

**We invest in winners.** That means we invest in strong companies that create value for their shareholders with sustainable business models, solid balance sheets and high margins. We keep the risks low and invest when our position is fuelled by a positive event. We refer to that as the combination of value and event.

### Delticom AG

Delticom is Europe's leading tyre dealer on the internet. The company operates 137 online shops in 42 countries, and generated sales of EUR 500 million in the past financial year. 76% of revenues were generated in the EU. The annual volume of the entire European spare tyre market is EUR 12 billion. The current on-line share is 8%. According to estimates by analysts and industry associations, it is expected to increase to 15-20% in the medium term. Delticom has almost half of the fast-growing on-line market. Since its founding in 1999, this Hanover-based company and "First Mover" has built up a strong market position and established relationships with suppliers, customers and partners. The broad product range for retail and business customers is comprised of more than 100 brands and over 25,000 tyre models for cars, motorcycles, trucks and buses, and also includes complete wheel assemblies as well as spare parts and accessories. Deliveries are made promptly to a specific address or one of the more than 37,000 service partners worldwide, which can install the tyres professionally and cost-effectively. Thanks to a lean value chain, Delticom is able to offer its tyres at 20-25% less than stationary dealers.

The price sensitivity of internet customers is high, and the market environment is very competitive. Barriers to market entry are minimal due to the low investment intensity

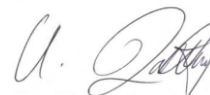
of the business model and low fixed costs. At the same time, Delticom has been generating healthy profits for 15 years, virtually all of which are distributed as dividends despite the growth of the business. This company, which is managed by the two founders and main shareholders, is a market and cost leader that profits from economies of scale in procurement and logistics, while the competition is barely profitable due to lower economies of scale. Its competitive advantage rests on its customer base, popularity (reifen.de, reifendirekt.de), service network and wide range of products.

At this time, Delticom's core profitability, which we have set at an EBIT margin of 5%, is hidden. The purchase of competitor Tirendo in 2013, which most recently pushed into the market with an aggressive campaign and which is still losing money, is creating a burden. Delticom has acquired Formula One champion Sebastian Vettel as a celebrity endorsement, in addition to new e-Commerce and innovation impulses. In turn, Tirendo's third-party transport business is being transferred to Delticom's existing logistics unit. In the medium term, Delticom should again be able to temporarily increase its EBIT margin to 7-9%, if an early winter with lots of snow supports the important winter tyre business, as was the case between 2009 and 2011. Then capital markets would likely increase their valuations of the cash flow strength and the growth of the e-Commerce business model from a mere 0.7-times revenue factor.

Sincerely yours



J. Henrik Muhle



Dr. Uwe Rathausky