SIXT SE

The Sixt secret of success.

Annual Report 2016

THE SIXT GROUP IN FIGURES

in EUR million	2016	2015	Change 2016 on 2015 in %	2014
Revenue	2,413	2,179	10.7	1,796
Thereof in Germany	1,444	1,364	5.8	1,197
Thereof abroad	969	815	18.9	599
Thereof operating[1]	2,124	1,939	9.5	1,645
Thereof rental revenue	1,534	1,377	11.4	1,120
Thereof leasing revenue	219	211	3.7	193
Earnings before interest and taxes (EBIT)	256	222	15.3	199
Earnings before taxes (EBT)	218	185	17.9	157
Consolidated profit	157	128	22.2	110
Net income per share (basic)				
Ordinary share (in EUR)	3.00	2.39	25.5	2.28
Preference share (in EUR)	3.02	2.41	25.3	2.30
Total assets	4,029	3,660	10.1	2,818
Lease assets	1,021	958	6.6	902
Rental vehicles	1,957	1,763	11.0	1,262
Equity	1,080	1,059	2.0	742
Equity ratio (in %)	26.8	28.9	-2.1 Points	26.3
Non-current financial liabilities	1,370	921	48.9	1,131
Current financial liabilities	762	909	-16.2	289
Dividend per share				
Ordinary share (in EUR)	1.65[2]	1.50	10.0	1.20
Preference share (in EUR)	1.67[2]	1.52	9.9	1.22
Total dividend, net	77.7[2]	71.5	8.7	58.0
Number of employees[3]	6,212	5,120	21.3	4,308
Number of locations worldwide (31 Dec.)[4]	2,200	2,153	2.2	2,177
Thereof in Germany	509	508	0.2	483

[1] *Revenue from rental and leasing business, excluding revenue from the sale of used vehicles*
[2] *Proposal by the management*
[3] *Annual average*
[4] *Including franchise countries*

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SIXT – FEEL THE MOTION

Mobility is a key component of daily life, both in a business as well as private context. It allows corporations and private individuals to reach their destinations flexibly and swiftly and make the most of their opportunities. At the same time mobility is subject to a constant change. In times of digital networking customers are looking for more than just a car. They want holistic services and a wide selection of vehicles fitting their needs.

Sixt has become synonymous for premium mobility and is a byword for innovation leadership in the industry. The Company, founded in 1912, utilises state-of-the-art technology to continually enhance its services and adapt it to its customers' requirements. Thereby Sixt creates bespoke mobility solutions for commercial and corporate customers as well as private travellers worldwide. A vital basis for its long-term business success is Sixt's unique corporate culture which always puts the customer centre state, offering him time and again innovations and premium products at attractive conditions to win him over and thrill him with the whole range of offered products.

In its Vehicle Rental Business Unit Sixt offers its customers a wide range of solutions for different needs. These include premium carsharing services, the classic vehicle rent, exclusive chauffeur and transfer services as well as convenient long-term rentals. In addition, frequent travellers benefit from a European mobility concept that can cover all vehicle demands and allows to generate significant cost savings by at the same time having comfortable processes.

The Sixt brand is represented in over 100 countries worldwide and continually expands its presence. The company maintains alliances with renowned addresses in the hotel industry, well-known airlines and numerous prominent service providers in the tourism sector. The focal point of all activities though is always to generate the best-possible benefit for the customers and to offer an internationally uniform quality level.

Through its Leasing Business Unit Sixt offers comprehensive services both to business clients for fleet leasing and fleet management as well as to private and commercial customers through its business field Online Retail. Due to its many years of experience in managing large vehicle fleets Sixt Leasing can optimise fleets over the long-term and independent of the manufacturer and thus cut total cost of ownership. Private and commercial leasing customers benefit from a comfortable, transparent and cost-advantageous offer.

Sixt SE's long-term strategy is geared towards a continued expansion of its national and international presence, developing product innovations through state-of-the-art technologies, remaining focused on strong earnings and a sustained increase in its enterprise value for the benefit of the shareholders.

WWW.SIXT.COM IR.SIXT.EU

WE DON'T WANT TO FULFILL EXPECTATIONS – WE WANT TO EXCEED THEM.

We believe in our product. And in the power of excitement – excitement that we can spread through courage, creativity, a clear vision and the will to be unique.

A \\ TO OUR SHAREHOLDERS

A.1 \\ LETTER TO OUR SHAREHOLDERS

Dear shareholders,

In 2016 Sixt saw another record year generating EUR 218.3 million earnings before taxes (EBT) which is the highest amount in the Company's history. Consolidated revenues of EUR 2,123.7 million showed another significant increase compared to the previous year's figure. Business performance of the last year clearly exceeded our initial expectations. It clearly demonstrates that Sixt is strategically very well positioned and one of the most profitable mobility services providers worldwide.

As already in the preceding years, the main growth driver proved to be the ongoing successful international expansion of our Vehicle Rental Business Unit. Rental revenues abroad performed highly gratifying and their gain on the previous year was substantially higher than the growth of the mobility markets as such. Some 53% of consolidated rental revenues are generated outside of Germany compared to 32% when we started our operations in the USA in 2011. In Western Europe we managed to gain additional market shares and increase our brand awareness, also thanks to our typical advertising campaigns, which cause a stir and convey our brand's values very credibly. In classic vacation countries such as France and Spain we furthermore benefitted from rerouted tourist flows that are being diverted from the Mediterranean crisis regions.

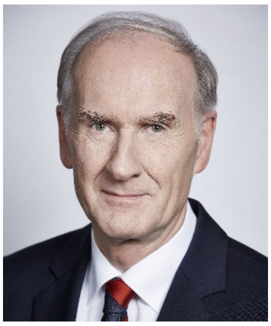
We also continue our success story in the USA, the world's biggest vehicle rental market and for Sixt the biggest single market after Germany. We not only managed to follow up on the strong double-digit percentage growth in revenues of the previous years, but, in some months, we also run our operations profitable for the first time. For 2017 our US subsidiary plans to generate a positive full-year earnings contribution. This will be in line with our principle of investing in new markets whilst accepting the corresponding up-front investments, but never losing sight of our profitability goal.

The premium car sharing service DriveNow launched operations in Brussels and Milan last year and thus drove forward its international expansion in European metropolitan regions. By the end of 2016, the number of users in Europe increased to 815,000, what extended DriveNow's position as market leader among the free-float providers.

ERICH SIXT

- Chairman of the Managing Board of Sixt SE
- Born 1944
- Joined Sixt in 1969
- Responsible for IT/EDP, strategic human resources management, marketing, public relations, international franchise

DETLEV PÄTSCH



- Chief Operating Officer
- Born 1951
- Joined Sixt in 1986
- Responsible for customer service, operations, purchase and sale of vehicles, maintenance and repair, quality management, claims settlement

With a share of 20% of electric cars in the fleet, DriveNow is already today one of the key electric mobility fleet providers in Europe.

The Leasing Business Unit with its Sixt Leasing SE subsidiary that was listed on the stock exchange in 2015 also recorded a successful fiscal year. By the end of the year its number of contracts under management increased to a total of 113,600. This gain was driven by the strong growth of its Online Retail business field, which offers online leasing solutions for private and commercial customers through the platform *sixt-neuwagen.de*. With the acquisition of autohaus24 GmbH, one of the leading new vehicles brokers in Germany, Sixt Leasing opened up another access to the online vehicle market and thereby strengthened the forward-focused field of Online Retail.

DR. JULIAN ZU PUTLITZ

- Chief Financial Officer
- Born 1967
- Joined Sixt in 2009
- Responsible for finance, accounting, controlling, legal, auditing, risk management

ALEXANDER SIXT

- Chief Organisation/Strategy Officer
- Born 1979
- Joined Sixt in 2009
- Responsible for Group Strategy, M&A, central procurement, process and product management, global operating human resources, global service operations, new mobility services

KONSTANTIN SIXT

- Chief Sales Officer
- Born 1982
- Joined Sixt in 2005
- Responsible for national and international sales, global e-commerce business

Sixt Leasing SE also made great progress in switching its financing from the one provided by Sixt SE to its own arrangement. The resulting reduction in interest expenses led to an increase in operative profitability in the leasing business already during 2016. In addition, Sixt Leasing SE repays the loans provided by Sixt SE.

Therefore the latter has now additional funds available to drive forward its ongoing expansion on the international mobility markets.

2016 once more vindicated Sixt's excellent reputation, which the Company earned itself with banks and investors thanks to its solid financial management. In July Sixt SE successfully issued borrower's note loans with a volume of EUR 375 million, making it the biggest single capital market transaction in its corporate history. In October 2016 the Company placed another bond with a volume of EUR 250 million on the capital market. This has a term of six years and carries an interest coupon of 1.125% p.a., which is the lowest coupon of a bond with a comparable term issued by an unrated company on the Euro bond market what again underlines Sixt's good reputation on the capital markets.

The Group's good operative performance, its high profitability and excellent equity base lay the foundation for our shareholder-friendly dividend policy that we have been practising for many years now. For fiscal year 2016, the Managing Board and Supervisory Board therefore propose to increase the dividend to EUR 1.65 per ordinary share and EUR 1.67 per preference share. This would increase the dividend pay-out from EUR 71.5 million to EUR 77.7 million. Taken together with our shares' positive development, an investment in Sixt continues to be highly attractive.

Dear shareholders,

"Mobility" is one of today's catchwords. Technological advances and peoples' changing values and needs keep changing the concept of mobility. Today many people, especially those living in conurbations, no longer feel the need to own a vehicle. Instead, they want mobility on time, meaning bespoke offers suiting their specific requirements. Here, digitalisation creates an enormous potential of reorganising mobility to serve this changing situation and bring intelligent concepts to the market.

This is and has been Sixt's core business for well over 100 years now. As innovation leader we will continue to shape and influence the trends of the mobility industry as we organise mobility professionally and focused on our customers. The intelligent integration of different products and services, with which we offer our customers all-round mobility under one roof, is already reality with us today. And we are working under high pressure to further expand this interlinked integration.

To this end we trust on our proven service promise: The Sixt brand is a byword for top-quality vehicles, intelligent products, first-class services and highest customer orientation. Not least, our success rests on our highly competent, committed and flexible employees, who want to thrill and enthuse our customers with their work passion every day. Last year we once again succeeded in this regard and the Managing Board wishes to express its gratitude to all employees for their performance at work.

Looking forward to the current fiscal year 2017, we are generally optimistic. Above all abroad, Sixt will continue to pursue its strategic growth initiative with a keen and measured eye and will drive forward its integrated and interlinked service range. As the mobility industry is affected by many external factors, we are well advised to keep a watchful eye on factors that could affect the international travel industry adversely, such as the many political crises and the growing terror threat.

Against this background, we project for 2017 a slight increase in consolidated operating revenue as well as a stable to slightly increasing Group EBT. The strong strategic and operative position of our Group and the for us advantageous general direction mobility trends are taking are good preconditions to secure Sixt's long-term growth and above average profitability.

We thank you, dear shareholders, for your trust and support and hope that you will continue to accompany us on our successful track.

Pullach, March 2017

The Managing Board

ERICH SIXT	DETLEV PÄTSCH	DR. JULIAN ZU PUTLITZ	ALEXANDER SIXT	KONSTANTIN SIXT

A.2 \\ REPORT OF THE SUPERVISORY BOARD

General

In 2016 the Supervisory Board of Sixt SE conscientiously attended to the duties incumbent on it according to law and the Articles of Association. The Board dealt in detail with the Group's economic situation and its strategic orientation. In addition it consulted with the Managing Board over key issues and provided assistance.

In 2016 the Supervisory Board came together for five meetings, each of which was attended by all Supervisory Board members. Thus, the legally prescribed frequency of two meetings per calendar half-year was complied with.

The Managing Board informed the Supervisory Board in written and verbal form regularly, promptly and comprehensively about the situation of the company and the Group. To this end, the Managing Board compiled, beside the quarterly statements and the half-year interim report, a written report every quarter with detailed information on the economic and financial position of Sixt SE and its domestic and foreign subsidiaries. At the regular meetings of the Supervisory Board, the Managing Board outlined the documents and reports on the development of business, planning and corporate strategies. The Supervisory Board was involved early in decisions of significant importance for the company and the Group. There was no need for Supervisory Board members to consult additional company documents over and above the reports and proposals for resolution submitted by the Managing Board.

Outside the meetings the members of the Supervisory Board also regularly exchanged information with the Managing Board, especially the chairmen of the two corporate organs. The provisions of the German Corporate Governance Code and of the legal stipulations on stock corporations governing the duty of the Managing Board to report to the Supervisory Board were consistently observed.

The Supervisory Board took its decisions in 2016 during physical meetings as well as via telephone.

The Supervisory Board of Sixt SE does not establish any committees as it consists of only three members. Working efficiency is not expected to increase by the formation of additional committees.

PROF. DR. GUNTER THIELEN

\\ Chairman of the Supervisory Board of Sixt SE
\\ Born 1942
\\ Joined the Company in 2008

Key issues of consultation in 2016

At its meetings in the year under review, the Supervisory Board received comprehensive information from the Managing Board on all key questions relating to current business development, the strategic focus, the risk situation and risk management, company-internal control systems and net assets, the financial position and results of operations of Sixt SE and the Group. The entire Managing Board attended all Supervisory Board meetings to explain all the information and procedures in detail and to answer questions.

In addition, in 2016 the Supervisory Board addressed in particular the following issues:

\\ The Supervisory Board monitored and reviewed the Vehicle Rental Business Unit's ongoing expansion in Europe and the USA. Special attention was given to the continued expansion of the US business, which simultaneously has to focus on achieving a positive result in the near future. The Supervisory Board honoured the fact that in a few selected months of 2016 Sixt already managed to break even in the USA despite the strong growth and associated expenses for building the business. It expressly approved the strategy of controlled and profitability-driven growth overseas.

\\ The Supervisory Board addressed new mobility services, especially the premium carsharing service DriveNow and the chauffeur service myDriver. It showed appreciation for the ongoing strong growth in the domestic and foreign customer base of DriveNow and the progress it made in its international operations with the 2016 launch of services in Brussels and Milan. In the year under review myDriver also boosted its internationalisation and at the end of 2016 the service was available in more than 100 cities.

- The Supervisory Board noted with approval the Sixt Group's medium-term business plan as submitted by the Managing Board. The underlying economic and strategic assumptions regarding customer requirements, development of demand, market potential and cost developments in the Vehicle Rental and Leasing Business Units were extensively discussed.

- The Supervisory Board supported the Managing Board's efforts to use the existing authorisations to buy back shares. This is intended to reduce the number of Sixt shares and thereby improve key stock-based performance indicators that are of relevance for the capital markets. It thereby approved the share buy-back programme, which started on 16 March 2016 and ended on 18 July 2016. The Supervisory Board gave its consent to withdrawing the ordinary and preference shares acquired during this period, which in turn lowered the share capital of Sixt SE accordingly.

- The Supervisory Board dealt in detail with the necessary tender for the audit of the Annual Financial Statements of 2017 required under the German Audit Reform Act (Abschlussprüferreformgesetz - AReG) and agreed to the selection process proposed by the Managing Board. In the same context the Board also addressed the non-audit services to be awarded to the auditor and defined binding rules.

- Moreover, the Supervisory Board also covered the efficiency reviews of its own activities as recommended by the German Corporate Governance Code.

Corporate Governance

The corporate management and supervision of Sixt SE comply with the principles of the German Corporate Governance Code. The Corporate Governance Report, which is published in the Annual Report, includes the Managing Board's and Supervisory Board's report on Sixt SE's corporate governance in accordance with section 3.10 of the Code. Moreover, in December 2016, the Managing Board and Supervisory Board issued a declaration of conformity pursuant to section 161 of the German Aktiengesetz (AktG – German Public Companies Act) and made it permanently available to shareholders on the Company's website *ir.sixt.eu* under the section "Corporate Governance". With few exceptions Sixt follows the recommendations of the Government Commission on the German Corporate Governance Code.

Audit of the 2016 annual financial statements and consolidated financial statements

The Managing Board prepared the annual financial statements of Sixt SE as per 31 December 2016 in accordance with the requirements of the German Handelsgesetzbuch (HGB – German Commercial Code) and the consolidated financial statements and the management report on the situation of the Group and the Company as per 31 December 2016 in accordance with section 315a 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 SE and the consolidated financial statements as well as the management report on the situation of the Group and the Company and gave these documents 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 2 June 2016.

The Supervisory Board received the documents together with the Managing Board's dependent companies' report and the auditors' 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 20 April 2017.

The auditors of the annual financial statements and of the consolidated financial statements attended this meeting and provided in-depth information on the material findings of their activities. The focal points of the audit were agreed with the Supervisory Board. Among other things, they addressed the early risk detection system as well as the risk management system, including the internal control and risk management system relating to its accounting procedures, consolidation according to IFRS 10 through to 12 and the recognition and measurement of the stock options programme, financial instruments, finance and lease assets, the realistic prospects of revenues and the performance relationships between Group companies.

In addition, during this same meeting the Managing Board explained in due detail the Company's and the Group's annual financial statements.

Following an analysis of the risk situation and risk management, the auditors concluded that there were no material risks, in Sixt SE and the Group companies, which are not mentioned in the reports. According to the auditors there were no material weaknesses in the internal control and risk management system relating to accounting procedures. Furthermore, the auditors informed the Supervisory Board of services rendered over and above the work on the audit. In the opinion of the auditors, there were no circumstances that could justify doubt as to the impartiality or independence of the auditors.

The Supervisory Board approved the auditors' findings and had no objections after reviewing it. The Supervisory Board approved the annual and consolidated financial statements as well as the management report on the situation of the Group and the Company as prepared by the Managing Board and audited by the auditor. The annual financial statements 2016 of Sixt SE were thus formally adopted in accordance with the provisions of the (German) AktG. After a detailed examination the Supervisory Board concurred with the proposal of the Managing Board for the allocation of the unappropriated profit of 2016.

The auditors included in their audit the Managing Board’s Dependent Company Report in accordance with section 312 of the AktG covering the relationship between Sixt SE and its affiliated companies, and submitted their 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 completion of our review and assessment in accordance with professional standards, we confirm that the actual disclosures made in the report are accurate."

The Supervisory Board’s examination of the Dependent Company Report in accordance with section 312 of the AktG covering the relationship between Sixt 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.

Personnel changes in the Managing Board and Supervisory Board

There were no changes in the Managing and Supervisory Board of Sixt SE during the year under review.

Thanks to the Managing Board and all employees

Sixt Group closed 2016 with another record revenue and record earnings. The Managing Board's initial forecasts were exceeded, some even substantially. Foreign operations of our Vehicle Rental Business Unit prove to be a dynamic growth driver for our Group, both in the European markets as well as the USA. The Leasing Business Unit managed to further improve its profitability. Moreover, Sixt Leasing SE made significant progress with its refinancing structure and found financing independent of Sixt SE and more cost advantageous.

Against that background the Supervisory Board wishes to extend its sincere thanks to our Company's Managing Board, the management of the subsidiaries and all employees of the Sixt Group for the pro-active performances and commitment in this successful fiscal year 2016.

Pullach, April 2017

The Supervisory Board

PROF. DR. GUNTER THIELEN	RALF TECKENTRUP	DR. DANIEL TERBERGER
Chairman	Deputy Chairman	Board Member

A.3 \\ SIXT SHARES

Changing fortunes at the stock exchanges

The international stock markets showed a volatile development throughout the year 2016. Especially the European stock exchanges felt the pressure, given the UK's vote to leave the European Union with the so-called Brexit. Thus, the first six months were adversely affected by poor labour market data coming out of the US, the persistently low economic performance in China, the disappointing performance of the US technology sector, ongoing withdrawals from European stock indices as well as the terror attack in Brussels. Positive factors, such as the stable oil price or the lively M&A activities, only had temporary effects.

Nonetheless, in the second half of the year the worldwide stock markets recovered, among other things, on the back of abating concers regarding the effects from the Brexit vote, improving US labour market data and stronger economic data in China. At the end of the year, the mood on the markets was buoyed up by the outcome of the US presidential elections and improving early indicators for the Euro area, the USA and China. Terror attacks, as those carried out in Nice, Munich and Berlin, had only temporarily negative effects on stock prices.

The German stock index (DAX) underwent a very volatile year 2016. At first the index performed poorly and dropped below 9,000 points by mid-February, a loss of almost 20% compared to the close of 2015 and the worst start to a year in half a century. Though the index recovered thereafter, the impending Brexit vote triggered another round of losses. However, over the course of the remaining year the DAX managed to recoup all losses and especially towards the end of the year picked up speed. It closes the last day of trading on a 17-month high at 11,481 points. The gain on the closing price of the previous year (10,743 points) was 6.9%.

The SDAX, which includes Sixt SE's ordinary shares, gained 4.6% in the year under review.

The US stock markets begun the year poorly, but they then recorded an above average performance given the outcome of the presidential elections. Accordingly, the Dow Jones Index went up by 13.4%.

Sixt shares continue their positive performance

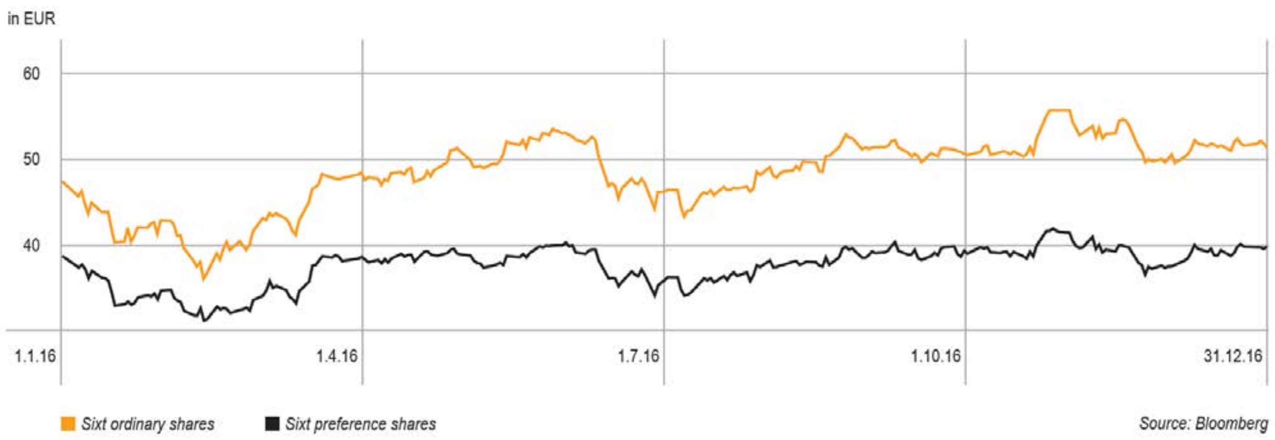
Sixt ordinary shares and Sixt preference shares both continued the positive performance of the previous year. The two share categories once again profited from Sixt Group's ability to outperform business expectations. Thus, in the period under review ordinary shares significantly outperformed the SDAX while the preference shares developed mainly in line with the index.

At the start of the year, ordinary shares dropped together with the general contraction at the stock exchanges and reached their annual low on 11 February 2016 at EUR 36.14. This was followed by a clear recovery that saw the share price climb to EUR 53.00 at the end of May. Followed by a brief consolidation phase, the start of June saw another upward trend, which gained momentum on the back of a successful third quarter and the upgraded earnings outlook for 2016. Accordingly, ordinary shares scaled their annual high on 26 October 2016 at EUR 55.25 and closed the year finally at EUR 50.95. This development equals a value gain of 8.0% compared with the closing price in 2015 at EUR 47.19.

Preference shares developed similar to ordinary shares in the year under review. They also dropped to their annual low on 11 February 2016 at EUR 30.86 before recovering and closing the end of May at EUR 39.50. The interim consolidation was followed up by a persistent ascent to the annual high on 26 October 2016 at EUR 41.06. Preference shares closed the year at EUR 39.05, a gain of 2.8% on the closing price of EUR 38.00 recorded at the end of the year before.

Market capitalisation of Sixt SE on 31 December 2016 was EUR 2.19 billion, 3.9% higher than at the end of December 2015 (EUR 2.11 billion; all data refer to Xetra closing prices).

Performance of Sixt ordinary and preference shares



Changes in share capital

Pursuant to the Managing Board's decision and after approval by the Supervisory Board, the treasury shares acquired as part of a share buy-back programme (779,720 ordinary shares and 335,208 preference shares) were retired on 15 March 2016 by lowering the share capital. This reduced the share capital of Sixt SE from EUR 123.0 million to EUR 120.2 million, of which ordinary shares account for EUR 77.7 million and preference shares for EUR 42.4 million.

Shareholder structure continues stable

Based on the registered share capital, Erich Sixt Vermögensverwaltung GmbH held 61.6% of the ordinary shares at the end of 2016. All of those shares are owned directly and indirectly by the Sixt family.

The voting right notifications received by the company during the year under review are available from the Sixt SE's website at *ir.sixt.eu*. In fiscal year 2016 the Company did not received any notifications.

Record dividend payment for fiscal 2016

Sixt SE pursues a shareholder-friendly dividend policy, the aim of which is to let shareholders participate in the Company's success by distributing an appropriate dividend. The amount of the dividend payment is set by the company's earnings performance as well as future demands placed on equity for the earmarked growth of the Company.

At the Annual General Meeting on 2 June 2016 the shareholders approved the dividend proposal submitted by the Managing and Supervisory Board. For the fiscal year 2015 they decided to pay a record dividend of EUR 1.50 per ordinary share and EUR 1.52 per preference share. The total dividend payment came to EUR 71.5 million which, measured in terms of the consolidated profit after minority interests, brought the dividend pay-out rate to 62% (previous year 53%). Based on the closing prices for each share category at the end of 2015 the dividend yield is 3.2% for ordinary shares and 4.0% for preference shares. The resolution reflected the Company's business performance in 2015, which exceeded original expectations, as well as the strong equity basis that is substantially above the industry average.

Managing Board and Supervisory Board of Sixt SE intend to propose to Annual General Meeting on 30 June 2017 to pay out a dividend of EUR 1.65 per ordinary share and EUR 1.67 per preference share. This proposal is once again based on the very strong earnings performance in the preceding fiscal year. All in all the dividend pay-out would come to EUR 77.7 million, some 55% in terms of the consolidated profit after minority interests. The new profit allocation proposal maintains Sixt SE's dividend policy of the previous years.

Sixt share information	
Classes of shares	No-par value voting ordinary bearer shares (WKN: 723132, ISIN: DE0007231326) No-par value non-voting preference bearer shares (WKN: 723133, ISIN: DE0007231334)
Stock exchanges	Xetra, Frankfurt am Main, Munich, Stuttgart, Hanover, Düsseldorf, Hamburg, Berlin
Key indices	SDAX (weighting of ordinary shares: 2.13%) CDAX (weighting of ordinary shares: 0.05%, weighting of preference shares: 0.06%) Prime All Share (weighting of ordinary shares: 0.05%, weighting of preference shares: 0.05%)
Trading segment	Prime Standard
Designated sponsors	Commerzbank AG, M.M. Warburg

Performance of Sixt ordinary and preference shares against the SDAX

	2016	2015
Earnings per share – basic (in EUR)		
Ordinary share	3.00	2.39
Preference share	3.02	2.41
Dividend (in EUR)		
Ordinary share	1.65[1]	0.90 +special div. 0.60
Preference share	1.67[1]	0.92 +special div. 0.60
Number of shares (as at 31 Dec.)	46,943,358	48,058,286
Ordinary share	30,367,112	31,146,832
Preference share	16,576,246	16,911,454

	2016	2015
High (in EUR)[2]		
Ordinary share	55.25	50.98
Preference share	41.06	39.55
Low (in EUR)[2]		
Ordinary share	36.14	30.67
Preference share	30.86	24.55
Year-end price (in EUR)[2]		
Ordinary share	50.95	47.19
Preference share	39.05	38.00
Dividend yield (in %)[3]		
Ordinary share	3.2	3.2
Preference share	4.3	4.0
Market capitalisation (in EUR million)[3,4]		
as at 31 Dec.	2,195	2,112

[1] *Proposal by the management*
[2] *All prices refer to Xetra closing prices*
[3] *Based on Xetra year-end price*
[4] *Based on ordinary and preference shares*

Continued intensive communication with the capital markets

Sixt SE is listed in Deutsche Börse’s Prime Standard segment and therefore is subject to the extensive transparency and public disclosure requirements. The Company secures open, timely and comprehensive financial communication and maintains a continuous and intensive dialogue with the capital markets.

In fiscal year 2016 the Managing Board of Sixt SE was once again engaged in a regular exchange with analysts and investors from at home and abroad as well as with relevant media. The Board conveyed a timely and comprehensive overview of business conditions and developments of the Group. Focal point of these communication efforts were the ongoing expansion of the rental business, above all outside of Germany, including developments on the US market, the optimisation of internal structures and processes to meet the growing corporate size as well as the business performance and further development of modern mobility services, such as DriveNow and myDriver, in view of changing customer needs.

Sixt Group's strategy and business development were positively received and met strong interest during roadshows and investor conferences held in Germany and abroad. In fiscal year 2016 these events were held, amongst others, at such key financial centres as Frankfurt, London, Munich and the USA. In addition to these the Managing Board had regular exchanges with journalists from relevant financial and business media outlets as well as specialised mobility and tourism media representatives.

The quarterly publication of figures in 2016 offered another opportunity to inform financial journalists about Sixt Group's current development. The Managing Board outlined its view on business performance and was available for questions. The conference calls established for this purpose have proven their worth for years now and have become an established format for almost all relevant business journals and news agencies. They are therefore a meaningful addition to events such as the annual press conference and the Annual General Meeting.

Prominent financial and research institutions analysed the Company's and Sixt's shares' development during the year under review. To this end the Managing Board and analysts had detailed exchanges of information. In fiscal year 2016 new and updated reviews were published by the following research institutions: Baader Helvea, Bankhaus Lampe, Berenberg, DZ Bank, Hauck & Aufhäuser, Oddo & Cie, UBS and Warburg Research.

As of reporting date, 31 December 2016, these reviews gave an average target price of EUR 58.07 for Sixt ordinary shares (previous year's reporting date: EUR 52.75).

The Managing Board will continue to stay in direct contact with the capital market participants and the media. It will thereby stress in particular the very solid financing structure and long-term growth strategy of the Group and moreover will communicate these in detail and with full transparency and also outline the key differences and competitive strengths to its relevant competitors.

A.4 \\ CORPORATE GOVERNANCE REPORT

In accordance with the provisions of section 289a of the Handelsgesetzbuch (HGB – German Commercial Code) the Company has to include a corporate governance declaration in its Management Report. Pursuant to section 317 (2) sentence 3 of the HGB the disclosures made in accordance with section 289a of the HGB are not included in the audit. The declaration can also be found on the website of Sixt SE at *ir.sixt.eu* under "Corporate Governance".

Corporate governance declaration in accordance with section 289a of the HGB

Corporate Governance

For Sixt SE, good and responsible corporate management and supervision (corporate governance) is an essential means of ensuring and enhancing capital market confidence in the Company. Responsible management that focuses on long-term value creation is therefore of central importance for the Company. The basic hallmarks of good corporate governance are efficient and trusting collaboration between the Managing Board and the Supervisory Board, upholding the shareholders' interests and transparency in the corporate communication, both externally and internally.

The recommendations of the Government Commission on the German Corporate Governance Code are an established benchmark for corporate management at German listed companies. Apart from the exceptions listed in the Declaration of Conformity of December 2016, the Managing Board and the Supervisory Board of Sixt SE affirm their commitment to the principles of the German Corporate Governance Code published by the German Government Commission on 26 February 2002 and most recently amended on 5 May 2015.

Declaration of Conformity in accordance with section 161 of the AktG

In accordance with section 161 of the German Aktiengesetz (AktG – German Public Companies Act), the Managing Board and Supervisory Board of German listed companies are to issue an annual declaration indicating the extent to which they have complied or are complying with the German Corporate Governance Code. They must also explain which recommendations of the Code have not been or are not being applied. The Managing Board and Supervisory Board of Sixt SE have issued and published such a declaration of conformity every year since 2002. Every declaration of conformity is made available to the public for a period of five years on the Company's website at *ir.sixt.eu* under "Corporate Governance". Referring to the version of the Code valid since May 2015 the most recent declaration of conformity by the two company bodies was published in December 2016, and reads as follows:

"The recommendations of the "Government Commission on the German Corporate Governance Code" in the version of 5 May 2015 (hereinafter referred to as "Code") announced by the Federal Ministry of Justice in the official section of the Bundesanzeiger (Federal Gazette) will be and have been complied with, with the following exceptions:

- In the D&O insurance policy of Sixt SE, no deductible has been agreed for members of the Supervisory Board (section 3.8 (3) of the Code). Sixt 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 3 June 2014, the total remuneration is currently not disclosed and broken down by individual Managing Board members. In view of this resolution, an individual disclosure of allowances, compensations and other pension 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 SE.

- Since, in accordance with the Articles of Association, the Supervisory Board of Sixt SE consists of three people, no committees are formed (sections 5.3.1 to 5.3.3 of the Code).

- 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) because given the fact that the Supervisory Board consists of three members, of whom merely two members are elected in accordance with the Articles of Association, any limitation on age and/or length of membership when choosing potential candidates would run counter to the interests of the Company.

- 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 SE will disclose all price-sensitive information to analysts and all shareholders (section 6.1 sentence 2 of the Code). Sixt 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 SE believes that compliance with the publication deadlines specified in section 7.1.2 sentence 4 of the Code does not benefit to any greater extent the information interests of investors, creditors, employees and the public.“

Pullach, December 2016

For the Supervisory Board of Sixt SE

SIGNED PROF. DR. GUNTER THIELEN
Chairman

For the Managing Board of Sixt SE

SIGNED ERICH SIXT
Chairman

Relevant disclosures on corporate governance practices

The practices used for managing Sixt SE and the Sixt Group fully comply with 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 internal audits.

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 control rules, measures and controls to ensure compliance with statutory provisions and corporate guidelines. It includes regular reports by the Company's Business Units, audit reports and regular working meetings relating to different topics. The internal control 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.

Compliance within the Sixt Group

The success of the Sixt Group is based not only on its excellent business policy, but also on the economic integrity and the trust customers, suppliers, shareholders and business partners place in the Group. 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 SE and its affiliated companies, which is mandatory for all employees, defines these behavioural principles for the acting individuals' dealings in relation to third parties and within the Company.

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.

Working practices of the Managing Board and Supervisory Board

As European Stock Corporation (Societas Europaea) Sixt 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), which remains essentially unchanged for Sixt SE. Sixt SE takes due account of this principle of separate management and supervisory bodies and has different personnel in the Managing and Supervisory Boards of Sixt SE. Simultaneous membership in both bodies is not permitted. In accordance with Article 7 (1) and (2) of the Company's Articles of Association, the Managing Board of Sixt SE consists of one or more members appointed by the Supervisory Board for a maximum period of up to five years. Reappointments are generally possible. In fiscal year 2016, Sixt SE's Managing Board had five members. They are responsible for basic strategic orientation, daily operations and the monitoring of risk management at Sixt SE and in the Sixt Group. In addition, the members of the Managing Board perform functions in other Group companies, for example as Supervisory Board members or Managing Directors. Since Sixt SE is the Group's strategic and financial holding company, the daily operations are managed from the Vehicle Rental and Leasing Business Units. The members of Sixt SE's Managing Board are at the same time Managing Directors of Sixt GmbH & Co. Autovermietung KG. Furthermore, the Chairman of the Managing Board of Sixt SE, Mr. Erich Sixt, is also Chairman of the Supervisory Board of Sixt Leasing SE.

The members of the Managing Board perform the duties assigned to them under clearly defined portfolio responsibilities in accordance with the executive organisation chart and the rules of procedure. The Chairman of the Managing Board and Chief Executive Officer is in charge of the overall management and business policy of the Company. In addition, he also signs responsible for marketing, publicity work, public relations, international franchising, IT and strategic human resources management. The Chief Operations Officer is responsible for the rental business at rental offices and for the fleet, in particular the purchase and sale of vehicles as well as maintenance and repairs. Furthermore, he is accountable for such areas as customer service, quality management as well as repair/damage handling. The Chief Financial Officer is in control of the overall management of all the Group's finance departments, including finance and accounting, controlling, risk management as well as the legal and auditing departments. The

Chief Officer for Organisation and Strategy signs responsible for the Group strategy, M&A, central procurement, process and product management as well as the new mobility services such as carsharing. In addition, he is responsible for global operating human resources, as well as the management of all global service operations. The Chief Sales Officer is responsible for national and international sales as well as the Group's global e-commerce business.

Managing Board meetings, at which cross-portfolio issues are discussed, are held as and when necessary.

The Managing Board did not establish any committees.

In accordance with Article 10 (1) of the Articles of Association, the Supervisory Board of Sixt SE has three members. Two members are elected by the Annual General Meeting in accordance with legal provisions and the provisions of the Articles of Association. One further member of the body is appointed by the shareholder Mr. Erich Sixt. The Supervisory Board elects a Chairman and a Deputy Chairman from among its members (Article 12 (1) of the Articles of Association). As according to the Articles of Association, the Supervisory Board of Sixt SE consists only of three people, no committees are formed.

For its future composition, the Supervisory Board decided that internationality and industry experience shall be considered as criteria. Internationality shall be taken due account of by having at least one Supervisory Board member with work experience abroad, whilst the criteria of industry experience shall be met through one member bringing to the Board professional experience in at least one of the areas of vehicle rental, automotive industry, automotive trade, vehicle leasing or travel and tourism.

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 of the 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 financial year 2016.

The Managing Board and Supervisory Board cooperate closely for the benefit of Sixt Group. The Managing Board informs the Supervisory Board regularly, promptly and comprehensively on all 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 audits. To this end, the Managing Board agrees the Company's strategic orientation with the Supervisory Board and discusses the implementation of strategy in regular intervals. Documents required to make decisions, in particular the annual financial statements of Sixt 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.

Employee participation programme (Matching Stock Programme)

The Managing Board and Supervisory Board of Sixt SE resolved to implement a Matching Stock Programme (MSP) for a selected group of employees, senior executives and members of the Managing Board of the Sixt Group at the Company and its affiliated companies. The programme enables employee participation in the form of shares while avoiding any dilutive effects for existing shareholders 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. The Managing Board of Sixt SE defines the maximum participation volume for each of the beneficiaries. Where the Managing Board of Sixt SE itself is concerned it does so with the approval of the Supervisory Board.

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 was allocated (a total of five tranches), so that each participant was entitled to subscribe up to a total of 2,500 stock options (5 tranches with 500 stock options each) for every EUR 1,000 of paid-up subscription amount.

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 four-year lock-up period, if the exercise threshold has been reached. If the exercise threshold for a tranche 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. The remaining exercise gain, less the taxes and contributions on the exercise gain payable by the participants (net exercise gain), is used for the acquisition of 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. This is done by deducting the amount of dividend or distribution attributable to one share from the initial price, if required, adjusted by the effects from capitalization 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.

Disclosures relating to the ownership of shares and financial instruments on those shares

In accordance with the German Corporate Governance Code the ownership of company shares and financial instruments relating to those shares held by members of the Managing and the Supervisory Board must be disclosed in the event of such direct or indirect shareholdings exceeding 1% of the shares issued by the company.

As at 31 December 2016 members of the Managing Board hold directly or indirectly 18,822,951 ordinary and/or preference shares.

Thereof, the Erich Sixt Vermögensverwaltung GmbH, Pullach, all shares of which are indirectly and directly fully owned by the Sixt family, held 61.6% (18,711,822 shares) of the ordinary shares of Sixt SE. Mr. Erich Sixt held two ordinary shares registered in his name.

Under the MSP employee equity participation programme, members of the Managing Board subscribed for bonds of Sixt SE with a total principal amount of EUR 900,000, which, as at reporting date 31 December 2016, entitles them under the MSP terms and conditions to subscribe for up to 2,100,000 stock options. Entitlements for future allocation of stock options do not exist. As at 1 December 2016 some 400,000 stock options allocated to members of the Managing Board had already been exercised. In context of this exercise 20,790 preference shares were transferred to members of the Managing Board.

Members of the Supervisory Board held no ordinary shares or preference shares of Sixt SE as at 31 December 2016. Furthermore, no financial instruments relating to the purchase or sale of Sixt SE shares were issued to members of the Supervisory Board.

Directors' dealings

In accordance with article 19 of the Regulation (EU) No. 596/2017 of the European Parliament and the Council on market abuse (European Market Abuse Directive) members of the Managing Board and the Supervisory Board are legally required to disclose their own transactions with shares or bonds of Sixt SE and their related financial derivatives or other related financial instruments, as long as the aggregated total of the transactions conducted by the member is less than EUR 5,000 by the end of the calendar year. The transaction notifications received by Sixt SE during the preceding fiscal year were duly published and can be retrieved on the website of Sixt SE at *ir.sixt.eu* under the tabs "News" and "Corporate Governance".

Target figures in accordance with the Act stipulating the equal participation of women and men in leadership positions

In accordance with the provisions of the Law on Equal Participation of Women and Men in Leadership Positions in the Private and Public Sector, the Supervisory Board of Sixt SE defined target figures for the share of female members in the Supervisory and Managing Boards of Sixt SE, and the Managing Board of Sixt SE defined target figures for the share of women in the first and second executive level below the Managing Board. In view of this first-time definition, the period for implementation until which the respective share of women must be attained, must not be later than 30 June 2017, pursuant to statutory provisions.

As all the members of the Supervisory Board and the Managing Board have been elected and/or appointed for terms extending beyond 30 June 2017, and given that the Company does not currently plan to extend the Supervisory Board or the Managing Board or to effect any personnel changes, the Supervisory Board has determined that the share of women serving in the Supervisory Board and the Managing Board shall be 0% and also resolved that this shall be implemented by 30 June 2017.

During the period under review the Managing Board in turn defined the target figures for the share of women in the first executive level below the Managing Board to be 15% and in the second executive level below the Managing Board to be 30%. These target figures are also to be attained by 30 June 2017. This takes due account of the German consolidated companies of Sixt SE, except of Sixt Leasing SE and its German subsidiaries.

Disclosures relating to the auditor

The Annual General Meeting on 2 June 2016 adopted the proposal of the Supervisory Board to appoint Deloitte GmbH Wirtschaftsprüfungsgesellschaft, Munich as auditor for fiscal year 2016 for Sixt SE and the Sixt Group. Auditing companies from the Deloitte network are auditing the majority of companies included in the consolidated annual financial statements which require such audits. Deloitte GmbH Wirtschaftsprüfungsgesellschaft has been auditor of Sixt SE, respectively previously Sixt Aktiengesellschaft, since the annual financial statements 2005. Since the annual financial statements 2016 the auditor Andreas Lepple has been the auditor responsible for conducting the audit.

WE SHARE A PASSION FOR DETAIL THAT MAKES SIXT A LITTLE BIT BETTER EVERY DAY.

Motivated by the will to improve ourselves every day, we strive for perfection over mere excellence. Problems provide us with ideal opportunities to surpass our own benchmarks. That's how we generate enthusiasm. And that's how we maintain the leading edge.

B \\ MANAGEMENT REPORT ON THE GROUP'S AND THE COMPANY'S SITUATION

B.1 \\ GROUP FUNDAMENTALS

1. BUSINESS MODEL OF THE GROUP

1.1 GROUP STRUCTURE AND MANAGEMENT

Sixt SE, with its headquarters in Pullach/Germany is a listed European Stock Corporation (Societas Europaea) and is the parent and holding company for the Sixt Group. Sixt SE assumes central management tasks and is responsible for the strategic and financial management of the Sixt Group. In addition, it oversees key financing functions, primarily for key companies of the Vehicle Rental Business Unit.

Moreover, it provides a vital part of the financing for the stock-listed Sixt Leasing SE which, together with its subsidiaries, represents the Leasing Business Unit. The plan is to replace this financing by the end of 2018 with independent financing instruments held by Sixt Leasing SE itself. Sixt SE holds 41.9% of the capital and voting rights in Sixt Leasing SE. For the time being, the shareholding in Sixt Leasing SE and its subsidiaries continues to be fully consolidated in the consolidated financial statements of Sixt SE as the existing Supervisory Board majority as well as the financing agreements gives Sixt SE control in Sixt Leasing SE.

The operating business of Sixt Group is under the full responsibility of domestic and foreign subsidiaries, which are assigned to the respective business units.

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

An overview of the companies included in the consolidated financial statements as well as the other investments of Sixt Group, which in their aggregate are of subordinate economic importance, can be found under the section entitled "Consolidation" in the notes on the consolidated financial statements. The following report aggregates the one of the Group and Sixt SE Management Reports in accordance with section 315 (3) of the German Commercial Code (HGB).

1.2 GROUP ACTIVITIES AND SERVICES PORTFOLIO

The Sixt Group is an international provider of top-quality mobility services. The Company's tailored products are offered through its Vehicle Rental and Leasing Business Units and provide private and business clients with a mobility perfectly suited to their needs - whether they are looking for mobility for a few minutes or up to a couple of years. Customers can also combine the individual mobility solutions to match their specific needs. The all-in mobility concepts, the high level of service and the above average share of premium vehicles constitute key features that differentiates Sixt from its international competitors.

In its pursuit to be innovation leader in the mobility industry, the Group continually expands its performance range with new products and services. One focus is on online and mobile technologies to meet growing customer demands for flexible and state-of-the-art mobility. This end is served by making the most of the possibilities afforded by digital technologies. With a keen eye on demand Sixt further develops its wide range of products and services to react early to new trends. This includes, among others, special applications for smartphones or tablet PCs as well as a continuous adaption of the company websites to the current state of the art. These developments are driven by customers' wishes and requirements regarding transparency, user friendliness and content. Today, already around 62% of reservations in the Vehicle Rental Business Unit are made via Internet and mobile services. The internet is also becoming more and more important as communication channel. Sixt is intensifying the dialogue with customers and the wider public through its presence in various social networks as well as its Company blog.

2. VEHICLE RENTAL BUSINESS UNIT

In the Vehicle Rental Business Unit the Sixt brand maintains an almost worldwide presence through its own rental offices, as well as through cooperation with highly efficient franchisees and cooperation partners. With a market share of over 30% Sixt is the clear market leader in Germany, far ahead of its competitors. According to internal researches, the Company enjoys an even bigger market share at Germany's commercial airports, which are a vitally important segment for the rental business. The Business Unit's target groups are business and corporate customers as well as private customers and holiday travellers. The accident replacement business, on the other hand, is of minor significance for Sixt.

The Vehicle Rental business unit is represented through its subsidiaries in the core European countries of Belgium, Germany, France, the UK, Luxembourg, Monaco, the Netherlands, Austria, Spain and Switzerland (Sixt Corporate countries) and thereby covers a large part of the European market. Thus, Sixt ranks among the largest vehicle rental companies in Europe, and is also active with own stations in the US rental market since 2011.

Outside of the corporate countries in Europe, Sixt is represented through its franchise and cooperation partners (Sixt Franchise countries), since 2013 also in the USA – in addition to its own stations. Thanks to this double-track international expansion with corporate subsidiaries and franchisees the Sixt brand achieves an almost global presence.

The services of Sixt Vehicle Rental are augmented and supplemented by products for special customer groups, including above all:

\\ *Sixt Rent a Truck:* Sixt provides its customers with a wide range of utility vehicles from well-known manufacturers, with a range from transporters, e.g. for private relocation through to trucks with total weights of up to 12 tons. Depending on customer needs these vehicles can be rented out for shorter or longer terms. On top of these, the offer of Sixt Rent a Truck also comprises special vehicle fittings for film and TV-productions or equipment for removals as well as individual consultation services for choosing a vehicle.

\\ *Sixt holiday vehicle rental:* Sixt offers holiday travellers an international service tailored to mobility requirements in holiday destinations. In this service customers pay the rent in advance and pick up the rental car at their vacation destination by simply presenting the required documents such as passport and driver's license. Extra services such as insurance (excluding any deductible), airport surcharges, taxes and mileage are generally included for key vacation destinations. The “Sixt Ferienmietwagen” product is customised to the wish of many travellers to be able to fix rental prices and conditions ahead of their journey so that the pick-up of the rental vehicle is faster and simpler.

\\ *FLIZZR:* Sixt‘s smart value product is a reliable basic offer for personal mobility requirements. FLIZZR is made for price-sensitive private customers who make their bookings primarily via price comparison portals on the internet. Following its initial pilot stage in 2015, the product added further destinations in 2016 so that by the end of 2016 FLIZZR was available at 125 stations in 15 countries across Europe and the Caribbean.

\\ *Sixt Limousine Service:* Sixt Limousine Service is an exclusive mobility service that can be used for business travel as well as sightseeing or special occasions such as major events. For this service Sixt uses a fleet of attractive premium vehicles as well as chauffeurs trained to high Sixt standards. Sixt Limousine Service is available in more than 60 countries worldwide.

\\ *Sixt Sports & Luxury Cars:* Sixt offers an exclusive service of luxury saloons, sports cars or SUVs in various countries and regions.

\\ *myDriver:* myDriver provides its customers with a premium transfer service at attractive fixed prices. The focus is especially on providing reliable airport transfers and thereby increase customer convenience and comfort through services such as a pick-up directly at the gate. The transfer service is available for business and private customers with a variety of vehicle categories and can be booked online and mobile at any time, day or night, for shorter as well as longer periods. In the course of 2016 myDriver continued its international expansion so that by the end of the year the service was available in more than 100 cities in around 30 countries. These include important European destinations, such as Germany, France, the UK and Austria, but also countries such as Australia, India or Taiwan. myDriver collaborates only with certified and licensed limousine services.

\\ *DriveNow:* Founded in 2011 as a joint venture with BMW, in which both companies hold an equal share, DriveNow offers premium carsharing for short term mobility in metropolitan areas. Customers are given a flexible and high-quality alternative to owning and maintaining a vehicle. Registered users can rent attractive BMW and MINI models at short notice, independent of a rental station, and drop them off within a pre-defined area of town (free floating principle). DriveNow services take account of the fact that more and more city dwellers prefer to abstain from car ownership for different reasons (e.g. increased maintenance costs, lack of parking spaces, or ecological considerations) and instead prefer to rent mobility for a specific period of time. Over the past few years DriveNow has continually extended the number of connected cities as well as the range of services, for example by linking up to the major airports or by entering into co-operation with other transportation providers. At the end of 2016 the premium carsharing product was represented in the following eleven European metropolitan areas: Berlin, Brussels, Düsseldorf, Hamburg, Cologne, Copenhagen (via franchise partner), London, Milan, Munich, Stockholm and Vienna. In Germany DriveNow is market leader among the free floating providers.

\\ *Specialised products:* Sixt offers its customers products and services tailored to their individual mobility requirements. One example is "Sixt unlimited". For a monthly flat rate customers can rent a vehicle at any time at over 600 service stations across Europe. Customers will no longer have to bear separate costs for their own car, taxis or parking fees, which benefits especially frequent travellers through significant time and cost advantages. The offer includes preferential service at Sixt stations, fully comprehensive insurance cover, a navigation device and tyres fit for wintry conditions during the winter months.

\\ *Strategic partnerships:* Sixt maintains numerous close and partly long-term strategic partnerships with leading companies in the tourism and mobility industries. This enables Sixt to offer its customers various price benefits and advantages. These cooperation projects include well-known airlines, hotel chains, hotel reservation and marketing associations, as well as other mobility service providers such as the ADAC (the German motorists' association).

3. LEASING BUSINESS UNIT

The Leasing Business Unit is represented through Sixt Leasing SE, Pullach, and its subsidiaries in Germany and abroad. In 2016 this company changed its legal form from a (German) public stock company (Aktiengesellschaft - AG) into a European Stock Corporation (SE). The Sixt Leasing Group is one of the largest non-bank, vendor-neutral leasing providers in Germany operating subsidiaries also in France, the Netherlands, Austria and Switzerland. In addition, Sixt franchisees and cooperation partners offer lease financing and services in around 40 countries under the brand name of Sixt Leasing.

The Sixt Leasing Group categorises the two business areas (segments) Leasing and Fleet Management. The Leasing segment in turn is subdivided into the two business fields Fleet Leasing and Online Retail.

\\ *Fleet Leasing:* In its Fleet Leasing business field, Sixt Leasing SE offers lease financing and associated services, the so-called full service leasing, to corporate customers with larger vehicle fleets. Alongside conventional finance leasing, full-service leasing comprises a wide range of other services. These include vendor-neutral consulting for customers on vehicle selection, vehicle procurement, vehicle maintenance over the entire contract period, tyre replacements, special supplementary products for transparent conditions at vehicle returns, service packages in case of accidents as well as the management of vehicle insurances, fuel cards, vehicle taxes and radio license fees. Target customers for the Fleet Leasing business field are companies with an adequately sized fleet and vehicles from different manufacturers. The fleets must have a certain complexity and size for Sixt Leasing to optimally employ its competitive strengths during consultation and service.

\\ *Online Retail:* Through its Online Retail business field, Sixt Leasing SE offers private and commercial customers the possibility to configure the latest vehicle models from more than 30 different car manufacturers and to request their individual leasing offer through the online platforms *sixt-neuwagen.de* and *autohaus24.de*. All the vehicles on offer are procured exclusively from German contract dealers. Customers thereby benefit from Sixt Leasing's expertise and economies of scale by receiving attractive conditions and additional services such as inspection maintenance, tyre replacements and insurance policies. In 2016 the business field was strengthened through the acquisition of the new car broker autohaus24 GmbH, which was bought from Sixt SE and Axel Springer Auto Verlag GmbH.

\\ *Fleet Management:* The Fleet Management segment oversees and manages customer fleets, which generally are not subject to leasing agreements with Sixt Leasing but still want to use the services for the management of complex fleets. The business segment is covered by the subsidiary Sixt Mobility Consulting GmbH. The target group for this service ranges from mid-sized businesses to large international corporations.

4. SIGNIFICANT EXTERNAL INFLUENCING FACTORS

As an internationally active Group with a stock-listed holding as parent company, the business activities of the Sixt companies are influenced by a number of different legal systems and stipulations. These include road traffic, environmental protection and public order stipulations, as well as tax and insurance laws, and capital and financial market regulations.

Economically, the Group depends on the general economic conditions, which in particular affect the spending propensity of business travellers, consumption behaviour of private customers and companies' willingness to invest. Next to these, changes in interest rates is another external key factor that can influence the Group's business operations. Unstable political situations, terror attacks, the outbreak of epidemics as well as social trends can also affect travel activities and the demand for mobility services and thus influence the Group's business development.

5. BUSINESS MANAGEMENT

The long-term business success of the Sixt Group is measured centrally at Group level using pre-defined key performance financial indicators (KPIs).

The following KPIs are particularly essential for the entire Group:

- Operating revenue
- Earnings before taxes (EBT)
- Operating return on sales in the business units / EBT margin (EBT/operating revenue)
- Equity ratio (equity/total assets)

The Sixt Group aims to achieve the following returns and ratios over the long term and therefore on a sustained basis:

- An operating EBT margin of at least 10% in the Vehicle Rental Business Unit (with regard to the Business Unit's operating revenue)
- An operating EBT margin of 6% in the Leasing Business Unit (with regard to the Business Unit's operating revenue)
- An equity ratio of at least 20% at Group level

6. RESEARCH & DEVELOPMENT

As a pure service provider, in 2016 Sixt once again did not engage in any research and development activities worth reporting.

B.2 \\ BUSINESS REPORT

1. ECONOMIC ENVIRONMENT

Alongside the domestic German market, the focal points for the Sixt Group's operative business activities are increasingly the Sixt corporate countries in Europe as well as the US. For this reason the investment activities of businesses, the spending propensity of commercial and corporate customers as well as the consumer behaviour of private customers in these economic regions are of particular importance for the Group's business development.

The German economy registered moderate growth in 2016. Germany's Federal Statistical Office recorded a GDP growth of 1.9%. Key drivers for this positive performance were private consumption expenditures, government investments for the intake of refugees from the crisis regions as well as the residential construction sector. Corporate expenditures for equipment such as machinery and vehicles also increased.

According to figures from the International Monetary Fund (IMF), the economic output for the Euro area climbed by 1.7%. This development was above all fostered by the ongoing low oil price as well as an expansive monetary policy. In addition, the expected negative consequences from the so-called Brexit, the referendum on the UK's future in the European Union, turned out to be less severe than initially anticipated. France, Italy and Spain all recorded stable growth.

The economy of the USA performed more restrained in 2016. According to the IMF, it was above all the first half of the year that was affected negatively, amongst other things, by weak corporate investment activities, the appreciation of the Dollar against other currencies, the volatility at the stock exchanges and the insecurities the markets showed ahead of the US presidential election. In the second half of the year, though, the US economy picked up speed again, so that it recorded a moderate 1.6% uptake according to the IMF.

Sources
International Monetary Fund (IMF), World Economic Outlook October 2016, 4 Oct. 2016
International Monetary Fund (IMF), World Economic Outlook, January 2017, 19 Jan. 2017
Statistisches Bundesamt (Federal Statistical Office), Press Release, 12 Jan. 2017

2. GROUP BUSINESS PERFORMANCE, OVERVIEW AND COMPARISON WITH PREVIOUS YEAR'S FORECAST

The Sixt Group registered a very successful fiscal year 2016 and continued the trend of the preceding years. Business performance was characterised by the ongoing worldwide expansion and record figures for revenue and earnings.

In its initial forecast for the year under review, the Managing Board had projected for the Vehicle Rental Business Unit continuously growing demand within Germany and especially in the foreign markets. For the Leasing Business Unit expectations were for slight growth in revenue. Based on these assumptions the Managing Board expected to see a slight uptake in the Group's operating revenue and stable to marginally higher consolidated EBT for fiscal year 2016. For the Group's equity ratio the Managing Board projected a figure above the targeted minimum of 20%.

In view of the above-average success in business development in Q3 and the business performance registered in the closing quarter, on 21 October 2016 the Managing Board revised its economic targets for full fiscal year 2016 upwards. Driver for this positive development were strong foreign operations in the Vehicle Rental Unit, which were positively affected in the third quarter by the vacation season in such large European travel destinations as France or Spain. As a consequence the Managing Board upgraded its outlook for Group EBT to at least EUR 200 million and expected a substantial growth in consolidated operating revenue.

The Sixt Group closed the fiscal year 2016 with consolidated earnings before taxes (EBT) of EUR 218.3 million, a plus of 17.9% on the figure of EUR 185.2 million recorded the year before.

Operating revenue came to EUR 2.12 billion, 9.5% more than the year before (EUR 1.94 billion). Consolidated revenue climbed 10.7% from EUR 2.18 billion to EUR 2.41 billion. Both Business Units, Vehicle Rental and Leasing, managed to grow their revenue and improved their earnings. The Group's equity ratio at the end of 2016 came to 26.8% after 28.9% at the end of 2015.

3. REVENUE DEVELOPMENT

3.1 DEVELOPMENT IN THE GROUP

Due to rounding it is possible that individual figures presented in this management report on the Group's and the Company's situation 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.

As in previous years, the Group's revenue development is measured by the so-called operating revenue as well as by consolidated revenue. Operating revenue is the total amount of revenue from rental business (including other revenue from rental business) and leasing business. Revenue from the sale of used leasing vehicles, which depends primarily on general fleet policy and is predominantly based on buy-back agreements with manufacturers and dealers, is not recognised as operating revenue. Revenue from the sale of used vehicles from the Vehicle Rental Business Unit is not reported under revenue.

Total consolidated revenue amounted to EUR 2.41 billion in the year under review, 10.7% more than the previous year's figure of EUR 2.18 billion. Operating revenue from rental and leasing business (excluding revenue from the sale of used leasing vehicles) was with EUR 2.12 billion 9.5% higher than the prior-year figure (EUR 1.94 billion). This increase was the result of the ongoing positive revenue development in the Rental Vehicle Business Unit, especially from the continuing international expansion, above all in the US.

Breakdown of consolidated revenue	2016		2015	
	in EUR million	in %	in EUR million	in %
Rental	1,703	71	1,519	70
Leasing	420	17	420	19
Leasing vehicle sales	284	12	236	11
Miscellaneous	5	0	5	0
Total	2,413	100	2,179	100

Consolidated operating revenue in EUR million	2016	2015	2014	2013
	2,124	1,939	1,645	1,505

3.2 REVENUE BREAKDOWN BY REGION

In Germany, consolidated revenue for 2016 was EUR 1.44 billion, an increase of 5.8% compared to the year before (EUR 1.36 billion). Rental revenue in the Vehicle Rental Business Unit reached EUR 715.5 million, 2.3% more than in 2015 (EUR 699.3 million). Other revenue from rental business climbed 17.2% to EUR 107.1 million (2015: EUR 91.3 million). The leasing revenue in Germany was with EUR 187.7 million 6.3% more than in the previous year (2015: EUR 176.6 million). The other revenue from leasing business in the Leasing Business Unit was down by 2.5% to EUR 176.0 million (2015: EUR 180.6 million). Revenue generated in Germany from the sale of used leasing vehicles, which is generally subject to fluctuations, rose significantly by 19.2% to EUR 252.8 million (2015: EUR 212.0 million). This was essentially due to the higher number of vehicle returns, given that the number of contracts had also expanded over the previous years.

Group revenues outside Germany performed more dynamically in 2016 thanks to the growth measures initiated. With EUR 968.5 million, it was 18.9% higher than in the previous year (EUR 814.8 million) and at a new record level. Also the rental revenues outperformed the very encouraging development of the previous year and rose by 20.7% to EUR 818.0 million (2015: EUR 677.5 million). This development was due to the activities in the USA as well as in the UK, France and Spain. Other revenue from rental business was EUR 62.8 million and thus also substantially above the prior-year figure (EUR 51.1 million; +23.0%). Leasing revenue abroad was down by 9.4% to EUR 31.5 million (2015: EUR 34.8 million). Other revenue from leasing business also decreased to EUR 25.1 million (2015: EUR 27.9 million; -10.0%) Foreign revenue from the sale of used leasing vehicles was up 32.2% to EUR 31.1 million (2015: EUR 23.5 million).

Sixt took another step towards its strategic goal of further increasing the share of foreign business in revenue. In 2016 the consolidated revenue were 59.9% in Germany (2015: 62.6%) and 40.1% outside of Germany (2015: 37.4%). In relation to the consolidated operating revenue, the share of revenue generated abroad also climbed to 44.1% (2015: 40.8%).

4. EARNINGS DEVELOPMENT

Consolidated income statement (condensed) in EUR million	2016	2015	Change in total	Change in %
Consolidated revenue	2,412.7	2,179.3	233.4	10.7
Thereof consolidated operating revenue[1]	2,123.7	1,939.1	184.6	9.5
Fleet expenses and cost of lease assets	850.0	814.4	35.6	4.4
Personnel expenses	334.7	274.5	60.2	21.9
Depreciation and amortisation expense	500.7	411.4	89.3	21.7
Net other operating income/expenses	-471.5	-457.1	-14.3	3.1
Earnings before interest and taxes (EBIT)	255.8	221.8	34.0	15.3
Net finance costs	-37.5	-36.6	-0.9	2.5
Earnings before taxes (EBT)	218.3	185.2	33.1	17.9
Income tax expense	61.7	57.0	4.6	8.1
Consolidated profit	156.6	128.2	28.5	22.2
Earnings per share (in EUR)[2]	3.01	2.39	0.61	25.9

[1] *Not including proceeds from the sale of used leasing vehicles*
[2] *Basic, in 2016 based on 47.3 million shares (weighted), in 2015 based on 48.1 million shares (weighted)*

Other operating income came to EUR 122.6 million and was therefore 0.5% above the prior-year figure (EUR 122.1 million), mainly due to lower currency translation (EUR 59.0 million; -11.7%) and to the opposite effect of increased income from forwarding costs to third parties (EUR 27.7 million; +11.2%) as well as from asset disposals (EUR 2.6 million; >100.0%). Moreover, other operating income includes income from the reversal of provisions (EUR 6.4 million; >100.0%) as well as income from non-cash benefits (EUR 5.6 million; +10.0%). Gains from currency translation are offset by expenses from foreign currencies which are recognised under the operating expenses.

The fleet expenses and cost of lease asset position comprise the following expenses:

\\ Expenses for rental and leasing fleets during the useful lives of the vehicles (for example fuel, transport costs, insurance, motor vehicle taxes, vehicle maintenance and repairs)

\\ Expenses for the sale of leasing vehicles (residual carrying amounts of vehicles as well as depreciation on vehicles intended for sale and sales-related costs)

Fleet expenses and cost of lease assets increased in 2016 by 4.4% to EUR 850.0 million (2015: EUR 814.4 million). The increase was mainly due to maintenance and repair work as well as transport costs given the extended rental and leasing fleet as well as price adjustments while costs for fuel, insurances and taxes decreased.

Personnel expenses climbed 21.9% to EUR 334.7 million (2015: EUR 274.5 million), mainly due to an increase in the scope of consolidated companies, the expansion in Germany and abroad as well as due to annual salary adjustments.

Depreciation and amortisation expenses amounted to EUR 500.7 million, 21.7% more than the previous year's figure of EUR 411.4 million. The increase is above all based on higher depreciation on rental vehicles (EUR 300.5 million; +38.6%) and on lease assets (EUR 176.9 million, +3.4%) resulting from the bigger fleets.

In fiscal year 2016 other operating expenses rose by 2.6% to EUR 594.1 million (2015: EUR 579.2 million). The increases came, above all, from commissions, expenses incurred in connection with currency translations and selling and marketing expenses. Other personnel expenses decreased mainly due to the increased number of consolidated companies as these costs are from now on disclosed as personnel expenses.

For 2016 Sixt Group's earnings before interest and taxes (EBIT) came to EUR 255.8 million, which is 15.3% more than the previous year's figure of EUR 221.8 million. The EBIT margin, measured as ratio to consolidated operating revenue, is 12.0% and thus slightly above last year's figure (11.4%).

The financial result decreased by 2.5% from EUR -36.6 million to EUR -37.5 million. This development is essentially the result of other financial income decreasing by EUR 3.4 million mainly driven by the positive result from the disposal of lease assets of roughly EUR 5.0 million in the previous year.

At EUR 218.3 million, consolidated earnings before taxes (EBT) once again showed the best result in the Company's history. Compared to the prior-year figure (EUR 185.2 million), this equals an increase of 17.9%. The EBT margin – expressed in relation to consolidated operating revenue – reached 10.3% and was slightly above last year's figure (9.6%). Thus it was within the targeted long-term range.

Income tax expense came to EUR 61.7 million (2015: EUR 57.0 million). At +8.1%, this increase was slightly disproportional compared to the growth in pre-tax profit. The tax rate, calculated on the basis of EBT, was at 28.2% (2015: 30.8%).

For fiscal year 2016 the Sixt Group reports a consolidated profit of EUR 156.6 million, after EUR 128.2 million the year before (+22.2%). Minority interests reached EUR 14.4 million (2015: EUR 13.1 million). As a result, consolidated profit after taxes and minority interests was EUR 142.3 million (2015: EUR 115.1 million).

Earnings per share (basic) for the year under review amounted to EUR 3.01 per share. The year before, earnings per share had been EUR 2.39.

Earnings performance Sixt Group	2016	2015	2014	2013
in EUR million				
EBT	218.3	185.2	157.0	137.6
Consolidated profit	156.6	128.2	110.0	94.4

Return indicators Sixt Group	2016	2015	2014	2013
in %				
Return on equity (ratio of EBT to equity)	20.2	17.5	21.2	20.4
Return on sales (ratio of EBT to operating revenue)	10.3	9.6	9.5	9.1

5. APPROPRATION OF PROFIT

Sixt SE prepares its annual financial statements according to the provisions of the German Commercial Code (HGB) and the German Public Companies Act (AktG). It reported unappropriated profits of EUR 151.0 million for 2016 (2015: EUR 201.9 million).

Subject to the consent of the Supervisory Board, the Managing and Supervisory Board of Sixt SE propose that the Annual General Meeting on 30 June 2017 distributes these unappropriated profits as follows:

\\ Payment of a dividend of EUR 1.65 per ordinary share

\\ Payment of a dividend of EUR 1.67 per preference share

\\ Transfer to the reserves retained from earnings of EUR 25.0 million

\\ Carry-forward to new account EUR 48.2 million

This dividend proposal, which would result in a total dividend payment of EUR 77.7 million (2015: EUR 71.5 million), reflects the Group's good 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 rate of 55% for fiscal year 2016 (measured in terms of the consolidated profit after minority interests) as compared to a pay-out ratio of 62% for fiscal year 2015.

6. NET ASSETS

As at the end of the reporting year 2016, Sixt Group's total assets came to EUR 4.03 billion, which was EUR 368.1 million or 10.1% more than at 31 December 2015 (EUR 3.66 billion). The expansion of total assets is due to higher lease assets on the non-current assets side and an expanded rental vehicles position as well as trade receivables on the current assets side following the higher business volume.

Non-current assets amounted to EUR 1.26 billion (2015: EUR 1.19 billion; +5.9%) and are still dominated by lease assets, which increased by EUR 63.0 million or 6.6% to EUR 1.02 billion (2015: EUR 957.8 million). At 81.0% the share of lease assets in the total non-current assets position was slightly above the level of the previous year (2015: 80.5%). The share of lease assets in total assets decreased to 25.3% (2015: 26.2%). Intangible assets decreased by EUR 1.2 million or 4.2% to EUR 26.8 million. At-Equity measured investments diminished by EUR 0.5 million or 8.8% to EUR 4.8 million. Deferred income taxes increased by EUR 9.8 million to EUR 17.2 million. In addition, there were no significant changes in the other items under non-current assets year-on-year.

Current assets also increased significantly by EUR 297.7 million to EUR 2.77 billion (2015: EUR 2.47 billion; +12.1%). Rental vehicles accounted for EUR 1.96 billion, EUR 193.8 million or 11.0% more than at the end of the previous year (EUR 1.76 billion). The share of the rental vehicles position in current assets amounted to 70.7% (2015: 71.4%) and 48.6% in total assets (2015: 48.2%).

The inventories position contains mainly rental vehicles taken out of the fleet and returned leasing vehicles as well as petrol stocks. At EUR 88.1 million they were EUR 4.3 million or 4.6% below last year's figure (EUR 92.4 million) due to reporting date effects.

Trade receivables of EUR 424.6 million were EUR 147.9 million or 53.5% above last year's figure (EUR 276.7 million) due to reporting date effects.

Current other receivables and assets decreased significantly by EUR 19.7 million to EUR 245.6 million (2015: EUR 265.3 million; -7.4%). The change was essentially due to delivery claims for new vehicles of the rental and leasing fleets.

As at reporting date the Group's cash and cash equivalents came to EUR 47.0 million after EUR 65.6 million the year before (-28.3%).

The "Sixt" brand name in particular is a significant asset that is not recognised in the balance sheet. The value of this asset can be affected, among other things, by advertising campaigns. However, advertising expenses cannot be unambiguously allocated to this asset. Advertising expenses for fiscal year 2016 amounted to around 3.1% of consolidated operating revenue (2015: 2.8%).

Consolidated balance sheet (condensed) Assets in EUR million	2016	2015
Non-current assets		
Property and equipment	162.4	163.6
Lease assets	1,020.8	957.8
Miscellaneous	77.4	68.9
Current assets		
Rental vehicles	1,957.0	1,763.3
Cash and cash equivalents	47.0	65.6
Miscellaneous	763.9	641.4
Assets	4,028.5	3,660.5

7. FINANCIAL POSITION

7.1 FINANCIAL MANAGEMENT AND FINANCIAL INSTRUMENTS

The financial management of the Sixt Group is centralised within the Finance unit and is performed on the basis of internal guidelines and risk policies as well as a monthly Group finance plan. 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. The finance division of the Group takes care of the operative liquidity control and the cash management for all consolidated companies while these tasks are carried out separately for the rental, leasing and other segments.

For financing business operations Sixt uses credit lines granted by banks as well as borrower's note loans and a commercial paper programme. In addition to these, the Company regularly issues bonds on the capital market.

As at the end of 2016, the Sixt Group was primarily financed by the following instruments:

- A bond with a nominal value of EUR 250 million, maturing in 2022 and bearing a coupon of 1.125% p.a.
- A bond with a nominal value of EUR 250 million, maturing in 2020 and bearing a coupon of 2.00% p.a.
- A bond with a nominal value of EUR 250 million, maturing in 2018 and bearing a coupon of 3.75% p.a.
- Borrower's note loans totalling EUR 743 million, maturing between 2017 and 2023 and bearing fixed and variable market rates of interest
- Drawn credit lines with a number of reputable banks, mainly based in Germany, with a maturity of up to 3 years
- Finance lease assets with a remaining maturity of up to 2 years
- Asset-backed Securities program of Sixt Leasing SE with a total amount of up to EUR 500 million to refinance leasing contracts

To finance the fleet, the Group also uses leases (operate leases) with external financial services providers, most of which are tied to particular OEMs. These forms of lease financing continue to be an important part of the Group's refinancing portfolio.

7.2 EQUITY

As at 2016 the Group's equity amounted to EUR 1.08 billion compared with EUR 1.06 billion on the same reporting date the year before. The increase came from consolidated profit, although this gain is offset by the cash outflow for the dividend payment made for fiscal year 2015 in the amount of EUR 71.5 million. In the scope of the share buyback program the Company repurchased shares in the amount of EUR 51.4 million, thereof shares in the amount of EUR 50.0 million were retired. Thus and due to the expansion of the rental and leasing fleet, the equity ratio, measured against total assets, decreased to 26.8% (2015: 28.9%). However, the Sixt Group continues to report an equity ratio significantly higher than the average in the German rental and leasing industry.

The share capital of Sixt SE as at reporting date decreased due to the retirement of repurchased shares by EUR 2.8 million to EUR 120.2 million (2015: EUR 123.0 million).

7.3 LIABILITIES

Non-current liabilities and provisions increased from EUR 940.7 million by EUR 452.4 million or 48.1% to EUR 1.39 billion. The year-on-year changes are driven by the increase in financial liabilities by EUR 449.8 million or 48.9% to EUR 1.37 billion (2015: EUR 920.6 million), mainly due to the issuance of the bond 2016/2022 of EUR 250.0 million as well as due to borrower's note loans totalling up to EUR 405.0 million. The non-current finance liabilities contain the bonds 2016/2022, 2014/2020 and 2012/2018 with nominal values of EUR 250.0 million each as well as borrower's note loans, bank liabilities and finance lease liabilities with remaining maturities of more than one year in the amount of EUR 617.9 million (2015: EUR 417.9 million).

Current liabilities and provisions fell by EUR 105.2 million to EUR 1.56 billion due to reporting date effects (2015: EUR 1.66 billion). This was primarily a consequence of the decreasing financial liabilities by EUR 147.1 million to EUR 761.6 million (2015: EUR 908.7 million) due to the repayment of the bond 2010/2016 in the amount of EUR 250.0 million and of a borrower's note loan in the amount of EUR 10.0 million made in fiscal year 2016.

As at reporting date trade payables rose from EUR 484.8 million by EUR 17.6 million to EUR 502.4 million.

The use of leases (operate leases) to refinance part of the fleet is also of importance for the Group's financial position.

Consolidated balance sheet (condensed) Equity and liabilities in EUR million	2016	2015
Equity	1,079.7	1,058.8
Non-current liabilities and provisions		
Provisions	2.7	0.2
Financial liabilities	1,370.4	920.6
Miscellaneous	19.9	19.9
Current liabilities and provisions		
Provisions	166.8	156.0
Financial liabilities	761.6	908.7
Miscellaneous	627.4	596.3
Equity and liabilities	4,028.5	3,660.5

8. LIQUIDITY POSITION

For 2016 the Sixt Group reports gross cash flows of EUR 638.2 million, which is EUR 70.8 million above the figure for the preceding year (EUR 567.3 million). Adjusted for changes in working capital this results in a cash outflow for operating activities of EUR 174.8 million (2015: net cash outflow of EUR 453.8 million). The year-on-year changes are essentially due to the low net increase in the rental fleet.

Net cash used in investing activities amounted to EUR 19.7 million (2015: net cash used in investing activities of EUR 120.6 million) based on investments in intangible assets as well as property and equipment.

Financing activities resulted in cash inflows of EUR 176.0 million, mainly due to the payments received from financing activities (2015: net cash inflow of EUR 585.4 million).

After changes relating to exchange rates and other factors, total cash flows resulted in a year-on-year decrease in cash and cash equivalents as at 31 December 2016 by EUR 18.6 million (2015: increase of EUR 12.5 million). Cash and cash equivalents correspond to the balance sheet item “cash and bank balances”.

9. INVESTMENTS

Sixt’s fleet policy took due account of the expansion in the European countries outside Germany as well as in the USA. Around 208,900 vehicles were added to the rental and leasing fleets in 2016 (2015: 195,100 vehicles) with a total value of EUR 5.68 billion (2015: EUR 5.26 billion). Year-on-year, this is an increase of 7.1% in the number and an increase of 8.1% in the value of vehicles. The average value per rental car was around EUR 27,700, and thus slightly above previous year’s level of EUR 27,300.

Vehicles added to the rental and leasing fleets Number of vehicles	2016	2015	2014	2013
	208,900	195,100	172,600	154,400

Vehicles added to the rental and leasing fleets Value of vehicles in EUR billion	2016	2015	2014	2013
	5.7	5.3	4.3	3.9

10. SEGMENT REPORTS

10.1 VEHICLE RENTAL BUSINESS UNIT

Sector developments

The general trends of the international vehicle rental markets did not change in 2016 in the view of Sixt. Thus, the industry continues to be characterised by fierce competition and moderate growth in market volume, as in the preceding years. The global market is dominated by a few internationally focused corporations.

Another hallmark of the industry is its ongoing consolidation process. Above all, this affects smaller and purely regionally operating car rental companies, which are no longer able to meet the increasing mobility demands or the high capital intensity. Moreover, changing mobility demands in combination with online and mobile technologies lead to new business models in the fields of car rental, carsharing and exclusive offerings such as chauffeur services and luxury cars.

Small, locally operating vehicle rental providers with limitations in fleet size and network of stations will continue to suffer from unaltered structural competitive disadvantages in the opinion of Sixt. High fixed costs and a generally low capital basis make it difficult for these providers to develop modern business processes based on online and mobile solutions for booking and rental processes. Therefore, business travellers and large tourism companies prefer the offerings of international operating companies.

An increasingly important role plays the trend, which can be seen especially in conurbations, that is rather using a car for a certain time and as needed instead of owning it.

For 2016 the market information service „Euromonitor International" had projected that the large European vehicle rental markets would generate revenues just above the level of the preceding year. In the European Sixt corporate countries of Belgium, Germany, France, the UK, the Netherlands, Austria, Switzerland, and Spain market volume went up by around 2% from EUR 9.9 billion to EUR 10.1 billion. According to the same figures, German market volume increased by 4% to EUR 2.3 billion (2015: EUR 2.2 billion). The French vehicle rental market size to reached a volume of EUR 2.7 billion in 2016 (2015: EUR 2.7 billion). This would mean that France held the biggest European rental market volume. The biggest European markets also included the UK with a volume of GBP 1.4 billion (2015: GBP 1.4 billion) and Spain at EUR 1.5 billion (2015: EUR 1.5 billion). In Sixt corporate country USA, the biggest rental market by far, market volume climbed by about 5% to USD 28.5 billion (2015: USD 27.0 billion).

According to this market information service, the year under review did not witness major shifts in revenue allocations by customer groups in the vehicle rental industry compared with the previous year. In Germany, the proportion of business travellers at 52% almost stayed the same (2015: 51%). The share of private travellers remained constant at 41%. In all of European Sixt corporate countries where detailed market data are available, the share of private as well as business travellers remained the same with 44% and 51%, respectively. In the United States the shares for business travellers and private travellers were below the European levels, at 31% and 40% respectively. This is due to the substantially stronger accident replacement business in the USA, which accounts for a revenue share of roughly 30%.

The German international commercial airports where Sixt has a strong presence recorded another increase in the number of passengers in 2016. The German Airport Association (Arbeitsgemeinschaft Deutscher Verkehrsflughäfen – ADV) reported a number of 223.2 million passengers, which is an increase of around 3% (2015: 215.9 million passengers). Thus, the German airports were able to increase the number of passengers by around 6 million per year during the last three years. The growth in the number of passengers in 2016 was mainly driven by the European aviation. The number of passengers on domestic flights showed a slight increase. In contrast, the number of passengers on long-distance flights decreased. However, the ADV asked to bear in mind the heterogeneous development at the individual airports in the year under review. Moreover, the growth rate in the number of passengers was still below the European average.

Sources
Euromonitor International, Travel 2016, Nov. 2016
Arbeitsgemeinschaft Deutscher Verkehrsflughäfen (ADV), Press Release, 7 Feb. 2017

Developments in the Vehicle Rental Business Unit

The Vehicle Rental Business Unit continued the very dynamic business development in 2016. The business development was characterised by a high demand from corporate and private customers as well as by a lasting significant expansion abroad. Thereby, some Sixt corporate countries in Europe as well as the US registered double-digit percentage revenue increases compared to the previous year.

For Sixt, this positive development results from the further reinforced sales activities both in Germany and abroad and from the ongoing expansion outside Germany. This involves specifically the expansion of the station network in the franchise countries due to the good demand and the increasing brand awareness. In addition, Sixt concluded new collaborations with high-performing franchisees and cooperation partners and has consequently developed its presence in regions such as South America, the Caribbean and New Zealand. Moreover, the Company succeeded in connecting the business activities in different regions, such as the US and South America.

Sixt benefits sustainably from its competitive strength which were built up over decades. This includes the large offer of innovative and flexible mobility solutions, its attractive vehicle fleet with a high percentage of premium vehicles, the clear focus on premium services and products as well as the high level of brand recognition, especially in Germany. Customers associate the Sixt brand with attributes like quality of service, innovation, flexibility and a good price-performance ratio. The rental processes are digitalized as far as possible what also increases the customers' comfort.

The operative revenue generated in 2016 by the Vehicle Rental Business Unit came to EUR 1,703.4 million, equalling an increase of 12.1% (2015: EUR 1,519.3 million). Rental revenues increased to EUR 1,533.5 million by 11.4% compared to the previous year (EUR 1,376.9 million). Other revenue from rental business also climbed by 19.3% to EUR 169.9 million (2015: EUR 142.4 million).

The Business Unit's revenue in Germany rose by 4.0% to EUR 822.6 million (2015: EUR 790.7 million). Rental revenues clocked up growth of 2.3% to EUR 715.5 million (2015: EUR 699.3 million), whereas, to the Company's own assessment, Sixt vehicle rental developed considerably more dynamically than the rental sector in general. Other revenues from rental business came to EUR 107.1 million (2015: EUR 91.3 million; +17.2%).

Outside of Germany, the Business Unit achieved a growth of 20.9% to EUR 880.8 million (2015: EUR 728.6 million). Thereof EUR 818.0 million were accounted for the rental revenues, 20.7% more than in the preceding year (2015: EUR 677.5 million). Other revenues from rental business increased by 23.0% to EUR 62.8 million (2015: EUR 51.1 million). The share of segment sales outside Germany increased further to 51.7% (2015: 48.0%). With regards to rental revenues, the international operations already contributed with a share of 53.3% (2015: 49.2%).

The earnings before taxes (EBT) of the vehicle rental business unit were at EUR 181.0 million and thus 12.8% above the already high amount of the preceding year (EUR 160.4 million). The EBT result includes the costs of strategic expansion measures, in particular the extension of the station network in the US and in Western Europe, sophisticated marketing campaigns in corporate countries, the international expansion of the premium carsharing service DriveNow as well as costs for the development of the chauffeur service myDriver. All foreign companies, except for the USA, provided a positive contribution to the EBT.

Operating return on sales of the Vehicle Rental Business Unit, measured as the ratio of EBT to segment revenue, came to 10.6% (2015: 10.6%) and thus was above the long-term margin target of at least 10%.

Key figures for the Vehicle Rental Business Unit			Change
in EUR million	2016	2015	in %
Revenue	1,703.4	1,519.3	12.1
Thereof rental revenue	1,533.5	1,376.9	11.4
Thereof other revenue from rental business	169.9	142.4	19.3
Earnings before interest and taxes (EBIT)	208.5	184.3	13.1
Earnings before taxes (EBT)	181.0	160.4	12.8
Operating return on sales (in %)	10.6	10.6	0.0 points

Further development of the leading position in Germany: In 2016 Sixt recorded in its home market Germany an above-average growth. The Company showed an increase in rental revenues of 2.3%. Thus, Sixt was able to strengthen its market position in Germany. Sixt estimates its market share in Germany to more than 30%.

For both private and business customers, Sixt recorded a high demand. A crucial factor for this was the further intensification of successful sales initiatives, targeting existing as well as potential new customers. Furthermore, Sixt's premium strategy plays a major role. Customers deliberately choose Sixt to rent higher-value vehicles as they value premium vehicles by well-known brands as well as a comprehensive service.

Its dense network of stations guarantees a nationwide presence and with it straightforward and flexible mobility for private as well as business travellers. Sixt continuously optimises its network of stations and at the end of 2016 had 509 offices in Germany (2015: 508 offices).

Ongoing dynamic growth of the international business: Sixt is present with own subsidiaries in important markets in Europe and in the USA. This includes besides Germany, the countries Belgium, France, the UK, Luxemburg, Monaco, the Netherlands, Austria, Switzerland and Spain. Since 2017, Sixt also operates Italy as a corporate business after the contract with the former franchisee expired on 31 December 2016.

In the USA, as the world's biggest vehicle rental market, Sixt recorded double-digit growth rates. Thus, the United States strengthen its position as the second most important market for the Company after Germany – measured by turnover. Sixt thereby was able to thrill not only tourists, but also domestic customers for the Sixt brand. Domestic customers meanwhile became Sixt's biggest customer group in the US.

Another reason for the successful business development in North America was the increased interlocking of business activities of the US with its neighbour regions, such as the Caribbean and South America. Sixt succeeded in acquiring new customers from these regions. In return, the Sixt countries in Latin America benefitted from an increased demand from travellers from the USA.

The rental business in Western Europe still showed a dynamic development in 2016 which was based on the clearly increasing business with private customers, the strong demand for premium vehicles, the expansion of the station network in important markets as well as the continuously increasing brand awareness of Sixt.

Growth drivers in Europe were, above all, France, Spain and the UK. Spain is again regarded as safe travel destination and alternative to countries that were affected by political crises, such as Turkey or some North African states. In addition, Sixt was able to increase its presence in airports in Spain by succeeding in a tender of the Spanish airport operator AENA. The Company now has offices in 13 airports in Spain and can therefore offer an improved infrastructure. Since 2016 Sixt is also represented in Tenerife South Airport as well as Las Palmas de Gran Canaria Airport.

In France, Sixt benefitted from the traditionally strong business with private customers. Many customers consciously decide to choose Sixt in order to have the pleasure to enjoy a rental vehicle with high-quality equipment.

Increasing brand awareness through intensified marketing: Sixt accelerates its business in Germany as well as in foreign countries with sensational advertising campaigns to draw the customers' attention towards its products and services. In 2016 marketing campaigns in Belgium, France, the Netherlands, Switzerland and Spain were intensified. Through eye-catching advertisement Sixt strengthens its brand with regard to awareness, image and other performance values compared to the prior years.

In France, the successful TV campaign entitled "Boost Yourself" was continued. According to a study conducted by the market research institute BVA France, Sixt's supported and unsupported brand awareness gained substantially following the campaign. In Belgium, Sixt took over the well-known advertisement "Fixed with Sixt" from the Netherlands. According to the market research institute TNS Nipo, the supported brand awareness in Belgium nearly tripled within a few months, the unsupported brand awareness increased even further.

In Spain, Sixt continued the nationwide TV and online campaign that started in December 2015. The advertisement was shown nearly year-round in the Spanish media. Similar to the reaction to Sixt's advertisement in Germany, the Spanish campaign was widely discussed in the national press. Thus, the brand awareness increased by more than 100% according to the market research institute Fluent. Moreover, Sixt was able to improve the brand image with regard to price-performance-ratio, service orientation and differentiation from the competition. The measured willingness to rent a car at Sixt more than doubled.

In Switzerland, Sixt intensified its advertising presence from print and online media also to TV campaigns. In the second half of the year, a TV campaign increased the brand awareness especially in the German speaking part of the country. According to Fluent, important brand performance measures that were already on a high level improved further.

Franchise network expanded to important regions: Sixt is also active outside Western Europe and in the US thanks to its efficient franchisees. The business with the franchise partners recorded a dynamic development thanks to targeted measures to boost the international reservation volume. For example, Sixt took over several international online marketing activities or concludes further sales contracts with partners in emerging markets, such as China. In addition, Sixt also extended its franchise network in the year under review, especially in Latin America, New Zealand, Western Pacific and in Saudi Arabia.

By starting a cooperation with a new franchisee in Brazil, Sixt is now the second biggest car rental company in the country with a presence in 30 important destinations, among others the biggest airports and popular holiday destinations. Sixt also started business in Ecuador and set up contracts with franchisees on the Caribbean islands Aruba and Haiti where business will start in 2017.

The new locations are especially important for travellers from the US, for whom South America and the Caribbean are favoured holiday destinations. In the year under review, Sixt intensified the interlocking between North and South America to serve customers from both regions.

The cooperation with the Australian franchisee was extended to New Zealand in 2016 and opened its first station in the city of Auckland.

The franchisee in Saudi Arabia strongly increased its presence and became the third biggest car rental company in the country. He offers its comprehensive premium services on 25 locations, including all international airports as well as important ports and in the capital Riad.

As at end of 2016, Sixt was able to offer its customers a worldwide station network of 2,200 rental offices in about 110 countries (2015: 2,153).

To complement the partnerships with the franchisees, since 2015 Sixt started opening sales offices in strategically important markets. These sales offices are run by so called General Sales agents (GSAs) and aim to offer Sixt products via B2B and B2C channels, partner with relevant travel portals and provide customer service in the respective national language to generate outbound-business in Sixt countries. In China, for example, Sixt has an own website and can be booked via important travel portals as well as at Chinese travel agencies. Additionally, Sixt offers a Chinese customer service via different channels such as phone, chat and e-mail. At the end of 2016, GSAs represented Sixt in the following countries: Argentina, Brazil, China, Israel, Columbia, Peru, Russia, Saudi Arabia, United Arab Emirates and Central America.

Rental offices	2016	2015
Corporate countries	1,040	1,063
Franchise countries	1,160	1,090
Total	2,200	2,153

Focus on premium fleet: Sixt offers its customers top quality vehicles by well-known OEMs. Customers have the choice between premium saloon cars, SUVs, convertibles or sports cars from the brands BMW (including the BMW M cars), Mercedes-Benz (including Mercedes AMG), Audi, Porsche, Jaguar, Maserati and Lotus. In addition, electric cars from the BMW i3 and i8 model series as well as the Tesla Model S were represented in the fleet.

In the year under review, 47% in value of the vehicle fleet in Sixt corporate countries comprised cars from the three German brands Audi, BMW and Mercedes-Benz (2015: 51%).

Sixt increasingly offers its customers a fleet which includes premium vehicles meeting the highest requirements in comfort and convenience. The vehicles contain, for example, the integrated information service BMW ConnectedDrive or Opel OnStar. Moreover, many premium vehicles of the brands Mercedes-Benz or Audi offer features such as autonomous parking systems and many others are fitted with Webasto auxiliary heating during the winter months.

The offer of premium BMW motorbikes was expanded to further countries in 2016. Besides Germany, the motorbikes were also available in Switzerland (Zurich), Spain (Majorca), the Netherlands (Amsterdam, Den Haag) and in Belgium (Brussels).

In Sixt corporate countries, the average fleet size of the Vehicle Rental Business Unit in 2016 was 108,000 vehicles, after 98,200 vehicles in 2015 (+10.0%). The growth reflects the significant increase in demand in the reporting year. To this end, a portion of the supply agreements with the OEMs and dealers provides the option of retrieving vehicle stock orders to a limited extent flexibly so as to react in good time to the respective fluctuations in demand, for example in times of temporary high demand.

Inclusive of the vehicles of franchisees and cooperation partners, Sixt's global fleet totalled an average of 215,800 vehicles in 2016, which is 25.2% more than in 2015 (172,400 vehicles).

Average number of vehicles Group and franchisees/cooperation partners	2016	2015
Group	108,000	98,200
Franchisees/cooperation partners	107,800	74,200
Total	215,800	172,400

Further development of the products for corporate customers: Sixt continued the good relationship with its business and corporate customers in 2016. The increased demand for all-round mobility solutions is a result of the intensified sales activities and the further development of new products and services. An important contribution was performed by establishing a B2B travel management centre, which customers can use online to conclude various rental processes.

Sixt pursues the strategic aim of offering companies and enterprises individually tailored rental services to achieve time and cost savings. This includes concepts that offer services from one source and bring together car rental, carsharing and leasing as well as new web technologies such as mobile services and reporting, with the aim of addressing customers' respective requirements precisely.

Sixt assists its customers throughout the entire rental process. Thus, the company analyses all relevant aspects, such as selecting the required OEM, utilising the booking processes, pick-up and return of vehicles or the claims management. Special attention is payed to the development of solutions for specific requirements of big, international companies.

In 2016, Sixt successfully launched MaaS (Mobility as a Service). Corporate customers can provide a mobility budget to their employees instead of a company car. Thus, the employees, can rent cars occasionally, both for business as well as for leisure trips. These cars include also saloon cars and cabriolets. At the same time MaaS is a possibility to incentivise also those employees who are not authorized to have a company car. Users of MaaS have access to all Sixt products, including car rental, the premium carsharing DriveNow as well as the chauffeur service myDriver. The services can be booked online via a user-friendly tool in more than 60 countries. Sixt already acquired well-known companies as customers and plans to further introduce MaaS in 2017. In the year under review, the product was still under trial and should be distributed nationwide in 2017.

Growing share of private customers: The proportion of private customers in the Vehicle Rental Business Unit's total revenues increased in 2016 to 58% (2015: 55%). Main reasons are to be seen in the ongoing growth in favoured holiday destinations such as France and Spain as well as the business with private customers in the US.

The online activities of Sixt were of specific importance for the successful development of the private customer unit. In the reporting year, 62% of all bookings were performed through the internet and mobile devices (2015: 59%). Sixt permanently works on the improvement of its websites and mobile applications by adding new functionalities and by making rental processes on the internet as transparent and simple as possible. For this purpose, the Company updated the surface of its booking websites, including those from corporate and franchise countries as well as from Sixt Rent a Truck and Sixt Sports & Luxury Cars. Moreover, the Sixt app now includes the possibility to rent a car via Sixt fastlane.

Sixt focusses in particular on the communication with its customers through social networks and therefore uses sensational marketing campaigns. Amongst others, Sixt broadcasted a campaign in Germany with the former professional soccer player und today's trainer Thorsten Legat on the occasion of the European Championship in 2016 in France. The campaign was added with animations and short videos published on the social media channels Facebook, Twitter and Youtube. Thus, it achieved a great coverage and was also taken up by the classical media.

Additionally Sixt implemented a new kind of advertisement on Facebook with the help of videos. Users that had visited Sixt websites before were asked via Facebook to complete their booking.

Vehicle rental revenue breakdown by customer group in %	2016	2015
Private customers/tourists	58	55
Business customers	34	36
Accident replacement	3	3
Other	5	6
Total	100	100

DriveNow successfully continues expansion: In 2016, the premium carsharing service DriveNow has continued its positive development of the previous years. The joint venture, which is owned in equal parts by the BMW Group and Sixt further strengthened its position as the carsharing company with the largest number of customers and market leader amongst the so-called free floating providers in Germany. At the end of the year, DriveNow counted around 815,000 registered customers, an increase of more than 40% (2015: 580,000). Thereof, more than 600,000 customers were registered in Germany, which reflects an increase of around 30% compared to the number of the previous year (470,000).

In Germany, DriveNow is available in Berlin, Dusseldorf, Hamburg, Cologne and Munich. After the company managed to expand its international reach in 2014 in Vienna and London, Copenhagen (as a franchise model with a purely electrical fleet), and Stockholm followed in 2015 as well as Brussels and Milan in 2016.

The entire fleet was enlarged in 2016 by roughly 38% to around 5,500 vehicles of the brands BMW and MINI (inside and outside of Germany) with 4,000 vehicles in the previous year. In all cities, except Brussels and Milan, the BMW i3 was still part of the offer with 840 vehicles in the total fleet.

DriveNow offered its customers further technological innovations in the reporting year. One significant innovation for the free floating carsharing was the handshake function that was introduced into the German market in November 2016. Customers now can handover the car without interruption to the next customer by offering the car for the following ride at the planned destination where it can be reserved and taken over by another customer. Consequently, there is no longer the need to search for a parking space.

In summer 2016, DriveNow introduced the online validation procedure. So far, customers had to go to one of the Sixt stations to validate their driving license and ID and to get the DriveNow customer card. As of today, after the registration, new customers are, in cooperation with the German Post, directly transferred to the online validation. The customer card is delivered afterwards by post.

Chauffeur service for exclusive occasions: The Sixt Limousine Service was booked for several well-known events in the course of the fiscal year 2016, such as the international air show in Singapore, state visits of American politicians such das the President in Germany or during the Munich Security Conference.

Furthermore, the service cooperates closely with renowned national and international hotel chains and airlines, which use the special chauffeur services for individual sightseeing tours or reliable airport transfers for their guests. In the year under review, Sixt established partnerships with further hotel chains in various European countries. Since 2016 Sixt Limousine Service also offers its services for an American luxury travel agency and drives its customers in France, Switzerland, Austria and Germany.

At the end of 2016 the exclusive service was present in more than 60 countries worldwide, unchanged since 2015. Its availability is guaranteed online and offline through diverse booking channels as well as through reservation systems of travel agencies.

Extended capacity at luxury vehicles: In 2016 Sixt expanded the offering of Sixt Sports & Luxury Cars. Specialised, multilingual employees are available for customer service in a central counselling centre to advice customers personally and individualised in all questions concerning luxury cars and care for a smooth booking process in all relevant countries.

Additionally, the online presence of Sixt Sports & Luxury Cars was renewed. The website now offers available vehicle models with comprehensive information about the individual car brand, the OEM and about technical details.

myDriver expands its presence abroad: The chauffeur service myDriver, which was launched in 2013, further pursued its international growth strategy. After being available in 13 cities in 2015, in the first quarter of the year under review followed more European countries and since mid of 2016 also cities outside of Europe. At the end of 2016, it was possible to book myDriver in more than 150 cities in 34 countries.

In 2016 myDriver managed to raise the number of bookings significantly whereby the focus was on transfers from and to airports. The business with corporate customers was further expanded by concluding framework agreements with customers. Additionally, partnerships with well-known companies from the aviation and hotel industry were established.

Since 2016, customers can benefit from cooperations with several frequent flyer programs, such as Lufthansa Miles & More, topbonus by AirBerlin, Boomerang Club by Eurowings KrisFlyer by Singapore Airlines.

myDriver focusses purely on acting as an agency and therefore partners with more than 1,500 licensed limousine services worldwide. Four vehicle categories can be booked: economy class, business class, first class and business vans.

Sixt unlimited still in large demand: Sixt's rental car flat rate offer achieved 2016 a double-digit growth in revenue and number of contracts. This was primarily achieved by the expansion of the offering to France. The sales activities focused especially on the acquisition of new customers as well as on the launch of a country-specific website.

Customers have the possibility to rent a vehicle of the desired category for a fixed monthly rate at any time. This product is used mainly by companies for their employees who travel frequently. Besides this target group, users of company cars increasingly perceive the rental vehicle flat rate as flexible alternative to their permanent vehicle.

Sixt unlimited is available in more than 700 service stations in Europe.

Innovative rental concepts: In 2016 Sixt introduced the rental concept SmartStart at the airports of Dusseldorf and Nice after the implementation in Munich and Hamburg. SmartStart was launched in 2015 in the concept of a trial phase and offers customers the possibility to directly receive their vehicle of choice, without having to pick up the keys at the counter. Arriving at the car park, customers are directly received by Sixt employees who set up the rental contract and give advice for handling the car. In addition, customers can select their vehicle of choice from a vehicle pool which is allocated to SmartStart only, whereby also higher vehicle categories can be offered on request and on short notice.

The technology can be used in further applications, including vehicle delivery and collection as well as at for car rental in shipping terminals for customers during a cruise. Further SmartStart locations are to follow in 2017.

Sixt Delivery is a comfortable delivery and collection service offered in Germany since 2016. Customers can choose if they want their car to be delivered to or collected from a place of their choice upon two hours before their travel starts.

In the year under review, Sixt fastlane, which offers a vehicle rental service completely via smartphone and independent from the traditional counter, was expanded. In addition to the original location in Zurich, the service is now also available in Geneva and Basel. With Sixt fastlane, the customers can select the booked vehicle and also open it via the Sixt-App. In addition to that, the app offers a new display of Sixt fastlane vehicles in the car park. In the future, Sixt fastlane should be introduced into further countries.

Awarded premium services: In 2016 Sixt was honoured with several awards for its products and services as well as for its economic success, in Germany and internationally. Sixt sees these prizes as an appreciation for its high level of customer orientation and its high-quality mobility solutions.

The Company received the industry award “Top Service Deutschland” which is assigned every year by the German business newspaper "Handelsblatt" in collaboration with the consultancy company "Service Rating" and the university of Mannheim. In the mobility and logistics category, Sixt convinced with its premium service strategy and with its high level of customer orientation and thus achieved the first prize.

Yet again Sixt received the Business Traveller Award as “best car rental company for business travellers in Germany and worldwide”. This prize is based on a readers’ vote of the biggest German traveller magazine “Business Traveller”.

The Sixt Limousine Service received the World Travel Awards (WTA) as “Europe’s leading Chauffeur Company”. In addition, Sixt Sport & Luxury Cars was awarded as “Europe’s Leading Luxury Car Rental Company”.

For its premium service, Sixt was honoured with the Seven Stars Award in the category “Luxury Car Rental “. The Seven Stars and Luxury Hospitality and Lifestyle Award is received every year by companies which stand out through exclusive and high-quality products and services.

10.2 LEASING BUSINESS UNIT

Sector developments

During the first half of 2016 the European leasing industry recorded a positive development. According to data by the industry association Leaseurope, the volume of new business grew 10.2% year-on-year from EUR 142.5 billion to EUR 157.0 billion. The new business volume in the vehicle leasing rose 11.2% to EUR 150.5 billion from EUR 135.3 billion. Key figures regarding the development of the European leasing industry for the full-year 2016 were not available when preparing the report.

The German leasing market, being the second biggest in Europe after the UK, also performed positively. According to data supplied by the Bundesverband Deutscher Leasing-Unternehmen e.V. (BDL – German Association of Leasing Companies), investments in 2016 rose to EUR 56.8 billion, compared to the EUR 52.4 billion in 2015 (+8.4%). EUR 55.1 billion of this was attributable to the leasing of moveable assets (2015: EUR 51.4 billion; +7.2%). At 75.0% the new business in vehicle leasing with passenger and utility vehicles makes up by far the largest portion in the leasing market (2015: 74.0%)

Sources
Leaseurope, Biannual Survey 2016, 23 Jan. 2017
Bundesverband Deutscher Leasing-Unternehmen e.V. (BDL), Leasing,market 2016, 24 Nov. 2016

Developments in the Leasing Business Unit

The Leasing Business Unit is covered by Sixt Leasing SE and its operating subsidiaries. It is one of the largest providers of vehicle leasing amongst the vendor-neutral, non-bank related leasing providers in Germany and has a presence in around 40 countries through its subsidiaries and franchise partners.

Sixt Leasing covers the segments Fleet Management and Leasing, the latter being divided into Fleet Leasing and Online Retail (leasing service for private and commercial customers). In Fleet Leasing, Sixt Leasing develops full-service solutions for companies and optimises in a vendor-neutral manner the total cost of ownership of the fleet. In Fleet Management, Sixt Leasing offers its expertise through the subsidiary Sixt Mobility Consulting GmbH to companies, which purchased their vehicles or lease them from a third party. The business field Online Retail is covered with the online platforms *sixt-neuwagen.de* and *autohaus24.de*. These platforms enable an online conclusion of leasing contracts for the latest models from a wide range of manufacturers where customers can choose between classical leasing or the Sixt Vario-financing.

Sixt Leasing showed a satisfying development in line with expectations. It succeeded in improving important performance indicators and continued the positive trend of the previous years. Further strategical and operative steps for long-term growth were done in the year under review.

The contract portfolio of the Business Unit reached as per 31 December 2016 in Germany and abroad around 113,600 contracts (excluding franchisees and cooperation partners), around 10% more than on the reporting date last year

(103,200 contracts). In the business field Fleet Leasing the portfolio accounted for 47,500 contracts (2015: 48,300 contracts; -1.6%). The business field Online Retail increased the contract portfolio until the end of 2016 by 29.9% to 27,400 contracts (2015: 21,100 contracts). In the segment Fleet management, the contract portfolio amounted to 38,700 contracts, 14.3% more than in 2015 (33,800 contracts).

Taking into account the leasing contracts of franchisees and cooperation partners worldwide, at the end of the year 2016 the contract portfolio of the Business Unit amounted to 172,600 contracts, after 162,500 contracts in 2015 (+6.2%).

Sixt Leasing generated an operating revenue of EUR 420.3 million (2015: EUR 419.8 million; +0.1%). Thereof leasing revenue increased by 3.7% to EUR 219.3 million (2015: EUR 211.4 million) while other revenue from leasing business decreased by 3.5% compared to the prior year, to an amount of EUR 201.1 million (2015: EUR 208.4 million). This was due to the included lower revenue from fuel resulting from the remaining low oil price in 2016.

In Germany, operating leasing revenue accounted for EUR 363.7 million, some 1.8% more than in the previous year (EUR 357.1 million). Operating leasing revenue consist of leasing revenue of EUR 187.7 million (2015: EUR 176.6 million; +6.3%) and of other revenue from leasing business, which was EUR 176.0 million in the year under review (2015: EUR 180.6 million; -2.5%). In other European countries, such as in France, the Netherlands, in Austria and Switzerland, operating leasing revenue decreased to EUR 56.6 million (2015: EUR 62.7 million; -9.7%). Leasing revenue here was EUR 31.5 million (2015: EUR 34.8 million; -9.4%), while other revenue from leasing business was EUR 25.1 million (2015: EUR 27.9 million; -10.0%)

The Business Unit generated revenue from the sale of used leasing vehicles in the year 2016 of 283.9 million, which represents an increase of 20.5% (2015: EUR 235.5 million). Revenue from the sale of used leasing vehicles was EUR 252.8 million (2015: EUR 212.0 million; +19.2%) in Germany and EUR 31.1 million (2015: EUR 23.5 million; +32.2%) abroad. As in the prior years, the revenue development was influenced by the increase in lease returns due to the strongly grown contract portfolio as well as due to increased remarketing activities of customer vehicles in the business field Fleet Management.

In total the Business Unit generated a revenue of EUR 704.2 million, which represents an increase of 7.5% compared to the prior year (EUR 655.4 million).

The business segment's earnings before taxes (EBT) improved from EUR 30.3 million to EUR 31.6 million (+4.3%). The key factors for this positive development were the revenue growth in Online Retail business, margin improvement from new business as well as a discharge in interest costs due to the on-time reorganisation of the financing of the leasing business. Earnings were negatively impacted by higher marketing expenses as well as integration costs for the acquisition of *autohaus24.de*.

The operating return on sales, which is defined as the ratio of the EBT to the operating segment sales, amounted to 7.5% (2015: 7.2%) and consequently exceed the raised long-term target of 6%.

Key figures for the Leasing Business Unit in EUR million	2016	2015	Change in %
Operating leasing revenue	420.3	419.8	0.1
Thereof leasing revenue	219.3	211.4	3.7
Thereof other revenue from leasing business	201.1	208.4	-3.5
Sales revenue	283.9	235.5	20.5
Total revenue	704.2	655.4	7.5
Earnings before interest and taxes (EBIT)	51.1	51.6	-1.0
Earnings before taxes (EBT)	31.6	30.3	4.3
Operating return on sales (in %)	7.5	7.2	0.3 points

Fleet Leasing focusing on margin improvement: In the business field Fleet Leasing, Sixt Leasing SE focused on profitability in the existing contracts as well as in new created business.

Fleet Leasing is also offered via own subsidiaries in France, Switzerland and Austria. In the Netherlands, there is a cooperation partner doing business under the Sixt brand.

Online Retail increases sales channels: Sixt Leasing expanded the service range in the year 2016 in the Online Retail business field through the online platform *sixt-neuwagen.de*. The subsidiary offers its customers current vehicle models from more than 30 OEMs as well as an individual configuration of the equipment. Alongside classic finance leasing, Sixt Neuwagen also offers Sixt Vario-Financing, which allows to acquire the vehicle after the term of the lease for a fixed price, which is agreed upon during the conclusion of contract. To further ease the acquisition of the leased vehicle at the end of the contract term Sixt Neuwagen offers a follow-up financing.

In 2016, Sixt Leasing for the first time started a TV advertisement for Sixt Neuwagen. The spot was broadcasted during prime time in the big German private television channels and received a very positive feedback. The campagne clearly increased the number of customer inquiries as well as the unsupported brand awareness of Sixt Neuwagen.

In April 2016, Sixt Leasing SE acquired 100% of the shares of autohaus24 GmbH, Pullach. The subsidiary is one of the leading online intermediaries of new vehicles in Germany and was before equally owned by Sixt Ventures GmbH and Axel Springer Auto Verlag GmbH. The aim of the acquisition was to get another access to the dynamically growing online vehicle market. The brand awareness as well as the existing customer interest should be used to place further leasing and vario financing offers and successfully turn them into contracts.

The integration of *autohaus24.de* in the existing structures of Sixt Leasing included amongst other things the synchronisation of the customer service activities as well as the merger of the IT infrastructure. Both were completed in the reporting year.

Sixt Neuwagen further pushed the offering of additional service components such as service packages or the accident and claims management. The share of contracts with such components of the overall contract portfolio was more than 40% at the end of 2016 (2015: more than 30%).

Fleet Management expands in Switzerland: At the beginning of 2016, the business field Fleet Management, which is mainly operated by Sixt Mobility Consulting GmbH and its foreign subsidiaries, concluded a contract about the management of the German fleet of around 13,500 vehicles with a DAX listed company.

In August 2016 Sixt Leasing acquired via its subsidiary Sixt Leasing (Schweiz) AG the remaining 50% of SXB Managed Mobility AG from the previous partner Business Fleet Management AG, a 100% subsidiary of Swisscom. The company was rebranded afterwards in Sixt Mobility Consulting AG. As a result Sixt Leasing concluded a multi-annul contract with Business Fleet Management AG on the fleet management of roughly 3,200 vehicles. The complete takeover of Sixt Mobility AG was an important step towards the internationalisation of the Fleet Management.

In the year under review, Sixt Mobility Consulting was awarded with the “Autoflotte TopPerformer 2016”. The independent journal “Autoflotte” awards this prize for the first time not only for car series and car brands, but also for fleet management service provider. Sixt Mobility Consulting was awarded in the category “Fleet Management”.

B.3 \\ HUMAN RESOURCES REPORT

1. OUR EMPLOYEES

Sixt maintains a premium claim both for its products as well as its services. Consequently, the company attaches greatest importance to its employees' customer focus and quality of service to ensure business success. The aim of the employees is to make the wishes and requirements of customers their own and to convince them of Sixt over the long term.

Sixt attaches strategic importance to its human resources work. It comprises a detailed selection and recruitment process, extensive offers for further training to foster the employees' professional and personal development. On top of this, the Company provides training units outside Germany to take due account of the Group's international expansion. In this Sixt challenges its workforce to act on their own responsibility to continually improve Sixt's services and thereby meet the changing mobility requirements of the customers.

Apprenticeships and traineeships

Sixt has always assumed its responsibilities of giving young people the chance to acquire qualified and sustainable professional training. Thus, the Group offers a variety of apprenticeships, such as commercial assistants for office management, both in the rental stations and in the headquarters, commercial officers in the automotive industry or IT specialists for application development.

Personnel development already starts with the apprenticeship. Sixt cooperates with universities and higher education institutions that offer (German) dual degree courses, for example majoring in service sector marketing, international business, accounting & controlling, media management & communication and (business) informatics. At the end of 2016, Sixt employed 273 apprentices in Germany (2015: 215 apprentices).

In addition, Sixt offers trainee programs for graduates in its branch offices as well as its headquarters. In 2016 32 trainees (2015: 29 trainees) were recruited for future management assignments. Trainees working in the branch offices are offered international training opportunities alongside their duties in Germany. They are trained over a course of nine months to take over a station as Junior Branch Manager in one of Sixt's European corporate countries.

If their grades are good enough and they show interest in this sector, apprentices and students in the dual degree courses are offered the chance to switch into a regular employment contract at the end of their training, from where they start their professional career.

Feedback culture

Sixt cultivates an active feedback culture. Once or twice a year, employee assessments are carried out (the so-called Employee Excitement Index). In addition, the Company also undertakes 360-degree feedbacks (manager assessments, which compare self-assessment with the assessments of superiors, colleagues and employees).

These feedback tools serve the employees as well as Sixt as decision aids and form the basis for future development and promotion programs tailored to the individual employee. Sixt thereby provides continuous personnel development geared to the requirements and needs of the daily work.

Promotional programmes

Sixt offers its employees the chance for many different national and international career paths. Thus, employees can use multiple on-the-job options for their professional and personal development, both at headquarters as well as the branch offices. Key elements in the executive development are the promotion programmes entitled “Leadership Excellence”, “Future Leader”, "Future Expert", “Supervisor” and “Junior Branch Manager”.

The programmes aim to identify the development potential of employees, offer them structured promotion and thus train future top performers and executives. In the year under review over 90 employees participated in this programme (2015: more than 60 employees).

Sixt Colleges

The "Sixt Colleges" train employees of all functional levels and ranks from Germany and abroad on a wide range of different topics. Lessons are conducted primarily as classroom training courses and are supplemented and supported by e-learning content. Both instruction methods are continuously being extended and interlinked. The Sixt Colleges additionally coordinate training and education seminars in the Sixt corporate countries, as well as the training of apprentices.

The seminar programme addresses key competencies such as improving advice and consultation at the counter or in sales force, management skills for trainees and executives or the professional expertise required by future branch managers as well as representatives in the rental business. Furthermore, the courses offer extensive further training for all employees, for example in foreign languages, IT as well as soft skills.

In the year under review over 2,000 training units with around 10,000 participants were held (2015: 1,700 training units with around 10,000 participants). On top of these, the range of e-learning programme also expanded: Sixt and its franchise partners' employees attended a total of around 70,000 e-learning lessons (2015: 40,000 e-learning lessons).

Number of employees

In 2016, the Sixt Group had an average workforce of 6,212 employees (2015: 5,120 employees). The significant increase of 21.3% is based on the strong growth of the operating rental business in Sixt's European corporate countries and the US as well as on changes in the scope of consolidated companies.

The Vehicle Rental Business Unit employed in 2016 an average of 5,745 employees, some 20.5% more than in the previous year (4,766 employees).

In 2016 the Leasing Business Unit had an average of 370 employees on its books (2015: 280 employees).

The Internet and Other segment had an average of 97 employees (2015: 74 employees).

Number of employees by business unit (average)	2016	2015
Vehicle Rental	5,745	4,766
Leasing	370	280
Internet/Other	97	74
Total	6,212	5,120

2. KEY FEATURES OF THE REMUNERATION SYSTEM

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 SE. The structure of the remuneration system is regularly reviewed to test its appropriateness.

The Managing Board's remuneration comprises fixed and variable components as well as other customary fringe benefits. These are reported as a total amount for all Managing Board members as in accordance with the resolution passed by the Annual General Meeting on 3 June 2014, the total remuneration is currently not disclosed and broken down by individual Managing Board members. In view of this resolution, contributions, remuneration and retirement benefits are not disclosed individually for each Managing Board members according to the model tables appended to the Code (section. 4.2.5 (3) of the Code).

The fixed component is commensurate with the responsibilities and the individual performance of the Board member in question and is paid in twelve equal instalments.

On top, a variable remuneration is granted, which is paid out over a period of up to four years. This portion of the remuneration is based on consolidated earnings before taxes (EBT) of the Sixt Group, whereby variable remuneration only becomes payable to Managing Board members once a defined minimum EBT has been reached. In addition, contracts of service with Managing Board members impose a cap on the variable portion of the remuneration.

Next to these two components the members of the Managing Board – like other senior executives of the Sixt 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 individual members of the Managing Board. The remuneration paid to members of the Managing Board and the Group's senior executives also includes a share-based payment component, as they can participate in the employee equity participation programme entitled "Matching Stock Programme". Details of share-based payment are provided in the section entitled "Share-based payment" in the notes to the consolidated financial statements.

The remuneration paid to members of the Supervisory Board is governed by the Articles of Association of Sixt SE. These provide solely for a fixed component and therefore do not specify any variable performance-based components. In each fiscal year, the members of the Supervisory Board receive fixed remuneration of EUR 50,000. The Chairman receives twice this amount. 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 SE” in the notes to the consolidated financial statements.

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

Composition of subscribed capital, share categories

As at 31 December 2016, the subscribed capital of Sixt SE amounted to EUR 120,174,966.48 in total and was composed of 30,367,110 ordinary bearer shares, two ordinary registered shares and 16,576,246 non-voting preference bearer shares.

The Company's shares are all no-par value shares with a notional interest in the subscribed capital of EUR 2.56 per share. As at 31 December 2016, the ordinary shares therefore account for a total of EUR 77,739,806.72 of the subscribed capital, and the preference shares for a total of EUR 42,435,189.76. All shares have been fully paid up.

Only the ordinary shares carry voting rights. Each ordinary share conveys one vote at the Annual General Meeting. Subject to mandatory statutory provisions, the preference shares do not convey any voting rights. To the extent that preference shares are accorded a voting right, one preference share carries one vote. Preference shares grant a preferential right to profits, based on which holders of preference shares receive a dividend from unappropriated profit for the year that is EUR 0.02 higher than that paid to holders of ordinary shares, and a minimum dividend of EUR 0.05 per share. Holders of preference shares have a right to subsequent payment on the minimum dividend, if the unappropriated profit does not suffice for distribution of the minimum dividend. Further details can be found in Article 22 of the Articles of Association of Sixt SE.

The non-voting preference shares accommodate those shareholders who are interested first and foremost in return and in value growth, and not primarily in voting rights. Moreover, compared with other financing instruments, the advantage of preference shares for Sixt SE is that the preference dividend is paid out of the unappropriated profit and that no interest expense on debt finance needs to be recognised in the income statement.

Restrictions on voting rights or the transfer of shares

Apart from excluding voting rights for preference shares, the Company's Articles of Association do not impose any restrictions on the 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. However, lock-up periods apply to shares received by employees, senior executives and members of Sixt Group's Managing Board as part of the matching stock programme. For further details, please refer to the corporate governance report.

Shareholdings in Sixt SE

As at 31 December 2016, Erich Sixt Vermögensverwaltung GmbH, in which all shares are directly and indirectly held by the Sixt family, holds 18,711,822 ordinary voting shares, conveying 61.6% of 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 2016.

Shares with special rights

In accordance with Article 10 (1) of Sixt SE's Articles of Association, the Company's Supervisory Board consists of three members. According to legal provisions two of these members are elected by the Annual General Meeting. One further member of the Supervisory Board is appointed by the shareholder Erich Sixt. This right to appoint one member of the Supervisory Board also extends to his heirs providing that they are shareholders. In all other respects, 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 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. In accordance with these the Managing Board is made up of one or more members. The Supervisory Board determines the number of Managing Board members. In accordance with Article 7 (2) of the Articles of Association of Sixt SE, the Managing Board members can be appointed by the Supervisory Board for a period of up to five years. The Supervisory Board adopts resolutions in this regard by a simple majority of votes cast. Reappointments are permitted. The law only permits the Supervisory Board to dismiss a member of the Managing Board prior to the expiration of the term of office for good cause.

Amendments to Sixt SE's Articles of Association are passed by the Annual General Meeting. Subject to mandatory statutory provisions, the preference shares do not carry any voting rights in this context. 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 (article 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, 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 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, amendments to the Articles of Association can be adopted by a simple majority of votes cast, if at least half of the voting share capital is represented and insofar as this does not conflict with any mandatory statutory provisions. However, under Article 20 (2) sentence 3 of the Articles of Association, capital increases from corporate funds may only be passed by a majority of 90% of the votes duly cast. 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 passed by the Supervisory Board instead of the Annual General Meeting.

Powers of the Managing Board, with particular regard to the issue and buy-back of shares

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 in the period up to 1 June 2021, with the consent of the Supervisory Board, by up to a maximum of EUR 35,840,000 by issuing new no-par value bearer shares against cash and/or non-cash contributions (Authorised Capital 2016). The authorisation also includes the power to issue new non-voting preference shares up to the legally permitted limit. For the distribution of profits and/or company assets these non-voting preference shares are ranked equal to the non-voting preference shares previously issued. Further details, including details of the Managing Board's authorization to exclude shareholders' subscription rights in specific cases, follow from the aforementioned Article of the Articles of Association.

The total notional amount in the share capital attributable to the new shares, for which the subscription right is excluded on account of aforelisted authorisation may not exceed 20% of the share capital either at the time when the authorization takes effect or at the time of exercise of the subscription right exclusion. This limitation also applies to new and existing shares of the company, which are issued with an exclusion of subscription rights or sold during the term of this authorisation strength of another authorisation. In addition, new shares of the company must be added 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, to the extent that the bonds and/or profit participation bonds are issued during the term of this authorisation strength of another authorisation under exclusion of the subscription right. This does not include under specific conditions a crossed exclusion of subscription rights.

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 Managing Board may resolve, with the consent of the Supervisory Board, that the new shares shall 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.

The authorization to issue new shares from authorised capital enables the Managing Board to meet potential capital requirements of Sixt SE quickly and flexibly and to make use of attractive financing options as they arise on the market.

By resolution of the Annual General Meeting of 2 June 2016, the Managing Board is authorised to issue, on one or more occasions in the period up to and including 1 June 2021 with the consent of the Supervisory Board, convertible and/or option bonds registered in the name of the holder and/or bearer by up to a maximum of EUR 350,000,000 with a fixed or open-ended term and to grant conversion or option rights to holders and/or creditors of conversion or option bonds to acquire a total of up to 6,000,000 new ordinary bearer shares in Sixt SE and/or to provide corresponding conversion rights for the Company. Taking due account of statutory requirements, the respective conversion or option bonds can provide for the subscription of ordinary bearer shares and/or bearer preference shares without voting right. The conversion or option bonds can also be issued by a company in which Sixt SE is directly or indirectly invested with a majority of votes and capital. In this case the Managing Board is authorised to assume for the issuing company the guarantee on behalf of Sixt SE that the bonds are repaid and that the interest due thereon is paid and that the holder and/or bearer of such bonds are granted conversion or option rights on shares of Sixt SE. Conversion and/or option bonds can be issued against cash and/or non- cash contributions. The shareholders of Sixt SE are accorded in principle the statutory subscription right. However, with the consent of the Supervisory Board, the Managing Board is authorised to exclude the subscription right under certain conditions, which follow fully from the resolution taken by the Annual General Meeting on 2 June 2016.

In this context the Company's share capital has been conditionally increased strength of the resolution taken by the Annual General Meeting on 2 June 2016 by up to EUR 15.360,000 through issue of up to 6,000,000 new ordinary bearer and/or preference bearer shares (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 option bonds, which were issued until and including 1 June 2021 on the basis of the aforelisted resolution taken by the Annual General Meeting of 2 June 2016 by the company or a German or foreign subsidiary, in which the company holds directly or indirectly 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 Managing Board is authorised to determine further details for implementing the conditional capital increase.

By resolution of the Annual General Meeting of 20 June 2013 the Managing Board is authorised to issue, on one or more occasions in the period up to and including 19 June 2018 with the consent of the Supervisory Board, profit participation bonds and/or rights registered in the name of the holder and/or bearer by up to a maximum of EUR 350,000,000 with a fixed or open-ended term against cash and/or non- cash contributions. The profit participation bonds and rights issued under this authorization may not provide for conversion or subscription rights to shares of the Company. The issue can be effected by a company in which Sixt SE is directly or indirectly invested with a majority of votes and capital. In this case, the Managing Board is authorised to assume for the issuing company the guarantee on behalf of Sixt SE that the ensuing liabilities will be met. The shareholders of Sixt SE are accorded in principle the statutory subscription right. However, with the consent of the Supervisory Board, the Managing Board is authorised to exclude the subscription right under certain conditions, which follow fully from the resolution taken by the Annual General Meeting on 20 June 2013. The authorisation of the Managing Board to issue profit participation bonds and rights extends the range of financing instruments at the Company's disposal and thereby offers attractive financing means as they arise on the market that go beyond the classic forms of raising equity and debt capital. Depending on the definition of the conditions for the bonds and/or profit participation rights, this may also offer the possibility to classify the financing instruments as equity for rating and/or accounting purposes.

The Annual General Meeting on 2 June 2016 resolved to authorise the Managing Board, in accordance with section 71 (1) no. 8 of the AktG and until 1 June 2021, to purchase ordinary bearer and/or preference bearer shares of the Company representing up to a total of 10% of the Company's share capital in existence at the date the authorisation was granted or, if lower, at the time of the exercise. At no point shall the shares acquired under the above authorisation, together with other treasury shares owned and assigned to the company under sections 71d and 71e of the AktG, represent more than 10% of the share capital. With the approval of the Supervisory Board the authorization 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 authorization may be exercised for any purpose permitted by law. Acquisitions for the purpose of trading in treasury shares are excluded. According to the resolution of the Annual General Meeting of 2 June 2016 the Company is also authorised to acquire treasury shares by using derivatives. The complete wording of the aforementioned authorization to acquire treasury shares follows from the resolutions taken during the Annual General Meeting on 2 June 2016.

By resolution of the Annual General Meeting on 6 June 2012 the Managing Board was authorised to buy back shares of the Company representing up to a total of 10% of the Company’s share capital in existence at the date the authorisation was granted or, if lower, at the time of the exercise until 5 June 2017 – thereof 5% of the share capital by using derivates. This resolution was replaced by the decision of the Annual General Meeting on 2 June 2016 for a new authorisation to buy back own shares.

On the basis of the above-described authorisation from 6 June 2012 the Managing Board decided on 15 March 2016, with consent of the Supervisory Board, for a share buyback programme which was continued on the basis of the authorisation from 2 June 2016. The share buyback programme was finished on 18 July 2016. At that time, the Company repurchased in total 1,114,982 shares – thereof 779,720 ordinary shares and 335,208 preference shares – with a total value of EUR 50.0 million (excluding purchase-related expenses). On 15 September 2016 the Managing Board decided, upon the approval by the Supervisory Board, to redeem the repurchased shares with the simplified redemption method while reducing share capital.

In addition, on 8 December 2016 the Managing Board with the approval of the Supervisory Board used the authorisation to acquire treasury shares. The acquisition serves to meet the Company's obligation to grant preference shares to employees and members of the Company's administrative or management bodies and their affiliated companies under the Matching Stock Program (MSP 2012). Accordingly, as per 31 December 2016 the Company held 35,044 treasury preference shares. The share buyback initiated on 12 December 2016 was completed on 17 January 2017. The Company acquired a total of 62,700 preference shares to meet its obligations under the MSP 2012.

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

In the event of a change of control, including as the result of a takeover bid, various creditors of the Company have the following rights:

- The respective creditors of the 2012/2018 bond (ISIN: DE000A1PGPF8) and 2014/2020 bond (ISIN: DE000A11QGR9) issued by the Company in the total amount of EUR 250.0 million each have, among other things, a special right of termination, subject to one month’s notice after a change in control has been announced. According to the terms and conditions of the bonds, a change in control occurs if the proportion of the Company's share capital held directly or indirectly by Mr. Erich Sixt, his direct descendants, his spouse and/or a family foundation together falls below 30% or if one person or several persons acting together gain control of the Company. Control in this context means direct or indirect (as defined in section 22 of the Wertpapierhandelsgesetz (WpHG – German Securities Trading Act)) legal or economic ownership of ordinary shares which together convey more than 50% of voting rights. The term "person" refers here to any natural or legal person or to any kind of organization, but excluding affiliated subsidiaries of the issuer within the meaning of sections 15 to 18 of the AktG.

- The respective creditors of the 2016/2022 bond (ISIN: DE000A2BPDU2) issued by the Company in the total amount of EUR 250.0 million have, among other things, a special right of termination, subject to a notice period of 30 days after a change in control has been announced (or 30 days after the next interest payment date, subject to this date falling within the aforelisted 30 day period). According to the terms and conditions of the bond, a change in control occurs if one person or several persons acting together within the meaning of section 22 of the Wertpapierhandelsgesetz (WpHG – German Securities Trading Act) gain control of the issuer after the issue date. Control in this context means direct or indirect (as defined in section 22 of the Wertpapierhandelsgesetz (WpHG – German Securities Trading Act)) legal or economic ownership of ordinary shares which together convey more than 30% of voting rights. The term person refers here to any natural or legal person or to any kind of organization, but excluding (i) affiliated subsidiaries of the issuer within the meaning of sections 15 to 18 of the AktG, (ii) Mr. Erich Sixt, (iii) his direct descendants, (iv) his spouse or the spouses of his direct descendants, (v) a Sixt family foundation and/or (vi) a company or joint venture or other organization or combination, irrespective of the fact whether these may be a natural or legal person, and which are under the control of one of the persons listed under (ii) to (v) within the meaning of sections 15 to 18 of the AktG.

All the rights described above are creditor rights commonly encountered on the capital markets and in lending transactions.

Furthermore, there are individual cases in which Group companies have concluded vehicle delivery contracts, under which the supplier reserves the right to assert a potential right of termination in the event of a change in control.

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

Compensation agreements between the Company and members of the Managing Board or employees in the case of a takeover bid do not exist.

B.5 \\ EVENTS SUBSEQUENT TO REPORTING DATE

In January 2017 Sixt Leasing SE issued a bond in the amount of EUR 250.0 million at the capital market (ISIN: DE000A2DADR6/WKN: A2DADR). The bond was issued with a coupon of 1.125% p.a. and has a maturity until 2021.

No other events of special significance for the net assets, financial position and results of operations of the Group occurred after the end of financial year 2016.

B.6 \\ REPORT ON OUTLOOK

1. ECONOMIC ENVIRONMENT

Expectations for the development of the world economy in 2017 are generally positive. The International Monetary Fund (IMF) projected a global growth rate of 3.4% compared to the prior year. As key driver, the IMF mentioned the new government in the US and the resulting possible change in economic policy of the US being one of the most important economies in the world. At the same time, the political as well as the economic course of the USA are connected with uncertainties and could therefore have a negative impact on the economy in emerging economies.

According to the IMF's projections, the economy of the US is set to grow by 2.3% versus 1.6% in 2016. Therefore, the IMF upgraded its forecast from October 2016 by 0.5 percentage points.

For the Euro area the IMF expects economic growth to be around 1.6% and thus slightly lower than the year before (1.7%). Also the German Institut für Weltwirtschaft (IfW – Institute for World Economy at the University of Kiel) predicts a positive development in the Euro area, among other reasons due to the depreciation of the Euro against the US dollar.

In 2017, the German economy will continue its upturn. Accordingly, the IfW expects the GDP to grow by 1.7% in 2017. The rising consumer spending as well as the booming housing market resulting from the favourable financing conditions are the main reasons for this development. Moreover, German exports are expected to grow against the background of the positive outlook in the sales markets. However, the IMF has a more cautious forecast by predicting an economic growth in Germany by 1.5% in 2017.

Sources

International Monetary Fund (IMF), World Economic Outlook October 2016, 4 Oct. 2016
International Monetary Fund (IMF), World Economic Outlook January 2017, 19 Jan. 2017
Institute for World Economy at the University of Kiel (IfW), Economic Forecast, Media Information, 15 Dec. 2016

2. SECTOR DEVELOPMENT

2.1 VEHICLE RENTAL BUSINESS UNIT

Sixt expects generally unchanged or slightly positive economic conditions in its European core markets as well as in the USA. Nonetheless, economic risks or the numerous geo-political crises must be monitored carefully, as these could potentially affect international travel activities.

According to Euromonitor International, the large European vehicle rental markets should generate revenues slightly above the level of last year. The market volume in Germany is set to climb from EUR 2.3 billion to EUR 2.4 billion. In Sixt's European corporate countries of Belgium, France, the UK, the Netherlands, Austria, Switzerland, Spain and Italy market volume is expected to climb by 2.5% to EUR 11.4 billion. For the US, Euromonitor International expects market volume to rise by 4.6% to USD 29.8 billion compared to the prior year.

Travel activities to foreign destinations will also continue to grow in 2017. The European Travel Commission (ETC), a European umbrella organisation of national tourism associations, projects a year-on-year increase of 5.3% for North America and of 2.8% for Europe. In the business traveller segment, the Global Business Travel Association (GBTA) expects revenue growth of 4.7% in the five biggest European business travel markets of Germany, the UK, France, Italy and Spain. In the private customer segment the number of journeys is expected to increase by 4.6%, according to Euromonitor International.

For air traffic within Germany, which serves as key indicator for the demand for rental vehicles, the Arbeitsgemeinschaft Deutscher Verkehrsflughäfen (ADV – German Airports Association) expects the number of passengers to grow by around 3.1% in 2017.

Sources

Euromonitor International, Travel and Tourism 2016
European Travel Commission (ETC), European Tourism 2016: Trends & Prospects (Q3/2016),
Global Business Travel Association (GBTA), Press Release, 16 Nov. 2016
Faz.net, Flughafenverband-Prognose, 30 Dec. 2016
ifo Institut, ifo Konjunkturprognose, Press Release, 9 Dec. 2016

2.2 LEASING BUSINESS UNIT

The German leasing industry is cautious in its outlook on the 2017 business development. As reason for its assessment the Bundesverband Deutscher Leasing-Unternehmen e.V. (BDL – German Association of Leasing Companies) cites lower corporate investments. Moreover, there will be an additional burden caused by the low-interest-rate policy. The association expects an increase in equipment investments by less than 2.0% and ties this forecast to the political demand to create an appropriate framework for commercial expenditures. The ifo-institute is confirming the expectations of the Federal Association, noting that the industry's business climate noticeably cooled towards the end of 2016.

The German automotive industry on the other hand is looking ahead more confident as it enters the current year. Accordingly, the German Association of the Automotive Industry (VDA - Verband der Automobilindustrie) expects worldwide new vehicle registrations to climb 2% on the previous year. The West-European market is projected to retain the level of the previous year with around 13.9 million new registrations.

Sources
Bundesverband Deutscher Leasing-Unternehmen e.V. (BDL), Press Release, 24 Nov. 2016
Bundesverband Deutscher Leasing-Unternehmen e.V. (BDL), Press Release, 20 Dec. 2016
Verband der Automobilindustrie (VDA), Press Release, 2 Dec. 2016

3. EXPECTED DEVELOPMENT IN FISCAL YEAR 2017

3.1 VEHICLE RENTAL BUSINESS UNIT

Sixt will continue to drive forward the extension of its worldwide vehicle rental activities also in 2017. The main focus will be on the ongoing expansion in the European markets outside Germany and the USA and to strengthen the position as premium service provider of innovative and connected mobility products. Sixt expects there to generate a revenue growth that outperforms the market levels. In line with the strategy, the percentage of foreign operations in rental revenue is expected to grow.

Regardless of the strong expansion of the last years, one focal point in the Sixt Corporate countries will be on qualitative and margin-oriented growth. In the Italian market, where Sixt started corporate operations after the contract with the franchisee expired, the presence with own stations will be increase gradually with an initial focus on the airports in Rome and Milan.

The expansion in the North American continent still follows the principle of utilise potential opportunities in a flexible and spontaneous manner aiming at increasing market presence, not least at important traffic junctions. This includes the participation in tendering for airport stations as well as the principle willingness to acquire competitors, following strict criteria.

In Europe outside Germany, Sixt plans to increase its market share by organic growth as well as – in case of an appropriate constellation – with the help of acquisitions. The Company expects for 2017 a positive effect in demand resulting from the shift in tourist flows from afflicted regions, such as North Africa or the Middle East, to Mediterranean regions such as Spain and France.

In addition, Sixt will continue to expand its global network through cooperation agreements with franchise partners in large economic growth regions, such as the Asia-Pacific region or Latin America.

The premium carsharing DriveNow is planning to drive forward its internationalisation in Europe. After the successful start in Brussels and Milan in 2016, the company examines further European metropolitan cities for an expansion. Alongside these, DriveNow is also planning to continually extend its product and service range. In addition, DriveNow aims to expand its areas of operation at the various locations, promote the interconnection of its services with those of public transport and intensify marketing cooperation with trade partners.

The chauffeur service myDriver will continue its internationalisation and increase its foreign presence, amongst other in the USA. Moreover, myDriver plans to increase and intensify its cooperations with well-known partners from the tourist sector, such as airlines and hotel chains. Thus, the company concentrates on the mediation of reliable airport transfers to business and corporate customers, in Germany as well as abroad.

Furthermore, making use of the chances of the digitalisation will be another focus of the Company as it aims to connect its various mobility services to offer tailored solutions from under one roof to the customer. In this regard, MaaS plays an important role. The product was launched in 2016 and gives companies the possibility to provide a fixed mobility budget to their employees which can be used for all various Sixt products.

MaaS should be further distributed in 2017. Additionally, the combination with other transport modes will be evaluated.

In 2017, Sixt will drive forward the optimisation of existing and the development of new online and mobile solutions for vehicle rentals. This applies above all to the functions provided on the website as well as the applications for smartphones and tablets. Moreover, the Company will try to role out innovative rental concepts that received a very positive customer feedback such as “SmartStart” and “Sixt fastlane”, which facilitate taking out rental cars via smartphone and independent from the classic over-the-counter transaction.

With regard to the communication with individual target groups, an essential aspect will be on the intensified use of social media and platforms such as Twitter, Facebook or Snapchat. Sixt early identifies specific communication and marketing possibilities and makes use of them. In addition, the Company will continue to extend the communication via its own channels such as the Sixt-Blog or its Facebook account.

It will be equally important to integrate Sixt's service offers into the booking processes of cooperation partners, such as hotel chains and airlines, as well as popular travel apps. This creates added value for customers and increases the range of Sixt's rental services.

3.2 LEASING BUSINESS UNIT

The Leasing Business Unit plans to continue its qualitative profitable growth also in 2017. In the Fleet Management business, Sixt Leasing aims to intensify its activities in relevant European countries and, thus continues its international expansion. This will especially happen via already existing customer relationships.

The Online Retail business field with the platforms *sixt-neuwagen.de* and *autohaus24.de* is projected to be the Group's biggest growth driver in the coming years. Sixt Leasing continues to act as early mover addressing an almost undeveloped future market in Germany for online leasing by private and commercial customers. To extend its market position and generate additional reach the Company permanently reviews the possibilities of acquisitions and suitable marketing measures. The remarketing of vehicles is another focus of Sixt Leasing. Given the strong expansion of the contract portfolio over the previous years, the number of returned leasing vehicles that come in with a certain time lag grows. The proportion of vehicles without buyback agreements will increase due to the strong growth of the Online Retail business field. The Company thereby attaches importance to calculate residual values in line with the market as well as to gain additional earnings at the vehicle returns with the help of a so-called end-of-term-service charge.

In its Fleet Leasing business field, Sixt Leasing SE aims to moderately increase its contract portfolio in 2017 and the following years. The Online Retail business field is also set to continue its dynamic growth in 2017. The contract portfolio is expected to increase to 36,000 contracts by the end of the current year. Also the Fleet Management business unit aims to further expand its contract portfolio. By the end of 2018 the number shall reach at least 50,000 contracts.

4. FINANCIAL OUTLOOK

For 2017, Sixt expects on the basis of the forecasted economic and industry-specific conditions a continuous increasing demand for the rental business unit. This increase will still be driven by the strong growth in foreign markets. The planned expansion in Europe outside of Germany and in the US will lead to corresponding additional expenses, for example by starting Italy as a corporate country. Also, for the business segment Leasing, the Company expects an ongoing positive development and an increase in contract portfolio.

Furthermore, in its Vehicle Rental Business Unit Sixt will continue its cautious and demand-driven fleet policy and in its Leasing Business Unit the Company will focus on the profitability of new business. Thus, for 2017 the Managing Board expects a slight growth in operating revenue and a stable to slightly increasing EBT. The equity ratio of the Sixt Group is forecasted to be well above the targeted 20%.

B.7 \\ REPORT ON RISKS AND OPPORTUNITIES

1. INTERNAL CONTROL AND RISK MANAGEMENT ORGANISATION

1.1 RISK MANAGEMENT SYSTEM

Sixt SE has installed an internal control and risk management system to identify at an early stage and actively cope with all developments that can lead to significant losses or endanger the existence of the Company or the Group. Effective tools ensure that risks are identified both centrally and decentrally, evaluated and managed in-time. Sixt's risk management system covers all activities for the systematic handling of potential risks in the Company, starting with risk identification and documentation, analysis and assessment and monitoring of material risks, as well as coordinating and maintaining the internal control mechanisms and counter measures. It is defined by a process that firmly integrates all relevant Group divisions and segments. The risk management system installed with Sixt thereby registers the relevant individual risks and their contingencies. The opportunities management is not part of the risk management system.

Sixt Group's overall risk management system is composed of detailed planning, reporting, control and early warning systems (some of which have been proven in years of practice) both centrally at Group level and in the respective functional areas down to the level of the individual rental offices. The system is regularly refined. The Group units Controlling and Governance, Risk Management & Controls (GRC) are responsible for central risk management and report directly to the Managing Board. The internal audit monitors the efficiency of the risk management system and reports directly to the Managing Board of Sixt SE.

The Group's organisational set-up determines the decision makers, communication and reporting paths, structures and risk responsibility officers involved in the risk management process. The officers responsible for risks on the level of the decentralised risk management organisations are equipped with adequate early-detection systems tailored to their areas, as well as analysis and reporting tools and control and monitoring systems. In addition, the central risk management organisation uses pre-defined key parameters to quantify and appropriately condense the individual risks, which are identified locally, assigns them to suitable risk categories and reports to the Managing and Supervisory Board.

Sixt thereby complies with the Gesetz zur Kontrolle und Transparenz im Unternehmensbereich (KonTraG – German Act on Control and Transparency in Business) and other specific provisions relating to certain consolidated business areas, such as section 25a Kreditwesengesetz (KWG – German Banking Act), including the minimum requirements of the Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin – Federal Financial Supervisory Authority) to be met by the risk management of banks and financial institutes (MaRisk).

1.2 RISK ASSESSMENT

After considering the risks in the installed planning, reporting, control and early warning systems, the organisational unit's risk officers regularly record all business-relevant and significant risks within the entire Group during the risk inventory, which is conducted as part of the risk controlling. To this end, they analyse the assessments of the executives as well as further relevant information. Any changes in the risk assessment and new risks are communicated immediately.

The individual risks' probability of occurrence is measured in the categories "low" (up to 30%), "possible" (between 31% up to 50%), "probable" (between 51% up to 90%) and "very probable" (over 90%). The individual risks are assigned to the defined risk categories and the corresponding damage classes according to the estimated amount of damage. On the Group level the central risk controlling agglomerates the decentrally registered individual risks in a risk inventory and clusters them into groups according to the estimated amount of damage and probabilities of occurrence. This forms the basis for the risk report, which is integral part of the reporting system to the Managing and Supervisory Board of Sixt SE.

1.3 INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM FOR (GROUP) ACCOUNTING (DISCLOSURES IN ACCORDANCE WITH SECTIONS 289 (5) AND 315 (2) NO. 5 OF THE HGB)

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 and Group directives, the recording of business transactions with the so-called "four eyes principle" (two man rule), the implementation of quality assurance processes by the internal audit and external audit procedures and consulting, system-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 functional access rules. Employees receive appropriate information 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 internal "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.

2. RISK FACTORS

As an internationally operating Company, Sixt is exposed to a variety of different risks, which can have material effects on the Group's business performance, net assets, financial position and results of operations. The following provides an aggregate overview of the relevant risk factors. The structure of risk categories outlined follows the categorisation in the reporting of the central risk management system.

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

The Sixt Group's main activities are vehicle rental and leasing, the business focus of which is centred in Germany. Nonetheless, as part of Sixt's internationalization business activities outside of Germany, both in Europe and outside Europe, gain more and more importance.

Both business units are, to a certain extent, dependent on the general economic environment especially in the USA, Europe and Germany, as this has a major effect on the investment inclination and spending propensity of customers and, in turn, on the demand for mobility services.

During phases of economic weakness, demand for mobility and leasing services may fall due to cost-saving measures of companies and private households. Higher default risks (for example industry sector risks, counterparty credit risk) can also generally be expected in these times. A downturn in the overall economy could therefore adversely affect demand and profitability of vehicle rental and leasing products.

Sixt also depends on developments in personal and tourism transport. In turn, developments in the latter are dependent on a variety of factors that the Sixt Group cannot influence. These include, for example, the expansion of the public transport infrastructure, improvements in traffic flow and the coordination of the combined use of different transport modes. Legal requirements relating to environmental protection, which are growing in importance above all in the European Union but also in other regions of the world, can, when combined with widespread public debate, bring changes in mobility patterns. This could generally have both positive and negative effects on demand for the mobility services offered by Sixt.

Demand could also be adversely affected in the long term by alternative mobility solutions that replace the classic rental and leasing products. These could be driven forward and brought to market, especially from start-ups, but also from internal business units of established car manufacturers.

To do justice to market conditions that can change very rapidly and also to meet customer demands, Sixt develops new product ideas and business models, whose market launch and penetration, also on an international level, might require high up-front investments. Relevant market analyses and plans cannot guarantee that the products will meet the expected acceptance and demand. This can impact the Group's net assets, financial position and results of operations.

In addition, the Group's business can be adversely affected by national and international developments such as political upheavals and revolutions, armed conflicts, acts of terrorism, environmental disasters or epidemics and by restrictions on private and business travel as a result of such events. Since the occurrence and effects of such events are difficult or even impossible to predict, consistently reliable forecasts regarding the development and the demand for travel can only, if at all, be made to a very limited extent, even over the short term.

Sixt intends to continually extend revenue and market share by expanding above all in key Western Europe countries and in the USA. This objective is to be achieved primarily by organic growth. Nonetheless, especially for growth outside Germany, well-considered acquisitions cannot be ruled out.

The internationalisation strategy contains a number of different risks, such as market-specific, political, legal, fraud, financial and personnel risks. These include possible incorrect assessments of market conditions in the countries in question, changes to national legal or tax frameworks, the costs associated with the establishment of an effective business organisation and the need to find qualified management personnel and suitable employees. In the case of acquisitions, there are also the customary transaction risks. Due to the initiating and expanding foreign operations the Group's profit situation can be impacted negatively. The failure or delay of the foreign expansion could affect existing customer relations adversely, as especially business and corporate customers, who are one of Sixt's main customer groups, require more and more mobility offerings of international scale.

Moreover, Sixt's business activities are also dependent on the specific tax frameworks. These include the taxation of leasing transactions and company cars, which has been the subject of political discussions for years. The taxation of fuels and of emission-based motor vehicles may also have a material effect on customers' investment behaviour.

2.2 SPECIFIC RISKS IN THE VEHICLE RENTAL AND LEASING BUSINESS UNITS

Specific market risks – Vehicle Rental Business Unit

The national and international vehicle rental industry continues to be dominated by intense predatory competition, which in many cases is fought out over pricing. The trend in demand – mainly among corporate customers – towards large, mostly international providers, which has been noticeable for years, continues. Due to its high ratio of corporate customers, it is essential for Sixt to provide customers with a global rental infrastructure that is available in particular in areas with a high volume of traffic, such as in airports and train stations and with a continuous and best quality as possible.

Intense competition also carries the risk that individual market participants attempt to gain market share in the short term by consciously implementing an aggressive pricing policy, in some cases even accepting operating losses.

General developments in the automotive industry are important for the Vehicle Rental Business Unit, owing to their effects on terms and conditions for purchasing vehicles and potentially selling them again. Sixt is highly dependent on the supply of popular vehicle models, to be able to purchase them on competitive terms and – for reasons of pricing certainty and the reduction of residual value risks – on buy-back agreements with manufacturers and dealers. These external factors influence both the purchase prices of vehicles and the revenue that can be generated when the vehicles are sold back.

By remaining vendor-neutral, Sixt can diversify risks when purchasing vehicles for the Vehicle Rental Business Unit. The Group can select marketable popular models and negotiate favourable terms and conditions from a number of different manufacturers and dealers in each case, without having to take the specific sales interests of particular manufacturers into account. Sixt distributes its purchasing volumes over a number of suppliers and bases vehicle deliveries on intra-year requirements planning. Flexible agreements with vehicle manufacturers and dealers enable the Company to a certain extent to stagger vehicle orders over a period of time to meet concrete demand. This is especially important during times of great economic uncertainty and downturns, as well as in phases of increased demand, when the requirements for mobility services are even more difficult to predict. Specific supply agreements provide the possibility for Sixt to react to unforeseeable fluctuations in demand at short notice and to a limited extent.

Furthermore, Sixt's international expansion changes its purchasing requirements. Sixt relies on having a broad supplier base in all corporate countries, whereby some vehicle fleets have to be tailored to specific regional needs. If Sixt is no longer able to add a sufficient number of vehicles to the fleet, or to offer enough vehicles with features that reflect the Group's premium orientation, this could adversely affect its revenue and earnings development. This would apply to an even greater extent if the Group's operating business were to expand dynamically, boosting demand for vehicles. For example, such a bottleneck would also be conceivable if automobile manufacturers were to change their sales strategies. However, no such trends are currently evident.

The Managing Board keeps a very close eye on the developments surrounding the emissions issue at the Volkswagen Group and other manufacturers. At present it is not clear if and to which extent supply shortages for specific vehicle models could lead to. However, in such an event, the Managing Board believes to be in a position to switch to different models or brands.

Alongside the general economic conditions, demand in the vehicle rental business is difficult to forecast as it depends on numerous random factors, such as the weather and short-term changes in customers' mobility requirements.

The combination of high economic capacity utilisation of the rental fleet and simultaneous vehicle availability is of great importance for the Group's success. Availability not only relates to the absolute size of the rental fleet but also to individual vehicle classes and types that meet customer wishes. Declining demand can result in a lower-than-expected utilisation of the rental fleet that is provided up-front, which in turn can affect the profitability of rental products adversely. This is why sophisticated, reliable and tried-and-tested fleet management tools are even more important.

Sixt's internal yield management system – a sophisticated IT tool that has been constantly updated over the years and that is tailored to the varied requirements of the rental business – enables the Company to align its purchasing activities with demand and to manage the availability of vehicles at the individual rental offices. The yield management system is permanently optimised. This is based on the volume of historic data generated from the rental activities that has constantly grown over the years. The systematic fleet and offering management achieves the highest possible level of fleet utilisation.

The development of the used car market, especially in Germany and the USA are important for the prices Sixt generates from selling rental vehicles on the used car market. Over the last years, the used car market in Germany recorded stagnation on a low level. In the US, on the other hand, volatility was significantly higher. It proved to be weakening especially towards the end of the preceding fiscal year.

Sixt seeks to hedge rental vehicles as far as possible through buy-back agreements with manufacturers and dealers to minimise the risks associated with the sale of vehicles. This means that buy-back conditions for these vehicles are already fixed at the time of acquisition. The Company therefore has a reliable basis for calculating the development of its fleet costs. By reducing the resale risk, Sixt is to a large extent independent of the situation on the used car market. Around 95% of all vehicles added into the fleet during the fiscal year were secured by means of take-back agreements.

However, within this context the risk persists that contractual partners, dealers or manufacturers, may not be able to comply with the buy-back agreements. Moreover, given the current economic risks or a possible deterioration of the used car markets, there is a risk that Sixt will generate lower-than-expected revenue.

Sixt regularly assesses the creditworthiness of its contractual partners according to strict standards. This is especially important when the automobile trading markets are tight, so that the risk of contractual partners, dealers or manufacturers, not meeting their buy-back agreements can be detected early on. In the case of a partner defaulting, Sixt would be obliged to market the vehicles on the used car market at its own economic risk, for example through its own stationary dealerships (Carpark&Buy) or through online trading platforms.

Commercial customers from the Vehicle Rental Business Unit, who receive vehicle quotas on account, have their creditworthiness regularly reviewed and monitored based on internal guidelines.

Specific market risks – Leasing Business Unit

In the Leasing Business Unit one focus of business activities is on corporate customers so that the Business Unit's performance is highly dependent, among other things, on companies' investment behaviour. This investment behaviour can be influenced – apart from general cyclical factors – especially by the underlying economic, legal accounting and tax conditions for commercial vehicle leasing. Companies need the best possible planning security to base their investment decisions. Higher taxes on leasing transactions and company cars, or potentially adverse changes to the international accounting stipulations relating to leasing contracts, can adversely affect the attractiveness of fleet solutions based on leasing.

As in the past, the leasing market in Germany continues to be dominated by various manufacturer- or bank-controlled companies. These enjoy on the one hand good purchasing terms, owing to their close relationships with the manufacturers, and on the other hand, as bank-controlled providers, advantageous refinancing terms. For this reason, there is intense competition in terms of price and conditions in the automobile leasing market, which negatively affect the achievable margins and, as a consequence, the Sixt Group's results of operations.

In the Fleet Leasing business field, Sixt focuses its offering on full-service leasing services, which, in addition to finance leasing, provide a variety of top quality services as well as fleet management. Owing to its consistent positioning as a full-service leasing company, Sixt is able to reduce the dependence of its business success in the fleet segment on pure finance leasing, which is under price pressure. Moreover, the continuous development of new, mostly Internet-based fleet management products gives Sixt the opportunity to set itself apart from its competitors. In fleet management, Sixt benefits from its many years of experience in the management of vehicle fleets and its position as a major fleet operator.

Alongside fleet leasing and fleet management solutions, the detailed business with private and commercial customer business gains more and more importance for the Leasing Business Unit and shall be set for further expansion. The associated diversification of the customer portfolio helps to counter risks that could stem from the economic, accounting and fiscal conditions prevailing for commercial vehicle leases in the business with fleet customers.

To guard against the risks of reselling vehicles, the Leasing Business Unit also partially covers the residual values, which are calculated in the leasing contracts according to market conditions, through buy-back agreements with manufacturers or dealers. This applies in particular to vehicles in the business with fleet customers, where the residual values are covered by buy-back agreements. As of 31 December 2016, around 43% of vehicles in the Fleet Leasing and Online Retail business fields were covered by buy-back agreements. The percentage figure includes lease assets, inventory and orders.

The Managing Board closely monitors 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 Leasing Business Unit there are no buy-back agreements with dealers or the manufacturer. The Managing Board also keeps a very close eye on the political discussion regarding new emission stipulations for diesel-powered vehicles. In this context, the Sixt Group could face an increased residual value risk and lower than expected proceeds from remarketing. So far, however, no significant decline of used car prices can be ascertained for the vehicles affected. However, a future decline in prices cannot be ruled out.

In the event that used leasing vehicles are sold on the open market the Leasing Business Unit depends on the developments on the used car market, particularly in Germany.

The value of vehicles to be sold directly by Sixt on the used vehicle market is analysed regularly based on the Company's own experience and market observations. Mostly, these vehicles are sold by in-house specialists at a specially established location under the brand name "Carpark&Buy". In addition, the vehicles as well as supplementary services are also offered to commercial as well as private customers through internet portals.

Nonetheless, the risk that contractual partners may not be able to meet their take-back commitments cannot be excluded. Therefore, when selecting vehicle dealers, Sixt pays great attention to their economic stability and conducts regular and strict creditworthiness reviews of vehicle suppliers.

Next to the general risks of reselling vehicles on the open market, there is also the risk that customers fail to meet their payment obligations during the term of the contract or only pay parts thereof, resulting in payment defaults. This counterparty default risk in the customer business generally increases with a worsening economic climate, as it can trigger more payment defaults of leasing customers.

Risk management identifies every single contract's risk of counterparty default already at receipt of the leasing agreement. Risks of counterparty default are checked at regular intervals and are managed pro-actively. Furthermore, with commercial customers their creditworthiness is regularly monitored during the lease period.

This way any potentially adverse developments at leasing customers or vehicle suppliers will be identified immediately, so that corresponding countermeasures can be initiated early on. Contracts with a higher risk potential and/or positions threatened by default are monitored and controlled particularly intensively by Group Division GRC.

This precautionary measure helps to avoid and/or mitigate future risks arising from the customer relationship. The risk metering and control systems as well as the organization of the credit risk management established within Sixt Leasing SE comply with the minimum requirements for risk management of banks and financial institutes (MaRisk) as defined by BaFin (Federal Financial Supervisory Authority).

2.3 FINANCIAL RISKS

The Sixt Group's ordinary business activities are exposed to various financing risks. These include interest rate risks, which can be limited using derivative financial instruments, among other things. In specific cases, interest rate caps, interest rate swaps or other interest rate derivatives can be used for hedging. Entering into these types of hedges allows variable-rate financial liabilities to be converted into synthetic fixed rate financing in order to limit the interest rate risk for the Group. In contrast, given appropriate expectations on the future development of short- and long-term interest rates, derivative instruments can also be used to achieve a defined proportion of variable-rate liabilities. In this context, internal Group guidelines stipulate the main duties and competencies, responsibilities, reporting requirements and control tools.

Operations, and particularly the rental business, generally use short-term financing facilities such as bank credit lines or, alternatively, lease agreements. In view of the ongoing changes in the banking sector, e.g. due to higher equity requirements for credit operations or changed risk weightings, financial institutes may radically change their financing policies.

In its dealings with corporate customers, the Leasing Business Unit can generally counter the interest rate risks, which follow a possible change in market rates, by agreeing interest escalation clauses in the specific master agreements, which are entered into for new contracts concluded under such master agreements. Next to these, the interest rate risks are partly covered by refinancing assets with matching maturities. In view of the aim to make the Sixt Leasing Group's refinancing more independent, the Leasing Business Unit's capacity of finding external financing possibilities could become harder or more expensive contingent on the assessment and appraisal of the Sixt Leasing Group's creditworthiness. However, as common in the leasing industry, asset-based financing opportunities (for example forfeiting or securitisation of leasing receivables) are available to Sixt Leasing Group. Nevertheless, the risk remains that any increase in refinancing costs significantly affects the cost base and that this higher refinancing costs might not be passed on to customers.

Moreover, an inconsistency between remaining terms and interest rates of assets and the maturities as well as interest rates of the liabilities of the Sixt Leasing Group could adversely affect the operating results. Refinancing options with, as far as possible, matching maturities are being sought to counter these potentially adverse effects.

The Sixt Leasing Group faces an interest rate risk which results from contractually fixed interest rates in the leasing arrangements and variable interest rates included in external refinancing agreements. Sixt Leasing Group will occasionally enter into derivatives contracts to hedge against interest rate risks. However, it cannot be guaranteed that such hedging is completely effective or that losses can be completely avoided.

Sixt Group continues to have a broad and robust financing structure, which provides an adequate framework for financing. A positive factor in this context is that the residual values of the vehicles in the rental and leasing fleets are largely covered by buy-back agreements with manufacturers and dealers, which significantly increases the security for the financing banks.

However, since banks depend on the market situation and have to accept increased risk premiums when refinancing their own activities, it cannot be ruled out that these higher premiums will be passed on to customers taking out loans. Moreover, the ever tighter legal rules and regulations, which financial institutes have to comply with when granting credit, require that they underlay these with more equity. This could result in Sixt Group's financing costs increasing or that they remain at a high level.

Sixt Group continues to have a strong equity base and a broad financing mix. The Group's solid financial circumstances provide good access to the capital market, which it used successfully in the past by placing bonds or issuing borrower's note loans on the market. However, one can never fully rule out the possibility that the capital markets, temporarily or for longer, will have only a limited capacity and willingness to absorb such issues.

Alongside bonds and borrower's note loans, the Sixt Group also regularly uses leasing and credit finance as refinancing instruments. The Group only partially utilised its credit lines in the year under review. Sixt SE and its subsidiaries maintain trustworthy business relationships with a number of banks since many years.

2.4 OPERATIONAL RISKS

Operational risks are understood as risk of a loss caused by human behaviour, technological failure, inappropriate or faulty processes or external events. Such a definition of operational risks includes regulatory, legal and tax related risks.

A complex, high-performance IT system is essential for processing rental and leasing operations. Hard- and software related system malfunctions and failures can considerably affect operating processes and, in serious cases, even bring them to a standstill. When implementing new, replacement or supplementary software, the high complexity of the IT system places high demands on compatibility on existing systems so as to guarantee smooth continuation of the operating business. 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 counter these risks, Sixt has its own IT department charged with carrying out ongoing monitoring, servicing and enhancements, and with protecting the Group's IT systems.

As in the past, Sixt Group intends to continue investing in internet-based as well as in mobile services for smartphones and tablet PCs as a sales and communications channel for its rental and leasing products and as basis for further business models. A number of risks associated with the internet (for example uncertainty regarding the protection of intellectual property or registered domains, violation of data protection, dependence on technological conditions, system failures, viruses, spyware, etc.), could affect the use of the internet as an independent and cost-effective sales and communications channel. However, general usage of the internet continues to expand in the wider population and thereby affect consumer behaviour fundamentally.

Accordingly, it has to be noted that the customers' use of internet-based offerings and products of the Sixt Group increased continually for years. On the background of media convergence, i.e. the convergence of different technical devices and services and the ever-increasing presence of online services in everyday life, one may well assume that the utilisation of such offers is set to continue in future.

Sixt's activities involve entering into a large number of different agreements. This is only possible by using standardised agreements that have to be mapped to the operative processing systems accordingly. As a consequence, even minor inaccuracies in the wording or changes to the legal framework could have a material effect on business activities. Sixt counteracts the resulting risks via contract management with the help of legal experts and various system controls.

The Sixt Group also relies on intellectual property rights to protect its business activities. Preserving these rights at national and international level is one important precondition for maintaining competitiveness.

The personal skills and know-how of the Group's employees constitute an important success factor. Particularly in times of expanding business operations and the associated recruitment of new staff, Sixt depends on having a sufficient number of suitable staff who are able to perform the required work to the required quantitative and qualitative standard. If, for instance, there is greater fluctuation and therefore a loss of know-how, this could affect the quality of service in the car rental and leasing business. Sixt guards against these risks through increased involvement in training and professional development by firmly establishing staff development as part of its corporate culture and through the use of incentive systems.

Strategic partnerships and cooperative ties with airlines, hotel chains and other key players in the mobility and tourism industry are an important factor for the Sixt Group's success. Agreements with these partners often contain short notice periods and are – with a few exceptions – non-exclusive. Therefore, it cannot be ruled out that existing cooperative ties will be terminated or will not be expanded due to changes in market conditions or to the partners' market or business strategies. However, a number of these partnerships have been in place for many years and are based on a spirit of long-term and trustworthy collaboration. In addition, Sixt permanently adds partners from different industries to its network.

In general, the business activities of the Sixt Group are subject to numerous legal and governmental rules and regulations as well as individual agreements with business partners. These have the potential to lead to official reviews and examinations or contested issues, which under certain circumstances might have to be settled in court.

Provisions have been recognised in the balance sheet to the extent deemed necessary by the Sixt Group.

3. MANAGING BOARD'S ASSESSMENT OF THE OVERALL RISK PROFILE

Sixt SE has installed a group-wide internal control and risk management system designed to identify at an early stage all developments that can lead to significant losses or endanger the continued existence of the Group. As part of the established risk management system, all risks listed are regularly reviewed, analysed and the probability of their occurrence and effect is assessed. The result is communicated to the Managing and Supervisory Board so that the necessary countermeasures can be initiated if needed.

Both the overall risk and the risk profile of the Sixt Group have remained essentially unchanged from the previous year. At present, no risks are identified, which alone or in their entirety, could endanger the Company's going concern.

4. OPPORTUNITIES REPORT

The Sixt Group SE offers its customers in over 100 countries a multitude of top-notch mobility products and services for different requirements. The Group is active through its own organisational units as well as through efficient franchise and cooperation partners. The competitive position, its service range and industry sector offer the Sixt Group a number of opportunities that can positively affect the Company's business performance.

Opportunities are defined as possibilities arising from events, developments or actions that allow the Company to achieve and/or outperform the scheduled Company targets. It is the operative Business Unit's task to identify and exploit these opportunities as part of corporate strategy.

4.1 MARKET OPPORTUNITIES

General economic development

The general economic conditions, above all in Germany, in Europe and the USA, are a key influence on the business performance of the Sixt Group. An improvement in the economic situation generally leads to an increase in the propensity of companies to investment as well as a higher willingness of private individuals to spend, both of which in turn could have a positive effect on the vehicle rental and leasing industry.

In its budget for the fiscal year 2017, the Sixt Group takes due account of economic analysts' assessments of the business cycle, as the report on outlook outlines. In the event that the worldwide economy or key regional markets should perform better than forecast, this could raise demand for Sixt's products and services.

Positive demand conditions at main target groups

Since many years, the Sixt Group has positioned itself as provider of premium mobility for corporate and private customers, whereby the business with private clients has gained in importance over the last few years. In the Vehicle Rental Unit these customers constituted the Group's most sizeable customer segment. Thanks to the combination of its premium strategy with successful advertisement campaigns and the extension of its network of stations, particularly in the strong touristic Sixt corporate countries as France or Spain, the Group was able to generate higher revenues with private customers. For the medium to long term, the Managing Board expects to see a further increase in holiday travel to the countries of relevance for the Group. In the event that these principal assumptions will be exceeded, additional revenue could be generated in the private customer business.

Moreover, Sixt is also active as provider of high quality mobility products and services for business and corporate customers. In its business plans the Company expects business travel to increase in 2017. In the event that economic developments in the relevant markets outperform expectations, this could have a positive effect on business travel and consequently spell out as additional contributions to revenue and earnings for Sixt.

4.2 OPPORTUNITUES FROM COMPETITION

Expansion through acquisitions

The goal of Sixt Group is to drive its foreign expansion primarily through organic growth. Nonetheless, there is also a possibility of accelerating the Group's growth by acquiring local and regional competitors at favourable conditions. To this end the Company is constantly reviewing relevant market opportunities also against the background of the ongoing concentration on the vehicle rental market that focuses on large and high-performing providers with at least a nation-wide reach. Focal point of potential take-overs is on a stronger market penetration, the extension of the customer base as well as the acquisition of airport concessions. When examining potential take-over candidates, the Managing and Supervisory Board apply strict criteria regarding earnings situation, risk profile and corporate culture as well as compatibility with Sixt's business model.

Adjustments from ongoing market concentration

The vehicle rental industry in Germany and abroad is still characterised by intense predatory competition with some providers pursuing a partly aggressive price strategy that can make it difficult or even impossible to cover operative costs over the long term. As a consequence, the situation could arise where competitors have to abandon business operations due to insufficient capital and excessive debt levels. Sixt enjoys a very solid economic position and has adequate financial resources, which is why in such cases the Company would be capable to exploit free market capacities and generate additional revenue.

Growing demand from premium vehicles

On all levels Sixt pursues a consistent premium strategy. Accordingly, the majority of the Sixt fleet is made up of very well-equipped cars from renowned brands such as Audi, BMW or Mercedes-Benz. Experience has shown that there is a higher demand for these vehicles, which allows the Company to obtain higher average prices. If the income situation of companies and private households improves and customers have higher levels of expectations for top-quality mobility offer, the demand for top quality vehicles could exceed planning assumptions. The Sixt Group would benefit exceptionally well from this development.

Growing brand recognition through marketing campaigns

Elaborate and creative marketing campaigns enable Sixt credibly to transport its brand values, increase its brand awareness and thereby raise demand. For this reason the Group realised a number of eye-catching advertisement campaigns in France, the Netherlands, Spain and UK over the last few years. The Leasing Business Unit also launched its first TV campaigns in 2016 for its Sixt Neuwagen product. These were broadcast in blocks at the start of the year as well as during late summer and autumn in big private television broadcasters in Germany.

Increasing internationalisation and online sales

The ongoing internationalisation of business operations continues to be a key strategic objective for both Group Business Units.

The Vehicle Rental Business Unit reviews the possibilities of expanding into further countries through franchisees as well as increasing its market penetration in existing countries either by amending the network of franchise partners or through developing its own structures. Thus, Sixt is in Italy no longer represented by a franchisee, but since the start of 2017 through its own subsidiary.

The Leasing Business Unit continuously monitors growth potentials by establishing and expanding its own national subsidiaries as well as by cooperating with competent franchise partners. Especially the Fleet Management business field aims to oversee the fleets of its international customers across national boundaries. Additional opportunities for acquiring mandates and expanding fleet management into other countries are afforded for example by the Sixt Global Reporting Tool. As private and commercial customers are increasingly using the internet as a source of information when buying or financing vehicles, the significance of online sales will continually increase for new leasing vehicles procured through the platforms *sixt-neuwagen.de* and *autohaus24.de*. The gala is to systematically utilise Sixt Neuwagen's competitive edge with online leasing offers and thereby occupy the market in Germany – and in the future also in the other European countries – in the best possible way.

4.3 OPPORTUNITIES FROM INNOVATIONS

Modern mobility concepts from under one roof

Society's demands on mobility are constantly changing. The focus is no longer on ownership of a car, but on the actual usage of demand-specific mobility. This trend holds true especially in densely populated conurbations which are characterised by the lack of parking space and high density of traffic. Furthermore, the increasing costs of upkeeping a vehicle and a growing ecological awareness within society are affecting the attraction of owning a car.

Against this background Sixt has developed and brought to market new mobility concepts for private and corporate customers over the last years. These include the premium carsharing service DriveNow, the professional chauffeur service myDriver, the flat rate rental vehicle service Sixt unlimited for frequent travellers as well as MaaS, the cost-saving and demand-driven alternative to a company car. Sixt thereby takes due account of the wish for flexible and demand-adjusted mobility.

The strategic aim is to optimally interlink the services and offers provided by the Sixt Group whilst utilising the opportunities from digitalization and thereby offer business and private customers bespoke mobility all from under one roof. In the future the focus will be less on selling individual products, but more on mobility budgets, which customers can use depending on their individual needs.

The introduction and expansion of such concepts are associated with uncertainties as the actual demand and market volume can differ from the expectations. Positive deviations from expectations, for example in the wake of a social change in values, can trigger sustained growth in revenue and thereby increase the economic significance of new mobility concepts for the Sixt Group.

Interlinked means of transportation

Alongside the creation of its own mobility services, Sixt intelligently interlinks its offers by collaborating with other transportation partners such as buses, railways or air carriers. As the Company wants to offer customers mobility solutions that are optimally tailored to their needs, it cooperates with various providers of such means of transportation.

Thus, the premium carsharing service DriveNow for example cooperates with public transport providers to develop special combined mobility services which met a positive echo in their local markets. Given the experiences gained so far Sixt expects demand in this field to grow continuously. As one of the innovation leaders in the mobility industry, the Group could benefit from demand that exceeds expectations.

Innovative online and mobile solutions

More and more customers organises their business and private trips through online and mobile channels. The entire preparation of a journey, starting from the choice of an airline, hotel reservation through booking the rental vehicle, is conducted via such technical interfaces as computer, smartphone or tablet. Sixt therefore cooperates with numerous renowned addresses in the travel and mobility industry and has user-friendly online and mobile solutions that are permanently up-graded to the latest state of technology.

To convey its service offerings, Sixt communicates via its own channels, such as the Sixt Rent a Car app, its own Facebook site or the Sixt blog. In addition, Sixt continuously tests the usage of new social networks and platforms for event-driven communication and marketing activities. This way the Company independently gathers relevant information and experiences early on. Moreover, Sixt integrates its products and services into the booking procedures of hotels and airlines to extend the reach of its services. In the event that user intensity exceeds expectations and thus more online bookings are registered, this would have a positive effect on the Sixt Group's business situation.

The ongoing trend of growing demand for innovative online and mobile services offers the Leasing Business Unit the chance to improve its workflow and thus cut costs in its Fleet Leasing and Fleet Management business fields. Solutions such as the Sixt's driver's log app or Sixt Global Reporting offer Sixt Leasing the opportunity to address customer requirements even more specified and thereby generate significant competitive advantages.

B.8 \\ DEPENDENT COMPANY REPORT

In accordance with section 17 of the AktG, Sixt SE is a dependent company of Erich Sixt Vermögensverwaltung GmbH, Pullach as well as ES Asset Management and Services GmbH & Co. KG, 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:

„There were no legal transactions or measures subject to disclosure requirements in the fiscal year 2016."

B.9 \\ CORPORATE GOVERNANCE DECLARATION IN ACCORDANCE WITH SECTIONS 289A AND 315 (5) OF THE HGB

The corporate governance declaration in accordance with sections 289a and 315 (5) of the HGB is contained in Sixt SE's Annual Report 2016 as part of the corporate governance report and is available to the general public online at *ir.sixt.eu* under „Corporate Governance".

B.10 \\ ADDITIONAL INFORMATION FOR SIXT SE PURSUANT TO HGB

Fundamentals and business performance

Sixt SE (European Stock Corporation – Societas Europaea) is the parent company that acts as the holding company for the Sixt Group. The legal form "SE" of the holding company reflects the Group's strong international orientation. Sixt SE assumes the central management tasks and is responsible for the strategic and financial management of the Group. It also carries out various financing functions, primarily for the key companies of the Vehicle Rental Business Unit and for the also stock-listed Sixt Leasing SE. The latter which manages, together with its subsidiaries, the leasing business of Sixt SE is planned to replace this financing by own financing instruments until end of 2018. Sixt SE holds a percentage of 41.9% in Sixt Leasing SE. Sixt SE fully consolidates Sixt Leasing SE due to control which is exercised through the existing majority in the Supervisory Board as well as the above-mentioned financing. Sixt SE is headquartered in Pullach with registered branches in Leipzig and at Munich Airport.

In its function Sixt SE's business performance, net assets, financial position and results of operations as well as its risks and opportunities are essentially dependent on the development of Sixt Group's consolidated companies.

Business performance of Sixt SE is characterised by the financing requirements and the proceeds distributed or transferred by Sixt Group's subsidiaries. The annual financial statements of Sixt SE are prepared pursuant to (German) commercial law and the legal stipulations on stock corporations and serve as the basis for the fiscal year's allocation of the unappropriated profit to be approved by the Annual General Meeting.

Results of operations, net assets and financial position

For its services rendered, Sixt SE receives remuneration of EUR 8.1 million (2015: EUR 7.0 million). Other operating income include profits from the sale of securities of EUR 1.8 million. Besides this, Sixt receives EUR 45.2 million (2015: EUR 43.1 million) from financing services and income from investments and earnings transfers of EUR 91.6 million (2015: EUR 93.4 million). This is set off by personnel and operational expenses of EUR 19.7 million (2015: EUR 17.9 million) as well as interest and similar expenses of EUR 36.7 million (2015: EUR 40.4 million). There were loss transfers in the year under review in the amount of EUR 8.3 million (2015: EUR 8.0 million). Result from ordinary activities amounts to EUR 82.3 million (2015: EUR 186.7 million). The taxes on income are at EUR 11.8 million

(2015: EUR 0.2 million). Net income for the period under review is EUR 70.5 million (2015: EUR 186.5 million).

Sixt SE's significant assets consist of shareholdings in affiliated companies and investments of EUR 663.0 million (2015: EUR 648.1 million). In addition, Sixt SE recognises receivables from affiliated companies and investments of EUR 1,743.3 million (2015: EUR 1,559.8 million).

The share capital of Sixt SE decreased due to the retirement of own shares to EUR 120.2 million (2015: EUR 123.0 million). The equity reported amounts to EUR 651.5 million (2015: EUR 703.8 million).

Significant financial liabilities are the outstanding bonds of EUR 750.0 million (2015: EUR 750.0 million), commercial papers of EUR 188.0 million (2015: EUR 279.0 million) as well as liabilities from borrower's note loans in the amount of EUR 713.0 million (2015: EUR 348.0 million). Further to these, Sixt SE has liabilities to affiliated companies of EUR 71.0 million (2015: EUR 87.7 million).

Risks, opportunities and outlook

As far as its opportunities and risks are concerned, Sixt SE's development is essentially dependent on the performance of the operating companies within the Sixt Group. To this extent, the overall assessment in the report on risks and opportunities of the Sixt Group serves a reference. The economic development of Sixt SE is likewise significantly determined by the performance, financing requirements and earnings strength of the Sixt Group's companies. Their earnings distributions are directly or indirectly determined by the resolutions of Sixt SE. The realised annual results from Sixt Leasing SE are dependent on the resolution of the Annual General Meeting of this company. In line with its expectations regarding decreasing general interest rates, Sixt reckons to see for the current fiscal year a slight decrease in earnings before taxes (EBT).

Investments

As part of its financing function within the Sixt Group, Sixt SE will provide consolidated companies with loans and funds in the form of equity. Potential company start-ups or acquisitions could require investments to be made by Sixt SE.

Pullach, 27 March 2017

Sixt SE

The Managing Board

ERICH SIXT	DETLEV PÄTSCH	DR. JULIAN ZU PUTLITZ	ALEXANDER SIXT	KONSTANTIN SIXT

WE’RE NEVER SATISFIED WITH ANYTHING LESS THAN PERFECTION.

We see mistakes as opportunities to learn, to grow and to improve – together. As a team, we are one and we can tackle any challenge.

C \\ CONSOLIDATED FINANCIAL STATEMENTS

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

of Sixt SE, Pullach, for the year ended 31 December 2016

Consolidated Income Statement in EUR thou.	Notes		2016		2015
Revenue	\4.1\		2,412,697		2,179,259
Other operating income	\4.2\		122,616		122,058
Fleet expenses and cost of lease assets[1]	\4.3\		849,961		814,380
Personnel expenses	\4.4\		334,722		274,504
a) Wages and salaries		283,454		236,185	
b) Social security contributions		51,268		38,319	
Depreciation and amortisation expense	\4.5\		500,743		411,441
a) Depreciation of rental vehicles		300,478		216,805	
b) Depreciation of lease assets[1]		176,942		171,184	
c) Depreciation of property and equipment and investment property		14,467		12,104	
d) Amortisation of intangible assets		8,856		11,348	
Other operating expenses	\4.6\		594,112		579,207
Earnings before interest and taxes (EBIT)			255,775		221,784
Net finance costs	\4.7\		-37,471		-36,574
a) Interest income		820		1,110	
b) Interest expense		34,420		40,039	
c) Other net financial income		1,327		4,707	
d) Result from at-equity measured investments		-5,199		-2,351	
Earnings before taxes (EBT)			218,303		185,210
Income tax expense	\4.8\		61,657		57,037
Consolidated profit			156,646		128,174
Of which attributable to minority interests	\4.9\		14,351		13,097
Of which attributable to shareholders of Sixt SE			142,295		115,076
Earnings per ordinary share – basic (in EUR)	\4.10\		3.00		2.39
Earnings per ordinary share – diluted (in EUR)	\4.10\		3.00		2.39
Earnings per preference share – basic (in EUR)	\4.10\		3.02		2.41
Earnings per preference share – diluted (in EUR)	\4.10\		3.02		2.41

Consolidated statement of comprehensive income in EUR thou.	Notes	2016	2015
Consolidated profit		156,646	128,174
Other comprehensive income (not recognised in the income statement)		-7,218	10,308
Components that could be recognised in the income statement in future			
Currency translation gains/losses		-7,055	10,308
Components that could not be recognised in the income statement in future			
Remeasurement of defined benefit plans	\4.28\	-208	-
Related deferred taxes		45	-
Total comprehensive income		149,428	138,482
Of which attributable to minority interests		14,312	13,446
Of which attributable to shareholders of Sixt SE		135,115	125,036

[1] *To increase the clarity of earnings presentation, write-downs on lease assets intended for sale are included within fleet expenses and cost of lease assets for the first time. Prior-year figures were adjusted accordingly. This has no impact on earnings per share.*

C.2 \\ CONSOLIDATED BALANCE SHEET

of Sixt SE, Pullach, as at 31 December 2016

Assets in EUR thou.	Notes	31 Dec. 2016	31 Dec. 2015
Non-current assets			
Goodwill	\4.11\	20,202	18,442
Intangible assets	\4.12\	26,797	27,969
Property and equipment	\4.13\	162,416	163,572
Investment property		-	2,972
Lease assets	\4.14\	1,020,800	957,779
At-equity measured investments	\4.15\	4,846	5,316
Financial assets	\4.16\	1,524	1,784
Other receivables and assets	\4.17\	6,746	4,933
Deferred tax assets	\4.8\	17,241	7,459
Total non-current assets		1,260,572	1,190,228
Current assets			
Rental vehicles	\4.18\	1,957,027	1,763,251
Inventories	\4.19\	88,126	92,408
Trade receivables	\4.20\	424,616	276,682
Other receivables and assets	\4.21\	245,560	265,280
Income tax receivables		5,589	7,023
Cash and bank balances	\4.22\	47,028	65,588
Total current assets		2,767,946	2,470,232
Total assets		4,028,518	3,660,461

Equity and liabilities in EUR thou.	Notes	31 Dec. 2016	31 Dec. 2015
Equity			
Subscribed capital	\4.23\	120,175	123,029
Capital reserves	\4.25\	240,625	241,494
Other reserves	\4.26\	607,226	590,689
Treasury shares	\4.24\	-1,352	-
Minority interests	\4.27\	112,990	103,573
Total equity		1,079,665	1,058,786
Non-current liabilities and provisions			
Provisions for pensions	\4.28\	2,588	-
Other provisions		141	247
Financial liabilities	\4.29\	1,370,390	920,560
Other liabilities	\4.30\	366	1,157
Deferred tax liabilities	\4.8\	19,579	18,705
Total non-current liabilities and provisions		1,393,064	940,668
Current liabilities and provisions			
Other provisions	\4.31\	123,649	113,698
Income tax liabilities		43,149	42,329
Financial liabilities	\4.32\	761,569	908,708
Trade payables	\4.33\	502,415	484,804
Other liabilities	\4.34\	125,008	111,469
Total current liabilities and provisions		1,555,789	1,661,007
Total equity and liabilities		4,028,518	3,660,461

C.3 \\ CONSOLIDATED CASH FLOW STATEMENT

of Sixt SE, Pullach, for the year ended 31 December 2016

Consolidated cash flow statement in EUR thou.	Notes	2016	2015
Operating activities			
Consolidated profit		156,646	128,174
Income taxes recognised in income statement	\4.8\	68,094	52,851
Income taxes paid		-65,167	-39,683
Financial result recognised in income statement[1]	\4.7\	32,687	40,870
Interest received		1,239	1,373
Interest paid		-39,607	-43,516
Dividends received		745	1,679
Depreciation and amortisation	\4.5\	500,743	411,441
Income from disposal of fixed assets		-10,138	-7,242
Income from disposal of financial assets		-1	-4,978
Other (non-)cash expenses and income		-7,059	26,372
Gross cash flow		638,183	567,339
Proceeds from disposal of lease assets		234,335	196,106
Payments for investments in lease assets		-471,711	-424,053
Change in rental vehicles, net		-494,254	-718,318
Change in inventories	\4.19\	4,282	-50,533
Change in trade receivables	\4.20\	-147,934	-41,694
Change in trade payables	\4.33\	17,611	79,884
Change in other net assets		44,699	-62,515
Net cash flows used in operating activities		-174,788	-453,782
Investing activities			
Proceeds from disposal of intangible assets, property and equipment		8,336	532
Proceeds from disposal of financial assets		167	5,010
Payments for investments in intangible assets and property and equipment	\4.12\ to \4.13\	-26,266	-124,201
Payments for investments in financial assets	\4.15\ to \4.16\	-5,286	-1,944
Changes in the scope of consolidation		1,551	-
Payments for investments in short-term financial assets		-7,294	-79,973
Proceeds from disposal of short-term financial assets		9,142	80,000
Net cash flows used in investing activities		-19,651	-120,576
Financing activities			
Payments received to equity from the public offering of Sixt Leasing SE		-	239,339
Payments made due to the issue of new shares of Sixt Leasing SE, set off in equity		-	-5,364
Payments made due to the purchase of treasury shares		-51,352	-
Dividends paid		-76,248	-58,008
Payments received from taken out borrower's note loans, bonds and bank loans		1,169,861	68,031
Payments made for redemption of borrower's note loans, bonds and bank loans		-560,166	-122,508
Payments made to/payments received from taken out short-term financial liabilities[2]		-306,082	463,864
Net cash flows from financing activities		176,014	585,354
Net change in cash and cash equivalents		-18,424	10,995
Effect of exchange rate changes on cash and cash equivalents		-1,197	1,031
Changes in the scope of consolidation		1,061	476
Cash and cash equivalents at 1 Jan.		65,588	53,087
Cash and cash equivalents at 31 Dec.	\4.22\	47,028	65,588

1 *Excluding income from investments*

2 *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 SE, Pullach, as at 31 December 2016

Consolidated statement of changes in equity	Subscribed capital	Capital reserves		Other reserves		Treasury shares	Equity attributable to shareholders of Sixt SE	Minority interests	Total equity
in EUR thou.			Retained earnings	Currency translation reserve	Other equity				
1 Jan. 2016	123,029	241,494	272,490	13,750	304,449	-	955,213	103,573	1,058,786
Consolidated profit	-	-	-	-	142,295	-	142,295	14,351	156,646
Dividend payments 2015	-	-	-	-	-71,461	-	-71,461	-4,787	-76,248
Other comprehensive income	-	-	-	-7,104	-76	-	-7,180	-38	-7,218
Purchase of treasury shares	-	-	-	-	-	-51,352	-51,352	-	-51,352
Redemption of treasury shares	-2,854	-	-47,146	-	-	50,000	-	-	-
Increase due to the employee participation programme	-	1,580	-	-	-	-	1,580	69	1,649
Disposal from the exercise under the employee participation programme	-	-4,065	-	-	-	-	-4,065	-154	-4,219
Changes in the scope of consolidation	-	-356	2,025	-	-25	-	1,644	31	1,675
Transfer to retained earnings	-	-	50,000	-	-50,000	-	-	-	-
Transfer to capital reserves	-	1,971	-	-	-1,971	-	-	-	-
Other changes	-	-	158	-	-158	-	-	-54	-54
31 Dec. 2016	120,175	240,625	277,527	6,646	323,053	-1,352	966,674	112,990	1,079,665
1 Jan. 2015	123,029	202,077	165,364	4,319	246,792	-	741,581	-	741,581
Consolidated profit	-	-	-	-	115,076	-	115,076	13,097	128,174
Dividend payments 2014	-	-	-	-	-58,008	-	-58,008	-	-58,008
Other comprehensive income	-	-	-	9,959	-	-	9,959	349	10,308
Increase due to the employee participation programme	-	984	-	-	-	-	984	28	1,013
Changes in the scope of consolidation	-	-	1,878	-	-	-	1,878	-	1,878
Transfer to capital reserves	-	1,388	-	-	-1,388	-	-	-	-
Changes due to the public offering of Sixt Leasing SE	-	38,733	105,670	-528	2,954	-	146,828	92,511	239,339
Expenses recognised in equity from the public offering of Sixt Leasing SE	-	-2,250	-	-	-	-	-2,250	-3,114	-5,364
Tax effects recognised in equity from the public offering of Sixt Leasing SE	-	562	-1,354	-	-	-	-791	779	-13
Other changes	-	-	933	-	-978	-	-45	-77	-122
31 Dec. 2015	123,029	241,494	272,490	13,750	304,449	-	955,213	103,573	1,058,786

See also the Notes \4.23\ to \4.27

C.5 \\ NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

of Sixt SE, Pullach, for the year ended 31 December 2016

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1. GENERAL DISCLOSURES

1.1 INFORMATION ABOUT THE COMPANY

Sixt SE, domiciled in Zugspitzstrasse 1, 82049 Pullach, Germany, is registered in section B of the commercial register at the Munich Local Court, under docket number 206738. The Company was formed in 1986 as a result of a reorganisation of "Sixt Autovermietung GmbH", established in 1979, and has traded since then as "Sixt Aktiengesellschaft", which in 2013 was transferred into "Sixt SE". The Company floated on the stock market in 1986. It has registered branches in Leipzig and at Munich airport. The Company has been established for an indefinite period.

In accordance with its Articles of Association, the purpose of the Company is to rent, lease and sell vehicles, aircraft and moveable equipment, to manage, acquire, administer and provide support for companies and equity interests in companies, particularly those whose purpose wholly or partly extends to the aforementioned areas of activity, and to carry on any secondary activities that fall within these areas in the widest sense, as well as any other business activities that serve its purpose. The Company can establish branches at home and abroad, found, acquire or hold equity interests stakes in other companies in and outside Germany. The limits of aforementioned purpose shall not apply to the purpose of subsidiaries and investees. The Company is entitled to hand over its operations wholly or partly to subsidiaries or investees as well as to transfer its operations wholly or partly to subsidiaries or investees. The Company can limit its activities to one or specific purposes 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 120,174,996.48. Both ordinary shares and non-voting preference shares have been issued, both categories as no-par value shares with a notional amount of EUR 2.56 per share. All shares have been fully paid up. The largest shareholder is Erich Sixt Vermögensverwaltung GmbH, Pullach, which holds 61.6% of the ordinary shares and voting rights of the subscribed capital as at reporting date. Erich Sixt Vermögensverwaltung GmbH, Pullach, is the parent of Sixt SE, Pullach.

1.2 GENERAL DISCLOSURES ON THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements of Sixt SE as at 31 December 2016 were prepared in accordance with International Financial Reporting Standards (IFRSs), as adopted by the EU and the applicable commercial law regulations according to section 315a (1) of the HGB (German Commercial Code).

The consolidated financial statements were prepared on the basis of the historical acquisition and production costs. Excluded are certain financial instruments that were 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 Company applied the following new and/or amended standards for the first time in the current fiscal year:

Amendments to IAS 1 - Disclosure initiative

Amendments to IAS 1 as part of the disclosure initiative provide guidelines for the application of the principle of materiality as well as clarification on the disclosure of net assets and the consolidated statement of comprehensive income. This had no material impact on the consolidated financial statements.

Amendments to IAS 16 and IAS 38 – Clarification of acceptable methods of depreciation and amortisation

Amendments to IAS 16 clarify that methods of depreciation for property and equipment based on revenue are not appropriate. Amendments to IAS 38 introduce the rebuttable presumption that a revenue-based amortisation method for intangible assets is inappropriate. This had no impact on the consolidated financial statements. The Sixt Group in principle applies straight-line depreciation of property and equipment and straight-line amortisation of intangible assets.

Amendments to IFRS 11 - Accounting for acquisitions of interests in joint operations

Amendments to IFRS 11 contain accounting principles for acquisitions of interests in joint operations in which the activity constitutes a business activity, as defined in IFRS 3. This had no material impact on the consolidated financial statements.

Amendments to IAS 19 - Employee benefits

Amendments to IAS 19 are to be applied on accounting for contributions from employees or third parties to defined benefit pension plans. Accounting depends on whether or not the contributions are dependent on the number of years of service. This had no material impact on the consolidated financial statements.

The annual improvement project to the IFRS – Cycle 2010 to 2012 as well as Cycle 2012 to 2014 – resulted in changes to numerous standards. These relate to IFRS 2, IFRS 3, IFRS 5, IFRS 7, IFRS 8, IFRS 13, IAS 16, IAS 19, IAS 24, IAS 34 and IAS 38. The application of these changes do not have a significant influence on reporting and valuation in the consolidated financial statements.

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

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

Standard/ Interpretation		Adoption by European Commission	Applicable as at
IFRS 9	Financial instruments	22 Nov. 2016	1 Jan. 2018
IFRS 14	Regulatory deferral accounts	No	1 Jan. 2016
IFRS 15	Revenue from contracts with customers	22 Sep. 2016	1 Jan. 2018
IFRS 16	Leases	No	1 Jan. 2019
Amendments to IFRS 10 and IAS 28	Sale or contribution of assets between an investor and its associate or joint venture	No	Deferred indefinitely
Amendments to IAS 12	Recognition of deferred tax assets for unrealised losses	No	1 Jan. 2017
Amendments to IAS 7	Disclosure initiative	No	1 Jan. 2017
Clarification to IFRS 15	Revenue from contracts with customers	No	1 Jan. 2018
Amendments to IFRS 2	Classification and measurement of share-based payment transactions	No	1 Jan. 2018
Amendments to IFRS 4	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance contracts	No	1 Jan. 2018
Amendments to IAS 40	Transfers of investment property	No	1 Jan. 2018
IFRIC Interpretation 22	Foreign currency transactions and advance consideration	No	1 Jan. 2018
	Annual improvement project 2014-2016		1 Jan. 2017/1 Jan. 2018

In July 2014 the IASB published the final version of IFRS 9 Financial instruments. The new standards are mandatory for application for fiscal years beginning on or after 1 January 2018. The new standard includes stipulations for classifying and measuring financial assets and financial liabilities and for the first time introduces an impairment model for financial assets. The new rules on hedge accounting published already in November 2013 have now been adopted in the final version of IFRS 9. Currently Sixt is examining how the application will affect the consolidated financial statements. According to current knowledge the amendments on classification and measuring financial instruments are not expected to have any material effects.

In May 2014 the IASB published the new standard IFRS 15 Revenue from contracts with customers. The rules are to be applied for the first time for fiscal years beginning on or after 1 January 2018. The standard contains a five-step model for revenue recognition to be applied to all revenues generated from contracts with customers. Application of the standard specifies the amount, timing and/or period during which such revenue is to be recognised. In addition, the standard also includes more extensive details for the notes. Currently Sixt is examining how application of IFRS 15 will affect the consolidated financial statements. However, the application of IFRS 15 is, according to current knowledge, not expected to have any material effects on the Vehicle Rental nor the Leasing Business Unit as regards time and amount of revenue recognition.

In January 2016 the IASB published the new IFRS 16 Leases. Subject to its adoption by the European Commission the new standard is mandatory for application for fiscal years beginning on or after 1 January 2019. For lessees the new standard basically means that all leases must be recognised in their balance sheet as leasing liability with a corresponding right-of-use in the underlying asset. Lessees with short-term leases of up to one year or with lease assets of low value are granted exemption from this balance sheet recognition. For lessors the rules have remained more or less unchanged compared with the previous IAS 17 leasing standard. Sixt Group is examining how application of the new standard will affect the consolidated financial statements.

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

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

The Group currency of Sixt SE is the Euro (EUR). Unless specified otherwise the amounts listed in the consolidated financial statements are given 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 to.

The annual financial statements of Sixt 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).

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).

The consolidated financial statements of Sixt SE as at 31 December 2016 include the following fully consolidated companies (the equity interest corresponds to the voting power):

Name	Domicile	Equity interest
autohaus24 GmbH	Pullach	42%
Azucarloc SARL	Cannes	100%
Benezet Location SARL	Nimes	100%
BLM GmbH & Co. KG	Taufkirchen	100%
BLM Verwaltungs GmbH	Pullach	100%
Blueprint Holding GmbH & Co. KG	Pullach	100%
Bopobiloc SARL (formerly Sixt Business SARL)	Mérignac	100%
Capitole Autos SARL	Toulouse	100%
Eaux Vives Location SARL	Grenoble	100%
Eiffel City Rent SARL	Neuilly sur Seine	100%
e-Sixt GmbH & Co. KG	Pullach	97%
Europa Service Car Ltd.	Chesterfield	100%
Flash Holding GmbH & Co. KG	Pullach	100%
Francilsud Location SARL	Orly	100%
Lightning Holding GmbH & Co. KG	Pullach	100%
Matterhorn Holding GmbH & Co. KG	Pullach	100%
MD Digital Mobility GmbH & Co. KG	Berlin	100%
Nizza Mobility SARL (formerly Sixt Sud SARL)	Nice	100%
Phocemoove SARL (formerly Sixt Tourisme SARL)	Marignane	100%

Table continued:

Name	Domicile	Equity interest
Rail Paris Mobility SARL	Paris	100%
Rhônesaône Mobility SARL (formerly Sixt Centre SARL)	Colombier Saugnieu	100%
Septentri Loc SARL	Marc en Baroeul	100%
Sigma Grundstücks- und Verwaltungs GmbH	Pullach	100%
Sigma Grundstücks- und Verwaltungs GmbH & Co. Immobilien KG	Pullach	94%
Sigma Pi Holding GmbH & Co. KG	Pullach	100%
Sixt Aéroport SARL	Paris	100%
Sixt AG (in liquidation)	Basle	100%
Sixt Air GmbH	Pullach	100%
Sixt Alpina GmbH	Pullach	100%
Sixt Asset and Finance SAS	Avrigny	100%
Sixt B.V.	Hoofddorp	100%
Sixt Belgium BVBA	Zaventem	100%
Sixt Beteiligungen GmbH & Co. Holding KG	Pullach	100%
Sixt Car Sales GmbH	Garching	100%
Sixt Développement SARL	Paris	100%
Sixt European Holding GmbH & Co. KG	Pullach	100%
Sixt Executive GmbH	Garching	100%
Sixt Financial Services GmbH	Pullach	100%
Sixt Franchise USA, LLC	Delaware	100%
Sixt G.m.b.H.	Vösendorf	100%
Sixt GmbH & Co. Autovermietung KG	Pullach	100%
Sixt Insurance Services PCC Ltd.	St. Peter Port	100%
Sixt Leasing (Schweiz) AG	Urdorf	42%
Sixt Leasing G.m.b.H.	Vösendorf	42%
Sixt Leasing SE	Pullach	42%
Sixt Limousine SARL (formerly Sixt Executive France SARL)	Neuilly sur Seine	100%
Sixt Location Longue Durée SARL	Paris	42%
Sixt Mobility Consulting AG (formerly SXB Managed Mobility AG)	Urdorf	42%
Sixt Mobility Consulting B.V.	Hoofddorp	42%
Sixt Mobility Consulting GmbH	Pullach	42%
Sixt Nord SARL	Paris	100%
Sixt Plc	Langley	100%
Sixt Rent a Car Ltd.	Langley	100%
SIXT RENT A CAR S.L.U.	Palma de Mallorca	100%
Sixt rent a car srl	Eppan	100%
Sixt Rent A Car, LLC	Delaware	100%
Sixt rent-a-car AG	Basle	100%
SIXT S.A.R.L.	Monaco	100%
SIXT S.à.r.l.	Luxembourg	100%
Sixt SAS	Avrigny	100%

Table continued:

Name	Domicile	Equity interest
Sixt Seine SARL	Paris	100%
Sixt Transatlantik GmbH	Pullach	100%
Sixt Ventures GmbH	Pullach	100%
Sixt Verwaltungsgesellschaft mit beschränkter Haftung & Co. Alpha Immobilien KG	Pullach	100%
Sixt Verwaltungsgesellschaft mit beschränkter Haftung & Co. Delta Immobilien KG	Pullach	100%
Sixt Verwaltungsgesellschaft mit beschränkter Haftung & Co. Epsilon Immobilien KG	Pullach	100%
Sixt Verwaltungsgesellschaft mit beschränkter Haftung & Co. Gamma Immobilien KG	Pullach	100%
Sixt Verwaltungsgesellschaft mit beschränkter Haftung & Co. Sita Immobilien KG	Pullach	100%
Sixt VIP Services GmbH	Munich	100%
Sixti SARL	Tremblay en France	100%
Smaragd International Holding GmbH (formerly Sixt Finance GmbH)	Pullach	100%
Speed Holding GmbH & Co. KG	Pullach	100%
SXT Beteiligungs GmbH & Co. KG	Pullach	100%
SXT Beteiligungsverwaltungs GmbH	Pullach	100%
SXT Dienstleistungen GmbH & Co. KG	Rostock	100%
SXT International Projects and Finance GmbH	Pullach	100%
SXT Leasing Dienstleistungen GmbH & Co. KG	Rostock	42%
SXT Reservierungs- und Vertriebs-GmbH	Rostock	100%
SXT Services GmbH & Co. KG	Pullach	100%
SXT Telesales GmbH	Berlin	100%
Tango International Holding GmbH (formerly Sixt International Holding GmbH)	Pullach	100%
United Kenning Rental Group Ltd.	Langley	100%
UNITED RENTAL GROUP AMERICA LIMITED	Chesterfield	100%
United Rental Group Ltd.	Chesterfield	100%
United Rental Group, LLC	Ft. Lauderdale	100%
United Rentalsystem SARL	Mulhouse	100%
Varmayol Rent SARL	La Valette du Var	100%
Velocity Holding GmbH & Co. KG	Pullach	100%
Wezz Rent SARL	Bouguenais	100%

In addition to these, the two structured entities Akrimo GmbH & Co. KG, Pullach (equity interest 95%, voting power 33%), and Isar Valley S.A., Luxembourg (equity interest 0%) are consolidated because of control according to IFRS 10.

Furthermore the joint venture DriveNow GmbH & Co. KG, Munich, including its subsidiaries DriveNow Austria G.m.b.H., Vienna, DriveNow UK Ltd, London, DriveNow Sverige AB, Stockholm, DriveNow Italy srl, Milan, and DriveNow Belgium sprl, Brussels (50% equity interest), are recognised in accordance with the at-equity method pursuant to the regulations in IFRS 11 as well as IAS 28.

Control of Sixt Leasing SE and its subsidiaries (equity interest 42%) is based in particular on the existing Supervisory Board majority in favour of Sixt SE, as well as the concluded financing agreements of both companies.

The following list shows all Group companies which have not been consolidated. These subsidiaries, most of which have no 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 of the Group. The combined revenue of these companies amounts to less than 1% of consolidated revenue.

Name	Domicile	Equity	Equity interest	Annual result
DriveNow Verwaltungs GmbH	Munich	27,496 EUR	50%	1,404 EUR
e-Sixt Verwaltungs GmbH	Munich	86,101 EUR	100%	7,342 EUR
MD Digital Mobility Österreich G.m.b.H. (in liquidation)	Vösendorf	30,870 EUR	100%	-533 EUR
MD Digital Mobility Schweiz AG (in liquidation)	Basle	85,486 CHF	100%	-4,628 CHF
MD Digital Mobility Verwaltungs-GmbH	Berlin	21,873 EUR	100%	-52 EUR
Sixt Beteiligungen GmbH	Pullach	45,571 EUR	100%	910 EUR
Sixt Financial Services USA, LLC	Delaware	653,056 USD	100%	-164,164 USD
Sixt Franchise GmbH	Pullach	28,365 EUR	100%	1,148 EUR
Sixt GmbH	Munich	14,307 EUR	100%	-3,517 EUR
Sixt Holiday Cars GmbH	Pullach	25,565 EUR	100%	315 EUR
Sixt Immobilien Beteiligungen GmbH	Pullach	164,591 EUR	100%	11,196 EUR
Sixt Leasing N.V.	Sint-Stevens-Woluwe	-112,793 EUR	100%	-233,499 EUR
Sixt Mobility Consulting Österreich GmbH	Vösendorf	28,983 EUR	42%	19,180 EUR
Sixt Mobility Consulting SARL	Paris	-98,402 EUR	42%	-105,402 EUR
Sixt Systems GmbH	Pullach	11,357 EUR	100%	-1,366 EUR
Sixt Travel GmbH	Taufkirchen	371,927 EUR	97%	5,825 EUR
Sixt Verwaltungs-GmbH	Taufkirchen	48,707 EUR	100%	1,504 EUR
SXT Leasing Verwaltungs GmbH	Rostock	24,945 EUR	42%	-55 EUR
SXT Projects and Finance GmbH	Pullach	25,000 EUR	100%	-1,905 EUR
SXT Verwaltungs GmbH	Pullach	24,858 EUR	100%	873 EUR
TOV 6-Systems	Kiev	20,738,548 UAH	100%	11,241,921 UAH
TÜV SÜD Car Registration & Services GmbH	Munich	957,651 EUR	50%	373,576 EUR

Also not consolidated were MOHAG Autohaus Datteln GmbH & Co. KG, Datteln (Equity: EUR 156,610; annual result: EUR 446,342), in which the Sixt Group holds 95% of the fixed capital, over which the Sixt Group neither holds control nor has significant influence due to contractual agreements.

In accordance with section 264b of the HGB, the following companies are exempt from the duty to prepare and publish annual financial statements under the provisions applicable to corporations: BLM GmbH & Co. KG, Taufkirchen, Blueprint Holding GmbH & Co. KG, Pullach, e-Sixt GmbH & Co. KG, Pullach, Flash Holding GmbH & Co. KG, Pullach, Lightning Holding GmbH & Co. KG, Pullach, Matterhorn Holding GmbH & Co. KG, Pullach, MD Digital Mobility GmbH & Co. KG, Berlin, Sigma Grundstücks- und Verwaltungs GmbH & Co. Immobilien KG, Pullach, Sigma Pi Holding GmbH & Co. KG, Pullach, Sixt Beteiligungen GmbH & Co. Holding KG, Pullach, Sixt European Holding GmbH & Co. KG, Pullach, Sixt GmbH & Co. Autovermietung KG, Pullach, Sixt Verwaltungsgesellschaft mit beschränkter Haftung & Co. Alpha Immobilien KG, Pullach, Sixt Verwaltungsgesellschaft mit beschränkter Haftung & Co. Delta Immobilien KG, Pullach, Sixt Verwaltungsgesellschaft mit beschränkter Haftung & Co. Epsilon Immobilien KG, Pullach, Sixt Verwaltungsgesellschaft mit beschränkter Haftung & Co. Gamma Immobilien KG, Pullach, Sixt Verwaltungsgesellschaft mit beschränkter Haftung & Co. Sita Immobilien KG, Pullach, Speed Holding GmbH & Co. KG, Pullach, SXT Beteiligungs GmbH & Co. KG, Pullach, SXT Dienstleistungen GmbH & Co. KG, Rostock, SXT Leasing Dienstleistungen GmbH & Co. KG, Rostock, SXT Services GmbH & Co. KG, Pullach, as well as Velocity Holding GmbH & Co. KG, Pullach. Sixt Transatlantik GmbH, Pullach, Smaragd International Holding GmbH, Pullach, SXT International Projects and Finance GmbH, Pullach, and Sixt Mobility Consulting GmbH, Pullach, make use of the exemption with regard to publication provided for in section 264 (3) of the HGB.

2.2 CHANGES IN THE SCOPE OF CONSOLIDATION

The following changes in the consolidated Group as against the end of 2015 occurred:

Bopobiloc SARL, Mérignac, Nizza Mobility SARL, Nice, Phocemoove SARL, Marignane, Rhônesaône Mobility SARL, Colombier Saugnieu, Sixt Aéroport SARL, Paris, Sixt Développement SARL, Paris, Sixt Limousine SARL, Neuilly sur Seine, Sixt Nord SARL, Paris, SIXT S.A.R.L., Monaco, Sixt Seine SARL, Paris, Sixti SARL, Tremblay en France, SXT Beteiligungsverwaltungs GmbH, Pullach, Tango International Holding GmbH, Pullach, United Rentalsystem SARL, Mulhouse, United Rental Group, LLC, Ft. Lauderdale, and UNITED RENTAL GROUP AMERICA LIMITED, Chesterfield were newly consolidated. The companies were established by the Sixt Group and so far had not been consolidated because of their insignificance. Together with the newly founded companies in the financial year 2016 the companies as a whole are significant and have been included in the consolidated financial statements.

In addition to these, the following companies, that were founded in the financial year 2016 have also been newly consolidated, Azucarloc SARL, Cannes, Benezet Location SARL, Nimes, Blueprint Holding GmbH & Co. KG, Pullach, Capitole Autos SARL, Toulouse, Eaux Vives Location SARL, Grenoble, Eiffel City Rent SARL, Neuilly sur Seine, Flash Holding GmbH & Co. KG, Pullach, Francilsud Location SARL, Orly, Lightning Holding GmbH & Co. KG, Pullach, Matterhorn Holding GmbH & Co. KG, Pullach, Rail Paris Mobility SARL, Paris, Septentri Loc SARL, Marq en Baroeul, Sigma Pi Holding GmbH & Co. KG, Pullach, Sixt Alpina GmbH, Pullach, Sixt rent a car srl, Eppan, Speed Holding GmbH & Co. KG, Pullach, SXT Leasing Dienstleistungen GmbH & Co. KG, Rostock, Varmayol Rent SARL, La Valette du Var, Velocity Holding GmbH & Co. KG, Pullach, Wezz Rent SARL, Bouguenais, as well as the newly founded joint ventures DriveNow Belgium sprl, Brussels, and DriveNow Italy srl, Milan, that are recognised in accordance with the at-equity method.

Furthermore autohaus24 GmbH, Pullach, and Sixt Mobility Consulting AG, Urdorf, which so far have been recognised in accordance with the at-equity method, were fully consolidated.

Likewise Isar Valley S.A., Luxembourg, on which the Sixt Group holds an equity interest of 0%, was newly consolidated due to control according to IFRS 10. Isar Valley S.A. is the structured entity, over which the ABS financing transactions of Sixt Leasing SE is executed.

Sixt College GmbH, Pullach, and Sixt Reparatur und Service GmbH, Pullach, were merged into Sixt GmbH & Co. Autovermietung KG, Pullach.

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 Group as at the balance sheet date, in this case 31 December 2016. 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 only 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. As a rule, the possibility of control is based on a direct or indirect majority of the voting rights by Sixt SE. Subsidiaries are consolidated from the date on which the possibility of control exists. They are no longer consolidated when this possibility no longer exists.

Acquisition accounting is 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 the business combination to be 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.

The resulting difference from the acquisition accounting of the subsidiaries consolidated for the first time in 2016 with the exception of autohaus24 GmbH and Sixt Mobility Consulting AG is charged or credited to other reserves, as these companies were founded by the Company.

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 intercompany profits and losses are eliminated. Intra-Group income is offset against the corresponding expenses. Deferred taxes are recognised as required by IAS 12 for temporary differences arising on consolidation.

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 prices. 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 for 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 reserves from currency translations.

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

Exchange rates		Closing rate		Average rate
	31 Dec. 2016	31 Dec. 2015	2016	2015
Pound Sterling	0.85535	0.73505	0.82258	0.72400
Swiss Francs	1.07230	1.08205	1.09036	1.06409
US-Dollar	1.05535	1.08925	1.10295	1.10436

3. REPORTING AND VALUATION METHODS

3.1 INCOME STATEMENT

Revenue

Revenue is measured at the value of the consideration received or receivable. It is the amount receivable for goods and services provided in the course of ordinary operating activities. Revenue from services is recognised as soon as the service is rendered and the amount of the revenue can be determined reliably.

Leasing revenues are recognised ratably over the term of the respective leasing relation. Revenue amounts generated at the start of the lease as special lease payment, are deferred and recognised in profit and loss over the period of the leasing contract's term. Revenue from services is recognised as soon as the service is rendered and the amount of the revenue can be determined reliably. If during the term of the lease lump sum payments for services are agreed with the lessee the income is recognised only to the amount of expenses incurred plus a calculatory margin. Proceeds from services and their corresponding expenses are recorded on a gross basis within revenue and fleet expenses and cost of lease assets.

Amounts due under leases that are classified as finance leases as substantially all risks and rewards associated with ownership are essentially transferred to the lessee, 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.

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

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

Net finance costs

Interest income and expense presented in net finance costs is 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. Income and expense arising from profit and loss transfer agreements are recognised at the end of the financial year, while dividend income is recognised on the date from which the shareholder is entitled to receive payment thereof.

Income tax expense

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

Current and deferred taxes are generally recognised in the income statement, except where they relate to items recognised in other comprehensive income or directly in equity. In this case the current and deferred tax is also recognised in comprehensive income or equity.

Current tax expense is calculated on the basis of the taxable income for the year.

In accordance with the balance sheet liability method as defined by IAS 12 (Income taxes), deferred taxes are principally formed for all temporary differences arising from the deviations in the valuation of assets and liabilities as against the corresponding tax basis.

Earnings per share

Basic earnings per share are measured in accordance with IAS 33 (Earnings per share). Undiluted earnings per share are calculated by dividing the share in post-tax earnings of the parent company's shareholders by the weighted average number of shares outstanding during the fiscal year. Consolidated profit is to be allocated to the different classes of shares. If applicable, diluted earnings per share are reported separately.

3.2 ASSETS

Goodwill

Any goodwill generated from a business combination is recognised at cost less any necessary impairment and is carried separately in the consolidated balance sheet. For the purpose of testing impairment, goodwill is allocated to those cash-generating units (or groups) of the Group, of which it is expected that they can draw benefit from the synergies of the business combination.

Those cash-generating units, to which a portion of goodwill is 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 must be 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. The planning assumptions used to determine 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 (2017 to 2020) 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 5.9% and 7.1% (2015: 7.1%). The assumptions used for the model are based on external observations. Sixt holds the view that no reasonably conceivable change in the underlying assumptions, on which the determination of the recoverable amount is based, 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 payments on account in respect of intangible assets.

Purchased intangible assets are capitalised at acquisition cost less accumulated depreciation and impairment, while 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. Investment property is also carried at cost less straight-line depreciation and recognised impairment, as no market value can be reliably determined.

Depreciation is taken so that the acquisition costs of assets less their residual values are depreciated on a straight-line basis over their 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	
Buildings	50 years
Operating and office equipment	3 to 21 years

Property and equipment are derecognised either when on disposal 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 and 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

Among other things, non-current assets include lease assets. The Sixt Group is both a lessee and a lessor. In accordance with IAS 17, lease assets are assigned to the lessee (finance lease) or the lessor (operate lease).

Leasing relations are classified as finance lease, 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 operate lease.

Assets leased out by the Sixt Group as lessor under operate leases are carried in the balance sheet at cost less straight-line depreciation to their calculated residual values. The residual values are based on the buy-back value per vehicle type contractually agreed with the suppliers. If no buy-back values have been agreed, the residual value is based on the expected 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. Any adjustments to depreciation are made prospectively. 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. Leasing revenue from operate leases is allocated to the income statement on a straight-line basis over the term of the corresponding leasing relation.

Lease assets that the Sixt Group has leased out as finance leases are capitalised at the present value of the contractually agreed payments as assets under finance lease receivables. Lease payments are apportioned between interest payments and repayment 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 Group as lessee under finance leases are recorded in the balance sheet at inception of the lease at the lower of their present value of the minimum lease payments or 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 value 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 portion and a redemption portion. Only the interest portion is recognised in the income statement.

Assets leased by the Sixt Group as lessee under operate leases are not recognised as Group assets.

The Group reviews the carrying amounts of property and equipment and intangible assets as well as 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.

Rental vehicles

Rental vehicles are carried at cost, including incidental costs and less straight-line depreciation to their residual values. The residual values are based on the buy-back value per vehicle type contractually agreed with the suppliers. If no buy-back values have been agreed, the residual value is based on the expected fair value. Write-downs for impairment are recognised to the extent that indications for impairment are given.

Inventories

The vehicles intended for sale are recognised in the item inventories. These are measured at amortised cost, including incidental costs, and are regularly compared with the net realisable value. If this is lower, an impairment loss is recognised.

Raw materials, consumables and supplies are carried at the lower of cost, including incidental costs and discounts, or net realisable value.

Financial assets, other receivables and assets

Equity interests are generally measured at fair value in accordance with IAS 39. In so far as they cannot be reliably determined, they are measured at amortised cost.

The financial assets are composed of originated loans and receivables, purchased equity and debt instruments, cash and cash equivalents, and derivatives with their fair values, which are recognised and measured in accordance with IAS 39. 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 according to the IAS 39 categories reported.

Financial assets at fair value through profit or loss comprise financial assets held for trading (FAHfT). Receivables from derivatives that are recognised under the other financial assets are also assigned to this measurement category. Changes in the fair value of financial assets in this category 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 as part of 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.

Loans and receivables (LaR) are non-derivative financial assets that are not quoted in an active market. They are measured at amortised cost using the effective interest method. Trade receivables, financial receivables and loans reported in other assets, and 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.

Held-to-maturity investments (FAHtM) are non-derivative financial assets with fixed or determinable payments and a fixed maturity that the entity has the positive intention and ability to hold to maturity. These instruments are measured at amortised cost. Held-to-maturity investments are reported as other financial assets. At present the Group does not have any held-to-maturity financial assets.

Available-for-sale financial assets (AfS) comprise those non-derivative financial assets that are not assigned to one of the other categories. These are, in particular, equity instruments and debt instruments not held to maturity that are reported as other financial assets. Changes in the fair value of available-for-sale financial assets are recognised in other comprehensive income. Changes in fair value are only recognised in profit or loss when the instrument is disposed of. An impairment loss is recognised in profit or loss in the event of a prolonged or significant decline in fair value below amortised cost. In cases where a quoted market value can be determined for equity and debt instruments, it is recognised as the fair value. If there is no quoted market price and fair value cannot be reliably estimated, such financial instruments are recognised at cost less impairment losses.

Except for the financial assets recognised at fair value through profit or loss, financial assets are reviewed at each reporting date for potential impairment indicators. Financial assets are considered impaired, if as a result of one or more events after the initial recognition of the asset, an objective indication exists that the expected future cash flows of the financial asset have changed negatively.

A number of categories of financial assets where impairment is not identified on a case by case basis, such as trade receivables for example, are tested for impairment on a portfolio basis. An objective indication for an impairment of a portfolio of receivables can be based on the Group's past experience regarding payments received, an increase in the frequency of payment defaults within the portfolio over an assumed credit period, as well as observable changes in the national or local economic environment to which the defaults can be linked.

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 on the asset.

With financial assets measured at 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 current market rate of return for a similar financial asset. These impairments cannot be reversed in subsequent periods.

An impairment leads to a direct reduction in the carrying amount of the affected financial assets, with the exception of trade receivables and receivables from insurances in the other assets, whose carrying amount is reduced by an impairment account (allowance account). Changes in the carrying amount of the impairment account are recognised in the income statement.

In the event that a financial asset classified as available-for-sale should be considered to be impaired, gains and losses previously recognised in other comprehensive income must be reclassified into the income statement during the period.

If in a subsequent fiscal year the impairment loss of a financial asset measured at amortised cost decreases, and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment is reversed through the income statement. The appreciation in value may not, however, exceed the amount of amortised costs without impairment.

For equity instruments that are classified as available-for-sale, any impairment recognised in the past in profit and loss are not reversed. Any increase in the fair value is recognised after an impairment has been taken in other comprehensive income and accumulated in the revaluation reserve for financial investments.

With debt instruments that are classified as available-for-sale, any impairment recognised in the past in profit or loss are reversed in subsequent periods, if the increase in the fair value of the instrument can be attributed to an event that occurred after recognition of the impairment.

The Group 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.

3.3 EQUITY AND LIABILITIES

Share-based payments

Equity-settled share-based payment transactions to employees are measured at the grant date fair value of the equity instruments granted. The section entitled "Share-based payment" provides further information on the determination of the fair value of equity-settled share-based payments.

The fair value determined at the grant date of the equity-settled share-based payments is recognised as expense on a straight-line basis over the vesting period with corresponding increase of equity (capital reserves) and is based on the Group's expectations regarding the equity instruments expected to vest. The Group reviews at each balance sheet date its estimate regarding the number of equity instruments expected to vest.

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 provision for pensions in the consolidated balance sheet is the deficit of the defined benefit plans of the Group at the balance sheet date.

Service costs are recognised in personnel expenses within the consolidated income statement, while net interest income is recognised as part of the finance costs. Remeasurement of the defined benefit obligation, net of deferred tax are recognised in other equity. These amounts recognised in other equity are not recognised in the income statement in 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 provided 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, 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 HEDGING RELATIONSHIPS

The Group designates individual hedging instruments, including derivatives, as part of the fair value hedges or cash flow hedges.

The details of the hedging relationship between underlying and hedging transaction are documented at the start of hedge accounting. In addition, the effectiveness to the hedged risk of the designated hedging instrument in the hedging relationship is regularly documented with regard to compensation for changes of the fair value and/or in the cash flows of the underlying transaction, both at the inception of a hedging relationship and over the course of the relationship.

The section entitled “Additional disclosures on financial instruments” provides details on the fair value of the derivatives used for hedging.

Fair Value Hedge

The changes in the fair value of derivatives, suited and designated as fair value hedges, are immediately recognised in the income statement together with the changes in fair value of the underlying transaction attributable to the hedged risk. Changes in the fair value of the hedging instrument and changes in the underlying transaction attributable to the hedged risk are recognised in the item of the income statement which is associated with the underlying transaction.

Financial accounting of the hedging relationship ends if the Group terminates the hedging relationship, the hedging instrument expires, is sold, ends or is exercised or if the instrument is no longer suitable for hedging. Where the underlying transaction is interest-bearing, the adjustment to the carrying amount of the underlying transaction attributable to the hedged risk is reversed through profit or loss as of this time.

Cash Flow Hedge

The effective part of a change to 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 derivative financial instruments in hedge relationship. The gains or losses from the ineffective portion is carried immediately through profit or loss and recognised under other operating income and/or other operating expenses in the income statement.

Amounts recognised in other comprehensive income are transferred to the income statement during the period in which the hedged underlying transaction is also carried through profit or loss. They are recognised in the same item of the income statement that also lists the underlying transaction.

Financial accounting of the hedging relationship ends if the Group terminates the hedging relationship, the hedging instrument expires, is sold, ends or is exercised or if 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 that has accumulated in equity remains in equity and is only recognised in the income statement when the anticipated transaction is also recognised in the income statement. Where the forecasted transaction is no longer expected to occur, the cumulative gain or loss recognised in equity is directly transferred to the income statement.

3.5 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 a better 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 and rental vehicles are measured on the basis of the estimated useful lives of the vehicles, lease assets intended for sale are measured on the expected net realisable value. Valuation allowances are charged on receivables based on an assessment of the identifiable risks. Assessment is performed on a portfolio basis, based on management expectations. Derivatives are measured on the basis of estimated market yield curves calculated by the relevant transaction partners (banks). 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.	2016	2015	2016	2015	2016	2015	in %
Vehicle Rental Business Unit							
Rental revenue	715,539	699,347	817,969	677,534	1,533,508	1,376,881	11.4
Other revenue from rental business	107,069	91,333	62,786	51,057	169,856	142,390	19.3
Total	822,608	790,680	880,756	728,592	1,703,364	1,519,272	12.1
Leasing Business Unit							
Leasing revenue	187,724	176,571	31,540	34,824	219,264	211,395	3.7
Other revenue from leasing business	175,968	180,550	25,107	27,882	201,075	208,432	-3.5
Sales revenue	252,797	212,006	31,111	23,533	283,908	235,540	20.5
Total	616,489	569,127	87,758	86,239	704,247	655,366	7.5
Other revenue	5,087	4,621	-	-	5,087	4,621	10.1
Group total	1,444,184	1,364,429	968,514	814,831	2,412,697	2,179,259	10.7

The Group is divided into two segments, Rental and Leasing. These Business Units form the basis of segment reporting. The main activities are broken down as follows:

Business segments	
Rental	Vehicle rentals including other related services
Leasing	Vehicle leasing including additional services (full-service and fleet management) and the sale of lease assets

The revenue reported for the Vehicle Rental Business Unit as well as the leasing revenue and other revenue from leasing business are together described as “operating revenue”. Operating revenue in the Vehicle Rental Business Unit comprises rental revenue of EUR 1,533,508 thousand (2015: EUR 1,376,881 thousand) and other revenue from rental business, such as insurance recoveries, subsidies, licence and franchise fees, and commission revenue amounting to EUR 169,856 thousand (2015: EUR 142,390 thousand). Other revenue from rental business includes compensation payments from third parties totalling EUR 124,921 thousand (2015: EUR 99,435 thousand).

As in the previous year, rental fleet vehicles were sold predominantly under buy-back agreements concluded with manufacturers and dealers, and therefore not sold directly in the used vehicle market. To better reflect this fact, proceeds from the sale of used vehicles are not recognised in the Rental segment. Instead, the selling expenses carried under fleet expenses and cost of lease assets are reduced by the corresponding amounts. Any remaining balance is allocated to depreciation and amortisation expense. Furthermore, a part of the rental fleet is refinanced using lease transactions. Under these arrangements, the vehicles are owned by third-party companies for their useful life during rental operations and therefore also do not result in any revenues from vehicle sales in the Sixt Group.

In keeping with the focus on the full-service leasing market segment, operating leasing revenue comprises contractually agreed lease instalments of EUR 219,264 thousand (2015: EUR 211,395 thousand), as well as other revenue from leasing business relating to service components such as repairs, fuel, tyres, etc., revenue from the settlement of claims and franchise fees of EUR 201,075 thousand (2015: EUR 208,432 thousand).

In contrast to the Rental segment, the Leasing segment sells a significant proportion of vehicles directly and therefore reports all proceeds from the sale of used lease vehicles under revenue. In the Leasing segment, compensation payments from third parties amount to EUR 6,652 thousand (2015: EUR 6,027 thousand).

\4.2\ *Other operating income* in the amount of EUR 122,616 thousand (2015: EUR 122,058 thousand) includes income of EUR 59,006 thousand (2015: EUR 66,816 thousand) from currency translation. The item also includes among others income of EUR 27,672 thousand (2015: EUR 24,889 thousand) from forwarding costs to third parties, income of EUR 5,599 thousand (2015: EUR 5,089 thousand) from non-cash benefits, income of EUR 6,447 thousand (2015: EUR 1,242 thousand) from reversal of provisions, income of EUR 1,466 thousand (2015: EUR 1,489 thousand) from payments on previously derecognised receivables and income of EUR 1,469 thousand (2015: EUR - thousand) from capitalised costs.

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

Fleet expenses and cost of lease assets in EUR thou.	2016	2015	Change in %
Repairs, maintenance and reconditioning	261,889	251,730	4.0
Fuel	86,713	100,330	-13.6
Insurance	83,449	97,484	-14.4
Transportation	49,594	48,528	2.2
Taxes and charges	18,630	20,772	-10.3
Expenses from write-downs on lease assets intended for sale	6,314	7,074	-10.7
Other, including selling expenses	343,372	288,463	19.0
Group total	849,961	814,380	4.4

In addition to the write-downs on lease assets intended for sale and the net carrying amounts of vehicles sold in the Leasing Business Unit, the fleet expenses and cost of lease assets items includes the direct costs of vehicle preparation relating to the sale of vehicles and current expenses for rental and lease operations. In the Rental segment, selling expenses are reduced by the corresponding amounts of sales revenue.

\4.4\ *Personnel expenses* increased from EUR 274,504 thousand the year before to EUR 334,722 thousand in the year under review – mainly due to the increased number of employees following the international expansion and the extension of the scope of consolidation. Social contributions mainly include employer contributions to statutory social insurance schemes. The expense for defined contribution pension plans in the amount of EUR 14,852 thousand (2015: EUR 13,018 thousand) primarily results from payments to statutory pension insurances. Expenses for defined benefit plans are included in the amount of EUR 2,999 thousand (2015: EUR - thousand).

Personnel expenses in EUR thou.	2016	2015	Change in %
Wages and salaries	283,454	236,185	20.0
Social security contributions	51,268	38,319	33.8
Group total	334,722	274,504	21.9

Average number of employees during the year:

Employees in the Group	2016	2015
Female employees	3,333	2,844
Male employees	2,879	2,276
Group total	6,212	5,120

The Vehicle Rental Business Unit employed 5,745 (2015: 4,766) members of staff, and the Leasing Business Unit employed 370 (2015: 280) members of staff. The "Other" segment carried 97 (2015: 74) members of staff.

\4.5\ *Depreciation and amortisation expense* in the financial year are explained in more detail below:

Depreciation and amortisation expense in EUR thou.	2016	2015	Change in %
Rental vehicles	300,478	216,805	38.6
Lease assets	176,942	171,184	3.4
Property and equipment and investment property	14,467	12,104	19.5
Intangible assets	8,856	11,348	-22.0
Group total	500,743	411,441	21.7

Due to the expansion of the fleet depreciation and amortisation expense for rental vehicles increased to EUR 300,478 thousand (2015: EUR 216,805 thousand). Impairment losses of EUR 8,513 thousand (2015: EUR 2,754 thousand) were charged on rental vehicles of EUR 89 million (2015: EUR 300 million). At EUR 176,942 thousand depreciation of lease assets was higher year on year (EUR 171,184 thousand). As in the previous year no impairment losses were charged on lease assets. Impairment losses are based on assumed future prices on the used vehicle market. Since the fiscal year 2016 write-downs on lease assets intended for sale are included within the position fleet expenses and cost of lease assets. For the purpose of comparison prior-year figures were adjusted accordingly.

\4.6\ The following table contains a breakdown of *other operating expenses*:

Other operating expenses in EUR thou.	2016	2015	Change in %
Leasing expenses	64,177	66,887	-4.1
Commissions	149,908	133,217	12.5
Expenses for buildings	65,992	64,670	2.0
Other selling and marketing expenses	65,015	55,026	18.2
Expenses from write-downs of receivables	32,118	27,020	18.9
Audit, legal, advisory costs, and investor relations expenses	19,210	24,342	-21.1
Other personnel services	65,027	82,092	-20.8
IT expenses	18,705	14,695	27.3
Currency translation/consolidation	71,816	66,185	8.5
Miscellaneous expenses	42,145	45,072	-6.5
Group total	594,112	579,207	2.6

The consolidated financial statements of Sixt SE recognised as operating expenses in the amount of EUR 461 thousand (2015: EUR 711 thousand) the fees for the auditors of the consolidated financial statements. The fees break down into audit costs (EUR 307 thousand, 2015: EUR 397 thousand), other assurance services (EUR 100 thousand, 2015: EUR 223 thousand), tax consultant services (EUR 44 thousand, 2015: EUR 68 thousand) and other services (EUR 10 thousand, 2015: EUR 23 thousand) that were provided for the parent or subsidiary companies.

\4.7\ *Net finance costs* have slightly declined year-on-year from EUR -36,574 thousand to EUR -37,471 thousand. Thereby the net interest expense improved year-on-year by EUR 5,329 thousand despite the higher funding volume due to the increased fleet, while the other net financial income decreased by EUR 3,379 thousand. Main reason has been the positive impact from the disposal of financial assets of about EUR 5.0 million recorded in the previous year. The following table contains a breakdown of the net finance costs:

Net finance costs in EUR thou.	2016	2015
Other interest and similar income	801	851
Other interest and similar income from unconsolidated affiliated companies	19	258
Interest and similar expenses	-34,387	-39,910
Interest and similar expenses for unconsolidated affiliated companies	-32	-128
Net interest expense	-33,600	-38,929
Result from at-equity measured investments	-5,199	-2,351
Income from financial assets	844	6,657
Expenses for financial assets	-429	-10
Result from financial assets sold	1,848	-
Net income from derivative financial instruments	-936	-1,941
Other net financial income	1,327	4,707
Group total	-37,471	-36,574

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

Income tax expense in EUR thou.	2016	2015	Change in %
Current income tax for the reporting period	68,094	52,851	28.8
Deferred taxes	-6,437	4,186	>-100
Group total	61,657	57,037	8.1

Current income tax in the amount of EUR 68,094 thousand (2015: EUR 52,851 thousand) in the financial year 2016 comprises tax income from previous years in the amount of EUR 2,035 thousand (2015: EUR 2,626 thousand).

In accordance with the balance sheet liability method as defined by IAS 12 (Income taxes), deferred taxes are principally formed for all temporary differences arising from the deviations in the valuation of assets and liabilities in the IFRS consolidated balance sheet as against the tax balance sheet and the consolidation measures recognised in the income statement. In addition, deferred tax assets are recognised for the future benefits expected to arise from accepted tax loss carryforwards.

Deferred taxes are measured at the tax rates that are expected to apply to the period when the temporary differences reverse or the tax loss carryfowards are used. Until changes to tax laws are ratified, deferred taxes are measured at current tax rates. A corporation tax rate of 15% (2015: 15%) was used to calculate deferred taxes at the German companies as at 31 December 2016. In each case, a solidarity surcharge of 5.5% on the corporation tax was also included and a trade tax rate between 9.1% and 16.2% (2015: between 9.1% and 12.4%) depending on the municipality's tax assessment rate was applied. Thus an aggregated tax rate between 24.9% and 32.1% (2015: 24.9% and 28.2%) was used to calculate deferred taxes at the German companies. The country-specific tax rates were used in each case to calculate deferred taxes at the foreign companies.

Deferred taxes are generally recognised in the income statement, except where they relate to items recognised directly in equity.

The reconciliation of taxes explains the relationship between the expected and effective tax expense reported. The effective tax expense results from the application of an income tax rate of 24.9% (2015: 27%) to consolidated profit for the period (before taxes) in accordance with IFRS. The income tax rate is made up of corporation tax at 15% (2015: 15%), a solidarity surcharge of 5.5% (2015: 5.5%) as well as trade tax at 9.1% (2015: 11%).

Reconciliation of taxes in EUR thou.	2016	2015
Consolidated profit before taxes in accordance with IFRS	218,303	185,210
Expected income tax expense	54,423	50,007
Effect of different tax rates outside Germany	339	2,138
Effect of different trade tax rates	3,330	-3,698
Effect from tax rate changes	456	-9
Changes in permanent differences	-2,665	-1,145
Changes in impairments	4,929	2,347
Non-deductible operating expenses	3,815	10,342
Tax-exempt income	-2,191	-499
Income taxes from other periods	-4,672	-4,435
Other effects	3,893	1,989
Reported tax expense	61,657	57,037

Deferred tax not recognised in the income statement amounted to EUR 45 thousand (2015: EUR - thousand). The change against the previous year showed EUR 45 thousand (2015: EUR 61 thousand).

Deferred tax recognised in the income statement is explained in more detail below:

Deferred taxes in EUR thou.	2016	2015
From temporary differences	-3,637	3,563
From loss carryforwards	-2,800	623
Group total	-6,437	4,186

Due to the acquisition of subsidiaries deferred tax assets increased without impact on the income statement in the amount of EUR 2,424 thousand (2015: EUR - thousand).

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. 2016	31 Dec. 2015	31 Dec. 2016	31 Dec. 2015
Fleet	6,383	2,426	17,188	15,563
Receivables	1,465	753	1,676	-
Other assets	2,441	539	807	1,155
Other liabilities	2,678	1,592	6,880	5,028
Provisions	4,062	3,042	-	-
Tax loss carryforwards	7,185	2,148	-	-
	24,213	10,500	26,552	21,746
Offsetting	-6,972	-3,041	-6,972	-3,041
Group total	17,241	7,459	19,579	18,705

Deferred tax assets and liabilities are offset where there is a legally enforceable right to set off current tax assets against current tax liabilities and they relate to income taxes of the same tax subject levied by the same tax authority.

Of the unused tax losses carried-forward of EUR 69,241 thousand (2015: EUR 51,727 thousand), for which no deferred tax assets were recognised, EUR 58,165 thousand (2015: EUR 22,145 thousand) will expire between 2023 and 2036. The loss carryforwards for which deferred tax assets were recognised are expected to be used during the five-year planning period. In principle, the losses can be carried forward indefinitely.

For deductible temporary differences in the amount of EUR 544 thousand (2015: EUR 17,250 thousand) deferred taxes were not recognised.

For temporary differences in relation to shares in subsidiaries of the Group in the amount of EUR 16,804 thousand (2015: EUR 14,251 thousand) deferred tax liabilities were not recognised.

\4.9\ The *minority interests* contained in the consolidated profit amount to a total of EUR 14,351 thousand (2015: EUR 13,097 thousand).

The following dividends were distributed in the course of the preceding year:

Dividends		
in EUR thou.	2016	2015
Amounts recognised as distribution to shareholders in the financial year	71,461	58,008
Dividend for financial year 2015 EUR 1.50 (2014: EUR 1.20) for each ordinary share	46,085	37,376
Dividend for financial year 2015 EUR 1.52 (2014: EUR 1.22) for each preference share	25,375	20,632

The proposal is to pay for financial year 2016 a dividend of EUR 1.65 per ordinary share and EUR 1.67 per preference share. This corresponds to an estimated total distribution of EUR 77,730 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 - basic		2016	2015
Consolidated profit for the period after minority interests	in EUR thou.	142,295	115,076
Profit/Loss attributable to ordinary shares	in EUR thou.	91,911	74,362
Profit/Loss attributable to preference shares	in EUR thou.	50,385	40,714
Weighted average number of ordinary shares		30,640,431	31,146,832
Weighted average number of preference shares		16,682,478	16,911,454
Earnings per ordinary share	in EUR	3.00	2.39
Earnings per preference share	in EUR	3.02	2.41

The profit/loss attributable to preference shares includes the additional dividend of EUR 0.02 per preference share payable in accordance with the Articles of Association for preference shares carrying dividend rights in the financial year (as at 31 December). The weighted average number of shares is calculated on the basis of the proportionate number of shares per month for each category of shares, taking due account of the respective number of treasury shares. There were no financial instruments in issue over the fiscal year that could cause dilutive effects. Therefor 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. 2016	Foreign exchange differences	Additions	Changes in the scope of consolidation	Disposals	Transfers	31 Dec. 2016
Goodwill	18,735	11	1,756	-	-	-	20,503
Purchased software	39,310	-14	2,515	2,536	74	3,142	47,415
Internally developed software	4,023	-	-	-	-	497	4,520
Payments on account of software	6,120	-	4,697	-	-	-3,634	7,183
Other intangible assets	9,711	285	68	-	-	-	10,064
Intangible assets	59,165	271	7,280	2,536	74	5	69,183
Land and buildings	107,154	-756	376	-	1,708	7,311	112,378
Operating and office equipment	113,274	-281	14,055	199	18,059	1,981	111,170
Payments on account of property and equipment	1,659	-3	4,554	-	456	-1,986	3,768
Property and equipment	222,088	-1,039	18,986	199	20,224	7,306	227,315
Investment property	7,311	-	-	-	-	-7,311	-
Lease assets	1,143,990	657	471,711	-	409,909	-	1,206,448
Total	1,451,289	-100	499,733	2,735	430,207	-	1,523,450

Consolidated statement of changes in non-current assets	Acquisition and production costs						
in EUR thou.	1 Jan. 2015	Foreign exchange differences	Additions	Changes in the scope of consolidation	Disposals	Transfers	31 Dec. 2015
Goodwill	18,488	3	244	-	-	-	18,735
Purchased software	33,259	13	5,242	-	709	1,505	39,310
Internally developed software	3,823	-	200	-	-	-	4,023
Payments on account of software	3,157	-	4,493	-	31	-1,499	6,120
Other intangible assets	5,378	592	3,742	-	-	-	9,711
Intangible assets	45,617	605	13,677	-	741	6	59,165
Land and buildings	23,925	311	83,285	-	366	-	107,154
Operating and office equipment	95,212	676	21,761	61	8,905	4,469	113,274
Payments on account of property and equipment	854	66	5,235	6	26	-4,475	1,659
Property and equipment	119,991	1,053	110,280	67	9,297	-6	222,088
Investment property	7,311	-	-	-	-	-	7,311
Lease assets	1,071,164	11,082	424,053	-	362,308	-	1,143,990
Total	1,262,571	12,743	548,253	67	372,345	-	1,451,289

	Depreciation/Amortisation							Carrying amounts	
	1 Jan. 2016	Foreign exchange differences	Depreciation/ Amortisation in the financial year	Changes in the scope of consolidation	Disposals	Transfers	31 Dec. 2016	31 Dec. 2016	31 Dec. 2015
	293	8	-	-	-	-	301	20,202	18,442
	25,327	-13	7,321	2,307	74	-	34,868	12,548	13,983
	3,637	-	121	-	-	-	3,757	763	387
	-	-	-	-	-	-	-	7,183	6,120
	2,232	115	1,414	-	-	-	3,761	6,303	7,479
	31,196	102	8,856	2,307	74	-	42,386	26,797	27,969
	5,169	-382	1,808	-	440	4,362	10,516	101,862	101,986
	53,347	-350	12,636	108	11,358	-	54,383	56,787	59,927
	-	-	-	-	-	-	-	3,768	1,659
	58,516	-733	14,444	108	11,798	4,362	64,899	162,416	163,572
	4,339	-	23	-	-	-4,362	-	-	2,972
	186,211	233	176,942	-	177,738	-	185,648	1,020,800	957,779
	280,554	-390	200,266	2,415	189,610	-	293,235	1,230,214	1,170,735

	Depreciation/Amortisation							Carrying amounts	
	1 Jan. 2015	Foreign exchange differences	Depreciation/ Amortisation in the financial year	Changes in the scope of consolidation	Disposals	Transfers	31 Dec. 2015	31 Dec. 2015	31 Dec. 2014
	46	3	244	-	-	-	293	18,442	18,442
	16,092	9	9,924	-	698	-	25,327	13,983	17,167
	3,528	-	108	-	-	-	3,637	387	295
	-	-	-	-	-	-	-	6,120	3,157
	1,068	91	1,073	-	-	-	2,232	7,479	4,310
	20,688	101	11,104	-	698	-	31,196	27,969	24,929
	4,114	145	1,069	-	160	-	5,169	101,986	19,811
	50,694	286	11,000	18	8,651	-	53,347	59,927	44,518
	-	-	-	-	-	-	-	1,659	854
	54,808	431	12,069	18	8,810	-	58,516	163,572	65,183
	4,303	-	35	-	-	-	4,339	2,972	3,008
	168,798	3,310	171,184	-	157,081	-	186,211	957,779	902,366
	248,643	3,845	194,636	18	166,589	-	280,554	1,170,735	1,013,928

\4.11\ The *goodwill* of EUR 20,202 thousand (2015: EUR 18,442 thousand) results from the consolidation of the companies belonging to United Kenning Rental Group Ltd., Chesterfield, acquired in 2000, as well as the companies autohaus24 GmbH, Pullach, and Sixt Mobility Consulting AG, Urdorf, acquired in 2016. As in the year before, no impairment losses were recognised in the financial year.

\4.12\ *Intangible assets* include purchased software amounting to EUR 12,548 thousand (2015: EUR 13,983 thousand) and internally developed software amounting to EUR 763 thousand (2015: EUR 387 thousand). The item also includes payments on account in respect of software amounting to EUR 7,183 thousand (2015: EUR 6,120 thousand) and other intangible assets amounting to EUR 6,303 thousand (2015: EUR 7,479 thousand).

\4.13\ The item *property and equipment* includes land and buildings for rental offices/service points and administrative buildings in Germany and abroad in the amount of EUR 101,862 thousand (2015: EUR 101,986 thousand). Operating and office equipment (mainly IT systems, fixtures and fittings and office equipment) are included in the amount of EUR 56,787 thousand (2015: EUR 59,927 thousand). The item also includes payments on account made for property and equipment in the amount of EUR 3,768 thousand (2015: EUR 1,659 thousand). Land charges are registered against properties for real estate financing in the amount of EUR 744 thousand (2015: EUR 1,153 thousand). No impairment losses were recognised in the year under review.

The property presented under investment property in the previous year, has been transferred within the Group in the financial year and is since used for operating purposes. The property is measured at amortised costs and continues to be depreciated over a period of 50 years.

\4.14\ *Lease assets* increased to EUR 1,020.8 million (2015: EUR 957.8 million). As lessor, the Group primarily leases out vehicles of various brands, mainly under full-service lease agreements. Of the future minimum lease payments under operate leases totalling EUR 379 million (2015: EUR 363 million), payments of EUR 183 million (2015: EUR 179 million) are due within one year, payments of EUR 195 million (2015: EUR 184 million) are due in one to five years and payments of EUR 0.1 million (2015: EUR 0.1 million) are due in more than five years. The amounts shown contain only 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 period under review amounted to EUR 0.8 million (2015: EUR 1.2 million). In addition to these, the Group estimates calculated residual values covered by buyback agreements in the amount of EUR 274 million (2015: EUR 324 million) and further calculated residual values not covered by third parties in the amount of EUR 476 million (2015: EUR 383 million).

Lease assets of EUR 158.9 million (2015: EUR 69.0 million) are pledged as collateral for liabilities to banks.

Certain lease vehicles are refinanced under finance lease agreements having the same maturities as the lease vehicles. These agreements are structured such that the refinanced vehicles remain attributable to the Group in the amount of EUR 8.4 million (2015: EUR 25.6 million). The agreements have a residual term of up to two years and provide for full amortisation. The obligations under the leases are presented under financial liabilities.

\4.15\ The carrying amount of *at-equity measured investments* totals EUR 4,846 thousand (2015: EUR 5,316 thousand).

At-equity measured investments at year-end comprise the interests in the joint venture DriveNow GmbH & Co. KG, Munich, and its subsidiaries DriveNow Austria G.m.b.H., Vienna, DriveNow UK Ltd, London, DriveNow Sverige AB, Stockholm, DriveNow Italy srl, Milan, and DriveNow Belgium sprl, Brussels.

DriveNow is a provider of mobility services for carsharing in Germany. Since 2014 the company also offers the services in the other European countries, where DriveNow expands primarily.

The other companies disclosed in that position in the previous year have been fully consolidated in the year under review.

Financial information regarding the at-equity measured investments are summarised in the following table.

At-equity measured investments		
in EUR million	2016	2015
Revenue	58.3	61.9
Net income	-14.7	-7.5
Group's proportion of the net income	-5.2	-3.2
Current and non-current assets	33.3	38.8
Current and non-current provisions and liabilities	18.5	20.6
Equity	14.8	18.2
Group's proportion of the net assets	4.8	4.3
Carrying amount	4.8	5.3

\4.16\ The carrying amount of the unconsolidated affiliates and investments presented under *financial assets* amounts to EUR 1,524 thousand (2015: EUR 1,784 thousand).

\4.17\ *Non-current other receivables and assets* mainly include the non-current portion of finance lease receivables resulting from lease agreements with customers that are classified as finance lease. The details of the agreements are as follows:

Non-current finance lease receivables	Gross investment		Present value of outstanding minimum lease payments	
in EUR million	31 Dec. 2016	31 Dec. 2015	31 Dec. 2016	31 Dec. 2015
Due in one to five years	3.2	1.6	2.9	1.4
Unrealised finance income	0.3	0.1	-	-

The interest rate implicit in the leases is fixed at 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, valuation allowances on current and non-current finance lease receivables amounted to EUR 0.1 million in total.

The item also includes other receivables such as deposits for leases and advances amounting to EUR 3,511 thousand (2015: EUR 3,541 thousand), in each case maturing in one to five years.

\4.18\ The *rental vehicles* item increased from EUR 1,763.3 million to EUR 1,957.0 million. The increase is due, among other things, to the higher number of capitalised rental vehicles as at reporting date and higher average acquisition costs. The acquisition cost for new additions to the rental vehicles in the fiscal year amounted to EUR 3,627 million (2015: EUR 3,156 million). For the rental assets reported at the end of the year under review, it amounted to EUR 2,110 million (2015: EUR 1,890 million). Rental vehicles in the amount of EUR 135.0 million (2015: EUR 313.3 million) are pledged as collateral for liabilities to banks.

As in the previous years, rental vehicles were financed also via operate leases, which were concluded with manufacturers/ manufacturer financing companies.

\4.19\ *Inventories* reduced to a total of EUR 88,126 thousand (2015: EUR 92,408 thousand) – mainly resulting from a lower number of rental and lease vehicles intended for sale as at reporting date. Other inventories are in their amount from subordinate importance and consist mainly of fuel, other supplies and purchased vehicles intended for resale.

\4.20\ *Trade receivables* result almost exclusively from services invoiced in the course of rental and leasing business and from vehicle deliveries. Valuation allowances were recognised for identifiable risks.

\4.21\ *Current other receivables and assets* falling due within one year can be broken down as follows:

Current other receivables and assets in EUR thou.	31 Dec. 2016	31 Dec. 2015
Financial other receivables and assets		
Current finance lease receivables	1,554	1,448
Receivables from affiliated companies	413	17,013
Receivables from other investees	511	4,315
Miscellaneous assets	51,304	45,910
Non-financial other receivables and assets		
Other recoverable taxes	22,052	2,769
Insurance claims	14,867	9,749
Deferred income	22,938	21,077
Delivery claims for vehicles of the rental and lease fleets	131,922	162,998
Group total	245,560	265,280

Finance lease receivables correspond to the current portion (due within one year) of receivables relating to lease agreements with customers that are classified as finance lease. The interest rate implicit in the leases is fixed at inception of the lease for the entire term. The agreements partly contain put options on the part of the Group as lessor. Further details are shown below:

Current finance lease receivables	Gross investment		Present value of outstanding minimum lease payments	
in EUR million	31 Dec. 2016	31 Dec. 2015	31 Dec. 2016	31 Dec. 2015
Due within one year	1.8	1.6	1.6	1.5
Unrealised finance income	0.2	0.2	-	-

Receivables to affiliated companies relate primarily to short-term loans to finance investments and to receivables from intercompany settlements.

\4.22\ *Cash and bank balances* of EUR 47,028 thousand (2015: EUR 65,588 thousand) include cash and short-term deposits at banks with terms of under one month. The item corresponds to the cash and cash equivalents item in the consolidated cash flow statement.

Equity and liabilities

The Sixt Group's equity increased year-on-year to a total of EUR 1,079,665 thousand (2015: EUR 1,058,786 thousand). The subscribed capital of Sixt SE contained in this total decreased following the redemption of treasury shares by EUR 2,854 thousand to EUR 120,175 thousand (2015: EUR 123,029 thousand).

Minority interests are reported in current other liabilities where interests in equity or in the net profit or loss of consolidated partnerships are affected.

\4.23\ Subscribed capital of Sixt SE

The share capital is composed of:	Non-par value shares	Nominal value in EUR	Non-par value shares	Nominal value in EUR
		31 Dec. 2016		31 Dec. 2015
Ordinary shares	30,367,112	77,739,807	31,146,832	79,735,890
Non-voting preference shares	16,576,246	42,435,190	16,911,454	43,293,322
Total	46,943,358	120,174,996	48,058,286	123,029,212

The ordinary shares are bearer shares with the exception of two registered shares, while the preference shares are exclusively bearer shares. Both categories of shares are no-par value shares. The notional interest in the share capital is EUR 2.56 per share. The preference shares entitle the holders to receive a dividend EUR 0.02 per share higher than that on the ordinary shares and a minimum dividend of EUR 0.05 per share from net retained profit for the year. The share capital is fully paid up.

\4.24\ Treasury shares

By resolution of the Annual General Meeting of 6 June 2012 the Managing Board, with consent of the Supervisory Board, was authorised, as specified in the proposed resolution, to acquire in the period up to and including 5 June 2017 ordinary bearer shares and/or preference bearer shares of the Company in the amount of up to 10% of the Company's share capital at the time of the authorisation or, if lower, at the time of the exercise – including with the use of derivatives in the amount of up to 5% of the share capital. By resolution of the Annual General Meeting of 2 June 2016 the above described resolution has been repealed and replaced by a new authorisation to purchase own shares, corresponding to the conditions described above. The authorisation can be exercised wholly or partially, on one or more occasions for any purpose permitted by law. Acquisitions for the purpose of trading in treasury shares are excluded. On the basis of the above-described authorisation from 6 June 2012 the Managing Board decided on 15 March 2016, with consent of the Supervisory Board, for a share buyback programme which was continued on the basis of the authorisation from 2 June 2016. The share buyback programme was finished on 18 July 2016. At that time, the Company repurchased in total 1,114,928 shares – thereof 779,720 ordinary shares and 335,208 preference shares – with a total value of EUR 50.0 million (excluding incidental purchase expenses). On 15 September 2016 the Managing Board decided, upon the approval by the Supervisory Board, to redeem the repurchased shares with the simplified redemption method while reducing share capital.

On the basis of the authorisation from 2 June 2016 the Managing Board decided on 8 December 2016, with the consent of the Supervisory Board, for another share buyback programme, which serves to meet the Company's obligation to grant preference shares to employees and members of the Company's administrative or management bodies and their affiliated companies under the Matching Stock Programme (MSP 2012). As per 31 December 2016 Sixt SE held 35,044 preference shares with a total value of EUR 1.4 million (excluding incidental purchase expenses). The share buyback programme was completed on 17 January 2017. At that time, the Company repurchased in total 62,700 preference shares with a total value of EUR 2.4 million (excluding incidental purchase expenses).

Authorised capital

By resolution of the Annual General Meeting of 2 June 2016 the Managing Board is authorised to increase the share capital on one or more occasions in the period up to and including 1 June 2021, with the consent of the Supervisory Board, by up to a maximum of EUR 35,840,000 by issuing new no-par value bearer shares against cash and/or non-cash contributions

(Authorised Capital 2016). The authorisation also includes the power to issue new non-voting preference shares up to the legally permitted limit. For the distribution of profits and/or company assets these non-voting preference shares are ranked equal to the non-voting preference shares previously issued.

Shareholders are granted pre-emptive rights unless such pre-emptive rights are disapplied for the following reasons.

If both ordinary and preference shares are issued and the ratios of the two share categories at the time of the respective issue are retained, the Managing Board is authorised, with the consent of the Supervisory Board, to disapply the pre-emptive rights of holders of one category of shares for shares of the other category. In this case, too, the Managing Board is entitled to implement a further disapplication of pre-emptive rights in accordance with the following provisions.

The Managing Board is also entitled to disapply the shareholders' pre-emptive rights with the consent of the Supervisory Board,

a) to settle fractional amounts;

b) in the case of capital increases against non-cash contributions, 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;

c) if the issue price of the new shares in the case of capital increases against cash contributions is not materially lower than the quoted market price of existing listed shares of the relevant class at the time the issue price is finalised, and the shares issued on the basis of this authorisation 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 (section 186 (3) sentence 4 of the Aktiengesetz [AktG – German Public Companies Act]); and

d) to the extent necessary to grant holders or creditors of conversion or option rights resulting from convertible or bonds with warrants and/or convertible profit participation certificates, which are issued by the Company or an entity controlled of or majority-owned by the Company, or, in case of a conversion right of the Company, to grant the respective obligated parties subscription rights to the extent they would have been entitled to after exercising their conversion rights or options or meeting their conversion or option obligations.

The total notional amount in the share capital attributable to the new shares, for which the subscription right is excluded on account of aforelisted authorisation may not exceed 20% of the share capital either at the time when the authorisation takes effect or at the time of exercise of the subscription right exclusion. This limitation also applies to new and existing shares of the company, which are issued with an exclusion of subscription rights or sold during the term of this authorisation strength of another authorisation. In addition, new shares of the company must be added 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 convertible bonds or bonds with warrants or profit participation certificates, to the extent that the bonds and/or profit participation rights are issued during the term of this authorisation strength of another authorisation under exclusion of the subscription right. This does not include the exclusion of pre-emptive rights to the other class of shares.

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 Managing Board may resolve, with the consent of the Supervisory Board, that the new shares shall 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.

Conditional capital

By resolution of the Annual General Meeting of 2 June 2016 the Managing Board is authorised to issue, on one or more occasions in the period up to and including 1 June 2021 with the consent of the Supervisory Board, convertible and/or bonds with warrants registered in the name of the holder and/or bearer by up to a maximum of EUR 350,000,000 with a fixed or open-ended term and to grant conversion or option rights to holders and/or creditors of convertible and/or bonds with warrants to acquire a total of up to 6,000,000 new ordinary bearer shares in Sixt SE and/or to provide corresponding conversion rights for the Company. Taking due account of statutory requirements, the respective conversion or option rights can provide for the subscription of ordinary bearer shares and/or bearer preference shares without voting right. The convertible and/or bonds with warrants can also be issued by a German or foreign company in which Sixt 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 to take on the guarantee for repayment of the convertible and/or bonds with warrants and the payment of interest due thereon and to grant the bearers and/or creditors of such convertible and or bonds with warrants conversion or option rights on shares of Sixt SE. Convertible and/or bonds with warrants can be issued against cash and/or non-cash contributions. The shareholders of Sixt SE are accorded in principle the statutory subscription right. However, with the consent of the Supervisory Board, the Managing Board is authorised to exclude the subscription right under certain conditions, which follow fully from the resolution taken by the Annual General Meeting on 2 June 2016.

In this context the Company's share capital has been conditionally increased strength of the resolution taken by the Annual General Meeting on 2 June 2016 by up to EUR 15,360,000 (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 until and including 1 June 2021 on the basis of the aforelisted resolution taken by the Annual General Meeting of 2 June 2016, by the company or a German or foreign subsidiary, in which the company holds directly or indirectly 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 convertible and/or bonds with warrants 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 of the Annual General Meeting of 2 June 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.

Profit participation bonds and rights

By resolution of the Annual General Meeting of 20 June 2013 the Managing Board is authorised to issue, on one or more occasions in the period up to and including 19 June 2018 with the consent of the Supervisory Board, profit participation bonds and/or rights registered in the name of the holder and/or bearer by up to a maximum of EUR 350,000,000 with a fixed or open-ended term against cash and/or non-cash contributions. The profit participation bonds and rights issued under this authorisation may not provide for conversion or subscription rights to shares of the Company. The issue can also be effected by a company in which Sixt SE is directly or indirectly invested with a majority of votes and capital. In this case, the Managing Board is authorised to assume for the issuing company the guarantee on behalf of Sixt SE that the ensuing liabilities will be met. The shareholders of Sixt SE are accorded in principle the statutory subscription right. However, with the consent of the Supervisory Board, the Managing Board is authorised to exclude the subscription right under certain conditions, which follow fully from the resolution taken by the Annual General Meeting on 20 June 2013.

\4.25\ Capital reserves

Capital reserves in EUR thou.	2016	2015
Balance as at 1 Jan.	241,494	202,077
Increase due to the employee participation programme	1,580	984
Disposal from the exercise under the employee participation programme	-4,065	-
Changes in the scope of consolidation	-356	-
Transfer to capital reserves	1,971	1,388
Changes due to the public offering of Sixt Leasing SE	-	38,733
Expenses recognised in equity from the public offering of Sixt Leasing SE	-	-2,250
Tax effects recognised in equity from the public offering of Sixt Leasing SE	-	562
Balance as at 31 Dec.	240,625	241,494

The change in the capital reserves to EUR 240,625 thousand (2015: EUR 241,494 thousand) results from allocation to and exercise of stock options granted under the matching stock programme MSP 2012, transfers to the capital reserves as well as changes in the scope of consolidation.

\4.26\ Retained earnings

Retained earnings in EUR thou.	2016	2015
Balance as at 1 Jan.	272,490	165,364
Changes in the scope of consolidation	2,025	1,878
Transfer to retained earnings of Sixt SE	50,000	-
Redemption of treasury shares	-47,146	-
Changes due to the public offering of Sixt Leasing SE	-	105,670
Tax effects recognised in equity from the public offering of Sixt Leasing SE	-	-1,354
Other changes	158	933
Balance as at 31 Dec.	277,527	272,490

\4.26\ Currency translation reserve

Currency translation reserve in EUR thou.	2016	2015
Balance as at 1 Jan.	13,750	4,319
Differences arising from the translation of the financial statements of foreign subsidiaries	-7,104	9,959
Changes due to the public offering of Sixt Leasing SE	-	-528
Balance as at 31 Dec.	6,646	13,750

\4.26\ Other equity

Other equity in EUR thou.	2016	2015
Balance as at 1 Jan.	304,449	246,792
Consolidated profit	142,295	115,076
Dividend payments	-71,461	-58,008
Other comprehensive income	-76	-
Transfer to retained earnings of Sixt SE	-50,000	-
Transfer to capital reserves	-1,971	-1,388
Changes in the scope of consolidation	-25	-
Changes due to the public offering of Sixt Leasing SE	-	2,954
Other changes	-158	-978
Balance as at 31 Dec.	323,053	304,449

Other equity mainly includes the consolidated unappropriated profit and the revaluation reserve from the transition to IFRS accounting.

\4.27\ Minority interests

Minority interests in EUR thou.	2016	2015
Balance as at 1 Jan.	103,573	-
Consolidated profit	14,351	13,097
Dividend payments	-4,787	-
Other comprehensive income	-38	349
Increase due to the employee participation programme	69	28
Disposal from the exercise under the employee participation programme	-154	-
Changes in the scope of consolidation	31	-
Changes due to the public offering of Sixt Leasing SE	-	92,511
Expenses recognised in equity from the public offering of Sixt Leasing SE	-	-3,114
Tax effects recognised in equity from the public offering of Sixt Leasing SE	-	779
Other changes	-54	-77
Balance as at 31 Dec.	112,990	103,573

Minority interests are related entirely to the Leasing Business Unit.

Non-current liabilities and provisions

\4.28\ *Provisions for pensions* amount to EUR 2,588 thousand (2015: EUR - thousand).

Pension schemes in the Sixt 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 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 rely on actuarial reports. The reports use the following actuarial assumptions:

Actuarial assumptions	
in %	2016
Discount rate	0.6
Assumed salary increase	0.5
Assumed pension increase	-
Mortality table	BVG 2015 GT

The following table shows the development of the defined benefit pension plans:

Development of defined benefit pension plans	Defined benefit obligations (DBO)	Fair value of plan assets	Net balance of defined benefit obligations
in EUR thou.			2016
Balance as at 1 Jan.	-	-	-
Additions for previous years	10,346	8,287	2,059
Current service costs	940	-	940
Net interest costs of defined benefit obligations	84	70	14
Expenses recognised in the consolidated income statement	11,370	8,357	3,013
Return on plan assets	-	39	-39
Actuarial gains/losses			
Experience gains/losses	174	-	174
Changes in demographic assumptions	261	-	261
Changes in financial assumptions	-189	-	-189
Remeasurement for defined benefit obligations recognised in other comprehensive income	247	39	208
Employer contributions	-	676	-676
Plan participants' contributions	676	676	-
Benefits paid	-425	-425	-
Foreign currency translation effects	200	157	43
Other reconciling items	451	1,083	-633
Balance as at 31 Dec.	12,068	9,480	2,588

The weighted average duration of the defined benefit obligation was around 16 years (2015: -). Employer contributions expected to be paid for defined benefit obligations in fiscal year 2017 amount to EUR 670 thousand.

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	
in EUR thou.	+ 0.5 percentage points	-0.5 percentage points
Discount rate	-580	756
Assumed salary increase	165	-172
Assumed pension increase	538	-487

The decrease/increase of the life expectancy in the assumptions by one year respectively would result in a change of the defined benefit obligation by EUR -145 thousand/EUR 160 thousand.

\4.29\ *Non-current financial liabilities* comprises liabilities from issued borrower's note loans and bonds, bank loans as well as liabilities from asset backed securities financing and finance lease liabilities used to refinance the lease fleet falling due in more than one year.

Non-current financial liabilities	Residual term of 1 to 5 years		Residual term of more than 5 years	
in EUR thou.	31 Dec. 2016	31 Dec. 2015	31 Dec. 2016	31 Dec. 2015
Borrower's note loans	346,532	347,649	150,075	-
Bonds	503,221	502,701	249,271	-
Liabilities to banks	120,603	61,240	-	-
Finance lease liabilities	687	8,970	-	-
Group total	971,043	920,560	399,346	-

Borrower's note loans with a total nominal value of EUR 743 million (2015: EUR 348 million) were issued in several tranches. Thereof a nominal value of EUR 498 million (2015: EUR 348 million) relates to non-current financial liabilities. Interest is paid at a variable or fixed rate with nominal maturities between three and seven years. In fiscal year 2016 new long-term borrower's note loans with four, five and seven year terms at a total volume of EUR 405 million were issued.

The bonds include a EUR 250 million bond issued on the capital market in 2012 with a nominal interest rate of 3.75% p.a. and a maturity of six years until 2018, a EUR 250 million bond issued on the capital market in 2014 with a nominal interest rate of 2.00% p.a. and a maturity of six years until 2020 as well as a EUR 250 million bond issued on the capital market in 2016 with a nominal interest of 1.125% p.a. and a maturity of six years until 2022. There are conditional call options for the issuer and put options for the bondholders.

Bonds in the principal amount of EUR 3.8 million had been issued to participants in the MSP 2012 employee equity participation programme at balance sheet date (2015: EUR 3.6 million). The bonds carry an interest coupon of 4.5% p.a. and have a term until 2020.

Liabilities to banks include liabilities from an asset backed securities programme, launched by Sixt Leasing SE to refinance the leasing contracts. The programme comprises a financing volume of EUR 500 million. Under the programme variable interest liabilities are taken out, which are redeemable based on the amortisation schedule of the lease contract portfolio. 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 also include the non-current part of an investment loan in the amount of EUR 0.3 million (2015: EUR 1.3 million). The loan has been secured by mortgages.

Liabilities under leases that were entered into to refinance the lease fleet and classified as finance lease are presented in the following table:

Non-current finance lease liabilities	Gross investment		Present value of outstanding minimum lease payments	
in EUR thou.	31 Dec. 2016	31 Dec. 2015	31 Dec. 2016	31 Dec. 2015
Due in one to five years	716	9,224	687	8,970
Unrealised finance portions	29	254	-	-

The interest rate underlying the contracts is fixed at conclusion of the contract for the entire term. The agreements feature fixed final instalments and provide for full amortisation. The Group's obligation 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.

\4.30\ *Non-current other liabilities* include interest-bearing liabilities from customer deposits ant the reported interest rate hedging transactions.

Current liabilities and provisions

\4.31\ The liabilities included in *current provisions* are substantially expected to be settled within one year. They consist mainly of provisions for legal costs, rental operations and staff provisions. In addition, provisions were set up for obligations in connection with restructuring measures carried out in subsidiaries (obligations arising from the termination of work contracts).

Other current provisions				
in EUR thou.	Personnel	Real estate	Miscellaneous	Total
Balance as at 1 Jan.	33,098	2,365	78,234	113,698
Additions	38,546	52	14,548	53,146
Changes in the scope of consolidation	1,085	0	768	1,853
Reversals	-1,512	0	-4,932	-6,444
Utilised	-30,383	-2,317	-5,726	-38,426
Foreign exchange differences	-62	0	-115	-177
Balance as at 31 Dec.	40,772	100	82,777	123,649

\4.32\ *Current financial liabilities* include in particular liabilities to banks as well as liabilities from commercial papers and liabilities from borrower's note loans falling due within one year. They can be broken down as follows:

Current financial liabilities		
in EUR thou.	31 Dec. 2016	31 Dec. 2015
Borrower's note loans	244,964	-
Bonds	-	248,714
Commercial paper	188,000	279,000
Liabilities to banks	305,626	305,907
Finance lease liabilities	8,816	60,250
Other liabilities	14,164	14,837
Group total	761,569	908,708

The bonds in the nominal value of EUR 250 million, reported last year under current financial liabilities, were repaid in 2016 as planned.

The liabilities to banks include short-term borrowings at variable rate of interest taken out by utilising the credit lines available to the Group, as well as the current portion of the liabilities from the asset backed securities programme to refinance the leasing contracts. The liabilities from banks are secured by transferring ownership of assets. Liabilities to banks also include the current portion of an investment loan in the amount of EUR 0.4 million (2015: EUR 0.8 million). The investment loan has been secured by mortgages. Other liabilities consist mainly of deferred interest.

The details of the current finance lease liabilities entered into to refinance the rental and lease fleets are outlined below:

Current finance lease liabilities	Gross investment		Present value of outstanding minimum lease payments	
in EUR thou.	31 Dec. 2016	31 Dec. 2015	31 Dec. 2016	31 Dec. 2015
Due within one year	8,896	60,629	8,816	60,250
Unrealised finance portions	80	379	-	-

The interest rate implicit in the leases is fixed at inception of the lease for the entire term. The agreements provide for full amortisation. The Group's obligation 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.

\4.33\ *Trade payables* comprise current liabilities arising from deliveries to the Group, particularly of vehicles for the rental and lease fleets, and other purchases in the course of operating activities.

\4.34\ *Current other liabilities* falling due within one year are broken down as follows:

Current other liabilities in EUR thou.	31 Dec. 2016	31 Dec. 2015
Financial other liabilities		
Liabilities to affiliated companies	826	8,415
Liabilities to other investees	55	138
Payroll liabilities	4,554	2,588
Miscellaneous liabilities	22,334	20,825
Non-financial other liabilities		
Deferred income	37,657	34,854
Tax liabilities	36,649	24,887
Other liabilities	22,931	19,763
Group total	125,008	111,469

Miscellaneous liabilities include minority interests in equity and in the net profit or loss of consolidated partnerships (EUR 1,557 thousand, 2015: EUR 1,640 thousand).

Deferred income relates mostly to the deferral of income from advance payments by lessees, which are reversed using the straight-line method over the agreed term of the lease.

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 according to IAS 39.

Financial instruments in EUR thou.	IAS 39 measurement category	Measurement basis for fair value	Carrying amount 31 Dec. 2016	 31 Dec. 2015	Fair value 31 Dec. 2016	 31 Dec. 2015
Non-current assets						
Financial assets	AfS	Amortised cost	1,524	1,784	1,524	1,784
Finance lease receivables	IAS 17		2,940	1,392	3,034	1,419
Interest rate derivatives	FAHfT	Level 2	295	-	295	-
Other receivables	LaR		3,511	3,541		
Total			8,270	6,718	4,853	3,203
Current assets						
Finance lease receivables	IAS 17		1,554	1,448	1,618	1,509
Currency derivatives	FAHfT	Level 2	785	223	785	223
Trade receivables	LaR		424,616	276,682		
Other receivables	LaR		51,442	67,016		
Total			478,398	345,368	2,403	1,732
Non-current liabilities						
Bonds	FLAC	Level 2	752,492	502,701	790,212	540,151
Borrower's note loans	FLAC	Level 2	496,608	347,649	501,946	357,281
Liabilities to banks	FLAC	Level 2	120,603	61,240	118,030	61,770
Financial other liabilities	FLAC		122	38		
Finance lease liabilities	IAS 17		687	8,970	708	9,150
Interest rate derivatives	FAHfT	Level 2	244	1,119	244	1,119
Total			1,370,755	921,717	1,411,141	969,471
Current liabilities						
Bonds	FLAC	Level 2	-	248,714	-	259,540
Borrower's note loans/CP	FLAC	Level 2	432,964	279,000	436,005	
Liabilities to banks	FLAC	Level 2	305,626	305,907	306,273	305,952
Finance lease liabilities	IAS 17		8,816	60,250	8,870	60,971
Trade payables	FLAC		502,415	484,804		
Other financial liabilities	FLAC		14,164	14,837		
Currency derivatives	FAHfT	Level 2	1,909	131	1,909	131
Interest rate derivatives	FAHfT	Level 2	108	3,181	108	3,181
Financial other liabilities	FLAC		25,753	28,653		
Total			1,291,754	1,425,476	753,165	629,775
Of which aggregated by IAS 39 measurement category						
Available for Sale	AfS		1,524	1,784	1,524	1,784
Loans and Receivables	LaR		479,570	347,239	479,570	347,239
Financial Liabilities Measured at Amortised Cost	FLAC		2,650,745	2,273,542	2,694,919	2,332,026
Financial Assets Held for Trade	FAHfT		-1,182	-4,209	-1,182	-4,209

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.

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 current financial instruments it was assumed that the fair values corresponded to the carrying amounts (amortised cost) unless not specified otherwise in the table. The fair values of the finance lease receivables reported as non-current assets and the bonds, borrower's note loans, finance lease liabilities and liabilities to banks reported as non-current liabilities were calculated as the present values of the future expected cash flows. Standard market rates of interest of between 0.1% p.a. and 1.9% p.a. (2015: between 0.5% p.a. and 1.3% p.a.) based on the respective maturities were used for discounting.

Finance lease receivables and liabilities are measured in accordance with IAS 17.

Net expenses from interest rate derivatives amounted to EUR 936 thousand (2015: net expense of EUR 1,941 thousand). The net result from the measurement of currency derivatives came to EUR -1,124 thousand (2015: EUR 91 thousand).

The net gain from available-to-sale financial assets (AfS measurement category) amounted to EUR 1,849 thousand (2015: EUR 4,978 thousand). The change in the reported carrying amounts and fair values of financial assets net resulted from additions and disposals of equity investments or changes in the scope of consolidation. At present there is no intention to dispose these equity investments.

Net gains on the LaR measurement category (measured at amortised cost) amounted to EUR 1,466 thousand (2015: EUR 1,489 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 (FLAC measurement category) that were not measured at fair value through profit or loss.

Total interest income from financial assets not measured at fair value through profit or loss amounted to EUR 820 thousand in the financial year under review (2015: EUR 1,110 thousand). This includes interest income from finance leases in the amount of EUR 243 thousand (2015: EUR 258 thousand). The total interest expense on financial liabilities not measured at fair value through profit or loss amounted to EUR 34,420 thousand in the financial year (2015: EUR 40,039 thousand). This includes interest expense on finance leases in the amount of EUR 719 thousand (2015: EUR 2,080 thousand).

The subsequent measurement of the interest rate and currency derivatives is made at fair value (level 2 measurement). As at balance sheet date, assets from interest rate derivatives amounted to EUR 295 thousand (2015: EUR - thousand). Financial liabilities from interest rate derivatives amounted to EUR 353 thousand (2015: EUR 4,300 thousand). As in the previous year, the financial liabilities from interest rate derivatives had no hedging relationship. All in all, a volume of EUR 214 million (2015: EUR 149 million) is hedged against interest rate derivatives carrying fixed interest rates between -0.5% and 3.5% (2015: between 2.9% and 3.7%) and remaining terms of up to five years (2015: three years). These interest rate derivatives were in no hedging relationship according to IAS 39. The variable interest rate is based on the 1- or 6-monthly Euribor. As at balance sheet date, assets from currency derivatives amounted to EUR 785 thousand (2015: EUR 223 thousand). The financial liabilities from currency derivatives amounted to EUR 1,909 thousand (2015: EUR 131 thousand). A volume of EUR 647 million (2015: EUR 544 million) is hedged against currency derivatives, denominated mainly in US-Dollars, with a maximum remaining term of up to six months (2015: three months). The currency derivatives are in no hedging relationship.

Sensitivity analysis

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 changes in the reported fair values presented in the following table:

Change in fair value in EUR thou.	Change in the yield curves 31 Dec. 2016		Change in the yield curves 31 Dec. 2015	
	+100 basis points	-100 basis points	+100 basis points	-100 basis points
Other current and non-current liabilities/Other non-current assets	2,856	-3,291	1,294	-1,026

Furthermore, based on the parallel shift in the yield curves of +100/-100 basis points, interest expense for variable-rate financial liabilities would increase respectively decrease by EUR 5,122 thousand (2015: EUR 4,304 thousand) taking into account the existing interest rate derivatives but not taking into account possible economic compensations from new business.

The sensitivity analysis for the reported currency derivatives assumes a change in EUR exchange rates of +10/-10 percentage points. The reported fair values as at 31 December 2016 (Other current assets/Other current liabilities) would then change by EUR 58,205 thousand/EUR -66,390 thousand (2015: EUR 45,996 thousand/EUR -56,691 thousand).

Given aforelisted changes to valuations from interest rate and currency exchange risks as well as not taking into account any tax effects, this would result in a change in equity of EUR 55,940 thousand/EUR -64,559 thousand (2015: EUR 42,985 thousand/EUR -53,413 thousand) and a change in the annual result of EUR 55,940 thousand/EUR -64,559 thousand (2015: EUR 42,985 thousand/EUR -53,413 thousand).

Financial risk management and hedging

The Sixt Group is exposed to the following financial risks, which are addressed through the risk management system that has been implemented:

Interest rate and market price risk

Alongside medium- and long-term financial instruments bearing a fixed rate of interest, the Sixt Group also uses variable-rate financial instruments to finance investments in the rental and lease fleets and is therefore exposed to interest rate risk. Derivative financial instruments such as interest rate caps and interest rate swaps may in principle be used to limit interest rate risk as part of the risk management. In this context, internal Group guidelines stipulate the main duties and competencies, responsibilities, reporting requirements and control tools. By entering into hedging transactions as part of risk management, the Group deliberately converts existing variable-rate liabilities into synthetic fixed-rate refinancing. In contrast, given appropriate expectations on the future development of short- and long-term interest rates, derivative instruments can also be used to achieve a defined proportion of variable-rate liabilities.

The transactions are reported under other assets or other liabilities, or in the same item as the underlying, depending on the hedging relationship. The valuations used by the transaction partners (financial institutions) are based on market yield curves. The Group had derivative financial instruments amounting to EUR 214 million in its portfolio at the balance sheet date (2015: EUR 149 million). The fair value of the transactions was in total EUR -0.1 million (2015: EUR -4.3 million).

Counterparty default risk

Creditworthiness checks are performed in accordance with internal guidelines prior to entering into an agreement in order to minimise counterparty default risk. Customers' creditworthiness is also checked at regular intervals during the term of the agreement. In the event of a concrete default risk, a valuation allowance is recognised or the receivable in question is derecognised. In addition, there is the principal risk that suppliers will not be able to meet their obligations under buy-back agreements. In given cases, Sixt bears the resale risk relating to the vehicles. In this context too, Sixt performs regular credit checks.

Analysis of trade receivables

The Business Units' trade receivables are classified in the following table:

Trade receivables in EUR thou.	Rental	Leasing	Other	Group
Receivables not impaired				
Not past due	250,652	46,657	16	297,324
Less than 30 days	28,197	12,515	1	40,713
30-90 days	5,105	-	-	5,105
91-360 days	111	-	-	111
More than 360 days	26	-	-	26
Total receivables	284,089	59,171	17	343,278
Impaired receivables				
Gross receivables	140,435	5,981	-	146,417
Impairments	62,151	2,927	-	65,078
Net receivables	78,285	3,054	-	81,338
Group total as at 31 Dec. 2016	362,374	62,225	17	424,616

Trade receivables in EUR thou.	Rental	Leasing	Other	Group
Receivables not impaired				
Not past due	137,983	42,176	29	180,188
Less than 30 days	15,323	12,110	-	27,433
30-90 days	4,166	55	39	4,260
91-360 days	-	-	-	-
More than 360 days	72	-	13	85
Total receivables	157,544	54,341	82	211,967
Impaired receivables				
Gross receivables	111,857	4,681	-	116,539
Impairments	49,377	2,445	-	51,823
Net receivables	62,480	2,236	-	64,716
Group total as at 31 Dec. 2015	220,024	56,577	82	276,682

Trade receivables predominantly comprise receivables from rental and leasing business with Sixt Group end-customers and receivables from suppliers relating to the sale of used vehicles as part of their buy-back commitments, or commercial and private buyers as part of their sale on the open market.

As at the reporting date, there were no indications of potential default in the case of the trade receivables and the other receivables reported as other receivables and assets that are neither individually impaired nor past due.

The maximum default amount is the reported carrying amount of the net receivable. No credit derivatives or similar hedging instruments were used to cover credit risk in the period under review. A proportion of the receivables in the leasing business is collateralised by customer deposits.

Impairments are based on parameters such as customer group, customer credit quality and transaction type of the receivable. To this end the method of a collective valuation allowance is used as follows. For individual combinations of the mentioned parameters different rates in determining allowances are applied according to the management's expectations. Due to the use of the method of a collective valuation allowance the statement of change 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 collective valuation allowances, which may have been made.

In the fiscal year the allowance account for trade receivables developed as follows:

Change in the allowance account for trade receivables in EUR thou.	Balance as at 1 Jan. 2016	Change	Balance as at 31 Dec. 2016
Impairments	51,823	13,255	65,078

Change in the allowance account for trade receivables in EUR thou.	Balance as at 1 Jan. 2015	Change	Balance as at 31 Dec. 2015
Impairments	47,845	3,978	51,823

Analysis of receivables from insurances in the other assets

All the receivables are impaired. In the Vehicle Rental Business Unit the gross receivables amounted to EUR 25,996 thousand (2015: EUR 19,832 thousand), the impairments to EUR 16,604 thousand (2015: EUR 13,868 thousand), so that the resulting net receivables came to EUR 9,392 thousand (2015: EUR 5,964 thousand). In the Leasing Business Unit the gross receivables amounted to EUR 8,182 thousand (2015: EUR 6,184 thousand), the impairments to EUR 2,707 thousand (2015: EUR 2,399 thousand), so that the resulting net receivables came to EUR 5,475 thousand (2015: EUR 3,785 thousand). The maximum default amount is the reported carrying amount of the net receivable.

Change in the allowance account for other assets in EUR thou.	Balance as at 1 Jan. 2016	Change	Balance as at 31 Dec. 2016
Impairments	16,267	3,044	19,311

Change in the allowance account for other assets in EUR thou.	Balance as at 1 Jan. 2015	Change	Balance as at 31 Dec. 2015
Impairments	12,896	3,371	16,267

In the fiscal year under review the expenses for derecognised trade receivables and derecognised receivables from insurances amounted to EUR 14,385 thousand (2015: EUR 18,138 thousand). The expense for derecognition refers to the recognised receivable without taking into account collective valuation allowances, which may have already been made.

The total expense for impairments in these categories amounted to EUR 17,733 thousand (2015: EUR 8,883 thousand) in the fiscal year.

The proceeds from payments received on the previously derecognised receivables in these categories amounted to EUR 1,466 thousand (2015: EUR 1,489 thousand).

Liquidity risk

Liquidity risk is managed via financial planning performed in accordance with internal guidelines. Sixt has sufficient opportunities for refinancing in the capital markets and by credit lines not yet used.

Based on interest rate levels at the balance sheet date, no significant net cash inflows and outflows are expected in conjunction with the derivatives entered into by the Group.

Analysis of the repayment amounts of financial liabilities

The following table includes the repayment amounts (including assumed future payable interest) at their respective maturities:

Repayment amounts by maturity in EUR thou.	Borrower's note loans/CP	Bonds	Liabilities to banks	Finance lease liabilities	Total
2017	440,978	17,359	306,421	8,896	773,655
2018	4,953	267,359	45,380	716	318,408
2019	98,066	7,984	44,715	-	150,765
2020	33,455	261,790	29,079	-	324,324
2021	228,105	2,813	2,423	-	233,341
2022	1,586	252,813	-	-	254,399
2023 and later	152,198	-	-	-	152,198
31 Dec. 2016	959,341	810,116	428,019	9,612	2,207,088

Repayment amounts by maturity in EUR thou.	Borrower's note loans/CP	Bonds	Liabilities to banks	Finance lease liabilities	Total
2016	284,685	274,849	306,477	60,629	926,640
2017	250,685	14,537	61,459	8,508	335,189
2018	2,092	264,537	331	716	267,676
2019	105,238	5,162	-	-	110,400
2020	-	258,759	-	-	258,759
2021 and later	-	-	-	-	-
31 Dec. 2015	642,700	817,844	368,267	69,853	1,898,664

The financial liabilities maturing in 2017 will largely be repaid from new lending of funds on the capital markets and the usage of bank credit lines and/or leasing refinancing lines granted by manufacturers as well as the use of the asset backed securities programme in the Leasing Business Unit.

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Analysis of the repayment amounts of interest rate and currency derivatives

Repayment amounts by maturity in EUR thou.	Interest rate derivatives	Currency derivatives	Total
2017	-497	4,466	3,969
2018	-113	-	-113
2019	-55	-	-55
2020 and later	-	-	-
31 Dec. 2016	-665	4,466	3,801

Repayment amounts by maturity in EUR thou.	Interest rate derivatives	Currency derivatives	Total
2016	-4,563	745	-3,818
2017	-469	-	-469
2018	-103	-	-103
2019	-47	-	-47
2020 and later	-	-	-
31 Dec. 2015	-5,182	745	-4,437

Exchange rate and country risk

Exchange rate risk is of only minor significance in the Sixt 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 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 20%. This ensures 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 balance sheet date, the Group's equity ratio was 26.8% (2015: 28.9%). Other key elements of the Group's financial profile are the financial instruments reported in non-current and current financial liabilities. The proportion of total assets accounted for by non-current and current financial liabilities amounted to 52.9% (2015: 50.0%). In addition to the reported financial liabilities, the Group has entered into operate lease agreements to refinance its fleets.

5. OTHER DISCLOSURES

5.1 SEGMENT REPORTING

By Business Unit	Rental		Leasing		Other		Reconciliation		Group	
in EUR million	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
External revenue	1,703.4	1,519.3	704.2	655.4	5.1	4.6	-	-	2,412.7	2,179.3
Internal revenue	3.9	6.3	9.6	10.0	32.2	23.2	-45.8	-39.5	-	-
Total revenue	1,707.3	1,525.5	713.9	665.4	37.3	27.8	-45.8	-39.5	2,412.7	2,179.3
Fleet expenses and cost of lease assets[1]	422.9	419.9	439.3	408.5	0.0	0.0	-12.3	-14.0	850.0	814.4
Depreciation and amortisation expense	321.3	239.1	177.5	171.5	1.9	0.9	-	-	500.7	411.4
EBIT[2]	208.5	184.3	51.1	51.6	-3.3	-14.1	-0.5	-	255.8	221.8
Interest income	0.9	0.8	0.4	0.6	39.4	37.4	-39.9	-37.7	0.8	1.1
Interest expense	-23.4	-22.4	-20.4	-22.0	-31.1	-33.3	40.4	37.7	-34.4	-40.0
Other net financial income[3]	0.2	0.1	0.4	-	0.7	4.6	-	-	1.3	4.7
Result from at-equity measured investments	-5.2	-2.5	0.0	0.1	-	-	-	-	-5.2	-2.4
EBT[4]	181.0	160.4	31.6	30.3	5.8	-5.5	-	-	218.3	185.2
Investments[5]	27.1	41.1	474.3	425.8	16.7	213.2	-14.9	-130.0	503.1	550.2
Segment assets	2,748.8	2,469.9	1,167.5	1,109.8	2,367.6	2,166.1	-2,278.2	-2,099.8	4,005.7	3,646.0
Segment liabilities	1,882.8	1,666.8	962.9	920.2	1,710.0	1,459.9	-1,669.6	-1,506.2	2,886.1	2,540.6
Employees[6]	5,745	4,766	370	280	97	74	-	-	6,212	5,120

By Region	Germany		Abroad		Reconciliation		Group	
in EUR million	2016	2015	2016	2015	2016	2015	2016	2015
Total revenue	1,453.2	1,374.3	973.2	820.2	-13.7	-15.2	2,412.7	2,179.3
Investments[5]	457.6	582.8	48.8	62.5	-3.3	-95.1	503.1	550.2
Segment assets	3,383.1	3,107.9	1,944.9	1,704.6	-1,322.3	-1,166.5	4,005.7	3,646.0

1 *In the leasing segment write-downs on lease assets intended for sale are included in the amount of EUR 6.3 million (2015: EUR 7.1 million).*
2 *Corresponds to earnings before interest and taxes (EBIT)*
3 *Including net investment income*
4 *Corresponds to earnings before taxes (EBT)*
5 *Excluding rental assets*
6 *Annual average*

The Sixt Group is active in the two main business areas of Vehicle Rental (including other associated services) and Leasing (finance leasing and full-service leasing of vehicles and fleet management). Activities that cannot be allocated to these segments, such as financing, holding company activities, real estate leasing or e-commerce transactions, are combined in the Other segment. 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 and the Group's assets by Group company's country of domicile.

Segment reporting is based on the accounting policies 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 LIABILITES 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 46.0 million (2015: EUR 23.5 million).

Other financial obligations

In addition to provisions and liabilities, the Group has other financial obligations that result mainly from operate leases entered into to refinance the rental fleet and from obligations under rental agreements on buildings.

Other financial obligations in EUR million	31 Dec. 2016	31 Dec. 2015
Due within one year	90.9	91.3
Due in one to five years	165.0	120.6
Due in more than five years	77.1	74.3
Group total	332.9	286.2

In a few cases, the operate leases entered into to refinance the fleet contain renewal options on an arm's length basis.

Obligations relating to fleet financing are offset by revenue from subleasing corresponding to the obligations on the financing side plus an interest margin. In the year under review, expenses in connection with lease instalments for fleet financing amounted to EUR 64.2 million (2015: EUR 66.9 million) and mileage agreement payments amounted to EUR 12.7 million (2015: EUR 14.2 million).

Purchase commitments under agreements concluded as at the balance sheet date in respect of vehicle deliveries for the rental and lease fleets in the coming year amount to around EUR 3,411 million (2015: EUR 3,405 million).

5.3 SHARE-BASED PAYMENT

In the year under review the Group had an employee participation programme (Matching Stock Programme – MSP) that was initiated in 2012 (MSP 2012). The programme is recognised in the category of equity-settled share-based payment programme and is described in detail below.

In September 2012 the Managing Board and Supervisory Board of Sixt SE resolved to implement a Matching Stock Programme for selected group of employees, senior executives and members of the Managing Board of Sixt SE at the Company and its affiliated companies (MSP 2012). The programme enables employee participation in the form of shares while avoiding any dilutions for existing shareholders of Sixt SE, i.e. new shares are not issued for settlement but shares are bought from the market.

To participate in the MSP, each participant must make a personal investment by acquiring a bond issued by Sixt SE.

The bonds acquired for the 2012 MSP carry a coupon of 4.5% p.a. and have a maturity until 2020. The total volume invested by all participants is limited to EUR 5 million.

The Managing Board of Sixt SE – with the approval of the Supervisory Board if the Managing Board itself is concerned – sets the maximum participation volume for each individual beneficiaries. 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.

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 respective stock options of 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 a 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 expire without replacement.

The exercise gain (before taxes) for a tranche, calculated if the stock options are exercised, must not exceed 5% of the regular earnings before taxes (EBT) as reported in the prior to each exercise most recent approved consolidated financial statements of Sixt SE. If it does, the amount must be reduced proportionately for all participants. In addition, the exercise gain (before taxes) of each tranche is limited for every participant to twice his paid-up investment volume. An amount less the taxes and contributions on the exercise gain payable by the participant, is credited to each participant in preference shares of Sixt SE. Therefore Sixt SE acquires the preference shares for each participant. 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 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 is 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 preference share from the initial price.

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

In addition to the stock options granted in the past ("2012 allocation", "2013 allocation", "2014 allocation" and "2015 allocation"), in fiscal year 2016 Sixt SE granted stock options or a legally binding right to future stock options to other employees (new hires). Apart from a few exceptions, the conditions for the grant of these shares or rights ("2016 allocation") corresponded to the parameters for the previous allocations. Notwithstanding this, the "2016 allocation" covers the grant of one tranche of stock options. In principle, the market conditions as at 1 December 2016 were used as a basis for granting the tranche of the "2016 allocation"; the conditions as at 1 December 2012 were only used to determine the number of stock options to be granted depending on the relevant investment volume.

The number of stock options under the MSP 2012 changed as follows:

Number of stock options					2012 allocation
	2016	2015	2014	2013	2012
Outstanding at the beginning of the financial year	4,769,000	3,680,500	2,497,000	1,316,000	-
Granted during financial year	1,075,000	1,186,000	1,223,500	1,248,500	1,316,000
Returned during financial year	-364,000	-97,500	-40,000	-67,500	-
Exercised during financial year	-1,105,000	-	-	-	-
Outstanding at the end of the financial year	4,375,000	4,769,000	3,680,500	2,497,000	1,316,000
Existing contractual obligation for future grant	-	1,186,000	2,447,000	3,745,500	5,264,000

Number of stock options				2013 allocation
	2016	2015	2014	2013
Outstanding at the beginning of the financial year	506,500	341,000	170,500	-
Granted during financial year	128,000	165,500	170,500	170,500
Returned during financial year	-112,500	-	-	-
Outstanding at the end of the financial year	522,000	506,500	341,000	170,500
Existing contractual obligation for future grant	-	165,500	341,000	511,500

Number of stock options			2014 allocation
	2016	2015	2014
Outstanding at the beginning of the financial year	411,000	220,500	-
Granted during financial year	178,000	205,500	220,500
Returned during financial year	-55,000	-15,000	-
Outstanding at the end of the financial year	534,000	411,000	220,500
Existing contractual obligation for future grant	-	205,500	441,000

Number of stock options		2015 allocation
	2016	2015
Outstanding at the beginning of the financial year	248,000	-
Granted during financial year	198,000	248,000
Returned during financial year	-30,000	-
Outstanding at the end of the financial year	416,000	248,000
Existing contractual obligation for future grant	-	248,000

Number of stock options	2016 allocation
	2016
Outstanding at the beginning of the financial year	-
Granted during financial year	364,500
Returned during financial year	-
Outstanding at the end of the financial year	364,500
Existing contractual obligation for future grant	-

As at the balance sheet date the following options from tranches granted under the MSP 2012 were outstanding:

2012 allocation	Number of outstanding stock options	Future exercise date	Residual term	Estimated conversion/ Exercise price
Tranche 2013	1,105,000	2017	1.0 years	10.43 EUR
Tranche 2014	1,100,000	2018	2.0 years	9.97 EUR
Tranche 2015	1,095,000	2019	3.0 years	9.46 EUR
Tranche 2016	1,075,000	2020	4.0 years	9.00 EUR

2013 allocation	Number of outstanding stock options	Future exercise date	Residual term	Estimated conversion/ Exercise price
Tranche 2013	133,000	2017	1.0 years	17.56 EUR
Tranche 2014	133,000	2018	2.0 years	17.09 EUR
Tranche 2015	128,000	2019	3.0 years	16.68 EUR
Tranche 2016	128,000	2020	4.0 years	16.21 EUR

2014 allocation	Number of outstanding stock options	Future exercise date	Residual term	Estimated conversion/ Exercise price
Tranche 2014	178,000	2018	2.0 years	24.35 EUR
Tranche 2015	178,000	2019	3.0 years	24.57 EUR
Tranche 2016	178,000	2020	4.0 years	24.76 EUR

2015 allocation	Number of outstanding stock options	Future exercise date	Residual term	Estimated conversion/ Exercise price
Tranche 2015	218,000	2019	3.0 years	37.17 EUR
Tranche 2016	198,000	2020	4.0 years	37.10 EUR

2016 allocation	Number of outstanding stock options	Future exercise date	Residual term	Estimated conversion/ Exercise price
Tranche 2016	364,500	2020	4.0 years	34.70 EUR

Measurement of options issued

The stock options under the MSP 2012 were measured by means of a Monte Carlo simulation model. Assuming that the price of the stock 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.

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. Other assumptions used by the model are: the MSP participants pursue a strategy that is profit-maximising from their perspective, constant dividend yields, drift and volatility, the cap of 5% of earnings before taxes (MSP 2012) is not achieved, no change in the share capital of Sixt SE during the term of the MSP, no change in the current MSP terms and conditions.

The average price over a 60-day period is determined for each path comprising a simulated share price performance for each tranche after the lock-up period expires, and is compared with the exercise threshold. If the figure is above the exercise threshold, the related gain on the stock option is discounted from the exercise date to the reporting date in accordance with the yield curve observed.

The expected volatility was estimated on the basis of the historical volatility of the share price. The expected term used in the model was adjusted to reflect the Managing Board's best estimate of the impact of non-transferability, exercise restrictions and behaviour such as staff fluctuation.

At the time of granting the parameters used in the simulation were:

Simulation model parameters	2016 allocation	2015 allocation	2014 allocation	2013 allocation	2012 allocation
Risk-free interest rate in %	-0.20	0	0.01	0.40	0.36
Expected volatility in %	28	28	32	32	39
Expected term until exercise from issue in years	4.0	4.0	4.0	4.0	4.0
Price of preference shares on the issue date in EUR	36.87	39.19	25.44	18.90	12.65

In accordance with IFRS 2, personnel expenses were calculated on the basis of the market conditions at the grant date, and not the market conditions at the balance sheet date. In 2016, the Group recognised personnel expenses of EUR 1,665 thousand (2015: EUR 1,019 thousand) in connection with equity-settled share-based payments. EUR 1,271 thousand of this amount relates to the „2012 allocation", EUR 164 thousand to the „2013 allocation", EUR 124 thousand to the „2014 allocation", EUR 96 thousand to the „2015 allocation" and EUR 10 thousand to the „2016 allocation".

In consideration of currency translation differences, additions to capital reserves respectively minority interests have been made accordingly.

5.4 RELATED PARTY DICLOSURES

The Sixt Group has receivables from and liabilities to various unconsolidated Group companies for the purposes of intercompany settlements and financing. The resulting balances are presented separately as receivables from affiliated companies and liabilities to affiliated companies. The transactions are conducted on arm's length terms. The following provides an overview of significant transactions and account balances arising from such relationships.

Related parties	Services rendered		Services used		Receivables from related companies		Liabilities to related companies	
in EUR million	2016	2015	2016	2015	31 Dec. 2016	31 Dec. 2015	31 Dec. 2016	31 Dec. 2015
e-Sixt Verwaltungs GmbH	-	-	-	-	-	-	1	1
Sixt Financial Services USA, LLC	-	-	-	-	-	1.3	-	1.8
Sixt Immobilien Beteiligungen GmbH	-	-	-	-	-	-	0.2	0.2
Sixt Leasing N.V.	-	-	-	-	0.2	-	-	-
Sixt Mobility Consulting SARL	1	-	-	-	1	-	-	-
Sixt Mobility Consulting Österreich GmbH	1	-	-	-	1	1	-	-
Sixt Travel GmbH	-	-	-	-	-	-	0.4	0.4
Sixt Verwaltungs-GmbH	-	-	-	-	-	-	1	1
TOV 6-Systems	-	-	2.0	1.9	-	-	0.1	0.1
TÜV SÜD Car Registration & Services GmbH	-	-	2.0	2.3	-	-	-	-

[1] *Amount less than EUR 0.1 million*

The business relations between the Group and its joint venture DriveNow GmbH & Co. KG, Munich, and its subsidiaries are concluded exclusively at normal market conditions. Transactions with the company result from ordinary business activities and are of minor importance from the Group's perspective. The related receivables and liabilities amount to EUR 0.5 million (2015: EUR 4.0 million) respectively less than EUR 0.1 million (2015: EUR 0.1 million). The Supervisory Board member Dr. Daniel Terberger holds a participation in a company, with whom the Group maintains a business relationship covering the delivery of working clothes at arm's length conditions. In the year under review EUR 0.2 million were spent (2015: EUR 1.6 million). Furthermore the Group rented three properties belonging to the Sixt family for its operations in the financial year. The rental expenses amounted to EUR 0.2 million (2015: EUR 0.2 million). For their services as members of the Managing Board, Erich Sixt, Alexander Sixt and Konstantin Sixt receive remuneration which, in accordance with the resolution passed by the Annual General Meeting on 3 June 2014 are not published individually. Members of the Sixt family received remunerations, that are not Managing Board remunerations, amounting to EUR 0.6 million (2015: EUR 1.1 million) for their activities in the Group.

The Supervisory Board and Managing Board of Sixt SE

Supervisory Board	Membership of supervisory boards and other comparable bodies of business enterprises
Prof. Dr. Gunter Thielen Chairman Chairman of the Managing Board of Walter Blüchert Stiftung Gütersloh	
Ralf Teckentrup Deputy Chairman Member of the Managing Board of Thomas Cook AG Frankfurt am Main	President of the Administrative Board of M&M Militzer & Münch International Holding AG, Switzerland Member of the Advisory Board of Deutsche Flugsicherung DFS GmbH
Dr. Daniel Terberger Chairman of the Managing Board of KATAG AG Bielefeld	Chairman of the Supervisory Board of Textilhäuser F. Klingenthal GmbH Member of the Advisory Board of ECE Projektmanagement GmbH & Co. KG Member of the Advisory Board of Eterna Mode Holding GmbH Member of the Advisory Board of Loden-Frey Verkaufshaus GmbH & Co. KG Member of the Advisory Board of William Prym Holding GmbH Member of the Advisory Board of Leffers & Co. GmbH & Co. KG Member of the Advisory Board of s.Oliver Bernd Freier GmbH & Co. KG (since 1 October 2016) Member of the Advisory Board of Fussl Modestraße Mayr GmbH (since 1 January 2016)

Managing Board	Membership of supervisory boards and other comparable bodies of business enterprises
Erich Sixt Chairman Grünwald	Chairman of the Supervisory Board of Sixt Leasing SE[1] Chairman of the Supervisory Board of e-Sixt GmbH & Co. KG[1]
Detlev Pätsch Oberhaching	
Dr. Julian zu Putlitz Pullach	Member of the Supervisory Board of e-Sixt GmbH & Co. KG[1] President of the Administrative Board of Sixt AG, Switzerland[1]
Alexander Sixt Munich	Member of the Steering Committee of DriveNow GmbH & Co. KG[1]
Konstantin Sixt Munich	

[1] *Membership in Group bodies*

Total remuneration of the Supervisory Board and Managing Board of Sixt SE

Total remuneration in EUR thou.	2016	2015
Supervisory Board remuneration	200	200
Managing Board remuneration	11,122	7,737
Thereof variable remuneration	3,935	2,229

The total remuneration of the Managing Board includes as a long-term incentive the fair value at initial date of issue of the tranche of stock options granted in fiscal year 2016 to the members of the Managing Board under the Matching Stock Programme 2012 in the amount of EUR 411 thousand (2015: EUR 432 thousand) as well as the exercise gain (before taxes) from the exercise of the stock options granted in the amount of EUR 1,600 thousand. In the previous year, no exercise of stock options was scheduled.

Performance-related remuneration components obtained in the financial year 2016 that will be paid within the next four years amount to EUR 4,360 thousand (2015: EUR 3,441 thousand).

In accordance with the resolution adopted by the Annual General Meeting on 3 June 2014, the total remuneration disclosed is not broken down by individual Managing Board member.

At the end of the reporting year members of the Supervisory Board were granted none and members of the Managing Board were granted 1,700,000 stock options under the employee equity participation programme MSP 2012, and on the basis of their personal investments (2015: 1,650,000). As at balance sheet date all stock options of the MSP 2012 have been issued, therefore there are no further entitlements.

The Group has no pension obligations towards members of the Supervisory Board and Managing Board.

Shareholdings with voting rights

As at 31 December 2016, Erich Sixt Vermögensverwaltung GmbH, all shares of which are held directly and indirectly by the Sixt family, held an unchanged 18,711,822 shares of the ordinary shares of Sixt SE. In addition to this Erich Sixt held two registered ordinary shares of Sixt SE.

Since 3 July 2016 in accordance with article 19 of the European Market Abuse Directive persons performing executive functions and persons closely related to them are legally required to disclose their own transactions with shares or bonds of Sixt SE and their related financial derivatives or other related financial instruments. The reporting requirement applies to all transactions, that are conducted after the total amount of EUR 5,000 within the calendar year was achieved.

The transaction notifications received by Sixt SE during fiscal year 2016 were duly published and can be retrieved on the website of Sixt SE at *ir.sixt.eu* under the tab "Investor Relations – Directors' Dealings".

5.5 PROPOSAL FOR ALLOCATION OF THE UNAPPROPRIATED PROFIT

Sixt SE reported an unappropriated profit for fiscal year 2016 in accordance with German commercial law of EUR 150,975 thousand (2015: EUR 201,899 thousand). Subject to the approval of the Supervisory Board, the Managing Board proposes utilising this unappropriated profit as follows:

Proposal for allocation of the unappropriated profit		
in EUR thou.	2016	2015
Payment of a dividend of EUR 1.65 (2015: EUR 1.50 including a special dividend of EUR 0.60) per ordinary share entitled to a dividend	50,106	46,085
Payment of a dividend of EUR 1.67 (2015: EUR 1.52 including a special dividend of EUR 0.60) per preference share entitled to a dividend	27,624	25,375
Transfer to retained earnings	25,000	50,000
Carryforward to new account	48,245	80,438

Prior-year figures were adjusted to the updated proposal of the Annual General Meeting on 2 June 2016.

As at 31 December 2016, 30,367,112 ordinary shares entitled to a dividend and 16,541,202 preference shares entitled to a dividend are issued. This would result in a total distribution of EUR 77,730 thousand and appropriately reflects the earnings trend of the Sixt Group in the year under review.

The (updated) proposal by the Managing Board and the Supervisory Board on the appropriation of the unappropriated profit for financial year 2015 was resolved unchanged by the Annual General Meeting on 2 June 2016.

5.6 EVENTS SUBSEQUENT TO REPORTING DATE

On 26 January 2017 Sixt Leasing SE issued a bond in the amount of EUR 250 million at the capital market (ISIN: DE000A2DADR6/WKN: A2DADR). The bond was issued with a coupon of 1.125% p.a. and has a maturity until 2021.

No other events of special significance for the net assets, financial position and results of operations of the Group occurred after the end of financial year 2016.

5.7 DECLARATIONS 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 were issued in the financial year for Sixt SE and Sixt Leasing SE and made permanently accessible to shareholders on Sixt SE website under *ir.sixt.eu* under the section “Corporate Governance” or on Sixt Leasing SE website under *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 2017.

Pullach, 27 March 2017

Sixt SE

The Managing Board

ERICH SIXT	DETLEV PÄTSCH	DR. JULIAN ZU PUTLITZ	ALEXANDER SIXT	KONSTANTIN SIXT

WE GIVE OUR CUSTOMERS EVERYTHING WE'VE GOT – ANYTIME AND EVERYWHERE.

Perfect service begins with perfect organisation. And when it comes to customer service, we know that prompt action speaks louder than just words.

D \\ FURTHER INFORMATION

D.1 \\ RESPONSIBILITY STATEMENT

by Sixt SE, Pullach, for fiscal year 2016

in accordance with sections 297 (2) sentence 4 and 315 (1) sentence 6 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 2017

Sixt SE

The Managing Board

ERICH SIXT	DETLEV PÄTSCH	DR. JULIAN ZU PUTLITZ	ALEXANDER SIXT	KONSTANTIN SIXT

The following independent auditors' report („Bestätigungsvermerk") was issued in accordance with section 322 of the HGB (German Commercial Code) on the IFRS Financial Statements 2016, which were prepared in the German language. The translation of the independent auditors' report ("Bestätigungsvermerk") is as follows:

D.2 \\ INDEPENDENT AUDITORS' REPORT

We have audited the consolidated financial statements prepared by Sixt SE, Pullach, – comprising the consolidated income statement and statement of comprehensive income, the consolidated balance sheet, the consolidated cash flow statement, the consolidated statement of changes in equity and the notes to the consolidated financial statements – and the management report on the Group's and the Company's situation for the business year from 1 January to 31 December 2016. The preparation of the consolidated financial statements and the management report on the Group's and the Company's situation in accordance with IFRS, as adopted by the European Union (EU), and the additional requirements of German commercial law pursuant to section 315a (1) of the HGB are the responsibility of the Company's management. Our responsibility is to express an opinion on the consolidated financial statements and on the management report on the Group's and the Company's situation based on our audit.

We conducted our audit of the consolidated financial statements according to section 317 of the HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer. Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the management report on the Group's and the Company's situation are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the management report on the Group's and the Company's situation are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and the management report on the Group's and the Company's situation. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements of Sixt SE, Pullach, comply with IFRS, as adopted by the EU, the additional requirements of German commercial law pursuant to section 315a (1) of the HGB and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The management report on the Group's and the Company's situation is consistent with the consolidated financial statements, complies with the statutory requirements, and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Munich, 27 March 2017

Deloitte GmbH	(Stadter)	(Lepple)
Wirtschaftsprüfungsgesellschaft	Auditor	Auditor

D.3 \\ BALANCE SHEET OF SIXT SE (HGB)

of Sixt SE, Pullach, as of 31 December 2016 (HGB)

Assets			
in EUR thou.		31 Dec. 2016	31 Dec. 2015
A. Fixed assets			
I. Financial assets			
1. Shares in related parties	640,088		630,163
2. Shares in other investees	22,958		17,973
		663,046	648,136
B. Current assets			
I. Receivables and other assets			
1. Receivables from affiliated companies	1,743,332		1,558,319
2. Receivables from other investees	-		1,501
3. Other assets	265		2,245
		1,743,597	1,562,065
II. Bank balances		136	137
C. Prepaid expenses		3,434	1,639
		2,410,212	2,211,977

Equity and liabilities				
in EUR thou.			31 Dec. 2016	31 Dec. 2015
A. Equity				
I. Subscribed capital	120,175			123,029
Proportionate share of treasury shares	-90			-
(Conditional Capital: EUR 15,360 thousand; 2015: EUR - thousand)		120,085		123,029
II. Capital reserves		203,173		200,319
III. Retained earnings				
Other retained earnings	178,538			178,538
Other acquisition cost for treasury shares	-1,262			-
		177,276		178,538
IV. Unappropriated profit		150,975		201,899
Thereof retained profits brought forward EUR 80,438 thousand (2015: EUR 15,397 thousand)			651,509	703,785
B. Provisions				
1. Provisions for taxes		10,850		15,390
2. Other provisions		7,856		9,440
			18,706	24,831
C. Liabilities				
1. Bonds		750,000		750,000
2. Liabilities to banks		901,000		627,000
3. Trade payables		30		158
4. Liabilities to affiliated companies		71,048		87,676
5. Other liabilities		17,918		18,526
			1,739,996	1,483,360
			2,410,212	2,211,977

Off-balance sheet items
Liabilities from guarantees EUR 545,733 thousand (2015: EUR 780,140 thousand)

D.4 \\ INCOME STATEMENT OF SIXT SE (HGB)

of Sixt SE, Pullach, as of 31 December 2016 (HGB)

in EUR thou.		2016	2015
1. Revenue		8,124	-
2. Other operating income		2,127	116,531
3. Personnel expenses			
a) Wages and salaries	13,633		9,345
b) Social security contributions	28		25
		13,661	9,369
4. Other operating expenses		6,081	8,576
5. Income from investments		91,606	93,414
6. Income from profit transfer agreements		-	1
7. Other interest and similar income		45,230	43,065
8. Cost of loss absorption		8,304	7,958
9. Interest and similar expenses		36,722	40,398
10. Taxes on income		11,782	207
11. Result after taxes = Net income		70,537	186,502
12. Retained profits brought forward		80,438	15,397
13. Withdrawal from other retained earnings		2,854	-
14. Transfer to capital reserves according to section 237 (5) of the AktG		2,854	-
15. Unappropriated profit		150,975	201,899

D.5 \\ FINANCIAL CALENDAR

Financial calendar of Sixt SE	
Annual press conference for fiscal year 2016 in Munich	15 March 2017
Publication of Annual Report 2016	24 April 2017
Analyst conference in Frankfurt am Main	25 April 2017
Publication of the quarterly statement as of 31 March 2017	11 May 2017
Annual General Meeting for fiscal year 2016 in Munich	30 June 2017
Publication of the half-year financial report as of 30 June 2017	17 August 2017
Publication of the quarterly statement as of 30 September 2017	15 November 2017

Dates and event locations subject to change

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