

16 May 2022

**Delticom AG**

**Rating** Buy  
**Share price (EUR)** 2.92  
**Target price (EUR)** 8.50

Bloomberg DEX GY  
Sector Retail

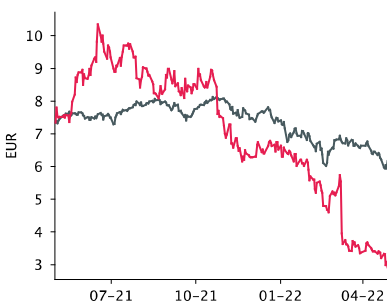
**Share data**

Shares out (m) 14.8  
Daily volume shs (m) 0.1  
Free float (%) 42.09  
Market cap (EUR m) 54  
EV (EUR m) 96  
DPS (EUR) 0.00  
Dividend yield (%) 0.0  
Payout ratio (%) 0.0

**Performance**

ytd (%) -54.4  
12 months (%) -61.4  
12 months rel. (%) -45.8  
Index SDAX

**Share price performance**



— Delticom AG  
— Price rel. to SDAX - Price Index

Source: Bloomberg

**Next triggers**

11 August: H1 report

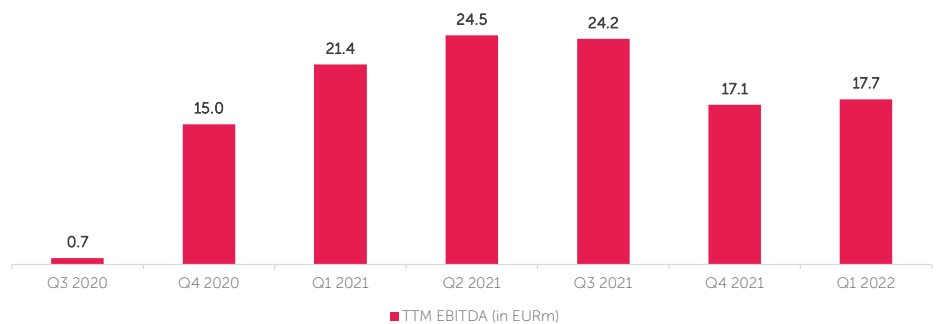
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# Q1 top line and EBITDA yoy up

In the context of the solid Q1 2022 results and management's confirmed 2022 outlook (sales: EUR 480-520m, QPe: EUR 490m; EBITDA: EUR 12-15m; QPe: EUR 12m) we maintain our BUY recommendation on Delticom shares, based on an unchanged derived DCF TP of EUR 8.50. Q1 2022 top line performance (Q1 sales growth +4.4% yoy) and EBITDA (EUR 1.7m vs Q1 2021: EUR 1.1m) showed a yoy increase despite unchanged challenging markets. Noteworthy, Q1 2022 EBITDA was positively impacted by the sale of the US business (positive effect in other operating income by EUR 2.5m) which helped to compensate for the decrease in the gross margin. Considering the important Trailing Twelve Months (TTM) EBITDA performance (reported EUR 17.7m) we expect the given FY 2022 EBITDA guidance might be reasonable. Q1 2022 EBIT amounted to EUR -0.7m, an improvement of EUR 1.0m after EUR -1.7m in Q1 2021. Net income came in at EUR -0.5m vs EUR -2.4m in Q1 2021. In total Q1 2022 KPIs were solid, currently 18.5% of our FY 2022 total sales forecast are achieved. In the event the geopolitical situation, in particular in Eastern Europe, remains tense or worsens, it could result in further lasting consequences for production, supply chains and demand, thus it should be monitored accurately. Nevertheless, Delticom's share price has lost ytd -54% and the last twelve months -61% on value, considering the equity book value per share of EUR 2.76 at the end of Dec 2021, the current valuation looks attractive in the mid- to long-term.

**TTM EBITDA (in EURm) maintains on a promising level to fulfill FY 2022 guidance**



Source: Company data; Quirin Privatbank

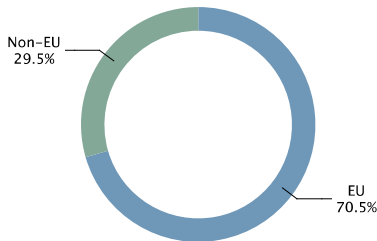
Key figures		2020	2021	2022e	2023e	2024e
Sales	EUR m	541	585	490	515	545
EBITDA	EUR m	15	17	12	16	21
EBIT	EUR m	5	7	3	7	11
EPS	EUR	0.54	0.49	0.10	0.30	0.43
Sales growth	%	-13.5	8.2	-16.3	5.0	6.0
EBIT growth	%	112.7	31.8	-51.4	107.0	52.1
EPS growth	%	116.7	-9.3	-79.8	198.0	44.1
EBITDA margin	%	2.8	2.9	2.5	3.2	3.8
EBIT margin	%	1.0	1.2	0.7	1.4	2.0
Net margin	%	1.2	1.2	0.3	0.9	1.2
EV/Sales	ratio	0.25	0.28	0.20	0.18	0.16
EV/EBITDA	ratio	8.9	9.6	7.8	5.7	4.3
EV/EBIT	ratio	25.0	23.3	28.0	13.2	8.2
P/E	ratio	6.6	16.6	36.6	12.3	8.5
P/BV	ratio	3.0	2.9	1.4	1.2	1.1
Dividend yield	%	0.0	0.0	0.0	0.0	0.0

Source: Bloomberg, Company data, Quirin Privatbank estimates

**Company description**

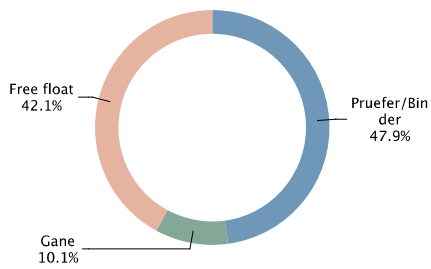
With the brand Reifendirekt, Delticom AG is the leading company in Europe for the online distribution of tyres and complete wheels. The product portfolio for private and business customers comprises an unparalleled range of more than 600 brands and around 40,000 tyre models for cars and motorcycles. Complete wheels and rims complete the product range. The company operates 359 online shops and online distribution platforms in 73 countries, serving more than 17 million customers.

**Revenues by region 2021**



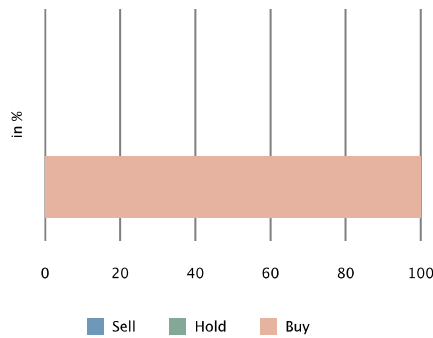
Source: Company data

**Shareholder structure**



Source: Company data

**Recommendation Overview**



Source: Bloomberg

**Company guidance 2022**

Sales: EUR 480-520m, EBITDA: EUR 12-15m

## Profit &amp; loss statement

Profit & loss statement (EUR m)	2020	YOY	2021	YOY	2022e	YOY	2023e	YOY	2024e	YOY
Sales	541.3	-13.5 %	585.4	8.2 %	490.0	-16.3 %	514.5	5.0 %	545.4	6.0 %
Unfinished Goods	0.0		0.0		0.0		0.0		0.0	
Other own work capitalized	0.0		0.0		0.0		0.0		0.0	
Other operating earnings	33.0		28.6		24.5		25.7		27.3	
Cost of goods	-418.3		-457.4		-385.6		-400.3		-422.1	
Gross profit	122.9		128.0		104.4		114.2		123.3	
Personnel expenses	-14.3		-13.4		-12.3		-13.0		-13.7	
Depreciation	0.0		0.0		0.0		0.0		0.0	
Other operating expenses	-121.9		-121.8		-104.4		-110.6		-116.2	
EBITDA	15.0	326.6 %	17.1	13.7 %	12.3	-28.3 %	16.4	33.6 %	20.6	26.0 %
EBITDA margin (%)	2.78		2.92		2.50		3.18		3.78	
EBIT	5.4	112.7 %	7.1	31.8 %	3.4	-51.4 %	7.1	107.0 %	10.8	52.1 %
EBIT margin (%)	0.99		1.21		0.70		1.38		1.98	
Net interest	-2.8		-2.1		-2.1		-2.2		-2.3	
Income from Participations	0.0		0.0		0.0		0.0		0.0	
Net financial result	-2.8		-2.1		-2.1		-2.2		-2.3	
Exceptional items	-4.7		-4.3		0.0		0.0		0.0	
Pretax profit	2.6	-106.0 %	4.9	91.0 %	1.3	-72.8 %	4.9	264.6 %	8.5	72.6 %
Pretax margin (%)	0.48		0.85		0.28		0.95		1.56	
Taxes	4.3		1.9		0.1		-0.6		-2.2	
Tax rate (%)	-165.25		-37.72		-7.74		11.95		26.46	
Earnings after taxes	6.9		6.8		1.5		4.3		6.2	
Minorities	0.1		0.1		0.0		-0.1		-0.1	
Group attributable income	6.7	-116.7 %	6.8	0.2 %	1.5	-78.2 %	4.4	198.0 %	6.3	44.1 %
No. of shares (m)	12.5		13.8		14.8		14.8		14.8	
Earnings per share (EUR)	0.54	116.7 %	0.49	-9.3 %	0.10	-79.8 %	0.30	198.0 %	0.43	44.1 %

Source: Company data, Quirin Privatbank estimates

## Balance sheet

Balance sheet (EUR m)	2020	YOY	2021	YOY	2022e	YOY	2023e	YOY	2024e	YOY
<b>Assets</b>										
Cash and cash equivalents	5.6		4.9		10.0		7.8		8.9	
Accounts receivables	19.1		16.5		17.3		17.5		17.7	
Inventories	36.9		46.6		43.3		44.2		45.1	
Other current assets	14.1		37.9		24.6		24.6		24.6	
Tax claims	0.1		0.2		0.2		0.2		0.2	
<b>Total current assets</b>	<b>75.8</b>	<b>-23.8 %</b>	<b>106.0</b>	<b>39.9 %</b>	<b>95.4</b>	<b>-10.0 %</b>	<b>94.3</b>	<b>-1.1 %</b>	<b>96.4</b>	<b>2.3 %</b>
Fixed assets	9.3		7.8		8.1		7.8		7.0	
Goodwill	0.0		0.0		0.0		0.0		0.0	
Other intangible assets	39.7		38.0		33.2		27.9		22.1	
Financial assets	15.8		11.6		11.6		11.6		11.6	
Deferred taxes	8.9		11.6		11.6		11.6		11.6	
Other fixed assets	50.4		42.5		35.5		35.5		35.5	
<b>Total fixed assets</b>	<b>124.0</b>	<b>39.6 %</b>	<b>111.5</b>	<b>-10.1 %</b>	<b>100.0</b>	<b>-10.3 %</b>	<b>94.4</b>	<b>-5.7 %</b>	<b>87.8</b>	<b>-6.9 %</b>
<b>Total assets</b>	<b>199.8</b>	<b>6.1 %</b>	<b>217.5</b>	<b>8.9 %</b>	<b>195.4</b>	<b>-10.2 %</b>	<b>188.6</b>	<b>-3.5 %</b>	<b>184.3</b>	<b>-2.3 %</b>
<b>Equity &amp; Liabilities</b>										
Subscribed capital	12.5		14.8		14.8		14.8		14.8	
Reserves & other	33.7		47.7		47.7		47.7		47.7	
Revenue reserves	-32.3		-25.5		-24.1		-19.7		-13.5	
Accumulated other comprehensive	0.0		0.0		0.0		0.0		0.0	
<b>Shareholder's equity</b>	<b>13.8</b>	<b>65.8 %</b>	<b>37.0</b>	<b>168.0 %</b>	<b>38.4</b>	<b>3.9 %</b>	<b>42.8</b>	<b>11.3 %</b>	<b>49.0</b>	<b>14.6 %</b>
Minorities	1.0		1.0		1.0		1.0		1.0	
<b>Shareholder's equity incl. minorities</b>	<b>14.8</b>	<b>78.9 %</b>	<b>38.0</b>	<b>156.6 %</b>	<b>39.4</b>	<b>3.8 %</b>	<b>43.8</b>	<b>11.0 %</b>	<b>50.0</b>	<b>14.3 %</b>
<b>Long-term liabilities</b>										
Pension provisions	0.1		0.1		0.1		0.1		0.1	
Financial liabilities	49.6		42.2		38.0		34.2		30.8	
Tax liabilities	0.0		0.0		0.0		0.0		0.0	
Other liabilities	0.3		5.0		5.0		5.0		5.0	
<b>Total long-term debt</b>	<b>50.0</b>	<b>68.1 %</b>	<b>47.4</b>	<b>-5.3 %</b>	<b>43.1</b>	<b>-8.9 %</b>	<b>39.3</b>	<b>-8.8 %</b>	<b>35.9</b>	<b>-8.7 %</b>
<b>Short-term debt</b>										
Other provisions	2.7		3.6		3.6		3.6		3.6	
Trade payables	68.8		84.6		80.4		78.8		77.2	
Financial debt	44.5		13.9		13.2		12.5		11.9	
Other liabilities	18.9		30.1		15.7		10.7		5.7	
<b>Total short-term debt</b>	<b>135.0</b>	<b>-10.1 %</b>	<b>132.1</b>	<b>-2.1 %</b>	<b>112.8</b>	<b>-14.6 %</b>	<b>105.5</b>	<b>-6.4 %</b>	<b>98.3</b>	<b>-6.8 %</b>
<b>Total equity &amp; liabilities</b>	<b>199.8</b>	<b>6.1 %</b>	<b>217.5</b>	<b>8.9 %</b>	<b>195.4</b>	<b>-10.1 %</b>	<b>188.6</b>	<b>-3.5 %</b>	<b>184.3</b>	<b>-2.3 %</b>

Source: Company data, Quirin Privatbank estimates

## Financial key ratios

Key ratios	2020	2021	2022e	2023e	2024e
<b>Per share data (EUR)</b>					
EPS	0.54	0.49	0.10	0.30	0.43
Book value per share	1.2	2.8	2.7	3.0	3.4
Free cash flow per share	2.8	1.5	0.2	0.2	0.3
Dividend per share	0.00	0.00	0.00	0.00	0.00
<b>Valuation ratios</b>					
EV/Sales	0.25	0.28	0.20	0.18	0.16
EV/EBITDA	8.9	9.6	7.8	5.7	4.3
EV/EBIT	25.0	23.3	28.0	13.2	8.2
P/E	6.6	16.6	36.6	12.3	8.5
P/B	3.0	2.9	1.4	1.2	1.1
Dividend yield (%)	0.0	0.0	0.0	0.0	0.0
<b>Growth</b>					
Sales growth (%)	-13.5	8.2	-16.3	5.0	6.0
EBITDA growth (%)	326.6	13.7	-28.3	33.6	26.0
EBIT growth (%)	112.7	31.8	-51.4	107.0	52.1
EPS growth (%)	116.7	-9.3	-79.8	198.0	44.1
<b>Profitability ratios</b>					
EBITDA margin (%)	2.8	2.9	2.5	3.2	3.8
EBIT margin (%)	1.0	1.2	0.7	1.4	2.0
Net margin (%)	1.2	1.2	0.3	0.9	1.2
ROCE (%)	5.2	7.5	4.0	8.1	12.1
<b>Financial ratios</b>					
Total equity (EUR m)	13.8	37.0	38.4	42.8	49.0
Equity ratio (%)	6.9	17.0	19.7	22.7	26.6
Net financial debt (EUR m)	88.6	51.4	41.3	39.0	33.9
Net debt/Equity	0.1	0.2	0.2	0.2	0.3
Interest cover	1.9	3.3	1.6	3.2	4.7
Net debt/EBITDA	5.9	3.0	3.4	2.4	1.6
Payout ratio (%)	0.0	0.0	0.0	0.0	0.0
Working Capital (EUR m)	-12.9	-21.6	-19.8	-17.1	-14.4
Working capital/Sales	-0.02	-0.04	-0.04	-0.03	-0.03

Source: Company data, Quirin Privatbank estimates

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The levels of change expressed in each rating categories are:

BUY > +10%

HOLD <=-10% and < = +10%

SELL > -10%.

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Daniel Kukalj, financial analyst, hereby certifies that all of the views expressed in this report accurately reflect my personal views about any and all of the subject securities or issuers discussed herein. In addition, I hereby certify that no part of my compensation was, is, or will be, directly or indirectly related to the specific recommendations or views expressed in this research report, nor is it tied to any specific investment banking transaction performed by the Bank or its affiliates.

#### Price and Rating History (last 12 months)

Date	Price target-EUR	Rating	Initiation
16.05.2022	8.50	Buy	
28.03.2022	8.50	Buy	
12.08.2021	16.00	Buy	24.11.2020

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#### Competent supervisory authority

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