

Delticom

Europe's leading online tyre retailer



Results H1 2020

Agenda

Content of webcast

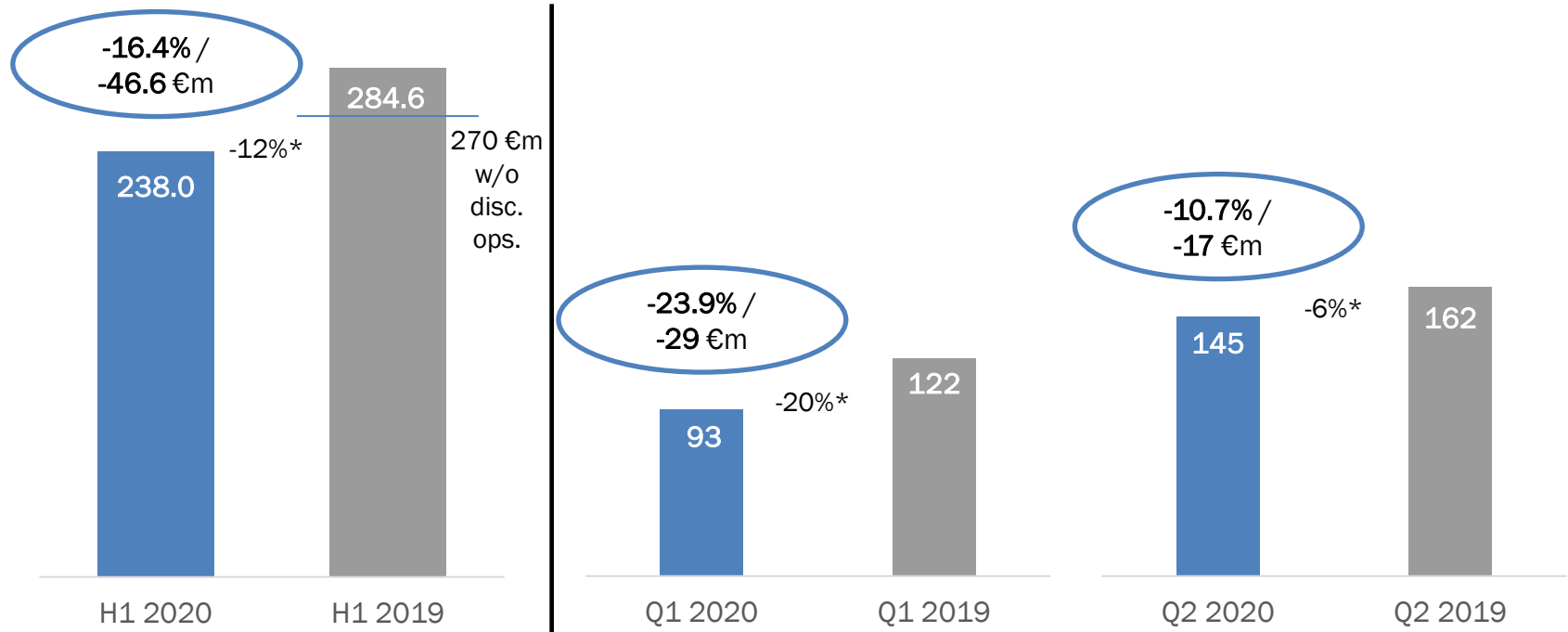
- **Market environment**
- **Key financials H1 2020**
- **Update on Turnaround Process**
- **Revised Outlook 2020**

H1 2020: Market environment

- Demand for replacement tyres influenced by **weather-related shifting effects** (Low demand for winter tyres at the beginning of the year; start of summer season postponed to the 2nd quarter)
- **COVID19: Shutdown decisions** in various European countries weigh on demand
- **European replacement market for consumer tyres decreased by 21.7%** in H1 2020 compared to prior-year period according to ETRMA (Q1 2020: -12.8% / - 7 m tyres; Q2 2020: -31.3% / -15 m tyres)
- **German** passenger car replacement tyre **market decreased by 19.5%** in H1 2020 according to WdK and ETRMA; decline in **summer tyres: -23.3%**; decline in **winter tyres: -29.6%**; increase in **all-season tyres: +1.2%**
- **Revenues in German e-commerce increased by 9.2 % to 36.7 €bn** in H1 2020 according to bevh; **German e-Commerce grew by 16.5%** in Q2 after stagnation in Q1 2020

H1 2020: Revenue development

Revenue (in €m)

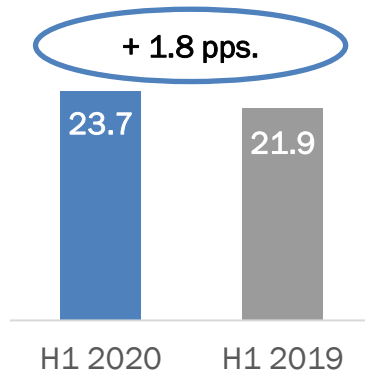


- **Corona pandemic** affects tyre business in H1/2020 (e.g. massive shutdown in southern European countries); relaxation of corona restrictions lead to **catch-up effects in selected countries** in Q2
- **€ -15 million** reduction in revenues due to divestment of loss-making businesses

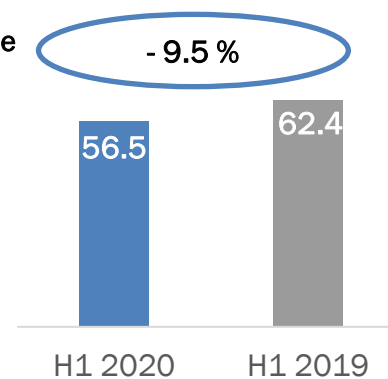
* excluding effect from closed operations

H1 2020: Gross margin & Gross profit margin

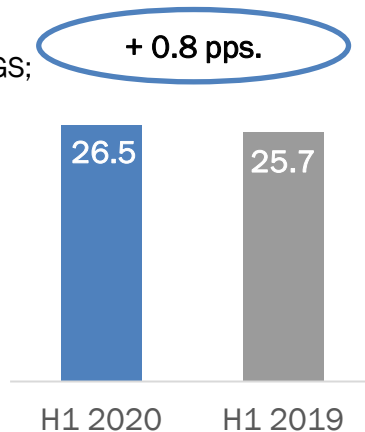
Gross margin simple
(Revenues less COGS;
in % of Revenues)



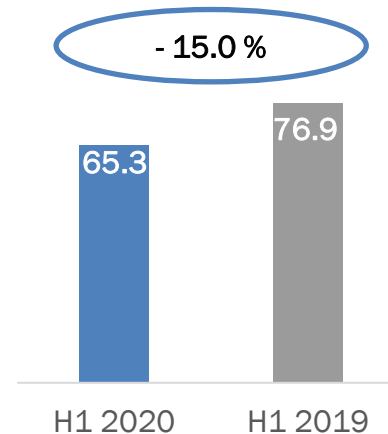
Gross profit simple
(Revenues less
COGS; in €m)



Gross profit margin
(Total income less COGS;
in % of Total income)



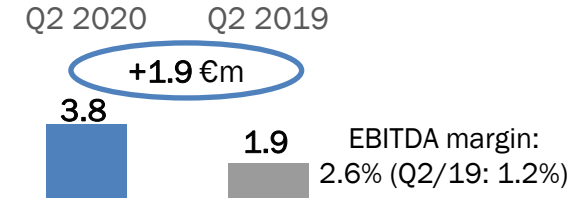
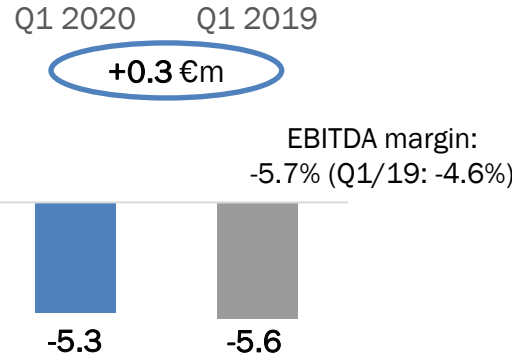
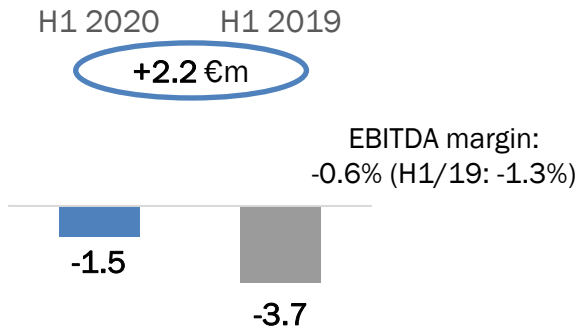
Gross profit
(Total income
less COGS;
in €m)



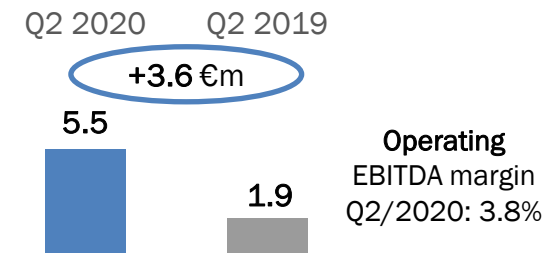
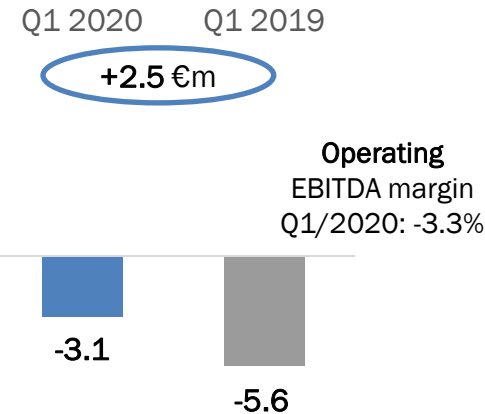
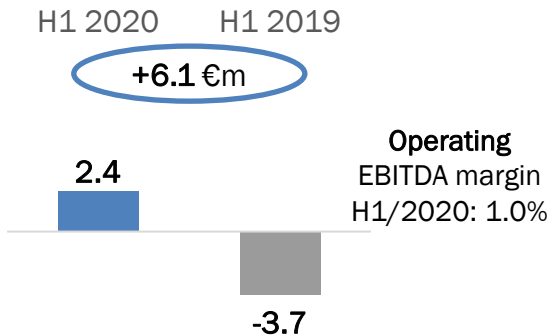
- **Increase** in Gross margin despite difficult market environment

H1 2020: Reported & Operating EBITDA

Reported EBITDA (in €m)



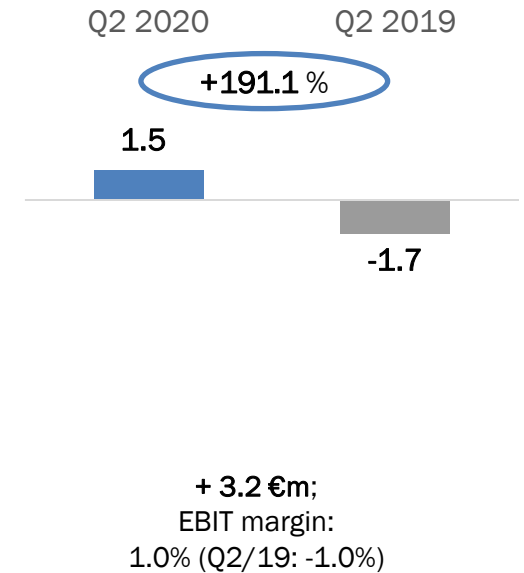
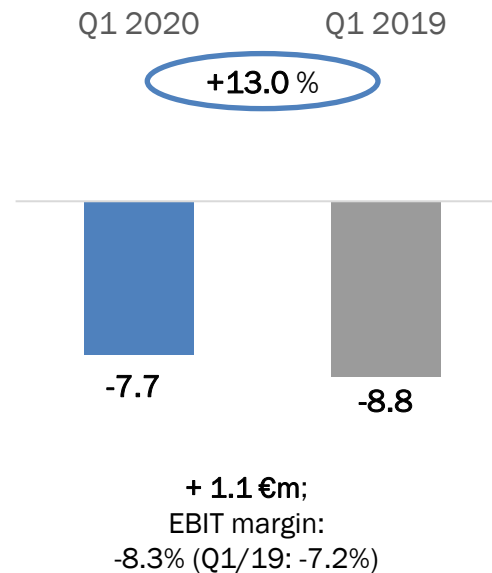
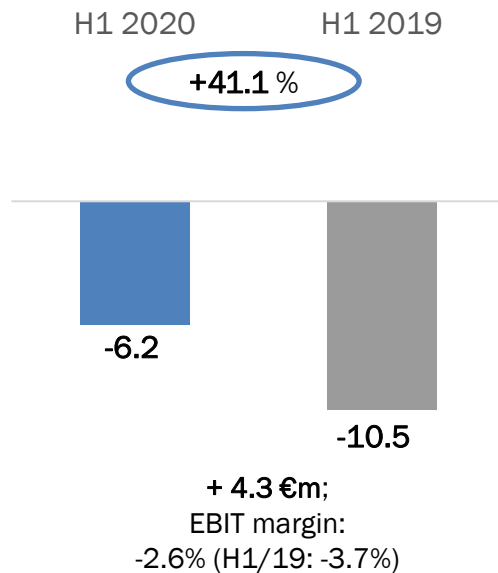
Operating EBITDA (before restructuring costs; in €m)



- Earnings improvement due to **divestment** and **higher costs efficiency in the core business**

H1 2020: EBIT

EBIT (in €m)



- **Positive EBIT** in Q2 2020
- **Declining depreciation** in H1 2020 (4.7 €m) compared to H1 2019 (6.8 €m)

H1 2020: P&L

	Unit	H1 2020	H1 2019	
Sales	€m	238.0	284.6	-16.4%
Gross profit	€m	65.3	76.9	-15.0%
Personnel expenses	€m	7.5	9.3	-19.3%
Advertising costs	€m	8.4	13.7	-38.5%
Transportation costs	€m	24.1	28.9	-16.4%
Other operating expenses	€m	26.7	28.7	-6.9%
EBITDA	€m	-1.5	-3.7	+59.8%
Net result	€m	-5.9	-8.0	+26.4%

Positive impact from divestment of loss-making subsidiaries

Efficiency measures for cost reduction in the core business implemented last year

Upward trend stopped

Incl. €m 3.9 restructuring costs; operational costs under control

H1 2020: Balance Sheet

Assets (excerpt)

	Unit	30.06. 2020	31.12. 2019	30.06. 2019
Non-current assets	€m	86.8	88.8	111.9
Fixed assets	€m	72.8	76.4	103.7
Other assets	€m	13.9	12.4	8.2
Current assets	€m	89.9	99.4	146.2
Inventories	€m	61.5	63.0	99.2
Accounts receivable	€m	23.5	31.1	43.2
Liquidity	€m	4.8	5.3	3.8

Reduction due to adoption of IFRS 16

YoY - 37.6 €m in inventories

Improved management of accounts receivable

+ 1 €m YoY

- **Strict working capital management** in place

H1 2020: Balance Sheet

Equity & Liabilities (excerpt)

	Unit	30.06. 2020	31.12. 2019	30.06. 2019
Equity	€m	2.4	8.3	41.0

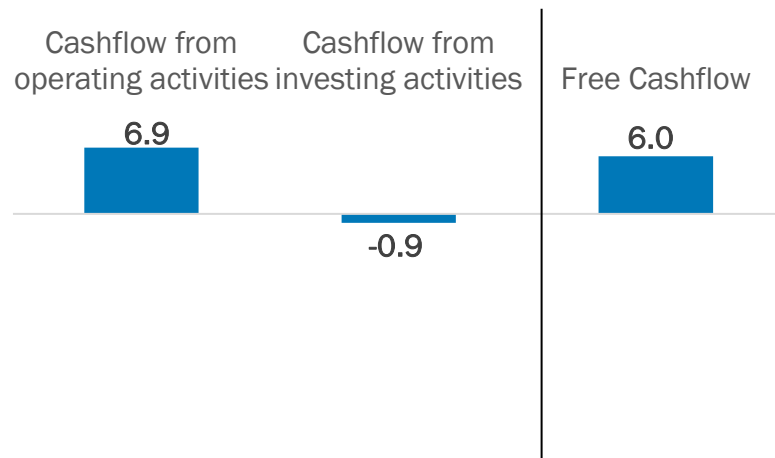
Equity affected by loss for the period

	Unit	30.06. 2020	31.12. 2019	30.06. 2019
Liabilities	€m	174.3	179.9	217.1
Long term debt	€m	27.2	29.7	26.2
Short-term liabilities	€m	142.2	146.5	190.1
Provisions	€m	4.8	3.7	0.8

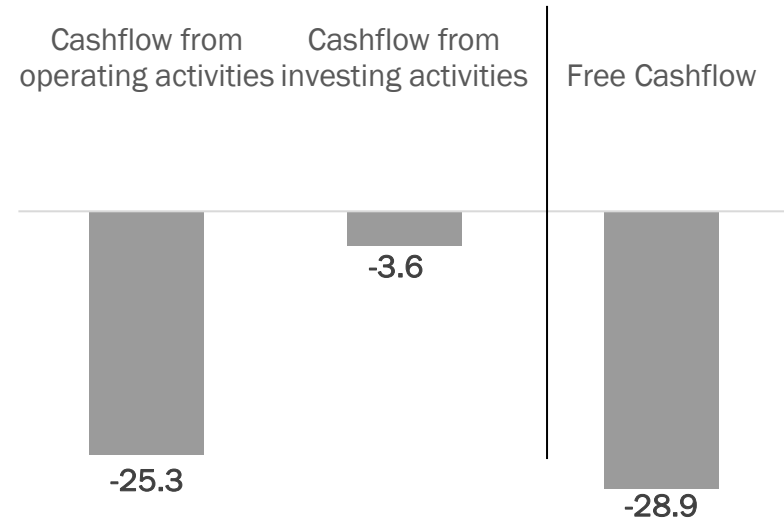
Including -42.6 €m in accounts payable YoY due to less inventories

H1 2020: Free Cashflow

Free Cashflow H1 2020 (€m)



Free Cashflow H1 2019 (€m)



- **Improved cash flow from operating activities** (+32.2 €m YoY) due to improvements in Working Capital
- **Positive Free Cashflow** for H1 2020

Refocusing on core business:

Update on Turnaround Process

Divestment of loss-makers:

Logistics technology company in focus



Ongoing

Refocusing on core business in Europe:

Sale of US subsidiary under review due to **lack of synergies**; continuation still an option;
US subsidiary **operating profitably**



Ongoing

Financing: Negotiating with financing banks a **continuation of the financing** with a term until the end of 2021



Negotiations successfully closed in December 2019

Financing: Evaluation of **options for additional capital** (equity or debt) under way



Ongoing

Operational business:

- **Review of current shop concept**



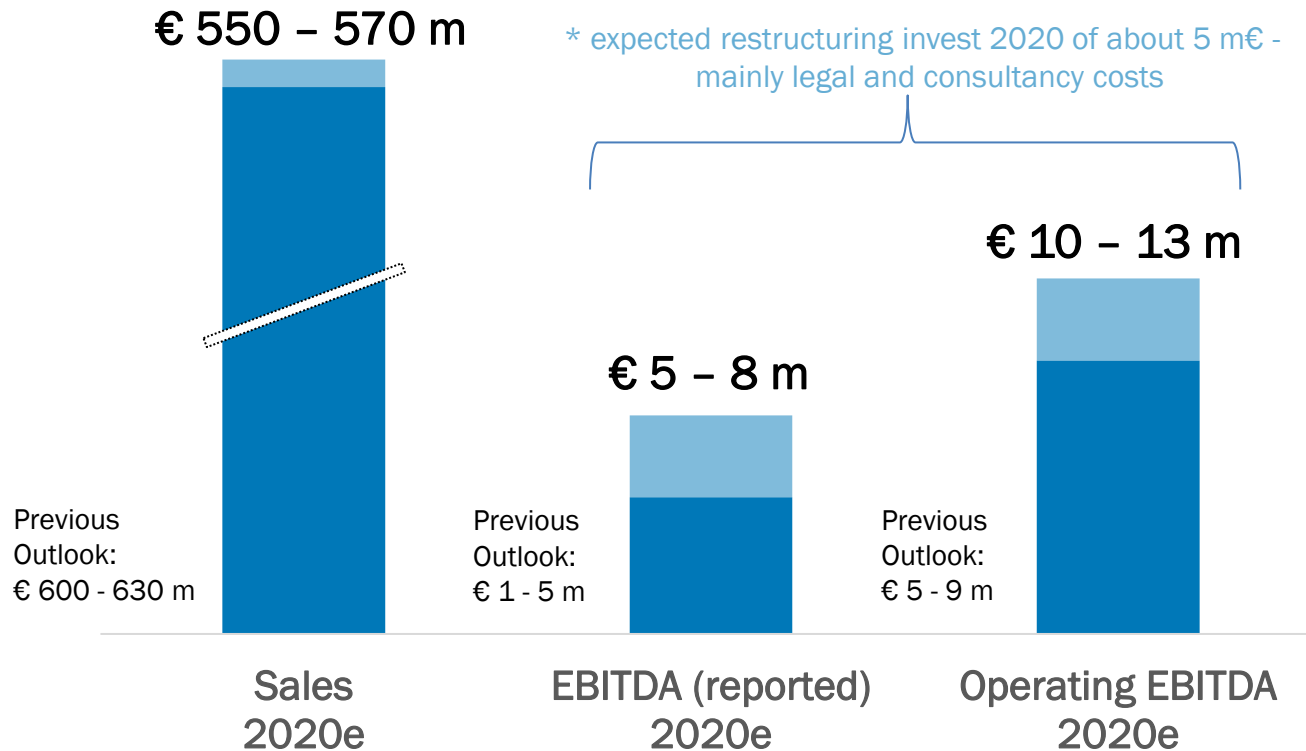
Ongoing

- **Margin improvements** by better procurement conditions, optimized use of market places and more specific pricing



Solidification

Revised Outlook FY2020: Sales and EBITDA Guidance



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

Q&A



A firm grip on the
road to success