3-Monthly Report 2011

DELTICOM
Aktiengesellschaft

Profile

Deltiсom is Europe's leading online tyre retailer. Founded in 1999, the Hanover-based company has more than 100 online shops in 39 countries, among others the *ReifenDirekt* domains in Germany, Switzerland and Austria, mytyres.co.uk in UK and 123pneus.fr in France. 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.

Delticom's 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 28,000 service partners (7,800 in Germany alone) for professional fitting directly on to the customer's vehicle at a reasonable price.

Key Figures

		01.01.2011 – 31.03.2011	01.01.2010 – 31.03.2010	yoy %
Revenues	€ million	85.4	74.5	+14.6
Total income	€ million	86.7	75.7	+14.4
Gross profit	€ million	23.7	21.0	+13.0
Gross profit margin[1]	%	27.3	27.7	–0.4
EBIT	€ million	6.1	5.9	+4.6
EBIT margin[2]	%	7.2	7.9	–0.7
Net income	€ million	4.2	4.0	+4.8
Earnings per share[3]	€	0.35	0.34	+4.8
Employees[4]		108	94	+14.9
Revenues per employee	€ thousand	790	792	–0.2
Total assets	€ million	167.5	131.6	+27.2
Investments[5]	€ million	1.8	0.3	+571.1
Capital Employed[6]	€ million	75.2	63.2	+19.0
Return on Capital Employed[7]	%	8.2	9.3	–1.1
Equity	€ million	75.1	62.9	+19.6
Equity ratio	%	44.9	47.8	–2.9
Return on equity	%	5.6	6.4	–0.8
Liquidity position[8]	€ million	47.5	45.0	+5.4
Operating cash flow	€ million	–18.5	4.7	–497.3
Free cash flow[9]	€ million	–20.3	4.4	–562.7

(1) Gross profit to total income
(2) Consolidated earnings before interest and taxes (EBIT) to revenues
(3) Undiluted
(4) Average in reporting period (FTE)
(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 – Capex

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Interim Management Report of Delticom AG

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Economic Environment

Macroeconomic developments

After recovering in 2010, the global economy continued its rather positive development in the first quarter of the current year. Although the disaster in Japan and the political unrest in the North African and Arabic countries left a smaller impact on the economy in the first three months than initially anticipated by experts, those events have highlighted the risks to global growth.

Europe

The economic climate also improved in the Euro zone, but the mood in the crisis-ridden peripheral countries has remained subdued so far. These economies are faced with huge consolidation efforts and sociopolitical unrest, which will pose a challenge for Europe as a whole.

Inflation

In addition, rising end user prices across Europe, especially for energy and food, made central bankers step up their measures against inflation. This in turn put a dampener on consumer confidence.

Tyre markets

Inflation also continued to affect the tyre markets. Natural rubber prices already went up considerably in the past year and this development continued unabated until March. After a short setback – caused by the earthquake in Japan and the resulting uncertainty in the financial markets – prices for raw materials have rebounded and have been very volatile since then. Consequently, tyre prices went up yet again during the reporting period. Some manufacturers have already announced further price increases in the coming months.

Due to the weather, European tyre retailing had a significantly slower start into the first quarter than in the previous year. With the onset of the summer tyre season in March the situation improved somewhat in the major markets.

Business performance and earnings situation

Revenues

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 Q111 the company recognised revenues of € 85.4 million, a plus of 14.6% after € 74.5 million in the prior-year period.

The company's business is segmented along two divisions: E-Commerce and Wholesale. The table *Revenues by division* shows a multi-year comparison of the revenues in the two segments E-Commerce and Wholesale.

Revenues by division

in € thousand

	Q111	%	+%	Q110	%	+%	Q109	%
Revenues	**85,354**	**100.0**	**14.6**	**74,454**	**100.0**	**45.9**	**51,015**	**100.0**
Primary Segments								
E-Commerce	80,536	94.4	13.9	70,706	95.0	51.3	46,747	91.6
Wholesale	4,818	5.6	28.6	3,748	5.0	–12.2	4,269	8.4
Regions								
EU	67,806	79.4	9.1	62,169	83.5	42.8	43,547	85.4
Rest	17,548	20.6	42.8	12,285	16.5	64.5	7,469	14.6

E-Commerce

Revenues in the E-Commerce division with its 121 online shops were up year-on-year by 13.9%, from € 70.7 million to € 80.5 million. In Q111 the company was able to acquire a total of 181 thousand new customers (Q110: 188 thousand, –3.8%). During the same period 133 thousand existing customers (Q110: 114 thousand, +16.6%) made repeat purchases at Delticom. As in previous years, revenues from selling to business customers (B2B) accounted for considerably less than 20% of the segment revenues. The major focus continues to be on selling to private customers (B2C) which accounted for more than 80% of the segment revenues.

Wholesale

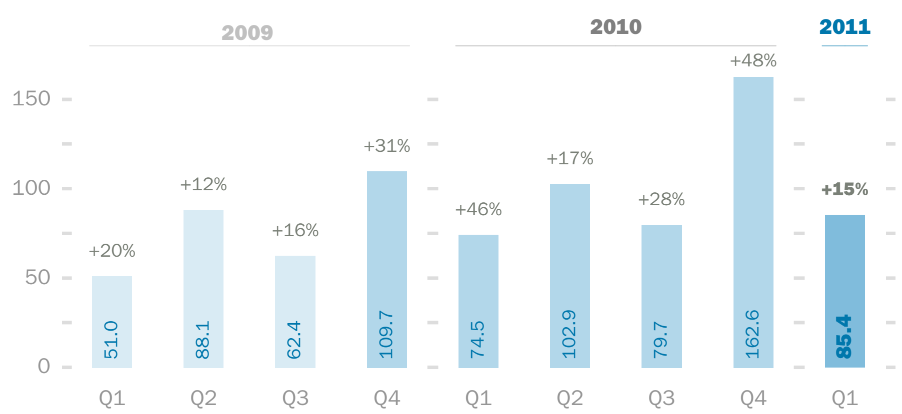
Delticom's Wholesale division sells tyres to wholesalers in Germany and abroad. Divisional revenues rose by 28.6% to € 4.8 million, after prior-year revenues of € 3.7 million. In the reporting period the E-Commerce share amounted to 94.4%, compared to 95.0% in the previous year.

Regional split

The group offers its product range in 39 countries. Revenues in EU countries totalled € 67.8 million (+9.1%). Operations in Europe are not restricted to EU member states but also include countries such as Switzerland and Norway. Delticom also sells tyres outside Europe, especially in the USA. Across all non-EU countries the revenue contribution for Q111 was € 17.5 million (+42.8%).

Revenues trend

quarterly revenues in € million



Seasonality

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

Due this year's lack of snow across Europe, winter tyre sales in January were weaker than in the previous year. On top of this, Easter did not fall until the second half of April this year. Many motorists change over from winter to summer tyres right before this holiday. Last year, business in March was able to benefit from this effect, whereas this year will see relatively more summer tyre sales happen in the second quarter.

Key expense positions

Cost of sales

The cost of sales is the largest expense item which increased by 15.0% from € 54.8 million in Q110 to € 63.0 million in Q111 (73.8% of revenues), primarily due to higher revenues. The cost of sales in the E-Commerce division rose by 13.9% from € 51.6 million to € 58.7 million. This equates to a cost of sales ratio of 72.9% (Q110: 72.9%).

In the Wholesale division, the cost of sales rose by 32.9% to € 4.3 million (Q110: € 3.2 million), corresponding to 88.8% of divisional revenues (Q110: 85.9%).

Personnel expenses

In the reporting period on average 108 staff members were employed at Delticom (Q110:94). Personnel expenses amounted to € 1.7 million (Q110: € 1.6 million). Compared to the prior-year period, the personnel expenses ratio (staff expenditures as percentage of revenues) remained almost unchanged (2.0%, Q110: 2.1%) .

Marketing

Marketing expenses amounted to € 2.0 million, after € 1.7 million in Q110. Although this represents an increase of 17.0%, the relationship to revenues remained on a level with last year, with a share of 2.3% (Q110: 2.3%).

Transportation costs

Among the other operating expenses, transportation costs is the largest line item. Tyres sold online are picked up at the delivery points by parcel services which then transport the tyres to the customers or fitting stations. As business volume increases, so too do these transportation costs, from € 6.4 million by 5.8% to € 6.8 million. The share of transportation costs against revenues decreased from 8.6% in Q110 to 7.9% in Q111, partly driven by relatively stronger revenue growth coming from higher selling prices.

Earnings position

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

	Q111	%	+%	Q110	%	+%	Q109	%
Revenues	**85,354**	100.0	14.6	**74,454**	100.0	45.9	**51,015**	100.0
Other operating income	1,334	1.6	3.1	1,294	1.7	50.2	862	1.7
Total operating income	**86,688**	101.6	14.4	**75,748**	101.7	46.0	**51,877**	101.7
Cost of goods sold	63,017	73.8	15.0	54,798	73.6	45.1	37,769	74.0
Gross profit	**23,671**	27.7	13.0	**20,950**	28.1	48.5	**14,108**	27.7
Personnel expenses	1,744	2.0	10.7	1,575	2.1	15.0	1,370	2.7
Other operating expenses	15,414	18.1	16.7	13,207	17.7	32.8	9,947	19.5
EBIT	**6,146**	7.2	4.6	**5,873**	7.9	122.3	**2,642**	5.2
Depreciation	367	0.4	24.6	295	0.4	97.5	149	0.3
EBITDA	**6,513**	7.6	5.6	**6,168**	8.3	120.9	**2,792**	5.5
Net financial result	39	0.0	50.1	26	0.0	–80.2	132	0.3
EBT	**6,185**	7.2	4.8	**5,899**	7.9	112.6	**2,775**	5.4
Income taxes	1,989	2.3	5.0	1,895	2.5	116.9	873	1.7
Consolidated net income	**4,196**	4.9	4.8	**4,005**	5.4	110.6	**1,901**	3.7

Other operating income

Other operating income increased in Q111 by 3.1% to € 1.3 million (Q110: € 1.3 million), thereof gains from exchange rate differences to the order of € 1.0 million (Q110: € 0.9 million).

FX differences

A large share of the tyre purchases is made in foreign currencies. The FX exposure is hedged with forward contracts. As a result, the FX income is usually balanced with FX losses. FX losses from trade payables and hedges are accounted for as line item in the other operating expenses (Q111: € 1.7 million, Q110: € 0.5 million).

FX gains and losses often accrue differently to different quarters due to the long duration of the underlying transaction and the corresponding hedge. As a result, the balance of gains and losses amounted to € –0.7 million for Q111, worse than for the prior-year period (Q110: € 0.4 million). Calculated using the longer reporting period, the swings start to vanish.

Gross profit and gross profit margin up

In an environment of rising purchasing prices and further supply bottlenecks, Delticom was to a good extent able to cushion the hikes by purchasing early. As a result, the gross profit advanced in the reporting period by 13.0% year-on-year, from € 21.0 million to € 23.7 million. The gross profit margin (gross profit in relation to total income) decreased from 27.7% to 27.3%.

The two divisions – E-Commerce and Wholesale – operate at different gross profit margins. As usual, E-Commerce was able to achieve a better margin (Q111: 28.2%, Q110: 27.3%) than Wholesale (Q111: 12.0%, Q110: 14.1%).

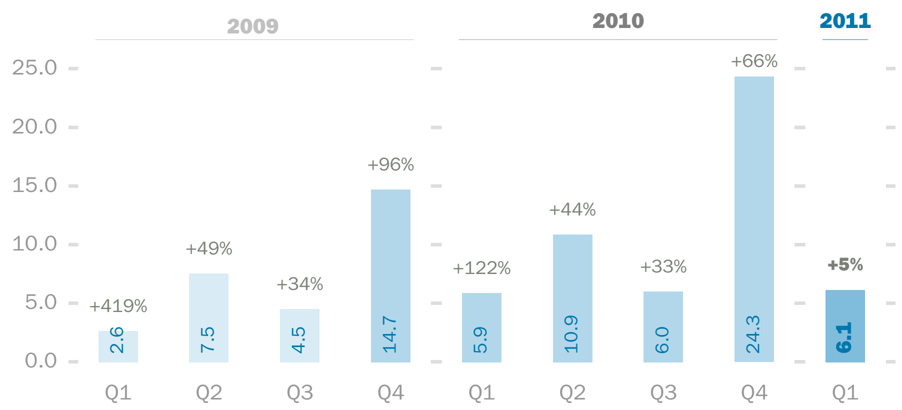
Profitability improved considerably

Although EBIT had risen steeply in the first quarter of last year (+122.3%), EBIT for Q111 saw a year-on-year increase once again, by 4.6% to € 6.1 million (Q110:€ 5.9 million). This translated to an EBIT margin of 7.2% (Q110:7.9%).

The chart *EBIT* shows the preceding quarters.

EBIT

quarterly, in € million



Financial result remains low

The continually low Euro money market rates led to a poor financial result of € 39 thousand (Q110: € 26 thousand).

Income taxes

The expenditure for income taxes was € 2.0 million (Q110: € 1.9 million). This equates to a tax rate of 32.2% (Q110: 32.1%).

Net income

Consolidated net income grew from € 4.0 million to € 4.2 million. This corresponds to earnings per share (EPS) of € 0.35 (undiluted, Q110: € 0.34), a step-up of 4.8%.

Dividend for fiscal year 2010

Delticom's Annual General Meeting on 03.05.2011 decided on a dividend for fiscal year 2010 of € 2.72 per share (previous year: € 1.70). This corresponds to a dividend sum of € 32.2 million (previous year: € 20.1 million).

Financial and assets position

Cash flow

Operating cash flow

Following the reversal of year-end effects and the scheduled buildup of stock levels to € 83.3 million (31.12.2010: € 51.7 million), net working capital increased to € 23.7 million (31.12.2010:€ 1.3 million). As a consequence, cash flow from ordinary business activities (operating cash flow) for the period under review came in lower than last year, at € –18.5 million (Q110: € 4.7 million).

More investments

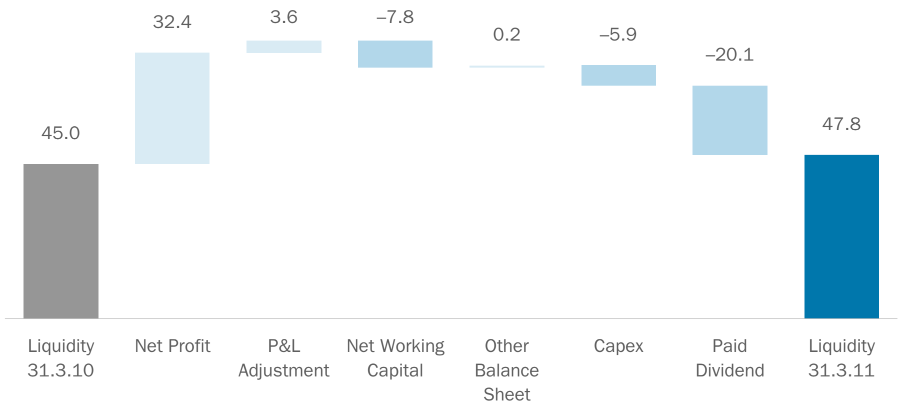
In line with our warehouse capacity expansion investments into property, plant and equipment amounted to € 1.8 million, significantly more than last year (Q110: € 0.2 million). Taken together with the investments into intangible assets amounting to € 23 thousand, in Q111 a total of € 1.8 million of the investments (*capex*) resulted in a cash outflow (Q110: € 0.3 million).

Financing activities

Delticom did not recognise any cash flow from financing activities in the reporting period.

Liquidity Bridge

in € million



Strong liquidity position

Delticom's reporting-date liquidity amounted € 47.5 million; it was slightly higher than in the previous year (31.03.2010: € 45.0 million).

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

Balance sheet structure

As of 31.03.2011 the balance sheet total amounted to € 167.5 million (31.12.2010: € 149.0 million). Table *Abridged balance sheet* illustrates the low capital intensity of the business model.

Inventories up as planned

Among the current assets, inventories is the biggest line item. Since the beginning of the year Management was able to grow the stock by € 31.6 million or 61.2% to € 83.3 million (31.12.2010: € 51.7 million), due to expanded warehouse capacity.

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 € 16.9 million, up 54.4% from end of last year's € 10.9 million.

Payables increased in parallel with inventories

The accounts payable were increased from € 53.6 million by € 15.6 million or 29.2% to € 69.3 million, in parallel with inventories. As part of the € 84.5 million in short-term liabilities as of 31.03.2011, € 69.3 million were recorded as accounts payable, corresponding to a share of 41.4% of balance sheet total.

Abridged balance sheet

in € thousand

	31.03.11	%	+%	31.12.10	%	+%	31.12.09	%
Assets								
Non-current assets	11,853	7.1	14.6	10,347	6.9	49.7	6,910	6.5
Fixed assets	11,090	6.6	14.9	9,654	6.5	45.8	6,621	6.2
Other non-current assets	763	0.5	10.1	693	0.5	140.2	289	0.3
Current assets	155,598	92.9	12.2	138,622	93.1	38.7	99,938	93.5
Inventories	83,271	49.7	61.2	51,671	34.7	20.6	42,858	40.1
Receivables and other current assets	24,841	14.8	29.9	19,117	12.8	16.3	16,438	15.4
Liquidity	47,486	28.4	–30.0	67,834	45.5	66.9	40,642	38.0
Securities	1,038	0.6	0.2	1,036	0.7	–65.9	3,039	2.8
Cash and cash equivalents	46,448	27.7	–30.5	66,798	44.8	77.6	37,603	35.2
Assets	**167,451**	**100.0**	**12.4**	**148,969**	**100.0**	**39.4**	**106,848**	**100.0**
Equity and Liabilities								
Long-term funds	75,190	44.9	5.9	71,008	47.7	19.8	59,276	55.5
Equity	75,144	44.9	5.9	70,963	47.6	20.7	58,794	55.0
Long-term debt	45	0.0	0.0	45	0.0	–90.6	482	0.5
Provisions	45	0.0	0.0	45	0.0	7.8	42	0.0
Liabilities	0	0.0		0	0.0	–100.0	440	0.4
Short-term debt	92,261	55.1	18.3	77,961	52.3	63.9	47,573	44.5
Provisions	7,762	4.6	–7.4	8,379	5.6	136.6	3,542	3.3
Liabilities	84,499	50.5	21.4	69,582	46.7	58.0	44,031	41.2
Equity and Liabilities	**167,451**	**100.0**	**12.4**	**148,969**	**100.0**	**39.4**	**106,848**	**100.0**

Organisation

Legal structure

As of 31.03.2011, the Delticom Group comprised the following subsidiaries.

- Reifendirekt GmbH, Hanover (Germany)
- Pnebo Gesellschaft für Reifengroßhandel und Logistik mbH, Hanover (Germany)
- Delticom Tyres Ltd., Oxford (United Kingdom)
- NETIX S.R.L., Timisoara (Romania)
- Delticom North America Inc., Wilmington (Delaware, USA)
- Tyrepac Pte. Ltd., Singapur

Delticom AG owns 100% of shares in all subsidiaries, with the exception of Singapore-based Tyrepac where Delticom holds a majority interest amounting to 50.9%.

108 employees

In the reporting period an average of 108 persons were employed at Delticom (Q110: 94), thereof 10 apprentices and trainees. The business is run mainly from the Hanover head office.

Significant events after the reporting date

The General Meeting on 03.05.2011 has decided on a dividend of € 2.72 per share- an increase of 60.0% of the previous year's dividend of € 1.70 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 2010 on pages 42ff, together with a list of key individual risks.

Compared to the Annual Report 2010, 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

Slower economic growth

In the opinion of experts, the economy should continue on its positive growth path this year, albeit with less momentum than in the previous year. Rising energy and food prices are driving the rate of inflation. This could have an increasingly negative impact on consumer confidence in the coming months.

Car tyres more expensive

The surge in global raw materials demand burdens the cost situation in the tyre industry. Car tyres have already significantly gone up in price in the first months of the current year, and some manufacturers have now announced further price hikes for later quarters.

Supply bottlenecks not unlikely

The boom for original equipment tyres fitted on new cars will probably go on, at least for the remainder of 2011. Manufacturers' additional production capacities are likely to only take their full effect next year. Consequenty, experts expect some bottlenecks in the replacement tyre business, although not necessarily as dramatic as the imbalances between supply and demand in Q410.

New warehouse

Last year demonstrated to us once again how important it is for our operation to have ample own stock. In order to remain agile in peak periods of the seasons we will open a new warehouse in a couple of weeks. This warehouse will be our largest one to date. It will enjoy major investments into information, conveyor and packaging technology. In this context, capex will exceed the previous year's level by around 50-80% (2010: € 3.5 million), depending on the progress of the project. We might also manage total capacity by closing a smaller, older warehouse over the course of the next months.

Guidance unchanged

In the first quarter, business progressed according to plan. The first weeks of the current quarter have also been in line with our expectations. However, replacement tyre demand for the second half of the year is difficult to forecast. The percentage of online tyre sales is still comparatively low in the tyre retail sector. On the other hand, more and more drivers use the Internet to look for good value offers. The number of online tyre sales is generally expected to rise. Despite the very high base of 2010, we therefore continue to expect revenues to grow by around 10% year-on-year. The EBIT margin should drop by approximately one percentage point year-on-year (2010: 11.2%).

Consolidated Interim Financial Statements of Delticom AG

Consolidated Income Statement

in € thousand	01.01.2011 – 31.03.2011	01.01.2010 – 31.03.2010
Revenues	**85,354**	**74,454**
Other operating income	1,334	1,294
Total operating income	**86,688**	**75,748**
Cost of goods sold	–63,017	–54,798
Gross profit	**23,671**	**20,950**
Personnel expenses	–1,744	–1,575
Depreciation of intangible assets and property, plant and equipment	–367	–295
Other operating expenses	–15,414	–13,207
Earnings before interest and taxes (EBIT)	**6,146**	**5,873**
Financial expenses	–3	–4
Financial income	42	31
Net financial result	**39**	**26**
Earnings before taxes (EBT)	**6,185**	**5,899**
Income taxes	–1,989	–1,895
Consolidated net income	**4,196**	**4,005**
Thereof allocable to:		
Shareholders of Delticom AG	4,196	4,005
Earnings per share (basic)	0.35	0.34
Earnings per share (diluted)	0.35	0.34

Statement of Recognised Income and Expenses

in € thousand	01.01.2011 – 31.03.2011	01.01.2010 – 31.03.2010
Consolidated Net Income	**4,196**	**4,005**
Changes in the financial year recorded directly in equity		
Changes in currency translation	–22	12
Changes in value of financial assets in the “available-for-sale assets” category		
Changes in current value recorded directly in equity	2	2
Recognition of settled hedging transactions with effect on income	0	0
Deferred tax on current changes without effect on income	–1	–1
Other comprehensive income for the period	**–21**	**13**
Total comprehensive income for the period	**4,175**	**4,018**

Consolidated Balance Sheet

Assets

in € thousand	31.03.2011	31.12.2010
Non-current assets	**11,853**	**10,347**
Intangible assets	1,086	1,112
Property, plant and equipment	9,186	7,724
Financial assets	818	818
Deferred taxes	438	346
Other receivables	325	347
Current assets	**155,598**	**138,622**
Inventories	83,271	51,671
Accounts receivable	16,877	10,928
Other current assets	7,964	8,189
Securities	1,038	1,036
Cash and cash equivalents	46,448	66,798
Assets	**167,451**	**148,969**

Shareholders' Equity and Liabilities

in € thousand	31.03.2011	31.12.2010
Equity	**75,144**	**70,963**
Subscribed capital	11,839	11,839
Share premium	24,222	24,216
Other components of equity	–180	–159
Retained earnings	200	200
Net retained profits	39,064	34,867
Liabilities	**92,307**	**78,006**
Non-current liabilities	**45**	**45**
Non-current provisions	45	45
Current liabilities	**92,261**	**77,961**
Provisions for taxes	5,904	6,179
Other current provisions	1,858	2,200
Accounts payable	69,252	53,615
Other current liabilities	15,247	15,967
Shareholders' equity and liabilities	**167,451**	**148,969**

Consolidated Cash Flow Statement

in € thousand	01.01.2011 – 31.03.2011	01.01.2010 – 31.03.2010
Earnings before interest and taxes (EBIT)	**6,146**	**5,873**
Depreciation of intangible assets and property, plant and equipment	367	295
Changes in other provisions	–341	219
Net gain on the disposal of assets	4	0
Changes in inventories	–31,600	–17,122
Changes in receivables and other assets not allocated to investing or financing activity	–5,792	–3,265
Changes in payables and other liabilities not allocated to investing or financing activity	14,923	20,224
Interest received	42	31
Interest paid	–3	–4
Income tax paid	–2,264	–1,589
Cash flow from operating activities	**–18,519**	**4,661**
Proceeds from the disposal of property, plant and equipment	0	1
Payments for investments in property, plant and equipment	–1,785	–226
Payments for investments in intangible assets	–23	–43
Changes in liquidity reserve	–2	–2
Cash flow from investing activities	**–1,809**	**–270**
Cash flow from financing activities	**0**	**0**
Changes in cash and cash equivalents due to currency translation	–22	12
Cash and cash equivalents at the start of the period	66,798	37,603
Changes in cash and cash equivalents	–20,350	4,404
Cash and cash equivalents - end of period	**46,448**	**42,007**
For information only:		
Liquidity - start of period	**67,834**	**40,642**
Changes in cash and cash equivalents	–20,350	4,404
Changes in liquidity reserve	2	2
Liquidity - end of period	**47,486**	**45,048**

Statement of Changes in Shareholders' Equity

					Accumulated profits / losses			
in € thousand	Subscribed capital	Share premium	Reserve from currency translation	Revaluation Reserve	Retained earnings	Net retained profits	total	Total equity
as of 1 January 2010	**11,839**	**24,112**	**–124**	**23**	**200**	**22,744**	**22,943**	**58,794**
Increase in share premium due to stock options		39						39
Total comprehensive income for the period			12	1		4,005	4,005	4,018
as of 31 March 2010	**11,839**	**24,151**	**–111**	**24**	**200**	**26,748**	**26,948**	**62,851**
as of 1 January 2011	**11,839**	**24,216**	**–169**	**10**	**200**	**34,867**	**35,067**	**70,963**
Increase in share premium due to stock options		6						6
Total comprehensive income for the period			–22	1		4,196	4,196	4,175
as of 31 March 2011	**11,839**	**24,222**	**–191**	**11**	**200**	**39,064**	**39,263**	**75,144**

Notes to the Consolidated Financial Statements of Delticom AG

Segment results

Q110

in € thousand	E-Commerce	Wholesale	not allocated	Group
Revenues	**70,706**	**3,748**	**0**	**74,454**
Other operating income	269	0	1,024	1,294
Cost of goods sold	–51,579	–3,218	0	–54,798
Gross profit	**19,396**	**529**	**1,024**	**20,950**
Personnel expenses	–630	–86	–859	–1,575
Depreciation and amortization	–252	0	–42	–295
thereof property, plant and equipment	–220	0	–30	–250
thereof intangible assets	–33	0	–12	–45
Other operating expenses	–11,932	–258	–1,017	–13,207
thereof bad debt losses and one-off loan provisions	–350	–88	0	–438
Segment result	**6,582**	**185**	**–894**	**5,873**
Net financial result				26
Income taxes				–1,895
Consolidated net income				**4,005**

Q111

in € thousand	E-Commerce	Wholesale	not allocated	Group
Revenues	**80,536**	**4,818**	**0**	**85,354**
Other operating income	1,219	43	72	1,334
Cost of goods sold	–58,741	–4,276	0	–63,017
Gross profit	**23,014**	**584**	**72**	**23,671**
Personnel expenses	–934	–122	–688	–1,744
Depreciation and amortization	–332	0	–35	–367
thereof property, plant and equipment	–296	0	–23	–319
thereof intangible assets	–36	0	–12	–48
Other operating expenses	–14,638	–201	–575	–15,414
thereof bad debt losses and one-off loan provisions	–357	0	0	–357
Segment result	**7,111**	**261**	**–1,227**	**6,146**
Net financial result				39
Income taxes				–1,989
Consolidated net income				**4,196**

Reporting companies

Delticom, Europe's leading online tyre retailer, was founded in Hanover in 1999. With 121 online shops in 39 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 2010.

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

Delticom's consolidated interim financial statements as of 31.03.2011 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 2010 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 31.12.2010.

The Annual Report 2010 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_2010.pdf

Group of consolidated companies

The group of consolidated companies comprises Delticom AG as controlling company, two domestic and three 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 subsidiary company Tyrepac Pte. Ltd. Singapur is not consolidated, but instead recognized as a financial instrument pursuant to IAS 39. Compared with the Annual Report for fiscal year 2010 there were no changes in the group of consolidated companies.

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.

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

Detailed information with regards to 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.

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

in € thousand	Q111	Q110
Transportation costs	6,773	6,404
Warehousing costs	864	860
Credit card fees	699	516
Bad debt losses and one-off loan provisions	357	438
Marketing costs	1,986	1,696
Operations centre costs	1,149	921
Rents and overheads	955	856
Financial and legal costs	439	570
IT and telecommunications	201	160
Expenses from exchange rate differences	1,685	499
Other	305	289
Total	**15,414**	**13,207**

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.

Earnings per share

Basic earnings per share totalled € 0.35 (Q110: € 0.34). The diluted earnings per share totalled € 0.35 (Q110: € 0.34).

Calculation of earnings per share

Earnings per share are calculated according to IAS 33. During the year under review, there were 15,810 potential shares (financial instruments and other agreements which entitle their holders to subscribe to ordinary shares) from the tranche dated 22.11.2007, 37,500 potential shares from the tranche dated 08.05.2008, 37,500 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 earnings per share was based on net income after taxes totalling € 4,196,282.93 (Q110: € 4,004,669.14) and the weighted average number of shares outstanding during the fiscal year. The calculation of the diluted earnings per share was based on the weighted average number of shares outstanding during the fiscal period, plus the number of potential shares from options, in total 11,945,250 shares (Q110: 11,929,440 shares).

Dividends

Delticom's Annual General Meeting on 03.05.2011 decided on a dividend for fiscal year 2010 of € 2.72 per share (previous year: € 1.70).

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 cosolidated subsidiaries (category *not cosolidated subsidiaries*). All transactions with related parties are agreed contractually, and conducted on terms as would also be usual with third parties. Transactions which occured during the interim reporting period did not have any signifanct 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 € 461 thousand (Q110: € 456 thousand) were purchased from related companies and persons, and goods and services worth € 620 thousand (Q110: € 306 thousand) were sold to related companies and persons. Accounts receivable from business with related companies and persons amounted to € 910 thousand (Q110: € 426 thousand) and accounts payable totalled € 271 thousand (Q110: € 456 thousand).

Related companies and persods (category *not cosolidated subsidiaries*): In the reporting period, goods and services worth € 52 thousand (Q110: € 0 thousand) were purchased from related companies and persons, and goods and services worth € 135 thousand (Q110: € 0 thousand) were sold to related companies and persons. Accounts receivable from business with related companies and persons amounted to € 135 thousand (Q110: € 0 thousand) and accounts payable totalled € 52 thousand (Q110: € 0 thousand).

Contingent liabilities and other financial commitments

As compared to 31.12.2010, the situation with regards to other financial commitments has not changed significantly:

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

Employees

From 01.01.2011 to 31.03.2011 Delticom had an average of 108 employees (thereof 10 apprentices and interns). The calculation is based on full-time equivalents, thus taking into account the actual work hours.

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/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).

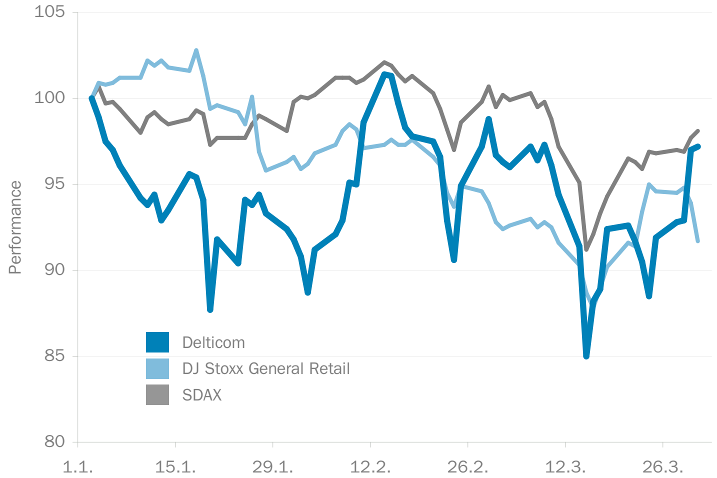
Responsibility Statement

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, 09.05.2011

(The Management Board)

The Delticom Share



WKN	514680
ISIN	DE0005146807
Reuters / Bloomberg	DEXGn.DE / DEX GR
Index membership	SDAX, CXPR, GEX, NISAX
Type of shares	No-par value, registered
Transparency level	Prime Standard

19 July 2011	preliminary H1 figures
09 August 2011	full H1 report
18 October 2011	preliminary Q3 figures
08 November 2011	full Q3 report

		01.01.2011 – 31.03.2011	01.01.2010 – 31.12.2010
Number of shares	shares	11,839,440	11,839,440
Share capital	€	11,839,440	11,839,440
Share price on first trading day[1]	€	65.66	28.75
Share price on last trading day of the period[1]	€	63.85	66.50
Share performance[1]	%	–2.8	+131.3
Share price high/low[1]	€	66.56 / 55.82	68,4 / 25,6
Market capitalisation[2]	€ million	755.9	787.3
Average trading volume per day (XETRA)	shares	27,002	23,870
EPS (undiluted)	€	0.35	2.72
EPS (diluted)	€	0.35	2.70
Equity per share	€	6.35	5.99
Dividend per share[3]	€	2.72	2.72
Dividend amount[4]	€ million	32.2	32.2
Dividend yield[2]	%	4.3	4.1

(1) based on closing prices
(2) based on official closing price at end of quarter
(3) Per share, paid for fiscal year 2010
(4) based on number of shares outstanding at end of quarter

				Estimates for 2011				Estimates for 2012			
Broker	Analyst	Recommen-dation	Target price	Sales (€m)	EBIT (€m)	EBIT (%)	EPS (€)	Sales (€m)	EBIT (€m)	EBIT (%)	EPS (€)
NordLB	Frank Schwope	Buy	71.00	470.4	48.6	10.3	2.84	508.1	53.3	10.5	3.07
Metzler	Jürgen Pieper	Sell	65.00	460.0	48.5	10.5	2.80	520.0	57.8	11.1	3.30
Exane	Andreas Inderst	Outperform	80.00	454.0	47.7	10.5	2.73	538.0	59.1	11.0	3.36
Berenberg	Lars Dannenberg	Buy	76.00	457.0	46.0	10.1	2.69	521.0	52.0	10.0	3.05
BHF	Aleksej Wunrau	Market Weight	64.00	452.0	47.5	10.5	2.82	510.0	55.0	10.8	3.25
Deutsche Bank	Tim Rokossa	Hold	55.00	469.0	50.0	10.7	2.87	519.0	50.0	9.6	2.86
Macquarie	Marcus Sander	Neutral	68.50	444.7	48.3	10.9	2.76	525.0	59.5	11.3	3.42
BH Lampe	Christian Ludwig	Buy	87.00	465.9	48.0	10.3	2.80	533.5	54.8	10.3	3.20
Commerzbank	Dennis Schmitt	Buy	75.00	446.0	46.8	10.5	2.65	502.0	54.1	10.8	3.08
HSBC	Tobias Britsch	Neutral	65.00	451.0	46.3	10.3	2.69	494.0	52.0	10.5	3.02
		Average	70.65	457.0	47.8	10.5	2.77	517.1	54.8	10.6	3.16

as of 9 May 2011

Imprint

Publisher

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