

14 August 2023

**Delticom AG**

Rating Buy (Buy)  
Share price (EUR) 2.10  
Target price (EUR) 2.90 (2.89)

Bloomberg DEX GY  
Sector Retail

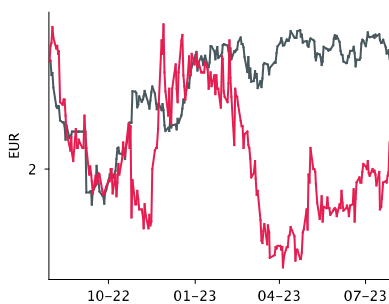
**Share data**

Shares out (m) 14.8  
Daily volume shs (m) 0.0  
Free float (%) 53.45  
Market cap (EUR m) 31  
EV (EUR m) 100  
DPS (EUR) 0.00  
Dividend yield (%) 0.0  
Payout ratio (%) 0.0

**Performance**

ytd (%) -11.0  
12 months (%) -13.9  
12 months rel. (%) -14.0  
Index SDAX

**Share price performance**



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

Source: Bloomberg

**Next triggers**

9 November: Q3 figures

**Analysts**

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# Consumer sentiment one big issue, DEX` s profitability step-up positive

After the European Tyre and Rubber Manufacturers Association (ETRMA) published yoy declining Q2 volumes for replacement tyres, Michelin and Continental subsequently followed by reporting decreasing volumes in the tyre replacement business in Q2. As a result, Delticom ('DEX') 's Q2 top line outcome is not a big surprise. Nevertheless, the company's profitability was positive, the EBIT margin in Q2 stood at 5.1%, certainly this cannot be extrapolated to the following quarters, but statements of 3% on an annual basis are no longer unrealistic. Generally speaking, the German/European economy, including e-commerce, is not playing a tailwind. The falling demand is influenced by the uncertain global economy and the rising costs due to inflation, consumers are holding back strongly on tyre purchases, whether this will turn around in the coming months remains to be seen. Delticom's price-to-book ratio (0.7x) is unchanged significantly under the threshold of 1.0x. Applying our ROE/COE valuation approach, we derive a fair value of 2.90, therefore we see the Delticom share unchanged as oversold and confirm our BUY rating.

**Overview of blended EV/EBITDA (NTM) of Delticom**



Source: Bloomberg, Quirin Privatbank

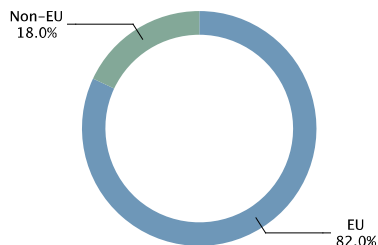
Key figures		2021	2022	2023e	2024e	2025e
Sales	EUR m	585	509	471	485	504
EBITDA	EUR m	17	15	15	16	18
EBIT	EUR m	7	4	6	6	8
EPS	EUR	0.49	0.19	0.23	0.24	0.30
Sales growth	%	8.2	-13.0	-7.6	3.0	4.0
EBIT growth	%	31.8	-40.2	39.7	6.8	20.0
EPS growth	%	-9.3	-61.3	20.0	7.4	23.1
EBITDA margin	%	2.9	2.9	3.2	3.3	3.5
EBIT margin	%	1.2	0.8	1.3	1.3	1.5
Net margin	%	1.2	0.6	0.7	0.7	0.9
EV/Sales	ratio	0.28	0.23	0.21	0.20	0.18
EV/EBITDA	ratio	9.6	7.9	6.7	6.0	5.2
EV/EBIT	ratio	23.3	28.1	16.9	15.3	12.2
P/E	ratio	16.6	17.1	9.2	8.6	7.0
P/BV	ratio	2.9	1.2	0.7	0.7	0.6
Dividend yield	%	0.0	0.0	0.0	0.0	0.0

Source: Bloomberg, Company data, Quirin Privatbank estimates

### Company description

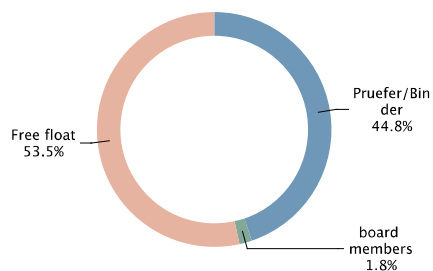
With the brand Reifendirekt, Delticom AG is the leading company in Europe for the online distribution of tyres and complete wheels. The product portfolio for private and business customers comprises an unparalleled range of more than 600 brands and over 40,000 tyre models for cars and motorcycles. Complete wheels and rims complete the product range. The company operates 351 online shops and online distribution platforms in 72 countries, serving more than 18 million customers.

### Revenues by region 2022



Source: Company data

### Shareholder structure



Source: Company data

### Company guidance 2023

Group sales: EUR 470-504m; EBITDA: EUR 14.0-18.9m

## Profit &amp; loss statement

Profit & loss statement (EUR m)	2021	YOY	2022	YOY	2023e	YOY	2024e	YOY	2025e	YOY
Sales	585.4	8.2 %	509.3	-13.0 %	470.6	-7.6 %	484.7	3.0 %	504.1	4.0 %
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	28.6		33.6		28.7		26.7		27.7	
Cost of goods	-457.4		-399.1		-366.1		-376.6		-391.2	
Gross profit	128.0		110.2		104.5		108.1		112.9	
Personnel expenses	-13.4		-14.0		-14.6		-14.5		-15.1	
Depreciation	0.0		0.0		0.0		0.0		0.0	
Other operating expenses	-121.8		-111.6		-101.6		-104.2		-107.9	
EBITDA	17.1	13.7 %	15.0	-12.2 %	14.9	-0.8 %	16.0	7.4 %	17.6	10.3 %
EBITDA margin (%)	2.92		2.95		3.16		3.30		3.50	
EBIT	7.1	31.8 %	4.2	-40.2 %	5.9	39.7 %	6.3	6.8 %	7.6	20.0 %
EBIT margin (%)	1.21		0.83		1.25		1.30		1.50	
Net interest	-2.1		-1.0		-1.5		-1.6		-1.6	
Income from Participations	0.0		0.0		0.0		0.0		1.0	
Net financial result	-2.1		-1.0		-1.5		-1.6		-1.6	
Exceptional items	-4.3		-3.2		-2.1		0.0		0.0	
Pretax profit	4.9	91.0 %	3.2	-35.7 %	4.4	38.0 %	4.8	8.1 %	5.9	25.2 %
Pretax margin (%)	0.85		0.62		0.93		0.98		1.18	
Taxes	1.9		-0.4		-1.0		-1.1		-1.5	
Tax rate (%)	-37.72		11.66		23.17		23.68		24.96	
Earnings after taxes	6.8		2.8		3.4		3.6		4.5	
Minorities	0.1		0.0		0.0		0.0		0.0	
Group attributable income	6.8	0.2 %	2.8	-58.3 %	3.4	20.0 %	3.6	7.4 %	4.5	23.1 %
No. of shares (m)	13.8		14.8		14.8		14.8		14.8	
Earnings per share (EUR)	0.49	-9.3 %	0.19	-61.3 %	0.23	20.0 %	0.24	7.4 %	0.30	23.1 %

Source: Company data, Quirin Privatbank estimates

## Balance sheet

Balance sheet (EUR m)	2021	YOY	2022	YOY	2023e	YOY	2024e	YOY	2025e	YOY
<b>Assets</b>										
Cash and cash equivalents	4.9		3.0		1.2		1.0		2.0	
Accounts receivables	16.5		17.2		17.4		17.6		17.8	
Inventories	46.6		43.3		44.2		45.1		46.0	
Other current assets	37.9		11.9		11.9		11.9		11.9	
Tax claims	0.2		0.1		0.1		0.1		0.1	
<b>Total current assets</b>	<b>106.0</b>	<b>39.9 %</b>	<b>75.5</b>	<b>-28.7 %</b>	<b>74.8</b>	<b>-0.9 %</b>	<b>75.7</b>	<b>1.1 %</b>	<b>77.9</b>	<b>2.9 %</b>
Fixed assets	7.8		8.7		8.3		7.4		9.4	
Goodwill	0.0		0.0		0.0		0.0		0.0	
Other intangible assets	38.0		37.2		32.0		26.1		17.0	
Financial assets	11.6		13.6		13.6		13.6		13.6	
Deferred taxes	11.6		11.0		11.0		11.0		11.0	
Other fixed assets	42.5		49.1		49.1		49.1		49.1	
<b>Total fixed assets</b>	<b>111.5</b>	<b>-10.1 %</b>	<b>119.7</b>	<b>7.3 %</b>	<b>114.0</b>	<b>-4.8 %</b>	<b>107.2</b>	<b>-6.0 %</b>	<b>100.1</b>	<b>-6.6 %</b>
<b>Total assets</b>	<b>217.5</b>	<b>8.9 %</b>	<b>195.2</b>	<b>-10.2 %</b>	<b>188.8</b>	<b>-3.3 %</b>	<b>182.9</b>	<b>-3.1 %</b>	<b>178.0</b>	<b>-2.7 %</b>
<b>Equity &amp; Liabilities</b>										
Subscribed capital	14.8		14.8		14.8		14.8		14.8	
Reserves & other	47.7		47.5		47.5		47.5		47.5	
Revenue reserves	-25.5		-22.7		-19.3		-15.7		-11.2	
Accumulated other comprehensive	0.0		0.0		0.0		0.0		0.0	
<b>Shareholder's equity</b>	<b>37.0</b>	<b>168.0 %</b>	<b>39.7</b>	<b>7.2 %</b>	<b>43.0</b>	<b>8.5 %</b>	<b>46.7</b>	<b>8.4 %</b>	<b>51.1</b>	<b>9.6 %</b>
Minorities	1.0		0.0		0.0		0.0		0.0	
<b>Shareholder's equity incl. minorities</b>	<b>38.0</b>	<b>156.6 %</b>	<b>39.7</b>	<b>4.4 %</b>	<b>43.0</b>	<b>8.5 %</b>	<b>46.7</b>	<b>8.4 %</b>	<b>51.1</b>	<b>9.6 %</b>
<b>Long-term liabilities</b>										
Pension provisions	0.1		0.1		0.1		0.1		0.1	
Financial liabilities	42.2		51.0		48.4		46.0		43.7	
Tax liabilities	0.0		0.0		0.0		0.0		0.0	
Other liabilities	5.0		6.0		6.0		6.0		6.0	
<b>Total long-term debt</b>	<b>47.4</b>	<b>-5.3 %</b>	<b>57.1</b>	<b>20.5 %</b>	<b>54.5</b>	<b>-4.5 %</b>	<b>52.1</b>	<b>-4.4 %</b>	<b>49.8</b>	<b>-4.4 %</b>
<b>Short-term debt</b>										
Other provisions	3.6		3.8		3.8		3.8		3.8	
Trade payables	84.6		53.9		52.8		51.7		50.7	
Financial debt	13.9		22.6		21.5		20.4		19.4	
Other liabilities	30.1		18.1		13.1		8.1		3.1	
<b>Total short-term debt</b>	<b>132.1</b>	<b>-2.1 %</b>	<b>98.4</b>	<b>-25.5 %</b>	<b>91.2</b>	<b>-7.3 %</b>	<b>84.1</b>	<b>-7.8 %</b>	<b>77.1</b>	<b>-8.4 %</b>
<b>Total equity &amp; liabilities</b>	<b>217.5</b>	<b>8.9 %</b>	<b>195.2</b>	<b>-10.2 %</b>	<b>188.8</b>	<b>-3.3 %</b>	<b>182.9</b>	<b>-3.1 %</b>	<b>178.0</b>	<b>-2.7 %</b>

Source: Company data, Quirin Privatbank estimates

## Financial key ratios

Key ratios	2021	2022	2023e	2024e	2025e
<b>Per share data (EUR)</b>					
EPS	0.49	0.19	0.23	0.24	0.30
Book value per share	2.8	2.7	2.9	3.1	3.4
Free cash flow per share	1.1	-0.5	0.1	0.2	0.3
Dividend per share	0.00	0.00	0.00	0.00	0.00
<b>Valuation ratios</b>					
EV/Sales	0.28	0.23	0.21	0.20	0.18
EV/EBITDA	9.6	7.9	6.7	6.0	5.2
EV/EBIT	23.3	28.1	16.9	15.3	12.2
P/E	16.6	17.1	9.2	8.6	7.0
P/B	2.9	1.2	0.7	0.7	0.6
Dividend yield (%)	0.0	0.0	0.0	0.0	0.0
<b>Growth</b>					
Sales growth (%)	8.2	-13.0	-7.6	3.0	4.0
EBITDA growth (%)	13.7	-12.2	-0.8	7.4	10.3
EBIT growth (%)	31.8	-40.2	39.7	6.8	20.0
EPS growth (%)	-9.3	-61.3	20.0	7.4	23.1
<b>Profitability ratios</b>					
EBITDA margin (%)	2.9	2.9	3.2	3.3	3.5
EBIT margin (%)	1.2	0.8	1.3	1.3	1.5
Net margin (%)	1.2	0.6	0.7	0.7	0.9
ROCE (%)	7.5	3.6	5.0	5.3	6.4
<b>Financial ratios</b>					
Total equity (EUR m)	37.0	39.7	43.0	46.7	51.1
Equity ratio (%)	17.0	20.3	22.8	25.5	28.7
Net financial debt (EUR m)	51.4	70.7	68.8	65.5	61.2
Net debt/Equity	0.2	0.2	0.2	0.3	0.3
Interest cover	3.3	4.1	3.9	4.1	4.7
Net debt/EBITDA	3.0	4.7	4.6	4.1	3.5
Payout ratio (%)	0.0	0.0	0.0	0.0	0.0
Working Capital (EUR m)	-21.6	6.7	8.8	11.0	13.1
Working capital/Sales	-0.04	0.01	0.02	0.02	0.03

Source: Company data, Quirin Privatbank estimates

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

Date	Price target-EUR	Rating	Initiation
14.08.2023	2.90	Buy	
30.05.2023	2.89	Buy	
03.04.2023	2.89	Buy	
16.11.2022	3.50	Buy	
16.08.2022	6.90	Buy	24.11.2020

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#### Competent supervisory authority

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