

Expanding eCommerce market position in Europe

Tyres, automotive & more

February 24, 2016

Facts & Figures



Facts & Figures: History of Delticom



1999
Founded

2000



ReifenDirekt.de went online – internationalization in the years that follow

2006



IPO: one of the first listed online retailers in Germany

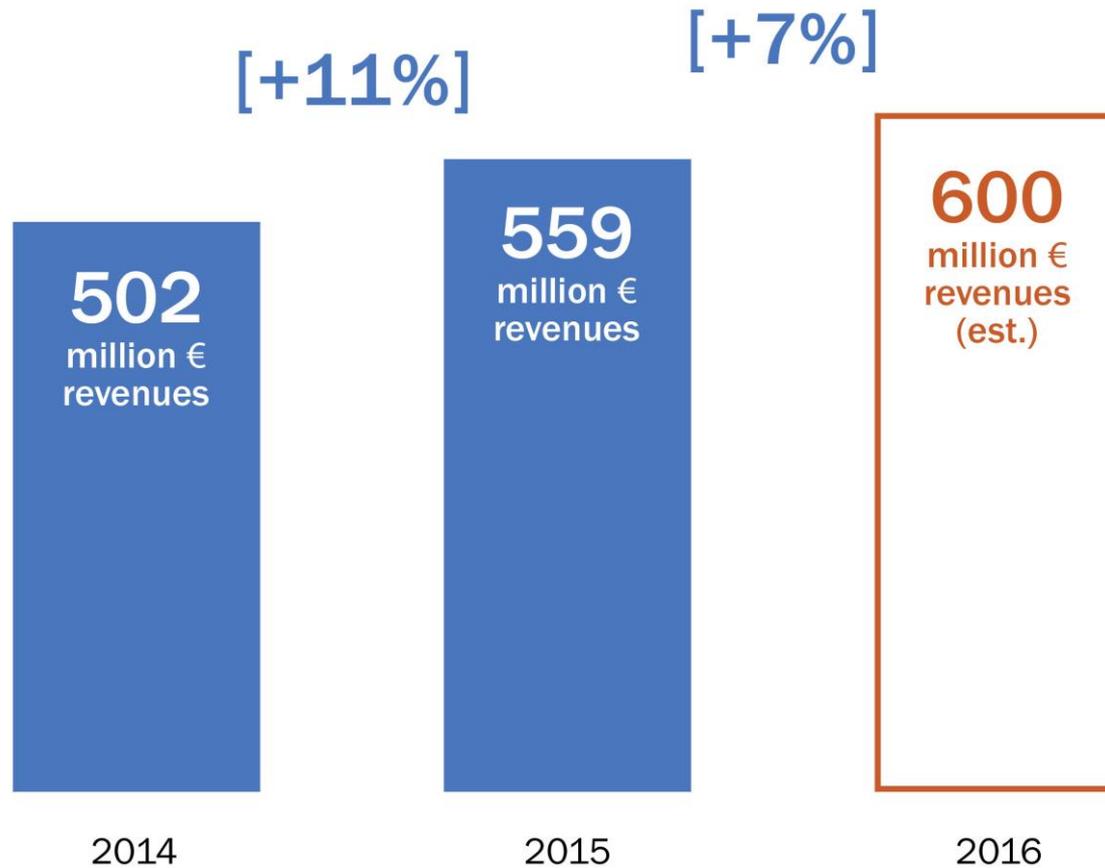
Today



As of today: active in 45 countries

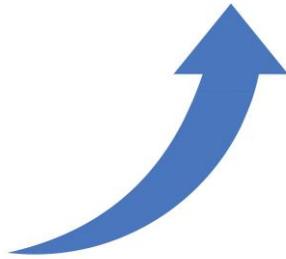
- In every country within the top 3 online tyre shops
- 130 employees
- >300 online shops & websites
- >9 million customers

Facts & Figures: Revenues



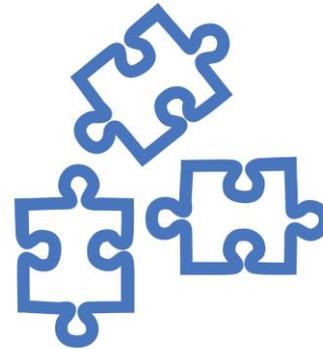
Facts & Figures: Revenues growth & cost reduction

Topline growth 2015



Delticom group increased revenues 2015 in all business areas due to

- **B2C:** new shop concepts to reach the relevant target groups even better
- **B2B:** optimized service + higher awareness of group strength within the target group



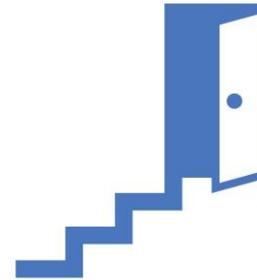
Integration and restructuring process of Tirendo finished: Tirendo reached break-even end of 2015



Joint sales growth approach tyres & car parts

Facts & Figures: Revenues growth & cost reduction

Cost reduction 2016



€ 9 million less fix costs vs. 2015

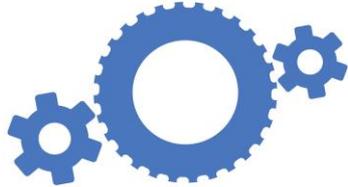
- € 1 million personnel expenses
- € 2 million advertising TV & Radio
- € 2 million warehouse
- € 3 million PPA depreciation Tirendo
- € 1 million depreciation warehouse

**Room for next
development move
of Delticom**

Evolution



Evolution: 2016 – Why move?



Restructuring done:

Tirendo integrated, costs reduced, back on growth track, new initiatives put on the road

20% Online penetration for replacement tyres expected in 2020 (today: 13-14%)



Tyres + Car parts
growth limited to approx. 100 € million p.a.

B2C passenger tyre market is in distress – **negative sell-out trend** continued in German tyre trade 2015 (- 7.6%)



Delticom started to seek for new business opportunities already in 2008

Requirements:

- Products with **clear focus and profile**
- High degree of overlapping to Delticom's **core strength** (logistic, service, internationalization, eVisibility)
- Disproportionately **high growth potential**

Evolution: Facts Food Deal

Nature of the transaction

- Purchase price: **30 million €**
- Seller: Prüfer GmbH
(**major shareholder** of Delticom AG)
- Financing: **20 million € + 10 million € capital** increase by issuance of new shares
- External **advisors**:
 - Hogan Lovells – legal
 - Ernest & Young – financials
 - Ebner Stolz – new shares



Seller's Background

100% reinvestment by the seller

Andreas Prüfer:

- CEO and one of the founders of Delticom AG
- from 2008 – 2013 Supervisory Board Member
- since January 1, 2014 back in the Delticom Management Board as CEO
- bought eFood Lebensmittel.de + Gourmondo 2009/2012
- familiar with all eFood details
- will invest 20 million € in cash into Delticom shares

Evolution: Facts Food Deal



- Founded in 2002
- 15 employees, located in Munich
- Online retailer of specialty products in the sector of gourmet and organic / bio food
- Leading ecommerce company for gourmet food in Germany
- Domains: gourmondo.de, gourmondo.nl (among others)
- Cooperation with Alnatura since April 2015 (alnatura-shop.de + logistics)

Lebensmittel.de 

- Founded in 2016
- 16 employees and 5 apprentices + interns, located in Hanover
- Online retail platform focusing on general food
- Domains: lebensmittel.de, lebensmittel.com, supermarket.at, mygroceries.uk (among others)
- Business focus: general eFood through efficient warehousing and commissioning (facilities in Hanover)



- Founded in H2 2015, located in Hanover
- Develops a 3D online shopping environment
- Business model: offers 3D-shops to partners

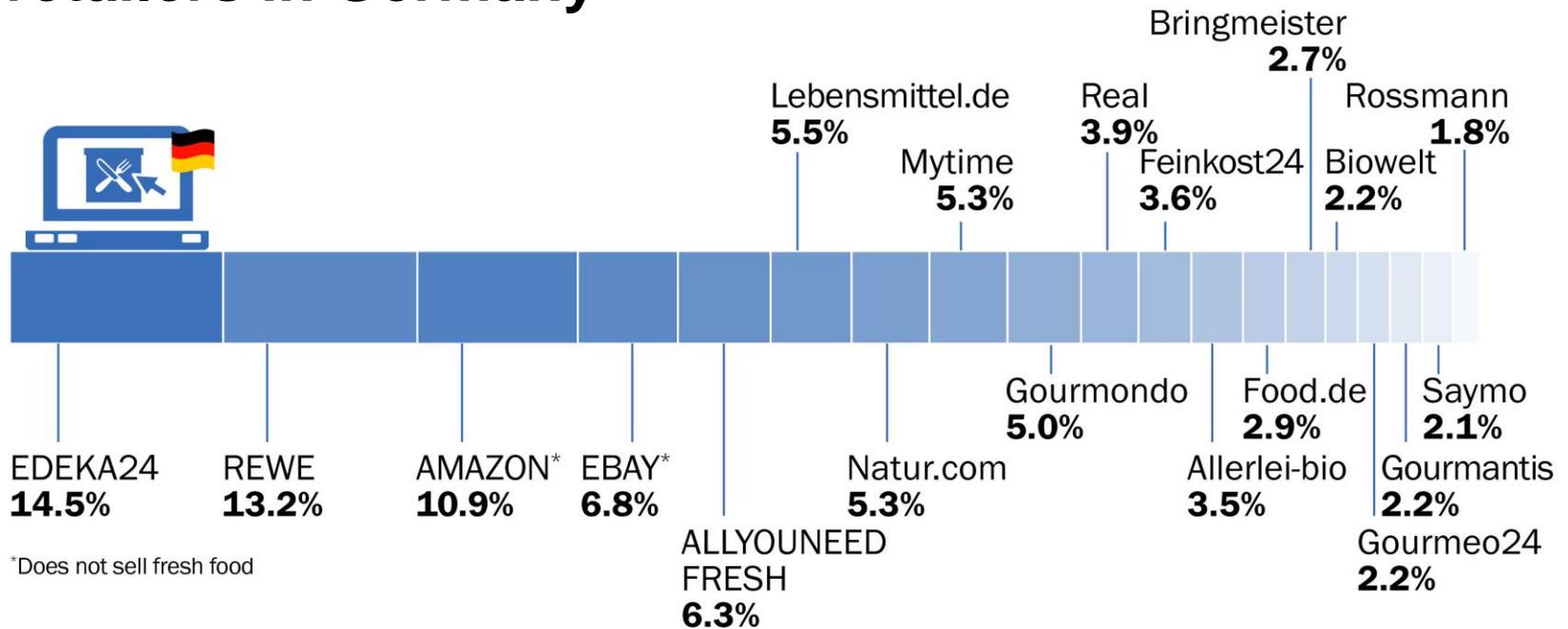


~ **€ 60 million** total investments (former shareholders)

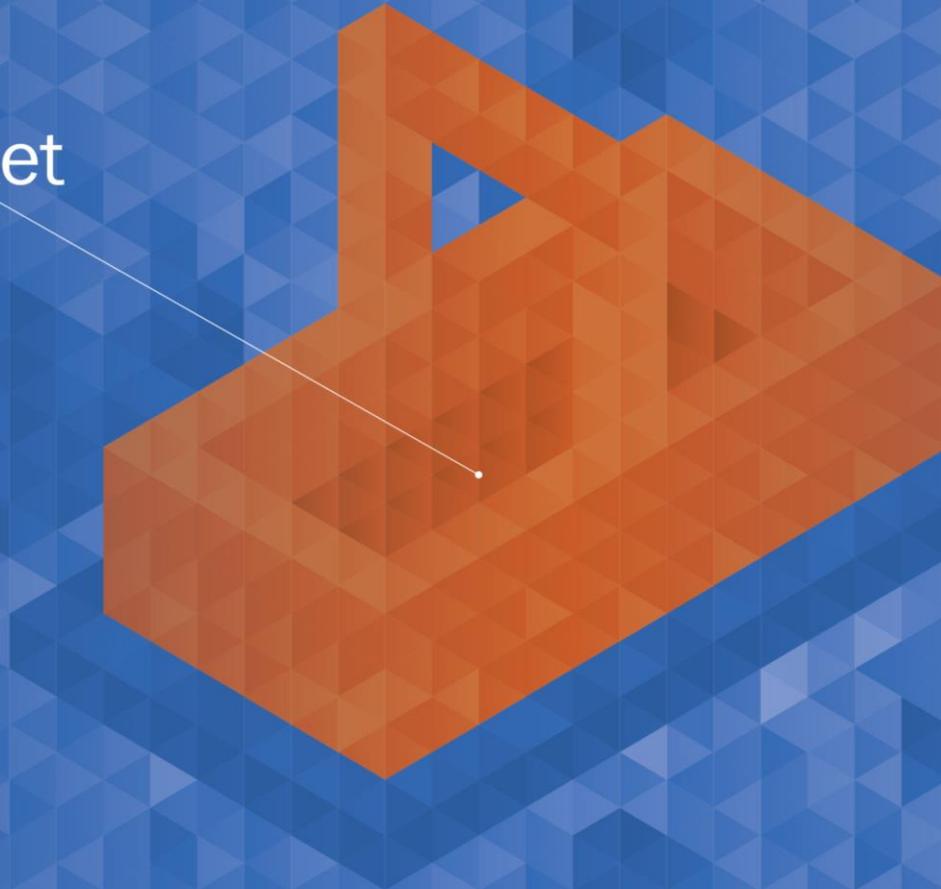
Evolution: Facts Food Deal

Source: Lebensmittel-Zeitung.net (2014); TradeDimensions (2014)

Online grocery market share of retailers in Germany



Market



Market: Current situation eFood

Customer groups



LoHaS (Lifestyle of Health and Sustainability)

- > 30-65 years old
- Prefer sustainable products
- High willingness to pay
- Higher income



PSC (Prestige-seeking Connoisseurs)

- 20-50 years old
- Prefer gourmet food and exclusive products
- High willingness to pay
- Average income
- High online affinity



Specialist Seekers

- 45-70 years old
- Searching for delightful products
- Brands with high proof of quality
- Very high willingness to pay
- High income

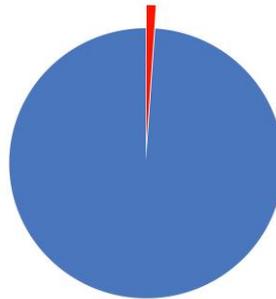
Source: GFK; EY analysis

Market: Current situation eFood

Germany



Biggest grocery retail market in Europe



eFood stands for **less than 1%** of the total grocery retail market

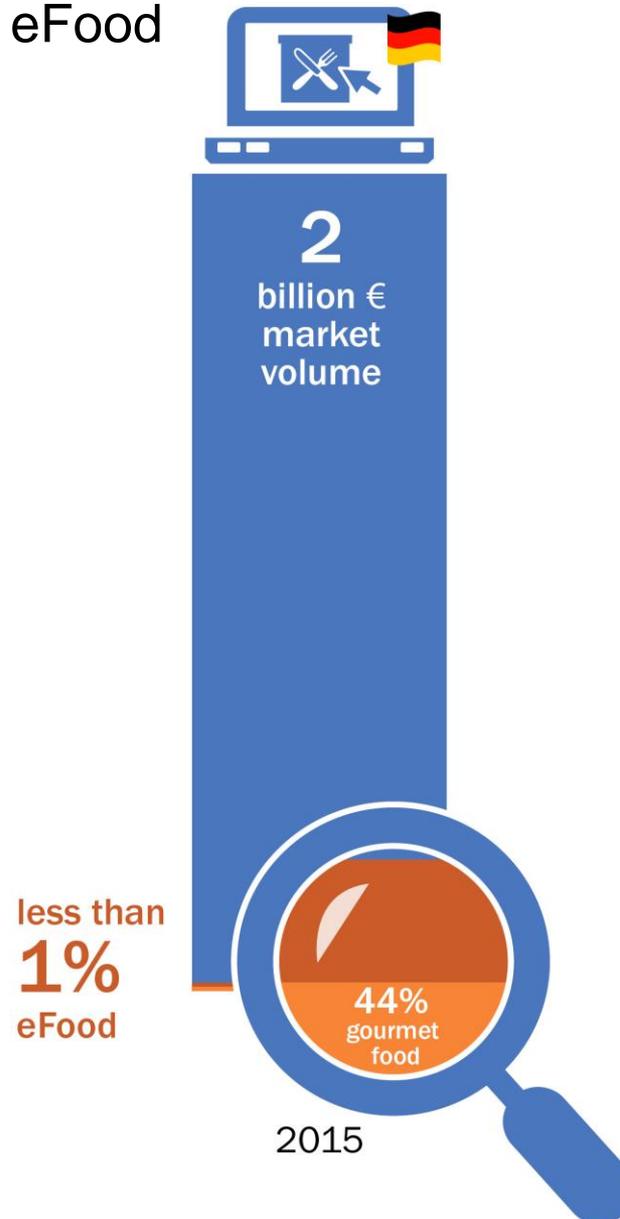


Specialists (wine, coffee, premium food) dominate the German eFood market

Source: GFK; EY analysis

Market: Current situation eFood

German eFood market is lagging behind other European markets



Source: GFK; EY analysis

Market: Current situation eFood

Great Britain



- Market volume **11 billion €**
- The most established eFood market in Europe
- Online penetration is **4.4%** of the total grocery retail market
- **25%** of the British population already purchased food online
- Online grocery **grew by 26%** in 2014

France



- Market volume **10 billion €**
- Second largest economy in Europe
- Online penetration is **3.6%** of the total grocery retail market
- 1% of the French population already purchased food online
- Online grocery **grew by 25%** in 2014

Source: The state of online grocery retail in Europe, July 2015; EY analysis

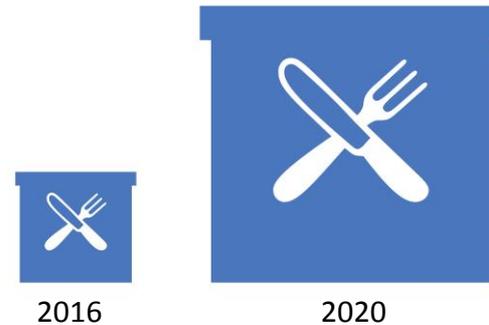
Potential



Potential: eFood market

The German online grocery market growth

- Different studies predict the digital revolution in online grocery in the years to come
- In Germany high catch-up potential – other countries already show higher eFood penetration



- Cross-channel (combination offline and online) in 2020: ~20%
- Pure online 2020: 2-5% of the total German grocery retail market
- Increasing consciousness for food quality

Source: EY Cross Channel - Revolution im Lebensmittelhandel (2014); EY analysis; AT Kearney - Online-Food-Retailing – Nischenmarkt mit Potenzial

Potential: eFood market

Overall societal developments promote online grocery retail

- Ageing of the population
- High acceptance of trusted online shops
- High availability
- Short delivery times
- Service



Source: EY Cross Channel - Revolution im Lebensmittelhandel (2014); EY analysis; AT Kearney - Online-Food-Retailing – Nischenmarkt mit Potenzial

Potential: eFood market

Established eCommerce players Gourmondo + ES Food



- Experience in logistics and commissioning
- eVisibility
- eCommerce know-how and talent

Delticom combined with Food Group is well positioned to benefit from this trend and to drive eFood internationally

Source: EY Cross Channel - Revolution im Lebensmittelhandel (2014); EY analysis; AT Kearney - Online-Food-Retailing – Nischenmarkt mit Potenzial

Potential: Tyres vs. eFood

Delticom Tyres

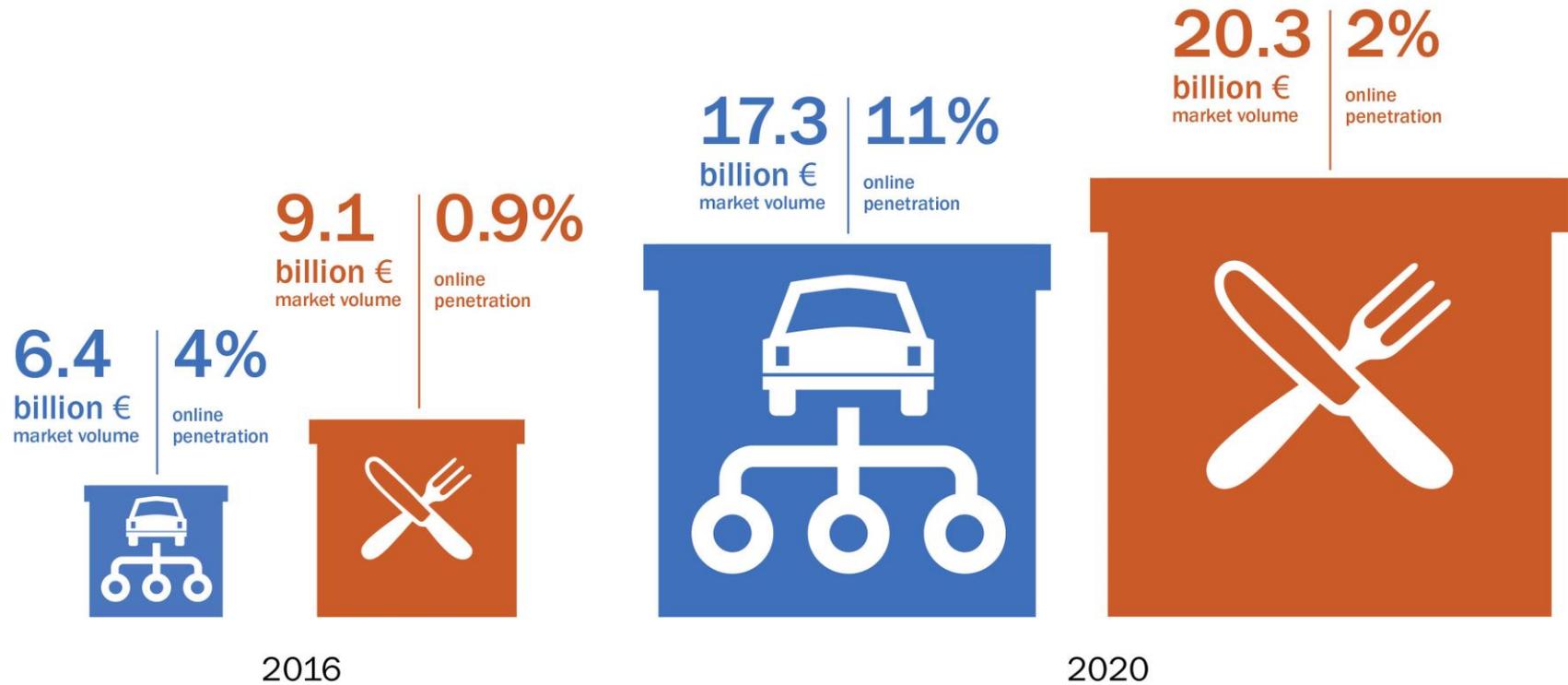


eFood

- | | |
|--|--|
| ■ Started in 2000 | Started in 2002 |
| ■ Revenues >500 million € | ■ Revenues 13 million € (2015) |
| ■ 42 countries | ■ Mainly in Germany |
| ■ Growth limited
to approx. 100 million € p.a. | ■ Huge market potential
in Europe |
| ■ Long replacement cycle | ■ Regular demand |
| ■ Distressed purchase/event
driven buying | ■ Emotional purchase: lifestyle,
fun, prestige, specialities |
| ■ Peaks in Apr. + May, Oct. + Nov. | ■ Peak in Dec. |
| ■ Purchase + fitting + drive | ■ Purchase + consume |

Potential: Tyres and eFood

Automotive and food online market potential at one glance



Potential: Why Delticom can lead eFood to success



eFood infrastructure **already in place**

- Easy-to-use website
- Logistic and fulfillment capacity > 100 million € revenues p.a.
- Agile IT systems and processes (Hybris)
- Warehousing system in use for car parts since 2 weeks



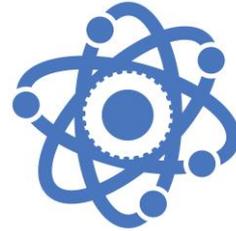
Make use of scale to drive eFood internationally

- **Fast and secure** order processing
- International **customer care**
- International **know-how in fulfillment**
- **International online marketing mix**
 - Strong search marketing
 - Big portfolio of partners in whole Europe
 - Experience in growth of international online marketing campaigns
 - Approved tools + workflows to optimize in outcome

Summary



Delticom



Delticom

- is and remains a **leading ecommerce player** in tyres + car parts
- achieved **growth and a favourable cost position** in 2015

Automotive
aftermarkets will
remain **the core
Delticom business**
in the years to come

Market development
and market expecta-
tions within the last
years have clearly
addressed the need
to **seek for further
business opportuni-
ties**

Delticom



eFood with focus on **gourmet & organic food** with high quality



Acquisition **fits very well** into the structure and the past development of Delticom group



Delticom will help to **drive eFood internationally**



Low risk

- Investments in infrastructure done
- Several years of **market & product know-how**
- **Established player** in German eFood

Thank you for your
attention

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