

Delticom AG – Company Presentation

Expanding eCommerce market position in Europe



Hanover, 23 March 2017

Agenda



- 1. Positioning**
- 2. Status of Delticom**
- 3. Key facts and financials**
- 4. Market Trends**
- 5. Outlook**

1. Positioning

Delticom is Europe's leading online distributor of tyres and automotive accessories that provides their customers in its industries and regions best products and services at best cost.

- By leveraging the long-year experience in E-commerce, gained in the tyre and parts industry, we are going to **expand our core knowledge base to other industries with the clear aim to make them successful in online trade.**

Delticom follows an international multi-shop strategy to achieve best market coverage in the industries served

1. Positioning



International multi-shop strategy

Optimized international market coverage, large customer base

2. Status of Delticom



Core Competencies (IT, Processes, Logistics)

- Long experience in E-Commerce
- Long experience in SEO/SEA
- State-of-the-art IT infrastructure
- High degree of data- and IT security
- Highly integrated and automated processes
- Highly automated and integrated warehouses for small items and tyres



Long experience in cross-border E-Commerce

2. Status of Delticom



eAutomotive Competence

- Long year experience in online trade of tyres, parts and accessories, market leader in European online tyre trade
- Excellent and strong partner network in the tyre industry
- International coverage
- New services, like mobile fitting, to meet customer requirements even better
- Multi-Web-Shop strategy allows to specifically address different market and customer segments
- Enhancement of portfolio by used cars



Conversion from a pure online trader to an E-Commerce solution provider for its customers

2. Status of Delticom



eFood Competence

- Acquired online + logistics knowledge, domains, customers and in addition a highly automated, modern warehouse and logistic concepts for small items to enhance our core competencies in logistics
- Established gourmet food web-shop
- Small online market penetration of 1%
- Customer shopping experience (Web-Shop design) is more important in this industry
- Multi-Web-Shop strategy will enable us to also address in this business area different customer segments



Strong potential for growth because of paradigm shift in consumer behavior

2. Status of Delticom



Logistic services & systems

- The enhancement of our core competencies by small item warehouse und logistic concepts allows us to fulfill services to other online traders



3D Shop Services

- The acquired knowledge in this area enhances our core competencies in Web-Shop design and allows us to market innovative 3D shops and services



Enhancement of our core competencies

3. Key Facts 2016

387

online shops and online platforms
in **68 countries**

607 M€

Sales volume with **175 employees**

3 warehouses

>10.8M

Customers served



Delticom is a lean and highly efficient organisation

3. Key Facts 2016

**Acquisition of
efood & logistics companies
(Gourmondo + DeltiTrade)**

gourmondo.de

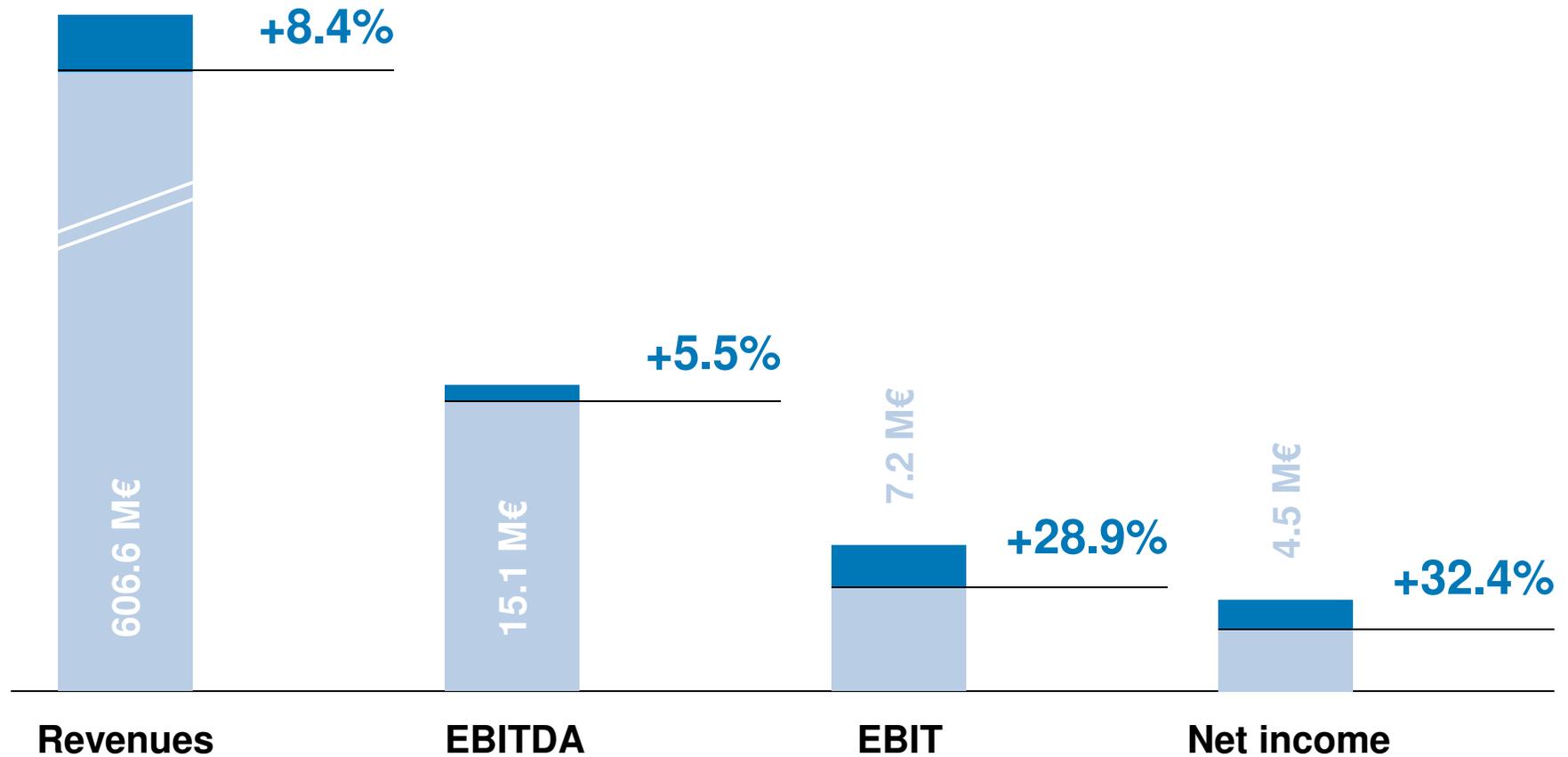


**Acquisition of
the material assets from France
based used-car online dealer
AutoPink**



No raise of additional long-term debts post acquisitions

3. Key Financials 2016



3. Key Financials 2016

P&L

	Unit	31.12.2016	31.12.2015		
Total income	€m	627.2	573.6	+ 9.3%	
Gross profit	€m	161.1	146.1	+ 10.3%	
Gross margin	%	25.7	25.5	+ 0.2%p	
Transportation	€m	60.4	54.1	+ 11.6%	<i>volume and country mix</i>
Stocking	€m	7.2	5.5	+ 31%	<i>higher turn + new warehouse</i>
Rent	€m	6.0	7.2	- 17.7%	<i>closure of 1 tyre warehouse Dec'15</i>
Marketing	€m	26.0	27.2	- 3.8%	<i>no TV in H2 16</i>
Financial & Legal	€m	4.8	4.1	+ 19.6%	<i>€ 600 thousand one-off</i>
Depreciation	€m	7.8	8.7	- 9.6%	<i>unscheduled depreciation 2015</i>



The cost cutting program launched in FY 2015 delivered desired outcome

3. Key Financials 2016

Balance Sheet Assets

	Unit	31.12.2016	31.12.2015		
Non-current assets	€m	78.3	52.0	+ 50.5%	<i>Acquisitions</i>
Intangible assets	€m	59.0	43.6	+ 35.3%	
Property, plant & equipment	€m	14.8	6.5	+ 127.9%	
Current assets	€m	105.0	108.0	- 2.8%	
Inventories	€m	62.8	61.8	+ 1.6%	
Accounts receivable	€m	20.4	18.6	+ 10.0%	
Liquidity	€m	6.7	11.5	- 41.8%	



No goodwill from 2016 acquisitions

3. Key Financials 2016

Balance Sheet Equity & Liabilities

	Unit	31.12.2016	31.12.2015		
Equity	€m	58.4	51.3	+ 14.0%	<i>Issuing 518.081 new shares</i>
Subscribed capital	€m	12.5	11.9	+ 4.3%	
Share premium	€m	33.8	25.4	+ 33.0%	
Liabilities	€m	124.8	108,7	+ 14.8%	
Long term borrowings	€m	7.2	10.9	- 14.4%	
Accounts payables	€m	89.0	78.2	+ 13.8%	
Short term borrowings	€m	12.7	4.2	+ 202.1%	



Delticom group has a solid balance sheet

4. Market Trend eAutomotive



- Replacement cycle for car tyres at around 4-5 years
- Online share at the European tyre market is currently at 13%, experts predict an online share of 15%-20% by 2020.
- Market volume of the European automotive parts market is estimated at 100 billion €. The online share is currently estimated with 5%.
- The market for used cars in Europe is estimated with an annual market volume of 300 billion €.
- Currently, around 70% of the buyers use the internet as information source, around 35% use the internet with the specific buying process for used cars



Catch-up potential in the years to come

4. Market Trend eFood



- In 2016 around 9 billion € have been spend online for food purchases, this corresponds to an online penetration rate of almost 1%.
- The biggest hurdle for online traders is the cost effective and efficient logistic management
- **Delticom** runs a highly modern and nearly fully automated warehouse for small items, which fulfills these prerequisites best and offers those services to third parties
- **Delticom** sells via its Gourmondo online shops high quality gourmet- and organic food products in selected countries. Gourmet food counts for more than 40% of the German efood business
- On the online shop 'Lebensmittel.de' find private and business customers a broad range of food and other products of the daily necessities



For the years to come, experts predict attractive growth rates for the European online trade with food.

5. Outlook

- ➔ For the current year, Delticom estimates annual revenues at 650 million € with an **increase of the EBITDA to at least 16 million €**
- ➔ Because of uncertainties with regard to the development of the European replacement tyre demand, Delticom **estimates a sales growth rate of 7%**
- ➔ Despite further expenditures for the development of our new businesses, Delticom plans the **keep the EBITDA margin at prior year's level**



Focus 2017: know-how transfer along our entire e-commerce value chain

Q&A

