

24 May 2024

Delticom AG

Rating Buy
Share price (EUR) 3.42
Target price (EUR) 4.80

Bloomberg DEX GY
Sector Retail

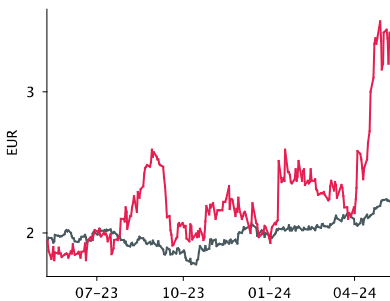
Share data

Shares out (m) 14.8
Daily volume shs (m) 0.0
Free float (%) 52.30
Market cap (EUR m) 51
EV (EUR m) 93
DPS (EUR) 0.00
Dividend yield (%) 0.0
Payout ratio (%) 20.0

Performance

ytd (%) 54.8
12 months (%) 71.9
12 months rel. (%) 58.1
Index SDAX

Share price performance



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

Source: Bloomberg

Next triggers

6 June: AGM
14 August: Q2 results

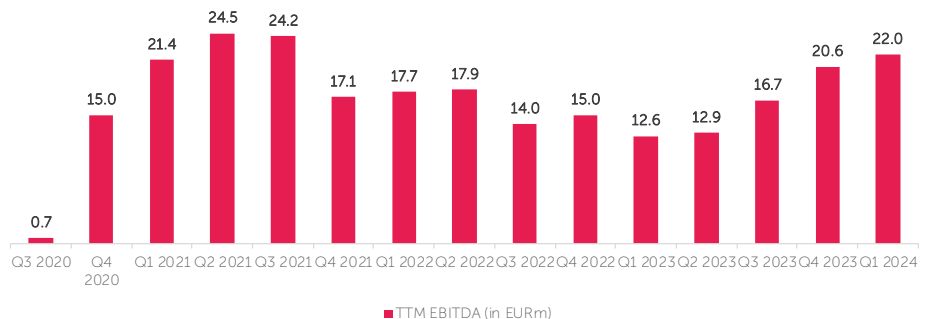
Analysts

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On track to fulfill FY targets

Delticom AG's performance in the first quarter of 2024 showcases effective management and strategic resilience, evidenced by revenue growth and improved EBITDA. The company's revenue surged by 24% yoy to EUR 97m. This growth is notable, considering it occurred during a typically transitional period from winter to summer tire sales. Noteworthy, Delticom managed to turn around its operational EBITDA from a negative EUR 520k to a positive EUR 820k. This represents a substantial operational improvement, indicative of enhanced efficiency and cost management. The company's reaffirmed forecast reflects cautious optimism, with an emphasis on sustaining operational efficiencies and navigating external challenges effectively. Considering the important Trailing Twelve Months (TTM) EBITDA performance (reported EUR 22.0m) we expect the given FY 2024 EBITDA guidance (EUR 19-21m) might be reasonable. Delticom's price-to-book ratio (2024e: 0.9x) is unchanged under the threshold of 1.0x. Applying our ROE/COE valuation approach, we derive an unchanged fair value of 4.80, therefore we confirm our BUY rating. As noted in our last update, the share is significantly undervalued compared to its peer OPONEO. German consumer sentiment continued its positive trend of the previous months in May and improved further. This is according to the latest consumer barometer from the German Retail Association (HDE). The index has risen for the fourth time in a row and is now at its highest level since the end of 2021. Increasing consumer optimism could lead to a recovery in private consumption in the coming months. This development could also be beneficial for Delticom.

Development and forecast of TTM EBITDA (in EURm)

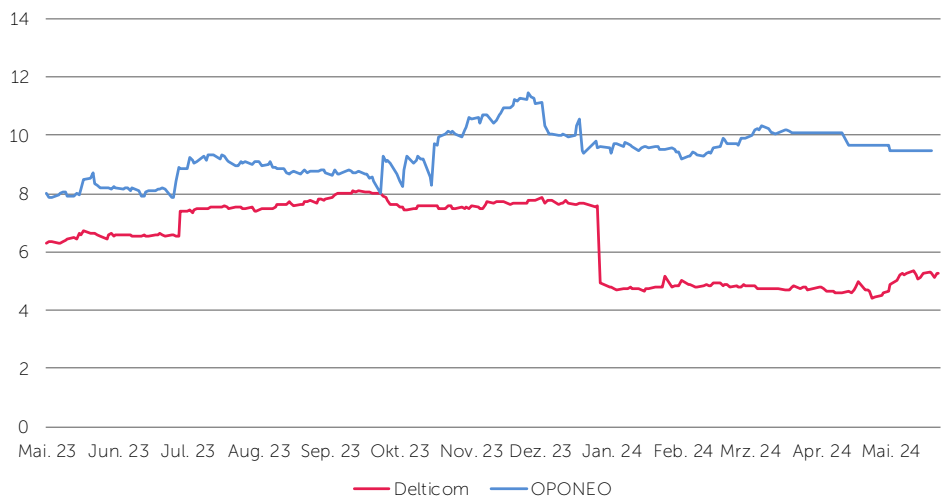


Source: Company data; Quirin Privatbank

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	0.20	0.19	0.18
EV/EBITDA	ratio	7.9	3.8	4.8	4.1	3.8
EV/EBIT	ratio	28.1	6.9	9.2	7.3	6.8
P/E	ratio	17.1	3.8	8.1	6.7	6.5
P/BV	ratio	1.2	0.6	0.9	0.8	0.8
Dividend yield	%	0.0	0.0	2.5	3.0	3.1

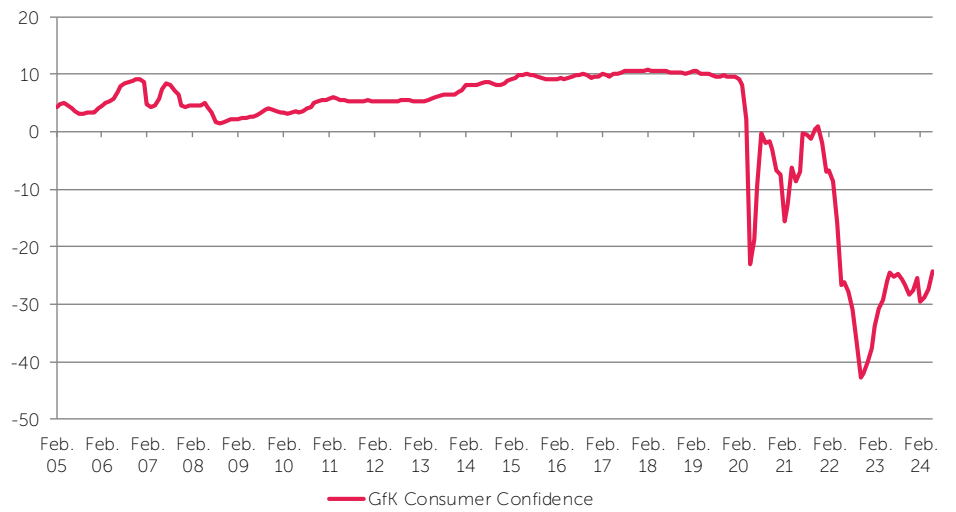
Source: Bloomberg, Company data, Quirin Privatbank estimates

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



Source: Bloomberg, Quirin Privatbank

Development and forecast of German consumer confidence

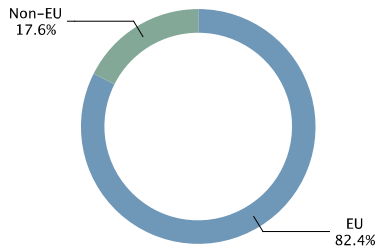


Source: Bloomberg, GfK, Quirin Privatbank

Company description

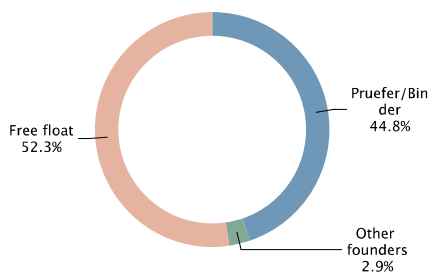
With the brand Reifendirekt, Delticom AG is the leading company in Europe for the online distribution of tyres and complete wheels. The product portfolio for private and business customers comprises an unparalleled range of more than 600 brands and over 40,000 tyre models for cars and motorcycles. Complete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

Revenues by region 2023



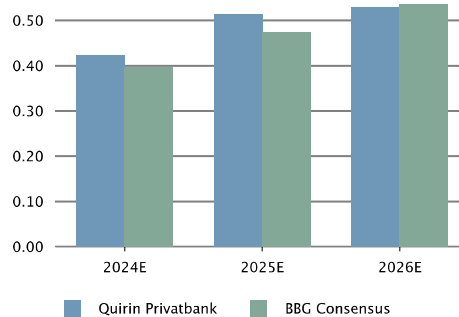
Source: Company data

Shareholder structure



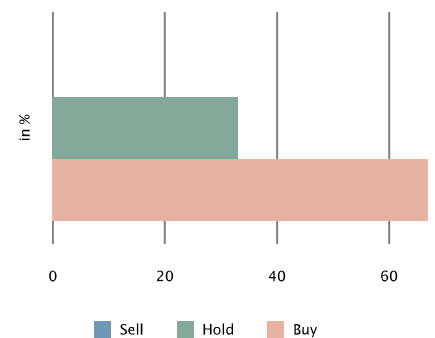
Source: Company data

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 & 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
Assets										
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	
Total current assets	75.5	-28.7 %	82.6	9.4 %	85.4	3.3 %	88.0	3.1 %	90.9	3.3 %
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	
Total fixed assets	119.7	7.3 %	108.9	-9.0 %	103.4	-5.0 %	98.4	-4.9 %	93.1	-5.3 %
Total assets	195.2	-10.2 %	191.6	-1.9 %	188.8	-1.4 %	186.3	-1.3 %	184.0	-1.3 %
Equity & Liabilities										
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	
Shareholder's equity	39.7	7.2 %	47.6	20.1 %	53.9	13.2 %	60.3	11.8 %	66.6	10.5 %
Minorities	0.0		0.0		0.0		0.0		0.0	
Shareholder's equity incl. minorities	39.7	4.4 %	47.6	20.1 %	53.9	13.2 %	60.3	11.8 %	66.6	10.5 %
Long-term liabilities										
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	
Total long-term debt	57.1	20.5 %	46.1	-19.2 %	43.8	-5.0 %	41.6	-5.0 %	39.6	-5.0 %
Short-term debt										
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	
Total short-term debt	98.4	-25.5 %	97.8	-0.7 %	91.1	-6.9 %	84.4	-7.3 %	77.8	-7.8 %
Total equity & liabilities	195.2	-10.2 %	191.6	-1.9 %	188.8	-1.4 %	186.3	-1.3 %	184.0	-1.3 %

Source: Company data, Quirin Privatbank estimates

Financial key ratios

Key ratios	2022	2023	2024e	2025e	2026e
Per share data (EUR)					
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
Valuation ratios					
EV/Sales	0.23	0.17	0.20	0.19	0.18
EV/EBITDA	7.9	3.8	4.8	4.1	3.8
EV/EBIT	28.1	6.9	9.2	7.3	6.8
P/E	17.1	3.8	8.1	6.7	6.5
P/B	1.2	0.6	0.9	0.8	0.8
Dividend yield (%)	0.0	0.0	2.5	3.0	3.1
Growth					
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
Profitability ratios					
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
Financial ratios					
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
24.05.2024	4.80	Buy	
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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