

29 August 2024

Delticom AG

Rating **Buy (Buy)**
 Share price (EUR) **2.56**
 Target price (EUR) **4.40 (4.80)**

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

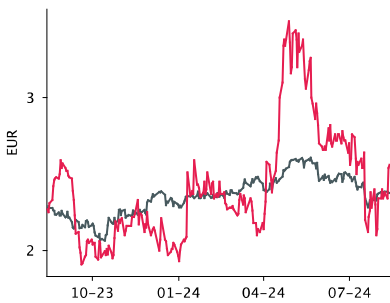
Share data

Shares out (m) 14.8
 Daily volume shs (m) 0.0
 Free float (%) 52.30
 Market cap (EUR m) 38
 EV (EUR m) 81
 DPS (EUR) 0.00
 Dividend yield (%) 0.0
 Payout ratio (%) 20.0

Performance

ytd (%) 15.8
 12 months (%) 11.8
 12 months rel. (%) 7.0
 Index SDAX

Share price performance



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

Source: Bloomberg

Next triggers

15 October: Quirin Paris conference

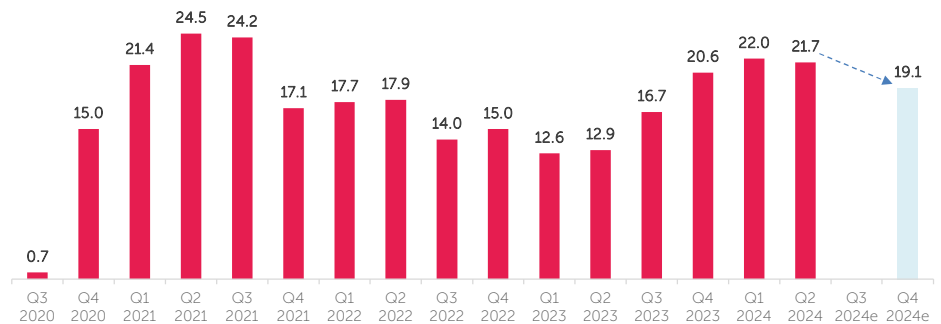
Analysts

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Solid H1 results in a challenging environment – focus on Q4

After a very dynamic start into the year 2024 with Q1 top line growth of 24.0% yoy and solid sales growth of 3.7% in Q2, the company was able to report top line growth of 7.2% yoy for the first half of the year, which is a remarkable achievement in the current difficult market environment. H1 2024 EBITDA amounted to EUR 7.8m (H1 2023: EUR 6.8m, +15.2% yoy), a disproportionate increase compared to sales. H1 2024 EBITDA margin stood at 3.7% (H1 2023: 3.4%). Due to higher depreciation and amortization and higher tax expenses relating to other periods in the amount of around EUR ~1.1m resulted in a H1 2024 net income decrease to EUR 0.1m (H1 2023: EUR 1.5m). The confirmed sales forecast for the full year indicates a decline in sales of 7-14% yoy in H2 2024, which is understandable given the current consumer crisis in Germany/Europe and a difficult weather-related Q4 forecast. Looking at the median EBITDA figures for Q3 and Q4 of the last four years, the full-year EBITDA forecast of EUR 19-21m is likely to be achievable, although we are forecasting the lower end (QPe: EUR 19.1m). Delticom's price-to-book ratio (2024e: 0.7x) is again sharply under the threshold of 1.0x, therefore we see Delticom shares after the recent sell-off as oversold. Applying our ROE/COE valuation approach, we derive a new fair value of 4.40 (4.80), therefore we confirm our BUY rating.

Development and forecast of TTM EBITDA (in EURm)

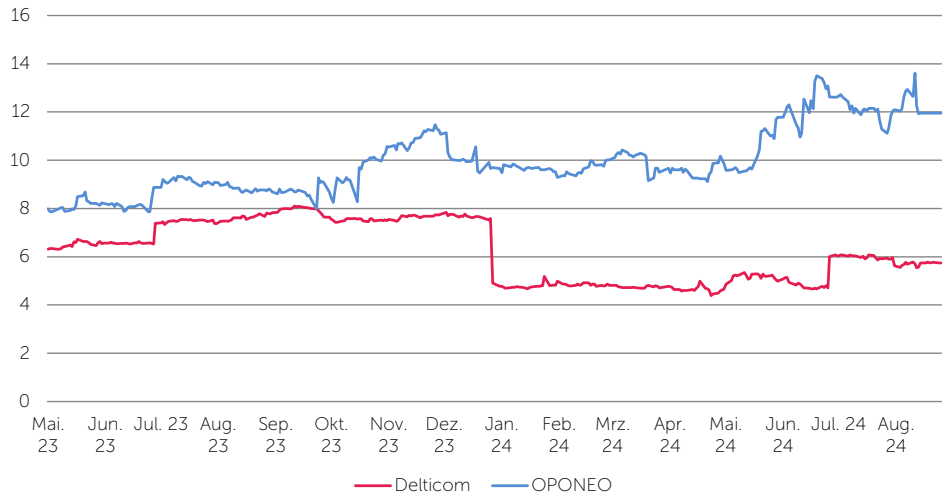


Source: Company data; Quirin Privatbank estimates

Key figures		2022	2023	2024e	2025e	2026e
Sales	EUR m	509	476	455	460	474
EBITDA	EUR m	15	21	19	21	24
EBIT	EUR m	4	12	9	11	14
EPS	EUR	0.19	0.54	0.25	0.47	0.61
Sales growth	%	-13.0	-6.6	-4.3	1.0	3.0
EBIT growth	%	-40.2	172.7	-24.9	28.6	27.7
EPS growth	%	-61.3	185.3	-53.1	86.5	29.5
EBITDA margin	%	2.9	4.3	4.2	4.5	5.1
EBIT margin	%	0.8	2.4	1.9	2.4	3.0
Net margin	%	0.6	1.7	0.8	1.5	1.9
EV/Sales	ratio	0.23	0.17	0.18	0.17	0.15
EV/EBITDA	ratio	7.9	3.8	4.3	3.7	2.9
EV/EBIT	ratio	28.1	6.9	9.4	6.9	5.0
P/E	ratio	17.1	3.8	10.0	5.4	4.1
P/BV	ratio	1.2	0.6	0.7	0.7	0.6
Dividend yield	%	0.0	0.0	2.0	3.7	4.8

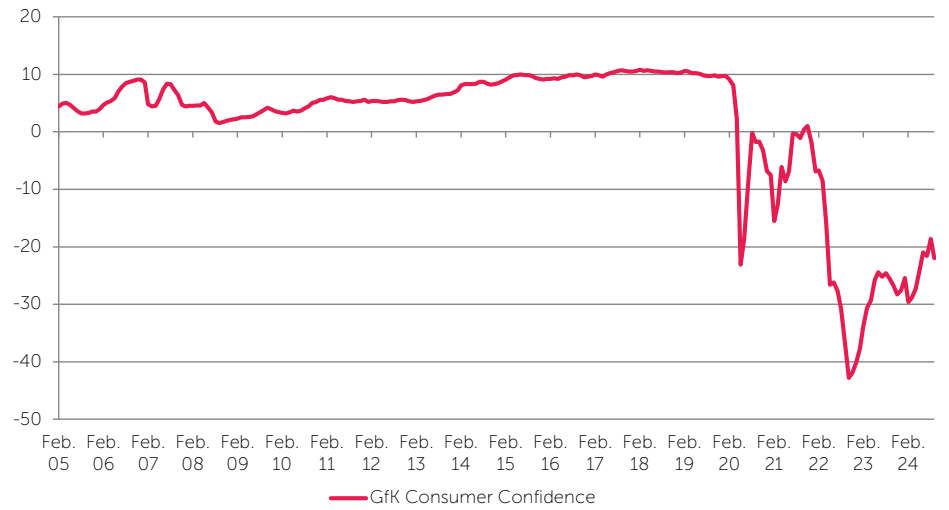
Source: Bloomberg, Company data, Quirin Privatbank estimates

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



Source: Bloomberg, Quirin Privatbank

Development and forecast of German consumer confidence

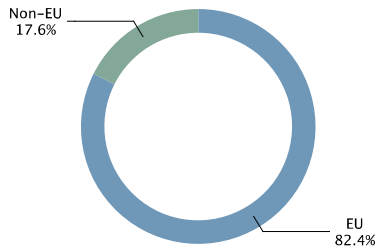


Source: Bloomberg, GfK, Quirin Privatbank

Company description

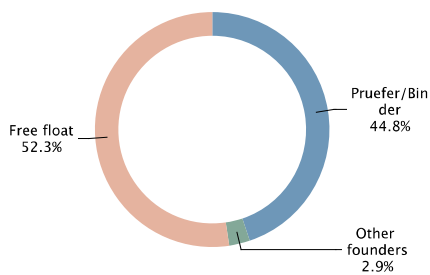
With the brand Reifendirekt, Delticom AG is the leading company in Europe for the online distribution of tyres and complete wheels. The product portfolio for private and business customers comprises an unparalleled range of more than 600 brands and over 40,000 tyre models for cars and motorcycles. Complete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



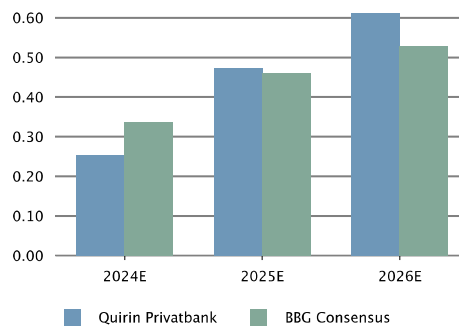
Source: Company data

Shareholder structure



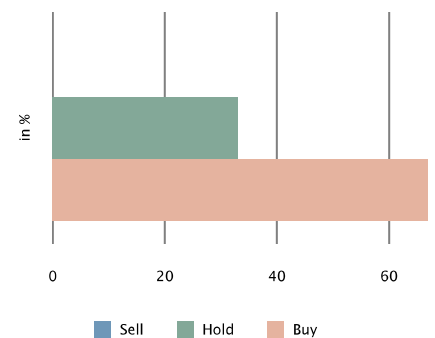
Source: Company data

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 %	455.2	-4.3 %	459.8	1.0 %	473.6	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		22.8		23.0		23.7	
Cost of goods	-399.1		-359.5		-343.7		-347.1		-355.2	
Gross profit	110.2		116.1		111.5		112.6		118.4	
Personnel expenses	-14.0		-14.0		-13.7		-13.8		-14.2	
Depreciation	0.0		0.0		0.0		0.0		0.0	
Other operating expenses	-111.6		-106.5		-101.5		-101.1		-103.7	
EBITDA	15.0	-12.2 %	20.6	37.6 %	19.1	-7.4 %	20.8	8.7 %	24.2	16.2 %
EBITDA margin (%)	2.95		4.34		4.20		4.52		5.10	
EBIT	4.2	-40.2 %	11.5	172.7 %	8.6	-24.9 %	11.1	28.6 %	14.2	27.7 %
EBIT margin (%)	0.83		2.42		1.90		2.42		3.00	
Net interest	-1.0		-1.4		-1.7		-1.3		-1.3	
Income from Participations	0.0		0.0		0.0		1.0		2.0	
Net financial result	-1.0		-1.4		-1.7		-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 %	6.9	-31.8 %	9.8	42.2 %	12.9	30.9 %
Pretax margin (%)	0.62		2.13		1.52		2.14		2.72	
Taxes	-0.4		-2.1		-3.2		-2.8		-3.8	
Tax rate (%)	11.66		20.87		45.68		28.75		29.52	
Earnings after taxes	2.8		8.0		3.8		7.0		9.1	
Minorities	0.0		0.0		0.0		0.0		0.0	
Group attributable income	2.8	-58.3 %	8.0	185.3 %	3.8	-53.2 %	7.0	86.5 %	9.1	29.5 %
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 %	0.25	-53.1 %	0.47	86.5 %	0.61	29.5 %

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		8.9		10.8		14.5	
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 %	83.3	0.8 %	86.3	3.5 %	90.9	5.4 %
Fixed assets	8.7		10.8		10.7		10.6		10.6	
Goodwill	0.0		0.0		0.0		0.0		0.0	
Other intangible assets	37.2		37.3		31.4		25.9		20.3	
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 %	103.0	-5.4 %	97.5	-5.4 %	91.8	-5.8 %
Total assets	195.2	-10.2 %	191.6	-1.9 %	186.3	-2.7 %	183.7	-1.4 %	182.7	-0.5 %
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		17.7		23.9		31.6	
Accumulated other comprehensive	0.0		0.0		0.0		0.0		0.0	
Shareholder's equity	39.7	7.2 %	47.6	20.1 %	51.4	7.9 %	57.7	12.2 %	65.3	13.3 %
Minorities	0.0		0.0		0.0		0.0		0.0	
Shareholder's equity incl. minorities	39.7	4.4 %	47.6	20.1 %	51.4	7.9 %	57.7	12.2 %	65.3	13.3 %
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 %	186.3	-2.7 %	183.7	-1.4 %	182.7	-0.5 %

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	0.25	0.47	0.61
Book value per share	2.7	3.2	3.5	3.9	4.4
Free cash flow per share	-0.5	1.9	0.3	0.4	0.5
Dividend per share	0.00	0.00	0.05	0.09	0.12
Valuation ratios					
EV/Sales	0.23	0.17	0.18	0.17	0.15
EV/EBITDA	7.9	3.8	4.3	3.7	2.9
EV/EBIT	28.1	6.9	9.4	6.9	5.0
P/E	17.1	3.8	10.0	5.4	4.1
P/B	1.2	0.6	0.7	0.7	0.6
Dividend yield (%)	0.0	0.0	2.0	3.7	4.8
Growth					
Sales growth (%)	-13.0	-6.6	-4.3	1.0	3.0
EBITDA growth (%)	-12.2	37.6	-7.4	8.7	16.2
EBIT growth (%)	-40.2	172.7	-24.9	28.6	27.7
EPS growth (%)	-61.3	185.3	-53.1	86.5	29.5
Profitability ratios					
EBITDA margin (%)	2.9	4.3	4.2	4.5	5.1
EBIT margin (%)	0.8	2.4	1.9	2.4	3.0
Net margin (%)	0.6	1.7	0.8	1.5	1.9
ROCE (%)	3.6	12.0	9.1	11.5	14.4
Financial ratios					
Total equity (EUR m)	39.7	47.6	51.4	57.7	65.3
Equity ratio (%)	20.3	24.9	27.6	31.4	35.8
Net financial debt (EUR m)	70.7	48.3	43.9	39.3	33.2
Net debt/Equity	0.2	0.2	0.3	0.3	0.4
Interest cover	4.1	8.4	5.0	8.6	10.7
Net debt/EBITDA	4.7	2.3	2.3	1.9	1.4
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

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
29.08.2024	4.40	Buy	
24.05.2024	4.80	Buy	
25.04.2024	4.80	Buy	
29.01.2024	3.20	Buy	
13.11.2023	2.90	Buy	24.11.2020

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Competent supervisory authority

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