

Delticom

Europe's leading online tyre retailer



A firm grip on the
road to success

Agenda

Content of webcast

- **Industry trends** - briefly
- Delticom focus - **tyres Europe**
- Impact **deinvestments**
- **Key financials 2019**
 - P&L
 - Adjusted operating EBITDA
 - Balance sheet
 - Funding
- **Outlook financials 2020**
- **Current topics**
 - COVID 19 potential impact
 - Supervisory board as of March 2020
- **Strategic direction**

Financial year 2019:

Industry Trends



- **Consolidation** in the European replacement tyre market continues; recent example: **insolvency of a major market participant** early in 2020
- Various European market players **discontinued their online shops** last year
- **Volume decline 2019** in the European replacement tyre market*
 - **-7.5 %** sell-out winter tyres in DE due to mild weather until the end of the year
 - **-7.7 %** sell-out summer tyres in DE compensated by **+13 %** sell-out all season tyres
 - Overall **-4.1 %** lower sell-out volume of passenger tyres in Germany in **2019**

➔ Total **European market 2019: -3 %** lower sell-out volume of passenger tyres

*Source: Bundesverband Reifenhandel und Vulkaniseur-Handwerk (BRV), www.bundesverband-reifenhandel.de, "Reifenersatzgeschäft in Deutschland: BRV legt Marktdaten 2019 vor", 11.03.2020



Refocusing on core business: Online tyre retailing in Europe

- Around € 500+ million sales p.a. in European core business
- Around 120+ employees
- Digitalization as key factor for future growth
- Medium-term target is an operating EBIT margin of 2 %



Refocusing on core business:

Divestment of loss-makers

- **Restructuring process initiated** in 2019
- **Discontinuation** of loss-making operations:
 - **Allyouneed Fresh** discontinued as of December 31st 2019
 - **Lebensmittel.de** will be discontinued with effect from March 31st 2020
 - **Deltiparts** (car parts, oil) will be discontinued with effect from March 31st 2020
 - **DeltiLog** (systems and logistics expert) is planned to be sold during H1 2020
 - **Gourmondo** discontinued as of March 13th 2020
 - Further (non-core) subsidiaries are under review
 - **US subsidiary** profitable, ongoing M&A procedure but no need for company sale
- Earnings in 2019 burdened by **one-time effects from restructuring measures**

 **Result:** Delticom has solved the issue of loss makers as of April 1st 2020

Financial year 2019:

Key Financials (P&L)

	Unit	2019	2018	
Sales	€m	625.8	645.7	-3.1 %
Other operating income	€m	37.6	38.1	-1.2 %
Total income	€m	663.4	683.8	-3.0 %
EBITDA	€m	-6.6	9.0	> -100.0 %
EBIT	€m	-42.1	1.1	> -100.0 %
EBT	€m	-43.5	0.4	> -100.0 %
Net result	€m	-40.8	-1.7	> -100.0 %

€ +14 million ooi from logistics project

21.6 % GPM (ex write-downs: 22.6 %)

€ -4.4 million marketing spent

€ -16.7 million deinvest & restructuring

€ -22.1 million impairments deinvest

€ 2.7 million taxes

Earnings in 2019 burdened by one-time effects from restructuring measures, supported by logistics project and marketing efficiency

Financial year 2019:

Key Financials (adjusted operating EBITDA)

	Unit	2019
EBITDA (reported)	€m	-6.6
<i>Adjustment of one-time effects</i>		
(1) Cost of materials	€m	4.6
(2) Personnel expenses	€m	0.6
(3) Impending losses (rent)	€m	0.7
(4) Restructuring costs	€m	3.5
(5) Foreign exchange losses	€m	3.8
(6) Other operating expenses	€m	3.5
Adjusted operating EBITDA	€m	+10.0

(1) Impairment of inventories
(stock tyres & parts)

(2) Severance payments

(3) Contingent loss provision

(4) Legal and consulting fees

(5) Currency losses & bad debt losses

(6) Impairment of fixed assets

Financial year 2019:

Balance Sheet – Assets (excerpt)

	Unit	31.12.2019	31.12.2018	
Non-current assets	€m	88.8	85.9	+3.4 %
Intangible assets	€m	41.6	59.7	-30.3 %
Property, plant & equipment	€m	11.2	21.7	-48.4 %
Right of use assets	€m	24.3	-	n/a
Current assets	€m	99.4	146.7	-32.2 %
Inventories	€m	63.0	99.6	-36.7 %
Accounts receivable	€m	31.1	43.7	-28.8 %
Liquidity	€m	5.3	3.4	+55.9 %

Impairment intangibles deinvest

Impairment PP&E deinvest

IFRS 16

Significant reduction stock

Active receivables management

▶ Assets affected by divestments and active working capital management

Financial year 2019:

Balance Sheet – Equity & Liabilities (excerpt)

	Unit	31.12.2019	31.12.2018	
Equity	€m	8.3	49.3	-83.2 %

Burdened by negative result

Liabilities	€m	179.9	183.3	-1.8 %
Long term borrowings	€m	29.0	6.5	+346.2 %
Accounts payables	€m	69.4	131.4	-47.2 %
Short term borrowings	€m	64.3	27.1	+137.3 %

Capitalization rights of use

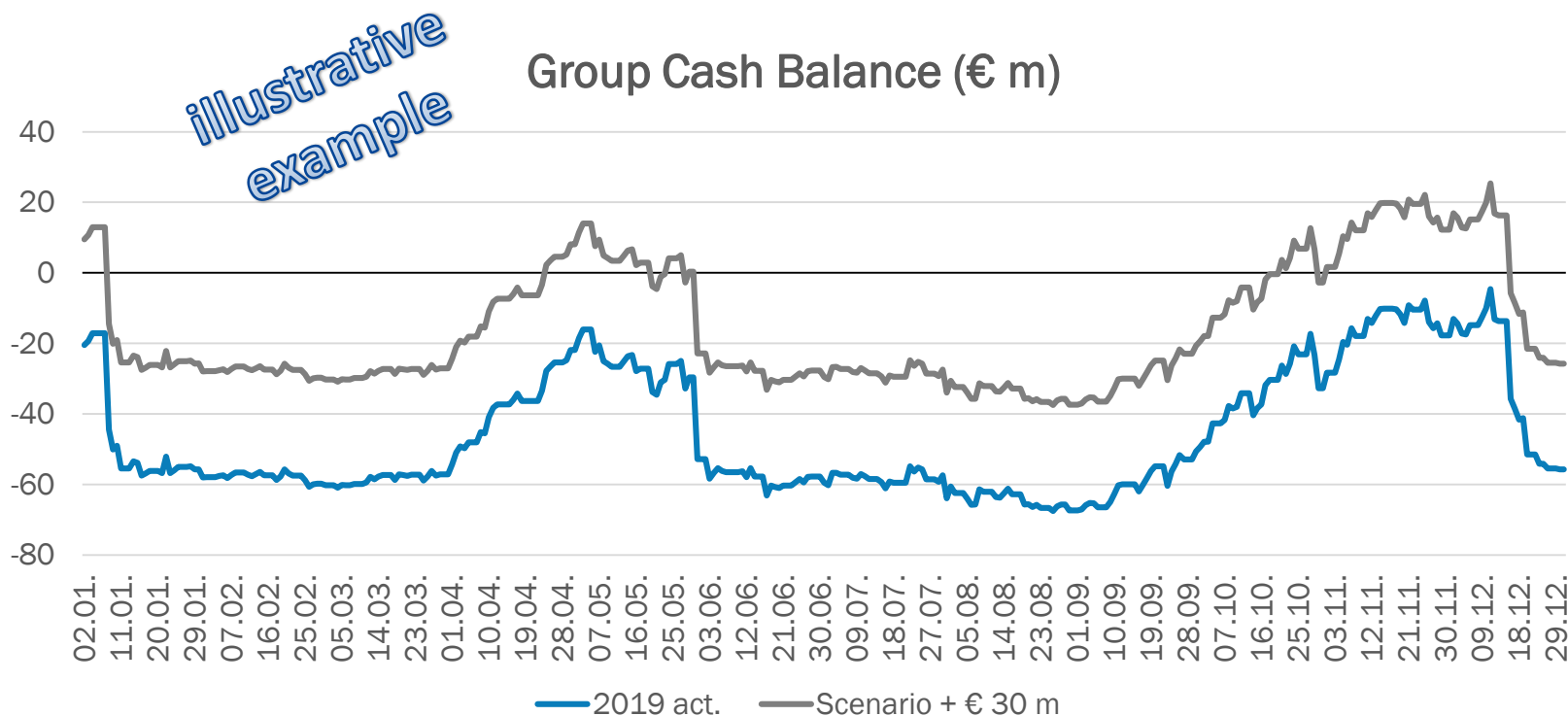
Payables in line with inventories

Reporting date effect

▶ Significant one-time effects from restructuring and divestments recognized in the 2019 financial statements

Delticom is entirely funded until Dec 31th 2021

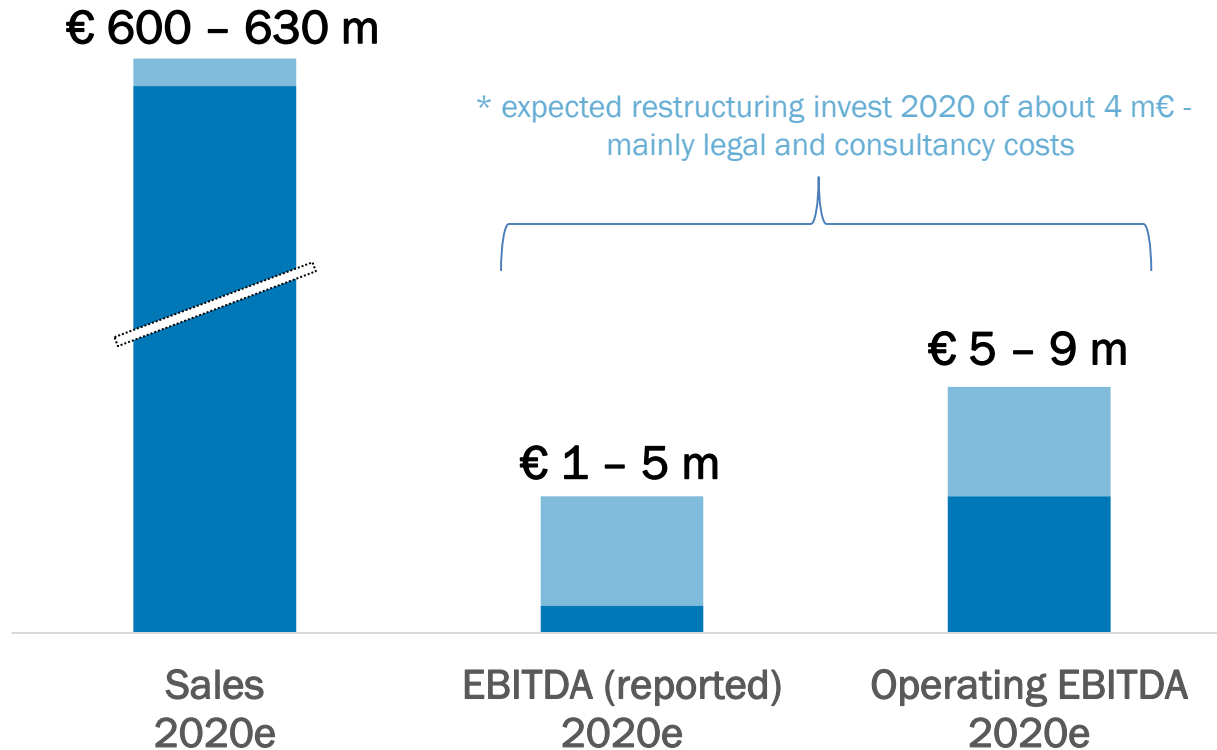
and strives to reduce bank liabilities by about € 30 m



Ongoing process to raise funds for Delticom AG in form of debt or equity

Outlook FY2020:

Sales and EBITDA Guidance



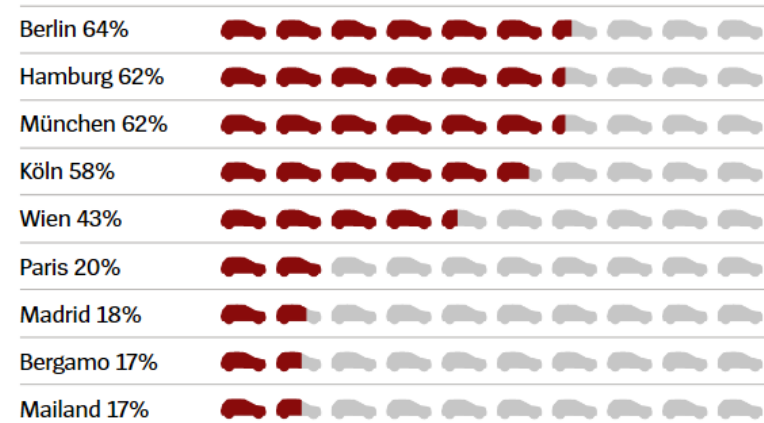
▶ Strong focus on profitability: Return to positive group EBITDA in 2020

Outlook FY2020:

Impact of COVID 19 pandemic

- As of end of March: **shutdown** in key European economies such as Italy, Germany or France
- **Restriction** of the everyday life of European consumers
- As of end of March 2020, the business **operations** of **garages** in Germany **not yet restricted** by the legislator.
- **Declining** car **traffic** in **large cities** already visible
- **Different status of pandemic** in European countries visible in operational business
- European focus of Delticom helps to assess the business development over the coming weeks

Car density on 20 March in relation to car density on 24 January 2020




Source: DER SPIEGEL, www.spiegel.de, "Die Welt kommt zum Stillstand", 25.03.2020

Temporary impact very likely but catch-up effect to be expected (assumed)

Change in the Supervisory Board

as of March 2020

- **Rainer Binder** and **Alan Revie** had resigned at the end of February for personal reasons after a long-term support over years
- **Rainer Binder** is going to support Delticom with his extensive experience in the tyre market on a free of charge base (only travel/variable costs)
- March 2020: Hanover Local Court appointed **Alexander Gebler** and **Karl-Otto Lang** as new members of the company's Supervisory Board
- Current members of the Supervisory Board:
 - **Alexander Gebler**, Chairman of the Supervisory Board
 - **Michael Thöne-Flöge**, Deputy Chairman of the Supervisory Board
 - **Karl-Otto Lang**

 The management board is looking forward to the collaboration with the new composed supervisory board

Outlook FY2020:

Overall strategic direction



Objective: Delticom is Europe's strongest and most profitable company in online tyre retailing

- **Focus** on the **core business** of online tyre retailing in Europe
- Sale and **discontinuation** of **unprofitable business** areas
- Realizing **growth potential** in promising online tyres business
- Business model "Delticom NEW": use and **expand strengths in the market**
- Actions to **optimize distribution costs** and **customer satisfaction** under way
- Aligning **management & organizational structure** with business profile



With the milestones already achieved, Delticom is well on track to successfully implement its clearly defined strategic agenda

Q&A



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