



## 9-Monthly Report 2012

## 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 33,000 service partners (8,400 in Germany alone) for professional fitting directly on to the customer's vehicle at a reasonable price.

## Key Figures

		01.01.2012 – 30.09.2012	01.01.2011 – 30.09.2011	–/+ (%, %p)
Revenues	€ million	280.4	297.7	–5.8
Total income	€ million	283.3	303.6	–6.7
Gross margin <sup>1</sup>	%	26.2	26.6	–0.3
Gross profit	€ million	76.3	85.0	–10.2
EBIT	€ million	17.5	28.2	–37.9
EBIT margin <sup>2</sup>	%	6.2	9.5	–3.2
Net income	€ million	11.7	19.0	–38.4
Earnings per share <sup>3</sup>	€	0.99	1.60	–38.4
Total assets	€ million	181.4	179.1	+1.3
Inventories	€ million	126.5	122.9	+2.9
Investments <sup>4</sup>	€ million	1.0	8.0	–87.2
Capital Employed <sup>5</sup>	€ million	55.1	62.2	–11.4
Return on Capital Employed <sup>6</sup>	%	31.8	45.3	–13.5
Equity	€ million	52.3	58.3	–10.4
Equity ratio	%	28.8	32.6	–3.8
Return on equity	%	22.4	32.6	–10.2
Liquidity position <sup>7</sup>	€ million	15.0	11.7	+27.8
Operating cash flow	€ million	29.7	–26.0	
Free cash flow <sup>8</sup>	€ million	28.9	–34.0	

(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

## **Table of contents**

2	Interim Management Report of Delticom AG
12	Consolidated Interim Financial Statements of Delticom AG
17	Notes to the Consolidated Interim Financial Statements of Delticom AG
22	Responsibility Statement

## **Interim Management Report of Delticom AG**

### **Table of contents**

#### **3 Economic Environment**

#### **3 Business performance and earnings situation**

3 Revenues

4 Key expense positions

5 Earnings position

#### **7 Financial and assets position**

7 Balance sheet structure

8 Cash flow

#### **9 Organisation**

#### **10 Significant events after the reporting date**

#### **10 Risk Report**

#### **10 Outlook**

## Economic Environment

**Macroeconomic developments** Economic sentiment in the Eurozone has worsened over recent months. Weak economy and high unemployment continue to weigh on private consumption, especially on the periphery of Europe.

Core countries are increasingly less able to decouple from the far-reaching recessionary trends. Although private consumption in Germany has served its role as a significant driver of the economy in recent months, more and more consumers have concerns about their purchasing power, given rising energy prices and slower labor market growth.

**Development of the tyre market** The situation in Europe was not without consequences for the tyre industry. Firstly, the general weakness of the European car markets showed in declining demand for original equipment tyres. Secondly, tyre dealers as a whole bought fewer replacement tyres in the first nine months year-on-year. For some manufacturers, tailwind from rising sales prices nevertheless helped to compensate at least in part for the volume decline.

Global commodity markets continue to be very volatile. While the natural rubber price already saw a decline during the first half the year, an easing in the price of synthetic rubber failed to become noticeable until recent months, with prices having registered considerable gains by the mid-year stage.

With the summer tyres business already behind European tyre dealers' expectations in the first half of the year, demand in the latter part of the year has so far failed to register any rebound. In addition to the poor summer tyre business, trading in the third quarter did not benefit from an early start into the winter season, unlike the year before.

## Business performance and earnings situation

### Revenues

**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 9M 12 the company recognised revenues of € 280.4 million, a decrease of 5.8 % after € 297.7 million in the prior-year period.

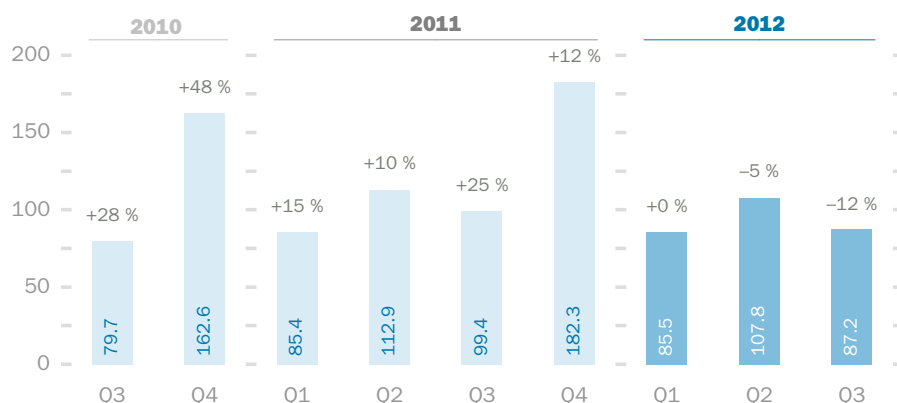
Following a weak first half year, the European replacement market continued to lag expectations in the third quarter. Delticom generate quarterly revenues of € 87.2 million (Q3 11: € 99.4 million) – a decrease of 12.3 %.

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 came down year-on-year by 3.7 %, from € 279.2 million to € 268.7 million. The share of divisional revenues amounted to 95.8 %, compared to 93.8 % in the previous year. In 9M 12 the company was able to acquire a total of 525 thousand new customers (9M 11: 594 thousand, -11.5 %). During the same period 353 thousand existing customers (9M 11: 335 thousand, +5.5 %) 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 36.7 % to € 11.7 million, after prior-year revenues of € 18.5 million.

**Regional split**

The group offers its product range in 42 countries. In 9M 12 revenues in EU countries totalled € 203.1 million (-10.6 %). Across all non-EU countries the revenue contribution for 9M 12 was € 77.3 million (+9.5 %).

**Revenues by division and region**

in € thousand

	9M12	%	+	9M11	%	+	9M10	%
<b>Revenues</b>	<b>280,438</b>	<b>100.0</b>	<b>-5.8</b>	<b>297,695</b>	<b>100.0</b>	<b>15.8</b>	<b>257,014</b>	<b>100.0</b>
<b>Primary Segments</b>								
E-Commerce	268,719	95.8	-3.7	279,184	93.8	14.0	244,934	95.3
Wholesale	11,719	4.2	-36.7	18,511	6.2	53.2	12,079	4.7
<b>Regions</b>								
EU	203,142	72.4	-10.6	227,112	76.3	11.7	203,260	79.1
Rest	77,296	27.6	9.5	70,582	23.7	31.3	53,754	20.9

**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 in the reporting period by 5.4 % from € 218.6 million in 9M 11 to € 206.9 million (73.8 % of revenues),

primarily due to lower revenues. COGS in the E-Commerce division declined by 3.0 % from € 202.5 million to € 196.4 million. In the Wholesale division, COGS came down by 35.1 % to € 10.5 million (9M 11: € 16.2 million).

<b>Transportation costs</b>	Among the other operating expenses, transportation costs is the largest line item. In the reporting period it amounted to € 23.7 million (9M 11: € 24.2 million). The share of transportation costs against revenues went up from 8.1 % in 9M 11 to 8.4 % in 9M 12.
<b>Warehousing costs</b>	Due to the expansion of warehouse capacity, rents and overheads increased by 44.5 %, from € 3.1 million to € 4.5 million. Stocking costs came in at € 2.4 million, 26.1 % lower than prior-year's € 3.3 million. This was mainly due to taking qualified temporary workers on the payroll.
<b>Personnel expenses</b>	In the reporting period on average 143 staff members were employed at Delticom (9M 11: 111). The reason for the increase was the buildup of qualified staff for our new warehouse facility which opened last year. Personnel expenses amounted to € 6.3 million (9M 11: € 5.2 million). The 9M 12 personnel expenses ratio stood at 2.3 % (staff expenditures as percentage of revenues, 9M 11: 1.7 %).
<b>Marketing costs</b>	In the reporting period, advertising costs totalled € 6.7 million. This equates to a ratio of marketing expenses to revenues of 2.4 % (9M 11: € 5.8 million or 2.0 %). In order to support the sales of winter tyres and according to plans, Q3 12 marketing spent of 2.7 % of revenues was higher than last year's 1.9 %.
<b>Depreciation</b>	In line with our gradual warehouse capacity expansion and the parallel investments into warehousing infrastructure, depreciation rose by 40.2 % from € 1.4 million in 2011 to € 2.0 million. The low absolute level of depreciation underlines the low capital intensity of Delticom's business.

### **Earnings position**

<b>Gross margin</b>	Quarterly gross margin (trade margin ex other operating expenses) was 25.7 % (Q3 11: 25.8 %). For the nine months the gross margin was 26.2 %, after 26.6 % in the prior-year period.  The main driver for the gross margin trend over the past months has been the development of own summer tyre stocks which have been cut back significantly, in line with deteriorating selling conditions. As a result, the share of spot dropship business with third parties increased, which usually carries a lower gross margin than selling from own stocks.
<b>Other operating income</b>	Other operating income decreased in 9M 12 by 52.6 % to € 2.8 million (9M 11: € 5.9 million), thereof gains from exchange rate differences to the order of € 1.2 million (9M 11: € 4.5 million). FX losses have to be accounted for as line

item in the other operating expenses (9M 12: € 3.1 million, 9M 11: € 3.9 million). FX gains and losses often accrue differently to different quarters due to the long duration of the underlying transaction and the corresponding hedge. For the nine months the balance of FX income and losses totalled € –1.9 million (9M 11: € 0.7 million).

#### Gross profit

Altogether, the gross profit worsened in the reporting period by 10.2 % year-on-year, from € 85.0 million to € 76.3 million. Gross profit in relation to total income of € 283.3 million (9M 11: € 303.6 million) totalled 26.9 % (9M 11: 28.0 %).

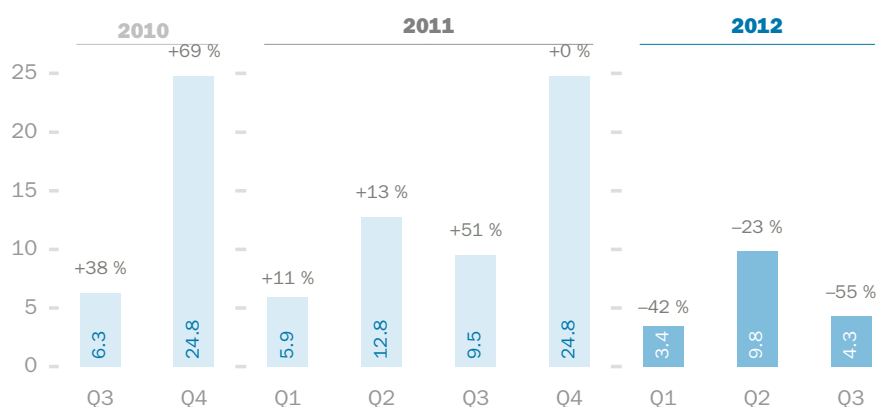
#### EBIT

EBIT for the reporting period came down by 37.9 % from € 28.2 million to € 17.5 million, primarily due to higher fixed costs. This equates to an EBIT margin of 6.2 % (9M 11: 9.5 %). Third quarter EBIT saw a decline of 55.0 %, from prior-year's € 9.5 million to € 4.3 million. The quarterly EBIT margin was 4.9 % (Q3 11: 9.5 %).

The chart *EBIT* shows the preceding quarters.

#### EBIT

quarterly, in € million



#### Financial result

Financial income for the nine months amounted to € 26.0 thousand (9M 11: € 96.3 thousand). On the back of higher funding needs for inventories financial expenses increased to € 190.1 thousand (9M 11: € 90.1 thousand), leading to a financial result of € –164.1 thousand (9M 11: € 6 thousand).

#### Income taxes

In 9M 12 the expenditure for income taxes was € 5.6 million (9M 11: € 9.2 million). This equates to a tax rate of 32.5 % (9M 11: 32.6 %).

#### Net income 9M 12

Consolidated net income totalled € 11.7 million after € 19.0 million in 9M 11. This corresponds to earnings per share (EPS) of € 0.99 (undiluted, 9M 11: € 1.60), a decline of 38.4 %.



**Abridged P+L statement**

in € thousand

	9M12	%	+%	9M11	%	+%	9M10	%
<b>Revenues</b>	<b>280,438</b>	100.0	-5.8	<b>297,695</b>	100.0	15.8	<b>257,014</b>	100.0
Other operating income	2,815	1.0	-52.6	5,939	2.0	56.0	3,807	1.5
<b>Total operating income</b>	<b>283,253</b>	101.0	-6.7	<b>303,633</b>	102.0	16.4	<b>260,821</b>	101.5
Cost of goods sold	206,933	73.8	-5.4	218,638	73.4	16.7	187,275	72.9
<b>Gross profit</b>	<b>76,320</b>	27.2	-10.2	<b>84,995</b>	28.6	15.6	<b>73,546</b>	28.6
Personnel expenses	6,344	2.3	21.9	5,204	1.7	9.8	4,741	1.8
Other operating expenses	50,447	18.0	0.6	50,169	16.9	11.5	44,991	17.5
<b>EBITDA</b>	<b>19,529</b>	7.0	-34.1	<b>29,622</b>	10.0	24.4	<b>23,814</b>	9.3
Depreciation	2,010	0.7	40.2	1,434	0.5	51.1	949	0.4
<b>EBIT</b>	<b>17,518</b>	6.2	-37.9	<b>28,188</b>	9.5	23.3	<b>22,865</b>	8.9
Net financial result	-164	-0.1	-2765.0	6	0.0	-88.7	54	0.0
<b>EBT</b>	<b>17,354</b>	6.2	-38.4	<b>28,194</b>	9.5	23.0	<b>22,919</b>	8.9
Income taxes	5,647	2.0	-38.6	9,189	3.1	21.2	7,582	3.0
<b>Consolidated net income</b>	<b>11,707</b>	4.2	-38.4	<b>19,005</b>	6.4	23.9	<b>15,337</b>	6.0

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

**Financial and assets position****Balance sheet structure**

As of 30.09.2012 the balance sheet total amounted to € 181.4 million (31.12.2011: € 166.4 million). Table *Abridged balance sheet* illustrates the low capital intensity of the business model.

**Inventories**

Among the current assets, inventories is the biggest line item. They grew from the beginning of the year by € 20.0 million, totalling € 126.5 million on the reporting date (30.09.2011: € 122.9 million). In the corresponding prior-year period the increase in inventory value had amounted to € 70.7 million.

**Receivables**

Trade receivables show the same seasonality as sales. At the reporting date, the accounts receivable amounted to € 15.7 million (31.12.2011: € 10.1 million).

**Payables**

In the wake of the inventory build-up, the accounts payable increased from € 68.2 million by € 44.2 million or 64.7 % to € 112.4 million (30.09.2011: € 92.5 million).

**Working Capital**

The net working capital on 30.09.2012 amounted to € 22.9 million (30.09.2011: € 42.5 million). Since the beginning of the year, working capital came down by € 21.5 million or 48.4 % to € 22.9 million (31.12.2011: € 44.4 million). In the corresponding prior-year period the increase in working capital value had amounted to € 40.7 million.

**Liquidity position**

Liquidity (cash and cash equivalents plus liquidity reserve) as of 30.09.2012 totalled € 15.0 million (30.09.2011: € 11.7 million, 31.12.2011: € 22.2 million). The company's net cash position (liquidity less liabilities from current accounts) amounted to € 11.8 million (30.09.2011: € 1.8 million).

**Abridged balance sheet**

in € thousand

	30.09.12	%	±%	31.12.11	%	±%	31.12.10	%
<b>Assets</b>								
Non-current assets	15,678	8.6	-5.9	16,669	10.0	63.9	10,169	6.8
Fixed assets	14,964	8.2	-7.0	16,098	9.7	66.8	9,654	6.5
Other non-current assets	715	0.4	25.2	571	0.3	10.8	516	0.3
Current assets	165,764	91.4	10.7	149,695	90.0	7.6	139,178	93.2
Inventories	126,457	69.7	18.7	106,492	64.0	103.9	52,227	35.0
Receivables	24,352	13.4	15.9	21,006	12.6	9.9	19,117	12.8
Liquidity	14,955	8.2	-32.6	22,197	13.3	-67.3	67,834	45.4
Securities	0	0.0		0	0.0	-100.0	1,036	0.7
Cash and cash equivalents	14,955	8.2	-32.6	22,197	13.3	-66.8	66,798	44.7
<b>Assets</b>	<b>181,442</b>	<b>100.0</b>	<b>9.1</b>	<b>166,364</b>	<b>100.0</b>	<b>11.4</b>	<b>149,348</b>	<b>100.0</b>
<b>Equity and Liabilities</b>								
Long-term funds	55,134	30.4	-30.3	79,108	47.6	10.8	71,387	47.8
Equity	52,268	28.8	-30.8	75,480	45.4	5.8	71,341	47.8
Long-term debt	2,866	1.6	-21.0	3,628	2.2	7879.6	45	0.0
Provisions	45	0.0	50.8	30	0.0	-33.9	45	0.0
Liabilities	2,820	1.6	-21.6	3,597	2.2		0	0.0
Short-term debt	126,308	69.6	44.8	87,256	52.4	11.9	77,961	52.2
Provisions	2,049	1.1	-68.8	6,560	3.9	-21.7	8,379	5.6
Liabilities	124,259	68.5	54.0	80,696	48.5	16.0	69,582	46.6
<b>Equity and Liabilities</b>	<b>181,442</b>	<b>100.0</b>	<b>9.1</b>	<b>166,364</b>	<b>100.0</b>	<b>11.4</b>	<b>149,348</b>	<b>100.0</b>

**Cash flow**

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

**Operating cash flow**

In light of the positive development in net working capital the cash flow from ordinary business activities (operating cash flow) for the period under review was significantly better than last year, at € 29.7 million (9M 11: € -26.0 million).

**Investments**

The majority of racks, forklifts and packaging machines for the new warehouse were purchased in 2011. This year's investments into property, plant and equipment have therefore just been € 0.9 million, significantly less than last year (9M 11: € 7.9 million).

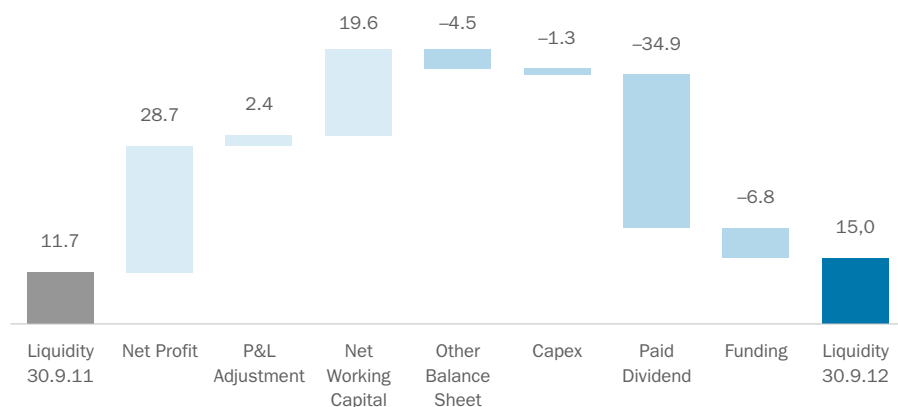
**Financing activities**

In the reporting period, Delticom recorded a cash flow from financing activities amounting to € -36.2 million, thereof the payout for the last financial year of € -34.9 million and disbursements due to redemption of loans of € -0.9 million.

The balance of utilisation and redemption of short-term credit lines was € –0.3 million.

### Liquidity Bridge

in € million



## Organisation

### Legal structure

As of 30.09.2012, 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., Wilmington (Delaware, USA)
- Tyrepac Pte. Ltd., Singapur
- Hongkong Tyrepac Ltd., Hongkong

Delticom AG holds a majority interest amounting to 50.9 % in Tyrepac and (indirectly) its subsidiary. Of the other subsidiaries, Delticom AG owns 100 % of the outstanding shares.

### Employees

In the reporting period an average of 143 persons were employed at Delticom (9M 11: 111), thereof 8 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 2011 on pages 42ff, together with a list of key individual risks.

Compared to the Annual Report 2011, 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** Experts anticipate that economic performance in the Eurozone will continue to decrease in the fourth quarter. Not only rising unemployment figures but also a heightened sense of uncertainty and fear of the future bear down on private consumer spending. Low capacity utilization, restrictive austerity measures and subdued investment activity will put many countries under even more pressure.

For Germany, the further cooling of the global economy is accompanied by a rise in downside risks. Although the situation on the domestic labor market remains comparatively good, an increasing number of consumers fear a loss of purchasing power. Skepticism is also on the rise among German companies. The latest business expectations indicate shrinking economic output.

**Tyre retail** While last year's winter tyre season benefitted from an early start, this year the winter tyre business has so far been relatively sluggish. Over the recent months retailers have only cautiously stocked up with winter tyres, as stock levels were already higher than usual following the mild winter last year. A dash for winter tyres will fail to occur if snowfall is patchy. The development of winter tyre prices in Europe over the next few months will therefore depend to a large extent on the weather.

**EU Label** Tyres produced on or after 01.07.2012 have to carry a label in line with EU regulations, which stipulates the efficiency classes for wet grip, rolling resistance and external rolling noise. From 01.11.2012 on European retailers must draw the customers' attention to the label and offer help interpreting the efficiency

classes. Experts take the view that the label is not particularly helpful for winter tyres. Consequently, we do not assume that the label will play a big part in motorists' buying decisions for winter tyres this year.

#### Forecast

Despite good demand for winter tyres in some European countries, we do not expect the company to exceed annual prior-year revenues in 2012. Due to the challenging market environment Delticom scales back its EBIT goal for the current financial year to 7 % – 8 %.

We expect the net cash position to further rebound in the fourth quarter, as stocking for the winter season is largely completed. Assuming capex remains at low levels, free cash flow should continue to improve towards the end of the year.

#### Medium term outlook

For the medium term we expect to stay on a double-digit growth path, both for revenues and earnings. We are confident that Delticom will continue to grow at a rate above the market trend.

## **Consolidated Interim Financial Statements of Delticom AG**

### **Table of contents**

#### **13 Consolidated Income Statement**

#### **13 Statement of Recognised Income and Expenses**

#### **14 Consolidated Balance Sheet**

14 Assets

14 Shareholders' Equity and Liabilities

#### **15 Consolidated Cash Flow Statement**

#### **16 Statement of Changes in Shareholders' Equity**



## Consolidated Income Statement

in € thousand	01.01.2012 – 30.09.2012	01.01.2011 – 30.09.2011	01.07.2012 – 30.09.2012	01.07.2011 – 30.09.2011
<b>Revenues</b>	<b>280,438</b>	<b>297,695</b>	<b>87,168</b>	<b>99,402</b>
Other operating income	2,815	5,939	747	2,821
<b>Total operating income</b>	<b>283,253</b>	<b>303,633</b>	<b>87,915</b>	<b>102,223</b>
Cost of goods sold	–206,933	–218,638	–64,761	–73,716
<b>Gross profit</b>	<b>76,320</b>	<b>84,995</b>	<b>23,154</b>	<b>28,507</b>
Personnel expenses	–6,344	–5,204	–1,970	–1,716
Depreciation of intangible assets and property, plant and equipment	–2,010	–1,434	–678	–620
Other operating expenses	–50,447	–50,169	–16,235	–16,683
<b>Earnings before interest and taxes (EBIT)</b>	<b>17,518</b>	<b>28,188</b>	<b>4,271</b>	<b>9,488</b>
Financial expenses	–190	–90	–81	–77
Financial income	26	96	3	4
<b>Net financial result</b>	<b>–164</b>	<b>6</b>	<b>–78</b>	<b>–73</b>
<b>Earnings before taxes (EBT)</b>	<b>17,354</b>	<b>28,194</b>	<b>4,193</b>	<b>9,415</b>
Income taxes	–5,647	–9,189	–1,276	–3,156
<b>Consolidated net income</b>	<b>11,707</b>	<b>19,005</b>	<b>2,917</b>	<b>6,259</b>
Thereof allocable to:				
Shareholders of Delticom AG	11,707	19,005		
Earnings per share (basic)	0.99	1.60		
Earnings per share (diluted)	0.98	1.59		

## Statement of Recognised Income and Expenses

in € thousand	01.01.2012 – 30.09.2012	01.01.2011 – 30.09.2011	01.07.2012 – 30.09.2012	01.07.2011 – 30.09.2011
<b>Consolidated Net Income</b>	<b>11,707</b>	<b>19,005</b>	<b>2,917</b>	<b>6,259</b>
Changes in the financial year recorded directly in equity				
Changes in currency translation	31	81	–45	169
Changes in value of financial assets in the “available-for-sale assets” category				
Changes in current value recorded directly in equity	0	3	0	0
Recognition of settled hedging transactions with effect on income	0	–18	0	–1
Deferred tax on current changes without effect on income	0	5	0	0
<b>Other comprehensive income for the period</b>	<b>31</b>	<b>71</b>	<b>–45</b>	<b>168</b>
<b>Total comprehensive income for the period</b>	<b>11,738</b>	<b>19,076</b>	<b>2,871</b>	<b>6,428</b>

## Consolidated Balance Sheet

### Assets

in € thousand	30.09.2012	31.12.2011
<b>Non-current assets</b>	<b>15,678</b>	<b>16,669</b>
Intangible assets	1,009	1,032
Property, plant and equipment	13,130	14,241
Financial assets	825	825
Deferred taxes	273	215
Other receivables	442	356
<b>Current assets</b>	<b>165,764</b>	<b>149,695</b>
Inventories	126,457	106,492
Accounts receivable	15,725	10,146
Other current assets	8,627	10,860
Cash and cash equivalents	14,955	22,197
<b>Assets</b>	<b>181,442</b>	<b>166,364</b>

### Shareholders' Equity and Liabilities

in € thousand	30.09.2012	31.12.2011
<b>Equity</b>	<b>52,268</b>	<b>75,480</b>
Subscribed capital	11,847	11,847
Share premium	24,311	24,311
Other components of equity	80	50
Retained earnings	200	200
Net retained profits	15,829	39,072
<b>Liabilities</b>	<b>129,174</b>	<b>90,884</b>
<b>Non-current liabilities</b>	<b>2,866</b>	<b>3,628</b>
Long-term borrowings	2,250	3,150
Non-current provisions	45	30
Deferred tax liabilities	570	447
<b>Current liabilities</b>	<b>126,308</b>	<b>87,256</b>
Provisions for taxes	102	3,839
Other current provisions	1,947	2,721
Accounts payable	112,421	68,250
Short-term borrowings	901	1,244
Other current liabilities	10,937	11,202
<b>Shareholders' equity and liabilities</b>	<b>181,442</b>	<b>166,364</b>

**Consolidated Cash Flow Statement**

in € thousand	01.01.2012 – 30.09.2012	01.01.2011 – 30.09.2011
<b>Earnings before interest and taxes (EBIT)</b>	<b>17,518</b>	<b>28,188</b>
Depreciation of intangible assets and property, plant and equipment	2,010	1,434
Changes in other provisions	–759	221
Net gain on the disposal of assets	–65	4
Changes in inventories	–19,965	–70,711
Changes in receivables and other assets not allocated to investing or financing activity	–3,432	–8,604
Changes in payables and other liabilities not allocated to investing or financing activity	43,907	38,049
Interest received	27	96
Interest paid	–191	–90
Income tax paid	–9,318	–14,563
<b>Cash flow from operating activities</b>	<b>29,731</b>	<b>–25,975</b>
Proceeds from the disposal of property, plant and equipment	217	2
Payments for investments in property, plant and equipment	–936	–7,943
Proceeds from the disposal of intangible assets	0	1
Payments for investments in intangible assets	–91	–96
Payments for investments in financial assets	0	–7
Changes in liquidity reserve	0	1,036
<b>Cash flow from investing activities</b>	<b>–811</b>	<b>–7,007</b>
Dividends paid by Delticom AG	–34,950	–32,203
Payments from additions to capital	0	98
Cash inflow of financial liabilities	–343	10,357
Cash outflow of financial liabilities	–900	–450
<b>Cash flow from financing activities</b>	<b>–36,193</b>	<b>–22,198</b>
Changes in cash and cash equivalents due to currency translation	31	81
Cash and cash equivalents at the start of the period	22,197	66,798
Changes in cash and cash equivalents	–7,242	–55,099
<b>Cash and cash equivalents - end of period</b>	<b>14,955</b>	<b>11,699</b>
For information only:		
<b>Liquidity – start of period</b>	<b>22,197</b>	<b>67,834</b>
Changes in cash and cash equivalents	–7,242	–55,099
Changes in liquidity reserve	0	–1,036
<b>Liquidity – end of period</b>	<b>14,955</b>	<b>11,699</b>
<b>Net Cash – start of period</b>	<b>17,803</b>	<b>67,834</b>
Changes in cash and cash equivalents	–7,242	–55,099
Changes in liquidity reserve	0	–1,036
Changes in financial liabilities	1,243	–9,907
<b>Net Cash – end of period</b>	<b>11,803</b>	<b>1,792</b>

**Statement of Changes in Shareholders' Equity**

in € thousand	Sub- scribed capital	Share premium	Reserve from currency translation	Revaluation Reserve	Accumulated profits / losses Net			Total equity
					Retained earnings	retained profits	total	
<b>as of 1 January 2011</b>	<b>11,839</b>	<b>24,216</b>	<b>-169</b>	<b>10</b>	<b>200</b>	<b>35,246</b>	<b>35,446</b>	<b>71,341</b>
Shares of capital increase	8							8
Capital increase of issue new shares		90						90
Increase in share premium due to stock options		6						6
Dividends paid						-32,203	-32,203	-32,203
Total comprehensive income for the period			81	-10		19,005	19,005	19,076
<b>as of 30 September 2011</b>	<b>11,847</b>	<b>24,311</b>	<b>-88</b>	<b>0</b>	<b>200</b>	<b>22,048</b>	<b>22,247</b>	<b>58,318</b>
<b>as of 1 January 2012</b>	<b>11,847</b>	<b>24,311</b>	<b>50</b>		<b>200</b>	<b>39,072</b>	<b>39,272</b>	<b>75,480</b>
Dividends paid						-34,950	-34,950	-34,950
Total comprehensive income for the period			31			11,707	11,707	11,738
<b>as of 30 September 2012</b>	<b>11,847</b>	<b>24,311</b>	<b>80</b>	<b>0</b>	<b>200</b>	<b>15,829</b>	<b>16,029</b>	<b>52,268</b>

## Notes to the Consolidated Interim Financial Statements of Delticom AG

### Segment results

#### 9M 12

in € thousand	E-Commerce	Wholesale	not allocated	Group
<b>Revenues</b>	<b>268,719</b>	<b>11,719</b>	<b>0</b>	<b>280,438</b>
Other operating income	2,703	101	10	2,815
Cost of goods sold	-196,442	-10,491	0	-206,933
<b>Gross profit</b>	<b>74,980</b>	<b>1,330</b>	<b>10</b>	<b>76,320</b>
Personnel expenses	-3,096	-477	-2,772	-6,344
Depreciation and amortization	-1,902	-1	-107	-2,010
thereof property, plant and equipment	-1,829	-1	-66	-1,896
thereof intangible assets	-73	0	-42	-115
Other operating expenses	-48,258	-345	-1,844	-50,447
thereof bad debt losses and one-off loan provisions	-935	0	0	-935
<b>Segment result</b>	<b>21,723</b>	<b>507</b>	<b>-4,713</b>	<b>17,518</b>
Net financial result				-164
Income taxes				-5,647
<b>Consolidated net income</b>				<b>11,707</b>

#### 9M 11

in € thousand	E-Commerce	Wholesale	not allocated	Group
<b>Revenues</b>	<b>279,184</b>	<b>18,511</b>	<b>0</b>	<b>297,695</b>
Other operating income	5,217	136	586	5,939
Cost of goods sold	-202,478	-16,161	0	-218,638
<b>Gross profit</b>	<b>81,923</b>	<b>2,486</b>	<b>586</b>	<b>84,995</b>
Personnel expenses	-2,531	-343	-2,330	-5,204
Depreciation and amortization	-1,330	-1	-104	-1,434
thereof property, plant and equipment	-1,227	-1	-66	-1,293
thereof intangible assets	-103	0	-37	-140
Other operating expenses	-47,751	-666	-1,752	-50,169
thereof bad debt losses and one-off loan provisions	-755	0	0	-755
<b>Segment result</b>	<b>30,312</b>	<b>1,476</b>	<b>-3,600</b>	<b>28,188</b>
Net financial result				6
Income taxes				-9,189
<b>Consolidated net income</b>				<b>19,005</b>

### **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 2011.

### **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 30.09.2012 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 2011 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 31.12.2011.

The Annual Report 2011 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\\_2011.pdf](http://www.delti.com/Investor_Relations/Delticom_AnnualReport_2011.pdf)



### 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. Due to its negligible impact on Delticom's net assets, financial position and results of operations, the subsidiary companies Tyrepac Pte. Ltd. Singapur and Hongkong Tyrepac Ltd., Hong Kong are not consolidated, but instead recognized as a financial instrument pursuant to IAS 39. Compared with the Annual Report for fiscal year 2011 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	9M12	9M11
Transportation costs	23,686	24,199
Warehousing costs	2,427	3,284
Credit card fees	2,201	2,350
Bad debt losses and one-off loan provisions	935	755
Marketing costs	6,700	5,844
Operations centre costs	3,867	3,600
Rents and overheads	4,520	3,127
Financial and legal costs	755	1,570
IT and telecommunications	881	543
Expenses from exchange rate differences	3,139	3,892
Other	1,335	1,006
<b>Total</b>	<b>50,447</b>	<b>50,169</b>

### Earnings per share

Basic earnings per share totalled € 0.99 (9M 11: € 1.60). The diluted earnings per share totalled € 0.98 (9M 11: € 1.59).

### Calculation of earnings per share

Pursuant to IAS 33, undiluted (basic) earnings per share are calculated by dividing the consolidated net income of € 11,707,499.68 (previous year: € 19,005,007.92) by the 11,847,440 weighted average number of ordinary shares in circulation during the financial year (previous year: 11,843,839 shares).

During the period 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 on 22.11.2007, 08.05.2008, 25.11.2008 and 30.03.2009. 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 € 11,707,499.68 (previous year: € 19,005,007.92) 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**

On 02.05.2012 Delticom has paid a dividend of € 2.95 for fiscal year 2011 (previous year: € 2.72)

### **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 € 521 thousand (9M 11: € 1,046 thousand) were purchased from related companies and persons, and goods and services worth € 1 thousand (9M 11: € 620 thousand) were sold to related companies and persons. Accounts receivable from business with related companies and persons amounted to € 0 thousand (9M 11: € 35 thousand) and accounts payable totalled € 53 thousand (9M 11: € 1 thousand).

Related companies and persons (category *not consolidated subsidiaries*): In the reporting period, goods and services worth € 51 thousand (9M 11: € 106 thousand) were purchased from related companies and persons, and goods and services worth € 923 thousand (9M 11: € 481 thousand) were sold to related companies and persons. Accounts receivable from business with related companies and persons amounted to € 538 thousand (9M 11: € 14 thousand) and accounts payable totalled € 0 thousand (9M 11: € 0 thousand).

### **Contingent liabilities and other financial commitments**

As compared to 31.12.2011, the situation with regards to other financial commitments has not changed significantly:

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

### **Employees**

From 01.01.2012 to 30.09.2012 Delticom had an average of 143 employees (thereof 8 apprentices and interns). The calculation is based on full-time equivalents, thus taking into account the actual work hours.

### **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](http://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).

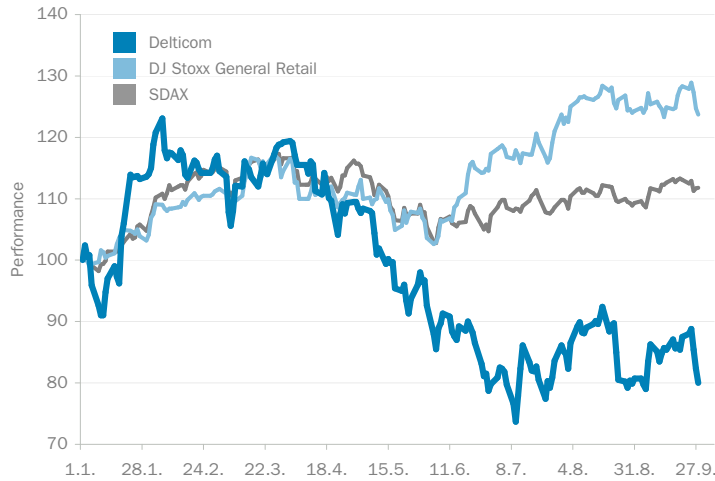
## **Responsibility Statement**

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, 08.11.2012

(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

12 November 2012

German Equity Forum

		01.01.2012 – 30.09.2012	01.01.2011 – 31.12.2011
Number of shares	shares	11,847,440	11,847,440
Share price on first trading day <sup>1</sup>	€	67.00	65.66
Share price on last trading day of the period <sup>1</sup>	€	52.00	66.70
Share performance <sup>1</sup>	%	-22.4	+1.6
Share price high/low <sup>1</sup>	€	82.51 / 47.95	81,13 / 55,82
Market capitalisation <sup>2</sup>	€ million	616.1	790.2
Average trading volume per day (XETRA)	shares	19,651	20,408
EPS (undiluted)	€	0.99	3.04
EPS (diluted)	€	0.98	3.02
Equity per share	€	4.41	6.37

(1) based on closing prices

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

Broker	Analyst	Recommendation	Target price	Estimates for 2012				Estimates for 2013			
				Sales (€m)	EBIT (€m)	EBIT (%)	EPS (€)	Sales (€m)	EBIT (€m)	EBIT (%)	EPS (€)
NordLB	Frank Schwöpe	Buy	55.00	463.0	35.1	7.6	1.98	502.1	46.3	9.2	2.64
Metzler	Jürgen Pieper	Sell	35.00	475.0	33.8	7.1	1.88	532.0	39.0	7.3	2.20
Exane	Andreas Inderst	Outperform	60.00	465.0	33.9	7.3	1.91	512.4	40.0	7.8	2.26
Deutsche Bank	Tim Rokossa	Hold	46.00	488.0	37.0	7.6	2.18	523.0	42.0	8.0	2.43
Commerzbank	Dennis Schmitt	Hold	48.00	457.0	32.2	7.0	1.81	518.0	40.3	7.8	2.27
HSBC	Christopher Johnen	Underweight	40.00	451.0	32.0	7.1	1.80	482.2	38.7	8.0	2.18
Hauk & Aufhäuser	Sascha Berresch	Sell	42.00	461.1	34.4	7.5	2.35	502.6	41.3	8.2	2.60
Montega	Hendrik Emrich	Hold	40.00	460.0	34.6	7.5	1.95	475.0	39.7	8.4	2.25
		Average	45.75	465.0	34.1	7.3	1.98	505.9	40.9	8.1	2.35

as of 6 November 2012

## **Imprint**

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