

On the right track.

Investor and Analyst Presentation

On the Occasion of the Release of the 9-Monthly Report 2010

Hanover, 9 November 2010



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 **35 countries**
- founded 1999, IPO Oct 2006, SDAX Dec 2008
- 2010 more than 625 thousand new customers so far
- customer base: more than **4.0 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
- **107 employees** (end of Q310), mainly in the Hanover head office
- global network with more than **25,000 fitting partners**, e.g.

🇩🇪 DE 7510 🇺🇸 US 1978 🇬🇧 UK 1771 🇫🇷 FR 2891 🇨🇭 CH 1262



Key Financials Q3 10

		Q3 10	Q3 09	yoy %	guidance*	
Revenues	€m	79.7	62.4	+27.6	> 15%	 current Q4 trading ok
EBIT-Margin	%	7.5	7.3	+0.3p	9%	 Q4 09: > 13%
EPS	€	0.33	0.26	+28.3	> 1.80	 FY 09: € 1.71
Capex	€m	0.6	0.6	+4.1	2.0m	 new warehouse planned Q2 2011
Liquidity	€m	24.3	30.8	-21.0	~ LY	 dividend sum >20m @ 12.05.

* as of 8 November 2010, guidance for FY10

 On track.

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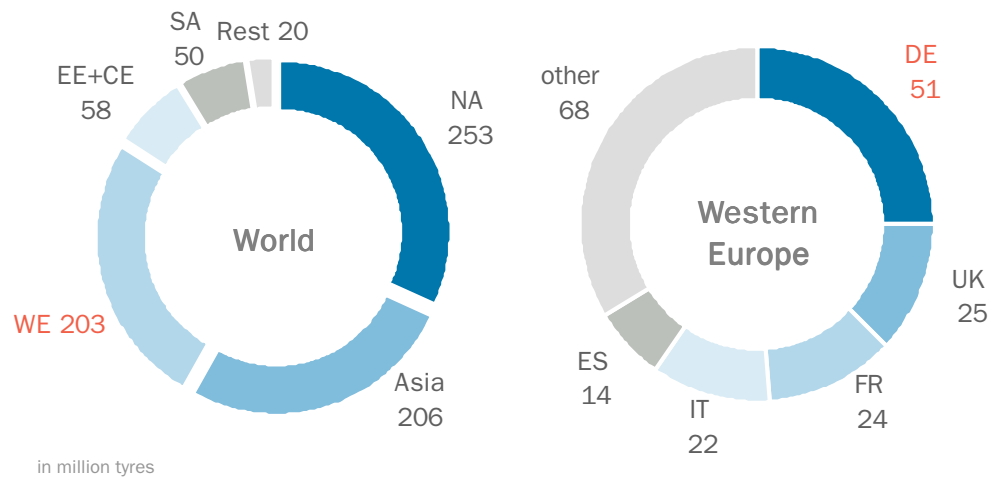
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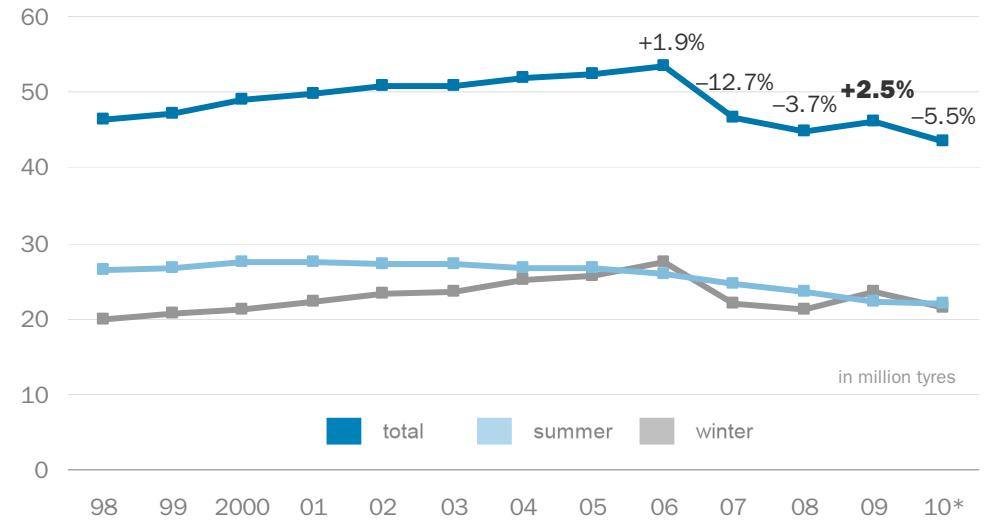
Tyres and the Internet

European Car Replacement Tyres: € 11 billion



Source: Datamonitor, Continental, Michelin, own estimates

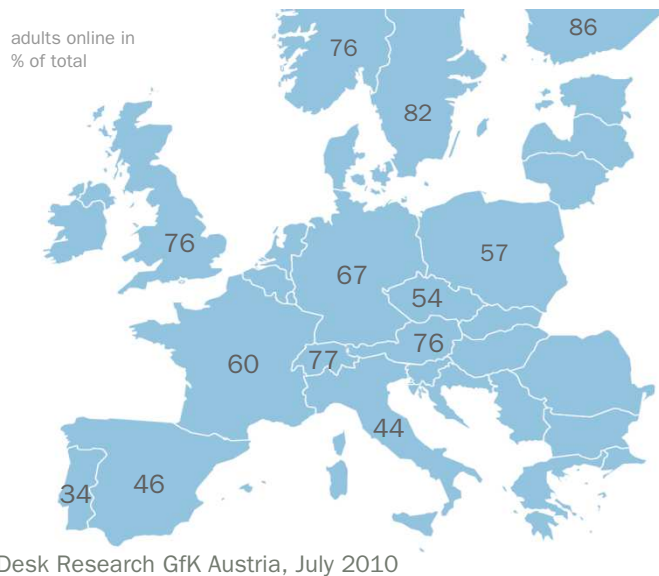
Germany: 2009 ok, mixed outlook for 2010



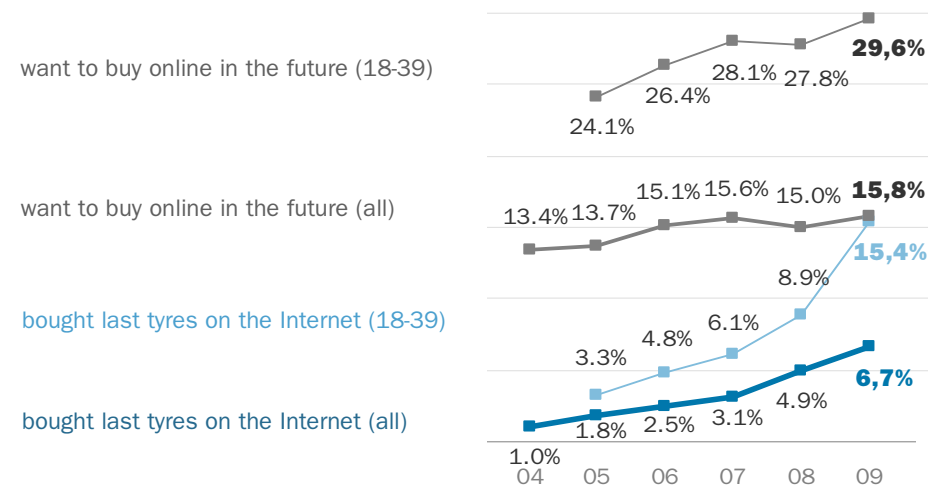
Source: BRV (car replacement tyres)
2010

* estimates as of March 2010

Europeans are increasingly online...



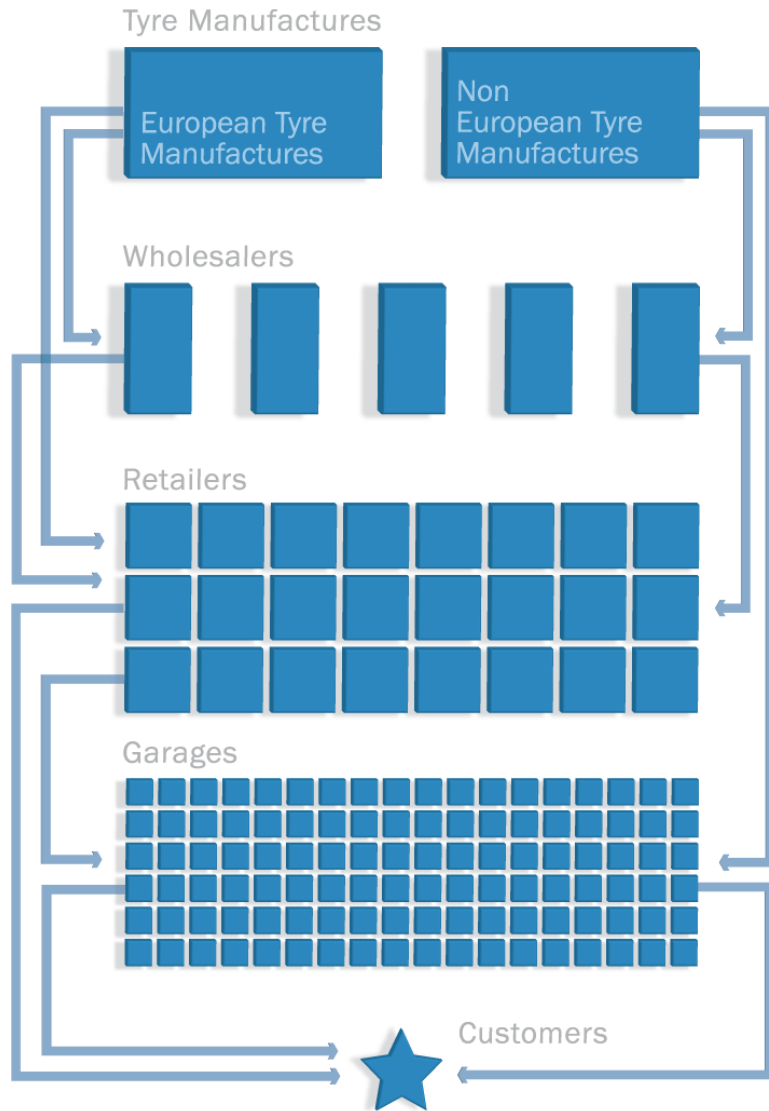
... and buy their tyres online.



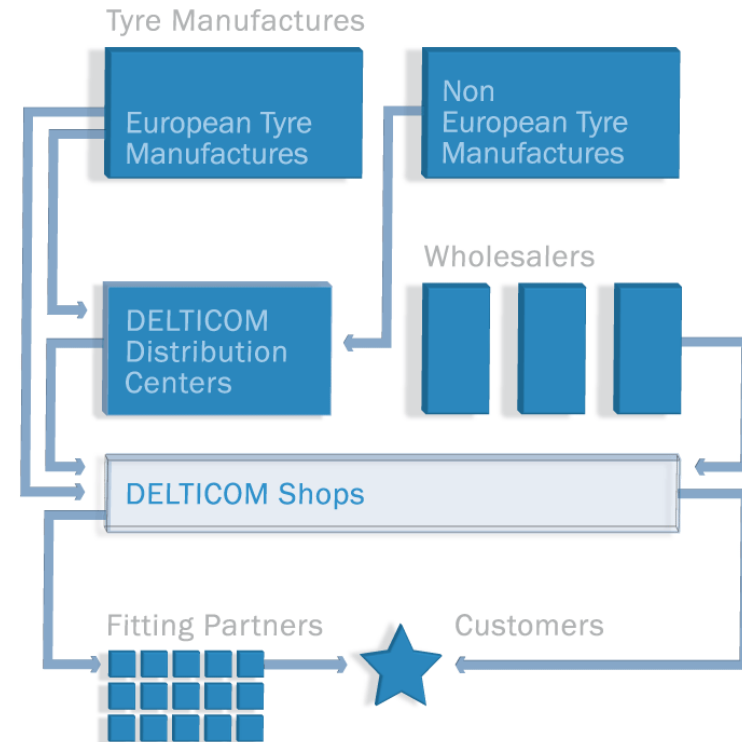
Source: ADAC Reifenmonitor 2005-2010

Redesign of the Tyre Distribution Chain

Traditional Retail



Delticom Redesign



Space
+ Time
+ Price

Key Benefits for Our Partners

Customers

- save time and money
- select from broad product offering
- fast delivery, even at peak times
- large network of service partners
- pre-/after sale services

Fitting Partners

- customer generation, free of charge
- no restrictions on fitting prices
- might offer other services (e.g. stock tyres until next changeover)
- customers review quality of fitting service
- favourable B2B offers

Suppliers

- Europe's leader in the online channel, strong growth, high volumes
- strong balance sheet, low credit risk
- efficient warehouse systems and processes for large and growing quantities
- versatile database (supply and demand, volumes and prices), supports consistent planning

▶ improved customer value

▶ well connected

▶ attractive partnership

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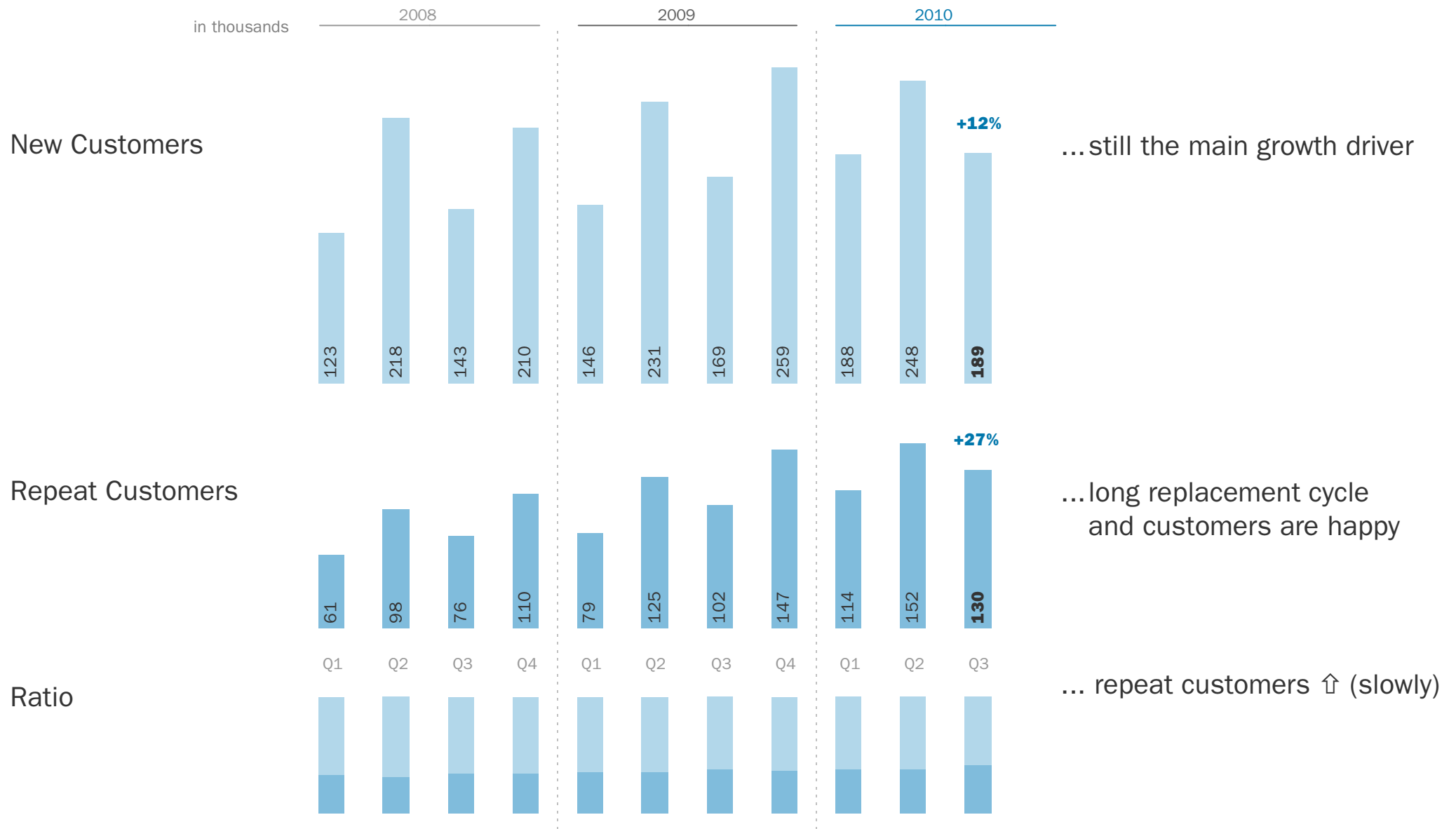
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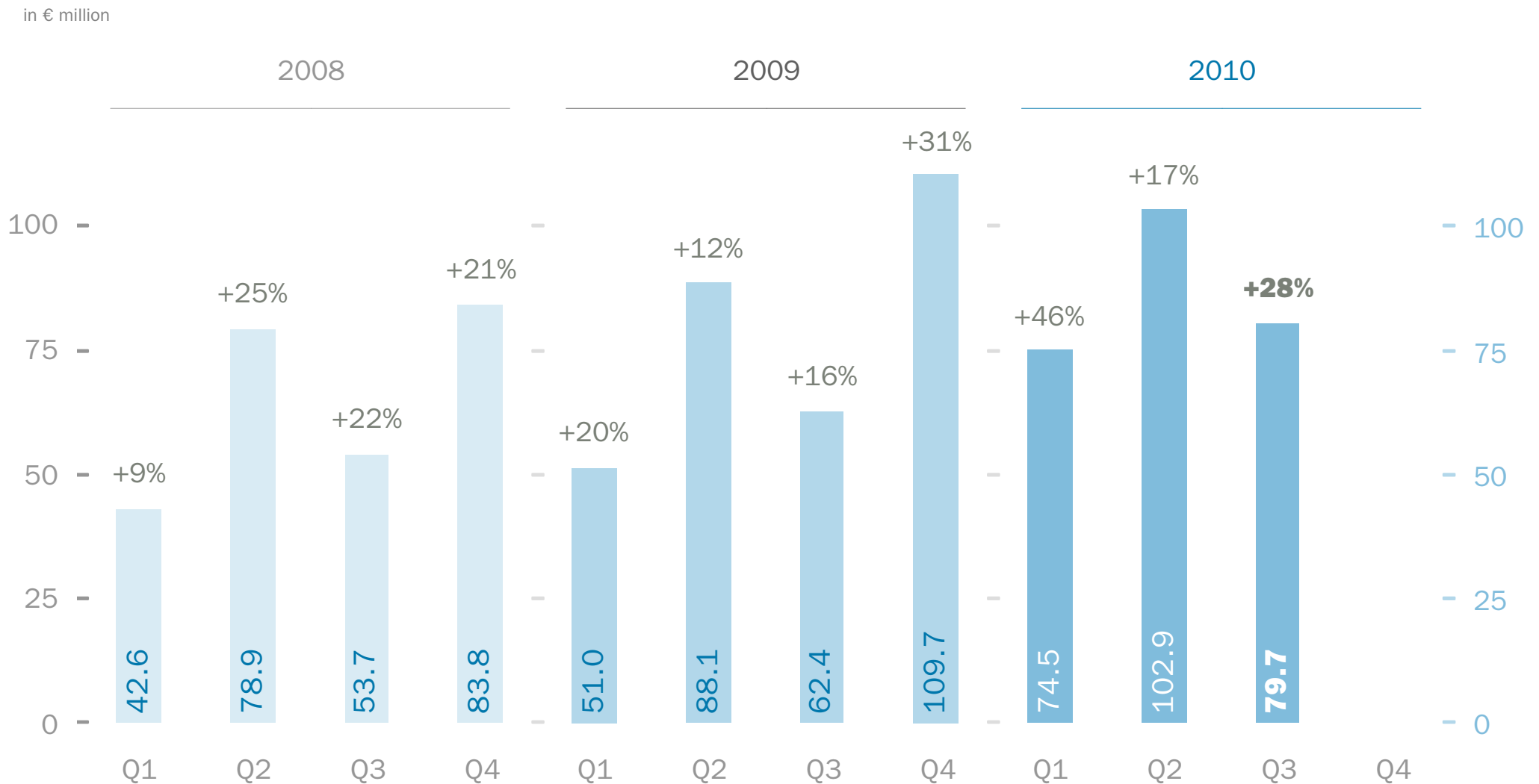


Customers



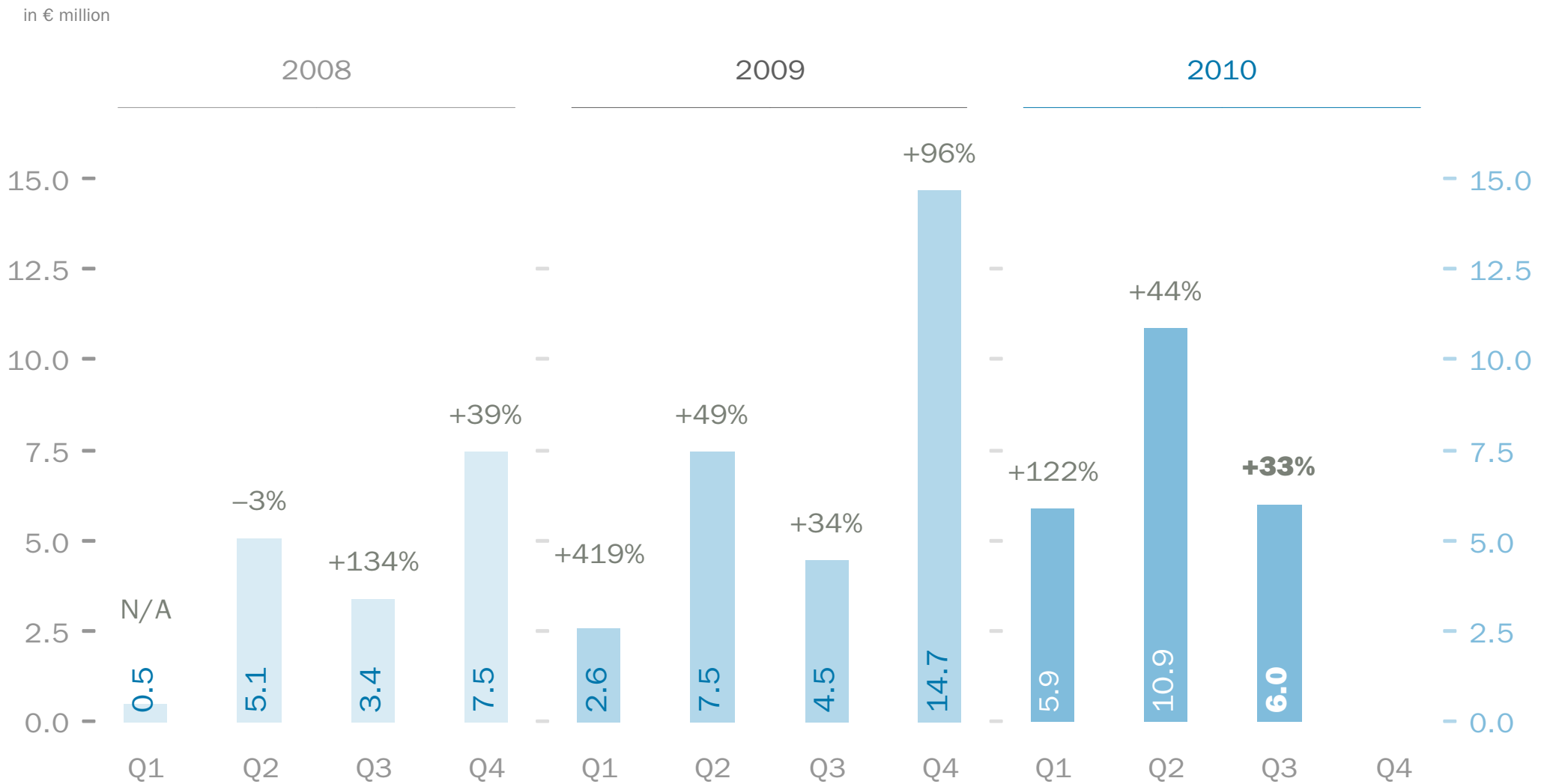
▶ Repeat customers constitute important growth potential

Quarterly Revenues



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

Quarterly EBIT



► Q1 10 helped by scale and cost improvements

P&L Drivers (Q3)

	EUR		yoy %	% of Revenues		
	Q310	Q309		Q310	Q309	chng
Revenues	79.7	62.4	27.6	100.0	100.0	0.0
Cost of sales	58.1	45.1	28.9	72.9	72.2	0.7
Gross Profit (simple)	21.6	17.4	24.4	27.1	27.8	-0.7
Direct costs	10.9	9.9	9.8	13.7	15.9	-2.2
Direct costs (dep. on sales)	8.3	7.2	15.3	10.4	11.5	-1.1
Transportation costs	6.5	5.6	17.0	8.2	8.9	-0.7
Warehousing costs	0.8	0.8	10.5	1.1	1.2	-0.2
Operations centre costs	0.9	0.8	8.5	1.1	1.3	-0.2
Direct costs (dep. on revenues)	2.6	2.8	-4.6	3.3	4.4	-1.1
Credit card fees	0.6	0.5	12.6	0.7	0.8	-0.1
Bad debt losses	0.3	0.6	-44.2	0.4	0.9	-0.5
Marketing costs	1.7	1.7	4.2	2.2	2.7	-0.5
Contribution margin 1	10.7	7.4	43.9	13.4	11.9	1.5
Indirect costs	3.2	2.6	23.0	4.0	4.2	-0.2
Personnel expenses	1.6	1.3	17.4	1.9	2.1	-0.2
Rents and overheads	0.9	0.5	74.1	1.1	0.8	0.3
Financial and legal costs	0.3	0.4	-15.8	0.4	0.6	-0.2
IT and telecommunications	0.2	0.1	17.1	0.2	0.2	0.0
Other	0.3	0.3	11.2	0.4	0.4	-0.1
Contribution margin 2	7.5	4.8	55.4	9.4	7.7	1.7
FX effects	-1.5	-0.2		-1.8	-0.3	-1.6
Other operating profit (w/o FX gains)	0.4	0.1		0.5	0.2	0.2
EBITDA	6.3	4.8	33.5	8.0	7.6	0.3
Depreciation / Amortization	0.3	0.2	50.5	0.4	0.4	0.1
EBIT	6.0	4.5	32.6	7.5	7.3	0.3
Net financial result	0.0	0.0	109.8			
EBT	6.0	4.5	32.7	7.5	7.3	0.3
Income taxes	2.1	1.5	41.6			
Consolidated net income	3.9	3.0	28.3	4.9	4.9	0.0

← investment in market share

← tyre price increases

← no capacity increase from Q309

← front-/backoffice automation ↑

← Wholesale revenues ↓

← E-Commerce momentum ↑

← warehouse capacity ↑

← FX swings due to accounting of hedges

P&L Drivers (9M)

	EUR		yoy	% of Revenues		
	9M10	9M09	%	9M10	9M09	chnge
Revenues	257.0	201.6	27.5	100.0	100.0	0.0
Cost of sales	187.4	147.7	26.9	72.9	73.3	-0.4
Gross Profit (simple)	69.6	53.9	29.2	27.1	26.7	0.4
Direct costs	36.2	30.9	17.1	14.1	15.3	-1.2
Direct costs (dep. on sales)	27.9	22.7	23.0	10.9	11.2	-0.4
Transportation costs	22.4	17.9	24.7	8.7	8.9	-0.2
Warehousing costs	2.8	2.1	32.0	1.1	1.0	0.0
Operations centre costs	2.8	2.6	4.7	1.1	1.3	-0.2
Direct costs (dep. on revenues)	8.3	8.2	0.9	3.2	4.1	-0.9
Credit card fees	1.8	1.5	25.0	0.7	0.7	0.0
Bad debt losses	1.1	1.4	-19.8	0.4	0.7	-0.3
Marketing costs	5.3	5.3	-0.2	2.1	2.6	-0.6
Contribution margin 1	33.4	23.0	45.4	13.0	11.4	1.6
Indirect costs	10.1	8.0	25.7	3.9	4.0	-0.1
Personnel expenses	4.7	4.1	14.3	1.8	2.1	-0.2
Rents and overheads	2.5	1.3	94.8	1.0	0.6	0.3
Financial and legal costs	1.4	1.4	5.9	0.6	0.7	-0.1
IT and telecommunications	0.5	0.4	26.6	0.2	0.2	0.0
Other	0.9	0.8	7.9	0.4	0.4	-0.1
Contribution margin 2	23.3	15.0	56.0	9.1	7.4	1.7
FX effects	-0.7	-0.5		-0.3	-0.2	0.0
Other operating profit (w/o FX gains)	1.1	0.8		0.4	0.4	0.0
EBITDA	23.7	15.3	54.8	9.2	7.6	1.6
Depreciation / Amortization	0.9	0.6	63.5	0.4	0.3	0.1
EBIT	22.7	14.7	54.5	8.8	7.3	1.5
Net financial result	0.1	0.2	-70.7			
EBT	22.8	14.9	52.9	8.9	7.4	1.5
Income taxes	7.5	4.9	55.1			
Consolidated net income	15.2	10.0	51.9	5.9	5.0	1.0

- ← stable price environment, stable mix
- ← capacity increased H110 vs. H109
- ← outlook: costs ↑
- ← outlook: costs ↑
- ← outlook: warehouse capacity ↑
- ← FX swings wash out
- ← low but increasing capital intensity
- ← debt-free, net cash, low/no interest rates

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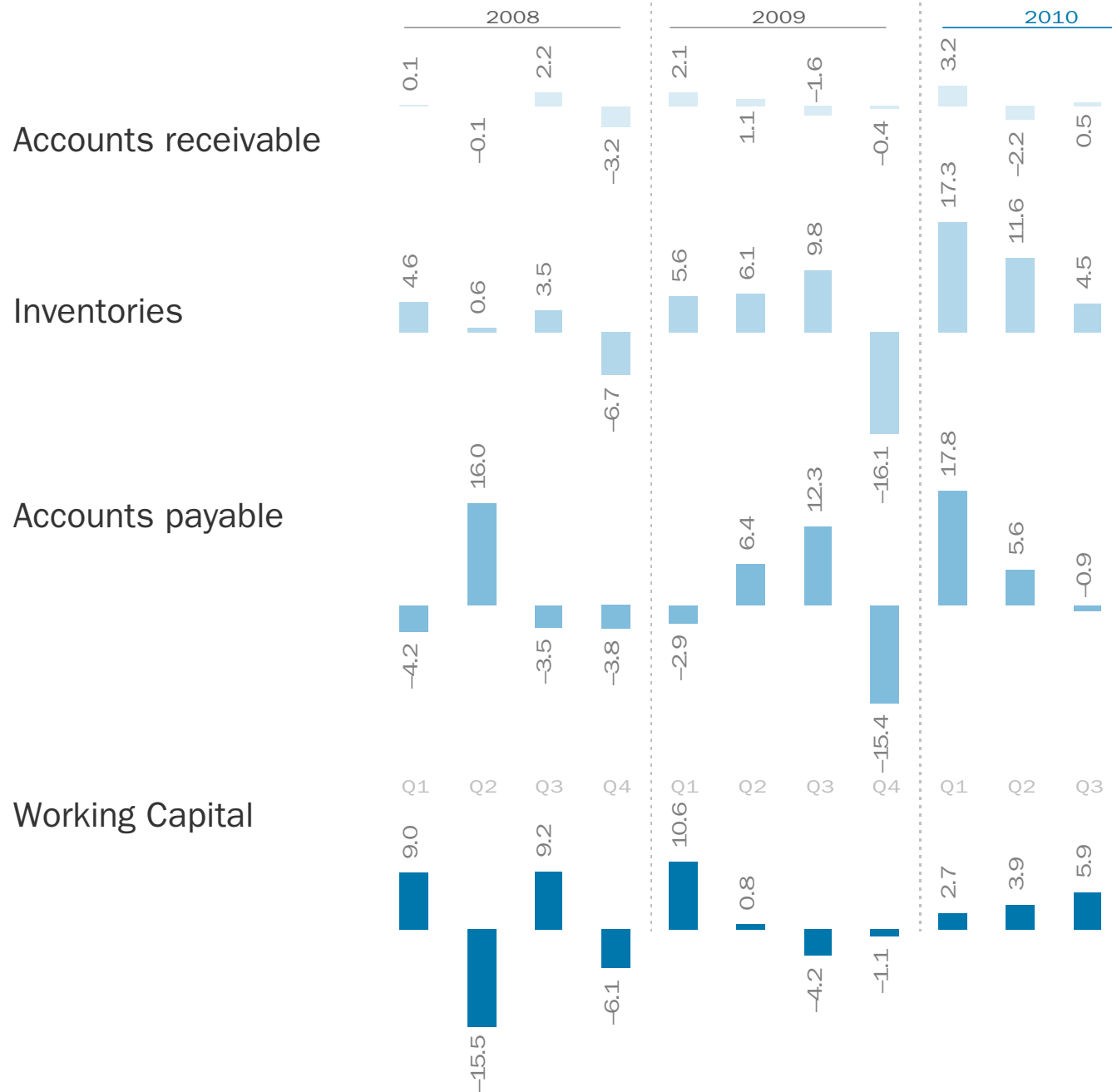
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Working Capital Management



... follow the seasonal peaks.

... strong increase ...

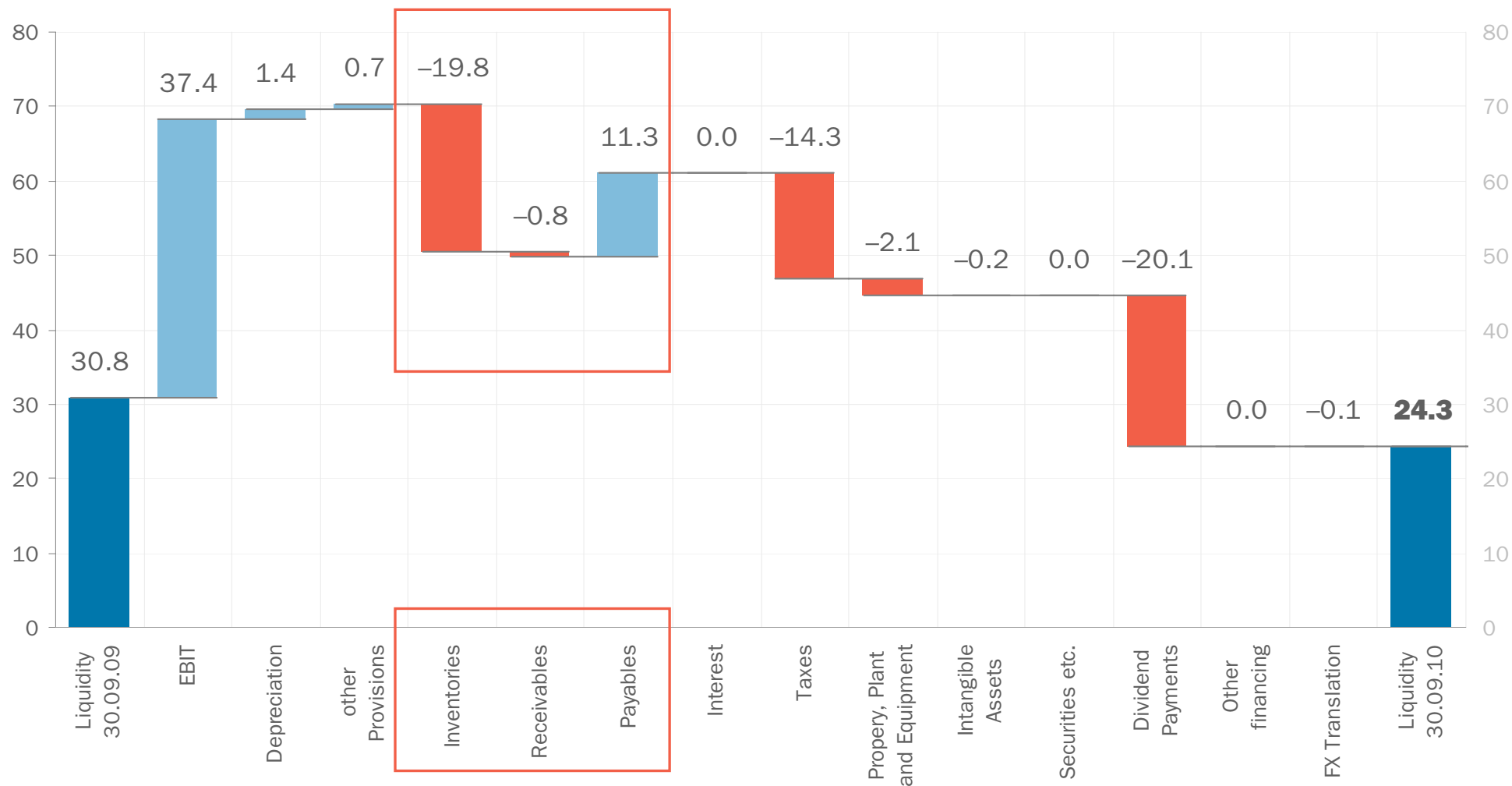
... funded w/ AP

... fewer swings

quarterly delta in € million

Liquidity Bridge (ttm)

in € million



▶ 100% dividend payout – Delticom remains self-financed

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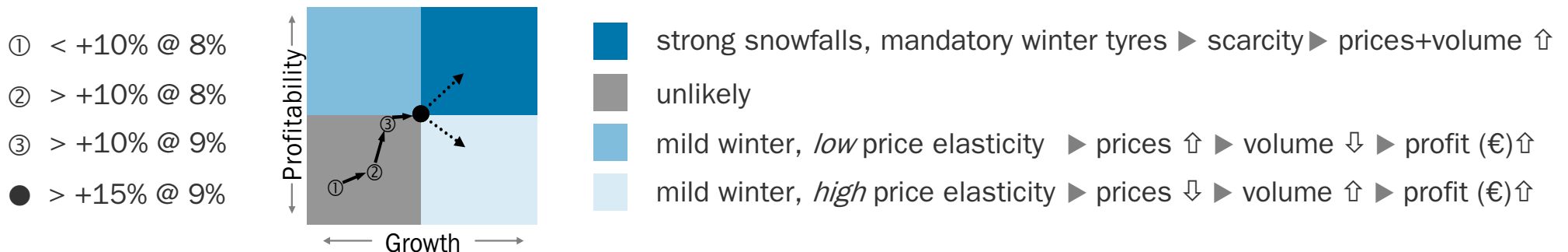
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Outlook

- **Current trading in Q4:**
 - no snow yet, mild temperatures
 - support from discussions wrt „Winterreifenpflicht“
- **German market (BRV)**
 - 2010 est (as of Oct 2010): summer \uparrow ~5.0%, winter 0 – 5.0% (depends on weather)
- 2010 top- and bottom line drivers comparable w/ 2009, **rebound of consumer sentiment**, negative **base effects** (Q4) probably not as strong as planned. Other factors:
 - seasonal effects ▶ winter tyres
 - customers are trading down ▶ online channel gains importance
 - Delticom is international ▶ diversified country portfolio
 - Delticom is online ▶ good prices, good sales, good margins



- ▶ **Revenues FY10:** > +15% yoy unchanged (from 9M prelims)
- ▶ **EBIT-Margin FY10:** 9% unchanged

- 1 #1 European online tyre retailer
- 2 Resilient and profitable business model
- 3 Strong cash flow, strong balance sheet
- 4 Redesign of the tyre distribution chain
- 5 Excellent growth opportunities

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