

15 December 2020

**Delticom AG**

**Rating** Buy (Buy)  
**Share price (EUR)** 6.20  
**Target price (EUR)** 7.70 (6.50)

Bloomberg DEX GY  
 Sector Retail

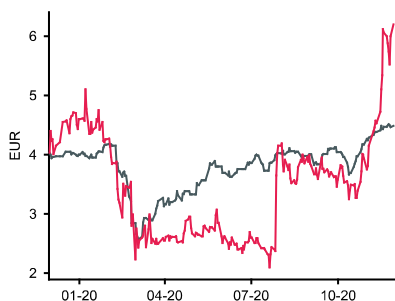
**Share data**

Shares out (m) 12.5  
 Daily volume shs (m) 0.2  
 Free float (%) 47.40  
 Market cap (EUR m) 77  
 EV (EUR m) 157  
 DPS (EUR) 0.00  
 Dividend yield (%) 0.0  
 Payout ratio (%) 0.0

**Performance**

ytd (%) 36.3  
 12 months (%) 63.6  
 12 months rel. (%) 49.3  
 Index SDAX

**Share price performance**



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

Source: Bloomberg

**Next triggers**

**Analysts**

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# Third guidance increase in a row

In the context of the third earnings increase in a row in this fiscal year 2020 we increase our DCF-based TP to EUR 7.70 (6.50) and confirm our BUY recommendation for Delticom. The management forecasts now group's EBITDA in a range between EUR +14m to +17m (previous forecast: EUR +5m to +8m), mainly driven by the positive income in the field of project development. As a result also operating EBITDA should be now higher in a new range of EUR +21m to +24m (previous forecast: EUR +12m to +15 m). In general the EUR +9m amount from project income is a one-time effect, however in Delticom's case it improves balance sheet ratios markedly, supporting our approach of an attractive turn-around equity story, consequently refinancing conditions might also be better in the future. Noteworthy, management believes that it will be able to record a positive consolidated net income for FY 2020 and thus one year earlier than planned, our forecast has been so far that Break-even will be reached in FY 2021, thus we welcome that this target is going to be reached much earlier. Analyzing historical patterns the current EV/EBITDA valuation has surpassed the median/average threshold, thus we are confident that the uptrend maintains.

**Overview of blended EV/EBITDA (NTM) of Delticom**



Source: Bloomberg, Quirin Privatbank

Key figures		2018	2019	2020e	2021e	2022e
Sales	EUR m	646	626	540	567	587
EBITDA	EUR m	9	-7	14	16	18
EBIT	EUR m	1	-42	4	4	6
EPS	EUR	-0.12	-3.24	0.06	0.09	0.21
Sales growth	%	n.a.	-3.1	-13.7	5.0	3.5
EBIT growth	%	n.a.	-3940.5	108.8	13.3	39.9
EPS growth	%	n.a.	-2679.3	101.9	55.4	116.2
EBITDA margin	%	1.4	-1.1	2.5	2.7	3.1
EBIT margin	%	0.2	-6.7	0.7	0.7	1.0
Net margin	%	-0.2	-6.5	0.1	0.2	0.4
EV/Sales	ratio	0.22	0.24	0.29	0.26	0.24
EV/EBITDA	ratio	16.1	-22.6	11.5	9.7	7.7
EV/EBIT	ratio	131.7	-3.6	42.5	35.7	23.8
P/E	ratio	-80.0	-1.5	101.5	65.3	30.2
P/BV	ratio	2.4	7.5	8.6	7.6	6.1
Dividend yield	%	0.0	0.0	0.0	0.0	0.0

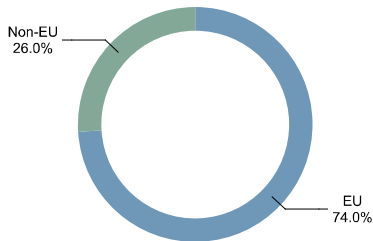
Source: Bloomberg, Company data, Quirin Privatbank estimates

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**Company description**

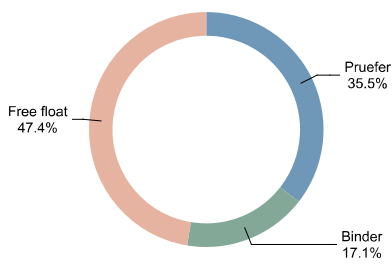
With the brand Reifendirekt, Delticom AG is the leading company in Europe for the online distribution of tyres and complete wheels. The product portfolio for private and business customers comprises an unparalleled range of more than 100 brands and around 18,000 tyre models for cars and motorcycles. Complete wheels and rims complete the product range. The company operates 394 online shops and online distribution platforms in 73 countries, serving around 15 million customers.

**Revenues by region 2019**



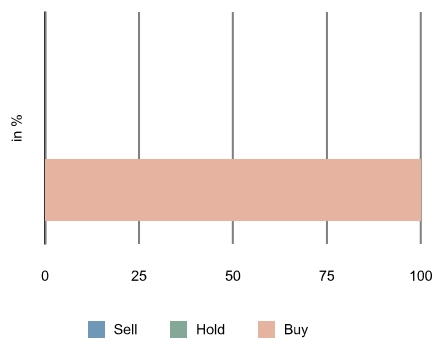
Source: Company data

**Shareholder structure**



Source: Company data

**Recommendation Overview**



Source: Bloomberg

**Company guidance 2020**

The lower end of the sales corridor of EUR 550 – 570m. Operating EBITDA: EUR +21m to +24m

## Profit &amp; loss statement

Profit & loss statement (EUR m)	2018	YOY	2019	YOY	2020e	YOY	2021e	YOY	2022e	YOY
Sales	645.7	n.a.	625.8	-3.1 %	540.3	-13.7 %	567.3	5.0 %	587.2	3.5 %
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	38.1		37.6		27.9		22.7		21.1	
Cost of goods	-505.1		-490.6		-412.3		-433.1		-448.0	
Gross profit	140.6		135.1		128.0		134.3		139.2	
Personnel expenses	-15.9		-19.9		-15.4		-13.8		-12.9	
Depreciation	0.0		0.0		0.0		0.0		0.0	
Other operating expenses	-148.7		-155.3		-122.5		-127.7		-129.2	
EBITDA	9.0	n.a.	-6.6	-174.0 %	13.7	306.5 %	15.5	13.5 %	18.2	17.1 %
EBITDA margin (%)	1.39		-1.06		2.54		2.74		3.10	
EBIT	1.1	n.a.	-42.1	-3940.5 %	3.7	108.8 %	4.2	13.3 %	5.9	39.9 %
EBIT margin (%)	0.17		-6.72		0.69		0.74		1.00	
Net interest	-0.7		-1.5		-2.6		-2.5		-2.3	
Income from Participations	0.0		0.0		0.0		0.0		0.0	
Net financial result	-0.7		-1.5		-2.6		-2.5		-2.3	
Exceptional items	-5.1		-4.1		-4.3		0.0		0.0	
Pretax profit	0.4	n.a.	-43.5	-10266.6 %	1.1	-102.5 %	1.7	55.4 %	3.6	116.2 %
Pretax margin (%)	0.07		-6.95		0.20		0.29		0.61	
Taxes	-2.1		2.7		-0.3		-0.5		-1.1	
Tax rate (%)	491.12		6.28		30.00		30.00		30.00	
Earnings after taxes	-1.7		-40.8		0.8		1.2		2.5	
Minorities	-0.2		-0.3		0.0		0.0		0.0	
Group attributable income	-1.5	n.a.	-40.4	2679.3 %	0.8	-101.9 %	1.2	55.4 %	2.6	116.2 %
No. of shares (m)	12.5		12.5		12.5		12.5		12.5	
Earnings per share (EUR)	-0.12	n.a.	-3.24	-2679.3 %	0.06	101.9 %	0.09	55.4 %	0.21	116.2 %

Source: Company data, Quirin Privatbank estimates

## Balance sheet

Balance sheet (EUR m)	2018	YOY	2019	YOY	2020e	YOY	2021e	YOY	2022e	YOY
<b>Assets</b>										
Cash and cash equivalents	3.4		5.3		8.9		11.9		17.9	
Accounts receivables	24.3		10.5		11.6		13.3		14.0	
Inventories	99.6		63.0		67.4		69.4		71.5	
Other current assets	12.8		20.6		20.6		20.6		20.6	
Tax claims	6.7		0.0		0.0		0.0		0.0	
<b>Total current assets</b>	<b>146.7</b>	<b>n.a.</b>	<b>99.4</b>	<b>-32.2 %</b>	<b>108.4</b>	<b>9.1 %</b>	<b>115.2</b>	<b>6.3 %</b>	<b>124.0</b>	<b>7.6 %</b>
Fixed assets	21.7		10.4		7.4		4.1		0.6	
Goodwill	0.0		0.0		0.0		0.0		0.0	
Other intangible assets	59.7		41.6		39.0		36.1		33.1	
Financial assets	0.5		8.4		8.4		8.4		8.4	
Deferred taxes	4.0		4.0		4.0		4.0		4.0	
Other fixed assets	0.0		24.3		24.3		24.3		24.3	
<b>Total fixed assets</b>	<b>85.9</b>	<b>n.a.</b>	<b>88.8</b>	<b>3.4 %</b>	<b>83.1</b>	<b>-6.4 %</b>	<b>76.9</b>	<b>-7.5 %</b>	<b>70.4</b>	<b>-8.4 %</b>
<b>Total assets</b>	<b>232.5</b>	<b>n.a.</b>	<b>188.2</b>	<b>-19.1 %</b>	<b>191.5</b>	<b>1.8 %</b>	<b>192.1</b>	<b>0.3 %</b>	<b>194.4</b>	<b>1.2 %</b>
<b>Equity &amp; Liabilities</b>										
Subscribed capital	12.5		12.5		12.5		12.5		12.5	
Reserves & other	34.2		34.0		34.0		34.0		34.0	
Revenue reserves	2.5		-38.2		-37.4		-36.2		-33.7	
Accumulated other comprehensive	0.0		0.0		0.0		0.0		0.0	
<b>Shareholder's equity</b>	<b>49.1</b>	<b>n.a.</b>	<b>8.3</b>	<b>-83.1 %</b>	<b>9.1</b>	<b>9.0 %</b>	<b>10.2</b>	<b>12.9 %</b>	<b>12.8</b>	<b>24.6 %</b>
Minorities	0.1		-0.1		-0.1		-0.1		-0.1	
<b>Shareholder's equity incl. minorities</b>	<b>49.3</b>	<b>n.a.</b>	<b>8.3</b>	<b>-83.2 %</b>	<b>9.0</b>	<b>9.1 %</b>	<b>10.2</b>	<b>12.9 %</b>	<b>12.7</b>	<b>24.8 %</b>
<b>Long-term liabilities</b>										
Pension provisions	0.3		0.4		0.4		0.4		0.4	
Financial liabilities	3.8		28.8		27.6		26.2		24.9	
Tax liabilities	2.8		0.3		0.3		0.3		0.3	
Other liabilities	0.4		0.3		0.3		0.3		0.3	
<b>Total long-term debt</b>	<b>7.2</b>	<b>n.a.</b>	<b>29.7</b>	<b>311.1 %</b>	<b>28.6</b>	<b>-3.9 %</b>	<b>27.2</b>	<b>-4.8 %</b>	<b>25.9</b>	<b>-4.8 %</b>
<b>Short-term debt</b>										
Other provisions	0.9		3.4		3.4		3.4		3.4	
Trade payables	131.4		69.4		76.4		80.2		84.2	
Financial debt	27.1		64.4		61.1		58.1		55.2	
Other liabilities	16.6		13.0		13.0		13.0		13.0	
<b>Total short-term debt</b>	<b>176.0</b>	<b>n.a.</b>	<b>150.2</b>	<b>-14.7 %</b>	<b>153.9</b>	<b>2.5 %</b>	<b>154.7</b>	<b>0.5 %</b>	<b>155.8</b>	<b>0.7 %</b>
<b>Total equity &amp; liabilities</b>	<b>232.5</b>	<b>n.a.</b>	<b>188.2</b>	<b>-19.1 %</b>	<b>191.5</b>	<b>1.8 %</b>	<b>192.1</b>	<b>0.3 %</b>	<b>194.4</b>	<b>1.2 %</b>

Source: Company data, Quirin Privatbank estimates

## Financial key ratios

Key ratios	2018	2019	2020e	2021e	2022e
<b>Per share data (EUR)</b>					
EPS	-0.12	-3.24	0.06	0.09	0.21
Book value per share	4.0	0.7	0.7	0.8	1.0
Free cash flow per share	-1.8	-2.3	0.6	0.6	0.8
Dividend per share	0.00	0.00	0.00	0.00	0.00
<b>Valuation ratios</b>					
EV/Sales	0.22	0.24	0.29	0.26	0.24
EV/EBITDA	16.1	-22.6	11.5	9.7	7.7
EV/EBIT	131.7	-3.6	42.5	35.7	23.8
P/E	-80.0	-1.5	101.5	65.3	30.2
P/B	2.4	7.5	8.6	7.6	6.1
Dividend yield (%)	0.0	0.0	0.0	0.0	0.0
<b>Growth</b>					
Sales growth (%)	n.a.	-3.1	-13.7	5.0	3.5
EBITDA growth (%)	n.a.	-174.0	306.5	13.5	17.1
EBIT growth (%)	n.a.	-3940.5	108.8	13.3	39.9
EPS growth (%)	n.a.	-2679.3	101.9	55.4	116.2
<b>Profitability ratios</b>					
EBITDA margin (%)	1.4	-1.1	2.5	2.7	3.1
EBIT margin (%)	0.2	-6.7	0.7	0.7	1.0
Net margin (%)	-0.2	-6.5	0.1	0.2	0.4
ROCE (%)	1.4	-43.5	4.1	5.0	7.8
<b>Financial ratios</b>					
Total equity (EUR m)	49.1	8.3	9.1	10.2	12.8
Equity ratio (%)	21.1	4.4	4.7	5.3	6.6
Net financial debt (EUR m)	27.7	88.2	80.3	72.8	62.6
Net debt/Equity	0.2	0.0	0.0	0.1	0.1
Interest cover	1.6	-28.8	1.4	1.7	2.6
Net debt/EBITDA	3.1	-13.3	5.9	4.7	3.4
Payout ratio (%)	0.0	0.0	0.0	0.0	0.0
Working Capital (EUR m)	-7.5	4.1	2.6	2.5	1.3

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
15.12.2020	7.70	Buy	
24.11.2020	6.50	Buy	24.11.2020

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#### Competent supervisory authority

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