

On track.

Investor and Analyst Presentation

On the Occasion of the Release of the Preliminary Figures for Q1 2011

Hanover, 19 April 2011



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 **39 countries**
- founded 1999, IPO Oct 2006, SDAX Dec 2008
- 2011 more than 180 thousand new customers so far
- customer base: more than **4.5 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
- **108 employees**, mainly in the Hanover head office
- global network with more than **28,000 fitting partners**, e.g.
 - 🇩🇪 DE 7873 🇺🇸 US 2261 🇬🇧 UK 1789 🇫🇷 FR 3265 🇨🇭 CH 1400



Key Financials Q1

		Q111	Q110	yoy %	guidance		
Revenues	€m	85.4	74.5	+14.6	~ 10 %		More prices than volume...
Gross Margin	%	27.3	27.7	-0.4p			... at lower margins yoy.
Ebit Margin	%	7.2	7.9	-0.7p	< 10.5%		Strong base + FX effects
Ebit	m	6.1	5.9	+4.6			Interest rates are rising (slowly).
Capex	m	1.8	0.3	+574.6	6.5		New warehouse on track for Q211

▶ Q1 performance according to plan

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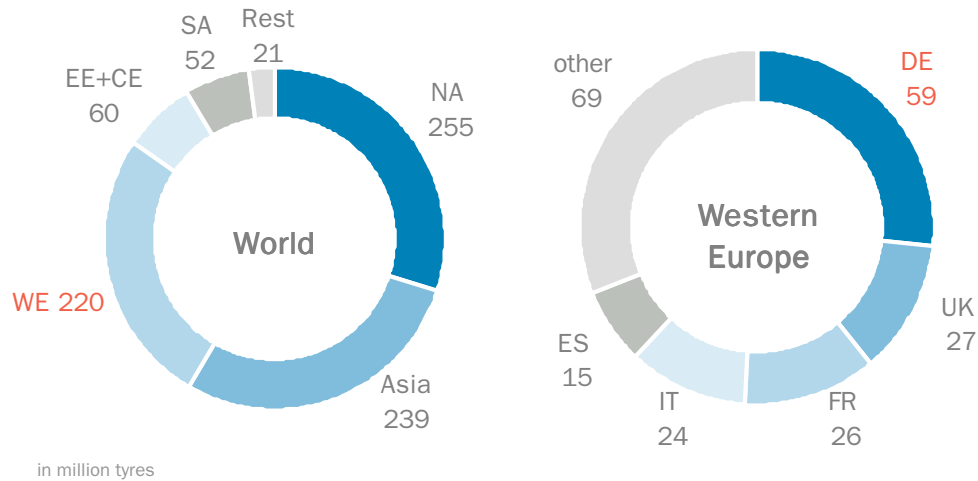
Balance Sheet

Outlook



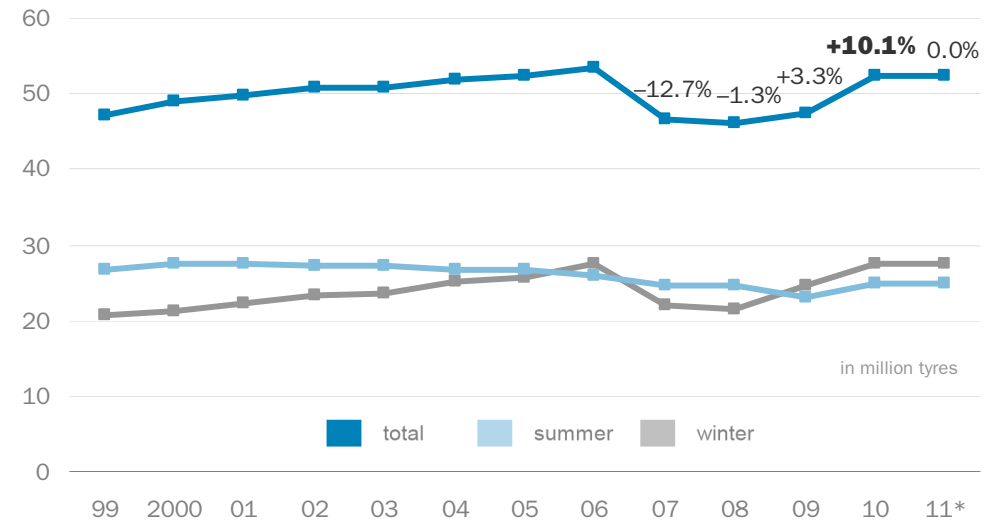
Tyres and the Internet

PC & LT Replacement Tyres Europe: > € 10 billion



Source: Datamonitor, Continental, Michelin, own estimates

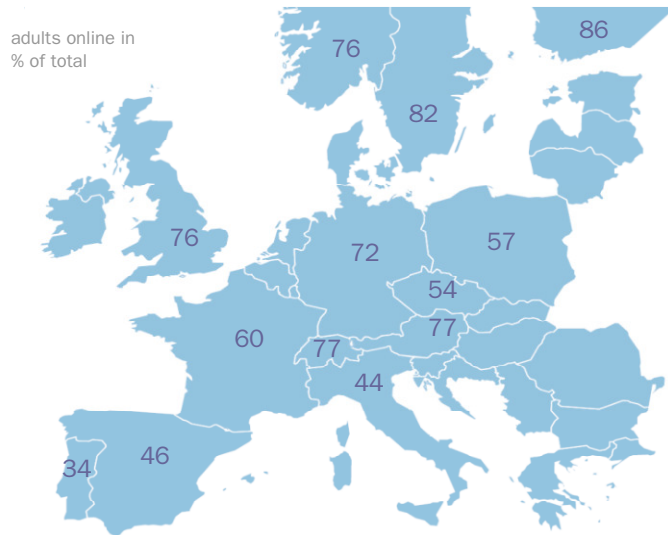
Germany: very good 2010, uncertain outlook for 2011



Source: BRV (car replacement tyres)

* estimates as of March 2011

Europeans are increasingly online...



... and buy their tyres online.

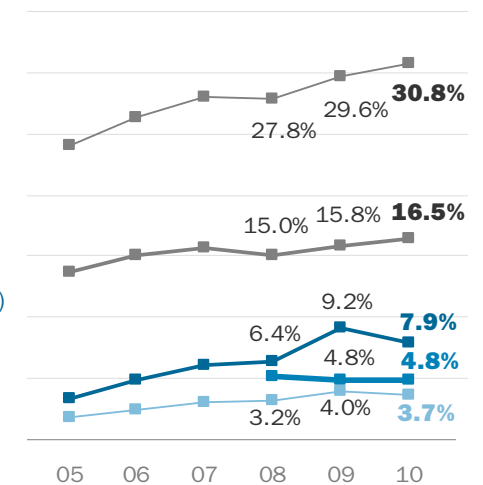
think about buying online (ADAC, 18-39)

think about buying online (ADAC, all)

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

bought tyres on the Internet (BRV,GFK)

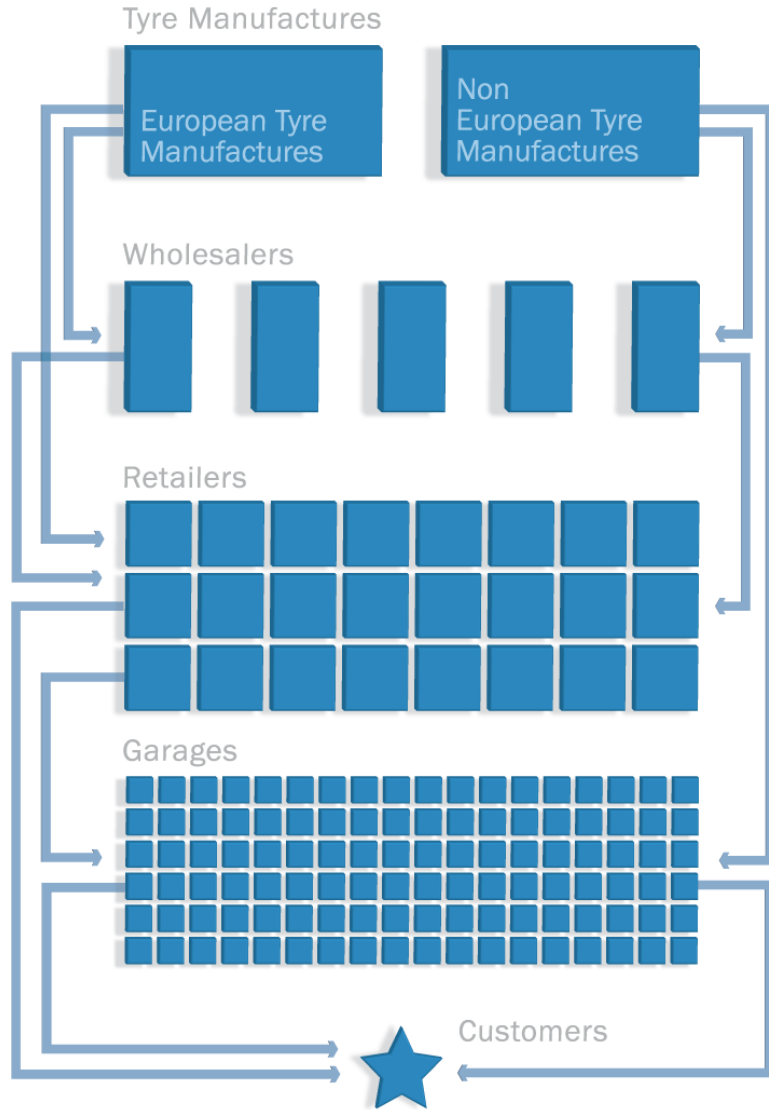
bought tyres on the Internet (ADAC all)



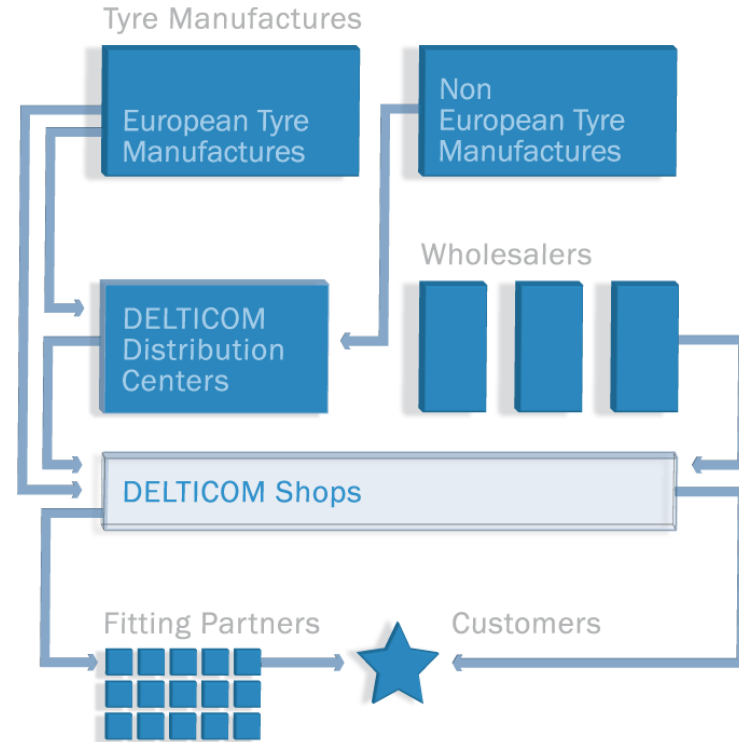
Source: ADAC (new methodology vs. 2009), BRV, GfK

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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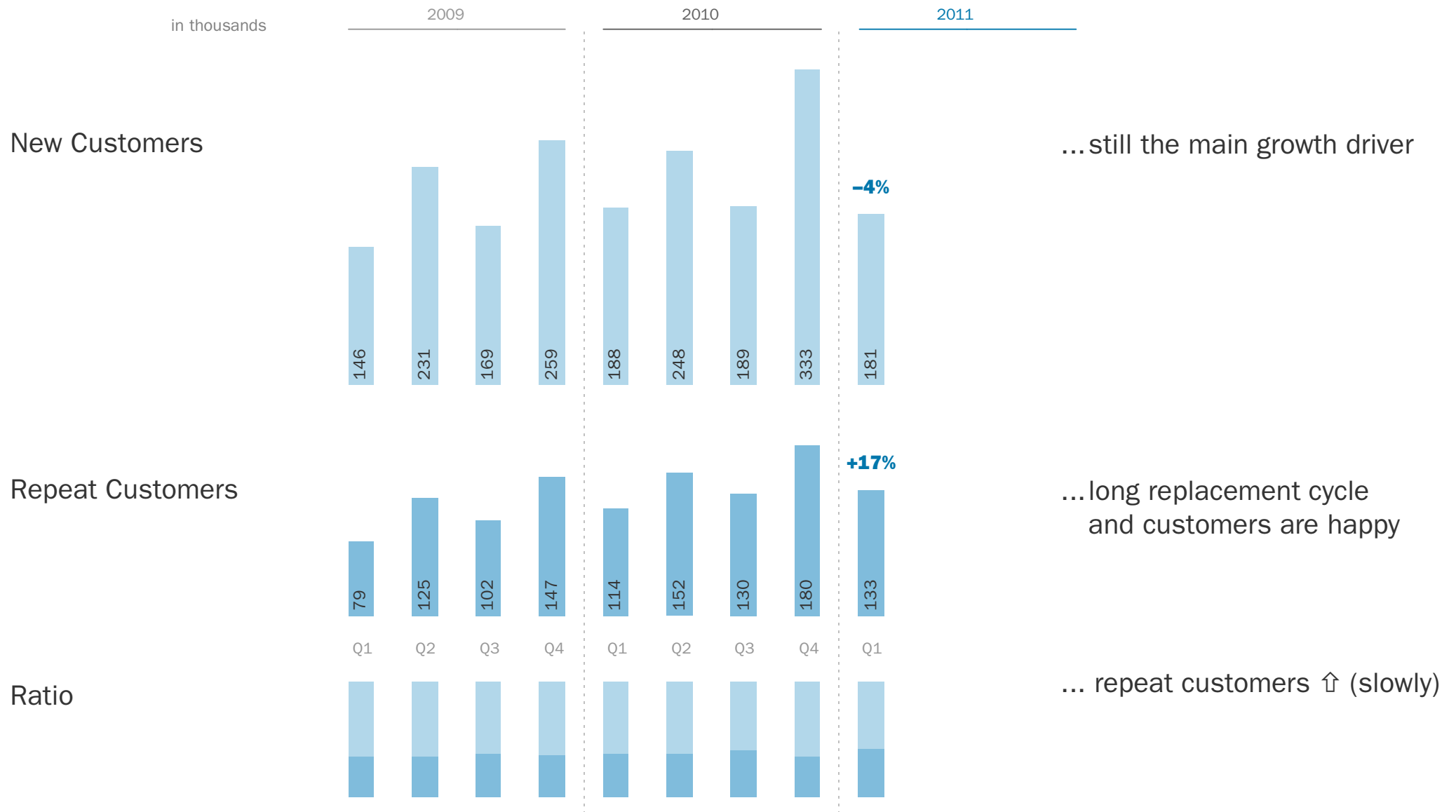
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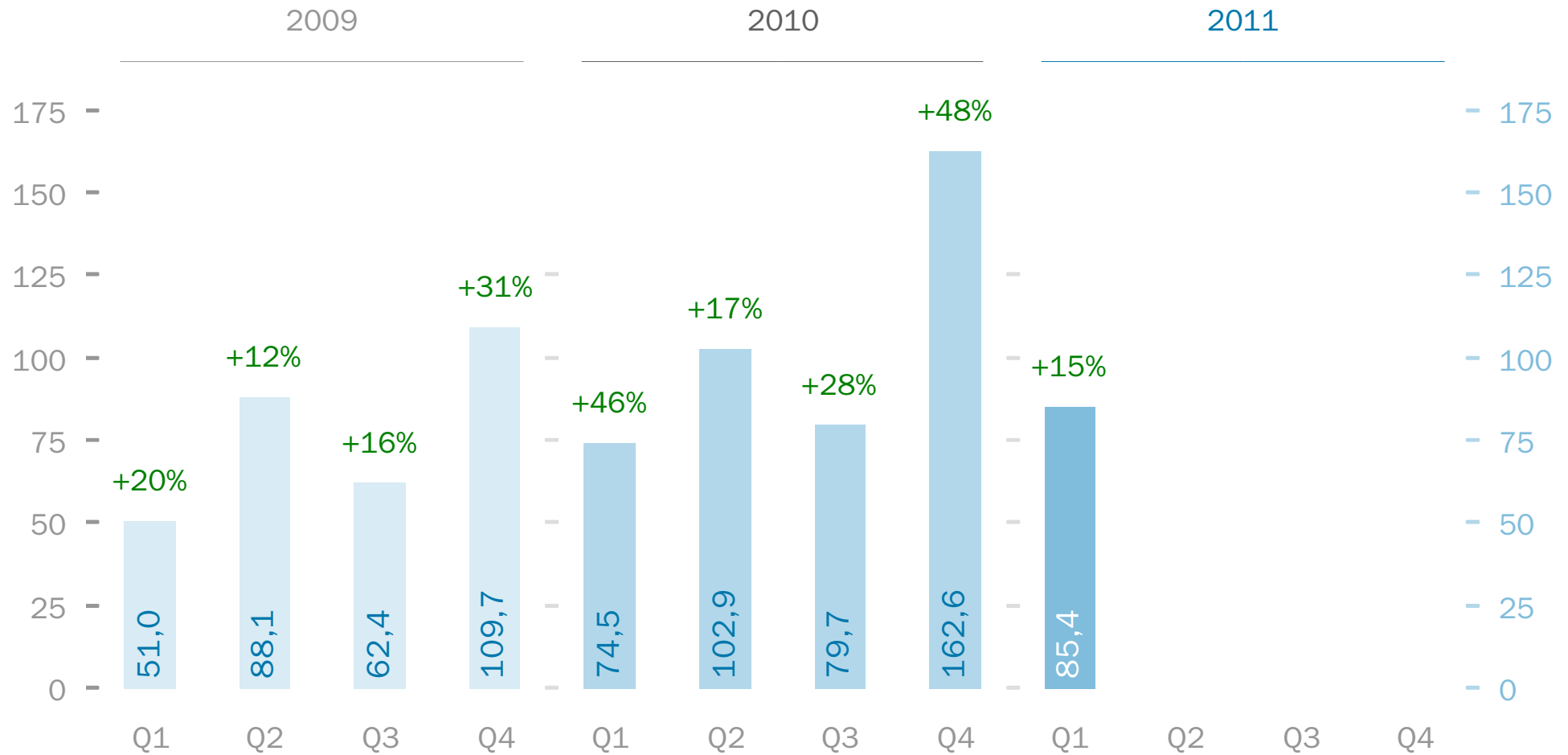
Customers



▶ Repeat customers constitute important growth potential

Quarterly Revenues

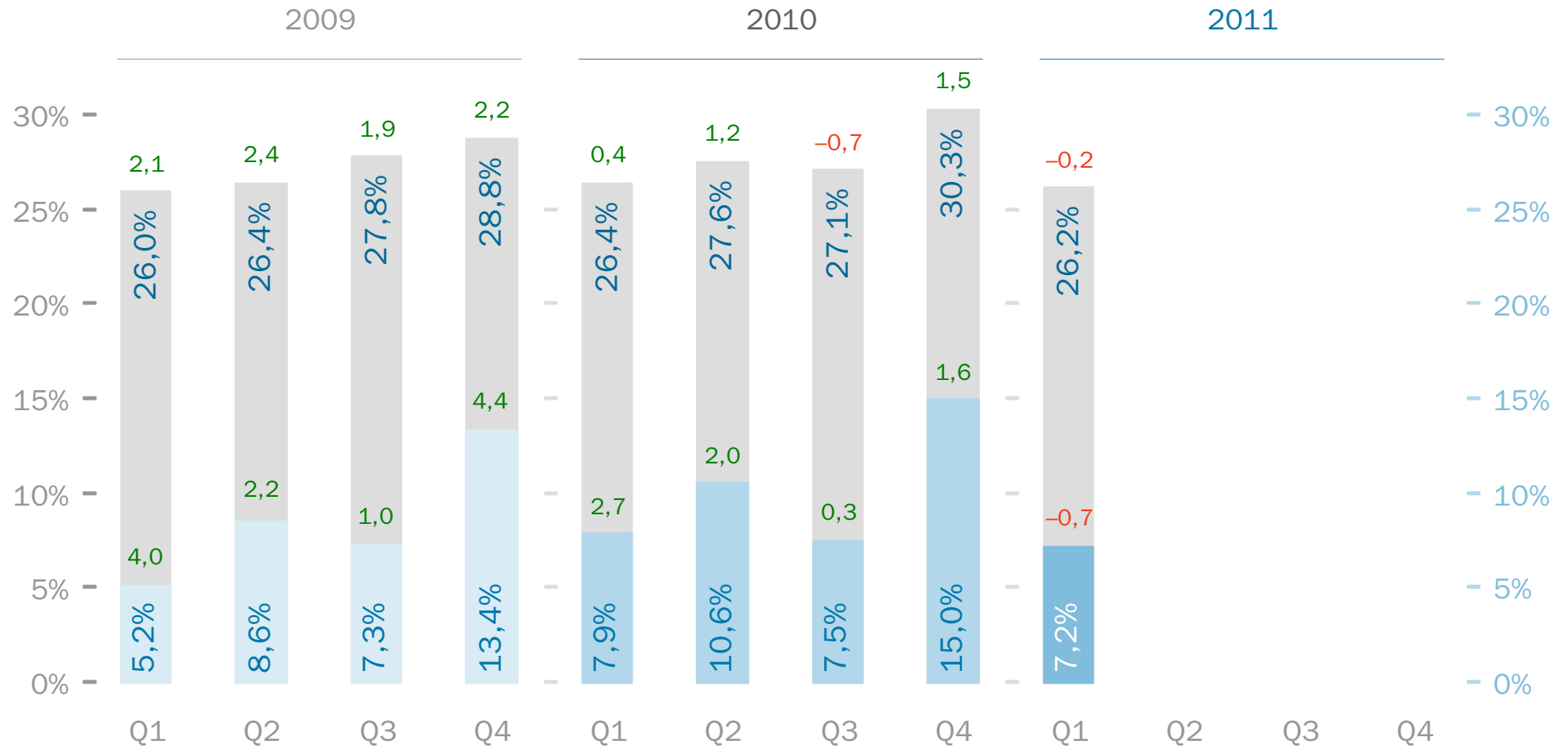
in € million



► Fluctuations in growth rates: base effects, Easter holidays, weather

Quarterly Gross/EBIT Margins

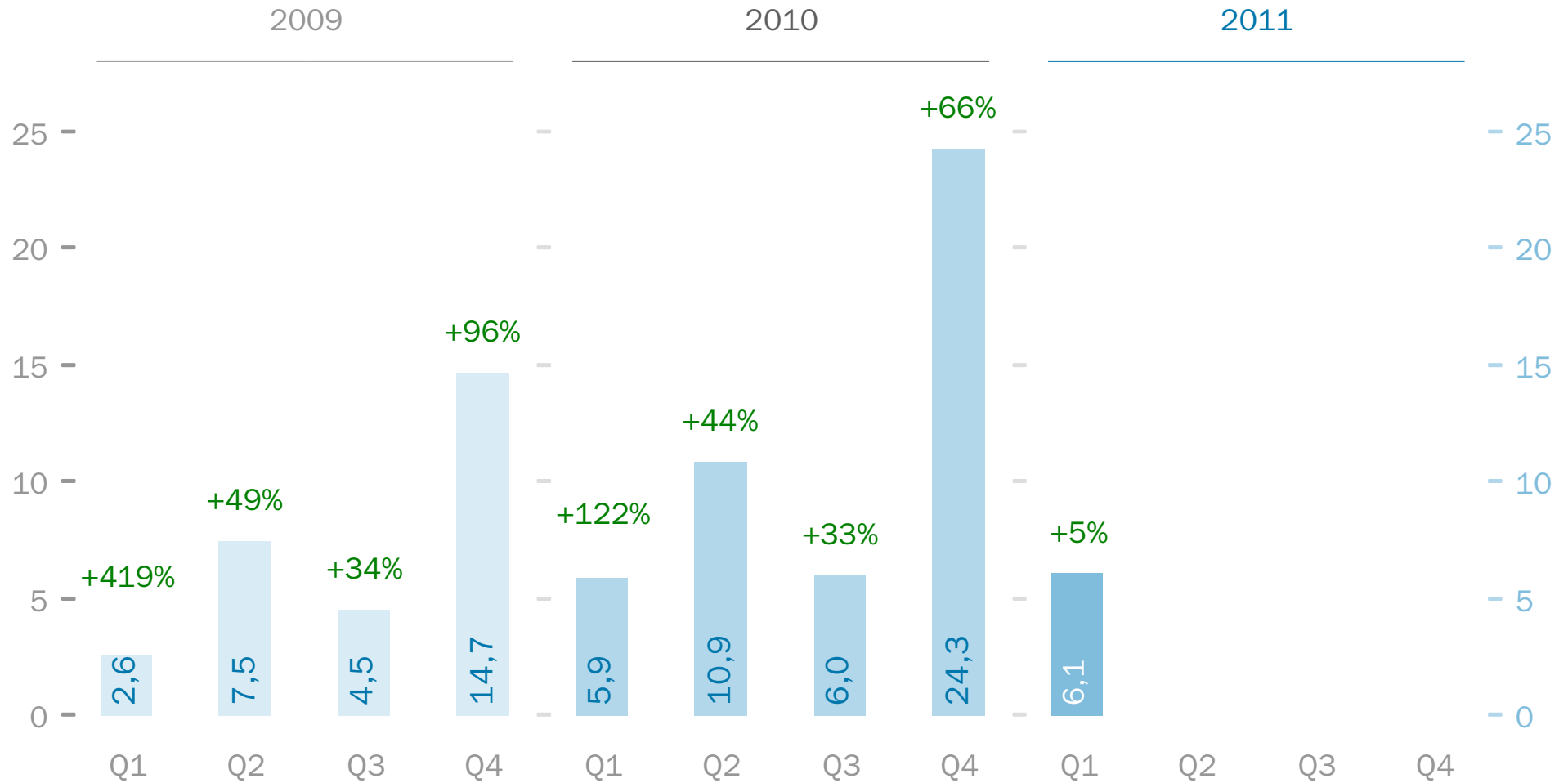
■ Gross Margin (simple)
■ EBIT Margin



► Higher prices + shortage premiums, but very difficult comps

Quarterly EBIT

in € million



► Unusually high Q110 EBIT growth

P&L Drivers (Q1)

	EUR		yoy	% of Revenues		
	Q111	Q110	%	Q111	Q110	chng
Revenues	85,4	74,5	14,6	100,0	100,0	0,0
Cost of sales	63,0	54,8	15,0	73,8	73,6	0,2
Gross Profit (simple)	22,3	19,7	13,6	26,2	26,4	-0,2
Direct costs	11,8	10,8	9,2	13,9	14,6	-0,7
Direct costs (dep. on sales)	8,8	8,2	7,4	10,3	11,0	-0,7
Transportation costs	6,8	6,4	5,8	7,9	8,6	-0,7
Warehousing costs	0,9	0,9	0,4	1,0	1,2	-0,1
Operations centre costs	1,1	0,9	24,8	1,3	1,2	0,1
Direct costs (dep. on revenues)	3,0	2,7	14,8	3,6	3,6	0,0
Credit card fees	0,7	0,5	35,5	0,8	0,7	0,1
Bad debt losses	0,4	0,4	-18,5	0,4	0,6	-0,2
Marketing costs	2,0	1,7	17,0	2,3	2,3	0,0
Contribution margin 1	10,5	8,8	19,1	12,3	11,8	0,5
Indirect costs	3,6	3,4	5,7	4,3	4,6	-0,4
Personnel expenses	1,7	1,6	10,7	2,0	2,1	-0,1
Rents and overheads	1,0	0,9	11,6	1,1	1,1	0,0
Financial and legal costs	0,4	0,6	-23,0	0,5	0,8	-0,3
IT and telecommunications	0,2	0,2	26,2	0,2	0,2	0,0
Other	0,3	0,3	5,8	0,4	0,4	0,0
Contribution margin 2	6,9	5,4	27,8	8,0	7,2	0,8
FX effects	-0,7	0,4		-0,8	0,6	-1,4
Other operating profit (w/o FX gains)	0,3	0,4		0,4	0,5	-0,1
EBITDA	6,5	6,2	5,6	7,6	8,3	-0,7
Depreciation / Amortization	0,4	0,3	24,6	0,4	0,4	0,0
EBIT	6,1	5,9	4,6	7,2	7,9	-0,7
Net financial result	0,0	0,0	50,1			
EBT	6,2	5,9	4,8	7,2	7,9	-0,7
Income taxes	2,0	1,9	5,0			
Consolidated net income	4,2	4,0	4,8	4,9	5,4	-0,5

← More price than volume

← tyre price increases

← good sales from own warehouses

← wages ↑

← E-Commerce momentum ↑

← will go ↑ with new warehouse

← double whammy: LY + TY

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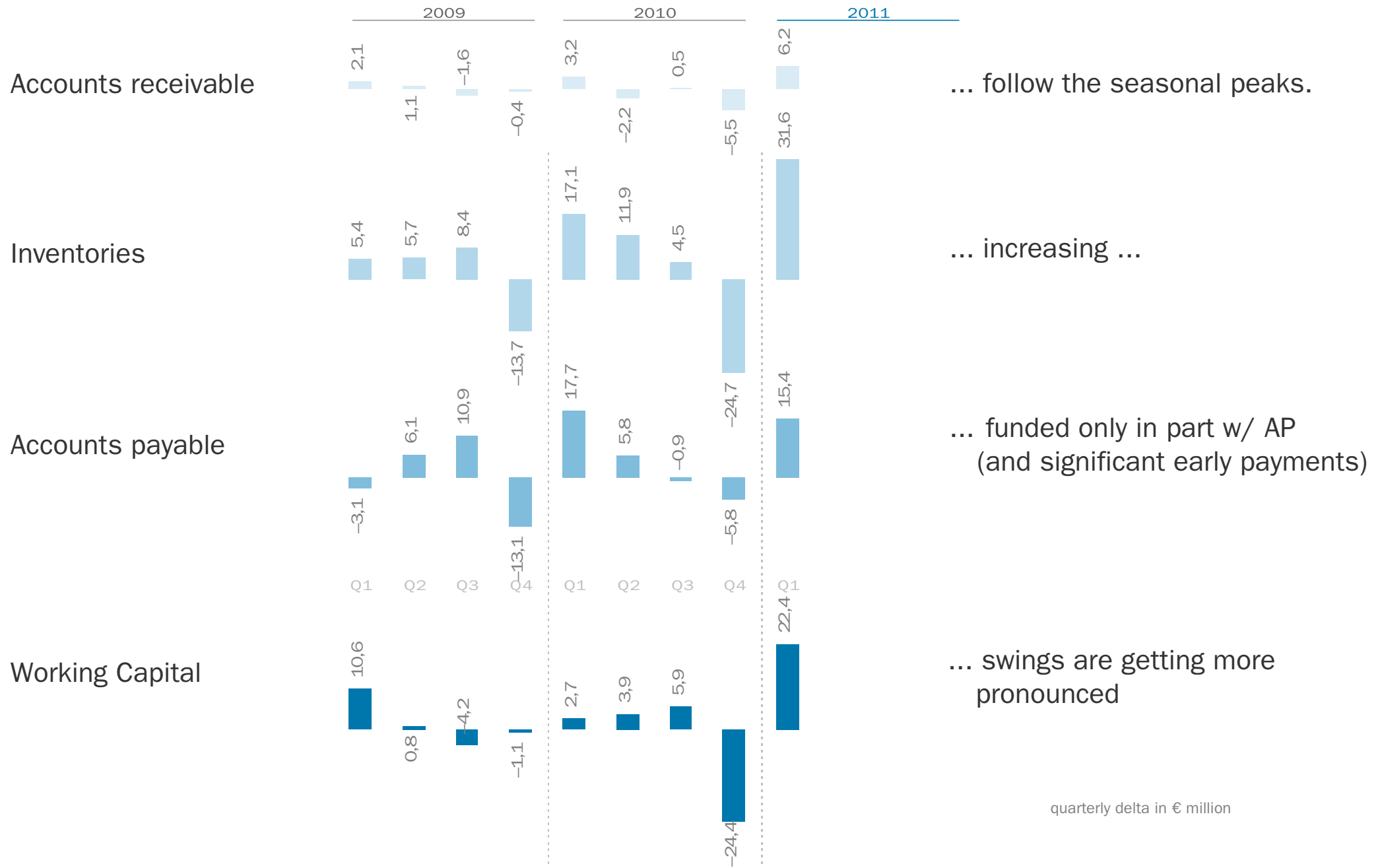
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Working Capital Management



Liquidity Bridge (ttm)



▶ 100% dividend payout – Delticom remains self-financed

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- **Current trading in Q2:**
 - better comps to be expected
 - good motorcycle tyre sales
 - **Market for replacement tyres**
 - Germany: 2011 est (BRV, as of March 2011): summer $\pm 0\%$, winter $\pm 0\%$
 - **2011 top- and bottom line drivers:**
 - shortages (possibly **FY**)
 - new warehouse (earliest **Q3**)
 - negative base effects (**Q4**) after 3 good winters in a row.
 - **Other factors:**
 - seasonal effects
 - customers are trading down
 - Delticom is international
 - Delticom is online
 - ▶ summer/winter tyres
 - ▶ online channel gains importance
 - ▶ diversified country portfolio
 - ▶ good prices, good sales, good margins
- ▶ **Revenues FY11: ~ +10% yoy**
- ▶ **EBIT-Margin FY11: -1%p yoy**

- 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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