

Delticom publishes 3-Monthly Report 2013

Hanover, 25 April 2013 – Delticom (German Securities Code (WKN) 514680, ISIN DE0005146807, stock market symbol DEX), Europe's leading online tyre dealer, has published its full report for the first three months of 2013. In Q1 13 the company recognised revenues of € 81.3 million, a decrease of 4.9 %. Earnings before interest and taxes (EBIT) amounted to € 2.5 million.

Business in the first quarter

Revenues. Winter finally took hold in the month of January: Persistent snowfall in many parts of Germany and elsewhere right through to late March made for difficult conditions on the road. Delticom was able to record a substantial rise in sales of winter tyres during the first quarter of 2013, but winter tyre business at the start of the year is relatively insignificant overall.

Given the freezing temperatures and treacherous road conditions, many drivers presumably decided to put off purchasing summer tyres for a few weeks.

The positive sales trend in business with private end customers at the start of the year was unable to fully compensate for the weak demand on account of the weather experienced in March. Quarterly revenues decreased by 4.9 % to € 81.3 million (Q1 12: € 85.5 million). Revenues in the E-Commerce division were down year-on-year by 4.2 %, from € 80.9 million to € 77.5 million.

On the back of sluggish sales, many dealers were evidently not yet willing to fully replenish their stocks for the upcoming summer tyre business. As a result of the difficult market climate, sales in B2B-E-Commerce were down substantially year on year in the first quarter of 2013. The revenues of the Wholesale division decreased by 17.0 % to € 3.8 million, after prior-year revenues of € 4.5 million.

Gross margin. The cost of goods sold decreased in the reporting period by 3.7 %, from € 63.4 million in Q1 12 to € 61.1 million. The gross margin for the first quarter was 24.9 % (Q1 12: 25.8 %). In order to achieve its sales targets, Delticom continues to offer its customers more attractive prices.

Other operating income. Other operating profit increased by 122.6 % to € 1.5 million (Q1 12: € 0.7 million), thereof gains from exchange rate differences to the order of € 1.1 million (Q1 12: € 0.4 million). FX losses have to be accounted for as line item in the other operating expenses (Q1 13: € 0.8 million, Q1 12: € 1.5 million). The balance of FX income and losses totalled € 0.3 million (Q1 12: € -1.1 million). Altogether, the gross profit worsened in the reporting period by 4.4 % year-on-year, from € 22.7 million to € 21.8 million.

Personnel expenses. In the reporting period on average 148 staff members were employed at Delticom (Q1 12: 142). Delticom focused on employing new colleagues in the logistics area. Personnel expenses amounted to € 2.3 million (Q1 12: € 2.2 million). The Q1 13 personnel expenses ratio stood at 2.8 % (staff expenditures as percentage of revenues, Q1 12: 2.6 %).

Other operating expenses. The other operating expenses of € 16.3 million remained more or less unchanged (Q1 12: € 16.4 million, -1.0 %).

Among the other operating expenses, transportation costs is the largest line item. It grew from € 7.0 million by 1.1 % to € 7.1 million. The share of transportation costs against revenues went up from 8.2 % in Q1 12 to 8.7 % in Q1 13.

Rents and overheads increased by 4.4 % to € 1.6 million (Q1 12: € 1.6 million). Stocking costs came in at € 0.7 million, -28.9 % lower than prior-year's € 1.0 million.

In the reporting period, marketing expenses grew by 20.7 % to € 2.5 million (Q1 12: € 2.1 million). In order to support the start into summer tyre season, Q1 13 marketing spent with 3.1 % of revenues was higher than last year's 2.4 %.

Depreciation. Depreciation in the amount of € 0.7 million came in at prior year's level (Q1 12: € 0.7 million, +0.3 %).

Earnings performance. EBIT came down from € 3.4 million by 25.9 % to € 2.5 million.

Financial income amounted to € 13 thousand (Q1 12: € 6 thousand) while financial expenses in Q1 13 were € 20 thousand (Q1 12: € 43 thousand). At the reporting date the financial result totalled € -7 thousand after € -37 thousand the previous year.

The expenditure for income taxes was € 0.9 million (previous year: € 1.1 million). The tax rate was 33.8 % (Q1 12: 31.6 %). Consolidated net income for Q1 13 came down from € 2.3 million to € 1.7 million. This corresponds to earnings per share (EPS) of € 0.14 (undiluted, Q1 12: € 0.20).

Working Capital. Among the current assets, inventories is the biggest line item. They grew from the beginning of the year by 17.3 %, totalling € 86.9 million on 31.03.2013. In the corresponding prior-year period the increase in inventory value had amounted to € 28.2 million.

In the wake of this inventory build-up, the accounts payable increased from € 74.8 million by € 16.2 million or 21.6 % to € 91.0 million. Taken together with accounts receivable of € 13.3 million (31.03.2012: € 17.2 million), the net working capital on 31.03.2013 amounted to € 3.7 million (31.03.2012: € 41.1 million).

Cash flow and liquidity position. Due to the working capital development, the Q1 13 cash flow from ordinary business activities (operating cash flow) of € -1.4 million was lower than in the comparison period (Q1 12: € 5.6 million).

This year's investments into property, plant and equipment have just been € 0.1 million year-to-date (Q1 12: € 0.1 million).

In the reporting period, Delticom recorded a cash flow from financing activities amounting to € –0.4 million. The disbursements due to redemption of loans (€ –0.5 million) were accompanied by the utilisation of short-term credit lines (€ 0.1 million).

Liquidity (cash and cash equivalents plus liquidity reserve) as of 31.03.2013 totalled € 44.3 million (31.03.2012: € 26.8 million). The company's net cash position (liquidity less liabilities from current accounts) amounted to € 41.5 million.

Outlook. For the first half of the year with its focus on summer tyre sales, Delticom is expected to grow revenues in its core E-Commerce segment by up to 10 % year-on-year.

Assuming a satisfactory course of business for the full year, Delticom should be able to exceed previous year's revenues. The management expects company growth to once again clearly outperform the industry as a whole in 2013, regardless of broader sector developments.

The full report for the first three months 2013 stands ready for download within the "Investor Relations" section of the website www.delti.com .

Company profile:

Delticom, Europe's leading online tyre retailer, was founded in Hanover in 1999. With more than 100 online shops in 42 countries, the company offers its private and business customers an unequalled assortment of excellently priced car tyres, motorcycle tyres, bicycle tyres, truck tyres, bus tyres, special tyres, rims, complete wheels (pre-mounted tyres on rims), selected replacement car parts and accessories, motor oil and batteries. The independent website reifentest.com contains impartial information about tyre tests and helps the customers choose from more than 100 tyre brands and more than 25,000 tyre models. Delticom delivers either directly to the customer's home address, or to one of more than 35,000 service partners – affiliated garages which take delivery of tyres and then install these on the customer's vehicle. Delticom's Wholesale division also sells tyres to wholesalers domestically and abroad.

On the Internet at: www.delti.com

Selected online shops: www.reifendirekt.de, www.123pneus.fr, www.mytyres.co.uk, www.reifendirekt.ch

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