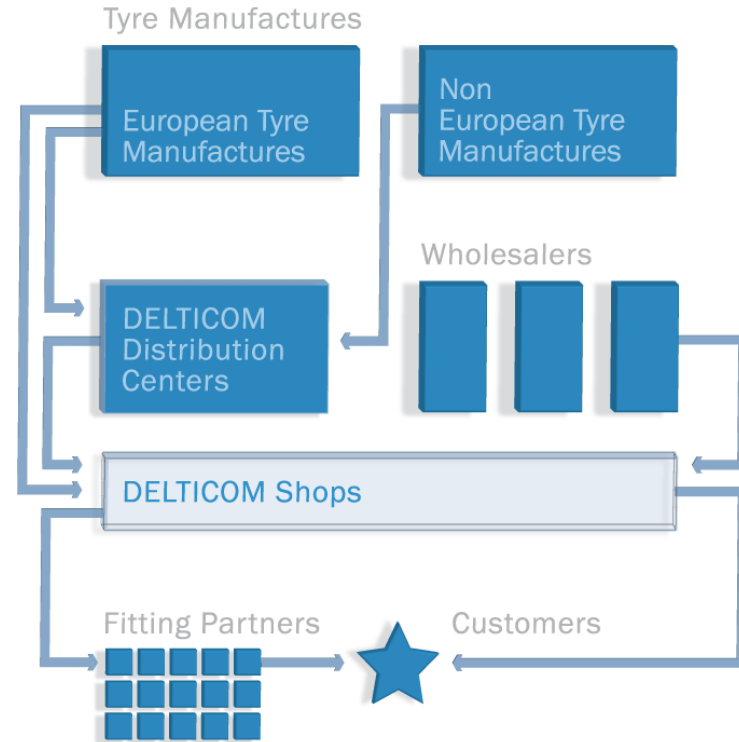
Source: ADAC (new methodology vs. 2009), BRV, GfK

Redesign of the Tyre Distribution Chain

Traditional Retail



Delticom Redesign



Space
+ Time
+ Price

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

Fitting Partners

- 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
- 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

Agenda

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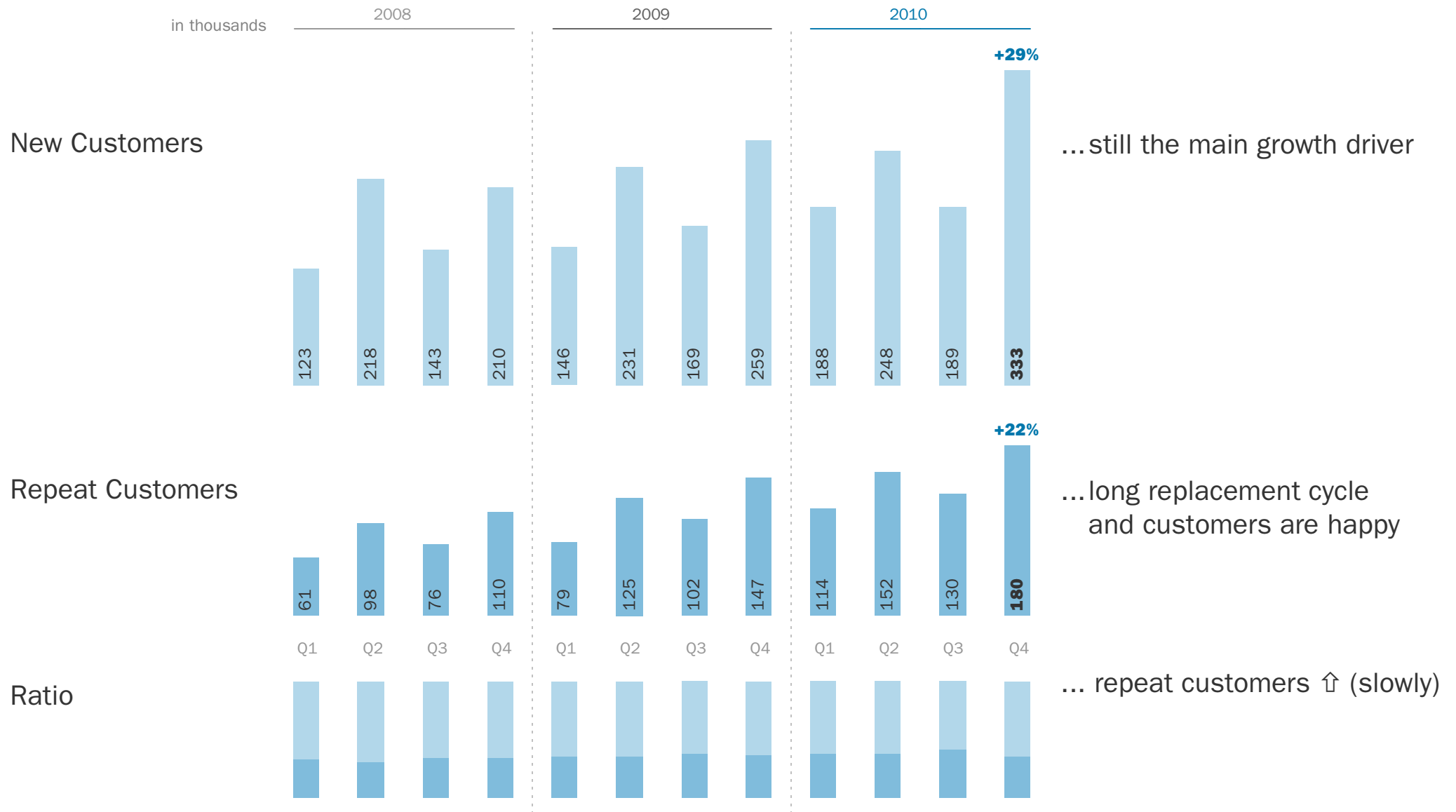
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Balance Sheet

Outlook



Customers



▶ Repeat customers constitute important growth potential

Quarterly Revenues

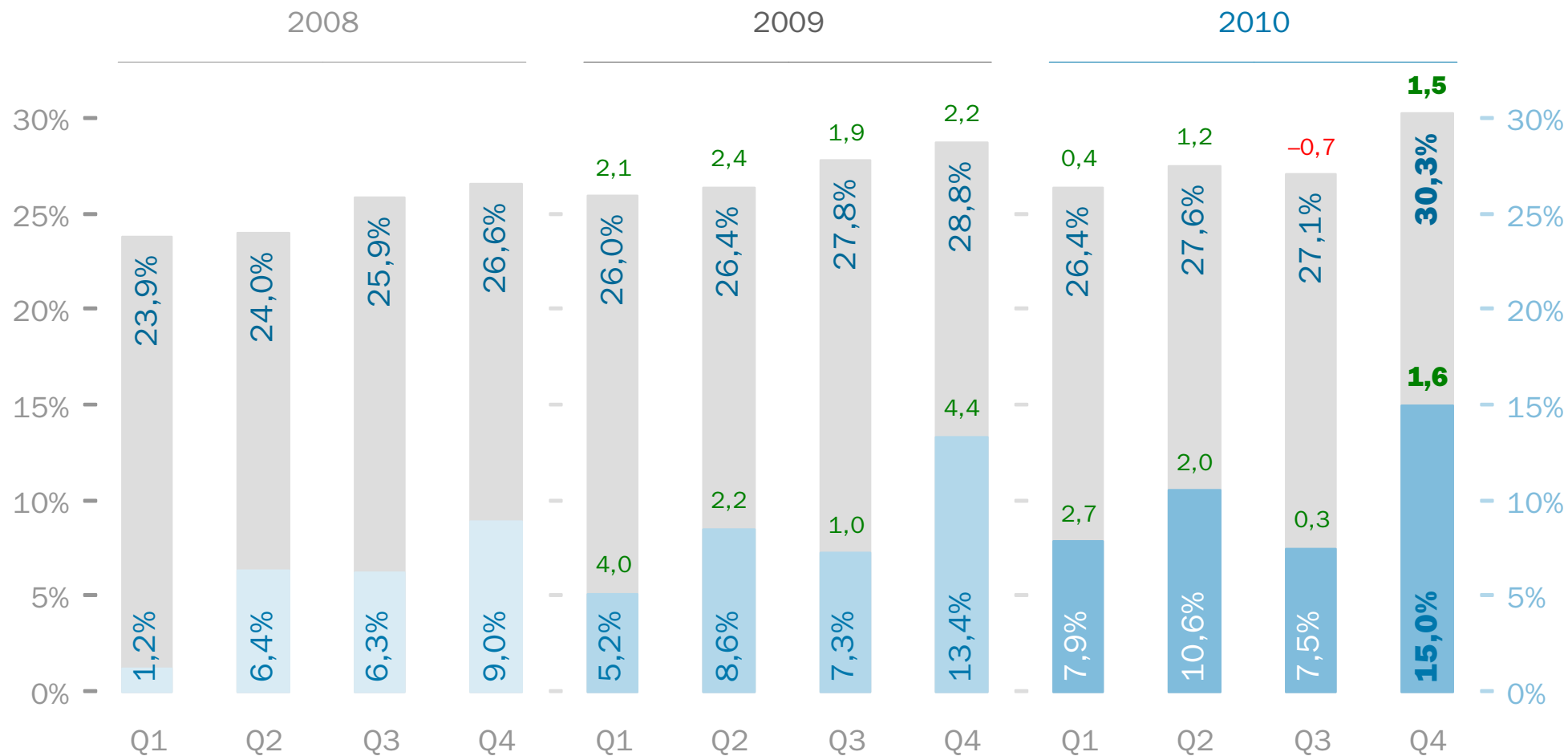
in € million



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

Quarterly Gross/EBIT Margins

■ Gross Margin (simple)
■ EBIT Margin



▶ Raw material price increases fed through into purchasing prices + shortage premiums

Quarterly EBIT

in € million



► Unusually high Q4 EBIT(s)

P&L Drivers (Q4)

	EUR		yoy %	% of Revenues		
	Q410	Q409		Q410	Q409	chng
Revenues	162,6	109,7	48,2	100,0	100,0	0,0
Cost of sales	113,3	78,1	45,1	69,7	71,2	-1,5
Gross Profit (simple)	49,3	31,6	56,1	30,3	28,8	1,5
Direct costs	20,4	14,0	45,4	12,6	12,8	-0,2
Direct costs (dep. on sales)	15,0	10,9	37,8	9,2	9,9	-0,7
Transportation costs	12,2	8,9	37,3	7,5	8,1	-0,6
Warehousing costs	1,7	1,1	59,2	1,1	1,0	0,1
Operations centre costs	1,1	0,9	17,1	0,7	0,8	-0,2
Direct costs (dep. on revenues)	5,4	3,2	71,6	3,3	2,9	0,5
Credit card fees	1,3	0,7	92,2	0,8	0,6	0,2
Bad debt losses	0,5	0,1	284,9	0,3	0,1	0,2
Marketing costs	3,6	2,4	54,0	2,2	2,2	0,1
Contribution margin 1	28,9	17,6	64,6	17,8	16,0	1,8
Indirect costs	4,8	3,6	33,8	3,0	3,3	-0,3
Personnel expenses	2,1	1,7	24,9	1,3	1,5	-0,2
Rents and overheads	1,0	0,9	5,8	0,6	0,8	-0,2
Financial and legal costs	1,3	0,5	182,2	0,8	0,4	0,4
IT and telecommunications	0,2	0,2	-8,1	0,1	0,2	-0,1
Other	0,3	0,4	-21,3	0,2	0,3	-0,2
Contribution margin 2	24,1	13,9	72,6	14,8	12,7	2,1
FX effects	0,0	0,1		0,0	0,1	0,0
Other operating profit (w/o FX gains)	0,6	1,1		0,4	1,0	-0,7
EBITDA	24,7	15,1	62,9	15,2	13,8	1,4
Depreciation / Amortization	0,3	0,5	-24,3	0,2	0,4	-0,2
EBIT	24,3	14,7	65,6	15,0	13,4	1,6
Net financial result	0,0	0,0	-315,3			
EBT	24,4	14,7	66,2	15,0	13,4	1,6
Income taxes	7,4	4,5	64,7			
Consolidated net income	17,0	10,2	66,9	10,5	9,3	1,2

← strong volume and positive price effects

← tyre price increases

← good sales from own warehouses

← front-/backoffice automation ↑

← E-Commerce momentum ↑

← revenues growth masks capacity ↑

P&L Drivers (FY)

	EUR		yoy	% of Revenues		
	FY10	FY09	%	FY10	FY09	chng
Revenues	419,6	311,3	34,8	100,0	100,0	0,0
Cost of sales	300,7	225,8	33,2	71,7	72,5	-0,9
Gross Profit (simple)	118,9	85,5	39,1	28,3	27,5	0,9
Direct costs	56,6	44,9	26,0	13,5	14,4	-0,9
Direct costs (dep. on sales)	42,9	33,6	27,8	10,2	10,8	-0,6
Transportation costs	34,5	26,8	28,8	8,2	8,6	-0,4
Warehousing costs	4,5	3,2	41,3	1,1	1,0	0,0
Operations centre costs	3,8	3,6	8,0	0,9	1,1	-0,2
Direct costs (dep. on revenues)	13,7	11,4	20,5	3,3	3,7	-0,4
Credit card fees	3,1	2,1	46,2	0,7	0,7	0,1
Bad debt losses	1,6	1,6	5,6	0,4	0,5	-0,1
Marketing costs	9,0	7,7	16,4	2,1	2,5	-0,3
Contribution margin 1	62,3	40,5	53,7	14,9	13,0	1,8
Indirect costs	14,9	11,6	28,2	3,6	3,7	-0,2
Personnel expenses	6,8	5,8	17,3	1,6	1,9	-0,2
Rents and overheads	3,5	2,2	57,7	0,8	0,7	0,1
Financial and legal costs	2,8	1,8	51,0	0,7	0,6	0,1
IT and telecommunications	0,7	0,6	14,5	0,2	0,2	0,0
Other	1,2	1,2	-0,9	0,3	0,4	-0,1
Contribution margin 2	47,4	28,9	64,0	11,3	9,3	2,0
FX effects	-0,7	-0,4		-0,2	-0,1	0,0
Other operating profit (w/o FX gains)	1,7	2,0		0,4	0,6	-0,2
EBITDA	48,4	30,4	58,9	11,5	9,8	1,7
Depreciation / Amortization	1,3	1,0	24,8	0,3	0,3	0,0
EBIT	47,1	29,4	60,1	11,2	9,4	1,8
Net financial result	0,1	0,2	-37,6			
EBT	47,2	29,6	59,5	11,2	9,5	1,7
Income taxes	14,9	9,3	59,7			
Consolidated net income	32,3	20,2	59,4	7,7	6,5	1,2

← Q4 boosted yoy growth

← outlook: costs ↑

← outlook: costs ↑

← outlook: warehouse capacity ↑

← FX swings wash out

← low but increasing capital intensity

← debt-free, net cash, low/no interest rates

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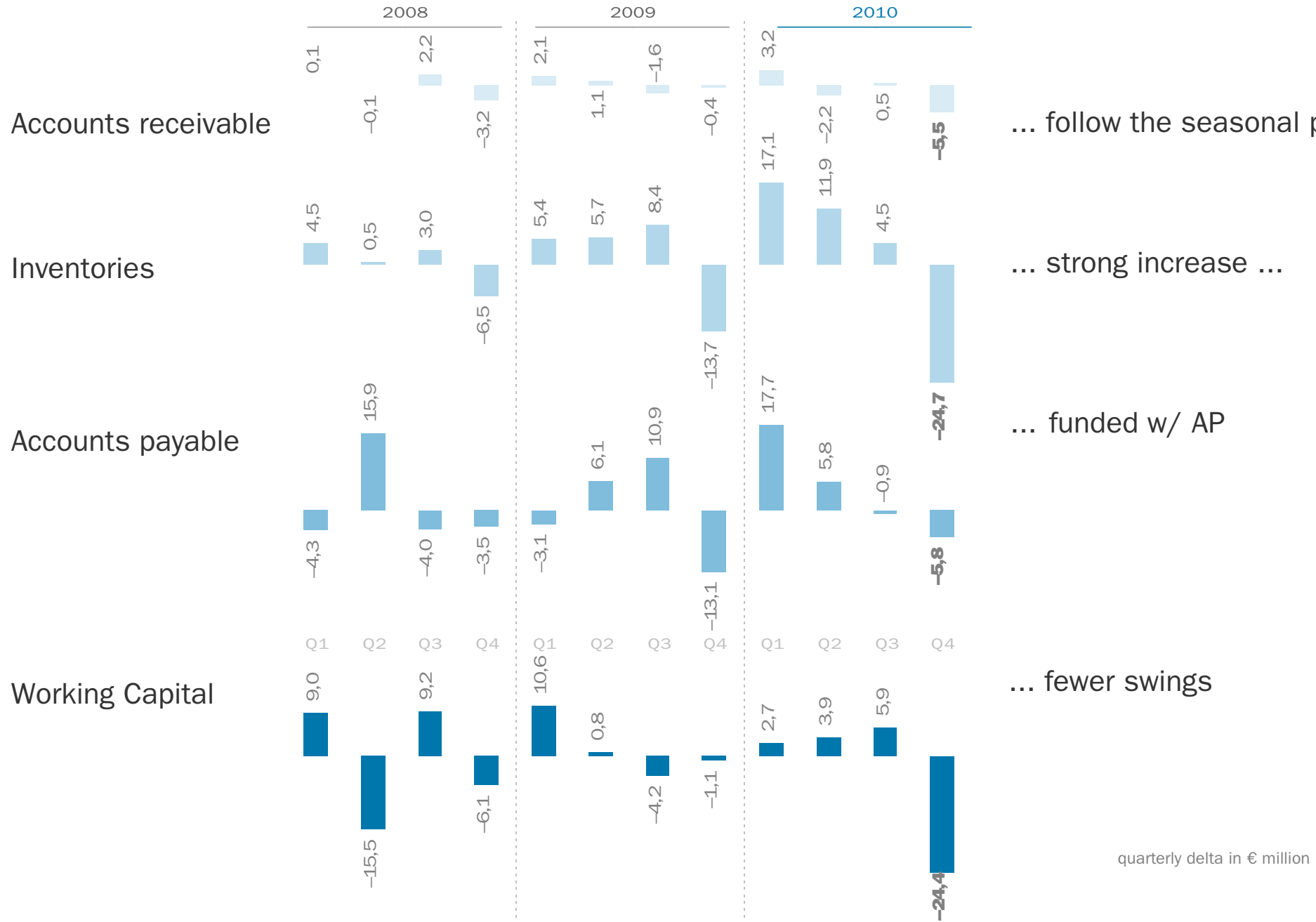
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Working Capital Management



... follow the seasonal peaks.

... strong increase ...

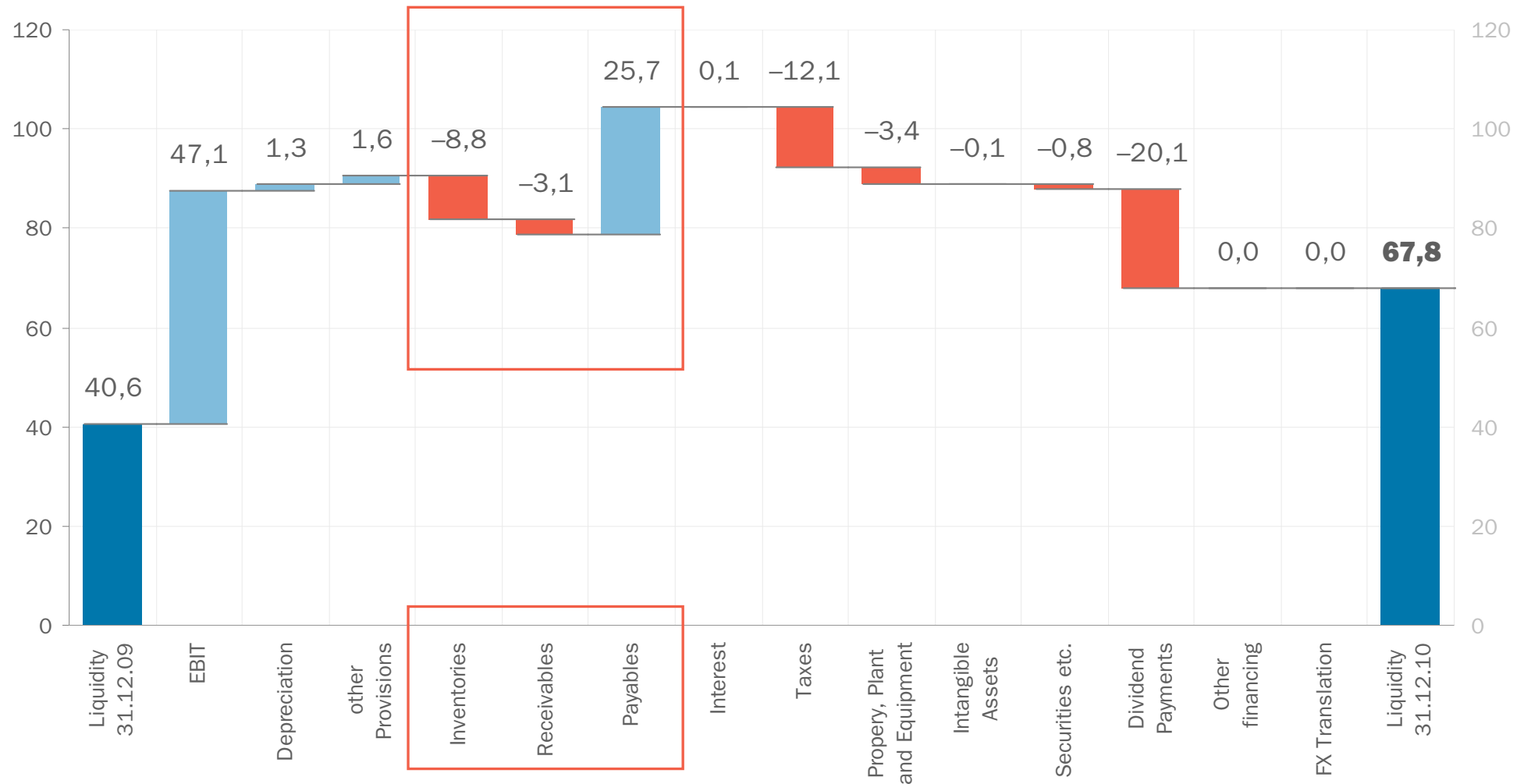
... funded w/ AP

... fewer swings

quarterly delta in € million

Liquidity Bridge (ttm)

in € million



▶ 100% dividend payout – Delticom remains self-financed

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- **Current trading in Q1:**
 - difficult comps
 - price increases in the first weeks
 - Japan has increased volatility of natural rubber and oil prices
 - **Market for replacement tyres**
 - Germany: 2011 est (BRV, as of March 2011): summer $\pm 0\%$, winter $\pm 0\%$ (?)
 - shortages likely for summer season
 - experts still undecided about impact of Japan on the European tyre trade
 - 2011 top- and bottom line drivers: negative **base effects** (Q4) after 3 good winters in a row.
 - Other factors:
 - seasonal effects
 - customers are trading down
 - Delticom is international
 - Delticom is online
-
- ▶ Revenues FY11: ~ +10% yoy
 - ▶ EBIT-Margin FY11: -1%p yoy

- ▶ winter tyres
- ▶ online channel gains importance
- ▶ diversified country portfolio
- ▶ good prices, good sales, good margins

- 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

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