



Sixt Leasing SE

Group Quarterly Statement as of 31 March 2018

1. BUSINESS REPORT

1.1 GROUP BUSINESS PERFORMANCE

The Sixt Leasing Group recorded an overall **positive performance** in the first quarter 2018.

The **Group's contract portfolio** inside and outside Germany (excluding franchise and cooperation partners) as of 31 March 2018 reached 133,500 contracts, which is 0.5% above the figure as of 31 December 2017 (132,900 contracts).

Group revenue in the first quarter 2018 climbed by 7.6% year-on-year to EUR 202.0 million (Q1 2017: EUR 187.7 million). **Operating revenue**, which does not include the proceeds from vehicle sales, increased by 6.9% to EUR 120.3 million (Q1 2017: EUR 112.5 million). **Sales revenue** from the sale of returned leasing vehicles and the marketing of customer vehicles in Fleet Management gained 8.6% to EUR 81.6 million (Q1 2017: EUR 75.1 million), especially due to a higher amount of marketed vehicle returns in the Online Retail business field.

Earnings before interest, taxes, depreciation and amortisation (EBITDA) increased in the first three months of 2018 against the same period of the previous year by 6.5% to EUR 60.9 million (Q1 2017: EUR 57.1 million). As expected **earnings before taxes (EBT)** recorded a slight decrease by 5.3% to EUR 8.0 million (Q1 2017: EUR 8.5 million). Consequently, the **operating return on revenue** (EBT/operating revenue) was at 6.7% after 7.5% in the same period last year.

The **business development** in the first three months of 2018 was influenced by the introduction of the **strategy programme DRIVE>2021**. The name stands for digitalisation, risk management, internationalisation as well as volume and earnings growth until the year 2021. The aim of DRIVE>2021 is to increase the pace of digitalisation, to improve the risk-return profile, to further push ahead with internationalisation and to significantly increase the contract portfolio as well as earnings.

In the first quarter of 2018, Sixt Leasing successfully **continued to reduce the potential residual value risk from diesel vehicles** in the portfolio, as planned. The share of new contracts for diesel vehicles without buyback agreements noticeably decreased by 12 percentage points compared to the fourth quarter 2017, down to approximately 22%. In Germany, the share decreased to only around 17%. In addition, the German portfolio of diesel vehicles with Euro 5 standard or lower without buyback agreement decreased, as expected, from around 5,600 to around 4,700 vehicles in the period from the end of December 2017 to the end of March 2018.

Moreover, Sixt Leasing could develop its future-oriented **Online Retail** business field into the **largest business field of the Group** in terms of the number of contracts in the first quarter of the year.

1.2 LEASING BUSINESS UNIT

The Leasing business unit is divided into the two business fields Online Retail and Fleet Leasing.

Key figures Leasing business unit	Q1	Q1	Change
in EUR million	2018	2017	in %
Leasing revenue (finance rate)	58.3	56.7	2.7
Other revenue from leasing business	48.9	43.9	11.5
Sales revenue	69.9	62.9	11.1
Total revenue	177.1	163.5	8.3
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	59.8	56.3	6.1
Earnings before interest and taxes (EBIT)	10.5	12.2	-14.0
Earnings before taxes (EBT)	7.0	7.7	-9.1
Operating return on revenue (%)	6.5	7.6	-1.1 points

1.3 FLEET MANAGEMENT BUSINESS UNIT

Key figures Fleet Management business unit	Q1	Q1	Change
in EUR million	2018	2017	in %
Fleet management revenue	13.1	11.9	10.3
Sales revenue	11.8	12.2	-3.8
Total revenue	24.9	24.1	3.1
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	1.1	0.8	32.3
Earnings before interest and taxes (EBIT)	1.1	0.8	32.4
Earnings before taxes (EBT)	1.0	0.8	31.5
Operating return on revenue (%)	7.9	6.6	+1.3 Points

1.4 DEVELOPMENT OF THE CONTRACT PORTFOLIO

As of 31 March 2018 the Group's contract portfolio inside and outside Germany (excluding franchise and cooperation partners) increased to 133,500 contracts after 132,900 as of 31 December 2017 (+0.5%). Compared to 31 March 2017 (122,500 contracts) the contract portfolio increased by 9.0%.

For the Leasing business unit, which comprises the Online Retail and Fleet Leasing business fields, the number of contracts at the end of the first quarter totalled 93,400 contracts and, therefore, was 0.1% below the level as of 31 December 2017 (93,500 contracts). The Online Retail business field developed into the largest business field of the Group by gaining 3.3% and reaching 46,900 contracts (31 December 2017: 45,400 contracts). The contract portfolio in the Fleet Leasing business field recorded a slight decline by 3.3% to 46,500 contracts compared to the level at the end of 2017 (31 December 2017: 48,100 contracts).

In the Fleet Management business unit, the contract portfolio as at the end of the first quarter 2018 improved by 1.9% to 40,100 contracts (31 December 2017: 39,400 contracts).

1.5 FINANCIAL POSITION

Equity

As of 31 March 2018 Sixt Leasing Group's equity totalled EUR 210.9 million, a plus of EUR 5.9 million compared to the figure of 31 December 2017 (EUR 205.1 million). Given nearly constant total assets, the equity ratio increased slightly from 14.2% to 14.5% and, therefore, remained above the long-term minimum target of 14%.

Liabilities

As of 31 March 2018 the Group reported non-current liabilities and provisions of EUR 627.2 million (31 December 2017: EUR 607.6 million). The slight increase by EUR 19.7 million is mainly due to the slight increase of non-current financial liabilities by EUR 17.7 million to EUR 605.0 million (31 December 2017: EUR 587.4 million).

Current liabilities and provisions as of 31 March 2018 came to EUR 615.7 million (31 December 2017: EUR 630.1 million). The decrease by EUR 14.4 million is mainly the result of increasing trade payables by EUR 22.3 million to EUR 76.3 million (31 December 2017: EUR 98.6 million). Current financial liabilities increased by EUR 7.9 million to EUR 286.4 million (31 December 2017: EUR 278.5 million).

1.6 INVESTMENTS

In the first quarter of 2018, the Sixt Leasing Group added vehicles with a total value of EUR 157.2 million to the leasing fleet (Q1 2017: EUR 132.8 million; +18.4%).

2. EVENTS SUBSEQUENT TO THE REPORTING DATE

At the beginning of May, Sixt Leasing SE successfully issued a **bond with a volume of EUR 250 million** on the capital market (ISIN: DE000A2LQKV2 / WKN: A2LQKV). The issue was met with strong demand from domestic and international investors. The bond has a term of four years and a coupon of 1.5%.

The proceeds from the bond placement are to be used for general corporate financing and, in particular, to repay the final outstanding amount of EUR 190 million from the Core Loan provided by Sixt SE at the earliest possible time at the end of June 2018. Hence, Sixt Leasing SE is able to successfully complete the transition of the Sixt Leasing Group's financing, which began after the IPO in 2015, towards independent, external funding instruments.

The issue is the first bond under a newly launched **EUR 1 billion debt issuance programme**, which enables Sixt Leasing SE to flexibly issue further bonds. The debt issuance programme shall especially support the financing of the planned growth as part of the recently introduced strategy programme DRIVE>2021.

Furthermore, no events of material significance for the net assets, financial position and earnings situation of Sixt Leasing SE and Sixt Leasing Group occurred after the reporting date as of 31 March 2018, which are worth reporting.

3. REPORT ON OUTLOOK

For the fiscal year 2018 the Managing Board continues to expect a slight increase in the Group's contract portfolio, consolidated operating revenue and EBITDA. The Board also maintains its expectation that EBT will remain at roughly the same level as the previous year. Operating return on revenue is also expected to be in line with the 6% target.

The mid-term targets of the DRIVE>2021 strategy programme are also confirmed. Thus, the Managing Board expects a growth of the Group's contract portfolio until the end of the fiscal year 2021 by at least 60% to more than 220,000 contracts, whereby Online Retail shall contribute more than 110,000, Fleet Management more than 60,000 and Fleet Leasing around 45,000 contracts. For consolidated revenue, the Managing Board forecasts a growth of at least a third to more than EUR 1 billion by 2021, whereby operating revenue shall increase disproportionately by 50% to around EUR 700 million. By 2021, EBITDA is expected to increase to around EUR 400 million and EBT to around EUR 50 million. This corresponds to an increase by around two thirds in each case compared to 2017. Thus, the Managing Board expects an operating return on revenue of around 7% in 2021.

4. FINANCIAL FIGURES FOR SIXT LEASING GROUP AS AT 31 MARCH 2018

4.1 GROUP INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME

Consolidated Income Statement	Q1	Q1
in EUR thou.	2018	2017
Revenue	201,971	187,661
Other operating income	2,089	986
Fleet expenses and cost of lease assets	-127,543	-116,627
Personnel expenses	-9,108	-8,080
Other operating expenses	-6,557	-6,798
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	60,851	57,143
Depreciation and amortisation expense	-49,228	-44,071
Earnings before interest and taxes (EBIT)	11,623	13,071
Net finance costs	-3,585	-4,583
Earnings before taxes (EBT)	8,038	8,489
Income tax expense	-2,158	-2,476
Consolidated profit	5,880	6,013
Of which attributable to shareholders of Sixt Leasing SE	5,880	6,013
Earnings per share – basic and diluted (in Euro)	0.29	0.29

Consolidated statement of comprehensive income	Q1	Q1
in EUR thou.	2018	2017
Consolidated profit	5,880	6,013
Other comprehensive income (not recognised in the income statement)		
Thereof components that could be recognised in the income statement in future		
Currency translation gains/losses	-74	27
Total comprehensive income	5,806	6,039
Of which attributable to shareholders of Sixt Leasing SE	5,806	6,039

4.2 GROUP BALANCE SHEET

Assets		
in EUR thou.	31 Mar. 2018	31 Dec. 2017
Non-current assets		
Goodwill	1,745	1,746
Intangible assets	6,494	5,943
Equipment	854	797
Lease assets	1,258,225	1,219,209
Financial assets	67	67
Other receivables and assets	2,548	3,240
Deferred tax assets	1,396	1,355
Total non-current assets	1,271,329	1,232,356
Current assets		
Inventories	28,276	29,972
Trade receivables	79,933	77,043
Receivables from related parties	2,711	2,863
Other receivables and assets	54,825	88,882
Income tax receivables	6,946	5,738
Bank balances	9,878	5,970
Total current assets	182,570	210,468
Total assets	1,453,900	1,442,824
Equity and liabilities		
in EUR thou.	31 Mar. 2018	31 Dec. 2017
Equity		
Subscribed capital	20,612	20,612
Capital reserves	135,045	135,045
Other reserves	55,250	49,444
Minority interests	31	31
Total equity	210,938	205,132
Non-current liabilities and provisions		
Provisions for pensions	265	263
Financial liabilities	605,049	587,363
Other liabilities	101	103
Deferred tax liabilities	21,826	19,865
Total non-current liabilities and provisions	627,241	607,595
Current liabilities and provisions		
Other provisions	3,580	3,429
Income tax liabilities	209	146
Financial liabilities	286,436	278,520
Trade payables	76,336	98,623
Liabilities to related parties	192,835	193,901
Other liabilities	56,325	55,478
Total current liabilities and provisions	615,721	630,098
Total equity and liabilities	1,453,900	1,442,824

4.3 GROUP CASH FLOW STATEMENT

Consolidated cash flow statement	Q1	Q1
in EUR thou.	2018	2017
Operating activities		
Consolidated profit	5,880	6,013
Income taxes recognised in income statement	239	712
Income taxes paid	-1,385	-2,043
Financial income recognised in income statement	3,585	4,591
Interest received	23	30
Interest paid ¹	-5,181	-4,435
Depreciation and amortisation	49,228	44,071
Income from disposal of fixed assets	-1,756	-3,340
Other (non-)cash expenses and income	2,887	1,456
Gross Cash flow	53,519	47,054
Proceeds from disposal of lease assets	69,872	62,907
Payments for investments in lease assets	-157,214	-132,805
Change in inventories	1,696	1,635
Change in trade receivables	-2,890	-426
Change in trade payables	-22,288	7,627
Change in other net assets	34,581	-5,183
Net cash flows used in operating activities	-22,723	-19,191
Investing activities		
Payments for investments in intangible assets and equipment	-779	-504
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	-779	-502
Financing activities		
Payments received from taken out bonds, borrower's note loans and bank loans	33,388	253,009
Payments made for redemption of borrower's note loans and bank loans	-14,517	-102,754
Payments received from short-term financial liabilities/Payments made for short-term financial liabilities ²	8,555	-58,888
Net cash flows from financing activities	27,426	91,367
Net change in cash and cash equivalents	3,924	71,673
Effect of exchange rate changes on cash and cash equivalents	-15	-4
Cash and cash equivalents at 1 Jan.	5,970	3,778
Cash and cash equivalents at 31 Mar.	9,878	75,447

¹ Including interest paid for loans from related parties

² Short-term borrowings with a maturity period of up to three months and quick turnover

4.4 ADDITIONAL FINANCIAL INFORMATION

Revenue

Revenue is broken down as follows:

Revenue	Q1	Q1	Change
in EUR thou.	2018	2017	in %
Leasing Business Unit			
Leasing revenue (finance rate)	58,261	56,732	2.7
Other revenue from leasing business	48,935	43,876	11.5
Sales revenue	69,872	62,907	11.1
Total	177,068	163,516	8.3
Fleet Management Business Unit			
Fleet management revenue	13,144	11,915	10.3
Sales revenue	11,759	12,230	-3.8
Total	24,903	24,145	3.1
Group total	201,971	187,661	7.6

Fleet expenses and cost of lease assets

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

Fleet expenses and cost of lease assets	Q1	Q1	Change
in EUR thou.	2018	2017	in %
Selling expenses	-79,863	-71,445	11.8
Expenses from write-downs on lease assets intended for sale	-1,632	-1,772	-7.9
Fuel	-17,136	-16,884	1.5
Repair, maintenance and reconditioning	-17,470	-17,493	-0.1
Insurance	-2,098	-2,366	-11.3
External rent expenses	-1,578	-1,256	25.6
Vehicle licenses	-954	-952	0.2
Transportation	-2,489	-936	>100
Taxes and dues	-796	-739	7.7
Radio license fees	-421	-411	2.4
Vehicle return expenses	-638	-623	2.5
Other expenses	-2,468	-1,750	41.0
Group total	-127,543	-116,627	9.4

Depreciation and amortisation

Depreciation and amortisation are split up as follows:

Depreciation and amortisation	Q1	Q1	Change
in EUR thou.	2018	2017	in %
Lease assets	-49,058	-43,900	11.8
Equipment	-55	-39	40.0
Intangible assets	-115	-132	-13.0
Group total	-49,228	-44,071	11.7

Other operating expenses

Other operating expenses are broken down as follows:

Other operating expenses	Q1	Q1	Change
in EUR thou.	2018	2017	in %
Rental expenses for business premises	-426	-385	10.5
Other selling and marketing expenses	-873	-862	1.2
Expenses from write-downs of receivables	-1,301	-2,369	-45.1
Audit, legal, advisory costs, and investor relations expenses	-638	-414	54.2
Other personnel services	-844	-1,066	-20.8
IT expenses	-661	-744	-11.2
Miscellaneous expenses	-1,815	-957	89.6
Group total	-6,557	-6,798	-3.5

Net finance costs

The net finance costs are as follows:

Net finance costs	Q1	Q1
in EUR thou.	2018	2017
Other interest and similar income	86	63
Other interest and similar income from related parties	2	2
Interest and similar expenses	-1,721	-1,095
Interest and similar expenses for related parties	-1,443	-3,726
Other net financial income	-509	172
Group total	-3,585	-4,583

Group segment reporting

The segment information for the first three months of 2018 (compared to the first three months of 2017) is as follows:

By Business Unit in EUR million	Leasing		Fleet Management		Reconciliation		Group	
	2018	2017	2018	2017	2018	2017	2018	2017
External revenue	177.1	163.5	24.9	24.1	-	-	202.0	187.7
Internal revenue	-0.1	-0.0	0.1	0.1	-0.0	-0.1	-	-
Total revenue	177.0	163.5	25.0	24.3	-0.0	-0.1	202.0	187.7
Fleet expenses and cost of lease assets	104.9	95.1	22.6	21.6	-0.0	-0.1	127.5	116.6
EBITDA ¹	59.8	56.3	1.1	0.8	0.0	0.0	60.9	57.1
Depreciation and amortisation expense	49.2	44.1	0.0	0.0	-	-	49.2	44.1
EBIT ²	10.5	12.2	1.1	0.8	-	-	11.6	13.1
Net finance costs	-3.5	-4.5	-0.1	-0.0	-	-	-3.6	-4.6
EBT ³	7.0	7.7	1.0	0.8	-	-	8.0	8.5

¹ Corresponds to earnings before interest, taxes, depreciation and amortisation (EBITDA)

² Corresponds to earnings before interest and taxes (EBIT)

³ Corresponds to earnings before taxes (EBT)

Due to rounding it is possible that individual figures in this Group Quarterly Statement may not add up exactly to the totals shown. For the same reason, the percentage figures presented may not exactly reflect the absolute figures they relate to.

Pullach, 28 May 2018

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