

Delticom AG: Delticom starts change process, announcement of the nine monthly figures, adjustment of full-year forecast

Turnaround process

Hanover, 15 November 2019 - Delticom AG, Hanover, WKN 514680, ISIN DE0005146807, stock exchange symbol DEX, has worked with specialist consultants to develop a comprehensive concept for a sustained return to profitability, increase profitability and focus on the core business "Tyres Europe" in view of the increasingly difficult business environment and to secure its long-term liquidity, and has already taken the first implementation measures. Delticom has also appointed a Chief Performance Manager. The restructuring concept was presented to the financing banks and trade credit insurers on 23 October 2019. Delticom and the consultants commissioned by Delticom are now negotiating with the financing banks a continuation of the financing with a term until the end of 2021.

On 7 August 2019, Delticom concluded a standstill agreement with its financing banks, which has since been extended several times. Following further constructive negotiations with the financing banks, the latter have concretely promised a prompt extension of the term until 8 December 2019 in order to enable further coordination on the continuation of the financing until the end of 2021. In the standstill agreement, the banks agreed not to seriously assert any loan claims against Delticom until the end of the term and not to terminate any loans. Delticom assumes that the standstill agreement will be extended until the conclusion of the contractual documentation for the planned continuation of the financing if the negotiations with the banks continue to proceed positively. Until then, Delticom will regularly inform the banks about the financial situation of the Delticom Group and the progress of the restructuring process.

In the concept commissioned by Delticom AG's Managing Board on 14 August 2019 and submitted as a draft on 21 October 2019, the management consultant mandated by Delticom stated that the Delticom Group - subject to the implementation of the measures envisaged therein as well as the continuation of the standstill agreement and the agreement with the financing banks on a continuation of the financing until the end of 2021 - would be able to generate positive op-

erating EBIT again in its core business as early as 2020 and would probably generate net income for the year again at Group level by 2021 at the latest.

The objectives of the restructuring process are to optimise the Delticom Group's processes and to focus the Delticom Group on its more profitable core business with tyres and complete wheels. The continuation of all other activities of the Delticom Group is currently under review. Delticom's Managing Board has already decided and initiated the discontinuation of the unprofitable business with automotive spare parts and lubricants. The transaction is expected to be completed by the end of the first quarter of 2020. In addition, Delticom plans to realign its Managing Board and, if necessary, to fill new positions.

In addition, Delticom has commissioned a transaction consultant to evaluate the sale of business units of the Delticom Group as well as the procurement of additional equity or debt capital and the examination of a possible full or partial takeover of Delticom by an investor. Potential interested parties have already been approached. Initial discussions were held with potential investors who had expressed their interest.

Business development 9M19 and adjustment of full-year forecast

In the first nine months of the current fiscal year, the Delticom Group generated revenues in the amount of € 420 million (9M 18: € 418 million). EBITDA at the end of the first nine months amounted to € –7.6 million and was thus below the corresponding period of the previous year (9M 18: € 3.4 million).

In September 2018, other operating income of € 5 million from the acquisition of Allyouneed GmbH was recognized. This is offset this year by an operating loss at Allyouneed GmbH of € –3.2 million. The remaining decrease in earnings of € 2.8 million is due, among other things, to higher marketing costs in the first half of the year and an increase in warehouse handling costs in the core business. Excluding the earnings effects from Allyouneed, the Delticom Group generated an EBITDA of € –3.2 million in the third quarter. The operating result is thus € 5.2 million higher than in the same period of the previous year.

Ad hoc disclosure



Today, taking all influencing factors into account, management is adjusting its full-year forecast for the current financial year accordingly, thus taking account of the current market and company situation.

For the year as a whole, management now expects Group revenues to range from € 650 million to € 660 million (previous forecast: € 660 million to € 690 million). The adjustment results from the weaker seasonal peak for the current winter tyre business compared to the previous year.

For the Delticom Group's EBITDA, a range of € -8 million to € -5 million is considered achievable, a significant portion of which is attributable to activities outside the core area (previous forecast: € 8 million to € 12.5 million). This range takes into account a significant positive earnings contribution from an ongoing logistics project. Adjusted earnings planning also takes into account costs for optimisation measures. The positive effects of these actions will be realised from 2020 onwards.

Excluding these effects, EBITDA before extraordinary expenses would be between € 5 million and € 8 million.

Any future valuation changes that may arise, for example, in connection with the possible disposal of business areas, cannot be estimated at this point in time and are therefore not taken into account.

<End of ad hoc disclosure>

About Delticom:

With the brand Reifendirekt, Delticom AG is the leading company in Europe for the online distribution of tyres and complete wheels.

The product portfolio for private and business customers comprises an unparalleled range of more than 100 brands and over 25,000 tyre models for cars, motorcycles, trucks, commercial vehicles and buses. Complete wheels and rims complete the product range. The company operates 475 online shops and sales platforms in 73 countries, serving more than 14 million customers.

Ad hoc disclosure



As part of the service, the ordered products can be sent to one of Delticom's approximately 40,000 service partners worldwide for mounting at the customer's request.

Based in Hanover, Germany, the company operates primarily in Europe and the USA and has extensive expertise in the development and operation of online shops, internet customer acquisition, internet marketing and the establishment of partner networks.

Since its foundation in 1999, Delticom has built up comprehensive expertise in designing efficient and fully integrated ordering and logistics processes. The company's own warehouses are one of its most important assets.

In fiscal year 2018, the AG generated revenues of more than 645 million euros with an average of 281 employees.

Delticom AG shares have been listed in the Prime Standard of Deutsche Börse since October 2006 (ISIN DE0005146807).

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