



3-Monthly Report 2015

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 41,000 service partners (9,500 in Germany alone) for professional fitting directly on to the customer's vehicle at a reasonable price.

Key Figures

		01.01.2015 – 31.03.2015	01.01.2014 – 31.03.2014	–/+ (%, %p)
Revenues	€ million	111.3	94.3	+18.1
Total income	€ million	115.6	97.3	+18.8
Gross margin ¹	%	22.0	24.5	–2.5
Gross profit ²	€ million	24.5	23.1	+6.2
EBIT	€ million	–1.4	0.3	–559.5
EBIT margin ³	%	–1.2	0.3	–1.5
Net income	€ million	–1.4	0.0	–6908.5
Earnings per share ⁴	€	–0.11	0.00	–6468.6
Total assets	€ million	187.3	221.5	–15.4
Inventories	€ million	73.6	94.7	–22.3
Investments ⁵	€ million	0.2	0.2	+11.7
Capital Employed ⁶	€ million	64.8	73.1	–11.4
Return on Capital Employed ⁷	%	–2.1	0.4	–2.5
Equity	€ million	49.4	51.7	–4.4
Equity ratio	%	26.4	23.3	+3.0
Return on equity	%	–2.8	0.0	–2.9
Liquidity position ⁸	€ million	20.1	21.1	–4.8
Operating cash flow	€ million	–9.2	10.7	
Free cash flow ⁹	€ million	–9.4	10.5	

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

(2) Gross profit ex other operating income

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

(4) Undiluted

(5) Investments in tangible and intangible assets

(6) Capital Employed = total assets – current liabilities

(7) ROCE = EBIT / Capital Employed

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

(9) 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 In the first quarter, the European economy registered slight growth on the back of a weak euro and low oil prices, fuelled by exports. The economic uptrend and lower rate of unemployment in many countries also led to an improvement in consumer confidence in Europe in the first quarter of 2015, especially in Western and Southern European countries. However, the degree of recovery differs greatly from country to country. The situation in Eastern Europe continues to be dominated by developments in Ukraine and economic sanctions against Russia. In Germany, the labour market continued to benefit from the strong economy. Thanks to high wage levels and low energy prices, the purchasing power of private households remained robust.

Tyre markets According to initial estimates by industrial associations, the replacement tyre business in Germany in the first quarter of 2015 was unable to continue the strong trend seen at the start of 2014. While winter tyre sales were up by 4.4 %, summer tyre sales were down by almost 15 %. This was due to the changeable weather, which led consumers to delay changing their tyres. In the previous year's period, the summer tyre business got off to an early start thanks to spring-like temperatures in March.

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

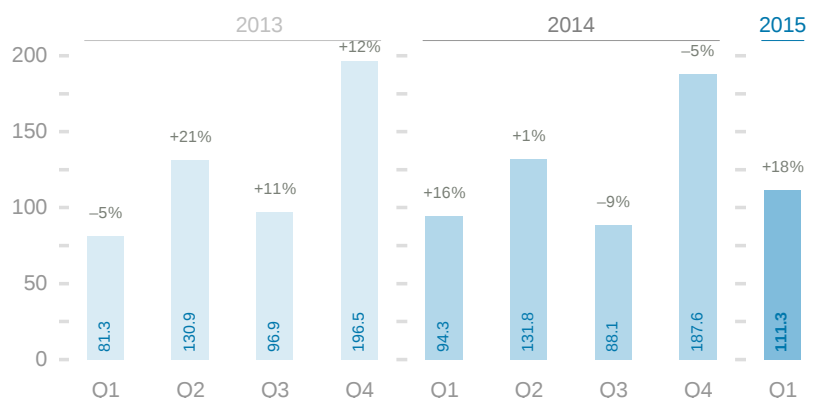
Group Delticom, Europe's leading online tyre retailer, generates the bulk of its revenues through sales of replacement tyres for cars, motorcycles, trucks and industrial vehicles.

In Q1 15 the company recognised revenues of € 111.3 million, an increase of 18.1 % after € 94.3 million in the prior-year period.

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 188 online shops were up year-on-year by 18.5 %, from € 91.9 million to € 108.9 million. The share of divisional revenues amounted to 97.8 %, compared to 97.4 % in the previous year.

Customer numbers

In Q1 15 the company was able to acquire a total of 207 thousand new customers (Q1 14: 197 thousand, Delticom and Tirendo accumulated, +5.2 %). In the course of the financial year 2014, Delticom modified the way in which it calculates its customer numbers. As a consequence, the previous year's figure differs from the figures stated in the 3-Monthly Report 2014. Customers who purchased for the first time at both Delticom and Tirendo in Q1 15 were offset. In Q1 15 a total of 238 thousand existing customers (Q1 14: 200 thousand, +19.2 % - based on new calculation methodology) made repeat purchases at Delticom group.

Regional split

The group offers its product range in 42 countries. Revenues in EU countries totalled € 83.9 million (+13.2 %). Across all non-EU countries the revenue contribution for Q1 15 was € 27.5 million (+36.2 %).

Revenues by region

in € thousand

	Q115	%	+	Q114	%	+	Q113	%
Revenues	111,339	100.0	18.1	94,283	100.0	16.0	81,275	100.0
Regions								
EU	83,871	75.3	13.2	74,121	78.6	19.3	62,121	76.4
Rest	27,469	24.7	36.2	20,163	21.4	5.3	19,155	23.6

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 21.9 % from € 71.2 million in Q1 14 to € 86.8 million in Q1 15.

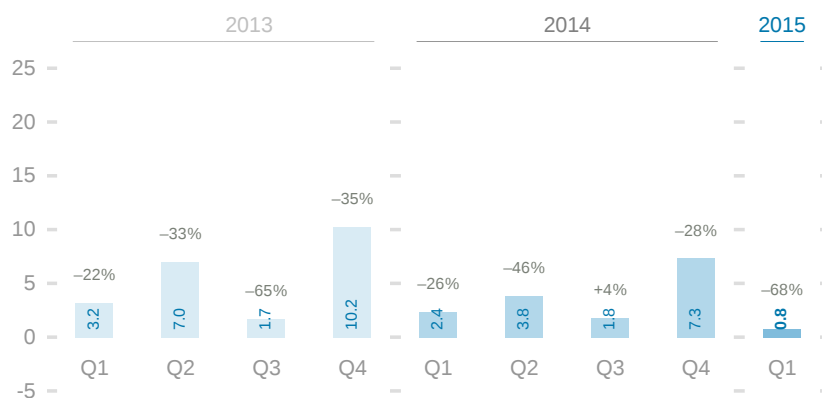
Personnel expenses	On 31.03.2015, the company employed a total of 154 employees. 137 of them (including trainees) worked for Delticom and the remaining 17 for Tirendo (Q1 14: 147). In the reporting period Delticom group employed an average of 140 staff members (Q1 14: 278). Personnel expenses amounted to € 2.2 million (Q1 14: € 3.6 million, –39.6 %). This decrease is mainly due to the significant workforce reduction at Tirendo. The personnel expenses ratio in the first quarter came to 2.0 % (staff expenditures as percentage of revenues, Q1 14: 3.9 %).
Warehousing	Rents and overheads remained with € 1.8 million nearly unchanged (Q1 14: € 1.8 million, –0.1 %). Stocking costs amounted to € 1.1 million, after € 0.9 million in Q1 14 (+17.8 %).
Transportation costs	Among the other operating expenses, transportation costs is the largest line item. The increase from € 7.2 million by 34.1 % to € 9.7 million is mainly due to sales country-mix and the higher business volume. The share of transportation costs against revenues increased in the reporting period from 7.7 % in Q1 14 to 8.7 % in Q1 15.
Marketing	Group marketing expenses in Q1 15 were increased by 9.9 % from € 4.8 million to € 5.3 million to push an early start into the summer tyre business. Q1 15 marketing spent with 4.7 % of revenues was lower than last year's 5.1 %.
Depreciation	Depreciation for Q1 15 remained with € 2.1 million nearly unchanged (Q1 14: € 2.1 million, +1.4 %).

Earnings position

Gross margin	The gross margin for the first quarter was set to 22.0 %, after 24.5 % in Q1 14.
Other operating income	Other operating income for the first quarter was € 4.2 million (Q1 14: € 3.0 million), thereof gains from exchange rate differences to the order of € 2.1 million (Q1 14: € 0.6 million). FX losses are accounted for in the other operating expenses. In Q1 15 the FX losses amounted to € 2.3 million (Q1 14: € 0.4 million). In the reporting period, the balance from FX gains and losses was € –0.1 million (Q1 14: € 0.2 million).
Gross profit	Altogether, the gross profit increased in the reporting period by 10.2 % year-on-year, from € 26.1 million to € 28.7 million. Gross profit in relation to total income of € 115.6 million (Q1 14: € 97.3 million) totalled 24.9 % (Q1 14: 26.8 %).
EBITDA	Earnings before interest, taxes, depreciation and amortization (EBITDA) for the reporting period came in at € 0.8 million (Q1 14: € 2.4 million). The 68.0 % drop is mainly attributable to the volume-related increase in costs. EBITDA margin for the period under review stood at 0.7 % (Q1 14: 2.5 %).

EBITDA

quarterly, in € million

**EBIT**

Q1 15 earnings before interest and taxes (EBIT) contracted to € –1.4 million (Q1 14: € 0.3 million). This translates into an EBIT margin of –1.2 % (EBIT in percent of revenues, Q1 14: 0.3 %).

Financial income

Financial income for the first three months amounted to € 8 thousand (Q1 14: € 8 thousand). Financial expenses were € 96 thousand (Q1 14: € 271 thousand). The financial result totalled € –88 thousand (Q1 14: € –263 thousand).

Income taxes

In the reporting period, deferred taxes led to tax income of € 50.2 thousand. In Q1 14, the expenditure for income taxes was € 10.5 thousand.

Net income

Consolidated net income shrank in the reporting period from € 20 thousand in Q1 14 to € –1,390 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

	Q115	%	+	Q114	%	+	Q113	%
Revenues	111,339	100.0	18.1	94,283	100.0	16.0	81,275	100.0
Other operating income	4,218	3.8	41.0	2,992	3.2	94.5	1,538	1.9
Total operating income	115,557	103.8	18.8	97,276	103.2	17.5	82,814	101.9
Cost of goods sold	-86,814	-78.0	21.9	-71,199	-75.5	16.6	-61,055	-75.1
Gross profit	28,744	25.8	10.2	26,076	27.7	19.8	21,758	26.8
Personnel expenses	-2,196	-2.0	-39.6	-3,636	-3.9	60.8	-2,262	-2.8
Other operating expenses	-25,787	-23.2	28.5	-20,062	-21.3	23.2	-16,283	-20.0
EBITDA	761	0.7	-68.0	2,378	2.5	-26.0	3,213	4.0
Depreciation	-2,112	-1.9	1.4	-2,083	-2.2	209.3	-674	-0.8
EBIT	-1,352	-1.2	-559.5	294	0.3	-88.4	2,539	3.1
Net financial result	-88	-0.1	-66.4	-263	-0.3	3830.3	-7	0.0
EBT	-1,440	-1.3	-4765.1	31	0.0	-98.8	2,532	3.1
Income taxes	50	0.0	-580.1	-10	0.0	-98.8	-856	-1.1
Consolidated net income	-1,390	-1.2	-6908.5	20	0.0	-98.8	1,676	2.1

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 € 17.4 million or 31.0 % to € 73.6 million (31.12.2014: € 56.2 million). This corresponds to a share of 39.3 % of total assets (31.12.2014: 34.2 %, 31.03.2014: 42.7 %).

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 € 23.0 million (31.12.2014: € 14.5 million, 31.03.2014: € 20.2 million).

Payables

In the wake of this inventory build-up, the accounts payable increased from an opening balance of € 75.9 million by 27.3 % to € 96.6 million.

As of 31.03.2015 the balance sheet total amounted to € 187.3 million (31.12.2014: € 164.0 million). Table *Abridged balance sheet* illustrates the low capital intensity of the business model.

Abridged balance sheet

in € thousand

	31.03.15	%	±%	31.12.14	%	31.12.13	%
Assets							
Non-current assets	56,404	30.1	-3.0	58,135	35.4	66,698	37.7
Fixed assets	55,088	29.4	-3.3	56,952	34.7	64,368	36.4
Other non-current assets	1,316	0.7	11.2	1,183	0.7	2,330	1.3
Current assets	130,930	69.9	23.7	105,872	64.6	110,322	62.3
Inventories	73,570	39.3	31.0	56,151	34.2	72,841	41.1
Receivables	36,685	19.6	85.8	19,745	12.0	26,158	14.8
Liquidity	20,675	11.0	-31.0	29,975	18.3	11,323	6.4
Securities	0	0.0		0	0.0	0	0.0
Cash and cash equivalents	20,675	11.0	-31.0	29,975	18.3	11,323	6.4
Assets	187,334	100.0	14.2	164,007	100.0	177,020	100.0
Equity and Liabilities							
Long-term funds	64,812	34.6	-3.2	66,943	40.8	64,635	36.5
Equity	49,416	26.4	-1.7	50,293	30.7	51,679	29.2
Long-term debt	15,396	8.2	-7.5	16,651	10.2	12,957	7.3
Provisions	401	0.2	14.2	351	0.2	252	0.1
Liabilities	14,995	8.0	-8.0	16,300	9.9	12,704	7.2
Short-term debt	122,522	65.4	26.2	97,064	59.2	112,385	63.5
Provisions	2,160	1.2	-8.7	2,367	1.4	2,028	1.1
Liabilities	120,362	64.2	27.1	94,698	57.7	110,357	62.3
Equity and Liabilities	187,334	100.0	14.2	164,007	100.0	177,020	100.0

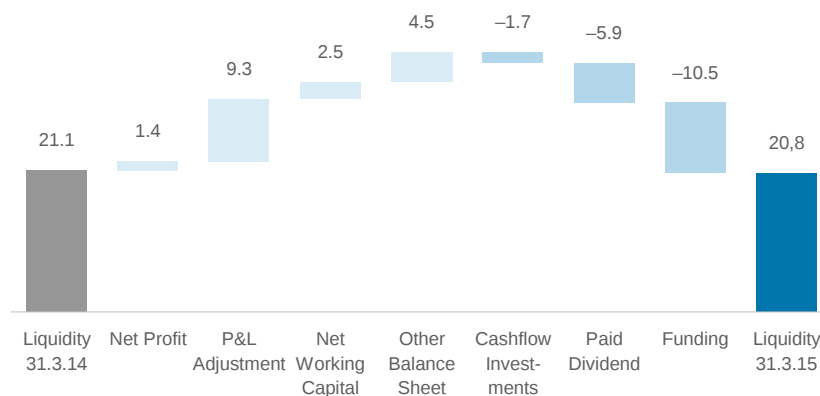
Liquidity position

Liquidity (cash and cash equivalents plus liquidity reserve) as of 31.03.2015 totalled € 20.1 million (31.12.2014: € 29.9 million, 31.03.2014: € 21.1 million). The company's net cash position amounted to € 14.8 million (liquidity less liabilities from current accounts, 31.03.2014: € 8.7 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 development in net working capital, the Q1 15 cash flow from ordinary business activities (operating cashflow) of € –9.2 million was significantly lower than in the comparison period (Q1 14: € 10.7 million).
Investing activities	In the first quarter, Delticom invested € 75 thousand into property, plant and equipment and € 158 thousand in intangible assets. Q1 15 cash flow from investing activities amounted to € –0.2 million (Q1 14: € –0.2 million).
Financing activities	Due to repayment of loans of € –1.1 million and the raising of financial liabilities of € 0.7 million, the cash flow from financing activities amounted to € –0.4 million in the reporting period (Q1 14: € –0.9 million).

Organisation

Legal structure

The following section lists the subsidiaries that are fully consolidated in the consolidated financial statements as of 31.03.2015:

- Delticom North America Inc., Benicia (California, USA)
- Delticom OE S.R.L., Timisoara (Romania)
- Delticom Tyres Ltd., Oxford (United Kingdom)
- Deltiparts GmbH, Hanover (Germany)
- Giga GmbH, Hamburg (Germany)
- Pnebo Gesellschaft für Reifengroßhandel und Logistik mbH, Hanover (Germany)
- Reife tausend1 GmbH, Hanover (Germany)
- Tirendo Deutschland GmbH, Berlin (Germany)
- Tirendo Holding GmbH, Berlin (Germany)
- Toroleo Tyres GmbH, Schönefeld (Germany)
- Toroleo Tyres TT GmbH & Co.KG, Schönefeld (Germany)
- Tyrepac Pte. Ltd., Singapore
- Wholesale Tire and Automotive Inc., Benicia (California, USA)

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

Significant events after the reporting date

Dividend

The Annual General Meeting on 05.05.2015 has decided on a dividend of € 0.25 per share, a decrease of 50.0 % compared to the previous year's dividend of € 0.50 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 2014 on pages 46ff, together with a list of key individual risks. Compared to the Annual Report 2014, 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

According to the International Monetary Fund, the global economy is only staging a gradual recovery. Not all countries have digested the impact of the global economic and financial crisis.

Experts forecast stronger economic growth in Europe compared to 2014. However, the degree of recovery differs greatly from country to country. Although reform countries such as Spain and Portugal have since registered slight growth, unemployment remains high despite subsiding unemployment figures.

Due to the currently weak euro, the economy in the eurozone is primarily benefiting from rising exports. In view of the declining unemployment rate, consumers are now also more optimistic. It is still unclear to what extent the eurozone has laid the foundation in the last months for sustainable recovery.

Tyre retail

Unlike the previous year, the tyre retail business was not boosted by an early start to the summer business at the beginning of the reporting year. Only the coming months will show to what degree the forecasts of individual market experts regarding a slight recovery in the replacement tyre business will materialise in the current year. For Germany, the German association of tyre dealers (BRV, Bundesverband Reifenhandel und Vulkaniseurhandwerk e.V.) cautiously estimates that there will be no widespread improvement in the situation in 2015 compared to the previous year.

The fourth quarter is an important quarter in tyre trade due to the winter business. As a result of the mild winter in 2014, excess inventories for winter goods cannot be ruled out in the supply chain. If the coming winter also turns out to be mild, sales prices could come under pressure as well.

Guidance unchanged

The first quarter only has a comparatively small importance relative to the whole year and in particular with regard to profitability. Delticom will continue to tenaciously strive for cost optimization in 2015 to reach the full-year guidance.

At the current time, there is still major uncertainty when it comes to market and price development in the European replacement tyre business in 2015.

Revenues

The management of Delticom is planning on increasing sales volume in 2015 to exceed that of the previous year. In the case of a deflationary price climate Delticom considers it conceivable that this increase in sales will not necessarily result in a corresponding increase in revenues. For fiscal year 2015, the management continues to aim for revenues in absolute terms at least on par with fiscal year 2014.

EBITDA

An increase in unit sales results in a rise in volume-based costs. Should these rise more sharply in 2015 than revenues, a positive volume effect could have a negative impact on earnings. Irrespective of this, we are aiming to match at least 2014 EBITDA in 2015 in absolute terms.

Consolidated Interim Financial Statements of Delticom AG

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Consolidated Income Statement

	01.01.2015 – 31.03.2015	01.01.2014 – 31.03.2014
in € thousand		
Revenues	111,339	94,283
Other operating income	4,218	2,992
Total operating income	115,557	97,276
Cost of goods sold	–86,814	–71,199
Gross profit	28,744	26,076
Personnel expenses	–2,196	–3,636
Depreciation of intangible assets and property, plant and equipment	–2,112	–2,083
Other operating expenses	–25,787	–20,062
Earnings before interest and taxes (EBIT)	–1,352	294
Financial expenses	–96	–271
Financial income	8	8
Net financial result	–88	–263
Earnings before taxes (EBT)	–1,440	31
Income taxes	50	–10
Consolidated net income	–1,390	20
Thereof allocable to:		
Non-controlling interests	–85	0
Shareholders of Delticom AG	–1,305	20
Earnings per share (basic)	–0.11	0.00
Earnings per share (diluted)	–0.11	0.00

Statement of Recognised Income and Expenses

	01.01.2015 – 31.03.2015	01.01.2014 – 31.03.2014
in € thousand		
Consolidated Net Income	1,390	20
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	525	–1
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	–16	–11
Deferred taxes relating to Net Investment Hedge Reserve	5	3
Other comprehensive income for the period	513	–8
Total comprehensive income for the period	–876	12
Attributable to non-controlling interests	–177	0
Attributable to shareholders of the parent	–699	12

Consolidated Balance Sheet

Assets

in € thousand	31.03.2015	31.12.2014
Non-current assets	56,404	58,135
Intangible assets	46,564	47,949
Property, plant and equipment	8,497	8,978
Financial assets	27	25
Deferred taxes	779	705
Other receivables	538	478
Current assets	130,930	105,872
Inventories	73,570	56,151
Accounts receivable	23,018	14,489
Other current assets	12,283	4,707
Income tax receivables	1,384	549
Cash and cash equivalents	20,675	29,975
Assets	187,334	164,007

Shareholders' Equity and Liabilities

in € thousand	31.03.2015	31.12.2014
Equity	49,416	50,293
Equity attributable to Delticom AG shareholders	48,606	49,305
Subscribed capital	11,945	11,945
Share premium	25,372	25,372
Other components of equity	642	128
Retained earnings	200	200
Net retained profits	10,448	11,659
Non-controlling interests	810	988
Liabilities	137,917	113,715
Non-current liabilities	15,396	16,651
Long-term borrowings	14,292	15,367
Non-current provisions	401	351
Deferred tax liabilities	703	933
Current liabilities	122,522	97,064
Provisions for taxes	947	845
Other current provisions	1,213	1,521
Accounts payable	96,642	75,920
Short-term borrowings	5,082	4,424
Other current liabilities	18,638	14,354
Shareholders' equity and liabilities	187,334	164,007

Consolidated Cash Flow Statement

in € thousand	01.01.2015 – 31.03.2015	01.01.2014 – 31.03.2014
Earnings before interest and taxes (EBIT)	-1,352	294
Depreciation of intangible assets and property, plant and equipment	2,112	2,083
Changes in other provisions	-258	-289
Net gain on the disposal of assets	-92	0
Changes in inventories	-17,419	-21,811
Changes in receivables and other assets not allocated to investing or financing activity	-16,079	-15,423
Changes in payables and other liabilities not allocated to investing or financing activity	25,012	45,423
Interest received	8	8
Interest paid	-113	-244
Income tax paid	-987	692
Cash flow from operating activities	-9,168	10,733
Proceeds from the disposal of property, plant and equipment	7	0
Payments for investments in property, plant and equipment	-88	-208
Payments for investments in intangible assets	-158	-4
Payments for investments in financial assets	-2	0
Cash flow from investing activities	-241	-212
Capital transactions with non-controlling interests	0	0
Cash inflow of financial liabilities	658	0
Cash outflow of financial liabilities	-1,075	-896
Cash flow from financing activities	-417	-896
Changes in cash and cash equivalents due to currency translation	525	-1
Cash and cash equivalents at the start of the period	29,975	11,323
Changes in cash and cash equivalents	-9,826	9,624
Changes in consolidation scope	0	0
Cash and cash equivalents - end of period	20,675	20,947

For information only: Net-Cash

in € thousand	01.01.2015	01.01.2014
	– 31.03.2015	– 31.03.2014
Liquidity – start of period	29,927	11,500
Changes in cash and cash equivalents	–9,826	9,624
Liquidity – end of period	20,101	21,124
Net Cash – start of period	10,137	–21,197
Changes in cash and cash equivalents	–9,826	9,624
Changes in financial liabilities	417	896
Net Cash – end of period	728	–10,677
Net cash refer to short term financial liabilities:		
Net Cash – start of period	25,326	–10,337
Changes in cash and cash equivalents	–9,826	9,624
Changes in short term financial liabilities	–658	9,425
Net Cash – end of period	14,842	8,712
Net cash refer to long term financial liabilities:		
Net Cash – start of period	14,383	285
Changes in cash and cash equivalents	–9,826	9,624
Changes in long term financial liabilities	1,075	–8,529
Net Cash – end of period	5,632	1,380

Statement of Changes in Shareholders' Equity

in € thousand	Sub- scribed capital	Share premium	Reserve from currency translation	Net Invest- ment Hedge Reserve	Retained earnings	Net retained profits	Total	Non-con- trolling in- terests	Total equity
as of 1 January 2014	11,859	24,446	-181	31	200	15,324	51,679	0	51,679
Net income						20	20		20
Other comprehensive in- come			-1	-7			-8		-8
Total comprehensive income			-1	-7		20	12		12
as of 31 March 2014	11,859	24,446	-182	24	200	15,344	51,691	0	51,691
as of 1 January 2015	11,945	25,372	115	13	200	11,659	49,305	988	50,292
Transactions between controlling and non-con- trolling shareholders									
Net income						-1,305	-1,305	-85	-1,390
Other comprehensive in- come			525	-11		93	606	-93	513
Total comprehensive income			525	-11		-1,212	-699	-177	-876
as of 31 March 2015	11,945	25,372	640	2	200	10,447	48,606	810	49,416

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 188 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 2014.

Employees

From 01.01.2015 to 31.03.2015 Delticom had an average of 140 employees (thereof 6 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 31.03.2015 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 2014 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 31.12.2014.

The Annual Report 2014 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_2014.pdf

During fiscal year 2014 management reporting was changed. There is no differentiation between the reporting of the previous E-Commerce and Wholesale segments any longer. 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, eight domestic and five 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.

- 000 Delticom Shina, Moscow (Russia) of which Delticom owns 100 % of the shares
- Tirendo France SAS, Paris (France) - 100 % subsidiary of Tirendo Holding GmbH
- Tirendo Netherlands B.V., Den Haag (Netherlands) -100 % subsidiary of Tirendo Holding GmbH
- Tirendo AT GmbH, Vienna (Austria) - 100 % subsidiary of Tirendo Holding GmbH
- Tirendo Switzerland GmbH, Zug (Switzerland) - 100 % subsidiary of Tirendo Holding GmbH
- Tirendo Poland sp.z.o.o., Warsaw (Poland) - 100 % subsidiary of Tirendo Holding GmbH

Compared with the Annual Report for fiscal year 2014 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	Q115	Q114
Transportation costs	9,723	7,250
Warehousing costs	1,104	937
Credit card fees	986	867
Bad debt losses and one-off loan provisions	686	510
Marketing costs	5,258	4,785
Operations centre costs	1,751	1,491
Rents and overheads	1,762	1,763
Financial and legal costs	879	969
IT and telecommunications	533	433
Expenses from exchange rate differences	2,284	402
Other	819	655
Total	25,787	20,062

Earnings per share

Basic earnings per share totalled € –0.11 (Q1 14: € 0.00). The diluted earnings per share totalled € –0.11 (Q1 14: € 0.00).

Calculation of earnings per share

Pursuant to IAS 33, undiluted (basic) earnings per share are calculated by dividing the consolidated net income of € –1,305,199.33 (previous year: € 20,411.41) by the 11,945,250 weighted average number of ordinary shares in circulation during the financial year (previous year: 11,855,440 shares).

Up to 30.04.2014 were given 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 € –1,389,719.76 (previous year: € 20,411.41) 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 05.05.2015, the Management Board and the Supervisory Board will propose a dividend of € 0.25 per share (previous year: of € 0.50).

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 € 15 thousand (Q1 14: € 64 thousand) were purchased from related companies and persons, and goods and services worth € 1 thousand (Q1 14: € 0 thousand) were sold to related companies and persons. Accounts receivable from business with related companies and persons amounted to € 0 thousand (Q1 14: € 0 thousand) and accounts payable totalled € 1 thousand (Q1 14: € 25 thousand).

Related companies and persons (category *not consolidated subsidiaries*): In the reporting period, goods and services worth € 0 thousand (Q1 14: € 0 thousand) were purchased from related companies and persons, and goods and services worth € 0 thousand (Q1 14: € 278 thousand) were sold to related companies and persons. Accounts receivable from business with related companies and persons amounted to € 187 thousand (Q1 14: € 665 thousand) and accounts payable totalled € 0 thousand (Q1 14: € 0 thousand).

Contingent liabilities and other financial commitments

As compared to 31.12.2014, 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).

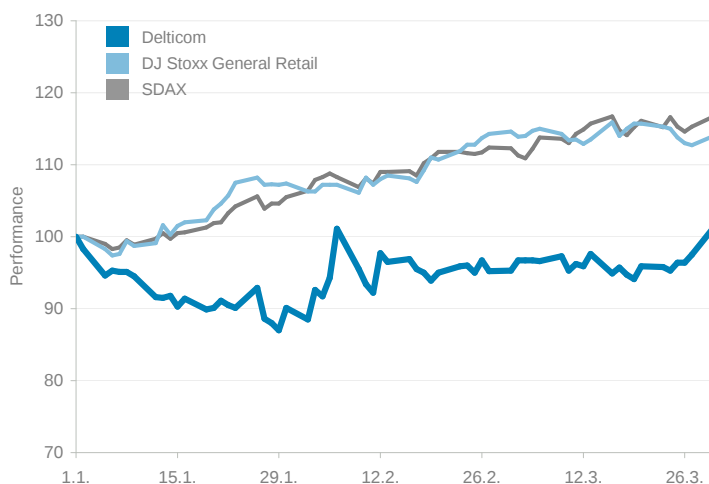
Responsibility Statement

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, 13.05.2015

(The Management Board)

The Delticom Share



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

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

13 August 2015
12 November 2015
23 November 2015

6-monthly report 2015
9-monthly report 2015
German Equity Forum
Frankfurt

		01.01.2015 – 31.03.2015	01.01.2014 – 31.12.2014
Number of shares	shares	11,945,250	11,945,250
Share price on first trading day ¹	€	18.61	30.98
Share price on last trading day of the period ¹	€	19.19	18.92
Share performance ¹	%	+3.1	–38.9
Share price high/low ¹	€	19.19 / 16.46	38.41 / 14.55
Market capitalisation ²	€ million	229.2	226.0
Average trading volume per day (XETRA)	shares	10,543	19,435
EPS (undiluted)	€	–0.11	0.24
EPS (diluted)	€	–0.11	0.24
Equity per share	€	4.14	4.21

(1) based on closing prices

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

Broker	Analyst	Recommendation	Target price	Estimates for 2015					Estimates for 2016				
				Sales (€m)	EBITDA (€m)	EBIT (€m)	EBIT (%)	EPS (€)	Sales (€m)	EBITDA (€m)	EBIT (€m)	EBIT (%)	EPS (€)
NordLB	Frank Schwope	Buy	23.00	532.0	18.1	12.6	2.4	0.70	561.0	20.9	14.8	2.4	0.70
Commerzbank	Andreas Riemann	Hold	19.00	527.0	21.9	14.5	2.8	0.81	564.0	27.7	19.8	2.8	0.81
Hauck	Sascha Berresch	Sell	12.00	506.7	15.7	10.9	2.2	0.57	527.0	20.6	16.0	2.2	0.57
Montega	Tim Kruse	Hold	20.00	510.0	15.2	7.9	1.5	0.42	540.6	24.1	19.4	1.5	0.42
Warburg	Marc-René Tonn	Hold	18.00	516.1	16.3	8.9	1.7	0.49	562.7	23.6	18.9	1.7	0.49
Average			18.40	518.4	17.4	11.0	2.1	0.60	551.1	23.4	17.8	3.2	0.60

as of 12 May 2015

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