

On track.

Investor and Analyst Presentation

On the Occasion of the Release of the Preliminary Figures for 9M 2011

Hanover, 18 October 2011



Agenda

Delticom at a Glance

Business Model

Profit & Loss

Balance Sheet

Outlook



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Delticom at a Glance

- **#1 European online tyre dealer**
- > 100 online shops in **40 countries**
- founded 1999, IPO Oct 2006, SDAX Dec 2008
- 2011 more than 590 thousand new customers so far
- customer base: more than **4.9 million**
- **focus on replacement tyres:** > 100 tyre brands, > 25,000 models
- other products:
 - motorcycle tyres, bicycle tyres
 - truck tyres, industrial tyres
 - complete wheels and rims
 - motor oil, car parts, accessories
- **111 employees**, mainly in the Hanover head office
- global network with more than **29,000 fitting partners**, e.g.
 - 🇩🇪 DE 8056 🇺🇸 US 2294 🇬🇧 UK 1777 🇫🇷 FR 3489 🇨🇭 CH 1500



Key Financials 9M

		Q311	Q310	yoy %	9M11	9M10	yoy %	guidance*		
New Customers	k	183	189	-3.2	594	625	-5.0			Sluggish summer tyre season...
Customer Base	m				5.0	4.1	+22.8			... but still good customer generation.
Revenues	€m	99.4	79.7	+24.7	297.7	257.0	+15.8	~ 10 %		Early start in the winter tyre season...
Gross Margin	%	25.8	27.4	-1.6p	26.6	27.1	-0.6p			... and DEX offers good prices.
Ebit Margin	%	9.5	7.9	+1.7p	9.5	8.9	+0.6p	< 10.5%		Q3 yoy lower without FX effects
Ebit	m	9.5	6.3	+51.5	28.2	22.9	+23.3			on track
Capex	m	3.5	0.6	+460.3	8.0	1.9	+333.1	6.5		More winter tyres = higher Capex

* as of 23 March 2011, guidance for FY10

► 9M performance according to plan

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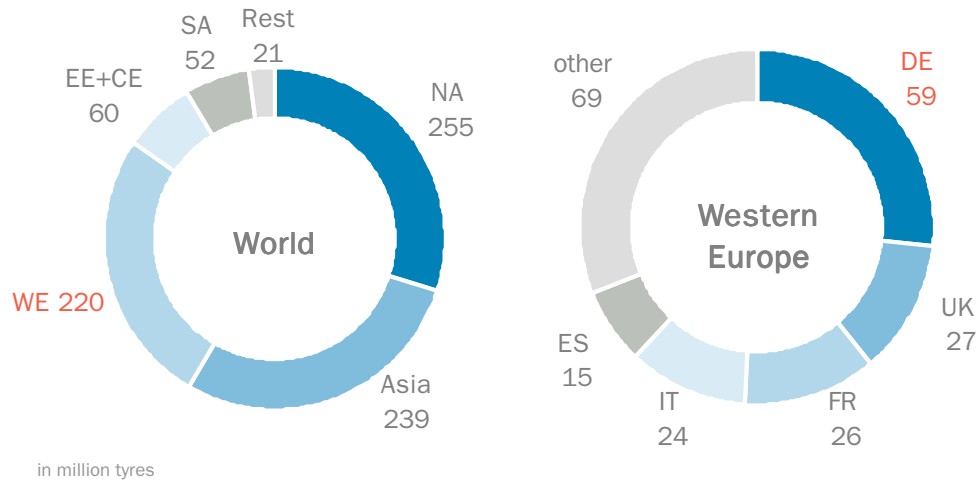
Balance Sheet

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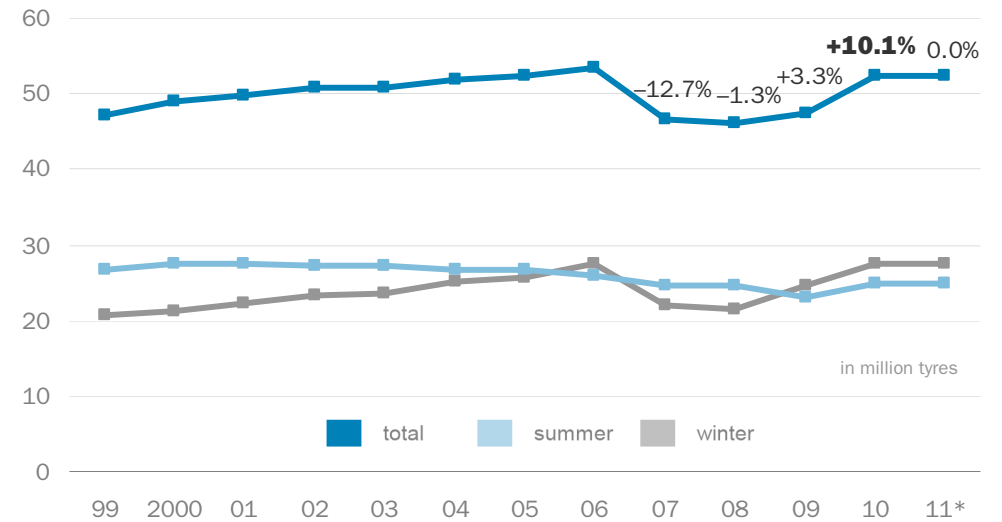
Tyres and the Internet

PC & LT Replacement Tyres Europe: > € 10 billion



Source: Datamonitor, Continental, Michelin, own estimates

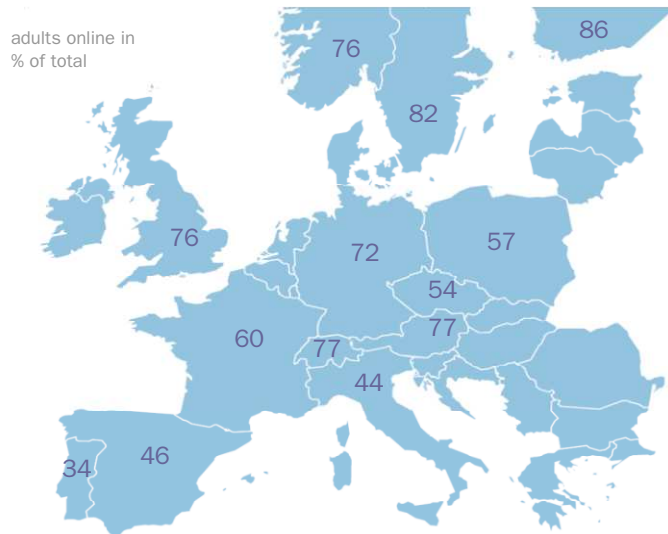
Germany: very good 2010, uncertain outlook for 2011



Source: BRV (car replacement tyres)

* estimates as of March 2011

Europeans are increasingly online...



Desk Research GfK Austria, January 2011

... and buy their tyres online.

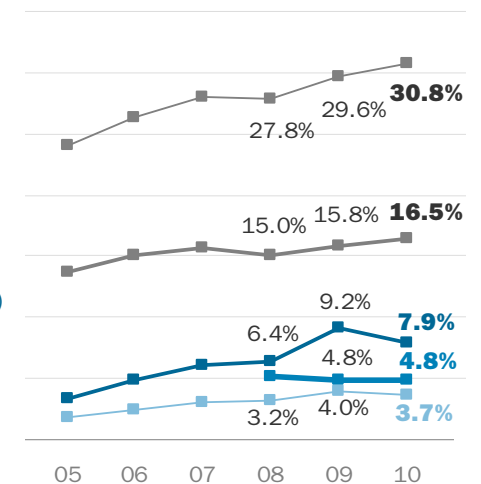
think about buying online (ADAC, 18-39)

think about buying online (ADAC, all)

bought tyres on the Internet (ADAC, 18-39)

bought tyres on the Internet (BRV,GfK)

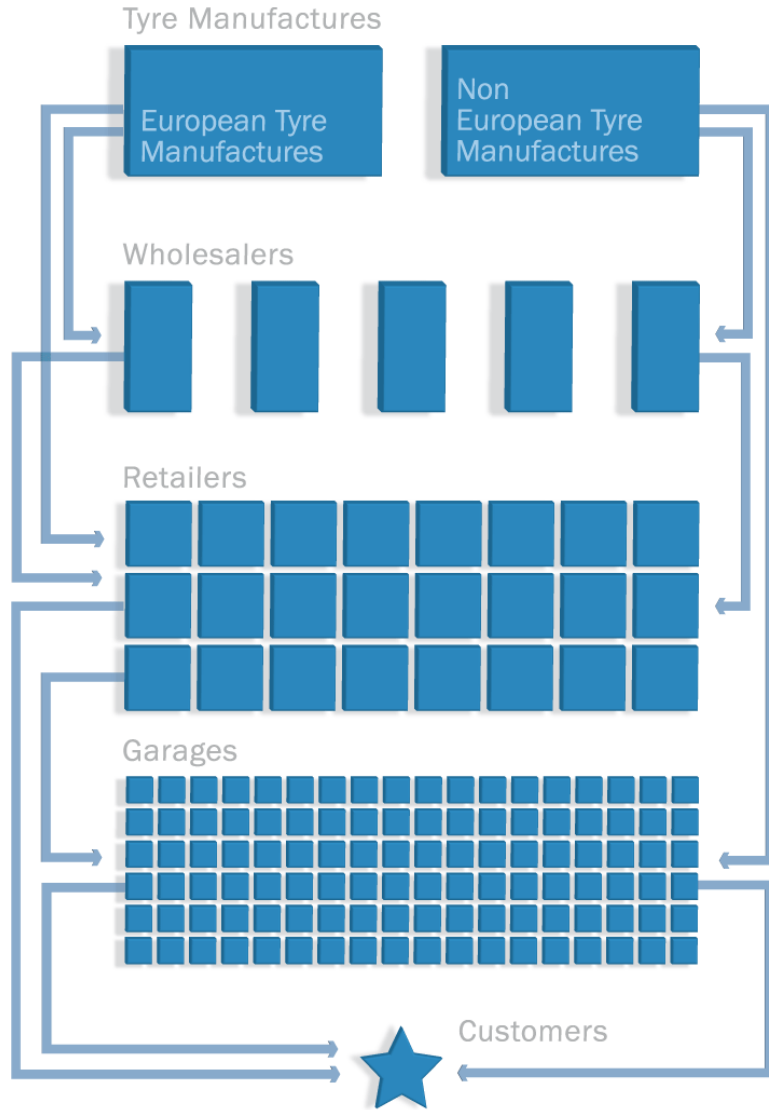
bought tyres on the Internet (ADAC all)



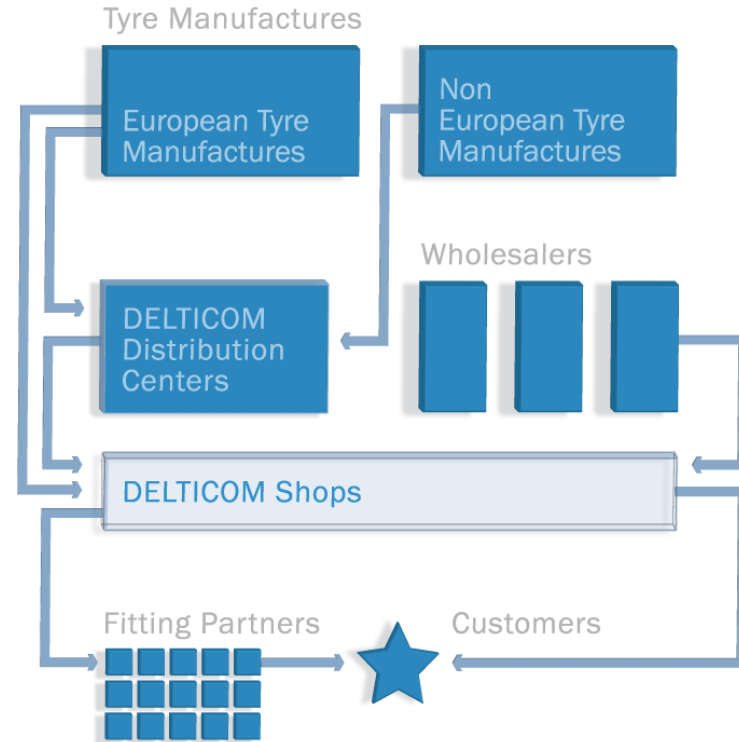
Source: ADAC (new methodology vs. 2009), BRV, GfK

Redesign of the Tyre Distribution Chain

Traditional Retail



Delticom Redesign



Space
+ Time
+ Price

Key Benefits for Our Partners

Customers

- save time and money
- select from broad product offering
- fast delivery, even at peak times
- large network of service partners
- pre-/after sale services

Fitting Partners

- customer generation, free of charge
- no restrictions on fitting prices
- might offer other services (e.g. stock tyres until next changeover)
- customers review quality of fitting service
- favourable B2B offers

Suppliers

- Europe's leader in the online channel, strong growth, high volumes
- strong balance sheet, low credit risk
- efficient warehouse systems and processes for large and growing quantities
- versatile database (supply and demand, volumes and prices), supports consistent planning

▶ improved customer value

▶ well connected

▶ attractive partnership

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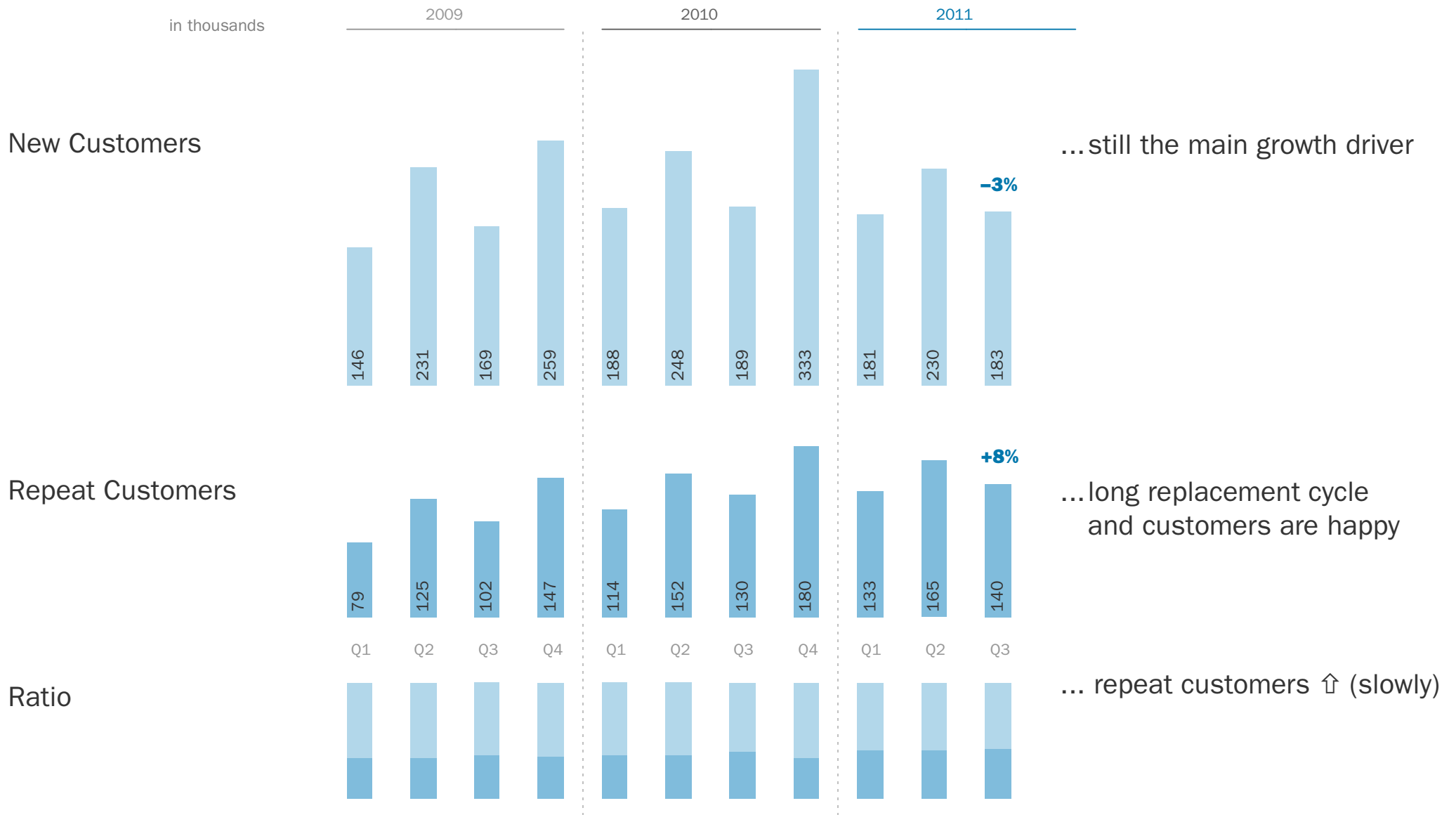
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Customers

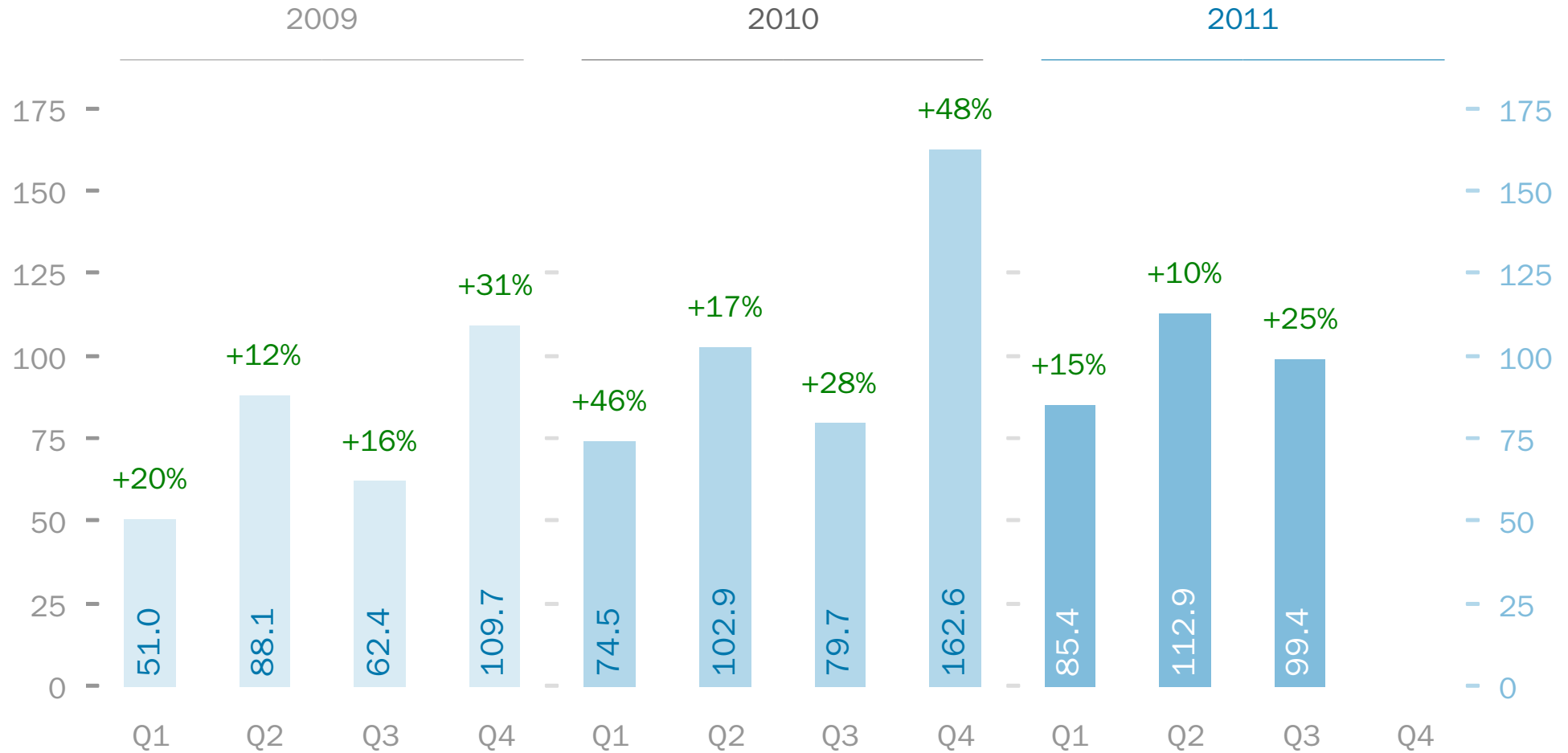
in thousands



▶ Repeat customers constitute important growth potential

Quarterly Revenues

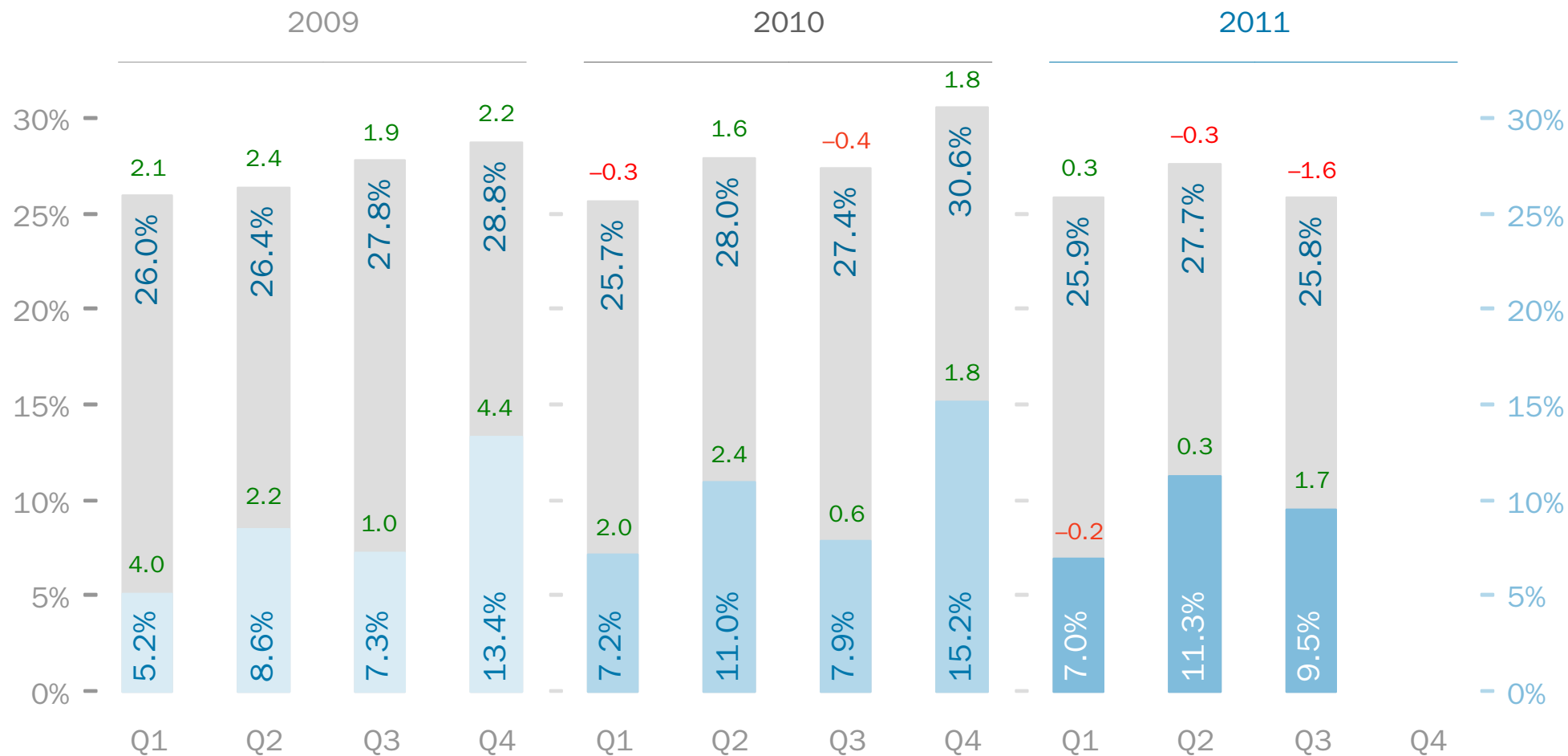
in € million



► Fluctuations in growth rates: seasons, weather, base effects, strategy

Quarterly Gross/EBIT Margins

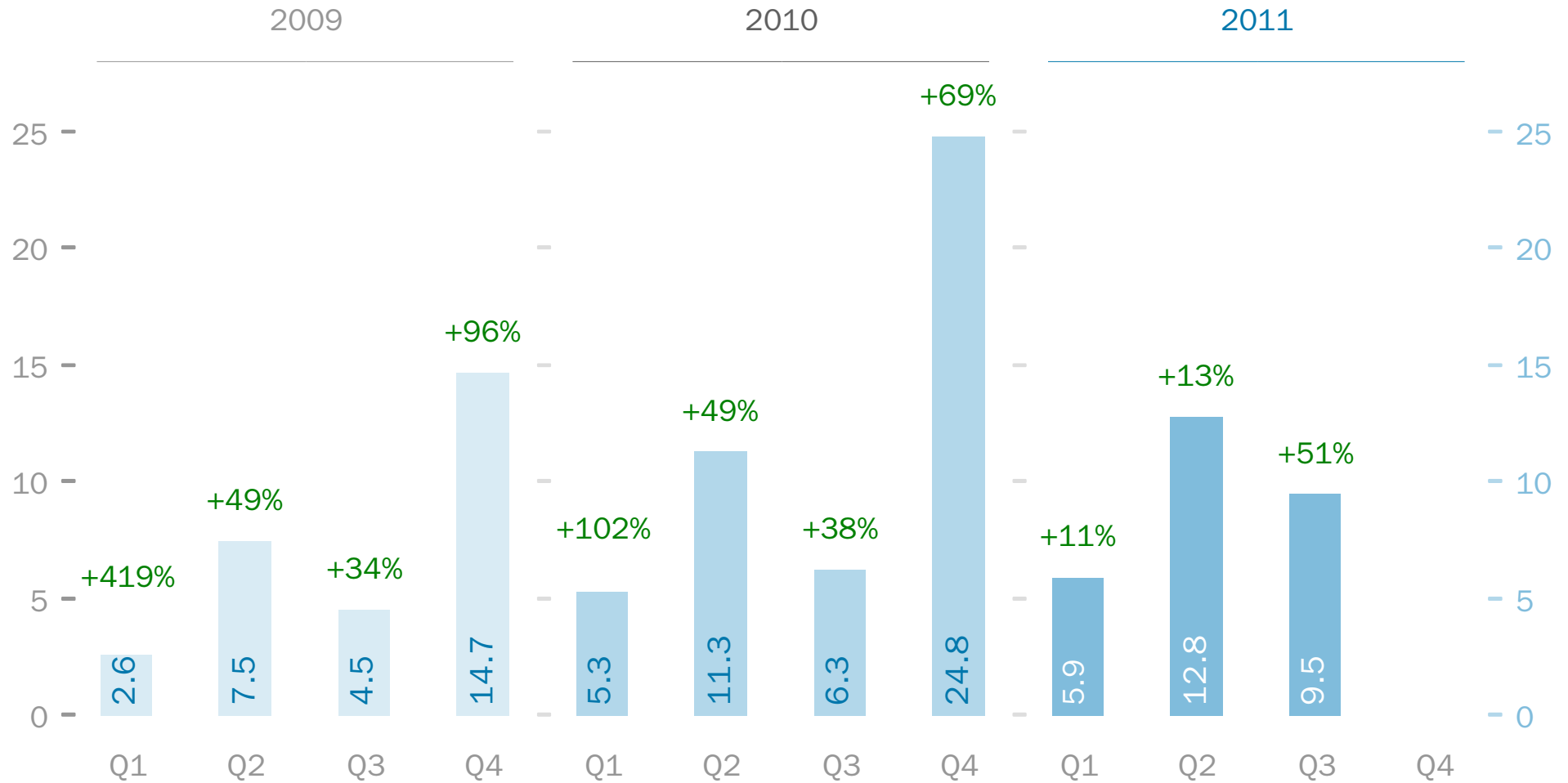
■ Gross Margin (simple)
■ EBIT Margin



► More tyres, better prices

Quarterly EBIT

in € million



► Step-up from strong 9M10 base

P&L Drivers (Q3)

	EUR		yoy %	% of Revenues		
	Q311	Q310		Q311	Q310	chng
Revenues	99.4	79.7	24.7	100.0	100.0	0.0
Cost of sales	73.7	57.8	27.4	74.2	72.6	1.6
Gross Profit (ex ooi)	25.7	21.8	17.6	25.8	27.4	-1.6
Direct costs	13.1	10.9	20.5	13.2	13.7	-0.5
Direct costs (dep. on volume)	10.4	8.3	25.6	10.4	10.4	0.1
Transportation costs	8.0	6.5	22.7	8.0	8.2	-0.1
Warehousing costs	1.1	0.8	33.6	1.1	1.1	0.1
Operations centre costs	1.3	0.9	38.8	1.3	1.1	0.1
Direct costs (dep. on revenues)	2.8	2.6	4.8	2.8	3.3	-0.5
Credit card fees	0.7	0.6	28.3	0.7	0.7	0.0
Bad debt losses	0.1	0.3	-57.8	0.1	0.4	-0.3
Marketing costs	1.9	1.7	9.2	1.9	2.2	-0.3
Contribution margin 1	12.5	10.9	14.6	12.6	13.7	-1.1
Indirect costs	4.0	3.2	24.7	4.0	4.0	0.0
Personnel expenses	1.7	1.6	10.7	1.7	1.9	-0.2
Rents and overheads	1.3	0.9	41.2	1.3	1.1	0.1
Financial and legal costs	0.6	0.3	75.7	0.6	0.4	0.2
IT and telecommunications	0.2	0.2	12.9	0.2	0.2	0.0
Other	0.3	0.3	-2.4	0.3	0.4	-0.1
Contribution margin 2	8.5	7.7	10.4	8.6	9.7	-1.1
FX effects	1.1	-1.5		1.1	-1.8	2.9
Other operating profit (w/o FX gains)	0.5	0.4		0.5	0.5	0.1
EBITDA	10.1	6.6	53.0	10.2	8.3	1.9
Depreciation / Amortization	0.6	0.3	82.2	0.6	0.4	0.2
EBIT	9.5	6.3	51.5	9.5	7.9	1.7
Net financial result	-0.1	0.0	-733.5			
EBT	9.4	6.3	50.0	9.5	7.9	1.6

← attractive prices

← more tyres from own warehouses

← wages ↑

← E-Commerce momentum ↑

← new warehouse

← In line with gross profit

← driven by positive FX effects

P&L Drivers (9M)

	EUR		yoy	% of Revenues			
	9M11	9M10	%	9M11	9M10	chng	
Revenues	297.7	257.0	15.8	100.0	100.0	0.0	
Cost of sales	218.6	187.3	16.7	73.4	72.9	0.6	
Gross Profit (ex ooi)	79.1	69.7	13.4	26.6	27.1	-0.6	
Direct costs	40.0	36.2	10.6	13.4	14.1	-0.6	
Direct costs (dep. on volume)	31.1	27.9	11.4	10.4	10.9	-0.4	
Transportation costs	24.2	22.4	8.2	8.1	8.7	-0.6	
Warehousing costs	3.3	2.8	18.2	1.1	1.1	0.0	
Operations centre costs	3.6	2.8	30.6	1.2	1.1	0.1	← outlook: costs ↑
Direct costs (dep. on revenues)	8.9	8.3	8.0	3.0	3.2	-0.2	
Credit card fees	2.3	1.8	28.7	0.8	0.7	0.1	
Bad debt losses	0.8	1.1	-33.9	0.3	0.4	-0.2	
Marketing costs	5.8	5.3	9.9	2.0	2.1	-0.1	← outlook: costs ↑
Contribution margin 1	39.0	33.6	16.3	13.1	13.1	0.1	
Indirect costs	11.5	10.1	13.4	3.8	3.9	-0.1	
Personnel expenses	5.2	4.7	9.8	1.7	1.8	-0.1	
Rents and overheads	3.1	2.5	24.3	1.1	1.0	0.1	← outlook: used warehouse capacity ↑
Financial and legal costs	1.6	1.4	8.9	0.5	0.6	0.0	
IT and telecommunications	0.5	0.5	9.1	0.2	0.2	0.0	
Other	1.0	0.9	11.6	0.3	0.4	0.0	
Contribution margin 2	27.6	23.5	17.6	9.3	9.1	0.1	← In line with revenues growth
FX effects	0.7	-0.7		0.2	-0.3	0.5	← FX swings expected to wash out
Other operating profit (w/o FX gains)	1.4	1.1		0.5	0.4	0.0	
EBITDA	29.6	23.8	24.4	10.0	9.3	0.7	
Depreciation / Amortization	1.4	0.9	51.1	0.5	0.4	0.1	← low but increasing capital intensity
EBIT	28.2	22.9	23.3	9.5	8.9	0.6	
Net financial result	0.0	0.1	-88.7				← low liquidity, low/no interest rates
EBT	28.2	22.9	23.0	9.5	8.9	0.6	

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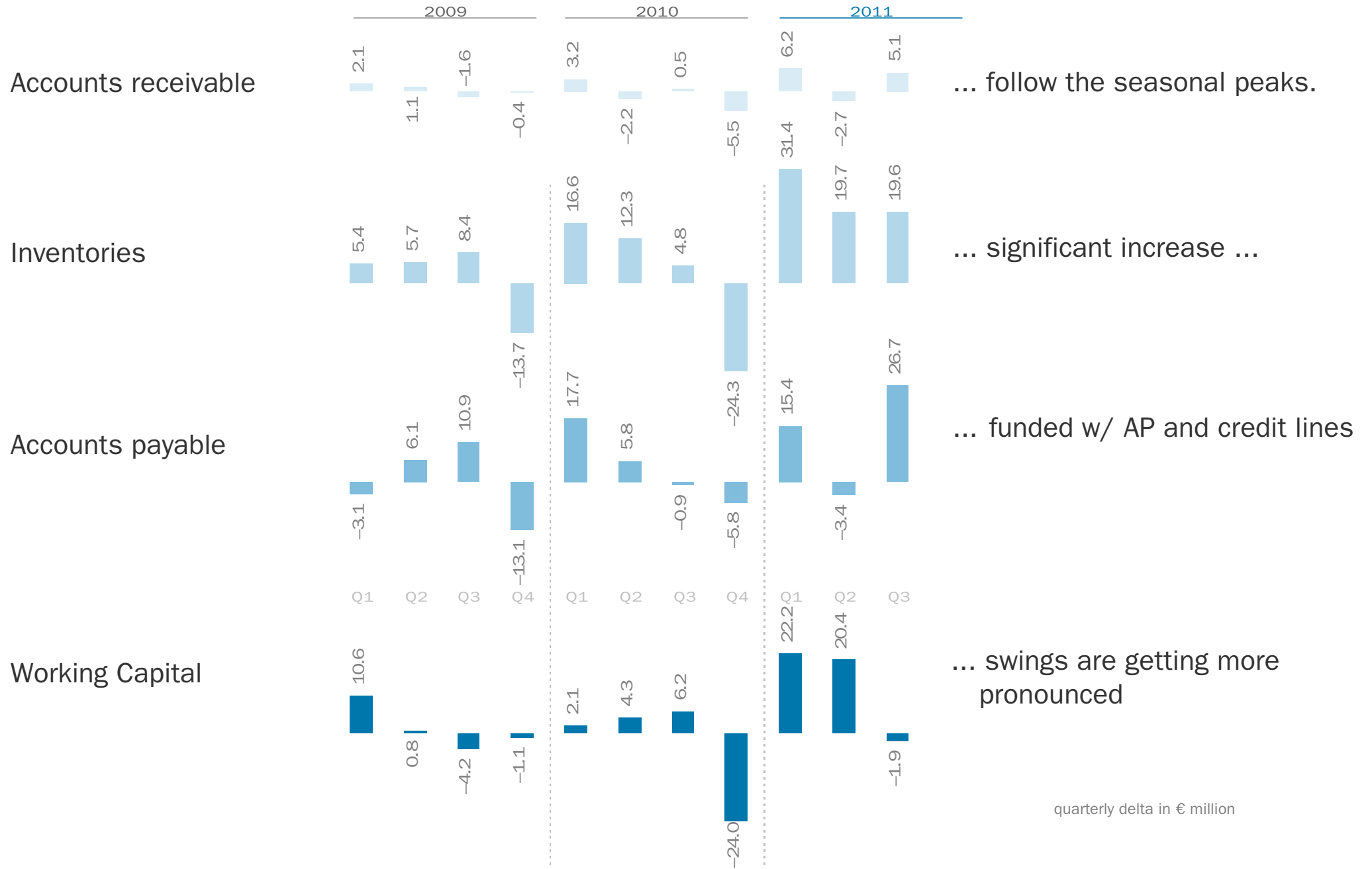
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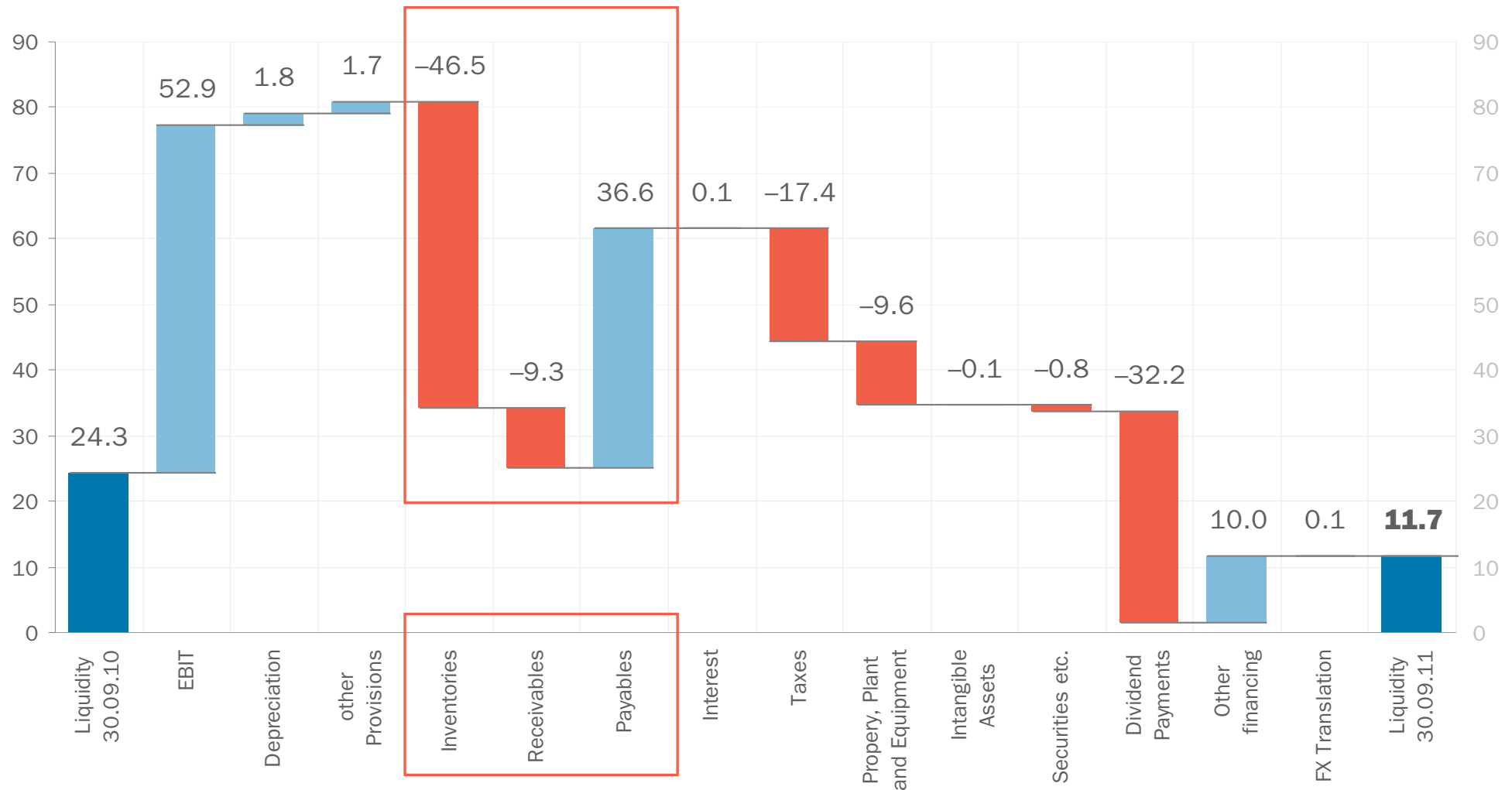


Working Capital Management



Liquidity Bridge (ttm)

in € million



► Net cash = € 1.8 million

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- **Current trading in Q4:**
 - good start into the winter tyre season
 - higher demand in winter tyres across Europe (including GB, BE, NL, ...)
 - **Market for replacement tyres**
 - Germany: 2011 est (BRV, as of March 2011): summer $\pm 0\%$, winter $\pm 0\%$
 - **2011 top- and bottom line drivers:**
 - shortages (possibly Q4)
 - new central warehouse (Q3 onwards)
 - Q4 volume up, at lower margins (needs normal winter weather)
 - **Other factors:**
 - seasonal effects
 - customers are trading down
 - Delticom is international
 - Delticom is online
 - ▶ summer/winter tyres
 - ▶ online channel gains importance
 - ▶ diversified country portfolio
 - ▶ good prices, good sales, good margins
- ▶ Revenues FY11: +10% yoy
- ▶ EBIT-Margin FY11: -1%p yoy

- 1 #1 European online tyre retailer
- 2 Resilient and profitable business model
- 3 Strong cash flow, strong balance sheet
- 4 Redesign of the tyre distribution chain
- 5 Excellent growth opportunities

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