



3-Monthly Report 2013

Profile

Delticom is Europe's leading online tyre retailer. Founded in 1999, the Hanover-based company has more than 100 online shops in 42 countries, among others the *ReifenDirekt* domains in [Germany](#), [Switzerland](#) and [Austria](#), [mytyres.co.uk](#) in UK and [123pneus.fr](#) in France. Delticom offers a wide range of products for its private and business customers: more than 25,000 models from over 100 tyre brands for cars, motorcycles, commercial vehicles and buses, but also complete wheels, motor oil, replacement parts and accessories.

Delticom's customers enjoy all the advantages of modern E-Commerce: convenience in order placing, quick, efficient delivery, clear cost information and, last but not least, low prices. The products are delivered in two business days to any address the customer chooses. Alternatively, Delticom delivers the tyres to one of more than 35,000 service partners (8,400 in Germany alone) for professional fitting directly on to the customer's vehicle at a reasonable price.

Key Figures

		01.01.2013 – 31.03.2013	01.01.2012 – 31.03.2012	–/+ (%, %p)
Revenues	€ million	81.3	85.5	–4.9
Total income	€ million	82.8	86.2	–3.9
Gross margin ¹	%	24.9	25.8	–0.9
Gross profit	€ million	21.8	22.7	–4.4
EBIT	€ million	2.5	3.4	–25.9
EBIT margin ²	%	3.1	4.0	–0.9
Net income	€ million	1.7	2.3	–27.7
Earnings per share ³	€	0.14	0.20	–27.7
Total assets	€ million	172.3	203.1	–15.2
Inventories	€ million	86.9	134.7	–35.5
Investments ⁴	€ million	0.2	0.1	+13.2
Capital Employed ⁵	€ million	67.2	80.9	–17.0
Return on Capital Employed ⁶	%	3.8	4.2	–0.5
Equity	€ million	64.4	77.7	–17.2
Equity ratio	%	37.4	38.3	–0.9
Return on equity	%	2.6	3.0	–0.4
Liquidity position ⁷	€ million	44.3	26.8	+65.1
Operating cash flow	€ million	–1.4	5.6	
Free cash flow ⁸	€ million	–1.5	5.5	

(1) Gross profit ex other operating income in % of revenues

(2) Consolidated earnings before interest and taxes (EBIT) to revenues

(3) Undiluted

(4) Investments in tangible and intangible assets

(5) Capital Employed = total assets – current liabilities

(6) ROCE = EBIT / Capital Employed

(7) Liquidity position = cash and cash equivalents + liquidity reserve

(8) Free cash flow = Operating cash flow – Capex

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Interim Management Report of Delticom AG

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Economic Environment

Economic developments The eurozone is struggling to find its way out of recession. Economic development is having a particularly crippling effect on the employment market. At the beginning of the year, unemployment in the currency union reached record levels. By contrast, the German employment market continues to be robust. Consumer spending in Germany remained stable in the first quarter of the year, thanks in part to moderate inflation.

Tyre markets Wintery weather conditions that extended through to the end of March prevented many drivers from switching to summer tyres before the Easter holidays. As a result, demand in this product group experienced double-digit decline in the first quarter.

Latest figures published by the organisation of the German manufacturers of tyres and technical elastomers products (wdk) indicate that one-third fewer car tyres were sold to German consumers in the first three months of 2013. Due to cold weather conditions throughout Europe, demand also fell in other winter tyre regions.

Business performance and earnings situation

Revenues

Revenues by division and region

in € thousand

	Q113	%	+%	Q112	%	+%	Q111	%
Revenues	81,275	100.0	-4.9	85,484	100.0	0.2	85,354	100.0
Primary Segments								
E-Commerce	77,509	95.4	-4.2	80,946	94.7	0.5	80,536	94.4
Wholesale	3,766	4.6	-17.0	4,538	5.3	-5.8	4,818	5.6
Regions								
EU	62,121	76.4	-3.6	64,471	75.4	-4.9	67,806	79.4
Rest	19,155	23.6	-8.8	21,013	24.6	19.7	17,548	20.6

Group

Delticom, Europe's leading online tyre retailer, generates the bulk of its revenues through sales of replacement tyres for cars, motorcycles, trucks and industrial vehicles.

In Q1 13 the company recognised revenues of € 81.3 million, a decrease of 4.9 % after € 85.5 million in the prior-year period.

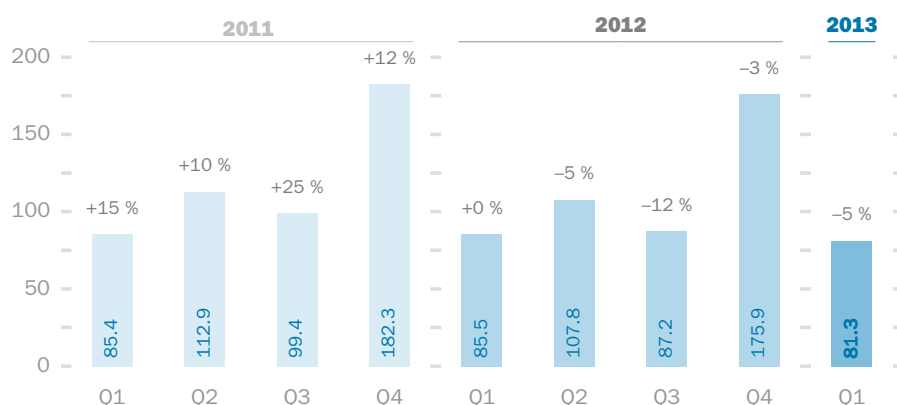
Winter finally took hold in the month of January: Persistent snowfall in many parts of Germany right through to late March made for difficult conditions on the road. Weather conditions outside of Germany were also anything other than favourable for tyre dealers in Q1.

Delticom was able to record a substantial rise in sales of winter tyres during the first quarter of 2013, but winter tyre business at the start of the year is relatively insignificant overall. Given the freezing temperatures and treacherous road conditions, many drivers presumably decided to put off purchasing summer tyres for a few weeks.

The positive sales trend in business with private end customers at the start of the year was unable to fully compensate for the weak demand on account of the weather experienced in March. As a result of the difficult market climate, sales in B2B E-Commerce were down substantially year on year in the first quarter of 2013. On the back of sluggish sales, many dealers were evidently not yet willing to fully replenish their stocks for the upcoming summer tyre business. The chart *Revenues trend* summarises the development of the quarterly revenues.

Revenues trend

quarterly revenues in € million



E-Commerce

Revenues in the E-Commerce division with its 128 online shops were down year-on-year by -4.2% , from € 80.9 million to € 77.5 million. The share of divisional revenues amounted to 95.4% , compared to 94.7% in the previous year. In Q1 13 the company was able to acquire a total of 164 thousand new customers (Q1 12: 164 thousand, $+0.2\%$). During the same period 137 thousand existing customers (Q1 12: 143 thousand, -3.7%) made repeat purchases at Delticom.

Wholesale

Delticom's Wholesale division sells tyres to wholesalers in Germany and abroad. In the reporting period divisional revenues decreased by 17.0% to € 3.8 million, after prior-year revenues of € 4.5 million.

Regional split

The group offers its product range in 42 countries. Revenues in EU countries totalled € 62.1 million (-3.6%). Across all non-EU countries the revenue contribution for Q1 13 was € 19.2 million (-8.8%).

The table *Abridged P+L statement* summarises key income and expense items from multiple years' profit and loss statements.

Abridged P+L statement

in € thousand

	Q113	%	+%	Q112	%	+%	Q111	%
Revenues	81,275	100.0	-4.9	85,484	100.0	0.2	85,354	100.0
Other operating income	1,538	1.9	122.6	691	0.8	-48.2	1,334	1.6
Total operating income	82,814	101.9	-3.9	86,175	100.8	-0.6	86,688	101.6
Cost of goods sold	61,055	75.1	-3.7	63,427	74.2	0.3	63,224	74.1
Gross profit	21,758	26.8	-4.4	22,748	26.6	-3.0	23,464	27.5
Personnel expenses	2,262	2.8	2.8	2,201	2.6	26.2	1,744	2.0
Other operating expenses	16,283	20.0	-1.0	16,447	19.2	6.7	15,414	18.1
EBITDA	3,213	4.0	-21.6	4,100	4.8	-35.0	6,306	7.4
Depreciation	674	0.8	0.3	672	0.8	83.0	367	0.4
EBIT	2,539	3.1	-25.9	3,429	4.0	-42.3	5,939	7.0
Net financial result	-7	0.0	-81.9	-37	0.0	-194.1	39	0.0
EBT	2,532	3.1	-25.3	3,392	4.0	-43.3	5,978	7.0
Income taxes	856	1.1	-20.2	1,073	1.3	-44.2	1,923	2.3
Consolidated net income	1,676	2.1	-27.7	2,319	2.7	-42.8	4,055	4.8

Key expense positions

Cost of goods sold

The cost of goods sold (COGS) is the largest expense item; it considers the purchase price of sold tyres. Group COGS decreased by 3.7 % from € 63.4 million in Q1 12 to € 61.1 million in Q1 13. The E-Commerce division accounted for € 57.7 million (Q1 12: € 59.4 million). COGS in the Wholesale division was € 3.4 million (Q1 12: € 4.0 million).

Personnel expenses

In the reporting period Delticom employed an average of 148 staff members (Q1 12: 142). Personnel expenses amounted to € 2.3 million (Q1 12: € 2.2 million).

The personnel expenses ratio in the first quarter came to 2.8 % (staff expenditures as percentage of revenues, Q1 12: 2.6 %).

Warehousing

Rents and overheads came in at previous year's level (Q1 13: € 1.6 million, Q1 12: € 1.6 million, +4.4 %). Stocking costs decreased by 28.9 % from € 1.0 million in Q1 12 to € 0.7 million.

Transportation costs

Among the other operating expenses, transportation costs is the largest line item. They increased in the reporting period from € 7.0 million by 1.1 % to € 7.1 million. The share of transportation costs against revenues increased from 8.2 % in Q1 12 to 8.7 % in Q1 13.

Marketing

Marketing expenses grew by 20.7 % to € 2.5 million (Q1 12: € 2.1 million). In order to support the start into summer tyre season, Q1 13 marketing spent with 3.1 % of revenues was higher than last year's 2.4 %.

Earnings position

Gross margin The gross margin for the first quarter was set to 24.9 %, after 25.8 % in Q1 12. In order to achieve its sales targets, Delticom continues to offer its customers more attractive prices.

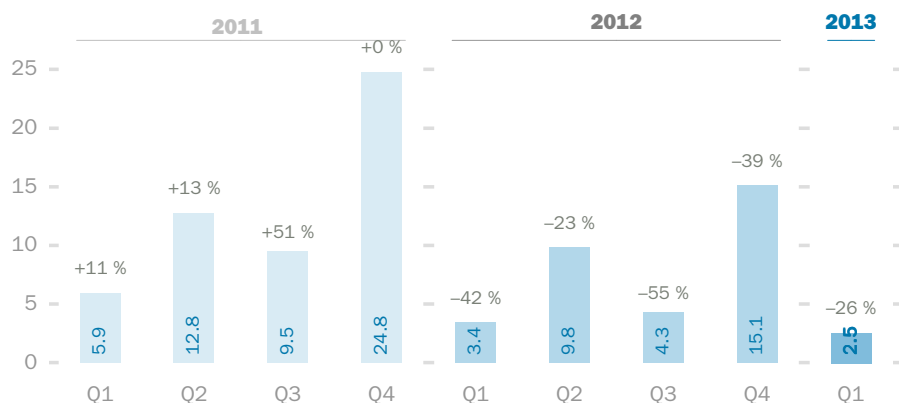
Other operating income Other operating income for the first quarter was € 1.5 million (Q1 12: € 0.7 million), thereof gains from exchange rate differences to the order of € 1.1 million (Q1 12: € 0.4 million). FX losses are accounted for in the other operating expenses. In Q1 13 the FX losses amounted to € 0.8 million (Q1 12: € 1.5 million). In the reporting period, the balance from FX gains and losses was € 0.3 million (Q1 12: € –1.1 million).

Gross profit Altogether, the gross profit contracted in the reporting period by 4.4 % year-on-year, from € 22.7 million to € 21.8 million. Gross profit in relation to total income of € 82.8 million (Q1 12: € 86.2 million) totalled 26.3 % (Q1 12: 26.4 %).

EBIT The chart *EBIT* shows the preceding quarters.

EBIT

quarterly, in € million



Q1 13 earnings before interest and taxes (EBIT) contracted by 25.9 % to € 2.5 million (Q1 12: € 3.4 million). This translates into an EBIT margin of 3.1 % (EBIT in percent of revenues, Q1 12: 4.0 %).

Financial income Financial income for the first three months amounted to € 13 thousand (Q1 12: € 6 thousand). Financial expenses were € 20 thousand (Q1 12: € 43 thousand). The financial result totalled € –7 thousand (Q1 12: € –37 thousand).

Income taxes In Q1 13 the expenditure for income taxes was € 0.9 million (Q1 12: € 1.1 million). This equates to a tax rate of 33.8 % (Q1 12: 31.6 %).

Net income

Consolidated net income shrank from € 2.3 million to € 1.7 million. This corresponds to earnings per share (EPS) of € 0.14 (undiluted, Q1 12: € 0.20), a step-down of 27.7 %.

Financial and assets position

As of 31.03.2013 the balance sheet total amounted to € 172.3 million (31.12.2012: € 156.4 million). Table *Abridged balance sheet* illustrates the low capital intensity of the business model.

Abridged balance sheet

in € thousand

	31.03.13	%	+%	31.12.12	%	+%	31.12.11	%
Assets								
Non-current assets	14,864	8.6	-3.4	15,391	9.8	-7.7	16,669	10.0
Fixed assets	14,007	8.1	-3.7	14,540	9.3	-9.7	16,098	9.7
Other non-current assets	857	0.5	0.6	852	0.5	49.1	571	0.3
Current assets	157,463	91.4	11.7	140,982	90.2	-5.8	149,695	90.0
Inventories	86,910	50.4	17.3	74,107	47.4	-30.4	106,492	64.0
Receivables	26,242	15.2	26.7	20,707	13.2	-1.4	21,006	12.6
Liquidity	44,311	25.7	-4.0	46,168	29.5	108.0	22,197	13.3
Securities	0	0.0		0	0.0		0	0.0
Cash and cash equivalents	44,311	25.7	-4.0	46,168	29.5	108.0	22,197	13.3
Assets	172,327	100.0	10.2	156,374	100.0	-6.0	166,364	100.0
Equity and Liabilities								
Long-term funds	67,163	39.0	2.4	65,560	41.9	-17.1	79,108	47.6
Equity	64,366	37.4	2.8	62,636	40.1	-17.0	75,480	45.4
Long-term debt	2,797	1.6	-4.3	2,924	1.9	-19.4	3,628	2.2
Provisions	182	0.1	18.4	154	0.1	411.2	30	0.0
Liabilities	2,615	1.5	-5.6	2,770	1.8	-23.0	3,597	2.2
Short-term debt	105,164	61.0	15.8	90,814	58.1	4.1	87,256	52.4
Provisions	1,975	1.1	-9.3	2,177	1.4	-66.8	6,560	3.9
Liabilities	103,189	59.9	16.4	88,637	56.7	9.8	80,696	48.5
Equity and Liabilities	172,327	100.0	10.2	156,374	100.0	-6.0	166,364	100.0

Balance sheet**Inventories**

Among the current assets, inventories is the biggest line item. Since the beginning of the year stock grew by € 12.8 million or 17.3 % to € 86.9 million (31.12.2012: € 74.1 million). This corresponds to a share of 50.4 % of total assets (31.12.2012: 47.4 %, 31.03.2012: 66.3 %).

Receivables

Trade receivables usually follow the seasons, but reporting date effects are often unavoidable. At the end of the quarter, the accounts receivable amounted to € 13.3 million (31.03.2012: € 17.2 million).

Payables

In the wake of this inventory build-up, the accounts payable increased from an opening balance of € 74.8 million by 21.6 % to € 91.0 million.

Working capital

The net working capital on 31.03.2013 amounted to € 3.7 million (31.03.2012: € 41.1 million). Since the beginning of the year, working capital increased by € 0.5 million or 15.6 % to € 3.7 million (31.12.2012: € 3.2 million). In the corresponding prior-year period the decrease in working capital value had amounted to € 3.4 million.

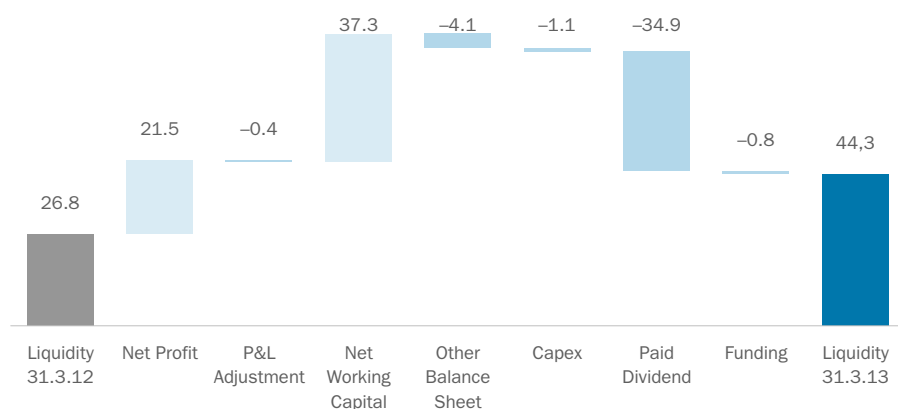
Liquidity position

Liquidity (cash and cash equivalents plus liquidity reserve) as of 31.03.2013 totalled € 44.3 million (31.12.2012: € 46.2 million, 31.03.2012: € 26.8 million). The company's net cash position (liquidity less liabilities from current accounts) amounted to € 41.5 million.

Based on the cash flow, the chart *Liquidity Bridge* illustrates how the liquidity position changed in the trailing 12 months.

Liquidity Bridge

in € million

**Cash flow****Operating cash flow**

Due to more funds tied up in net working capital, the Q1 13 cash flow from ordinary business activities (operating cashflow) of € -1.4 million was lower than in the comparison period (Q1 12: € 5.6 million).

Investing activities

In the first quarter, Delticom invested € 0.1 million into property, plant and equipment (Q1 12: € 0.1 million). Q1 13 cash flow from investing activities amounted to just € -0.1 million (Q1 12: € -0.1 million).

Financing activities

In the reporting period, Delticom recorded a cash flow from financing activities amounting to € -0.4 million. The disbursements due to redemption of loans (€ -0.5 million) were accompanied by the utilisation of short-term credit lines (€ 0.1 million).

Organisation

Legal structure

As of 31.03.2013, the Delticom Group comprised the following subsidiaries.

- Reifendirekt GmbH, Hanover (Germany)
- Pnebo Gesellschaft für Reifengroßhandel und Logistik mbH, Hanover (Germany)
- Delticom Tyres Ltd., Oxford (United Kingdom)
- NETIX S.R.L., Timisoara (Romania)
- Delticom North America Inc., Benicia (California, USA)
- Tyrepac Pte. Ltd., Singapur
- Hongkong Tyrepac Ltd., Hongkong
- OOO Delticom Shina, Moskow (Russia)
- Guangzhou Tyrepac Trading Ltd., Guangzhou (China)

Delticom holds a majority interest in Singapore-based Tyrepac Pte. Ltd and its subsidiaries amounting to 50.9 %. Of the other subsidiaries, Delticom AG owns 100 % of the outstanding shares.

Employees

In the reporting period an average of 148 persons were employed at Delticom (Q1 12: 142), thereof 6 apprentices and trainees. The business is run mainly from the Hanover head office.

Significant events after the reporting date

There were no events of particular importance after the end of the period under review.

Risk Report

As a company that operates internationally, Delticom is exposed to varying types of risk. In order to be able to identify, evaluate and respond to such risks in a timely fashion, Delticom put in place a risk management system early on. The system is based on corporate guidelines for the early risk detection and risk management.

An outline of the risk management process is presented in the Annual Report for fiscal year 2012 on pages 41ff, together with a list of key individual risks. Compared to the Annual Report 2012, the risk situation has not changed materially. Individual risks endangering the company do not exist, and considered together, the aggregate risk does not pose any danger to Delticom's going concern.

Outlook

Economic environment The economic environment continues to be extremely inconsistent. While experts expect the global economy to grow this year, the situation in Europe remains tense.

Many eurozone member states continue to face negative economic growth, rising unemployment and increasing levels of national debt. In view of the number of unresolved problems, it appears to be increasingly unlikely that the eurozone economy will return to a growth path this year.

Tyre retail Cold temperatures and wintery conditions on the road in March hampered an early kick-off to the season. Warmer temperatures in April signalled the start of the summer tyre retail season. This will make weather-related differences in performance unavoidable over the year.

We assume that demand will pick up in the second quarter as consumers make up for lost time. It remains to be seen whether we will see a cyclical upturn this year after two weak years in succession. There remains a great deal of uncertainty, particularly for the second half of the year.

Guidance unchanged For the first half of the year with its focus on summer tyre sales, Delticom is expected to grow revenues in its core E-Commerce segment by up to 10 % year-on-year.

Assuming a satisfactory course of business for the full year, Delticom should be able to exceed previous year's revenues. The management expects company growth to once again significantly outperform the industry as a whole in 2013, regardless of broader sector developments.

Consolidated Interim Financial Statements of Delticom AG

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Consolidated Income Statement

in € thousand	01.01.2013 – 31.03.2013	01.01.2012 – 31.03.2012
Revenues	81,275	85,484
Other operating income	1,538	691
Total operating income	82,814	86,175
Cost of goods sold	–61,055	–63,427
Gross profit	21,758	22,748
Personnel expenses	–2,262	–2,201
Depreciation of intangible assets and property, plant and equipment	–674	–672
Other operating expenses	–16,283	–16,447
Earnings before interest and taxes (EBIT)	2,539	3,429
Financial expenses	–20	–43
Financial income	13	6
Net financial result	–7	–37
Earnings before taxes (EBT)	2,532	3,392
Income taxes	–856	–1,073
Consolidated net income	1,676	2,319
Thereof allocable to:		
Shareholders of Delticom AG	1,676	2,319
Earnings per share (basic)	0.14	0.20
Earnings per share (diluted)	0.14	0.19

Statement of Recognised Income and Expenses

in € thousand	01.01.2013 – 31.03.2013	01.01.2012 – 31.03.2012
Consolidated Net Income	1,676	2,319
Changes in the financial year recorded directly in equity		
Changes in currency translation	34	–82
Net Investment Hedge Reserve		
Changes in current value recorded directly in equity	28	0
Deferred taxes relating to Net Investment Hedge Reserve	–9	0
Other comprehensive income for the period	53	–82
Total comprehensive income for the period	1,729	2,236

Consolidated Balance Sheet

Assets

in € thousand	31.03.2013	31.12.2012
Non-current assets	14,864	15,391
Intangible assets	1,032	1,053
Property, plant and equipment	12,143	12,660
Financial assets	832	826
Deferred taxes	358	335
Other receivables	499	517
Current assets	157,463	140,982
Inventories	86,910	74,107
Accounts receivable	13,349	9,585
Other current assets	9,612	8,173
Income tax receivables	3,281	2,949
Cash and cash equivalents	44,311	46,168
Assets	172,327	156,374

Shareholders' Equity and Liabilities

in € thousand	31.03.2013	31.12.2012
Equity	64,366	62,636
Subscribed capital	11,847	11,847
Share premium	24,311	24,311
Other components of equity	52	-2
Retained earnings	200	200
Net retained profits	27,955	26,279
Liabilities	107,961	93,738
Non-current liabilities	2,797	2,924
Long-term borrowings	1,800	2,250
Non-current provisions	182	154
Deferred tax liabilities	815	520
Current liabilities	105,164	90,814
Provisions for taxes	427	432
Other current provisions	1,548	1,745
Accounts payable	90,980	74,814
Short-term borrowings	970	905
Other current liabilities	11,239	12,918
Shareholders' equity and liabilities	172,327	156,374

Consolidated Cash Flow Statement

in € thousand	01.01.2013 – 31.03.2013	01.01.2012 – 31.03.2012
Earnings before interest and taxes (EBIT)	2,539	3,429
Depreciation of intangible assets and property, plant and equipment	674	672
Changes in other provisions	–169	22
Net gain on the disposal of assets	–41	15
Changes in inventories	–12,802	–28,158
Changes in receivables and other assets not allocated to investing or financing activity	–5,184	–4,555
Changes in payables and other liabilities not allocated to investing or financing activity	14,515	38,786
Interest received	11	6
Interest paid	–29	–65
Income tax paid	–920	–4,529
Cash flow from operating activities	–1,406	5,622
Proceeds from the disposal of property, plant and equipment	57	31
Payments for investments in property, plant and equipment	–135	–121
Payments for investments in intangible assets	–17	–17
Payments for investments in financial assets	–5	0
Cash flow from investing activities	–100	–108
Cash inflow of financial liabilities	65	–342
Cash outflow of financial liabilities	–450	–450
Cash flow from financing activities	–385	–792
Changes in cash and cash equivalents due to currency translation	34	–82
Cash and cash equivalents at the start of the period	46,168	22,197
Changes in cash and cash equivalents	–1,857	4,640
Cash and cash equivalents - end of period	44,311	26,837
For information only:		
Liquidity – start of period	46,168	22,197
Changes in cash and cash equivalents	–1,857	4,640
Liquidity – end of period	44,311	26,837
Net Cash – start of period	43,013	17,803
Changes in cash and cash equivalents	–1,857	4,640
Changes in financial liabilities	385	792
Net Cash – end of period	41,541	23,235

Statement of Changes in Shareholders' Equity

in € thousand	Sub- scribed capital	Share premium	Reserve from currency translation	Net Invest- ment Hedge Reserve	Accumulated profits / losses			Total equity
					Retained earnings	Net retained profits	total	
as of 1 January 2012	11,847	24,311	50	0	200	39,072	39,272	75,480
Total comprehensive income for the period			-82			2,319	2,319	2,236
as of 31 March 2012	11,847	24,311	-32	0	200	41,390	41,590	77,716
as of 1 January 2013	11,847	24,311	-2		200	26,279	26,479	62,636
Total comprehensive income for the period			34	19		1,676	1,676	1,729
as of 31 March 2013	11,847	24,311	33	19	200	27,955	28,155	64,366

Notes to the Consolidated Interim Financial Statements of Delticom AG

Segment results

Q1 13

in € thousand	E-Commerce	Wholesale	not allocated	Group
Revenues	77,509	3,766	0	81,275
Other operating income	1,414	28	96	1,538
Cost of goods sold	-57,682	-3,373	0	-61,055
Gross profit	21,241	421	96	21,758
Personnel expenses	-1,199	-85	-978	-2,262
Depreciation and amortization	-636	0	-37	-674
thereof property, plant and equipment	-612	0	-23	-636
thereof intangible assets	-24	0	-14	-38
Other operating expenses	-15,480	-111	-692	-16,283
thereof bad debt losses and one-off loan provisions	-458	0	0	-458
Segment result	3,926	225	-1,611	2,539
Net financial result				-7
Income taxes				-856
Consolidated net income				1,676

Q1 12

in € thousand	E-Commerce	Wholesale	not allocated	Group
Revenues	80,946	4,538	0	85,484
Other operating income	666	24	0	691
Cost of goods sold	-59,401	-4,026	0	-63,427
Gross profit	22,211	537	0	22,748
Personnel expenses	-1,135	-182	-884	-2,201
Depreciation and amortization	-637	0	-35	-672
thereof property, plant and equipment	-611	0	-21	-632
thereof intangible assets	-26	0	-14	-40
Other operating expenses	-15,739	-127	-581	-16,447
thereof bad debt losses and one-off loan provisions	-307	0	0	-307
Segment result	4,701	228	-1,500	3,429
Net financial result				-37
Income taxes				-1,073
Consolidated net income				2,319

Reporting companies

Delticom, Europe's leading online tyre retailer, was founded in Hanover in 1999. With 128 online shops in 42 countries, the company offers its private and business customers a broad assortment of car tyres, motorcycle tyres, truck tyres, bus tyres, special tyres, bicycle tyres, rims, complete wheels (pre-mounted tyres on rims), selected replacement car parts and accessories, motor oil and batteries. Further information about the reporting company can be found in the chapter *Business Operations* and in the chapter *Organisation* of the annual report 2012.

Employees

From 01.01.2013 to 31.03.2013 Delticom had an average of 148 employees (thereof 6 apprentices and interns). The calculation is based on full-time equivalents, thus taking into account the actual work hours.

Seasonal effects

In many countries, business with car replacement tyres depends to a large extent on the seasons with their different weather and road conditions. For example, the business in the northern parts of Europe and in German-speaking countries is characterized by two peak periods - the purchase of summer tyres in spring and winter tyres in early winter. Volume is generally weaker in the first quarter, as most winter tyres are bought and fitted with the first snow, and thus before the end of the year.

The second quarter is characterized by strong sales: the weather in April and May is usually quite warm and car drivers buy their new summer tyres.

The third quarter is a transitional quarter between the summer and winter business, with unit sales again being somewhat weaker.

In most European countries, the last quarter generates the highest sales as car drivers face difficult road conditions and become aware of the fact that they need new tyres.

Principles of accounting and consolidation, balance sheet reporting and valuation methods

Delticom's consolidated interim financial statements as of 31.03.2013 were prepared according to the *International Financial Reporting Standards* (IFRS), as prescribed by the International Accounting Standards Board (IASB), that were mandatory according to the European Union (EU) Directive. All applicable and mandatory IFRS standards on the balance sheet date were applied, especially IAS 34 (Interim Financial Reporting).

To the extent that there were no changes to standards requiring first-time application, the accounting, valuation and calculation methods explained in the 2012 Consolidated Financial Statements have also been applied in this set of interim financial statements, and apply correspondingly.

These interim financial statements contain all clarifications and information required for annual financial statements, and can therefore be read in conjunction with the annual financial statements as of 31.12.2012.

The Annual Report 2012 is made available on the Delticom website in the section *Investor Relations* or can be downloaded directly using the following link:

www.delti.com/Investor_Relations/Delticom_AnnualReport_2012.pdf

One deviation from the Annual Report 2012 was the recognition for the first time of a net investment hedge reserve in equity. A net investment hedge uses derivative or non-derivative financial instruments to hedge exchange rate-related fluctuations in the net assets of foreign business operations by recognizing the effective portion of the exchange rate-related fluctuations of the hedging instruments within equity in the net investment hedge reserve and thus compensating the exchange rate-related fluctuations in the net assets of the foreign business operations.

In the case of the sale of part or all of the foreign operation, the amount previously shown in the net investment hedge reserve is recognized in profit or loss.

Group of consolidated companies

The group of consolidated companies comprises Delticom AG as controlling company, two domestic and three foreign subsidiaries, all fully consolidated in the interim financial accounts.

The Tyrepac Pte. Ltd., Singapore of which Delticom owns 50.9 % of the shares, and Tyrepac's fully owned subsidiaries Hongkong Tyrepac Ltd., Hongkong and Guangzhou Tyrepac Trading Ltd., Guangzhou, China, (founded on 10.01.2013) are not consolidated due to their negligible impact on Delticom's net assets, financial position and results of operations. Instead it is recognized as a financial instrument pursuant to IAS 39. The same applies to the 100 % subsidiary company of the Delticom AG, OOO Delticom Shina, Moscow, Russia.

Compared with the Annual Report for fiscal year 2012 there were no changes in the group of consolidated companies.

Unusual items

No significant matters have arisen that affect the assets, liabilities, equity, result for the period, or cash flows, and which are unusual for Delticom AG's business due to their type, extent or frequency. Business trends are explained in the interim management report.

Profit and loss statement, balance sheet and statement of cash flow

Detailed information with regards to business trends and the profit and loss statement can be found in the chapter *Business performance and earnings situation* of the interim management report. The chapter *Financial and assets position* presents additional Information concerning the balance sheet and the cash flow statement.

Other operating expenses

The following table shows the development of the other operating expenses.

in € thousand	Q113	Q112
Transportation costs	7,105	7,026
Warehousing costs	706	993
Credit card fees	664	626
Bad debt losses and one-off loan provisions	458	307
Marketing costs	2,483	2,057
Operations centre costs	1,235	1,300
Rents and overheads	1,634	1,566
Financial and legal costs	464	476
IT and telecommunications	323	281
Expenses from exchange rate differences	814	1,465
Other	398	350
Total	16,283	16,447

Earnings per share

Basic earnings per share totalled € 0.14 (Q1 12: € 0.20). The diluted earnings per share totalled € 0.14 (Q1 12: € 0.19).

Calculation of earnings per share

Pursuant to IAS 33, undiluted (basic) earnings per share are calculated by dividing the consolidated net income of € 1,676,106.11 (previous year: € 2,318,558.41) by the 11,847,440 weighted average number of ordinary shares in circulation during the financial year (previous year: 11,847,440 shares).

During the year under review, there were 15,810 potential shares (financial instruments and other agreements which entitle their holders to subscribe to ordinary shares) from the tranche dated 22.11.2007, 37,500 potential shares from the tranche dated 08.05.2008, 29,500 potential shares from the tranche dated 25.11.2008 and 15,000 potential shares from the tranche dated 30.03.2009.

The exercise prices for the tranches 22.11.2007, 08.05.2008, 25.11.2008 and 30.03.2009 were below the average share prices since the options were issued. As a result all tranches are included in the diluted earnings per share.

The calculation of the diluted earnings per share was based (in accordance with IAS 33) on net income after taxes totalling € 1,676,106.11 (previous year: € 2,318,558.41) and the weighted average number of shares outstanding during the fiscal year and the number of potential shares from options totalling 11,945,250 shares (previous year: 11,945,250 shares).

Dividends

At Delticom's Annual General Meeting on 30.04.2013, the Management Board and the Supervisory Board will propose a dividend of € 1.90 per share (previous year: of € 2.95).

Related parties disclosure

Related companies and persons in the meaning of IAS 24 include the Managing and Supervisory boards of Delticom AG (*category persons in key positions*), the majority shareholders Binder GmbH and Prüfer GmbH (*category companies with a significant influence on the Group*), as well as not consolidated subsidiaries (*category not consolidated subsidiaries*).

All transactions with related parties are agreed contractually, and conducted on terms as would also be usual with third parties. Transactions which occurred during the interim reporting period did not have any significant effects on the earnings, financial and asset positions.

Related companies and persons (*Category persons in key positions*): In the reporting period, goods and services worth € 71 thousand (Q1 12: € 276 thousand) were purchased from related companies and persons, and goods and services worth € 0 thousand (Q1 12: € 0 thousand) were sold to related companies and persons. Accounts receivable from business with related companies and persons amounted to € 1 thousand (Q1 12: € 2 thousand) and accounts payable totalled € 35 thousand (Q1 12: € 193 thousand).

Related companies and persons (*category not consolidated subsidiaries*): In the reporting period, goods and services worth € 0 thousand (Q1 12: € 0 thousand) were purchased from related companies and persons, and goods and services worth € 989 thousand (Q1 12: € 334 thousand) were sold to related companies and persons. Accounts receivable from business with related companies and persons amounted to € 1,050 thousand (Q1 12: € 201 thousand) and accounts payable totalled € 0 thousand (Q1 12: € 0 thousand).

Contingent liabilities and other financial commitments

As compared to 31.12.2012, the situation with regards to other financial commitments has not changed significantly:

As of the reporting date, there were no contingent liabilities or claims.

Key events after the reporting date

There were no key events that occurred after the reporting date.

Declaration according to section 37w Abs. 5 WpHG (Securities Act)

The interim financial statements and the interim management report has not been reviewed by our auditors.

German Corporate Governance Codex

The website www.delti.com/Investor_Relations/Entsprechungserklaerung.html shows the current statements made by the Managing and Supervisory boards of Delticom AG pursuant to Section 161 of the German Public Limited Companies Act (AktG).

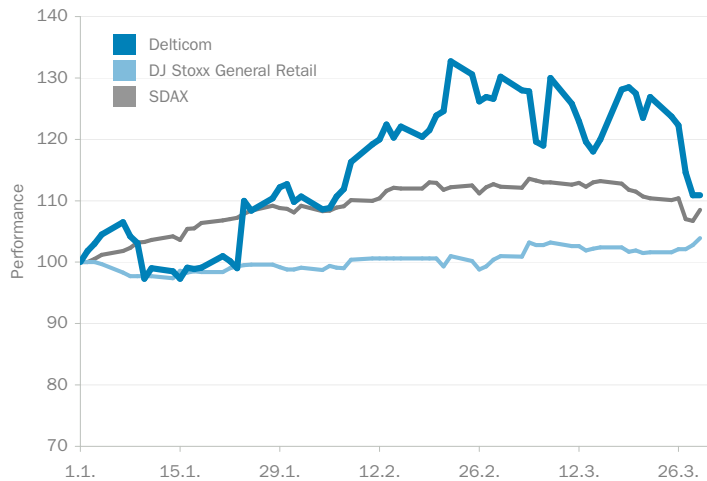
Responsibility Statement

To the best of our knowledge, we declare that, according to the principles of proper interim consolidated reporting applied, the interim consolidated financial statements provide a true and fair view of the company's net assets, financial position and results of operations, that the interim consolidated management report presents the company's business including the results and the company's position such as to provide a true and fair view and that the major opportunities and risks of the company's anticipated growth for the remaining financial year are described.

Hanover, 25.04.2013

(The Management Board)

The Delticom Share



WKN
ISIN
Reuters / Bloomberg
Index membership
Type of shares
Transparency level

514680
DE0005146807
DEXGn.DE / DEX GR
SDAX, CXPR, GEX, NISAX
No-par value, registered
Prime Standard

30 April 2013
18 July 2013
08 August 2013
17 October 2013
07 November 2013

Annual General Meeting
preliminary H1 figures
full H1 report
preliminary Q3 figures
full Q3 report

		01.01.2013 – 31.03.2013	01.01.2012 – 31.12.2012
Number of shares	shares	11,847,440	11,847,440
Share price on first trading day ¹	€	32.88	67.00
Share price on last trading day of the period ¹	€	35.46	32.30
Share performance ¹	%	+7.9	-51.8
Share price high/low ¹	€	42.87 / 31.43	82,51 / 30,74
Market capitalisation ²	€ million	420.1	382.7
Average trading volume per day (XETRA)	shares	23,306	28,309
EPS (undiluted)	€	0.14	1.87
EPS (diluted)	€	0.14	1.85
Equity per share	€	5.43	5.29

(1) based on closing prices

(2) based on official closing price at end of quarter

Broker	Analyst	Recommendation	Target price	Estimates for 2013				Estimates for 2014			
				Sales (€m)	EBIT (€m)	EBIT (%)	EPS (€)	Sales (€m)	EBIT (€m)	EBIT (%)	EPS (€)
NordLB	Frank Schwope	Buy	42.00	492.0	37.9	7.7	2.14	528.1	41.4	7.8	2.36
Metzler	Jürgen Pieper	Buy	48.00	505.0	39.5	7.8	2.27	565.0	48.1	8.5	2.80
Exane	Andreas Inderst	Outperform	45.00	540.4	33.1	6.1	1.89	632.2	39.7	6.3	2.27
Berenberg	Alexandra Schlegel	Hold	34.50	476.0	35.0	7.4	2.02	500.0	39.0	7.8	2.21
Deutsche Bank	Tim Rokossa	Sell	28.00	495.0	30.0	6.1	1.75				
BH Lampe	Christian Ludwig	Sell	37.00	475.6	37.0	7.8	2.13	506.0	40.6	8.0	2.34
Commerzbank	Dennis Schmitt	Reduce	33.00	501.0	31.0	6.2	1.78	566.0	25.6	4.5	1.47
HSBC	Christopher Johnen	Underweight	30.00	476.0	35.6	7.5	2.02	511.5	41.5	8.1	2.36
Cheuvreux	Jennifer Gaussmann	Underperform	35.00	489.5	42.7	8.7	2.42	539.6	49.2	9.1	2.79
Hauk & Aufhäuser	Sascha Berresch	Hold	33.00	476.5	35.6	7.5	2.04	518.5	40.7	7.8	2.33
Citi	Philip Watkins	Neutral	37.00	468.1	35.9	7.7	2.07	515.2	40.6	7.9	2.34
Montega	Hendrik Emrich	Hold	40.00	475.0	39.7	8.4	2.25	510.0	44.7	8.8	2.53
		Average	36.88	489.2	36.1	7.4	2.07	535.6	41.0	7.7	2.35

as of 21 April 2013

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