



3-Monthly Report 2014

Profile

Delticom is Europe's leading online tyre retailer. Founded in 1999, the Hanover-based company has more than 100 online shops in 42 countries, among others [ReifenDirekt](#), [www.mytyres.co.uk](#) in UK and [www.123pneus.fr](#) in France, as well as the *Tirendo* shops which enjoy a high level of recognition, not least due to its brand ambassador, Sebastian Vettel. Delticom offers a wide range of products for its private and business customers: more than 25,000 models from over 100 tyre brands for cars, motorcycles, commercial vehicles and buses, but also complete wheels, motor oil, replacement parts and accessories.

Customers enjoy all the advantages of modern E-Commerce: convenience in order placing, quick, efficient delivery, clear cost information and, last but not least, low prices. The products are delivered in two business days to any address the customer chooses. Alternatively, Delticom delivers the tyres to one of more than 38,000 service partners (8,800 in Germany alone) for professional fitting directly on to the customer's vehicle at a reasonable price.

Key Figures

		01.01.2014 – 31.03.2014	01.01.2013 – 31.03.2013	–/+ (%, %p)
Revenues	€ million	94.3	81.3	+16.0
Total income	€ million	97.3	82.8	+17.5
Gross margin ¹	%	24.5	24.9	–0.4
Gross profit	€ million	26.1	21.8	+19.8
EBIT	€ million	0.3	2.5	–88.4
EBIT margin ²	%	0.3	3.1	–2.8
Net income	€ million	0.0	1.7	–98.8
Earnings per share ³	€	0.00	0.14	–98.8
Total assets	€ million	221.5	172.3	+28.5
Inventories	€ million	94.7	86.9	+8.9
Investments ⁴	€ million	0.2	0.2	+34.0
Capital Employed ⁵	€ million	73.1	67.2	+8.9
Return on Capital Employed ⁶	%	0.4	3.8	–3.4
Equity	€ million	51.7	64.4	–19.7
Equity ratio	%	23.3	37.4	–14.0
Return on equity	%	0.0	2.6	–2.6
Liquidity position ⁷	€ million	20.9	44.3	–52.7
Operating cash flow	€ million	10.7	–1.4	
Free cash flow ⁸	€ million	10.5	–1.5	

(1) Gross profit ex other operating income in % of revenues

(2) Consolidated earnings before interest and taxes (EBIT) to revenues

(3) Undiluted

(4) Investments in tangible and intangible assets

(5) Capital Employed = total assets – current liabilities

(6) ROCE = EBIT / Capital Employed

(7) Liquidity position = cash and cash equivalents + liquidity reserve

(8) Free cash flow = Operating cash flow – Cashflow from investing activities

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Interim Management Report of Delticom AG

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Economic Environment

Economic developments The eurozone economy is growing again slightly. Even euro countries badly affected by the crisis such as Italy and Spain have left recession behind them. Although sentiment among European consumers improved in the first quarter, persistently high unemployment in many regions continues to weigh down on private consumption. Moreover, the low level of inflation in the eurozone is fuelling deflation fears. The German economy continues to grow, primarily driven by domestic demand. Consumer optimism and income expectations remain high thanks to the stable labour market.

Tyre markets Germany's replacement tyre market registered a clear increase in sales in the first quarter. According to initial estimates by industrial associations, however, almost 19 % fewer winter tyres compared to the previous quarter were sold due to the mild winter. On the other hand, summer tyres volumes were up considerably on the back of spring-like conditions and from a very low prior year base. Also in the rest of Europe replacement tyre business showed a positive trend at the beginning of the year.

Business performance and earnings situation

Tirendo On 16.09.2013 Delticom acquired all shares in the Berlin-based online tyre retailer Tirendo Holding GmbH and its subsidiaries. Tirendo Holding GmbH and Tirendo Deutschland GmbH (both companies hereinafter collectively referred to as Tirendo) are fully consolidated in the Delticom Group from the date of acquisition (16.09.2013).

Revenues

Group Delticom, Europe's leading online tyre retailer, generates the bulk of its revenues through sales of replacement tyres for cars, motorcycles, trucks and industrial vehicles.

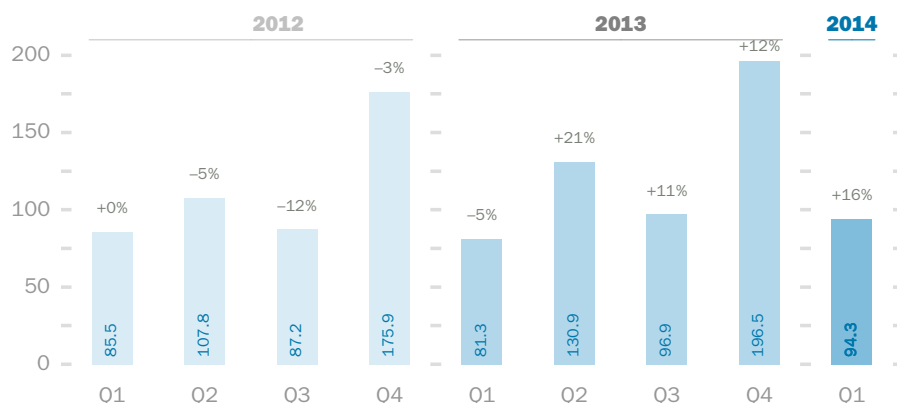
In Q1 14 the company recognised revenues of € 94.3 million, an increase of 16.0 % after € 81.3 million in the prior-year period.

Winter tyre business in general represents only a small proportion of total replacement sales in Q1.

Unlike in 2013, spring-like temperatures in March prompted numerous drivers to switch to summer tyres even before Easter. The summer tyre business was therefore well above the previous year's level. The chart *Revenues trend* summarises the development of the quarterly revenues.

Revenues trend

quarterly revenues in € million

**E-Commerce**

Revenues in the E-Commerce division with its 137 online shops were up year-on-year by 18.5 %, from € 77.5 million to € 91.9 million. This includes the generated revenues of Tirendo of € 8.3 million (Q1 13: € 3.6 million, +131.2 %). The share of divisional revenues amounted to 97.4 %, compared to 95.4 % in the previous year.

Tirendo effect

The following table shows a pro forma income statement for Q1 13 to reflect a Tirendo takeover already having occurred as of 1 January 2013.

in € thousand	Delticom Group Q1			Delticom Group Q1		
	14	%	+	13	%	
Revenues	94,283	100.0	11.1	84,878	100.0	
Cost of goods sold	-71,199	-75.5	11.0	-64,150	-75.6	
Gross profit	23,084	24.5	11.4	20,728	24.4	
Other operating income	2,992	3.2	51.6	1,973	2.3	
Personal expenses	-3,636	-3.9	12.5	-3,231	-3.8	
Other operating expenses	-20,062	-21.3	7.7	-18,623	-21.9	
there of advertising costs	-4,785	-5.1	17.8	-4,061	-4.8	
EBITDA	2,378	2.5	180.9	846	1.0	
Depreciation	-2,083	-2.2	173.9	-761	-0.9	
EBIT	294	0.3	243.6	86	0.1	

The combined revenues of Delticom and Tirendo in Q1 14 amounted to € 94.3 million, after € 84.9 million in Q1 13 (+11.1 %). Revenues in the core E-Commerce segment of € 91.9 million exceeded the aggregated prior year value of € 81.1 million by 13.3 %.

Customer numbers

In Q1 14 the company was able to acquire a total of 210 thousand new customers (Q1 13: 182 thousand, Delticom and Tirendo accumulated, +15.5 %). This figure includes the 24 thousand new customers acquired by Tirendo in the reporting period. Customers who purchased for the first time at both Delticom and Tirendo

and those quarterly new customers of Tirendo who purchased from Delticom before were offset. During the same period 172 thousand existing customers (Q1 13: 137 thousand, +24.8 %) made repeat purchases at Delticom. As Tirendo is a young company, the number of repeat buyers is comparatively low. As a consequence, we have not yet included these in the calculation for Q1 14.

Regional split

The group offers its product range in 42 countries. Revenues in EU countries totalled € 74.1 million (+19.3 %). Across all non-EU countries the revenue contribution for Q1 14 was € 20.2 million (+5.3 %).

Revenues by region

in € thousand

	Q114	%	+	Q113	%	+	Q112	%
Revenues	94,283	100.0	16.0	81,275	100.0	-4.9	85,484	100.0
Regions								
EU	74,121	78.6	19.3	62,121	76.4	-3.6	64,471	75.4
Rest	20,163	21.4	5.3	19,155	23.6	-8.8	21,013	24.6

Key expense positions

Cost of goods sold

The cost of goods sold (COGS) is the largest expense item; it considers the purchase price of sold tyres. Group COGS increased by 16.6 % from € 61.1 million in Q1 13 to € 71.2 million in Q1 14. The E-Commerce division accounted for € 69.0 million (Q1 13: € 57.7 million).

Personnel expenses

On 31.03.2014, the company employed a total of 257 employees. 150 of them (including trainees) worked for Delticom and the remaining 107 for Tirendo (excluding interns and student workers). In the reporting period Delticom employed an average of 248 staff members (Q1 13: 148). Personnel expenses amounted to € 3.6 million (Q1 13: € 2.3 million, +60.8 %). This increase is primarily due to the acquisition of Tirendo and their workforce.

The personnel expenses ratio in the first quarter came to 3.9 % (staff expenditures as percentage of revenues, Q1 13: 2.8 %).

Warehousing

Rents and overheads increased from € 1.6 million to € 1.8 million (+7.9 %). Stocking costs amounted to € 0.9 million, after € 0.7 million in Q1 13 (+32.7 %).

Transportation costs

Among the other operating expenses, transportation costs is the largest line item. They increased in the reporting period from € 7.1 million by 2.0 % to € 7.2 million. The share of transportation costs against revenues decreased in the reporting period from 8.7 % in Q1 13 to 7.7 % in Q1 14.

Marketing

Marketing expenses grew by 92.7 % to € 4.8 million (Q1 13: € 2.5 million). This significant increase is mainly due to the € 2.0 million additional marketing spent

of Tirendo. Q1 14 marketing spent with 5.1 % of revenues was higher than last year's 3.1 %.

Depreciation

Depreciation for Q1 14 rose from € 0.7 million to € 2.1 million. Main reason for this increase is the scheduled depreciation of intangible assets totalling € 17.5 million, identified as part of the purchase price allocation.

Tirendo

The following table shows the Q1 14 key income statement positions of Tirendo and the development against previous year. With this simulation Tirendo is presented as if they would take care for delivery themselves, like Delticom. In this case, the transportation costs has to be considered in the other operating expenses. With this calculation the COGS are reduced by the transportation costs. The intent of this simulation is to adapt the P&L of Tirendo to the P&L of old Delticom group.

in € thousand	Only Tiren- do Q1 14		Only Tiren- do Q1 13	
		%	+	%
Revenues	8,328	100.0	131.2	3,603 100.0
Cost of goods sold	-6,780	-81.4	119.1	-3,095 -85.9
Gross profit	1,548	18.6	205.0	508 14.1
Other operating income	379	4.6	-12.8	435 12.1
Personal expenses	-1,330	-16.0	37.2	-969 -26.9
Other operating expenses	-3,355	-40.3	43.4	-2,340 -65.0
there of advertising costs	-2,047	-24.6	29.7	-1,578 -43.8
EBITDA	-2,758	-33.1	-16.5	-2,367 -65.7
Depreciation	-524	-6.3	502.5	-87 -2.4
EBIT	-3,282	-39.4	-33.8	-2,454 -68.1

Delticom excluding Tirendo

The following table illustrates the profit and loss statement of old Delticom group for Q1 14. Based on the Delticom group P&L statement, the line items of the simulated Tirendo P&L were subtracted.

in € thousand	Delticom Group with- out Tirendo		Delticom Group with- out Tirendo	
	Q1 14	%	+	Q1 13 %
Revenues	85,955	100.0	5.8	81,275 100.0
Cost of goods sold	-64,419	-74.9	5.5	-61,055 -75.1
Gross profit	21,536	25.1	6.5	20,220 24.9
Other operating income	2,613	3.0	69.9	1,538 1.9
Personal expenses	-2,307	-2.7	2.0	-2,262 -2.8
Other operating expenses	-16,707	-19.4	2.6	-16,283 -20.0
there of advertising costs	-2,738	-3.2	10.3	-2,483 -3.1
EBITDA	5,135	6.0	59.8	3,213 4.0
Depreciation	-1,559	-1.8	131.5	-674 -0.8
EBIT	3,576	4.2	40.8	2,539 3.1

In the reporting period, old Delticom group achieved revenues of € 86.0 million, after € 81.3 million the previous year (+5.8 %). EBIT amounted to € 3.6 million

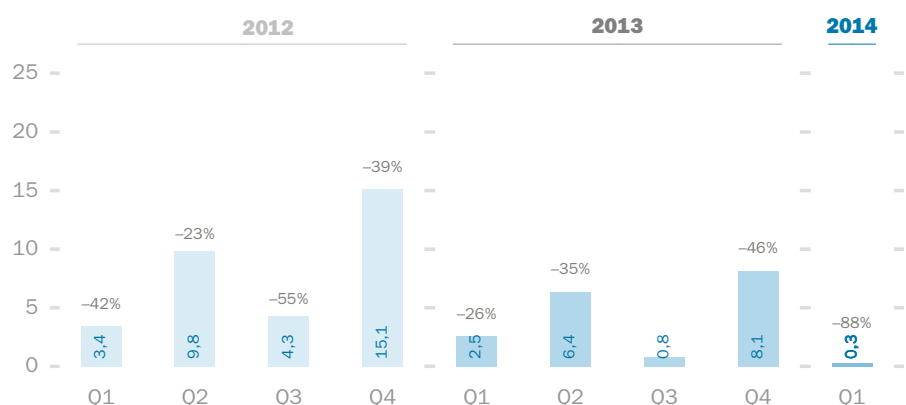
(Q1 13: € 2.5 million, +40.8 %). This equates to an EBIT margin of 4.2 % (Q1 13: 3.1 %).

Earnings position

Gross margin	The gross margin for the first quarter was set to 24.5 %, after 24.9 % in Q1 13.
Other operating income	Other operating income for the first quarter was € 3.0 million (Q1 13: € 1.5 million), thereof gains from exchange rate differences to the order of € 0.6 million (Q1 13: € 1.1 million). FX losses are accounted for in the other operating expenses. In Q1 14 the FX losses amounted to € 0.4 million (Q1 13: € 0.8 million). In the reporting period, the balance from FX gains and losses was € 0.2 million (Q1 13: € 0.3 million).
Gross profit	Altogether, the gross profit increased in the reporting period by 19.8 % year-on-year, from € 21.8 million to € 26.1 million. Gross profit in relation to total income of € 97.3 million (Q1 13: € 82.8 million) totalled 26.8 % (Q1 13: 26.3 %).
EBITDA	Earnings before interest, taxes, depreciation and amortization (EBITDA) for the reporting period came in at € 2.4 million (Q1 13: € 3.2 million, –26.0 %). This equates to an EBITDA margin of 2.5 % (Q1 13: 4.0 %).
EBIT	The chart <i>EBIT</i> shows the preceding quarters.

EBIT

quarterly, in € million



Q1 14 earnings before interest and taxes (EBIT) contracted by 88.4 % to € 0.3 million (Q1 13: € 2.5 million). This translates into an EBIT margin of 0.3 % (EBIT in percent of revenues, Q1 13: 3.1 %).

Financial income Financial income for the first three months amounted to € 8 thousand (Q1 13: € 13 thousand). Financial expenses were € 271 thousand (Q1 13: € 20 thousand). The financial result totalled € –263 thousand (Q1 13: € –7 thousand).

Income taxes In Q1 14 the expenditure for income taxes was € 10.5 thousand (Q1 13: € 0.9 million). This equates to a tax rate of 33.9 % (Q1 13: 33.8 %).

Net income Consolidated net income shrank from € 1.7 million by 98.8 % to € 20.4 thousand.

The table *Abridged P+L statement* summarises key income and expense items from multiple years' profit and loss statements.

Abridged P+L statement

in € thousand

	Q114	%	+	Q113	%	+	Q112	%
Revenues	94,283	100.0	16.0	81,275	100.0	–4.9	85,484	100.0
Other operating income	2,992	3.2	94.5	1,538	1.9	122.6	691	0.8
Total operating income	97,276	103.2	17.5	82,814	101.9	–3.9	86,175	100.8
Cost of goods sold	–71,199	–75.5	16.6	–61,055	–75.1	–3.7	–63,427	–74.2
Gross profit	26,076	27.7	19.8	21,758	26.8	–4.4	22,748	26.6
Personnel expenses	–3,636	–3.9	60.8	–2,262	–2.8	2.8	–2,201	–2.6
Other operating expenses	–20,062	–21.3	23.2	–16,283	–20.0	–1.0	–16,447	–19.2
EBITDA	2,378	2.5	–26.0	3,213	4.0	–21.6	4,100	4.8
Depreciation	–2,083	–2.2	209.3	–674	–0.8	0.3	–672	–0.8
EBIT	294	0.3	–88.4	2,539	3.1	–25.9	3,429	4.0
Net financial result	–263	–0.3	3830.3	–7	0.0	–81.9	–37	0.0
EBT	31	0.0	–98.8	2,532	3.1	–25.3	3,392	4.0
Income taxes	–10	0.0	–98.8	–856	–1.1	–20.2	–1,073	–1.3
Consolidated net income	20	0.0	–98.8	1,676	2.1	–27.7	2,319	2.7

Financial and assets position

Balance sheet

Inventories Among the current assets, inventories is the biggest line item. Since the beginning of the year stock grew by € 21.8 million or 29.9 % to € 94.7 million (31.12.2013: € 72.8 million). This corresponds to a share of 42.7 % of total assets (31.12.2013: 41.1 %, 31.03.2013: 50.4 %).

Receivables Trade receivables usually follow the seasons, but reporting date effects are often unavoidable. At the end of the quarter, the accounts receivable amounted to € 20.2 million (31.12.2013: € 11.3 million, 31.03.2013: € 13.3 million).

Payables In the wake of this inventory build-up, the accounts payable increased from an opening balance of € 74.7 million by 52.7 % to € 114.1 million.

As of 31.03.2014 the balance sheet total amounted to € 221.5 million (31.12.2013: € 177.0 million). Table *Abridged balance sheet* illustrates the low capital intensity of the business model.

Abridged balance sheet

in € thousand

	31.03.14	%	+	31.12.13	%	+	31.12.12	%
Assets								
Non-current assets	65,499	29.6	-1.8	66,698	37.7	333.4	15,391	9.8
Fixed assets	62,496	28.2	-2.9	64,368	36.4	342.7	14,540	9.3
Other non-current assets	3,003	1.4	28.8	2,330	1.3	173.7	852	0.5
Current assets	155,984	70.4	41.4	110,322	62.3	-21.7	140,982	90.2
Inventories	94,652	42.7	29.9	72,841	41.1	-1.7	74,107	47.4
Receivables	40,385	18.2	54.4	26,158	14.8	26.3	20,707	13.2
Liquidity	20,947	9.5	85.0	11,323	6.4	-75.5	46,168	29.5
Securities	0	0.0		0	0.0		0	0.0
Cash and cash equivalents	20,947	9.5	85.0	11,323	6.4	-75.5	46,168	29.5
Assets	221,482	100.0	25.1	177,020	100.0	13.2	156,374	100.0
Equity and Liabilities								
Long-term funds	73,120	33.0	13.1	64,635	36.5	-1.4	65,560	41.9
Equity	51,691	23.3	0.0	51,679	29.2	-17.5	62,636	40.1
Long-term debt	21,429	9.7	65.4	12,957	7.3	343.2	2,924	1.9
Provisions	262	0.1	3.9	252	0.1	64.2	154	0.1
Liabilities	21,167	9.6	66.6	12,704	7.2	358.6	2,770	1.8
Short-term debt	148,363	67.0	32.0	112,385	63.5	23.8	90,814	58.1
Provisions	1,974	0.9	-2.7	2,028	1.1	-6.8	2,177	1.4
Liabilities	146,388	66.1	32.7	110,357	62.3	24.5	88,637	56.7
Equity and Liabilities	221,482	100.0	25.1	177,020	100.0	13.2	156,374	100.0

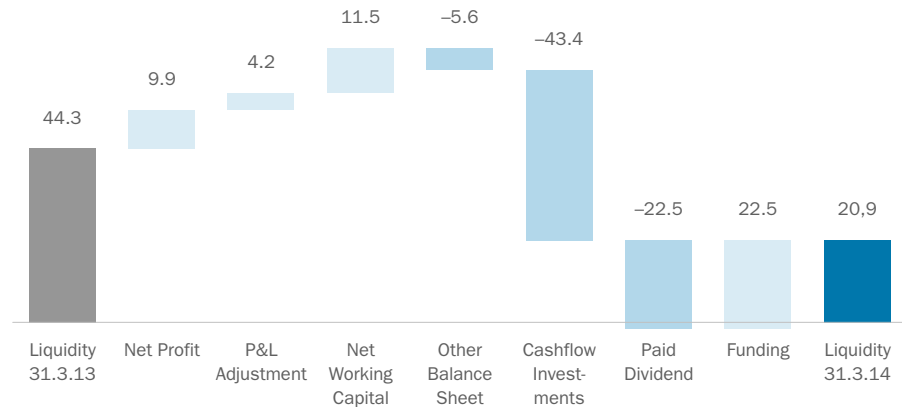
Liquidity position

Liquidity (cash and cash equivalents plus liquidity reserve) as of 31.03.2014 totalled € 20.9 million (31.12.2013: € 11.3 million, 31.03.2013: € 44.3 million). The company's net cash position amounted to € 8.7 million (liquidity less liabilities from current accounts, 31.03.2013: € 43.3 million).

Based on the cash flow, the chart *Liquidity Bridge* illustrates how the liquidity position changed in the trailing 12 months.

Liquidity Bridge

in € million

**Cash flow****Operating cash flow**

Due to the positive development in net working capital and higher depreciations, the Q1 14 cash flow from ordinary business activities (operating cashflow) of € 10.7 million was better than in the comparison period (Q1 13: € -1.4 million).

Investing activities

In the first quarter, Delticom invested € 0.2 million into property, plant and equipment (Q1 13: € 0.1 million). Q1 14 cash flow from investing activities amounted to just € -0.2 million (Q1 13: € -0.1 million).

Financing activities

Due to repayment of loans, the cash flow from financing activities amounted to € -0.9 million in the reporting period (Q1 13: € -0.4 million).

Organisation**Legal structure**

The following section lists the subsidiaries that are fully consolidated in the consolidated financial statements as of 31.03.2014:

- Reifendirekt GmbH, Hanover (Germany)
- Pnebo Gesellschaft für Reifengroßhandel und Logistik mbH, Hanover (Germany)
- Delticom Tyres Ltd., Oxford (United Kingdom)
- S.C. DELTICOM OE S.R.L. (change in name of NETIX S.R.L.), Timisoara (Romania)
- Delticom North America Inc., Benicia (California, USA)
- Wholesale Tire and Automotive Inc., Benicia (California, USA)

- Tirendo Holding GmbH, Berlin (Germany)
- Tirendo Deutschland GmbH, Berlin (Germany)
- RD Reifendirekt GmbH & Co. KG, Hanover (Germany)

An overview of all not-consolidated subsidiaries can be found in the notes.

Significant events after the reporting date

Current trading

Last year, the summer tyre business at the end of the first quarter was comparatively weak due to the cold weather conditions and the effect of Easter. Only from mid-April did the tyre changing business in Germany benefit from the catch-up effect.

The development in the current year is different: At the end of March, demand was much higher than in the previous year. As of the end of the first quarter, the E-Commerce order volume of € 98.7 million exceeded the prior year base of € 82.7 million (Delticom and Tirendo accumulated) by 19.3 %. However, some of the orders received at the end of March were only delivered at the beginning of the second quarter.

Demand outside Germany will be decisive for the further development of business in the second quarter.

Dividend

The Annual General Meeting on 29.04.2014 has decided on a dividend of € 0.50 per share- a decrease of 73.7 % of the previous year's dividend of € 1.90 per share.

Risk Report

As a company that operates internationally, Delticom is exposed to varying types of risk. In order to be able to identify, evaluate and respond to such risks in a timely fashion, Delticom put in place a risk management system early on. The system is based on corporate guidelines for the early risk detection and risk management.

An outline of the risk management process is presented in the Annual Report for fiscal year 2013 on pages 40ff, together with a list of key individual risks. Compared to the Annual Report 2013, the risk situation has not changed materially. Individual risks endangering the company do not exist, and considered together, the aggregate risk does not pose any danger to Delticom's going concern.

Outlook

Economic environment Although growth in emerging economies has subsided somewhat, the global economy continues to stabilise thanks to the major national economies.

Experts expect the economic recovery in the eurozone to continue in 2014. The economies of the Southern European peripheral countries are also improving gradually. However, high unemployment and weak domestic demand continue to pose problems in many countries. The low level of inflation in the eurozone is also fuelling deflation fears.

Tyre retail Unlike in 2013, the tyre trade was boosted by the early start to the summer business at the beginning of the year. The sales increase generated in the first quarter, however, is related to the extremely weak basis in the previous year. Weather-induced shifts are also fairly common.

Only the next few months will show to what extent the forecasts of individual market experts regarding a slight increase in the European replacement tyre business will materialise. As in the previous years, the development for the full year will be largely determined by the winter business.

Guidance unchanged Even if market and weather conditions do not turn out better than in the previous year, we anticipate a revenues increase of 10 % for the current financial year. In terms of overall earnings before interest, tax, depreciation and amortisation (EBITDA), we aim to be at least on par with the financial year 2013.

Consolidated Interim Financial Statements of Delticom AG

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Consolidated Income Statement

	01.01.2014 – 31.03.2014	01.01.2013 – 31.03.2013
in € thousand		
Revenues	94,283	81,275
Other operating income	2,992	1,538
Total operating income	97,276	82,814
Cost of goods sold	–71,199	–61,055
Gross profit	26,076	21,758
Personnel expenses	–3,636	–2,262
Depreciation of intangible assets and property, plant and equipment	–2,083	–674
Other operating expenses	–20,062	–16,283
Earnings before interest and taxes (EBIT)	294	2,539
Financial expenses	–271	–20
Financial income	8	13
Net financial result	–263	–7
Earnings before taxes (EBT)	31	2,532
Income taxes	–10	–856
Consolidated net income	20	1,676
Thereof allocable to:		
Shareholders of Delticom AG	20	1,676
Earnings per share (basic)	0.00	0.14
Earnings per share (diluted)	0.00	0.14

Statement of Recognised Income and Expenses

	01.01.2014 – 31.03.2014	01.01.2013 – 31.03.2013
in € thousand		
Consolidated Net Income	20	1,676
Changes in the financial year recorded directly in equity		
Income and expense that will not be reclassified to the statement of income at a later date		
Changes in currency translation	–1	34
Income and expense that will be reclassified to the statement of income at a later date		
Net Investment Hedge Reserve		
Changes in current value recorded directly in equity	–11	28
Deferred taxes relating to Net Investment Hedge Reserve	3	–9
Other comprehensive income for the period	–8	53
Total comprehensive income for the period	12	1,729

Consolidated Balance Sheet

Assets

in € thousand	31.03.2014	31.12.2013
Non-current assets	65,499	66,698
Intangible assets	51,384	52,826
Property, plant and equipment	10,279	10,708
Financial assets	833	833
Deferred taxes	2,551	1,867
Other receivables	452	463
Current assets	155,984	110,322
Inventories	94,652	72,841
Accounts receivable	20,183	11,260
Other current assets	19,105	12,594
Income tax receivables	1,096	2,305
Cash and cash equivalents	20,947	11,323
Assets	221,482	177,020

Shareholders' Equity and Liabilities

in € thousand	31.03.2014	31.12.2013
Equity	51,691	51,679
Subscribed capital	11,859	11,859
Share premium	24,446	24,446
Other components of equity	-158	-150
Retained earnings	200	200
Net retained profits	15,344	15,324
Liabilities	169,791	125,341
Non-current liabilities	21,429	12,957
Long-term borrowings	19,567	11,038
Non-current provisions	262	252
Deferred tax liabilities	1,600	1,667
Current liabilities	148,363	112,385
Provisions for taxes	427	182
Other current provisions	1,547	1,846
Accounts payable	114,096	74,703
Short-term borrowings	12,235	21,659
Other current liabilities	20,057	13,994
Shareholders' equity and liabilities	221,482	177,020

Consolidated Cash Flow Statement

	01.01.2014 – 31.03.2014	01.01.2013 – 31.03.2013
in € thousand		
Earnings before interest and taxes (EBIT)	294	2,539
Depreciation of intangible assets and property, plant and equipment	2,083	674
Changes in other provisions	–289	–169
Net gain on the disposal of assets	0	–41
Changes in inventories	–21,811	–12,802
Changes in receivables and other assets not allocated to investing or financing activity	–15,423	–5,184
Changes in payables and other liabilities not allocated to investing or financing activity	45,423	14,515
Interest received	8	11
Interest paid	–244	–29
Income tax paid	692	–920
Cash flow from operating activities	10,733	–1,406
Proceeds from the disposal of property, plant and equipment	0	57
Payments for investments in property, plant and equipment	–208	–135
Payments for investments in intangible assets	–4	–17
Payments for investments in financial assets	0	–5
Cash flow from investing activities	–212	–100
Cash inflow of financial liabilities	0	65
Cash outflow of financial liabilities	–896	–450
Cash flow from financing activities	–896	–385
Changes in cash and cash equivalents due to currency translation	–1	34
Cash and cash equivalents at the start of the period	11,323	46,168
Changes in cash and cash equivalents	9,624	–1,857
Cash and cash equivalents - end of period	20,947	44,311

For information only: Net-Cash

in € thousand	01.01.2014	01.01.2013
	– 31.03.2014	– 31.03.2013
Liquidity – start of period	11,323	46,168
Changes in cash and cash equivalents	9,624	–1,857
Liquidity – end of period	20,947	44,311
Net Cash – start of period	–21,374	43,013
Changes in cash and cash equivalents	9,624	–1,857
Changes in financial liabilities	896	385
Net Cash – end of period	–10,854	41,541
Net cash refer to short term financial liabilities:		
Net Cash – start of period	–10,337	45,263
Changes in cash and cash equivalents	9,624	–1,857
Changes in short term financial liabilities	9,425	–65
Net Cash – end of period	8,712	43,341
Net cash refer to long term financial liabilities:		
Net Cash – start of period	285	43,918
Changes in cash and cash equivalents	9,624	–1,857
Changes in long term financial liabilities	–8,529	450
Net Cash – end of period	1,380	42,511

Statement of Changes in Shareholders' Equity

in € thousand	Sub- scribed capital	Share premium	Reserve from currency translation	Net Invest- ment Hedge Reserve	Accumulated profits / losses			Total equity
					Retained earnings	Net retained profits	total	
as of 1 January 2013	11,847	24,311	-2	0	200	26,279	26,479	62,636
Total comprehensive income for the period			34	19		1,676	1,676	1,729
as of 31 March 2013	11,847	24,311	33	19	200	27,955	28,155	64,366
as of 1 January 2014	11,859	24,446	-181	31	200	15,324	15,523	51,679
Total comprehensive income for the period			-1	-7		20	20	12
as of 31 March 2014	11,859	24,446	-182	24	200	15,344	15,544	51,691

Notes to the Consolidated Interim Financial Statements of Delticom AG

Reporting companies

Delticom, Europe's leading online tyre retailer, was founded in Hanover in 1999. With 137 online shops in 42 countries, the company offers its private and business customers a broad assortment of car tyres, motorcycle tyres, truck tyres, bus tyres, special tyres, bicycle tyres, rims, complete wheels (pre-mounted tyres on rims), selected replacement car parts and accessories, motor oil and batteries. Further information about the reporting company can be found in the chapter *Business Operations* and in the chapter *Organisation* of the annual report 2013.

Employees

From 01.01.2014 to 31.03.2014 Delticom had an average of 248 employees (thereof 10 apprentices and interns). The calculation is based on full-time equivalents, thus taking into account the actual work hours.

Seasonal effects

In many countries, business with car replacement tyres depends to a large extent on the seasons with their different weather and road conditions. For example, the business in the northern parts of Europe and in German-speaking countries is characterized by two peak periods - the purchase of summer tyres in spring and winter tyres in early winter. Volume is generally weaker in the first quarter, as most winter tyres are bought and fitted with the first snow, and thus before the end of the year.

The second quarter is characterized by strong sales: the weather in April and May is usually quite warm and car drivers buy their new summer tyres.

The third quarter is a transitional quarter between the summer and winter business, with unit sales again being somewhat weaker.

In most European countries, the last quarter generates the highest sales as car drivers face difficult road conditions and become aware of the fact that they need new tyres.

Principles of accounting and consolidation, balance sheet reporting and valuation methods

Delticom's consolidated interim financial statements as of 31.03.2014 were prepared according to the *International Financial Reporting Standards* (IFRS), as prescribed by the International Accounting Standards Board (IASB), that were mandatory according to the European Union (EU) Directive. All applicable and mandatory IFRS standards on the balance sheet date were applied, especially IAS 34 (Interim Financial Reporting).

To the extent that there were no changes to standards requiring first-time application, the accounting, valuation and calculation methods explained in the 2013 Consolidated Financial Statements have also been applied in this set of interim financial statements, and apply correspondingly.

These interim financial statements contain all clarifications and information required for annual financial statements, and can therefore be read in conjunction with the annual financial statements as of 31.12.2013.

The Annual Report 2013 is made available on the Delticom website in the section *Investor Relations* or can be downloaded directly using the following link:

www.delti.com/Investor_Relations/Delticom_AnnualReport_2013.pdf

In contrast to the Annual Report 2013, no differentiation has been made between the reporting of the previous E-Commerce and Wholesale segments in the period under review. Delticom is therefore a one-segment company; this change means that the segment information previously reported in the interim reports is no longer presented.

Group of consolidated companies

The group of consolidated companies comprises Delticom AG as controlling company, five domestic and four foreign subsidiaries, all fully consolidated in the interim financial accounts.

Due to its negligible impact on Delticom's net assets, financial position and results of operations, the following companies are not consolidated, but instead recognized as a financial instrument pursuant to IAS 39.

The Tyrepac Pte. Ltd., Singapore of which Delticom owns 50.9 % of the shares, and Tyrepac's fully owned subsidiaries Hongkong Tyrepac Ltd., Hongkong and Guangzhou Tyrepac Trading Ltd., Guangzhou, China.

- 000 Delticom Shina, Moscow (Russia) of which Delticom owns 100 % of the shares
- Tirendo France Holding UG, Berlin (Germany) – 100 % subsidiary of Tirendo Holding GmbH – and its 100 % subsidiary Tirendo France SARL, Paris (France)
- Tirendo Netherlands Holding UG, Berlin (Germany) – 100 % subsidiary of Tirendo Holding GmbH – and its 100 % subsidiary Tirendo Netherlands B.V., Den Haag (Netherlands)
- Tirendo Austria Holding UG, Berlin (Germany) – 100 % subsidiary of Tirendo Holding GmbH – and its 100 % subsidiary Tirendo AT GmbH, Vienna (Austria)
- Tirendo Switzerland Holding UG, Berlin (Germany) – 100 % subsidiary of Tirendo Holding GmbH – and its 100 % subsidiary Tirendo Switzerland GmbH, Zug (Switzerland)
- Tirendo Poland Holding UG, Berlin (Germany) – 100 % subsidiary of Tirendo Holding GmbH – and its 100 % subsidiary Tirendo Poland sp.z.o.o., Warsaw (Poland)
- Tirendo Turkey Holding UG, Berlin (Deutschland) – 100 % Tochterunternehmen der Tirendo Holding GmbH

Compared with the Annual Report for fiscal year 2013 there were no changes in the group of consolidated companies.

Unusual items

No significant matters have arisen that affect the assets, liabilities, equity, result for the period, or cash flows, and which are unusual for Delticom AG's business due to their type, extent or frequency. Business trends are explained in the interim management report.

Profit and loss statement, balance sheet and statement of cash flow

Detailed information with regards to business trends and the profit and loss statement can be found in the chapter *Business performance and earnings situation* of the interim management report. The chapter *Financial and assets position* presents additional Information concerning the balance sheet and the cash flow statement.

Other operating expenses

The following table shows the development of the other operating expenses.

in € thousand	Q114	Q113
Transportation costs	7,250	7,105
Warehousing costs	937	706
Credit card fees	867	664
Bad debt losses and one-off loan provisions	510	458
Marketing costs	4,785	2,483
Operations centre costs	1,491	1,235
Rents and overheads	1,763	1,634
Financial and legal costs	969	464
IT and telecommunications	433	323
Expenses from exchange rate differences	402	814
Other	655	398
Total	20,062	16,283

Earnings per share

Basic earnings per share totalled € 0.00 (Q1 13: € 0.14). The diluted earnings per share totalled € 0.00 (Q1 13: € 0.14).

Calculation of earnings per share

Pursuant to IAS 33, undiluted (basic) earnings per share are calculated by dividing the consolidated net income of € 20,411.41 (previous year: € 1,676,106.11) by the 11,855,440 weighted average number of ordinary shares in circulation during the financial year (previous year: 11,847,440 shares).

During the year under review, there were 15,810 potential shares (financial instruments and other agreements which entitle their holders to subscribe to ordinary shares) from the tranche dated 22.11.2007, 37,500 potential shares from the tranche dated 08.05.2008, 17,500 potential shares from the tranche dated 25.11.2008 and 15,000 potential shares from the tranche dated 30.03.2009.

The exercise prices for the tranches 22.11.2007, 08.05.2008, 25.11.2008 and 30.03.2009 were below the average share prices since the options were issued. As a result all tranches are included in the diluted earnings per share.

The calculation of the diluted earnings per share was based (in accordance with IAS 33) on net income after taxes totalling € 20,411.41 (previous year: € 1,676,106.11) and the weighted average number of shares outstanding during the fiscal year and the number of potential shares from options totalling 11,945,250 shares (previous year: 11,945,250 shares).

Dividends

At Delticom's Annual General Meeting on 29.04.2014, the Management Board and the Supervisory Board will propose a dividend of € 0.50 per share (previous year: of € 1.90).

Related parties disclosure

Related companies and persons in the meaning of IAS 24 include the Managing and Supervisory boards of Delticom AG (*category persons in key positions*), the majority shareholders Binder GmbH and Prüfer GmbH (*category companies with a significant influence on the Group*), as well as not consolidated subsidiaries (*category not consolidated subsidiaries*).

All transactions with related parties are agreed contractually, and conducted on terms as would also be usual with third parties. Transactions which occurred during the interim reporting period did not have any significant effects on the earnings, financial and asset positions.

Related companies and persons (*Category persons in key positions*): In the reporting period, goods and services worth € 64 thousand (Q1 13: € 71 thousand) were purchased from related companies and persons, and goods and services worth € 0 thousand (Q1 13: € 0 thousand) were sold to related companies and persons. Accounts receivable from business with related companies and persons amounted to € 0 thousand (Q1 13: € 1 thousand) and accounts payable totalled € 25 thousand (Q1 13: € 35 thousand).

Related companies and persons (*category not consolidated subsidiaries*): In the reporting period, goods and services worth € 0 thousand (Q1 13: € 0 thousand) were purchased from related companies and persons, and goods and services worth € 278 thousand (Q1 13: € 989 thousand) were sold to related companies and persons. Accounts receivable from business with related companies and persons amounted to € 665 thousand (Q1 13: € 1,050 thousand) and accounts payable totalled € 0 thousand (Q1 13: € 0 thousand).

Contingent liabilities and other financial commitments

As compared to 31.12.2013, the situation with regards to other financial commitments has not changed significantly:

As of the reporting date, there were no contingent liabilities or claims.

Key events after the reporting date

There were no key events that occurred after the reporting date.

Declaration according to section 37w Abs. 5 WpHG (Securities Act)

The interim financial statements and the interim management report has not been reviewed by our auditors.

German Corporate Governance Codex

The website www.delti.com/Investor_Relations/Entsprechungserklaerung.html shows the current statements made by the Managing and Supervisory boards of Delticom AG pursuant to Section 161 of the German Public Limited Companies Act (AktG).

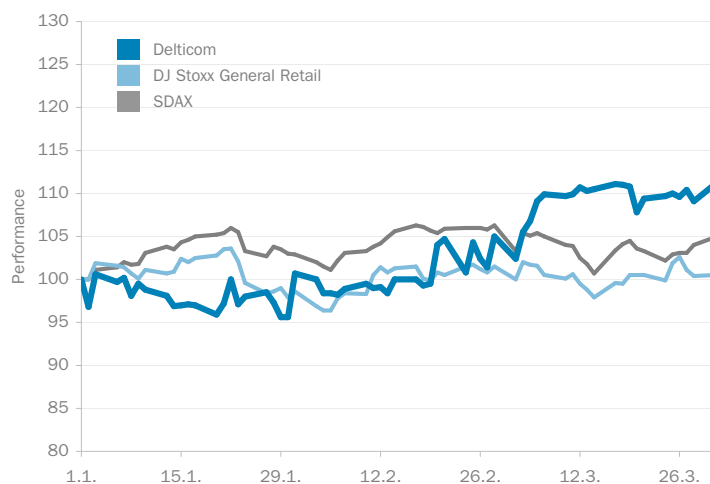
Responsibility Statement

To the best of our knowledge, we declare that, according to the principles of proper interim consolidated reporting applied, the interim consolidated financial statements provide a true and fair view of the company's net assets, financial position and results of operations, that the interim consolidated management report presents the company's business including the results and the company's position such as to provide a true and fair view and that the major opportunities and risks of the company's anticipated growth for the remaining financial year are described.

Hanover, 15.05.2014

(The Management Board)

The Delticom Share



WKN
ISIN
Reuters / Bloomberg
Index membership
Type of shares
Transparency level

14 August 2014
13 November 2014
24 November 2014

514680
DE0005146807
DEXGn.DE / DEX GR
SDAX, CXPR, GEX, NISAX
No-par value, registered
Prime Standard

full H1 report
full Q3 report
German Equity Forum

		01.01.2014 – 31.03.2014	01.01.2013 – 31.12.2013
Number of shares	shares	11,859,440	11,859,440
Share price on first trading day ¹	€	30.98	67.00
Share price on last trading day of the period ¹	€	35.54	32.30
Share performance ¹	%	+14.7	–51.8
Share price high/low ¹	€	35.55 / 30.60	82,51 / 30,74
Market capitalisation ²	€ million	421.5	383.1
Average trading volume per day (XETRA)	shares	19,950	28,309
EPS (undiluted)	€	0.00	0.97
EPS (diluted)	€	0.00	0.97
Equity per share	€	4.36	4.36

(1) based on closing prices

(2) based on official closing price at end of quarter

Broker	Analyst	Recommendation	Target price	Estimates for 2014				Estimates for 2015			
				Sales (€m)	EBIT (€m)	EBIT (%)	EPS (€)	Sales (€m)	EBIT (€m)	EBIT (%)	EPS (€)
NordLB	Frank Schwope	Sell	31.00	581.0	16.5	2.8	0.92	623.0	17.6	2.8	0.99
Metzler	Jürgen Pieper	Buy	42.00	588.0	17.0	2.9	0.80	656.0	28.0	4.3	1.36
Exane	Andreas Inderst	Outperform	46.00	588.0	21.1	3.6	1.17	684.0	30.9	4.5	1.75
Deutsche Bank	Tim Rokossa	Hold	35.00	584.0	27.0	4.6	1.47	667.0	35.0	5.2	2.02
Commerzbank	Dennis Schmitt	Hold	35.00	580.0	16.8	2.9	0.95	664.0	24.9	3.8	1.41
Hauk & Aufhäuser	Sascha Berresch	Sell	25.00	587.1	22.4	3.8	1.21	628.2	29.2	4.6	1.61
Montega	Tim Kruse	Sell	28.50	575.0	20.7	3.6	1.16	680.0	28.7	4.2	1.62
Warburg	Marc-René Tonn	Buy	41.00	586.0	16.2	2.8	0.87	665.5	27.6	4.1	1.52
		Average	35.44	583.6	19.7	3.4	1.07	658.5	27.7	4.2	1.54

as of 12 May 2014

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