

## **Delticom publishes Q3 business development**

- Revenues growth 9M 16: +11 %, Q3 16: +13 %**
- Record temperatures in September delay season start**
- Good winter business start in Q4**
- Full-year guidance unchanged: Revenues € 620-630 million, EBITDA € 16 million**

**Hanover, November 14, 2016 - Delticom (WKN 514680, ISIN DE0005146807, ticker symbol DEX), Europe's leading online retailer of tyres and accessories as well as an efood specialist, publishes the key points of its business trends in the third quarter 2016 with this interim announcement.**

### **Market environment**

September 2016 was a decidedly warm, dry and very sunny start to the autumn (meteorological autumn: September to November). Together with 2006, it was the warmest September to date since geographically comprehensive records began in 1881. Summer returned to the whole of Germany between September 9th and 15th. Warm days with temperatures even above 30 Celsius (°C) were often observed. After a cooler phase, temperatures during the last third of the month climbed again to summer-like temperatures of 25 °C and above in some areas. (Source: German Weather Service / Deutscher Wetterdienst, DWD)

Given these conditions, the replacement tyres business in the third quarter in Germany failed to benefit from an early start to the winter season. Many motorists did not become directly aware of the need for new winter tyres until October when sustained cold temperatures set in and road conditions became more difficult. In September 2015, by contrast, ground temperatures had already fallen to persistently below the 7°C level from mid-month in many locations, prompting various motorists to refit winter tyres to their vehicles.

Market experts estimate that 20 % fewer winter tyres were in demand in German tyre retailing in September than in the previous year's month, so that cumulative winter tyre sales were down

5 % during the first nine months of the year. For the summer tyres business, initial preliminary estimates following a weak first half-year with an almost 10 % reduction in shipments also indicate year-on-year lower unit sales to domestic consumers in the third quarter. The decrease in the summer tyre business was mitigated by higher demand for all season tyres. For passenger car summer tyres, including all season tyres, experts estimate shipments in Germany between January and September 5 % lower than in the equivalent 2015 period. It is assumed that the car replacement tyres business in German tyre retailing was down almost 5 % year-on-year in volume terms during the first nine months.

### **Business performance and earnings situation**

During the first nine months of the current financial year, the Delticom Group achieved revenues of € 393 million, an increase of 11 % compared with the previous year (9M 15: € 354 million).

More than 780 thousand new customers made first-time purchases at one of Delticom online shops in the first nine months of 2016, reflecting an increase of more than 60 thousand new customers (9M 15: 717 thousand). Moreover, the company recorded repeat sales to almost 670 thousand existing customers (9M 15: 643 thousand, +4 %), with its extensive product and service offering thereby proving persuasive.

Gross profit amounted to € 104 million in 9M 16 (9M 15: € 97 million, + 7 %), equivalent to a 26 % margin on total operating income (9M 15: 27 %).

In the third quarter, the company advanced its unit sales faster than revenues. Not least, this success came along with various marketing measures highlighting the early buyer offer in Delticom online shops. The foundations were also laid in Q3 16 for the planned and now-emerging revenues growth in the final quarter. Due to marketing expenses incurred in advance and price effects, EBITDA for the first nine months of 2016 was lower than in the corresponding 2015 period. As a transition quarter between the summer and winter business, Q3 earnings trend is only of comparatively minor importance for full-year profitability. The same holds true for the first quarter of a year. Weather-related shift effects are not unusual in the tyres business. Making statements with any certainty about the progress of the season is generally only possible after

the respective seasonal peak has been reached. Delticom will provide detailed information about the course of its winter business, and accordingly about its full-year results, with the presentation of its annual report. The seasonal trends and results of the summer business will be presented in detail in the half-year report.

### **Financial position**

Inventories comprise the largest item among current assets. Standing at € 98 million on the reporting date, they were almost at the previous year's level (30.09.2015: € 100 million, 31.12.2015: € 62 million).

Trade receivables amounted to € 28 million at the end of the past quarter (30.09.2015: € 26 million, 31.12.2015: € 19 million).

Comparing balance sheet dates, trade payables rose from € 110 million on 30.09.2015 to € 120 million as of 30.09.2016 due to closing-date effects (31.12.2015: € 78 million).

Liquidity (cash and cash equivalents plus liquidity reserve) stood at € 7 million as of the quarter-end (30.09.2015: € 23 million, 31.12.2015: € 12 million). Net liquidity amounted to € -15 million on the reporting date (30.09.2015: € 10 million, 31.12.2015: € 7 million). The company utilizes the credit lines at its disposal for the intra-year financing of its stockbuilding. These credit lines were repaid in full in mid-October. At seasonal peaks, we deploy current and low-risk money market instruments for operating activities.

Balance sheet total stood at € 223 million as of 30.09.2016 (30.09.2015: € 215 million, 31.12.2015: € 160 million). During the course of the third quarter, the purchase price allocation for the food companies acquired in February this year was finalized. The food goodwill amounts to € 1.1 million.

## **Fourth-quarter business**

October was the first abnormally cold month in 2016 in Germany. The average temperature of 8.6 °C was 0.4 °C below the internationally relevant reference period of 1961 to 1990. The deviation amounted to -0.6 °C compared with the warmer period between 1981 and 2010. The transition from warm Indian summer weather to unpleasantly cool autumn weather was already evident in early October. On October 1, for example, Dresden-Strehlen recorded Germany's highest temperature of 24.7 °C. Just two days later, the thermometers there registered a chilly level of just 13.7 °C. During the final days of the first half of the month, temperatures in some parts of Germany plunged to nighttime frost levels under the impact of the unusually strong high-pressure area in Scandinavia (the "Peter"): on October 13, the DWD recorded -4.9 °C in Oberstdorf, the lowest figure for October across the whole of Germany. In the afternoon of October 24, by contrast, Oberstdorf registered a summer-like 23.1 °C with assistance from the alpine "föhn" wind. (Source: DWD)

In the fourth quarter of the previous year, winter business had already reached its seasonal high by mid-October, due to the uncommonly early onset of winter, with snowfalls well into lower altitudes. For 2016, it is currently assumed that winter tyre shipments in German tyre retailing are down by more than 10 % year on year during the first ten months. Despite the lack of stimulus from snow, shipments and revenues of the Delticom Group in October are up on the previous year's month, as well as EBITDA. The management assumes that the company will continue to achieve good revenues and earnings in the weeks remaining until the year-end.

## **Full-year outlook**

The fourth quarter plays a central role in terms of revenues and earnings for the full-year. This is true not only for the tyres business, but also for efood and logistics due to pre-Christmas business.

Despite the year-on-year delayed start to the winter tyres business, the management continues to expect to reach consolidated revenues of between € 620-630 million and group EBITDA of € 16 million in the current financial year.



### **Company profile:**

Delticom is Europe's leading online retailer of tyres and automotive accessories. Founded in 1999, the Hannover-based company operates more than 300 online shops and websites in 41 countries, including ReifenDirekt in Germany, Austria and Switzerland. The Delticom Group also owns the shops of Tirendo. The broad product range for private and corporate customers comprises more than 100 brands and more than 25,000 models of tyres for cars, motorbikes, trucks, commercial vehicles and buses, as well as complete wheels.

Customers enjoy all the benefits of modern e-commerce: easy ordering at home, a high ability to supply, and, not least, attractive prices. Goods are delivered within two working days on average, either to a customer's home address or an alternatively designated address. Customers can also have their tyres delivered to one of more than 44,000 service partners worldwide (with 9,600 in Germany alone), which provide professional and cost-effective tyre fitting services for the Group's customers. More than 300,000 new vehicle parts, including motor oils, automotive spare parts and automotive accessories round out the product range.

In the food area, Delticom AG is a leader in automated logistics processes and offers a comprehensive range of foodstuffs: a total of 17,000 articles are available in the gourmet online supermarket Gourmondo.de alone.

Website: [www.delti.com](http://www.delti.com)

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