



Semi-Annual Report 2015

Profile

Delticom is Europe's leading online tyre retailer. Founded in 1999, the Hanover-based company has nearly 200 online shops in 45 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 42,000 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 – 30.06.2015	01.01.2014 – 30.06.2014	–/+ (%, %p)
Revenues	€ million	250.2	226.1	+10.7
Total income	€ million	258.9	232.2	+11.5
Gross margin ¹	%	23.1	24.8	–1.7
Gross profit ²	€ million	57.8	56.1	+3.1
EBITDA	€ million	6.6	6.2	+6.4
EBITDA margin	%	2.6	2.7	–0.1
EBIT	€ million	1.4	2.1	–32.3
Net income	€ million	0.7	–0.2	–507.4
Earnings per share ³	€	0.06	–0.02	–505.4
Total assets	€ million	180.8	207.2	–12.7
Inventories	€ million	74.9	109.2	–31.4
Investments ⁴	€ million	1.2	0.4	+175.8
Capital Employed ⁵	€ million	62.5	68.3	–8.5
Return on Capital Employed ⁶	%	2.2	3.0	–0.8
Equity	€ million	48.3	46.8	+3.1
Equity ratio	%	26.7	22.6	+4.1
Return on equity	%	1.5	–0.4	+1.9
Liquidity position ⁷	€ million	15.8	7.1	+121.1
Operating cash flow	€ million	–22.8	–9.5	
Free cash flow ⁸	€ million	–24.0	–10.0	

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

(2) Gross profit ex other operating income

(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

Macroeconomic developments After a poor start to the year, global economic recovery only set in at a moderate tempo. Economic development in many emerging countries has cooled off recently, as is also the case in the US and China. Despite the sovereign debt crisis in Greece, the eurozone economy recently regained momentum. Even though there has been a slight improvement in the situation in the past few months, unemployment in the single market remains high. Differences between individual member states are still considerable. In many areas, consumer sentiment remains at a low level.

The kick-start to economic recovery in the spring has led to continued positive development on the German employment market. Private consumption remains a cornerstone of the German economy. That being said, fears over Greece and weaker development outside of Europe are increasingly pressuring sentiment, both among consumers and among business owners.

Development of the tyre market After a weak start to the year, replacement tyre business was unable to match the performance of the prior year in Q2 15. According to current figures from industry associations, replacement tyre sales in Germany were down 1.6 % in H1 15.

Business performance and earnings situation

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 H1 15 the company recognized revenues of € 250.2 million, an increase of 10.7 % after € 226.1 million in the prior-year period.

E-Commerce Revenues in the E-Commerce with its 191 online shops increased year-on-year by 11.3 %, from € 221.4 million to € 246.5 million. The share of divisional revenues amounted to 98.5 %, compared to 98.0 % in the previous year.

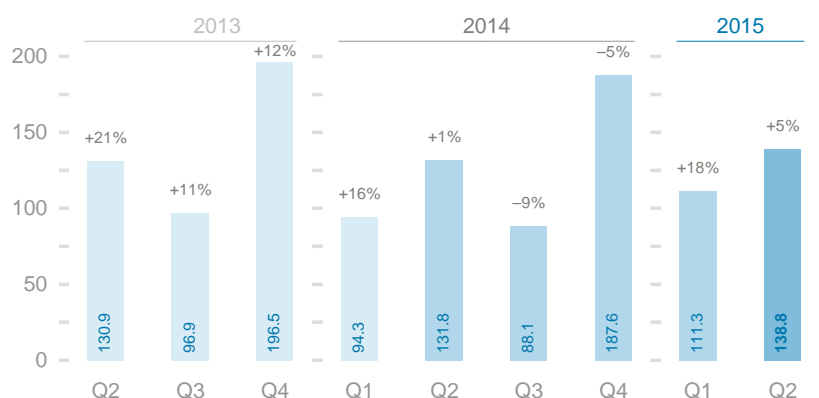
Customer numbers In H1 15 the company was able to acquire a total of 492 thousand new customers (H1 14: 469 thousand, +4.8 %). In the course of the financial year 2014, Delticom modified the way in which it calculates its customer numbers. As a consequence, the previous year's figure differs from the figures stated in the Semi Annual Report 2014. Customers who purchased for the first time at both Delticom and Tirendo in H1 15 were offset. In H1 15 a total of 488 thousand existing customers (H1 14: 404 thousand, +20.6 % - based on new calculation methodology) made repeat purchases at Delticom group.

Seasonality

The chart *Revenues trend* summarises the development of the quarterly revenues.

Revenues trend

quarterly revenues in € million



In the first quarter, Delticom was able to generate revenues of € 111.3 million (Q1 14: € 94.3 million) – a plus of 18.1 %.

In the second quarter, the company generated revenues of € 138.8 million (Q2 14: € 131.8 million, +5.3 %). Q2 15 revenues in the E-Commerce division were up year-on-year by 6.2 %, amounting to € 137.6 million.

Regional split

The group offers its product range in 48 countries. In H1 15 revenues in EU countries totalled € 194.8 million (+11.2 %). Across all non-EU countries the revenue contribution for H1 15 was € 55.4 million (+8.7 %).

table: Revenues by region; in € thousand

	H115	%	+	H114	%	+	H113	%
Revenues	250,167	100.0	10.7	226,066	100.0	6.5	212,207	100.0
Regions								
EU	194,773	77.9	11.2	175,125	77.5	10.7	158,128	74.5
Rest	55,394	22.1	8.7	50,941	22.5	-5.8	54,080	25.5

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 13.2 % from € 170.0 million in H1 14 to € 192.3 million in H1 15.

Personnel expenses

On 30.06.2015, the company employed a total of 143 employees. In the reporting period, Delticom employed an average of 152 staff members (H1 14: 271). Personnel expenses amounted to € 4.5 million (H1 14: € 7.7 million, -41.4 %). This decrease is mainly due to the significant workforce reduction at Tirendo.

The personnel expenses ratio in the reporting period came to 1.8 % (staff expenditures as percentage of revenues, H1 14: 3.4 %).

Transportation costs	Among the other operating expenses, transportation costs is the largest line item. The increase from € 19.8 million by 21.2 % to € 24.0 million is mainly due to the sales country-mix and the higher business volume. The share of transportation costs against revenues totalled 9.6 % (H1 14: 8.8 %).
Warehousing	Rents and overheads increased in H1 15 by 9.5 %, from € 3.5 million to € 3.9 million. This increase was the result of measures prepared for the closure of one warehouse at the end of the current fiscal year in the wake of further logistics optimisation. Stocking costs amounted to € 2.2 million, after € 2.1 million in H1 14 (8.0 %).
Marketing	Marketing expenses in H1 15 amounted to € 10.6 million, after € 11.6 million the previous year. The decrease of 7.9 % is mainly due to the optimization of the marketing mix within the Delticom group. H1 15 marketing spent with 4.3 % of revenues was lower than last year's 5.1 %.
Depreciation	Depreciation rose from € 4.1 million by 25.8 % to € 5.2 million. Delticom is set to close one warehouse at the end of the year. The increase in depreciation on property, plant and equipment in H1 15 by 66.9 % to € 2.0 million (H1 14: € 1.2 million) was due to the unscheduled depreciation on the sorting and packaging machines used at this warehouse location.

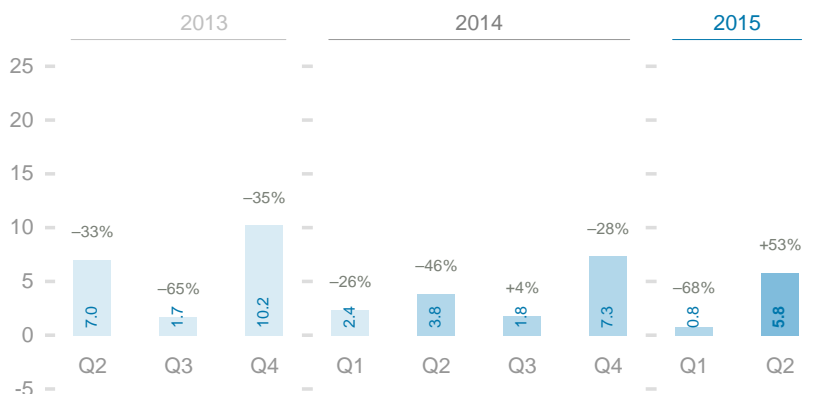
Earnings position

Gross margin	The gross margin for the first half of the year stood at 23.1 %, after 24.8 % in H1 14. The quarterly gross margin decreased from 25.1 % in Q2 14 to 24.0 %.
Other operating income	Other operating income increased in the reporting period by 42.4 % to € 8.7 million (H1 14: € 6.1 million), thereof gains from exchange rate differences to the order of € 2.4 million (H1 14: € 1.1 million). FX losses are accounted for in the other operating expenses. In H1 15 the FX losses amounted to € 2.8 million (H1 14: € 1.0 million). In the period under review, the balance from FX gains and losses was € -0.4 million (H1 14: € 0.2 million).
Gross profit	Altogether, the gross profit increased in the reporting period by 6.9 % year-on-year, from € 62.2 million to € 66.5 million. Gross profit in relation to total income (€ 258.9 million, H1 14: € 232.2 million) amounted to 25.7 % (H1 14: 26.8 %).
EBITDA	Earnings before interest, taxes, depreciation and amortization (EBITDA) for the reporting period came in at € 6.6 million (H1 14: € 6.2 million, +6.4 %). This equates to an EBITDA margin of 2.6 % (H1 14: 2.7 %). Second quarter EBITDA

saw an increase of 53.0 %, from prior-year's € 3.8 million to € 5.8 million. This equates to a quarterly EBITDA margin of 4.2 % (Q2 14: 2.9 %).

EBITDA

quarterly, in € million



EBIT

Earnings before interest and taxes (EBIT) decreased in the reporting period due to higher depreciation by 32.3 % to € 1.4 million (H1 14: € 2.1 million). This translates into an EBIT margin of 0.6 % (EBIT in percent of revenues, H1 14: 0.9 %). EBIT in the second quarter rose by 55.4 %, from prior-year's € 1.8 million to € 2.7 million. This equates to an EBIT margin of 2.0 % (Q2 14: 1.3 %).

Financial result

Financial income for the first six months amounted to € 13 thousand (H1 14: € 22 thousand). Financial expenses were € 216 thousand (H1 14: € 448 thousand). The financial result totalled € -203 thousand (H1 14: € -426 thousand).

Income taxes

In the first six months the expenditure for income taxes totalled € 0.5 million (H1 14: € 1.8 million). This equates to a tax rate of 39.0 % (H1 14: 110.9 %). In H1 14, Delticom AG and Tirendo Holding GmbH signed a profit and loss transfer agreement (PLTA). As a result, the tax rate in the previous year diverged significantly from the normal tax rate of the Delticom Group.

Net income H1 15

Consolidated net income in the first half of the year totalled € 0.7 million after € -0.2 million in H1 14. This corresponds to earnings per share (EPS) of € 0.06 (undiluted, H1 14: € -0.02).

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

	H115	%	+%	H114	%	+%	H113	%
Revenues	250,167	100.0	10.7	226,066	100.0	6.5	212,207	100.0
Other operating income	8,689	3.5	42.4	6,101	2.7	126.8	2,690	1.3
Total operating income	258,856	103.5	11.5	232,167	102.7	8.0	214,897	101.3
Cost of goods sold	-192,335	-76.9	13.2	-169,966	-75.2	5.9	-160,505	-75.6
Gross profit	66,521	26.6	6.9	62,201	27.5	14.4	54,392	25.6
Personnel expenses	-4,514	-1.8	-41.4	-7,701	-3.4	69.4	-4,545	-2.1
Other operating expenses	-55,426	-22.2	14.7	-48,317	-21.4	22.0	-39,597	-18.7
EBITDA	6,582	2.6	6.4	6,183	2.7	-39.7	10,250	4.8
Depreciation	-5,188	-2.1	25.8	-4,123	-1.8	206.5	-1,345	-0.6
EBIT	1,394	0.6	-32.3	2,060	0.9	-76.9	8,905	4.2
Net financial result	-203	-0.1	-52.4	-426	-0.2	5335.5	-8	0.0
EBT	1,191	0.5	-27.1	1,634	0.7	-81.6	8,897	4.2
Income taxes	-464	-0.2	-74.4	-1,813	-0.8	-37.3	-2,890	-1.4
Consolidated net income	727	0.3	-507.4	-178	-0.1	-103.0	6,008	2.8

Financial and assets position**Balance sheet**

As of 30.06.2015 the balance sheet total amounted to € 180.8 million (31.12.2014: € 164.0 million).

Abridged balance sheet

in € thousand

	30.06.15	%	+%	31.12.14	%	31.12.13	%
Assets							
Non-current assets	54,385	30.1	-6.5	58,135	35.4	66,698	37.7
Fixed assets	52,576	29.1	-7.7	56,952	34.7	64,368	36.4
Other non-current assets	1,809	1.0	52.9	1,183	0.7	2,330	1.3
Current assets	126,392	69.9	19.4	105,872	64.6	110,322	62.3
Inventories	74,934	41.5	33.5	56,151	34.2	72,841	41.1
Receivables	35,088	19.4	77.7	19,745	12.0	26,158	14.8
Liquidity	15,933	8.8	-46.8	29,975	18.3	11,323	6.4
Securities	0	0.0		0	0.0	0	0.0
Cash and cash equivalents	15,933	8.8	-46.8	29,975	18.3	11,323	6.4
Financial assets held for sale	437	0.2		0	0.0	0	0.0
Assets	180,777	100.0	10.2	164,007	100.0	177,020	100.0
Equity and Liabilities							
Long-term funds	62,514	34.6	-6.6	66,943	40.8	64,635	36.5
Equity	48,304	26.7	-4.0	50,293	30.7	51,679	29.2
Long-term debt	14,211	7.9	-14.7	16,651	10.2	12,957	7.3
Provisions	300	0.2	-14.6	351	0.2	252	0.1
Liabilities	13,911	7.7	-14.7	16,300	9.9	12,704	7.2
Short-term debt	118,263	65.4	21.8	97,064	59.2	112,385	63.5
Provisions	2,903	1.6	22.7	2,367	1.4	2,028	1.1
Liabilities	115,359	63.8	21.8	94,698	57.7	110,357	62.3
Current liabilities for financial assets	532	0.3		0	0.0	0	0.0
Equity and Liabilities	180,777	100.0	10.2	164,007	100.0	177,020	100.0

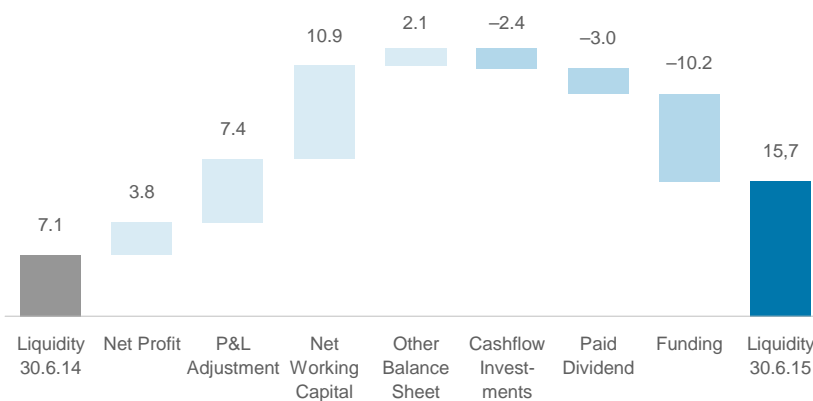
Inventories	Among the current assets, inventories is the biggest line item. Since the beginning of the year their value grew by € 18.8 million or 33.5 % to € 74.9 million (31.12.2014: € 56.2 million). This corresponds to a share of 41.5 % of total assets (31.12.2014: 34.2 %, 30.06.2014: 52.7 %).
Receivables	Trade receivables usually follow the seasons, but reporting date effects are often unavoidable. At the end of the second quarter, receivables amounted to € 35.1 million (31.12.2014: € 19.7 million, 30.06.2014: € 29.2 million), thereof € 19.9 million accounts receivable (31.12.2014: € 14.5 million, 30.06.2014: € 13.5 million). The increase of other current receivables by € 9.2 million to € 13.9 million (31.12.2014: € 4.7 million) is mainly due to higher refund claims from taxes in conjunction with the winter tyre stock build-up.
Payables	In the wake of this inventory build-up, the accounts payable increased from an opening balance of € 75.9 million by 8.1 % to € 82.1 million. This corresponds to a share of 45.4 % of the balance sheet total (31.12.2014: 46.3 %, 30.06.2014: 49.0 %).
	For financing part of the stock build-up the current financial liabilities were expanded in the first six months to € 17.6 million (31.12.2014: € 4.4 million).
Assets and liabilities held for sale	Due to the decision to sale all shares in Tyrepac Pte. Ltd. (Singapore) on 31.07.2015, the associated financial assets and liabilities were reclassified as financial assets and liabilities held for sale at the reporting date.
Working capital	The net working capital on 30.06.2015 amounted to € 5.2 million (30.06.2014: € 16.0 million). Since the beginning of the year, working capital has grown by € 17.7 million (31.12.2014: € -12.5 million).
Liquidity position	Liquidity (cash and cash equivalents plus liquidity reserve) as of 30.06.2015 totalled € 15.8 million (31.12.2014: € 29.9 million, 30.06.2014: € 7.1 million). The company's net cash position amounted to € -2.0 million (liquidity less liabilities from current accounts, 31.12.2014: € 25.3 million, 30.06.2014: € -16.4 million).

Cash flow

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

Liquidity Bridge

in € million



Operating cash flow

Due to the development in net working capital, the H1 15 cash flow from ordinary business activities (operating cashflow) of € –22.8 million was lower than in the comparison period (H1 14: € –9.5 million).

Investments

In the reporting period Delticom invested € 0.5 million into property, plant and equipment, after € 0.3 million the previous year. Further € 0.6 million were invested in intangible assets (H1 14: € 0.1 million). As a result, the cash flow from investment activities totalled € –1.2 million (H1 14: € –0.4 million).

Financing activities

In the reporting period, Delticom recorded a cash flow from financing activities amounting to € 9.2 million, thereof the dividend payout for the last financial year of € 3.0 million and disbursements due to redemption of loans of € 1.7 million. The cash outflow was offset by inflows from financial liabilities of € 13.0 million.

Organisation

Legal structure

The following section lists the subsidiaries that are fully consolidated in the consolidated financial statements as of 30.06.2015:

- 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

Effective as of 31.07.2015, Delticom AG fully sold its majority share in Tyrepac Pte. Ltd., Singapore.

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 Leading economic institutes have lowered their growth forecast for the global economy after a sluggish start to the year. Experts are expecting to see global economic development recover – however, this will be a gradual process and will take place at a moderate tempo. Moderate growth is anticipated for the eurozone in the coming months. The rising rate of employment should also result in rising consumer spending, but only on the condition that there is no escalation in the Greek crisis.

Tyre retailing At the beginning of the year, the German association of tyre dealers (BRV, Bundesverband Reifenhandel und Vulkaniseur-Handwerk e.V.) forecast that there

would be no lasting improvement in the industry situation this year. On a half-year basis, sales in the German tyre retail business fell short of the already weak figures of the prior year. Once again, the German tyre trade is once again pinning its hopes on winter business in Q4 15. Given the mild winter in 2014, excess inventories of winter goods in the supply chain cannot be ruled out at the current time.

Guidance unchanged

For the second half of the year, we are planning for a year-on-year increase in sales. Given the positive business development in H1 15, we are more optimistic now than we were at the start of the year that we might at least match the revenues of financial year 2014. At the moment there is still major uncertainty surrounding this year's winter tyre business. If the winter weather is mild once again, prices could come under further pressure in the tyre trade after shrinking summer tyre business. In such a market environment, the volume growth we are striving for does not necessarily have to lead to a rise in revenues in the second half of the year. It remains to be seen whether statements can be made after the end of the third quarter on the predicted course of winter business in the fourth quarter. We reserve the right to adjust our guidance for full-year revenues after the end of the third quarter.

EBITDA

The fourth quarter plays a major role in terms of full-year revenues and profitability. In an increasingly deflationary price environment, our targeted sales growth could have an additional impact on earnings if volume-related costs rise more sharply than revenues. Nevertheless, we are still aiming to at least match EBITDA of the 2014 financial year in absolute terms.

Depreciation

PPA depreciation on sales licences and other rights amounting to € 0.8 million, which were identified within the scope of the Tirendo purchase price allocation with a useful life of two years and an original fair value of € 6.6 million, will cease to apply in Q4 15. Nevertheless, we are still expecting for full-year depreciation of roughly € 9 million (2014: € 8.3 million) in 2015, due to factors such as the increased depreciation in Q2 15.

EBIT

Assuming EBITDA remains unchanged year on year, increased depreciation will lead to a corresponding decline in EBIT for the current financial year.

New customers

E-Commerce continues to gain importance as a further sales channel. In our planning for the current fiscal year we still anticipate attracting over one million new customers through the Delticom shops.

Consolidated Interim Financial Statements of Delticom AG

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Consolidated Income Statement

in € thousand	01.01.2015 – 30.06.2015	01.01.2014 – 30.06.2014
Revenues	250,167	226,066
Other operating income	8,689	6,101
Total operating income	258,856	232,167
Cost of goods sold	–192,335	–169,966
Gross profit	66,521	62,201
Personnel expenses	–4,514	–7,701
Depreciation of intangible assets and property, plant and equipment	–5,188	–4,123
Other operating expenses	–55,426	–48,317
Earnings before interest and taxes (EBIT)	1,394	2,060
Financial expenses	–216	–448
Financial income	13	22
Net financial result	–203	–426
Earnings before taxes (EBT)	1,191	1,634
Income taxes	–464	–1,813
Consolidated net income	727	–178
Thereof allocable to:		
Non-controlling interests	–65	0
Shareholders of Delticom AG	792	–178
Earnings per share (basic)	0.06	–0.02
Earnings per share (diluted)	0.06	–0.02

Statement of Recognised Income and Expenses

in € thousand	01.01.2015 – 30.06.2015	01.01.2014 – 30.06.2014
Consolidated Net Income	727	–178
Changes in the financial year recorded directly in equity		
Income and expense that will be reclassified to the statement of income at a later date		
Changes in currency translation	373	58
Net Investment Hedge Reserve		
Changes in current value recorded directly in equity	46	–2
Deferred taxes relating to Net Investment Hedge Reserve	–15	1
Other comprehensive income for the period	404	56
Total comprehensive income for the period	1,131	–122
Attributable to non-controlling interests	–6	0
Attributable to shareholders of the parent	1,137	–122

Consolidated Balance Sheet

Assets

in € thousand	30.06.2015	31.12.2014
Non-current assets	54,385	58,135
Intangible assets	45,401	47,949
Property, plant and equipment	7,073	8,978
Financial assets	101	25
Deferred taxes	1,281	705
Other receivables	529	478
Current assets	126,392	105,872
Inventories	74,934	56,151
Accounts receivable	19,891	14,489
Other current assets	13,904	4,707
Income tax receivables	1,292	549
Cash and cash equivalents	15,933	29,975
Financial assets held for sale	437	0
Assets	180,777	164,007

Shareholders' Equity and Liabilities

in € thousand	30.06.2015	31.12.2014
Equity	48,304	50,293
Equity attributable to Delticom AG shareholders	47,322	49,305
Subscribed capital	11,945	11,945
Share premium	25,372	25,372
Other components of equity	532	128
Retained earnings	200	200
Net retained profits	9,273	11,659
Non-controlling interests	982	988
Liabilities	132,473	113,715
Non-current liabilities	14,211	16,651
Long-term borrowings	13,438	15,367
Non-current provisions	300	351
Deferred tax liabilities	473	933
Current liabilities	118,263	97,064
Provisions for taxes	1,254	845
Other current provisions	1,650	1,521
Accounts payable	82,093	75,920
Short-term borrowings	17,605	4,424
Other current liabilities	15,130	14,354
Current liabilities for financial assets	532	0
Shareholders' equity and liabilities	180,777	164,007

Consolidated Cash Flow Statement

in € thousand	01.01.2015 – 30.06.2015	01.01.2014 – 30.06.2014
Earnings before interest and taxes (EBIT)	1,394	2,060
Depreciation of intangible assets and property, plant and equipment	5,188	4,123
Changes in other provisions	77	–291
Net gain on the disposal of assets	–55	0
Changes in inventories	–18,783	–36,316
Changes in receivables and other assets not allocated to investing or financing activity	–14,666	–3,782
Changes in payables and other liabilities not allocated to investing or financing activity	6,958	24,469
Interest received	13	22
Interest paid	–194	–341
Income tax paid	–1,835	507
Cash flow from operating activities	–21,903	–9,548
Proceeds from the disposal of property, plant and equipment	8	0
Payments for investments in property, plant and equipment	–492	–300
Payments for investments in intangible assets	–591	–118
Payments for investments in financial assets	–76	–12
Cash flow from investing activities	–1,152	–430
Dividends paid by Delticom AG	–2,986	–5,930
Payments from additions to capital	0	1,215
Capital transactions with non-controlling interests	0	0
Cash inflow of financial liabilities	12,952	10,713
Cash outflow of financial liabilities	–1,700	–450
Cash flow from financing activities	8,266	5,548
Changes in cash and cash equivalents due to currency translation	373	58
Cash and cash equivalents at the start of the period	29,975	11,323
Changes in cash and cash equivalents	–14,415	–4,372
Changes in consolidation scope	0	0
Cash and cash equivalents - end of period	15,933	6,950

For information only: Net-Cash

in € thousand	01.01.2015 – 30.06.2015	01.01.2014 – 30.06.2014
Liquidity – start of period	29,927	11,500
Changes in cash and cash equivalents	–14,170	–4,372
Liquidity – end of period	15,758	7,128
Net Cash – start of period	10,137	–21,197
Changes in cash and cash equivalents	–14,170	–4,372
Changes in financial liabilities	–11,252	–10,263
Net Cash – end of period	–15,285	–35,832
Net cash refer to short term financial liabilities:		
Net Cash – start of period	25,326	–10,337
Changes in cash and cash equivalents	–14,170	–4,372
Changes in short term financial liabilities	–13,181	–1,734
Net Cash – end of period	–2,025	–16,443
Net cash refer to long term financial liabilities:		
Net Cash – start of period	14,383	285
Changes in cash and cash equivalents	–14,170	–4,372
Changes in long term financial liabilities	1,929	–8,529
Net Cash – end of period	2,143	–12,616

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
Shares of capital increase	86						86		86
Capital increase of issue new shares		1,129					1,129		1,129
Dividends paid						-5,930	-5,930		-5,930
Net income						-178	-178		-178
Other comprehensive in- come			58	-1			56		56
Total comprehensive income			58	-1		-178	-122		-122
as of 30 June 2014	11,945	25,575	-123	29	200	9,215	46,842	0	46,842
as of 1 January 2015	11,945	25,372	115	13	200	11,659	49,305	988	50,292
Dividends paid						-2,986	-2,986		-2,986
Net income						792	792	-65	726
Other comprehensive in- come			373	32		-192	213	59	272
Total comprehensive income			373	32		600	1,005	-6	998
as of 30 June 2015	11,945	25,372	488	45	200	9,273	47,324	982	48,304

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 191 online shops in 48 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 30.06.2015 Delticom had an average of 152 employees (thereof 5 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. Due to the seasonality, differences in performance between quarters and year-over-year are unavoidable.

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

Delticom's consolidated interim financial statements as of 30.06.2015 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

The fair value of the financial instruments corresponds to the book value in respect of all balance sheet items. The financial instruments in the following categories have been assigned to Level 2 of the fair value hierarchy: Financial assets available for sale amounting to € 101 thousand (31.12.2014: € 25 thousand), Financial assets held for trading amounting to € 22 thousand (31.12.2014: € 63 thousand) and Financial liabilities held for trading amounting to € 77 thousand (31.12.2014: € 3 thousand). As in previous years, there are no Level 3 fair value inputs. The valuation categories applied to the individual financial instruments have remained unchanged compared with 31.12.2014.

Group of consolidated companies

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

Compared with the Annual Report for fiscal year 2014 there were the following changes in the group of consolidated companies.

The following subsidiary were founded and fully consolidated in the current fiscal year:

- Giga GmbH, Hamburg (Germany)

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.

- OOO Delticom Shina, Moscow (Russia) of which Delticom owns 100 % of the shares
- Tirendo France SARL, Paris (France) - 100 % subsidiary of Tirendo Holding GmbH
- Tirendo Netherlands B.V., Den Haag (Netherlands) – 100 % subsidiary of Tirendo Holding GmbH
- Tirendo Poland sp.z.o.o., Warsaw (Poland) - 100 % subsidiary of Tirendo Holding GmbH
- Delticom SA (PTY) Ltd., Windermere (South Africa)

The above presented local subsidiaries of Tirendo are under liquidation procedure and will be closed at the beginning of the fiscal year 2016 at the latest.

Unusual items

Due to the decision to sale all shares in Tyrepac Pte. Ltd. (Singapore), the long term financial assets associated were reclassified according to IFRS 5 as short term financial assets held for sale at the reporting date (in addition to property, plant and equipment in particular other receivables and accounts payable). Consequently, liabilities for financial assets were created as well. The sale become effective at 31.07.2015.

Delticom is set to close one warehouse at the end of the current fiscal year. In this context an impairment of € 950 thousand occurred in the reporting period for the sorter and packing machines used so far at this location.

No further 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	H115	H114
Transportation costs	23,983	19,791
Warehousing costs	2,225	2,061
Credit card fees	2,253	2,024
Bad debt losses and one-off loan provisions	1,054	1,037
Marketing costs	10,645	11,563
Operations centre costs	3,638	2,997
Rents and overheads	3,882	3,544
Financial and legal costs	1,802	1,994
IT and telecommunications	1,077	871
Expenses from exchange rate differences	2,804	980
Other	2,064	1,456
Total	55,426	48,317

Earnings per share

Basic earnings per share totalled € 0.06 (H1 14: € -0.02). The diluted earnings per share totalled € 0.06 (H1 14: € -0.02).

Calculation of earnings per share

Pursuant to IAS 33, undiluted (basic) earnings per share are calculated by dividing the consolidated net income of € 726,866.26 (previous year: € -178,423.91) by the 11,945,250 weighted average number of ordinary shares in circulation during the financial year (previous year: 11,888,203 shares).

Until 30.04.2014, 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 on 22.11.2007, 08.05.2008, 25.11.2008 and 30.03.2009. As a result all tranches are included in the diluted earnings per share for the previous year.

All stock options were exercised during the fiscal year 2014. For this reason no dilution of earnings per share occurs in the current year. Accordingly, the diluted earnings corresponds to the result value of the undiluted earnings. The calculation of the diluted earnings per share for previous year was based (in accordance with IAS 33) on net income after taxes totalling € -178,423.91 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.

Dividends

On 06.05.2015 Delticom has paid a dividend of € 0.25 for fiscal year 2014 (previous year: € 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 € 30 thousand (H1 14: € 139 thousand) were purchased from related companies and persons, and goods and services worth € 1 thousand (H1 14: € 1 thousand) were sold to related companies and persons. Accounts receivable from business with related companies and persons amounted to € 0 thousand (H1 14: € 0 thousand) and accounts payable totalled € 0 thousand (H1 14: € 7 thousand).

Related companies and persons (category *not consolidated subsidiaries*): In the reporting period, goods and services worth € 356 thousand (H1 14: € 0 thousand) were purchased from related companies

and persons, and goods and services worth € 840 thousand (H1 14: € 539 thousand) were sold to related companies and persons. Accounts receivable from business with related companies and persons amounted to € 187 thousand (H1 14: € 610 thousand) and accounts payable totalled € 356 thousand (H1 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

Delticom AG fully sold its stake in Tyrepac Pte. Ltd. (Singapore) with effective date 31.07.2015.

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

The interim financial statements and the interim management report has 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, 13.08.2015

(The Management Board)

Auditors' Report

Translation of the auditor's report issued in German language on the consolidated financial statements prepared in German language by the management of Delticom AG, Hanover.

We have reviewed the condensed consolidated interim financial statements - comprising the condensed income statement, condensed statement of comprehensive income, condensed statement of financial position, condensed statement of cash flows, condensed statement of changes in equity and selected explanatory notes - and the interim group management report of Delticom AG, Hanover, for the period from January 1, 2015 to June 30, 2015 which are part of the half-year financial report pursuant to § (Article) 37w WpHG ("Wertpapierhandelsgesetz": German Securities Trading Act). The preparation of the condensed consolidated interim financial statements in accordance with the IFRS applicable to interim financial reporting as adopted by the EU and of the interim group management report in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports is the responsibility of the parent Company's Board of Managing Directors. Our responsibility is to issue a review report on the condensed consolidated interim financial statements and on the interim group management report based on our review.

We conducted our review of the condensed consolidated interim financial statements and the interim group management report in accordance with German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Those standards require that we plan and perform the review so that we can preclude through critical evaluation, with moderate assurance, that the condensed consolidated interim financial statements have not been prepared, in all material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU and that the interim group management report has not been prepared, in all material respects, in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports. A review is limited primarily to inquiries of company personnel and analytical procedures and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot express an audit opinion.

Based on our review, no matters have come to our attention that cause us to presume that the condensed consolidated interim financial statements have not been prepared, in all material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU nor that the interim group management report has not been prepared, in all material respects, in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports.

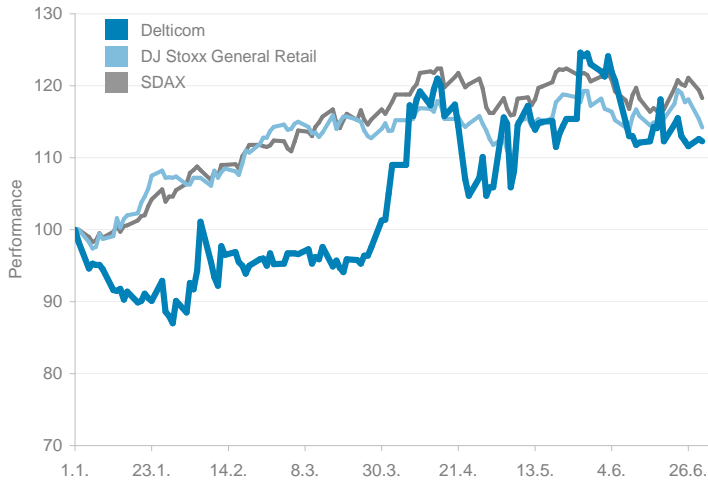
Hanover, 13.08.2015

PricewaterhouseCoopers Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Helmuth Schäfer
German Public Auditor

ppa. Thomas Monecke
German Public Auditor

The Delticom Share



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

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

12 November 2015
23 November 2015

9-monthly report 2015
German Equity Forum
Frankfurt

		01.01.2015 – 30.06.2015	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	€	21.00	18.92
Share performance ¹	%	+12.9	-38.9
Share price high/low ¹	€	23.30 / 16.46	38,41 / 14,55
Market capitalisation ²	€ million	250.9	226.0
Average trading volume per day (XETRA)	shares	12,399	22,308
EPS (undiluted)	€	0.06	0.24
EPS (diluted)	€	0.06	0.24
Equity per share	€	4.04	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 Schwöpe	Buy	25.00	532.0	18.1	12.6	2.4	0.70	561.0	20.9	14.8	2.6	0.84
Commerzbank	Andreas Riemann	Hold	19.00	527.0	21.9	14.5	2.8	0.81	564.0	27.7	19.8	3.5	1.16
Hauck	Sascha Berresch	Sell	12.00	506.7	15.7	10.9	2.2	0.57	527.0	20.6	16.0	3.0	0.91
Montega	Tim Kruse	Hold	20.00	510.0	15.2	7.9	1.5	0.42	540.6	24.1	19.4	3.6	1.10
Warburg	Marc-René Tonn	Hold	22.00	545.7	16.3	8.9	1.6	0.49	595.6	23.6	18.9	3.2	1.07
		Average	19.60	524.3	17.4	11.0	2.1	0.60	557.6	23.4	17.8	3.2	1.02

as of 7 August 2015

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