

**DELTA COM**   
A k t i e n g e s e l l s c h a f t

Deutsches Eigenkapitalforum Herbst 2007

Frankfurt, 12th November 2007

# Agenda

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I Delticom at a Glance

II Business Model

III Seasonalities in Tyre Trading

IV Financials

V Key Investment Highlights



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# Delticom Profile

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- **Business model:** Sale of car and motorcycle tyres over the Internet
- More than **1.7 mio customers** ①
- **81 online shops in 30 countries**, operating on established web domains with high awareness
- **Broad product range** with more than 100 tyre brands and 25,000 tyre types
- Global network with more than **20,000 service partners** (fitting stations), e.g. ①  DE 4869  US 6412  FR 1470  UK 1234
- **Customer benefits:** Top quality tyres at low prices can be ordered 24 / 7, high transparency thanks to comprehensive offering, short lead times (1-4 working days), not location-dependent, free test results, service and advice from call center.

▶ **Delticom is Europe's leading Internet tyre sales company**

① as of November 7



# Delticom at a Glance

1 Redesign of the Tyre Distribution Chain

▶ Sales **146.1 mio €**  
(+ 34 % yoy)

①

2 International Growth Story

▶ EU, USA, Japan – ↑  
**+ 43 % yoy**

②

3 Operational Excellence at Low Costs

▶ EBIT-Margin: **5.3 %**  
(vs. 4.9 % in H1 06)

②

4 Excellent Growth Opportunities

▶ Market share in Europe  
is **> 1.6 %**

5 Sustainable and Profitable Business Model

▶ Paid dividend for 2006  
of **1.20 €** (+20 % yoy)

① based on reported 9-monthly preliminary sales (full earnings due November 21)

② based on reported 6-monthly sales and full earnings



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# Delticom is European Market Leader

The image displays a map of Europe with arrows pointing to various national Delticom websites. The websites shown include:

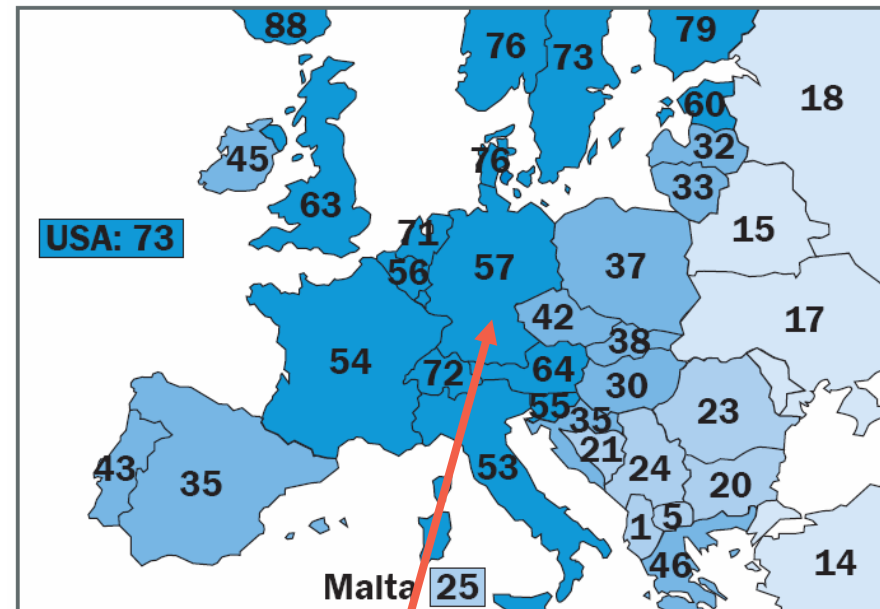
- tires-easy.com** (France): "The lowest of low tire prices" - Interface in French.
- mytyres.co.uk** (UK): "The home of low tyre prices" - Interface in English.
- dackonline.se** (Sweden): "Svenska biltyres" - Interface in Swedish.
- 123pneus.fr** (France): "Pneus pour voitures, vélos, camions" - Interface in French.
- ReifenDirekt.ch** (Switzerland): "Hier gibt es Reifen in" - Interface in German.
- neumatics-online.com** (Spain): "Para neumáticos de furgonetas" - Interface in Spanish.
- ReifenDirekt.de** (Germany): "Hier gibt es Reifen in" - Interface in German.
- rengas-online.com** (Finland): "Suomen renkaat" - Interface in Finnish.
- gommadiretto.it** (Italy): "Gomme e pneumatici che desiderate" - Interface in Italian.

# Internet

- BITKOM (Association of the German IT and Telecom Industry)
  - Germany 2006: 6% more citizens online than 2 years ago
  - **expected to increase to >70% in 2010 (2007: 57%)**
- BVH: German B2C customers spent 10,0 bn € in the Internet in 2006, expected to rise to 10,9 bn € in 2007
- Eurostat: 49% of all EU households are in the Internet
- Forrester Research: eCommerce sales in Europe are expected to surpass 250 bn € in 2011

## Internet users in Europe 2007

Adults in %



Desk research GfK Austria, Austria, April 2007

2010: >70%

▶ Internet penetration is long-term driver of Delticom sales



# Tyres

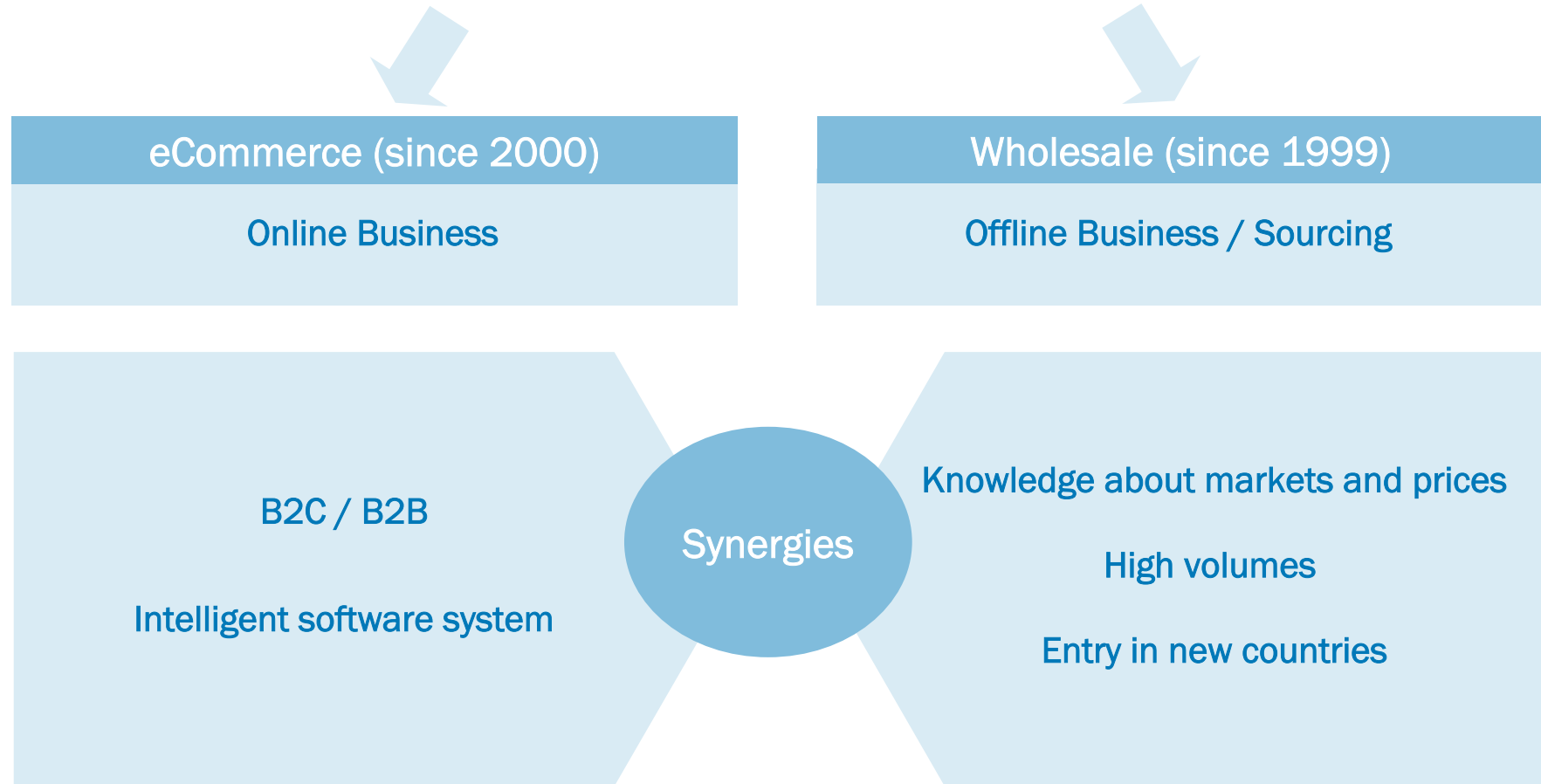
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- Relevant: **Passenger Car Tyre Replacement Market**
  - Europe 10-12 Mrd. € / year
  - USA 12-15 Mrd. € / year
- Tyre Sales 2006 in Germany, according to BRV (Association of the German Tyre Industry)
  - Passenger Car Tyres total: 47.4 mio unchanged vs. 2005
  - Winter tyres: 24.7 mio
- Forecast for 2007: + 2.1% increase in sales
- **EuPD Research**: proportion of German online retailers active in the „car and accessories“ segment totaled just 2.8%
- **ADAC „Reifenmonitor“ 2007**
  - 2.5% have bought their last set of tyres via the Internet (2006: 1.8%)
  - 18-29 bracket: 4.8% (2006: 3.3%)
  - 15% indicated interest to buy online in the future (2006: 14%)

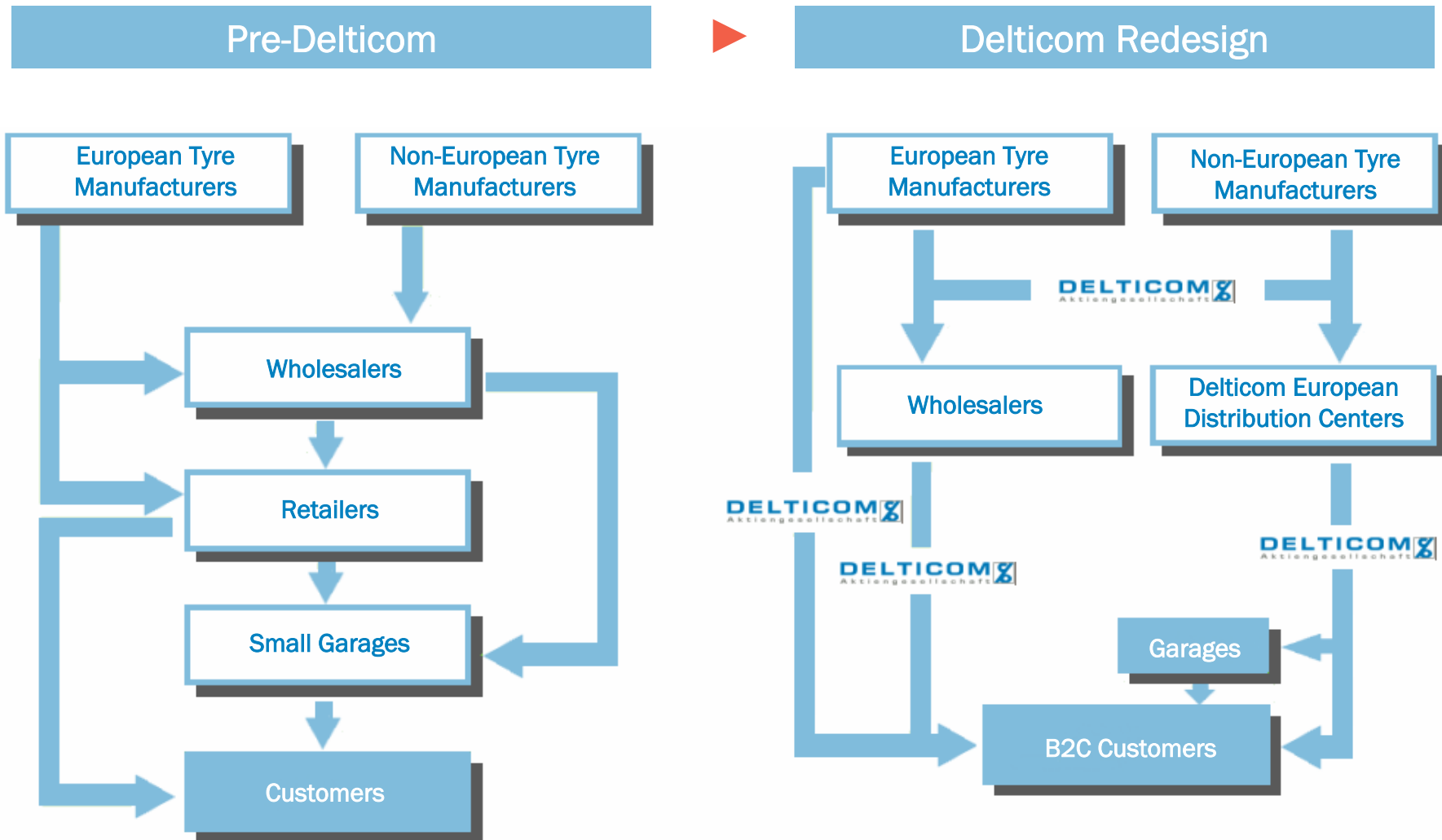
▶ Big, mature market



# Delticom – Business Units



# Redesign of the Tyre Distribution Chain



# Strategy

## Customer Orientation

- **Secure sufficient supply** in peak times through closer co-operations with suppliers and inventory management
- **Improve customer value:**
  - Time and money saving purchase process
  - Broader product offering
  - Larger network of service partners
  - customer services

## Cost Leadership

- **Lower purchase prices** through increased purchase volume and early ordering
- Pooling of EU transport volumes to **reduce transportation costs**
- Keep operations lean through attention to further **outsourcing potential** and continued **automation**

## Growth Focus

- Utilize **first-mover advantage** through fast geographic expansion into new markets
- Establish **new shops** in existing markets in Europe
- Attract new customers by **increased marketing efforts**
- **Exploit customer value** through cross-selling and repeat purchases

► Incremental improvements mitigate execution risks



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# Strong Quarterly Topline Growth



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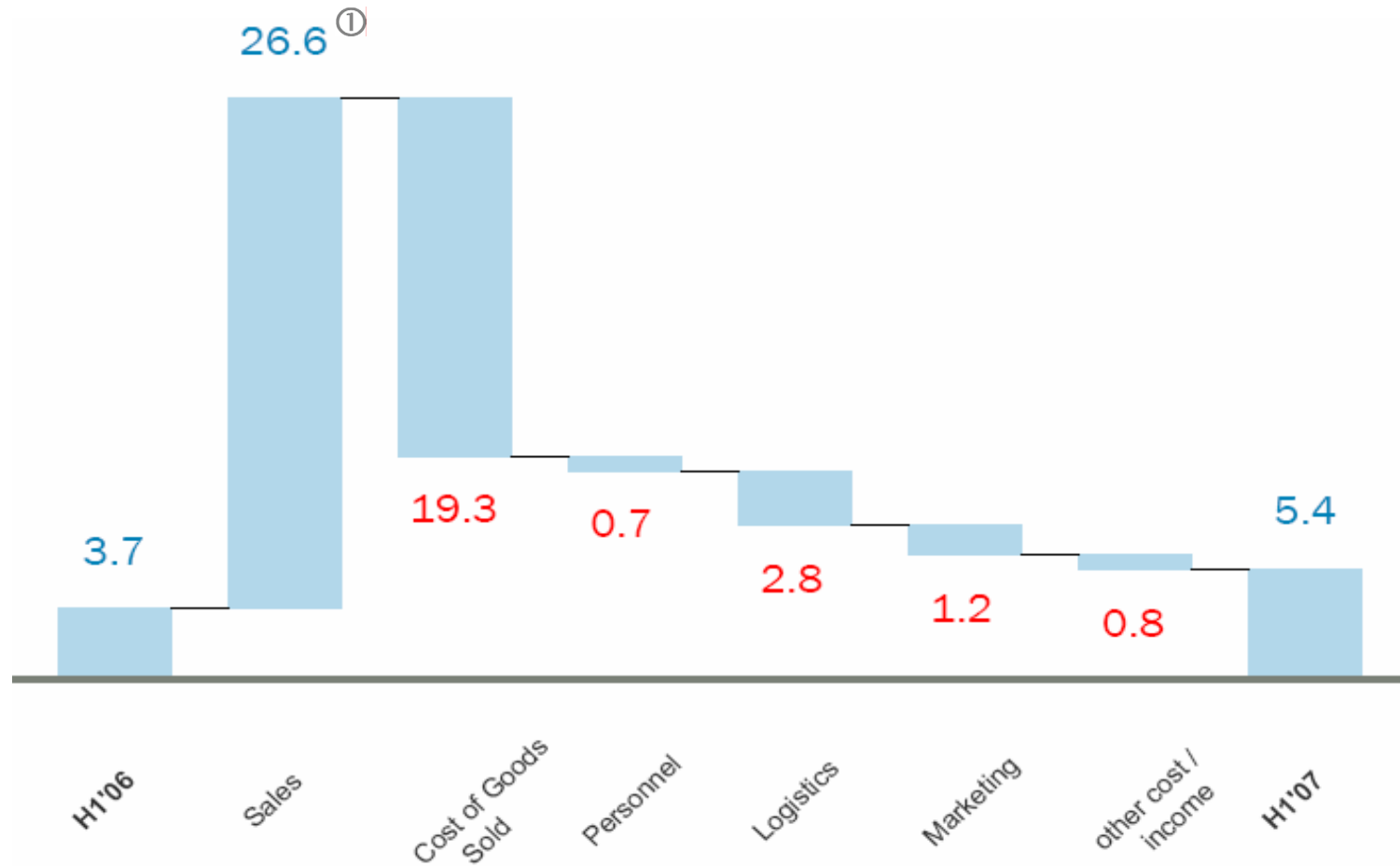
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# EBIT-Bridge H1 07



① Δ H1'07 vs. H1'06 (in mio €)

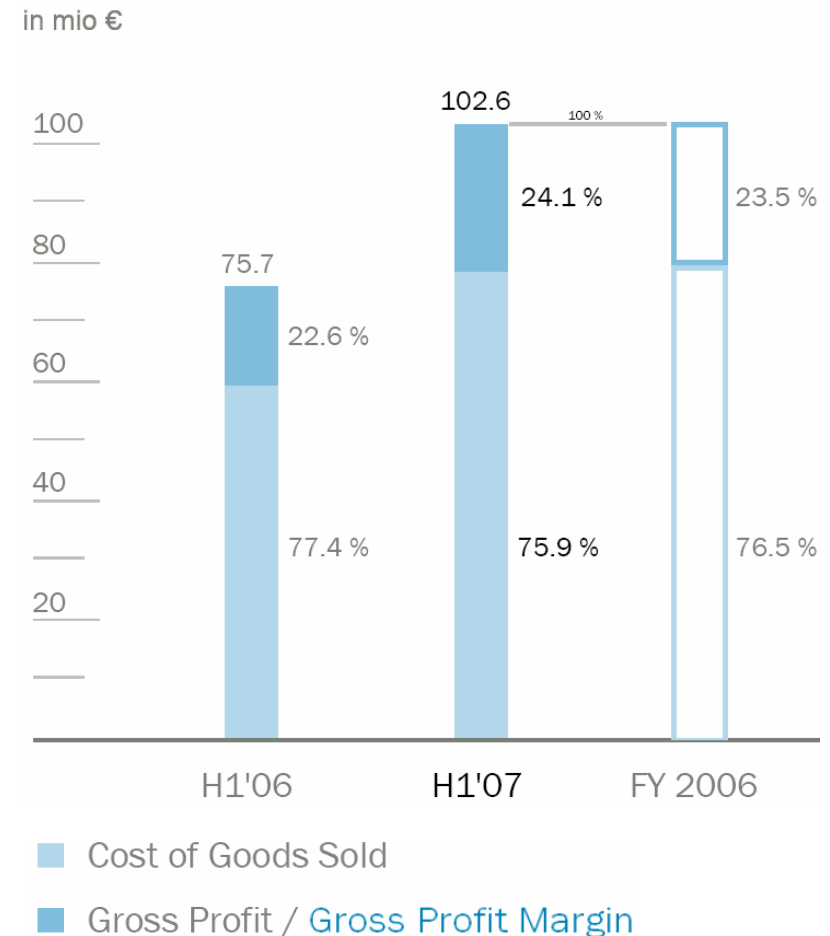
► Low costs, good operating leverage



# Sourcing from Suppliers (H1 07)

- Global best price sourcing
- B2C forecasts disseminated to manufacturers (early production planning)
- Purchasing department is responsible for pricing (cost plus). Example:

purchase price	50.00
direct costs: transportation, inventory management, credit card fees, provision for bad debts	6.00
<hr/>	
	56.00
preset margin (e.g. 25%)	14.00
<hr/>	
retail price	70.00
plus VAT (e.g. Germany 19%)	13.30
<hr/>	
gross retail price on shop website	83.30



## ► Strong supply-side network economics

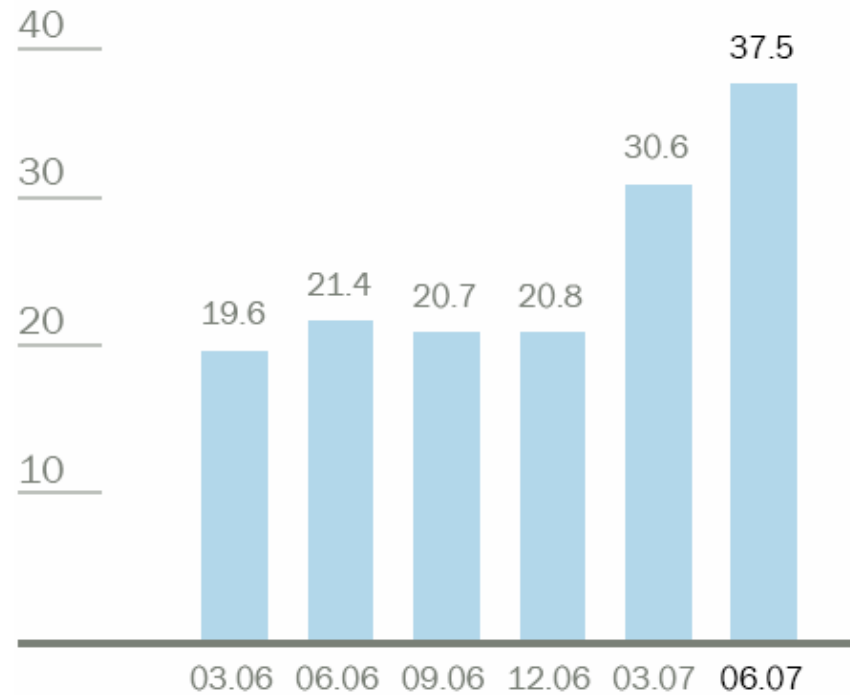
# Strong and Robust Growth Continues (H1 07)

	H1'06	H1'07	
Gross Profit Margin (Gross Profit in % of Total Income)	22.6%	24.1%	
Gross Margin (in % of Revenues)	22.6%	24.2%	1.6
Direct Costs	9.7%	10.4%	0.7
Transportation	7.4%	7.8%	0.4
Inventory Management	0.9%	1.1%	0.2
Credit Card Fees	0.8%	0.9%	0.1
Provisions for Bad Debts	0.6%	0.6%	0.0
<b>Contribution Margin</b>	<b>12.9%</b>	<b>13.8%</b>	<b>0.9</b>
Indirect Costs	8.1%	8.5%	0.4
Marketing	1.4%	2.2%	0.8
Personnel	1.8%	2.0%	0.2
Operation-Center	1.2%	1.3%	0.1
IPO	0.0%	0.0%	0.0
Other	3.1%	2.9%	0.2
<b>EBIT</b>	<b>4.9%</b>	<b>5.3%</b>	<b>0.5</b>

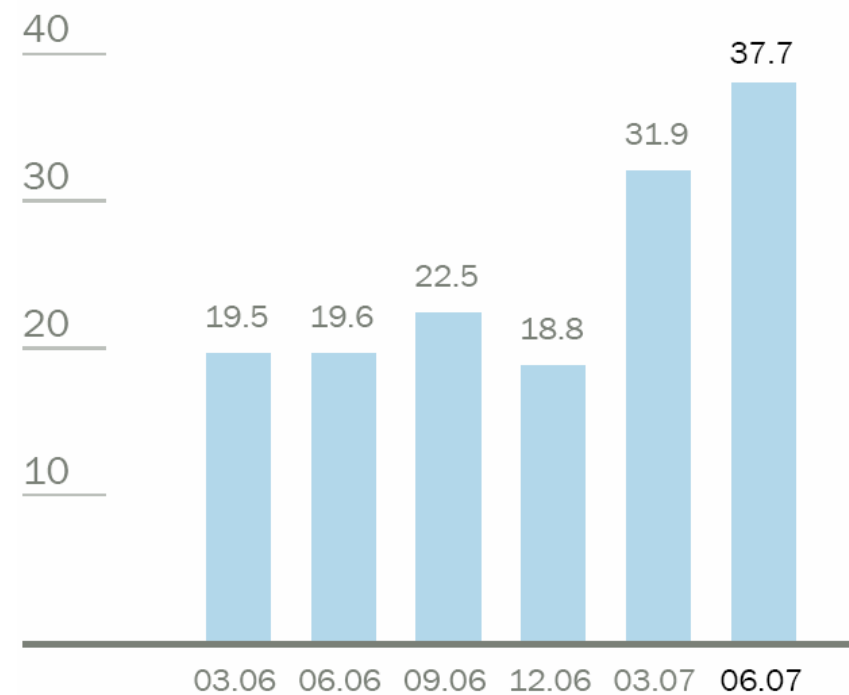
▶ H1 provides good basis for FY07, but Q4 will be pivotal

# Working Capital Management (H1'07)

Inventories (in mio €)

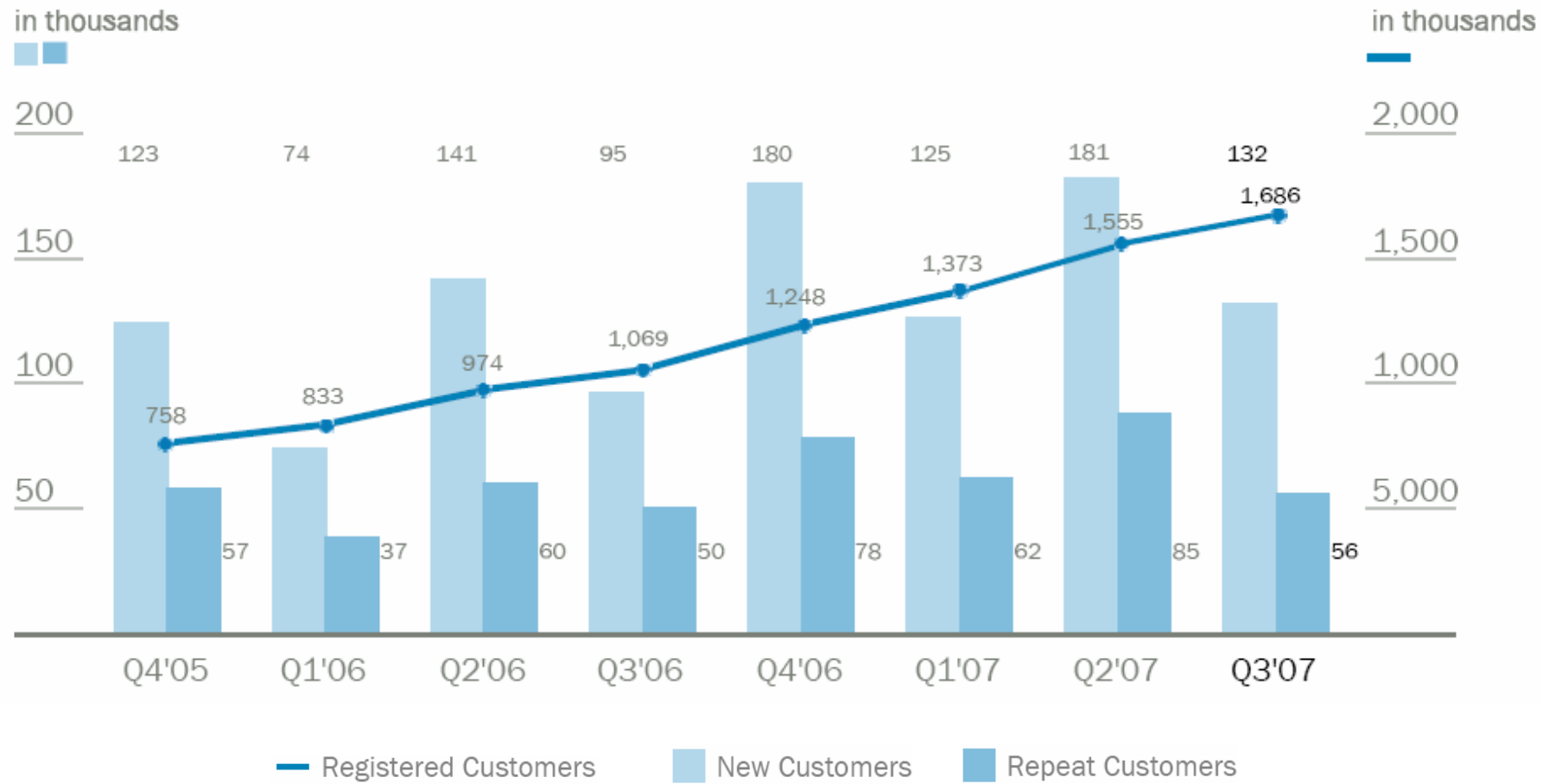


Trade Payables (in mio €)



► Q3 07: Much lower operating cashflow expected

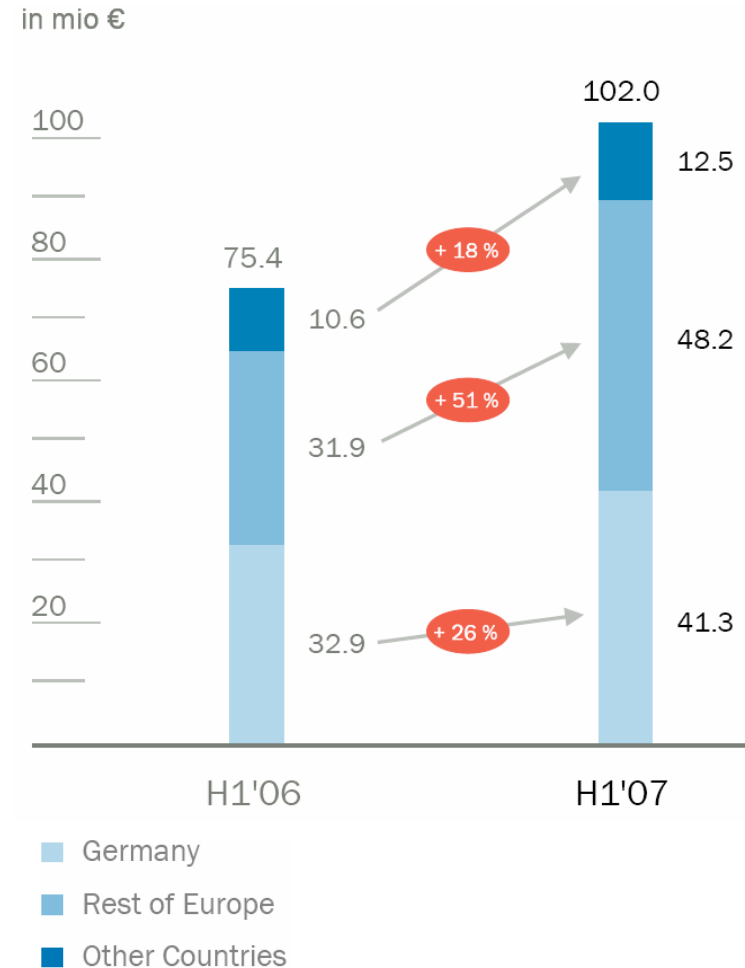
# Customer Metrics



▶ Repurchases constitute important growth potential

# Strong Non-Domestic Sales in H1 07

- **Home market** remains the most important region: more than 40% of total sales and still growing
- **European Countries** are increasing in importance
  - big EU markets (ES, FR, IT, UK) contribute to topline and decrease seasonality risks
  - smaller special markets (CH, SE, FI) are completely developed and generate strong profits
- ramp-up in **US** in H1 2007: increased sales, strengthened margin
- International expansion helps to flatten seasonal curves
- first shops in CA and JP



► Share of non-domestic sales > 50%

# Outlook on Sales and Margins

## Continued sales growth

can be expected due to...

... Large underlying European replacement tyre market

... Currently low tyre online penetration rate of >1.6% in Europe

... Growth from increasing penetration of existing and new geographies

## Good operating margin development

can be expected due to...

... Favorable changes in product mix and lower purchase prices

... Cost degression effects

... Ongoing operating cost reductions



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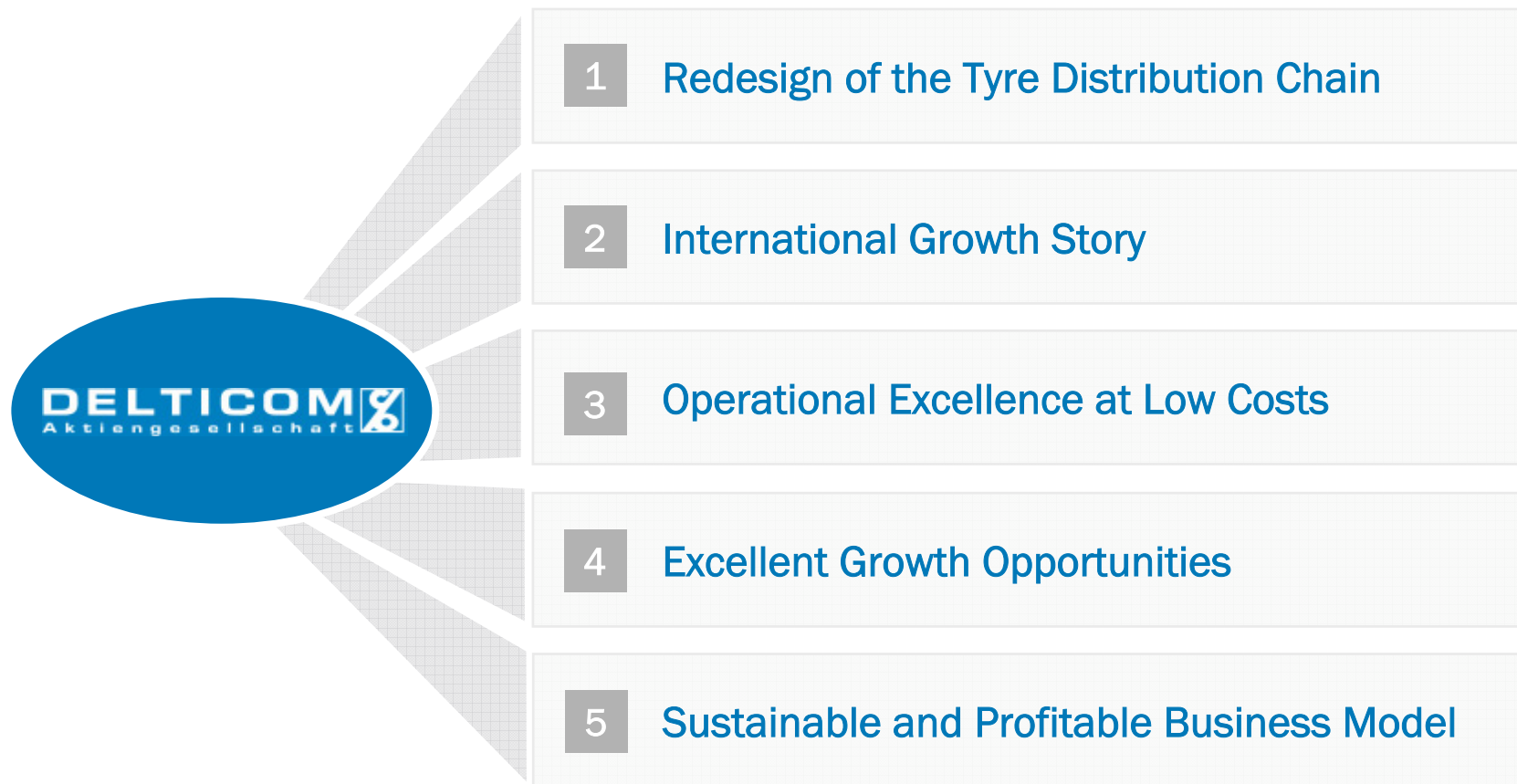
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# Key Investment Highlights

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# Vielen Dank!

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