

13 November 2023

**Delticom AG**

Rating **Buy**  
Share price (EUR) **2.19**  
Target price (EUR) **2.90**

Bloomberg DEX GY  
Sector Retail

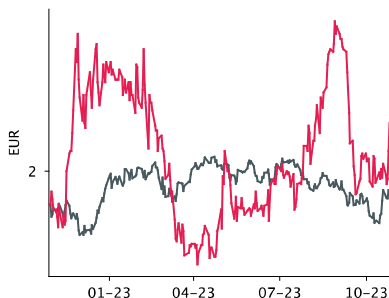
**Share data**

Shares out (m) 14.8  
Daily volume shs (m) 0.0  
Free float (%) 53.45  
Market cap (EUR m) 32  
EV (EUR m) 101  
DPS (EUR) 0.00  
Dividend yield (%) 0.0  
Payout ratio (%) 0.0

**Performance**

ytd (%) -7.2  
12 months (%) 11.7  
12 months rel. (%) 10.2  
Index SDAX

**Share price performance**



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

Source: Bloomberg

**Next triggers**

tba

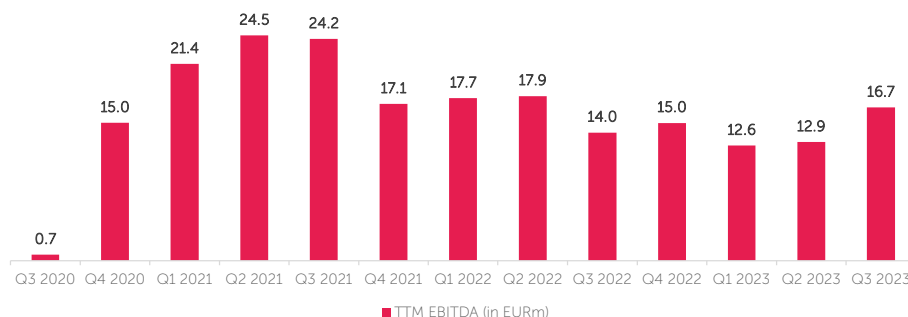
**Analysts**

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# Consumer sentiment: No recovery in sight for 2023

The negative sentiment in the German consumer sentiment has not fundamentally changed, the forecast value for the GfK Consumer Climate in November falls to -28.1 points and is 1.4 points less than in the previous month (please see chart on next page). In such a challenging market Delticom ('DEX') suffered in Q3 2023 by purchase restraints, resulting in revenues decline by 12.7% yoy. Despite this decline, EBITDA (EUR 2.6m) and EBIT (EUR 0.25m) came in positive. If you look at these figures in the European competitor context, Delticom was able to significantly outperform the margins of its Polish competitor OPONEO (Q3 2023 EBITDA margin: -0.5%; EBIT margin: -2.5%) which trades at EV/EBITDA 2023 of 9.7x vs DEX'S 6.8x, thus potential catch-up demand. The German/European economy, including e-commerce, is not playing a tailwind. In this context, the confirmed annual forecast is encouraging, but we are targeting the lower end of the range. This would imply a sales increase of 2.5% in Q4 2023 and an EBITDA of at least EUR 4.6m. Considering the important Trailing Twelve Months (TTM) EBITDA performance (reported EUR 16.7m) we expect the given FY 2023 EBITDA guidance might be reasonable. Delticom's price-to-book ratio (0.8x) is unchanged under the threshold of 1.0x. Applying our ROE/COE valuation approach, we derive an unchanged fair value of 2.90, therefore we confirm our BUY rating. Analyzing historical EV/EBITDA pattern Delticom shares are trading below its median/average and at the lower level, thus implying attractive upside potential.

**Development and forecast of TTM EBITDA (in EURm)**



Source: Company data; 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	0.22	0.20	0.19
EV/EBITDA	ratio	9.6	7.9	6.8	6.1	5.3
EV/EBIT	ratio	23.3	28.1	17.2	15.6	12.4
P/E	ratio	16.6	17.1	9.6	9.0	7.3
P/BV	ratio	2.9	1.2	0.8	0.7	0.6
Dividend yield	%	0.0	0.0	0.0	0.0	0.0

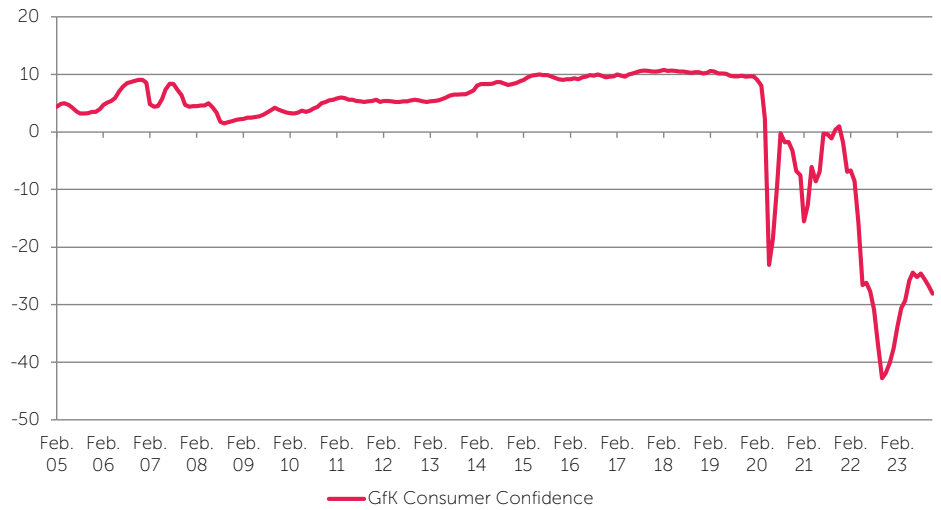
Source: Bloomberg, Company data, Quirin Privatbank estimates

Overview of blended EV/EBITDA (NTM) of Delticom



Source: Bloomberg, Quirin Privatbank

Development and forecast of German consumer confidence

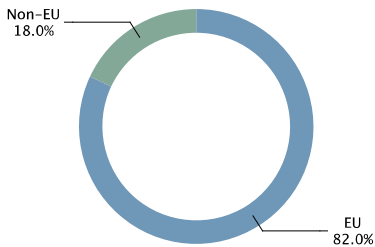


Source: Bloomberg, GfK, Quirin Privatbank

**Company description**

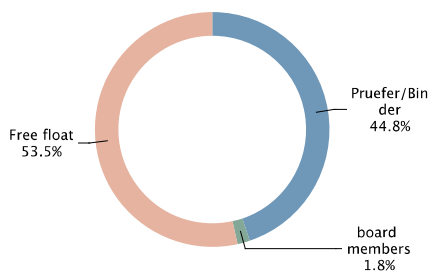
With the brand Reifendirekt, Delticom AG is the leading company in Europe for the online distribution of tyres and complete wheels. The product portfolio for private and business customers comprises an unparalleled range of more than 600 brands and over 40,000 tyre models for cars and motorcycles. Complete 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**



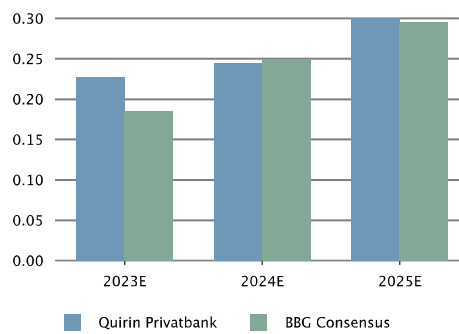
Source: Company data

**Shareholder structure**



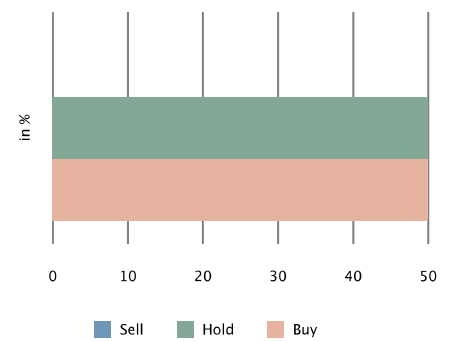
Source: Company data

**EPS: Quirin Privatbank vs. consensus**



Source: Quirin Privatbank Research, Bloomberg

**Recommendation Overview**



Source: Bloomberg

**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	0.22	0.20	0.19
EV/EBITDA	9.6	7.9	6.8	6.1	5.3
EV/EBIT	23.3	28.1	17.2	15.6	12.4
P/E	16.6	17.1	9.6	9.0	7.3
P/B	2.9	1.2	0.8	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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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
13.11.2023	2.90	Buy	
14.08.2023	2.90	Buy	
30.05.2023	2.89	Buy	
03.04.2023	2.89	Buy	
16.11.2022	3.50	Buy	24.11.2020

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#### Competent supervisory authority

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