

Delticom (DEX GY) | Retail

May 03, 2021

Q1: Solid growth, cost measures work

We confirm our Buy recommendation for Delticom with unchanged earnings estimates and a confirmed price target of EUR 15. The investment case is intact from our perspective; DEX stated in its preliminary Q1 release that revenues went up by 10% yoy to EUR 102.2 m in the first three months, and EBITDA turned positive from EUR -5.3 m to EUR 1.1 m within twelve months. The growth should mainly reflect the slowly increasing penetration rate of e-Commerce in the tire business - with Delticom as the leading player in Europe. The relatively weak Q1 2020 basis should have played a certain role as well. One should keep in mind that Q1 is usually the weakest quarter in a typical year of a tire dealer. The clear improvement at the EBITDA level should come from growth effects as well as from successful cost reduction over the past 18 months. - The final Q1 results will be released on May 10th.

- Q2e: DEX expects a continuation of the "profitable growth" course of Q1. Q2 usually has more weight than Q1.
- 2021e outlook: Delticom confirms its full-year outlook; it targets revenues in an EUR 550-590 m range (our est. 580 m) and an EBITDA of between EUR 16 and 20 m (our est. 25.5 m).
- Valuation: Our unchanged price target of EUR 15 is the result of a DCF analysis with conservative assumptions like an "eternal" growth of 1.5% per year and a beta of 1.2.

Fundamentals (in EUR m)	2018	2019	2020	2021e	2022e	2023e
Sales	646	626	541	580	615	651
EBITDA	14	-2	15	25	31	34
EBIT	1	-42	5	15	21	24
EPS adj. (EUR)	-0.16	-3.28	0.54	0.59	1.28	1.45
DPS (EUR)	0.10	0.00	0.00	0.00	0.00	0.00
BVPS (EUR)	3.94	0.67	1.10	0.90	2.26	3.81
Net Debt incl. Provisions	28	94	89	72	58	40
Ratios	2018	2019	2020	2021e	2022e	2023e
EV/EBITDA	8.3	-62.7	10.8	7.0	5.3	4.3
EV/EBIT	106.9	-3.6	30.2	11.9	7.6	6.0
P/E adj.	-44.9	-1.4	11.1	14.1	6.5	5.8
Dividend yield (%)	1.4	0.0	0.0	0.0	0.0	0.0
EBITDA margin (%)	2.2	-0.4	2.8	4.4	5.0	5.2
EBIT margin (%)	0.2	-6.7	1.0	2.6	3.5	3.7
Net debt/EBITDA	2.0	-39.0	5.9	2.9	1.9	1.2
ROE (%)	-3.9	-142.4	60.4	59.2	81.0	47.7
PBV	1.8	6.8	5.4	9.2	3.7	2.2

Sources: Refinitiv, Metzler Research

Buy
 **unchanged**
Price*
EUR 8.36
Price target
EUR 15.00 (unchanged)

* XETRA trading price at the close of the previous day unless stated otherwise in the Disclosures

Market Cap (EUR m)	104
Enterprise Value (EUR m)	177
Free Float (%)	0.0

Price (in EUR)



Performance (in %)	1m	3m	12m
Share	-1.2	6.1	231.7
Rel. to Prime All Share	-1.7	-0.9	135.9

Sources: Refinitiv, Metzler Research

Changes in estimates (in %)	2021e	2022e	2023e
Sales	0.0	0.0	0.0
EBIT	0.0	0.0	0.0
EPS	0.0	0.0	0.0

Sponsored Research


Author: Jürgen Pieper

Financial Analyst Equities

+49 - 69 21 04 - 5 29

JPieper@metzler.com

company note

Key Data

Company profile

CEO: Andreas Prüfer

CFO: Thomas Loock

Hanover, Germany

Delticom is Europe's leading tyre retailer. The company operates 137 online shops in 42 countries, including ReifenDirekt and Tirendo. The customer can choose between home delivery and delivery to one of ca. 40,000 service partners worldwide.

Major shareholders

Prüfer/Binder (50.04%)

Key figures

P&L (in EUR m)	2018	%	2019	%	2020	%	2021e	%	2022e	%	2023e	%
Sales	646	-3.3	626	-3.1	541	-13.5	580	7.1	615	6.1	651	5.9
EBITDA	14	51.6	-2	-117.0	15	729.2	25	68.4	31	21.1	34	10.7
EBITDA margin (%)	2.2	56.8	-0.4	-117.6	2.8	827.4	4.4	57.3	5.0	14.1	5.2	4.5
EBIT	1	-45.0	-42	n.m.	5	112.9	15	176.5	21	42.6	24	13.1
EBIT margin (%)	0.2	-43.1	-6.7	n.m.	1.0	114.9	2.6	158.2	3.5	34.4	3.7	6.8
Financial result	-1	-75.0	-2	-114.3	-3	-86.7	-1	57.1	-1	33.3	-1	12.5
EBT	0	-75.0	-44	n.m.	3	106.0	11	312.8	20	91.0	23	14.1
Taxes	2	320.0	3	28.6	4	59.3	0	-100.0	0	n.a.	0	n.a.
Tax rate (%)	525.0	n.a.	-6.2	n.a.	165.4	n.a.	0.0	n.a.	0.0	n.a.	0.0	n.a.
Net income	-2	-254.5	-41	n.m.	7	116.9	8	9.2	16	113.7	18	13.0
Minority interests	0	175.0	0	-33.3	0	0.0	0	-50.0	0	0.0	0	0.0
Net Income after minorities	-2	-233.3	-41	n.m.	7	116.3	7	10.9	16	115.2	18	13.1
Number of shares outstanding (m)	12	n.a.	12	0.0	12	0.0	12	0.0	12	0.0	12	0.0
EPS adj. (EUR)	-0.16	n.a.	-3.28	n.m.	0.54	116.3	0.59	10.9	1.28	115.2	1.45	13.1
DPS (EUR)	0.10	n.a.	0.00	-100.0	0.00	n.a.	0.00	n.a.	0.00	n.a.	0.00	n.a.
Dividend yield (%)	1.4	n.a.	0.0	n.a.	0.0	n.a.	0.0	n.a.	0.0	n.a.	0.0	n.a.
Cash Flow (in EUR m)	2018	%	2019	%	2020	%	2021e	%	2022e	%	2023e	%
Gross Cash Flow	-12	-176.0	-22	-92.3	15	166.7	20	33.3	23	15.0	25	8.7
Increase in working capital	-5	n.a.	103	n.a.	24	n.a.	13	n.a.	8	n.a.	6	n.a.
Capital expenditures	-7	2.7	-4	37.5	-1	75.6	-4	-263.6	-4	0.0	-5	-25.0
D+A/Capex (%)	-180.6	n.a.	-880.0	n.a.	-881.8	n.a.	-262.5	n.a.	-237.5	n.a.	-200.0	n.a.
Free cash flow (Metzler definition)	-24	-233.3	76	416.7	38	-50.1	29	-23.5	27	-6.9	26	-3.7
Free cash flow yield (%)	-26.7	n.a.	133.6	n.a.	50.9	n.a.	27.8	n.a.	25.8	n.a.	24.9	n.a.
Dividend paid	-1	n.a.	0	100.0	0	n.a.	0	n.a.	0	n.a.	0	n.a.
Free cash flow (post dividend)	-29	-259.4	74	357.5	37	-49.4	29	-22.5	27	-6.9	26	-3.7
Balance sheet (in EUR m)	2018	%	2019	%	2020	%	2021e	%	2022e	%	2023e	%
Assets	232	14.9	188	-19.1	200	6.2	189	-5.3	193	2.1	199	2.8
Goodwill	35	0.0	35	0.0	55	55.2	35	-35.6	35	0.0	35	0.0
Shareholders' equity	49	-7.0	8	-83.2	15	78.3	11	-23.6	28	149.6	48	68.8
Equity/total assets (%)	21.2	n.a.	4.4	n.a.	7.4	n.a.	6.0	n.a.	14.6	n.a.	24.0	n.a.
Net Debt incl. Provisions	28	118.9	94	236.3	89	-5.2	72	-18.2	58	-20.7	40	-29.6
thereof pension provisions	0	-76.9	0	33.3	0	-75.0	0	400.0	0	0.0	0	0.0
Gearing (%)	56.4	n.a.	1126.5	n.a.	598.6	n.a.	641.6	n.a.	203.9	n.a.	85.1	n.a.
Net debt/EBITDA	2.0	n.a.	-39.0	n.a.	5.9	n.a.	2.9	n.a.	1.9	n.a.	1.2	n.a.

Sources: Refinitiv, Metzler Research

company note

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Recommendations for each financial instrument or issuer - mentioned in this document - published by Metzler in the past twelve months

Date of dissemination	Metzler recommendation *		Current price **	Price target *	Author ***
	Previous	Current			
Issuer/Financial Instrument (ISIN): Delticom (DE0005146807)					
29.03.2021	Buy	Buy	8.24 EUR	15.00 EUR	Pieper, Jürgen
03.03.2021	n.a.	Buy	7.28 EUR	15.00 EUR	Pieper, Jürgen

* Effective until the price target and/or investment recommendation is updated (FI/FX recommendations are valid solely at the time of publication)

** XETRA trading price at the close of the previous day unless stated otherwise herein

*** All authors are financial analysts

Delticom

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Metzler Capital Markets

B. Metzler seel. Sohn & Co.
Kommanditgesellschaft auf Aktien
Untermainanlage 1
60329 Frankfurt/Main, Germany
Phone (+49 - 69) 21 04 - extension
Fax (+49 - 69) 21 04 - 6 79
www.metzler.com

Mario Mattera

Head of Capital Markets

Research	Pascal Spano	Head of Research	43 65
Fax (+49 - 69) 28 31 59			
	Guido Hoymann	Head of Equity Research	3 98
		Transport, Utilities/Renewables	
	Stephan Bauer	Industrial Technology	43 63
	Stephan Bonhage	Small/Mid Caps, Construction	5 25
	Tom Diedrich	Media, Retail	2 39
	Alexander Neuberger	Industrial Technology, Small/Mid Caps	43 66
	Holger Schmidt	Software, Technology, Telecommunications	43 60
	Jochen Schmitt	Financials, Real Estate	43 59
	David Varga	Basic Resources	43 62
	Jürgen Pieper	Automobiles, Senior Advisor	5 29
	Hendrik König	Strategy / Quantitative Research	43 71
	Sergii Piskun	Quantitative Research	2 37
	Eugen Keller	Head of FI/FX Research	3 29
	Juliane Rack	FI/FX Strategy	17 48
	Sebastian Sachs	FI/FX Strategy	5 26
	Thomas Weber	FI/FX Strategy	5 27
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		Head of Equity Sales	
Sales	Eugenia Buchmüller		2 38
	Uwe Hohmann		3 66
	Hugues Jaouen		41 73
	Alexander Kravkov		41 72
	Jasmina Schul		17 66
Trading	Sven Knauer	Head of Equity Trading	2 45
	Kirsten Fler		2 46
	Stephan Schmelzle		2 47
	Thomas Seibert		2 28
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company note

FI/FX	Mario Mattera	Head of FI/FX	6 87
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	Timo Becker		2 83
	Sebastian Luther		6 88
	Claudia Ruiu		6 83
	Gloria Traidl		2 80
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	Bettina Koch		2 91
	Susanne Kraus		6 58
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	Silke Amelung		2 89
	Christian Bernhard		2 66
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	Tobias Martin		6 14
	Steffen Völker		2 93
FX Trading	Rainer Jäger		2 76
	Andreas Zellmann		6 10
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	Harwig Wild		2 79
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	Christopher Haase		16 17
	Florian Konz		17 73
	Simon Wesch		3 50