


DELTA COM 

Europe's leading online tyre retailer

FY 2023 Results

OpenAI ChatGPT 2024 / Prompt:
„produce a picture with impressive tyres on the road“

AGENDA

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ANNUAL AUDIT 2023

- ▶ Delticom **changed** the **auditor** for the 2023 financial statements
- ▶ The previous auditor could not have been reappointed in 2024 due to legal requirements
- ▶ A change after many years is associated with a correspondingly **high organisational effort**
- ▶ The time frame estimated was not sufficient due to the **initial audit** with a new team on both sides
- ▶ The audit was finalized with 3 weeks delay and **no significant findings**

FY 2023: MARKET ENVIRONMENT

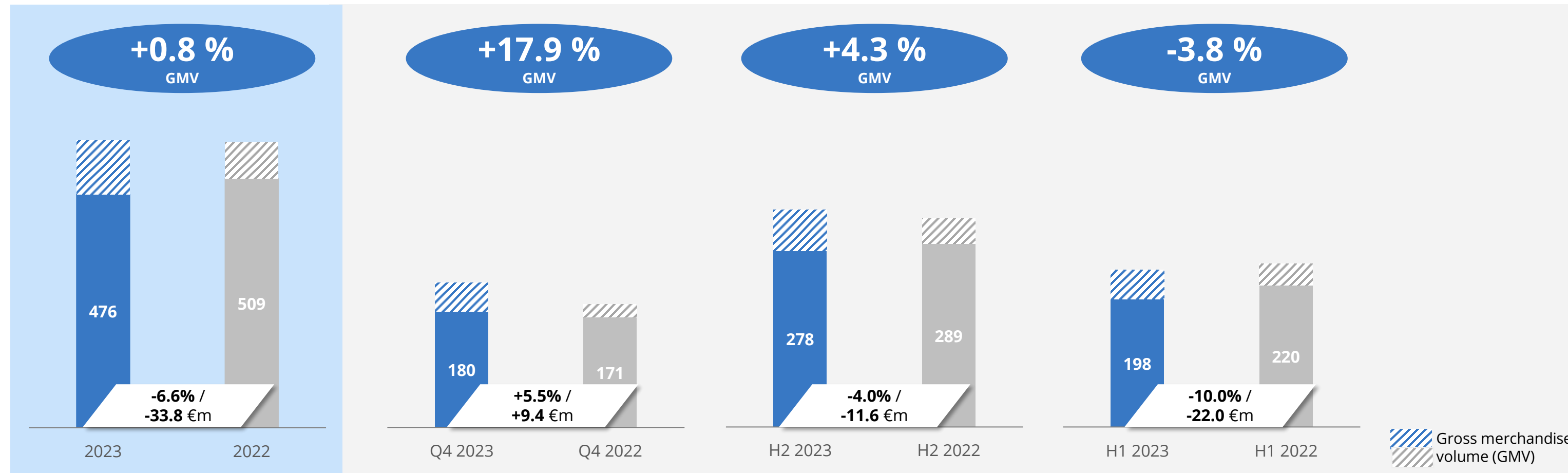
- ▶ **Subdued economic activity** in Europe; **rising cost of living due to inflation** did not remain without consequences for private consumption
- ▶ According to ETRMA, **European tyre industry** saw volume **decrease of 7.9 %** in 2023 in the **consumer tyre segment** (summer: -13 %, all-season: +7 %, winter: -9 %); market participants are more cautious against the backdrop of consumer demand burdened by global economic insecurity and rising costs
- ▶ According to ETRMA and WdK, in **Germany consumer tyre sales for passenger cars grew 2.6 %** in 2023 vs. 2022 (summer: -8.9 %, all-season: +12.8 %, winter: -0,1 %)
- ▶ According to bevh, the trend of decreasing revenues in e-commerce continued in 2023; **revenues** for the **German online retailing decreased by 11.8 %** in 2023

OPERATIONAL HIGHLIGHTS

- ▶ Continuous driving of more than **100 A/B tests** simultaneously with a **focus on customer delight and Return on Advertising Spend** (ROAS)
- ▶ **Cost savings through reduction of personnel** at Delticom, Operations Center, consultants and other external service providers
- ▶ **Executive Leadership Team** for Marketing, Sales, Pricing, Finance, Logistics, IT, Purchasing, Operations and Projects
- ▶ **Optimisation of warehouse logistics** led to **an increase >15%** of capacity per square meter

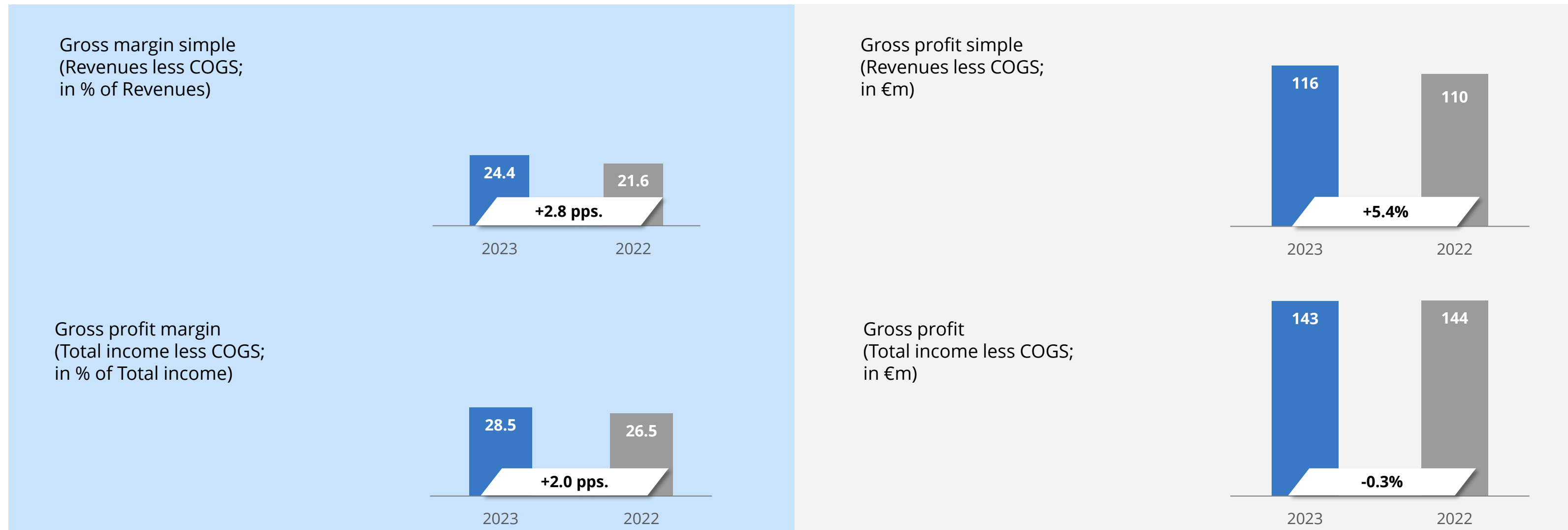
FY 2023: REVENUES DEVELOPMENT

Revenues (in €m)



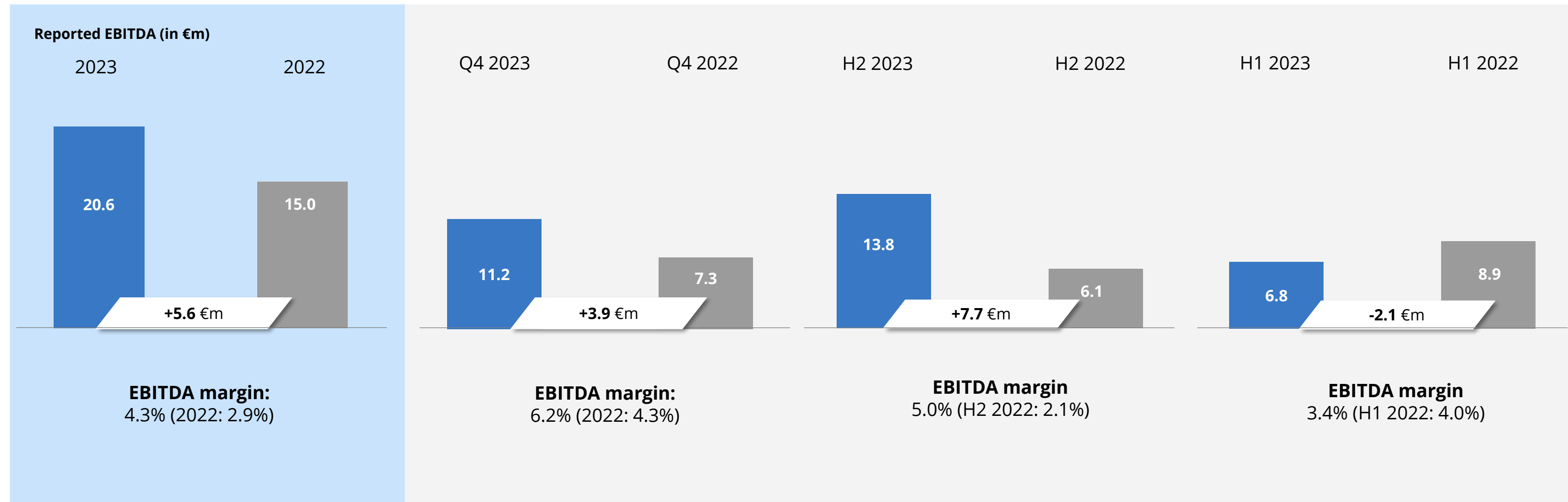
- ▶ Previous shop business supplemented by **platform business** in 2023; **commission contributions** are realized
- ▶ YoY revenues decrease caused by partial shift of shop revenues to platforms
- ▶ **Strong winter business in the final quarter** and correspondingly high demand from consumers
- ▶ New marketing set-up in place since H2 2023

FY 2023: GROSS MARGIN & GROSS PROFIT MARGIN



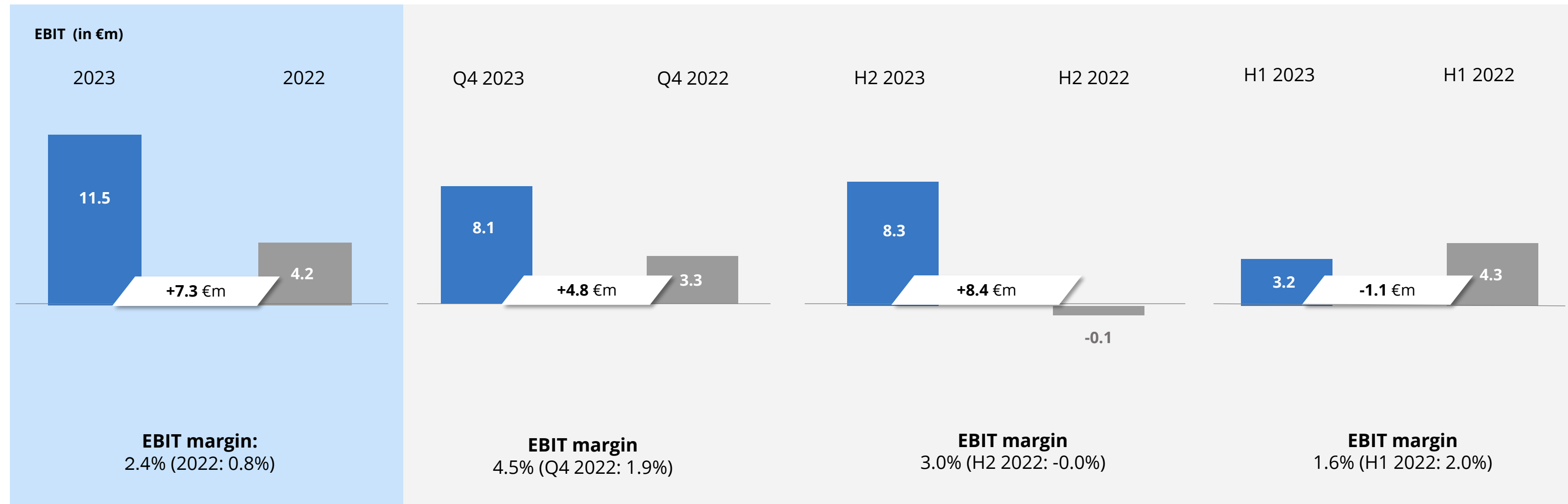
- ▶ **Increase in gross margin** mainly due to the **changed sales mix** and **tyre category mix**
- ▶ Demand for **low-priced quality tyres increased** due to inflation
- ▶ **Total gross profit nearly unchanged** yoy despite lower sales and elimination of the non-recurring income generated in 2023 (earnings from US sale and asset disposal)

FY 2023: EBITDA



- ▶ **Operative EBITDA increased** from € 15.0 million **to € 21.8 million**
- ▶ Improved **gross margin and cost savings** had a positive impact on earnings development
- ▶ EBITDA margin of **4.3 %** reached in FY 2023

FY 2023: EBIT



- ▶ **EBIT** for 2023 **€ 7.3 million higher** than in the prior year period despite weaker revenues
- ▶ EBIT margin for H2 2023 is **3.0 %**
- ▶ **Depreciation reduced by € 1.7 million** due to the leasing out of warehouse space and long-term subleases

FY 2023: P&L

	Unit	2023	2022	
Revenues	€m	475.7	509.3	-6.6%
Gross profit	€m	143.3	143.7	-0.3%
Personnel expenses	€m	14.0	14.0	-0.3%
Other operating expenses	€m	108.7	114.7	-5.3%
EBITDA	€m	20.6	15.0	+37.6%
Net income	€m	8.0	2.8	+185.3%

Year-on-year decrease in revenues due to the partial revenues shift from shops to platforms

Improved gross margin due to change in the sales mix and internal enhancements

Slight year-on-year decrease in personnel expenses mainly due to reduction in headcount

Reduction of other operating expenses linked to reduced sales and cost management

Consolidated net income significantly improved

FY 2023: BALANCE SHEET: ASSETS (EXCERPT)

	Unit	31.12.2023	31.12.2022	30.06.2022
Non-current assets	€m	108.9	119.7	102.9
Fixed assets	€m	94.1	95.1	87.6
Other assets	€m	14.8	24.6	15.3
Current assets	€m	82.6	75.5	128.2
Inventories	€m	41.2	43.3	84.0
Receivables	€m	34.2	29.2	39.4
Liquidity	€m	7.3	3.0	4.8

Amortisation right-of-use assets > additions led to reduction in rights of use to € 46.1 million

Part of the long-term receivables of short-term nature now

Due to strong winter sales lower winter stock while summer stocking was advanced

Increase in other current receivables; trade receivables with € 17.1 million unchanged

Seasonality and payment terms in tyre trade

- ▶ **Strengthening of Delticom’s financial position** by stringent working capital management
- ▶ Stock management remains a key in a challenging market environment
- ▶ **Balance sheet total reduced** by € 3.7 million

FY 2023: BALANCE SHEET: EQUITY & LIABILITIES (EXCERPT)

	Unit	31.12.2023	31.12.2022	30.06.2022
Equity	€m	47.6	39.7	39.6
Liabilities	€m	143.9	155.6	191.6
Long term liabilities	€m	46.1	57.1	47.6
Short-term liabilities	€m	90.8	94.0	140.9
Short-term provisions	€m	6.9	4.5	3.1

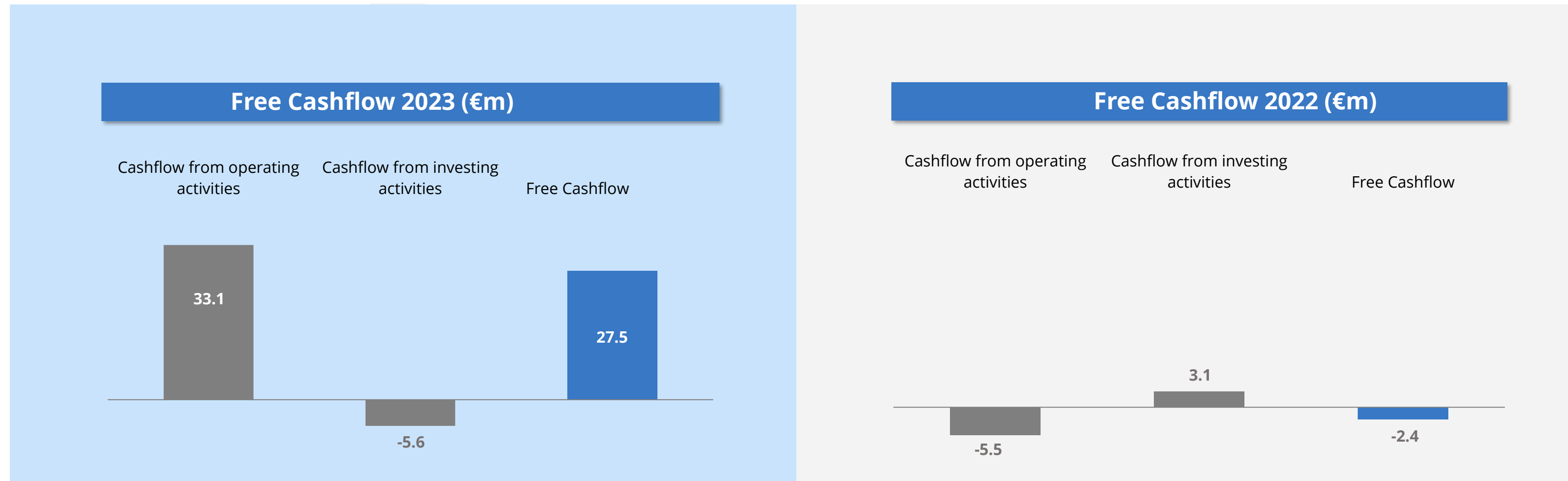
Consolidated net income of € 8.0 million strengthened equity

Long-term lease obligations (IFRS 16)

€ 61.5 million accounts payables, € 9.4 million short-term lease obligations, € 0 million credit lines

- ▶ **Equity ratio amounted to 24.9 %** and was thus higher than in 2022 (20.3 %)
- ▶ **No financial liabilities to banks** on the reporting date
- ▶ € 1 million mid-term **loan** was **repayed** in January 2024 according to plan

FY 2023: FREE CASHFLOW



- ▶ Improved operating cashflow mainly resulting from **working capital**
- ▶ **Investments in property, plant and equipment** of € 4.8 million mainly **warehouse equipment**
- ▶ **Free cashflow well above plan** of “mid single digit million”

OUTLOOK FY 2024: REVENUES AND EBITDA GUIDANCE

€ 450 - 470 million



Revenues 2024e

€ 19 - 21 million



EBITDA (operative) 2024e


Positive Free Cashflows
are also expected **in the**
medium term


→ Opportunities for a market recovery are not reflected in the revenues forecast

→ The strong winter tyre business in 2023 is not expected to be repeated in 2024

→ Partial shift from shop revenues will not have any negative impact on profitability

→ We aim to reach at least the same number of new customer in 2024 than in 2023 (737 thousand)



DELTA COM 

Q&A

A firm grip on the road to success

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