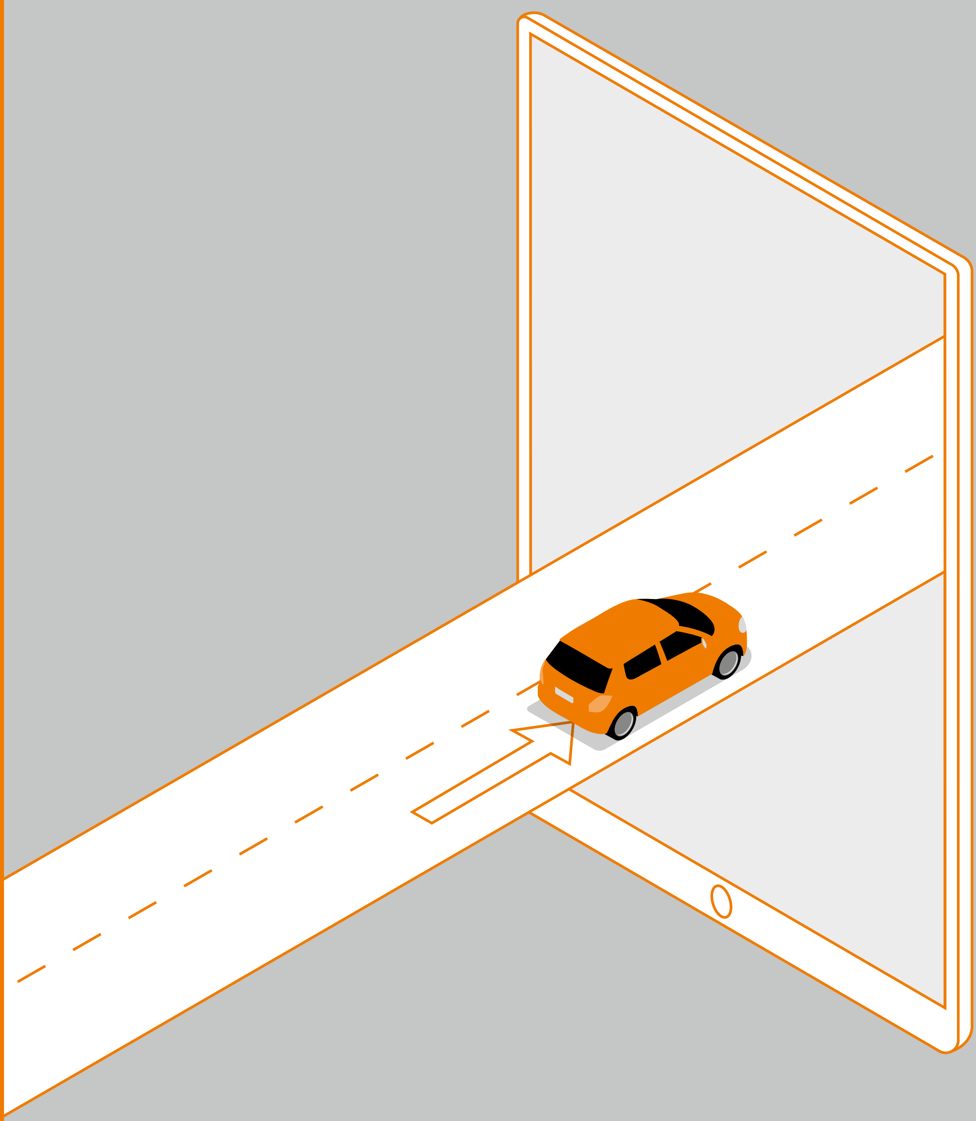
SIXT LEASING SE

DRIVE>2021

ANNUAL REPORT 2018



SIXT-neuwagen.de SIXT leasing SIXT mobility consulting

THE SIXT LEASING GROUP IN FIGURES

in EUR million	2018	2017	Change 2018 on 2017 in %	2016
Revenue	806	744	8.3	714
Thereof operating revenue	480	454	5.7	430
Thereof Leasing business unit	426	407	4.7	392
Thereof Fleet Management business unit	55	48	14.9	37
Thereof sales revenue	325	290	12.3	284
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	241	234	2.8	229
Earnings before interest and taxes (EBIT)	44	46	-4.8	51
Earnings before taxes (EBT)	31	30	2.8	32
Operating return on revenue (in %)[1]	6.4	6.5	-0.1 points	7.3
Operating return on revenue Leasing business unit (in %)[1]	6.1	6.3	-0.2 points	7.1
Operating return on revenue Fleet Management business unit (in %)[1]	8.0	8.6	-0.6 points	9.4
Consolidated profit	22	21	5.1	25
Earnings per share - basic and diluted (in EUR)	1.07	1.01		1.19
Total assets	1,393	1,443	-3.5	1,172
Lease assets	1,204	1,219	-1.2	1,021
Equity	217	205	5.7	195
Equity ratio (in %)	15.6	14.2	1.4 points	16.6
Non-current liabilities to related parties	-	-	-	490
Current liabilities to related parties	3	194	-98.3	4
Financial liabilities[2]	1,026	866	18.5	354
Dividend per share (in EUR)	0.48[3]	0.48	-	0.48
Total dividend, net	9.9[3]	9.9	-	9.9
Contract portfolio (in thou.)	130	133	-2.4	114
Thereof Fleet Leasing	43	48	-10.5	48
Thereof Online Retail	45	45	-1.6	27
Thereof Fleet Management	42	39	6.6	39
Investments in lease assets[4]	476	619	-23.2	472
Number of employees[5]	591	547	8.0	370

1 *Ratio of EBT to operating revenue*
2 *Current and non-current financial liabilities, including finance lease liabilities*
3 *Proposal by the management*
4 *Value of vehicles added to the leasing fleet*
5 *Annual average*

Sixt leasing

Profile

Sixt Leasing SE based in Pullach near Munich is market leader in online direct sales of new vehicles in Germany as well as specialist in the management and full-service leasing of large fleets. With tailor-made solutions, the company enables the longer-term mobility of its private and corporate customers.

Private and commercial customers use the online platforms Sixt-Neuwagen.de and autohaus24.de to lease new vehicles affordably. Corporate customers benefit from the cost-saving leasing of their vehicle fleet and from efficient fleet management.

DRIVE>2021

A LOOK BACK AND AHEAD TO THE STRATEGY PROGRAMME
FROM PAGE 6

A TO OUR SHAREHOLDERS

A \\ TO OUR SHAREHOLDERS

A.1 \\ LETTER TO SHAREHOLDERS

Dear shareholders,

2018 was a challenging year, especially given the discussions about diesel vehicles and the introduction of the new WLTP emission test procedure. Nevertheless, we successfully drove forward the implementation of our strategy programme 'DRIVE>2021', generated record revenue and laid the foundation for future growth.

Our focus in 2018 was on improving the risk-return-profile by means of proactive risk management. Among other things, this allowed us to significantly reduce the potential residual value risk of older diesel vehicles. In addition, we stepped up the marketing of leasing returns abroad and drove forward the implementation of our local sales concept to acquire smaller fleet customers. As a consequence, we managed to further reduce our dependency on the German used car market and on larger fleet customers.

Laying the foundation for future growth was our second focal point. Among other things, this involved investments in the ongoing development of our IT platforms and in digital processes. As a further element in the funding of our scheduled growth, we also set up a debt issuance programme with a total volume of up to EUR 1 billion. This will enable us to issue bonds flexibly. The first such bond was successfully placed in May 2018 and used above all to redeem the last instalment of the Core Loan to Sixt SE. As a result, Sixt Leasing SE has achieved a financing structure fully independent from Sixt SE.

We are also geared for growth with regard to our management team. With Dr Felix Frank and Christoph von Tschirschnitz, we successfully recruited two new Managing Directors for the Online Retail and Fleet Management business fields. We are convinced that their extensive track record will play a vital role in the successful further development of the Sixt Leasing Group.

Ladies and gentlemen, all in all we performed well in 2018 – despite the tense market environment. The Group's contract portfolio remained more or less stable at 129,700 contracts. Thanks in particular to the strong growth of Online Retail, however, consolidated revenue rose by 8.3 per cent to a record total of EUR 805.8 million. Consolidated operating revenue increased by 5.7 per cent to EUR 480.5 million.

Consolidated earnings before taxes (EBT) also rose by 2.8 per cent to EUR 30.5 million. As a result, the operating return on revenue remained virtually stable at 6.4 per cent. All in all, consolidated profit increased by 5.1 per cent to EUR 22.0 million.

In view of this solid foundation, we will be proposing a stable dividend of EUR 0.48 per share for fiscal year 2018 at the Annual General Meeting. This corresponds to a pay-out ratio of around 45 per cent of consolidated profit and thus represents an attractive dividend yield of 4.2 per cent based on our share price at year-end 2018.

Dear shareholders,

in 2018, we made our portfolio fit for the future. In 2019, we will focus on extending our product offerings and making them more flexible with various digitalisation initiatives. At the same time, we aim to optimise our processes in order to achieve further efficiency gains. Our objective is to accelerate revenue and earnings growth going forward and to return our contract portfolio to its former growth trajectory.

The market environment and customer preferences have changed in recently – especially in Online Retail. That is why we are stepping up efforts to supplement our offerings with products and services which allow us to accurately target additional customer groups. We are reviewing such exciting product options as more flexible usage models, used car leasing and more bespoke service products. In addition, we are developing a new app for drivers and fleet managers in our Fleet Management business unit.

As the market leader in online direct sales of new vehicles in Germany, and a specialist for the management and full-service leasing of large fleets, Sixt Leasing has many years of experience in developing tailored customer solutions. We are therefore very well placed to benefit disproportionately from the anticipated further market growth.

Our growth initiatives are expected to already take effect in 2019 and will come into full swing no later than 2020. Against this background, we anticipate a slight increase in the Group's contract portfolio in the current fiscal year with consolidated operating revenue and EBT both at around the previous year's level.

The growth targets for our mid-term outlook, which we adjusted last March, continue to apply: we plan to expand the Group's contract portfolio by around 50 per cent to around 200,000 contracts by the end of fiscal year 2021. The key drivers will be our two business fields Online Retail and Fleet Management, which we expect to grow strongly over the medium term. With regard to consolidated operating revenue, we forecast a significant increase to around EUR 650 million by fiscal year 2021. EBT is projected to grow from just over EUR 30 million to EUR 40 to 45 million by 2021.

Dear shareholders, we would be delighted to have you by our side on our future path and thank you for the trust we hope you will continue to place in us.

Pullach, April 2019

The Managing Board

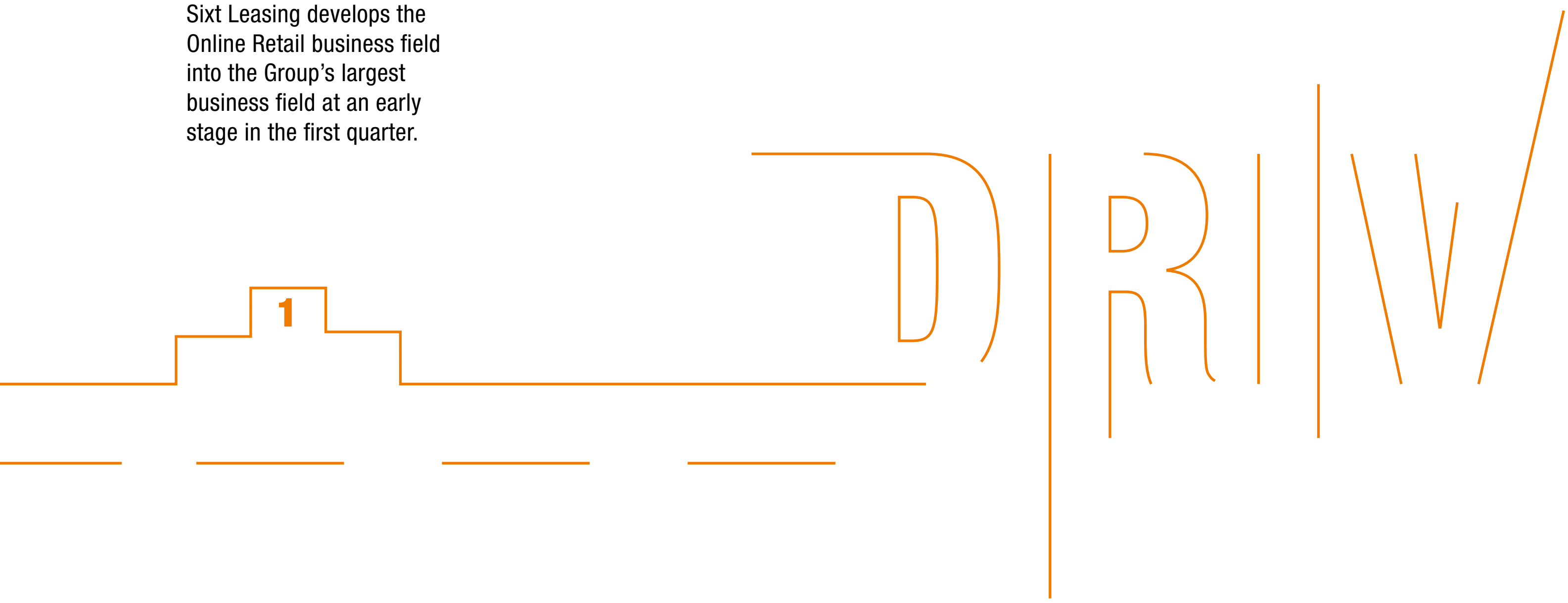
MICHAEL RUHL	BJÖRN WALDOW
CEO	CFO

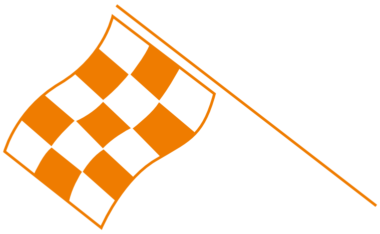
Successful start

#1

NEW NUMBER 1

Sixt Leasing develops the Online Retail business field into the Group's largest business field at an early stage in the first quarter.





#2

NEW DRIVES

Sixt Leasing delivers more than 300 BMW i3 'E-Mobility Edition' as part of a joint sales partnership between Sixt-Neuwagen.de, the energy provider Yello and BMW.

#3

NEW FUNDING

Sixt Leasing successfully issues a bond with a volume of EUR 250 million as part of a new debt issuance programme.

#4

NEW FREEDOM

Sixt Leasing successfully completes the transition of the Group's financing towards independent financing instruments in June.

In 2018, Sixt Leasing launched its strategy programme DRIVE>2021. The name stands for Digitalisation, Risk management, Internationalisation as well as Volume and Earnings growth until the year 2021. In 2018, the focus was on improving the risk-return profile.

#5

NEW OFFERS

Sixt Leasing starts the three-month special promotion 'HotCars' on the online platform Sixt-Neuwagen.de in early October.

#6

NEW REINFORCEMENT

Sixt Leasing recruits Dr Felix Frank as new Chief Digital Officer (CDO) and Managing Director Online Retail, along with Christoph von Tschirschnitz as new Managing Director Sixt Mobility Consulting.

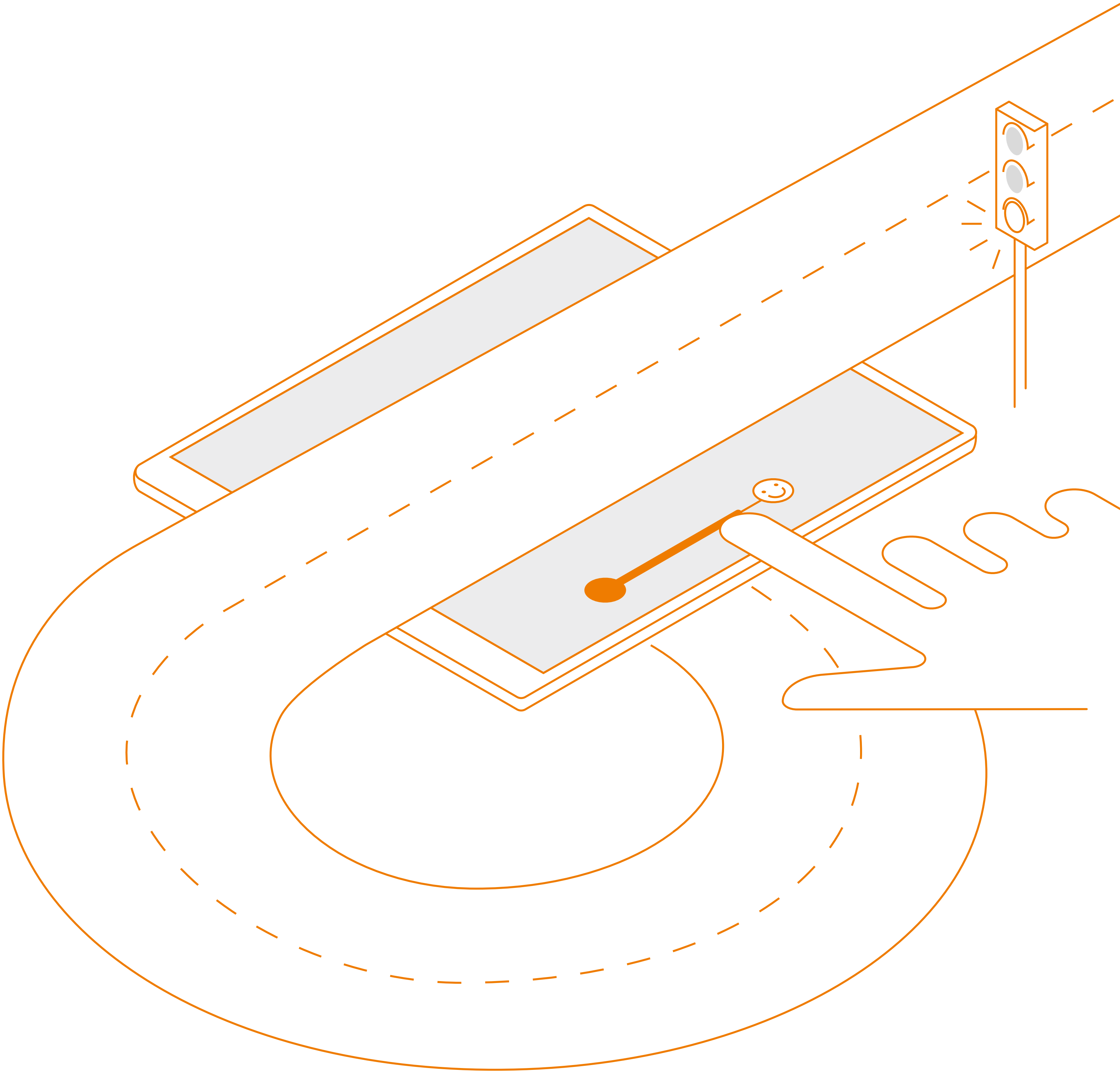
#7

NEW AWARDS

Sixt Leasing receives the 'Company Car Award' in the category 'Leasing' from the trade magazine AUTO BILD. Sixt Mobility Consulting receives the 'firmenauto award' in the category 'Fleet Management' from the trade magazine firmenauto.

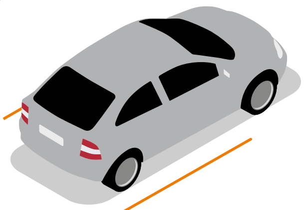
All clear

Sixt Leasing has actively managed the risks associated with the diesel debate, and so significantly reduced the potential residual value risk posed by older diesel vehicles.



"IN 2018, WE HAVE MADE OUR PORTFOLIO FIT FOR THE FUTURE AND THUS SIGNIFICANTLY IMPROVED OUR RISK-RETURN PROFILE."

Björn Waldow, CFO of Sixt Leasing SE



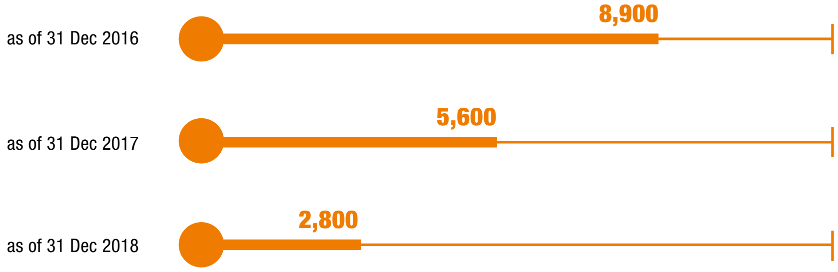
SUCCESSFUL ADJUSTMENT

2018 was not an easy year for drivers and the automotive industry in Germany. In individual cities with a high level of pollution, driving bans for older diesel vehicles were introduced for the first time. Moreover, stricter emissions regulations took effect on 1 September in the form of the new WLTP emission test procedure. The complex transition to the new testing method resulted in a tight delivery situation for certain manufacturers.

Under these circumstances, successful marketing helped Sixt Leasing in the 2018 fiscal year to reduce its stock of diesel vehicles with the Euro-5 standard and lower without buyback agreement in Germany by about one half. At the same time, the share of diesel vehicles without buyback agreement in new business fell sharply.

Significant decline

Number of diesel vehicles in Germany with Euro-5 standard and lower without buyback agreement in the portfolio of Sixt Leasing



RISK MANAGEMENT

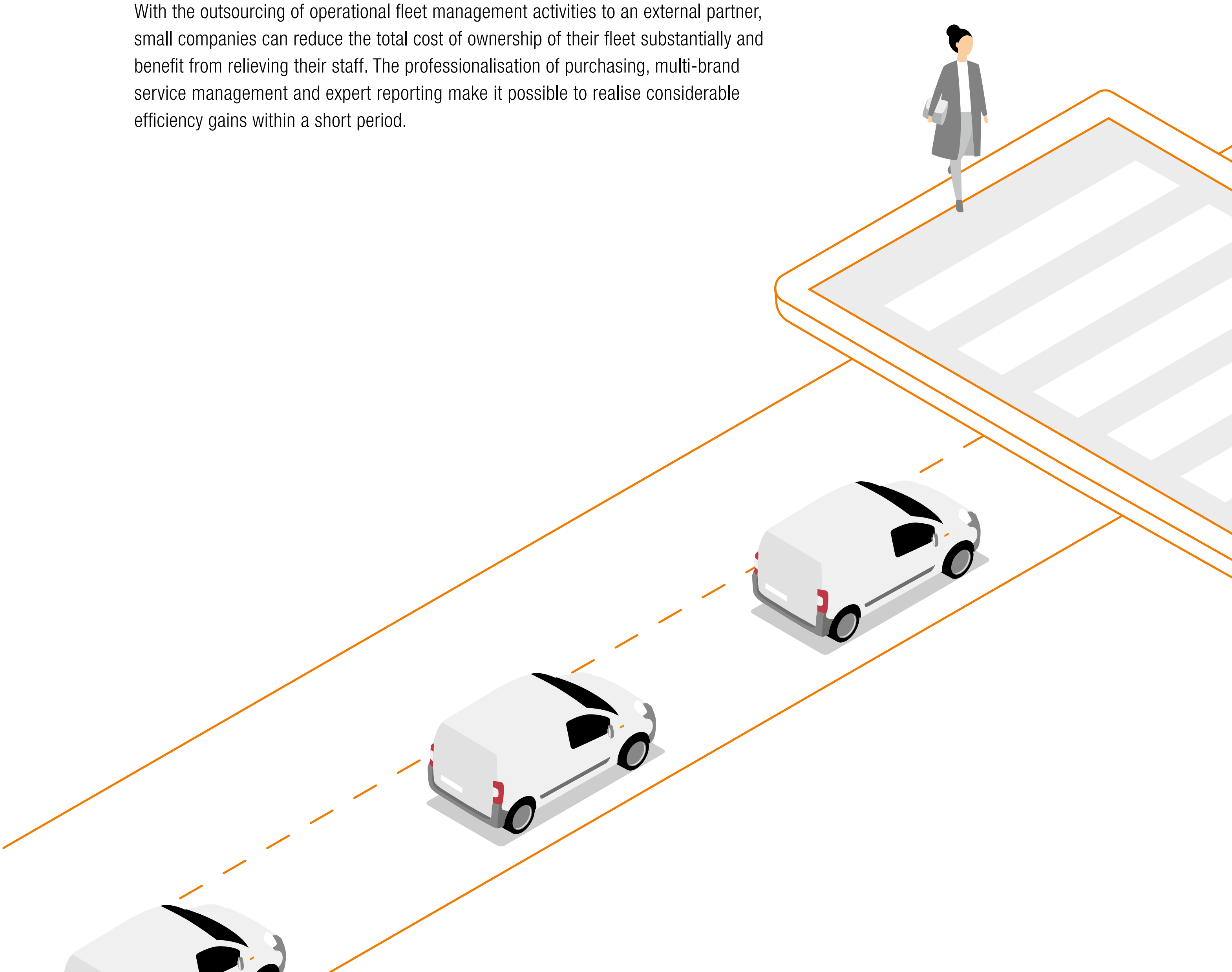
Small but fine

For a long time, Sixt Leasing has been concentrating almost exclusively on larger fleet customers. As part of DRIVE>2021, also smaller fleets are coming to the fore. This pays off for both sides.

GREATER EFFICIENCY FOR SMALLER LEASING FLEETS

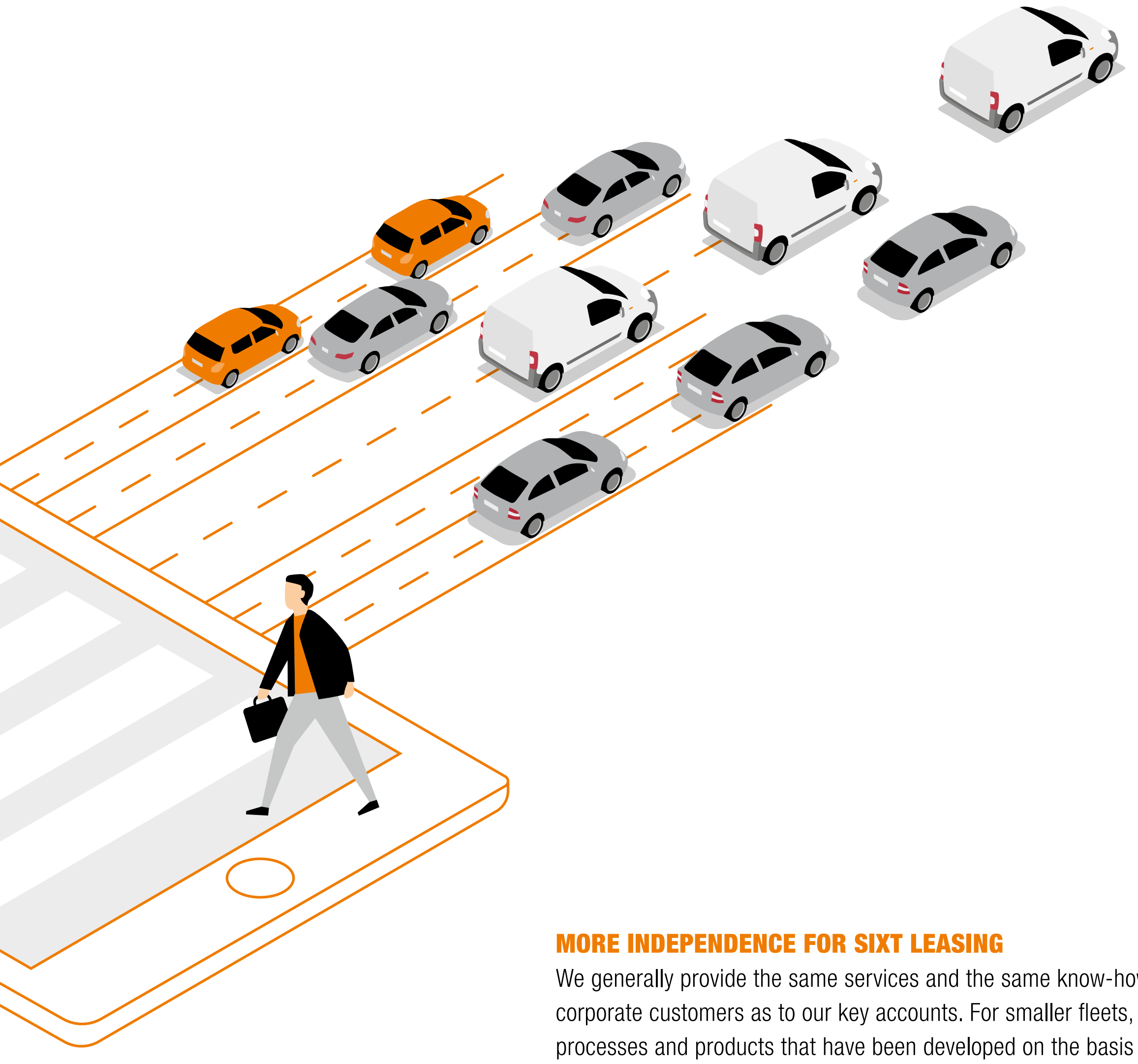
Full-service leasing is a big challenge, especially for smaller companies. Because small fleets are, in comparison, generally rather limited in terms of brand range, purchasing channels and discounts on vehicles and services. In addition, fleet management is often carried out to one or more employees who primarily perform a different function in the company.

With the outsourcing of operational fleet management activities to an external partner, small companies can reduce the total cost of ownership of their fleet substantially and benefit from relieving their staff. The professionalisation of purchasing, multi-brand service management and expert reporting make it possible to realise considerable efficiency gains within a short period.



“We also help small fleet operators to noticeably reduce their fleets’ total cost of ownership.”

Michael Ruhl, CEO of Sixt Leasing SE



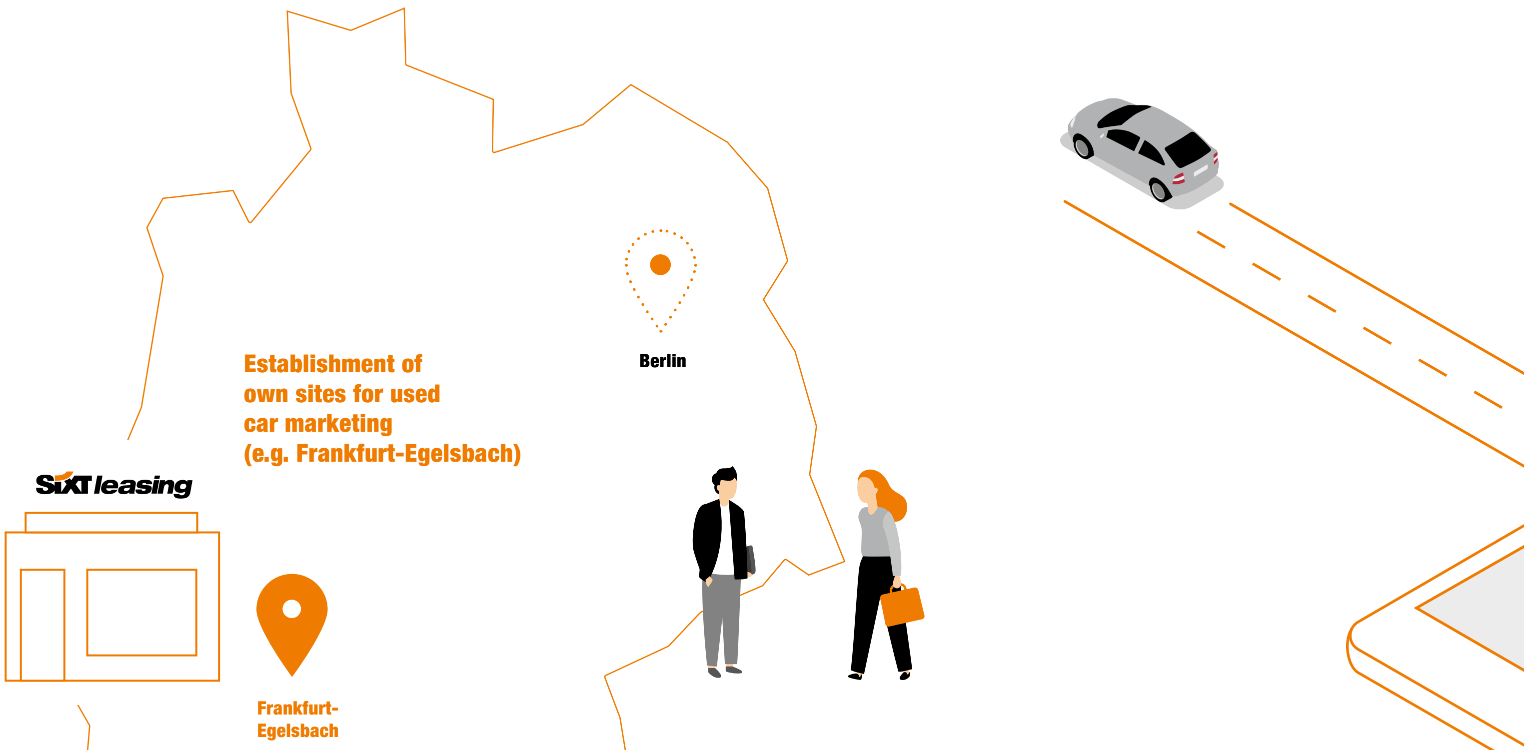
MORE INDEPENDENCE FOR SIXT LEASING

We generally provide the same services and the same know-how to our smaller corporate customers as to our key accounts. For smaller fleets, we use standardised processes and products that have been developed on the basis of partnerships with many customers of different sizes. This enables smaller companies to benefit from our decades of experience in the management of large fleets.

And we also benefit from this new strategy: by sharpening our focus on corporate customers with a fleet of 20 to 80 vehicles, we can diversify our customer base and so reduce our dependence on key accounts. This has a positive impact on Sixt Leasing’s risk-return profile.

3…2…1…Yours!

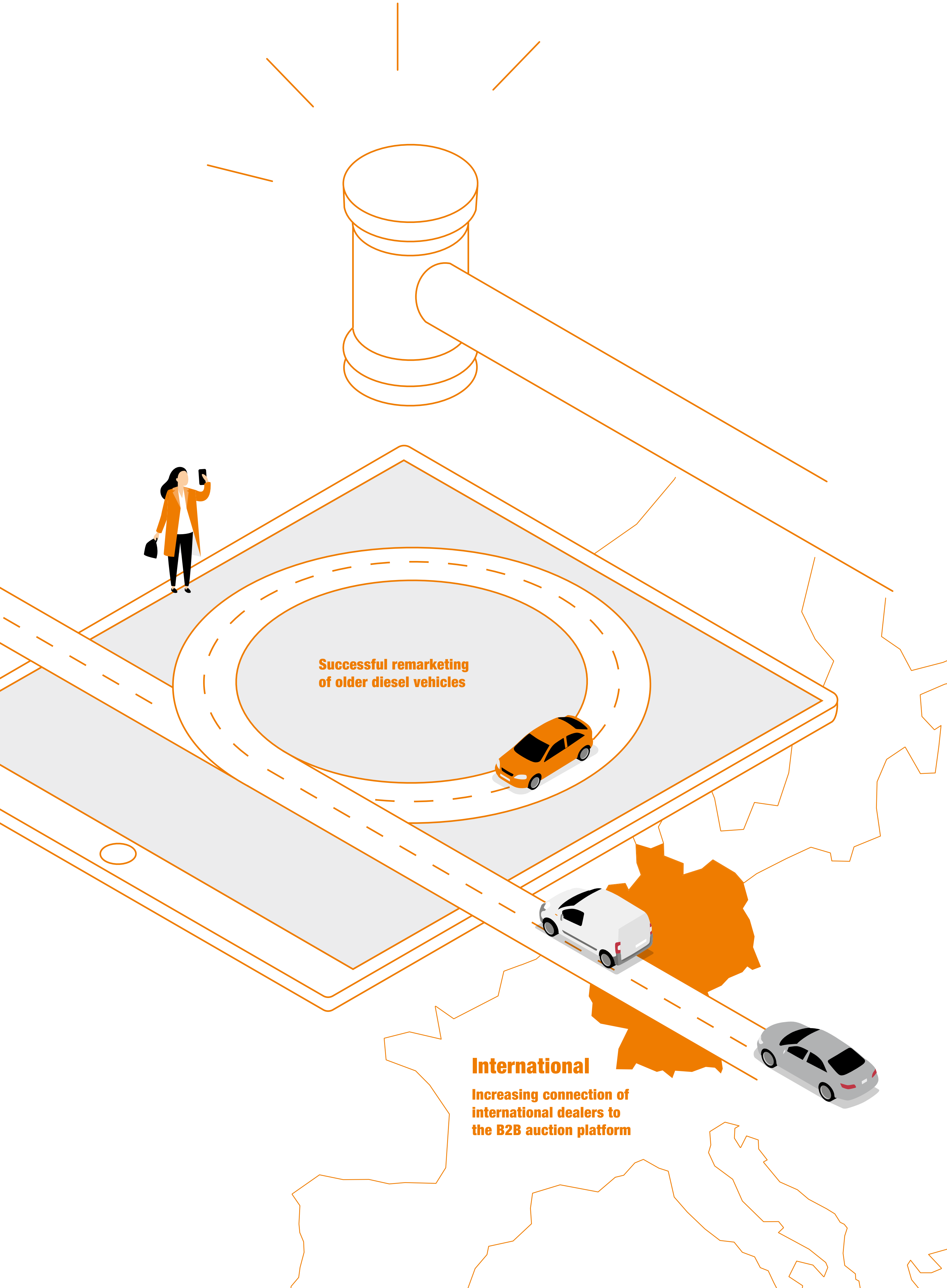
The successful marketing of leasing returns is a vital business for Sixt Leasing. To reduce risks and improve chances, we are now also increasing our marketing activities abroad and operating own sites.



MORE PRESENCE AT HOME AND ABROAD

As part of DRIVE>2021, our intention is to strategically reduce our dependency on the German used car market. In early 2018, we therefore opened remarketing channels abroad. Now, international dealers too can buy used cars from the German market via our own B2B auction platform. To exploit its full potential, the plan is to connect more foreign dealers to the platform.

In 2018, we also started establishing own local sites for marketing used cars to consumers. In Frankfurt-Egelsbach, the first used-car station operated by Sixt Leasing itself was opened. The aim is to have our own branches in the main metropolitan areas of Germany, which not only market used cars but also act as delivery and return centres for leasing vehicles.


Successful remarketing
of older diesel vehicles
International
Increasing connection of
international dealers to
the B2B auction platform

ONE

PROVIDER

ENDLESS
OPPORTUNITIES

Services are becoming more and more important, for private and commercial customers but also for company car users. With our all-in no-worries packages, we enable carefree mobility for car drivers – and benefit from a strong growth trend.

SPOTLIGHT ONLINE RETAIL

Easy rider

Using instead of owning is the new trend. With our individual offers and all-in no-worries packages on the online platforms Sixt-Neuwagen.de and autohaus24.de, we enable customised mobility for private and commercial customers.

66%

of customers are willing to buy a car online.

Source: MHP, Online Car Sales, July 2018

SIXT-neuwagen.de autohaus24.de

"The greatest potential lies with the risk-averse and convenience-seeking customer group."

Dr Felix Frank has been the new Chief Digital Officer (CDO) and Managing Director Online Retail at Sixt Leasing SE since 1 January 2019. In this interview, he talks about the most important market trends in car purchasing, the right way to address target groups and his plans for the Online Retail business field.

DR FELIX FRANK

As Chief Digital Officer (CDO) and Managing Director Online Retail, Dr Felix Frank is responsible for the online business on the platforms Sixt-Neuwagen.de and autohaus24.de. From 2012 to 2018, he worked at the Scout24 Group, most recently as Vice President Customer Product and Marketing for the digital market place AutoScout24.

Q: How do you intend to achieve the strong growth planned for Online Retail?

A: In the coming years, our main objective is to exploit the enormous market potential in Germany. We can benefit from two trends in particular here. Firstly, the growing digitalisation of new vehicle sales. As a dedicated online provider, we are in a prime position to exploit this trend. Secondly, we already cater to the 'using instead of owning' trend – an idea that is already gaining traction in a number of sectors. Our aim is to inspire our growing target groups with the aid of innovative products, digital processes, finely tuned marketing and creative partnerships.

Q: Which target group are you addressing with Sixt-Neuwagen.de and autohaus24.de?

A: Generally speaking, you can divide private and small commercial car buyers into three types: bargain hunters, car fans and security seekers. Bargain hunters are mainly interested in the price. We cater to them in particular with our campaigns featuring selected, partially preconfigured new cars with time-limited special offers. For car fans, we offer a configurator with over 400 models of some 35 brands. In addition, they can expect competent advice and the option to purchase the car at the end of the contract term. For security seekers, the most important thing is to have as little stress and risk as possible after the purchase decision. With our strong brand and expertise, we are the obvious choice for those seeking a highly reliable partner. Our goal is to expand our product range with even more tailored offerings for our target groups.

Q: What ideas do you have?

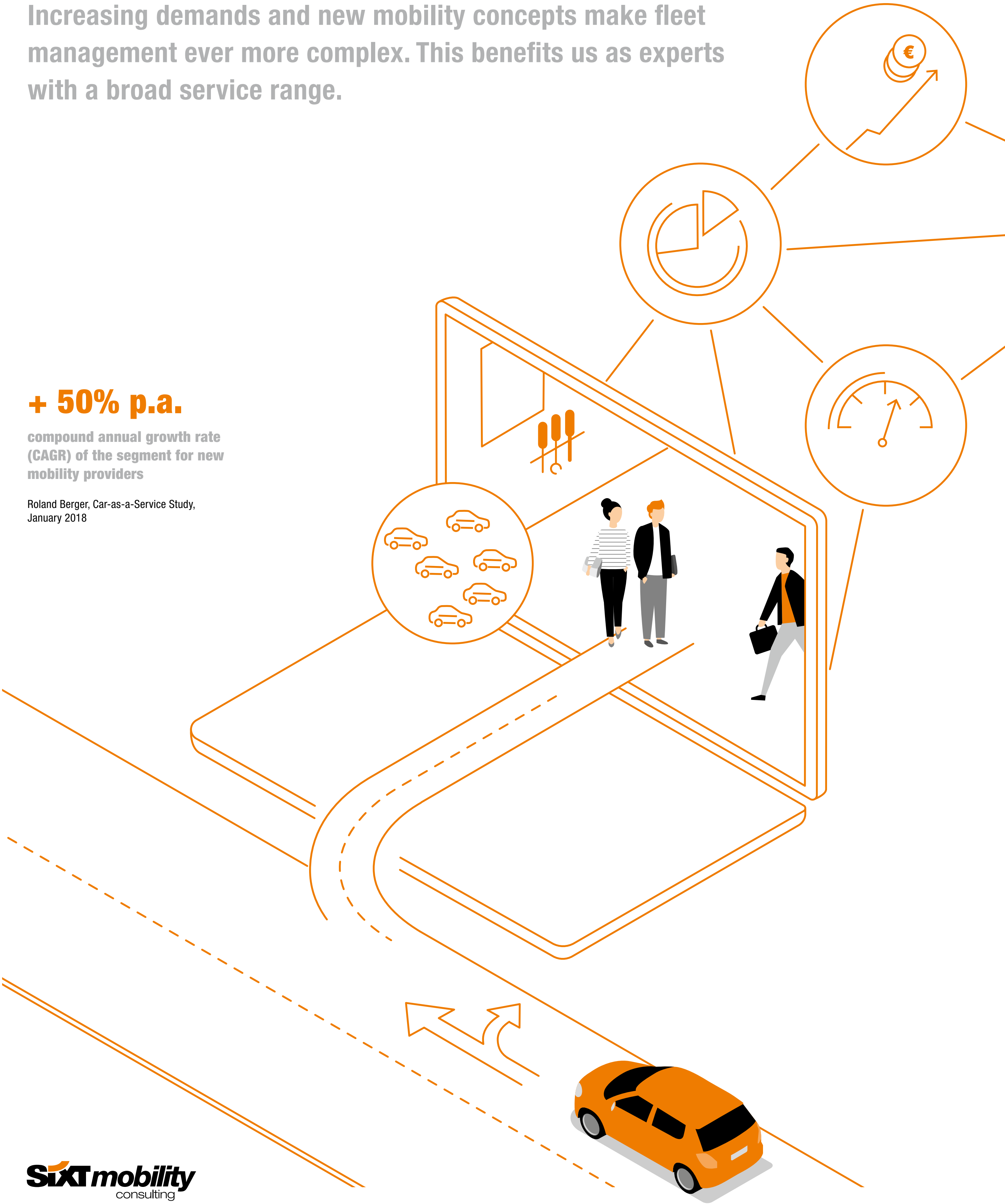
A: Firstly, we want to create even more special offers for our bargain hunters. We can draw here on our vast experience, excellent relations with car manufacturers and proven processes. Secondly, we aim to inspire car fans with our expertise and processes, so that they choose us for their next car purchase. Finally, however, we believe the greatest potential lies with the risk-averse and convenience-seeking customer group. On the one hand, this segment has grown as a result of uncertainties such as the diesel issue. On the other hand, we are already ideally positioned with our 'leasing' product: the customer only pays to use the vehicle and not to own it. And that means plannable costs, no residual value risk and no stress selling the car. Combined with the right service products, we can put together the best overall packages on the market.

Q: How can this growing target group be reached?

A: In principle, the aim is to make buying and using a car as simple, efficient and, above all, stress-free as possible. We have already developed most of the 'ingredients' in-house – such as comprehensive agreements with several thousand garages, scalable processes for damage and maintenance management, insurance packages etc. If we can also make our offers a little more flexible, we will come even closer to meeting this demand and be able to provide a very attractive offer for this target group.

Would you like some more?

Increasing demands and new mobility concepts make fleet management ever more complex. This benefits us as experts with a broad service range.



+ 50% p.a.

compound annual growth rate (CAGR) of the segment for new mobility providers

Roland Berger, Car-as-a-Service Study, January 2018

FOUR QUESTIONS FOR CHRISTOPH VON TSCHIRSCHNITZ

"We support our customers by offering innovative and modular mobility options."

Christoph von Tschirschnitz has been Managing Director of Sixt Mobility Consulting GmbH since October 2018. In this interview, he talks about the growth prospects in fleet management, the changes in the area of corporate mobility and the digitalisation initiatives in the Fleet Management business unit.

Q: Mr von Tschirschnitz, what makes you optimistic about the growth prospects for Sixt Mobility Consulting?

A: There is a growing trend among many companies to focus on their core competences and outsource all other processes, such as fleet management, to experts. As a result, our business potential in Europe – with 12 million company vehicles currently registered – is also rising. At the same time, the management of corporate mobility has become increasingly complex in recent years due to the introduction of new rules and legislation. And in addition, employee wishes with regard to individual mobility are changing and playing a major role. At Sixt Mobility Consulting, we have the necessary know-how to support companies. We expect additional growth momentum from the internationalisation of our business with the expansion of our subsidiaries in Europe – driven by the demand of our numerous internationally operating corporate customers.

Q: What changes do you see in the corporate mobility space?

A: There has been a significant change in the mobility needs of employees in recent years. This applies in particular to those employees living in big cities. Although the company car is still a key component of corporate mobility, there is growing demand for more flexible and bespoke mobility options involving all means of transport. We expect this trend to gain speed in the years ahead.

CHRISTOPH VON TSCHIRSCHNITZ

As Managing Director Sixt Mobility Consulting, Christoph von Tschirschnitz is responsible for the further national and international expansion of the Fleet Management business unit within the Sixt Leasing Group. From 1992 to 2018, he worked at the BMW Group, most recently as President and CEO of the region Central and South-Eastern Europe.

Q: How are you responding to this?

A: We already support our customers by offering innovative and modular mobility options, like sharing concepts, mobility budgets and bike leasing. The important thing is that there is no additional work for them and that they can transfer the management and billing to experts. We intend to handle the entire spectrum of corporate mobility across all suppliers and providers: from the traditional company car, to business bikes, to car-sharing credits or ride-hailing systems.

Q: Which digitalisation initiatives is Sixt Mobility Consulting currently pursuing?

A: At the moment, we are working hard on a new app which will enable company car users for the first time to digitally process many of the typical functions themselves. It begins with the management of contract, vehicle and personal data, includes all aspects of delivery, registration and return, and is above all intended to significantly simplify the day-to-day usage of the company car. We will be testing the app with pilot customers in the middle of the year and are planning to start rolling it out in September. This is one example of how we are currently driving forward the digitalisation of our business model with significant benefits in terms of convenience, efficiency and transparency for our customers across Europe.

A.2 \\ REPORT OF THE SUPERVISORY BOARD

Dear shareholders,
in 2018 the Supervisory Board of Sixt Leasing SE attended to those duties incumbent on it according to law, the Articles of Association and the Company's bye-laws. Above all, we regularly advised the Managing Board in the running of the Company and also monitored its activities. We addressed in detail the economic situation of the Company and the Group and the strategic development and were involved in all decisions of principal importance.

In 2018 the Supervisory Board executed its work mainly in plenary meetings. It convened fife ordinary attendance meetings, two extraordinary attendance meetings and three extraordinary meetings by telephone conference. One further resolution was adopted by written circulation procedure. The legally stipulated frequency of at least two meetings per calendar half-year was complied with. All Supervisory Board members participated in all the aforementioned meetings and resolutions.

The Managing Board informed the Supervisory Board both in writing and verbally, promptly and comprehensively, on the situation of the Company and of the Group, profitability and the planning for the Company and its subsidiaries on all matters that are relevant to the Company and the Group regarding strategic planning, business development. To this end, the Managing Board prepared, among other things, a quarterly report with detailed information on the economic and financial position of Sixt Leasing SE and its subsidiaries. We checked the plausibility of all documents submitted and handed over to us. In the meetings the Managing Board explained to the Supervisory Board members the documents and reports submitted. In this context we also questioned the Managing Board on important matters, critically assessed the reports and the Managing Board's proposals for resolutions and made our own proposals.

Outside the meetings, the members of the Supervisory Board also regularly exchanged information with the Managing Board members, especially the chairmen of the two corporate organs.

As the Supervisory Board of Sixt Leasing SE has merely three members, decision-making committees are not formed. However, the Supervisory Board has established a credit and market risk committee, which advises the Managing Board in the conclusion of contracts with a large volume.

Issues addressed during the plenary sessions of the Supervisory Board
The Supervisory Board regularly addressed and looked into the current business performance, the strategic focus, the risk situation and risk management, internal company control systems, the performance of contract portfolios in the individual Business Units as well as net assets, the financial position and results of operations of Sixt Leasing SE and the Sixt Leasing Group. In the absence of Managing Board members it also addressed issues pertaining to the Supervisory Board as well as personnel issues of the Managing Board.

The Supervisory Board's consultations focused above all on the following issues:

\\ **Medium-term guidance**: At the start of the reporting period, the Supervisory Board looked in detail at the Managing Board's updated business plan for the forthcoming years. Among others in the 2017 Annual Report approved by the Supervisory Board and published in April 2018, the Company published a forecast for key performance indicators such as Group contract portfolio, operating revenue and EBT not only for the following financial year but also for 2021.

\\ **Group financing***:* Another key topic for the Supervisory Board was the launch of a Debt Issuance Programme (DIP) with a total volume of up to EUR 1 billion. Following in-depth review and debates with the Managing Board, the Supervisory Board ratified the programme and agreed to issue a first series of bonds in the amount of EUR 250 million to be placed as part of the DIP. It was essentially from the proceeds of this issue that the last instalment of the Core Loan was repaid to Sixt SE in June 2018. This meant that in 2018 Sixt Leasing SE achieved a Group financing structure entirely independent of Sixt SE, as it had projected at the time of the IPO.

\\ **Annual General Meeting***:* Ahead of the Annual General Meeting on 19 June 2018 the Supervisory Board addressed the agenda items in due detail. These included the appropriation of retained earnings, the selection of the auditors, revocation of Sixt SE's right to appoint a Supervisory Board member to Sixt Leasing SE as well as the election of new Supervisory Board members. The Supervisory Board approved the agenda items and in particular followed the motion submitted by the Managing Board to propose to the AGM the payment of a constant dividend of EUR 0.48 per share.

- **New Managing Director for Sixt Mobility Consulting**: The Supervisory Board also addressed the changes in the management of Sixt Mobility Consulting GmbH and followed the proposal of the Managing Board to appoint Mr Christoph von Tschirschnitz as Managing Director, effective as of October 2018. Mr v. Tschirschnitz has many years of experience in the mobility sector, particularly through his work for the BMW Group. The Supervisory Board is confident that the Fleet Management business unit will continue to grow successfully in future nationally and internationally.

Corporate Governance

In December 2018, the Managing and Supervisory Board issued a declaration of conformity pursuant to Sect. 161 of the German Aktiengesetz (AktG – German Stock Corporation Act). It is permanently available to all shareholders on the Company's website ***ir.sixt-leasing.de***. With few exceptions, Sixt Leasing SE complies with the recommendations of the Government Commission on the German Corporate Governance Code.

The Supervisory Board had no indications of conflicts of interest of members of the Managing and Supervisory Board.

Further details on the Company's corporate governance can be found in the Corporate Governance Report.

Changes to the Managing and Supervisory Board

On 30 October 2018 the Supervisory Board of Sixt Leasing SE appointed Mr Michael Martin Ruhl as CEO of Sixt Leasing SE, effective as of 1 January 2019. Mr Thomas Spiegelhalter left the Managing Board on 31 December 2018. We would like to thank Mr Spiegelhalter for his dedicated commitment to the Company.

Effective from 16 February 2018, Dr Bernd Metzner has been delegated by Sixt SE to join the Supervisory Board of Sixt Leasing SE. He succeeded Mr Georg Bauer, who had been a member of the Supervisory Board since 17 April 2015 and has left the board with the expiry of 15 February 2018.

On 19 June 2018, the Annual General Meeting voted to cancel the right of Sixt SE to delegate one of the three Supervisory Board members for as long as it holds shares in Sixt Leasing SE. Following the corresponding changes to the Articles of Association, which were adopted by a majority of the shareholders at the Annual General Meeting, all the Supervisory Board members now have to be elected by the Annual General Meeting. Afterwards, the Annual General Meeting re-elected the current members Mr Erich Sixt, Mr Prof. Dr Marcus Englert, and Mr Dr Bernd Metzner to the Supervisory Board.

Audit of the 2018 annual financial statements and consolidated financial statements

The Managing Board prepared the annual financial statements of Sixt Leasing SE as per 31 December 2018 in accordance with the requirements of the Handelsgesetzbuch (HGB – German Commercial Code) and the consolidated financial statements and the management report on the Group's and the Company's situation as per 31 December 2018 in accordance with section 315e of the HGB and on the basis of the International Financial Reporting Standards (IFRS), as adopted by the EU.

Deloitte GmbH Wirtschaftsprüfungsgesellschaft, Munich, audited the annual financial statements of Sixt Leasing SE and the consolidated financial statements as well as the management report on the situation of the Group and the Company, and gave their unqualified audit opinion. The auditor had been commissioned by the Supervisory Board on the basis of the resolution taken by the Annual General Meeting on 19 June 2018.

The Supervisory Board received the documents together with the Managing Board's dependent company report and the auditor's audit reports as well as the Managing Board's proposal on the appropriation of the unappropriated profit in sufficient time for examination. Discussion and examination of these documents was conducted during the Supervisory Board's meeting on 12 April 2019, which was convened to adopt the annual financial statements.

The auditor of the annual financial statements and of the consolidated financial statements attending this meeting provided in-depth information on the material findings of their activities. Following an analysis of the risk situation and risk management, the auditor concluded that there were no material risks in Sixt Leasing SE and the Group companies which were not mentioned in the reports. The audit of the effectiveness of the internal control and risk management system relating to accounting procedures by the auditor did not lead to any objections. Furthermore, the auditor informed the Supervisory Board of services rendered over and above the work on the audit. In the opinion of the auditor there were no circumstances that could justify doubt as to the impartiality or independence of the auditors.

The Supervisory Board approvingly noted the auditor's findings and had no objections after concluding its own review. The Supervisory Board approved the annual and consolidated financial statements as well as the management report on the Group's and the Company's situation as prepared by the Managing Board and audited by the auditors. The annual financial statements of Sixt Leasing SE for 2018 were thus formally adopted in accordance with the provisions of the (German) AktG. The Supervisory Board concurred with the proposal made by the Managing Board for the appropriation of the unappropriated profit of 2018.

In the audit, the auditor included the Managing Board's dependent company report in accordance with section 312 of the AktG covering the relationship between Sixt Leasing SE and affiliated companies, and submitted the audit report to the Supervisory Board. The audit by the auditor did not give rise to any objections. The following unqualified audit opinion was issued:

'On the basis of our review and assessment in accordance with professional standards, we confirm that the actual disclosures made in the report are accurate and the consideration paid by the Company for legal transactions listed in the report was not inappropriately high.'

The Supervisory Board's examination of the dependent company report in accordance with section 312 of the AktG covering the relationship between Sixt Leasing SE and its affiliated companies did not give rise to any objections. The Supervisory Board therefore concurred with the auditor's findings. Following the completion of its own examination, the Supervisory Board had no objections to the Managing Board's concluding declaration in the dependent company report.

Thanks to Managing Board and all employees

In the reporting year the Company managed to improve consolidated operating revenue to keep earnings and the Group's contract portfolio both at around the previous year's levels. By redeeming the last instalment of the Core Loan and the corresponding completed reorganisation of the Group's financing structure to external financing instruments, an important milestone in the Company's development has also been reached.

In view of this satisfying annual result we wish to extend our heartfelt thanks to the Managing Board, the managing directors of the subsidiaries of Sixt Leasing SE as well as all employees of the Group for their dedicated and committed work. It is our conviction that the Sixt Leasing Group is well and truly fit and able to continue its successful development also in 2019.

Pullach, April 2019

The Supervisory Board

ERICH SIXT	PROF. DR. MARCUS ENGLERT	DR. BERND METZNER
Chairman	Deputy Chairman	Member

A.3 \\ SIXT LEASING SHARE

Weak year for shares in 2018
In 2018 the international stock markets showed significantly more volatility than in the year before and generally performed negatively. In Germany the DAX index started out by scaling its all-time high on 23 January with 13,596.89 points (on an intraday basis), registering an interim gain of 5.3% against the closing price at the end of 2017. In the following four months though, the leading German index fell below 11,800 points for a while before climbing back up above 13,000 points. As of the end of May, stock markets finally turned negative. The DAX closed the year 2018 at 10,558.96 points, equalling a loss of 18.3% on the year. This means it posted the weakest result since the financial crisis of 2008.

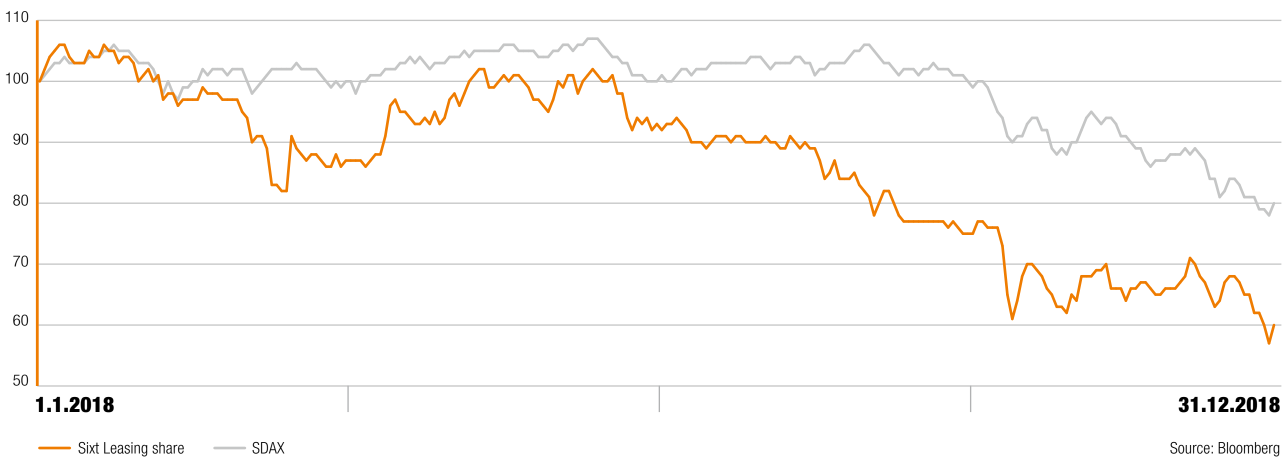
Reasons for the stock exchanges' glum mood were above all the trade dispute between the USA and China, the stagnating Brexit negotiations as well the central banks' tightening of monetary policy. Furthermore, the International Monetary Fund's gloomier outlook for the world economy as well as profit warnings from corporations also triggered unease. On top of this came economic problems in the Euro areas three biggest economies, Germany, France and Italy. In the third quarter of the year Germany saw its GDP shrink for the first time since 2015 and in December the ifo institute's business climate index dropped to its lowest in two years. The number of people in employment, however, climbed to a record high. All in all, however, negative news dominated the stock markets.

Sixt Leasing share under pressure
In 2018 the Sixt Leasing share came under severe pressure. It started the year at a price of EUR 18.32 and on 8 January reached its high for the year of EUR 20.00. By the middle of March it fell first to EUR 15.50, also swept along by the stock markets negative trend. After publication of the strategy programme DRIVE>2021 on 14 March the share recovered and climbed back to EUR 19.20 by mid-June. Over the further course of the year, though, the share price contracted significantly again and on 27 December 2018 reached its all-time low at EUR 10.80. One day later, the last trading day of the year, it closed at EUR 11.40 (-40.0% against the closing price of 2017: EUR 19.00). The SDAX had fallen by 20.0% over the same period.

The weaker performance against the SDAX is primarily the result of the ongoing debate about diesel-powered vehicles. On 27 February Germany's Federal Administrative Court ruled it generally permissible to issue driving bans in cities for air pollution controls that would affect diesel vehicles with Euro-5 standard or lower. In the subsequent months courts imposed similar driving bans in several German cities.

Moreover, on 1 September 2018 the WLTP test procedure came into force for newly registered vehicles. As of the second quarter, this introduction had already strained the delivery situation with a number of car manufacturers and dampened the automotive industry's growth. Against this background, in September also Sixt Leasing SE reduced its projections for the contract portfolio development as of the end of the year.

Relative performance of Sixt Leasing share against the SDAX (indexed to 100)

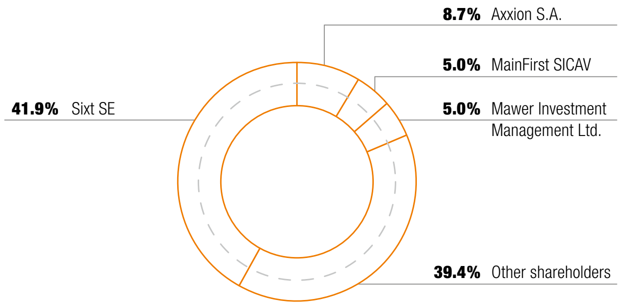


Source: Bloomberg

Stable shareholder structure

Sixt SE, Pullach, is still the largest single shareholder of Sixt Leasing SE, holding an unchanged 41.9% of voting rights in the Company. Based on the voting right notifications submitted to the Company, other large investors are Axxion S.A. with 8.7%, MainFirst SICAV with 5.0% and Mawer Investment Management Ltd. with 5.0% (all figures as at 27 March 2019). The voting right notifications received by the Company during the year under review are available from the Company's website ***ir.sixt-leasing.com***.

Shareholder structure of Sixt Leasing SE as of 27 March 2019



Sixt Leasing share information	
Share class	No-par value ordinary bearer shares (WKN: A0DPRE, ISIN: DE000A0DPRE6)
Stock exchanges	All price-setting German stock exchanges
Trading segment	Prime Standard
Designated sponsors	Commerzbank AG, Joh. Berenberg, Gossler & Co. KG

Attractive dividend policy

Sixt Leasing SE adheres to the principle of permitting its shareholders to participate in the Company's success by distributing an appropriate dividend. The amount paid out is determined by the development of consolidated earnings as well as future demands placed on equity, above all with a view to the scheduled growth at home and abroad.

In accordance with the proposal by the Managing and Supervisory Board, the Annual General Meeting on 19 June 2018 resolved to pay for fiscal year 2017 a dividend of EUR 0.48 per share. Based on this resolution the total amount distributed was around EUR 9.9 million. The pay-out ratio came to around 47% of consolidated profit. Hence, Sixt Leasing continued its attractive dividend policy.

For fiscal year 2018 the Managing and Supervisory Board plan to propose a constant dividend of EUR 0.48 to the Annual General Meeting on 3 June 2019. The pay-out ratio would thus amount to 45% of consolidated profit and be in the middle of the communicated target range of 30 to 60%. The proposal takes due account of the business development and the equity endowment. Like in the previous year, the total dividend payment would amount to EUR 9.9 million. Based on the Sixt Leasing share price at the end of 2018, the dividend yield is 4.2%. Managing and Supervisory Board thus affirm their claim to pursue a continuous and reliable dividend policy.

	2018	2017
Earnings per share (EUR) - basic and diluted	1.07	1.01
Dividend per share (EUR)	0.48[1]	0.48[1]
Number of shares (as at 31 December)	20,611,593	20,611,593
Total dividend (EUR million)	9.9	9.9
Pay-out ratio	45%	47%

1 Proposal by management

	2018	2017
High (EUR)[2]	20.00	23.10
Low (EUR)[2]	10.80	17.36
Year-end price (EUR)[2]	11.40	19.00
Dividend yield (%)[3]	4.2	2.5
Market capitalisation (EUR million)[3] as at 31 December	235.0	391.6

2 All prices refer to Xetra closing prices
3 Based on Xetra year-end price

Intensive communication with the capital market
As a stock-listed company in Deutsche Börse's Prime Standard, Sixt Leasing SE has to meet extensive requirements on transparency and publicity. By being in continuous and intensive dialogue with the capital markets, the Company ensures open, timely and comprehensive financial communication.

In 2018 the Company conveyed to analysts, investors and the media a timely and comprehensive overview of business conditions and developments through regular meetings. Their focal point of interest was above all the strategy program DRIVE>2021 and its associated measures and medium-term growth targets.

The emphasis in the Online Retail business field was on growth potential. Special focus in this context was especially the digitisation of new vehicle sales by planning to launch a fully digital order process on the *sixt-neuwagen.de* online platform. Great interest was also placed on new marketing activities and the measures to reduce the share of new contracts with diesel vehicles without a buyback agreement.

In Fleet Management, the focus of discussion also centred around its growth potential. At issue are both the digitisation as well as the internationalisation of business operations. To this end, the Managing Board outlined its plans for optimising the IT platform, introducing digital customer services and expanding sales and marketing activities.

The Fleet Leasing business field was very focused on active risk management. Here the Managing Board answered questions above all regarding the optimisation of the risk-return profile.

Another theme was the launch of the debt issuance programme with a total volume of up to EUR 1 billion as well as the switch in the Group's financing in mid-2018 to external instruments independent of Sixt SE.

The strategy and business performance of Sixt Leasing SE were explained in due detail and discussed with investors and analysts at investment conferences, roadshows and during regular conference calls. During the year under review the Managing Board presented itself to key financial centres. In addition to these the Managing Board held meetings with journalists from relevant financial and business media and conveyed its assessments on current issues to leasing and fleet management publishers.

Renowned finance and research institutes carefully tracked the development of the company and of Sixt Leasing's shares. To this end the Managing Board and analysts had regular exchanges of information. In the year under review Sixt Leasing was the subject of studies commissioned by Baader Bank, Berenberg Bank, Commerzbank, DZ Bank, Hauck&Aufhäuser and Warburg Research.

At the end of 2018 Sixt Leasing SE shares were recommended as 'Buy' by half of the analysts. The other half considered the shares as a 'Hold'. As of the end of December 2018 the latest studies of the aforementioned financial analysts had Sixt Leasing's shares at an average target price of EUR 19.58.

Sixt Leasing has set itself the target of maintaining detailed and transparent communication of its growth strategy and its progress in implementing the 'DRIVE>2021' programme. Special attention will be given to outlining in due detail the Company's key differentiating features and strengths over relevant competitors as well as the particular opportunities in Online Retail and Fleet Management.

A.4 \\ CORPORATE GOVERNANCE REPORT

For Sixt Leasing SE, good and responsible corporate governance is an important way of securing and enhancing the trust of the capital market in the company. Responsible management geared to long-term value creation has a high job value for the company. The fundamental characteristics of good corporate governance are efficient and trustful cooperation between the Managing Board and Supervisory Board, respect for the interests of shareholders and openness in corporate communications both externally and internally.

Supervisory and Managing Board report on important aspects of corporate governance in accordance with the provisions of sections 289f and 315d of the Handelsgesetzbuch (HGB – German Commercial Code) and in accordance with section 3.10 of the German Corporate Governance Code (hereinafter referred to as 'Code'). The report is also available on the website of Sixt Lea-sing SE under*ir.sixt-leasing.com* under 'Corporate Governance'.

1. CORPORATE GOVERNANCE DECLARATION IN ACCORDANCE WITH SECTIONS 289F AND 315D OF THE HGB

Pursuant to section 317 (2) sentence 6 of the HGB the disclosures made in accordance with sections 289f and 315d of the HGB are not included in the audit.

1.1 COMPLIANCE WITH GERMAN CORPORATE GOVERNANCE CODE AND DECLARATION OF CONFORMITY

The recommendations of the Government Commission on the German Corporate Governance Code are an established benchmark for corporate management at German listed companies. The Managing Board and Supervisory Board of Sixt Leasing SE have therefore dealt in detail with the requirements of the German Corporate Governance Code and issued the following declaration of conformity in December 2018.

Declaration of conformity in accordance with section 161 of the AktG

The recommendations of the 'Government Commission on the German Corporate Governance Code' in the version of 7 February 2017 (hereinafter referred to as 'Code') announced by the Federal Ministry of Justice in the official section of the Bundesanzeiger (Federal Gazette) have been complied with in the period since the last Declaration of Conformity was issued on 22 December 2017 and will be continued to be complied with subject to the following exceptions:

\\ In the D&O insurance policy of Sixt Leasing SE, no deductible has been agreed for members of the Supervisory Board (section 3.8 (3) of the Code). Sixt Leasing SE believes that a deductible would not improve the motivation or sense of responsibility of the members of the Supervisory Board, especially given that the Supervisory Board members could insure any deductibles themselves.

\\ In accordance with the resolution adopted by the Annual General Meeting on 8 April 2015, the total remuneration is currently not disclosed and broken down by individual Managing Board member. In view of this resolution, an individual disclosure of benefits, compensations and other benefits for each member of the Managing Board using the model tables provided in the Code is not to be published (section 4.2.5 (3) of the Code).

\\ The Supervisory Board decides on a case-by-case basis whether to specify an age limit when appointing Managing Board members (section 5.1.2 (2) sentence 3 of the Code), because the Supervisory Board believes that to specify a general age limit would impose a restriction on selection and would thus not be in the interests of Sixt Leasing SE.

\\ An age limit for members of the Supervisory Board as well as a regular limit of length of membership in the Supervisory Board are not provided for (section 5.4.1 (2) sentence 1 of the Code). Given that the Supervisory Board consists of three members, any limitation on age and/or length of membership would run counter to the interests of the Company. The Company shall generally also have access to the expertise of Supervisory Board members experienced with the company. Furthermore, an extended membership does not necessarily lead to a conflict of interest or an impairment of independence.

\\ Proposed candidates for the chair of Supervisory Board are not announced to shareholders (section 5.4.3 sentence 3 of the Code), because legal provisions stipulate that the election of the Supervisory Board chairperson is exclusively the responsibility of the Supervisory Board.

- Sixt Leasing SE will disclose all price-sensitive information to analysts and all shareholders (section 6.1 sentence 2 of the Code). Sixt Leasing SE believes that disclosure to all shareholders of all non-price-sensitive information given to financial analysts and similar parties would not further their interest in information.
- The Consolidated Financial Statements are published within the statutory periods. Interim reports are published within the periods stipulated by stock exchange law. Sixt Leasing SE believes that compliance with the publication deadlines specified in section 7.1.2 sentence 3 of the Code does not benefit to any greater extent the information interests of investors, creditors, employees and the public.

Pullach, 5 December 2018

For the Supervisory Board of Sixt Leasing SE	For the Managing Board of Sixt Leasing SE
ERICH SIXT	BJÖRN WALDOW
Chairman	Member of the Board

1.2 RELEVANT DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES

The practices used for managing Sixt Leasing SE and the Sixt Leasing Group fully comply with the statutory provisions.

Strategic and operational management of the Group is performed on the basis of planning policies and regular comprehensive reports to the Managing Board. Reporting covers the risk management system, the internal control system as well as the internal audit system.

The risk management system, the functioning and extent of which is documented in the risk manual, specifies several types of reports to support management with the identification, assessment and control of risks. Among other things, the Managing Board and the Supervisory Board receive a comprehensive risk report each year. In addition, the Managing Board is regularly informed about relevant issues by the Company's functional units. The internal control system consists of measures and controls to ensure compliance with statutory provisions and corporate guidelines. It specifies regular reports by the Company's Business Units, audit reports and regular working meetings relating to different topics. The internal audit system relates to measures such as planned audits and other audits, the results of which are documented in the respective audit and activity reports to the Managing Board.

1.3 COMPLIANCE WITHIN THE SIXT LEASING GROUP

As a financial services company, in accordance with section 1 (1a) no. 10 KWG Sixt Leasing SE is subject to the provisions of MaRisk and section 25a (1) sentence 3 no. 3 KWG. This results in requirements for the implementation and design of a compliance function.

The Managing Board of Sixt Leasing SE has appointed a central compliance officer who, in cooperation with the internal audit department and the legal department of Sixt Leasing SE, is responsible for coordinating and monitoring all compliance measures and compliance processes within the Sixt Leasing Group. In the course of the year, there was a change in the person of the compliance officer.

The success of the Sixt Leasing Group is not only driven by its excellent business policy, but also by the harmonisation of business principles with the highest moral and ethical standards, and the trust that customers, suppliers, shareholders and business partners place in. In order to win and keep this trust it is a precondition that the Managing Board and the employees of the Company in any situation and continuously comply with the high standards of legislation, ethics and social skills. The Code of Conduct of Sixt Leasing SE and its affiliated companies, which is mandatory for all employees, contains these behavioural principles for the acting individuals' dealings in relation to third parties and within the Company. The Code of Conduct defines compliance-relevant procedures on the part of management and provides specific instructions for action in the following areas of compliance: Corruption and bribery, money laundering, antitrust law, data protection, insider information and conflicts of interest.

In addition, all departments are required to coordinate key legal or regulatory processes and procedures with the legal department, the compliance officer and internal audit. The internal audit department carries out plan audits and project-accompanying audits based on risk-oriented audit planning. Within the scope of these rule audits, business processes are examined not only with regard to economic risk aspects but also with regard to possible compliance risks and compliance with the applicable internal (work instructions, processes) and external regulations. At the same time, the audit department supports the compliance function in monitoring the compliance measures implemented by carrying out ad hoc checks as required.

The compliance function constantly monitors the main defined compliance areas of Sixt Leasing SE, initiates the necessary measures and accompanies their implementation. To become aware of potential compliance defaults, Sixt offers its employees different reporting channels via the superior, the compliance officer or the ombudsman. The compliance officer maintains regular contact with the Managing Board and assists as well as advises the Board with respect to preventive measures.

1.4 WORKING PRACTICES OF MANAGING BOARD AND SUPERVISORY BOARD

As European Stock Corporation (Societas Europaea) Sixt Leasing SE is governed by the German Aktiengesetz (AktG – German Public Companies Act), the specific European SE regulations and the German SE Implementation Act. One key principle of the Public Companies Act is the dualistic management system (Managing Board and Supervisory Board). The Management Board is therefore strictly separated from the Supervisory Board, which monitors the activities of the Management Board and decides on its composition. Simultaneous membership in both bodies is not permitted.

1.4.1 MANAGING BOARD

The Managing Board of Sixt Leasing SE manages the company on its own responsibility and represents Sixt Leasing SE in transactions with third parties. It conducts business in accordance with the legal provisions, the Articles of Association and the rules of procedure for the Managing Board.

As the central task of the Managing Board, the Managing Board defines long-term goals and strategic orientation for the Company and the Group, agrees these with the Supervisory Board and coordinates their implementation. The Managing Board determines the internal corporate organization, decides on key management positions and manages and monitors the Group's business by planning and determining budgets, allocating resources and monitoring and deciding on key individual measures.

The members of the Managing Board are jointly responsible for the entire management. Without affecting the overall responsibility of all members of the Managing Board, the individual members manage the areas assigned to them within the framework of the Managing Board resolutions on their own responsibility. The distribution of tasks among the members of the Managing Board is set out in a written business allocation plan attached to the rules of procedure of the Managing Board. The Managing Board as a whole makes decisions on all matters of fundamental and material importance as well as in legally or otherwise binding cases. The rules of procedure of the Managing Board provide for a catalogue of measures that require discussion and decision by the Managing Board as a whole.

In 2018, the Managing Board had two members. Mr Thomas Spiegelhalter, Chairman of the Managing Board of Sixt Leasing SE, was responsible for group strategy and corporate development, sales, marketing, operations, purchasing, remarketing und human resources. Mr Björn Waldow, CFO of Sixt Leasing SE, was responsible for accounting, controlling, treasury & financing, investor relations, risk management, internal audit, contract management, legal and compliance. The IT department was transferred to the CFO's area of responsibility in March 2018. Mr Spiegelhalter resigned from the Managing Board as of 31 December 2018.

1.4.2 SUPERVISORY BOARD

In accordance with article 10 (1) of the Articles of Association, the Supervisory Board of Sixt Leasing SE has three members. All three members are elected by the Annual General Meeting in accordance with legal provisions and the provisions of the Articles of Association. As according to the Articles of Association, the Supervisory Board of Sixt Leasing SE consists only of three people, no committees are formed. However, the Supervisory Board has set up a credit and market risk committee, which advises the Managing Board on the conclusion of large-volume contracts. The members of the committee are Mr Erich Sixt and Mr Prof. Dr Marcus Englert.

The Supervisory Board's main tasks include the appointment of Managing Board members and supervision of the Managing Board. As a general rule, the Supervisory Board adopts its resolutions at meetings. On instruction of the Supervisory Board Chairman, resolutions by the Supervisory Board may also be adopted outside of meetings (or by way of a combined resolution) by casting votes verbally or by telephone, in writing (section 126b BGB - German Civil Code) and/or by using other means of telecommunication or electronic media (article 14 (2) of the Articles of Association). Moreover, a resolution may also be validly adopted by aforementioned means without the instruction of the Chairman of the Supervisory Board if no member objects (article 14 (3) of the Articles of Association). Resolutions of the Supervisory Board require a simple majority of votes cast, unless otherwise mandatorily required by law (article 14 (7) of the Articles of Association). The Supervisory Board's report contains further details on the meetings and activities of the Supervisory Board during fiscal year 2018.

The Managing and Supervisory Board cooperate closely for the benefit of the Sixt Leasing Group. The Managing Board informs the Supervisory Board regularly, promptly and comprehensively on matters that are relevant to the Company and the Group regarding strategic planning, business development, the risk situation and risk management as well as the results of internal revisions. The Managing Board agrees the Company's strategic orientation with the Supervisory Board and discusses the implementation of strategy at regular intervals. Documents required to make decisions, in particular the annual financial statements of Sixt Leasing SE, the consolidated financial statements, the management report on the Group's and the Company's situation, including the auditors' reports, are forwarded to the members of the Supervisory Board in good time before the respective meeting. The rules of procedure of the Managing Board provide for a catalogue of measures requiring approval, which must be submitted to the Supervisory Board for approval.

1.5 OBJECTIVES OF SUPERVISORY BOARD AND IMPLEMENTATION STATUS

In accordance with section 5.4.1 of the German Corporate Governance Code the Supervisory Board resolved the following concrete objectives regarding its composition and developed a competence profile for the entire Supervisory Board.

Accordingly, the Supervisory Board is to be composed in such a way as to ensure qualified supervision and advice of the Managing Board by the Supervisory Board. Its members should have the knowledge, skills and professional experience required to properly perform the tasks of a supervisory board in a capital market-oriented, internationally active company in the business areas of leasing for private and business customers and fleet management.

1.5.1 PROFILE OF COMPETENCE

Overall, the Supervisory Board shall have the competencies that are considered essential in view of the activities of the Sixt Leasing Group. This includes, in particular, in-depth experience and knowledge of

- in the management of a large or mid-sized international company
- in the leasing and fleet management business
- in the fields of marketing, distribution and digitalisation
- in the main markets in which the Sixt Leasing Group is active
- in bookkeeping and accounting
- in controlling/risk management and
- in the area of governance/compliance

In addition, in compliance with the requirements of section 100 (5) of the AktG, at least one member of the Supervisory Board must have expertise in the areas of accounting or auditing.

1.5.2 REQUIREMENTS FOR THE COMPOSITION OF THE ENTIRE BOARD AND THE INDIVIDUAL MEMBERS

Competence and diversity
First and foremost, the prerequisites for filling the seats on the Supervisory Board are professional qualifications and personal competence. The Supervisory Board will always give priority to these prerequisites, which are indispensable for the fulfilment of its legal obligations, when proposing the election of Supervisory Board members.

Overall, the Supervisory Board pursues the goal of optimally fulfilling its supervisory and advisory functions through the diversity of its members. The diversity includes in particular internationality as well as different horizons of experience and ways of life. In preparing the election proposals or the proposals for dismissals, it should be assessed in each individual case to what extent different, complementary professional profiles, professional and life experience and an appropriate representation of both sexes benefit the work of the Supervisory Board. In addition, the Supervisory Board will support the Managing Board in strengthening diversity within the company.

In-depth knowledge of work areas relevant for Company
All members of the Supervisory Board shall have in-depth knowledge and experiences in work areas that are important for the Company and they shall meet the other professional and personal requirements from the applicable regulatory stipulations.

Management experience
The Supervisory Board shall have at least two members. These shall be experienced in the management or supervision of a mid-sized to large corporation.

Internationality
At least two members of the Supervisory Board shall have business experience in the main sales markets of Sixt Leasing SE and be able to provide competent assistance in Sixt Leasing SE's continued internationalisation.

Number of independent members/no material conflicts of interests
The Supervisory Board shall have a suitable number of independent members. In the view of the Supervisory Board this is the case against the background of the ownership structure of the company if at least one of the three Supervisory Board members is independent within the meaning of the section 5.4.2 of the German Corporate Governance Code.

Moreover, no one shall be proposed for election to the Supervisory Board, whose other activities could mean a potentially material and not just sporadic or intermittent conflict of interests.

The Supervisory Board continues to uphold that there shall be no age limit or rule limiting the length of membership in the Supervisory Board. The Supervisory Board also maintains the target figure of 0% for the proportion of women on the Management Board and Supervisory Board.

The current composition of the Supervisory Board is in accordance with aforelisted targets. In view of their different backgrounds and experiences, the members of the Supervisory Board in their entirety with regard to their different lives and horizons of experience represent the necessary diversity to do optimal justice to their supervisory duty. In particular, the Supervisory Board as a whole has the knowledge, skills and professional experience required to properly perform the tasks of a Supervisory Board in a capital market-oriented, internationally active company in the business areas of fleet management and leasing for private and business customers. In Mr Erich Sixt and Mr Prof. Dr Marcus Englert, the Supervisory Board has two members, whose previous professional activities demonstrate specialised industry expertise and experiences in the Company's main sales markets. Moreover, all members of the Supervisory Board have experience in the management or supervision of a mid-sized to large corporation. With Mr Prof. Dr Marcus Englert and Mr Dr Bernd Metzner two independent shareholder representatives are represented in the Company's Supervisory Board.

1.6 DIVERSITY CONCEPT

1.6.1 MANAGING BOARD

Diversity aspects in the composition of the Managing Board
Overall, the Managing Board should have the competencies that are considered essential in view of the activities of the Sixt Leasing Group. In the opinion of the Supervisory Board, these include:

- complementary professional profiles and different professional and educational backgrounds
- highest personal integrity
- in-depth practical experience in dialogue with the various stakeholders, including in-depth knowledge of capital market requirements
- profound experience in IT management and understanding of the increasing digitalisation of the business model
- many years of experience in value-based strategy development and change management;
- many years of experience in the management of large companies
- knowledge of accounting and financial management
- solid knowledge of risk management
- international experience and
- adequate representation of both sexes and different ages

As a rule, the service contracts of the members of the Managing Board should end when the standard age limit for statutory pension insurance (currently 67 years of age) is reached.

Aims of the diversity concept
In the opinion of the Supervisory Board, complementary professional profiles and different professional and educational

backgrounds already result from the duty of proper management. In addition, the different lives and experiences of the individual members of the Managing Board are decisive for analysing current challenges, problems and strategies from different perspectives and thus making a decision for the benefit of the company.

In view of the increasing digitalisation of the business model and the enormous relevance of modern IT structures for all areas of the company, profound experience in IT management and a profound understanding of digitalisation are indispensable in order to successfully lead the company into the future.

Many years of experience in the management of larger companies, strategy development and change management are decisive and indispensable elements of modern top management in the opinion of the Supervisory Board. The Managing Board also requires sound practical experience in dialogue with the various stakeholders, including in-depth knowledge of the requirements of the capital market. In particular, the Supervisory Board is of the opinion that successful corporate management requires consistent communication with the lower management levels by the Managing Board.

The Supervisory Board also strives for an appropriate representation of both genders and different ages on the Managing Board, as it believes that mixed-gender teams achieve the same or better results than teams in which only one gender is represented. However, as the Managing Board currently consists of only two members, the Supervisory Board believes that a strict quota at this point would lead to a significant reduction in the number of suitable candidates on the one hand and on the other would call into question the future cooperation with deserving members of the Managing Board who are familiar with the company.

Manner of implementation

The Supervisory Board takes into account the diversity aspects described above when appointing members to the Managing Board. In addition, the v Board and Supervisory Board regularly exchange information on suitable successor candidates and high potentials from the Group in order to ensure the continuous further development of promising talents.

Results achieved in fiscal 2018

The Supervisory Board has decided to appoint Mr Michael Martin Ruhl as Chairman of the Managing Board with effect from 1 January 2019. Mr Thomas Spiegelhalter resigned from the Managing Board at the end of the year under review.

In the opinion of the Supervisory Board, the Company has two members of the Managing Board Mr Ruhl and Mr Waldow, who, due to their different professional backgrounds and their respective educational and professional backgrounds, possess the competencies which are to be considered essential for the success of the company in terms of the activities of the Sixt Leasing Group. More detailed information on the members of the Managing Board can be found in the profiles on the Company's website and in communication on the occasion of the Supervisory Board's decisions.

1.6.2 SUPERVISORY BOARD

Diversity aspects in the composition of the Supervisory Board

The Supervisory Board has drawn up a comprehensive competence profile for its composition and formulated detailed requirements for the composition of the entire Supervisory Board and its individual members.

Accordingly, the Supervisory Board should have the overall competencies that are considered essential in view of the activities of the Sixt Leasing Group.

The most important prerequisites for filling the seats on the Supervisory Board are professional qualifications and personal competence. The Supervisory Board will consider these conditions, which are indispensable for the fulfilment of its statutory obligations, when making nominations for election of members of the Supervisory Board.

The Supervisory Board also pays particular attention to different, complementary professional profiles, professional and life experience and an appropriate representation of both sexes.

The Supervisory Board maintains that it does not define an age limit or a rule limit for membership of the Supervisory Board. The Supervisory Board also maintains the target figure of 0% for the proportion of women on the Managing Board and Supervisory Board. However, as the Supervisory Board currently consists of only three members, the Supervisory Board is in the opinion that a strict quota at this point would lead to a significant restriction on suitable candidates on the one hand and on the other would call into question the future cooperation with deserving members of the Supervisory Board who are familiar with the company.

Aims of the diversity concept

Overall, the Supervisory Board pursues the goal of optimally fulfilling its supervisory and advisory functions through the diversity of its members. The diversity includes in particular internationality as well as different horizons of experience and paths of life. In preparing nominations for election or nominations for secondments, the extent to which different, complementary professional profiles, professional and life experience and an appropriate representation of both sexes benefit the work of the Supervisory Board shall be assessed on a case-by-case basis.

In addition, the different lives and experiences of the individual members of the Supervisory Board are decisive in analysing current challenges, problems and strategies from different perspectives and making a decision for the best of the company. The Supervisory Board pursues the goal of always being in a position to competently advise and monitor the Managing Board and to adequately acknowledge and accompany new developments in the industry.

Manner of implementation

The Supervisory Board takes into account the diversity aspects described above when proposing candidates of the election of Supervisory Board members. The Supervisory Board also undergoes an annual efficiency review. The audit focuses on the effective performance of the tasks assigned to the Supervisory Board, including the practicability of the procedural rules in the rules of procedure of the Supervisory Board, as well as on the efficiency of the work of the committees. In the future, diversity aspects should also be taken into account to a greater extent.

Results achieved in fiscal 2018

Effective from 16 February 2018, Dr Bernd Metzner has been delegated by Sixt SE to join the Supervisory Board of Sixt Leasing SE. He succeeded Mr Georg Bauer, who had been a member of the Supervisory Board since 17 April 2015 and has left the board with the expiry of 15 February 2018. Dr Metzner has many years of experience as CFO of internationally active companies from various industries. Since June 2014, he has been CFO of Ströer Management SE, the personally liable partner of Ströer SE & Co. KGaA, which is listed in the MDAX.

On 19 June 2018, the Annual General Meeting voted to cancel the right of Sixt SE to delegate one of the three Supervisory Board members for as long as it holds shares in Sixt Leasing SE. Following the corresponding changes to the Articles of Association, which were adopted by a majority of the shareholders at the Annual General Meeting, all the Supervisory Board members now have to be elected by the Annual General Meeting. Afterwards, the Annual General Meeting re-elected the current members Mr Erich Sixt, Mr Prof. Dr Marcus Englert, and Mr Dr Bernd Metzner to the Supervisory Board.

2. FURTHER DISCLOSURES ON CORPORATE GOVERNANCE

Employee participation programme (Matching Stock Programme)

As of 31 December 2018 Sixt Leasing SE does not have an employee participation programme. Prior to the Company's IPO the Managing Board of Sixt Leasing SE and selected employees of the Sixt Leasing Group were entitled to participate in the Matching Stock Programme (MSP) of Sixt SE.

Participants in the MSP must have a contract of employment with Sixt SE or one of its subsidiaries which has not been terminated at the time of subscribing for the MSP. To participate in the MSP, each participant must make a personal investment by acquiring interest-bearing bonds of Sixt SE.

The bonds acquired as personal investment carry a coupon of 4.5% p.a. and a maturity until 2020. The total volume invested by all participants is limited to EUR 5.0 million.

Every EUR 1,000 of paid-up subscription amount entitles to subscribe to 500 stock options per annual tranche in accordance with the MSP terms and conditions. On each 1st of December every year from 2012 (first time) to 2016 (last time) one tranche of stock options has been allocated (a total of five tranches), so that each participant is entitled to subscribe up to a total of 2,500 stock options for every EUR 1,000 of paid-up subscription amount (5 tranches with 500 stock options each).

The allocated stock options can only be exercised after a lock-up period of four years, starting from the allocation of the respective tranche. The stock options can only be exercised if the exercise price since the allocation of the respective tranche is 20% higher than the initial price of said tranche (exercise threshold). The initial price of the stock options corresponds to the average unweighted closing price of Sixt preference shares in Xetra trading on the Frankfurt Stock Exchange during the last 60 trading days before the stock options for the tranche concerned are allocated. The exercise price is the average unweighted closing price of Sixt preference shares in Xetra trading on the Frankfurt Stock Exchange during the last 60 trading days before the stock options of the respective tranche are exercised. Stock options allocated as part of a tranche are deemed to have been exercised on the first trading day following the end of the lock-up period, if the exercise threshold has been reached. If the exercise threshold is not reached, the stock options of this tranche expire without replacement.

The exercise gain for a tranche, calculated if the stock options are exercised, must not exceed 5% of the regular earnings before taxes (EBT) reported in the most recent approved consolidated financial statements of Sixt SE. In addition, the exercise gain (before taxes) of each tranche is limited for every participant to twice his paid-up investment volume. In the case of a higher calculated exercise gain, the amount will be reduced proportionately for all participants. An amount net of the taxes and contributions on the exercise gain payable by the participants is used to acquire preference shares of Sixt SE. These shares are subsequently transferred to a blocked custody account in the participant's favour. The participant is free to draw on the shares after another year. The total term of the MSP, including this lock-up period, is nine years, up until 2021.

If, during the term of the MSP, adjustments are made to the share capital of Sixt SE or restructuring measures are implemented that have a direct impact on the share capital of Sixt SE and this causes the value of the stock options to change by 10% or more, the initial price shall be adjusted to the extent necessary to compensate for the change in value of the stock options caused by the capital action. If Sixt SE distributes dividends or other assets to shareholders in the period between allocation and exercise of a tranche of stock options, the initial price of this tranche must be adjusted by deducting the amount of dividend or distribution attributable to one share from the initial price, if required, adjusted by the effects from capitalisation measures.

If the bond acquired by the participant as a personal investment is redeemed early or if the participant's contract of employment is terminated, any stock options already allocated but not yet exercised and the entitlements to unallocated stock options are generally lost.

Stock option programme 2017

The Supervisory Board has drawn up a comprehensive competence profile for its composition and formulated detailed requirements for the composition of the entire Supervisory Board and its individual members.

In addition, the 2017 Annual General Meeting authorised the Managing Board to establish a stock option programme (stock option programme 2017), under which up to a maximum of 1,000,000 subscription rights to shares of the Company may be issued to selected executives of the Company and members of the management of affiliated companies by 28 June 2020. To the extent that members of the Managing Board are affected, only the Supervisory Board was authorised to do so. Each subscription right entitles the holder to subscribe to one no-par value bearer share of the Company against payment of an exercise price defined in more detail in the resolution of the Annual General Meeting and has a term of seven years. The exercise of the subscription rights is also linked to the achievement of certain performance targets. The subscription conditions may provide that the Company may grant the beneficiaries own shares or a cash payment instead of new shares from conditional capital for servicing the subscription rights. To date, no use has been made of the authorisation to issue subscription rights.

Notification concerning directors' dealings

No directors' dealings and managers' transactions involving the purchase and sale of shares in Sixt Leasing SE or related financial instruments were disclosed to Sixt Leasing SE in the 2018 financial year. Corresponding notifications are published on the company's website ***ir.sixt-leasing.de*** under 'Directors' Dealings'.

Provisions pursuant to sections 76 (4) and 111 (5) AktG

In 2017, the Supervisory Board has set the target figure for the proportion of women on the Supervisory Board and the Managing Board at 0% in accordance with section 111 (5) of the German Stock Corporation Act (AktG) and has decided on an implementation deadline of June 30, 2020.

In 2017, in accordance with section 76 (4) of the AktG, the Managing Board set the targets for the proportion of women in the first management level below the Managing Board to 20% and in the second management level below the Managing Board at 35% and resolved that both targets should be achieved by June 30, 2021. In this context domestic Group companies of Sixt Leasing SE were taken into account.

Disclosures relating to the auditor

The Annual General Meeting on 19 June 2018 adopted the proposal of the Supervisory Board to appoint Deloitte GmbH Wirtschaftsprüfungsgesellschaft, Munich, as auditor for fiscal year 2018 for Sixt Leasing SE and the Sixt Leasing Group. Audit companies from the Deloitte network are auditing the majority of companies included in the consolidated financial statements. Deloitte GmbH Wirtschaftsprüfungsgesellschaft has been auditor of Sixt Leasing SE since the annual financial statements for 2005. Since the annual financial statements for 2016 the auditor Andreas Lepple has been the auditor responsible for conducting the audit.

A.5 \\ SUSTAINABILITY

1. SUSTAINABILITY AT SIXT LEASING

Sustainable mindsets and actions, based on firm values and principles, are key factors for Sixt Leasing's success. The Company assumes its responsibility towards society and thereby adheres to the principle of sustainable development. Sixt Leasing wants to make its contribution towards providing the following generations with stable economic, social and ecological conditions. When pursuing its economic interests during everyday business practice the internationally active leasing provider and fleet manager also considers ecological, social and ethical aspects.

The Sixt Leasing management is focused on responsible and long-term value creation. Across the Group-wide value chain from purchasing and leasing right through to the remarketing of vehicles, sustainability aspects are also taken into consideration next to economic factors.

1.1 MATERIALITY

Sixt Leasing SE's sustainability reporting is based on the principle of materiality. To determine material issues and key fields of action, a materiality analysis was jointly conducted with Sixt SE. A cross-departmental team coordinated the entire process, provided assistance and summarised the results. The materiality analysis was based on the established management systems for quality and environment as well as their inherent fields of action. The further process included industry-relevant aspects and insights gained from the analysis of competitors and other comparative companies. Workshops and surveys conducted with the professional departments then identified and discussed the material issues that are of relevance for Sixt Group. The analysis findings established were then worked through in collaboration with an external partner and transferred into key fields of action. Finally, the identified material issues of Sixt Group were reconfirmed by Sixt Leasing's perspective, validated again and then approved by the Managing Board.

1.2 MANAGEMENT APPROACH

It is Sixt Leasing's declared objective to integrate the principle of sustainable development into its entrepreneurial decision-making procedures in the long run. The Company's uses its organisational structures and governance processes to promote and control responsible entrepreneurial actions, from strategy development through to implementation. This way, Sixt Leasing systematically and consistently adheres to sustainability issues in all its business activities and across all hierarchical levels.

The Managing Board holds overall responsibility for sustainability management, as it sets the course so that corporate policy meets the requirements of socially responsible business dealings, and because it approves the corresponding strategies and programmes. The various business units and professional departments implement the sustainability measures and retrieve the sustainability data against the background of their respective core business activities and/or task fields.

All three business fields of the Sixt Leasing Group have established a firm and comprehensive process for collecting, analysing and implementing improvement measures on the basis of customer feedback. In the corporate business, Sixt Leasing customers are regularly interviewed on their satisfaction, to which end the Company deploys a special CSI tool (Customer Satisfaction Index). With the help of this tool the fleet managers can provide detailed feedback on service quality. Sixt Leasing uses these data to continually optimise the service range to match customer wishes and requirements.

Over and above statutory requirements, Sixt Leasing's sustainability management received additional support from the Company's own guidelines. The Code of Conduct applies worldwide, enjoys overriding significance and defines the ethical framework for daily business activities.

2. MATERIAL FIELDS OF ACTION

The objective of Sixt Leasing's sustainability management is to harmonise the Company's business activities with ecological, social and ethical aspects. It is operationalised through the fields of actions, objectives and measures and integrated into corporate procedures. In addition, the sustainability management is based on the requirements and interests of the stakeholders. Particular importance is attached to customers, employees, suppliers and investors.

Alongside the higher-level area of 'Sustainability at Sixt Leasing' the Company's sustainability management is divided up into six further material fields of action, which are outlined in the following.

2.1 CORPORATE GOVERNANCE

The success of Sixt Leasing rests not only on the business policy, but also on its compliance with moral and ethical standards, integrity and the trust which customers and suppliers, shareholders and business partners place in the Company. Such trust can only be won and maintained if all employees adhere to the law and legislation and maintain Sixt Leasing's strict behavioural standards. Franchise and cooperation partners likewise are obliged by the same duties, as outsiders recognise them as the Company's representatives. It is Sixt Leasing's declared aim to make all employees as well as franchise and cooperation partners regularly aware of the issue of compliance. A key role is afforded here to the Group-wide applicable Code of Conduct, which is regularly updated. All employees, franchise and cooperation partners have committed themselves to observe this Code of Conduct. It governs behaviour towards business partners and third parties, the fundamentals applicable for the working environment, as well as how to deal with conflicts of interests, assets and equipment of Sixt Leasing, intellectual property of third parties and information.

The Code of Conduct specifies, among other things, the institution of an external ombudsman. In case employees want to disclose compliance violations, the ombudsman acts as additional contact point, alongside their corporate superior and the compliance officer. The compliance officer maintains regular contact with the Managing Board and assists as well as advises the Board with respect to preventive measures. All subsidiaries of the Sixt Leasing Group are regularly inspected regarding their compliance with all laws and adherence to the Code of Conduct.

Conceptual chart: Corporate governance

Objective	Measures	Performance indicator
Sensitising employees, franchise and cooperation partners to compliance	Integration of further compliance requirements into the Code of Conduct Obliging employees, franchise and cooperation partners to adhere to the Code of Conduct	./.

Moreover, Sixt Leasing has formulated clear expectations concerning its employees' correct behaviour and makes it clear that business relations can only be maintained with customers, service providers and business partners whose business activities comply with statutory stipulations and whose financial means have a lawful origin. Within the framework of legislative and regulatory requirements an anti-money-laundering officer has been instituted with a clear, brief mandate and organisational guidelines to prevent money laundering, terrorist financing and other criminal activities were drawn up. Every employee has signed and accepted the relevant guidelines. In addition, all employees receive regular training relating to this thematic complex. Their due participation in these training sessions is recorded and filed. In accordance with sections 9 (1) and (2) no. 4 of the Money Laundering Act, Sixt Leasing has initiated ongoing risk-based measures to assess reliability. For example, appropriate assessments take place in the case of employment or employment relationships as well as risk-oriented during the existence of a relationship by the supervisor.

As an internationally active Company Sixt Leasing is unreservedly committed to respect human rights and corresponding legal rules at home and abroad. The Group has undertaken to respect and promote human rights and to report in a transparent fashion about the results of its actions. In addition, Sixt Leasing follows the ILO core labour standards and adheres to the four fundamental principles: freedom of association and the effective recognition of the right to collective bargaining, the elimination of forced or compulsory labour, the abolition of child labour and the elimination of discrimination in respect of employment and occupation. In addition, Sixt Leasing contractually obliges its internationally active franchise partners to comply with strict social standards, to respect human rights and to act with integrity in accordance with ethical principles.

2.2 CLIMATE PROTECTION

As a provider of mobility solutions Sixt Leasing is aware of its responsibility for climate protection and has set itself the target of continually lowering the average CO_2 emissions of its customer fleet. It realises this through a series of measures, such as the continuous utilisation of the latest vehicle models that have state-of-the-art powertrains in its fleet as well as by providing attractive leasing offers for electric and hybrid vehicles.

Conceptual chart: Climate protection

Objective	Measures	Performance indicator
Reduction of the average CO_2 emissions of the fleet	Continuous renewal of vehicle fleet with cars equipped with state-of-the-art technology	Average CO_2 emissions of the fleet

For years now Sixt Leasing has been assisting and following the developments in electric mobility and alternative vehicle powertrains as it promotes these by events for employees, fleet managers and media representatives, by cooperating with manufacturers, dealers and electric utility suppliers as well as by promotional offers for private customers. The company has extensive expertise in the selection and deployment of hybrid and electric vehicles and is therefore capable of giving interested customers competent advice and can optimise corporate fleets with regard to its sustainability aspects. This includes for example the use of e-car pools, improving pollutant emissions and introducing a CO_2 bonus-malus system.

In January 2018, Sixt Leasing prolongated its offer for the 'environmental bonus' granted by numerous car manufacturers on *sixt-neuwagen.de*. Under this scheme, private and commercial customers had another opportunity to benefit from substantial rebates of up to EUR 10,000 per car when ordering new vehicles from selected brands. Requirement for receiving the bonus is a certificate testifying that the old diesel car had been scrapped by a certified scrap dealer. This offer also served as an incentive to contribute to the reduction of pollutant emissions in cities and urban areas.

In 2018 Sixt Leasing successfully completed the electric mobility cooperation with the energy supplier Yello and BMW which was started in November 2017. In May, the Company delivered the 300th BMW i3 'E-Mobility Edition' to a private customer. The offering included an all-inclusive-package for a BMW i3 including insurance, tax, transfer and registration and was very well received. Sixt Leasing thus set a further example for emission-free mobility in Germany.

Sixt Leasing offers leasing agreements to private, commercial and corporate customers for new vehicles with terms anywhere between twelve and 54 months. As per 31 December 2018 the contracts had an average term of around 39 months. Consequently the leasing fleet is continually being renewed with the more modern vehicles carrying more efficient technologies. This results in a reduction of average CO_2 emissions per vehicle within the Leasing business unit over time.

Average CO_2 emissions of fleet in the Leasing business unit

in g/km	**2018**	2017
	124	126

2.3 UTILISATION OF RESOURCES

The protection of the environment and responsible utilisation of resources are taken for granted by Sixt Leasing. In its own sphere of influence the Company keeps its energy and water consumption as low as possible. With the assistance of its environmental management systems Sixt Leasing regularly monitors its consumption of resources and strives to achieve continuous improvements in efficiency.

Conceptual chart: Utilisation of resources

Objective	Measures	Performance indicator
Continual improvement of energy efficiency	Implementing and monitoring energy efficiency measures Conducting energy audits Sensitising employees to energy-saving measures	./.

Sixt Leasing pursues the objective of continually improving its energy efficiency and cutting its energy consumption. Next to the implementation and monitoring of the concrete energy efficiency measures, it also conducts energy audits and heightens the awareness of employees for measures to utilise energy in a way that saves resources. According to the energy audit jointly conducted with Sixt SE Group in fiscal year 2017 for the calendar year 2016, the consumption ratings for the corporate headquarters are within the normal parameter range, while the heating requirements are below average.

2.4 EMPLOYER ATTRACTIVENESS

Sixt attaches greatest importance to its workforce's customer focus and quality of service to ensure entrepreneurial success. The Group therefore considers its responsibility to develop its workforce, promote its health, integrate it into decisions and to provide equal opportunities for all. In addition, the Group-wide working climate and the interaction between all employees is characterised by mutual respect, fairness and the prohibition of any form of discrimination.

Sixt is a well-known employer with a good reputation. This also benefits Sixt Leasing. The Company wants to remain an attractive employer for its current workforce. Consequently, Sixt

Leasing has set its sights on improving the work-life balance of its members of staff. To this end, flexible working time programmes will be extended. Since 2015 employees in the central and administrative functions, as well as executives, enjoy working time arrangements based on trust. As of December 2018 41% of all employees of the Sixt Leasing Group in Germany have working time arrangements based on trust, all other employees record their working hours (2017: 57%). Furthermore, Sixt Leasing aims to keep employee satisfaction at a high level. To this end, the Company conducts regular employee surveys, from which it then deducts further measures. In addition, Sixt Leasing relies on an active feedback culture with 360-degree feedback and customised development and promotion programmes.

Conceptual chart: Employer Attractiveness

Objective	Measures	Performance indicator
Improving employees' work-life balance	Expanding the programmes to strengthen work-life balance	Number of employees in time arrangements based on trust
Maintaining high satisfaction levels among employees	Regular execution and evaluation of surveys on employee satisfaction Deducing potential action requirements from the survey findings	./.

Further information on strategic personnel development and the relevant KPIs can be found in the section 'Human resources report'.

2.5 STAFF DEVELOPMENT AND PROMOTION

Sixt Leasing's entrepreneurial success is vitally dependent on the knowledge, skills and commitment of its employees. Excellent employees are the most important building block for the Group in order to be able to act as a premium supplier on the market and generate 'customer excitement'. The Company is therefore committed to a culture that has the people at its centre who work for Sixt Leasing. It is the claim to consistently encourage and promote the talents of its workforce, adequately remunerate their commitment and apply uniform principles in salaries and wages which exclude any form of discrimination.

Conceptual chart: Staff development and promotion

Objective	Measures	Performance indicator
Further development of employees' professional expertise	Demand-oriented intensification of on-site training and e-learning units	./.
Further development of performance-based remuneration models	Regular evaluation of variable remuneration models and their KPIs	Share of employees with perfomance-based remuneration

Finding and promoting talents goes hand in hand with further developing professional expertise. To this end Sixt Leasing is intensifying the number of on-site trainings and e-learning sessions in training facilities wherever there is demand for them as well as interlocking these forms of training. The training units are offered to employees of all ranks and cover a wide range of topics.

In order to foster the individual commitment of its employees to the Company's success and to honour it accordingly, Sixt Leasing has introduced a performance-based remuneration system. At the end of 2018 61% of all employees of the Sixt Leasing Group in Germany receive variable remuneration in addition to their fixed salary (2017: 67%). In order to honour the individual performance of each employee even more than before, Sixt Leasing has set itself the goal of further developing the existing performance-related compensation models. To this end, the existing variable remuneration models are regularly evaluated and the quota of employees is determined using performance-based remuneration components.

Further information on the employee promotion programme and the key features of the remuneration can be found in the section 'Human resources report'.

2.6 SOCIAL COMMITMENT

Sixt Leasing considers it to be its duty to contribute towards society's well-being. Assuming social responsibility is a firm component in its entrepreneurial policy and corresponds with Sixt Leasing's identity, principles and values. The Company has set itself the goal of expanding on its social commitments, especially in issues referring to energy and the environment, as well as non-profitable work and its commitment in the charitable sector.

As a cooperation partner Sixt Leasing supports the independent Regine Sixt Kinderhilfe Stiftung 'Tränchen Trocknen', which is under the supervision of the government of Upper Bavaria. The foundation supports measures to improve the health conditions and living conditions of children and young people worldwide. In addition, facilities for care, education and vocational training as well as social welfare institutions are supported. Throughout the year, the Regine Sixt Kinderhilfe Stiftung receives numerous proposals and applications from Sixt employees to support projects and initiatives that benefit children worldwide. The selection and implementation of the projects are carried out in close coordination between the Company and the foundation.

For many years now Sixt employees have been taking up the opportunity to engage in voluntary actions at their various work sites. This can take the form of visits to hospitals over Christmas or Easter as well as renovation work as part of children's aid projects that are supported by the Regine Sixt Kinderhilfe Stiftung.

Conceptual chart: Social commitment

Objective	Measures	Performance indicator
Expanding social commitment	Drying Little Tears Days	./.
Continuing the partnership with the 'Regine Sixt Kinderhilfe Stiftung'	Supporting foundation projects to improve the health conditions and living conditions of children and young people worldwide and promoting institutions for care, education and vocational training as well as social welfare institutions	./.

The financial contributions and non-profit charity work provided over the last year has seen support going to institutions in Germany, Hungary, Vietnam, Jordan, Lithuania, Mauritius and Mexico. Since 2010 more than 145 projects and initiatives in over 45 countries have been supported and assisted.

B

B MANAGEMENT REPORT ON THE SITUATION OF THE GROUP AND THE COMPANY

B \\ MANAGEMENT REPORT ON THE SITUATION OF THE GROUP AND THE COMPANY

B.1 \\ GROUP FUNDAMENTALS

1. BUSINESS MODEL OF THE GROUP

1.1 GROUP STRUCTURE AND MANAGEMENT

Sixt Leasing SE, Pullach, is a European Stock Corporation (Societas Europea) and the parent company of the Sixt Leasing Group, which mainly conducts its business under the business names of 'Sixt Leasing', 'Sixt Mobility Consulting', 'Sixt Neuwagen' and 'autohaus24'. The Company has its registered offices in Zugspitzstrasse 1, 82049 Pullach/Germany, and is registered in the Commercial Register of Munich Local Court under docket number HRB 227195. The Company has been established for an indefinite period.

As a financial services company, Sixt Leasing SE is supervised by the Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin – Federal Financial Supervisory Authority) and has to comply with the minimum requirements for risk management of banks and financial services institutions (MaRisk).

The Company was founded 1975 in Munich as 'Central Garagen CG GmbH' and has been trading since 2003 under the name 'Sixt Autoland GmbH' with its registered offices in Garching close to Munich. Sixt Group's operative leasing business has been overseen by 'Sixt Leasing GmbH' since 1988 and after its change of legal form into a stock corporation under the name'Sixt Leasing AG'. In 2004 'Sixt Leasing AG' merged with the previous 'Sixt Autoland GmbH'. In the following 'Sixt Autoland GmbH' changed its legal form to a stock corporation and continued under the name 'Sixt Leasing AG'. The Company's shares have been listed on the regulated market (Prime Standard) of the Frankfurt Stock Exchange since its IPO on 7 May 2015. By approval of the Annual General Meeting on 1 June 2016 the Company was transformed by way of changing the legal form according to Art. 2 (4) in conjunction with Art. 37 SE-Reg to Sixt Leasing SE.

The Managing Board of Sixt Leasing SE manages the Company under its own responsibility. The Supervisory Board of Sixt Leasing SE, which consists of three members, appoints, monitors and advises the Managing Board and is directly involved in decisions of fundamental importance for the Company and the Group.

Sixt Leasing SE acts as an operative leasing company and is the parent company of the Sixt Leasing Group. It has directly or indirectly 100% shareholdings in the following subsidiaries, which also operate in the leasing or fleet management businesses of their respective countries:

- Sixt Location Longue Durée S.a.r.l., Paris/France
- Sixt Leasing (Schweiz) AG, Urdorf/Switzerland
- Sixt Leasing G.m.b.H., Vösendorf/Austria
- autohaus24 GmbH, Pullach/ Germany
- Sixt Mobility Consulting GmbH, Pullach/Germany
- Sixt Mobility Consulting S.a.r.l., Paris/ France
- Sixt Mobility Consulting AG, Urdorf/Switzerland
- Sixt Mobility Consulting Österreich GmbH, Vösendorf/Austria
- Sixt Mobility Consulting B.V., Hoofddorp/Netherlands
- SXT Leasing Verwaltungs GmbH, Rostock/Germany
- SXT Leasing Dienstleistungen GmbH & Co. KG, Rostock/ Germany

In addition, the company Isar Valley S.A., Luxembourg (share of 0%, however, control according to IFRS 10) is fully consolidated.

Between Sixt Leasing SE and Sixt Mobility Consulting GmbH a profit and loss transfer agreement is in place.

As of reporting date 31 December 2018, the Company's share capital amounted to EUR 20,611,593.00 divided up into 20,611,593 ordinary bearer shares. The shares are no-par value shares with a notional interest in the share capital of EUR 1.00 per share. The shares are fully paid up.

The largest shareholder with 41.9% of the shares and voting rights is Sixt SE, Pullach.

The stake in Sixt Leasing SE is fully consolidated in the consolidated financial statements of Sixt SE since control is assumed due to the de facto majority of voting rights in the Annual General Meeting of Sixt Leasing SE in favour of Sixt SE

In the course of the IPO Sixt Leasing SE and Sixt SE concluded a non-exclusive License Agreement in addition. It grants the use of Trademarks licenses for the use of 'Sixt' as part of the commercial names (Firmenbestandteil) of the Company and its subsidiaries and as trademark for products provided by the Sixt Leasing Group. The License Agreement covers the use of certain word marks (Wortmarken) and word and design marks (Wortbildmarken) (the "Trademarks") as well as domain licenses.

Further agreements concluded between Sixt Leasing SE and Sixt SE and its subsidiaries are described in the notes to the consolidated statements under 'related party disclosures'.

1.2 GROUP ACTIVITIES AND SERVICES PORTFOLIO

The Sixt Leasing Group is organised into the two business units (segments) Leasing and Fleet Management.

1.2.1 LEASING BUSINESS UNIT

Through its Leasing business unit the Sixt Leasing Group acts as one of the largest non-bank, vendor-neutral leasing companies in Germany. In addition, the business unit is also represented by its operative subsidiaries in Switzerland, France, Austria and the Netherlands.

The Leasing business unit comprises the two business fields Fleet Leasing (corporate customer leasing) and Online Retail (private and commercial customer leasing).

In its Fleet Leasing business field, the Group offers lease financing and associated services (so-called full-service leasing) to corporate customers. Based on Sixt Leasing Group's longstanding and extensive expertise in fleet procurement and fleet management, customers can expect the sustainable optimisation of the total cost of ownership of their fleets.

Target customers for this business field are, on the one hand, companies with a fleet size beginning from around 80 vehicles, whose fleets are made up of different manufacturers and have a certain complexity. Thus, Sixt Leasing is able to deploy its competitive strengths in a targeted fashion during independency, consulting and service. On the other hand, smaller corporate customers with a fleet size of around 20-80 vehicles are also served. The approach in this customer segment is to use standardised products and processes to professionalise fleet purchasing and management.

Next to the classic finance leasing, the offering includes a variety of services such as multi-brand online configuration, consulting on the vehicle selection, online approval procedure according to individual company guidelines, vehicle procurement, maintenance of the vehicles over the total contract period, tire changing, damage assistance and management incl. insurance handling as well as the management of fuel cards, vehicle taxes and broadcast contribution.

The ratio of contracts which combine finance leasing with service components of various scope accounted for more than 85% of the total contract portfolio of the Fleet Leasing business field in the end of 2018.

Sixt Leasing SE operates its Online Retail business field via the two websites *sixt-neuwagen.de* and *autohaus24.de*. The platforms give private and commercial customers (with up to 20 vehicles) the opportunity to configure the latest vehicle models from about 35 different car manufacturers, to request their individual leasing offer and to order online. In addition, a large number of immediately available storage cars can be selected. Customers thereby benefit from Sixt Leasing's expertise and economies of scale when buying vehicles in the form of attractive conditions. With the online-based vehicle leasing for private and commercial customers the Company addresses an almost undeveloped market in Germany.

The Online Retail business field also offers additional services such as accident and breakdown management, an inspection package and an insurance package, which can be easily booked online to the leasing contract and included in the lease instalment. At the end of 2018, around 50% of private and commercial customer contracts contained at least one service component.

1.2.2 FLEET MANAGEMENT BUSINESS UNIT

The Sixt Leasing Group operates its Fleet Management business unit via Sixt Mobility Consulting GmbH and further direct and indirect subsidiaries of Sixt Leasing SE, which was founded in 2011. So the expertise in managing large-sized customer fleets can also be offered to customers, who purchased their vehicles or leased them from other providers. The target group for this service ranges from mid-sized businesses to international corporations.

Sixt Mobility Consulting combines the holistic fleet management with individual brand-independent consulting. It manages large customer fleets with the aim of achieving measurable quality and operating cost optimisation, and thus raising the efficiency of the fleets. To this end, just as in the Fleet Leasing business field, proprietary developed online-based IT tools like the Multibid Configurator, the FleetOptimizer and the Sixt Global Reporting Tool are used. The Multibid Configurator facilitates companies in freely configurating their fleet vehicles, comparing them with alternative vehicles and conducting tenders for certain vehicles among various leasing companies. Through the application of the FleetOptimizer, saving potentials at the existing customer fleets can be identified and measures can be derived to consistently reduce fleet costs.

With the Sixt Global Reporting Tool, customers have comprehensive transparency over all of the vehicles in operation internationally. It transnationally gives a consistent and continuous overview on relevant aspects like vehicle procurement and replacement, contractual agreements, adherence to security provisions as well as development of fleet costs, fuel consumption and CO_2 emissions. Moreover, the Sixt Global Reporting Tool also allows to show concrete potential for optimisation for vehicles that are not yet managed by Sixt Mobility Consulting. So possibly new mandates can be acquired.

1.3 SIGNIFICANT EXTERNAL INFLUENCING FACTORS

As an internationally active leasing group with a stock-listed parent company, the business activities of the Sixt Leasing Group are exposed to the influence of a number of different legal systems and stipulations/requirements. These include road traffic and public order stipulations, as well as tax and insurance laws, and capital and financial market regulations.

Economically, the Group is dependent on general economic conditions, which particularly affect the consumption behaviour of private customers and companies' willingness to invest as well as the development of the used car market. Next to these, changes in interest rates or in tax frameworks are key external factors that can have impact the Sixt Leasing Group's business operations, and thus influence the Group's business development. Likewise, social trends can also affect the demand for mobility services, as for example the increasing willingness of people to pay for the provision of mobility in form of a time-dependent using fee rather than for owning a vehicle.

2. BUSINESS MANAGEMENT

The long-term business success of the Sixt Leasing Group is measured by using pre-defined financial and operative control parameters. Non-financial performance measures play an insignificant role for the Sixt Leasing Group. At the beginning of the 2019 financial year, the Managing Board modified and defined its key figure-based business management system as follows:

The following financial and operative control parameters are particularly relevant for the Sixt Leasing Group:

- Group contract portfolio
- consolidated operating revenue
- consolidated earnings before taxes (EBT)

In addition, the following key figures support the business management of the Group:

- contract portfolio of the business fields
- consolidated revenue
- consolidated earnings before interest, taxes, depreciation and amortisation (EBITDA)
- operating return on revenue of the Group (EBT/operating revenue)
- equity ratio of the Group (equity/total assets)

3. RESEARCH AND DEVELOPMENT

Sixt Leasing did not pursue any significant research and development activities in the 2018 fiscal year.

B.2 \\ BUSINESS REPORT

Due to rounding it is possible that selected figures in this report cannot be added up to the amount recorded and that the year figures listed do not follow from adding up the individual quarterly figures. For the same reason, the percentage figures listed may not always exactly reflect the absolute numbers to which they refer.

1. ECONOMIC ENVIRONMENT

Sixt Leasing Group with its subsidiaries operates in its domestic market in Germany as well as in France, Switzerland, Austria and the Netherlands. The Group's business activities in these markets are affected by a number of different factors, above all investment activities of enterprises, the spending propensity of commercial and corporate customers, the consumer behaviour of private customers and the development of the used car market.

In 2018 the economy of the Euro area continued its growth course. According to the International Monetary Fund (IMF) the economy grew year-on-year by 1.8%. This means that growth was 0.6 percentage points lower than in 2017, which was mainly due to declining economic dynamics in Germany, Italy and France. Growth in the global economy, on the other hand, remained stable at 3.7% (2017: +3.7%). This was essentially the result of above-average growth in the emerging countries and accelerated growth in the USA, which outstripped the previous year's performance.

The German economy registered its ninth year of growth in 2018, although it also lost momentum compared to 2017. Germany's Federal Statistical Office recorded an increase in price-adjusted gross domestic product of 1.5% over the year before (2017: +2.2%). Above all private and public consumption spending as well as corporate investments in machinery in building projects proved to be positive factors influencing this development. As in 2017 nearly all industries contributed positively towards the economic development. The number of people in employment reached new record levels and the German state generated a record surplus.

Sources
International Monetary Fund (IMF), World Economic Outlook, January 2019 Update;
Federal Statistical Office (Destatis), Press Release, 15 January 2019.

2. GROUP BUSINESS PERFORMANCE OVERVIEW AND COMPARISON WITH FORECAST OF THE YEAR

The Sixt Leasing Group's business performance in 2018 was largely in line with its own expectations. Group revenue climbed by 8.3% over the previous year to EUR 805.8 million. Consolidated operating revenue (excluding sales revenues) gained 5.7% to EUR 480.5 million. At the start of the fiscal year the Managing Board had expected to see a slight increase. The slightly higher than expected increase of operating revenue is, among others, due to higher revenue from resold fuels.

Earnings before interest, taxes, depreciation and amortisation (EBITDA) improved slightly in the reporting year, up by 2.8% to EUR 240.8 million. Consolidated earnings before taxes (EBT) totalled EUR 30.5 million, and were thus roughly on the level of the previous year as had been expected (2017: EUR 29.7 million). The operating return on revenue (ratio of EBT to operating revenue) came to 6.4% (2017: 6.5%).

At 129,700 contracts, the Sixt Leasing Group-wide contract portfolio (excluding franchisees and cooperation partners) as of 31 December 2018 corresponded with the forecast on contract portfolio developments adjusted in September 2018 and remained almost on the level of the previous year (2017: 132,900 contracts).

The Online Retail business field concluded a little over 10,000 new contracts in fiscal year 2018 (2017: around 12,000 new contracts, adjusted by the contract conclusions from the 1&1 campaign). The adjusted forecast from September 2018 was 10,000 to 12,000 new contracts. Consequently, the contract portfolio for the Online Retail business field as of 31 December 2018 totalled 44,700 contracts (2017: 45,400 contracts).

As recently expected, the number of contracts in the Fleet Leasing business field declined to 43,000 contracts (2017: 48,100 contracts).

Especially due to a strong fourth quarter the number of contracts in the Fleet Management segment outperformed expectations and gained 6.6% over the previous year to 42,000 contracts (2017: 39,400 contracts). Here the Company had merely expected a slight increase.

In addition to the Group's own contract portfolio, franchise and cooperation partners of Sixt Leasing SE in around 30 countries had a further 68,700 contracts under management as of 31 December 2018 (2017: 59,700 contracts; +15.1%).

Contract portfolio[1]			Change
in thousands	**2018**	2016	in %
Sixt Leasing Group	129.7	132.9	-2.4
thereof Online Retail	44.7	45.4	-1.6
thereof Fleet Leasing	43.0	48.1	-10.5
thereof Fleet Management	42.0	39.4	6.6
Franchise and cooperation partners	68.7	59.7	15.1

[1] *Incl. leasing contracts, fleet management contracts, service contracts and order book (contracts, for which the vehicle has not yet been delivered).*

3. CONTRACT AND REVENUE PERFORMANCE

3.1 SIXT LEASING GROUP

The number of contracts of the Sixt Leasing Group (excluding franchise and cooperation partners) as of 31 December 2018 amounted to 129,700 and was thus at around the previous year's level (2017: 132,900 contracts; -2.4%).

Group revenue in fiscal year 2018 increased by 8.3% to EUR 805.8 million (2017: EUR 744.0 million). At EUR 480.5 million, consolidated operating revenue, which comprises leasing revenue (finance rate), other revenue from leasing business and fleet management revenue, gained 5.7% year-on-year (2017: EUR 454.4 million). Sales revenues for lease returns and marketed customer vehicles in Fleet Management rose by 12.3% to EUR 325.3 million (2017: EUR 289.6 million). This development was essentially driven by a substantially higher number of vehicles returned to the Online Retail business field.

3.2 LEASING SEGMENT

For the Leasing business unit the number of contracts at the end of the reporting year totalled 87,700, which was 6.2% less than on 31 December 2017 (93,500 contracts). The number of contracts in the Online Retail business field totalled 44,700 and was thus almost at the previous year's level (2017: 45,400 contracts; -1.6%). A little over 10,000 new contracts in fiscal year 2018 were offset by a substantially higher number of vehicle returns year on year. Above all the vehicles from the 1&1 campaign, which were returned after the 12 month base term and then taken out of the leasing fleet, burdened the contract portfolio development.

Total revenue for the Leasing business unit climbed by 10.5% in the year under review to EUR 705.0 million (2017: EUR 637.8 million). Operating revenue (segment revenue excluding proceeds from the sale of lease returns) rose by 4.7% to EUR 425.6 million (2017: EUR 406.6 million). Due to the significant increase in the number of returns, the revenue from the sale of used leased vehicles showed an above-average increase of 20.8% to EUR 279.4 million (2017: EUR 231.2 million).

3.3 FLEET MANAGEMENT SEGMENT

The number of contracts held by the Fleet Management business unit at the end of 2018 was 6.6% higher at 42,000 contracts (2017: 39,400 contracts).

The business unit's total revenue in 2018 decreased by 5.0% to EUR 100.8 million (2017: EUR 106.1 million). While the business unit's operating revenue rose significantly as in the year before, up by 14.9% to EUR 54.9 million (2017: EUR 47.8 million), revenue from the sale of customer vehicles decreased by 21.2% to EUR 46.0 million (2017: EUR 58.4 million). The marketing of vehicles as an additional service is eliciting differing responses from customers, depending on their needs. Consequently, the development of revenue from vehicle sales is more volatile in the Fleet Management segment than in the Leasing segment.

4. EARNINGS DEVELOPMENT

Consolidated income statement (condensed) in EUR million	**2018**	2017	Absolute change	Change in %
Consolidated revenue	805.8	744.0	61.8	8.3
Thereof consolidated operating revenue[1]	480.5	454.4	26.1	5.7
Fleet expenses and cost of lease assets	-508.0	460.7	47.4	10.3
Personnel expenses	-36.5	33.0	3.4	10.4
Net other operating income/expenses	-20.4	-16.0	-4.5	-28.0
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	240.8	234.3	6.6	2.8
Depreciation and amortisation expense[2]	-197.1	188.3	8.8	4.7
Earnings before interest and taxes (EBIT)	43.8	45.9	-2.2	-4.8
Net finance costs	-13.2	-16.2	3.0	18.6
Earnings before taxes (EBT)	30.5	29.7	0.8	2.8
Operating return on revenue	6.4	6.5	-0.1 points	-
Income tax expense	-8.6	8.8	-0.2	-2.6
Consolidated profit	22.0	20.9	1.1	5.1
Earnings per share[2] (in EUR) – basic and diluted	1.07	1.01	0.06	-

[1] *Leasing revenue (finance rate), other revenue from leasing business and fleet management revenue (without revenue from the sale of returned vehicles)*
[2] *Based on 20.6 million shares*

Fleet expenses and the cost of lease assets increased in line with consolidated revenue by 10.3% to EUR 508.0 million (2017: EUR 460.7 million).

Personnel expenses rose by 10.4% to EUR 36.5 million (2017: EUR 33.0 million), especially due to the revenue growth in the year under review and the Group's further growth plans.

Net other operating income and expenses increased by 28.0% and amounted to EUR -20.4 million (2017: EUR -16.0 million). Year-on-year increases were incurred above all for IT and marketing costs, consultancy costs as well as for the expenses from impairments of receivables. These were mainly due to changes in the structure of receivables as a result of the strong growth in the business with private customers.

Earnings before interest, taxes, depreciation and amortisation (EBITDA) improved by 2.8% to EUR 240.8 million (2017: EUR 234.3 million).

Depreciation and amortisation increased parallel to the growth in operating leasing revenue, up by 4.7% to EUR 197.1 million (2017: EUR 188.3 million).

Consolidated earnings before interest and taxes (EBIT) totalled EUR 43.8 million, 4.8% less than the year before (2017: EUR 45.9 million).

Net financing costs in the year under review improved significantly by 16.8% to EUR -13.2 million (2017 EUR -16.2 million). This was mainly due to lower interest expenses following the repayment of EUR 300 million for the Core Loan provided by Sixt SE in the middle of 2017 and the repayment of the remaining EUR 190 million by the middle of 2018. Replacing these volumes were independent financing instruments with more advantageous conditions.

The Sixt Leasing Group reports consolidated earnings before taxes (EBT) for fiscal 2018 of EUR 30.5 million, which is 2.8% more than the previous year's figure of EUR 29.7 million.

The operating return on revenue (EBT to operating revenue) came to 6.4% (2017: 6.5%).

Income taxes decreased by 2.6% to EUR 8.6 million (2017: EUR 8.8 million).

The Group's consolidated profit for the reporting year rose by 5.1% to EUR 22.0 million (2017: EUR 20.9 million).

5. APPROPRIATION OF PROFIT

Sixt Leasing SE prepares its annual financial statements according to the provisions of the German Commercial Code (HGB) and the German accounting regulations for financial institutions and financial service institutions (RechKredV). For fiscal 2018 it reports unappropriated profits of EUR 35.4 million.

Subject to the approval of the Supervisory Board, the Managing Board and Supervisory Board of Sixt Leasing SE are proposing to the Annual General Meeting on 3 June 2019 to distribute these unappropriated profits as follows:

\\ payment of a dividend of EUR 0.48 per share

\\ carry-forward to new account EUR 25.5 million

This dividend proposal, which would result in a total dividend payment of EUR 9.9 million, reflects the Group's earnings performance in the year under review and also takes due account of the financing of the targeted further expansion. The dividend proposal would result in a pay-out ratio of around 45% of the consolidated profit for fiscal year 2018 and, therefore, lie in the middle of the communicated target range of 30 to 60%.

6. NET ASSETS

As of 31 December 2018 the total assets of the Sixt Leasing Group came to EUR 1,392.7 million, EUR 50.1 million, or 3.5% less than on 31 December 2017 (EUR 1,442.8 million).

Non-current assets, which decreased year-on-year by EUR 14.1 million to EUR 1,218.3 million (2017: EUR 1,232.4 million; -1.1%), are still dominated by lease assets. Lease assets decreased slightly year-on-year by EUR 14.8 million, or 1.2% to EUR 1,204.4 million (2017: EUR 1,219.2 million). As a proportion of total assets it increased slightly to 86.5% (2017: 84.5%). Among the other items of non-current assets, intangible assets in particular increased by EUR 1.8 million, or 30.7%, to EUR 7.8 million (2017: EUR 5.9 million).

Current assets decreased year-on-year by EUR 36.1 million, or -17.1%, to EUR 174.4 million (2017: EUR 210.5 million). This decrease is essentially due to lower other receivables and assets, which fell by 64.5%, or EUR 57.4 million, to EUR 31.5 million (2017: EUR 88.9 million). This development is primarily due to lower delivery claims for vehicles from the leasing fleet.

Inventories, which consist mainly of vehicles from the lease fleet and customer vehicles intended for sale, amounted to EUR 50.7 million and were thus 69.2% up on the previous year (2017: EUR 59.7 million). The strong year-on-year increase is primarily a reporting day effect and essentially the consequence of the exceptional high number of lease returns coming in at the end of the reporting year on account of the end of the contracts from the 1&1 campaign.

Trade receivables as of reporting date came to EUR 80.1 million, EUR 3.1 million, or 4.0%, higher than the last year's figure of EUR 77.0 million.

Income tax receivables fell year-on-year by EUR 3.1 million to EUR 2.6 million (2017: EUR 5.7 million; -54.2%).

Consolidated balance sheet (condensed) **Assets** in EUR million	**2018**	2017
Non-current assets		
Intangible assets	7.8	5.9
Lease assets	1,204.4	1,219.2
Other	6.1	7.2
Current assets		
Inventories	50.7	30.0
Bank balances	6.2	6.0
Other	117.4	174.5
Total assets	**1,392.7**	**1,442.8**

6.1 EQUITY

As of 31 December 2018 Sixt Leasing Group's equity amounted to EUR 216.8 million, a gain of 5.7%, or EUR 11.6 million, compared to the same reporting date of the previous year (2017: EUR 205.1 million). It is essentially the result of the Group profit generated minus the cash outflow for the dividend of EUR 9.9 million paid out in the reporting year for fiscal year 2017. The equity ratio improved from 14.2% to 15.6% in terms of the balance sheet total.

As of the reporting date the share capital of Sixt Leasing SE remained unchanged at EUR 20.6 million.

Consolidated balance sheet (condensed) Equity and liabilities in EUR million	2018	2017
Equity	**216.8**	**205.1**
Non-current liabilities and provisions		
Financial liabilities	825.5	587.4
Other	28.1	20.2
Current liabilities and provisions		
Financial liabilities	200.6	278.5
Liabilities to related parties	3.3	193.9
Other	118.5	157.7
Total equity and liabilities	**1,392.7**	**1,442.8**

6.2 LIABILITIES

The Group reported non-current liabilities and provisions of EUR 853.6 million as of 31 December 18 (2017: EUR 607.6 million; +40.5%). This was mainly due to the EUR 238.1 million increase in non-current financial liabilities to EUR 825.5 million (2017: EUR 587.4 million; +40.5%), which was mainly the result of the issue of a bond with a volume of EUR 250 million at the start of May 2018.

Current liabilities and provisions as of 31 December 2018 amounted to EUR 322.4 million (2017: EUR 630.1 million). The decrease of EUR 307.7 million, or 48.8%, is above all due to the lower liabilities to related parties, following the repayment of the last instalment of the Core Loan provided by Sixt SE in the amount of EUR 190 million at the middle of the year. Moreover, current financial liabilities came down by 28.0%, or EUR 77.9 million to EUR 200.6 million (2017: EUR 278.5 million, as the utilisation of bank credit lines was reduced following the placement of the bond.

In addition, trade payables decreased by EUR 44.9 million, or 45.5%, to EUR 53.8 million (2017: EUR 98.6 million), mainly due to a drop in vehicle purchases.

7. FINANCIAL POSITION

7.1 FINANCIAL MANAGEMENT AND FINANCIAL INSTRUMENTS

The financial management of the Sixt Leasing Group is centralised within the finance department on the basis of internal guidelines and risk policies as well as a monthly Group finance planning. The key tasks overseen include safeguarding liquidity, cost-oriented long-term coverage of financing requirements of the consolidated companies, managing interest rate and credit risks as well as maturity-matching refinancing. Operative liquidity control and cash management are effected centrally by the Group's Finance department for all consolidated companies.

Prior to the Company's IPO in May 2015, Sixt Leasing SE concluded a Financing Agreement with Sixt SE. Under this agreement Sixt Leasing SE was provided with an amortisable loan of EUR 750 million (Core Loan) from Sixt SE until the end of 2018.

Between 2015 and 2018 Sixt Leasing SE completely paid back, in a number of instalments, the Core Loan provided by Sixt SE and replaced it with independent financing instruments. The last instalment was repaid in June 2018 in the amount of EUR 190 million. Thus, in the year under review Sixt Leasing SE for the first time set up a financing structure which is fully independent of Sixt SE.

The independent financing instruments consist of bilateral credit lines negotiated with several banks in the amount of more than EUR 400 million, an asset backed securities (ABS) programme with a total volume of EUR 500 million and two bonds each in the amount of EUR 250 million. On a smaller scale, the Company uses a borrower's note loans and sale-and-lease-back transactions (purchase loans) for refinancing.

Moreover, in the year under review, Sixt Leasing SE launched a debt issuance programme (DIP) with a total volume of up to EUR 1 billion. It enables the Company to flexibly place further bonds in future and is above all intended to support the financing of the scheduled growth under the 'DRIVE>2021' strategy programme. The bond 2018/2022 in the amount of EUR 250 million has already been issued under the DIP.

As at the end of 2018, the Sixt Leasing Group was primarily financed by the following instruments:

- Bond with a nominal value of EUR 250 million maturing in 2021, coupon of 1.125% p.a.
- Bond with a nominal value of EUR 250 million maturing in 2022, coupon of 1.500% p.a.
- Current and non-current drawings from the ABS programme with variable market interest rates, maturing up to 2023
- Current drawings from bank loans with variable market interest rates
- Borrower's note loan of EUR 30 million, maturing in 2020
- Purchase loans of around EUR 15 million with variable market interest rates, maturing up to 2021

7.2 LIQUIDITY POSITION

Consolidated Cash flow statement (condensed) in EUR million	2018	2017
Gross Cash flow	247.8	216.7
Net cash flow used in operating activities	43.6	-197.4
Net cash flow used in investing activities	-3.1	-2.7
Net cash flow from financing activities	-40.2	202.3
Net change in cash and cash equivalents	**0.3**	**2.2**

For 2018, the Sixt Leasing Group reports a gross cash flow of EUR 247.8 million, which is EUR 31.1 million above the figure for the preceding year (2017: EUR 216.7 million). Adjusted for changes in net working capital, this results in a net cash inflow from operating activities of EUR 43.6 million (2017: net cash outflow of EUR 197.4 million). The change is essentially due to significantly lower expenses for investments made in lease assets following the exceptionally strong growth in the contract portfolio the preceding year.

Net cash used in investing activities amounted to EUR 3.1 million (2017: cash outflow of EUR 2.7 million), essentially due to the investments made in intangible assets and property, plant and equipment.

Financing activities resulted in a cash outflow of EUR 40.2 million (2017: cash inflow of EUR 202.3 million). The payments received from the bond placement are netted against the repayment of a portion of the Core Loan to Sixt SE, the reduction of the utilisation of credit lines and the dividend payment.

After changes relating to exchange rates, total cash flow resulted in a slight year-on-year increase in cash and cash equivalents as of 31 December 2018 by EUR 0.3 million (2017: increase of EUR 2.2 million). Cash and cash equivalents correspond to the item 'bank balances' in the balance sheet.

7.3 INVESTMENTS

In 2018 the Sixt Leasing Group added vehicles with a total value of EUR 475.7 million to the leasing fleet (2017: EUR 619.2 million; -23.2%).

8. SEGMENT REPORTS

8.1 LEASING SEGMENT

8.1.1 INDUSTRY DEVELOPMENT

During the first half of 2018 the European leasing industry recorded a generally positive development. According to the industry association Leaseurope, the volume of new business grew by 2.3% year-on-year to EUR 168.1 billion (first half of 2017: EUR 164.3 billion). The new business volume in the leasing of equipment and vehicles climbed from EUR 157.7 billion to EUR 161.9 billion, a gain of 2.7%. At the time of preparation of this annual report, Leaseurope did not yet have any key figures on the development of the European leasing industry in 2018 as a whole.

The German leasing market, the second biggest in Europe after the UK, also developed positively. For 2018 the 'Bundesverband Deutscher Leasing-Unternehmen e.V.' (BDL – German Association of Leasing Companies) registered a 3.6% increase in leasing solutions, up from EUR 58.5 billion to EUR 60.6 billion. Of these some EUR 59.1 billion was attributable to the leasing of moveable assets, which was 3.1% more than the year before (2017: EUR 57.3 billion). At 77.0% the new business in vehicle leasing with passenger and utility vehicles makes up by far the largest portion in the leasing market (2017: 77.0%).

Sources
Leaseurope, Biannual Survey 2018, November 2018;
Leaseurope, Biannual Survey 2017, October 2017;

Bundesverband Deutscher Leasingunternehmen e.V. (BDL – German Association of Leasing Companies), Leasing-Markt 2018, Presentation of 21 November 2018.

8.1.2 BUSINESS DEVELOPMENT

The Leasing business unit comprises the business fields of Fleet Leasing (corporate customer leasing) as well as Online Retail (private and commercial leasing customers).

In fiscal 2018 the business unit generated total revenue of EUR 705.0 million, a gain of 10.5% (2017: EUR 637.8 million). The segment's operating revenue (excluding sales revenue) rose by 4.7% to EUR 425.6 million (2017: EUR 406.6 million). Leasing revenue (finance rate) increased by 3.3% to EUR 235.2 million (2017: EUR 227.6 million). Other revenue from leasing business, comprising mainly revenue from services, climbed even more by 6.4% to EUR 190.4 million (2017: EUR 179.0 million). Revenue from the sale of vehicles increased by 20.8% to EUR 279.4 million (2017: EUR 231.2 million) due to the significantly higher number of returned vehicles.

The segment's number of contracts as of 31 December 2018 totalled 87,700 contracts, a decrease of 6.2% compared to the figure recorded on the same date the year before (2017: 93,500 contracts). In the Fleet Leasing business field the number of contracts fell by 10.5% to 43,000 contracts (2017: 48,100 contracts). The decline is mainly due to the unexpected drop-out of a volume customer in the course of the year under review and the active risk management announced at the beginning of the year with regard to diesel vehicles without buyback agreement.

In the Online Retail business field, the contract portfolio decreased by 1.6% to 44,700 contracts (2017: 45,400 contracts). This development is a consequence of both lower new business and a higher number of expired contracts. New business in the year under review was especially burdened by a lower demand following the tense supply situation with respect to certain manufacturers due to the transition of the emission measurement procedure of vehicles to the WLTP standard, a burdening market environment due to the diesel discussion and the postponement of an advertisement campaign, which was planned for the fourth quarter of 2018, to the following year. At the same time, the business field recorded a significantly higher amount of lease car returns due to the dynamic growth of the contract portfolio in the preceding years and the successful sales campaign of Sixt Neuwagen with 1&1 and Peugeot in spring 2017, under which customers concluded a 12-month contract.

The business unit's earnings before interest, taxes, depreciation and amortisation (EBITDA) improved in the reporting year by 2.8% to EUR 236.4 million (2017: EUR 230.0 million). Earnings before taxes (EBT) increased by 2.2% to EUR 26.1 million (2017: EUR 25.6 million). The segment's operating return on revenue (EBT/operating segment revenue) thus came to 6.1% (2017: 6.3%).

Key figures Leasing business unit in EUR million	**2018**	2017	Change in %
Leasing revenue (finance rate)	235.2	227.6	3.3
Other revenue from leasing business	190.4	179.0	6.4
Sales revenue	279.4	231.2	20.8
Total revenue	705.0	637.8	10.5
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	236.4	230.0	2.8
Earnings before interest and taxes (EBIT)	39.3	41.7	-5.7
Earnings before taxes (EBT)	26.1	25.6	2.2
Operating return on revenue (%)	6.1	6.3	-0.2 points

Active risk management: In the period under review a main focus for the Leasing business unit was on risk management, which was decided on as part of the strategy programme ‘DRIVE>2021’. Sixt Leasing successfully implemented a multitude of measures to this end and thereby made a vital contribution towards improving the risk-return profile of the Sixt Leasing Group.

In the year under review Sixt Leasing substantially downgraded the residual value risk of diesel vehicles. For the period January to September 2018 the share of new contracts for diesel vehicles without a buyback agreement in Germany was merely 15% of the entire Leasing business unit. In the fourth quarter of 2017 this share was still almost twice as high at 28%. This strategy was mainly implemented through active price management on *sixt-neuwagen.de*. Hence, the proportion of new orders for diesel vehicles without buyback agreements and petrol vehicles was increased.

With the new WLTP test procedure, on 1 September 2018 stricter emission guidelines for light vehicles have entered into force. As a result, new passenger car registrations are now only permitted for the latest generations of Euro-6 diesel vehicles with significantly lower emission levels. The consequent introduction of stricter regulations and the changed framework conditions in this respect enable Sixt Leasing now to make risk management for diesel vehicles more flexible again.

Moreover, the portfolio of diesel vehicles further in Germany with Euro-5 standard or lower without buyback agreement further significantly decreased during the reporting year. The balance sheet as of 31 December 2018 has seen the number of these vehicles reduced by approximately half from the year-end of 2017 to only around 2,800 vehicles. Since early 2016 a total of around 10,000 diesel vehicles equipped with the Euro-5 standard or lower without buyback agreement have been successfully remarketed.

Furthermore, in the year under review, Sixt Leasing intensified the marketing of used leasing vehicles outside Germany to reduce the dependency on the German used car market. To this end, more and more international dealers are connected to the Company's B2B auction platform.

Fleet Leasing business field

Focus on smaller corporate customers: In addition, Sixt Leasing kept driving forward the implementation of the regional sales concept that was started in fiscal year 2017. Its aim is to be represented with local sales and procurement specialists in five regions that are particularly to address customers with fleet sizes of between 20 and 80 vehicles. Sixt Leasing thinks that the acquisition of smaller corporate fleets holds attractive margin potentials and offers a broader diversification of the customer portfolio to reduce dependence on key account clients.

Expanding the international network: In January 2019 Sixt Leasing started an exclusive cooperation with Iberofleeting in Spain and Portugal with the aim of strengthening its fleet leasing business with international customers. During fiscal year 2018, a 12-monthly test phase preceded the cooperation. As a vendor-neutral, non-bank provider Iberofleeting has over 20 years of fleet leasing experience. Under this cooperation, both companies will aim to broker fleet customers to one another. Thus, Iberofleeting customers that wish to operate a fleet in Germany or any of the other approximately 30 countries in Sixt Leasing's network can now use the services of Sixt Leasing. Sixt Leasing customers with fleets in Spain and Portugal can in turn make use of the services offered by Iberofleeting.

Promoting customer satisfaction: Sixt Leasing customers are regularly interviewed on their satisfaction, to which end the Company deploys a special CSI tool (Customer Satisfaction Index). With the help of this tool the users of leasing vehicles as well as the fleet managers can provide detailed feedback on service quality. Sixt Leasing uses these data to continually optimise the service range to match customer wishes and requirements. In 2018 the CSI tool once more indicated a persistently high degree of customer satisfaction. 85% of those surveyed stated that they intended to recommend Sixt Leasing (2017: 88%) and 91% indicated that they plan to continue using Sixt Leasing's solutions in future (2017: 95%).

Award from AUTO BILD's readership: Sixt Leasing's outstanding reputation as one of the leading providers of tailored fleet solutions was vindicated once again in the reporting year through AUTO BILD's company car award (Firmenwagen-Award'). The readers of Europe's largest car magazine selected the Company as winner in the category 'Leasing'.

Online Retail business field

Digitisation of new vehicle sales: Digitising Sixt Leasing's business model is a key component of the strategy programme 'DRIVE>2021' and enjoys top priority, above all in the Online Retail business field. Thus, the Company is driving forward, among other things, the optimisation and implementation of a fully digital order process. In the reporting year private customers were already able to use a beta-version to order their individually configured car of choice from *sixt-neuwagen.de*, fully digitized, that is, with Video-Ident, eSign and online credit authorisation. Full implementation of this innovation for all customers and products will support the future contract growth of the Online Retail business field and further strengthen Sixt Leasing's position as market leader in the direct online sales of new vehicles in Germany.

Marketing and sales activities: In the period under review Sixt Leasing conducted multiple successful marketing and sales activities in the Online Retail business field. The 'HotCars' promotion saw the Company offer a limited contingent of sought-after new vehicle models at particularly attractive conditions. The activity was held at *sixt-neuwagen.de* from the start of October through to the end of December. Another highlight was the sales cooperation between Sixt Neuwagen and the electricity provider Yello in the winter of 2017/2018. On offer was an all-round carefree package for a BMW i3 'E-Mobility Edition' complete with insurance cover, taxes, shipping and road registration at prices starting at EUR 249 per month. The cars were available in a number of different Yello branding versions.

In connection with the measures taken by the automotive industry to improve air quality, in January 2018 Sixt Leasing extended the offer for the 'environmental bonus' available from *sixt-neuwagen.de*. Undecided private and commercial customers were given another chance to benefit from significant discounts of up to EUR 10,000 per vehicle when purchasing a new car from Audi, BMW, Ford, Kia, Mazda, Mini, Nissan, Opel, Seat, Skoda and VW. The prerequisite was still that they had to prove to the manufacturer of the new car that an old diesel car had been scrapped by a certified recycler.

Promotion of customer satisfaction: Private and commercial customers are regularly interviewed on their satisfaction with the offers and the services of the Company as they encounter them at the various points of contact, starting from the website configuration through to the return of the vehicle. At the end of 2018 the Customer Satisfaction Score (CSS) showed a rating of 4.10 with 5.0 counting as the maximum.

New head of online business: In July 2018 Sixt Leasing SE managed to win over Dr Felix Frank as new Chief Digital Officer (CDO) and Managing Director Online Retail. In this role he assumed management effective as of 1 January 2019 for the online business with the platforms *sixt-neuwagen.de* and *autohaus24.de*. Before this assignment, he was Vice President Customer Product and Marketing within the Scout24 Group, responsible for the operative management of the digital market place 'AutoScout24' as well as for the marketing and product strategy for its dealer and manufacturer business.

8.2 FLEET MANAGEMENT SEGMENT

8.2.1 INDUSTRY DEVELOPMENT

According to Sixt Leasing, the general demand for fleet management services increased in 2018. The willingness of companies to outsource the management of their vehicle fleets to external specialists and to benefit from numerous advantages is increasing. These include cost and planning security, the use of individually tailored solutions, specialised knowhow of the fleet service provider, the protection of personnel resources and the opportunity to make greater use of one's own capacities for the core business.

Overall, the potential market for fleet management in Germany continues to grow. According to Dataforce, at the beginning of 2018 company fleets of 300 vehicles and more comprised a total of around 504,000 vehicles, 7.2% more than in the previous year (2017: 470,000 vehicles).

While interest in fleet management is growing, customers' expectations are also increasing. According to Sixt Leasing, fleet management is becoming increasingly complex. This means that fleet managers have to develop tailor-made mobility solutions and combine integrated fleet management with individual advice. In the course of digitisation, it is also necessary to develop interfaces for the increasing exchange of data.

Source
Dataforce, Analysis of new vehicle registrations and existing data 2018.

8.2.2 BUSINESS DEVELOPMENT

Within the Sixt Leasing Group, the Fleet Management business unit is operated by Sixt Mobility Consulting GmbH and other subsidiaries of Sixt Leasing SE.

In the year under review, total revenue of the business unit amounted to EUR 100.8 million, a decrease of 5.0% on the previous year's figure of EUR 106.1 million. The segment's operating revenue (excluding sales revenue) rose significantly as in the year before, up by 14.9% to EUR 54.9 million (2017: EUR 47.8 million). Revenue from the sales of customer vehicles decreased in 2018 by 21.2% to EUR 46.0 million (2017: EUR 58.4 million). The marketing of vehicles as an additional service is eliciting differing responses from customers, depending on their needs. Consequently, the development of revenue from sales is more volatile in the Fleet Management segment than in the Leasing segment.

The segment's number of contracts as of 31 December 2018 totalled 42,000, 6.6% more than the figure recorded at the same date the year before (2017: 39,400 contracts).

The business unit's earnings before interest, taxes, depreciation and amortisation (EBITDA) improved in the reporting year by 3.9% to EUR 4.5 million (2017: EUR 4.3 million). Earnings before taxes (EBT) improved 6.6% to EUR 4.4 million (2017: EUR 4.1 million). Consequently, the segment's operating return on revenue (EBT/operating segment revenue) came to 8.0% after 8.6% the year before.

Key figures Fleet Management business unit in EUR million	2018	2017	Change in %
Fleet management revenue	54.9	47.8	14.9
Sales revenue	46.0	58.4	-21.2
Total revenue	100.8	106.1	-5.0
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	4.5	4.3	3.9
Earnings before interest and taxes (EBIT)	4.5	4,3	3.9
Earnings before taxes (EBT)	4.4	4.1	6.6
Operating return on revenue (%)	8.0	8.6	-0.6 points

New Managing Director for Sixt Mobility Consulting: Since October 2018 Mr Christoph von Tschirschnitz has taken over as new Managing Director of Sixt Mobility Consulting GmbH. In this role he will be responsible for the fleet management business of the Sixt Leasing Group in future. Mr v. Tschirschnitz worked for the BMW Group from 1992 to 2018. During this time he successfully held numerous top management positions in the areas of Group management/M&A, sales channel strategy, BMW Motorcycle and as Vice President Sales & Marketing for the BMW sales region Asia, Pacific, Africa and Eastern Europe. Before he served the BMW Group as President and CEO for the region Central and Eastern Europe in the years 2014 to 2018, he was a member of the Managing Board of 'BMW Group Deutschland' in charge of the Corporate & Direct Sales Division. In his function as Managing Director for Sixt Mobility Consulting, Mr v. Tschirschnitz is to contribute above all in driving forward the ambitious growth plans the Fleet Management segment has for Germany and abroad.

Digitisation of fleet management: As in the Online Retail business field, in Fleet Management the focus was on digitisation in fiscal 2018. The activities focused in particular on the successful marketing of innovative IT solutions that help fleet managers to reduce costs. Sixt Mobility Consulting has a broad portfolio with Sixt Global Reporting, Sixt Multi-Bidding and Sixt Fleet Intelligence. In addition, Sixt Mobility Consulting kept driving forward the further development of its IT platform and digital customer services.

Successful customer acquisitions: In fiscal 2018 Sixt Mobility Consulting gained further DAX corporations as customers. This demonstrates the strong attraction the cost-saving solutions of Sixt Mobility Consulting also has for large corporations with their complex fleets. Implementation of the customers kicked off in the fourth quarter of 2018 and is already set to have a positive effect on the business development of the Fleet Management segment during the first quarter of 2019.

Award-winning fleet management: In May 2018 Sixt Mobility Consulting won the company car award of the professional magazine 'firmenauto' for its fleet management services. In 2016 and 2017 the professional journal 'Autoflotte' had already awarded the Company the title 'TopPerformer' in the same category. The renewed award confirms the excellent reputation of Sixt Mobility Consulting's fleet management and shows that fleet managers in companies continue to appreciate these individual solutions very much.

B.3 \\ HUMAN RESOURCES REPORT

1. STRATEGIC HUMAN RESOURCES WORK

Sixt Leasing Group attaches great importance to all its employees focusing strongly on providing services with a clear service mentality. This applies to the development of customised and demand-oriented product solutions as well as competent, comprehensive, committed and customer-friendly service. This becomes reality when employees make the wishes and requirements of customers their own and manage to excite them of Sixt over the long term. The employees are therefore a key success factor for the Company.

For this reason Sixt Leasing attaches strategic importance to its human resources work. The holistic approach covers the extensive recruitment process, apprenticeships and further training as well as the employees' professional and personal development. When searching and selecting employees Sixt Leasing puts great stress on making sure the candidates are a match for the company and its culture. By the same token, the company must also suit the future member of staff. This is of special significance when searching for and above all during the interview with the candidate. The same approach applies to those new to the profession as well as trainees. Whenever a new member of staff begins to work for Sixt Leasing a very individually prepared onboarding process gets started. It includes both the professional as well as the personal introduction to the respective work department and the entire company.

During the employment term the company engages in a proactive feedback culture and makes sure superiors and employees meet for regular appraisal interviews that go in both directions. Feedback tools such as the regularly employee satisfaction surveys (the so-called Employee Excitement Score) as well as supporting 360-degree feedback (manager assessments, which compare employee self-assessments with those of superiors, colleagues and employees) serve both the employees and Sixt Leasing, as indicators and bases for future development and promotion programmes tailored to the respective employee. Further to these, all employees have access to the Sixt-Colleges where they can choose from a variety of seminars for further training, which can then be selected in agreement with the executive superior and attended.

Sixt Leasing thus ensures continuous personnel development geared to the individual requirements and needs of the employees. Human resources work aims to enable employees to act autonomously and responsibly, seeking to continually improve Sixt Leasing's products and services and not only meet the changing mobility requirements of their customers but also support them actively.

Talent promotion, employee development and leadership training of Sixt Leasing are integrated into the central human resources management of the Sixt SE Group.

Apprenticeships and traineeships

Sixt offers young people qualified and sustainable professional training. The scope of apprenticeships ranges from commercial officers for office management, through to commercial officers in the automotive industry to IT specialists for application development. Personnel development starts as early as the training courses. Together with universities Sixt offers so-called (German) dual degree courses, for example majoring in service sector marketing, international business, accounting & controlling, media management & communication as well as (business) computer science Sixt Leasing SE did not employ apprentices in 2018. However, the apprentices pass business divisions of Sixt Leasing SE und build up relevant know-how.

In addition, Sixt offers graduates trainee programmes in different divisions and prepares them for prospective professional and leadership functions. The graduate trainee programme of Sixt Leasing SE runs for 18 months. During this time, trainees also have the opportunity to gather working experience in foreign subsidiaries. Apprentices, students engaging in a dual degree course and trainees who perform well get offered a take-over contract into employment with Sixt at the end of their training.

Promotional programmes

Sixt offers its employees many different national and international career paths. Thus, employees can use a variety of on-the-job options for their professional and personal development. Key elements in the executive development are the promotion programmes entitled 'Future Leader', 'Leadership Excellence' and 'Supervisor'. They serve, among other things, to identify colleagues with particular development potential, offer them structured promotion and thus train future top performers and executives.

Sixt Colleges
Sixt runs a number of training centres in Germany and abroad, where employees of all ranks and functional levels receive further training in a wide range of different fields. These face-to-face training courses are supplemented by e-learning content. The Sixt Colleges additionally coordinate training and education seminars in the Sixt Corporate countries, as well as the apprenticeships of vocational trainees.

The seminar programme covered by the Sixt College teaches key competencies such as improving advice and consultation, management skills or professional expertise. In addition, the courses include extensive further training for all employees in, among others, foreign languages, IT as well as soft skills.

2. NUMBER OF EMPLOYEES

Number of employees per segment (average)	2018	2017
Leasing	541	502
Fleet Management	50	45
Total	**591**	**547**

The Sixt Leasing Group employed 591 people on average in 2018, an increase of around 8% over the previous year (2017: 547). The increase in the number of employees resulted in particular from the revenue growth in the year under review and the further growth plans of the Group.

3. KEY FEATURES OF THE REMUNERATION SYSTEM

3.1 EMPLOYEES OF SIXT LEASING SE

Sixt Leasing SE conducted a self-assessment of its institution as defined by the German Remuneration Ordinance for Institutions (Institutsvergütungsverordnung - InstitutsVergV) and by its own account does not belong to the so-called major institutions, especially as its balance sheet total for the last three fiscal years was significantly less than EUR 15 billion. Moreover, in the view of Sixt Leasing SE, the remuneration structure as well as the nature, scale, complexity, risk content and international scope of its business activities do not merit any other assessment.

The components of the remuneration systems outlined in the following do not different between the business units and are therefore described as a whole. In case of substantial individual discrepancies, these will be explicitly referenced and the specifics of that business division explained. No external consultants were enlisted for the set-up of the remuneration systems.

The Managing Board of Sixt Leasing SE is responsible for the appropriate structure of the employees' remuneration systems. The Managing Board informs the Supervisory Board of Sixt Leasing SE once every year on the actual structure of the remuneration systems, taking due account of the requirements of the InstitutsVergV. Arranging the remuneration system for the Managing Board of Sixt Leasing SE in turn comes under the responsibility of the Supervisory Board of Sixt Leasing SE. The control units (especially internal audit, compliance, human resources and risk management) are integrated into the arrangement and monitoring of the remuneration systems in accordance with the stipulations of the InstitutsVergV.

The remuneration system and strategy of Sixt Leasing SE are based on two components: a basic remuneration befitting market and functional role, and on the other hand a performance-based variable remuneration component (target agreement system). Remuneration, above all the variable remuneration component, is aligned to the business and risk strategies of Sixt Leasing SE.

All employees receive a fixed annual salary to be paid out in 12 equal instalments monthly after each month (basic remuneration). Key parameters determining the remuneration unrelated to performance are the function as well as the scope of assignments and responsibilities held and the associated decision-making powers. Besides their basic remuneration, most employees receive a variable remuneration pro-rated for the year and contingent on the Company's success and/or their personal target attainments. The variable remuneration component depends on the functional role, the hierarchical as well as the personal target attainment level. The ratio between the basic and the variable remuneration component can vary anywhere between around 60:40 through to around 95:5 (in each case assuming a 100% target attainment). The personal targets are deduced over the various functional levels from the overall corporate objectives. Consequently any personal target attainment takes due consideration of the target attainment of the individual employee's organisational unit. Usually in September, employees receive a down-payment on the expected variable salary payment, as far as variable salary payment for the current fiscal year is expected. The final payment will be made with the salary payment after the close of the fiscal year but no later than three months after the end of the fiscal year.

The Managing Board receives its variable remuneration after adoption of the annual financial statements.

In addition, the Company grants its employees voluntary benefits in the form of employee vehicle leasing or, depending on the internal classification, the usage of a company car.

The Managing Board of Sixt SE, which until the IPO in May 2015 was the 100% parent company and presently is the largest single shareholder with an interest of 41.9%, has resolved that until the IPO previously selected employees should be given the opportunity to participate in an employee equity participation programme (Matching Stock Programme).

In addition, the 2017 Annual General Meeting authorised the Managing Board to establish a stock option programme (stock option programme 2017), under which up to 500,000 subscription rights to shares of the Company may be issued to selected executives of the Company and members of the management of affiliated companies by 28 June 2020. Each subscription right entitles the holder to subscribe to one no-par value bearer share of the Company against payment of an exercise price defined in more detail in the resolution of the Annual General Meeting and has a term of seven years. The exercise of the subscription rights is also linked to the achievement of certain performance targets. The subscription conditions may provide that the Company may grant the beneficiaries treasury shares or a cash payment instead of new shares from conditional capital in order to service the subscription rights. So far, no use has been made of the authorisation to issue subscription rights.

The structure of remuneration and of the remuneration systems is appropriate as defined by section 5 of the InstitutsVergV. Above all, the combination of the existing strategies, the business model, the organisational set-up and competence rules with the existing remuneration structure do not provide incentives to take on disproportionately high risks and do not conflict with the monitoring function of the control units. In addition, Sixt Leasing SE is not aware of any member of the Managing Board or other member of staff being significantly dependent on a variable remuneration. Entitlements established in individual contracts to benefits in the event of termination of activities are not created in an amount which remains unchanged despite any negative individual performance contributions. The structure of the remuneration runs not counter to the control function of the control units. Special attention was given to ensure that the structure of the variable remuneration systems for the employees in the control units are not concurrent with the departments controlled and the organisational units monitored by them so that there is no threat of a conflict of interest.

The requirements of section 10 of the InstitutsVergV were also satisfied. Moreover, the emphasis of the remuneration structure regarding the control units' staff is on their fixed remuneration (section 9 (2) of the InstitutsVergV).

3.2 MANAGING AND SUPERVISORY BOARDS OF SIXT LEASING SE

The remuneration paid to members of the Managing Board and Supervisory Board meets the statutory requirements that were valid at the time at which the remuneration was determined and complies largely with the recommendations and suggestions contained in the German Corporate Governance Code.

It is the Supervisory Board's responsibility to determine the remuneration paid to members of the Managing Board of Sixt Leasing SE. The structure of the remuneration system is regularly reviewed to test its appropriateness. The Managing Board's remuneration comprises fixed and variable components, which are reported as a total amount for all Managing Board members.

The fixed component is commensurate with the responsibilities and the individual performance of the Board member concerned. In addition to the fixed basic salary, the members of the Managing Board – like other senior executives of the Sixt Leasing Group – also receive non-cash benefits such as company cars, mobile phones and accident insurance contributions. Furthermore, a D&O insurance policy has been taken out for the members of the Managing Board.

The variable portion of the remuneration is based on consolidated earnings before taxes (EBT) of the Sixt Leasing Group. Variable remuneration only becomes payable to Managing Board members once a defined minimum EBT has been reached. Furthermore, the variable remuneration becomes payable to individual Managing Board members subject to certain conditions. In one case, payment of the variable remuneration is dependent on the portfolio of leasing contracts (i.e. without fleet management contracts) and its comparison with the previous year. In another case, the default rate on receivables from customers must not exceed a specific threshold value. Contracts of service with Managing Board members impose a cap on the variable portion of the remuneration. The variable remuneration is paid out at defined dates within not more than three years. Until the IPO of the Company in May 2015, a share-based payment component existed for members of the Managing Board by participating in the employee equity participation programme (Matching Stock Programme) of Sixt SE. Details of the programme are outlined in the Corporate governance report.

Furthermore, the 2017 Annual General Meeting authorised the Supervisory Board to establish a stock option programme (stock option programme 2017), under which up to 500,000 subscription rights to shares of the company may be issued to members of the Managing Board by 28 June 2020. Each subscription right entitles the holder to subscribe to one no-par value bearer share of the Company against payment of an exercise price defined in more detail in the resolution of the Annual General Meeting and has a term of seven years. The exercise of the subscription rights is also linked to the achievement of certain performance targets. The subscription conditions may provide that the Company may grant the beneficiaries treasury shares or a cash payment instead of new shares from conditional capital in order to service the subscription rights. To date, no use has been made of the authorisation to issue subscription rights

The remuneration paid to members of the Supervisory Board is governed by the Articles of Association of Sixt Leasing SE. These provide solely for a fixed component and therefore do not specify any variable performance-based components. Each member of the Supervisory Board receive a fixed remuneration of EUR 40,000 in each financial year and the chairman receives EUR 50,000. If a member and/or the Chairman of the Supervisory Board holds office for less than a full financial year, the above remuneration is paid pro rata for the actual time the individual is a member of the Supervisory Board or holds the office of Chairman. The remuneration is payable after the end of each financial year. In addition, the members of the Supervisory Board are reimbursed for their expenses and the value added tax payable on their remuneration and expenses. D&O insurance policies have also been taken out for members of the Supervisory Board.

The Group has no pension obligations towards members of the Managing Board or members of the Supervisory Board. For further details of the remuneration paid to members of executive bodies, please refer to the section entitled 'Total remuneration of the Supervisory Board and Managing Board of Sixt Leasing SE' in the notes to the consolidated financial statements.

B.4 \\ DISCLOSURES IN ACCORDANCE WITH SECTIONS 289A AND 315A OF THE HGB

Composition of subscribed capital, share categories
As of 31 December 2018, the share capital of Sixt Leasing SE amounted to EUR 20,611,593.00 in total and was composed of 20,611,593 ordinary bearer shares. The Company's shares are no-par value shares with a notional interest in the share capital of EUR 1.00 per share. All the shares have been fully paid up. The shareholders' rights and obligations are governed by the provisions of the German Stock Corporation Act (Aktiengesetz - AktG), in particular by sections 12, 53a et seq., 118 et seq. and 186 of the AktG.

Restrictions on voting rights or the transfer of shares
Each ordinary share entitles its holder to one vote at the Annual General Meeting and determines the shareholder's portion on the Company's profit. Exempted are any treasury shares held by the Company, which do not confer any rights onto the Company. In cases of section 136 of the AktG the voting right for the concerned shares is excluded by law.

The Company's Articles of Association do not impose any restrictions on voting rights. Equally, they do not impose any restrictions on the transfer of shares. The Managing Board is not aware of any restrictions on voting rights or the transfer of shares arising from agreements between shareholders.

Shareholdings in Sixt Leasing SE
As of 31 December 2018, Sixt SE holds 8,644,638 ordinary voting shares in the share capital of the Company, accounting for 41.9% of the voting rights. The Company has not received any information about, and the Managing Board is not aware of, any further direct or indirect interests in the share capital exceeding 10% of the voting rights as at 31 December 2018.

Shares with special rights
As of 31 December 2018, there are no shares conveying special control rights.

Employee participation and their control rights
The Company is not aware of any employees holding shares in the Company's capital where the employees' control rights are not exercised directly.

Appointment and dismissal of Managing Board members, amendments to the Articles of Association
Sixt Leasing SE has a two-tier management and monitoring system, made up of a management body (Managing Board) and a supervisory body (Supervisory Board). The legal stipulations and conditions of the Articles of Association governing the appointment and dismissal of Managing Board members are defined in articles 39 (2) sentence 1, 46 of the SE Regulation, section 16 SEAG, article 9 (1) lit. c) (ii) of the SE Regulation, sections 84, 85 of the AktG (German Public Companies Act) and article 7 of the Articles of Association.

Accordingly, the Managing Board comprises one or more members. The Supervisory Board determines the number of Managing Board members. The Supervisory Board can also appoint a chairman or speaker as well as a deputy chairman or deputy speaker for the Managing Board. The statutory provisions of section 84 and section 85 of the AktG apply for the appointment and dismissal of Managing Board members.

Amendments to Articles of Association are decided by the Annual General Meeting. In accordance with article 16 of the Articles of Association, amendments to the Articles of Association that only concern the formal wording may also be resolved by the Supervisory Board. Mandatory statutory provisions require resolutions to amend the Articles of Association to be adopted by a majority of three-quarters of the share capital represented at the adoption of the resolution (section 59 (1) of the SE Regulation, section 179 (2) sentence 1 of the AktG).

However, the law also provides for the possibility that the Articles of Association allow for a smaller majority providing that at least half of the subscribed capital is presented. This possibility does not apply though to a change of the Company’s purpose, relocation of the Company’s seat into another member state of the European Union, or for cases where a higher majority of capital is mandatory under statutory provisions (article 59 (2) of the SE Regulation, section 51 SEAG).

Sixt Leasing SE has made use of the option of specifying different majority requirements by means of a provision in the Articles of Association that is common among listed companies. According to article 20 (2) of the Articles of Association, decisions of the Annual General Meeting can be adopted by a simple majority of votes cast, insofar as this does not conflict with any mandatory statutory provisions or the Articles of Association. According to article 20 (3) of the Articles of Association, amendments to the Articles of Association can be adopted by a simple majority of the submitted valid votes if at least half of the voting share capital is represented and insofar as this does not conflict with any mandatory statutory provisions.

Powers of the Managing Board with regard to the issue and buyback of shares

Authorised capital
In accordance with article 4 (3) of the Articles of Association, the Managing Board is authorised to increase the share capital on one or more occasions by issuing new ordinary bearer shares against cash and/or non-cash contributions in the period up to 31 May 2021, with the consent of the Supervisory Board, by up to a maximum of EUR 6,183,477.00 (Authorised Capital 2016). Further details, including details of the Managing Board's authorisation to exclude shareholders' subscription rights in specific cases, follow from the aforementioned article of the Articles of Association.

Conditional capital
In accordance with article 4 (4) of the Articles of Association, by resolution of the Annual General Meeting of 1 June 2016, the Company's share capital is conditionally increased by up to a total of EUR 4,122,318.00 (Conditional Capital 2016). The Conditional Capital 2016 serves the purpose of granting shares to the holders and/or creditors of convertible bonds as well as the holders of option rights from option bonds. Further details follow from the aforementioned article of the Articles of Association.

In addition, the Company's share capital has been conditionally increased by a total of up to EUR 1,000,000.00 (Conditional Capital 2017) in accordance with article 4 (5) of the Articles of Association by resolution of the General Meeting on 29 June 2017. Conditional Capital 2017 is used to service the stock option programme 2017 and will only be effected to the extent that subscription rights are issued under the stock option programme 2017 and the holders of the subscription rights make use of their exercise rights. Further details follow from the aforementioned article of the Articles of Association.

Authorisation to issue convertible and /or option bonds
By resolution of the Annual General Meeting of 1 June 2016 the Managing Board is authorised, on one or more occasions in the period up to and including 31 May 2021 and with the consent of the Supervisory Board, to issue convertible and/or option bonds registered in the name of the holder and/or bearer of up to a maximum of EUR 200,000,000.00 with a fixed or open-ended term and, in accordance with the more detailed provisions of the convertible and/or option bond terms, grant conversion or option rights to the holders and/or creditors of bonds to acquire a total of up to 4,122,318 new no-par value shares in Sixt Leasing SE with a pro-rata portion in the share capital of up to EUR 4,122,318.00. The bonds are to be issued against cash contributions.

The issue can be effected by a German or foreign company in which Sixt Leasing SE is directly or indirectly invested with a majority of votes and capital. In this case, the Managing Board is authorised on behalf of the issuing company, in which it has a majority interest, to take on the guarantee for repayment of the bond and the other payment obligations associated with the bond and to grant the bearers and/or creditors of such bonds conversion or option rights for shares in Sixt Leasing SE.

In general, shareholders of Sixt Leasing SE are granted statutory subscription rights. However, the Managing Board is authorised, with the consent of the Supervisory Board, to exclude, fully or in part, the subscription rights of the shareholders to the bonds, (i) in order to exclude fractional amounts from subscription rights, (ii) if necessary, in order to grant holders and/or creditors of conversion or option rights and/or holders and/or creditors of bonds with conversion exercise obligations which have been issued beforehand or will be issued by Sixt Leasing SE or a Company in which it has a majority interest, subscription rights to the extent they are entitled to after exercising the conversion or option rights and/or after meeting their conversion exercise obligations, or (iii) against payment of cash contributions, if the issuing price is not significantly below the theoretical market price of the bonds with conversion or option rights and/or conversion exercise obligations, calculated with recognised mathematical valuation methods, and whose pro-rata portion in the share capital does not exceed a total of 10% of the share capital, neither at the time when the authorisation takes effect nor at the time when this authorisation is exercised.

Further details follow from the article 4 (3) of the Articles of Association.

Authorisation to grant subscription rights to shares of the Company

By resolution of the Annual General Meeting of 29 June 2017 the Managing Board was authorised, as specified in the proposed resolution, to issue until the 28 June 2020 up to 1,000,000 subscription rights for up to a maximum of 1,000,000 no-par value bearer shares, in one or multiple tranches, to members of the Managing Board and executives underneath the Managing Board level as well as members of the governing boards of dependent companies. In as far as this affects Managing Board members, only the Supervisory Board shall be authorised accordingly.

The total volume of subscription rights is apportioned to a maximum of 500,000 subscription rights to members of the Company's Managing Board and a maximum of 500,000 subscription rights to select Company executives below the Managing Board and members of the management of dependent companies. Each subscription right entitles the owner to subscribe to one no-par value bearer share of the Company against payment of the exercise price and carries a term of seven years. The Company can service the subscription rights by granting the entitled beneficiaries either treasury shares or a cash payment instead of new shares out of the conditional capital. If the entitled beneficiaries are members of the Company's Managing Board this decision is taken at the sole discretion of the Supervisory Board.

The details of this authorisation follow from the authorisation resolution of 29 June 2017 and according to article 4 (5) of the Articles of Association.

Authorisation to acquire treasury shares

By resolution of the Annual General Meeting of 8 April 2015, the Managing Board is authorised, in accordance with section 71 (1) sentence 8 of the AktG, to acquire in the period up to 7 April 2020 treasury shares of the Company in the amount of up to 10% of the Company's share capital at the time of the authorisation or – in case this is the lower value – at the time of exercising this authorisation. At no point shall the shares acquired under the above authorisation, together with other treasury shares owned and assigned to the Company under sections 71a et seq. of the AktG, represent more than 10% of the share capital.

With the approval of the Supervisory Board, authorisation may be exercised in full or in part, on one or more occasions, by the Company or its dependent or majority-owned companies, as well as third parties acting for the account of the Company or for the account of its dependent or majority-owned companies. The Company can elect to make the acquisition either via the stock exchange, in the form of a public offer made to all shareholders, in the form of a public request to issue sales offers and/or through the use of derivatives. Acquisition for the purpose of trading in treasury shares is hereby ruled out.

The Managing Board is authorised with the consent of the Supervisory Board to (i) sell treasury shares against cash contributions in other forms than via the stock exchange or by a public offer made to all shareholders, insofar as the sales price for each treasury share is not materially lower than the quoted market price of existing listed shares at the time of the sale, whereby the attributable amount in the share capital of the shares sold under this authorisation does not exceed a total of 10% of the share capital, either at the time this authorisation takes affect or at the time it is utilised, (ii) sell treasury shares in other forms than via the stock exchange or by a public offer made to all shareholders, in particular to acquire companies, parts of companies, or investments in companies, as part of business combinations and/or to acquire other assets including rights and claims, (iii) use treasury shares to service conversion and/or option rights and/or obligations from convertible and/or option bonds and/or convertible profit participation rights and/or (iv) offer treasury shares for acquisition, among other things, to members of the Company's Managing Board or members of the executive boards of dependent companies or to employees of the Sixt Leasing Group as part of their remuneration or as part of management or employees participation programmes.

The details of the authorisation follow from the authorising resolution from 8 April 2015.

In 2018 the Company held no treasury shares.

Significant agreements by the Company that are subject to a change of control as a result of a takeover bid

Licence Agreement

The License Agreement between Sixt Leasing SE (licensee) and Sixt SE (licensor) grants Sixt SE the right to terminate for material reason, among other things if the business direction of the Sixt Leasing Group significantly worsens or in case of a change of control. According to that agreement, a change of control occurs if a third party directly or indirectly acquires 25% of the shares in Sixt Leasing SE or if a competitor of the Sixt

Group or a person related with a competitor of Sixt SE, as defined by section 15 of the AktG, acquires more than 10% of the shares in Sixt Leasing SE.

Financing Agreement with Sixt SE

The Financing Agreement between Sixt Leasing SE (borrower) and Sixt SE (lender) grants Sixt SE a right to termination, among other things, if a third party directly or indirectly acquires more than 25% of the shares in Sixt Leasing SE. With redemption of all remaining liabilities from the existing Financing Agreement at the end of June 2018, this provision has lapsed.

Bonds

In the event of a change of control event, including in the case of a takeover bid, the respective creditors of the bonds 2017/2021 (ISIN: DE000A2DADR6) and 2018/2022 (ISIN: DE000A2LQKV2) issued by Sixt Leasing SE both in the amount of EUR 250.0 million, are entitled to demand the issuer repay them in full or in parts the bonds held by them. According to the bonds' terms and conditions a 'change of control event' only occurs, if there is a change of control and if the rating is lowered during the period the change of control occurs (120 days beginning from the announcement and occurrence, respectively, of the change of control).

For these purposes a 'downgrade of the rating' is deemed as occurred, (i) if within the period of the change of control the bond's rating previously awarded by a rating agency (if there is only one rating) or the ratings of at least two rating agencies (if there are two or more ratings) (x) is withdrawn or (y) is downgraded from an investment grade rating (BBB- by S&P or Fitch or Baa3 from Moody's or equivalent in each case, or better, an 'Investment Grade Rating' is downgraded to a 'Non-Investment Grade Rating' (BB+ from S&P or Fitch or Ba1 from Moody's or equivalent, or worse, a 'Non-Investment Grade Rating') and is not upgraded back to an 'Investment Grade Rating' during the change of control period; or (z) is or will be downgraded from a 'Non-Investment Grade Rating' for the Notes by one or more levels (for clarification: Ba1 to Ba2 or BB+ to BB represents a level) and is not upgraded to an 'Investment Grade Rating' during the change of control period; or (ii) if at the time of the change of control no rating is assigned to the bonds and no rating agency issues an 'Investment Grade Rating' for the bonds within the change of control period. 'Rating Agency' means S&P Global Ratings, Moody's Investors Services Limited or Fitch Ratings Ltd. or one of their respective successors.

A 'change of control' occurs if one person or several persons acting together within the meaning of Sect. 34 para. 2 of the German Securities Trading Act (Wertpapierhandelsgesetz WpHG) gain control of the issuer after the issue date. 'Control' in this context means direct or indirect legal or economic ownership (as defined by Sect. 34 of the WpHG) of ordinary shares which together convey more than 50% of voting rights of the issuer.

In the meaning of the bonds' terms and conditions the term 'person' refers to any natural person, association, fellowship. company, partnership, joint venture, corporation, merger/combination, organization, fund, state or stately entity, irrespective of the fact that this person may be an independent legal person or not, but excluding (i) Mr Erich Sixt, (ii) his direct descendants, (iii) his spouse or the spouses of his direct descendants, (iv) a Sixt family foundation and/or (v) an enterprise, association, firm, partnership, joint venture, company, organization, fund or other combination, irrespective of the fact whether these may be a natural or legal person, and which is under the control of one of the persons listed under (i) to (iv) within the meaning of sections 15 to 18 of the AktG. For further details reference is made of the bond's terms and conditions.

The afore-mentioned authorisation of the bond's creditors is a creditor right commonly encountered on the capital markets and in lending transactions.

Compensation agreements

Compensation agreements between the Company and members of the Managing Board or employees in the case of a takeover bid

The Company has no agreements with members of the Managing Board or employees that would entitle them to compensation in the case of a takeover bid.

B.5 \\ REPORT ON OUTLOOK

1. ECONOMIC ENVIRONMENT

The International Monetary Fund (IMF) expects that the world economy will continue to grow strongly in the current year, albeit on a slightly lower level than in 2018. Accordingly, the IMF expects to see a growth of 3.5%, a drop of 0.2 percentage points against 2018. This was due, it argued, to weaker growth in Europe and Asia, the decision in the USA and China to raise tariffs as well as the cooling of the world economy in the second half of 2018. The IMF thinks the risks for the global economy have increased. In its view the biggest danger stems from an escalation of the trade dispute. Additional risk factors are a tighter monetary policy, public and private indebtedness, an unstructured Brexit as well as the Chinese economy cooling down more than expected.

For the Euro area the IMF forecasts economic growth in 2019 marginally down by 0.2 percentage points to 1.6% (2018: 1.8%). The reason for this is primarily slower economic growth in Germany as a result of its only moderate private consumption, weak industrial production and dampened demand from abroad. Moreover, weaker demand within the Euro area and higher foreign capital costs in Italy and the strikes in France all put the brakes on the Euro area's growth. The German Institut für Weltwirtschaft (IfW – Institute for World Economy at the University of Kiel) expects that the economy in the Euro area will grow by 1.7% in 2019 (2018: 1.9%). Though there are still enough indications to assume that the economy will keep growing for some time, a number of countries, such as Germany, are reaching the limits of their capacities. In other countries, such as Italy and France, business dynamics are additionally hampered by structural problems.

For Germany the IMF also expects economic growth to slow by 0.2 percentage points in 2019. Accordingly, the German economy is set to grow by 1.3% (2018: 1.5%) The IfW, on the other hand, expects an increase of 1.8%, tantamount to a slight deceleration in economic growth of 0.3 percentage points (2018: 1.5%). The German boom was increasingly beginning to stutter, noted the IfW. In view of their high capacity utilisation, corporations were finding it harder and harder to expand their production at this high speed. The construction industry was particularly affected. The discernible labour shortages are also to set to remain and are likely to slow down the growth in employment. In addition, they are also likely to trigger substantial wage increases. The IfW expects that households' disposable income will clearly remain on a growth track and that private consumption is going to increase substantially in the wake of extensive tax cuts and increases in social security benefits. Exports will soon recover from their recent blip, which was due not least to the problems in car manufacturing, but with a gradually cooling world economy, the dynamic trend in exports is set to weaken in general, according to the IfW.

Sources
International Monetary Fund (IMF), World Economic Outlook, Update, January 2019; Institut für Weltwirtschaft (IfW), Kieler Konjunkturberichte: Deutsche Konjunktur im Winter 2018, Weltkonjunktur im Winter 2018 (Kiel economic reports: the German economy in the winter of 2018, world economy in the winter of 2018), both from 12 December 2018.

2. PROJECTED INDUSTRY DEVELOPMENT

The German leasing industry is generally positive in its outlook on business developments in 2019. The Bundesverband Deutscher Leasing- Unternehmen (BDL – German Association of Leasing Companies) expects growth of between 3 and 4%, while the German government-appointed council of economic experts expects investments in equipment to grow by 2.5% (2018: 3.9%). Given the economic outlook, however, the BDL does not expect to see higher growth rates.

For 2019 the 'VDA' (Verband der Automobilindustrie - German Association of the Automotive Industry) expects the worldwide passenger car market to grow by 1% to 85.9 million units sold. The western European market and the German market are projected to retain roughly the level of last year of nearly 15.8 million vehicles and 3.4 million new registrations.

Sixt Leasing expects fleet management service providers to continue registering sound demand. More and more companies are looking for cost and planning safety in the management of their vehicle fleets and are therefore counting on the specialised expertise of service providers such as Sixt Mobility Consulting. This way they benefit from efficient service and repair networks, sound procurement expertise and the professional marketing of used vehicles, allowing them to save their own human resources and to focus on their own core business.

Sources
Bundesverband Deutscher Leasingunternehmen e.V. (BDL – German Association of Leasing Companies), press release of 21 November 2018;

Sachverständigenrat zur Begutachtung der gesamtwirtschaftlichen Entwicklung, Jahresgutachten 2018/19 (The German Council of Economic Experts, Annual Report 2018/19), 7 November 2018;
Verband der Automobilindustrie e.V. (VDA – German Association of the Automotive Industry), press release of 5 December 2018.

3. EXPECTED GENERAL DEVELOPMENT

The Sixt Leasing Group intends to expand its position as market leader in online sales of new vehicles and specialist for managing and offering full-service leasing for large fleets and to profitably grow in the coming years.

The measures started as part of the strategy programme 'DRIVE>2021' are to be driven forward further in 2019. 'DRIVE' stands for digitalisation, risk management, internationalisation and volume and earnings growth. The aim of the programme is to increase the pace of digitalisation, actively improve the risk-return profile, further promote internationalisation and increase the contract portfolio and earnings until the year 2021.

In 2019 the Company plans to further set course for future strong and profitable growth, above all in the Online Retail and Fleet Management business fields. The focal point will be especially on digitalising the business model and to focus the organisation on future national and international growth.

3.1 ONLINE RETAIL BUSINESS FIELD

The online retail market in Germany offers the company attractive growth potential. Sixt Leasing expects that in future customers of new cars will switch more and more to online channels. According to a study by MHP Management- und IT Beratung GmbH, two thirds of vehicle buyers are already prepared to purchase a car online.

As a 'first mover' and market leader in the direct online sales of new vehicles, Sixt Leasing is superbly positioned to conquer the as yet largely unchartered German online leasing market for private and commercial customers. Further market shares are expected to be won above all by launching suitable marketing measures and through the associated further extension of the brand recognition of Sixt Neuwagen. To access further sales channels, the Company is permanently reviewing the possibilities of acquisitions.

The Company is continually working at further developing the product and service range provided by the business field to enhance customer convenience. This way the Company aims to meet the requirements for highly convenient and flexible procedures, build up long term customer loyalty and convince clients of the usage of additional service components.

In view of these excellent growth perspectives and the ongoing digitalisation, the Online Retail business field continues to be seen as the Group's biggest growth driver. Therefore, the Managing Board expects a very strong growth of the contract portfolio in the medium term.

Source:
MHP Management- und IT-Beratung GmbH, Online Car Sales 2018.

3.2 FLEET LEASING BUSINESS FIELD

In the Fleet Leasing business field, Sixt Leasing is operating in a competitive market, dominated in Germany by the large vendor-neutral leasing companies.

Given the intense price competition in the segment with large and medium-large corporate customers, Sixt Leasing intends to expand the business with smaller corporate customers that have fleets of anywhere between 20 to 80 vehicles. Since 2017 this segment has been addressed by a local sales organisation, which was able to open up interesting margin potentials and diversify the corporate customer portfolio still further.

Based on this, the Managing Board expects that share of customers will smaller fleets will increase within the business field's contract portfolio. For the Fleet Leasing contract portfolio in total, a constant development is expected in the medium term.

3.3 FLEET MANAGEMENT BUSINESS UNIT

In the Fleet Management business unit the Sixt Leasing Group will continue to exploit the trend among larger corporations to outsource their fleet management so as to win over new customers. To this end the coming years will see the expansion of business in Europe, especially by using existing customer relationships. A key role will be accorded to the Sixt Global Reporting Tool, which enables the efficient worldwide management of fleets by transparently merging all data relevant for the vehicles under operation and thereby showing customers potentials for cost savings.

In the short term, the focus will be on optimising the IT tools and platforms in order to grow in future with more efficiently scalable systems. With a range of digital services optimally adapted to customers' needs, stronger domestic and international growth is to be achieved again in the following years. In Germany, in particular, other major customers should be convinced of the advantages of an external fleet management. Abroad, growth is to be accelerated above all through existing customer relationships. Thus, the Managing Board expects a very strong growth of the contract portfolio in the medium term.

In the long run, the Company thinks that fleet management will gain in significance as the interface between new mobility service providers such as carsharing or ride-hailing and automotive-related goods and services such as vehicle procurement, tyres and insurances. To fill this role as 'orchestrator' better than competitors, Sixt Mobility Consulting will rely above all on intelligent IT solutions and will continually invest in the further development of the digital infrastructure and digitalisation of its business model.

4. FINANCIAL OUTLOOK 2019

For the current 2019 financial year, the Managing Board is forecasting a slight increase of the Group's contract portfolio as well as consolidated operating revenue and EBT both at around the previous year's level. For the first half of 2019, business development is expected to be significantly weaker than in the same period of the previous year as well as the expected business development in the second half of 2019.

5. MID-TERM OUTLOOK

On the basis of the present market and business development, the Managing Board has adjusted the medium-term growth targets. Thus, it is expecting a growth of the Group's contract portfolio to around 200,000 contracts until the end of the 2021 financial year (previously: more than 220,000 contracts). Regarding consolidated operating revenue, the Company expects an increase to around EUR 650 million by the financial year 2021 (previously: around EUR 700 million). EBT is expected to rise to EUR 40 to 45 million by 2021 (previously: around EUR 50 million).

B.6 \\ REPORT ON RISKS AND OPPORTUNITIES

1. RISK SITUATION

As a company operating across Europe, Sixt Leasing Group is exposed to a variety of risks which could have a significant impact on the Group's business performance, assets, financial situation and operating results.

1.1 GENERAL MARKET RISKS (ECONOMIC, SOCIAL AND REGULATORY RISKS)

Sixt Leasing Group is primarily engaged in the two business units Leasing and Fleet Management, both of which are focused mainly on Germany. However, as part of the international expansion of Sixt Leasing the Group's business activities in other European countries could become increasingly important.

Both segments are dependent to a large degree on general economic conditions in Europe and especially in Germany, because these influence particularly customer readiness to invest and spend, and correspondingly the demand for leasing and fleet management services.

In periods of economic weakness the demand for leasing and fleet management services on the part of companies and private households can decline as a result of austerity measures. In addition, higher default risks (e.g. sector-specific risks and counterparty risks) can be expected during these phases. A weakening of the overall economy can therefore have a negative impact on demand for leasing and fleet management products and on their profitability.

Demand for classic leasing and fleet management services could also be adversely affected by the emergence of alternative mobility solutions that are offered by established car manufacturers, by the trend away from the combustion engine as well as completely new mobility service providers.

The Sixt Leasing Group regularly develops new product ideas and business models in order to respond appropriately to these rapidly changing market conditions and customer requirements, and to maintain the Group's claim for innovation leadership while acquiring additional market share. Launching these new products on the market and ensuring market penetration can generate high initial costs. In spite of the corresponding market analysis and planning, it cannot be guaranteed that the products will, in the form offered, meet with the market acceptance and level of demand which are expected. This may have a negative impact on the profitability of the Group.

The business of the Sixt Leasing Group is subject to numerous laws and regulations, where the Group is active. There is a risk that Sixt Leasing fails to meet all legal and regulatory requirements or to react timely to changes in the legal or regulatory environment.

1.2 SPECIFIC RISKS IN THE LEASING AND FLEET MANAGEMENT BUSINESS UNITS

In both business units the focus is on activities on business customers. The development of the business units is accordingly dependent on corporate investment behaviour. This investment behaviour can - apart from general cyclical influences - be affected by economic, accounting, regulatory, and fiscal conditions, in particular when it comes to commercial vehicle leasing. Companies need maximum planning security for their investment decisions. Higher taxes on leasing transactions and company cars or the possibility of adverse changes in international accounting regulations relating to contracts of lease can also reduce the attractiveness of solutions based on leased fleets.

In January 2016 the International Accounting Standards Board (IASB) published the new leasing standard IFRS 16. Effective for reporting periods beginning on or after 1 January 2019, lessees must recognise most operating leases with a right-of-use and a leasing liability in their balance sheet. For the lessee this essentially abolishes the distinction between finance leases and operate leases. The consequence of these changes will be that companies can no longer relieve their balance sheets with operate leases to the extent so far possible. Corporations that report their balance sheets according to international standards and which hitherto have had leased vehicles could potentially buy and/or self-finance these vehicles. In principle, however, the economic benefits of leasing should remain unaffected. In particular, the associated service functions can continue to justify the demand for leasing products. Customers in the Fleet Leasing and especially in the strong growing Online Retail business field appreciate the planning security associated with the residual value guaranty by the lessor.

The leasing market in Germany continues to be dominated by leasing companies tied to specific manufacturers or banks. They either enjoy good purchasing conditions and remarketing opportunities due to their close connections with the manufacturers or good refinancing conditions because of their affiliation with a bank. For this reason there is fierce competition on the market for vehicle leasing in terms of price and conditions, which could have a negative impact on margins and thus the revenue and earnings situation of the Sixt Leasing Group.

In the Fleet Leasing business field the Sixt Leasing Group focuses on full-service leasing products which, in addition to pure financial leasing, also provide a variety of additional services in particular for corporate customers. Due to the consistent orientation as a full-service leasing provider the Sixt Leasing Group aspires to reduce its dependency on pure finance leasing, which is under constant price pressure. In addition, the continuous development of new, mostly internet-based products provides an opportunity for the Group to differentiate itself from the competition. Sixt Leasing Groups' Online Retail business field offers attractive leasing solutions to private and commercial customers on its websites *sixt-neuwagen.de* and *autohaus24.de* In the Fleet Management business unit the Company benefits from its many years of experience in the management of vehicle fleets and from its position as a major fleet operator.

Besides the fleet customer business, the Online Retail business with private and commercial customers is becoming increasingly important, and should be expanded in future. The related diversification of the Group's customer portfolio shall contribute to counteract risk concentrations which could arise, among others, from the economic, accounting, regulatory and fiscal conditions for commercial vehicle leasing in the fleet customer business.

Sixt Leasing procures the vehicles it leases to corporate, commercial and private customers from car manufacturers and dealers. Consequently the Company is dependent on the adequate supply of popular car models, their purchase at competitive conditions as well as an attractive and high-quality product range. The same dependence exists in relation to third-party providers, from whom the Company procures for example tyres, insurance and services such as repairs. To limit these risks, Sixt Leasing negotiates long-term framework contracts and rebate agreements with these respective suppliers.

2. INTERNAL CONTROL AND RISK MANAGEMENT ORGANISATION

2.1 RISK MANAGEMENT SYSTEM

The risk management system supports the management of the Sixt Leasing Group in implementing the business and risk strategy and monitors all relevant risks at home and abroad.

The risk assessment and control systems established by Sixt Leasing SE as well as the organisation of credit risk management comply with the minimum requirements for risk management of banks and financial services institutions (MaRisk) imposed by BaFin (Bundesanstalt für Finanzdienstleistungsaufsicht).

During the reporting period Sixt Leasing SE took the measures required by MaRisk relating to the adequacy of risk management as well as the measures required to ensure the correctness of the business organisation, taking into account the complexity and scale of the risks assumed by the Company.

Sixt Leasing SE only takes risks if they are calculable and consistent with the principles enshrined in the policy objectives and strategy of the Company or Group.

Based on the risk strategy determined by the management, essential components of the risk management system are the identification, systematic documenting and analysis, assessment and prioritisation of risks, as well as an analysis of the effects and impact of risks on the Company. On this basis measures to avoid, reduce or transfer risks can be initiated.

Risk management is based on the risk-taking capability calculation, which is established quarterly as part of the risk report and which lists all material risks.

Taking into account outsourced processes to Sixt GmbH & Co. Autovermietung KG and other Sixt Group companies, Sixt Leasing SE has installed a risk management system for the monitoring of all relevant risks incurred, which is continuously developed further on the basis of the Company's own business needs and in line with the requirements of a stock listed company. Sixt Leasing SE has established internal policies and controls to comply with MaRisk and is constantly reviewing and developing these. The existing risk management systems within the departments of controlling, accounting, compliance, risk controlling, operative credit management, receivables management, and internal audit comply with the stipulations of the MaRisk. The following functions are completely or party outsourced as part of outsourcing arrangements to Sixt GmbH & Co. Autovermietung KG as of the end of the reporting period:

\\ IT administration
\\ tax

Sixt Leasing SE has made adequate provisions for contingent and exposure risks and other risks arising from its business activities. Depreciations and value adjustments in the financial statements have been made at an appropriate level.

2.2 INTERNAL CONTROL- AND RISK MANAGEMENT SYSTEM FOR (GROUP) ACCOUNTING (DISCLOSURES IN ACCORDANCE WITH SECTIONS 289 (5) AND 315 (2) NO. 5 OF THE HGB – GERMAN COMMERCIAL CODE)

The internal control and risk management system for the Group's and the Company's accounting contains organisational provisions and technical requirements to manage the risk associated with accounting. Key elements here are the clear and appropriate separation of functions with regard to the Managing Board and leadership responsibilities including management control processes, the central accounting and reporting organisation for all consolidated companies, the technical stipulations contained in guidelines, manuals, process descriptions and Group-wide principles, the recording of business transactions with the so-called 'four eyes principle' (two man rule), the implementation of quality assurance processes and effectiveness checks by the internal audit function and external audit procedures and consulting, systems-based security measures, manual control measures and regular comparisons with planning and controlling processes taking the form of target to actual comparisons and analyses of deviations. To guarantee the safety of data the accounting-related systems have access restrictions and access rules. Employees receive appropriate instruction and training on data protection rules and regulations. In addition, general behavioural provisions for employees relating to financial matters are part of the regulations of Sixt's 'Code of Conduct'.

The Supervisory Board examines the annual financial statements and the consolidated financial statements together with the management report on the Group's and the Company's situation as well as the Dependent company report and discusses these with the Managing Board and the auditors.

3. RISK IDENTIFICATION

In addition to the monitoring of risks in the planning, reporting, controlling and early warning systems which are established, as part of risk control processes, persons in charge within the organisational units document - as part of a risk inventory - all business-relevant and significant risks throughout the Group on a regular basis. To this end the estimates made by the responsible managers and other relevant information are analysed and aggregated. Relevant changes in the risk assessment and new risks are communicated to the management immediately.

Individual risks are categorised into different loss levels and defined into risk types by their probability of occurrence ('low - 30%' up to 'very probable - as of 90%') and the potential loss level in the case of occurrence. The central risk controlling unit of the Sixt Leasing Group then agglomerates these decentralised registered individual risks and clusters them into risk groups. This forms the basis for the risk report, which is integral part of the reporting system to the Managing and Supervisory Board of Sixt Leasing SE.

The internal audit regularly monitors risk management as part of its audit mandate and reports directly to the Managing Board of Sixt Leasing SE.

The following provides an aggregate overview of the relevant risk factors. The structure of the outlined risk categories essentially follows their presentation in the risk-taking capability calculation.

3.1 COUNTERPARTY DEFAULT RISK

The counterparty default risk arises if lessees and fleet management clients do not meet their payment obligations during the term of the contract or only partly or if vehicle suppliers cannot fulfil their buyback agreements towards Sixt Leasing SE, resulting in payment defaults. This counterparty default risk in customer business generally increases with a deterioration in the economic situation, resulting in increased payment defaults by leasing and fleet management customers.

The established credit management identifies the risks of counterparty default on receipt of the leasing or fleet management agreement.

When setting up an overall framework for leasing contracts with customers and vehicle buyback agreements with manufacturers and dealers, when certain thresholds are exceeded – these are usually the amount of the present value of the leasing contracts or, in the case of vehicle repurchase agreements, the sum of those agreed with the respective credit union buyback prices – the approval or information of certain boards and bodies, respectively, is required. Likewise, prior to the conclusion of fleet management and leasing contracts, the resulting risks and margins are identified and prepared for the relevant decision makers prior to their approval of the conclusion of the contract. The Managing Board also informs the credit and market risk committee of the Supervisory Board for larger exposures if certain threshold values for leasing and vehicle buyback agreements are exceeded.

The counterparty default risks are monitored on a regular basis and actively managed. In addition there is a regular review of the creditworthiness in the fleet customer business during the term of the lease or fleet management contract.

Also when selecting car suppliers, which provide buyback commitments to Sixt Leasing Group, the Sixt Leasing Group therefore places great emphasis on their economic stability. As with leasing and fleet management customers, vehicle suppliers are subject to regular strict credit checks.

As a result any negative changes in the relationship to leasing and fleet management customers as well as vehicle suppliers can be identified immediately, and the appropriate countermeasures can be taken promptly if necessary. Commitments with higher levels of risk or potential default risks are monitored very closely by the risk controlling department.

3.2 MARKET PRICE RISK

The market price risk describes the danger of a loss caused by changes to market prices. For Sixt Leasing SE it is especially the residual values of leasing vehicles as well as the refinancing interest rates that are subject to the market price risk.

3.3 RESIDUAL VALUE RISK

Residual value risks result from the marketing of vehicles at the end of the leasing contract, if at this point in time the selling price which can be achieved is below the calculated residual value. To counteract the risks involved in the disposal of vehicles within the Leasing business unit the residual values of the vehicles included in the calculation of the leasing contract are covered partly by buyback agreements with dealers or manufacturers depending on market conditions. This applies in particular to a major part of vehicles in the Fleet Leasing business, the residual values of which are covered by buyback agreements. As of 31 December 2018 on the basis of the lease assets and inventories as well as orders, approx. 42% of vehicles of Sixt Leasing SE were covered by buyback agreements.

Especially when it comes to the marketing of used leasing vehicles the Sixt Leasing Group is also dependent on developments on the used-car market, particularly in Germany. The vehicles to be disposed of by the Sixt Leasing Group on the used-vehicle market undergo regular valuation tests, which are based on the Group's own experience and monitoring of the market. The remarketing of these vehicles is executed via a multistage process. Vehicles that are not sold under a buyback agreement to a manufacturer or dealer at the end of their leasing contract, are offered via an online auction platform to registered dealers. If after the end of an auction period Sixt Leasing reckons from its own sales experiences that a specific vehicle could achieve a price above the highest offer from the auction if it was offered on the used vehicle stations operated by itself or jointly with the Sixt SE Group, this vehicle will be transferred to these stations. Operating under the brand name 'Sixt Car Sales' at six sites across Germany, sales experts take care the vehicles are sold to end customers.

The Managing Board is closely monitoring the developments surrounding the emissions issue at the Volkswagen Group and other potentially affected manufacturers. For a certain part of the affected vehicles in the portfolio of the Sixt Leasing Group there are no buyback agreements with dealers or manufacturers in place. The Managing Board is also keeping a close eye on the political discussion regarding new emission stipulations for diesel-powered vehicles as well as possible driving bans for diesel-powered vehicles with Euro-5-standard and lower in certain cities. In this context, the residual value risk could increase for the Sixt Leasing Group, whilst the sales proceeds could fall below expectations. As of 31 December 2018, approximately 2,800 diesel-powered vehicles with Euro-5 standard and lower which are not covered by buyback agreements were held by Sixt Leasing SE in Germany. As diesel-powered new vehicles that do not comply with the Euro-6 standard were no longer allowed to be registered since the end of 2015, the number of cars with Euro-5 standard and lower continues to fall.

3.4 INTEREST RATE RISK

Interest rate risks comprise potential losses due to changes in market interest rates. They can arise when fixed-interest periods between the asset and liability sides of the balance sheet are not congruent. A variable interest rate for financing instruments can also lead to an interest rate risk in the event of market changes.

The Sixt Leasing Group pursues the goal of obtaining refinancing funds with largely matching maturities in order to avoid maturity mismatches and will occasionally enter into derivative contracts to hedge against interest rate risks. However, no guarantee can be given that such hedging will be fully effective or that losses will be completely avoided.

Rising interest rates for refinancing instruments could result in higher refinancing costs and have a negative impact on earnings.

3.5 LIQUIDITY RISK

The liquidity risk is the risk that existing financial reserves are not sufficient to service the financing of the Group's financial liabilities at maturity. Through its financial planning, the Sixt Leasing Group seeks to ensure that sufficient liquidity is available to pay the due liabilities under both normal and stress conditions

With full redemption of the Core Loan in June 2018 and termination of the Growth Loan in 2018, all financing agreements with Sixt SE have expired. In future, Sixt Leasing Group can no longer benefit from refinancing funds provided by Sixt SE or otherwise secured by Sixt SE.

Refinancing of the Sixt Leasing Group will essentially be dependent on self-financing through operative cash flows or the ability to borrow external funds from financial institutions or on the debt capital markets. With regard to debt financing opportunities, it needs to be considered that the financing behaviour of the financial institutions may change significantly due to the ongoing structural changes which can be observed in the credit industry, for example as a result of higher capital requirements in the credit business or changes in the weighting of risks.

Depending on the development of Sixt Leasing Group's own credit standing, external financing might therefore no longer or only under unfavourable conditions be obtained. In this context, it should be noted that the Sixt Leasing Group currently has no credit rating by an external rating agency. However as common in the leasing industry asset-based financing opportunities (e. g. forfeiting or securitisation of leasing receivables) will be available to Sixt Leasing Group. The Sixt Leasing Group made use of this for the first time in the year 2016 and set-up an asset backed securities (ABS) programme in mid-2016. The leasing and residual value receivables supplied into the ABS programme are refinanced with matching terms through additional swap transactions. Nevertheless, the risk generally remains that an increase in refinancing costs could have a significant impact on the cost basis and that the Group is potentially not able to pass on higher refinancing costs to its customers.

3.6 OPERATIONAL RISKS

Operational risk is the risk of a loss particularly caused by human behaviour, technological failure, inadequate or faulty processes, or by external events. Regulatory, legal and tax related risks are included in this definition of operational risk.

The success of the Sixt Leasing Group's business depends to a high degree on the recognition and reputation of the Sixt brands, trademarks and domain names owned by Sixt SE. These are important preconditions for the growth and success of the Groups' business and for maintaining the Groups' competitiveness. For Sixt Leasing Group's continued use of these brands, trademarks and domains, the Group concluded a non-exclusive License Agreement with Sixt SE in 2015 with an initial term of 25 years.

If Sixt SE were to terminate the agreement for cause or to increase the license fee, or if Sixt Leasing Group were not able to renew such license when the agreement expires after the initial term, this could have a material adverse effect on the Group's ability to market itself to customers and could result in losing market share and customers. In addition, Sixt Leasing Group might incur significant costs to change the Group's signage or brand name.

A complex and high-performance IT system is essential for the implementation of the leasing and fleet management business. Hardware and software-related system faults or system failures can have a significant impact on operational processes and, as a worst-case scenario, even lead to their total breakdown. If new, replacement or supplementary software is introduced, the high level of complexity of the IT system can create increased demands in terms of compatibility with existing systems when it comes to ensuring the smooth progress of operations.

Alongside these internal operational risks there is also the risk of targeted external attacks from criminals aiming at Sixt's IT infrastructure and corporate data inventory (Hacking, DDoS attacks, etc.). To address these risks, the Sixt Leasing Group maintains its own IT department and employs additional IT resources and IT infrastructural means of the Sixt Group, whose task is permanent monitoring, maintenance, continuous development and protection of the Group's IT systems.

The personal skills and knowledge of its employees are an important success factor for the Sixt Leasing Group. If there is an increased rate of fluctuation and a corresponding loss of know-how, this could impact on service quality in leasing operations. The Sixt Leasing Group prevents these risks by increased commitment to basic and advanced training, anchoring personnel development in corporate culture and the use of incentive systems.

The business of the Sixt Leasing Group is associated with a variety of different contracts. This is for the most part only possible using standardised agreements, which have to be reflected within the operational management systems. Even minor wording inaccuracies or changes in the legal framework can therefore have a significant impact on the Company's business. The Sixt Leasing Group counteracts the resulting risks by means of contract management with the involvement of legal experts and wide-ranging system controls.

Further regulatory, legal and tax related risks associated with the operation of a financial service institution are mitigated by a compliance structure in accordance with MaRisk and the corresponding control and prevention mechanisms.

4. ASSESSMENT OF THE OVERALL RISK PROFILE BY THE MANAGING BOARD

Sixt Leasing SE has installed a Group-wide internal control and risk management system for the purpose of proactive identification and active management of any developments at an early stage which could lead to significant losses or jeopardise the continued existence of the Company or the Group. As part of the Group's established risk management system all identified risks are regularly documented, reviewed, analysed and evaluated for their probability of occurrence and potential impact. The Managing Board and the Supervisory Board are informed about the results, so that the necessary countermeasures can be taken if the need arises.

In addition, leasing companies are obligated to meet the qualitative requirements for a proper business organisation pursuant to section 25a of the German Banking Act (KWG), which are substantiated by the minimum requirements for risk management of banks and financial services institutions (MaRisk). In this context, leasing companies have to ensure that they are invested at all times with adequate funds to shoulder the risk they have entered into (principle of risk bearing capacity). The corresponding risk bearing capacity statement is therefore key component of the quarterly risk report of Sixt Leasing SE. According to this statement the unexpected loss from those risks deemed to be material is compared with the risk cover amount available. Risk capacity is given, if the material risk can be continually covered by a corresponding risk cover amount. As of 31 December 2018, Sixt Leasing SE has a risk potential for counterparty default, market price (residual value and interest rate risk), liquidity and operational risk as well as equity investment risk in the amount of EUR 97 million. According to the net asset value approach, the risk potential is offset by a risk coverage potential of EUR 351 million. This results in a coverage of the risks of around 364%.

The overall risk and the risk profile of the Sixt Leasing Group and Sixt Leasing SE are at a comparable level to the previous year's level. At present no risks have been identified which individually or in their entirety could jeopardise the continued existence of the Group or the Company.

5. OPPORTUNITIES REPORT

Opportunities are understood to be possibilities arising from events, developments or actions that allow a company to secure and/or outperform the scheduled targets. It is the operative business field's responsibility to identify and utilise opportunities as part of the corporate strategy.

5.1 MARKET OPPORTUNITIES

Opportunities from general economic developments

The Sixt Leasing Group is highly dependent on general economic conditions in Europe and in particular in Germany. Improving economic conditions can result in a higher corporate investment willingness for fleet vehicles and fleet management services and stronger investment propensity from private and commercial customers for new and used vehicles. This in turn could have a positive effect on the demand for offers and services provided by Sixt Leasing.

The Group operates its business primarily in Germany. Over the last few years German gross domestic production grew continually and affected demand for new vehicles. According to the German Association of the Automotive Industry (VDA - Verband der Automobilindustrie e.V.) around 3.4 million new vehicles were registered in 2018. Despite the supply shortages due to the switch to WLTP, this number was as high as in the record year 2018.

In its plans for fiscal year 2019, the Sixt Leasing Group takes due account of economic analysts' assessments for the business cycle, as the report on outlook outlines. In the event that the economy should develop better than these projections, it could also result in stronger demand for the products and services offered by the Sixt Leasing Group.

Source

Verband der Automobilindustrie e.V. (VDA), press release, 4 January 2019.

Opportunities from a positive leasing business cycle

After the UK, the German leasing market is the second biggest in Europe and has for years been characterised by a stable upward trend. Accordingly, the German Association of Leasing Companies (Bundesverband Deutscher Leasing-Unternehmen e.V. – BDL) registered a 4.5% increase in new business transactions in 2018. Of these, around 77% were generated through vehicle leasing, which also continued to grow with a 3.0% increase. According to the BDL, the companies' order books were well stocked and demand for leasing continues to remain high. In the event that the German leasing market should develop better than expected, it could also result in stronger demand for the products and services offered by the Sixt Leasing Group.

Sources

Bundesverband Deutscher Leasing-Unternehmen e.V. (BDL – German Association of Leasing Companies), press release, 21 November 2018;
Bundesverband Deutscher Leasing-Unternehmen e.V. (BDL), Leasing-Markt 2018, presentation from 21 November 2018.

Opportunities from market changes

Experts are agreed that the market for mobility is set to change significantly in the coming years. Often this transformation is explained with trends such as new mobility, autonomous driving, digitisation, connectivity, alternative drives and online commerce. Leasing providers stand to benefit from these if they go with this change pro-actively. The Sixt Leasing Group is continually developing its product and service portfolio, taking due consideration of future market trends and its customers' interests.

In the opinion of the Roland Berger management consultancy, it is above all the long-term, subscription-based mobility solutions with integrated services that will gain significance ('car-as-a-service'). Accordingly, this market, which is served above all by leasing providers, is set to grow by around 5% by 2025 in the EU-18 countries and reach a volume of around EUR 86 billion by 2025 (2016: EUR 56 billion). The growth drivers the experts are identifying are increasing mobility demands, changing user behaviour ('using instead of owning'), the broad range of services, the trend towards outsourcing as well as increasing fiscal regulations that make ownership of cars less and less attractive for companies. In this context, full-service leasing constitutes a good solution for optimising total costs of ownership of vehicle utilization as well as for compensating the lack of experience in fleet management. This would hold true not only for the traditional corporate customer segment, but in future also more and more for the growing segment with private customers and new mobility service providers.

Source

Roland Berger, Car-as-a-Service Study, January 2018.

5.2 COMPETITIVE OPPORTUNITIES

Growth through brand independence

Sixt Leasing is a vendor-neutral leasing company (non-captive) and thus has key competitive advantages over vendor-tied leasing companies (captive). According to the Deloitte management consultancy, non-captives can provide their customers with better offers because they can forward the manufacturers' rebates they obtain on their purchasing volumes to their customer in the form of particularly attractive conditions. In addition, they have plentiful expertise on the life-cycle of vehicles and the marketing of used vehicles. Furthermore, their business models are highly efficient and are already geared to future customer requirements, such as for example brand-independent full-service leasing and direct marketing. Hence, non-captives are very experienced when it comes to offering customers flexible mobility solution and to developing even more appealing products and services.

Measured by the number of new registrations, Deloitte estimates that the market for non-captives in the EU-5 countries will grow by an average of 2.9% year on year between the years 2017 and 2025. Moreover, the non-captives are likely to pile the pressure on the captives' traditional business model. Accordingly, in the business with private and corporate customers, non-captives stand the chance of seizing an annual average of EUR 42 billion up until 2025 or a quarter of the captives' business volume.

Source
Deloitte, Omnipresence of services & direct sales in auto finance, November 2018.

Growth from 'first mover' approach

For Sixt Leasing, growth opportunities are found above all in online retail leasing. In Germany this market is still very much uncharted territory. According to data from the Porsche subsidiary MHP, the vehicle purchase and/or sales process is currently hardly digitised or available online. However, the trend in that direction is clearly evident, also in Germany, and above all in the leasing sector. Customers' changing purchasing behaviour and the appearance of new actors in the field are forcing the established providers to adjust their previous sales structures. Against this background, a survey conducted by the auditing and consulting company PwC found that nearly 80% of car dealers in Germany expect their roles to change dramatically over the coming five to ten years. A mere 35% of the dealers claim to have the necessary skills and knowledge for online sales. For them the biggest threat to traditional dealerships comes from the manufacturers' direct sales activities (82%), online sales platforms run by third party providers from outside the automotive industry (73%), alternative mobility providers (39%) and the insufficient digitisation of traditional dealers (32%).

By launching its online platform *sixt-neuwagen.de* in 2012 Sixt Leasing positioned itself early on as a provider of new vehicles on the online market for private and commercial customers. The take-over of the online platform *autohaus24.de* in 2016 saw the company expand its leading position still further. This puts Sixt Leasing not only in the position of providing its customers with particularly attractive leasing as well as Vario-financing services. It also allows it to benefit extraordinarily from the development of the online vehicle market and further establish itself ahead of potential competitors as the leading address for online retail leasing, in Germany and possibly in other European countries.

Source
MHP, Online Car Sales, July 2018;
PwC, The Future of Automotive Retail, November 2018.

Accelerated growth through acquisitions

The Sixt Leasing Group pursues the objective of driving forward its foreign expansion primarily through organic growth. In addition, there is also a possibility of accelerating the Group's growth through acquisitions at favourable conditions of other providers or leasing portfolios. To this end, Sixt Leasing is permanently reviewing relevant market opportunities. When examining potential take-over candidates, the Managing and Supervisory Board apply strict criteria regarding earnings situation, risk profile and enterprise culture as well as compatibility with Sixt Leasing's business model.

Growth through internationalisation

The Sixt Leasing Group permanently monitors the expansion of its international presence to unearth new growth potential.

In the Fleet Leasing business field, the Sixt Leasing Group is active in Germany as well as through its own national subsidiaries in France, Switzerland, Austria and the Netherlands. Moreover, Sixt Leasing counts on its collaboration with strong franchise and cooperation partners, with whom it currently maintains a network of around 30 countries. In 2018 Sixt Leasing engaged in a promising test cooperation with Iberofleeting, a vendor-neutral, non-bank provider in Spain and Portugal that has over 20 years of fleet leasing experience. Early 2019, the decision was taken to collaborate over the longer term. Under this cooperation, both companies aim to broker fleet customers to one another.

In its Online Retail business field Sixt Leasing is present in Germany and since 2016 also with a pilot project on the Swiss market. The perspective here is to capitalise on the 'first mover' advantages so as to expand online-based business with private and commercial customers in other countries as well.

In the Fleet Management business unit, the Sixt Leasing Group is active on the German market as well as through its own national subsidiaries in Switzerland, France, Austria and the Netherlands. This business pursues above all the objective of overseeing fleets of its international customers across national boundaries. A key instrument for this is the Sixt Global Reporting Tool, which enables companies to reliably manage and optimise their fleets worldwide. The tool can transparently synchronise information from different countries and sources, allowing for an efficient analysis. This way, Sixt Mobility Consulting can reveal to its customers potential cost savings in individual countries and provide them with optimisation proposals. The increasing spread in the usage of Sixt Global Reporting raises the opportunities of acquiring further international fleet volume from existing customers.

Growth through complementary services

According to Sixt Leasing's own estimates, the trend of taking out complementary services alongside the lease financing of a vehicle gained further traction with customers over the past few years. It is an assessment supported by the forecasts of the Bundesverband Deutscher Leasing-Unternehmen e.V. (BDL – German Association of Leasing Companies). According to the Association's figures, companies are paying great attention to advantages such as cost and planning safety, the development of individual solutions, specialised expertise offered by the service provider, saving their own human resources and the possibility of focusing more on the company's own core business.

According to the BDL, leasing customers expect to be offered additional services that offer them a true added value, especially from vehicle leasing. Within the scope of full-service-leasing the Sixt Leasing Group offers its fleet customers a comprehensive all-in package and assumes all administrative work associated with the fleet. This includes finance leasing, fleet consultation, procurement, registration, maintenance, return of vehicles, drivers' licence checks and online solutions as well as the management of insurance cover, tyres, taxes and fees, tank cards, speeding and parking tickets, damage and third-party vehicles. On top of this, Sixt Leasing is developing incentive models that will allow corporations to improve their appeal on the labour market and to reward committed employees.

According to a study commissioned by the Roland Berger management consultancy, the ‘car-as-a-service’ market is set to grow by over 50% by the year 2025. The reason for this uptake is above all the increasing demand from new mobility providers, such as those coming from the car-sharing and ride-hailing sectors. These enterprises were forcing themselves more and more into the market given the trend towards individual, flexible financing models, where customers pay merely for the usage of the vehicle.

Against this background, the Sixt Leasing Group seeks to increase its share of complementary services in individual fleet business contracts step by step and so raise the profitability of the contract portfolio. This is done because the quantity and quality of services constitute a key differentiating feature on this market. With its decades of know-how and close network of cooperation partners, Sixt Leasing considers itself to be in a good position to benefit from a general upturn in the demand for services.

In the Online Retail business field offering customers such additional service features as tyre and inspection packages or accident and damage management is also gaining traction. In particular, increasing the service ratio here offers the opportunity of raising the profitability of the contract portfolio.

Source

Bundesverband Deutscher Leasingunternehmen e.V. (BDL – German Association of Leasing Companies), Leasing der neuen Generation: Investition plus Service, (A new generation of leasing: investment plus service) https://bdl.leasingverband.de/leasing/leasing-service, accessed on 31 January 2018; Roland Berger, Car-as-a-Service Study, January 2018.

Marketing campaigns and cooperation agreements as growth drivers

In its Online Retail business field, Sixt Leasing uses marketing campaigns to raise the name and awareness of the online platforms *sixt-neuwagen.de* and *autohaus24.de* and increase the number of contracts concluded. Marketing events can be held both in cooperation with a marketing partner or fully independently using the brand name ‘Sixt Neuwagen’.

Thus, at the start of the reporting year Sixt Leasing joined forces with the electricity provider Yello and BMW to market a pre-configured BMW i3. Offered in different branding versions it was available at prices starting at EUR 249 per month as an all-round carefree package complete with insurance cover, taxes, shipping and road registration. From October to December 2018 the 'HotCars' campaign on *sixt-neuwagen.de* offered numerous freely-configurable models from different manufacturers. They were available at especially attractive conditions for up to four weeks.

Implementing wide-reaching advertising and marketing campaigns will also remain a key instrument in future to further accelerate the growth of Sixt Neuwagen and strengthen Sixt Leasing's leading market position in the German online market for new vehicle sales.

Growth through remarketing

The management consultant Roland Berger reckons that the re-marketing of vehicles gives fleet leasing and fleet management providers a significant opportunity to gain a leading position on the used vehicle market. A precondition for their success was that they digitise their business and develop alternative sales channels. According to the experts, in the EU-18 countries the market for three to five-year-old used vehicles is today as large as the market for leasing and fleet management. The volume for 2016 was around EUR 62 billion and was set to grow by 4.2% annually until 2020. At the same time, removing existing barriers is likely to make the market more and more transparent. Fleet leasing and fleet management providers could benefit from this development as they are already the biggest re-sellers within Europe and therefore enjoy a high degree of customer trust. They are also able to offer their clients not only purchase, leasing and rentals but also a wide network of repair and maintenance services. Moreover, the providers also stand the chance to maximise the re-sale value of their vehicles by marketing them across numerous countries.

Remarketing vehicles is an established element in Sixt Leasing's business model and is conducted, among other things, via the Group-owned online B2B auction platform. As part of the strategy programme 'DRIVE>2021' the Company started to connect more and more international dealers to the platform in 2018 to intensify the marketing of used leasing vehicles outside Germany and thereby reduce dependence on the German used vehicle market. The overriding aim of this measure was to improve the Sixt Leasing Group's risk-return profile through pro-active risk management. Marketing used vehicles offers additional growth potential. Because the Company expects the contract portfolio of the Online Retail business field to grow substantially, the number of returned used leasing vehicles to be marketed will also climb substantially in the medium term.

Source

Roland Berger, Car-as-a-Service Study, January 2018.

5.3 OPPORTUNITIES FROM DIGITALISATION

Digitalising services

The digitalisation is of vital importance for the growth of Sixt Leasing, above all in the Online Retail and Fleet Management business fields. Sixt Leasing laid out the groundwork with setting up the online platform *sixt-neuwagen.de* and by introducing attractive digital offers such as the fully digital ordering process and the 'flat rate for the road', which will serve to further digitalise the sale of new vehicles. Moreover, with its digital tools such as the Global Reporting Tool the Company has built up an extensive portfolio of innovative IT solutions for fleet managers. This makes Sixt Leasing ideally prepared for the future developments in these areas.

Increasing significance of the internet as information and sales channel

The vehicle market for private and commercial customers is mainly served by station-tied car dealers with a limited geographic reach. This means, that often they have vehicles from one or a few OEM, which for customers translates into a market with little transparency, as cars, options and prices are hard to compare on site.

Hence, the importance of the internet as a source of information is rising. According to the DAT-Report 2018, 80% of German new car buyers inform themselves online before buying a car. However, the internet is also becoming increasingly relevant as a distribution channel. An international study by the Deloitte management consultancy found that 47% of consumers in the EU are interested in buying their next car online. According to data from the Porsche subsidiary MHP, that share is as high as 66% in Germany. It noted that customers particularly value the convenience, simplicity, flexibility and price advantages of online purchases. Over three-quarters of the customers want to be able to freely configure their vehicle of choice. Around half opt to have online-leasing/financing as their payment method. According to MHP, automotive dealers expect that by 2030, digital sales channels will account for up to 50% of sales. At the same time, the market penetration for online sales of new vehicles is set to grow to 43%, which would constitute a significant gain of 23 percentage points over the figure expected for the year 2020.

This change in user behaviour plays into the hand of the business model of Sixt Leasing, as both *sixt-neuwagen.de* as well as *autohaus24.de* can satisfy these needs all-round. Customers with *sixt-neuwagen.de* for example can browse a particularly wide selection of vehicles, make transparent comparisons of offers, configure the car of their choice and lease it at especially attractive conditions and do all that easily and conveniently via the internet. For the course of fiscal year 2018 Sixt Leasing is planning to implement the through-and-through digital ordering process that was already successfully tested as part of the 'flat rate for the road' and have it on offer in full from *sixt-neuwagen.de.*

Sources
DAT Group (Deutsche Autotreuhand), DAT-Report 2018;
Deloitte, Omnipresence of services & direct sales in auto finance, November 2018;
MHP, Online Car Sales, July 2018.

Individual digital customer service
The international study by the Capgemini management consultancy found that customer expectations for services in the automotive sector had climbed strongly of late. However, manufacturers and contract dealers were only partly able to keep pace with these expectations. For them, the central challenges were digitisation and the increasing complexity of product and service offers available on the market.

Yet, as an integral part of the whole customer experience, customer services can noticeably affect customer loyalty to a brand or a provider and thus also profitability. According to the study, 37% of customers in Germany change manufacturer or dealership when they are unhappy with customer service. Capgemini is of the opinion that the key to satisfactory customer experiences lies in a service tailored to the individual customer and one that can be used over a multitude of different channels.

Sixt Leasing conducts regular customer surveys both in its business with private as well as with commercial customers. The company takes these findings to derive suitable measures for optimising its customer services. Irrespective of this, Sixt Leasing always aims to continually enhance its customer services in the interest of its customers.

Source
Capgemini, Cars Online Trend Study, April 2018.

5.4 OPPORTUNITIES FROM INNOVATIONS

Individualised online and mobile solutions
It is the view of Sixt Leasing that digitisation will expand customer solutions across all business fields.

Fleet Leasing and Fleet Management will see that on top of personal assistance, companies are attaching increasing importance to aspects such as automation, efficiency and process safety. In this context a trend towards outsourcing fleet management services can be observed, as companies are focusing on their core business and at the same time want to make sure that their fleet is optimally managed. For the Online Retail business field, the focus will increasingly be on aspects such as transparency, individuality and convenience.

The Sixt Leasing Group sees itself as one of the industry's innovation leaders and puts great emphasis on the development of modern online and mobile services. In the business with corporate customers, leasing processes will be optimized especially in the form of reporting and apps. These applications, such as the Sixt Global Reporting Tool, allow the Company to meet customer demands for more and more individualised solutions and to identify and leverage optimisation potentials in customer fleets. In its business with private and commercial customers, the leasing process will be facilitated above all through the use of an online configurator and digital ordering steps. Sixt Leasing thus enjoys key advantages over its competitors.

The Group is permanently driving forward its solutions and is working on new digital products to provide optimum customer benefit.

Growth market electric mobility
Electric mobility is gaining more and more importance due to climate change. In Germany the issue is particularly accentuated because of the discussion concerning bans on diesel engines. Not only environmental aspects are being debated but also the growth opportunities for the automotive industry. According to figures from the Roland Berger management consultancy, one million E-vehicles were on the streets in 2017. The number of annual new registrations is set to grow to over 20 million by 2030. Experts think that this also offers opportunities to companies engaged in fleet leasing and fleet management.

In their view, they could extend their offer with new profitable services such as the inspection of batteries as well as consultancy services on integrating electric vehicles into their fleets.

For years now, Sixt Leasing has been assisting and following the developments in electric mobility as it promotes these through cooperating with manufacturers and electric power suppliers. In fiscal 2018, for example, the Company teamed up with the power provider Yello to market an ‘all-in package’ with a BMW i3 as monthly instalment.

In addition, Sixt Leasing has extensive expertise in the selection and deployment of electric vehicles and is capable of giving interested customers competent and in-depth advice. This way existing fleets can be optimised to improve the overall pollutant emissions for example.

Consequently, the Sixt Leasing Group stands to benefit from such additional opportunities as the technological advances with electric vehicles, manufacturer's initiatives to promote this drive type, for example in setting up a nation-wide charging infrastructure, government subsidies as well as increasing corporate interest in optimising their fleets for ecological considerations. These opportunities will be based on the ability of meeting growing demand with all the available electric vehicles and giving customers competent advice in regards of the latest developments and state-of-the-art.

Quelle

Roland Berger, E-mobility Index 2018, August 2018;
Roland Berger, Car-as-a-Service Study, January 2018.

B.7 \\ NON-FINANCIAL DECLARATION IN ACCORDANCE WITH SECTIONS 289B TO E AND 315B AND C OF THE HGB

Pursuant to section 289b (2) and section 315b (2) of the HGB, Sixt Leasing SE is exempt from the obligation to add a non-financial declaration to the management report on the situation of the Group and the Company, as it is included in the non-financial consolidated declaration of Sixt SE, which is contained in the management report on the situation of the Group and the Company for the financial year 2018 of Sixt SE. Information on the sustainability of Sixt Leasing SE can also be found in the chapter 'Sustainability' of this Annual Report.

B.8 \\ DEPENDENT COMPANY REPORT

In accordance with section 17 of the AktG, Sixt Leasing SE is a dependent company of Sixt SE, Pullach. According to article 9 (1) lit. c) (ii) of the SE Regulation, section 49 (1) SEAG in conjunction with section 312 of the AktG, a report is therefore prepared containing the following concluding declaration by the Managing Board:

'According to the facts and circumstances known to the Managing Board at the time legal transactions subject to disclosure requirements were conducted, Sixt Leasing SE received appropriate consideration in each case. Actions subject to disclosure requirements taken or actions omitted did not exist in the period under review.'

B.9 \\ CORPORATE GOVERNANCE DECLARATION IN ACCORDANCE WITH SECTIONS 289F AND 315D OF THE HGB

The corporate governance declaration in accordance with sections 289f and 315d of the HGB is contained in the Annual Report 2018 of Sixt Leasing SE as part of the corporate governance report and is available to the general public online at ***ir.sixt-leasing.com*** under 'Corporate Governance'.

B.10 \\ ADDITIONAL INFORMATION FOR SIXT LEASING SE (PURSUANT TO THE HGB)

Fundamentals and business performance

Sixt Leasing SE has its registered offices in Pullach and is the parent company of the Sixt Leasing Group. It assumes central management tasks and is responsible for the strategic and financial management of the Group. In addition, Sixt Leasing SE is also the operative company for the leasing business within Germany. In this function Sixt Leasing SE is essentially responsible for results of operations, net assets and financial position as well as the opportunities and risks of the Sixt Leasing Group.

The annual financial statements of Sixt Leasing SE are prepared pursuant to (German) commercial law and the legal provisions on stock corporations and serve as the basis for the fiscal year's allocation of the net unappropriated profit to be approved by the Annual General Meeting.

Results of operations, net assets and financial position

In its operative leasing business Sixt Leasing SE generated in 2018 revenue (less leasing expenses) in the amount of EUR 260.9 million (2017: EUR 245.9 million). In addition, the balance between interest income and expense led to a charge of EUR 11.2 million (2017: charge of EUR 14.1 million). This was offset by personnel and administrative expenses in the amount of EUR 51.4 million (2017: EUR 43.4 million) as well as expenditures for depreciation and valuation allowances, above all for lease assets in the amount of EUR 176.5 million (2017: EUR 165.3 million). An impairment loss of EUR 2.0 million was recognised on a receivable from a subsidiary in the fiscal year.

2018 earnings from ordinary activities totalled EUR 24.8 million (2017: EUR 26.4 million). The Company recognises an annual surplus of EUR 17.0 million (2017: EUR 19.7 million) plus a profit carried forward from the previous years and after a transfer to other retained earnings in the amount of EUR 35.4 million (2017: EUR 29.9 million).

As at reporting date 31 December 2018 Sixt Leasing SE's significant assets consisted of lease assets in the amount of EUR 1,115.2 million (2017: EUR 1,127.1 million). Receivables from customers amounted to EUR 39.0 million (2017: EUR 33.9 million) and receivables from banks to EUR 4.2 million (2017: EUR 4.3 million). In addition to these, the Company recognises other assets that are essentially receivables from affiliated companies in the amount of EUR 223.5 million (2017: EUR 280.3 million).

The share capital of Sixt Leasing SE was unchanged and amounted to EUR 20.6 million.

All in all, equity is reported at EUR 201.0 million (2017: EUR 193.9 million).

Significant liabilities are other liabilities in the amount of EUR 529.3 million (2017: EUR 750.7 million). Further to these, the Company has liabilities to banks of EUR 72.6 million (2017: EUR 172.8 million) and securitised liabilities of EUR 500.0 million (2017: EUR 250.0 million).

Opportunities, risks and outlook

As parent company and the operative leasing company, Sixt Leasing SE essentially determines the opportunities and risks of the Sixt Leasing Group. To this extent, the overall assessment in the risk and opportunities report of the Sixt Leasing Group serves a reference. The economic development of the Sixt Leasing Group is likewise significantly determined by Sixt Leasing SE. In line with expectations regarding the development of the Group, Sixt Leasing SE expects earnings before taxes in fiscal year 2019 to be around the previous year’s level.

Investments

As the operative leasing company, Sixt Leasing SE oversees as part of its normal business activities the investments in lease assets, intangible assets and property and equipment. As part of its financing function within the Sixt Leasing Group, Sixt Leasing SE will provide consolidated companies with loans and funds in the form of equity if so required. Potential company start-ups or acquisitions could require investments to be made by Sixt Leasing SE.

Pullach, 27 March 2019

Sixt Leasing SE

The Managing Board

MICHAEL RUHL	BJÖRN WALDOW

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C CONSOLIDATED FINANCIAL STATEMENTS

C \\ CONSOLIDATED FINANCIAL STATEMENTS

C.1 \\ CONSOLIDATED INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME

of Sixt Leasing SE, Pullach, for the year ended 31 December 2018

Consolidated Income Statement in EUR thou.	Notes		2018		2017
Revenue	/4.1/		805,797		743,951
Other operating income	/4.2/		7,760		8,541
Fleet expenses and cost of lease assets	/4.3/		508,048		460,676
Personnel expenses	/4.4/		36,477		33,049
a) Wages and salaries		31,299		28,424	
b) Social security contributions		5,178		4,624	
Other operating expenses	/4.5/		28,201		24,506
Earnings before interest, taxes, depreciation and amortisation (EBITDA)			**240,830**		**234,261**
Depreciation and amortisation expense	/4.6/		197,078		188,312
a) Depreciation of lease assets		195,919		187,568	
b) Depreciation of equipment		255		207	
c) Amortisation of intangible assets		903		537	
Earnings before interest and taxes (EBIT)			**43,752**		**45,949**
Net finance costs	/4.7/		-13,210		-16,238
a) Interest income		325		242	
b) Interest expense		-13,226		-16,507	
c) Other net financial income		-309		27	
Earnings before taxes (EBT)			**30,542**		**29,711**
Income tax expense	/4.8/		8,588		8,817
Consolidated profit	**/4.9/**		**21,954**		**20,893**
Of which attributable to shareholders of Sixt Leasing SE			21,954		20,893
Earnings per share – basic and diluted (in Euro)	/4.10/		1.07		1.01

Consolidated statement of comprehensive income in EUR thou.	Notes	2018	2017
Consolidated profit	/4.9/	21,954	20,893
Other comprehensive income (not recognised in the income statement)		-459	-567
Thereof components that could be reclassified to income statement in the future			
Currency translation gains/losses	/4.20/	386	-774
Change of derivative financial instruments in hedge relationship		-924	
Thereof components that will not be reclassified to income statement in the future			
Remeasurement of defined benefit plans	/4.22/	104	261
Related deferred taxes		-23	-54
Total comprehensive income		**21,495**	**20,326**
Of which attributable to shareholders of Sixt Leasing SE		21,495	20,326

C.2 \\ CONSOLIDATED BALANCE SHEET

of Sixt Leasing SE, Pullach, as at 31 December 2018

Assets in EUR thou.	Notes	**31 Dec. 2018**	31 Dec. 2017
Non-current assets			
Goodwill	/4.11/	1,752	1,746
Intangible assets	/4.12/	7,766	5,943
Equipment	/4.13/	954	797
Lease assets	/4.14/	1,204,419	1,219,209
Financial assets		126	67
Other receivables and assets	/4.17/	1,883	3,240
Deferred tax assets	/4.8/	1,405	1,355
Total non-current assets		**1,218,305**	**1,232,356**
Current assets			
Inventories	/4.15/	50,725	29,972
Trade receivables	/4.16/	80,114	77,043
Receivables from related parties		3,159	2,863
Other receivables and assets	/4.17/	31,515	88,882
Income tax receivables		2,631	5,738
Bank balances	/4.18/	6,243	5,970
Total current assets		**174,386**	**210,468**
Total assets		**1,392,691**	**1,442,824**

Equity and liabilities in EUR thou.	Notes	**31 Dec. 2018**	31 Dec. 2017
Equity			
Subscribed capital	/4.19/	20,612	20,612
Capital reserves		135,045	135,045
Other reserves	/4.20/	61,990	49,444
Minority interests	/4.21/	-893	31
Total equity		**216,753**	**205,132**
Non-current liabilities and provisions			
Provisions for pensions	/4.22/	199	263
Financial liabilities	/4.24/	825,512	587,363
Other liabilities	/4.27/	1,070	103
Deferred tax liabilities	/4.8/	26,786	19,865
Total non-current liabilities and provisions		**853,568**	**607,595**
Current liabilities and provisions			
Other provisions	/4.23/	3,752	3,429
Income tax liabilities		195	146
Financial liabilities	/4.24/	200,591	278,520
Trade payables	/4.26/	53,757	98,623
Liabilities to affiliated companies	/4.25/	3,275	193,901
Other liabilities	/4.27/	60,800	55,478
Total current liabilities and provisions		**322,370**	**630,098**
Total equity and liabilities		**1,392,691**	**1,442,824**

C.3 \\ CONSOLIDATED CASH FLOW STATEMENT

of Sixt Leasing SE, Pullach, for the year ended 31 December 2018

Consolidated cash flow statement			
in EUR thou.	Notes	**2018**	2017
Operating activities			
Consolidated profit	/4.9/	21,954	20,893
Income taxes recognised in income statement	/4.8/	1,738	1,711
Income taxes received / paid (net)		1,418	-5,634
Financial result recognised in income statement[1]	/4.7/	13,249	16,246
Interest received		138	110
Interest paid[2]		-9,372	-13,515
Depreciation and amortisation	/4.5/	197,078	188,312
Income from disposal of fixed assets		-8,041	-10,639
Other (non-)cash expenses and income		29,636	19,252
Gross Cash flow		**247,798**	**216,734**
Proceeds from disposal of lease assets		279,357	231,243
Payments for investments in lease assets		-475,731	-619,181
Change in inventories	/4.15/	-20,753	-74
Change in trade receivables	/4.16/	-3,071	-14,805
Change in trade payables	/4.26/	-44,867	38,446
Change in other net assets		60,867	-49,742
Net cash flows from/used in operating activities		**43,601**	**-197,379**
Investing activities			
Payments for investments in intangible assets and equipment	/4.12/ to /4.13/	-3,138	-2,723
Payments for investments in short-term financial assets		-	-84,998
Proceeds from disposal of short-term financial assets		-	85,000
Net cash flows used in investing activities		**-3,138**	**-2,721**
Financing activities			
Dividends paid		-9,894	-9,894
Proceeds from bonds, borrower's note loans and bank loans	/4.24/	357,183	547,764
Payments made for redemption of borrower's note loans and bank loans	/4.24/	-94,839	-116,660
Proceeds from short-term financial liabilities/ Payments made for short-term financial liabilities[3]	/4.24/	-102,655	81,112
Payments made for redemption of financing from related parties		-190,000	-300,000
Net cash flows used in/from financing activities		**-40,205**	**202,323**
Net change in cash and cash equivalents		**258**	**2,223**
Effect of exchange rate changes on cash and cash equivalents		15	-32
Cash and cash equivalents at 1 Jan.		**5,970**	**3,778**
Cash and cash equivalents at 31 Dec.	/4.18/	**6,243**	**5,970**

1 *Excluding income from investments*
2 *Including interest paid for loans from related parties*
3 *Short-term borrowings with a maturity period of up to three months and quick turnover*

C.4 \\ CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

of Sixt Leasing SE, Pullach, as at 31 December 2018

Consolidated statement of changes in equity	Subscribed capital	Capital reserves	Other reserves			Equity attributable to shareholders of Sixt Leasing SE	Minority interests	Total equity
in EUR thou.			Retained earnings	Currency translation reserve	Other equity			
31 Dec. 2017	**20,612**	**135,045**	**4,456**	**1,188**	**43,800**	**205,101**	**31**	**205,132**
Effects under IFRS 9	-	-	-	-	20	20	-	20
1 Jan. 2018	**20,612**	**135,045**	**4,456**	**1,188**	**43,820**	**205,120**	**31**	**205,151**
Consolidated profit	-	-	-	-	21,954	21,954	-	21,954
Other comprehensive income	-	-	-	386	80	466	-924	-459
Dividends paid	-	-	-	-	-9,894	-9,894	-	-9,894
Transfer to retained earnings	-	-	1,607	-	-1,607	-	-	-
Other changes	-	-	8	-	-8	-	-	-
31 Dec. 2018	**20,612**	**135,045**	**6,071**	**1,573**	**54,346**	**217,647**	**-893**	**216,753**
1 Jan. 2017	**20,612**	**135,045**	**1,126**	**1,962**	**35,924**	**194,668**	**31**	**194,699**
Consolidated profit	-	-	-	-	20,893	20,893	-	20,893
Other comprehensive income	-	-	-	-774	207	-567	-	-567
Dividends paid	-	-	-	-	-9,894	-9,894	-	-9,894
Transfer to retained earnings	-	-	3,318	-	-3,318	-	-	-
Other changes	-	-	12	-	-12	-	-	-
31 Dec. 2017	**20,612**	**135,045**	**4,456**	**1,188**	**43,800**	**205,101**	**31**	**205,132**

See also Notes \4.19\ to \4.21

C.5 \\ NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

of Sixt Leasing SE, Pullach, for the year ended 31 December 2018

1. GENERAL DISCLOSURES

1.1 INFORMATION ABOUT THE COMPANY

Sixt Leasing SE, domiciled in Zugspitzstrasse 1, 82049 Pullach, Germany, is registered in section B of the commercial register at the Munich Local Court (Amtsgericht), under the docket number 227195. The company was founded in 1975 in Munich as 'Central Garagen CG GmbH' and has been trading since 2003 under the name 'Sixt Autoland GmbH' with its registered office in Garching close to Munich. Sixt Group's operative leasing business has been overseen by the 'Sixt Leasing GmbH' since 1988 and after its change of legal form into a stock corporation by the name 'Sixt Leasing AG'. In 2004 'Sixt Leasing AG' merged with the previous 'Sixt Autoland GmbH'. Subsequently 'Sixt Autoland GmbH' changed its legal form to a stock corporation and continued to operate under the name 'Sixt Leasing AG'. The Company floated on the stock market in May 2015. By approval of the Annual General Meeting on 1 June 2016 'Sixt Leasing AG' was transformed by way of changing the legal form according to article 2 (4) in conjunction with article 37 SE-Regulation to 'Sixt Leasing SE'. On 25 July 2016 the Company was registered in the commercial register at the Munich Local Court. The Company has been established for an indefinite period.

In accordance with its Articles of Association, the purpose of the company is: (a) the conduct of leasing operations with regard to motor vehicles and motor vehicle accessories as lessor with a regular contractual term of at least eleven months; (b) the management of motor vehicle fleets and motor vehicle accessories (fleet management); (c) the brokerage of sales and leasing contracts with regard to motor vehicles; and (d) in connection with operations pursuant to (a), (b) or (c), any of the following: (i) the brokerage of insurances, (ii) the trading of goods and the provision and brokerage of goods and services related to motor vehicles except for renting of motor vehicles as well as the brokerage of rent agreements in respect of motor vehicles unless included in (v) below, (iii) the trading of fuel and lubricants for motor vehicles, (iv) the utilisation and trading of motor vehicles, motor vehicle repair parts and motor vehicle accessories and (v) the brokerage of short-term renting agreements in respect of motor vehicles as replacement vehicles for vehicles in repair shops or damaged vehicles or for leased vehicles which have not been delivered after the lease term commenced (Leasingvorabfahrzeuge).

The Company can also establish branches and business premises in Germany and in other countries; establish, acquire or participate in other companies in Germany and in other countries; and manage such companies. The restrictions regarding the Company's business activities also apply to the business activities of subsidiaries and associated companies.

The Company may furthermore pursue its operations fully or partially through subsidiaries or associated companies. The Company is especially entitled to transfer or assign partially or fully its operations to subsidiaries or associated companies. The Company can limit its business activities to one or specific purpose of the aforementioned objects, and also to the activity of a holding company and/or the administration of other own assets.

At the reporting date, the Company's subscribed capital amounted to EUR 20,611,593.00. It is divided into 20,611,593 ordinary bearer shares. All shares are no-par value bearer shares. All shares have been fully paid up.

The largest shareholder is Sixt SE, Pullach, which holds 41.9% of the ordinary shares and voting rights of the subscribed capital as at reporting date. Sixt SE, Pullach, is the parent company of Sixt Leasing SE, Pullach. Parent company of Sixt SE, Pullach, is Erich Sixt Vermögensverwaltung GmbH, Pullach.

1.2 GENERAL DISCLOSURES OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements of Sixt Leasing SE as at 31 December 2018 have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU and the applicable commercial law regulations according to section 315e (1) of the HGB (German Commercial Code).

The consolidated financial statements have been prepared on the historical acquisition and production costs basis. Excluded are certain financial instruments that have been measured at fair value as of reporting date. The appropriate explanations are given in the sections entitled 'Reporting and valuation methods' and 'Additional disclosures on financial instruments'.

The consolidated income statement has been prepared using the total cost (nature of expense) method.

The Group currency of Sixt Leasing SE is the Euro (EUR). Unless specified otherwise the amounts presented in the consolidated financial statements are in 'EUR thousand'. Due to rounding it is possible that individual figures in these consolidated financial statements do not add up exactly to the totals shown. For the same reason, the percentage figures presented may not always exactly reflect the absolute figures to which they relate.

The annual financial statements of Sixt Leasing SE, the consolidated financial statements and the management report on the Group's and the Company's situation are published in the Federal Gazette (Bundesanzeiger).

The Company applied the following new and/or amended standards for the first time in the current fiscal year:

IFRS 15 Revenue from contracts with customers

The Company has applied IFRS 15 Revenue from contracts with customers from 1 January 2018 on the basis of the modified retrospective method. IFRS 15 specifies the amount, timing or period during which revenue from contracts with customers is to be recognised.

IFRS 15 defines a five-step model to determine the realisation of revenue from contracts with customers. This model includes (1) the identification of the contract, (2) identification of the performance obligations in the contract, (3) determination of the transaction price, (4) the allocation of the transaction price to the performance obligations in the contract and (5) the recognition of revenue when the company satisfies a performance obligation.

The Group generates leasing revenue from contractually agreed lease instalments. These do not fall within the scope of IFRS 15 but continue to be recognised according to IAS 17. In addition, the Group generates revenue from contractually agreed service components, as well as revenue from the sale of used leasing vehicles. Service components include services such as online configuration, vehicle maintenance, repair work, fuels, break-down and damage assistance, contract management or the management of fuel cards. Depending on the contractual agreement, individual service components can constitute an independent service obligation or multiple service components together as a bundle of services can constitute a joint service obligation. The corresponding revenue is recognised, over a period of time or at a point in time, as or when the performance obligation is fulfilled and the amount of revenue can be determined reliably. If it has been agreed with the customer that each drawdown of a respective service component will be directly invoiced, revenue is recognised at the specific point in time when the service provision has been completed. With all other contracted agreements (above all lump sum billing and lump sum with final invoicing) revenue is recognised over the specific period of the service component's term, as in this case the customer has continuous access to a usable leasing vehicle and the customer can continuously benefit from the service.

With aforelisted services the Group can also act as agent and merely arranges for the services to be rendered to the customers. In this case, a management fee is recognized rather than revenue for the service arranged by the Group.

The transaction prices are contractually agreed prices for the individual service components and/or the bundled service components. In general, the transaction price does not include any material financing components. Revenues from private customers are generally due immediately, while revenues invoiced to all other customers have in general a payment period of up to 60 days and are recognised under trade receivables until receipt of payment.

As in the previous years, sales revenue is recognised at the time of delivery and transfer of economic ownership to the customer and in the amount of the contractually agreed purchase price. Warranty services provided in connection with the sale of used lease assets cannot be purchased separately. Warranty services continue to be recognised according to IAS 37 Provisions, contingent liabilities and contingent assets and in line with the previous accounting treatment.

Revenue from contracts with customers are recognised under other revenue from leasing business, fleet management revenue as well as sales revenue items.

The first-time application of IFRS 15 as of 1 January 2018 did not have any impact on the net assets, financial position and results of operations of the Group, as the previous accounting procedures were already in line with the new regulations.

IFRS 9 Financial instruments

The Group has applied IFRS 9 Financial instruments from 1 January 2018 on the basis of the modified retrospective method. As a result, the comparative information for previous periods has not been restated, nor were the previous year's disclosure notes.

The new standard includes stipulations for classifying and measuring financial instruments, as well as new rules for hedge accounting and introduces for the first time an impairment model for financial assets on the basis of expected credit losses. The Group applies the simplified impairment model for trade receivables and finance lease receivables, whereby an impairment allowance in the amount of the expected credit losses over the lifetime of the receivables is recognised for all instruments irrespective of their credit quality. In addition, the Company measures its financial assets (investments) for the first time at fair value in accordance with IFRS 9. The firs-time adoption effect was recognised directly in equity, taking deferred taxes into account. Changes in the fair value of financial assets in the subsequent periods are recognised in the consolidated income statement. IFRS 9 largely retained the existing requirements in IAS 39 for financial liabilities. The only significant change relates to liabilities designated under the fair value option. Currently the Group does not have such financial liabilities for which the fair value option has been exercised.

IFRS 9 also introduces new rules for hedge accounting. The revised rules for the accounting of hedge relationships continue to include the three types of hedge accounting that are also available under IAS 39.

The following table reconciles the measurement categories from IAS 39 as at 31 December 2017 to IFRS 9 as at 1 January 2018:

Classification of financial instruments as at 1 January 2018	IAS 39 measurement category	IFRS 9 measurement category
Financial assets		
Financial assets	Available for Sale (AfS)	Fair value through profit or loss
Interest rate and Currency derivatives	Financial Assets Held for Trade (FAHfT)	Fair value through profit or loss
Trade receivables, Receivables from related parties, Other receivables	Loans and Receivables (LaR)	At amortised cost
Financial liabilities		
Bonds, Borrower's note loans, Liabilities to banks, Trade payables, Liabilities to related parties, Other financial liabilities, Financial other liabilities	Financial Liabilities Measured at Amortised Cost (FLAC)	At amortised cost
Interest rate and Currency derivatives	Financial Assets Held for Trade (FAHfT)	Fair value through profit or loss

Adjustment of opening balance sheet values

Apart from the following outlined exceptions the initial adoption of IFRS 9 had no material effects on the Group's net assets, financial position and results of operations.

Assets in EUR thou.	31 Dec. 2017	Effects under IFRS 9	1 Jan. 2018
Non-current assets			
Financial assets	67	20	87

Equity and liabilities in EUR thou.	31 Dec. 2017	Effects under IFRS 9	1 Jan. 2018
Equity			
Other reserves	49,444	20	49,464

Further new and/or amended standards/interpretations are not relevant for the consolidated financial statements of Sixt Leasing SE.

The following new and/or amended standards/interpretations have been ratified by IASB but are not yet mandatory. The Company has not applied these regulations prematurely:

Standard/ Interpretation		Adoption by European Commission	Applicable as at
IFRS 14	Regulatory deferral accounts	No	1 Jan. 2016
IFRS 16	Leases	31Oct. 2017	1 Jan. 2019
IFRS 17	Insurance contracts	No	1 Jan. 2021
Amendments to IFRS 3	Definition of a business	No	1 Jan. 2020
Amendments to IFRS 10 and IAS 28	Sale of contribution of assets between an investor and its associate or joint venture	No	Deferred indefinitely
Amendments to IFRS 9	Prepayments features with negative compensation	22 Mar. 2018	1 Jan. 2019
Amendments to IAS 1 and IAS 8	Definition of materiality	No	1 Jan. 2020
Amendments to IAS 19	Plan amendment, curtailment or settlement	13 Mar. 2019	1 Jan. 2019
Amendments to IAS 28	Long-term interest in associates and joint ventures	8 Feb. 2019	1 Jan. 2019
IFRIC Interpretation 23	Uncertainty over income tax treatments	23 Oct. 2018	1 Jan. 2019
	Amendments to references to the conceptual framework in IFRS standards	No	1 Jan. 2020
	Annual improvements to IFRS standards 2015-2017 cycle	14 Mar. 2019	1 Jan. 2019

IFRS 16 Leases

IFRS 16 Leases contains rules for recognising leases and is mandatory for application for fiscal years beginning on or after 1 January 2019. In principle lessees must recognise for all leases a right-of-use in the underlying asset in their balance sheet as well as a corresponding leasing liability. Lessees with short-term leases of up to one year and no purchase option or with lease assets of low value are granted exemption from this balance sheet recognition. For lessors the rules have remained mainly unchanged compared with the previous IAS 17 leasing standard.

The Sixt Leasing Group generally acts both as lessee and as lessor.

The Sixt Leasing Group leases out assets as operate leases. If under the lease agreement all risk and rewards associated with ownership are substantially transferred to the lessee, the contracts are classified as finance leases.

In accordance with the transition provision the Sixt Leasing Group plans to adopt IFRS 16 using the modified retrospective approach. Therefore comparative information for prior periods will not be restated.

In addition, the Sixt Leasing Group also acts as contractual lessee in lease agreements relating in particular to rental agreements for buildings. In as far as there are no exemptions for short-term leases or low-value assets, the Group will recognise the corresponding rights of use assets and leasing liabilities in accordance with IFRS 16. At the first-time adoption of IFRS 16 right of use assets, will be recognised in the amount of the lease liability. The lease liability are the future lease payments, discounted with the Group's incremental borrowing rate at the time of the adoption. With the adoption of IFRS 16 at 1 January 2019, lease liabilities of around EUR 15.0 million are expected to be recognised in the balance sheet. The expenses from operate lease agreements that previously have been recognised in other operating expenses, will be replaced by straight-line depreciation of right of use assets and interest expenses from the compounding of lease liabilities. As a result of the aforelisted effects, for the financial year 2019 the Group expects earnings before interest, taxes, depreciation and amortisation (EBITDA) to increase by about EUR 2.0 million, depreciation to increase by about EUR 1.9 million and interest expense to increase by about EUR 0.2 million. To the extent that Sixt Leasing is the lessee in finance lease agreements, no material changes are likely to follow compared to the previous leasing standard IAS 17.

The same applies to leases in which Sixt Leasing Group acts as lessor. In this case the application of IFRS 16 is not expected to have any material effects on the consolidated financial statements either.

The current IAS 17 required disclosures are presented in section 5.2 Contingent liabilities and other financial obligations.

No material changes are expected from the application of the other published new and/or amended standards and interpretations. Sixt Leasing Group currently does not expect to apply any of the new and /or amended standards prematurely.

2. CONSOLIDATION

2.1 CONSOLIDATED COMPANIES

The scope of consolidated companies derives from the application of IFRS 10 Consolidated financial statements and IFRS 11 Joint arrangements.

Sixt Leasing SE acts as an operative leasing company and as parent company of the Sixt Leasing Group. Sixt Leasing SE holds 100% shareholdings in the following subsidiaries that are consolidated in the consolidated financial statements:

- autohaus24 GmbH, Pullach/Germany
- Sixt Mobility Consulting GmbH, Pullach/Germany
- SXT Leasing Dienstleistungen GmbH & Co. KG, Rostock/Germany
- Sixt Leasing (Schweiz) AG, Urdorf/Switzerland
- Sixt Mobility Consulting AG, Urdorf/Switzerland
- Sixt Location Longue Durée SARL, Paris/France
- Sixt Leasing G.m.b.H., Vösendorf/Austria
- Sixt Mobility Consulting B.V., Hoofddorp/Netherlands

Additionally, Isar Valley S.A., Luxembourg, in which the Sixt Leasing Group holds an equity interest of 0%, is fully consolidated because of control according to IFRS 10. Control exists because the Sixt Leasing Group has power over the relevant activities of Isar Valley S.A. due to the structure of Isar Valley S.A. and the operating activities of Isar Valley, Luxembourg are dependent on the Sixt Leasing Group. Furthermore, the Sixt Leasing Group is exposed to variable returns from these activities, which it can affect.

The Sixt Leasing Group furthermore holds interests in the following companies, which due to their low operating activities have not been consolidated because of their insignificance in the aggregate for the presentation of a true and fair view of the net assets, financial position and results of operations as well as the cash flows of Sixt Leasing Group. The combined revenue of these companies amounts to less than 1% of consolidated revenue.

List of shareholdings:

Name	Domicile	Equity	Equity interest	Annual result
Sixt Mobility Consulting Österreich GmbH	Vösendorf/Austria	100,076 EUR	100.0%	38,463 EUR
Sixt Mobility Consulting SARL	Rueil-Malmaison/France	-217,068 EUR	100.0%	-35,384 EUR
SXT Leasing Verwaltungs GmbH	Rostock/Germany	25,704 EUR	100.0%	768 EUR

In the fiscal year 2018, the domestic subsidiary Sixt Mobility Consulting GmbH, Pullach, makes use of the simplification provisions with regard to publication provided for in section 264 (3) of the HGB. In accordance with section 264b of the HGB, SXT Leasing Dienstleistungen GmbH & Co. KG, Rostock, is exempt from the duty to prepare and publish annual financial statements under the provisions applicable to corporations.

2.2 CHANGES IN THE SCOPE OF CONSOLIDATION

Since the fiscal year 2017, there have been no changes in the scope of consolidation of Sixt Leasing SE.

2.3 CONSOLIDATION METHODS

The single-entity financial statements included in the consolidated financial statements are uniformly prepared in accordance with the IFRS accounting policies applicable to the Sixt Leasing Group as at the balance sheet date 31 December 2018. Where necessary, the single-entity financial statements of the consolidated companies are adjusted to bring them into line with the accounting policies used within the Group.

Subsidiaries are those companies in which the Group has existing rights that give it the ability to direct their main activities. The main activities are the activities that have a material impact on the profitability of the company. Control thus exists if the Group is exposed to variable returns from the relationship with a company and its power over the relevant activities gives it the opportunity to influence these returns. Generally, the possibility of control is based on a direct or indirect majority of the voting rights by Sixt Leasing SE. Subsidiaries are consolidated from the date on which the possibility of control exists. They are no longer consolidated when this possibility ceases to exist.

Business combinations are performed in accordance with IFRS 3, which requires business combinations to be accounted for using the acquisition method. Assets and liabilities acquired must generally be recognised at fair value. Any excess of the cost of the business combination over the Group's share of the net fair values of the acquiree's assets, liabilities and contingent liabilities is recognised as goodwill and tested for impairment on a regular basis, and at least once a year.

The assets and liabilities from a business combination which are recognised at their fair values are depreciated or amortised over their applicable useful lives. If they have an indefinite useful life, any need to recognise impairment losses is determined using the same method as for goodwill.

Joint ventures are recognised in accordance with the at-equity method pursuant to the regulations in IFRS 11 as well as IAS 28.

Intra-Group transactions are eliminated in the course of consolidation. Significant receivables, liabilities and provisions between consolidated companies are offset against each other, and inter-company profits and losses are eliminated. Intra-Group income is offset against the corresponding expenses.

The results of subsidiaries consolidated for the first time during the year are included in the consolidated income statement from the date of their initial consolidation.

2.4 FOREIGN CURRENCY TRANSLATION

The financial statements of consolidated foreign subsidiaries are translated using the functional currency concept.

The subsidiaries' functional currency is in each case the local currency, as the subsidiaries operate independently in their respective markets. Assets and liabilities are translated at the closing rate, equity at historic rates. Income statement items are translated at the average rates for the year. The resulting difference as against the closing rate is recognised in the other comprehensive income and accumulated in equity as currency translation differences.

Goodwill arising out of the acquisition of a foreign business operation and any fair value adjustments to the identifiable assets and liabilities will be treated as assets and liabilities of the foreign operation and translated at the closing rate. The resulting differences from translation are recognised in the currency translation reserve.

The exchange rates (= EUR 1) applied for currency translation purposes are shown in the table below:

Exchange rates		Closing rate		Average rate
	31 Dec. 2018	31 Dec. 2017	**2018**	2017
Swiss Francs	1.12660	1.16945	1.15150	1.11618

3. REPORTING AND VALUATION METHODS

3.1 INCOME STATEMENT

Revenue

Towards its customers the Sixt Leasing Group acts essentially as lessor for leasing transactions classified as operating leases. At the start of the leasing relationship Sixt Leasing Group checks all necessary criteria under IAS 17 to classify the leasing relationship accordingly. Leasing revenues are recognised ratably over the term of the respective leasing relation. Revenue is measured at the fair value of the consideration received or receivable and equals the amount to be expected for goods and services provided in the course of ordinary operating activities. Revenue amounts generated at the start of the lease as special lease payment, are deferred and recognised in profit and loss on a straight-line basis over the period of the leasing contract term.

Revenue from services, when Sixt Leasing Group is the recipient of the external service, is in general recognised as soon as the service is rendered and the amount of the revenue can be determined reliably.

If during the term of the contract lump sum payments for services are agreed with the customer, the revenue is recognised over the term of the contract. This approach ensures margins are consistently reported and prevents excessive earning fluctuations on reporting dates, which are generally balanced out again over the term of the contract. Proceeds from services and their corresponding expenses are recorded on a gross basis within revenue and fleet expenses and cost of lease assets.

Discounts, bonuses and VAT or other taxes relating to the goods or services provided are deducted from the revenue.

Although most leases are classified as operating leases, the Group also concludes leasing agreements that are classified as finance leases as substantially all risks and rewards incidental to the ownership are transferred to the lessee. Amounts due under finance leases are recognised as receivables at the amount of the Group's net investment in the leases and are subsequently measured applying the effective interest method. Finance lease income is split up into an interest portion and redemption payments on the receivable. Only the interest portion is recognised through profit and loss. The finance income is allocated over the term of the lease on a systematic and rational basis. Lease payments relating to the period are applied against the gross investment in the lease to reduce both the principal and the unearned finance income.

Vehicle sales are recognised when the vehicle is delivered and economic ownership is transferred, the amount of the revenue and the costs still to be incurred can be determined reliably and an incoming benefit to the buyer is probable.

Net finance costs

Interest income and expense presented in net finance costs are recognised on an accrual basis taking into account the outstanding loan amount and the applicable rate of interest. The effective interest method is applied for this.

Derivatives and hedging relationships

The Group designates individual financial instruments, including derivatives, as part of cash flow hedges. Hedge relationships are accounted in accordance with IFRS 9.

The eligibility and details of the hedge relationship between hedged item and hedging instrument as well as the relevant risk management objectives and strategies are documented at the start of hedge accounting. In addition, both at the inception of the hedging relationship and over the course of the relationship, it is regularly documented whether the hedging instrument designated in the hedge relationship meets the requirements for hedge effectiveness.

The effective portion of the change in the fair value of derivatives, which are suitable for cash flow hedges and which have been designated as such, is recognised in other comprehensive income under the item 'Changes of derivative financial instrument in hedge relationship'. The gain or loss from the ineffective portion is recognised immediately in the net finance costs. Amounts recognised in other comprehensive income are transferred to the income statement during the period in which the hedge underlying transaction is also carried through profit or loss. They are recognised in the same item of income statement that also list the underlying transaction. The section titled 'Additional disclosures on financial instruments' provides details on the fair value of the derivatives used for hedging.

Financial accounting of the hedging relationship ends when the hedging instruments expires, is sold or terminated, or the instrument is no longer suitable for hedging. The full amount of gains or losses recognised in other comprehensive income at this point in time and accumulated in equity remains in equity and is only recognised in the income statement when the expected transaction is also recognised in the income statement. Once the forecasted transaction is no longer expected to occur, the cumulative gain or loss recognised in equity is directly transferred to the income statement.

Derivatives are measured on initial recognition at fair value and subsequently at the end of each reporting period they are remeasured to their fair value. The fair value of interest rate derivatives is determined by discounting the expected future cash flows over the remaining term of the contract using the current yield curves. The accounting for subsequent changes in fair value depends on whether the derivative has been designated as a hedging instrument.

As of 1 January 2018 the Group introduced hedge accounting for certain interest rate derivatives, which are reported under the other non-current liabilities. The Group uses these financial instruments to hedge cash flows from variable-rate liabilities under the Asset Backed Securities programme against changes to the underlying interest rate.

The Company determines the economic relationship between the hedged underlying item and the hedging instrument to assess the effectiveness of the hedging, based on the reference interest rate, the term, the variable interest fixing period, the amortisation profile and the due date as well as the notional amount.

The Company assesses the effectiveness of the hedging instrument's compensation for changes in the cash flows of the hedged item by means of the critical terms match method (prospective) and the calculation of ineffectiveness by means of cumulative dollar offset tests under recourse of the hypothetical derivative method (retrospective).

Ineffectiveness can occur mainly in case the market value does not equal zero at the date of designation. In the rare case of unexpected repayments from the asset backed securities programme, the hedging instruments are de-designated accordingly to avoid over-hedging.

Income tax expense

Income tax expense is the aggregate of current tax expense and deferred taxes.

Current tax expense is calculated on the basis of the taxable income for the year. Taxable profit differs from the profit before taxes (EBT) reported in the Group's income statement because it excludes items of income or expense that are taxable or deductible only in later years or that are never taxable or deductible.

Deferred taxes are the tax charges and tax reliefs expected to result from differences between the carrying amounts of assets and liabilities in the consolidated financial statements and their tax base.

In accordance with the balance sheet liability method as defined by IAS 12 Income taxes, deferred taxes are recognised for all temporary taxable differences arising from the deviations in the valuation of assets and liabilities as against the corresponding tax base. Deferred tax assets can only be recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred taxes are measured at the tax rates and taxation laws that are expected to apply to the period when the temporary differences reverse or the tax loss carryforwards are used. Until changes to tax laws are ratified, deferred taxes are measured at current tax rates.

Deferred taxes are recognised in the Group's income statement, except where they relate to items not recognised in the income statement. In this case the deferred taxes are recognised in other comprehensive income or directly in equity. Deferred tax assets and liabilities are offset only where there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same tax authority and when the Group intends to settle its current tax assets and liabilities on a net basis.

3.2 ASSETS

Goodwill

Goodwill resulting from a business combination is carried at cost less any necessary impairment and is presented separately in the consolidated balance sheet. For the purpose of impairment testing, goodwill is allocated to those cash-generating units (or groups) of the Group that are expected to benefit from the synergies of the business combination.

Those cash-generating units, to which a portion of goodwill has been allocated, must be tested for impairment at least annually. If the recoverable amount of a cash-generating unit is smaller than the carrying amount of the unit, the impairment costs is allocated first to the carrying amount of goodwill allocated to the unit and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. The recoverable amount is the higher value from the value in use and the fair value less costs for selling the asset.

Any impairment of goodwill is recognised directly in the income statement. An impairment loss recognised for goodwill shall not be reversed in a subsequent period.

The annual impairment test is based on management's planning of the cash generated unit. The planning assumptions used to determine the value in use are adapted annually to reflect current market conditions and the Company's results of operations. The model used for the impairment test is based on the discounted cash flow method, with a multi-year plan and a growth factor of 1% taken as the basis in deriving a sustainable figure. The discount rates (before taxes and growth discount) used are currently between 6.8% and 7.0% (2017: between 4.2% and 4.3%). The assumptions used for the model are based on external observations. In the opinion of Sixt Leasing, there are no reasonably conceivable change in the underlying assumptions, on which the determination of the recoverable amount is based, that would result in the accumulated carrying amount of the cash-generating unit exceeding its recoverable amount.

Intangible assets

Intangible assets include purchased and internally developed software, as well as any advance payments in respect of intangible assets.

Purchased intangible assets are reported at acquisition cost less accumulated depreciation and impairment losses. Internally generated intangible assets are only capitalised at production cost if the criteria set out in IAS 38 have been met. If the capitalisation criteria have not been met, the expenses are recognised in the income statement in the year in which they are incurred. Intangible assets are amortised on a straight-line basis over a useful life of three to seven years. In accordance with IAS 36, intangible assets whose useful lives cannot be determined or are generally indefinite are tested for impairment on an annual basis and, where necessary, written down to their fair value.

Property and equipment

Property and equipment are carried at cost less straight-line depreciation and recognised impairment. Depreciation is taken so that the acquisition costs of assets are depreciated on a straight-line basis over their expected useful lives. The expected useful lives, residual values and depreciation methods are re-evaluated at the end of each reporting period and all necessary changes in estimates are applied prospectively.

Depreciation is based on the following useful lives, which apply uniformly throughout the Group:

Useful lives	
Operating and office equipment	3 to 11 years

Property and equipment are derecognised either when they are disposed of or when no further economic benefit is to be expected from the continued use of the asset. The resulting gain or loss from the sale or retirement of property or equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Lease assets

The Sixt Leasing Group acts both as lessor and as lessee. In accordance with IAS 17, lease assets are assigned to the lessor (operating leases) or the lessee (finance leases).

Leasing transactions are classified as finance leases, if under the lease agreement all opportunities and risks associated with ownership are essentially transferred to the lessee. All other leasing relations are classified as operating leases.

Assets leased out by the Sixt Leasing Group as lessor under operating leases are carried in the balance sheet at cost less straight-line depreciation considering their calculated residual values. The residual values are based on the buyback value per vehicle type contractually agreed with the suppliers. If no buyback values have been agreed, the residual value is based on the estimated fair value. Estimating the residual values necessitates assumptions regarding the age and mileage of the vehicle at the time of its disposal as well as the expected conditions on the used vehicle market. This results in a market price risk exposure, which is evaluated by the Group periodically by estimating residual values and adjusting depreciation rates. Impairment losses are recognised in individual cases, if the carrying amount, which is based on the originally calculated residual value, exceeds the carrying amount expected prospectively at disposal. In accordance with IAS 17, leased assets are reported within the non-current assets section.

Lease assets that the Sixt Leasing Group has leased out as finance leases are recognised at the present value of the contractually agreed payments as assets under finance lease receivables. Lease payments are apportioned between interest payments and repayments of the leasing receivable, to achieve a constant periodic rate of interest on the receivable. Only the interest portion is recognised through profit or loss.

In accordance with IAS 17, assets leased by the Sixt Leasing Group as lessee under finance leases are recorded in the balance sheet at inception of the lease at the lower of the present value of the minimum lease payments and their fair value. The assets are depreciated to their contractual residual values on a straight-line basis over the respective lease terms. Impairment losses are recognised in the event that an indication of impairment is given. The corresponding liabilities to the lessor are recognised as liabilities arising from future lease payments under financial liabilities. Leasing payments to the lessor are divided up into an interest rate portion and a redemption portion. Only the interest rate portion is recognised in the income statement.

Assets leased as operating leases by the Sixt Leasing Group as lessee are not recognised as Group assets.

The Group reviews the carrying amounts of property and equipment and intangible assets as well as the lease assets at each balance sheet date to determine if there are any indications for an impairment of these assets. If any such indications can be detected, the recoverable amount of the asset is estimated to determine the extent of a possible impairment expense.

Inventories

The item inventories consists to the major part of lease assets intended for sale. These are measured at amortised cost, including incidental costs, and are regularly compared with the estimated net realisable value. If this is lower, an impairment loss is recognised.

Financial assets, other receivables and assets

The financial assets consist of originated loans and receivables, equity instruments, purchased debt instruments, cash and cash equivalents, and derivatives. As of 1 January 2018, the Group accounts and measures financial assets in accordance with IFRS 9. Financial assets are recognised when the Group has a contractual right to receive cash or another financial asset from another party. Purchases and sales of financial assets are generally recognised at the settlement date. Financial assets are initially recognised at fair value plus transaction costs if applicable. Transaction costs incurred for the purchase of financial assets at fair value through profit or loss are recognised immediately in profit or loss. Subsequent measurement is based on the allocation of the financial assets to the categories according to IFRS 9.

The Group classifies its financial assets in the following measurement categories: at fair value, with changes recognised either through profit or loss or through other comprehensive income and at amortised cost.

Financial assets that are held for collection of contractual cash flows and those cash flows represent solely payments of principal and interest are measured at amortised cost using the effective interest method. Trade receivables, financial receivables and loans reported in other assets, as well as cash and cash equivalents are assigned to this measurement category.

Interest income from items in this category is calculated using the effective interest method unless the receivables are short-term and the effect of interest accumulation is immaterial.

Assets that are held for collection of contractual cash flows and for sale, and whose cash flows represent solely payments of principal and interest are measured at fair value through other comprehensive income. These are, in particular, debt instruments not held to maturity. Changes in the fair value are recognised in other comprehensive income. Changes in fair value are only recognised in profit or loss when the instrument is disposed of. Interest income from these financial assets is included in the net finance costs using the effective interest rate method. At present, the Group does not report any debt instruments that are not held to maturity.

Assets, that are not measured at amortised cost or at fair value through other comprehensive income, are measured at fair value through profit or loss. Equity instruments and receivables from derivatives reported in other financial assets are assigned to this category. Changes in the fair value are recognised in profit or loss. The gain or loss resulting from the measurement of derivative financial instruments is immediately recognised in profit or loss, unless the derivative is designated and effective as hedging instrument in a hedging relationship (hedge accounting). In this case, the timing of the recognition in the income statement of the measurement results depends on the type of hedging relationship.

Financial assets, with the exception of financial assets at fair value through profit or loss, are assessed at each reporting date on the basis of expected credit losses. The impairment method applied depends on whether there has been a significant increase in credit risks. For trade receivables, receivables from insurances and finance lease receivables, the Group applies the simplified approach, whereby an impairment allowance in the amount of expected credit losses over the lifetime of the receivables is recognised for all instruments irrespective of their credit quality.

Some categories of financial assets, such as trade receivables, are tested for impairment on a portfolio basis. The portfolio-based assessment is carried out by grouping together assets with similar risk characteristics, such as customer group, customer creditworthiness and transaction type to determine an impairment provision reflecting the expected probability of default.

When assessing the portfolio-based impairment, the Group uses in addition to management expectations, the historical information on the timing of recoveries and defaults, and makes necessary adjustments to reflect current and expected future economic conditions that may affect the defaults.

In the case of financial assets measured at amortised cost, the impairment loss corresponds to the difference between the carrying amount of the asset and the net present value of expected future cash flows determined on the basis of the original effective interest rate of the asset.

An impairment of the affected financial assets is recognised in an impairment account (allowance account). Changes in the carrying amount of the impairment account are recognised in the income statement.

When the Group considers that there are no realistic prospects of recovering the asset, the relevant amount is written-off.

The Group also derecognises a financial asset if the contractual rights to cash flows from the financial asset expire or the financial asset and practically all the opportunities and risks associated with the financial asset are transferred to a third party.

The Group has applied IFRS 9 retrospectively and has elected not to restate comparative information for previous periods. As a result, the comparative information provided continues to be presented in accordance with the Group's previous accounting policy.

Up to 31 December 2017, the Group classified its financial assets in the following categories in accordance with IAS 39: financial assets at fair value through profit or loss comprising financial assets held for trading (FAHfT), loans and receivables (LaR), held-to-maturity investments (FAHtM) and available-for-sale financial assets (AfS).

3.3 EQUITY AND LIABILITIES

Equity

Equity includes other comprehensive income resulting from exchange rate differences of consolidated entities, for which the functional currency differs from the currency of the Group and actuarial gains or losses from the remeasurement of defined benefit pension plans.

Share-based payments

The Sixt Leasing Group grants its employees an equity participation programme for settlement with equity instruments (Matching Stock Programme – MSP). Under the MSP, Sixt Leasing Group is obliged towards its employees to settle the share-based payments with equity instruments of Sixt SE once the underlying vesting and market conditions are met. Consequently, the MSP is classified as cash-settled share-based payment transaction in the consolidated financial statements of Sixt Leasing Group.

For cash-settled share-based payment transactions a liability is recognised and when incurred measured at the fair value of the liability. Until the liability is settled, the fair value of the liability is remeasured at the end of each reporting period and at the date of settlement, with any changes in fair value recognised in the income statement.

Provisions for pensions
Provisions for pensions are measured using the projected unit credit method. The measurement is based on actuarial valuations relying on financial and demographic assumptions. The assumptions are reviewed for appropriateness at each balance sheet date.

The amount recognised as provisions for pensions in the consolidated balance sheet is the current net liability of the defined benefit plans of the Group. Service costs are recognised in personnel expenses within the consolidated income statement, while net interest income is recognised as part of the finance costs. Remeasurements of the defined benefit obligation, net of tax are recognised in other equity. These amounts recognised in other equity are not recognised in the income statement in the future.

Provisions
Adequate provisions are recognised for potential obligations to third parties if these are attributable to a past event, if utilisation is more likely than not and a reliable estimate can be made of the probable amount of the obligation. Such liabilities are only carried as provisions if their amount is uncertain and payment to settle the obligation is probable. The measurements are made with the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties inherent in the obligation. Where a provision is measured on the basis of the estimated cash flows for meeting the obligation, these cash flows are discounted if the impact on interest is significant.

Financial liabilities
Financial liabilities are measured on initial recognition at their fair value and subsequently – with the exception of derivative financial instruments and contingent consideration resulting from a business combination, which are measured at fair value – according to the effective interest method at amortised costs less directly attributable transaction costs, where applicable. Leasing payments for liabilities to the lessor are divided up into an interest portion and a redemption portion. Only the interest portion is recognised as expense within the net finance costs.

3.4 ESTIMATION UNCERTAINTIES AND DISCRETIONARY DECISIONS

In preparing the consolidated financial statements, it is often necessary to make estimates and assumptions that affect both the items reported in the consolidated balance sheet and the consolidated income statement, as well as in the disclosures contained in the notes to the consolidated financial statements. The amounts actually realised may differ from the reported amounts. Changes are recognised in the income statement on the date at which an improved knowledge is gained.

The estimates and assumptions made are outlined in the disclosures on the individual items. The areas in which amounts are most significantly affected are the following:

Goodwill is measured on the basis of expected developments and estimated parameters, property and equipment is measured on the basis of the estimated useful lives of the assets. Lease assets are measured based on the estimated useful lives of the vehicles and taking into account the expected residual value of the vehicle, lease assets intended for sale are measured on the estimation of the expected net realisable value. Valuation allowances are charged on receivables based on an assessment of the expected credit risks, which are based on management expectations. Derivatives are valued using a calculation model based on yield curves obtained from a market data platform. The need for provisions is determined using the best estimate of the most probable settlement amount of the present obligation at the balance sheet date. Provisions for pensions are based on actuarial valuations derived from financial and demographic assumptions.

4. EXPLANATIONS AND DISCLOSURES ON INDIVIDUAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

4.1 INCOME STATEMENT

\4.1\ *Revenue* is broken down as follows:

Revenue		Germany		Abroad		Total	Change
in EUR thou.	**2018**	2017	**2018**	2017	**2018**	2017	in %
Leasing Business Unit							
Leasing revenue (finance rate)	210,356	198,918	24,814	28,660	235,170	227,578	3.3
Other revenue from leasing business	172,282	159,739	18,147	19,287	190,429	179,027	6.4
Sales revenue	259,847	206,852	19,510	24,391	279,357	231,243	20.8
Total	**642,485**	**565,510**	**62,471**	**72,338**	**704,957**	**637,848**	**10.5**
Fleet Management Business Unit							
Fleet management revenue	41,965	35,972	12,894	11,779	54,859	47,751	14.9
Sales revenue	45,981	58,352	-	-	45,981	58,352	-21.2
Total	**87,946**	**94,324**	**12,894**	**11,779**	**100,840**	**106,103**	**-5.0**
Group total	**730,431**	**659,833**	**75,366**	**84,117**	**805,797**	**743,951**	**8.3**

The Sixt Leasing Group is divided into the two segments, Leasing and Fleet Management. These business units form the basis of segment reporting. The main activities are broken down as follows:

Business segments	
Leasing	Vehicle leasing including additional services for companies as well as for private individuals and sale of lease assets
Fleet Management	Fleet management services and sale of used customer vehicles

Leasing revenue (finance rate), other revenue from leasing business and fleet management revenue are together described as 'operating revenue'. Sales revenue are not included in this item.

In the Leasing business unit, operating revenue comprises income from contractually agreed lease instalments, as well as revenue relating to service components such as repairs, fuel, tires, etc., revenue from the settlement of accident claims and franchise fees.

The leasing segment in general sells its vehicles directly and therefore repots all proceeds from the sale of used vehicles under sales revenue.

In the Fleet Management business unit fleet management revenue comprises revenue relating to service components, contractual service fees and revenue from settlement of accident claims. Additionally, the Fleet Management segment reports revenue from the sale of used vehicles bought from customers.

Revenues of the Sixt Leasing Group include compensation payments from third parties totalling EUR 10,346 thousand (2017: EUR 8,182 thousand).

\4.2\ *Other operating income* in the amount of EUR 7,760 thousand (2017: EUR 8,541 thousand) include income of EUR 2,203 thousand (2017: EUR 3,937 thousand) from currency translation. The corresponding expenses from currency translation are included within other operating expenses. The item also includes income of EUR 58 thousand (2017: EUR 75 thousand) from payments of previously derecognised receivables, income of EUR 117 thousand (2017: EUR 385 thousand) from forwarding costs to third parties, income of EUR 232 thousand (2017: EUR 299 thousand) from reversal of provisions and income of EUR 3,015 thousand (2017: EUR 1,681 thousand) from capitalised cost.

\4.3\ ***Fleet expenses and cost of lease assets*** are broken down as follows:

Fleet expenses and cost of lease assets in EUR thou.	**2018**	2017	Change in %
Selling expenses	316,669	277,474	14.1
Expenses from write-downs on lease assets intended for sale	4,067	7,497	-45.8
Fuel	76,267	69,195	10.2
Repair, maintenance and reconditioning	72,314	66,933	8.0
Insurance	8,709	9,470	-8.0
External rent expenses	6,231	5,395	15.5
Vehicle licenses	3,870	3,637	6.4
Transportation	5,282	5,367	-1.6
Taxes and dues	3,202	3,208	-0.2
Radio license fees	1,664	1,618	2.9
Vehicle return expenses	3,062	3,206	-4.5
Other expenses	6,711	7,677	-12.6
Group total	**508,048**	**460,676**	**10.3**

\4.4\ ***Personnel expenses*** increased from EUR 33,049 thousand the year before to EUR 36,477 thousand in the year under review, especially due to the increase in the number of employees as a result of the sales growth and the Group's further growth plans. Social security contributions mainly include the employer contributions to statutory insurance schemes and the expenses for the defined contribution as well as defined benefit pension plans. Expenses for defined contribution pension plans in the amount of EUR 2,269 thousand (2017: EUR 2,016 thousand) primarily result from the statutory German pension insurance. Expenses for defined benefit plans are included in the amount of EUR 98 thousand (2017: EUR 118 thousand).

Personnel expenses in EUR thou.	**2018**	2017	Change in %
Wages and salaries	31,299	28,424	10.1
Social security contributions	5,178	4,624	12.0
Group total	**36,477**	**33,049**	**10.4**

Average number of employees during the year:

Employees in the Group	2018	2017
Female employees	272	261
Male employees	319	286
Group total	**591**	**547**

The Leasing business unit employed 541 (2017: 502) members of staff and the Fleet Management business unit 50 (2017: 45) members of staff.

\4.5\ The following table contains a breakdown of ***other operating expenses***:

Other operating expenses in EUR thou.	2018	2017	Change in %
Rental expenses for business premises	2,274	1,690	34.6
Other selling and marketing expenses	4,560	3,534	29.1
Expenses from write-downs of receivables	4,682	2,338	>100
Audit, legal, advisory costs, and investor relations expenses	3,313	2,005	65.2
Other personnel services	3,204	3,709	-13.6
IT expenses	4,439	3,785	17.3
Expenses for foreign currency translation	2,050	3,989	-48.6
Miscellaneous expenses	3,679	3,456	6.4
Group total	**28,201**	**24,506**	**15.1**

The item rental expenses for buildings includes expenses from operating leases in the amount of EUR 1,750 thousand (2017: EUR 1,172 thousand).The consolidated financial statements of Sixt Leasing SE recognise as operating expense in the amount of EUR 243 thousand (2017: EUR 237 thousand) the fees for the auditors of the consolidated financial statements. The fees break down into audit costs (EUR 114 thousand, 2017: EUR 119 thousand), other assurance services (EUR 80 thousand, 2017: EUR 62 thousand) mainly for comfort letters and an audit of the ABS program and tax consultancy services (EUR 15 thousand, 2017: EUR 19 thousand), and other services (EUR 34 thousand, 2017: EUR 37 thousand) mainly IT advisory that were provided for the parent or subsidiary companies.

\4.6\ ***Expenses for depreciation and amortisation*** in the financial year are explained in more details below:

Depreciation and amortisation in EUR thou.	2018	2017	Change in %
Lease assets	195,919	187,568	4.5
Equipment	255	207	23.1
Intangible assets	903	537	68.2
Group total	**197,078**	**188,312**	**4.7**

The depreciation of lease assets has increased over the prior year's level to EUR 195,919 thousand (EUR 187,568 thousand), mainly due to the increase in the average level of leased assets in the fiscal year 2018.

\4.7\ ***Net finance costs*** have improved year-on-year from EUR -16,238 thousand to EUR -13,210 thousand, mainly due to the ongoing restructuring of the Group financing.

The following table contains a breakdown of the net finance cost:

Net finance costs		
in EUR thou.	**2018**	2017
Other interest and similar income	318	235
Other interest and similar income from related parties	8	8
Interest and similar expenses	-10,360	-6,211
Interest and similar expenses for related parties	-2,866	-10,296
Other net financial result	-309	27
Group total	**-13,210**	**-16,238**

The other net financial result mainly consits of the expense from the realisation of derivatives, as well as the ineffective portion of the hedging relationships.

\4.8\ ***Income tax expense*** comprises the following:

Income tax expense			Change
in EUR thou.	**2018**	2017	in %
Current income tax for the reporting period	1,738	1,711	1.6
Deferred taxes	6,850	7,107	-3.6
Group total	**8,588**	**8,817**	**-2.6**

The current income tax expense for the financial year 2018 of EUR 1,738 thousand (2017: EUR 1,711 thousand) includes tax expense from previous years in the amount of EUR 1,133 thousand (2017: tax income of EUR 981 thousand).

The following tax reconciliation explains the relationship between the expected and effective tax expense reported. The expected tax expense results from the application of an income tax rate of 26.0% (2017: 25.7%) to consolidated profit for the period (before taxes) in accordance with IFRS. The income tax rate is made up of corporation tax at 15% (2017: 15%), a solidarity surcharge of 5.5% (2017: 5.5%) as well as trade tax at 10.2% (2017: 9.9%).

Reconciliation of taxes		
in EUR thou.	**2018**	2017
Consolidated profit before taxes in accordance with IFRS	30,542	29,711
Expected income tax expense	7,941	7,636
Effect of different tax rates outside Germany	-49	58
Changes in permanent differences	60	10
Changes in impairments	34	1,254
Non-deductible operating expenses	114	131
Tax-exempt income	-69	-13
Income taxes from other periods (current and deferred)	357	-99
Change in tax rates	150	-116
Other effects	50	-44
Reported tax expense	**8,588**	**8,817**

As at 31 December 2018, deferred tax without impact on the income statement amounted to EUR -38 thousand (2017: EUR -14 thousand). The change compared to the previous year amounts to EUR -24 thousand (2017: EUR -54 thousand).

Deferred tax recognised in the income statement has developed as follows:

Deferred taxes		
in EUR thou.	**2018**	2017
From temporary differences	9,160	5,629
From loss carryforwards	-2,310	1,478
Group total	**6,850**	**7,107**

The following overview outlines the sources of the deferred tax assets and liabilities:

Deferred taxes	Deferred tax assets		Deferred tax liabilities	
in EUR thou.	**31 Dec. 2018**	31 Dec. 2017	**31 Dec. 2018**	31 Dec. 2017
Lease assets	737	800	24,664	18,039
Receivables	63	110	607	597
Other assets	1,847	1,869	3,890	2,214
Other liabilities	333	141	2,876	1,946
Tax loss carryforwards	3,677	1,367	-	-
	6,657	**4,286**	**32,037**	**22,795**
Offsetting	5,251	2,930	5,251	2,930
Group total	**1,405**	**1,355**	**26,786**	**19,865**

Deferred tax assets and deferred tax liabilities are offset, if the Group has a legally enforceable right to set off the current income tax assets against current income tax liabilities and they relate to income taxes levied by the same tax authority.

On the unused corporate tax losses carried-forward of EUR 21,234 thousand (2017: EUR 13,027 thousand) no deferred tax assets were recognised in respect of EUR 7,760 thousand (2017: EUR 7,559 thousand) and on the unused trade tax losses carried-forward of EUR 17,903 thousand (2017: EUR 10,233 thousand) no deferred tax assets were recognised for EUR 4,716 thousand (2017: EUR 4,847 thousand). The loss carry-forwards for which deferred tax assets have been recognised are expected to be used during the five-year planning period. The losses may be carried forward indefinitely.

The development of deferred tax liabilities on lease assets has resulted from the increasing difference between the IFRS carrying amount and the tax base value.

Temporary differences in relation to shares in subsidiaries of the Group for which no deferred tax liabilities has been recognised in the reporting periods presented, amount to a total of EUR 988 thousand (2017: EUR 845 thousand).

\4.9\ The ***consolidated profit*** amounts to EUR 21,954 thousand (2017: EUR 20,893 thousand). As in the previous year minority interests are not to be considered.

In the previous year a dividend of EUR 0.48 per ordinary share was paid. This corresponds to a total distribution to shareholders in the amount of EUR 9,894 thousand, recognised in the financial year.

The dividend proposal for the financial year 2018 is a dividend of EUR 0.48 per ordinary share. This corresponds to an estimated total distribution of EUR 9,894 thousand for the year under review. The proposed dividend is dependent upon a corresponding resolution being passed by the Annual General Meeting and was not recognised as a liability in the consolidated financial statements.

\4.10\ *Earnings per share* are as follows:

Earnings per share		2018	2017
Consolidated profit	in EUR thou.	21,954	20,893
Profit attributable to shareholders of Sixt Leasing SE	in EUR thou.	21,954	20,893
Weighted average number of shares		20,611,593	20,611,593
Earnings per share – basic and diluted	in EUR	1.07	1.01

The basic earnings per share is determined by dividing the parent's share of earnings after taxes to the weighted average number of shares during the current financial year. Diluted earnings per share is calculated on the basis of conversion of all dilutive instruments into ordinary shares.

There were no financial instruments outstanding over the financial year that could cause dilutive effects. Therefore the diluted earnings per share correspond in the amount to the basic earnings per share.

4.2 BALANCE SHEET

Assets

\4.11\ to \4.14\ The changes in the Group's *non-current assets* (without financial assets) are shown below:

Consolidated statement of changes in non-current assets	Acquisition and production costs					
in EUR thou.	1 Jan. 2018	Foreign exchange differences	Additions	Disposals	Transfers	**31 Dec. 2018**
Goodwill	**1,746**	**6**	**-**	**-**	**-**	**1,752**
Purchased software	3,474	-	-	-	-	3,474
Internally developed software	1,251	-	1,411	-	2,868	5,530
Payments on account of software	5,125	-	1,316	-	-2,868	3,572
Intangible assets	**9,850**	**-**	**2,726**	**-**	**-**	**12,576**
Operating and office equipment	2,030	6	411	-	-	2,447
Equipment	**2,030**	**6**	**411**	**-**	**-**	**2,447**
Lease assets	**1,414,795**	**2,476**	**475,731**	**465,138**	**-**	**1,427,864**
Total	**1,428,422**	**2,487**	**478,868**	**465,138**	**-**	**1,444,639**

Consolidated statement of changes in non-current assets	Acquisition and production costs					
in EUR thou.	1 Jan. 2017	Foreign exchange differences	Additions	Disposals	Transfers	31 Dec. 2017
Goodwill	**1,760**	**-13**	**-**	**-**	**-**	**1,746**
Purchased software	3,471	-	4	-	-	3,474
Internally developed software	1,018	-	-	-	232	1,251
Payments on account of software	3,229	-	2,128	-	-232	5,125
Intangible assets	**7,718**	**-**	**2,132**	**-**	**-**	**9,850**
Operating and office equipment	1,478	-13	591	25	-	2,030
Equipment	**1,478**	**-13**	**591**	**25**	**-**	**2,030**
Lease assets	**1,206,448**	**-6,862**	**619,181**	**403,972**	**-**	**1,414,795**
Total	**1,217,403**	**-6,888**	**621,903**	**403,996**	**-**	**1,428,422**

	Depreciation/Amortisation					Carrying amounts	
	1 Jan. 2018	Foreign exchange differences	Depreciation/ Amortisation in the financial year	Disposals	**31 Dec. 2018**	**31 Dec. 2018**	31 Dec. 2017
	-	**-**	**-**	**-**	**-**	**1,752**	**1,746**
	3,355	-	99	-	3,454	20	119
	552	-	804	-	1,356	4,173	699
	-	-	-	-	-	3,572	5,125
	3,907	**-**	**903**	**-**	**4,810**	**7,766**	**5,943**
	1,234	4	255	-	1,493	954	797
	1,234	**4**	**255**	**-**	**1,493**	**954**	**797**
	195,587	**750**	**195,919**	**168,812**	**223,444**	**1,204,419**	**1,219,209**
	200,728	**754**	**197,078**	**168,812**	**229,748**	**1,214,891**	**1,227,694**

	Depreciation/Amortisation					Carrying amounts	
	1 Jan. 2017	Foreign exchange differences	Depreciation/ Amortisation in the financial year	Disposals	31 Dec. 2017	31 Dec. 2017	31 Dec. 2016
	-	**-**	**-**	**-**	**-**	**1,746**	**1,760**
	3,114	-	241	-	3,355	119	356
	256	-	296	-	552	699	763
	-	-	-	-	-	5,125	3,229
	3,370	**-**	**537**	**-**	**3,907**	**5,943**	**4,348**
	1,058	-8	207	24	1,234	797	419
	1,058	**-8**	**207**	**24**	**1,234**	**797**	**419**
	185,648	**-2,212**	**187,568**	**175,418**	**195,587**	**1,219,209**	**1,020,800**
	190,077	**-2,220**	**188,312**	**175,441**	**200,728**	**1,227,694**	**1,027,327**

\4.11\ ***Goodwill*** amounting to EUR 1,752 thousand (2017: EUR 1,746 thousand) resulted from the acquisition of autohaus24 GmbH, Pullach, and Sixt Mobility Consulting AG, Urdorf, in 2016. As in the previous year, no impairment losses were recognised in the financial year.

\4.12\ ***Intangible assets*** include internally developed software amounting to EUR 4,173 thousand (2017: EUR 699 thousand) and purchased software amounting to EUR 20 thousand (2017: EUR 119 thousand). It also includes advance payments in respect of internally developed software amounting to EUR 3,572 thousand (2017: EUR 5,125 thousand).

\4.13\ The item ***equipment*** includes operating and office equipment (mainly IT systems, fixtures and fittings and office equipment) in the amount of EUR 954 thousand (2017: EUR 797 thousand).

\4.14\ ***Lease assets*** decreased to EUR 1,204.4 million (2017: EUR 1,219.2 million). The Sixt Leasing Group as lessor primarily leases out vehicles of various brands, mainly under full-service lease agreements. Of the future minimum lease payments under operating leases totalling EUR 405 million (2017: EUR 413 million) payments of EUR 202 million (2017: EUR 198 million) are due within one year, payments of EUR 203 million (2017: EUR 215 million) are due in one to five years and payments of EUR 0.1 million (2017: EUR 0.1 million) are due in more than five years. The amounts stated contain only the lease instalments without service components. The fixed-term agreements usually contain agreements on the vehicles' mileage. The resulting contingent lease payments recognised as income in the current financial year amounted to EUR 0.4 million (2017: EUR 1.1 million). In addition to these, the Group estimated calculated residual values covered by buyback agreements in the amount of EUR 332 million (2017: EUR 368 million) and further calculated residual values not covered by third parties in the amount of EUR 601 million (2017: EUR 556 million). Impairment losses of EUR 0.6 million were recognised on lease assets in the year under review.

Lease assets of EUR 56.7 million (2017: EUR 150.1 million) are pledged as collateral to banks.

Certain lease vehicles are refinanced under finance lease agreements having the same maturities as the lease vehicles. These agreements are structured in a way that the refinanced vehicles in the amount of EUR 14.7 million remain attributable to the Group (2017: EUR 13.4 million). The agreements have a residual value of up to three years and provide for full amortisation. The obligations under the leases are presented under financial liabilities.

\4.15\ ***Inventories*** consist mainly of lease assets intended for sale in the amount of EUR 50,725 thousand (2017: EUR 29,972 thousand).

\4.16\ ***Trade receivables*** result almost exclusively from services invoiced in the course of leasing and fleet management business and from vehicle deliveries. Valuation allowances were recognised for expected credit losses.

\4.17\ ***Other receivables and assets*** can be broken down as follows:

Other receivables and assets		
in EUR thou.	**31 Dec. 2018**	31 Dec. 2017
Financial other receivables and assets		
Finance lease receivables	3,676	4,425
Miscellaneous assets	10,957	10,567
Non-financial other receivables and assets		
Other tax receivables	580	8,658
Insurance claims	11,781	8,782
Deferred expense	5,366	5,140
Claims for vehicle deliveries	1,037	54,550
Group total	**33,398**	**92,122**
thereof current	31,515	88,882
thereof non-current	1,883	3,240

The finance lease receivables result from lease agreements with customers that are classified as finance leases. The interest rate implicit in the leases is fixed at the inception of the lease for the entire term. The agreements partly contain put options on the part of the Group as lessor. As in the previous year, the valuation allowance on finance lease receivables amounted to EUR 0,1 million in total. Further details are shown below:

Finance lease receivables	Gross investment		Present value of outstanding minimum lease payments	
in EUR thou.	**31 Dec. 2018**	31 Dec. 2017	**31 Dec. 2018**	31 Dec. 2017
Due in one to five years	1,870	3,051	1,753	2,743
Due within one year	2,182	1,978	1,923	1,682
Unrealised finance income	375	604	-	-

\4.18\ ***Bank balances*** of EUR 6,243 thousand (2017: EUR 5,970 thousand) include short-term deposits at banks with terms of up to one month. The item corresponds to the cash and cash equivalents item in the consolidated cash flow statement.

Equity and liabilities

The Sixt Leasing Group's ***equity*** increased year-on-year to a total of EUR 216,753 thousand (2017: EUR 205,132 thousand). Therein, the subscribed capital of Sixt Leasing SE amounted unchanged to EUR 20,612 thousand.

\4.19\ Subscribed capital of Sixt Leasing SE

Share capital	No-par value shares	Nominal value in EUR	No-par value shares	Nominal value in EUR
		31 Dec. 2018		31 Dec. 2017
Ordinary shares	20,611,593	20,611,593	20,611,593	20,611,593
Total	**20,611,593**	**20,611,593**	**20,611,593**	**20,611,593**

The subscribed capital is composed of ordinary bearer shares. The shares are no-par value shares with a notional interest in the share capital of EUR 1.00 per share. The share capital is fully paid up.

Authorised capital

The Managing Board is authorised to increase the share capital on one or more occasions in the period up to and including 31 May 2021, with the consent of the Supervisory Board, by up to a maximum of EUR 6,183,477 by issuing new no-par value bearer shares against cash and/or non-cash contributions (Authorised Capital 2016). The Managing Board is authorised, with the consent of the Supervisory Board, to stipulate the further details of the pre-emptive rights and the terms and conditions of the share issue. The new share dividend rights can also be arranged otherwise than stipulated in section 60 (2) AktG. In particular, the new shares can also carry dividend rights from the beginning of the financial year preceding their issue, if the Annual General Meeting has not adopted a resolution on the appropriation of the profit for the financial year in question at the time the new shares are issued.

In general, shareholders are granted statutory subscription rights to the new shares. The subscription right can also be arranged in full or in part as indirect subscription right in accordance with section 186 (5) sentence 1 AktG.

However, the Managing Board is authorised, with the consent of the Supervisory Board, to exclude the subscription rights of the shareholders, in full or in part, in accordance with the following provisions:

a) The Managing Board is authorised, with the consent of the Supervisory Board, to exclude fractional amounts from the subscription right of shareholders and also to exclude the subscription right of shareholders if necessary, in order to grant holders and/or creditors of conversion or option rights and/or holders and/or creditors of bonds with conversion exercise obligations or convertible profit participation certificates which have been or will be issued by the company or a domestic or foreign enterprise, in which the company directly or indirectly has a majority of voting rights and capital interest, a subscription right to the extent they would be entitled to after exercising the conversion or option rights and/or after meeting the conversion or option obligations.
b) In the event of a capital increase against cash contributions, the Managing Board is furthermore authorised, with the consent of the Supervisory Board, to exclude the subscription right of shareholders in accordance with section 186 (3) sentence 4 AktG, if the issue price of the new shares is not materially lower than the quoted stock exchange price of existing listed shares and the shares issued on the basis of this authorisation to exclude the subscription right do not exceed a total of 10% of the share capital, either at the effective date or at the date of the utilisation of the authorisation. This 10% limitation also applies to own shares issued or sold during the term of this authorisation pursuant to another authorisation or pursuant to section 186 (3) sentence 4 AktG under exclusion of the subscription right; furthermore it applies to shares that are issued and/or are to be issued so as to serve conversion or option rights and/or to meet conversion or option obligations from conversion or option bonds or conversion profit participation certificates, to the extent that the bonds or certificates are issued during the term of this authorisation in corresponding application of section 186 (3) sentence 4 AktG and under exclusion of the subscription right.
c) The Managing Board is finally authorised, with the consent of the Supervisory Board, to exclude the shareholders' subscription right in case of capital increases against non-cash contributions in kind, in particular for the purpose of acquiring companies, parts of companies, or investments in companies, as part of business combinations and/or to acquire other assets including rights and claims.

On the basis of the Authorised Capital 2016, the Managing Board is also authorised, with the consent of the Supervisory Board, to issue new shares against non-cash contributions in kind for the purpose of (directly or indirectly) acquiring loan repayment and/or interest claims against the company arising from shareholder loans that have been or will be granted to the company by Sixt SE (Munich Local Court; HRB 206738) (in each case 'Shareholder Loan Claims'). In this case shareholders are generally granted the statutory subscription right to the new shares. The subscription right is to be granted in such form, that the new shares are offered to the shareholders for subscription against cash payment of the subscription price, while Sixt SE (or a third party who acquired the Shareholder Loan Claims) shall be entitled to pay all or part of the subscription price for the new subscribed shares, either against cash payment or through a contribution in kind of the Shareholder Loan Claims. This shall not affect the authorisation to a partial exclusion of subscription rights in accordance with lit. a). Details hereof are to be determined by the Managing Board with the consent of the Supervisory Board. The non-cash contribution in kind may also be effected in full or in part by transferring to the company all ownership interests in a German or foreign special purpose company, all of the assets of which are substantially the Shareholder Loan Claims. To the extent that the subscription price is paid as a non-cash contribution in kind pursuant to the aforelisted provisions, the value of the contribution in kind must be at least equal to the subscription price. The value of the contribution in kind must be assessed by a valuation report by an audit firm fulfilling the legal requirements of section 205 (5) in combination with section 33 (4) no. 2 and (5) of the AktG.

Taken together, the notional amount in the share capital attributable to the new shares, for which the subscription right of the shareholders is excluded on account of the authorisation of the Authorised Capital 2016, may not exceed 20% of the share capital either at the time when the authorisation takes effect nor at the time of its exercise.

This limitation also applies to new and existing shares, that are issued or sold during the term of this authorisation pursuant to another authorisation under exclusion of the subscription rights; furthermore it applies to new shares that are issued and/or are to be issued so as to serve conversion or option rights and/or to meet conversion or option obligations from conversion or option bonds or conversion profit participation certificates, to the extent that the bonds or certificates are issued during the term of this authorisation pursuant to another authorisation under exclusion of the subscription right.

Conditional capital

By resolution of the Annual General Meeting of 1 June 2016 the Managing Board is authorised, on one or more occasions in the period up to and including 31 May 2021 and with the consent of the Supervisory Board, to issue convertible and/or bonds with warrants registered in the name of the holder and/or bearer of up to a maximum of EUR 200,000,000 with a fixed or open-ended term and grant conversion or option rights to the holders and/or creditors of convertible bonds to acquire a total of up to 4,122,318 new ordinary bearer shares in Sixt Leasing SE. The bonds can be issued against cash and/or non-cash contributions. The issue can be effected by a German or foreign company in which Sixt Leasing SE is directly or indirectly invested with a majority of votes and capital. In this case, the Managing Board is authorised on behalf of the issuing company, in which it has a majority interest, to take on the guarantee for repayment of the convertible and/or bond with warrants and the other payment obligations associated with the convertible and/or bond with warrants and to grant the bearers and/or creditors of such convertible and/or bond with warrants conversion or option rights for shares in Sixt Leasing SE.

By resolution of the Annual General Meeting of 1 June 2016, the company's share capital is conditionally increased by up to EUR 4,122,318 (Conditional Capital 2016). The conditional capital increase serves to grant shares to the holders or creditors of convertible bonds and holders of option rights from bonds with warrants, which were issued up to and including 31 May 2021 on the basis of the resolution passed by the Annual General Meeting of 1 June 2016 (Authorisation 2016), by the company or a German or foreign subsidiary in which the company directly or indirectly holds a majority of voting rights and capital. The conditional capital increase is only to be effected insofar as the conversion or option rights from the aforelisted bonds are actually exercised or the conversion obligations from such bonds are fulfilled and no other form of settlement is being used. The new shares will be issued at the option and/or conversion price to be determined in accordance with the Authorisation 2016. The new shares are entitled to take part in the company's profit as of the beginning of the fiscal year in which the conversion and/or option rights were exercised or in which the conversion obligations were fulfilled. The Managing Board is authorised to determine further details for implementing the conditional capital increase.

By resolution of the Annual General Meeting of 29 June 2017 the Managing Board was authorised, as specified in the proposed resolution, to issue until 28 June 2020 up to 1,000,000 subscription rights for up to a maximum of 1,000,000 no-par value bearer shares, in one or multiple tranches, to members of the Managing Board and executives below the Managing Board level as well as members of the governing boards of subsidiaries. As far as this affects Managing Board members, only the Supervisory Board shall be authorized accordingly.

The total volume of subscription rights is apportioned to a maximum of 500,000 subscription rights to members of the Company's Managing Board and a maximum of 500,000 subscription rights to selected Company executives below the Managing Board and members of the management of subsidiaries. Each subscription right entitles the owner to subscribe to one no-par value bearer share of the Company against payment of the exercise price and carries a term of seven years. The Company can settle the subscription rights by granting the entitled beneficiaries either treasury shares or a cash payment instead of new shares out of the conditional capital. If the entitled beneficiaries are members of the Company's Managing Board this decision is taken at the sole discretion of the Supervisory Board. So far, no use has been made of the authorization to issue the subscription rights.

In this context the Company's share capital is conditionally increased by up to EUR 1,000,000 through issuance of up to 1,000,000 new no-par value bearer shares (Conditional Capital 2017). The conditional capital increase serves to service the stock option programme 2017 and only in so far, as subscription rights are issued under the stock option programme 2017 and the owners of the subscription rights use their exercise right.

Treasury shares

By resolution of the Annual General Meeting of 8 April 2015 the Managing Board, with the consent of the Supervisory Board, was authorised to purchase the Company's own shares through 7 April 2020, up to a total of 10% of the Company's share capital at the time of the adoption or, if the respective amount is lower, of the utilisation of this authorisation. This authorisation has not yet been exercised as of the reporting date.

\4.20\ Retained earnings

Retained earnings		
in EUR thou.	**2018**	2017
Balance as at 1 Jan.	4,456	1,126
Transfer to retained earnings	1,607	3,318
Other changes	8	12
Balance as at 31 Dec.	**6,071**	**4,456**

\4.20\ Currency translation reserve

Currency translation reserve		
in EUR thou.	**2018**	2017
Balance as at 1 Jan.	1,188	1,962
Differences arising from the translation of the financial statements of foreign subsidiaries	386	-774
Balance as at 31 Dec.	**1,573**	**1,188**

\4.20\ Other equity

Other equity in EUR thou.	2018	2017
Ending balance prior year	43,800	35,924
Effects under IFRS 9	20	-
Balance as at 1 Jan.	43,820	35,924
Consolidated profit	21,954	20,893
Dividends paid	-9,894	-9,894
Other comprehensive income	80	207
Transfer to retained earnings	-1,607	-3,318
Other changes	-8	-12
Balance as at 31 Dec.	**54,346**	**43,800**

Other equity mainly includes the consolidated unappropriated profit and the revaluation reserve from the initial transition to IFRS accounting.

\4.21\ ***Minority interests*** relate to the subscribed capital of Isar Valley S.A., Luxembourg, in which Sixt Leasing Group has a capital interest of 0%. Minority interest has decreased in the year under review from EUR 31 thousand to EUR -893 thousand due to the effective portion of the hedging relationship recognised in the other comprehensive income.

Liabilities and provisions

\4.22\ ***Provisions for pensions*** amount to EUR 199 thousand (2017: EUR 263 thousand).

Pension schemes in the Sixt Leasing Group contain mainly defined contribution pension plans under statutory pension insurance. In Switzerland each employer is required by law to provide post-employment benefits schemes against the economic risks of retirement, death and invalidity to entitled employees. Therefore Sixt Leasing offers its Swiss employees funded defined benefit plans, which are managed by an external pension fund. The pension fund is responsible for the investment policy and asset management, as well as for all changes in the plan conditions and the determination of contributions to finance the benefits. In case of underfunding the pension fund can raise additional contributions from employers and employees.

The valuation of the provisions for pensions relies on actuarial reports. The reports use the following actuarial assumptions:

Actuarial assumptions in %	2018	2017
Discount rate	0.9	0.7
Assumed salary increase	0.5	0.5
Assumed pension increase	-	-
Mortality table	BVG 2015 GT	BVG 2015 GT

The following table shows the development of the defined benefit pension plan:

Development of defined benefit pension plans	Defined benefit obligations (DBO)		Fair value of plan assets		Net balance of defined benefit obligations	
in EUR thou.	**2018**	2017	**2018**	2017	**2018**	2017
Balance as at 1 Jan.	1,329	2,054	1,066	1,540	263	515
Additions for previous years	-	-	-	-	-	-
Current service costs	98	118	-	-	98	118
Net interest costs of defined benefit obligations	8	10	6	8	2	3
Expenses recognised in the consolidated income statement	**106**	**128**	**6**	**8**	**99**	**121**
Gain/loss on plan assets	-	-	-49	38	49	-38
Actuarial gains/losses						
Experience gains/losses	-133	-208	-	-	-133	-208
Changes in demographic assumptions	-	-	-	-	-	-
Changes in financial assumptions	-20	-15	-	-	-20	-15
Remeasurement for defined benefit obligations recognised in other comprehensive income	**-152**	**-224**	**-49**	**38**	**-104**	**-261**
Employer contributions	-	-	68	78	-68	-78
Plan participants' contributions	68	78	68	78	-	-
Benefits paid	-493	-564	-493	-564	-	-
Foreign currency translation effects	40	-144	32	-111	8	-33
Other reconciling items	**-384**	**-630**	**-324**	**-519**	**-60**	**-111**
Balance as at 31 Dec.	**898**	**1,329**	**699**	**1,066**	**199**	**263**

The weighted average duration of the defined benefit obligation was around 19 years (2017: 18 years). Employer contributions expected to be paid for defined benefit obligations in fiscal year 2019 amount to EUR 69 thousand.

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The pension scheme is provided through an external pension fund, which manages the plan assets. As at balance sheet date, the plan assets are attributable to other assets without quoted market prices.

Sensitivity analysis

The sensitivity analysis assumes in each case a parallel shift of half a percentage point.

This would result in the changes of values of the reported defined benefit obligations presented in the following table:

Sensitivity analysis of defined benefit obligations	Changes in the defined benefit obligations		Changes in the defined benefit obligations	
in EUR thou.		**2018**		2017
	+0.5 percentage points	-0.5 percentage points	+0.5 percentage points	-0.5 percentage points
Discount rate	-37	46	-60	71
Assumed salary increase	5	-8	7	-8
Assumed pension increase	25	-24	48	-46

The decrease/increase of the life expectancy in the assumptions by one year respectively would result in a change of the defined benefit obligations by EUR -9 thousand / EUR 11 thousand (2017: EUR -21 thousand / EUR 25 thousand).

\4.23\ The obligations reported in the financial year under ***other provisions*** are expected to be settled within one year. They consist mainly of personnel and warranty provisions.

Other provisions			
in EUR thou.	Personnel	Miscellaneous	**Total**
Balance as at 1 Jan.	2,881	548	3,429
Additions	3,153	539	3,692
Reversals	-99	-132	-232
Utilised	-2,728	-413	-3,141
Foreign exchange differences	4	-	4
Balance as at 31 Dec.	**3,210**	**542**	**3,752**

\4.24\ ***Financial liabilities*** comprise liabilities from issued borrower's note loans, bonds, bank loans as well as liabilities from an asset backed securities programme and finance lease liabilities for refinancing the lease assets.

Financial liabilities	Residual term of up to 1 year		Residual term of 1 to 5 years	
in EUR thou.	**31 Dec. 2018**	31 Dec. 2017	**31 Dec. 2018**	31 Dec. 2017
Borrower's note loans	-	-	29,912	29,857
Bonds	-	-	495,515	247,516
Liabilities to banks	191,163	273,142	289,150	298,672
Finance lease liabilities	3,987	2,415	10,935	11,317
Other liabilities	5,442	2,964	-	-
Group total	**200,591**	**278,520**	**825,512**	**587,363**

In fiscal year 2016 non-current borrower's note loans were issued in two tranches with a total nominal value of EUR 30 million. The interest is variable for one tranche and fixed for the other tranche. The liabilities are unsecured and have a maturity of four years.

The bonds include a EUR 250 million unsecured bond issued on the capital market in January 2017 with a nominal interest rate of 1.125% p.a. and a maturity of four years. Furthermore, it includes a EUR 250 million unsecured bond issued on the capital market in May 2018 with a nominal interest rate of 1.50% p.a. and a maturity of four years.

Liabilities to banks, reported as at 31 December 2018, with a residual term of one to five years, result from an asset backed securities programme, which the Sixt Leasing Group has set up to refinance leasing contracts. The programme comprises a financing volume of EUR 500 million. Under the programme variable interest rate liabilities are taken out, which are redeemable based on the amortisation schedule of the lease contract portfolio.

The loans are recognised initially at fair value, less directly attributable transaction costs. Subsequent measurement is carried out at amortised cost using the effective interest method. To mitigate interest rate risks the company concluded interest rate swap agreements over the amortisation period of the related lease contract portfolio.

Liabilities to banks, with a residual term of up to one year, include short-term borrowings at variable interest rates taken out by utilising the credit lines available to the Group, as well as the current portion of liabilities from the asset backed securities programme. The liabilities to banks have been secured by transferring ownership of assets. Other liabilities consist mainly of accrued interest.

The following table shows the finance lease liabilities entered into to refinance the lease assets:

Finance lease liabilities	Gross investment		Present value of outstanding minimum lease payments	
in EUR thou.	**31 Dec. 2018**	31 Dec. 2017	**31 Dec. 2018**	31 Dec. 2017
Due in one to five years	11,022	11,556	10,935	11,317
Due within one year	4,085	2,436	3,987	2,415
Unrealised finance portions	185	260	-	-

The interest rate underlying the contracts is fixed at inception of the contract for the entire term. The agreements contain fixed final instalments and provide for full amortisation.

The Group's obligations under finance leases are secured by way of the financing partner's right of retention in respect of the leased assets. The minimum lease payments are offset by corresponding payments from customers under subleases.

The reconciliation of current and non-current financial liabilities is outlined below:

Reconciliation of financial liabilities		
in EUR thou.	**2018**	2017
Balance as at 1 Jan.	865,883	353,727
Net change in cash flows	159,688	512,216
Other non-cash movements	532	-60
Balance as at 31 Dec.	**1,026,104**	**865,883**

\4.25\ The ***liabilities to related parties*** reported in the previous year resulted mainly from the Core Loan provided by Sixt SE under the Financing Agreement, which was fully repaid in 2018. The Core Loan had a fixed interest rates and was secured through the pledge of assets as collateral.

\4.26\ ***Trade payables*** comprise current liabilities arising from deliveries to the Group, mainly from the purchase of vehicles for the lease fleet, and other purchases in the course of operating activities.

\4.27\ ***Other liabilities*** are broken down as follows:

Other liabilities in EUR thou.	**31 Dec. 2018**	31 Dec. 2017
Financial other liabilities		
Interest rate swap	919	-
Payroll liabilities	59	102
Miscellaneous liabilities	13,959	12,036
Non-financial other liabilities		
Deferred income	38,465	41,595
Tax liabilities	8,467	1,848
Group total	**61,870**	**55,581**
thereof current	60,800	55,478
thereof non-current	1,070	103

Miscellaneous liabilities include among others customer-security deposits in the amount of EUR 7,555 thousand (2017: EUR 6,705 thousand).

Deferred income relates mostly to the deferral of income from advance payments by lessees.

4.3 ADDITIONAL DISCLOSURES ON FINANCIAL INSTRUMENTS

The following table shows the carrying amounts and fair values of the individual financial assets and liabilities for each single category of financial instrument. The fair value of financial assets and liabilities that are not regularly measured at fair value, but for which the fair value is to be specified, are assigned in the following table to the measurement levels of the fair value hierarchy according to IFRS 13.

Financial instruments	IFRS 9 measurement	Measurement basis for fair value	Carrying amount		Fair value	
in EUR thou.	category[1]		**31 Dec. 2018**	31 Dec. 2017	**31 Dec. 2018**	31 Dec. 2017
Non-current assets						
Financial assets	FVTPL	Level 3	126	67	126	67
Finance lease receivables	IAS 17		1,753	2,743	1,797	2,833
Interest rate derivatives	FVTPL	Level 2	44	399	44	399
Other receivables	AC		85	98		
Total			**2,009**	**3,307**	**1,967**	**3,299**
Current assets						
Finance lease receivables	IAS 17		1,923	1,682	1,992	1,748
Currency derivatives	FVTPL	Level 2	23	-	23	-
Trade receivables	AC		80,114	77,043		
Receivables from related parties	AC		3,159	2,863		
Other receivables	AC		10,805	10,070		
Total			**96,023**	**91,658**	**2,015**	**1,748**
Non-current liabilities						
Borrower's note loans	AC	Level 2	29,912	29,857	30,066	30,463
Bonds	AC	Level 2	495,515	247,516	496,303	255,592
Liabilities to banks	AC	Level 2	289,150	298,672	286,101	296,435
Finance lease liabilities	IAS 17		10,935	11,317	10,771	11,429
Interest rate derivatives	Hedge Accounting	Level 2	919	-	919	-
Other liabilities	AC		151	103		
Total			**826,582**	**587,466**	**824,159**	**593,919**
Current liabilities						
Liabilities to banks	AC	Level 2	191,163	273,142	192,467	274,952
Finance lease liabilities	IAS 17		3,987	2,415	4,062	2,432
Liabilities to related parties	AC	Level 2	3,275	193,901	3,275	196,701
Currency derivatives	FVTPL	Level 2	-	103	-	103
Other financial liabilities	AC		5,442	2,964		
Trade payables	AC		53,757	98,623		
Financial other liabilities	AC		13,868	11,933		
Total			**271,491**	**583,080**	**199,805**	**474,189**

1 *FVTPL - Fair value through profit or loss, AC - At amortised cost*

The financial instruments in above table are classified into three levels depending on the measurement basis. Level 1 measurements are based on prices quoted in active markets. Level 2 measurements are based on parameters other than quoted prices that are observable either directly as prices or are indirectly derived from prices. Level 3 measurements are based on models that use parameters that are not based on observable market data, but rather on assumptions.

There have been no transfers between the individual measurement levels.

Due to factors that change in the course of time, the reported fair values can only be regarded as indicative of the values actually realisable on the market. The fair values of the financial instruments were calculated on the basis of market data available at the balance sheet date and the methods and assumptions described below.

For all current financial instruments it was assumed that the carrying amount (amortised cost) is a reasonable approximation of fair value unless not specified otherwise in the table.

The fair values of the finance lease receivables reported as assets and the borrower's note loans, bonds, finance lease liabilities, liabilities to banks and liabilities to related parties reported as liabilities were calculated as the present values of the future expected cash flows. Standard market interest rates of between 1.0% p.a. and 3.2% p.a. (2017: between 0.3% p.a. and 1.6% p.a.) based on the respective maturities were used for discounting.

Finance lease receivables and liabilities are measured in accordance with IAS 17.

In the year under review, financial assets are allocated to the FVTPL measurement category and are valued on the basis of the net assets value. The net gain recognised in profit or loss resulted from the fair value measurement amounts to EUR 39 thousand (2017: EUR - thousand). At present there is no intention to dispose these equity instruments.

Net gains from financial assets on the AC measurement category (measured at amortised cost) amount to EUR 58 thousand (2017: EUR 75 thousand) and relate to income from payments received on receivables previously written off.

As in the previous year, there were no net gains or losses in the financial year on financial liabilities measured at amortised cost (AC measurement category).

Total interest income from financial assets not measured at fair value through profit or loss amounts to EUR 325 thousand (2017: EUR 242 thousand). This includes interest income from finance lease in the amount of EUR 268 thousand (2017: EUR 217 thousand). Total interest expense on financial liabilities not measured at fair value through profit or loss amounts to EUR 13,226 thousand (2017: EUR 16,507 thousand). This includes interest expense from payments of interest derivatives in a hedging relationship in the amount of EUR 693 thousand (2017: EUR - thousand).

The interest rate and currency derivatives are subsequently measured at fair value (level 2 measurement). As at balance sheet date, assets from interest rate derivatives amounted to EUR 44 thousand (2017: EUR 399 thousand). Financial liabilities from interest rate derivatives amounted to EUR 919 thousand (2017: EUR - thousand). The assets from interest rate derivatives were not in a cash flow hedge relationship in the previous year. All in all, a volume of EUR 443 million (2017: EUR 432 million) is hedged with interest rate derivatives carrying fixed interest rates between -0.5% p.a. and 0.0% p.a. (2017: between -0.5% p.a. and -0.1% p.a.) and remaining term of up to six years (2017: five years). Of these, EUR 437 million (2017: EUR - million) are in a cash flow hedge relationship according to IFRS 9. The variable interest rate is based on the 1-monthly Euribor.

As at 31 December 2018, the Company held interest rate derivatives to hedge interest payment flows (interest rate risk). The following table presents the impact of the hedging instruments on the amount, timing and uncertainty of future cash flows and the effects of the recognition of hedging instruments on the financial statements.

Profile of timing in EUR thou.	**31 Dec. 2018**	31 Dec. 2019	31 Dec. 2020	31 Dec. 2021	31 Dec. 2022	31 Dec. 2023	31 Dec. 2024
Nominal amount of the hedging instrument	437,449	287,681	133,996	36,700	1,760	8	7
Average of fixed interest rate	-0,192%	-0,157%	-0,119%	-0,097%	-0,066%	-0,186%	-0,186%

Amounts of designated hedging instruments in balance sheet and hedging ineffectiveness			**31 Dec. 2018**			**Fiscal year 2018**
in EUR thou.	Nominal amount	Carrying amount of liability	Balance sheet line item	Changes in value recognized in other comprehensive income	Losses from ineffectiveness recognised in profit or loss	Profit or loss line item for ineffectiveness
	437,449	919	Other non-current liabilities	-924	393	Net finance costs

Sensitivity analysis

The sensitivity analysis assumes a parallel shift in the yield curves of +100/-100 basis points for variable-rate financial liabilities. Taking into account the existing interest rate derivatives this would result in changes in equity and profit and loss by the amounts shown below. This analysis assumes that all other variables remain constant and does not include any tax effects.

Interest rate sensitivity	Effect on profit and loss Change in the yield curves		Effect on equity Change in the yield curves	
in EUR thou.	+100 basis points	-100 basis points	+100 basis points	-100 basis points
31 Dec. 2018	-45	-	-45	-
31 Dec. 2017	-1,470	1,470	-1,470	1,470

The sensitivity analysis for the reported interest rate derivatives assumes a parallel shift in the yield curves of +100/-100 basis points. This would result in a change in the reported fair values (other non-current assets/other non-current liabilities) of EUR 7,187 thousand / EUR -7,102 thousand (2017: EUR 7,065 thousand / EUR -7,331 thousand).

The sensitivity for the reported currency derivatives assumes a change in the EUR exchange rate of +10/-10 percentage points. The reported values as at 31 December 2018 (other current assets/other current liabilities) would then change by EUR 3,227 thousand / EUR -3,995 thousand (2017: EUR 3,336 thousand / EUR -4,081 thousand).

All in all, given aforelisted changes to valuations from interest rate and currency exchange risks, this would result in a change in equity, profit and loss and other comprehensive income in the amounts shown in the following table:

Sensitivity of interest and exchange rate risks in EUR thou.	Effect on profit and loss Change in exchange rates and yield curves		Effect on other comprehensive income Change in exchange rates and yield curves		Effect on equity Change in exchange rates and yield curves	
31 Dec. 2018	3,473	-4,062	6,895	-7,036	10,369	-11,097
31 Dec. 2017	8,931	-9,942	-	-	8,931	-9,942

Financial risk management and hedging

The Sixt Leasing Group is exposed to the following financial risks, which are addressed through the risk management system that has been implemented.

With effect from 30 June 2018, the fully or in parts outsourcing of treasury and internal audit functions to Sixt SE respectively Sixt SE's subsidiaries has been terminated. Since then, these activities have been performed by Sixt Leasing SE on its own.

Sixt Leasing SE has implemented an internal control and risk management system throughout the Group designed to identify at an early stage all developments that can lead to significant losses or endanger the existence of the Company or of the Group. Efficient tools ensure that risks are centrally and decentrally identified, evaluated and managed swiftly. The risk management system covers all activities for the systematic handling of potential risks, starting with risk identification and documentation, analysis and assessment through to the management and monitoring of material risks. It is defined by a formal process that firmly integrates all relevant Group divisions and segments. The risk management system installed thereby registers the relevant individual risks.

The internal audit department, which since 30 June 2018 is no longer outsourced to Sixt GmbH & Co. Autovermietung KG, monitors and evaluates the efficiency of the risk management system.

Moreover, risk management is handled in accordance with the principle of segregation of duties and monitoring. Financial risks are thereby identified, evaluated and secured in collaboration with the operating units. Management has prepared a written risk management manual and has defined guidelines for certain areas such as interest rate risks, counterparty default risks, residual value risks and liquidity risks.

Interest rate risk

Interest rate risk arises from the Group's operating activities. Changes in prevailing interest rates impact the profitability of the Group's leasing business, as the interest rates underlying the lease instalments are set for the term of the lease at the beginning of the lease agreement. In its dealings with corporate customers, the Group generally tries to counter such interest rate risk by including interest escalation clauses in individual framework agreements that apply to all new leasing contracts concluded under such framework agreements. In addition, the interest rate risk is kept to a minimum by borrowing funds with matching maturities.

The Sixt Leasing Group is also exposed to risk arising from variable interest rate liabilities. The Group is exposed to the interest rate risk resulting from lease contracts being based on fixed interest rates and external financing partly being based on floating interest rates. Differences between fixed interest rates under lease contracts and floating interest rates paid for borrowed funds create a risk of wider spreads between financial revenues and financial costs which, if negative, may lead to losses on the Group's lease contracts.

While the Sixt Leasing Group enters into derivative contracts to hedge its interest rate exposure, there can be no guarantee that such hedge will be effective or that losses will be completely avoided.

Increased costs of borrowings may have a material impact on the Group's cost base, which the Group may not be able to pass on to the same degree to the Group's customers.

It needs to be considered that the financing behaviour of financial institutions may change significantly due to ongoing structural changes in the credit industry, for example higher capital requirements or changes in the weighting of risks. Depending on the development of Sixt Leasing Group's own creditworthiness, external financing might become more costly. This is particularly important as the Sixt Leasing Group also enters into variable interest rate liabilities. In addition this also relevant for the extension and renewal of financing.

Market price risk

The market price risk describes the danger of a loss caused by changes to market prices. For Sixt Leasing SE it is especially the residual values of leasing vehicles that are subject to the market price risk.

To counteract the market price risk involved in the disposal of vehicles within the Sixt Leasing Group the residual values of the vehicles included in the calculation of the leasing contract are hedged partly by buyback agreements with dealers or manufacturers depending on market conditions.

When it comes to the marketing of used leasing vehicles the Sixt Leasing Group is also dependent on developments of the used-car market, particularly in Germany. The vehicles to be disposed of by the Sixt Leasing Group on the used-vehicle market undergo regular valuation tests, which are based on the Group's own experience and monitoring of the market. The remarketing of these vehicles is executed via multistage process. Vehicles that are not sold under a buyback agreement to a manufacturer or dealer at the end of their leasing contract, are offered via an online auction platform to registered dealers. If after the end of an auction period Sixt Leasing reckons from its own sales experiences that a specific vehicle could achieve a price above the highest offer from the auction if it was offered on the used vehicle stations operated jointly with Sixt SE Group, this vehicle will be transferred to these stations. Operating at five sites across Germany of SL Car Sales GmbH and at an own location in Egelsbach, which was newly opened in 2018, sales experts take care the vehicles are sold to end customers.

The Managing Board is closely monitoring the developments surrounding the emissions issue at the Volkswagen Group and other potentially affected manufacturers. For a certain part of the affected vehicles in the portfolio of the Sixt Leasing Group there are no buyback agreements with dealers or manufacturers in place. The Managing Board is also keeping a close eye on the political discussion regarding new emission stipulations for diesel-powered vehicles and potential driving bans in selected German cities for diesel-powered vehicles with Euro-5 standards and below. In this context, the residual value risk could increase for the Sixt Leasing Group, whilst the sales proceeds could fall below expectation.

Counterparty default risk

The counterparty default risk arises if lessees and fleet management customers fail to meet their payment obligations fully or partly during the contract term or if vehicle suppliers cannot fulfil their buyback agreements towards Sixt Leasing SE, resulting in payment defaults.

To reduce the counterparty default risk, credit assessments are carried out in accordance with internal guidelines prior to the contract conclusion. Furthermore, creditworthiness of customers is regularly monitored during the lease period. This precautionary measure helps to avoid and/or mitigate future risks arising from the customer relationship.

Also when selecting the vehicles dealers, Sixt Leasing Group pays high attention to their economic stability. The vehicles dealers are subject to regular and strict creditworthiness reviews. Should contractual partners not be able to meet their repurchase commitments, Sixt Leasing Group would be forced to sell the vehicles directly in the used car market.

Deposits with banks consist only to a small extent of deposits available on demand. The ratings of the banks are monitored on an ongoing basis. The default risk is estimated to be negligible on the basis of the awarded external ratings.

The risk measurement and control systems as well as the organisation of the credit risk management of Sixt Leasing SE comply with the minimum requirements for risk management of banks and financial institutions (MaRisk) as defined by Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin – Federal Financial Supervisory Authority).

For expected default risks a valuation allowance is recognised. The relevant receivable is written-off when the recovery is no longer expected.

Overall there are no significant risk concentrations.

Analysis of trade receivables

The trade receivables are classified in the following table:

Analysis of trade receivables by risk class	Gross receivables	Impairments	Net receivables
in EUR thou.			**31 Dec. 2018**
very low	39,042	123	38,919
low	38,149	614	37,535
highly increased	10,645	6,985	3,660
Total	**87,836**	**7,722**	**80,114**

Trade receivables	
in EUR thou.	31 Dec. 2017
Receivables not impaired	28,365
Total receivables not impaired	**28,365**
Impaired receivables	
Gross receivables	53,593
Impairments	4,915
Net receivables	**48,678**
Group total	**77,043**

Prior-year comparative information has not been adjusted

Trade receivables predominantly comprise receivables from Leasing and Fleet Management end-customers of the Sixt Leasing Group and receivables from suppliers relating to the sale of used vehicles as part of their buyback commitments, or commercial and private buyers as part of the sale on the open market.

The maximum default amount is the reported carrying amount of the net receivable less collected collaterals (e.g. customer-security deposits). No credit derivatives or similar hedging instruments were used to cover credit risk in the period under review. Part of the receivables are secured through customer deposits.

The Group applies the simplified approach for impairment described in IFRS 9, whereby an impairment allowance in the amount of expected credit losses over the lifetime of the receivable is recognised for all instruments irrespective of their credit quality. To measure the expected credit losses, parameters such as customer group, credit quality and transaction type are used. For individual combinations of the aforementioned parameters different rates in accordance with the management expectations are applied to determine the impairment allowances. Due to the use of the simplified approach the changes in the allowance account is solely displayed as net amount. In the event of concrete indications of default, for example the insolvency of the debtor, the relevant receivables are fully derecognised regardless of valuation allowances, which may have been made.

The first-time application of IFRS 9 had no impact on the valuation allowance as at 1 January 2018.

In the fiscal year the allowance account for trade receivables developed as follows:

Change in the allowance account for trade receivables	Balance as at	Change	**Balance as at**
in EUR thou.	1 Jan. 2018		**31 Dec. 2018**
Impairments	4,915	2,807	7,722

Change in the allowance account for trade receivables	Balance as at	Change	Balance as at
in EUR thou.	1 Jan. 2017		31 Dec. 2017
Impairments	2,927	1,988	4,915

Analysis of other receivables from insurances in the other assets

The gross receivables amounted to EUR 14,732 thousand (2017: EUR 10,974 thousand), the allowance to EUR 2,951 thousand (2017: EUR 2,193 thousand), so that the resulting net receivables amounted to EUR 11,781 thousand (2017: EUR 8,782 thousand). The maximum default amount is the reported carrying amount of the net receivable. The other receivables from insurances are attributable to the risk class 'increased'.

Change in the allowance account for other assets	Balance as at	Change	**Balance as at**
in EUR thou.	1 Jan. 2018		**31 Dec. 2018**
Impairments	2,193	758	2,951

Change in the allowance account for other assets	Balance as at	Change	Balance as at
in EUR thou.	1 Jan. 2017		31 Dec. 2017
Impairments	2,707	-514	2,193

The first-time application of IFRS 9 had no impact on the valuation allowance as at 1 January 2018.

In the fiscal year under review the expenses from write-down of trade receivables and write-down of receivables from insurances amounted to EUR 4,682 thousand (2017: EUR 2,338 thousand).

Liquidity risk

Liquidity risk is the risk that existing liquidity reserves are not sufficient to meet the Group's financial obligations as they fall due. The Group's approach to managing liquidity is to ensure by liquidity planning that the Group always has sufficient liquidity to meet its obligations when due, under both normal and stressed conditions.

With the full repayment of the Core Loan facility in June 2018 and the termination of the Growth Loan facility in 2018, all financing arrangements with Sixt SE have expired.

In future, Sixt Leasing Group will no longer benefit from refinancing funds provided by Sixt SE or external funds guaranteed or secured by Sixt SE. In the future, the refinancing of the Sixt Leasing Group will be essentially dependent on self-financing through operative cash flows or the ability to borrow external funds on the debt capital markets. With regard to debt financing opportunities, it needs to be considered that the financing behaviour of the financial institutions may change significantly due to the ongoing structural changes which can be observed in the credit industry, for example as a result of higher capital requirements in the credit business or changes in the weighting of risks.

Depending on the development of Sixt Leasing Group's own credit standing, external financing might therefore not or only under unfavourable conditions be obtained. In this context, it should be noted that the Sixt Leasing Group currently has not assigned any external rating agency with a credit rating. However as common in the leasing industry asset-based financing opportunities (e. g. forfeiting or securitisation of leasing receivables) will be available to Sixt Leasing Group. The Sixt Leasing Group made use of this for the first time in 2016 and set-up an asset backed securities (ABS) programme in mid-2016. In the fiscal year 2018 the term of the programme was extended until 31 December 2019.

Analysis of the repayment amounts of financial liabilities and liabilities to related parties

The following table includes the repayment amounts (including assumed future interest payable) at their respective maturities.

Repayment amounts by maturity in EUR thou.	Borrower's note loans	Bonds	Liabilities to banks	Finance lease liabilities	Liabilities to related parties	Total
2019	301	6,563	192,695	4,085	3,333	206,977
2020	30,265	6,563	154,945	7,909	-	199,682
2021	-	256,563	96,991	3,113	-	356,667
2022	-	253,750	37,202	-	-	290,952
2023 and later	-	-	1,822	-	-	1,822
31 Dec. 2018	**30,566**	**523,438**	**483,656**	**15,107**	**3,333**	**1,056,100**

Repayment amounts by maturity in EUR thou.	Borrower's note loans	Bonds	Liabilities to banks	Finance lease liabilities	Liabilities to related parties	Total
2018	301	2,813	275,107	2,436	201,121	481,778
2019	301	2,813	132,936	5,125	-	141,175
2020	30,272	2,813	110,029	6,431	-	149,545
2021	-	252,813	54,945	-	-	307,758
2022 and later	-	-	3,845	-	-	3,845
31 Dec. 2017	**30,874**	**261,252**	**576,862**	**13,992**	**201,121**	**1,084,101**

The financial liabilities maturing in 2019 will largely be repaid by the usage of asset backed security transactions as well as the utilisation of bank credit lines.

Analysis of the repayment amounts of interest rate and currency derivatives

Repayment amounts by maturity in EUR thou.	Interest rate derivatives	Currency derivatives	Total
2019	-652	23	-629
2020	-297	-	-297
2021	26	-	26
2022	48	-	48
2023 and later	3	-	3
31 Dec. 2018	**-872**	**23**	**-849**

Repayment amounts by maturity in EUR thou.	Interest rate derivatives	Currency derivatives	Total
2018	-361	-103	-464
2019	94	-	94
2020	429	-	429
2021	178	-	178
2022 and later	9	-	9
31.12.2017	**349**	**-103**	**246**

Exchange rate and country risk

Exchange rate risk is of only minor significance in the Sixt Leasing Group, as the vast majority of receivables and liabilities are due in the local currency of the country in which the respective Group company is based. There are almost no country risks at present.

Capital management

The Sixt Leasing Group manages the Group's capital with the goal of creating a financial profile that supports the Group's growth targets, while providing the necessary financial flexibility and diversification. The key objective is a Group equity ratio (equity/total assets) of at least 14%. Thereby it is ensured that all Group companies can operate on the basis of the going concern assumption.

The basis of the Group's financial profile is the equity provided by the parent's investors. As at the balance sheet date, the Group's equity ratio was 15.6% (2017: 14.2%). Other key elements of the Group's financial profile are the financial instruments reported in non-current and current financial liabilities (borrower's note loans, bonds, bank loans as well as liabilities from the asset backed securities programme and finance lease liabilities). In the previous year, the Group's financial profile included also the financing provided by Sixt SE reported under current liabilities, which was repaid in full in the financial year. The proportion of total assets accounted for by these non-current and current liabilities amounted to 73.7% (2017: 73.2%).

5. OTHER DISCLOSURES

5.1 SEGMENT REPORTING

By Business Unit		Leasing		Fleet Management		Consolidation		Group
in EUR million	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017
External revenue	705.0	637.8	100.8	106.1	-	-	805.8	744.0
Internal revenue	-0.1	0.0	0.1	0.1	-0.0	-0.1	-	-
Total revenue	704.9	637.9	101.0	106.2	-0.0	-0.1	805.8	744.0
Fleet expenses and cost of lease assets[1]	417.4	363.7	90.7	97.0	-0.0	-0.1	508.0	460.7
EBITDA[2]	236.4	230.0	4.5	4.3	-	-	240.8	234.3
Depreciation and amortisation expense	197.1	188.3	0.0	0.0	-	-	197.1	188.3
EBIT[3]	39.3	41.7	4.5	4.3	-	-	43.8	45.9
Interest income	0.4	0.4	0.0	0.0	-0.1	-0.2	0.3	0.2
Interest expense	-13.2	-16.5	-0.1	-0.2	0.1	0.2	-13.2	-16.5
Other net financial income	-0.3	0.0	0.0	0.0	-	-	-0.3	0.0
EBT[4]	26.1	25.6	4.4	4.1	-	-	30.5	29.7
Investments	478.8	621.9	0.0	0.0	-	-	478.9	621.9
Assets	1,372.5	1,423.9	23.1	23.9	-7.0	-12.1	1,388.7	1,435.7
Liabilities	1,134.0	1,206.9	21.8	22.6	-6.8	-11.9	1,149.0	1,217.7
Employees[5]	541	502	50	45	-	-	591	547

By region		Germany		International		Reconciliation		Group
in EUR million	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017
Total revenue	730.4	659.8	75.4	84.1	-0.0	-0.0	805.8	744.0
Investments	443.5	580.8	35.4	41.1	-	-	478.9	621.9
Assets	1,410.9	1,458.6	602.9	589.2	-625.2	-612.0	1,388.7	1,435.7

[1] *In the leasing segment write-downs on lease assets intended for sale are included in the amount of EUR 4.1 million (2016: EUR 7.5 million)*
[2] *Corresponds to earnings before interest, taxes, depreciation and amortisation (EBITDA)*
[3] *Corresponds to earnings before interest and taxes (EBIT)*
[4] *Corresponds to earnings before taxes (EBT)*
[5] *Annual average*

The Sixt Leasing Group is active in the business areas Leasing and Fleet Management. Resources are allocated and the Group's performance is assessed by the Managing Board on the basis of these segments (management approach). The key parameter for the assessment of the performance by the Managing Board are the earnings before taxes (EBT) of the segments.

The geographic information analyses the Group's revenue, the Group's investments and the Group's assets by Group Company's country of domicile.

Segment reporting is based on the accounting and valuation principles in the consolidated financial statements. Receivables, liabilities, income and expenses between the segments are eliminated in the reconciliation to the Group figures. Group assets and liabilities do not recognise any tax positions.

5.2 CONTINGENT LIABILITIES AND OTHER FINANCIAL OBLIGATIONS

Contingent liabilities

At the end of the fiscal year there were contingencies from guarantees or similar obligations in the amount of EUR 10.6 million (2017: EUR 10.4 million).

Other financial obligations

In addition to provisions and liabilities, the Group has other financial obligations that result mainly from obligations under rental agreements on buildings.

Other financial obligations in EUR million	31 Dec. 2018	31 Dec. 2017
Due within one year	2.0	1.1
Due in one to five years	7.6	4.4
Due in more than five years	6.4	4.6
Group total	**16.0**	**10.1**

Purchase commitments resulting from concluded agreements at the respective balance sheet date concerning vehicle deliveries for the lease fleet in the coming year amount to around EUR 161.9 million (2017: EUR 234.1 million).

5.3 SHARE-BASED PAYMENTS

In the year under review, the Sixt SE Group had implemented an employee equity participation programme (Matching Stock Programme – MSP 2012), which had also been open for the participation of employees of Sixt Leasing Group. From the perspective of Sixt Leasing Group the programme classifies as cash-settled share-based payment programme.

According to the previous conditions, on each 1st of December every year from 2012 (first time) to 2017 (last time) one tranche of stock options have been allocated (a total of six tranches). In November 2018, the Managing Board and Supervisory Board of Sixt SE decided to extend the MSP 2012 by allocating one further tranche to a total of seven tranches. The personnel expenses for the programme are measured at each measurement date by means of a Monte Carlo simulation model.

The method used is based on the random walk of the price performance of Sixt preference shares with a log-normal distribution of the relative price changes. Assuming that the price of the option granted can be calculated as the discounted future expected value (with regard to the risk-neutral probability), the price development of the underlying (Sixt preference share) is simulated a large number of times and the expected value is determined by calculating the arithmetic mean of the results of the individual simulations.

In 2018, the Sixt Leasing Group recognised personnel expenses of EUR 78 thousand (2017: EUR 60) thousand in connection with share-based payments and presented this amount under personnel provisions (31 Dec. 2018: EUR 132 thousand, 2017: EUR 129 thousand).

5.4 RELATED PARTY DISCLOSURE

Related party transactions include transactions between Sixt Leasing Group and Sixt SE and its direct and indirect subsidiaries, Sixt SE Group's associated companies and joint ventures.

The parent company of Sixt Leasing SE is Sixt SE. Sixt Mobility Consulting Österreich GmbH and Sixt Mobility Consulting SARL are indirect, non-consolidated subsidiaries of Sixt Leasing SE. All other related parties are subsidiaries of Sixt SE and therefore sister companies to Sixt Leasing SE.

The following provides an overview of significant transactions and account balances arising from such relationships.

Related parties	Services rendered		Services used		Receivables from related parties		Liabilities to related parties	
in EUR million	**2018**	2017	**2018**	2017	**31 Dec. 2018**	31 Dec. 2017	**31 Dec. 2018**	31 Dec. 2017
Sixt GmbH & Co. Autovermietung KG	12.1	10.1	7.6	8.5	2.6	2.3	1.8	2.2
Sixt European Holding GmbH & Co. KG	-	-	0.3	0.3	[1]	-	[1]	0.1
Sixt SE	[1]	[1]	3.9	11.3	[1]	[1]	1.1	191.1
Sixt Verwaltungsgesellschaft mit beschränkter Haftung & Co. Delta Immobilien KG	-	-	0.7	0.4	-	-	-	0.1
SXT Reservierungs- und Vertriebs-GmbH & Co. KG	0.2	0.2	[1]	0.1	-	-	[1]	[1]
Sigma Grundstücke GmbH	[1]	[1]	0.1	[1]	-	-	-	-
Sixt Air GmbH	[1]	[1]	[1]	0.1	-	-	-	[1]
SL Car Sales GmbH	0.1	[1]	0.5	0.7	[1]	[1]	0.2	0.1
Sixt SAS, Avrigny	[1]	[1]	0.4	0.4	-	[1]	[1]	0.1
Sixt rent-a-car AG, Basel	-	-	0.2	0.1	-	[1]	[1]	[1]
Sixt G.m.b.H., Vösendorf	-	-	0.1	0.1	-	-	[1]	[1]
Sixt Leasing N.V., Sint-Stevens-Woluwe	-	-	-	-	0.2	0.2	-	-
Sixt Mobility Consulting SARL, Paris	-	[1]	-	-	0.3	0.2	-	-
Sixt Mobility Consulting Österreich GmbH, Vösendorf	-	[1]	-	-	0.1	[1]	0.1	0.1
SXT Dienstleistungen GmbH & Co. KG	0.1	0.2	0.2	0.3	-	[1]	[1]	[1]

[1] *Amount less than EUR 0.1 million*

The Sixt Leasing Group has entered into various outsourcing agreements with related parties. Sixt GmbH & Co. Autovermietung KG as well as other subsidiaries of the Sixt SE Group provide Sixt Leasing Group with rental vehicles in terms of replacement vehicles. Additionally Sixt Leasing Group has outsourced individual operative and administrative support services to Sixt GmbH & Co. Autovermietung KG and other subsidiaries of the Sixt SE Group. Concerned are mainly operative and administrative support services, such as treasury, internal audit, taxes, marketing, as well as IT support services. With the termination agreement dated 22 June 2018 between Sixt Leasing SE and Sixt GmbH & Co. Autovermietung KG, the outsourcing of the treasury and internal audit functions was terminated as of June 30, 2018. Since then, Sixt Leasing SE has performed the concerned activities on its own. Furthermore the Sixt Leasing Group rents business premises from subsidiaries of the Sixt SE Group.

Sixt Leasing SE and Sixt SE concluded the License Agreement, which grants Sixt Leasing SE determined use of trademarks licenses for the use of 'Sixt' as part of the commercial names (Firmenbestandteile) of the company and its subsidiaries and as trademark for products provided by Sixt Leasing Group.

An agency and service agreement covering the sale of used lease vehicles on behalf of Sixt Leasing Group, as well as the rendering of additional associated services was concluded with SL Car Sales GmbH.

Sixt Leasing Group provides Sixt GmbH & Co. Autovermietung KG and other Sixt SE Group companies with lease vehicles, petrol cards and other services for its employees and petrol cards for the station network of Sixt GmbH & Co. Autovermietung KG.

In 2015, Sixt SE and Sixt Leasing SE entered into the Financing Agreement providing for an amortisable loan facility (the 'Core Loan') in the amount of up to EUR 750 million and a bullet loan facility (the 'Growth Loan') of up to EUR 400 million. Pursuant to the Financing Agreement, Sixt SE provided the Core Loan until 2018. In June 2018 the Core Loan facility was fully repaid. The Growth Loan facility , that was not utilised so far, has also been terminated in the year under review.

All outstanding balances with related parties concerning Intra-Group transactions, which are separately disclosed, are priced based on contractual agreements. No expense has been recognised in the current or previous year for default risks of amounts owed by related parties.

The Sixt Leasing Group rents a property belonging to the Sixt family for its operations. In the financial year 2018, as in the previous year, the rental expenses amounted to less than EUR 0.1 million.

The presented business relations are conducted at arm's length terms.

The Supervisory Board and Managing Board of Sixt Leasing SE

Supervisory Board	**Membership of supervisory boards and other comparable supervisory bodies of business enterprises**
Erich Sixt Chairman Chairman of the Managing Board of Sixt SE Grünwald	Chairman of the Supervisory Board of e-Sixt GmbH & Co. KG[1]
Prof. Dr. Marcus Englert Deputy Chairman Associate Partner and Managing Director of Solon Management Consulting GmbH & Co. KG General Partner of Texas Atlantic Capital Europe I GmbH & Co. KG Munich	Chairman of the Supervisory Board of Rocket Internet SE President of the Administrative Board of European Directories Midco S.à.r.l. Member of the Administrative Board of Zattoo Europa AG (until 15 June 2018)
Georg Bauer (until 15 February 2018) Consultant Munich	
Dr. Bernd Metzner (from 16 February 2018) Chief Financial Officer of Ströer Management SE Cologne	Member of the Supervisory Board of Döhler GmbH Member of the Supervisory Board of Anavex Life Science Corporation (until 31 March 2018)

Managing Board	**Membership of supervisory boards and other comparable supervisory bodies of business enterprises**
Thomas Spiegelhalter (from 1 January 2018 bis 31 December 2018) Chairman Münster	Member of the Administrative Board of Sixt Leasing (Schweiz) AG[1] (from 1 January 2018 until 31 December 2018) Member of the Administrative Board of Sixt Mobility Consulting AG[1] (from 1 January 2018 until 31 December 2018)
Michael Ruhl (from 1 January 2019) Chairman Munich	Member of the Administrative Board of Sixt Leasing (Schweiz) AG[1] (from 1 January 2019) Member of the Administrative Board of Sixt Mobility Consulting AG[1] (from 1 January 2019)
Björn Waldow Gauting	Member of the Advisory Board of DriveNow GmbH & Co. KG (until 9 March 2018)

[1] *Membership in Group bodies*

Total remuneration of the Supervisory Board and Managing Board of Sixt Leasing SE

Total remuneration in EUR thou.	**2018**	2017
Remuneration of the Managing Board	1,600	3,335
Of which variable remuneration	632	1,077
Supervisory Board remuneration	130	130

The total remuneration of the Managing Board in the previous year included as a long-term incentive the fair value at initial date of issue of the tranche of stock options granted in the fiscal year 2017 to members of the Managing Board under the Matching Stock Programme (MSP 2012) in the amount of EUR 67 thousand. The exercise gain (before taxes) from the exercise of stock options granted included in the total remuneration amounted to EUR 80 thousand (2017: EUR 280 thousand). In the previous year the total remuneration of the Managing board included a severance payment component.

In the fiscal year under review a commitment in the amount of EUR 353 thousand (2017: EUR 347 thousand) was made for performance-related remuneration components that will be paid within the next three years.

In accordance with the resolution adopted by the Annual General Meeting on 8 April 2015, the total remuneration disclosed is not broken down by individual Managing Board member.

At the end of the reporting year members of the Managing Board were granted 60,000 stock options under the employee equity participation programme MSP, and on the basis of their personal investments (2017: 80,000).

The Group has no pension obligations towards members of the Supervisory Board and Managing Board.

5.5 PROPOSAL FOR ALLOCATION OF UNAPPROPRIATED PROFIT

Sixt Leasing SE reported an unappropriated profit for the fiscal year 2018 in accordance with German commercial law of EUR 35,421 thousand (2017: EUR 29,926 thousand). Subject to the approval of the Supervisory Board, the Managing Board will propose to the Annual General Meeting to utilise this unappropriated profit as follows:

Proposal for allocation of the unappropriated profit in EUR thou.	**2018**	2017
Payment of a dividend of EUR 0.48 (2017: EUR 0.48) per ordinary share entitled to a dividend	9,894	9,894
Carryforward to new account	25,528	20,032

As at 31 December 2018, 20,611,593 ordinary shares entitled to a dividend are issued. This would result in a total distribution of EUR 9,894 thousand and appropriately reflects the earnings trend of Sixt Leasing Group in the year under review.

The proposal by the Managing Board and the Supervisory Board on the appropriation of the unappropriated profit for financial year 2017 was resolved unchanged by the Annual General Meeting on 19 June 2018.

5.6 SUBSTANTIAL EVENTS AFTER THE REPORTING DATE

No events of special significance for the net assets, financial position and result of operations of the Sixt Leasing Group occurred after the end of the financial year 2018.

5.7 DECLARATION OF CONFORMITY IN ACCORDANCE WITH SECTION 161 OF THE AKTG

The declaration by the Managing Board and the Supervisory Board required by section 161 of the Aktiengesetz (AktG – German Public Companies Act) stating that the recommendations of the Government Commission on the German Corporate Governance Code are complied with and which recommendations have not been applied was issued in the financial year and made permanently accessible to shareholders on Sixt Leasing SE's website ***ir.sixt-leasing.com*** under the section 'Corporate Governance'.

5.8 AUTHORISATION OF THE CONSOLIDATED FINANCIAL STATEMENTS IN ACCORDANCE WITH IAS 10.17

These consolidated financial statements are authorised by the Managing Board for submission to the Supervisory Board on 27 March 2019.

Pullach, 27 March 2019

Sixt Leasing SE

The Managing Board

MICHAEL RUHL	BJÖRN WALDOW

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FURTHER INFORMATION

D \\ FURTHER INFORMATION

D.1 \\ RESPONSIBILITY STATEMENT

of Sixt Leasing SE, Pullach, for financial year 2018

in accordance with sections 297 (2) sentence 4 and 315 (1) sentence 5 of the HGB (German Commercial Code)
To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit and loss of the Group, and the management report on the Group's and the Company's situation includes a fair review of the development and performance of the business and the position of the group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Pullach, 27 March 2019

Sixt Leasing SE

The Managing Board

MICHAEL RUHL	BJÖRN WALDOW

The following independent auditors' report ('Bestätigungsvermerk') was issued in accordance with section 322 of the HGB (German Commercial Code) on the IFRS Financial Statements 2018, which were prepared in the German language. The translation of the independent auditors' report ('Bestätigungsvermerk') is as follows:

D.2 \\ INDEPENDENT AUDITOR'S REPORT

„To Sixt Leasing SE, Pullach

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND OF THE COMBINED MANAGEMENT REPORT

Audit Opinions

We have audited the consolidated financial statements of Sixt Leasing SE, Pullach, and its subsidiaries (the Group), which comprise the consolidated income statement and the consolidated statement of comprehensive income for the financial year from 1 January to 31 December 2018, the consolidated balance sheet as at 31 December 2018, the consolidated cash flow statement and the consolidated statement of changes in equity for the financial year from 1 January to 31 December 2018, as well as the notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the combined management report of Sixt Leasing SE for the financial year from 1 January to 31 December 2018. In accordance with the German legal requirements, we have not audited the content of the Statement on Corporate Governance pursuant to sections 289f and 315d German Commercial Code (HGB) which is referred to in the combined management report.

In our opinion, on the basis of the knowledge obtained in the audit

- the accompanying consolidated financial statements comply, in all material respects, with the International Financial Reporting Standards (IFRS) as adopted by the EU, and the additional requirements of German commercial law pursuant to Section 315e (1) German Commercial Code (HGB) and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as at 31 December 2018, and of its financial performance for the financial year from 1 January to 31 December 2018, and

- the accompanying combined management report as a whole provides an appropriate view of the Group's position. In all material respects, this combined management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the combined management report does not cover the content of the Statement on Corporate Governance pursuant to sections 289f and 315d German Commercial Code (HGB) which is referred to in the combined management report.

Pursuant to Section 322 (3) Sentence 1 German Commercial Code (HGB), we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the combined management report.

Basis for the Audit Opinions

We conducted our audit of the consolidated financial statements and of the combined management report in accordance with Section 317 German Commercial Code (HGB) and the EU Audit Regulation (No. 537/2014; referred to subsequently as 'EU Audit Regulation') and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW). Our responsibilities under those requirements and principles are further described in the 'Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Combined Management Report' section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) Point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the combined management report.

Key Audit Matters in the Audit of the Consolidated Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year from 1 January to 31 December 2018. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

In the following we present the subsequent measurement of lease assets as the key audit matter we have determined in the course of our audit.

Our presentation of this key audit matter has been structured as follows:

a) Description (including reference to corresponding information in the consolidated financial statements)
b) Auditor's response

Subsequent Measurement of Lease Assets

a) In the consolidated financial statements of Sixt Leasing SE, vehicles leased out under operating leases totalling kEUR 1,204,419 are reported in the statement of financial position item 'Lease Assets'; this corresponds to around 86% of total assets.

Lease assets are carried at cost less scheduled and non-scheduled depreciation considering their calculated residual values. For contracts where buyback values have been agreed, the vehicles´ residual values are determined by those residual values. If no buyback values have been agreed the vehicles´ residual values are adapted to the expected market value at expiry. As an impairment, non-scheduled depreciation is recognised if the carrying amount which is based on the originally calculated residual value exceeds the amount expected prospectively at disposal.

We classified the subsequent measurement of this quantitatively significant balance sheet item as a key audit matter since the valuation of the lease assets is based on discretionary estimates and assumptions by the legal representatives with regard to their depreciation to the expected residual value.

The disclosures of the legal representatives of the parent company on the measurement of lease assets are contained in sections 3.2 and 4.14 of the notes to the consolidated financial statements.

b) Within our examination of the appropriateness of the valuation technique, we examined the appropriateness of the corresponding organizational and operational structure with regard to the effectiveness of the key controls implemented. This relates in particular to the process of considering the contractually agreed buyback values or expected residual values at lease inception. Furthermore and with regard to the recognition of non-scheduled depreciation, we reproduced the procedure for determining an impairment need. In this context, we examined the competence, capacity, objectivity and suitability of the expert used by Sixt Leasing SE for the estimation of future or expected market prices in the used-car market.

Within our substantive audit procedures regarding the determination of an impairment need for vehicles not included in contractual buyback arrangements, we compared on a sample basis the market prices prospected for the planned disposal date at the balance sheet date with the calculated residual values of the respective vehicles at the acquisition date, and verified an impairment need, if applicable. In doing so, we compared and critically assessed the legal representatives´ expectations regarding the market price development with actual market prices. In addition, we performed an analytical examination of the scheduled depreciation.

Other information

The legal representatives are responsible for the other information. The other information comprises:

- the corporate governance statement pursuant to section 289f and section 315d German Commercial Code (HGB), which is referred to in the combined management report,
- the corporate governance report in accordance with section 3.10 of the German Corporate Governance Code,
- the legal representatives' confirmation relating to the consolidated financial statements and to the combined management report pursuant to Section 297 (2) Sentence 4 and Section 315 (1) Sentence 5 German Commercial Code (HGB), respectively, and
- the remaining parts of the Annual Report, with the exception of the audited consolidated financial statements and combined management report and our auditor's report.

Our audit opinions on the consolidated financial statements and on the combined management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the combined management report or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

Responsibilities of the Legal Representatives and the Supervisory Board for the Consolidated Financial Statements and the Combined Management Report

The legal representatives are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) German Commercial Code (HGB) and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition, the legal representatives are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the legal representatives are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the legal representatives are responsible for the preparation of the combined management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the legal representatives are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a combined management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the combined management report.

The Supervisory Board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the combined management report.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Combined Management Report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the combined management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the consolidated financial statements and on the combined management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 German Commercial Code (HGB) and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this combined management report.

We exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the combined management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures relevant to the audit of the combined management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems.

- Evaluate the appropriateness of accounting policies used by the legal representatives and the reasonableness of estimates made by the legal representatives and related disclosures.

- Conclude on the appropriateness of the legal representatives' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the combined management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and with the additional requirements of German commercial law pursuant to Section 315e (1) German Commercial Code HGB).

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express audit opinions on the consolidated financial statements and on the combined management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.

- Evaluate the consistency of the combined management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides.

- Perform audit procedures on the prospective information presented by the executive directors in the combined management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

OTHER LEGAL AND REGULATORY REQUIREMENTS

Further information pursuant to Article 10 of the EU Audit Regulation

We were elected as group auditor by the annual general meeting on 19 June 2018. We were engaged by the supervisory board on 5 December 2018. Since the financial year 2015 we have been the group auditor and since the financial year 2005 the auditor of the single financial statements of Sixt Leasing SE, Pullach, without interruption. The company has been a public interest entity according to Section 319a (1) Sentence 1 German Commercial Code (HGB) since the financial year 2015.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long form audit report).

GERMAN PUBLIC AUDITOR RESPONSIBLE FOR THE ENGAGEMENT

The German Public Auditor responsible for the engagement is Andreas Lepple. "

Munich, den 27 March 2019

Deloitte GmbH Wirtschaftsprüfungsgesellschaft

CHRISTOF STADTER Auditor	ANDREAS LEPPLE Auditor

D.3 \\ BALANCE SHEET

of Sixt Leasing SE, Pullach, as at 31 December 2018 (HGB/RechKredV)

Assets			
in EUR thou.		**31 Dec. 2018**	31 Dec. 2017
1. Receivables from banks			
a) Daily due	4,206		4,256
b) Other receivables	-		-
		4,206	**4,256**
2. Receivables from customers		**38,960**	**33,855**
Of which: From financial institutions EUR - thousand (previous year: EUR - thousand)			
3. Shareholdings in affiliated companies		**336**	**336**
4. Lease assets		**1,115,203**	**1,127,143**
5. Intangible assets			
a) Proprietary intellectual property rights and similar rights and assets	7,745		5,823
b) Purchased concessions, intellectual property rights and similar rights and assets as well as licenses relating to such rights and assets	4		91
		7,749	**5,914**
6. Equipment		**798**	**699**
7. Other assets		**223,533**	**280,268**
8. Prepaid expenses		**9,004**	**6,677**
		1,399,789	**1,459,149**

Equity and liabilities			
in EUR thou.		**31 Dec. 2018**	31 Dec. 2017
1. Liabilities to banks			
with agreed term or notice period		72,615	172,801
2. Liabilities to customers			
other liabilities			
a) Daily due	1,809		1,195
b) with agreed term or notice period	4,307		3,829
		6,116	**5,025**
3. Securitised liabilities			
issued Bonds		499,997	249,990
4. Other liabilities		**529,286**	**750,683**
5. Deferred income		**38,145**	**40,847**
6. Deferred tax liabilities		**25,868**	**19,162**
7. Provisions			
Other provisions		26,712	26,695
8. Equity			
a) Subscribed capital	20,612		20,612
b) Capital reserve	139,068		139,068
c) Retained earnings			
Other retained earnings	5,948		4,341
d) Unappropriated profit	35,421		29,926
		201,049	**193,946**
		1,399,789	**1,209,159**

D.4 \\ INCOME STATEMENT

of Sixt Leasing SE, Pullach, for the year ended 31 December 2018 (HGB/RechKredV)

in EUR thou.			2018	2017
1. Leasing revenue		642,481		564,751
2. Leasing expenses		381,602		318,847
			260,879	**245,904**
3. Interest income from lending and money-market transactions		3,557		3,408
4. Interest expense		14,794		17,523
			-11,237	**-14,115**
5. Income from profit pooling and from partial or full profit transfer agreements			4,330	3,774
6. Commission income			1,265	897
7. Other operating income			7,422	6,701
8. General operating expenses				
a) Personnel expenses				
aa) Wages and salaries	20,204			17,564
ab) Social security contributions, pension expenses and other employee benefits thereof pension expenses: EUR - thou. (2017: EUR - thou.)	3,113			2,685
		23,317		**20,249**
b) Other administrative expenses		28,064		23,160
			51,381	**43,409**
9. Depreciation and valuation allowances				
a) On lease assets		175,402		164,748
b) On intangible assets and fixed assets		1,100		570
			176,503	**165,318**
10. Other operating expenses			228	600
11. Write-downs and valuation allowances on receivables and certain securities and allocations to provisions in lending business		9,765		7,465
12. Income from write-ups on receivables and certain securities and from the release of provisions in the lending business		55		58
			9,710	**7,407**
13. Result from ordinary activities			**24,837**	**26,428**
14. Taxes on income thereof expense from the change of deferred taxes EUR 6,706 thou. (2017: EUR 5,112 thou.)			7,841	6,722
15. Net income			**16,996**	**19,705**
16. Retained profit brought forward			20,032	11,586
17. Transfers to other retained earnings			-1,607	-1,365
18. Unappropriated profit			**35,421**	**29,926**

D.5 \\ FINANCIAL CALENDAR

Financial calendar of Sixt Leasing SE	
Publication of the Annual Report 2018	16 April 2019
Analyst conference in Frankfurt am Main	16 April 2019
Publication of the quarterly statement as at 31 March 2019	8 May 2019
Annual General Meeting for financial year 2019 in Munich	3 June 2019
Publication of the half-year financial report as at 30 June 2019	12 August 2019
Publication of the quarterly statement as at 30 September 2019	12 November 2019

Dates and event locations subject to change

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