

25 April 2024

**Delticom AG**

Rating **Buy (Buy)**  
Share price (EUR) **2.46**  
Target price (EUR) **4.80 (3.20)**

Bloomberg **DEX GY**  
Sector **Retail**

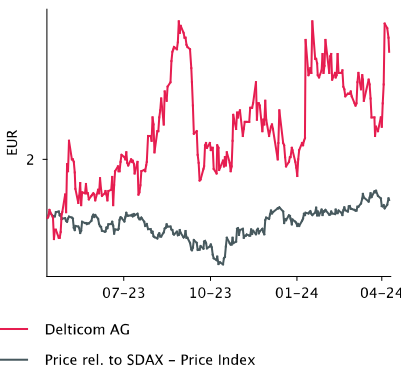
**Share data**

Shares out (m) 14.8  
Daily volume shs (m) 0.0  
Free float (%) 52.30  
Market cap (EUR m) 36  
EV (EUR m) 78  
DPS (EUR) 0.00  
Dividend yield (%) 0.0  
Payout ratio (%) 20.0

**Performance**

ytd (%) 11.3  
12 months (%) 43.9  
12 months rel. (%) 39.5  
Index SDAX

**Share price performance**



Source: Bloomberg

**Next triggers**

15 May: Q1 figures

**Analysts**

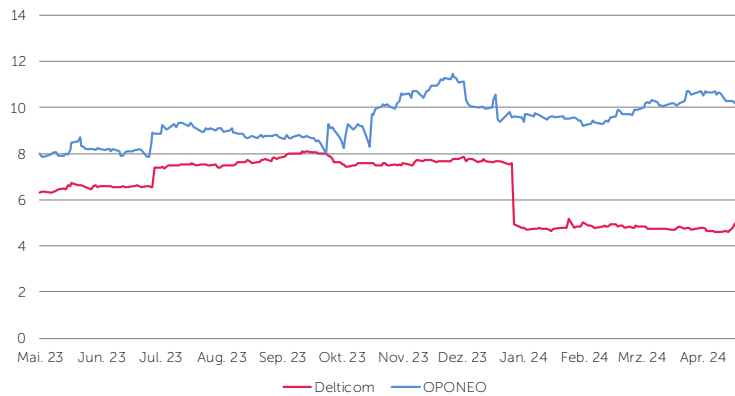
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# Capital market confidence takes time but management delivers

Following the strong financial year 2023 with an EBITDA margin of 4.3%, a net result of EUR +8.0m and a free cash flow of EUR +27.5m, the outlook for the current financial year looks solid despite the adverse market conditions. Despite management's expectation to realise declining sales in 2024, the EBITDA margin is considered to be stable in a corridor of 4.2-4.5%, taking into account the given sales and EBITDA ranges. We see this as very positive, and the investments made in 2023 (AI-supported software and in technical warehouse equipment) should also pay off in the medium term. Delticom has caught up very strongly with the KPIs of its listed peer OPONEO, which is valued significantly higher on the market. Its Polish competitor OPONEO (2023e EBITDA margin: 4.3%; 2024e: +4.4%) trades at EV/EBITDA 2024e of 10.2x vs DEX'S 4.1x, thus we see clear upside potential for valuation. Applying our ROE/COE valuation approach, we derive a new fair value of EUR 4.80 (3.20) mainly driven by the improved profitability. If one were even to transfer OPONEO's P/E of 15.0x for 2024e to Delticom's EPS of EUR 0.42, the fair value per Delticom share would be EUR 6.30. The management must continue to work for confidence on the capital market, the announcement of a possible dividend payment in 2025 for 2024 would be one of the further steps. We confirm our BUY rating.

**Overview of EV/EBITDA of Delticom and OPONEO (PL)**



Source: Bloomberg, Quirin Privatbank

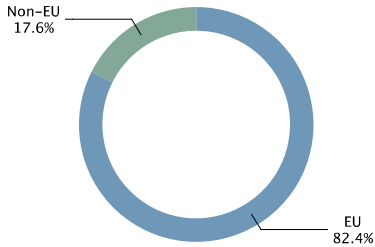
Key figures		2022	2023	2024e	2025e	2026e
Sales	EUR m	509	476	456	463	476
EBITDA	EUR m	15	21	19	21	22
EBIT	EUR m	4	12	10	12	12
EPS	EUR	0.19	0.54	0.42	0.51	0.53
Sales growth	%	-13.0	-6.6	-4.2	1.5	3.0
EBIT growth	%	-40.2	172.7	-13.0	20.0	3.0
EPS growth	%	-61.3	185.3	-21.9	21.5	2.9
EBITDA margin	%	2.9	4.3	4.2	4.6	4.6
EBIT margin	%	0.8	2.4	2.2	2.6	2.6
Net margin	%	0.6	1.7	1.4	1.6	1.6
EV/Sales	ratio	0.23	0.17	0.17	0.16	0.15
EV/EBITDA	ratio	7.9	3.8	4.1	3.5	3.2
EV/EBIT	ratio	28.1	6.9	7.8	6.2	5.6
P/E	ratio	17.1	3.8	5.8	4.8	4.7
P/BV	ratio	1.2	0.6	0.7	0.6	0.5
Dividend yield	%	0.0	0.0	3.4	4.2	4.3

Source: Bloomberg, Company data, Quirin Privatbank estimates

**Company description**

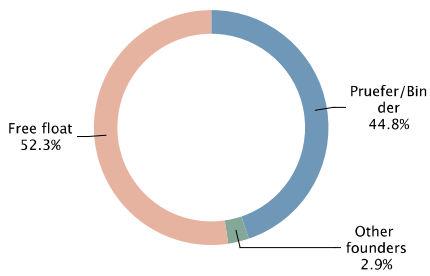
With the brand Reifendirekt, Delticom AG is the leading company in Europe for the online distribution of tyres and complete wheels. The product portfolio for private and business customers comprises an unparalleled range of more than 600 brands and over 40,000 tyre models for cars and motorcycles. Complete wheels and rims complete the product range. The company operates 355 online shops and online distribution platforms in 67 countries, serving more than 19 million customers.

**Revenues by region 2023**



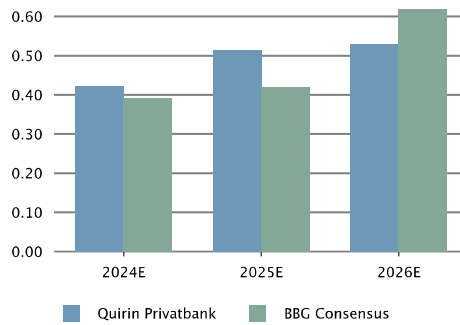
Source: Company data

**Shareholder structure**



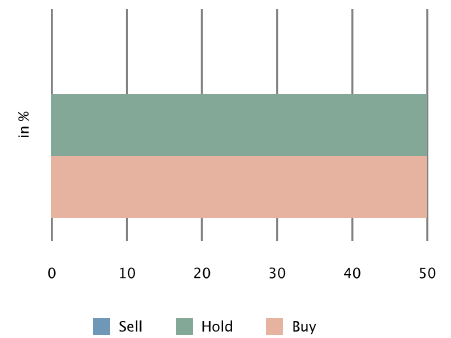
Source: Company data

**EPS: Quirin Privatbank vs. consensus**



Source: Quirin Privatbank Research, Bloomberg

**Recommendation Overview**



Source: Bloomberg

**Company guidance 2024**

Sales: EUR 450-470m; EBITDA: EUR 19-21m

## Profit &amp; loss statement

Profit & loss statement (EUR m)	2022	YOY	2023	YOY	2024e	YOY	2025e	YOY	2026e	YOY
Sales	509.3	-13.0 %	475.7	-6.6 %	455.7	-4.2 %	462.5	1.5 %	476.4	3.0 %
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	33.6		27.1		25.1		25.4		26.2	
Cost of goods	-399.1		-359.5		-346.3		-351.5		-362.1	
Gross profit	110.2		116.1		109.4		111.0		114.3	
Personnel expenses	-14.0		-14.0		-13.7		-13.9		-14.3	
Depreciation	0.0		0.0		0.0		0.0		0.0	
Other operating expenses	-111.6		-106.5		-101.6		-101.3		-104.3	
EBITDA	15.0	-12.2 %	20.6	37.6 %	19.1	-7.3 %	21.3	11.2 %	21.9	3.0 %
EBITDA margin (%)	2.95		4.34		4.20		4.60		4.60	
EBIT	4.2	-40.2 %	11.5	172.7 %	10.0	-13.0 %	12.0	20.0 %	12.4	3.0 %
EBIT margin (%)	0.83		2.42		2.20		2.60		2.60	
Net interest	-1.0		-1.4		-1.3		-1.3		-1.3	
Income from Participations	0.0		0.0		0.0		1.0		2.0	
Net financial result	-1.0		-1.4		-1.3		-1.3		-1.3	
Exceptional items	-3.2		-2.2		0.0		0.0		0.0	
Pretax profit	3.2	-35.7 %	10.1	218.7 %	8.7	-13.7 %	10.7	22.6 %	11.1	3.0 %
Pretax margin (%)	0.62		2.13		1.92		2.32		2.32	
Taxes	-0.4		-2.1		-2.5		-3.1		-3.2	
Tax rate (%)	11.66		20.87		28.34		29.02		29.10	
Earnings after taxes	2.8		8.0		6.3		7.6		7.8	
Minorities	0.0		0.0		0.0		0.0		0.0	
Group attributable income	2.8	-58.3 %	8.0	185.3 %	6.3	-21.9 %	7.6	21.5 %	7.8	2.9 %
No. of shares (m)	14.8		14.8		14.8		14.8		14.8	
Earnings per share (EUR)	0.19	-61.3 %	0.54	185.3 %	0.42	-21.9 %	0.51	21.5 %	0.53	2.9 %

Source: Company data, Quirin Privatbank estimates

## Balance sheet

Balance sheet (EUR m)	2022	YOY	2023	YOY	2024e	YOY	2025e	YOY	2026e	YOY
<b>Assets</b>										
Cash and cash equivalents	3.0		7.3		11.0		12.6		14.4	
Accounts receivables	17.2		17.2		17.0		17.2		17.5	
Inventories	43.3		41.2		40.4		41.2		42.0	
Other current assets	11.9		16.9		16.9		16.9		16.9	
Tax claims	0.1		0.1		0.1		0.1		0.1	
<b>Total current assets</b>	<b>75.5</b>	<b>-28.7 %</b>	<b>82.6</b>	<b>9.4 %</b>	<b>85.4</b>	<b>3.3 %</b>	<b>88.0</b>	<b>3.1 %</b>	<b>90.9</b>	<b>3.3 %</b>
Fixed assets	8.7		10.8		10.5		10.6		10.6	
Goodwill	0.0		0.0		0.0		0.0		0.0	
Other intangible assets	37.2		37.3		32.0		26.9		21.6	
Financial assets	13.6		4.1		4.1		4.1		4.1	
Deferred taxes	11.0		10.7		10.7		10.7		10.7	
Other fixed assets	49.1		46.1		46.1		46.1		46.1	
<b>Total fixed assets</b>	<b>119.7</b>	<b>7.3 %</b>	<b>108.9</b>	<b>-9.0 %</b>	<b>103.4</b>	<b>-5.0 %</b>	<b>98.4</b>	<b>-4.9 %</b>	<b>93.1</b>	<b>-5.3 %</b>
<b>Total assets</b>	<b>195.2</b>	<b>-10.2 %</b>	<b>191.6</b>	<b>-1.9 %</b>	<b>188.8</b>	<b>-1.4 %</b>	<b>186.3</b>	<b>-1.3 %</b>	<b>184.0</b>	<b>-1.3 %</b>
<b>Equity &amp; Liabilities</b>										
Subscribed capital	14.8		14.8		14.8		14.8		14.8	
Reserves & other	47.5		18.9		18.9		18.9		18.9	
Revenue reserves	-22.7		13.9		20.2		26.5		32.8	
Accumulated other comprehensive	0.0		0.0		0.0		0.0		0.0	
<b>Shareholder's equity</b>	<b>39.7</b>	<b>7.2 %</b>	<b>47.6</b>	<b>20.1 %</b>	<b>53.9</b>	<b>13.2 %</b>	<b>60.3</b>	<b>11.8 %</b>	<b>66.6</b>	<b>10.5 %</b>
Minorities	0.0		0.0		0.0		0.0		0.0	
<b>Shareholder's equity incl. minorities</b>	<b>39.7</b>	<b>4.4 %</b>	<b>47.6</b>	<b>20.1 %</b>	<b>53.9</b>	<b>13.2 %</b>	<b>60.3</b>	<b>11.8 %</b>	<b>66.6</b>	<b>10.5 %</b>
<b>Long-term liabilities</b>										
Pension provisions	0.1		0.0		0.0		0.0		0.0	
Financial liabilities	51.0		46.1		43.8		41.6		39.5	
Tax liabilities	0.0		0.0		0.0		0.0		0.0	
Other liabilities	6.0		0.0		0.0		0.0		0.0	
<b>Total long-term debt</b>	<b>57.1</b>	<b>20.5 %</b>	<b>46.1</b>	<b>-19.2 %</b>	<b>43.8</b>	<b>-5.0 %</b>	<b>41.6</b>	<b>-5.0 %</b>	<b>39.6</b>	<b>-5.0 %</b>
<b>Short-term debt</b>										
Other provisions	3.8		4.9		4.9		4.9		4.9	
Trade payables	53.9		61.5		60.2		59.0		57.9	
Financial debt	22.6		9.4		9.0		8.5		8.1	
Other liabilities	18.1		22.0		17.0		12.0		7.0	
<b>Total short-term debt</b>	<b>98.4</b>	<b>-25.5 %</b>	<b>97.8</b>	<b>-0.7 %</b>	<b>91.1</b>	<b>-6.9 %</b>	<b>84.4</b>	<b>-7.3 %</b>	<b>77.8</b>	<b>-7.8 %</b>
<b>Total equity &amp; liabilities</b>	<b>195.2</b>	<b>-10.2 %</b>	<b>191.6</b>	<b>-1.9 %</b>	<b>188.8</b>	<b>-1.4 %</b>	<b>186.3</b>	<b>-1.3 %</b>	<b>184.0</b>	<b>-1.3 %</b>

Source: Company data, Quirin Privatbank estimates

## Financial key ratios

Key ratios	2022	2023	2024e	2025e	2026e
<b>Per share data (EUR)</b>					
EPS	0.19	0.54	0.42	0.51	0.53
Book value per share	2.7	3.2	3.6	4.1	4.5
Free cash flow per share	-0.5	1.9	0.4	0.4	0.4
Dividend per share	0.00	0.00	0.08	0.10	0.11
<b>Valuation ratios</b>					
EV/Sales	0.23	0.17	0.17	0.16	0.15
EV/EBITDA	7.9	3.8	4.1	3.5	3.2
EV/EBIT	28.1	6.9	7.8	6.2	5.6
P/E	17.1	3.8	5.8	4.8	4.7
P/B	1.2	0.6	0.7	0.6	0.5
Dividend yield (%)	0.0	0.0	3.4	4.2	4.3
<b>Growth</b>					
Sales growth (%)	-13.0	-6.6	-4.2	1.5	3.0
EBITDA growth (%)	-12.2	37.6	-7.3	11.2	3.0
EBIT growth (%)	-40.2	172.7	-13.0	20.0	3.0
EPS growth (%)	-61.3	185.3	-21.9	21.5	2.9
<b>Profitability ratios</b>					
EBITDA margin (%)	2.9	4.3	4.2	4.6	4.6
EBIT margin (%)	0.8	2.4	2.2	2.6	2.6
Net margin (%)	0.6	1.7	1.4	1.6	1.6
ROCE (%)	3.6	12.0	10.5	12.3	12.4
<b>Financial ratios</b>					
Total equity (EUR m)	39.7	47.6	53.9	60.3	66.6
Equity ratio (%)	20.3	24.9	28.5	32.3	36.2
Net financial debt (EUR m)	70.7	48.3	41.8	37.6	33.2
Net debt/Equity	0.2	0.2	0.3	0.3	0.4
Interest cover	4.1	8.4	7.9	9.3	9.3
Net debt/EBITDA	4.7	2.3	2.2	1.8	1.5
Payout ratio (%)	0.0	0.0	20.0	20.0	20.0
Working Capital (EUR m)	6.7	-3.0	-2.8	-0.6	1.6
Working capital/Sales	0.01	-0.01	-0.01	0.00	0.00

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

Date	Price target-EUR	Rating	Initiation
25.04.2024	4.80	Buy	
29.01.2024	3.20	Buy	
14.08.2023	2.90	Buy	
30.05.2023	2.89	Buy	24.11.2020

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#### Competent supervisory authority

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