

9-monthly report 2008



Selected key figures
of Delticom AG, Hanover, for the period from 1 January 2008 to 30 September 2008

		2008	2007
Revenues	€ thousand	175,221	146,029
eCommerce - share of sales	in %	90.6	90.5
New customers	thousand	485	446
Customer base	thousand	2,415	1,751
Revenues Germany	€ thousand	59,689	56,289
Revenues other EU countries	€ thousand	90,595	71,720
Revenues USA and rest of world	€ thousand	24,937	18,020
Total operating revenue	€ thousand	177,200	146,998
Gross profit margin ⁽¹⁾	in %	25.4	24.3
Earnings before interest and taxes (EBIT)	€ thousand	8,943	6,889
EBIT Margin ⁽²⁾	in %	5.10	4.72
Earnings before taxes (EBT)	€ thousand	9,672	7,715
Consolidated net income	€ thousand	6,575	4,832
Earnings per share	in €	1.67	1.22
Dividend paid	in €	2.00	1.20
Cash flow from operating activities	€ thousand	3,473	-1,892
Cash and cash equivalents	€ thousand	30,166	26,739
Balance sheet total	€ thousand	94,470	89,711
Subscribed capital	€ thousand	3,946	3,946
Equity ratio	in %	47.70	47.76
Average number of employees		80	74
Revenues per employee	€ thousand	2,190	1,986
Personnel expenses	€ thousand	3,692	3,108
Personnel expenses ratio ⁽³⁾	in %	2.11	2.13
Marketing expenses ratio ⁽⁴⁾	in %	2.8	2.7

(1) Gross profit to total operating revenue in %. (2) Consolidated earning before interest and taxes (EBIT) to revenues in %.

(3) Personnel expenses to revenues in %. (4) Marketing expenses expenses to revenues in %.

Highlights

Group revenues up **+20%** to € 175.2 million (9M 07: € 146.0 million)

eCommerce revenues up **+20.1%** year-on-year

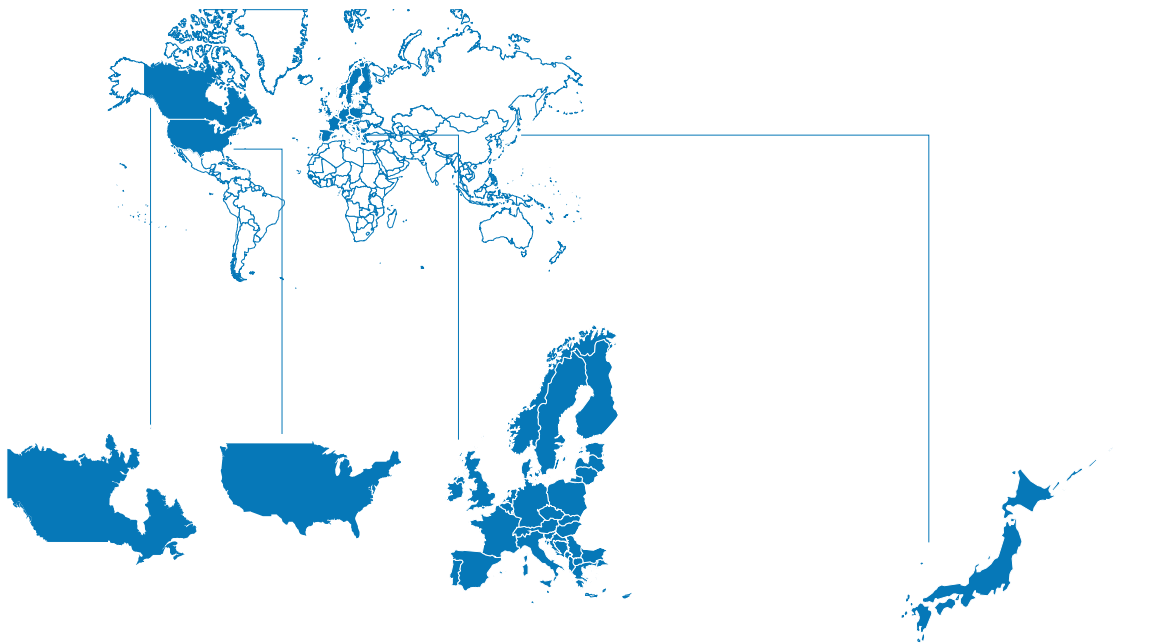
EBIT increased from € 6.9 million to **€ 8.9 Mio.** This corresponds to an EBIT margin of 5.1% (9M 07: 4.7%).

About 485,000 new customers in 2008 so far,
customer basis grown to **2.4 millionen**

23,000 service partners worldwide,
more than 5,700 in Germany alone

Europe's leading online tyre retailer

95 online-Shops in 35 countries



North America

- USA
- Canada

Europa

- Austria
- Belgium
- Bulgaria
- Croatia
- Cyprus
- Czech R.
- Denmark
- Estonia
- Finland
- France
- Germany
- Greece
- Hungary
- Ireland
- Italy
- Latvia
- Liechtenstein
- Lithuania
- Luxembourg
- Monaco
- Norway
- Poland
- Portugal
- Romania
- Slovakia
- Slovenia
- Spain
- Sweden
- Switzerland
- The Netherlands
- United Kingdom

Asia

- Japan

Russia



Profile

Delticom is Europe's leading online-tyre retailer. Founded in 1999, the Hanover-based company has 95 online shops in 35 countries, among others the [ReifenDirekt](#) domains in Germany, Switzerland and Austria, [www.mytyres.co.uk](#) and [www.123pneus.fr](#). 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 eCommerce: convenience in order placing, quick, efficient delivery, clear cost information and, last but not least, low prices. The products are delivered in 2-3 business days to any address the customer chooses. Alternatively, Delticom delivers the tyres to one of more than 23,000 service partners (more than 5,700 in Germany alone) for professional fitting directly onto the customer's vehicle at a reasonable price.

Due to its cost-efficient operations, Delticom is able to combine growth and profitability. In 2008 the company intends to build upon its position as the leading online-tyre dealer - and demonstrate that Delticom has a firm grip on this dynamic market.

Contents

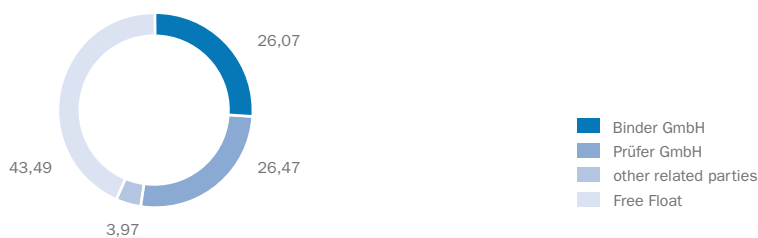
Delticom's Shares	2	Consolidated Income Statement	15
Business Conditions and Economic Factors	5	Consolidated Cash Flow Statement	16
Business Situation	5	Statement of Changes in	
Financial Position and		Shareholder's Equity	17
Results of Operations	8	Consolidated Notes	18
Risks	11	Notes to the Consolidated	
Forecast	12	Interim Financial Statements	18
Consolidated Balance Sheet	14	Financial Calendar 2008	22



Delticom's Shares

SHAREHOLDERS STRUCTURE

Shareholder Structure in %



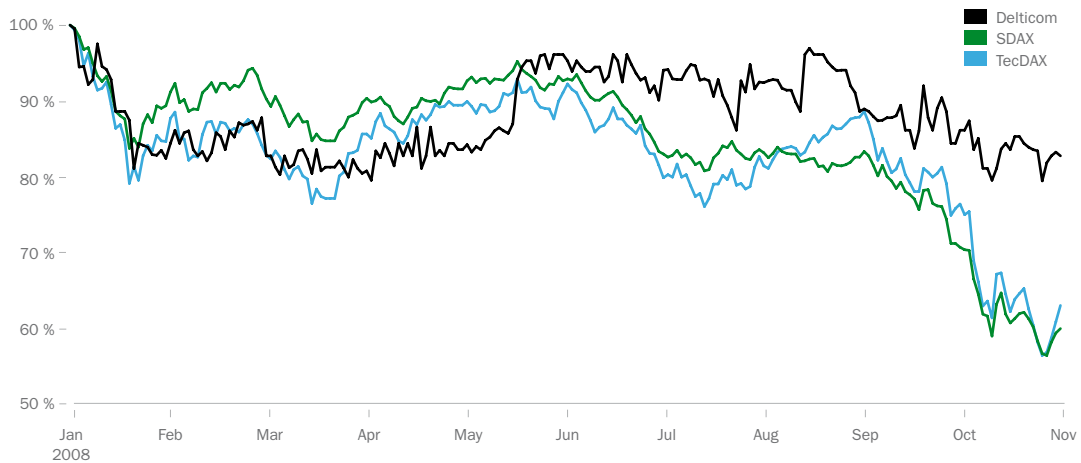
The free float according to the definition of Deutsche Börse AG is 47.46 %.

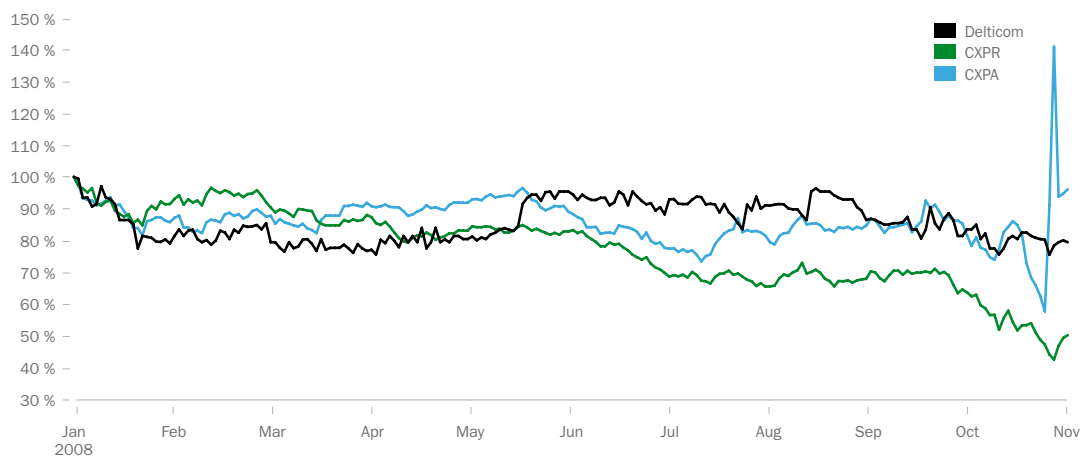
MARKET TREND

DELTICOM SHARE PRICE

2008 saw strong losses on the stock market. The SDAX dropped sharply: The index closed on 31 October 2008 at 2,690.13 points - a loss of - 48.5 % since the beginning of the year.

Delticom's share price started 2008 at 49.30 € and closed on 31 October 2008 at 39.00 €. The lowest price in the corresponding period was 37.00 € (on 27 October 2008), the highest price was 49.30 € (on 2 January 2008). Although the stock's performance in this year until now was negative (- 20.9 %), the stock nevertheless outperformed the relevant indexes, especially the retail index CXPR (- 50.6 %).





ANALYST COVERAGE

The following analysts publish regular updates on Delticom's performance (in the order of initiation of coverage):

Broker	Analyst			Target price	Sales (€)	Estimates 2008		
	Name	Focus	Recommendation			EBIT (€)	EBIT (%)	EPS
Dresdner Kleinwort	Georg Remshagen	Small- and Midcaps	Buy	50.00	245.0	13.5	5.5	2.70
NordLB	Frank Schwöpe	Retail	Sell	37.00	244.0	14.1	5.8	2.31
Bankhaus Metzler	Jürgen Pieper	Automotive	Buy	47.00	256.0	15.0	5.9	2.78
Sal. Oppenheim	Markus Sander	Internet	Buy	55.00	254.0	13.5	5.3	2.67
Exane BNP Paribas	Andreas Inderst	Midcaps	Outperform	50.00	247.7	14.4	5.8	2.66
Berenberg Bank	Lars Dannenberg	Automotive	Buy	47.00	241.0	14.0	5.8	2.51
			Average	47.67	248.0	14.1	5.7	2.61

(estimates and target prices as of 31 October 2008)



INVESTOR RELATIONS

Investor Relations are mainly focused on talks with institutional investors. Delticom roadshowed in London, Frankfurt, Paris (each twice), Copenhagen, Zurich and Geneva (each once). In addition, Board members had one-on-one meetings in Hannover with shareholders, journalists and potential investors.

Delticom publishes any insider information that directly affects the company without delay, including ad hoc publicity outside the recurring financial reportings. In addition, Delticom's management comments important developments in conferences for shareholders, potential investors, analysts and the financial press. Publications and presentations are made available in the download section of www.delti.com/Investor_Relations. Also available is the financial calendar which is updated as soon as the dates of events (e.g., annual report, interim reports and the General Meeting) become available.

The IR team will continue to provide timely information to the shareholders, investors, the capital markets and the public. (IR-Contact see page 22),

Business Conditions and Economic Factors

1 BUSINESS SITUATION

1.1 GROUP STRUCTURE AND OPERATIONS

1.1.1 Divisions

Delticom was founded in Hanover in 1999. The company is Europe's leading Internet tyre retailer.

It operates in two divisions: eCommerce and Wholesale.

Most of the group's revenues are generated by the eCommerce division. Delticom has well-established Internet domains which are popular within the relevant target groups. The company offers its private and business customers a broad product range: car tyres, motorbike tyres, truck tyres, bus tyres, rims, complete wheels (pre-mounted tyres on rims) as well as selected car replacement parts and accessories such as snow chains, catalytic converters and engine oil. The main product line is car replacement tyres; the range covers more than 100 tyre brands and 25,000 tyre models. For fitting the tyres on the vehicle the customer can choose from over 23,000 service partners worldwide, more than 5,700 in Germany alone (as of 20 October 2008).

Delticom generates a large share of its revenues by selling from own inventories. The business with stocked articles strengthens the relationships with manufacturers and enhances the supply capability, while generating good margins. Using drop-ship fulfilment, the company also sells goods from the warehouses of manufacturers and wholesalers: Either the tyres are transported directly from the supplier to the customer, or Delticom lets parcel services carry out the delivery. The online shops present the entire product range in a consistent look and feel.

Delticom's Wholesale division sells tyres to wholesalers in Germany and abroad.

1.1.2 Markets

Delticom's online shop which generates the most revenues is www.reifendirekt.de - a well-known brand among German eCommerce businesses. In addition, the company sells its products in almost all countries in Europe. Operations in Europe are not restricted to EU member states, but also include countries such as Switzerland and Norway. Delticom also sells tyres outside Europe, especially in North America, with the main focus on the USA. The group operates in 35 countries with 95 online shops. Revenues and profits grew significantly last year, both in Germany and internationally.

1.1.3 Key Economic Factors

Internet tyre sales are driven by two important factors: the development of the tyre market and the purchasing behaviour of Internet users.

1.1.3.1 Replacement Tyre Business

The global market for tyres is divided in two: the first for tyres mounted on new vehicles while the second is focused on providing replacement tyres. Worldwide, these two markets sell approximately 1 billion tyres annually for all types of vehicles. For Delticom it is the replacement tyre market (accounting for about



three-quarters of total worldwide tyre sales) that is relevant to the company's business model. According to figures provided by the German Tyre Dealers Association (BRV), consumers purchased 45.5 million tyres from German dealers in 2007.

In Germany, but also in the Alps and northern Europe, seasonal weather conditions - and the corresponding change from summer to winter tyres that comes with them - have a key influence on tyre sales. Most drivers tend to purchase their winter tyres after hearing reports of the season's first snowfall. As a result, tyre sales are typically very good in October and November, making the final quarter the year's strongest. With winter tyre sales concentrated at year's end, volumes usually fall off early in the new year and leave first quarter sales relatively weak. In contrast, the second quarter typically sees stronger sales as the pleasant weather of April and May inspires many drivers to make the switch to summer tyres. Not surprisingly, third quarter sales often decline from the previous quarter, while the change from fall to winter weather conditions at the outset of the fourth quarter sees the cycle begin again.

Replacement tyres are a key auto component. Past consumer practice shows that regardless of their personal economic situation, tyre buyers seldom compromise on the quality of tyre they purchase. However, given the current economic situation they are increasingly looking for less expensive alternatives to bricks-and-mortar retail. These sustained changes in consumer behaviour are benefitting Delticom, Europe's largest Internet tyre retailer.

1.1.3.2 The Internet: An Increasingly Important Distribution Channel

Consumers gather information on the Internet and are increasingly buying products online, a trend which crosses practically all age groups. A study by the German Federal Statistics Office prepared for IFA, the international consumer electronics trade show in Berlin, reports that 27 million Germans use the Internet to buy goods or services. That means that more than half of all of Germany's 53 million Internet users buy goods online.

As might be expected, the vast majority of German Internet users (66%) fall into the 25-44 age group. These users navigate the net with great confidence and comfort and are already used to the idea that shopping is something one does online, not just at the supermarket or mall. It is this age group, with its relatively young, active Internet users, in which the greatest potential for the growth of Internet sales exists. The proportion of Internet shoppers older than 65, however, is also worthy of note, with the IFA study suggesting that 32% of online purchases were made by this group. In other European countries Internet usage is also growing with the result that a recent analysis by comScore concluded that 240 million Europeans are now online.

Two factors are behind the internet's ever increasing importance as a platform for individuals to transact their business. First, customers benefit from lower prices and second, merchants selling online are typically able to achieve higher profit margins than their bricks-and-mortar-based competitors. The continued high importance of eCommerce as a sales channel is already reflected in the German statistics: According to the Bundesverband des deutschen Versandhandels (bvh - German Mail Order Association), revenues from online retail with end consumers totaled more than € 19 billion in Germany in 2007. The trend

is evident: despite the gloomy mood among consumers, Internet shopping in Germany and Europe is on the rise. eCommerce is a successful, growing sales channel even (or in particular) during periods of economic downturn.

1.1.3.3 Ecommerce in the Tyre Trade: Considerable Potential

Currently the share of tyres sold via the internet is comparatively low. The BRV has estimated that in 2007, 4% of direct-to-consumer tyre sales were made online (2006: 3%).

Another indicator of how online tyre sales are developing in Germany is provided by "Tyre Monitor 2008", an annual study conducted by the General German Automobile Club (ADAC). Here, in answer to the question "Where did you make your last tyre purchase?", 3.1% of those polled responded "The internet" (2007: 2.5%). With respondents between 18 and 39, the figure rose to 6.1% (2007: 4.8%). This report also suggests that the market can expect to accelerate quickly in the future, for when asked if they intended to make future tyre purchases over the internet, 15.6% of respondents answered "Yes" (2007: 15.1%). Here too there was a marked difference between the average respondent and those in the 18-39 age group with the latter answering in the affirmative 28.1% of the time (2007: 26.4%).

While the above figures are from the German market, the strong growth of the online-distributions channel is of course not a phenomenon restricted to Germany - the number of internet connections continues to grow worldwide. As this growth takes place, the customer readiness to buy tyres online grows along with it. With its strong internet presence and international profile, Delticom is well positioned to both drive and benefit from the consumer shift towards online tyre purchases.

1.2 COURSE OF BUSINESS

1.2.1 Overall Economic Situation

The economic situation in Europe deteriorated significantly during the reporting period. The rise in oil prices along with a rise in inflation rates led to a lowering of real wages. In the course of the past months, both Spain and Italy have gone into recession. The impact of the worsening economic climate and the financial crisis have been felt all over Europe, in all markets.

1.2.2 Key Factors Driving the Course of Business

Consequently, 2008 has not seen the European tyre trade achieve the levels of dynamism which had been hoped for after a difficult 2007. First quarter results for 2008 failed to meet expectations, primarily due to weather conditions at the beginning of the year: In almost all the key winter tyre markets, the first months of 2008 saw little or no snow fall with the result that European tyre dealers sold significantly fewer winter tyres than in 2007. However, as weather conditions varied considerably throughout the many markets served by Delticom with its international business model, the company was again able to compensate for weaker sales in some countries (e.g. Germany) with growth in other markets.

The onset of the summer sales season was also delayed by unseasonably cool conditions throughout March and into April, weather which caused many drivers to delay their purchase of summer tyres. With the belated rise in temperatures throughout April, the summer sales season gradually gained momentum with summery May weather finally elevating sales figures significantly.



In the third quarter the European tyre trade was not able to continue this short-term trend: The summer tyre business did not perform as expected and the early start into the winter tyre season - hoped for by the tyre retailers - never materialized.

2 FINANCIAL POSITION AND RESULTS OF OPERATIONS

2.1 EARNINGS POSITION

2.1.1 Revenues Growth

As the European market leader, Delticom once again increased its revenues significantly during the period under review, up +20.0% from € 146.0 million (9M 07) to € 175.2 million.

Revenues rose +9.4% in the first quarter (from € 38.9 million to € 42.6 million) - relatively slight growth as a result of the base effect, as revenues in Q1 07 were relatively high (up +52.3% compared to Q1 06) due to the snowfall in January (winter tyres) and the warm March (summer tyres).

Although the conditions for the second quarter of the current year were also relatively poor due to the late start to the summer season (in part only at the end of April), Delticom was still able to increase its revenues by +25.2% in Q2 08 from € 63.1 million to € 78.9 million. This revenue growth was the result of Delticom pushing for an increase in market share, against a backdrop of a difficult market environment. The strategy was limited to Q2 08.

Against the market trend Delticom was able to increase Q3 08 revenues by +21.9%, from € 44.0 million to € 53.7 million.

In the first nine months of the current fiscal year, revenues in the key eCommerce division increased by +20.1% from € 132.2 million in the prior-year period to € 158.7 million.

Revenues in the wholesale division totaled € 16.5 million in the period under review (+18.8% after division revenues of € 13.9 million in the prior year period).

Compared to 9M 07, revenue growth in Germany this year was lower while international revenues have improved considerably. The Group recorded increased sales figures and increased market penetration in almost all of its 95 online shops in 35 countries. Overall, in the reporting period, Germany generated revenues of € 59.7 million (+6.0% compared to the same period of the previous year), while in the other EU countries revenues were € 90.6 million (up +26.3%) and in the remaining countries these reached € 24.9 million (up +38.4%).

The key factors for the positive growth in the eCommerce division were the significant broadening of the customer base (with customers defined as someone who has made a purchase at least once during the period under review or in previous years). In the eCommerce division, the customer base increased over a 12-month period (from 30 September 2007) from around 1.8 million customers to 2.4 million customers on 30 September 2008. Delticom gained approximately 485 thousand new customers during the period under review. It is also particularly pleasing that during the reporting period 170 thousand repeat customers again made a purchase from Delticom.

2.1.1.2 Key Expense Positions

The increase in the cost of sales by +18.8% from € 111.3 million (9M 07) to € 132.2 million (9M 08) is due primarily to higher revenues. The improvement in the cost of sales ratio from 76.2% to 75.5% is partly due to the change in input prices but also related to the price policy selected by Delticom in its business with end customers.

Across the reporting period, Delticom employed an average of 80 persons, with 82 in the firm's employ as of 30 September 2008 (30 September 2007: 85). The personnel expenses ratio (ratio of personnel expenses to revenues) of 2.1% is roughly the same compared to the same period of the previous year (9M 07: 2.1%).

Delticom has tyres it sells collected from its warehouses by logistics companies who transport these to the customers. Higher business volumes resulted in an upturn of transportation costs of + € 2.8 million (+23.6%). The share of transportation costs to revenues totalled 8.2% of revenues (9M 07: 8.0%). The main reason for the upturn was the increase in the proportion of foreign revenues, for which the proportionate transport costs are generally higher than for business in Germany.

Advertising costs totaled € 5.0 million in the period under review. This represents a marketing expense ratio (marketing expenses as a percentage of revenues) of 2.8%, after to 2.7% in the corresponding period of the previous year. In Q2 08 the ratio had increased significantly to 2.5% (from 2.4% in Q2 07) - in line with the aim of gaining market shares. In Q3 08 the ratio was held high at 3.2% (Q3 07: 2.8%), in line with good sales of summer tyres as well as preparations for the winter season.

The hotline and parts of the customer and supplier processes were outsourced to external service providers. In the reporting period, the costs for these operations centres increased during the period under review by +28.9% from € 2.1 million to € 2.7 million. This was due to the higher wage levels in the countries in which the operations centres are run. Furthermore, in 2008 the operations centres took on activities that had not been outsourced in 2007. It is of those reasons that in relation to revenues, operation centre costs increased to 1.6% of revenues (after 1.4% in the corresponding period of the previous year).

2.1.3 EARNINGS

2.1.3.1 Gross Profit

Gross profit increased year-on-year by +26.1%, from € 35.7 million to € 45.0 million. This corresponds to an increase in the gross profit margin from 24.3% to 25.4%, due to a further improvement of purchasing conditions and optimized end customer prices. In the reporting period more tyres (relative to the total amount) were delivered from company warehouses to the end customers than in the prior-year period. This resulted in a further improvement in the gross profit margin. As at least some direct costs were passed on to the customers in the context of the price calculation, the gross margin also increased slightly against the previous year due to the increase in such costs.

On a quarterly basis, the gross margin in Q2 08 of 24.5% had been lower than in Q1 08 (25.2%), as the selling prices in select regions were cut slightly in order to reach the sales targets in these regions. As planned, in Q3 08 the gross margin was increased back to 26.7% (Q3 07: 24.7%).



The two divisions - eCommerce and Wholesale - generate different gross margins. As in the previous quarter, the eCommerce division's gross margin of 26.2% (9M 07: 25.4%) was higher than 11.7% achieved by the Wholesale division (9M 07: 11.6%).

2.1.3.2 EBIT and Consolidated Net Income

Consolidated earning before interest and taxes (EBIT) improved in the reporting period by +29.8% to € 8.9 million (9M 07: € 6.9 million). The return on sales based on EBIT was 5.1% (9M 07: 4.7%).

Compared to the prior-year period, the financial result in the first nine months of the current fiscal year decreased by -11.8%, from € 0.8 million to € 0.7 million. The reason for this was that the average available amount for investments was lower than last year, due to the higher capital lock-up for working capital (current assets less cash and cash equivalents and trade payables). In addition, the time-to-maturity of the investments in money-market instruments has been shortened significantly since summer. Furthermore, the investment policy is now strongly favouring investments which carry low risk which comes only at a lower yield.

Consolidated net income for the period under review was € 6.6 million or € 1.67 per share (basic). Earnings per share thus increased +36.1% against the 9M 07 figure of € 1.22. The EPS calculation is detailed in the notes.

2.2 FINANCIAL POSITION AND NET ASSETS

The companies non-current assets totalled € 3.2 million on 30 September 2008 or just 3.4% of total assets (30 September 2007: 3.4%). In the current assets, inventories accounted for € 43.6 million or 46.2% of total assets (30 September 2007: € 43.1 million or 48.0%). The moderate +1.2% year-on-year increase in inventories is the result of the investments into processes and systems in the warehouses and the supply chain. The extent of the increase shows the careful stance of Delticom in relation to the upcoming winter tyre business.

To the end of the reporting period, receivables totalled € 17.5 million, € 12.8 million of which were accounts receivables and € 4.7 million were other receivables. In the reporting period, bad debt losses increased +82.6% year-on-year from € 0.8 million to € 1.5 million. The default rate (share of receivables losses and individual write-downs to revenues) increased year-on-year to 0.9% (9M 07: 0.6%). A reason for the increase are individual write-downs which are partly covered by credit insurance. In addition, in times of economic stress, payment behaviour of end-customers usually deteriorates. Delticom has reacted to this situation with tightened credit management processes.

Debt totalled € 49.4 million, 99.2% of which was current. The bulk was accounted for by accounts payables (€ 40.0 million) which increased +20.2% (30 September 2007: € 33.3 million). The company has no debts at banks apart from short-term current accounts which fluctuate with the normal course of business and which are generally very low.

Up to 30 September 2008 Delticom was able to sell significant amounts of the warehoused goods. As a result, working capital at the end of the reporting period totalled just € 21.1 million (compared to € 26.7 million on 30 September 2007). The operating cash flow for the period under review was € 3.5 million (9M 07: -€ 1.9 million). In total, Delticom had cash and cash equivalents totaling € 30.2 million on 30 September 2008 (30 September 2007: € 26.7 million).

In the past months Delticom has increased its effort to strengthen the liquidity management so that suppliers can continue to perceive the company as having very good credit quality.

In the reporting period, Delticom made total investments of € 994 thousand, of which € 892 thousand were in property, plant and equipment with the remaining € 101 thousand in intangible assets. The main additions related to the purchase of equipment for the warehouses.

2.3 OVERALL OPINION ON THE ECONOMIC SITUATION

Delticom developed well during the first nine months of 2008. With a growth in revenues of +20.0% to € 175.2 million and an increase of the EBIT by +29.8% to € 8.9 million Delticom succeeded in combining strong growth, profitability and internal financing strength.

3 RISKS

After several years of growth, European demand for winter tyres slumped 2007 as a result of the mild winter weather. Industry experts believe that this has led to high inventories of unsold winter tyres. In reaction to this development, the European tyre dealers have been more cautious in stocking tyres this year.

As fewer tyres were sold to car manufacturers in the wake of a drop in new car registrations, many tyre manufacturers have had to cut production over the past few months. At the same time, commodity prices (oil, rubber) increased in the first half of the year. The tyre sector has reacted to these developments with price increases practically across the board. It is not yet clear if those higher prices will be accepted by the European end-customers. Furthermore, some experts offer the view that the surplus stocks from last winter season might depress prices.

The impact of the recent decrease in input prices on the 2009 price level of replacement tyres is yet unknown.

In addition, there is also the risk that weather conditions may turn out to be unfavourable for tyre retailers. Depending on how much snow falls in Germany, winter tyre sales could once again shrink again year-over-year, a development which would have an impact on Delticom.

Taking into account the difficult economic situation there is the tangible risk that European demand drops due to postponed buying decisions or lower mileage. This would not leave Delticom unaffected.



4 FORECAST

4.1 ECONOMY

The dramatic events in the financial markets have not yet filtered down to all industry sectors. However, the overall economic situation is increasingly unstable in Europe and elsewhere. Consumer confidence is deteriorating; they are less willing to make purchases. Consequently, a recession is seen as a realistic scenario throughout Europe - not only in Spain or Italy. The International Monetary Fund (IMF) forecasts a meagre 1.8% growth rate for Germany in 2008 and expects this economy to stagnate in 2009. According to newest forecasts from Deutsche Bank, the global economy will only grow by 1.5% in 2009, with the German Gross Domestic Product actually shrinking by -1.5%. Caused by the worldwide recession, inflationary pressures have been tapering off recently. Some economists now even consider a deflation possible.

4.2 INDUSTRY SITUATION

In March 2008, the BRV still predicted a moderate year-on-year sales growth of +1.5% for the German tyre business. When the weather began to improve in April, analysts at the Deutsche Bank forecast a recovery for economy as a whole, but still predicted lower year-over-year sales. Still, April turned out to be a cool month across Europe. In the first half of 2008 sales of summer car tyres to consumers fell by -7.5% year-on-year according to estimates by the BRV. Experts also believe that the situation has not improved in the second half of the year. As a result, BRV's most recent forecast for the year as a whole (sales of summer tyres -4.5% year-on-year, winter tyres -3.0%, in total 43.7 million tyres) could thus prove to be too optimistic.

The imminent recession also bears heavily on the automotive sector: The recent production stops by larger car manufacturers show that this industry has already begun to adjust to a longer-term downturn. Decreases in new car registrations lead to a decrease in the number of tyres sold to car manufacturers. On the other hand, the ability to sell replacement tyres (Delticom's relevant market) is related to the wear and tear, which in turn is related to the distance travelled. With mileage increasing steadily over the last years, the replacement tyre business was thus in the past perceived to be less cyclical.

On the other hand, the impact of a potential recession is unclear. It is a generally accepted view that mileage figures will drop or, at best, remain steady in the short to medium term. This will affect the replacement tyre market by causing volumes to drop. Even with their personal safety on the line, experience has shown that some drivers will indeed defer their decision to buy replacement tyres. Due to the flexibility of its business model, however, Delticom is relatively well positioned in such market environment. Indeed, as a low-cost seller, Delticom might even benefit from consumers' increasing focus on price in a time of economic slowdown.

4.3 GUIDANCE

On the basis of the developments to date and the continued European-wide trend towards eCommerce, the management reiterates its guidance for 2008 revenues at € 240 million to € 260 million. Management is confident that the lower end of this target range can be achieved even if winter tyre sales were worse than currently expected or if the global economy deteriorated further. Given the current economic situation the upper end of the target must be seen as an ambitious goal.

Against a backdrop of relatively unfavourable weather conditions in the first half of 2008, Delticom had decided to invest in the expansion of its European market share. In Q3 08 the gross margin was increased again. Thus, management still believes that an EBIT margin of between 5.0% and 6.0% is appropriate and achievable.

4.4 OVERALL FORECAST

The combination of business processes creates an efficient cross-border value chain. As the European market leader, Delticom enjoys good purchasing conditions and can react in a flexible fashion to variations in volume in individual countries. Due to the good buying conditions and the streamlined cost basis, Delticom will continue to offer a broad product range at attractive prices and grow profitably. In the medium term and increasing with size, further economies of scale can be achieved. In addition, the company has the means to quickly expand into new product groups and markets.

In the current economic climate the European online tyre business will become more and more attractive. Delticom is well positioned to benefit from this development.

Consolidated Balance Sheet

AS OF 30 SEPTEMBER 2008

ASSETS

€ thousand	30.09.2008	31.12.2007
Non-current assets	3,218	3,579
Intangible assets	1,193	1,173
Property, plant and equipment	1,945	1,330
Financial assets	0	1,000
Other receivables	80	76
Current assets	91,252	83,781
Inventories	43,599	35,581
Accounts receivable	12,822	10,356
Other receivables	4,665	3,303
Cash and cash equivalents	30,166	34,540
Assets	94,470	87,360

SHAREHOLDERS' EQUITY AND LIABILITIES

€ thousand	30.09.2008	31.12.2007
Equity	45,064	46,342
Subscribed capital	3,946	3,946
Share premium	31,773	31,706
Reserve from currency translation	-55	-27
Retained earnings	200	200
Net retained profits	9,200	10,518
Liabilities	49,407	41,018
Non-current liabilities	398	344
Non-current provisions	35	24
Deferred tax liabilities	363	320
Current liabilities	49,009	40,674
Provisions for taxes	1,324	1,888
Other current provisions	9	337
Accounts payable	39,987	31,696
Other current liabilities	7,689	6,753
Shareholders' equity and liabilities	94,470	87,360

Consolidated Income Statement

FOR THE PERIOD FROM 1 JANUARY 2008 TO 30 SEPTEMBER 2008

€ thousand	01.01.2008 – 30.09.2008	01.01.2007 – 30.09.2007	01.07.2008 – 30.09.2008	01.07.2007 – 30.09.2007
Revenues	175,221	146,029	53,688	44,044
Other operating income	1,979	968	634	399
Total operating revenue	177,200	146,998	54,322	44,444
Cost of goods sold	-132,229	-111,328	-39,803	-33,457
Gross profit	44,971	35,670	14,519	10,986
Personnel expenses	-3,692	-3,108	-1,191	-1,020
Depreciation and amortization of intangible assets and depreciation of property, plant and equipment	-359	-218	-125	-88
Other operating expenses	-31,977	-25,454	-9,831	-8,438
Earnings before interest and taxes (EBIT)	8,943	6,889	3,372	1,440
Financial expenses	-34	-87	-14	-33
Financial income	764	913	258	267
Net financial result	729	826	244	234
Earnings before taxes (EBT)	9,672	7,715	3,616	1,674
Income taxes	-3,097	-2,883	-1,143	-584
Consolidated net income	6,575	4,832	2,472	1,090

Consolidated Cash Flow Statement

FOR THE PERIOD FROM 1 JANUARY 2008 TO 30 SEPTEMBER 2008

€ thousand	01.01.2008 – 30.09.2008	01.01.2007 – 30.09.2007
Earnings before interest and taxes (EBIT)	8,943	6,889
Depreciation and amortization of intangible assets and depreciation of property, plant and equipment	359	218
Changes in other provisions	-317	1
Changes in inventories	-8,017	-22,287
Changes in receivables and other assets not allocated to investing or financing activity	-3,832	-5,277
Changes in payables and other liabilities not allocated to investing or financing activity	9,227	21,771
Interest received	764	119
Interest paid	-34	-87
Income tax paid	-3,618	-3,239
Cash flow from operating activities	3,473	-1,892
Payments for investments in property, plant and equipment	-892	-579
Payments for investments in intangible assets	-101	-703
Proceeds from the disposal of financial assets	1,000	0
Cash flow from investing activities	6	-1,282
Dividends paid by Delticom AG	-7,893	-4,736
Increase in share premium due to stock options	68	0
Cash flow from financing activities	-7,825	-4,736
Changes in cash and cash equivalents due to currency translation	-28	-13
Cash and cash equivalents at the start of the period	34,540	34,661
Changes in cash and cash equivalents	-4,375	-7,922
Cash and cash equivalents - end of period	30,166	26,739

Statement of Changes in Shareholders' Equity

AS OF 30 SEPTEMBER 2008

€ thousand	Accumulated profits / losses						Total equity
	Subscribed capital	Share premium	Reserve from currency translation	Retained earnings	Net retained profits	total	
as of 1 January 2007	3,946	31,701	5	200	6,905	7,105	42,758
Currency translation differences			-13				-13
Dividends paid					-4,736	-4,736	-4,736
Consolidated net income					4,832	4,832	4,832
as of 30 September 2007	3,946	31,701	-7	200	7,002	7,201	42,842
as of 1 January 2008	3,946	31,706	-27	200	10,518	10,717	46,342
Increase in share premium due to stock options		68					68
Currency translation differences			-28				-28
Dividends paid					-7,893	-7,893	-7,893
Consolidated net income					6,575	6,575	6,575
as of 30 September 2008	3,946	31,773	-55	200	9,200	9,399	45,064



Consolidated Notes

FOR THE PERIOD FROM 1 JANUARY 2008 TO 30 SEPTEMBER 2008

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

REPORTING COMPANIES

The Delticom group primarily sells tyres via the Internet. Delticom has two divisions: Wholesale and eCommerce. In the Wholesale segment, manufacturers' tyres are sold to wholesalers and procured for the eCommerce segment, including own-name brands. In the eCommerce segment, tyres are sold to retailers, workshops and end consumers via 95 online shops in 35 countries in Europe, the USA, Canada and Japan (test shop).

BASIS OF PRESENTATION

This consolidated interim report as of 30 September 2008 has been prepared according to International Financial Reporting Standards. The accounting and valuation methods for the interim financial statements are in line with IAS 34, GAS 6 and Section 63 of the Börsenordnung der Frankfurter Wertpapierbörse (Frankfurt Stock Exchange Rules). During preparation of the interim financial statements and the identification of comparable figures for the previous year, as a rule the same principles of consolidation and accounting and valuation methods were applied as in the 2007 consolidated financial statements. A detailed description of these methods has been published in the notes to the consolidated financial statements in the 2007 annual report. This is also available online at www.delti.com. According to the provisions of Section 37x (3) of the Wertpapierhandelsgesetz (WpHG - German Securities Trading Act), the Delticom Group's interim report comprises consolidated interim financial statements and a group interim management report. The group interim management report was prepared in accordance with the relevant provisions of the WpHG. IFRIC 11, 12 and 14 are mandatory since 1 January 2008 and have been applied accordingly.

GROUP OF CONSOLIDATED COMPANIES

The group of consolidated companies comprises Delticom AG, with its registered office in Hanover, registered at Hanover local court as well as five companies where Delticom AG holds a 100% interest. The business purpose of Delticom Tyres Ltd. in Oxford (United Kingdom), Delticom North America Inc. (Wilmington, Delaware/USA) and PNEBO Gesellschaft für Reifengroßhandel und Logistik mbH (Hannover) is tyre dealing. The German subsidiary Reifendirekt GmbH in Hanover buys advertising services for the Delticom group. NETIX S.R.L. in Timisoara (Romania) supplies services to third parties, e.g. in the area of call-center operations.

CALCULATIONS OF EARNINGS PER SHARE

Basic earnings per share totaled € 1.67 (9M 07: € 1.22). The diluted earnings per share totaled € 1.66 (9M 07: € 1.22).

Earnings per share are calculated according to IAS 33. In the fiscal year there were 5,270 potential shares (financial instruments and other agreements that authorize the bearer to subscribe to ordinary shares) from the tranche dated 22 November 2007 as well as 12,500 potential shares from the tranche dated 8 May 2008. Because the exercise price of the tranche from 22 November 2007 is higher than the average stock price since the issue date of the options on 22 November 2007, therefore the tranche has no dilution effect earnings per share. The exercise price of the tranche from 8 May 2008 is lower than the average stock price since the issue date of the options on 8 May 2008, therefore this tranche is used to calculate diluted earnings per share.

The calculation of the earnings per share was based on net income after taxes totaling € 6,575,018.55 (previous year: € 4,832,470.89) and the weighted average number of shares issued during the fiscal year totaling 3,946,480 shares (previous year: 3,946,480 shares).

PRIMARY SEGMENT INFORMATION

for the period from 1 January 2008 to 30 September 2008

€ thousand	eCommerce	Wholesale	not allocated	Group
Revenues	158,738	16,483	0	175,221
Other operating income	600	128	1,252	1,979
Cost of goods sold	-117,557	-14,672	0	-132,229
Gross profit	41,781	1,938	1,252	44,971
Personnel expenses	-1,390	-273	-2,029	-3,692
Depreciation and amortization	-216	-1	-142	-359
thereof property, plant and equipment	-162	-1	-114	-277
thereof intangible assets	-54	0	-28	-82
Other operating expenses	-28,290	-597	-3,090	-31,977
thereof bad debt losses and individual write-downs	-1,484	-53	0	-1,536
Segment result	11,884	1,068	-4,010	8,943
Net financial result				729
Income taxes				-3,097
Consolidated net income				6,575



for the period from 1 January 2007 to 30 September 2007

€ thousand	eCommerce	Wholesale	not allocated	Group
Revenues	132,154	13,876	0	146,029
Other operating income	560	42	367	968
Cost of goods sold	-99,023	-12,305	0	-111,328
Gross profit	33,690	1,612	367	35,670
Personnel expenses	-1,159	-286	-1,663	-3,108
Depreciation and amortization	-90	-54	-74	-218
thereof property, plant and equipment	-58	-51	-64	-173
thereof intangible assets	-33	-3	-9	-45
Other operating expenses	-22,611	-472	-2,372	-25,454
thereof bad debt losses and individual write-downs	-836	-6	0	-841
Segment result	9,831	801	-3,742	6,889
Net financial result				826
Income taxes				-2,883
Consolidated net income				4,832

SECONDARY SEGMENT REPORTING

Revenues

€ thousand	01.01. - 30.09.2008	01.01. - 30.09.2007
Germany	59,689	56,289
Other EU countries	90,595	71,720
USA and rest of world	24,937	18,020
Total	175,221	146,029

OTHER OPERATING EXPENSES

€ thousand	01.01. - 30.09.2008	01.01. - 30.09.2007
Transportation costs	14,410	11,660
Warehousing costs	1,725	2,026
Credit card fees	1,201	1,334
Bad debt losses and individual write-downs	1,536	841
Marketing costs	4,986	4,016
Operations centre costs	2,727	2,116
Rents and overheads	1,091	372
Financial and legal costs	1,597	1,373
IT and telecommunications	350	315
Expenses from exchange rate differences	1,352	555
Other	1,002	846
Total	31,977	25,454



Financial Calendar 2009

30.01.2009	Publication of provisional turnover FY 2008
30.03.2009	Annual financial statements for FY 2008
30.04.2009	Publication of provisional 3-monthly turnover 2009
14.05.2009	3-monthly report 2009
19.05.2009	Annual General Meeting 2009
13.08.2009	6-monthly report 2009

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