

On track.

Investor and Analyst Presentation

On the Occasion of the Release of the Semi-Annual Results 2011

Hanover, 09 August 2011



Agenda

Delticom at a Glance

Business Model

Profit & Loss

Balance Sheet

Outlook



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Delticom at a Glance

- **#1 European online tyre dealer**
- > 100 online shops in **40 countries**
- founded 1999, IPO Oct 2006, SDAX Dec 2008
- 2011 more than 410 thousand new customers so far
- customer base: more than **4.7 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
- **108 employees**, mainly in the Hanover head office
- global network with more than **29,000 fitting partners**, e.g.
 - 🇩🇪 DE 7897 🇺🇸 US 2270 🇬🇧 UK 1756 🇫🇷 FR 3379 🇨🇭 CH 1450



Key Financials H1

		Q211	Q210	yoy %	H111	H110	yoy %	guidance*	
New Customers	k	230	248	-7,3	411	436	-5,8		 Sluggish summer tyre season...
Customer Base	m				4,8	3,9	+24,1		 ... but still good customer generation.
Revenues	€m	112,9	102,9	+9,8	198,3	177,3	+11,8	~ 10 %	 More prices than volume...
Gross Margin	%	28,8	29,4	-0,6p	28,0	28,4	-0,3p		 ... at stable margins yoy...
Ebit Margin	%	11,3	11,0	+0,3p	9,4	9,4	+0,1p	< 10.5%	 ... and lower direct costs.
Ebit	m	12,8	11,3	+13,2	18,7	16,6	+12,6		 Slightly better than expected.
Capex	m	2,7	1,0	+182,7	4,5	1,2	+268,1	6.5	 New central warehouse opened

▶ H1 performance according to plan

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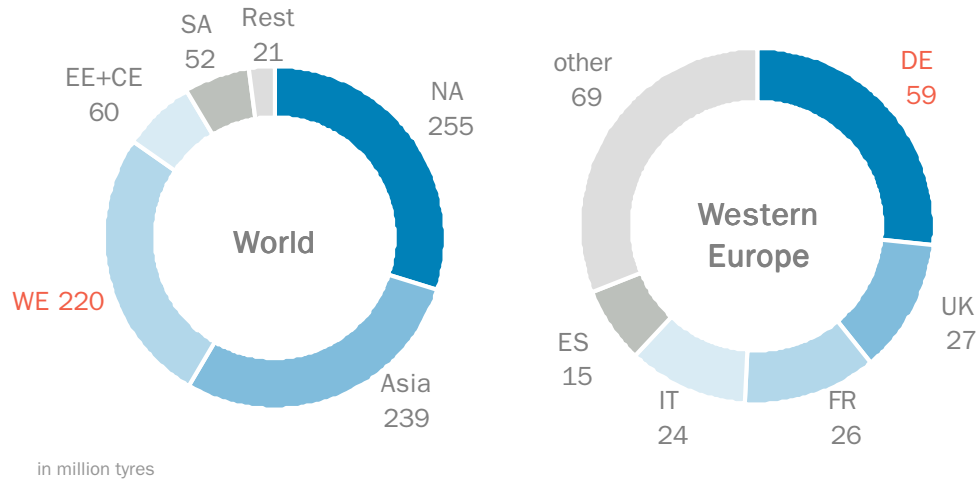
Balance Sheet

Outlook



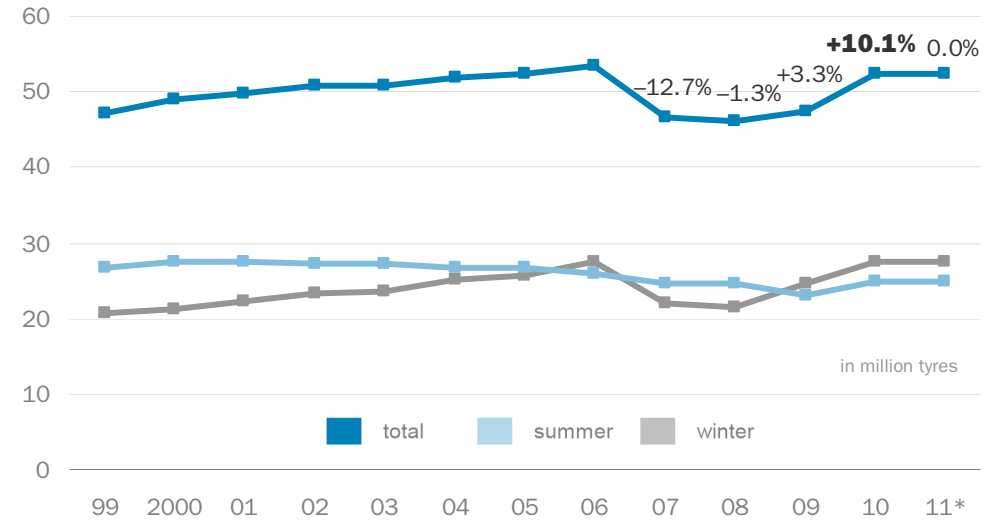
Tyres and the Internet

PC & LT Replacement Tyres Europe: > € 10 billion



Source: Datamonitor, Continental, Michelin, own estimates

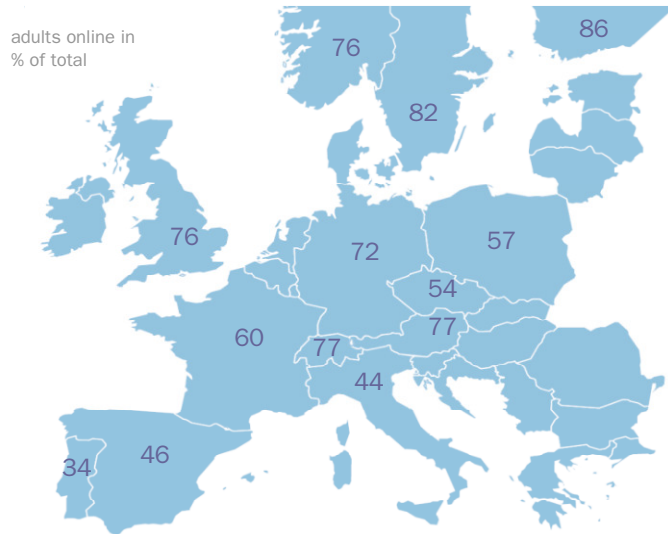
Germany: very good 2010, uncertain outlook for 2011



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.

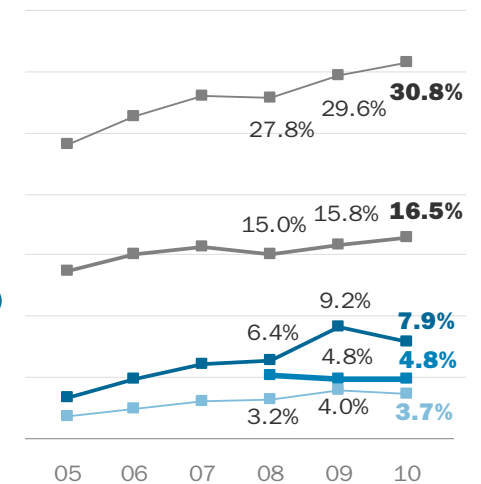
think about buying online (ADAC, 18-39)

think about buying online (ADAC, all)

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

bought tyres on the Internet (BRV,GfK)

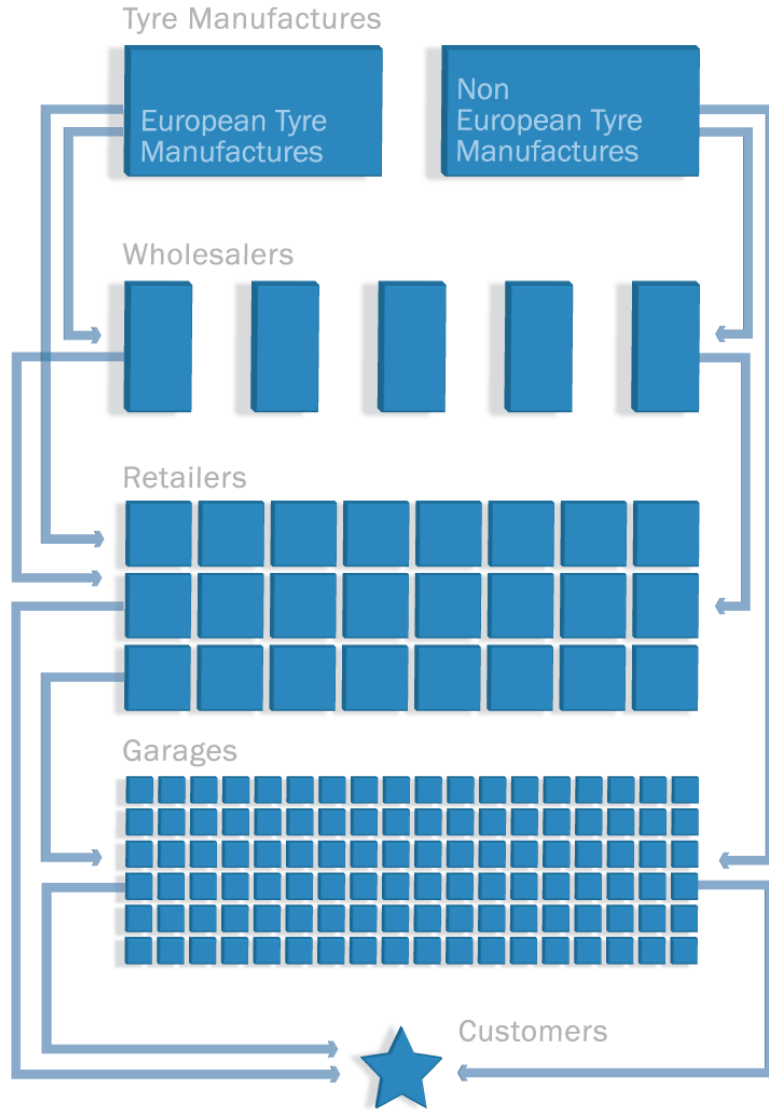
bought tyres on the Internet (ADAC all)



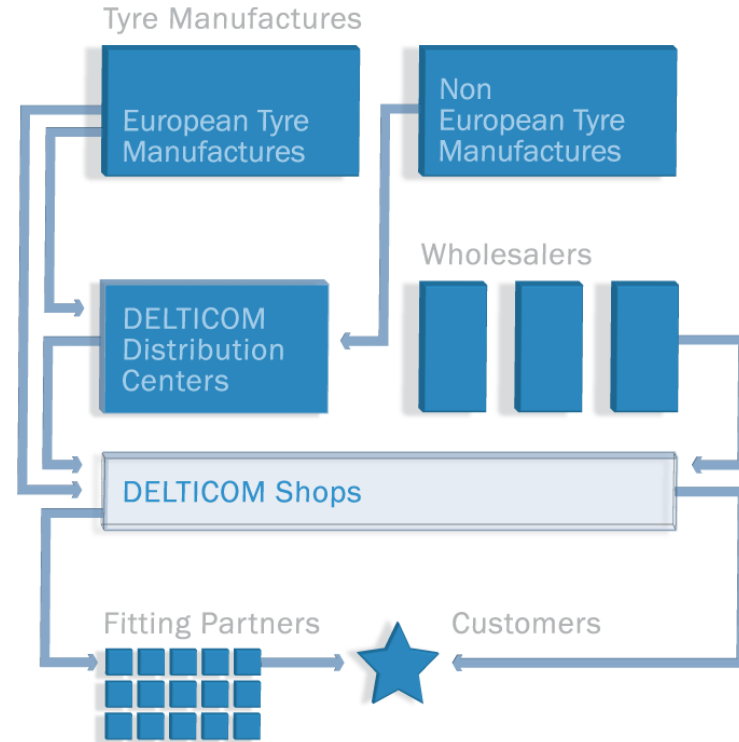
Source: ADAC (new methodology vs. 2009), BRV, GfK

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

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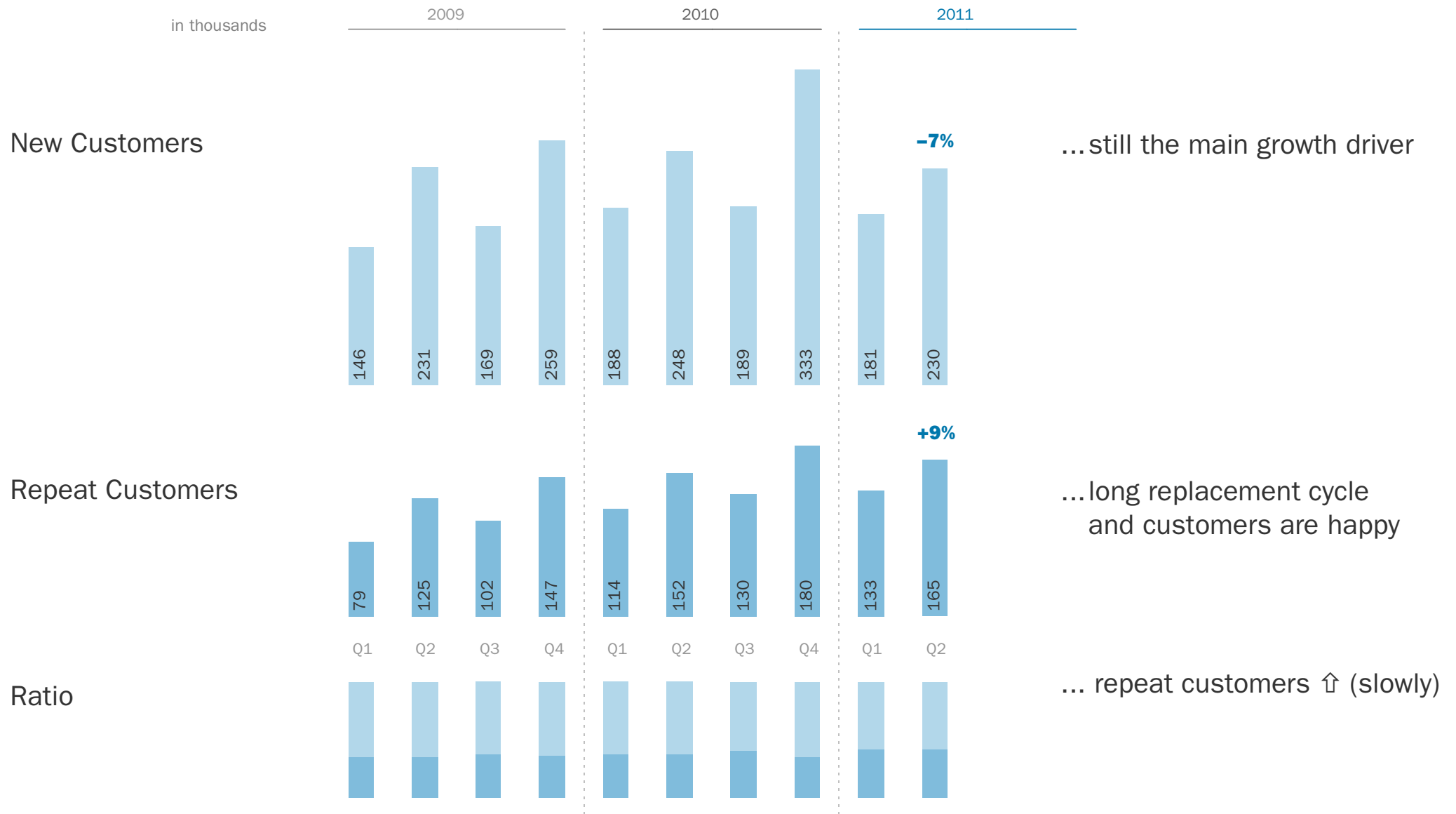
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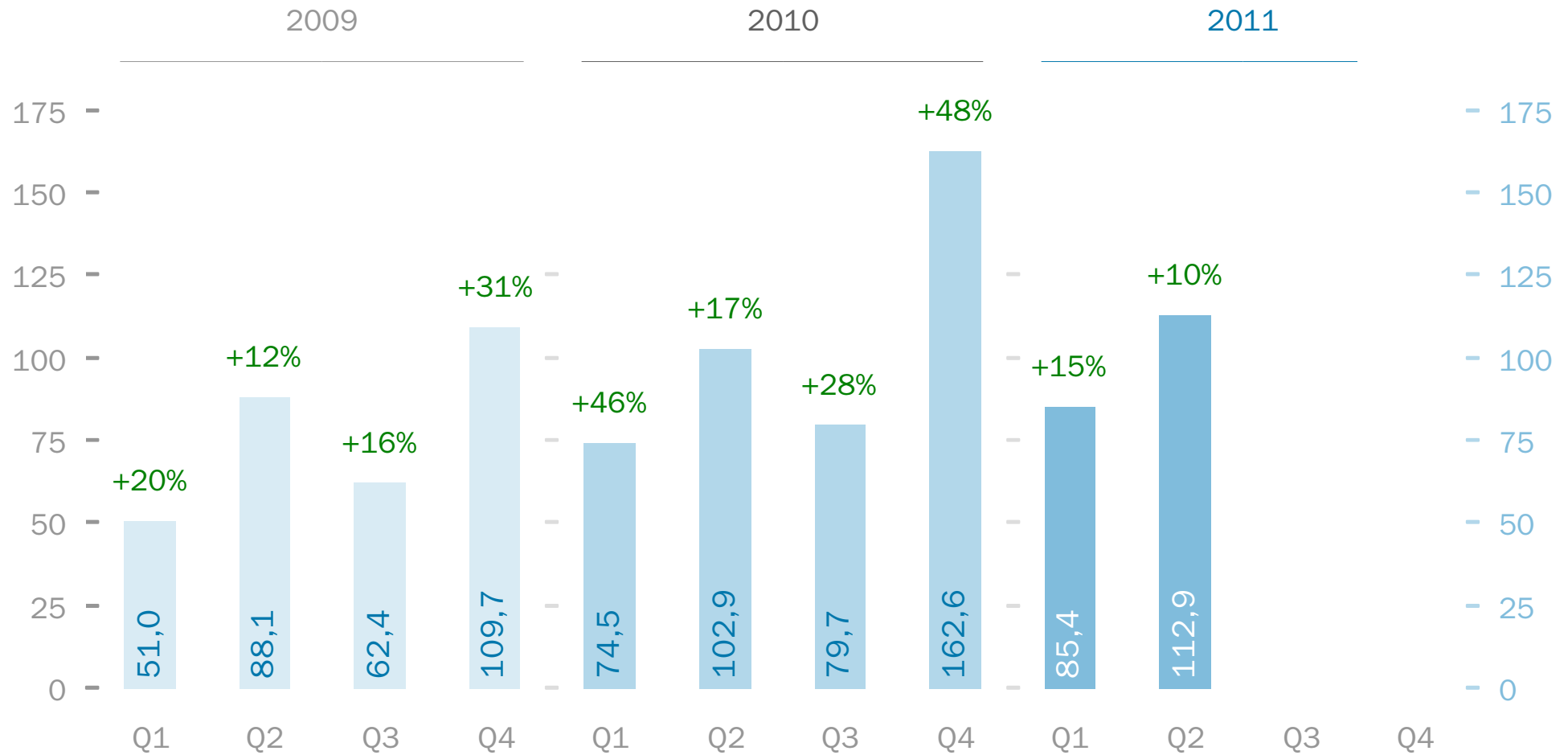
Customers



▶ Repeat customers constitute important growth potential

Quarterly Revenues

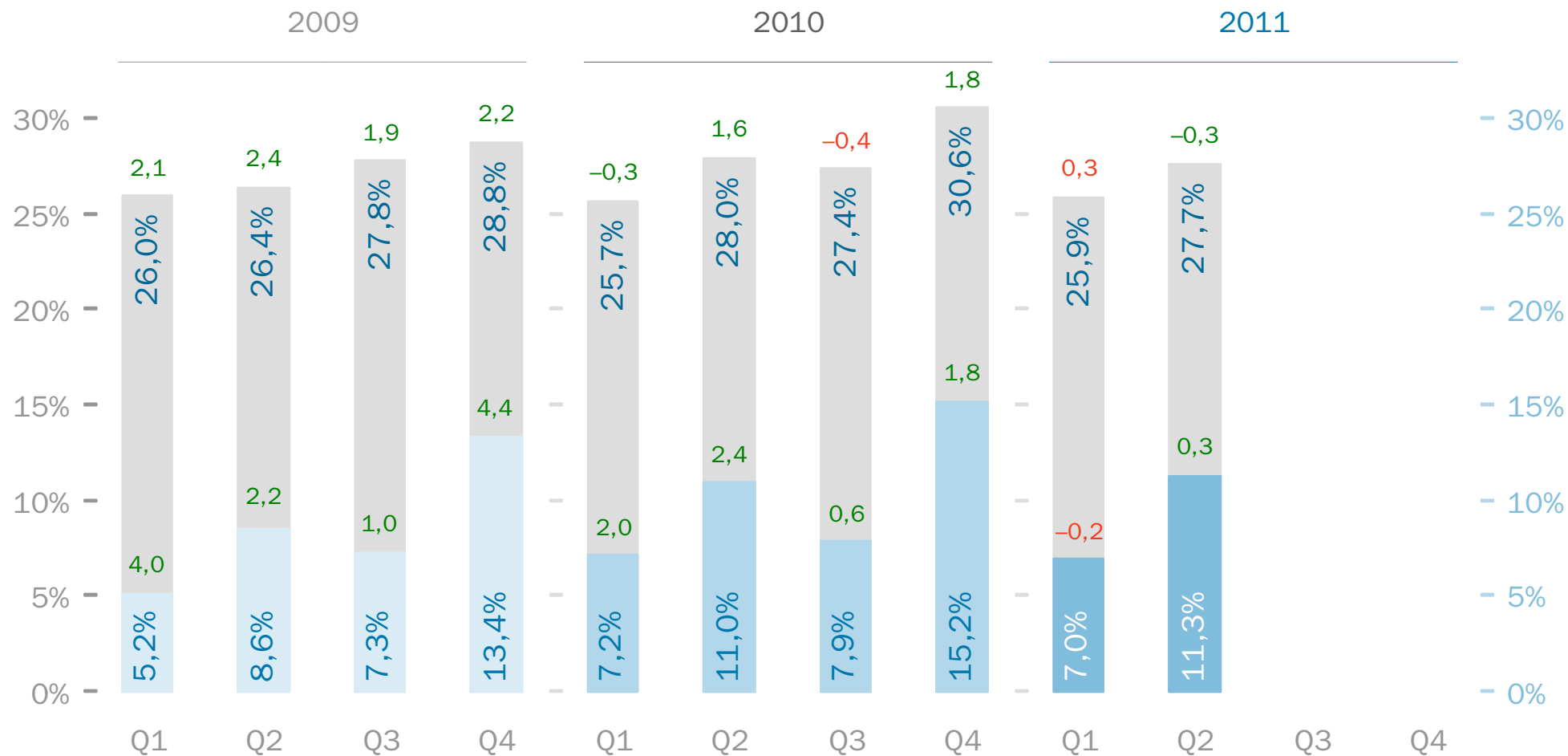
in € million



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

Quarterly Gross/EBIT Margins

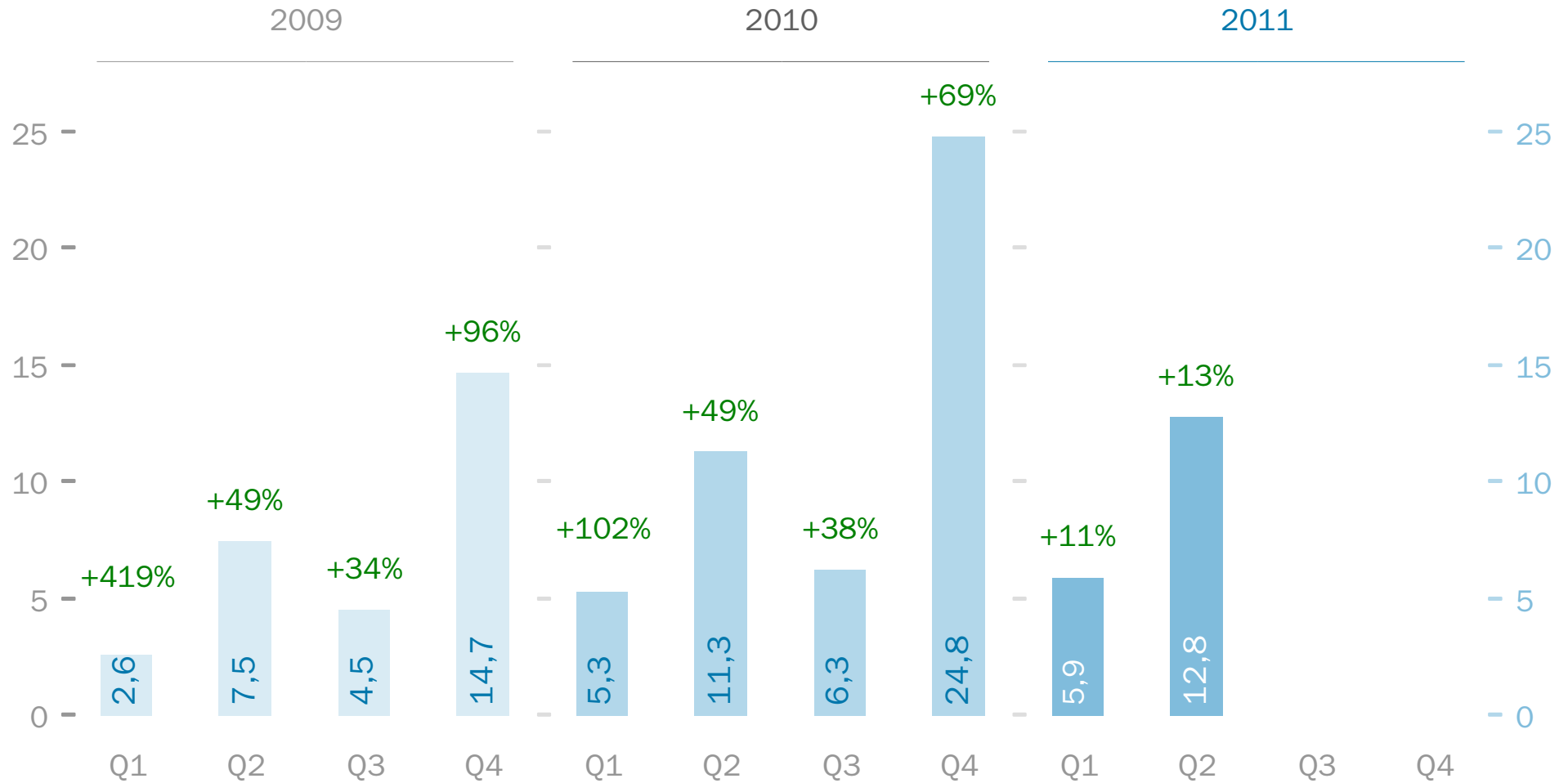
■ Gross Margin (simple)
■ EBIT Margin



► Higher prices passed on to the customers

Quarterly EBIT

in € million



▶ Step-up from strong H110 base

P&L Drivers (Q2)

	EUR		yoy %	% of Revenues		
	Q211	Q210		Q211	Q210	chng
Revenues	112,9	102,9	9,8	100,0	100,0	0,0
Cost of sales	81,7	74,1	10,3	72,3	72,0	0,3
Gross Profit (simple)	31,2	28,8	8,6	27,7	28,0	-0,3
Direct costs	15,1	14,4	4,2	13,3	14,0	-0,7
Direct costs (dep. on sales)	11,9	11,4	4,1	10,5	11,1	-0,6
Transportation costs	9,4	9,4	-0,1	8,3	9,2	-0,8
Warehousing costs	1,3	1,1	20,5	1,2	1,0	0,1
Operations centre costs	1,2	0,9	28,3	1,0	0,9	0,2
Direct costs (dep. on revenues)	3,1	3,0	4,8	2,8	2,9	-0,1
Credit card fees	0,9	0,8	24,3	0,8	0,7	0,1
Bad debt losses	0,3	0,4	-30,8	0,2	0,4	-0,1
Marketing costs	2,0	1,9	4,1	1,7	1,8	-0,1
Contribution margin 1	16,2	14,3	12,9	14,3	13,9	0,4
Indirect costs	3,8	3,4	10,5	3,3	3,3	0,0
Personnel expenses	1,7	1,6	8,0	1,5	1,6	0,0
Rents and overheads	0,9	0,8	18,6	0,8	0,7	0,1
Financial and legal costs	0,6	0,5	2,0	0,5	0,5	0,0
IT and telecommunications	0,2	0,2	-8,5	0,2	0,2	0,0
Other	0,4	0,3	30,2	0,4	0,3	0,1
Contribution margin 2	12,4	10,9	13,7	11,0	10,6	0,4
FX effects	0,3	0,3		0,2	0,3	-0,1
Other operating profit (w/o FX gains)	0,5	0,3		0,5	0,3	0,1
EBITDA	13,2	11,6	14,0	11,7	11,3	0,4
Depreciation / Amortization	0,4	0,3	42,3	0,4	0,3	0,1
EBIT	12,8	11,3	13,2	11,3	11,0	0,3
Net financial result	0,0	0,0	137,0			
EBT	12,8	11,3	13,4	11,3	11,0	0,4

← More price than volume

← tyre price increases

← good sales from own warehouses

← wages ↑

← E-Commerce momentum ↑

← will go ↑ with new warehouse

P&L Drivers (H1)

	EUR		yoy %	% of Revenues			
	H111	H110		H111	H110	chng	
Revenues	198,3	177,3	11,8	100,0	100,0	0,0	
Cost of sales	144,9	129,4	12,0	73,1	73,0	0,1	
Gross Profit (simple)	53,4	47,9	11,4	26,9	27,0	-0,1	
Direct costs	26,9	25,3	6,4	13,6	14,3	-0,7	
Direct costs (dep. on sales)	20,7	19,6	5,5	10,4	11,1	-0,6	
Transportation costs	16,2	15,8	2,2	8,2	8,9	-0,8	
Warehousing costs	2,2	1,9	11,6	1,1	1,1	0,0	
Operations centre costs	2,3	1,8	26,6	1,2	1,0	0,1	← outlook: costs ↑
Direct costs (dep. on revenues)	6,2	5,6	9,5	3,1	3,2	-0,1	
Credit card fees	1,6	1,3	28,9	0,8	0,7	0,1	
Bad debt losses	0,6	0,8	-24,1	0,3	0,5	-0,1	
Marketing costs	3,9	3,6	10,2	2,0	2,0	0,0	← outlook: costs ↑
Contribution margin 1	26,5	22,6	17,1	13,4	12,8	0,6	
Indirect costs	7,4	6,9	8,1	3,7	3,9	-0,1	
Personnel expenses	3,5	3,2	9,3	1,8	1,8	0,0	
Rents and overheads	1,9	1,6	14,9	0,9	0,9	0,0	← outlook: used warehouse capacity ↑
Financial and legal costs	1,0	1,1	-10,8	0,5	0,6	-0,1	
IT and telecommunications	0,4	0,3	7,5	0,2	0,2	0,0	
Other	0,7	0,6	18,5	0,4	0,3	0,0	
Contribution margin 2	19,1	15,7	21,1	9,6	8,9	0,7	
FX effects	-0,4	0,8		-0,2	0,4	-0,6	← FX swings expected to wash out
Other operating profit (w/o FX gains)	0,9	0,7		0,4	0,4	0,0	
EBITDA	19,5	17,2	13,4	9,8	9,7	0,1	
Depreciation / Amortization	0,8	0,6	33,7	0,4	0,3	0,1	← low but increasing capital intensity
EBIT	18,7	16,6	12,6	9,4	9,4	0,1	
Net financial result	0,1	0,0	83,9				← low liquidity, low/no interest rates
EBT	18,8	16,6	12,8	9,5	9,4	0,1	

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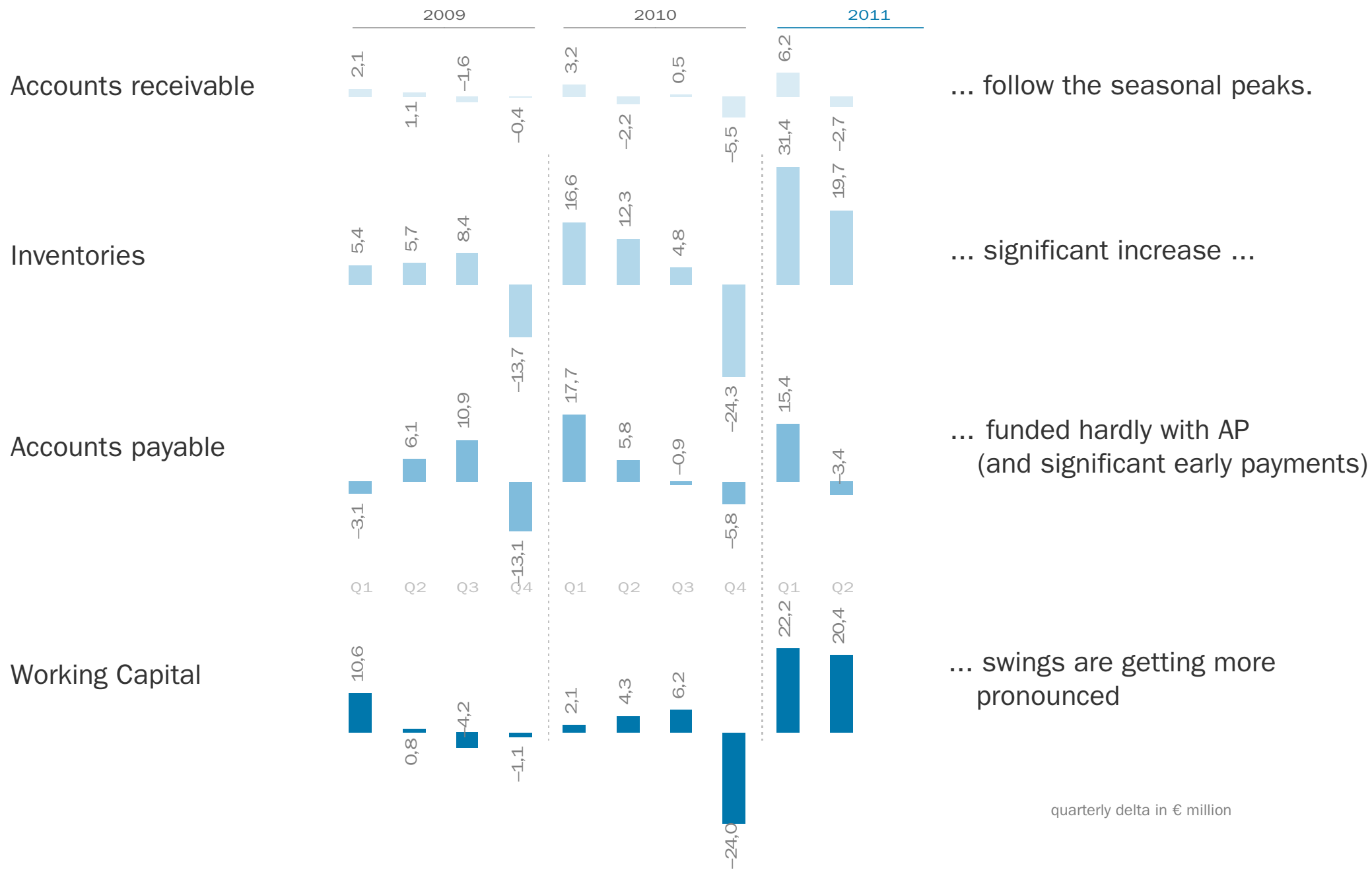
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Working Capital Management



Liquidity Bridge (ttm)

in € million



► Net cash = € 0.9 million

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- **Current trading in Q3:**
 - good volumes and revenues
 - better yoy growth
 - **Market for replacement tyres**
 - Germany: 2011 est (BRV, as of March 2011): summer $\pm 0\%$, winter $\pm 0\%$
 - 2011 top- and bottom line drivers:
 - shortages (possibly FY)
 - new central warehouse (Q3 onwards)
 - Q4 volume slightly up, at lower margins (needs normal winter weather)
 - Other factors:
 - seasonal effects
 - customers are trading down
 - Delticom is international
 - Delticom is online
 - ▶ summer/winter tyres
 - ▶ online channel gains importance
 - ▶ diversified country portfolio
 - ▶ good prices, good sales, good margins
- ▶ Revenues FY11: ~ +10% yoy
- ▶ EBIT-Margin FY11: -1%p yoy

- 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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