

ReifenDirekt.de

DELTICOM 

Europe's leading online tyre retailer

German Equity Forum 2022

AGENDA

Company overview

1

Market environment 9M 2022

2

Key financials 9M 2022

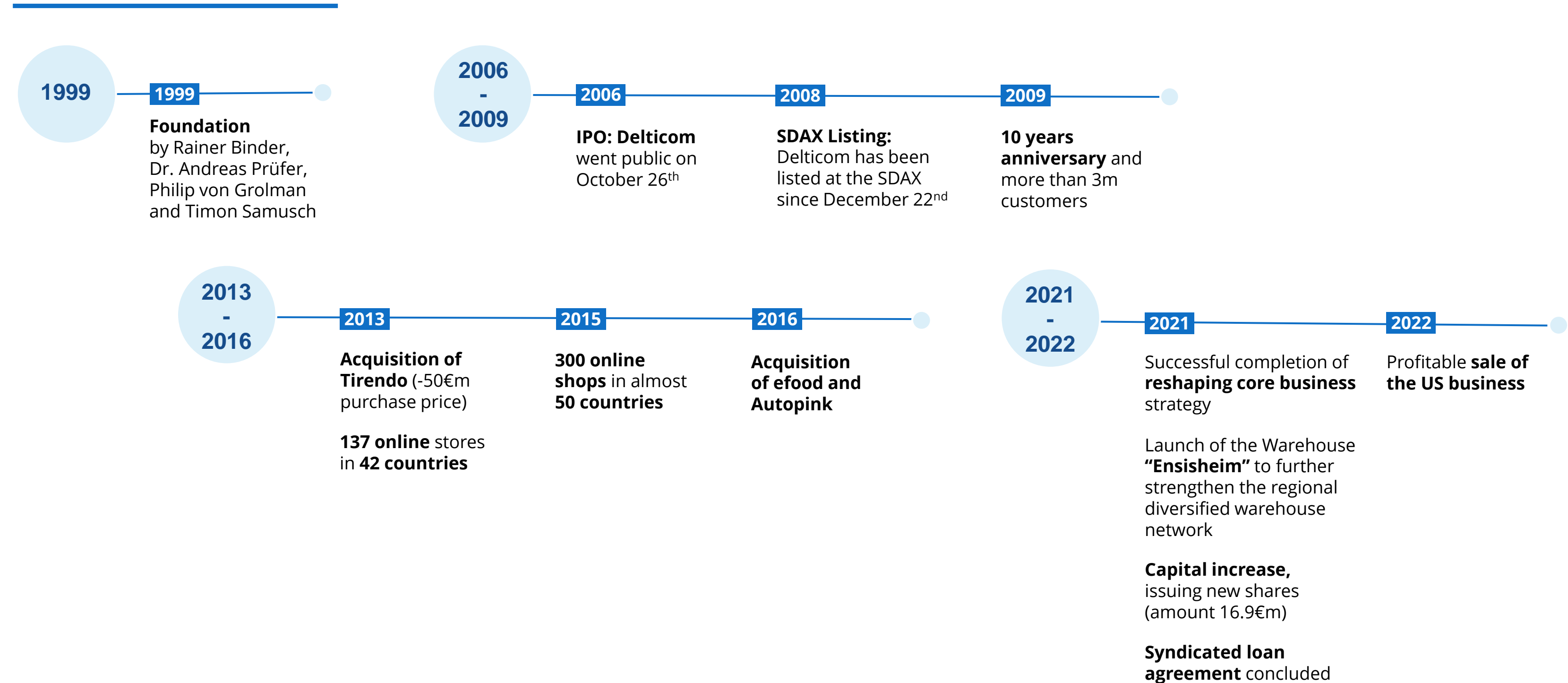
3

Outlook 2022

4

Company overview

ORGANIC GROWTH COMBINED WITH SELECTED ACQUISITIONS



PROVEN BUSINESS ENHANCED WITH A TOP LINE PERSPECTIVE AND OPERATING EXCELLENCE

2008
-
2012

Expansion into US market and growth period

- ▶ **Successful and profitable growth period** and evolvement to the **European leader** for tyres, complete wheel sets and rims
 - ▶ Established a multi-brand strategy with **300 online shops** in almost **50 countries** and **34,000 partner garages**
 - ▶ Building up an **US business unit** in a highly competitive market environment
-

2012
-
2019

Acquisition of Tirendo and entering into food business

- ▶ Usage of **first-mover proposition** and early **acquisition of competitors** to strengthen the market leadership (Tirendo)
 - ▶ Implementation of the **multi-channel strategy** in a competitive market environment
 - ▶ Challenging tyre market development due to increasing competition and declining gross-margins
 - ▶ **Expansion** and **investment** in the **food eCommerce business** to leverage existing knowledge and logistic infrastructure
-

2020
-
2022

Refocusing on the core business

- ▶ **Change** of the **commercial strategy** and refocus on the core business of tyre retail
- ▶ **Strengthening** of **capital structure** through a **capital increase** (issue of new shares), accumulation of profits and **closing** of a **syndicated loan facility**
- ▶ **Participation** in the overall **market consolidation**, successful implementation of the reorganisation program
- ▶ Profitable sale of the US business unit and reinvestment into European core business (logistic systems)

EXPERIENCED AND EFFECTIVE MANAGEMENT

ANDREAS PRÜFER

Chief Executive Officer (CEO)



JOHANNES SCHMIDT-SCHULTES

Chief Financial Officer (CFO)



ALEXANDER EICHLER

Chief Operating Officer (COO)



PHILIP VON GROLMAN

Chief Purchasing Officer (CPO)



Responsibilities:

- ▶ IT
- ▶ New Technology / R&D
- ▶ Supplier Management
- ▶ Marketing
- ▶ eCommerce Sales
- ▶ Shop Management

Responsibilities:

- ▶ Finance (Accounting, Treasury, Controlling)
- ▶ Investor Relations
- ▶ Human Resources
- ▶ Legal

Responsibilities:

- ▶ Warehouse logistics
- ▶ Supply Chain Management
- ▶ Distribution
- ▶ Process and quality management
- ▶ Operations Centre

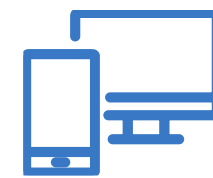
Responsibilities:

- ▶ Operational and strategic purchasing
- ▶ Category Management Complete Wheels
- ▶ Pricing

EXTENSIVE EXPERIENCE AND REPUTATION IN THE ONLINE TYRE MARKET



> 20 years of web presence and



... search engine optimization (SEO)



Leading reputation proved by customer reviews ...



...across platforms and countries

Delticom's core online brands in Europe

ReifenDirekt.de
Europas größter Online-Reifenhändler

ReifenDirekt.at
Europas größter Online-Reifenhändler

ReifenDirekt.ch
Europas grösster Online-Reifenhändler

dackonline.se
Europas största online-däckförsäljare

mytyres.co.uk
Europe's biggest online tyres retailer



oponytanio.pl

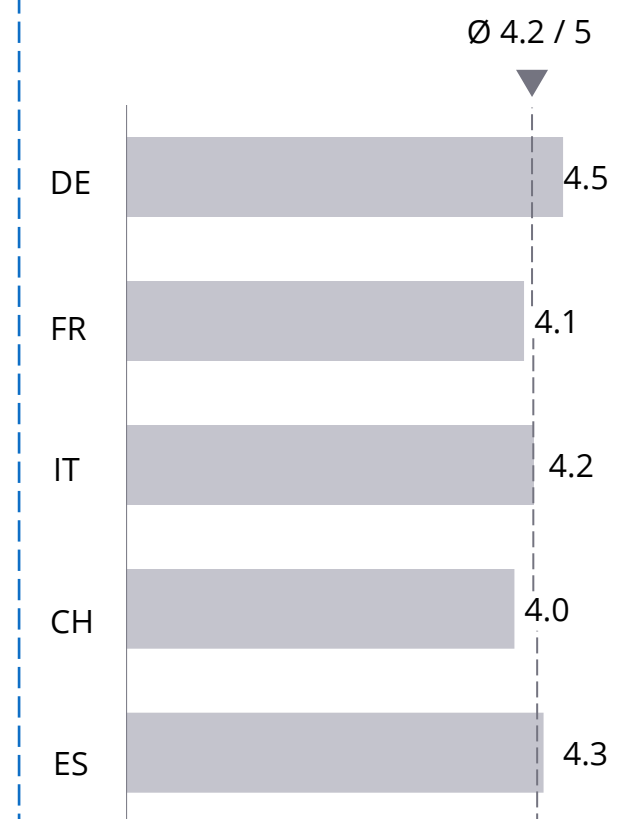
neumaticos-online.es
líder europeo de venta on-line de neumáticos

gommadiretto.it

autobandenmarkt.nl

123pneus.fr
Le leader européen de la vente de pneus en ligne

Average review score Trustpilot (out of 5 points)



SOLID AND BALANCED LIQUIDITY, DEBT AND EQUITY STRATEGY

DELTA COM 8

Liquidity Management

- ▶ Ensuring sufficient liquidity reserves and balancing seasonality effects during the year
- ▶ Corporate treasury function:
 - Stringent working capital management
 - Day-to-day liquidity management/liquidity forecast
 - Stringent inventory monitoring
- ▶ Focus on active inventory management; credit lines to cover inventory peaks during the year
- ▶ Operating cashflow as primary source for future investment activities

Capital structure

- ▶ Longstanding and reliable relationships with financing partners
- ▶ Syndicated loan agreement in place for two years with option to extend
- ▶ Financing framework of € 60 million
- ▶ Further strengthening of equity by positive performance

Financial KPIs

- ▶ Group revenue/revenue growth
- ▶ Group EBITDA
- ▶ Group free cashflow $\geq 10\text{€m}$



Priority on internal financing sources



Solid and sustainable capital structure



Performance targets

➤ WC efficiency

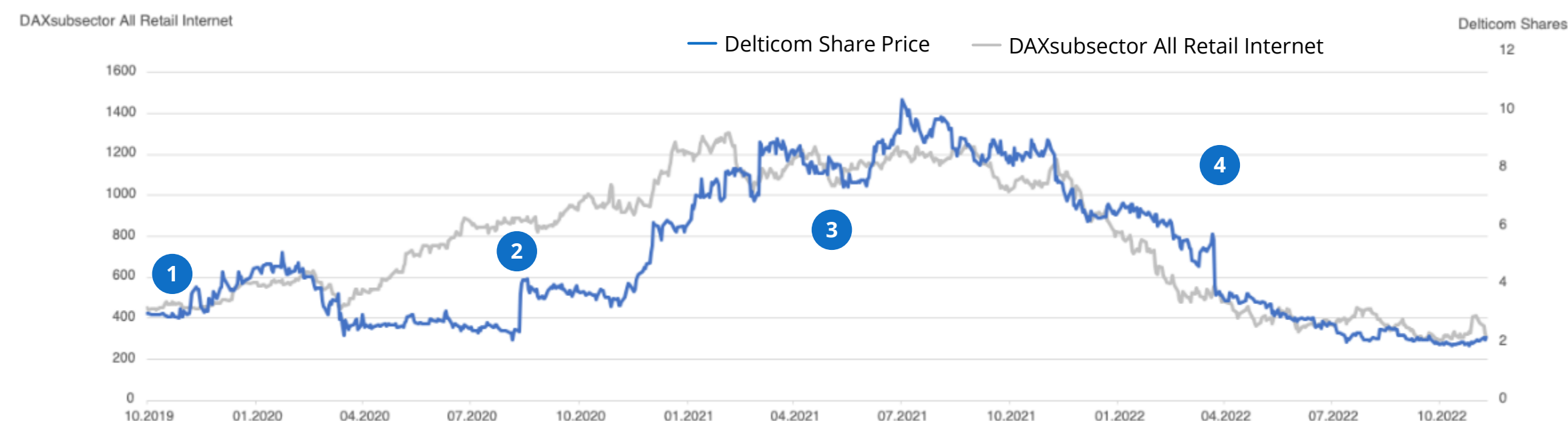
➤ Equity / debt ratio

➤ Profitability improvement

➤ Positive free cashflow

SHARE PRICE FOLLOWS GENERAL TRENDS AND GEOPOLITICAL IMPACTS

Historical share price (in €/share)



1 Start of reshaping process

- ▶ The reshaping of Delticom's business model was initiated
- ▶ Closing of non-core activities

2 Consolidation & post COVID recovery

- ▶ Upwards trend was impacted by COVID beginning 2020 followed by strong recovery

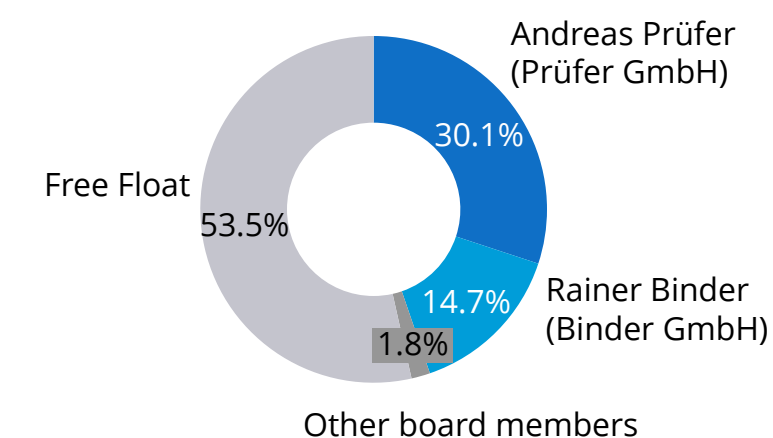
3 Capital increase & completion of reshaping

- ▶ June 2021 – Successful capital increase of 16.9€m, proceeds reduced financial liabilities
- ▶ Successful completion of operational reorganization

4 Inflation & Ukraine crisis

- ▶ Dec 2021 – Delticom completed the closing of the syndicated loan facility
- ▶ Rising inflation rates, Ukraine war, rising energy and raw material costs

Shareholder structure (2022)



- ▶ Andreas Prüfer (Board member) and Rainer Binder founded Delticom in 1999

Bank	Target Price (€)	Date
Bankhaus Metzler	3.30	17.05.2022
Quirin Privatbank	3.50	16.11.2022

SUCCESSFUL CAPITAL INCREASES IN JUNE 2021

- ▶ Capital increase without subscription rights on June 2, 2021 and capital increase with subscription rights on June 24, 2021
- ▶ Issue of **1,246,333 + 1,121,697 new no-par value** registered shares at a **placement price of € 7.12;** increase of free float to 54.0%
- ▶ **Gross issue proceeds** totaling **€ 16.9 million**
- ▶ Important step in the restructuring process: **Strengthening of the company's equity, repayment of loans** and **creating new financing and growth scope for the future**

Market environment 9M 2022

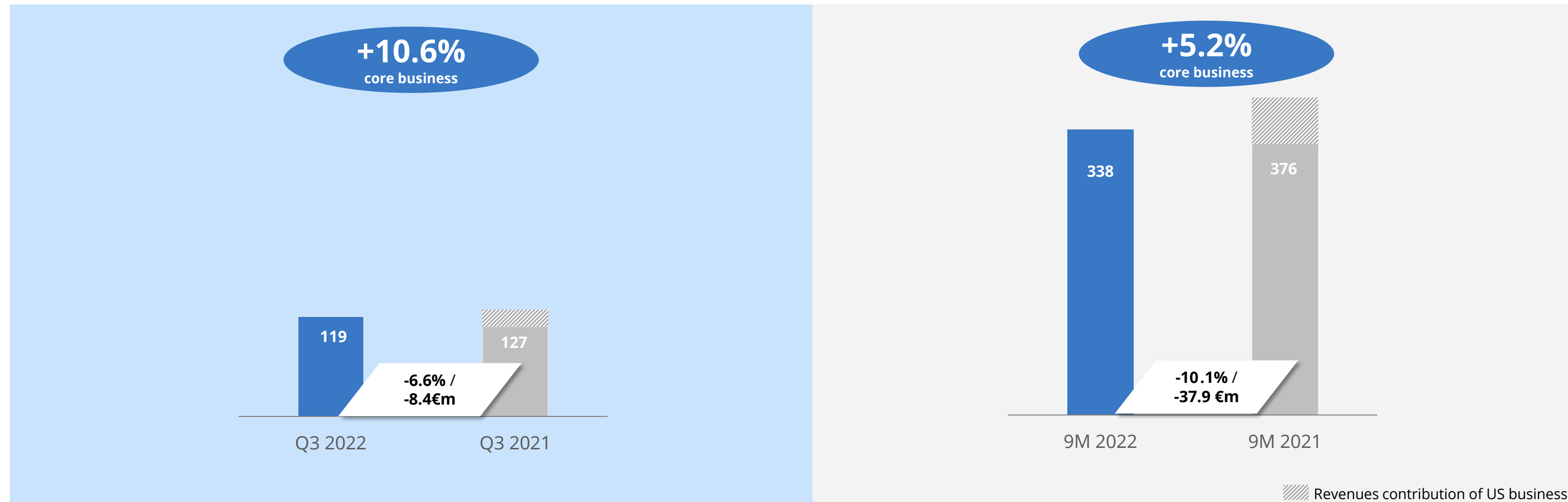
9M 2022: MARKET ENVIRONMENT

- ▶ **Consumer sentiment remains very tense** due to **high inflation rate** of currently **10%**
- ▶ **European tyre industry** saw volume **decrease of 9%** in Q3 2022 in the **consumer tyre segment**
(summer: -19%, all-season: -5%, winter: -7%)
- ▶ According to bevh, **revenues** for the **German online retailing decreased by 10.8 %** in Q3 2022 (9M 2022: **-4.4 %**)

Key financials 9M 2022

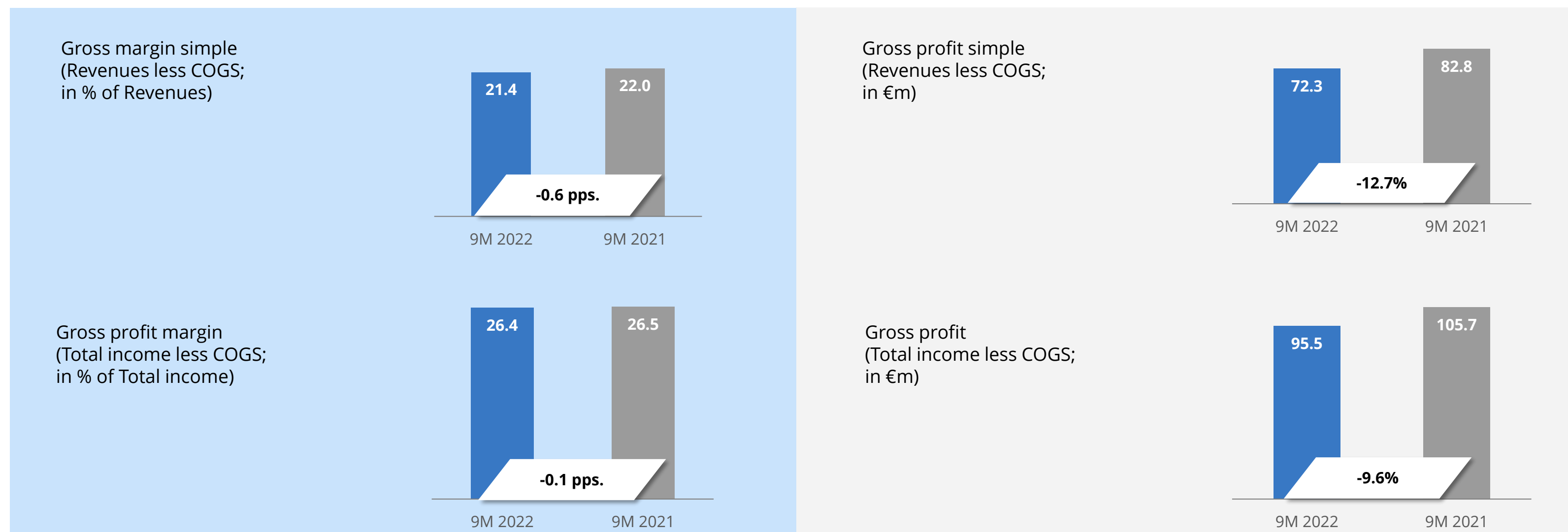
9M 2022: REVENUES DEVELOPMENT

Revenues (in €m)



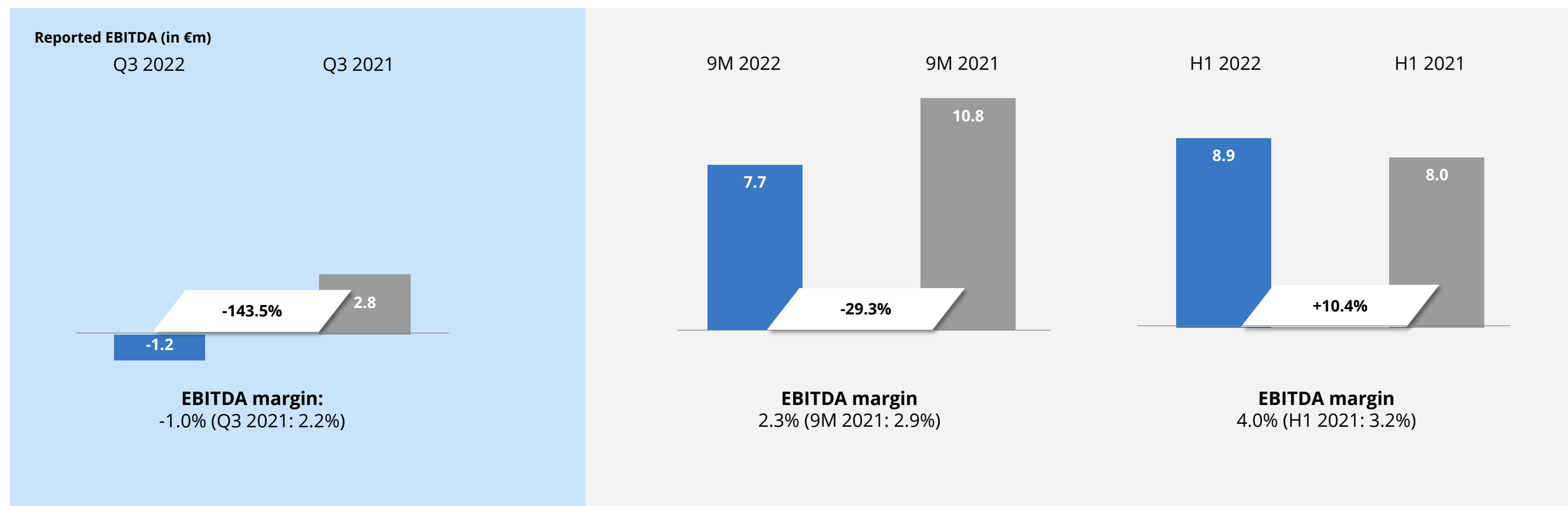
- ▶ **Sale of the US business at the beginning of the current fiscal year**, US revenues contribution in 9M 2022 of around 55 €m and in Q3 2022 of around 20 €m
- ▶ **Weaker end-customer demand** was **cushioned by stronger demand in the business with commercial customers**

9M 2022: GROSS MARGIN & GROSS PROFIT MARGIN



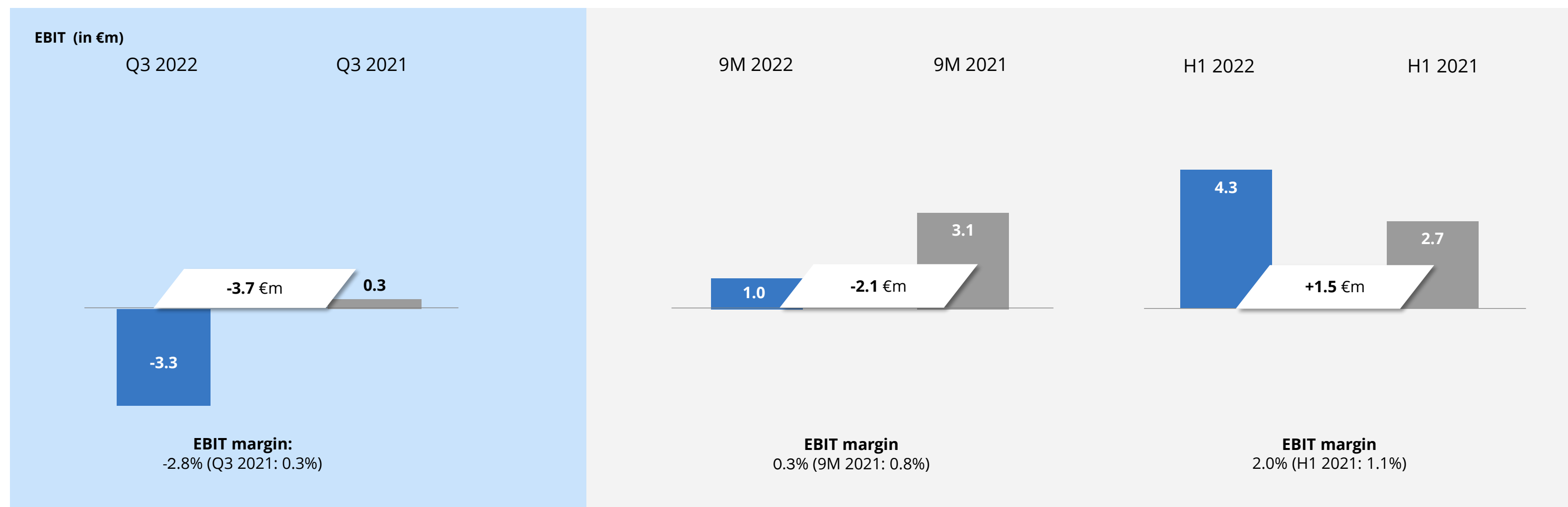
► **Decrease in gross margin** mainly due to the **changed sales mix**

9M 2022: EBITDA



► **Operative EBITDA** amounted to **€ 7.1 million**

9M 2022: EBIT



► **EBIT for the third quarter** significantly **lower** than in the prior-year quarter

9M 2022: P&L (EXCERPT)

	Unit	9M 2022	9M 2021	
Revenues	€m	338.3	376.2	-10.1%
Gross profit	€m	95.5	105.7	-9.6%
Personnel expenses	€m	10.8	10.4	+4.4%
Transportation costs	€m	26.4	34.2	-22.8%
Advertising costs	€m	9.0	11.9	-24.9%
Other operating expenses	€m	41.6	38.3	+8.7%
EBITDA	€m	7.7	10.8	-29.3%
Net income	€m	0.3	0.8	-61.5%

Revenues growth in core business: +5.2%

Prior-year figure incl. USA business

Reacquisition of all shares in Extor GmbH;
severance payments

Weaker demand in business with private end
customers; shorter delivery routes

9M 2022: WORKING CAPITAL

	Unit	30.09.2022	31.12.2021	30.09.2021
Inventories	€m	98.0	46.6	91.9
Trade payables	€m	130.0	84.6	111.5
Trade receivables	€m	32.4	16.5	22.8

Delayed start to the season and inflationary price development

► **Working Capital fluctuates** heavily from quarter to quarter due to **seasonality**

9M 2022: FINANCIAL LIABILITIES (1/3)

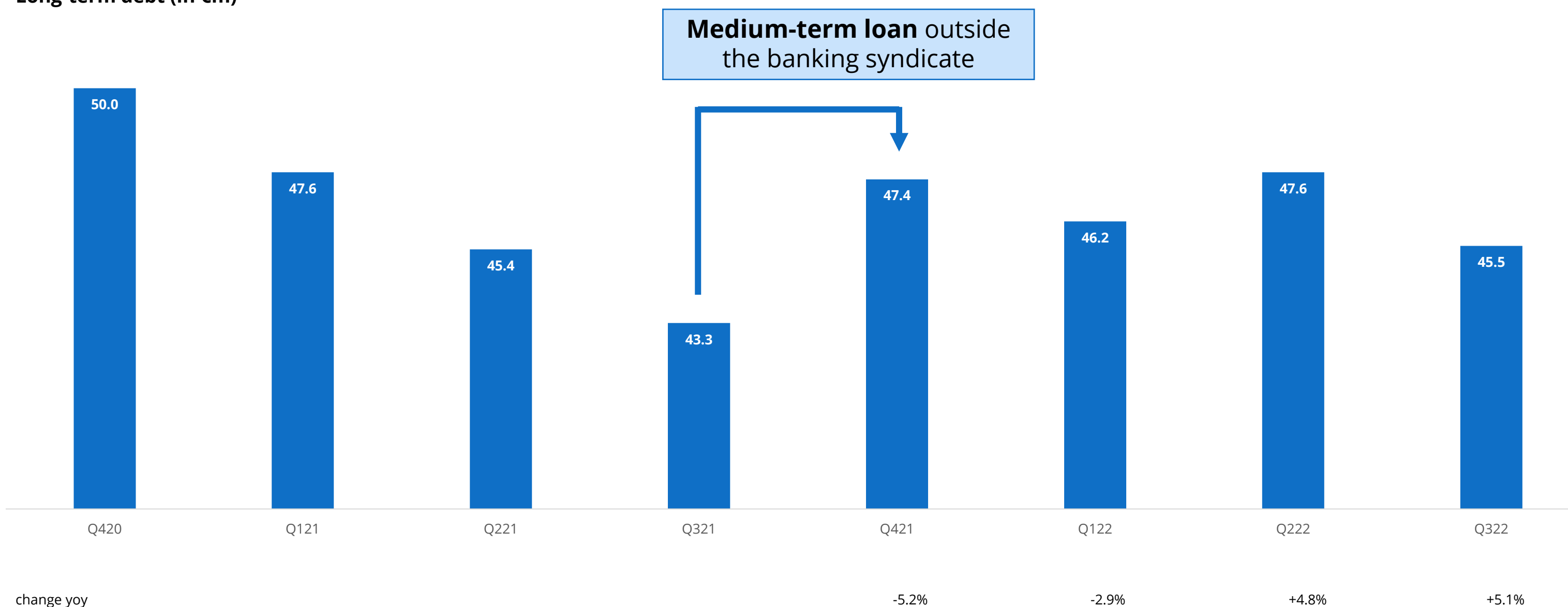
in €m	30.09.2021	31.12.2021	30.09.2022	in €m	30.09.2021	31.12.2021	30.09.2022
Non-current liabilities	43.3	47.4	45.5	Current liabilities	185.3	122.7	174.7
Non-current financial liabilities	43.2	42.3	39.3	Accounts payable	111.5	84.6	130.0
thereof lease liability IFRS 16	43.2	42.3	39.3	Current financial liabilities	48.3	13.9	16.1
thereof financial liabilities to banks	0.0	0.0	0.0	thereof current financial liabilities to banks	39.8	5.3	7.5
Other non-current liabilities	0.0	5.0	6.0	thereof current component liability IFRS 16	8.5	8.6	8.6
Remaining	0.1	0.1	0.2	Remaining	25.5	24.2	28.6

- ▶ **Further € 1 million** medium-term loan raised outside the banking syndicate in 9M 2022 (€ 5 million raised already in 2021)
- ▶ **No long-term financial debts with banks**

9M 2022: FINANCIAL LIABILITIES (3/3)

LONG-TERM DEBT

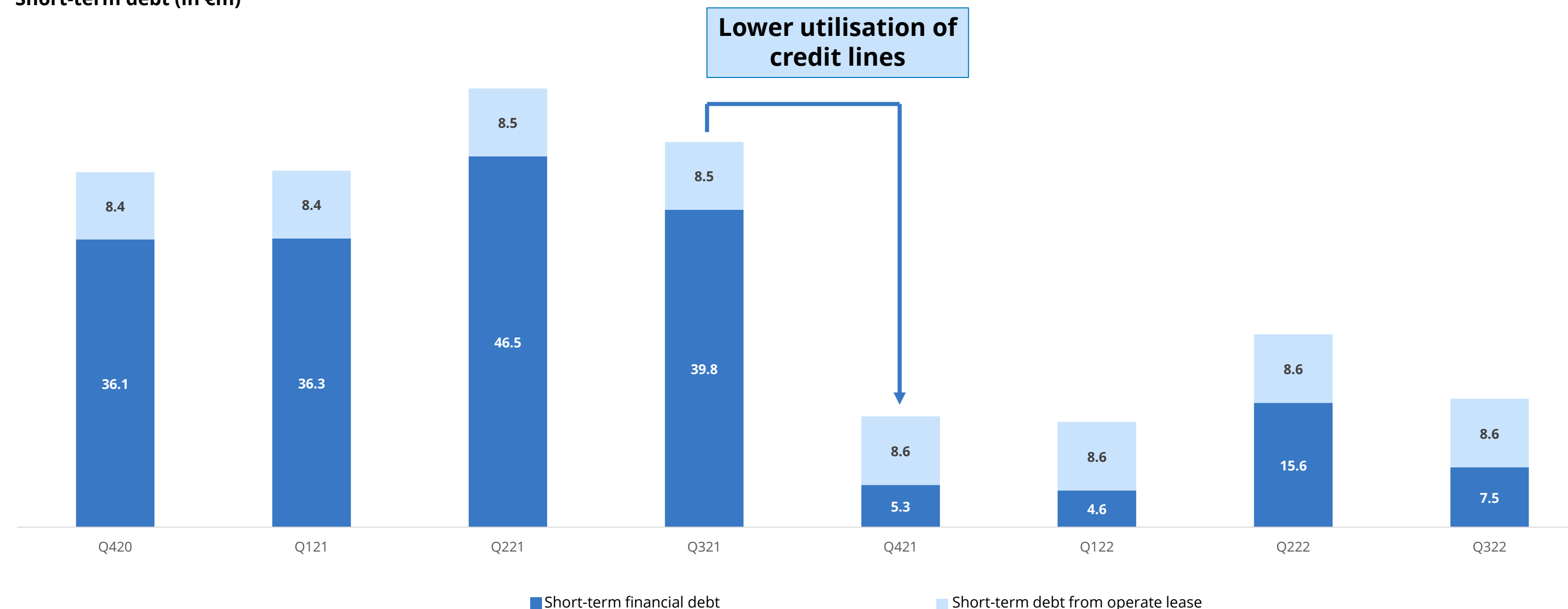
Long-term debt (in €m)



9M 2022: FINANCIAL LIABILITIES (2/3)

SHORT-TERM DEBT

Short-term debt (in €m)



change yoy (excl. operate lease IFRS 16)

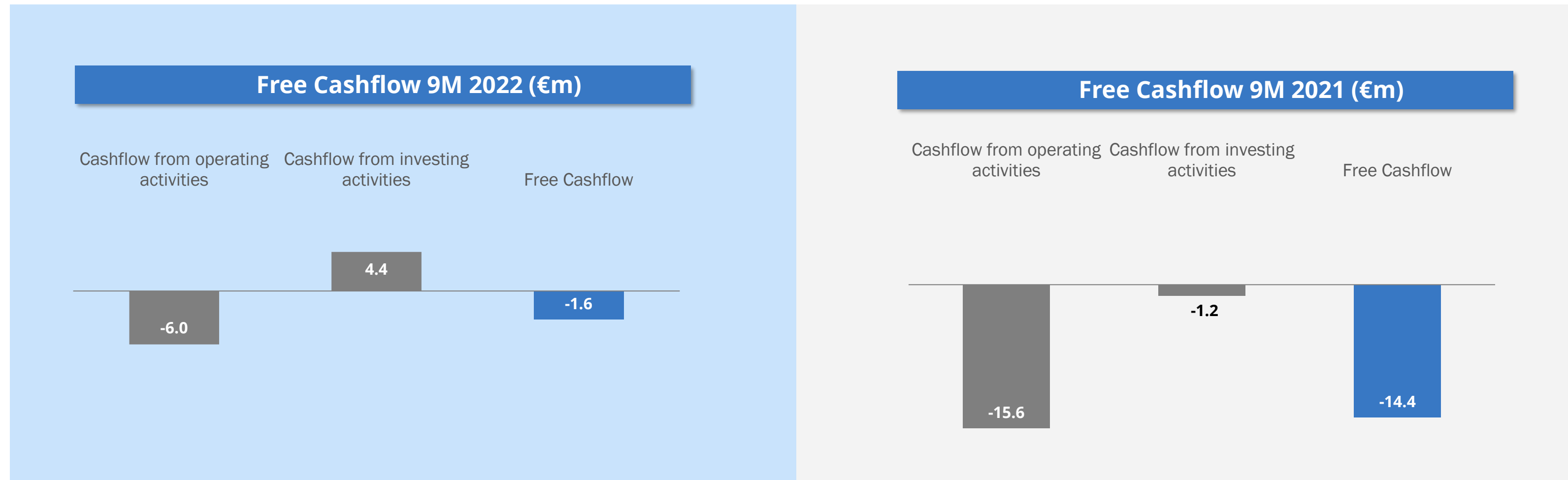
-85.3%

-87.3%

-66.5%

-81.2%

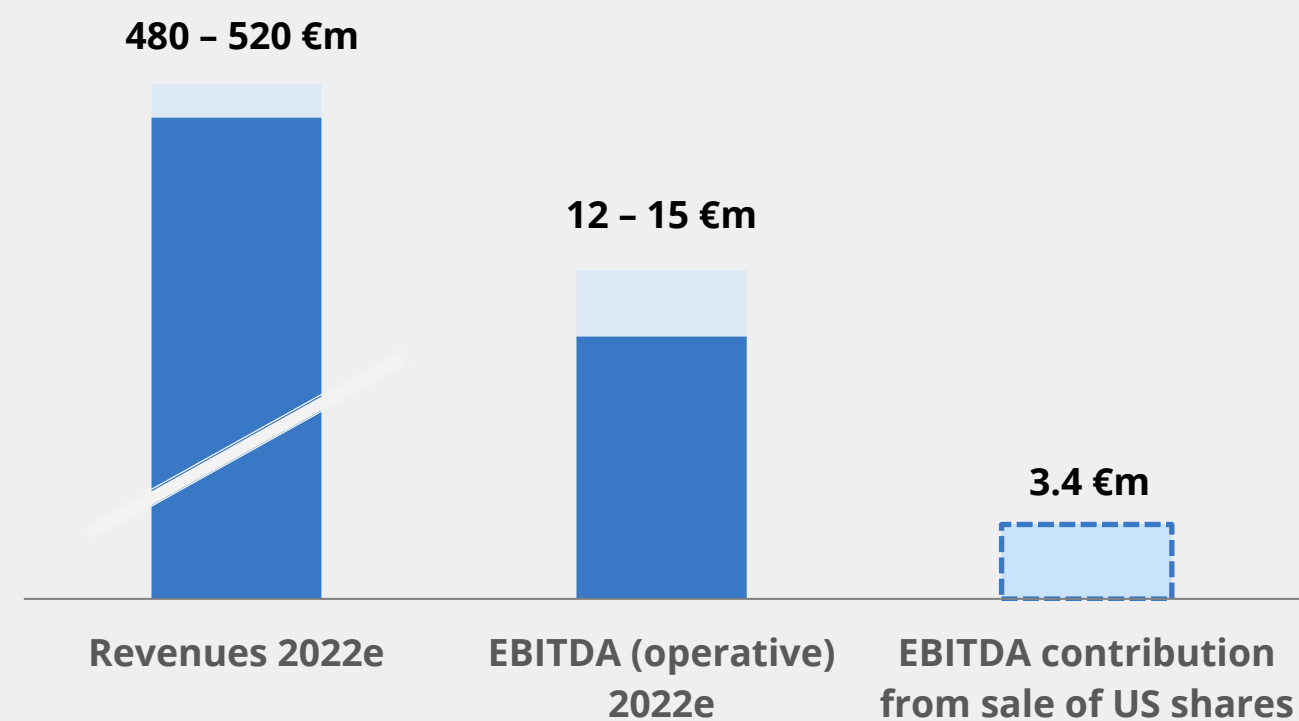
9M 2022: FREE CASHFLOW



- ▶ Delayed start to the season and the inflationary price trend put pressure on working capital and have a corresponding impact on **operating cash flow**

Outlook 2022

OUTLOOK FY 2022: REVENUES AND EBITDA GUIDANCE



At least **€ 10 million Free Cashflow** from operating activities

→ Full year guidance confirmed

→ Initiation of a comprehensive work programme for the finance department

ReifenDirekt.de

DELTICOM 

Thank you for your attention!

German Equity Forum 2022