

New growth on a strong base.

## Investor and Analyst Presentation

On the Occasion of the Release of the Annual Report 2013

Hanover, 20 March 2014



# Agenda

Vision Deltirendo

Delticom Group at a Glance

Profit & Loss

Balance Sheet

Outlook



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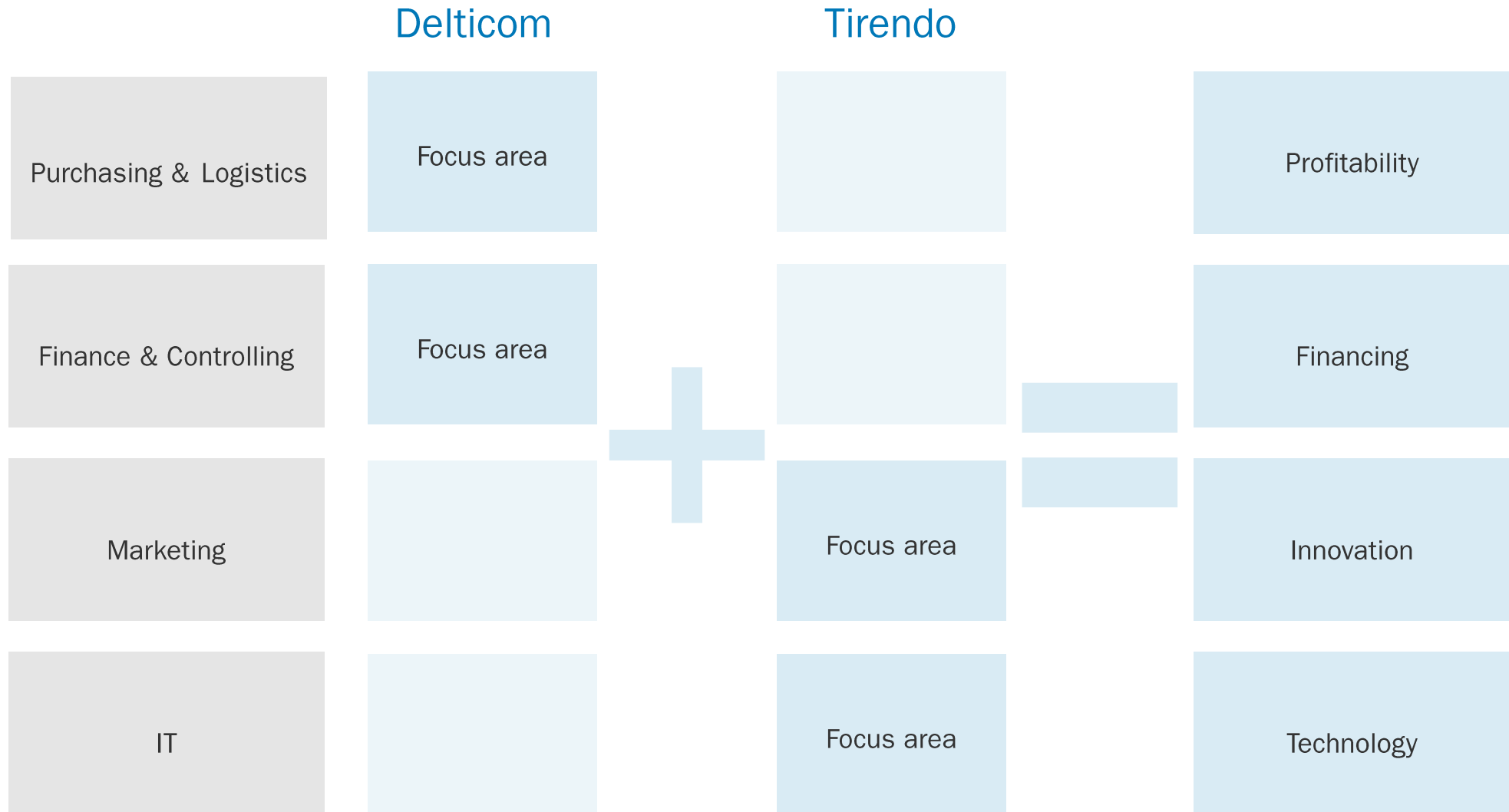


$$1 + 1 = 3$$

- ▶ World class excellence in eCommerce and fulfillment



# Vision „Deltirendo“



► The combination „Deltirendo“ brings complementary strengths for further growth

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## Overview

- Growth and profitability despite weak markets
- Acquisition of key competitor Tirendo:
  - Technology advancement
  - New customer groups

## Key Milestones

- Group revenues exceed EUR 500 million
- More than 1 million new customers in FY'13
- 500 thousand repeat customers in FY'13

## People

- Changes in Management Board
  - Andreas Prüfer new Co-CEO + CFO (replacing Frank Schuhardt)
  - Rainer Binder new Chairman of the Supervisory Board
- Avg. 179 employees in FY'13 (FY'12: 144)
- Head-counts as of 31.12.13: 254 (thereof 144 Delticom, 31.12.12: 161)

# Key Financials

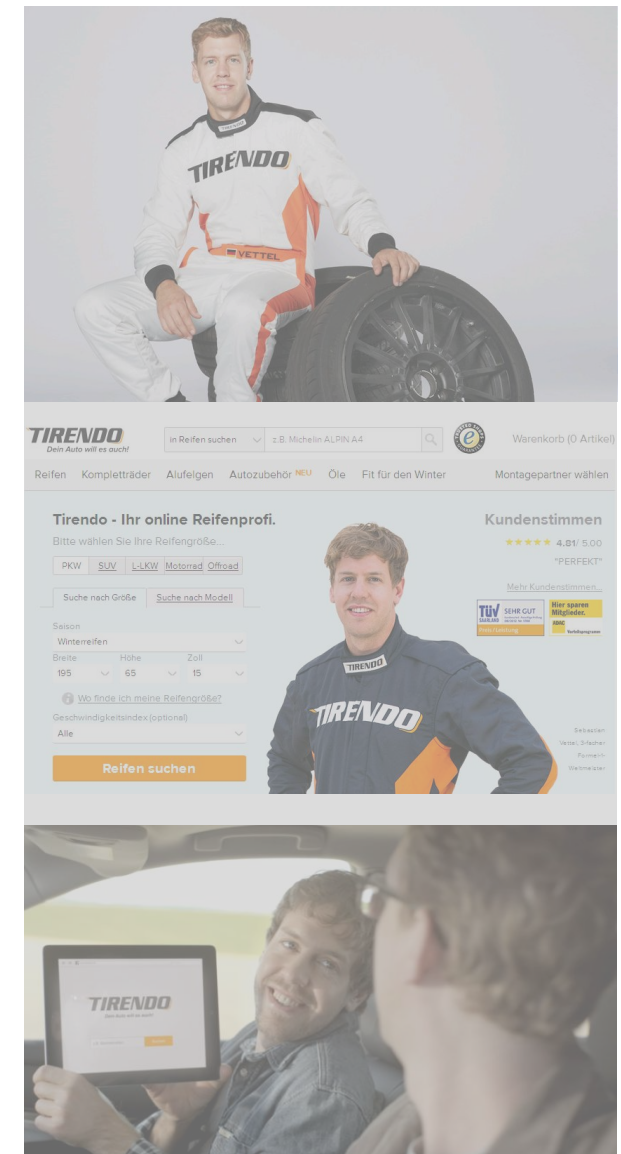
		<b>Q413</b>	<b>Q412</b>	<b>yoy%</b>	<b>FY13</b>	<b>FY12</b>	<b>yoy%</b>	
<b>Revenues</b>	€m	196.5	175.9	+11.7	505.5	456.4	+10.8	good growth Tirendo in Q4...
<b>New Customers<sup>1)</sup></b>	k	401	325	+23.5	1153	850	+35.7	... and strong new customer gains
<b>Revenues EC</b>	€m	193.3	172.7	+12.0	493.1	441.4	+11.7	against the market trend
<b>Gross Margin</b>	%	25.6	25.0	+0.6p	24.8	25.7	-1.0p	price discipline in Q4
<b>EBITDA</b>	€m	10.2	15.8	-35.3	22.2	35.3	-37.2	
<b>EBIT</b>	€m	8.1	15.1	-46.2	17.8	32.6	-45.3	Tirendo and one-offs ...
<b>EBIT Margin</b>	%	4.1	8.6	-4.5p	3.5	7.1	-3.6p	... lowered profitability
<b>Inventories</b>	€m				72.8	74.1	-1.7	according to plan
<b>Operating Cash Flow</b>	€m				8.1	61.3	-86.8	weaker earnings situation
<b>Liquidity</b>	€m				11.3	46.2	-75.5	remains sufficiently high

1) incl. Tirendo FY 2013

► **FY performance: outperforming the market + lower margins + Tirendo**



- Acquisition on Sept 16th, 2013
- **Launched in March 2012.** FY'13 Revenues of EUR 43.7 million (FY'12: EUR 7.1 million)
- Tirendo has online shops in **11 countries** across Europe
- **One-brand, one-shop strategy** across countries and across product groups, including:
  - tyres, complete wheels and rims
  - automotive accessories, motor oil
  - car spare and replacement parts
- State of the Art proprietary e-commerce IT architecture
- international team of specialists from 25 countries; as of 31.12.2013: **110 employees**
- Fast growing brand awareness in Germany
  - supported by TV Campaigns with **Brand Ambassador Sebastian Vettel**
  - as key driver to further increase online penetrations rates



# Delticom without Tirendo

	EUR		yoy %	% of Revenues	
	FY13	FY12		FY13	FY12
<b>Revenues</b>	<b>484.8</b>	<b>456.4</b>	<b>6.2</b>	<b>100.0</b>	<b>100.0</b>
Other operating income	4.0	3.8	7.9	0.8	0.8
<b>Total operating income</b>	<b>488.9</b>	<b>460.1</b>	<b>6.2</b>	<b>100.8</b>	<b>100.8</b>
Cost of goods sold	-362.8	-338.9	7.0	74.8	74.3
<b>Gross profit</b>	<b>126.1</b>	<b>121.2</b>	<b>4.1</b>	<b>26.0</b>	<b>26.6</b>
Personal expenses before one-off costs	-8.9	-8.8	1.4	1.8	1.9
Other operating expenses before one-off costs	-87.6	-77.6	12.9	18.1	17.0
thereof advertising costs without one-off costs	-14.3	-10.4	37.2	2.9	2.3
<b>EBITDA before one-off costs</b>	<b>29.6</b>	<b>34.8</b>	<b>-15.0</b>	<b>6.1</b>	<b>7.6</b>
Depreciation	-2.6	-2.7	-4.7	0.5	0.6
<b>EBIT before one-off costs</b>	<b>27.0</b>	<b>32.1</b>	<b>-15.9</b>	<b>5.6</b>	<b>7.0</b>
One-off costs	-0.8	0.5	-256.1	0.2	0.1
<b>EBIT</b>	<b>26.3</b>	<b>32.6</b>	<b>-19.5</b>	<b>5.4</b>	<b>7.1</b>
	<b>Q413</b>	<b>Q412</b>	%	Q413	Q412
<b>Revenues</b>	<b>178.6</b>	<b>175.9</b>	<b>1.5</b>	<b>100.0</b>	<b>100.0</b>
Other operating income	0.6	0.9	-40.0	0.3	0.5
<b>Total operating income</b>	<b>179.2</b>	<b>176.9</b>	<b>1.3</b>	<b>100.3</b>	<b>100.5</b>
Cost of goods sold	-131.2	-132.0	-0.6	73.5	75.0
<b>Gross profit</b>	<b>48.0</b>	<b>44.9</b>	<b>6.9</b>	<b>26.8</b>	<b>25.5</b>
Personal expenses before one-off costs	-2.1	-2.4	-12.8	1.2	1.4
Other operating expenses before one-off costs	-30.2	-26.3	14.7	16.9	15.0
thereof advertising costs without one-off costs	-4.9	-3.8	27.2	2.7	2.2
<b>EBITDA before one-off costs</b>	<b>15.6</b>	<b>16.1</b>	<b>-3.1</b>	<b>8.7</b>	<b>9.2</b>
Depreciation	-0.5	-0.7	-21.9	0.3	0.4
<b>EBIT before one-off costs</b>	<b>15.1</b>	<b>15.4</b>	<b>-2.2</b>	<b>8.4</b>	<b>8.8</b>

← outperforming the market...

← ... in a tough market environment

← focus: online

← one-off personel expenses

← mild winter

← ratio nearly unchanged

← profitability to invest in future growth

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Vision Deltirendo

Delticom Group at a Glance

**Profit & Loss**

Balance Sheet

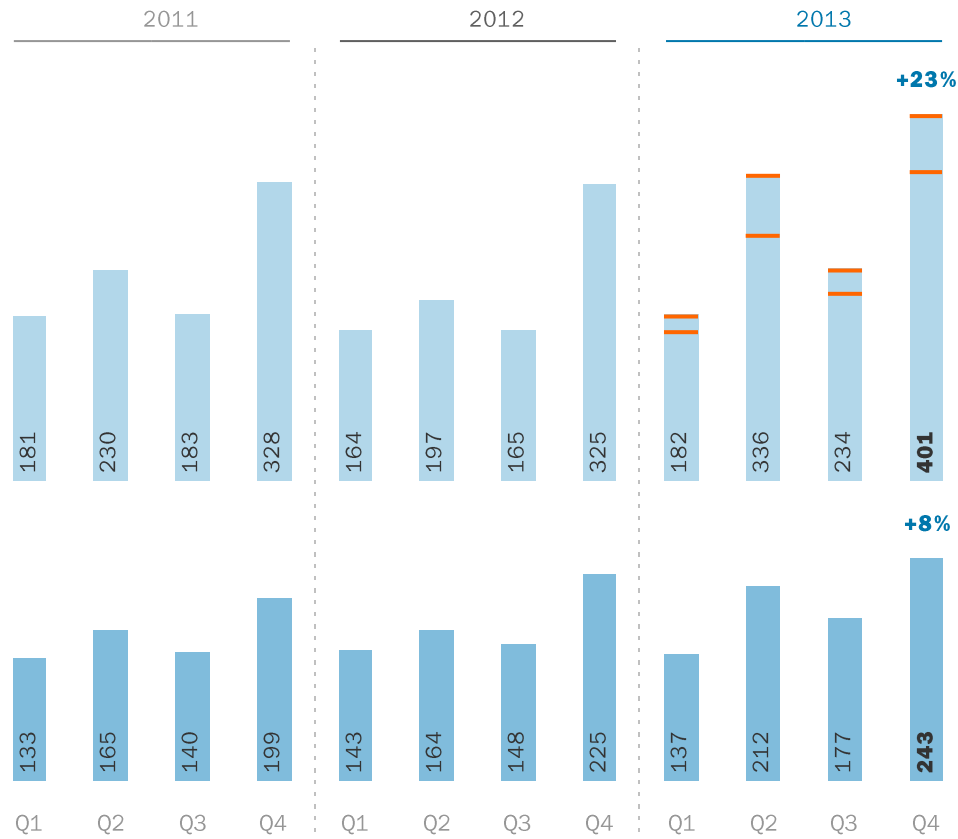
Outlook



# Customers (New Customers incl. Tirendo from 01.01.2013)

in thousands

## New Customers



..still the main growth driver

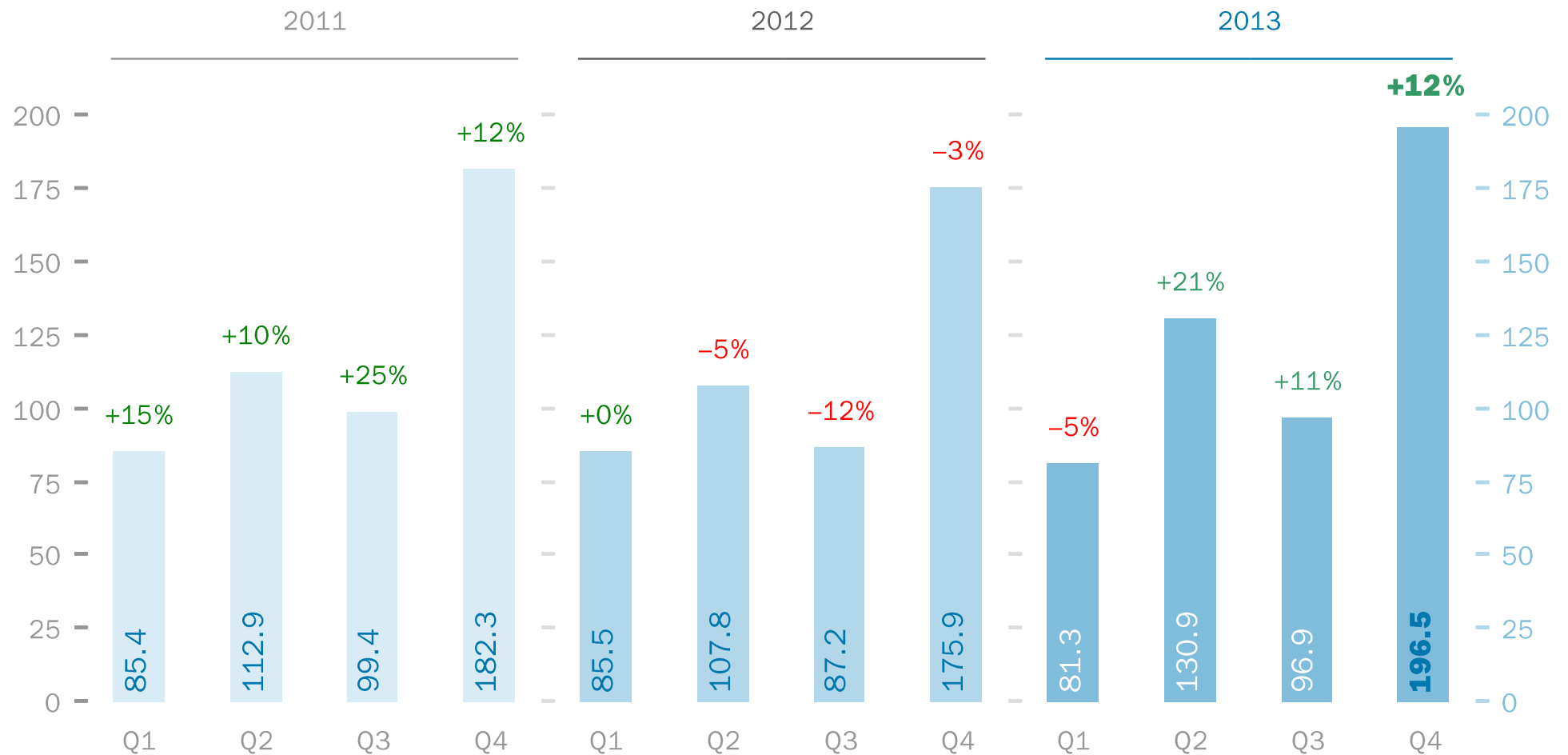
## Repeat Customers

...long replacement cycle and customers are happy

► Q4: Strong new customer growth with Tirendo

# Quarterly Revenues (incl. Tirendo from 16.09.2013)

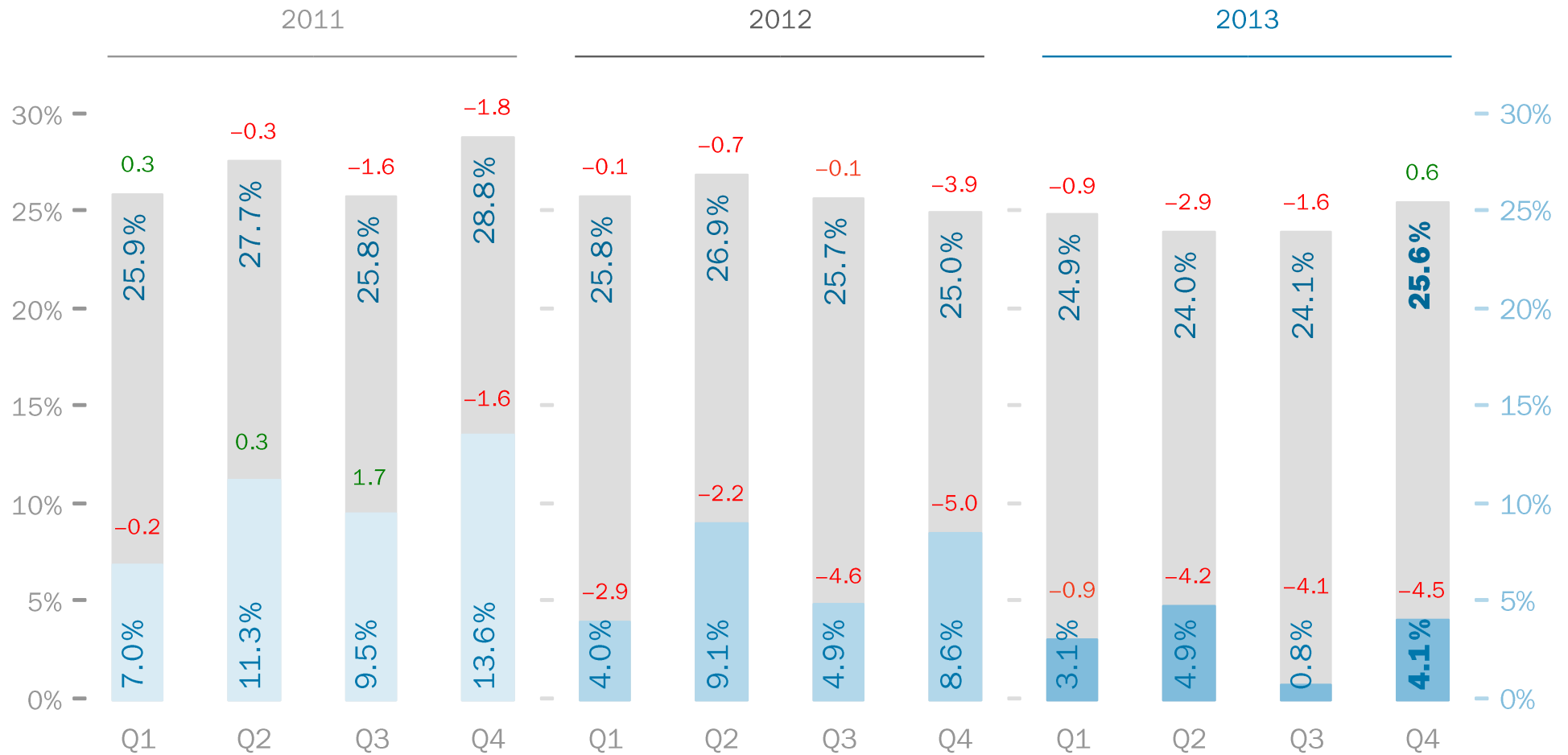
in € million



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

# Quarterly Gross/EBIT Margins

■ Gross Margin  
■ EBIT Margin

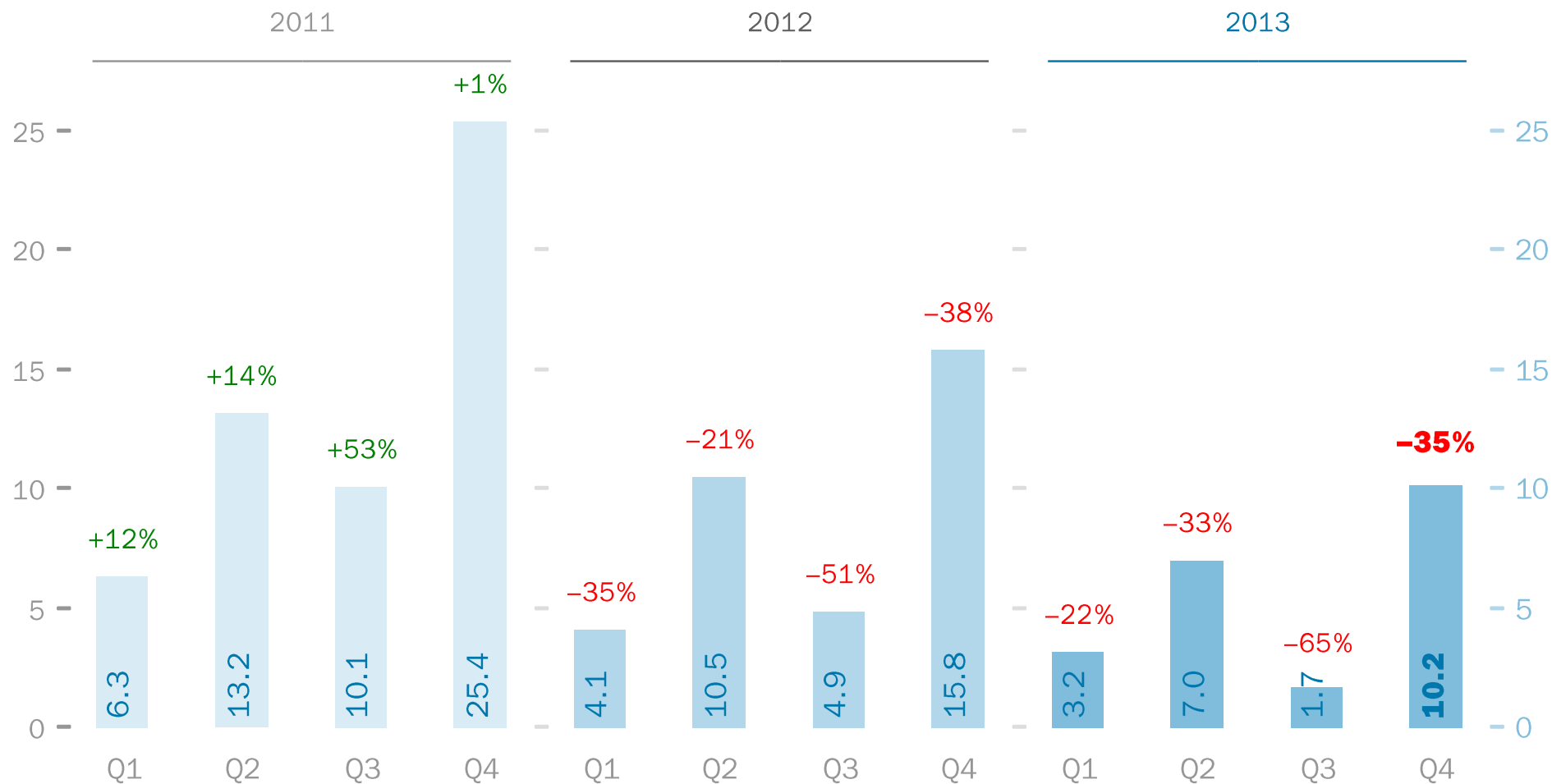


► Q4: first quarterly gross margin improvement after 10 quarters



# Quarterly EBITDA

in € million



► Q4: Delticom without Tirendo and before one-offs EUR 15.6 million

# P&L Drivers (Q4)

	EUR		yoy %	% of Revenues		
	Q4 13	Q4 12		Q4 13	Q4 12	chng
<b>Revenues</b>	<b>196.5</b>	<b>175.9</b>	<b>11.7</b>	<b>100.0</b>	<b>100.0</b>	<b>0.0</b>
Cost of sales	146.3	132.0	10.8	74.4	75.0	-0.6
<b>Gross Profit (ex ooi)</b>	<b>50.2</b>	<b>43.9</b>	<b>14.3</b>	<b>25.6</b>	<b>25.0</b>	<b>0.6</b>
Direct costs	32.6	23.3	40.2	16.6	13.2	3.4
Direct costs (dep. on volume)	19.5	16.9	15.5	9.9	9.6	0.3
Transportation costs	16.4	14.5	13.2	8.3	8.2	0.1
Warehousing costs	1.7	1.1	46.1	0.8	0.6	0.2
Operations centre costs	1.4	1.3	14.0	0.7	0.7	0.0
Direct costs (dep. on revenues)	13.1	6.4	105.5	6.7	3.6	3.1
Credit card fees	1.6	1.3	19.4	0.8	0.8	0.1
Bad debt losses	0.8	0.4	98.6	0.4	0.2	0.2
Marketing costs	10.7	4.6	131.0	5.5	2.6	2.8
<b>Contribution margin 1</b>	<b>17.6</b>	<b>20.7</b>	<b>-14.9</b>	<b>8.9</b>	<b>11.7</b>	<b>-2.8</b>
Indirect costs	8.5	5.1	66.9	4.3	2.9	1.4
Personnel expenses	4.3	2.4	78.7	2.2	1.4	0.8
Rents and overheads	1.8	1.6	9.8	0.9	0.9	0.0
Financial and legal costs	1.1	0.1		0.6	0.1	0.5
IT and telecommunications	0.4	0.3	40.8	0.2	0.2	0.0
Other	0.8	0.6	32.9	0.4	0.4	0.1
<b>Contribution margin 2</b>	<b>9.1</b>	<b>15.5</b>	<b>-41.7</b>	<b>4.6</b>	<b>8.8</b>	<b>-4.2</b>
FX effects	-0.1	-0.3		-0.1	-0.2	0.1
Other operating profit (w/o FX gains)	1.3	0.6		0.7	0.3	0.3
<b>EBITDA</b>	<b>10.2</b>	<b>15.8</b>	<b>-35.3</b>	<b>5.2</b>	<b>9.0</b>	<b>-3.8</b>
Depreciation/ Amortization	2.1	0.7	208.5	1.1	0.4	0.7
<b>EBIT</b>	<b>8.1</b>	<b>15.1</b>	<b>-46.2</b>	<b>4.1</b>	<b>8.6</b>	<b>-4.5</b>
Net financial result	-0.1	0.0	-455.1			
<b>EBT</b>	<b>8.0</b>	<b>15.1</b>	<b>-46.9</b>	<b>4.1</b>	<b>8.6</b>	<b>-4.5</b>
Income taxes	2.6	4.7	-43.9			
<b>Consolidated net income</b>	<b>5.4</b>	<b>10.4</b>	<b>-48.3</b>	<b>2.8</b>	<b>5.9</b>	<b>-3.2</b>

← Tirendo fully consolidated

← growth vs. profitability

← EUR 5.8 million Tirendo

← Tirendo employees

← mainly related to acquisition

# P&L Drivers (FY)

	EUR		yoy %	% of Revenues			
	FY 13	FY 12		FY13	FY12	chng	
<b>Revenues</b>	<b>505.5</b>	<b>456.4</b>	<b>10.8</b>	<b>100.0</b>	<b>100.0</b>	<b>0.0</b>	← Tirendo consolidated from 16.09.
Cost of sales	380.3	338.9	12.2	75.2	74.3	1.0	
<b>Gross Profit (ex ooi)</b>	<b>125.2</b>	<b>117.4</b>	<b>6.6</b>	<b>24.8</b>	<b>25.7</b>	<b>-1.0</b>	
Direct costs	80.2	63.1	27.0	15.9	13.8	2.0	
Direct costs (dep. on volume)	52.9	46.9	12.8	10.5	10.3	0.2	
Transportation costs	43.6	38.2	14.1	8.6	8.4	0.3	← price effect
Warehousing costs	4.1	3.6	15.6	0.8	0.8	0.0	
Operations centre costs	5.2	5.1	1.4	1.0	1.1	-0.1	
Direct costs (dep. on revenues)	27.3	16.2	68.0	5.4	3.6	1.8	
Credit card fees	4.1	3.6	15.6	0.8	0.8	0.0	
Bad debt losses	2.1	1.3	57.7	0.4	0.3	0.1	
Marketing costs	21.1	11.3	85.6	4.2	2.5	1.7	← costs ↑
<b>Contribution margin 1</b>	<b>45.1</b>	<b>54.3</b>	<b>-17.0</b>	<b>8.9</b>	<b>11.9</b>	<b>-3.0</b>	
Indirect costs	25.4	18.9	34.0	5.0	4.2	0.9	
Personnel expenses	11.3	8.8	28.8	2.2	1.9	0.3	
Rents and overheads	6.8	6.2	10.5	1.3	1.3	0.0	
Financial and legal costs	3.7	0.9	334.3	0.7	0.2	0.6	← one-off Tirendo, reversal of accruals
IT and telecommunications	1.4	1.2	22.1	0.3	0.3	0.0	
Other	2.1	2.0	6.3	0.4	0.4	0.0	
<b>Contribution margin 2</b>	<b>19.7</b>	<b>35.4</b>	<b>-44.4</b>	<b>3.9</b>	<b>7.8</b>	<b>-3.9</b>	
FX effects	-0.2	-2.2		0.0	-0.5	0.5	← swing-back from last year
Other operating profit (w/o FX gains)	2.7	2.1		0.5	0.5	0.1	
<b>EBITDA</b>	<b>22.2</b>	<b>35.3</b>	<b>-37.2</b>	<b>4.4</b>	<b>7.7</b>	<b>-3.3</b>	
Depreciation/ Amortization	4.3	2.7	61.4	0.9	0.6	0.3	← ↑ due to Tirendo intangibles (PPA)
<b>EBIT</b>	<b>17.8</b>	<b>32.6</b>	<b>-45.3</b>	<b>3.5</b>	<b>7.1</b>	<b>-3.6</b>	
Net financial result	-0.1	-0.1	-5.9				
<b>EBT</b>	<b>17.7</b>	<b>32.5</b>	<b>-45.5</b>	<b>3.5</b>	<b>7.1</b>	<b>-3.6</b>	
Income taxes	6.2	10.3	-40.4				
<b>Consolidated net income</b>	<b>11.6</b>	<b>22.2</b>	<b>-47.9</b>	<b>2.3</b>	<b>4.9</b>	<b>-2.6</b>	

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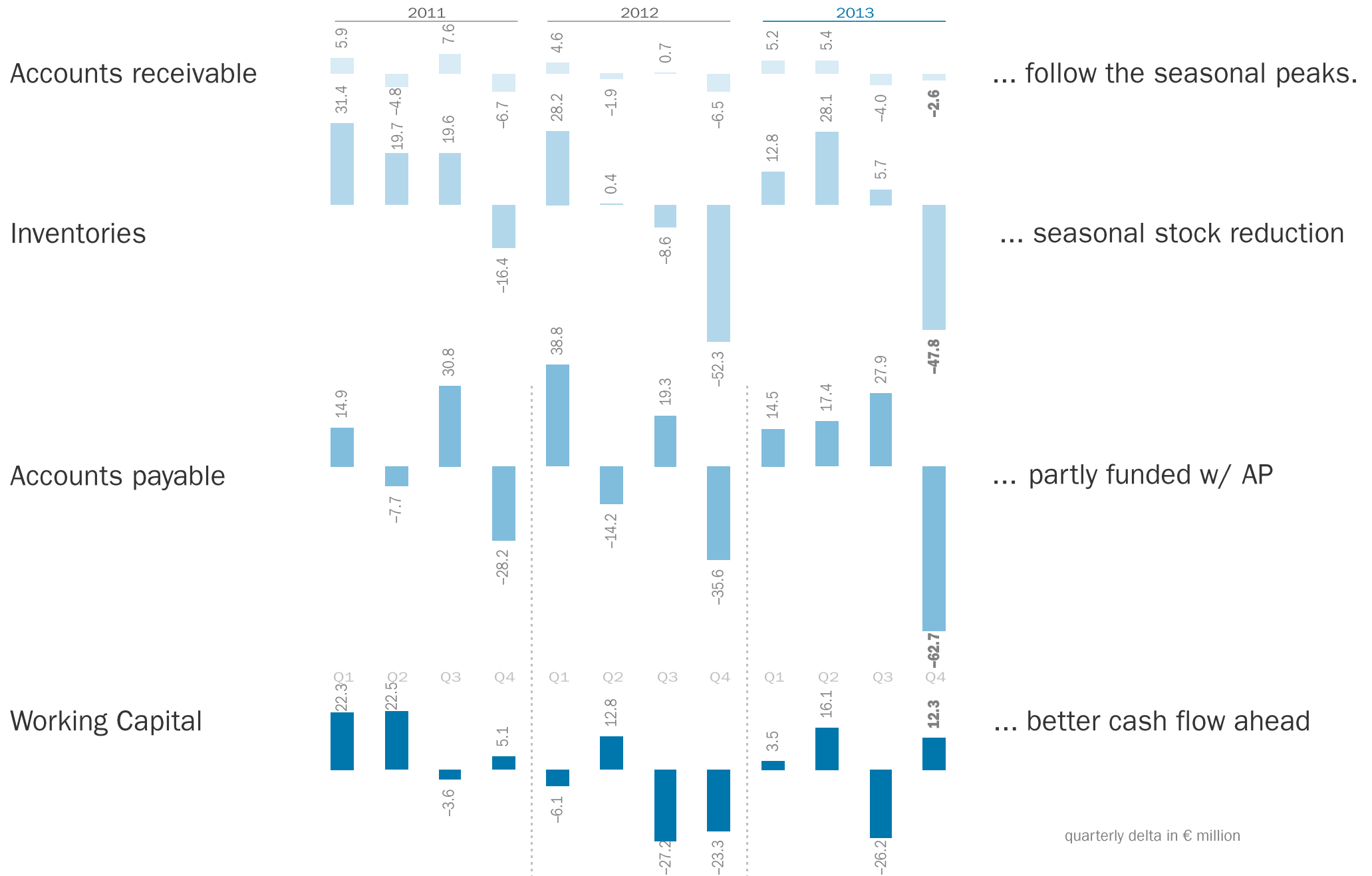
Profit & Loss

**Balance Sheet**

Outlook



# Working Capital Management



... follow the seasonal peaks.

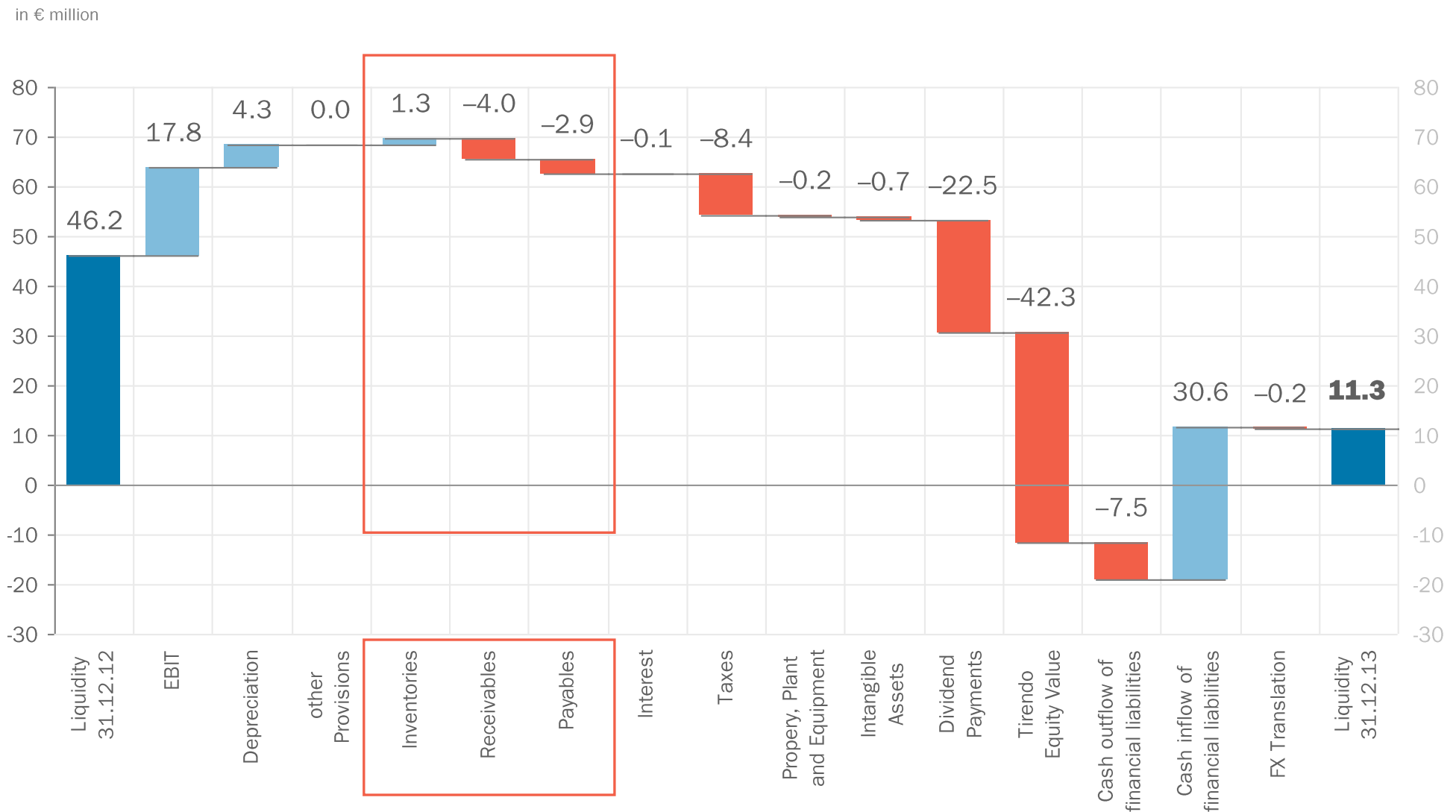
... seasonal stock reduction

... partly funded w/ AP

... better cash flow ahead

quarterly delta in € million

# Liquidity Bridge



▶ Net cash = € -10.3 million (liquidity less liabilities from current accounts)



# Agenda

Delticom at a Glance

Business Model

Profit & Loss

Balance Sheet

Outlook



- **Replacement tyre market 2013**
    - Germany: sell-out (wdk): summer –10.4%, winter –3.5%
    - Europe: sell-in (ETRMA): –1.0%
  
  - **Sentiment 2014**
    - consumer confidence slightly better
    - tyres: hope for recovery in 2014
- 
- ▶ Revenues +10%
  - ▶ EBITDA at least at previous year's level

# Q&A

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