

On track.

Investor and Analyst Presentation

On the Occasion of the Release of the Preliminary Figures for H1 2012

Hanover, 19 July 2012



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 **41 countries**
- founded 1999, IPO Oct 2006, SDAX Dec 2008
- customer base: more than **5.6 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
- **142 employees**, mainly in the Hanover head office
- global network with more than **30,000 fitting partners**, e.g.

🇩🇪 DE 8386 🇺🇸 US 2419 🇬🇧 UK 2006 🇫🇷 FR 4049 🇨🇭 CH 1661



Key Financials H1

		Q2 12	Q2 11	yoy %	H1 12	H1 11	yoy %	guidance *	
Revenues	€ m	107.8	112.9	-4.6	193.3	198.3	-2.5	5 %	weak summer tyre business
Gross Margin	%	26.9	27.7	-0.7p	26.4	26.9	-0.5p		pricing pressure
EBIT-Margin	%	9.1	11.3	-2.2p	6.9	9.4	-2.6p		low-volume quarter
EBIT	€ m	9.8	12.8	-23.1	13.2	18.7	-29.2	9 %	expenses wrt new warehouse
Inventories	€ m				135.1	103.3	+30.7		faster stocking of winter tyres...
Cash Flow	€ m				-0.5	-30.2			...mainly funded with payables
Capex	€ m	0.3	2.7	-90.3	0.4	4.5	-91.8		bulk already accrued in FY 11
Liquidity	€ m				7.7	6.2	+24.5		dividend sum ~ 35 m @ 02.05.

* as of 18 July 2012, guidance for FY 12

▶ H1 performance below plan

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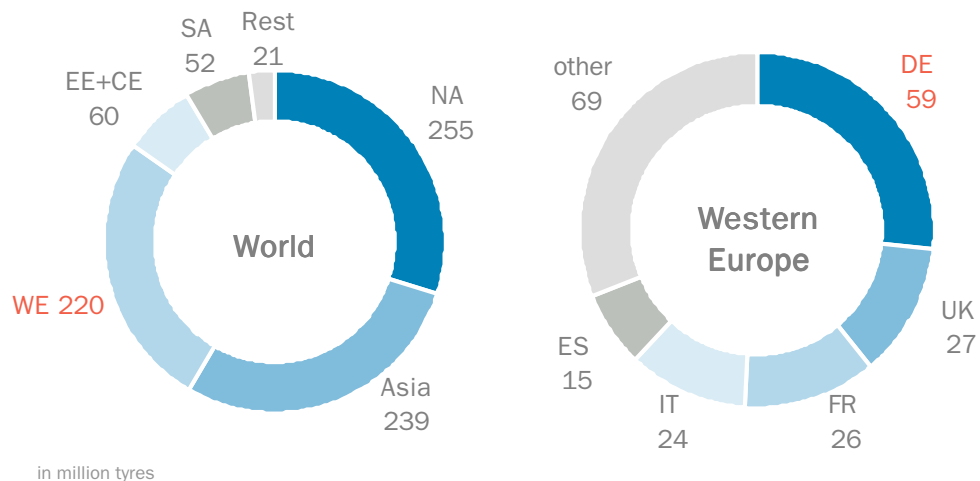
Balance Sheet

Outlook



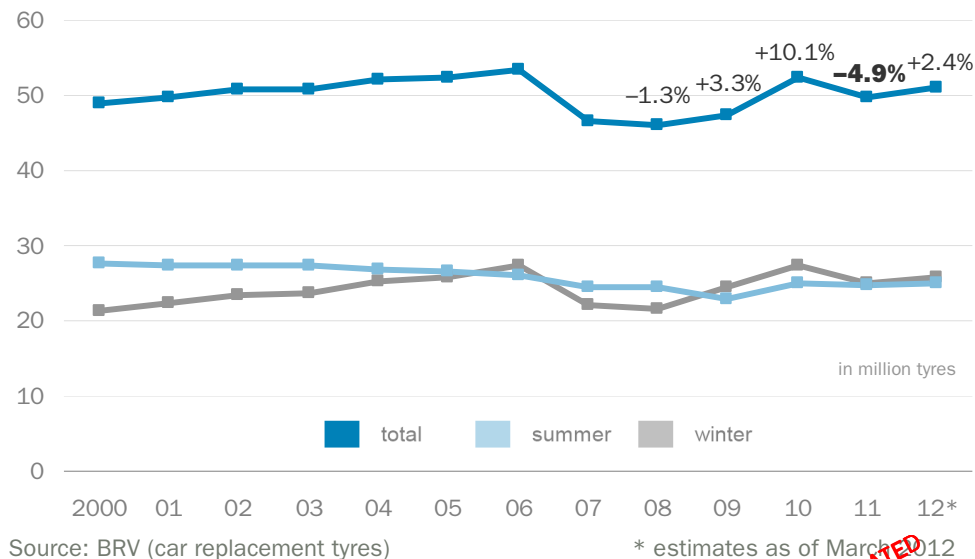
Tyres and the Internet

PC & LT Replacement Tyres Europe: > € 12 billion

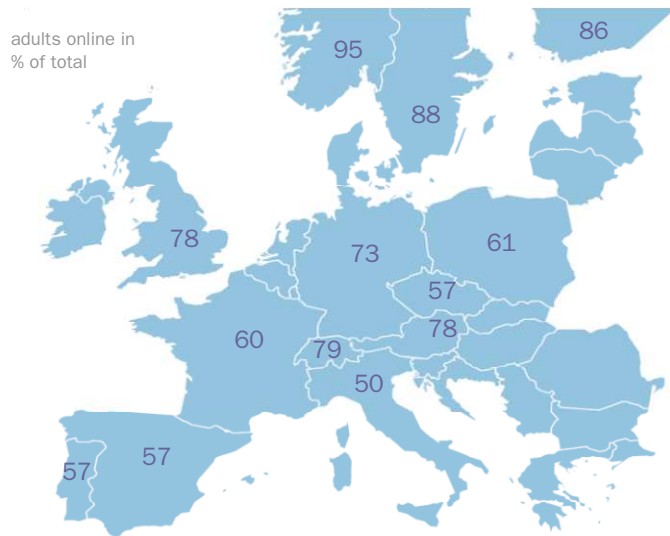


Source: Datamonitor, Continental, Michelin, own estimates

Germany: sluggish 2011, outlook slightly better for 2012



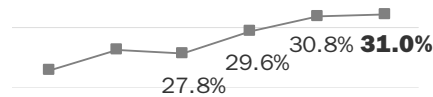
Europeans are increasingly online...



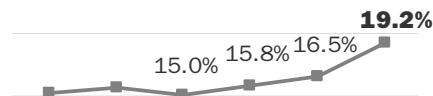
Desk Research GfK Austria, January 2012

... and buy their tyres online.

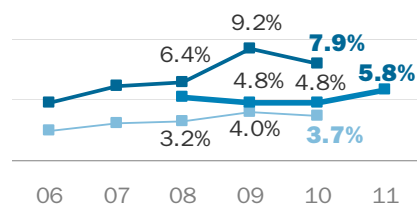
think about buying online (ADAC, 18-39)



think about buying online (ADAC, all)

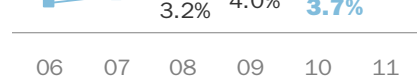


bought tyres on the Internet (ADAC, 18-39)



bought tyres on the Internet (BRV, GfK)

bought tyres on the Internet (ADAC all)

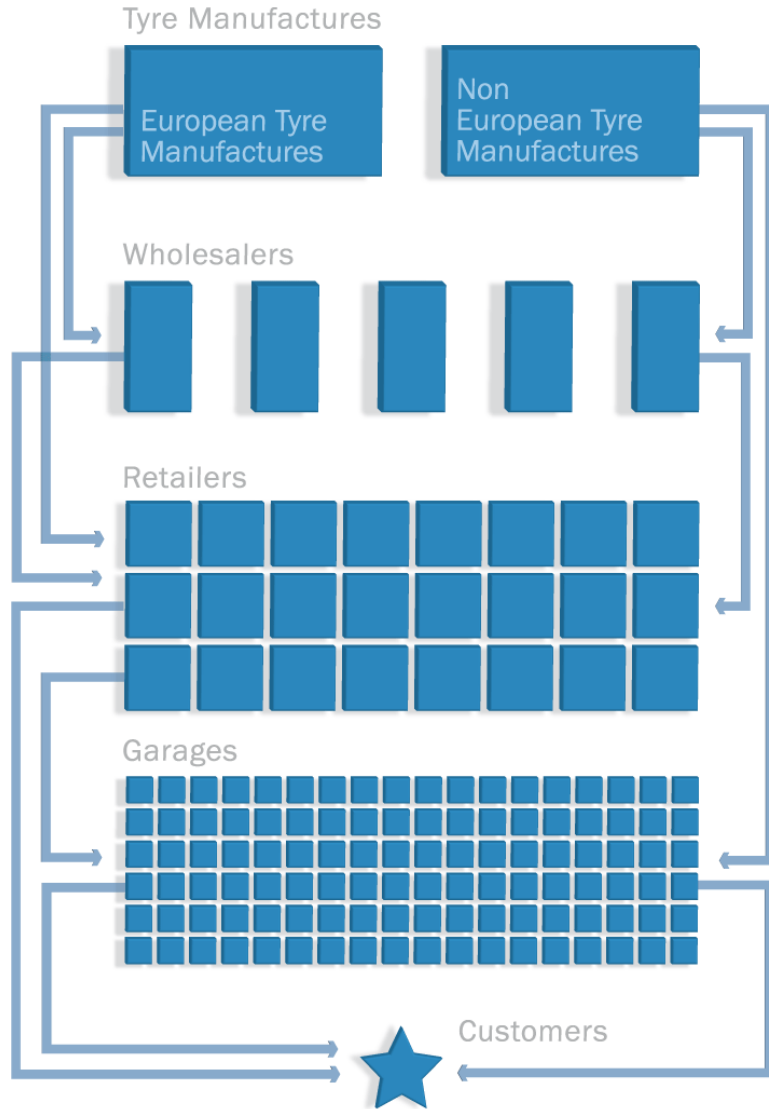


Source: ADAC (new methodology in 2011), BRV, GfK

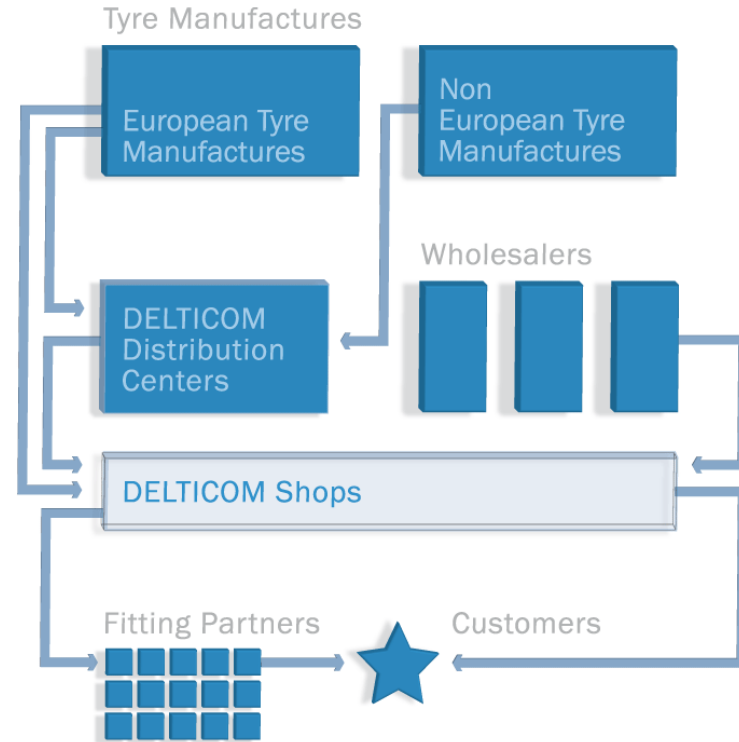
DEPRECATED

Redesign of the Tyre Distribution Chain

Traditional Retail



Delticom Redesign



Space
+ Time
+ Price

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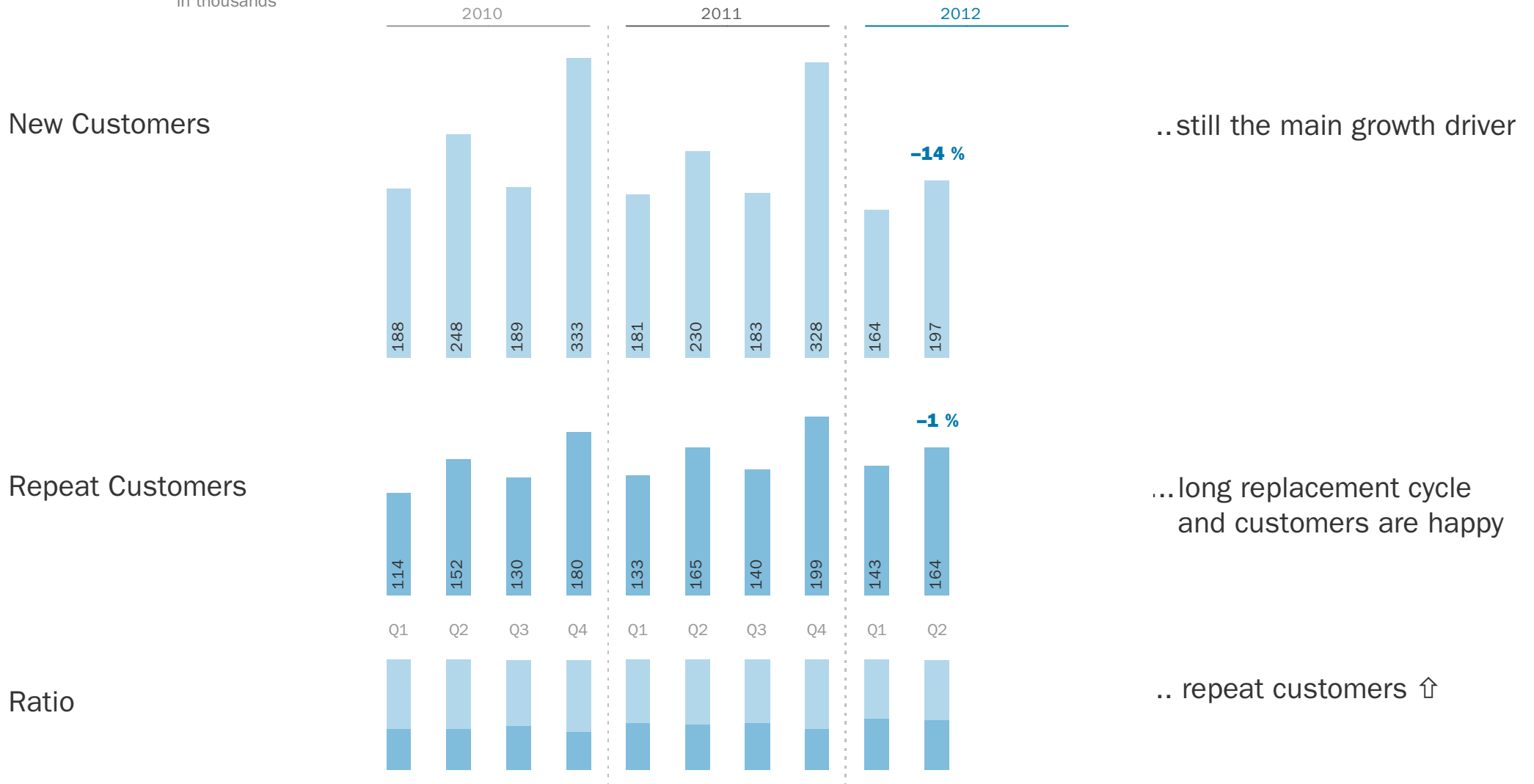
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Customers

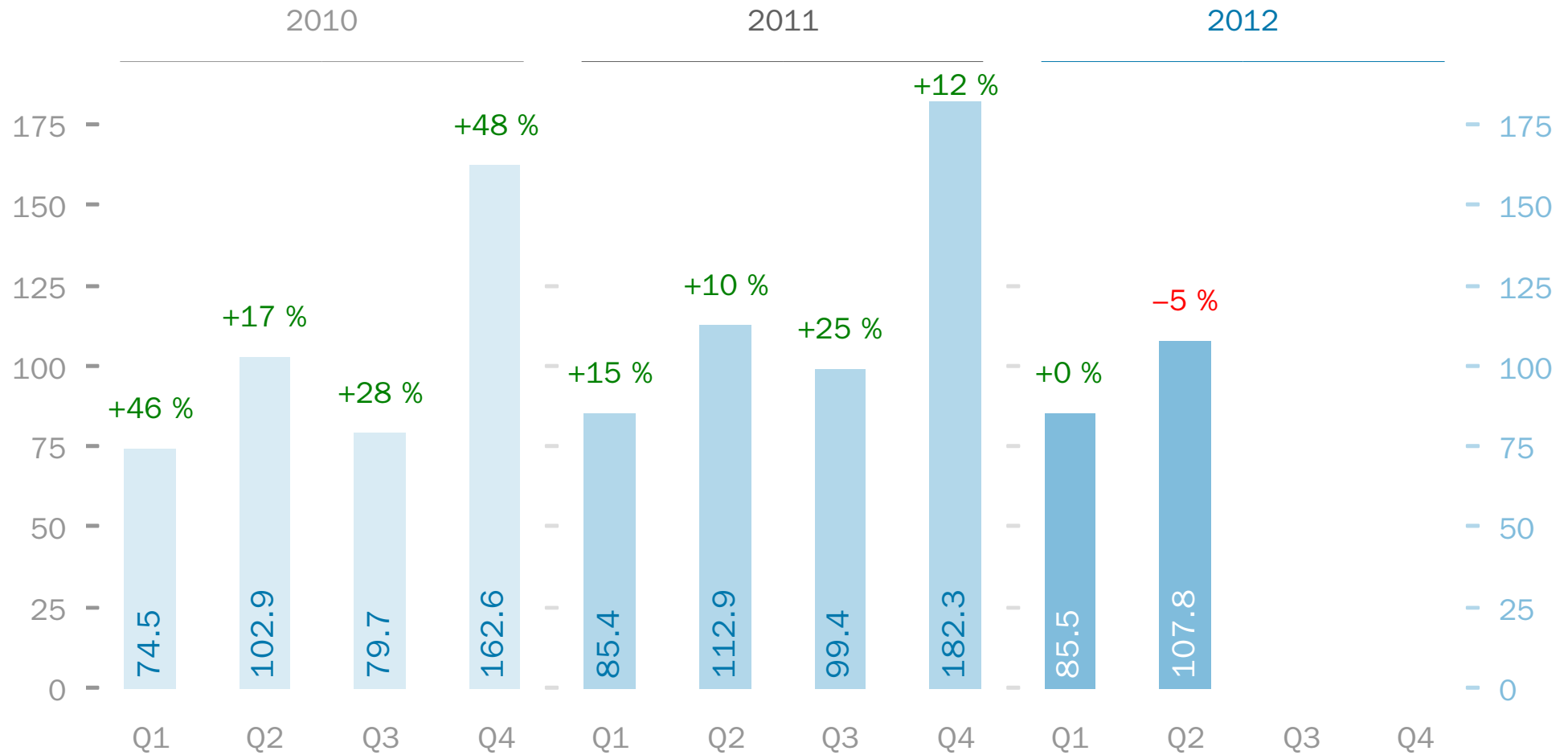
in thousands



▶ Repeat customers constitute important growth potential

Quarterly Revenues

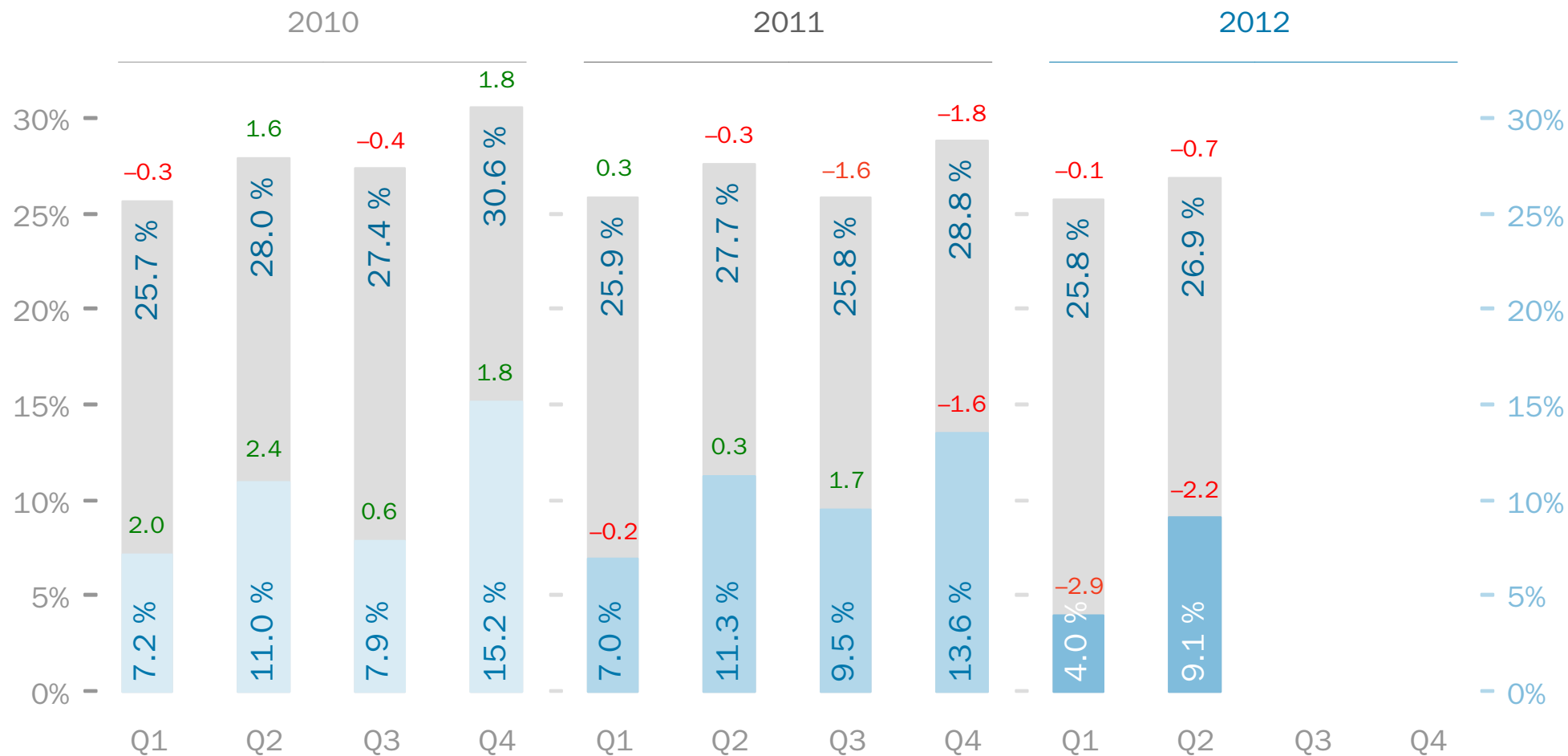
in € million



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

Quarterly Gross/EBIT Margins

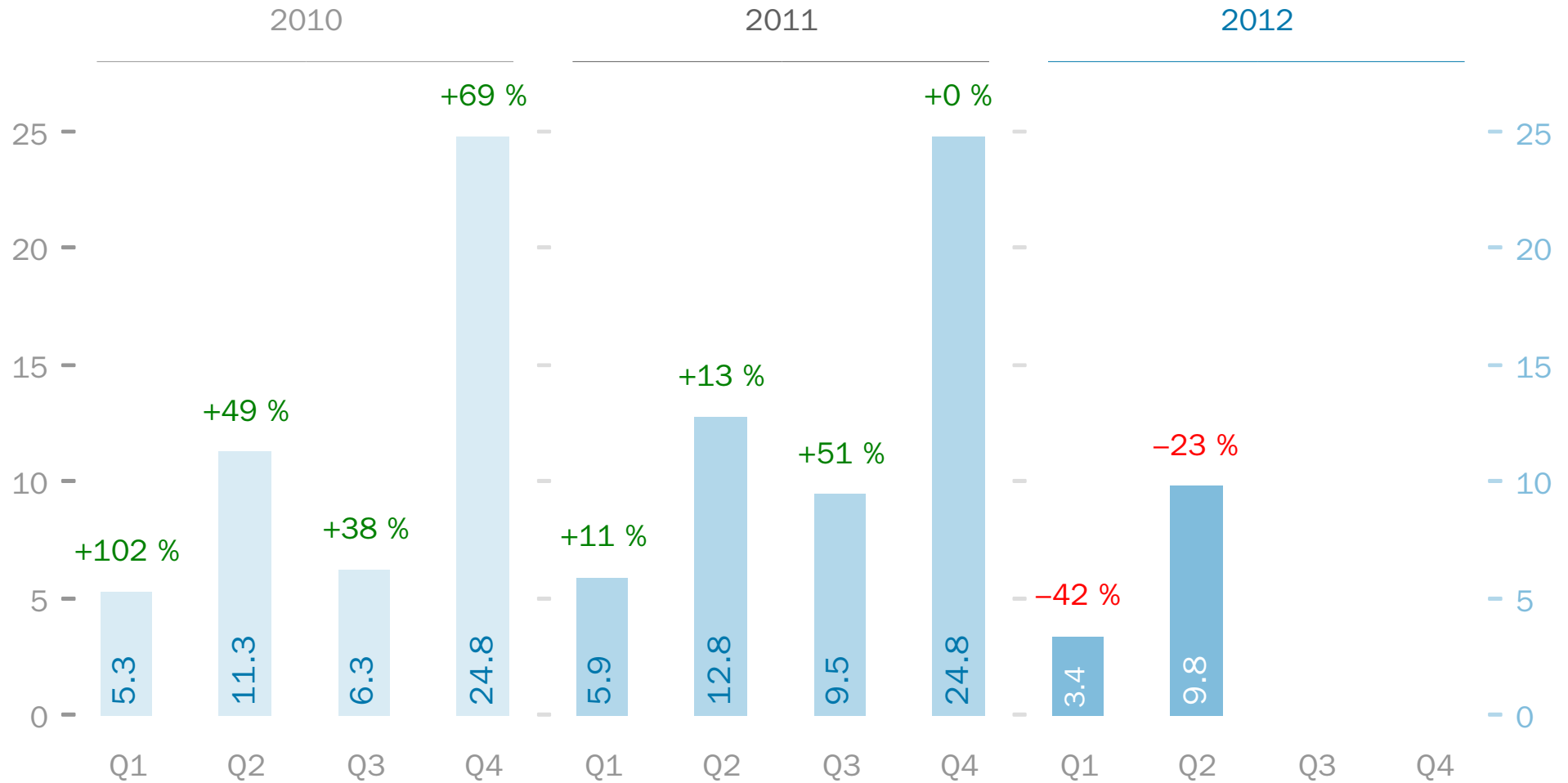
■ Gross Margin
■ EBIT Margin



► Pricing discipline in a troubled market, more drop-ship

Quarterly EBIT

in € million



► Low volume and insourced warehouse related costs

P&L Drivers (Q2)

	EUR		yoy %	% of Revenues		
	Q2 12	Q2 11		Q2 12	Q2 11	chng
Revenues	107.8	112.9	-4.6	100.0	100.0	0.0
Cost of sales	78.7	81.7	-3.6	73.1	72.3	0.7
Gross Profit (ex ooi)	29.0	31.2	-7.0	26.9	27.7	-0.7
Direct costs	14.6	15.1	-2.8	13.6	13.3	0.2
Direct costs (dep. on volume)	11.1	11.9	-6.7	10.3	10.5	-0.2
Transportation costs	9.1	9.4	-3.1	8.5	8.3	0.1
Warehousing costs	0.7	1.3	-49.8	0.6	1.2	-0.5
Operations centre costs	1.3	1.2	12.2	1.2	1.0	0.2
Direct costs (dep. on revenues)	3.5	3.1	11.7	3.3	2.8	0.5
Credit card fees	0.9	0.9	-6.9	0.8	0.8	0.0
Bad debt losses	0.4	0.3	45.9	0.3	0.2	0.1
Marketing costs	2.3	2.0	16.1	2.1	1.7	0.4
Contribution margin 1	14.4	16.2	-10.9	13.4	14.3	-1.0
Indirect costs	4.3	3.8	14.4	4.0	3.3	0.7
Personnel expenses	2.2	1.7	24.6	2.0	1.5	0.5
Rents and overheads	1.5	0.9	63.1	1.4	0.8	0.6
Financial and legal costs	-0.1	0.6	-111.8	-0.1	0.5	-0.6
IT and telecommunications	0.3	0.2	74.0	0.3	0.2	0.1
Other	0.5	0.4	10.6	0.4	0.4	0.1
Contribution margin 2	10.1	12.4	-18.7	9.4	11.0	-1.6
FX effects	-0.4	0.3		-0.4	0.2	-0.6
Other operating profit (w/o FX gains)	0.8	0.5		0.7	0.5	0.2
EBITDA	10.5	13.2	-20.7	9.7	11.7	-2.0
Depreciation / Amortization	0.7	0.4	47.9	0.6	0.4	0.2
EBIT	9.8	12.8	-23.1	9.1	11.3	-2.2
Net financial result	0.0	0.0	-224.4			
EBT	9.8	12.8	-23.7	9.1	11.3	-2.3
Income taxes	3.3	4.1	-19.8			
Consolidated net income	6.5	8.7	-25.5	6.0	7.7	-1.7

← more drop-ship, more wholesale

← partly insourced

← wages ↑

← sales push ↑

← new warehouse

← new warehouse

P&L Drivers (H1)

	EUR		yoy	% of Revenues		
	H1 12	H1 11	%	H1 12	H1 11	chng
Revenues	193.3	198.3	-2.5	100.0	100.0	0.0
Cost of sales	142.2	144.9	-1.9	73.6	73.1	0.5
Gross Profit (ex ooi)	51.1	53.4	-4.3	26.4	26.9	-0.5
Direct costs	26.9	26.9	0.2	13.9	13.6	0.4
Direct costs (dep. on volume)	20.4	20.7	-1.3	10.6	10.4	0.1
Transportation costs	16.2	16.2	-0.2	8.4	8.2	0.2
Warehousing costs	1.6	2.2	-23.9	0.9	1.1	-0.2
Operations centre costs	2.6	2.3	12.7	1.4	1.2	0.2
Direct costs (dep. on revenues)	6.5	6.2	5.1	3.4	3.1	0.2
Credit card fees	1.5	1.6	-8.4	0.8	0.8	0.0
Bad debt losses	0.7	0.6	11.1	0.4	0.3	0.0
Marketing costs	4.3	3.9	9.8	2.2	2.0	0.3
Contribution margin 1	24.2	26.5	-8.8	12.5	13.4	-0.9
Indirect costs	9.2	7.4	23.9	4.8	3.7	1.0
Personnel expenses	4.4	3.5	25.4	2.3	1.8	0.5
Rents and overheads	3.0	1.9	63.5	1.6	0.9	0.6
Financial and legal costs	0.4	1.0	-58.8	0.2	0.5	-0.3
IT and telecommunications	0.6	0.4	55.3	0.3	0.2	0.1
Other	0.8	0.7	12.3	0.4	0.4	0.1
Contribution margin 2	15.0	19.1	-21.5	7.7	9.6	-1.9
FX effects	-1.5	-0.4		-0.8	-0.2	-0.6
Other operating profit (w/o FX gains)	1.1	0.9		0.6	0.4	0.1
EBITDA	14.6	19.5	-25.3	7.5	9.8	-2.3
Depreciation / Amortization	1.3	0.8	63.7	0.7	0.4	0.3
EBIT	13.2	18.7	-29.2	6.9	9.4	-2.6
Net financial result	-0.1	0.1	-209.3			
EBT	13.2	18.8	-29.9	6.8	9.5	-2.7
Income taxes	4.4	6.0	-27.6			
Consolidated net income	8.8	12.7	-31.0	4.5	6.4	-1.9

← FY will depend on winter weather

← outlook: costs ↑

← fixed costs

← one-off effect will wash out

← low liquidity, low/no interest rates

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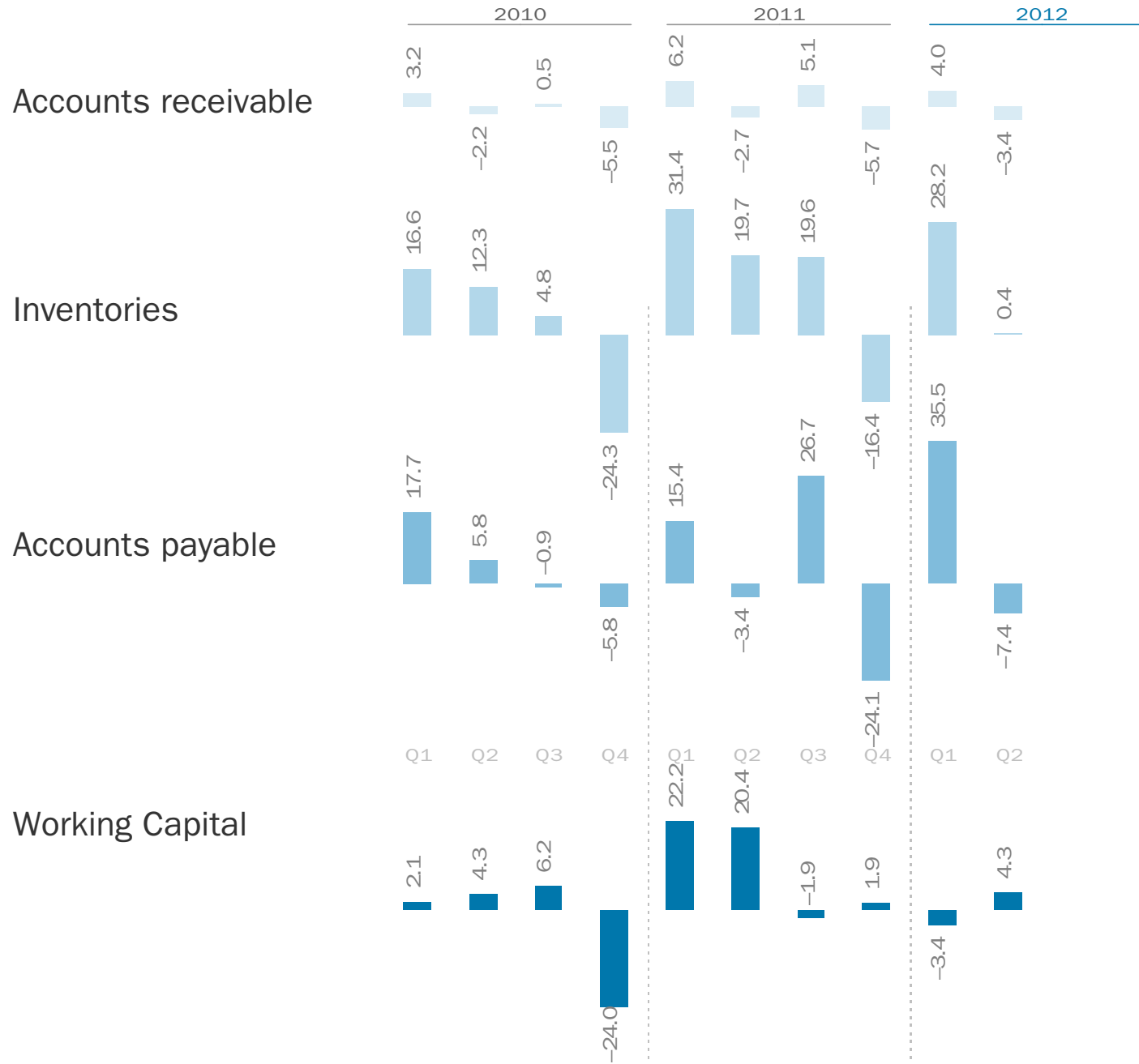
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Working Capital Management



... follow the seasonal peaks.

... winter tyre stocks built up ...

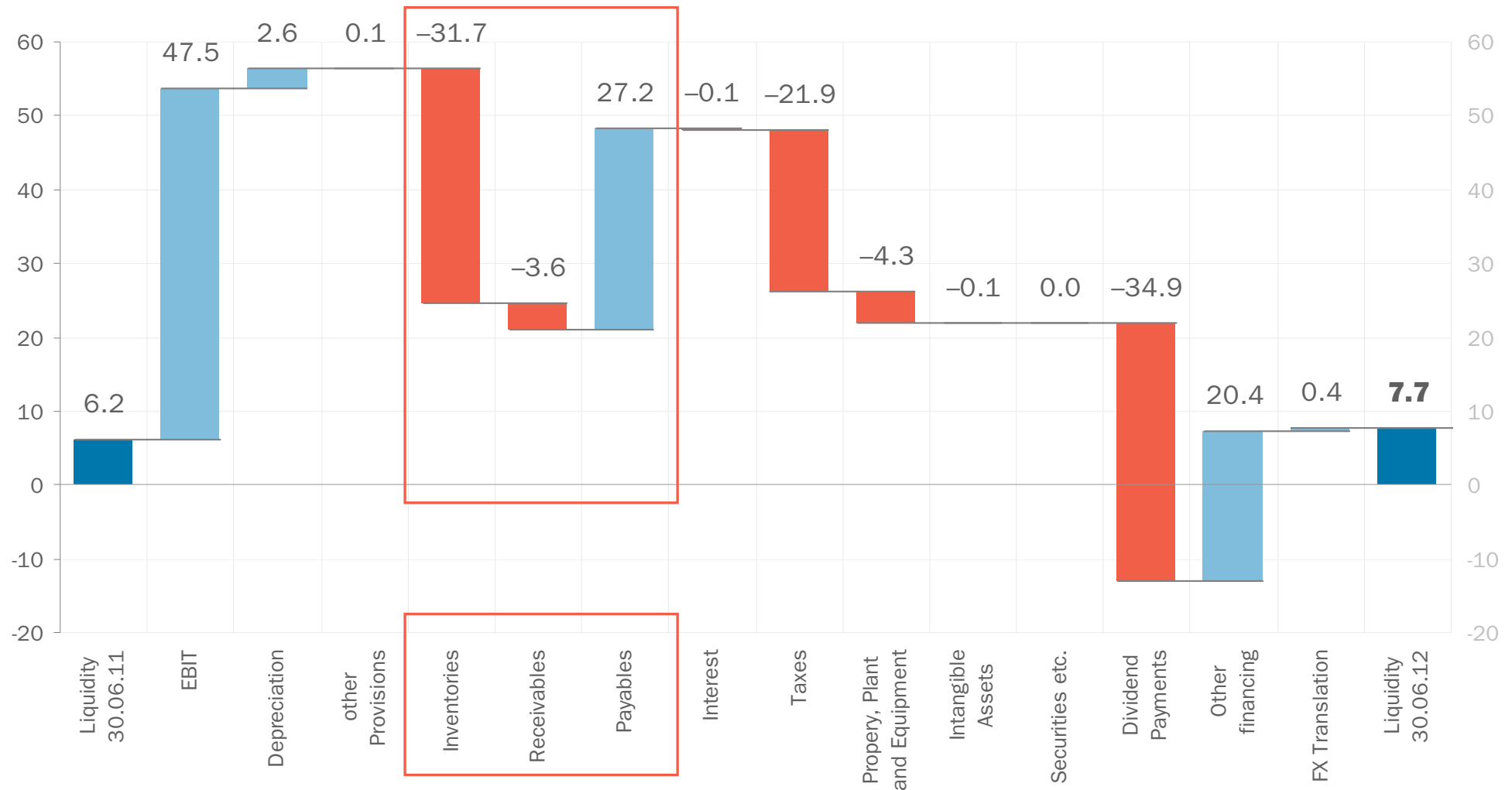
... funded w/ AP

... better cash flow ahead

quarterly delta in € million

Liquidity Bridge

in € million



▶ Net cash = € -18.0 million

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- **Current trading in Q3:**
 - promising start into Q3
 - price trends: sell-in stable, sell-out mixed (summer ↓, winter ⇔)
 - **Market for replacement tyres**
 - Germany: FY12 est (BRV, as of Mar12): summer +1.2%, winter +3.6%
 - Europe: sell-in H1 (Michelin): -11,0% ytd
 - **2012 top- and bottom line drivers:**
 - more volume, less price
 - strong inventory position
 - labelling improves mix
 - **Other factors:**
 - seasonal effects
 - customers are trading down
 - Delticom is international
 - Delticom is online
- Jan - May: -20% volume
(-15% revenues)
- ▶ summer/winter tyres
 - ▶ online channel gains importance
 - ▶ diversified country portfolio
 - ▶ good prices, good sales, good margins
- ▶ **Revenues FY12: +5% yoy**
- ▶ **EBIT margin: 9%**

- 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

Investor Relations:

Melanie Gereke
Delticom AG
Brühlstr. 11
30169 Hanover, Germany

eMail: gereke@delti.com
phone: +49-511-93634-8903