

On track.

Investor and Analyst Presentation

On the Occasion of the Release of the 9-Monthly Report 2013

Hanover, 7 November 2013



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 **42 countries**
- founded 1999, IPO Oct 2006, SDAX Dec 2008
- customer base: more than **6.7 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
- **Ø 148 employees**, mainly in Hanover and Berlin
- global network with more than **37,000 fitting partners**, e.g.

 DE 8780  US 2548  UK 2061  FR 5007  CH 1930



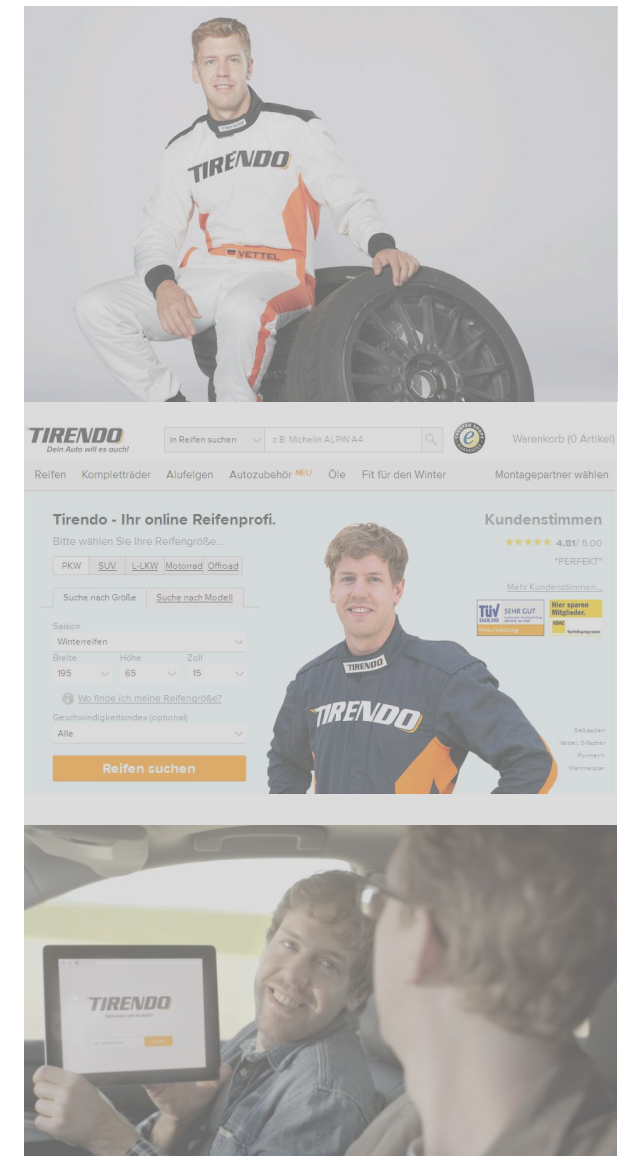
Key Financials 9M

		Q313	Q312	yoy%	9M13	9M12	yoy%	
Revenues EC	€m	93.3	83.8	+11.4	299.8	268.7	+11.6	good growth in Q3...
New Customers¹⁾	k	199	165	+20.9	634	525	+20.7	... and strong new customer gains
Revenues	€m	96.9	87.2	+11.1	309.1	280.4	+10.2	against the market trend
Gross Margin	%	24.1	25.7	-1.6p	24.3	26.2	-1.9p	more attractive prices
EBIT	€m	0.8	4.3	-80.9	9.7	17.5	-44.5	lower GPM, Tirendo one-off ...
EBIT Margin	%	0.8	4.9	-4.1p	3.1	6.2	-3.1p	... lowered profitability
Inventories	€m				120.7	126.5	-4.6	stock levels as planned
Cash Flow	€m				11.3	29.7	-62.1	working capital, lower earnings
Liquidity	€m				9.2	15.0	-38.5	aquisition funded with cash + credit lines

1) ex Tirendo

► 9M performance: strong growth + lower margins + Tirendo

- Acquisition of Tirendo Holding GmbH on Sept 16th, 2013
- Online tyre dealer tirendo.de launched in March 2012
- Tirendo has online shops in 8 countries
- [Company founded in Dec 2011](#)
- Former share holders:
 - [EMH, Project A, SevenVentures,](#)
 - [Jahr Asset Management](#) and further business angels
- [E-commerce](#) specialists from Berlin's thriving [start-up](#) scene
- fast growing brand awareness in Germany
- TV Campaigns with [Brand Ambassador Sebastian Vettel](#)
- [100 employees](#), mainly in the Berlin head office
- Other products:
 - motorcycle tyres, complete wheels and rims
 - automotive accessories, motor oil





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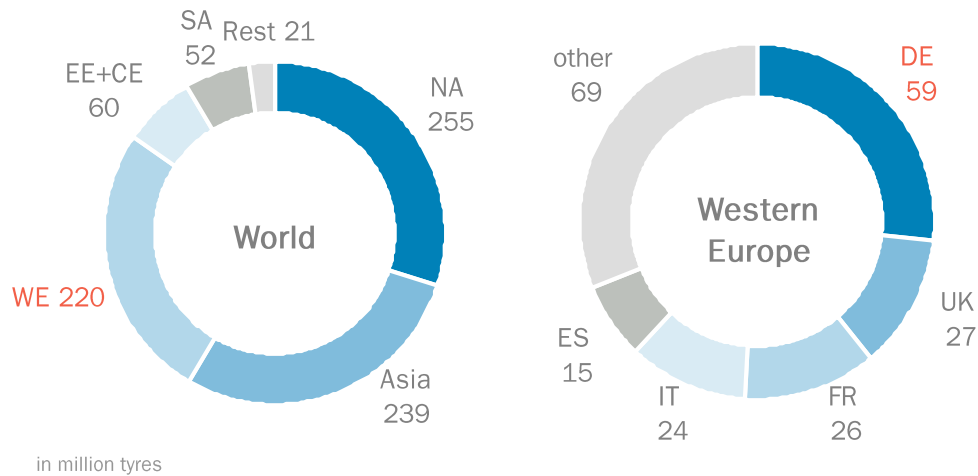
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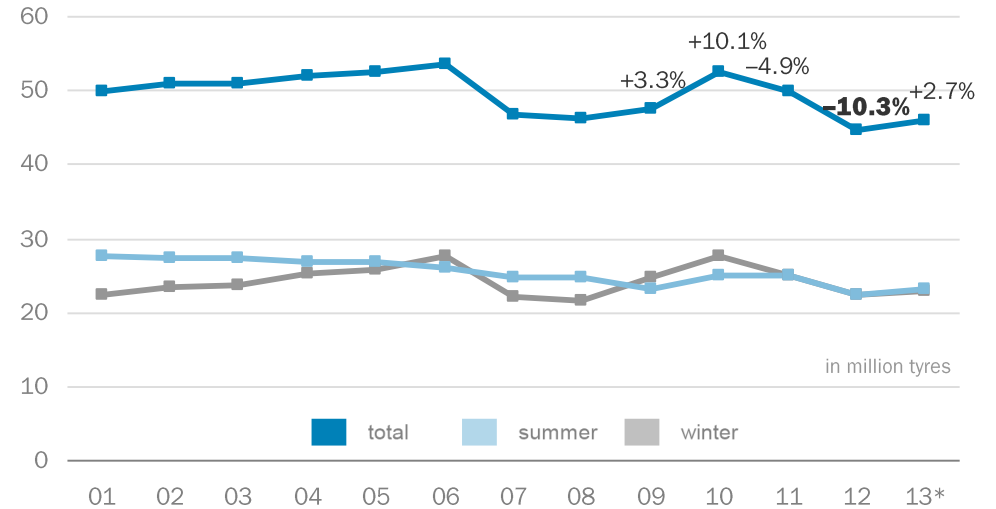
Tyres and the Internet

PC & LT Replacement Tyres Europe: > € 12 billion



Source: Datamonitor, Continental, Michelin, own estimates

Germany: sluggish 2012, outlook slightly better for 2013

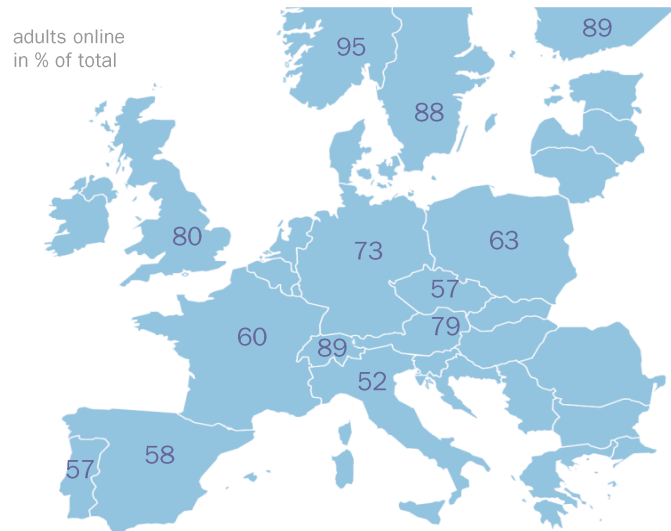


Source: BRV (car replacement tyres)

* estimates as of March 2013

DEPRECATED

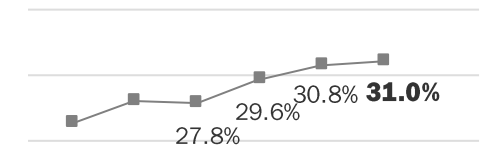
Europeans are increasingly online...



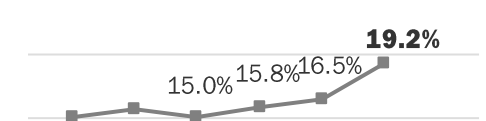
Desk Research GfK Austria, July 2012

... and buy their tyres online.

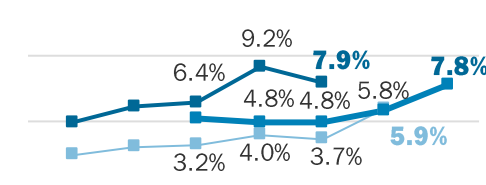
think about buying online (ADAC, 18-39)



think about buying online (ADAC, all)



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



bought tyres on the Internet (BRV,GfK)

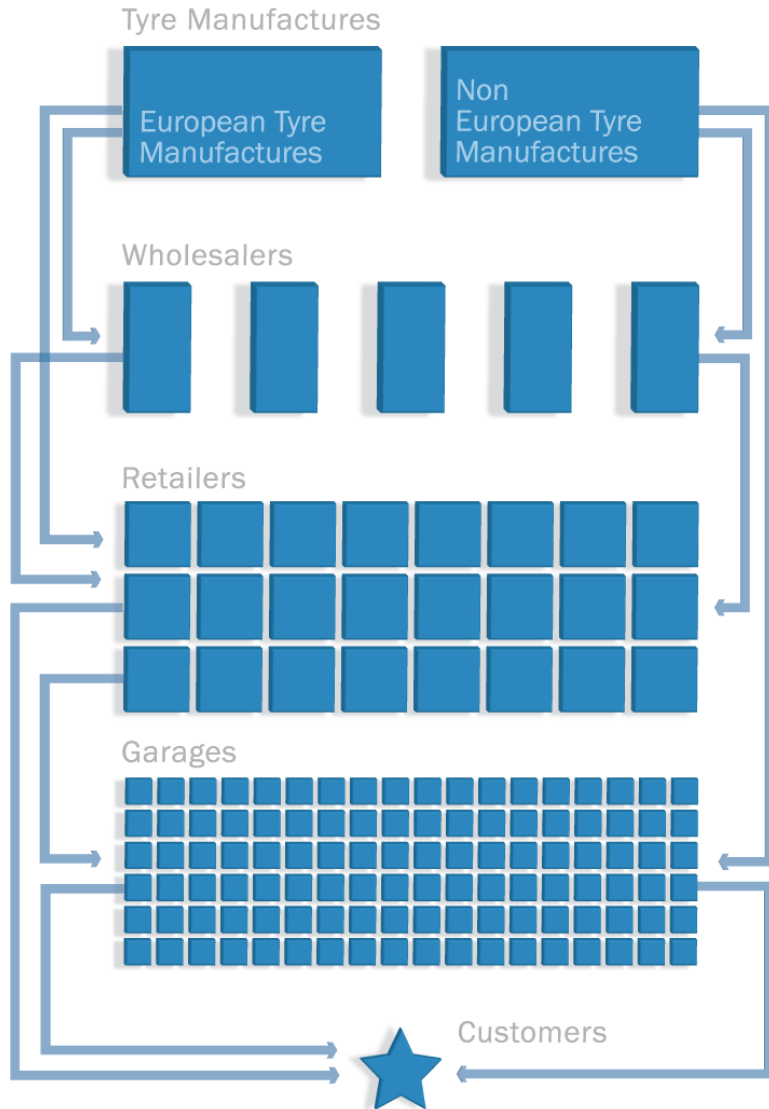
bought tyres on the Internet (ADAC all)



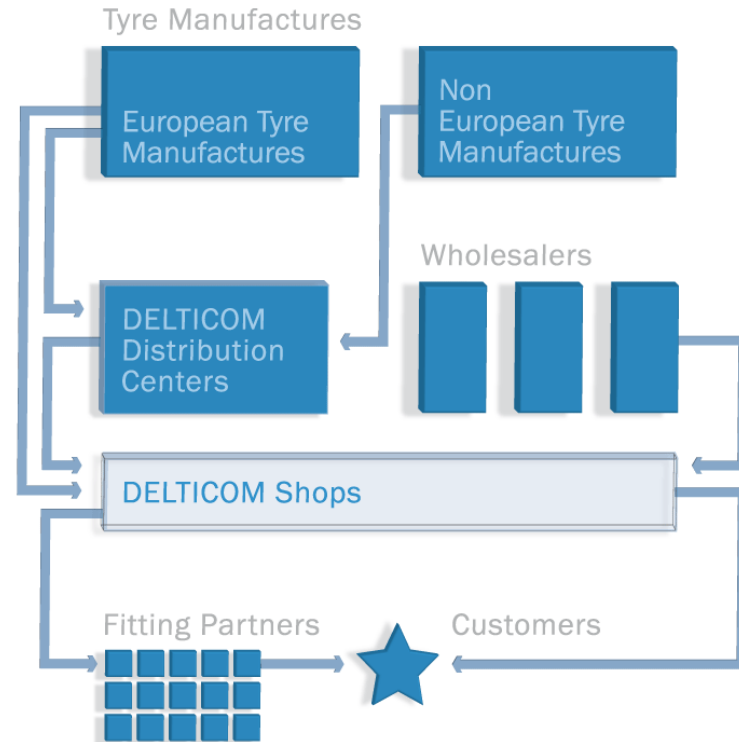
Source: ADAC (new methodology in 2011), BRV, GfK

Redesign of the Tyre Distribution Chain

Traditional Retail



Delticom Redesign



Space
+ Time
+ Price

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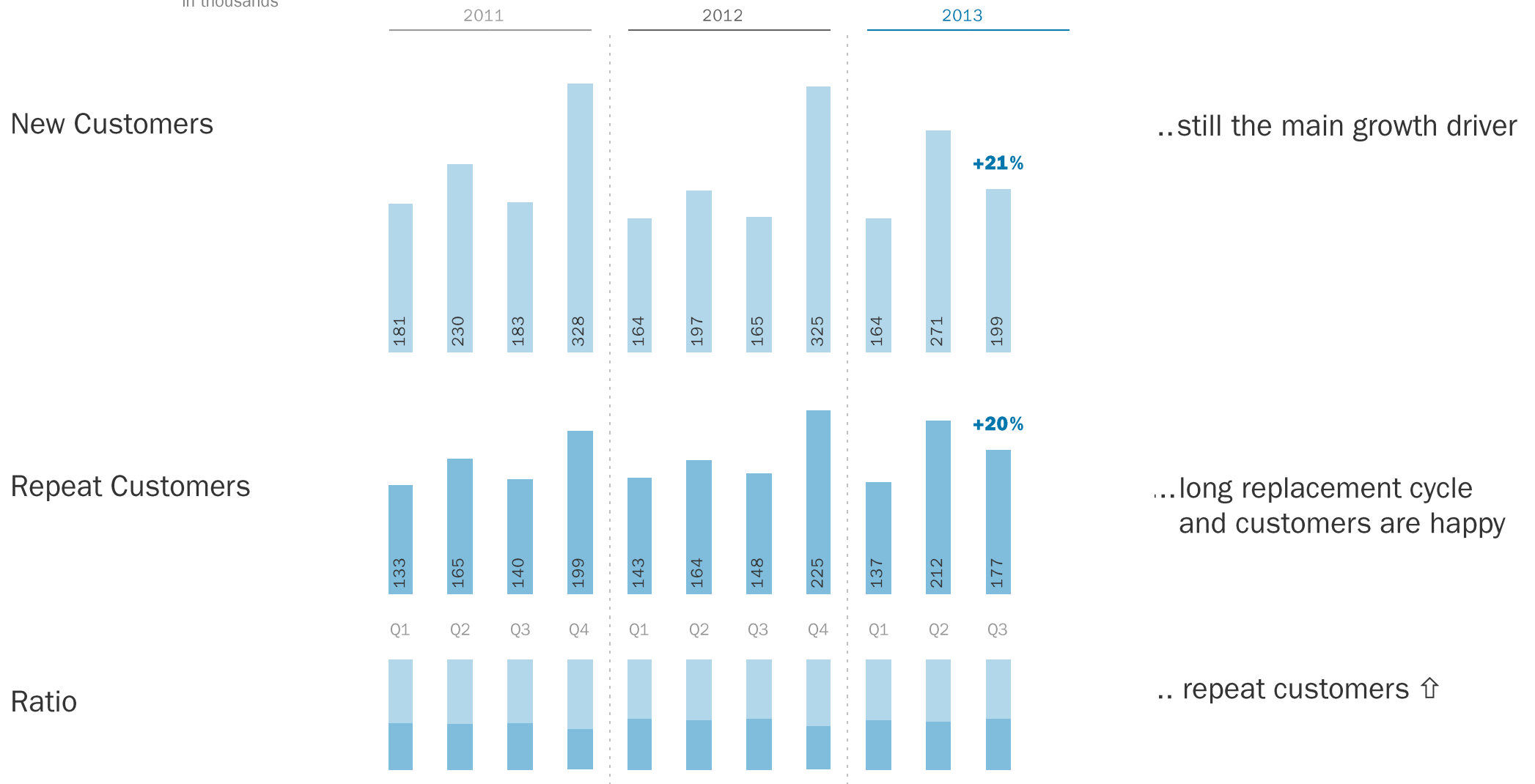
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Customers (ex Tirendo)

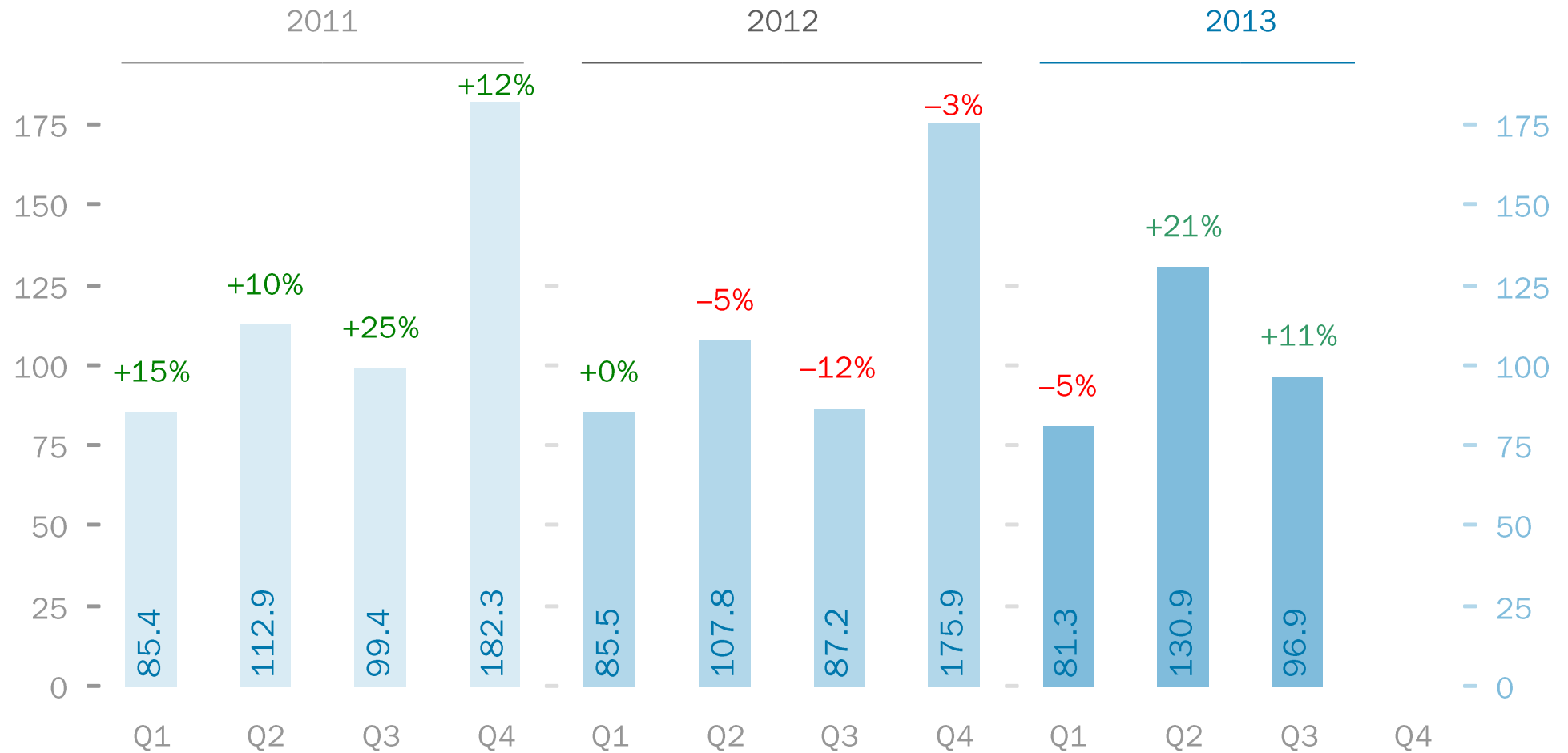
in thousands



► Q3: Strong new customer growth

Quarterly Revenues

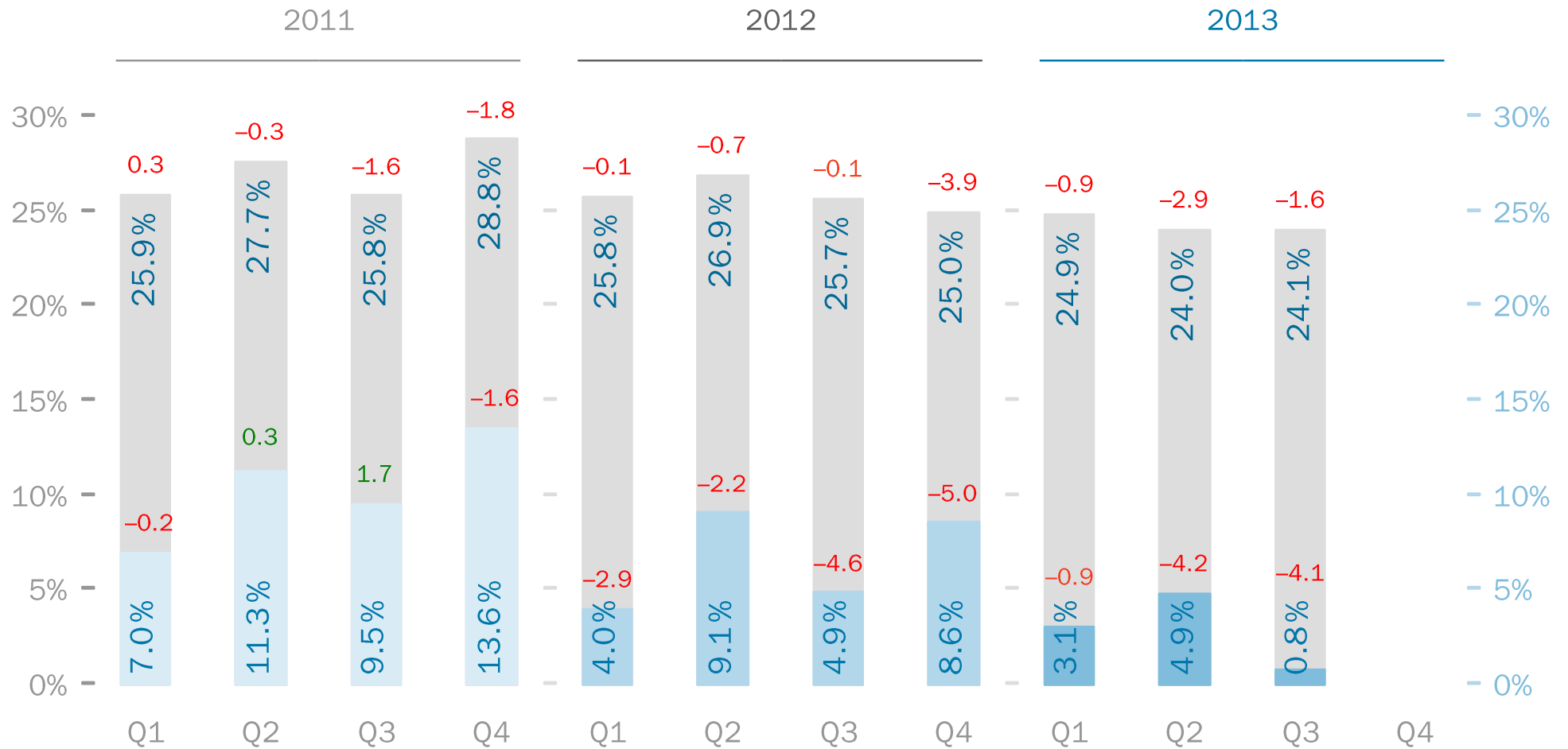
in € million



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

Quarterly Gross/EBIT Margins

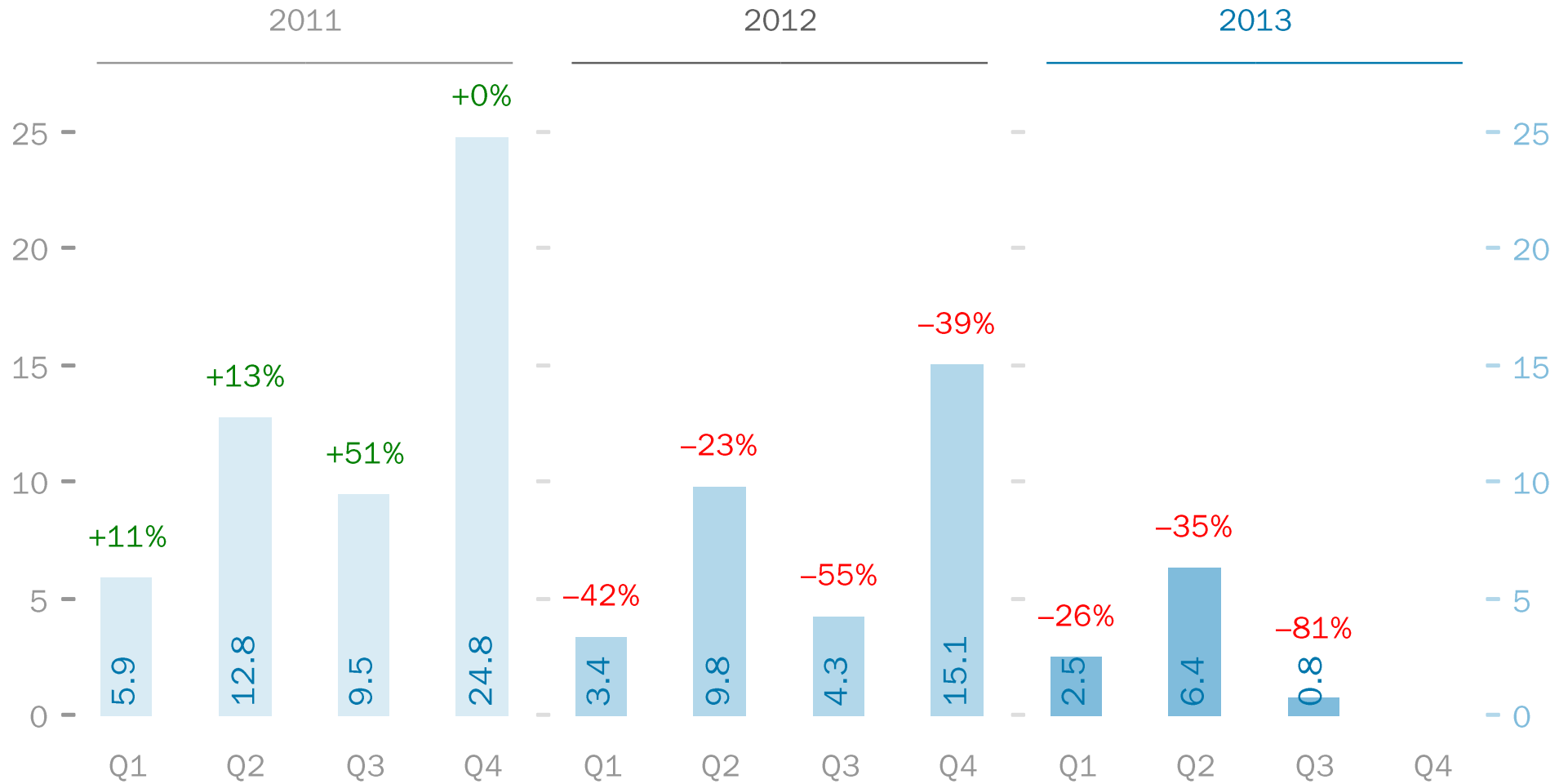
■ Gross Margin
■ EBIT Margin



► Q3: gross margin flat q-o-q, but still lower than last year

Quarterly EBIT

in € million



► Tirendo brand will need additional investment

P&L Drivers (Q3)

	EUR		yoy %	% of Revenues		
	Q3 13	Q3 12		Q3 13	Q3 12	chnge
Revenues	96.9	87.2	11.1	100.0	100.0	0.0
Cost of sales	73.5	64.8	13.6	75.9	74.3	1.6
Gross Profit (ex ooi)	23.3	22.4	4.0	24.1	25.7	-1.6
Direct costs	15.6	12.9	21.2	16.1	14.8	1.3
Direct costs (dep. on volume)	10.6	9.5	11.1	11.0	11.0	0.0
Transportation costs	8.5	7.5	12.8	8.8	8.6	0.1
Warehousing costs	0.8	0.8	6.8	0.9	0.9	0.0
Operations centre costs	1.3	1.2	3.6	1.3	1.4	-0.1
Direct costs (dep. on revenues)	5.0	3.3	50.2	5.2	3.8	1.3
Credit card fees	0.8	0.7	13.1	0.8	0.8	0.0
Bad debt losses	0.4	0.3	39.4	0.4	0.3	0.1
Marketing costs	3.9	2.4	62.4	4.0	2.7	1.3
Contribution margin 1	7.7	9.5	-19.3	7.9	10.9	-3.0
Indirect costs	6.1	4.6	31.6	6.3	5.3	1.0
Personnel expenses	2.4	2.0	22.7	2.5	2.3	0.2
Rents and overheads	1.7	1.5	14.5	1.8	1.7	0.1
Financial and legal costs	1.3	0.3		1.3	0.4	0.9
IT and telecommunications	0.4	0.3	19.0	0.4	0.3	0.0
Other	0.4	0.5	-30.4	0.4	0.6	-0.2
Contribution margin 2	1.6	4.9	-67.5	1.6	5.6	-4.0
FX effects	-0.2	-0.4		-0.2	-0.5	0.3
Other operating profit (w/o FX gains)	0.3	0.5		0.3	0.6	-0.3
EBITDA	1.7	4.9	-65.3	1.8	5.7	-3.9
Depreciation/ Amortization	0.9	0.7	32.8	0.9	0.8	0.2
EBIT	0.8	4.3	-80.9	0.8	4.9	-4.1
Net financial result	0.0	-0.1	-65.7			
EBT	0.8	4.2	-81.2	0.8	4.8	-4.0
Income taxes	0.6	1.3	-49.5			
Consolidated net income	0.1	2.9	-95.1	0.1	3.3	-3.2

← Tirendo consolidated from 16.09.

← margin decrease less pronounced

← sales push + branding ↑

← Tirendo employees

← on-off and reversal of accruals

P&L Drivers (9M)

	EUR		yoy	% of Revenues		
	9M13	9M12	%	9M13	9M12	chng
Revenues	309.1	280.4	10.2	100.0	100.0	0.0
Cost of sales	234.1	206.9	13.1	75.7	73.8	1.9
Gross Profit (ex ooi)	75.0	73.5	2.0	24.3	26.2	-1.9
Direct costs	47.5	39.8	19.3	15.4	14.2	1.2
Direct costs (dep. on volume)	33.4	30.0	11.3	10.8	10.7	0.1
Transportation costs	27.2	23.7	14.7	8.8	8.4	0.3
Warehousing costs	2.5	2.4	1.3	0.8	0.9	-0.1
Operations centre costs	3.8	3.9	-2.7	1.2	1.4	-0.2
Direct costs (dep. on revenues)	14.1	9.8	43.6	4.6	3.5	1.1
Credit card fees	2.5	2.2	13.3	0.8	0.8	0.0
Bad debt losses	1.3	0.9	40.3	0.4	0.3	0.1
Marketing costs	10.3	6.7	54.1	3.3	2.4	1.0
Contribution margin 1	27.5	33.7	-18.4	8.9	12.0	-3.1
Indirect costs	16.9	13.8	21.9	5.5	4.9	0.5
Personnel expenses	7.0	6.3	9.7	2.3	2.3	0.0
Rents and overheads	5.0	4.5	10.7	1.6	1.6	0.0
Financial and legal costs	2.6	0.8	247.3	0.8	0.3	0.6
IT and telecommunications	1.0	0.9	15.8	0.3	0.3	0.0
Other	1.3	1.3	-6.3	0.4	0.5	-0.1
Contribution margin 2	10.6	19.9	-46.4	3.4	7.1	-3.6
FX effects	0.0	-1.9		0.0	-0.7	0.7
Other operating profit (w/o FX gains)	1.4	1.6		0.4	0.6	-0.1
EBITDA	12.0	19.5	-38.7	3.9	7.0	-3.1
Depreciation/ Amortization	2.2	2.0	11.7	0.7	0.7	0.0
EBIT	9.7	17.5	-44.5	3.1	6.2	-3.1
Net financial result	0.0	-0.2	-78.9			
EBT	9.7	17.4	-44.2	3.1	6.2	-3.1
Income taxes	3.5	5.6	-37.4			
Consolidated net income	6.2	11.7	-47.5	2.0	4.2	-2.2

← Tirendo consolidated from 16.09.

← price effect

← costs ↑

← on-off Tirendo, reversal of accruals

← swing-back from last year

← ↑ due to Tirendo intengibles (PPA)

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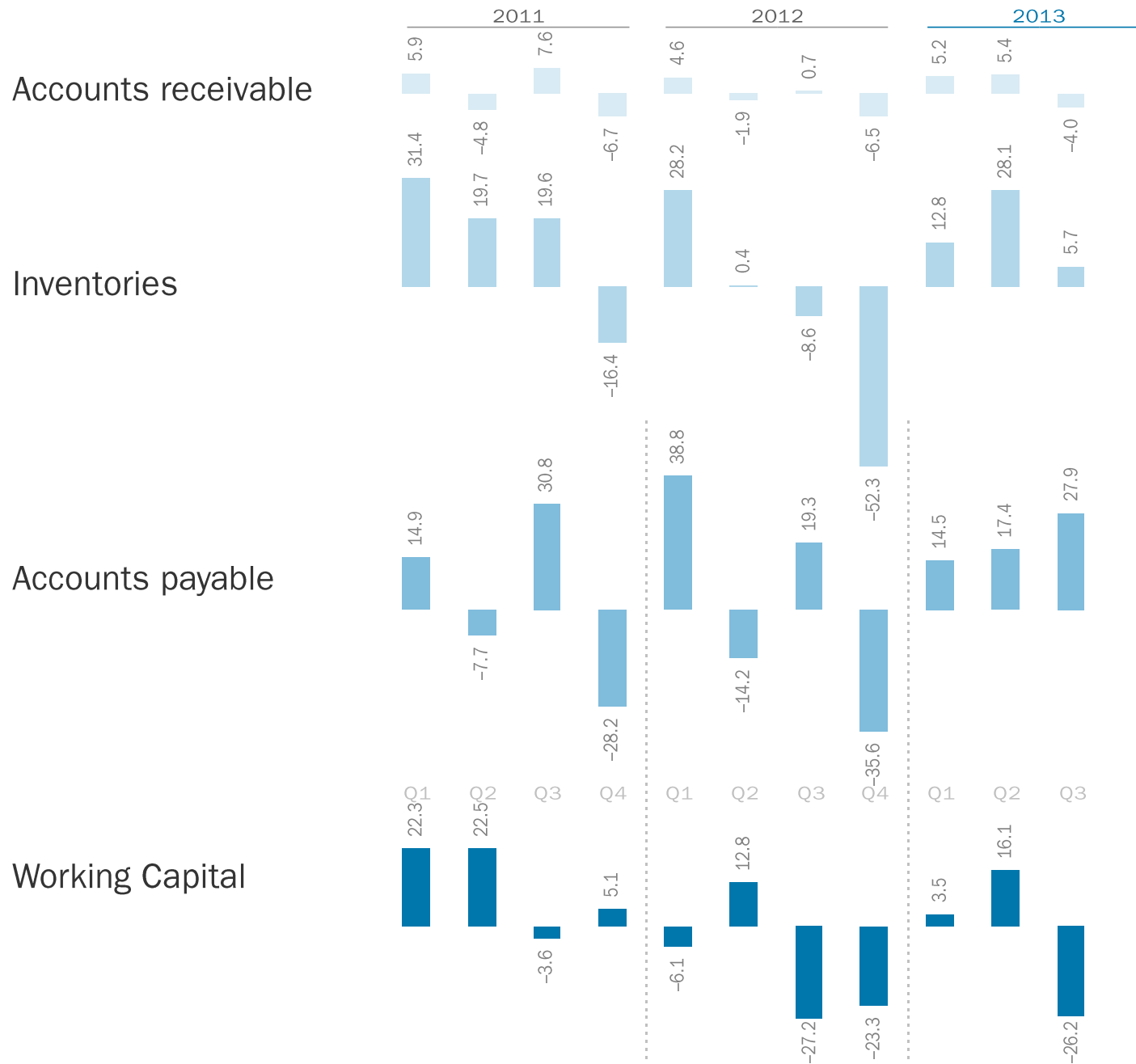
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Working Capital Management



... follow the seasonal peaks.

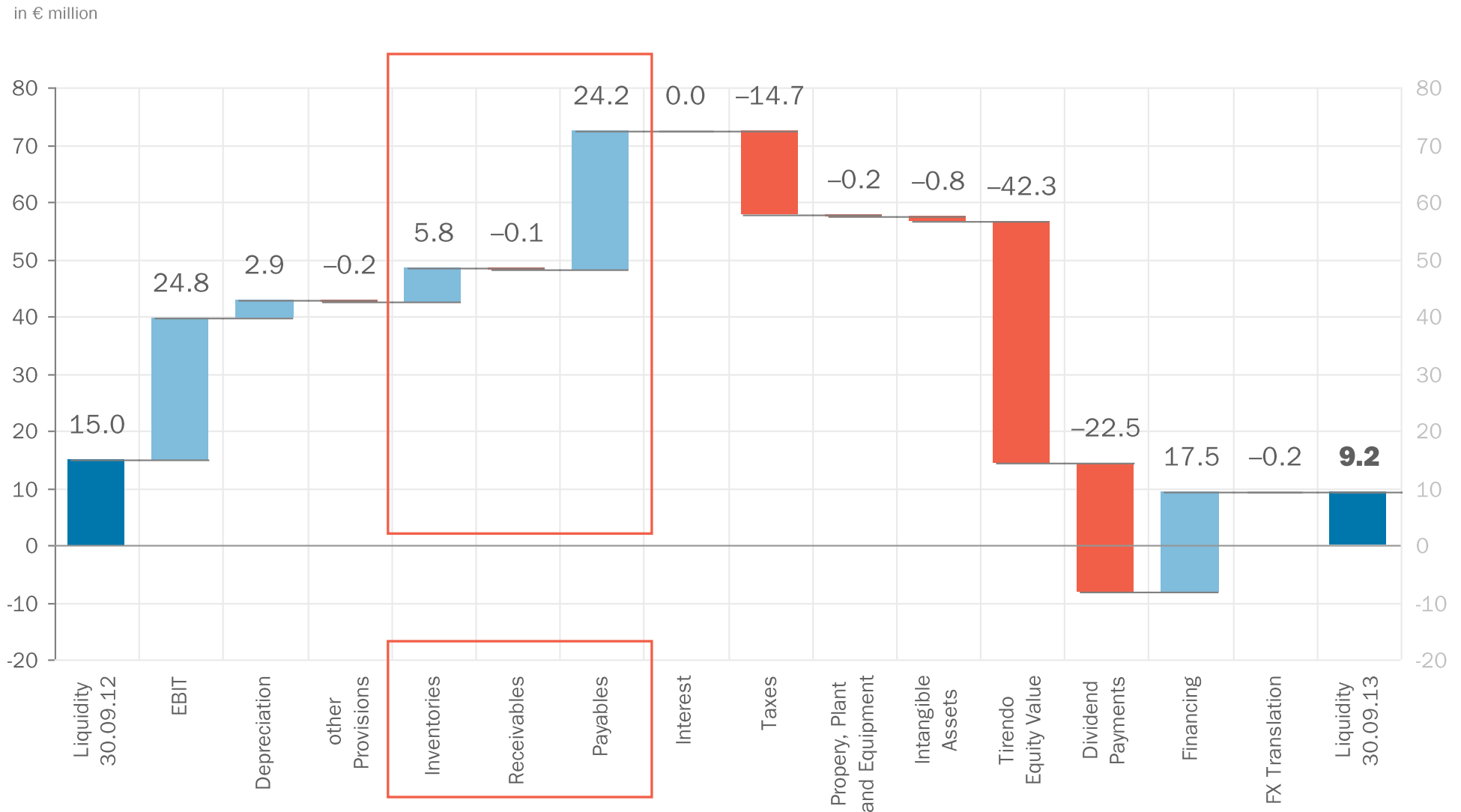
... winter tyre stocks built up ...

... partly funded w/ AP

... better cash flow ahead

quarterly delta in € million

Liquidity Bridge



▶ Net cash = € -18 million

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▪ Replacement tyre market Q3

- Germany: sell-out Jan-Sept (wdk): summer –10.2%, winter +3.3%
- Europe: sell-in 9M (ETRMA): –2.0%

ETRMA (press release), 15 October 2013
“After a very weak start of the year, the third quarter of 2013 showed figures above 2012 in all product segments.”

Reifenpresse.de, 24 September 2013
“Haken hinterm Sommergeschäft – Und was kommt jetzt?”

▪ Sentiment Q4 & 2014

- uncertain consumer confidence
- Q4 depends on winter weather
- tyres: recovery expected in 2014

Hans-Jürgen Drechsler (BRV, Handelsblatt, 1 October 2013
“Läuft das Winterreifengeschäft sehr gut, kommen wir bestenfalls bei Null raus”

handelsblatt.com, 11 September 2013
„Der Autozulieferer Continental rechnet nach einer beispiellosen Durststrecke auf Europas Reifenmärkten für das nächste Jahr mit der Rückkehr zur Normalität.“

▶ Revenues FY13 > FY12

- 1 #1 European online tyre retailer
- 2 Resilient and profitable business model
- 3 Strong brands and superior execution
- 4 Redesign of the tyre distribution chain
- 5 Excellent growth opportunities

Investor Relations:

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