

# A Firm Grip.

**DELTICOM**   
Aktiengesellschaft



## Investor Presentation on the Occasion of the Release of the Financial Statements 2007

Hanover, 26th March 2008

# Agenda

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Delticom at a Glance

Business Model

Seasonalities in Tyre Trading

Financials

Key Investment Highlights



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# Delticom Profile

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- **Business model:** Sale of car and motorcycle tyres over the Internet
- More than **1.8 mio customers**
- **88 online shops in 31 countries**, operating on established web domains with high awareness
- **Broad product range** with more than 100 tyre brands and 25,000 tyre models
- Global network with more than **21,000 service partners** (fitting stations), e.g. ①  DE 5070  US 6189  FR 1697  UK 1258
- **Customer benefits:** Top quality tyres at low prices can be ordered 24 / 7, high transparency thanks to comprehensive offering, short lead times (1-4 working days), not location-dependent, free test results, service and advice from call center.

## ▶ Delticom is Europe's leading Internet tyre retailer

① as of 14th March

# Delticom FY 2007 at a Glance

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1 Redesign of the Tyre Distribution Chain

▶ Sales €215.5 million  
(+ 24 % yoy)

2 International Growth Story

▶ EU, USA, Japan – ↑  
eCommerce + 50 % yoy

3 Operational Excellence at Low Costs

▶ EBIT: €12.3 million ,  
5.7% (2006: 5.9 %)

4 Excellent Growth Opportunities

▶ Market share in Europe  
is > 1.7 %

5 Sustainable and Profitable Business Model

▶ Dividend: 2.00 €  
(+ 67 % yoy)

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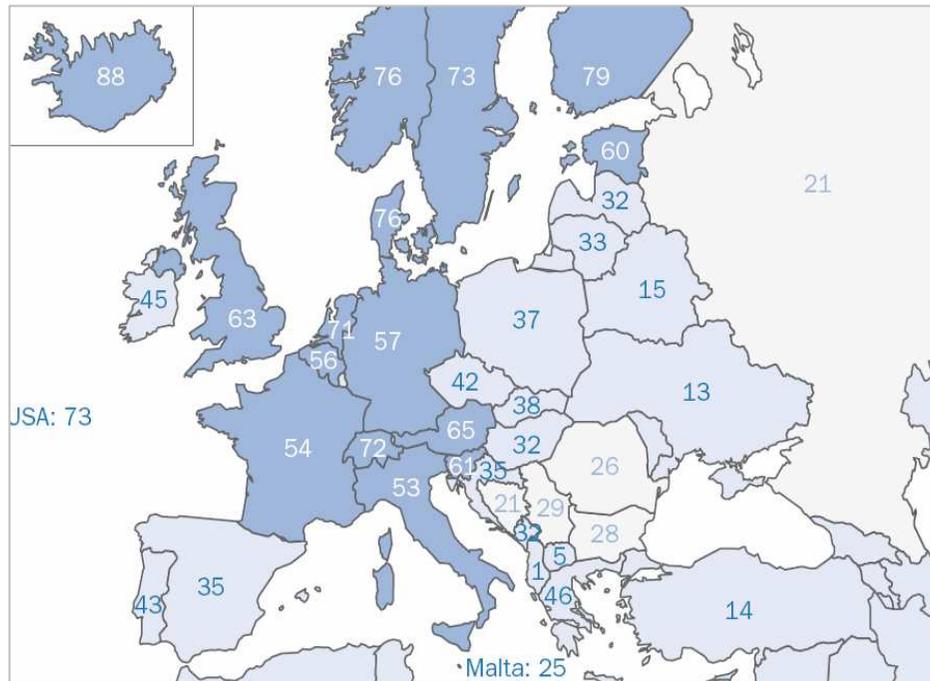


# Delticom is European Market Leader



# Internet

## Internet penetration



Source: GfK desk research Austria, October 2007

## Delticom service partners



► Internet penetration is long-term driver of Delticom sales

# Tyres

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- Relevant: **Passenger Car Tyre Replacement Market**
  - Europe € 10-12 billion / year
  - USA € 12-15 billion / year
- Tyre Sales 2007 in Germany ①
  - Passenger Car Tyres total: 41.5 million (2006: 47,4 million) ... -12%
  - Winter tyres: 20.4 million (2006: 24.7 million) ... -17%
- **Market share online** 2007 was 4% (2006: 3%) ①
- **EuPD Research:** proportion of German online retailers active in the „car and accessories“ segment totaled just 2.8%
- **„ADAC Reifenmonitor 2008“**
  - 3.1% have bought their last set of tyres via the Internet (2007: 2.5%, 2006: 1.8%)
  - 18-29 bracket: 6.1% (2007: 4.8%, 2006: 3.3%)
  - 15.6% indicated interest to buy online in the future (2007: 15%, 2006: 14%)
  - 18-29 bracket: 28.1%

► **Big, mature market. Internet is a growing sales channel.**

① According to BRV (Association of German Tyre dealers)

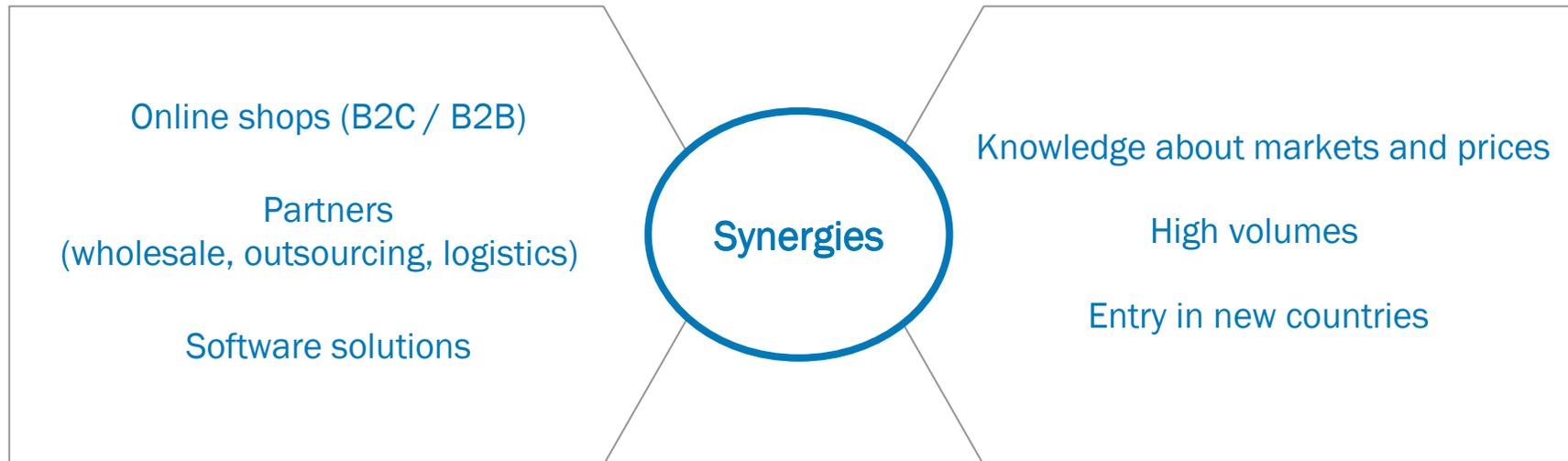
# Divisions



**eCommerce**  
(since 2000)

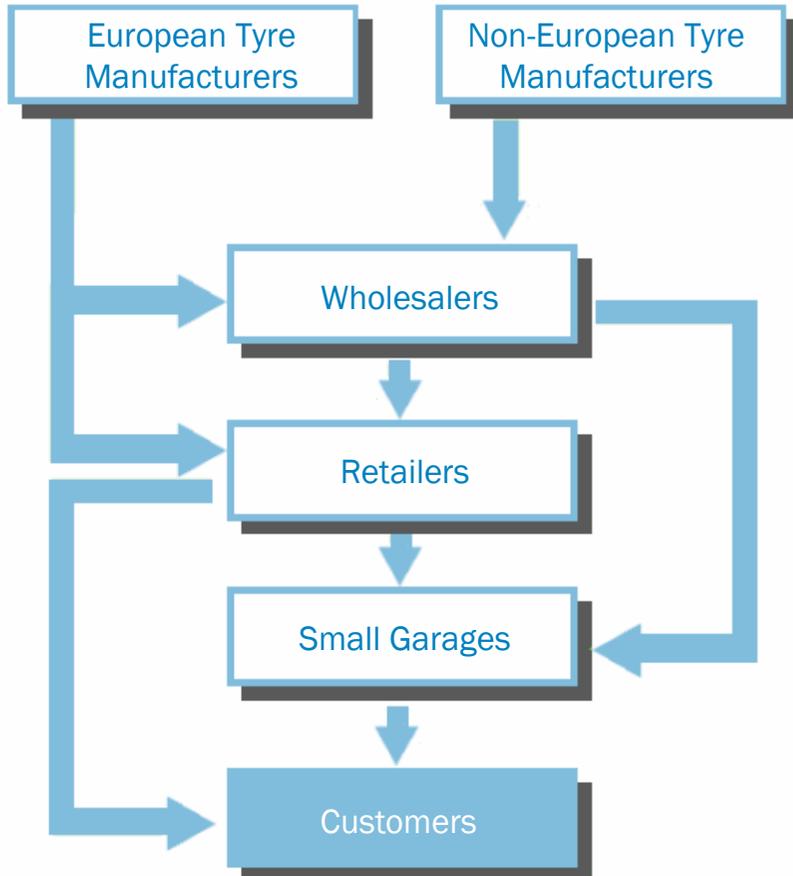


**Wholesale**  
(since 1999)

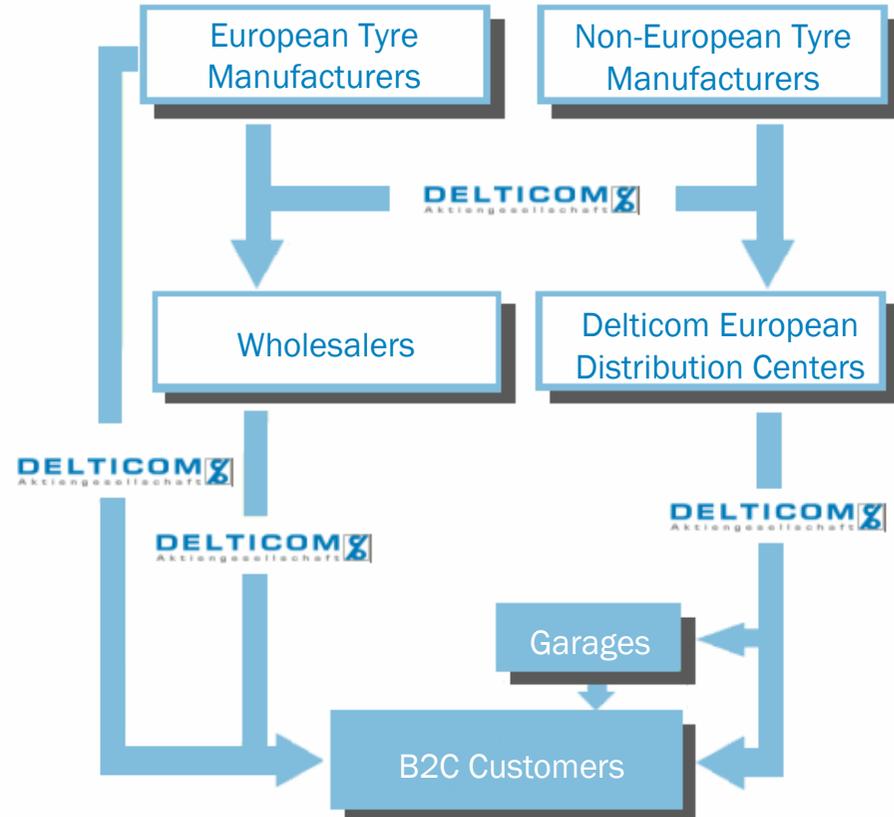


# Redesign of the Tyre Distribution Chain

Pre-Delticom



Delticom Redesign



# Strategy

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## Customer Orientation

- **Secure sufficient supply** in peak times through closer co-operations with suppliers and inventory management
- **Improve customer value:**
  - Time and money saving purchase process
  - Broader product offering
  - Larger network of service partners
  - customer services

## Cost Leadership

- **Lower purchase prices** through increased purchase volume and early ordering
- Pooling of EU transport volumes to **reduce transportation costs**
- Keep operations lean through attention to further **outsourcing potential** and continued **automation**

## Growth Focus

- Utilize **first-mover advantage** through fast geographic expansion into new markets
- Establish **new shops** in existing markets in Europe
- Attract new customers by **increased marketing efforts**
- **Exploit customer value** through cross-selling and repeat purchases

► Incremental improvements mitigate execution risks

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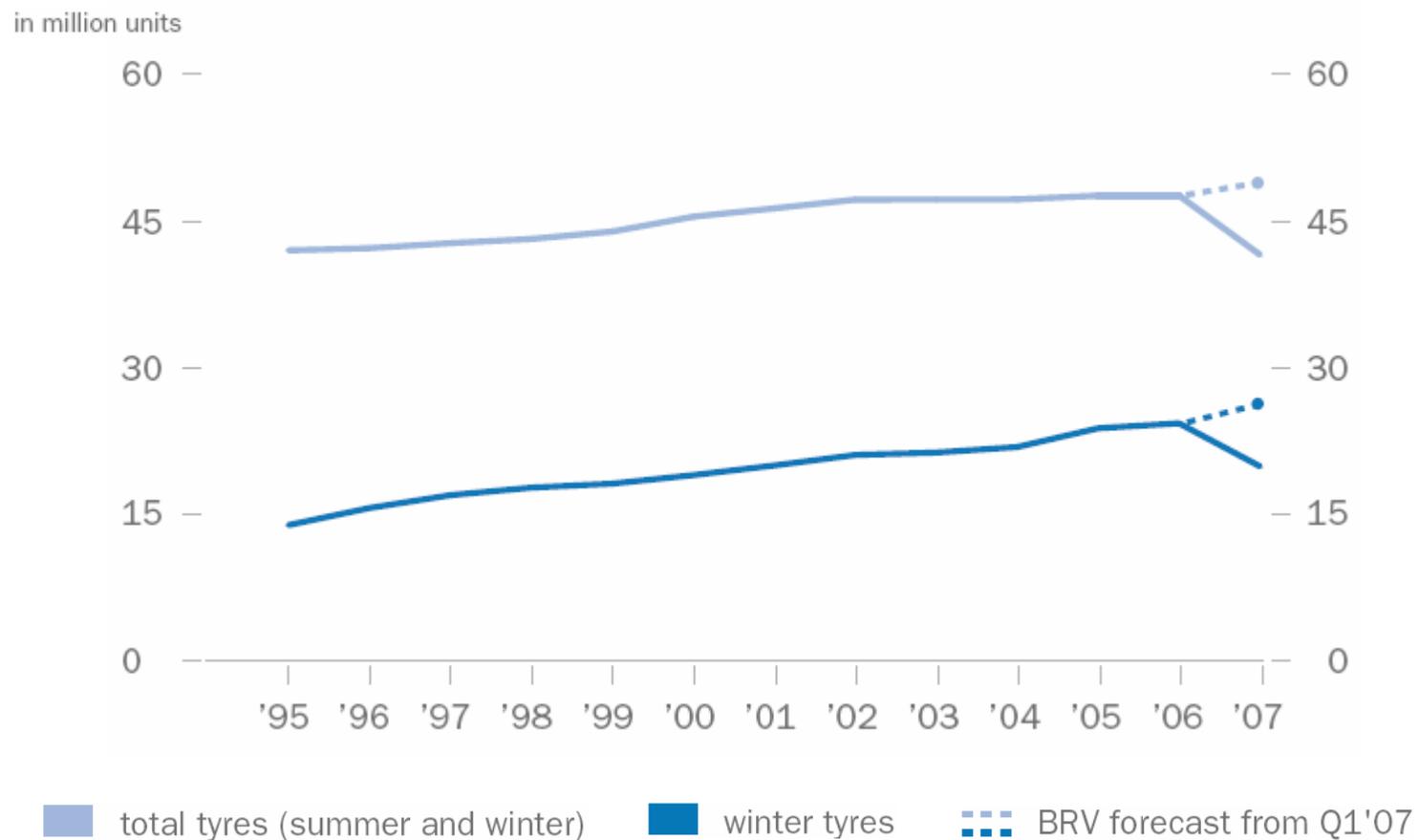
**Seasonalities in Tyre Trading**

Financials

Key Investment Highlights

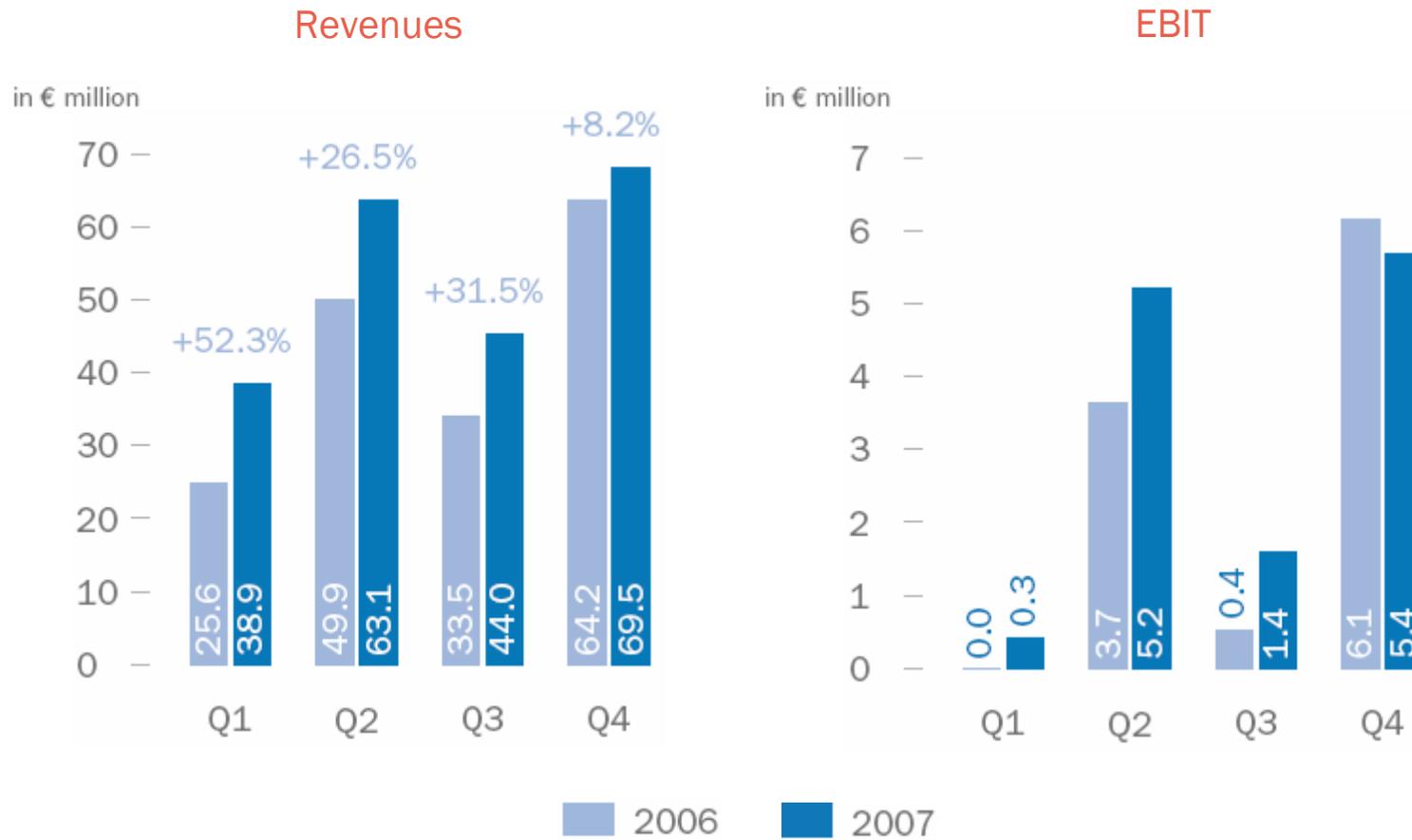


# German Tyre Sales 2007: Forecast and Outcome



► Extent of drop in sales known not earlier than December

# Quarterly Revenues and EBIT 2007



► Fluctuations in growth rates mainly due to seasonal effects

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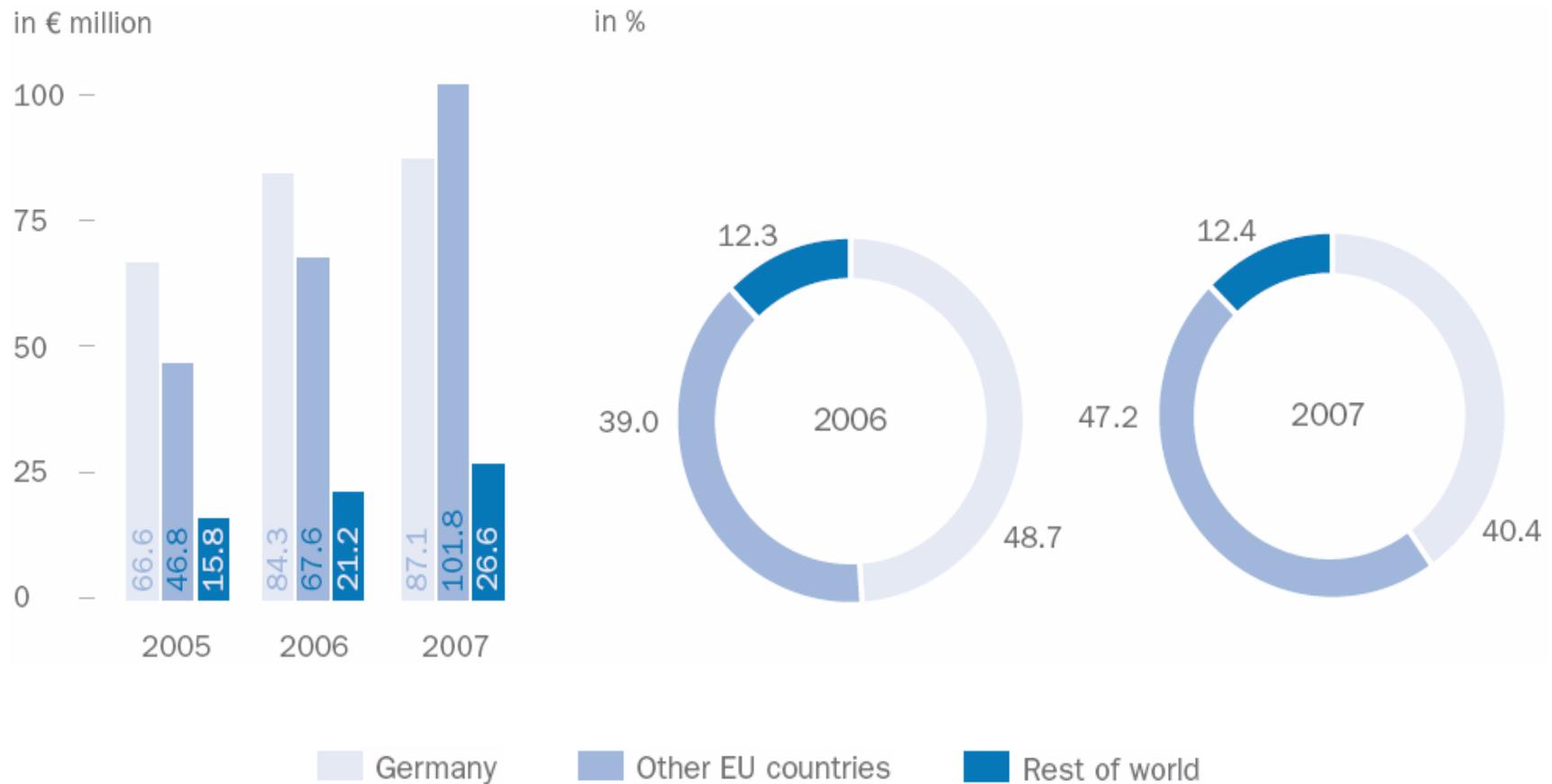
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# Strong Non-Domestic Revenues in 2007



▶ + 50 % yoy eCommerce growth outside Germany

# Customer Metrics

in thousands

customer basis

2,000 –

1,500 –

1,000 –

500 –

0 –

Q1'06 Q2'06 Q3'06 Q4'06 Q1'07 Q2'07 Q3'07 Q4'07

new customers

repeat customers

– 200

200 –

– 150

150 –

– 100

100 –

– 50

50 –

– 0

0 –

'05 '06 '07

■ new customers ■ customer basis

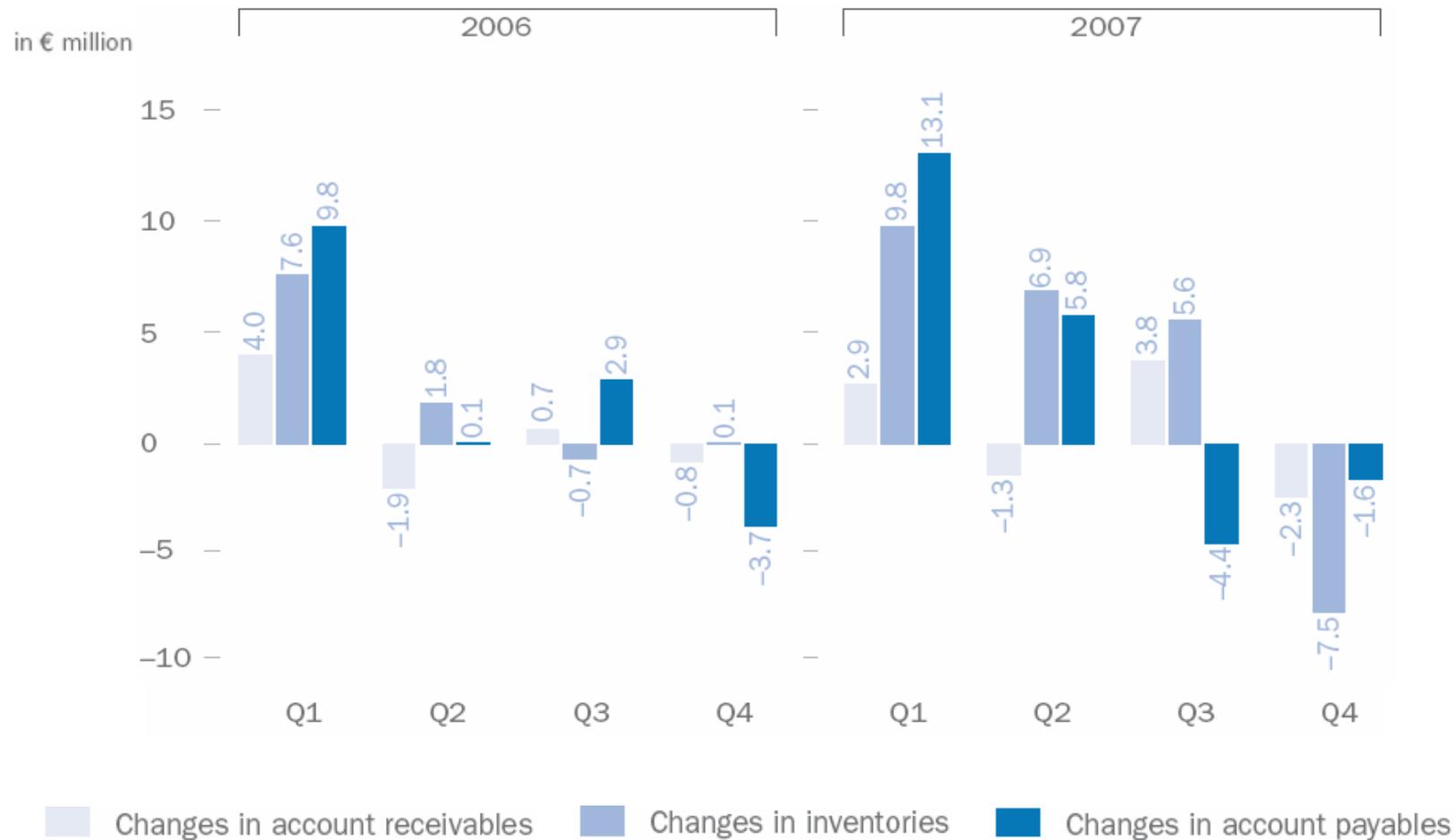
▶ Repurchases constitute important growth potential

# EBIT Drivers

	2007	2006	Change (in% pts)
Gross Profit Margin (gross profit in % of total income)	24.7%	23.5%	
<b>Gross profit margin (gross profit in % of sales)</b>	<b>24.9%</b>	<b>23.6%</b>	<b>1.3</b>
<b>Direct costs</b>	<b>10.3%</b>	<b>9.6%</b>	<b>0.7</b>
Transportation costs	7.7%	7.3%	0.4
Warehousing costs	1.3%	1.0%	0.3
Credit card fees	0.8%	0.8%	0.1
Bad debt losses and individual write-downs	0.5%	0.5%	0.0
<b>Contribution margin</b>	<b>14.6%</b>	<b>14.0%</b>	<b>0.6</b>
<b>Indirect costs</b>	<b>8.9%</b>	<b>8.1%</b>	<b>0.8</b>
Advertising costs	2.0%	1.8%	0.2
Personnel expenses	2.0%	1.7%	0.3
Operations centre costs	1.4%	1.2%	0.2
IPO costs	0.0%	0.6%	0.6
other costs	3.5%	2.8%	0.7
<b>EBIT</b>	<b>5.7%</b>	<b>5.9%</b>	<b>0.2</b>

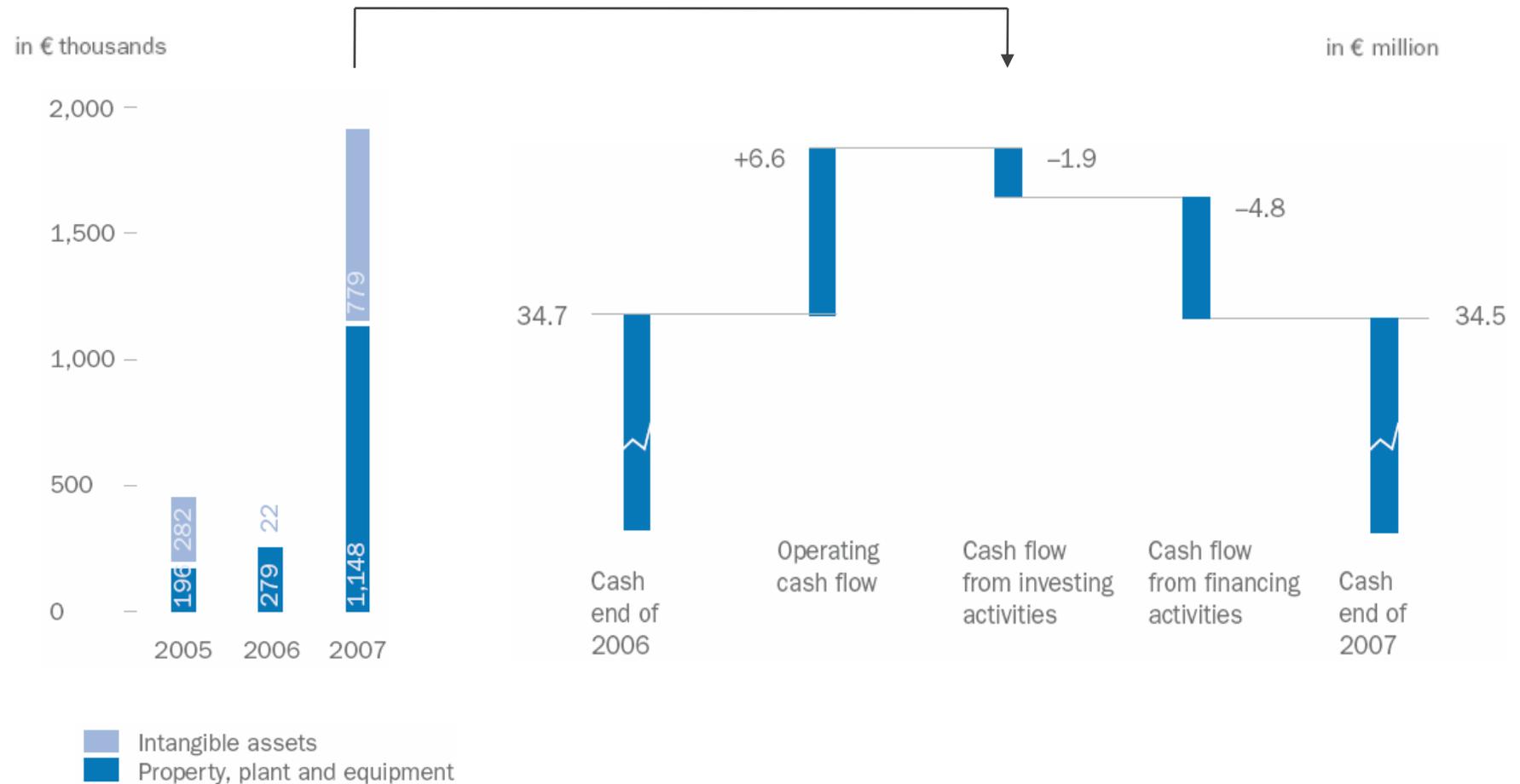
## ► Delticom operations prepared for 2008

# Working Capital Management



► Changes in working capital reflect seasonal patterns

# Investments and Cash Flow



► Capex expected to increase in 2008

# Outlook on Sales and Margins

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## Continued sales growth

can be expected due to...

... Large underlying European replacement tyre market

... Currently low tyre online penetration rate in Europe, Delticom's market share only 1.7%

... Growth from increasing penetration of existing and new geographies

## Good operating margin development

can be expected due to...

... Favorable changes in product mix and lower purchase prices

... Cost degression effects

... Ongoing operating cost reductions

# Guidance 2008

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- Unit sales in Germany 2008 for winter tyres not expected to grow significantly
- Do not expect strong growth in Q1 08, because Q1 07 was very strong (base effect)
- Transportation costs expected to increase because share of international sales is expected to remain high
- Marketing costs expected to be more or less unchanged (in % of revenues)
- Outsourcing costs up, personnel costs more or less flat
- Revenues 2008: €240m – €260m
- EBIT-Margin 2008: 5.0% – 6.0%

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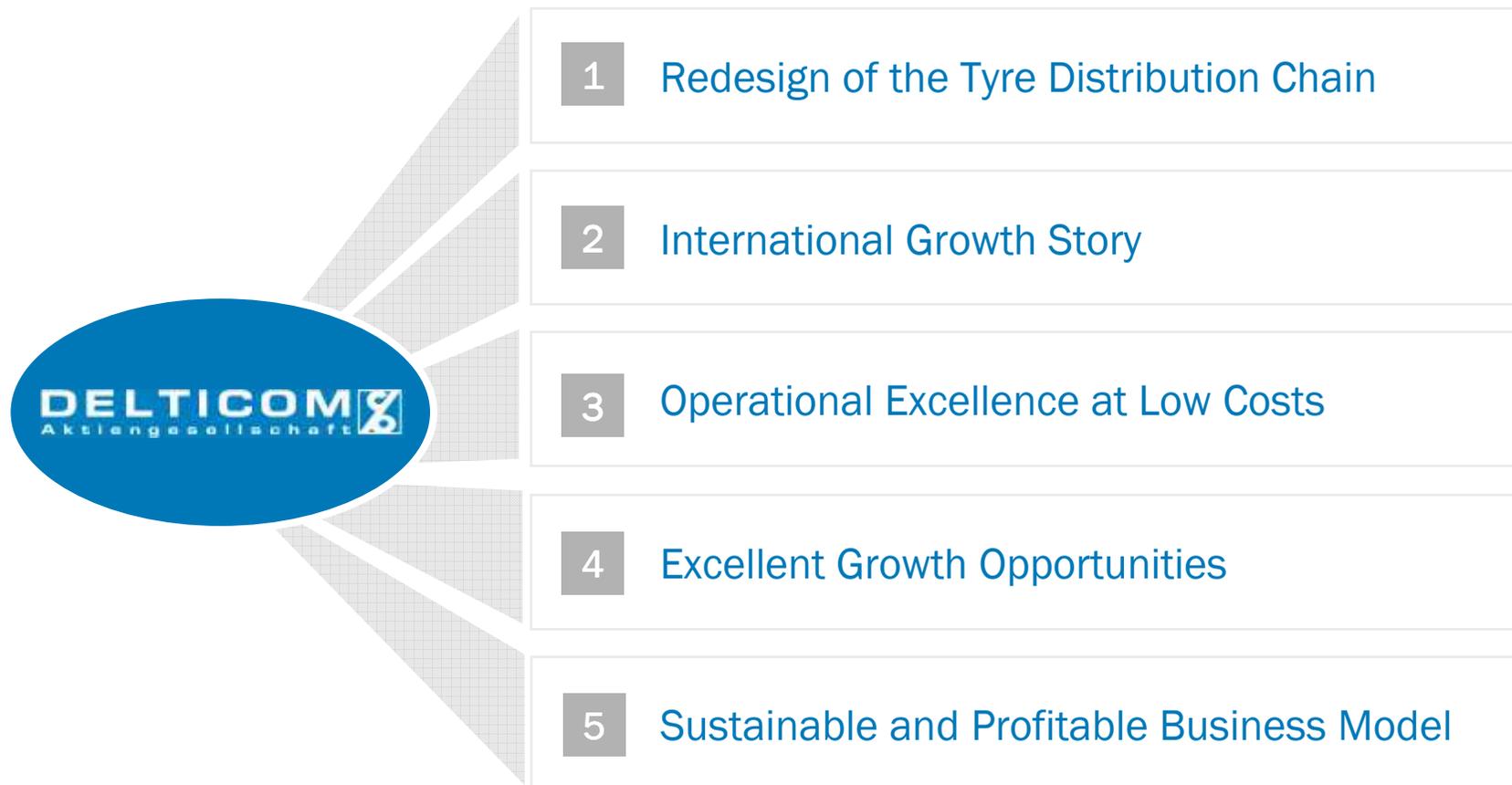
Financials

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# Key Investment Highlights

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# Vielen Dank!

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