Our customer is the boss – all over the world.

Annual Report 2017

THE SIXT GROUP IN FIGURES

in EUR million	2017	2016	Change 2017 on 2016 in %	2015
Revenue	2,603	2,413	7.9	2,179
Thereof in Germany	1,515	1,444	4.9	1,364
Thereof abroad	1,088	969	12.4	815
Thereof operating[1]	2,309	2,124	8.7	1,939
Thereof rental revenue	1,687	1,534	10.0	1,377
Thereof leasing revenue	227	219	3.6	211
Earnings before interest and taxes (EBIT)	325	256	27.1	222
Earnings before taxes (EBT)	287	218	31.6	185
Consolidated profit	204	157	30.5	128
Net income per share (basic)				
Ordinary share (in EUR)	4.09	3.00	36.3	2.39
Preference share (in EUR)	4.11	3.02	36.1	2.41
Total assets	4,491	4,029	11.5	3,660
Lease assets	1,219	1,021	19.4	958
Rental vehicles	2,076	1,957	6.1	1,763
Equity	1,178	1,080	9.1	1,059
Equity ratio (in %)	26.2	26.8	-0.6 Points	28.9
Non-current financial liabilities	1,700	1,370	24.1	921
Current financial liabilities	591	762	-22.4	909
Dividend per share				
Ordinary share (in EUR)	4.00[2]	1.65	>100	1.50
Preference share (in EUR)	4.02[2]	1.67	>100	1.52
Total dividend, net	188.1[2]	77.8	>100	71.5
Number of employees[3]	6,685	6,212	7.6	5,120
Number of locations worldwide (31 Dec.)[4]	2,211	2,200	0.5	2,153
Thereof in Germany	517	509	1.6	508

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

CONTENT

SIXT – FEEL THE MOTION

Mobility is constantly changing. In times of digital networking people can access services they need right now irrespective of time and place. This also changes their mobility concept, as they are not just looking for a car but for all-round and situational solutions capable of catering to their needs. The consequence of this development is that new products and services need to be completely geared to customer needs. Only then will they do full justice to the modern concept of mobility.

As a worldwide premium service provider Sixt accordingly attaches great importance to the role its top-notch products and services play in business success. The Company, founded in 1912, utilises state-of-the-art technological developments to render its bespoke mobility solutions as flexible and comfortable as possible and to convince private and corporate customers of its solutions. That is why more and more customers around the globe are opting for Sixt.

In the Vehicle Rental Business Unit, Sixt provides individualised solutions for a wide variety of requirements. These include short or long-term rentals in classic vehicle rental, premium carsharing services as well as exclusive chauffeur and transfer services. In addition to these Sixt has developed complementary mobility concepts. Corporations can thus provide their employees with a mobility budget that serves as an alternative to the usual rental car, especially in an urban setting. Frequent travellers in turn can benefit from a European mobility concept that can cover all vehicle requirements and allow them to generate significant cost savings.

The Sixt brand is represented in over 110 countries worldwide and is continually expanding 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 focus of all activities is always to generate the best possible benefits for customers and to offer an internationally uniform quality standard at the highest level.

Its Leasing Business Unit is run by the publicly listed subsidiary Sixt Leasing SE, through which 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. Sixt Leasing has many decades of experience in managing large vehicle fleets and is therefore able to optimise fleets over the long term and independent of car manufacturers and thus cut total cost of ownership. As an early mover in the growth market for new vehicle sales on the internet, Sixt Leasing operates the online platforms *sixt-neuwagen.de* and *autohaus24.de* to offer private and commercial customers innovative IT solutions, for example setting up a digital ordering process using video identification and eSign.

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 and trends, remaining focused on strong earnings and a sustained increase in its enterprise value for the benefit of its shareholders.

WWW.SIXT.COM IR.SIXT.EU

Everybody says the Sixt advertisements are so amazing. Which is true. But I think it’s their product that is even better.

Bernhard Fragner, CEO, GlobeAir AG

A \\ TO OUR SHAREHOLDERS

A.1 \\ LETTER TO OUR SHAREHOLDERS

Dear shareholders,

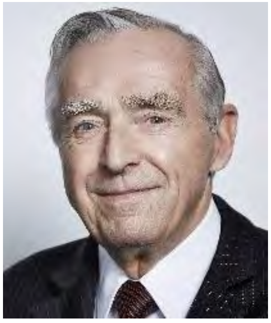
Sixt's fiscal year 2017 merits the designation "outstanding". Our Company grew across the board in all areas, made key strategic progress and once again achieved record figures for revenue and earnings. Especially earnings substantially outperformed our initial expectations. For the full fiscal year 2017 the Group's earnings before taxes (EBT) recorded 31.6% growth against the year 2016 to EUR 287.3 million. Earnings thereby significantly outperformed the gain in consolidated operating revenue, which nonetheless also registered a dynamic growth of 8.7% to EUR 2.31 billion. With a 12.4% return on consolidated operating revenue, we further strengthened our position as one of the world's most profitable mobility service providers.

An encouraging aspect in all this is the fact that our growth was based on a solid platform that runs across all regions and also applies to both business units. The biggest drivers were once again the ongoing expansion of the vehicle rental business in the USA and the foreign markets in Western Europe. In the USA we continued the strong growth of the preceding years and for the first time since our market entry in 2011 closed the year with a positive result. Our strategy in the USA to focus and expand on strong-growth airport and downtown stations proved to be the right one. In the current year we will continue the measured expansion of our station network in the world's biggest vehicle rental market.

In Italy, where Sixt has been active with its own subsidiary since the beginning of the year 2017, the start also exceeded our expectations. We managed to close the first year in this key European market with a balanced result. By the end of the year we had established a network of 21 stations in almost all key economic and tourist centres in the north of the country as well as in the capital. Sixt subsidiaries in France and Spain continued to generate double-digit growth rates. As in the year before, they benefitted from strong business with tourists, also due to the shifting tourist flows from the current crisis areas in the Mediterranean region.

Sixt is on a long-term growth path not only outside of Germany. At home, reinvigorated sales activities also managed to raise the Vehicle Rental Business Unit's revenue from an already strong level by another 5%. This means that we reinforced our domestic position as the industry's undisputed Number One.

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

In the Leasing Business Unit, our stock-listed subsidiary Sixt Leasing SE saw its contract portfolio climb an encouraging 17% in 2017, up to 132,900 contracts. The business with private and commercial customers (Online Retail business field) clocked up a 66% increase in its contract portfolio and thereby continued its forceful development of the previous year, also with the support of eye-catching advertising and marketing campaigns. An important objective for the coming years will be to transfer the excellent market position that Sixt Leasing enjoys in fleet leasing, fleet management and the forward-focused field of online retail step by step to other European markets.

The outstanding business performance of 2017 would have been impossible without the strong commitment and passion of our employees across the entire Group. We owe them our heartfelt gratitude for their successful work. That has always kept our

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

customer – and only the customer – at the centre stage of all our activities. The results achieved demonstrate that we at Sixt live this absolute customer orientation on a daily basis.

The economic success can certainly also be read from the valuation our Company enjoys at the stock exchanges. This valuation has outstripped that of much larger listed competitors. We want you, dear shareholders, to participate appropriately in a consistent manner in the economic success of the fiscal year. The Managing and Supervisory Board are therefore proposing to you that the Annual General Meeting raise the dividend to EUR 1.95 per ordinary share and EUR 1.97 per preference share for the fiscal year 2017. On top of this, we would propose a special distribution of EUR 2.05 per share for both share classes, so that the total dividend for ordinary shares comes to EUR 4.00 and for preference shares to EUR 4.02. This would increase the dividend payment from EUR 78 million to EUR 188 million.

Dear shareholders,

The discussions surrounding the "Mobility of the Future" are getting more intense. Almost daily now media outlets are pondering such questions as "What will the automotive powertrains of the future look like?", "When will autonomous driving become a widespread reality?", or "How can we use the car more economically efficient and how can we prevent traffic from collapsing in our cities?".

As a leading mobility service provider Sixt has always seized upon trends early on, and frequently has even set the pace itself. With a worldwide fleet of 238,700 vehicles and several million customers, a strong and very well-known brand name as well as state-of-the-art IT for efficient fleet management, we are practically predestined to develop new solutions that do justice to the changed needs and requirements of private and corporate customers in the digital age.

Of great significance in this context is the decision taken by Sixt SE at the beginning of 2018 to sell its 50% stake in the successful carsharing joint venture DriveNow to its partner BMW. The agreement was based on a total valuation of DriveNow at EUR 420 million. The transaction, completed at the beginning of 2018, thus proves our ability to successfully establish new business models on the market, upscale them and thereby generate significant corporate value. In concrete terms, it also means that we expect to see an extraordinary pre-tax gain of around EUR 200 million from the sale in the fiscal year 2018.

What's more, the sale opens up new fields of action and hence new growth potential for Sixt, because we are convinced that with future mobility concepts carsharing will be only one of many jigsaw pieces in the wider mobility landscape. The aim must be to configure product services intelligently so as to offer customers one service from under one roof. Following the agreed sale of its share in DriveNow, Sixt will be independent and can upgrade its fleet technically in the medium term so that vehicles can be rented out for trips of a few minutes, days, weeks or even months, all from one source and with full flexibility for our customers.

Preparations are in full swing for the launch of such an integrated service and we are investing a substantial amount in its development. This will be as attractive for private customers, more and more of whom are questioning the point of owning their car, as it will be for companies looking for a modern contemporary alternative to outdated company car models. Naturally, the Sixt brand's core values of top-quality vehicles, first-class service and absolute customer orientation will shape this new mobility service.

As far as the current fiscal year 2018 is concerned, we adhere to our proven principle of taking due account of the unpredictability of our industry in our planning. In principle though the signs at Sixt are all pointing towards further growth. In the Vehicle Rental Business Unit we will drive forward the expansion abroad and extend our international station network, not least in the USA, France, Italy and Spain. Since the first quarter of 2018 Sixt has been offering large international corporations as well as mid-sized companies cooperation with one Group-wide sales department. This way, companies only have to consult one contact partner to have the full bandwidth of mobility available. This therefore reflects the one-stop shopping concept within our internal organisation.

Keeping in mind the many different growth initiatives within our Group as well as the forecasted friendly economic conditions, we expect in 2018 to see a significant growth in consolidated operating revenue over the preceding year. Given the exceptionally strong earnings development in 2017 and the ongoing strong investments in expansionary measures and new services, we expect that pre-tax earnings (excluding the one-off gain from the sale of the DriveNow shares) will increase slightly.

The mobility industry is currently undergoing profound changes. We are convinced that Sixt will shape these changes and will stand to benefit from them. We are delighted to have you, dear shareholders, by our side during this exciting journey and thank you for your support and trust.

Pullach, April 2018

The Managing Board

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

A.2 \\ REPORT OF THE SUPERVISORY BOARD

General

In 2017 the Supervisory Board of Sixt SE comprehensively and conscientiously attended to the duties incumbent on it according to law and the Articles of Association. In all its plenary sessions the Board dealt in detail with the Group's economic situation and strategic direction. It consulted and supported the Managing Board over issues of significant importance for Sixt SE and the Group.

The Supervisory Board convened during four physical meetings in 2017. With the exception of one illness-related absence by Mr. Ralf Teckentrup during one such meeting all Supervisory Board members attended the plenary sessions. Thus, the legally prescribed frequency of two meetings per calendar half-year was complied with. Further to these, the Board held one conference call meeting. In addition, a total of three resolutions were passed by written voting.

The Managing Board informed the Supervisory Board in written and verbal form regularly, promptly and comprehensively about the development of business and the situation of the Company and the Group. To this end, the Managing Board submitted a written report every quarter with detailed information on the business performance and the economic and financial position of Sixt SE as well as 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 strategy. The Supervisory Board was involved early on in decisions of significant importance for the Sixt SE and the Group by the Managing Board. There was no need to consult additional documents over and above the reports and proposals for resolution submitted by the Managing Board.

Outside the meetings the members of the Supervisory Board were in regular contact 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 of Sixt SE has not established any committees, as it consists of only three members. Working efficiency is not expected to increase by the formation of additional committees.

FRIEDRICH JOUSSEN

- Chairmon of the Supervisory Board of Sixt SE
- Born 1963
- Joined the Company in 2017

Key issues in 2017

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 due detail and to answer questions.

In addition, in the year under review the Supervisory Board addressed the following issues in particular:

- The Managing Board informed the Supervisory Board about the ongoing expansion and internationalisation of the Vehicle Rental Business Unit, both in Europe and the USA. The Supervisory Board acknowledged the consistent growth of foreign operations in rental revenue, which meanwhile is at a stable level of more than 50%. The Supervisory Board welcomes the strategy pursued by the Managing Board for qualitative and earnings-oriented growth in the USA. This strategy led to the first positive contribution towards earnings of this Sixt corporate country in 2017.

- The Supervisory Board analysed the operative development and strategic perspectives of the mobility services DriveNow (premium carsharing), myDriver (transfer services) and leasing. The Board positively assessed the ongoing strong growth in customers for DriveNow, both at home and abroad, which in the year under review passed the threshold of 1 million registered users.

- The Supervisory Board noted and approved the Sixt Group's medium-term business plan up until 2021 as submitted by the Managing Board. The Board debated in detail the underlying economic and strategic assumptions regarding customer requirements and behaviour, development of demand, market potential and cost developments.

- The Supervisory Board looked into the necessary tender for the audit of the annual financial statements of 2017 required under the German Audit Reform Act (AReG – Abschlussprüferreformgesetz) and it also received regular reports on the non-audit services to be awarded to the auditor and indicated its agreement.

- In addition, various questions pertaining to corporate governance were also the subject of the Board's deliberations. Among other things, the Supervisory Board defined a competence profile for the Board which is in compliance with the recommendations of the German Corporate Governance Code, which were newly introduced in 2017. In addition, the Supervisory Board resolved to define the target quota for the Company's Managing and Supervisory Boards required under the Law on Equal Participation of Women and Men in Leadership Positions in the Private and Public Sector once again as 0%, as neither the Boards are currently intended to be extended nor were personnel changes planned for them. This new target quota had to be redefined following the end of the period for achieving the previous target ratio (also 0%).

- The Supervisory Board agreed to prolong the Company's Matching Stock Programme (MSP 2012) for a selected group of employees, senior executives and members of the Managing Board for another year and left its conditions unchanged.

Declaration of conformity

The corporate management and supervision of Sixt SE comply with the principles of the German Corporate Governance Code (Code). The corporate governance report includes the Managing Board's and Supervisory Board's declaration on Sixt SE's corporate governance in accordance with section 3.10 of the Code. Moreover, in November 2017, the Managing Board and Supervisory Board issued a declaration of conformity pursuant to section 161 of the Aktiengesetz (AktG – German Stock Corporation 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 German Corporate Governance Code.

Audit of the 2017 annual financial statements and consolidated financial statements

The Managing Board prepared the annual financial statements of Sixt SE as per 31 December 2017 in accordance with the requirements of the Handelsgesetzbuch (HGB – German Commercial Code) and the consolidated financial statements and the management report on the Group's and the Company's situation as per 31 December 2017 in accordance with section 315e of the HGB and on the basis of the International Financial Reporting Standards (IFRS), as adopted by the EU. According to the Law on Strengthening the Non-Financial Reporting of Companies in their Management and Group Management Reports (CSR Directive Implementation Act) the so-called summarised non-financial declaration is included in this management report for the first time.

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 Group's and the Company's situation (with the exception of the summarised non-financial declaration) 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 30 June 2017.

The Supervisory Board received the documents together with the Managing Board's Dependent Company Report and the auditors' audit reports as well as the Managing Board's proposal on the allocation of the unappropriated profit in sufficient time for examination. Discussion and examination of these documents was conducted during the Supervisory Board's meeting on 24 April 2018, which ratified the annual financial statements.

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 disclosures in the management report and the consolidated financial statements, as well on the consolidated cash flow statement and statement of changes in equity, the scope of consolidation and consolidation according to IFRS 10-12, the recognition and measurement of the stock options programme, measurement of financial instruments, finance and lease assets, the recognition of deferred taxes, the recognition of revenues and the performance relationship with Sixt Leasing SE. 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 by the audit company and its network that went over and above the work on the audit. In the opinion of the auditor there were no circumstances that could justify doubt as to the independence of the auditors.

The Supervisory Board took due notice of the auditors' findings and approved them. Following the completion of its own review, which addressed above all the key audit matters listed in the independent auditor's report including the audit procedures, the Board had no objections. After in-depth review, the Supervisory Board approved the annual and consolidated financial statements as well as the management report on the Group's and the Company's situation as prepared by the Managing Board and audited by the auditor (including the summarised non-financial declaration contained within the management report). The 2017 annual financial statements of Sixt SE were thus formally adopted in accordance with the provisions of the AktG. After examination the Supervisory Board concurred with the proposal of the Managing Board for the allocation of the unappropriated profit of 2017.

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 lead 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 to the Managing Board of the Company in the year under review.

In the Supervisory Board Prof. Dr. Gunter Thielen, who had been a Board member since 2008 and acted as its chairman, resigned from the Board of his own volition, effective as of 19 June 2017. He was succeeded by Mr. Friedrich Joussen, CEO of TUI AG, effective as of 20 June 2017. The Supervisory Board elected Mr. Joussen as its new chairman. The Supervisory Board wishes to express its gratitude to Prof. Dr. Thielen for his many years of committed work to the benefit of the Company.

Thanks to the Managing Board and all employees

In 2017 the Sixt Group once again recorded a very successful fiscal year, setting new record figures for revenue and earnings. The Group managed to drive forward its internationalisation without neglecting growth in its domestic market in Germany. In the preceding year Sixt set new industry benchmarks as far as growth dynamics, earnings strength and innovation focus are concerned. The Leasing Business Unit also managed to continue the strong growth in its contract portfolio, not least thanks to the help from new sales concepts and service offers in the forward-looking business field of private and commercial customer leasing.

The Supervisory Board acknowledges the encouraging performance of the Group and wishes to extend its sincere thanks to the Company's Managing Board, the management directors of the subsidiaries and all employees of the Sixt Group for their outstanding commitment, which made this success possible.

Pullach, April 2018

The Supervisory Board

FRIEDRICH JOUSSEN	RALF TECKENTRUP	DR. DANIEL TERBERGER
Chairman	Deputy Chairman	Board member

A.3 \\ SIXT SHARES

Stock markets on pronounced upward trend

In 2017 the worldwide stock markets generally performed positively. Supporting this trend in the year under review were, among other things, lively worldwide M&A activities, the election results in the Netherlands and France, the prospect of tax cuts in the USA, a slightly higher oil price and the solid economic data coming out of Europe and the USA. Adverse effects were felt from the geo-political risks from North Korea, Syria, Turkey and Qatar as well as terror attacks such as in London in June or in Barcelona in August.

The German stock index (DAX) also continued its sustained growth in 2017, making it the sixth year in succession. While the index saw a more sideways development at the start of the year, dropping to its low for the year on 6 February 2017 at 11,510 points, it quickly recovered and scaled 12,900 points by the middle of June. Thereafter the index fell until the end of August, before it rebounded again and reached its high for the year at 13,479 points on 3 November 2017. From there on the index moved sideways, performing on a lower level and closing the year at 12,918 points. The gain on the closing price of the previous year (11,481 points) was 12.5%.

The SDAX, which includes Sixt SE's ordinary share, gained 24.9% in the year under review.

In 2017 the US stock markets concluded their ninth year in succession with an increase. Shortly before the close of the year the Dow Jones index reached a new all-time high at 24,719 points. All in all, the index grew by 25.1% in the reporting year.

Sixt shares see dynamic value gains

In 2017 the Sixt ordinary share and the Sixt preference share both continued their positive development, picking up considerable momentum. Although the first half-year performance of the ordinary and preference shares fell short of the gains in the SDAX benchmark index, both share classes managed to outperform the index substantially in the second half of the year.

At the start of the year, the ordinary share initially contracted slightly and fell to its low for the year on 10 February 2017, closing at EUR 46.96. Thereafter, however, it recouped its losses and climbed strongly as of the middle of July. This development gained strength, and the third quarter proved to be exceptionally successful. On 30 October 2017 the ordinary share peaked at EUR 79.85, then contracted a little and moved sideways at a slightly lower level until the end of the year. It closed the year at EUR 74.51, which constitutes a substantial value gain of 46.2% compared with the closing price in 2016 of EUR 50.95.

The preference share showed a similar performance to the ordinary share in the year under review. It recorded its low for the year on 8 February 2017 at EUR 36.45, recovered thereafter and, concurrent to the ordinary share, peaked on 30 October 2017 at EUR 55.41. The preference share closed the year at EUR 52.92, some 35.5% higher than the closing price of EUR 39.05 recorded at the end of 2016.

Based on the closing prices at the end of the year the market capitalisation of Sixt SE stood at EUR 3.14 billion. This equals a gain in value of 43.1% against the market capitalisation at the end of the previous year (EUR 2.19 billion; all data refer to Xetra closing prices).

Performance of Sixt ordinary and preference shares

Shareholder structure unchanged

Based on the registered share capital, an unchanged proportion of 61.6% of the ordinary voting shares were held by Erich Sixt Vermögensverwaltung GmbH at the end of 2017. All these shares are directly and indirectly owned by the Sixt family.

Voting right notifications are available from the Sixt SE's website at *ir.sixt.eu* under the tab "News". In the fiscal year 2017 the Company did not receive any such notifications.

Shareholder-friendly dividend policy

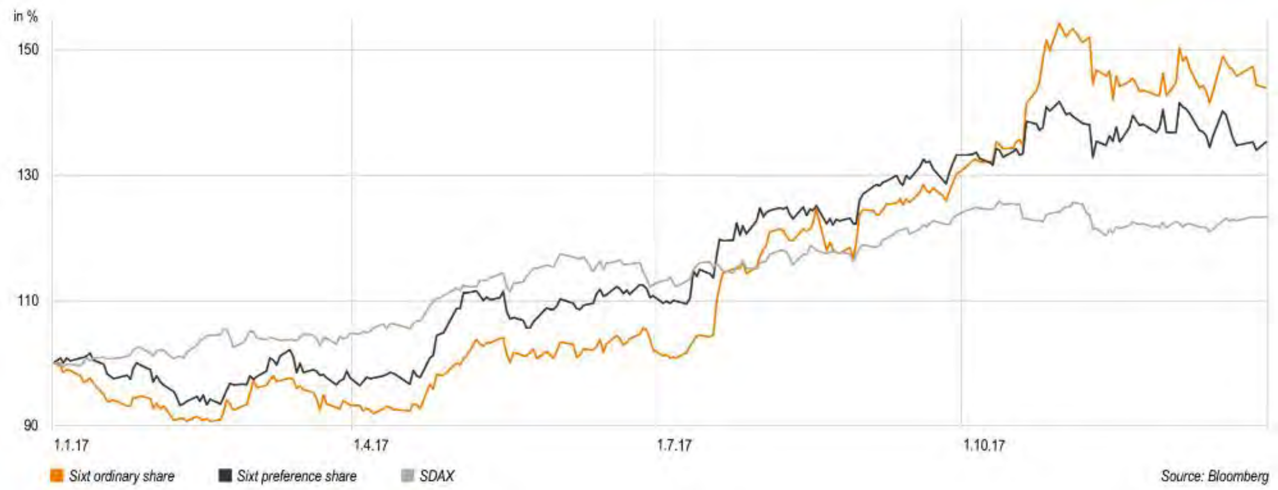
Sixt SE upholds the principle of letting shareholders participate in the Company's success by distributing an appropriate dividend. The amount paid out is determined by the development of Group earnings as well as future equity base requirements, above all with a view to the international growth of operating business.

The Annual General Meeting on 30 June 2017 followed the dividend proposal submitted by the Managing and Supervisory Boards and resolved to pay a dividend of EUR 1.65 per ordinary share and of EUR 1.67 per preference share for fiscal year 2016. As a consequence, a record total of EUR 77.8 million was paid out, some EUR 6.3 million more than the year before. Measured in terms of the consolidated profit after minority interests, the dividend pay-out ratio amounted to 55% (previous year: 62%). Based on the closing prices for each share category at the end of 2016, the dividend yield was 3.2% per ordinary share and 4.3% per preference share. As in the year before, the resolution reflected the Company's business performance in 2016, which exceeded original expectations, as well as the strong equity ratio that is substantially above the industry average.

For the fiscal year 2017 the Managing Board and Supervisory Board are proposing to the Annual General Meeting on 21 June 2018 to distribute a dividend of EUR 1.95 per ordinary share and EUR 1.97 per preference share as well as a one-off special dividend of EUR 2.05 per share for both share classes. The proposal takes due account of the very good earnings performance in the reporting year as well as the very high equity base compared with the competition, that is also well above the Company's own target value. Subject to the Annual General Meeting approving the proposal, the total dividend payment would come to EUR 188.1 million. Based on the closing prices for each share category at the end of 2017 the dividend yield is 5.4% per ordinary share and 7.6% per preference share.

Sixt share information	
Share classes	No-par value voting ordinary bearer shares (WKN: 723132, ISIN: DE0007231326) No-par value non-voting preference bearer shares (WKN: 723133, ISIN: DE0007231334) No-par value voting ordinary registered shares (WKN: A1K065, ISIN: DE000A1K0656)
Stock exchanges	Xetra, Frankfurt am Main, Munich, Stuttgart, Hanover, Düsseldorf, Hamburg, Berlin
Key indices	SDAX (weighting of ordinary shares: 1.86%) CDAX (weighting of ordinary shares: 0.06%, weighting of preference shares: 0.06%) Prime All Share (weighting of ordinary shares: 0.06%, weighting of preference shares: 0.06%)
Trading segment	Prime Standard
Designated sponsors	Commerzbank AG, M.M. Warburg & Co. KGaA

Performance of Sixt ordinary and preference shares against the SDAX



	2017	2016
Earnings per share – basic (in EUR)		
Ordinary share	4.09	3.00
Preference share	4.11	3.02
Dividend (in EUR)		
Ordinary share	1.95 +special div. 2.05[1]	1.65
Preference share	1.97 +special div. 2.05[1]	1.67
Number of shares (as at 31 Dec.)	46,943,358	46,943,358
Ordinary share	30,367,112	30,367,112
Preference share	16,576,246	16,576,246

	2017	2016
High (in EUR)[2]		
Ordinary share	79.85	55.25
Preference share	55.41	41.06
Low (in EUR)[2]		
Ordinary share	46.96	36.14
Preference share	36.45	30.86
Year-end price (in EUR)[2]		
Ordinary share	74.51	50.95
Preference share	52.92	39.05
Dividend yield (in %)[3]		
Ordinary share	5.4	3.2
Preference share	7.6	4.3
Market capitalisation (in EUR million)[3,4]		
as at 31 Dec.	3,140	2,195

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*

Continuous dialog with the capital market

By being in continuous and intensive dialogue with the capital market, Sixt ensures open, timely and comprehensive financial communication. Sixt SE is listed in Deutsche Börse's Prime Standard segment and is therefore subject to extensive transparency and public disclosure requirements.

In 2017 Sixt SE's Managing Board once again engaged in regular exchanges with analysts, investors and the media to convey a timely and comprehensive overview of business conditions and developments of the Group. The focal points of these communication efforts were above all the ongoing international expansion of the rental business, including developments on the US market, as well as the launch of the company-owned subsidiary in the Italian market. Additional topics addressed were the development of up-to-date mobility services such as DriveNow, myDriver or the mobility budget MaaS (Mobility as a Service), all of which cater to changing needs of private and corporate customers.

Sixt used roadshows and investor conferences to communicate the Group's strategy and business development. These meetings were met with positive feedback. In the reporting period, roadshows with the Managing Board were held at key financial centres in Germany, Europe and the USA.

Furthermore, the Managing Board used the publication of quarterly figures to inform financial journalists in a timely manner about Sixt's current development. The Board outlined its view on business performance and was available for questions. These conference calls have been held continuously for years now and have become fixed dates 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 institutes closely tracked the development of the Group and the Sixt shares. To this end the Managing Board and analysts had regular exchanges of information. In the year under review, studies on Sixt were published by Baader Helvea, Bankhaus Lampe, Berenberg, Commerzbank, DZ Bank, Hauck & Aufhäuser, Oddo BHF, UBS as well as Warburg Research.

As of reporting date 31 December 2017, these reviews gave an average target price of EUR 80.63 for Sixt's ordinary share (previous year's reporting date: EUR 58.07).

Going forward, the Managing Board will continue to stay in direct contact with the capital market participants and the media. Sixt has above all set itself the target of communicating the Group's very solid financing structure and long-term growth strategy in detail and with full transparency. Special attention will be given to outlining the Company's key differentiating features and competitive strengths over its relevant competitors.

A.4 \\ CORPORATE GOVERNANCE REPORT

In accordance with the provisions of sections 289f and 315d 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 6 of the HGB the disclosures made in accordance with section 289f 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 sections 289f and 315d 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 November 2017, 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 7 February 2017.

Declaration of conformity in accordance with section 161 of the German Aktiengesetz (AktG – German Stock Corporation Act)

In accordance with section 161 of the AktG, 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 February 2017 the most recent declaration of conformity by the two company bodies was published in November 2017, and reads as follows:

"The recommendations of the "Government Commission on the German Corporate Governance Code" in the version of 7 February 2017 (hereinafter referred to as "Code") announced by the Federal Ministry of Justice in the official section of the Bundesanzeiger (Federal Gazette) 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 Boards, 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 2 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 3 of the Code does not benefit to any greater extent the information interests of investors, creditors, employees and the public."

Pullach, November 2017

For the Supervisory Board of Sixt SE	For the Managing Board of Sixt SE
FRIEDRICH JOUSSEN Chairman	ERICH SIXT Chairman

Relevant disclosures on corporate governance practices

The practices used for managing Sixt SE and the Sixt Group comply fully 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, evaluation 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 Managing Board and Supervisory Board

As European Stock Corporation (Societas Europaea) Sixt SE is governed by the German Stock Corporation Act, the specific European SE regulations and the German SE Implementation Act. One key principle of the Stock Corporation 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 2017, 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 within 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, 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 and quality management. 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 board member for organisation and strategy signs responsible for the Group strategy, M&A, central procurement, process and product management as well as 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.

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 Bürgerliches Gesetzbuch (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 Report of the Supervisory Board in this Annual Report contains further details on the meetings and activities of the Supervisory Board during financial year 2017.

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 at 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.

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. The transposition period ended uniformly for the first time on 30 June 2017.

The share of women serving in the Supervisory and Managing Boards determined by the Supervisory Board at a target figure of 0% was complied with. Neither the Managing nor the Supervisory Board had a female member as of 30 June 2017. The target figure for the share of women in the first executive level below the Managing Board, which the Managing Board determined to be 15%, was achieved (as of 30 June 2017: 15%). The target figure for the second executive level below the Managing Board, which the Managing Board determined to be 30%, was slightly exceeded (as of 30 June 2017: 32%).

For the time extending beyond 30 June 2017 the Supervisory Board has determined that the share of women serving in the Supervisory Board and the Managing Board shall be 0% again with a transposition period until 30 June 2022, as there are currently no plans to expand the Supervisory or Managing Board or to effect any changes in its membership. The Managing Board has determined the share of women serving on the first executive level below the Managing Board to be 15% and on the second executive level below the Managing Board to be 30%, both carrying a transposition period until 30 June 2022. This takes due account of the German consolidated companies of Sixt SE, except of Sixt Leasing SE and its German subsidiaries.

Presentation of the diversity concept for the Managing and Supervisory Boards

In accordance with section 289f (2) number 6 of the HGB, as part of its corporate governance declaration, the Company is obliged to disclose the diversity concepts it applies for the Managing and Supervisory Boards with regard to the various aspects such as age, gender, educational or professional background, as well as the objectives of these concepts, the manner of their implementation and the results attained during the fiscal year.

The *Managing Board* in its entirety should have a wide range of professional expertise and views that are deemed to be of material significance for the activities of the Sixt Group.

In the opinion of the Supervisory Board, a wide range of professional expertise and views among the members of the Managing Board facilitates a good understanding of the organisational and business affairs of the Sixt Group and enables the members of the Managing Board to constructively question decisions and be open for innovative ideas.

The Supervisory Board is further of the opinion that mutually complementary professional profiles as well as different professional and educational backgrounds already follow from the duty to provide orderly business management. Furthermore, different track records and experiences among the members of the Managing Board are crucial for analysing current challenges, problems and strategies from different viewpoints and then taking the best possible decisions for the Company.

In-depth experience in IT management and a profound understanding of digitisation are indispensable for all subjects of the Company, given the increasing digitisation of business models and the high relevance of a modern IT structure, to lead the Company successfully into the future.

It is also the view of the Supervisory Board that key aspects of modern management are management experience as well as intercultural competence, both best gained in an internationally active company, to successfully lead and motivate global teams. In addition, the Managing Board should also possess in-depth knowledge of accounting, finance management and the capital markets.

As regards the age-specific stipulations, reference is made to the declaration pursuant to section 161 of the AktG, which specifies that this may be resolved on a case-by-case basis when appointing Managing Board members. As regards to the gender-specific aspects of the diversity concepts, the Supervisory Board, in accordance with the Law on Equal Participation of Women and Men in Leadership Positions in the Private and Public Sector, has defined the target figure outlined in the above paragraph.

The Supervisory Board takes the above mentioned diversity aspects into due consideration when staffing the Managing Board. To clarify matters, it is noted that above diversity aspects are to be represented by at least one Managing Board member. The Supervisory and the Managing Boards are in regular communication regarding suitable internal and external successor candidates, in order to ensure the continued further development of the Company. In all these deliberations, the main focus is always on the Company's interests, taking due account of all circumstances of the individual cases.

The current composition of the Managing Board complies with the aspects of the diversity concept in all respects. Further details on the career and qualifications of the Managing Board members can be obtained from the Company's website at *ir.sixt.eu* under the header "Corporate Facts".

In accordance with the stipulations of section 100 (5) of the AktG, the *Supervisory Board* of capital market-oriented companies in its entirety must be familiar with the industry in which the corporation is active. Moreover, at least one member of the Supervisory Board must have professional expertise in the fields of accounting or financial auditing. Further to these stipulations, the Company's Supervisory Board has prepared a comprehensive competence profile for its composition and formulated detailed requirements regarding the overall composition of the Board and its individual members.

The Supervisory Board in its entirety should have a wide range of professional expertise and views that are deemed to be of material significance for the activities of the Sixt Group.

In the opinion of the Supervisory Board a wide range of professional expertise and views among the members of the Supervisory Board facilitates a good understanding of the organisational and business affairs of the Sixt Group. This enables the members of the Supervisory Board to question decisions taken by the Managing Board constructively as well as to be open for innovative ideas and thus contribute to the successful management of the Company.

It is the Supervisory Board's overall objective to do justice to its monitoring and advisory function by having a diverse composition. Diversity means above all internationality and different experience perspectives and biographies. Generally, the members of the Board shall complement each other's experiences and skills, so that current challenges, problems and strategies can be analysed from different perspectives, allowing decisions to be taken in the best interest of the Company. It is the Supervisory Board's objective always to be in a position to competently advise and supervise the Managing Board and adequately to appraise and accompany new developments in the industry.

As regards the age-specific stipulations as well as the regular limits for membership duration, reference is made to the declaration pursuant to section 161 of the AktG, which specifies that no limitations are provided in this respect. As regards the gender-specific aspects of the diversity concepts, the Supervisory Board, in accordance with the Law on Equal Participation of Women and Men in Leadership Positions in the Private and Public Sector, has defined a target figure which is outlined in the above paragraph.

The composition of the Supervisory Board should do justice to the criteria of internationality and industry expertise by having at least one Supervisory Board member with professional experience in an internationally active company and at least one member with professional experience in one of the areas of vehicle rental, automotive industry, automotive trade, vehicle leasing or travel and tourism. In addition, at least one member should have expertise in business administration.

At least two Board members should be independent as defined in the German Corporate Governance Code to guarantee the independent monitoring and consultation of the Managing Board.

The Supervisory Board takes due account of the aforementioned diversity aspects when submitting proposals for the election and/or the appointment of Supervisory Board members and will take due individual consideration of the extent to which different and mutually complementary professional profiles, track records and life experiences will benefit the work of the Supervisory Board.

Moreover, the Supervisory Board shall subject itself to a regular efficiency review. This review will monitor the effective execution of the tasks assigned to the Supervisory Board, including a practicability assessment of the procedural rules of the Supervisory Board's bye-laws, as well as the efficiency of the Board's work. In future, this review shall also take more account of the diversity aspects.

The current composition of the Supervisory Board complies with the aspects of the diversity concept in all respects. Further details on the career and qualifications of the Supervisory Board members can be obtained from the Company's website at *ir.sixt.eu* under the header "Corporate Facts".

Employee participation programme (Matching Stock Programme)

The Managing and Supervisory Boards 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.

In the fiscal year 2017 the Supervisory and Managing Boards resolved to extend the existing MSP by another year at otherwise unchanged conditions and therefore allocate another tranche. On each 1st of December every year from 2012 (first time) to 2017 (last time) one tranche of stock options was allocated (a total of maximum 6 tranches), so that each participant was entitled to subscribe up to a total of 3,000 stock options (6 tranches with 500 stock options each) for every EUR 1,000 of paid-up investment volume.

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 (before taxes) 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 ten years, up until 2022.

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, by the effects from capitalisation measures.

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

Notification of directors' dealings

In accordance with article 19 of the Regulation (EU) number 596/2014 of the European Parliament and the Council on market abuse (European Market Abuse Directive) members of the Managing and Supervisory Boards of Sixt SE as well as persons closely associated with them are legally required to report their own transactions with shares or bonds of Sixt SE and their related financial derivatives or other related financial instruments to Sixt SE and the Bundesanstalt für Finanzdienstleistungsaufsicht (German Federal Financial Supervisory Authority), as long as the aggregated total of the transactions conducted by the respective person reaches or exceeds the sum of EUR 5,000 within a 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 tab "News" and "Directors' Dealings".

Disclosures relating to the auditor

The Annual General Meeting on 30 June 2017 adopted the proposal of the Supervisory Board to appoint Deloitte GmbH Wirtschaftsprüfungsgesellschaft, Munich, as auditor for fiscal year 2017 for Sixt SE and the Sixt Group. Auditing companies from the Deloitte network are auditing the majority of companies included in the consolidated 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.

You don’t have to be a car enthusiast to like what Sixt has on offer. But all the better if you are!

Jürgen Loschelder, Travel Manager, thyssenkrupp AG

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. The legal form SE is an expression of the increasing international orientation of the 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 part of the financing for the also stock-listed Sixt Leasing SE which, together with its subsidiaries, represents the Leasing Business Unit. The plan is to completely replace this financing in the fiscal year 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. The shareholding in Sixt Leasing SE and its subsidiaries is fully consolidated in the consolidated financial statements of Sixt SE as especially the existing Supervisory Board majority in favour of Sixt SE 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 Handelsgesetzbuch (HGB – German Commercial Code).

1.2 GROUP ACTIVITIES AND SERVICES PORTFOLIO

The Sixt Group is an international provider of premium mobility services. The Company's tailored and flexible services are offered through its Vehicle Rental and Leasing Business Units and provide private and business customers with a mobility perfectly suited to cover their needs – whether they are looking for mobility for a few minutes or up to a couple of years. This enables Sixt to combine individual mobility solutions for customers according to their specific needs, and to make them available at all times by using state-of-the-art technologies. The all-in mobility concepts, the high level of services and the above-average share of premium vehicles constitute vital USPs that set Sixt apart from its international competitors.

Sixt acts in its business units with the claim to set trends and to be innovation leader in the mobility industry. Therefore, the Group continually expands its performance range with new products and services. One focus is on online and mobile technologies as well as digitised processes to meet growing customer demands for flexible and state-of-the-art mobility. With a keen eye on demand Sixt further develops its wide range of offers and thus reacts early to changing needs of customers. This includes, among others, special applications for smartphones or tablet PCs as well as a continuous adaption of the Company's websites to the current state of the art. Equally important is the trend towards so-called voice user interfaces, i.e. voice command applications. Thus, in 2017 Sixt became the first vehicle rental company in Germany to make available to its customers an application for Amazon's Echo system. Sixt will continue to extend these services.

All developments are driven by customers' wishes and requirements regarding transparency, user friendliness and content. At the end of 2017, around 64% of reservations in the Vehicle Rental Business Unit were made via internet and mobile services (end of 2016: 62%).

Through its e-commerce activities the Company detected the significance of the internet as a communication channel at an early stage. Through the various social networks and its corporate blog, Sixt is in a constant dialogue with its customers and the wider public. In doing so, the Company very carefully monitors the acceptance of new platforms and applications to gather important experience with these channels at an early stage. In addition to these, Sixt is using social media for contemporary marketing activities.

2. VEHICLE RENTAL BUSINESS UNIT

In the Vehicle Rental Business Unit the Sixt brand maintains an almost worldwide presence through its own national organisations (Sixt corporate countries) as well as through cooperation with highly efficient franchisees and cooperation partners (Sixt franchise countries). According to own estimates Sixt is the market leader in Germany with a market share of over 30% and a clear lead over the competition. According to internal researches, the Company enjoys an even bigger market share at Germany's commercial airports, which are of particular importance 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 Germany, France, Spain, the UK, the Netherlands, Italy, Austria, Switzerland, Belgium, Luxembourg and Monaco (Sixt corporate countries) and thereby covers a large part of the European market. Thus, Sixt ranks among the largest vehicle rental companies in Europe. Moreover Sixt is also active with an own organisation in the US rental market since 2011.

Outside European corporate countries, Sixt is represented through its franchise and cooperation partners, 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 offers its customers a wide choice of utility vehicles from well-known manufacturers, ranging from transporters, e.g. for private relocation, through to trucks with total weights of up to 12 tons. These vehicles can be rented out for shorter or longer terms, thus covering a large scope of potential deployment. The offer is rounded off by such services as accessories for removals, special equipment such as cooling systems or individual consultation services for picking the right vehicle for the different customer groups from various industries.

\\ *Sixt Ferienmietwagen (Sixt holiday cars):* Sixt offers holiday travellers an international holiday car rental service tailored to mobility requirements in holiday destinations. In this service customers pay in advance at the time of reservation and thus simply have to present the standard documents such as passport and driver's license at pick-up of the rental car at their vacation destination. 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 know the rental conditions ahead of their journey and to make the pick-up of the rental vehicle faster and simpler.

\\ *Sixt Limousine Service:* Sixt Limousine Service is an individual mobility service for customers with exclusive mobility requirements. It is used for business trips as well as sightseeing or special occasions such as large international events or the transfer of guests with special requirements for comfort and security. For this purpose, 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.

\\ *Sixt Sports & Luxury Cars:* Sixt offers an exclusive service of luxury saloons, sports cars and SUVs paired with top-class services in selected countries and regions.

\\ *myDriver:* myDriver provides its customers with a premium transfer service at attractive fixed prices. The focus is especially on providing airport transfers, where services such as a pick-up of the customers directly at the gate significantly increase travel comfort. myDriver 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 2017 myDriver significantly continued its international expansion so that by the end of the year the service was available in more than 150 cities in around 60 countries. These include important European territories, 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 companies.

- *DriveNow:* The company, founded in 2011 as a joint venture between Sixt and BMW, in which both companies hold an equal share, offers premium carsharing for short-term mobility in metropolitan areas. Customers are given a flexible and high-quality alternative to owning and maintaining an own vehicle. Registered users can always rent new and high-quality equipped vehicles of the brands BMW and MINI, independent of a rental station and at short notice as well as drop them off within a pre-defined business area (free-float principle). DriveNow services take account of the fact that more and more city dwellers prefer to abstain from car ownership for various 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. At the end of 2017 the premium carsharing provider was present in 13 European metropolitan areas with a total over 1 million customers (as per the end of 2017) making it one of the leading carsharing concepts in Europe

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- *FLIZZR:* Sixt's smart value product is a basic offer for personal mobility requirements. FLIZZR is made for price-conscious private customers who make their bookings via price comparison portals on the internet. By the end of 2017 FLIZZR was available in 21 countries (9 corporate countries and 12 franchise countries).

- *Intregrated mobility concepts:* 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 700 service stations across Europe. Customers will no longer have to bear separate costs for their own car or taxis, which benefits especially frequent travellers through significant time and cost advantages.

3. LEASING BUSINESS UNIT

The Leasing Business Unit is represented through Sixt Leasing SE, Pullach, and its subsidiaries in Germany and abroad. 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 35 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. The target customers here are companies with an adequately sized fleet and vehicles from different manufacturers. The fleets must have a certain complexity for Sixt Leasing to optimally employ the competitive strengths it holds through its independence from manufacturers and to provide targeted consultation and service. Alongside classic finance leasing, the service range covers a multitude of additional services such as vendor-neutral online car configuration, advice concerning vehicle selection, online approval procedures following specific corporate guidelines, price-optimised vehicle procurement, vehicle maintenance over the entire contract period, tyre replacements, service packages in the case of accidents as well as the management of vehicle insurances, fuel cards, motor vehicle taxes and radio licence fees. Given Sixt Leasing SE's long-standing and extensive expertise in fleet procurement and fleet management, customers can factor in the long-term optimisation of the total cost of ownership of their vehicle fleets.

- *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 35 different car manufacturers and to request their individual leasing offer as well as place an order through the online platforms *sixt-neuwagen.de* and *autohaus24.de*. Customers thereby benefit from Sixt Leasing's expertise and economies of scale at vehicle procurement by receiving attractive conditions and additional services such as maintenance, accident and breakdown management, inspection or insurance packages. By offering online-based vehicle leasing to private and commercial customers, Sixt Leasing is a "first mover" in a field that addresses an almost undeveloped market in Germany.

- *Fleet Management:* The Fleet Management segment is operated by Sixt Mobility Consulting GmbH, founded in 2011, as well as through other subsidiaries of Sixt Leasing SE. This is done by offering the expertise for managing large vehicle fleets also to customers that have bought or leased their vehicles from other providers. The target group for this service ranges from mid-sized businesses to large international corporations. Sixt Mobility Consulting combines comprehensive fleet management with individual brand-independent consulting services.

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 financial performance indicators.

The following financial performance indicators are particularly essential for the entire Group:

- Operating revenue
- Earnings before taxes (EBT)
- Operating return on revenues 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 AND DEVELOPMENT

As a pure service provider, Sixt once again in the financial year 2017 did not engage in material research and development activities.

B.2 \\ BUSINESS REPORT

1. ECONOMIC ENVIRONMENT

Alongside the domestic German market, the focus of Sixt Group's business activities is increasingly centred on the Sixt corporate countries in Europe and in the USA. Of particular importance for the Group's business development in these economic regions are investment activities in the economy as a whole, the consumer behaviour of private customers as well as the spending propensity of corporate customers.

The German economy registered growth in 2017. Germany's Federal Statistical Office recorded a GDP growth of 2.2%, which was almost one percentage point above the average of the past ten years and significantly higher than the forecast at the start of the year. The Federal Statistical Office noted that key reasons for this were private consumer spending following the good situation on the labour market and the positive performance in industrial sectors such as the services sector, manufacturing and the construction industry. The International Monetary Fund (IMF) quoted a growth rate of 2.5% for Germany for the year 2017.

In the Euro area, economic output climbed 2.4% according to figures by the IMF and thus performed more strongly than anticipated at the start of the year. The key factor cited for this was the significant increase in export activities in Germany and in other European countries. The economic development in Great Britain, on the other hand, was restrained given the repercussions of the so-called Brexit (referendum on Britain leaving the European Union).

The economy in the USA performed positively in 2017. According to the IMF, key growth impulses from the new administration under President Trump did not materialise and his "America First" programme did not trigger the expected special economic boost. However, economic development was shored up by private consumption and strong corporate earnings. All in all, the US economy grew by 2.3%, according to the IMF.

Sources
International Monetary Fund (IMF), World Economic Outlook October 2017, 10 Oct 2017
International Monetary Fund (IMF), World Economic Outlook Update January 2018, 22 Jan. 2018
Statistisches Bundesamt (German Federal Statistical Office), Press Release Number 11, 11 Jan. 2018

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

The Sixt Group recorded a highly successful fiscal year 2017, characterised by record figures for revenue and earnings as well as ongoing progress made with the expansion at home and abroad, including the launch of its own subsidiary in Italy.

In its initial forecast for the Vehicle Rental Business Unit the Managing Board had projected continued growing demand, unchanged driven by strongly expanding foreign operations. The assumptions for the Leasing Business Unit likewise had foreseen a continuation of the positive business development and further growth in the contract portfolio. Based on these assumptions the Managing Board expected the fiscal year 2017 to generate slightly higher operating revenue and stable to slightly higher pre-tax earnings at Group level. The Group's equity ratio was once again expected to be substantially above the minimum target of 20%.

On 20 July the Managing Board revised its economic targets for full fiscal year 2017 upwards as a consequence of the business development during the first half of 2017 and the business performance in the third quarter up to this date. The favourable performance was driven especially by the strong foreign vehicle rental business, particularly in France and the USA. Consequently, the Managing Board expected a substantially higher Group EBT for the full fiscal year. For the consolidated operating revenue, the Board expected solid growth.

The Sixt Group closed the fiscal year 2017 with consolidated earnings before taxes (EBT) of EUR 287.3 million, a plus of 31.6% on the figure of EUR 218.3 million recorded the year before. Operating revenue came to EUR 2.31 billion, 8.7% more than the year before (EUR 2.12 billion). Consolidated revenue climbed 7.9% from EUR 2.41 billion to EUR 2.60 billion. Both Business Units, Vehicle Rental and Leasing, managed to grow their revenue. The Group's equity ratio at the end of 2017 came to 26.2% after 26.8% at the end of 2016.

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 consolidated revenue as well as by the so-called operating revenue. Operating revenue is the total amount of revenue from rental business (including other revenue from rental business) and leasing business (including other revenue from leasing business). Revenue from the sale of used leasing vehicles, which depends primarily on general fleet policy and is only partially 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 increased by 7.9% to EUR 2.60 billion (2016: EUR 2.41 billion) in the year under review. Operating revenue from rental and leasing business was with EUR 2.31 billion 8.7% higher than the prior-year figure (EUR 2.12 billion). This increase was the result of the continued positive revenue development in the Rental Vehicle Business Unit, especially from the ongoing international expansion, above all in France, the USA, Spain as well as the new corporate country Italy, and the positive development in the home market of Germany.

Breakdown of consolidated revenue	2017		2016	
	in EUR million	in %	in EUR million	in %
Rental	1,865	72	1,703	71
Leasing	444	17	420	17
Leasing vehicle sales	290	11	284	12
Miscellaneous	4	0	5	0
Total	2,603	100	2,413	100

Consolidated operating revenue in EUR million	2017	2016	2015	2014
	2,309	2,124	1,939	1,645

3.2 REVENUE BREAKDOWN BY REGION

In Germany, consolidated revenue for 2017 was EUR 1.51 billion, an increase of 4.9% compared to the year before (EUR 1.44 billion). Rental revenue in the Vehicle Rental Business Unit reached EUR 752.6 million, 5.2% more than in 2016 (EUR 715.5 million). Other revenue from rental business increased slightly by 1.7% to EUR 108.9 million (2016: EUR 107.1 million). Revenue from leasing activities in Germany was with EUR 198.4 million 5.7% higher than in the previous year (2016: EUR 187.7 million). Other revenue from the leasing business increased by 5.6% to EUR 185.8 million (2016: EUR 176.0 million). Revenue generated in Germany from the sale of used leasing vehicles, which is generally subject to fluctuations, rose by 4.9% to EUR 265.2 million (2016: EUR 252.8 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 2017 thanks to the ongoing growth measures initiated and the opening of corporate branches in Italy. With EUR 1.09 billion, it was 12.4% higher than in the previous year (EUR 968.5 million) and again at a new record level. A significant share of Group revenues outside Germany was generated by the activities in North America with EUR 321.8 million (2016: EUR 289.9 million).

Also the rental revenues outperformed the very encouraging development of the previous year and rose by 14.2% to EUR 934.1 million (2016: EUR 818.0 million). This development was due to the activities in France, the USA, Spain as well as Italy. Other revenue from rental business was EUR 69.8 million and thus also substantially above the prior-year figure (EUR 62.8 million; +11.1%). Leasing revenue abroad was down by 9.1% to EUR 28.7 million (2016: EUR 31.5 million). With EUR 31.1 million other revenue from leasing business developed positively

(2016: EUR 25.1 million; +23.7%). Foreign revenue from the sale of used leasing vehicles was down by 21.6% to EUR 24.4 million (2016: EUR 31.1 million).

In 2017 the share of foreign business revenue increased further and reached 41.8% of the consolidated revenue (2016: 40.1%).

The share of consolidated revenue in Germany was 58.2% (2016: 59.9%). With regard to consolidated operating revenue, the share of revenue generated abroad also climbed further to 46.1% (2016: 44.1%).

4. EARNINGS DEVELOPMENT

Consolidated income statement (condensed)			Change	Change
in EUR million	2017	2016	in total	in %
Consolidated revenue	2,602.7	2,412.7	190.0	7.9
Thereof consolidated operating revenue	2,309.3	2,123.7	185.6	8.7
Fleet expenses and cost of lease assets	895.2	850.0	45.3	5.3
Personnel expenses	364.9	334.7	30.2	9.0
Depreciation and amortisation expense	509.7	500.7	9.0	1.8
Net other operating income/expenses	-507.8	-471.5	-36.3	7.7
Earnings before interest and taxes (EBIT)	325.1	255.8	69.3	27.1
Net finance costs	-37.8	-37.5	-0.3	0.9
Earnings before taxes (EBT)	287.3	218.3	69.0	31.6
Income tax expense	82.9	61.7	21.2	34.4
Consolidated profit	204.4	156.6	47.8	30.5
Earnings per share (in EUR)[1]	4.09	3.01	1.08	35.9

[1] *Basic, in 2017 based on 46.9 million shares (weighted), in 2016 based on 47.3 million shares (weighted)*

Other operating income came to EUR 120.5 million and was therefore with 1.7% slightly below the prior-year figure (EUR 122.6 million), mainly due to lower gains from currency translation (EUR 44.2 million; -25.0%). An opposite effect had increased income from forwarding costs to third parties (EUR 34.9 million; +26.2%). Moreover, other operating income includes income from the reversal of provisions (EUR 7.0 million; +8.5%) as well as income from non-cash benefits (6.9 Mio. Euro; +23.4%). 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 assets position comprises 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 2017 by 5.3% to EUR 895.2 million (2016: EUR 850.0 million). The increase was mainly due to maintenance and repair work, fuel, repairs as well as taxes and charges given the extended rental and leasing fleets as well as price adjustments while transport and insurance costs decreased slightly.

Personnel expenses climbed 9.0% to EUR 364.9 million (2016: EUR 334.7 million), mainly due to the expansion in Germany and abroad as well as due to annual salary adjustments.

Depreciation and amortisation expense amounted to EUR 509.7 million, 1.8% more than the previous year's figure of EUR 500.7 million. The increase is above all based on higher depreciation on lease assets (EUR 187.6 million; +6.0 %) resulting from the larger fleet.

In fiscal year 2017 other operating expenses rose by 5.8% to EUR 628.3 million (2016: EUR 594.1 million). The increases came, above all, from commissions, expenses incurred in connection with buildings, write-downs of receivables from rental and leasing business, and other personnel services. In contrast, expenses from currency translation decreased corresponding to the income in this area.

For 2017 Sixt Group's earnings before interest and taxes (EBIT) came to EUR 325.1 million, which is with 27.1% significantly more than the previous year's figure of EUR 255.8 million. The EBIT margin, measured as ratio to consolidated operating revenue, is 14.1% and thus also above last year's figure (12.0%).

The financial result decreased by 0.9% from EUR -37.5 million to EUR -37.8 million. This development is mainly due to the decrease of the result from at-equity measured investments to EUR -6.1 million (2016: EUR -5.2 million) and the decrease of the interest result to EUR -33.9 million (2016: EUR -33.6 million). Contrary to this was the other net financial income at EUR 2.2 million (2016: EUR 1.3 million).

At EUR 287.3 million, consolidated earnings before taxes (EBT) showed the best result in the Company's history. Compared to the prior-year figure of EUR 218.3 million, this equals a significant increase of 31.6%. The positive earnings development is mainly due to the turnaround of the activities in the USA, which for the first time reached a positive EBT contribution. The EBT margin – expressed in relation to consolidated operating revenue – reached 12.4% and was considerably above last year's figure (10.3%). Thus, it was within the targeted long-term range of at least 10%.

Income tax expense came to EUR 82.9 million (2016: EUR 61.7 million). At +34.4%, this increase was slightly disproportional compared to the growth in pre-tax profit. The tax rate, calculated on the basis of EBT, was at 29% (2016: 28%).

For fiscal year 2017 the Sixt Group reports a consolidated profit of EUR 204.4 million, after EUR 156.6 million the year before (+30.5%). Minority interests reached EUR 12.3 million (2016: EUR 14.4 million). As a result, consolidated profit after taxes and minority interests was EUR 192.1 million (2016: EUR 142.3 million).

Earnings per share (basic) for the year under review amounted to EUR 4.09 per share. The year before, earnings per share had been EUR 3.01.

Earnings performance Sixt Group in EUR million	2017	2016	2015	2014
EBT	287.3	218.3	185.2	157.0
Consolidated profit	204.4	156.6	128.2	110.0

Return indicators Sixt Group in %	2017	2016	2015	2014
Return on equity (ratio of EBT to equity)	24.4	20.2	17.5	21.2
Return on revenue (ratio of EBT to operating revenue)	12.4	10.3	9.6	9.5

5. APPROPRIATION OF PROFIT

Sixt SE prepares its annual financial statements according to the provisions of the German Commercial Code (HGB) and the German Stock Corporation Act (AktG). It reported unappropriated profits of EUR 196.7 million for 2017 (2016: EUR 151.0 million).

Subject to the consent of the Supervisory Board, the Managing and Supervisory Board of Sixt SE propose that the Annual General Meeting on 21 June 2018 distributes these unappropriated profits as follows:

- Payment of a dividend of EUR 1.95 plus a special dividend of EUR 2.05 per ordinary share
- Payment of a dividend of EUR 1.97 plus a special dividend of EUR 2.05 per preference share
- Carry-forward to new account EUR 8.6 million

The dividend proposal, which would result in a total dividend payment of EUR 188.1 million (2016: EUR 77.8 million), takes account of the compared to competitors above-average, high equity ratio and the Group's very good earnings performance in the year under review.

6. NET ASSETS

As at the end of the reporting year 2017, Sixt Group's total assets came to EUR 4.49 billion, which was EUR 462.5 million or 11.5% more than at 31 December 2016 (EUR 4.03 billion). The expansion of total assets is due to higher lease assets and property and equipment 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. Additionally, the amount of cash and bank balances increased noticeable.

Non-current assets amounted to EUR 1.47 billion (2016: EUR 1.26 billion; +16.8%) and are still dominated by lease assets, which increased by EUR 198.4 million or 19.4% to EUR 1.22 billion (2016: EUR 1.02 billion). At 82.8% the share of lease assets was slightly above the level of the previous year (2016: 81.0%). The share of lease assets in total assets also increased to 27.1% (2016: 25.3%). Property and equipment increased by EUR 17.9 million or 11.0% to EUR 180.3 million (2016: EUR 162.4 million). Intangible assets decreased by EUR 1.4 million or 5.2% to EUR 25.4 million. At-equity measured investments diminished by EUR 2.9 million or 59.3% to EUR 2.0 million. There were no significant changes in the other items under non-current assets year-on-year.

Current assets also increased by EUR 250.7 million to EUR 3.02 billion (2016: EUR 2.77 billion; +9.1%). Rental vehicles accounted for EUR 2.08 billion, EUR 119.0 million or 6.1% more than at the end of the previous year (EUR 1.96 billion). The share of rental vehicles in current assets amounted to 68.8% (2016: 70.7%) and 46.2% in total assets (2016: 48.6%).

The inventories position contains mainly rental vehicles taken out of the fleet and returned leasing vehicles as well as petrol stocks. At EUR 75.8 million they were EUR 12.3 million or 14.0% below last year's figure (EUR 88.1 million).

Trade receivables of EUR 493.9 million were EUR 69.3 million or 16.3% above last year's figure (EUR 424.6 million) due to reporting date effects.

Current other receivables and assets increased by EUR 29.7 million to EUR 275.2 million (2016: EUR 245.6 million; +12.1%). The change was essentially due to higher delivery claims for new vehicles of the rental and leasing fleets at reporting date.

Income tax receivables increased by EUR 4.5 million to EUR 10.1 million (+81.4%).

As at reporting date the Group's cash and bank balances came to EUR 87.6 million after EUR 47.0 million the year before (+86.2%).

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 2017 amounted to around 2.9% of consolidated operating revenue (2016: 3.1%).

Consolidated balance sheet (condensed) Assets in EUR million	2017	2016
Non-current assets		
Property and equipment	180.3	162.4
Lease assets	1,219.2	1,020.8
Miscellaneous	72.8	77.4
Current assets		
Rental vehicles	2,076.0	1,957.0
Cash and bank balances	87.6	47.0
Miscellaneous	855.1	763.9
Total assets	4,491.0	4,028.5

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, currency and credit risks. The finance division of the Group takes care of the operative liquidity control and the cash management for all consolidated companies, these tasks are separately carried out for the Leasing Business Unit as well as the Vehicle Rental Business Unit and "Other" segment.

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 2017, the Sixt Group was primarily financed by the following instruments:

- A bond (of Sixt SE) with a nominal value of EUR 250 million, maturing in 2022 and bearing a coupon of 1.125% p.a.
- A bond (of Sixt Leasing SE) with a nominal value of EUR 250 million, maturing in 2021 and bearing a coupon of 1.125% p.a.
- A bond (of Sixt SE) with a nominal value of EUR 250 million, maturing in 2020 and bearing a coupon of 2.00% p.a.
- A bond (of Sixt SE) 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 568 million, maturing between 2019 and 2024 and bearing fixed and variable market rates of interest
- Drawn credit lines with a number of reputable banks, mainly based in Germany with short-term maturity
- Finance lease agreements with a remaining maturity of up to 3 years
- Asset-backed securities programme of Sixt Leasing SE with a total amount of up to EUR 500 million to refinance leasing contracts

To finance the rental fleet, the Group also uses leases (operate lease agreements) with external, manufacturer-bound financial services providers. These forms of lease financing continue to be an important part of the Group's refinancing portfolio.

7.2 EQUITY

As at 31 December 2017 the Group's equity amounted to EUR 1.18 billion compared with EUR 1.08 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 2016 in the amount of EUR 77.8 million. The equity ratio, measured against total assets, decreased slightly to 26.2% due to the expansion of the rental and leasing fleets (2016: 26.8%). However, the Sixt Group continues to report an equity ratio significantly higher than the average in the German rental and leasing industry as well as above the targeted minimum of 20%.

The share capital of Sixt SE as at reporting date remains unchanged at EUR 120.2 million.

7.3 LIABILITIES

Non-current liabilities and provisions increased year-on-year from EUR 1.39 billion by EUR 335.9 million or 24.1% to EUR 1.73 billion. The change is driven by the increase in financial liabilities by EUR 329.7 million or 24.1% to EUR 1.70 billion (2016: EUR 1.37 billion), mainly due to the increased bank liabilities of EUR 373.2 million (2016: EUR 120.6 million) and the issuance of borrower's note loans totalling EUR 70 million. The non-current financial liabilities contain the bond 2017/2021 issued by Sixt Leasing SE in 2017, as well as the bonds 2016/2022 and 2014/2020 issued by Sixt SE with nominal values of EUR 250.0 million each. Besides the position also contains borrower's note loans, bank liabilities and finance lease liabilities with remaining maturities of more than one year in the amount of EUR 951.3 million (2016: EUR 617.9 million).

Current liabilities and provisions increased slightly by EUR 28.4 million to EUR 1.58 billion (2016: EUR 1.56 billion). Financial liabilities which decreased by EUR 170.5 million to EUR 591.0 million (2016: EUR 761.6 million) are offset by trade payables which as at reporting date increased by EUR 188.6 million to EUR 691.0 million (2016: EUR 502.4 million).

The use of leases (operate lease agreements) 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	2017	2016
Equity	1,177.9	1,079.7
Non-current liabilities and provisions		
Provisions	3.7	2.7
Financial liabilities	1,700.1	1,370.4
Miscellaneous	25.2	19.9
Current liabilities and provisions		
Provisions	170.8	166.8
Financial liabilities	591.0	761.6
Miscellaneous	822.3	627.4
Total equity and liabilities	4,491.0	4,028.5

8. LIQUIDITY POSITION

For 2017 the Sixt Group reports gross cash flows of EUR 715.3 million, which is EUR 77.1 million above the figure for the preceding year (EUR 638.2 million). Adjusted for changes in working capital this results in a cash inflow for operating activities of EUR 9.6 million (2016: net cash outflow of EUR 174.8 million). The year-on-year changes are essentially due the intensified increase in trade payables, the lower increase of trade receivables as well as a lower net increase in the rental fleet. An opposite effect had the increased payments for investments in lease assets.

Net cash used in investing activities amounted to EUR 45.5 million (2016: net cash outflow of EUR 19.7 million) based on investments in intangible assets as well as property and equipment.

Financing activities resulted in lower cash inflows of EUR 77.6 million compared to the previous year, mainly due to reduced payments received from financing activities (2016: net cash inflow of EUR 176.0 million).

After changes relating to exchange rates and other factors, total cash flows resulted in a year-on-year increase in cash and cash equivalents as at 31 December 2017 by EUR 40.6 million (2016: decrease of EUR 18.6 million). Cash and cash equivalents correspond to the balance sheet item „cash and bank balances".

9. INVESTMENTS

Sixt's fleet policy in the year under review took due account of the expansion of the vehicle rental business outside of Germany as well as the increase in the vehicle rental and leasing activities in Germany. Around 233,400 vehicles were added to the rental and leasing fleets in 2017 (2016: 208,900 vehicles) with a total value of EUR 6.11 billion (2016: EUR 5.68 billion). Year-on-year, this is an increase 11.7% in the number and an increase of 7.6% in the value of vehicles. The average value per rental car was around EUR 27,400, and thus slightly below the previous year's level of EUR 27,700.

Vehicles added to the rental and leasing fleets	2017	2016	2015	2014
Number of vehicles				
	233,400	208,900	195,100	172,600

Vehicles added to the rental and leasing fleets	2017	2016	2015	2014
Value of vehicles in EUR billion				
	6.1	5.7	5.3	4.3

10. SEGMENT REPORTS

10.1 VEHICLE RENTAL BUSINESS UNIT

Sector developments

The general trends of the international vehicle rental markets did not change in 2017 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 car rental companies.

For years now the industry has been undergoing a process of consolidation, which also continued in the reporting year. This primarily affects smaller and purely regionally operating car rental companies, which are not able to adequately meet the increasing demands of their customers for innovative mobility concepts paired with modern online and mobile technologies across the vehicle rental and carsharing segments, or in such exclusive areas as chauffeur services and luxury vehicles. Furthermore, the year under review saw larger acquisitions being concluded in Europe.

Smaller and locally operating vehicle rental providers will continue to suffer from unaltered structural competitive disadvantages in the view of Sixt. High fixed costs and a generally low capital strenght make it difficult for these providers to develop modern business processes based on the usage of innovative technologies for booking as well as for vehicle pick-up and return. Large international providers, on the other hand, are capable of meeting the needs of business travellers as well as large tourist companies for time-saving and flexible solutions. These large providers benefit from offering a demand-driven station network that ensures smooth mobility for customers.

In the year under review the industry continued to be influenced by the trend that ownership of a vehicle is losing in significance. Especially in large cities and metropolitan areas, more and more users are forgoing owning a car and prefer situational mobility directed at their individual needs. This development is also affecting corporate incentive models, as companies are looking for alternatives to the classic company car to offer their existing and potential workforce.

For 2017 the market information service "Euromonitor International" had projected that the large European vehicle rental markets would generate revenues slightly above the level of the preceding year. In the European Sixt corporate countries of Belgium, Germany, France, the UK, the Netherlands, Austria, Switzerland, Spain and Italy market volume went up by around 1.3% from EUR 10.9 billion to EUR 11.1 billion. German market volume increased by 2.1% to EUR 2.4 billion (2016: EUR 2.3 billion). It is assumed that the French vehicle rental market size reached a volume of EUR 2.7 billion in 2017 (2016: EUR 2.7 billion). The biggest European markets also include the UK with a volume of GBP 1.4 billion (2016: GBP 1.4 billion), Spain at EUR 1.6 billion (2016: EUR 1.5 billion) and Italy at EUR 1.2 billion (2016: EUR 1.2 billion). In Sixt corporate country USA, the biggest rental market by far, market volume climbed by about 5.5% to USD 29.4 billion (2016: USD 27.9 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 to the previous year. In Germany, the proportion of business travellers at 52% stayed the same (2016: 52%). The share of private travellers also remained constant at 41% (2016: 41%). In all of the European Sixt corporate countries where detailed market data are available, the share of private travellers increased from 46% to 47%, while the proportion of business travellers remained constant at 48%. In the US the shares for business travellers and private travellers were below the European levels, at 32% and 39% respectively (2016: 32% and 39% as well). This is due to the substantially stronger accident replacement business in the USA, which accounts for a revenue share of 29% (2016: roughly 30%).

The German international commercial airports, where Sixt has a strong presence, achieved a record number of passengers in 2017. The German Airport Association (Arbeitsgemeinschaft Deutscher Verkehrsflughäfen – ADV) reported a number of around 235 million passengers, which is an increase of around 5% compared to last year (223 million passengers).

Sources
Euromonitor International, Travel 2018, Feb. 2018
Arbeitsgemeinschaft Deutscher Verkehrsflughäfen (ADV – German Airport Association), Press Release Number 26/2017, 27 Dec. 2017

Developments in the Vehicle Rental Business Unit

The Vehicle Rental Business Unit continued its successful development of the previous year. Business development was characterised by demand well above original expectations, above all from private customers and tourists and the Group's ongoing expansion abroad. Thus, the key international Sixt corporate countries registered double-digit percentage growth against the previous year. Sixt attributes this positive development to its intensified sales activities. These relate, among other things, to a new Italian subsidiary entering the market at the start of the reporting year. In addition, the station networks were further optimised in the corporate and franchise countries in keeping with the solid general demand and increasing brand awareness of Sixt.

Furthermore, Sixt concluded new cooperation agreements with high-performing franchisees and thereby expanded its presence in key regions such as Western and Eastern Europe, the Caribbean or the Near East.

Sixt continues to benefit from its characteristic competitive strengths. This includes its wide range of innovative and flexible mobility solutions, its attractive vehicle fleet with a high percentage of well-equipped cars from renowned brands, the focus on premium services and products as well as the high level of brand recognition. With many customers the Sixt brand name is synonymous with quality of service, innovation, flexibility and an attractive price-performance ratio. In many countries customers deliberately choose Sixt if they are looking for premium level products and services. The almost fully digitised rental processes increase convenience for customers and, if applicable, also allow time savings when picking up the vehicle.

The operating revenue generated in 2017 by the Vehicle Rental Business Unit came to EUR 1,865.4 million, equalling an increase of 9.5% (2016: EUR 1,703.4 million). Rental revenues increased to EUR 1,686.7 million by 10.0% compared to the previous year (EUR 1,533.5 million). Other revenue from rental business climbed by 5.2% to EUR 178.7 million (2016: EUR 169.9 million).

The Business Unit's operating revenue in Germany rose by 4.7% to EUR 861.5 million (2016: EUR 822.6 million). Rental revenues clocked up growth of 5.2% to EUR 752.6 million (2016: EUR 715.5 million).

Outside of Germany, the Business Unit achieved a growth in operating revenue of 14.0% to EUR 1,003.9 million (2016: EUR 880.8 million). Of this amount, EUR 321.6 million was already attributable to North America (2016: EUR 289.9 million). Operating revenue is comprised of rental revenues in the amount of EUR 934.1 million (2016: EUR 818.0 million, +14.2%) and other revenues from the rental business of EUR 69.8 million (2016: EUR 62.8 million, +11.1%). The share of operating segment sales outside Germany increased further to 53.8% (2016: 51.7%). With regards to rental revenues, the international operations contributed with a share of 55.4% (2016: 53.3%).

The earnings before taxes (EBT) of the Vehicle Rental Business Unit were at EUR 250.7 million and thus 38.5% above the already high amount of the preceding year (EUR 181.0 million). The EBT result includes the considerable additional expenses for strategic expansion measures, in particular the optimisation of the station network in the US, the development of the station network in Italy as well as the expansion of the station network in further Western European countries, sophisticated marketing campaigns in corporate countries as well as the international expansion of the premium carsharing service DriveNow and the chauffeur service myDriver. The very healthy development of the Business Unit is due to the positive earnings contribution made by the operating vehicle rental subsidiaries, above all the turnaround of activities in the US, which for the first time made a positive contribution towards the segment's results.

Operating return on revenue of the Vehicle Rental Business Unit, measured as the ratio of EBT to segment revenue, came to 13.4% (2016: 10.6%) and thus was significantly above the long-term margin target of at least 10%.

Key figures for the Vehicle Rental Business Unit			Change
in EUR million	2017	2016	in %
Operating revenue	1,865.4	1,703.4	9.5
Thereof rental revenue	1,686.7	1,533.5	10.0
Thereof other revenue from rental business	178.7	169.9	5.2
Thereof abroad	1,003.9	880.8	14.0
Earnings before interest and taxes (EBIT)	282.3	208.5	35.4
Earnings before taxes (EBT)	250.7	181.0	38.5
Operating return on revenue (EBT/operating revenue) in %	13.4	10.6	2.8 points

Pleasing growth at a high level in Germany: In 2017 Sixt recorded in its home market Germany a pleasant growth exceeding expectations. Although Sixt has been market leader in Germany for many years, the Company increased rental revenue at a high level by 5.2% compared to the previous year. This made it possible to further expand the already strong position. Sixt estimates its market share in Germany to more than 30%.

For both private and business customers, Sixt recorded a high demand in Germany. A crucial factor for this was the further intensification of successful sales initiatives, targeting existing as well as potential new customers.

Its dense station network guarantees a nationwide presence and with it comfortable and reliable mobility for private as well as business travellers. Sixt slightly expanded its station network at key locations and at the end of 2017 had 517 offices in Germany (2016: 509 offices).

Ongoing dynamic of the international business: Sixt is present with own subsidiaries in key European markets and in the USA. This includes besides Germany, the countries Belgium, France, the UK, Italy, Luxembourg, Monaco, the Netherlands, Austria, Switzerland and Spain. In numerous large markets, such as France, Spain and the USA, rental business increased noticeably, so that Sixt recorded double-digit percentage growth rates there.

At the start of 2017 Sixt entered the Italian market with its own subsidiary, where it had previously been present through a franchisee. During the course of the year Sixt focused above all on building a station network at the larger airports in the north of the country. It succeeded in reaching the break-even operationally in its very first year. During the course of the current year the station network is set to expand still further at highly frequented locations in the south of Italy.

In the USA, the world's biggest vehicle rental market, Sixt continued its growth track in the year under review despite the fact that it also streamlined its station network. The Company focused its measures on raising business profitability, and consequently managed to close the year with a profit for the first time since its launch on the North American continent in 2011. With this new basis Sixt is now building on further select expansionary measures. Thus, at the end of the year the Company opened new airport stations in San Diego, California and Fort Myers, Florida. Moreover, Sixt also invested in new US headquarters in Fort Lauderdale, Florida, which was opened in November.

The successful development in the US was based, among other things, on the strong integration of business activities with those in neighbouring regions such as the Caribbean and South America. In the year under review, an increasing number of customers were attracted from these regions to the US.

In the European corporate countries, the growth drivers were above all France and Spain, with business from tourism as the main growth factor. As in the previous years Spain was picked by tourists as a safe alternative to such destinations as Turkey or some North African states, which are massively affected by political crises. Thereby the stations that opened up on the Canary Islands in 2016 met with a positive response.

In France the already strong business with private customers once again performed successfully. A key factor for the good business performance is Sixt's premium strategy. Customers decide deliberately in favour of Sixt, to enjoy well-equipped cars and the Company's premium services.

Eye-catching marketing raises brand recognition: In Europe and in Germany, Sixt is boosting its business activities with eye-catching marketing campaigns. The Company uses humour and irony to alert the public to its premium products and services over a variety of channels. Thus, the term "Sixt Advertisements" has become an established idiom in Germany as well as in further European countries. In 2017 one such example in Germany was the campaign entitled “4 weeks for nothing. Not even Sixt can beat it”. The campaign went live after the government coalition negotiations after the German federal election had broken down. On the social media platform Facebook alone, some 100,000 interactions were triggered through likes, shares etc.

Further to these, Sixt kept investing in impressive installations at airports. These were placed during the course of the reporting year to raise customers’ awareness at one vital point of contact.

Alongside the US, where Sixt thrilled onlookers at international airports, among other sites, with Sixt-typical advertising during the reporting year, Sixt kept intensifying its marketing activities in Europe above all in the Benelux states, in France, the UK and Spain. The campaigns were aimed at raising the brand’s recognition in these countries, positioning Sixt as a premium provider with top-notch products and extensive services, and thereby making customers enthusiastic about the brand.

In the Benelux states Sixt continued its cross-border campaign entitled “Fixed with Sixt”. According to "Mediabrands Research & Intelligence" the supported brand recognition in Belgium, for example, multiplied by a factor four since the launch of the campaign in 2016. Unsupported brand recognition likewise went up noticeably during the same period.

In Spain, Sixt continued the campaign “Solucionado con Sixt” in the year under review, a campaign it had kicked off in 2016. It was played out over a variety of channels and according to the market research institute "Fluent/GMI" saw both the supported and unsupported brand recognition of the Company increase further.

In the UK, Sixt continued its multimedia campaign “Drive Smug”, which it had launched the year before. According to the market research institute "Fluent/GMI", this saw the supported brand recognition climb by over 40% in the reporting year. The unsupported brand recognition nearly doubled.

In France, Sixt extended its successful advertising campaign “Boost Yourself”. The main protagonist of the campaign is an eccentric and energetic character named Mr. Booster, who has come to enjoy a high degree of fame in the country. According to the market research institute "BVA", the campaign has raised the supported brand recognition by 80% since its start. Unsupported brand recognition more than tribled over the same period.

Franchise network extended to key regions: Sixt is present in well over 100 countries through efficient franchisees. Due to numerous operative and sales measures, business with the franchisees once again developed very encouragingly in 2017.

In the year under review Sixt further expanded its worldwide franchise network. Thus, the Company concluded cooperation agreements with strong franchise partners in Oman, Haiti and on Aruba. Within the existing network, new important locations were also newly established.

In Portugal, Sixt supplemented its station network in four regions: alongside the station at Lisbon airport another station opened up in the capital’s centre. Moreover, the presence was extended in the regional centres of Funchal and on the island Madeira as well as in Porto. Sixt also launched operations on the Azores during the year under review.

In Ireland, Sixt extended its presence with a new site at the airport in Cork, the country’s second biggest city. At the airport of the capital Dublin the station was renewed and moved to a more open location for better visibility and accessibility for private and business customers.

Another important strategic element in Sixt’s internationalisation was the further expansion of management activities in online marketing and customer relationship. Sixt reaches and informs its customers worldwide with a uniform newsletter system, which communicates customer benefits, seasonal offers as well as new services very specifically and in the relevant languages. In addition, Sixt redesigned the websites of numerous franchise markets in the reporting year. This is intended to offer customers modern and flexible booking possibilities in the Sixt fleet and provide them with additional information all around the rental process.

So that Sixt can serve its customers in the international markets swiftly, professionally and in their respective languages, these activities were expanded with the aid of sales offices, which are run by so-called General Sales Agents (GSAs). The aim of the sales offices in the respective countries is to offer Sixt products in B2B and B2C channels, conclude booking partnerships with relevant travel portals and offer customer service in the local language in order to generate outbound business in Sixt countries.

As at end of 2017, Sixt was able to offer its customers a worldwide station network of 2,211 rental offices, including franchisees, in more than 110 countries (2016: 2,200).

Rental offices	2017	2016
Corporate countries	1,036	1,040
Franchise countries	1,175	1,160
Total	2,211	2,200

Premium fleet as key competitive strength: Sixt offers its customers a top-quality rental fleet with vehicles from well-known manufacturers. Alongside its comprehensive and customer-centred services, this premium fleet is the Company's key USP in the competition. In 2017 customers once again had the choice between various models such as premium and luxury saloon cars, SUVs, convertibles or sports cars.

Among the manufacturers on offer were brands such as BMW (including the BMW M cars), Mercedes-Benz (including Mercedes AMG), Audi, Porsche, Jaguar and Maserati. In addition, the fleet also included electric vehicles from the BMW i3 and BMW i8 ranges.

In the year under review, 49% in value of the vehicle fleet in Sixt corporate countries comprised cars from the three brands Audi, BMW and Mercedes-Benz (2016: 47%).

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

In Sixt corporate countries, the average fleet size of the Vehicle Rental Business Unit in 2017 was 114,300 vehicles, after 108,000 vehicles in 2016 (+5.8%). The growth reflects the increase in demand in the reporting year. To this end, a portion of the supply agreements with the OEMs and dealers provides unchanged 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 238,700 vehicles in 2017, which is 10.6% more than in 2016 (215,800 vehicles).

Average number of vehicles Group and franchisees/cooperation partners	2017	2016
Group	114,300	108,000
Franchisees/cooperation partners	124,400	107,800
Total	238,700	215,800

Business with corporate customers further intensified: In the business and corporate customer segment Sixt managed to positively influence demand for all-round mobility solutions thanks to its reinvigorated sales activities. Its established B2B travel management centre, which enables customers to administer various sales-related issues online, once again met with a positive response. In addition, Sixt redeveloped its websites for corporate customers in the US and the UK. These new websites now offer better communication with the customer about Sixt's wide range of mobility products on offer. They also aim to support the work of the sales teams active at international level.

Sixt is particularly strong in the business and corporate customer segment as it can realise time and cost savings in its customers' mobility concepts through its bespoke and customised rental offers. To this end, Sixt is developing mobility concepts that interlink the different solutions, such as carsharing, rentals and leasing whilst utilising state-of-the-art web technologies such as mobile services and reportings. This way the respective requirements of customers can be addressed very precisely.

Sixt pursues a holistic approach in the development of individual solutions. 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 claims management.

Increasing significance of private customer business and digital booking systems: Business with private customers, above all through tourism, is gaining ever more significance for Sixt. Thus, the Company increased the share of revenue generated with private customers in 2017 to 61% (2016: 58%). These gains were driven above all by the growth in popular holiday destinations such as Spain, France and the US, as well as the strong demand in Germany.

Sixt attaches special significance to its online activities in the business with private customers and offers its clients convenient booking possibilities via online platforms and mobile apps. Contact and information can easily be obtained via blogs and social media.

In the year under review the share of bookings made through the internet and mobile devices increased to 64% across all customer groups (2016: 62%). Given the high significance of digital booking processes means, Sixt is continuously working to add new functions to its websites and mobile applications and to make the rental process on the internet as easy and transparent as possible. In 2017 the booking processes were once again further optimised and combined with the offer of attractive online special events.

In the reporting year, Sixt recognised the trend towards voice-controlled applications early on and was the first vehicle rental provider in Germany to become available through Amazon's Echo system. This once more underlines the Company's status as the industry's innovation leader. When booking through Amazon Echo, customers no longer need to use a keyboard or screen, but simply tell the system verbally what they require: starting from the desired rental station, the time of pick-up and return and the selection of the car of choice from a given pool of vehicles.

In the US, Sixt started a newly designed website in 2017, geared above all to speed and flexibility. The site is optimised for mobile applications with an adaptive design and furthermore can easily be personalised.

The DriveNow website, its mobile app and blog were also reworked in the reporting year and received additional functions. Special attention was given to the speed of bookings, opening the car and preparing the trip, all of which help the customer to utilise the car of his choice even faster. The new functions include for example a navigation search entry combined with handover of the car directly to the next customer, booking hourly and experience packages or separating business from private trips.

In the year under review Sixt placed one focus of its online activities on so-called influencer marketing, meaning the collaboration with trendsetters and opinion leaders in social media. This way bloggers, Instagramers and Youtubers can use Sixt's website to register for collaboration and implement their own creative actions in conjunction with Sixt.

Vehicle rental revenue breakdown by customer group in %	2017	2016
Private customers/tourists	61	58
Business customers	31	34
Accident replacement	3	3
Other	5	5
Total	100	100

myDriver and Sixt Limousine Service with a combined offer: The activities of the exclusive Sixt chauffeur service and those of the transfer service myDriver were more strongly integrated in 2017. Since the fourth quarter the two services have been available from a shared booking platform entitled *sixt.com/getaride* as well as per app. They now offer a consistently accessible and flexible solution for the various different demands of their respective customers. All the way from cost-efficient collective rides (Sixt rides), through airport and hotel transfers to chauffeured services, they meet all the requirements in the booking categories Standard, Business and First Class. The objective in future is to handle all chauffeur products using one shared booking platform, to generate synergy effects and to increase the services' market penetration.

The transfer service myDriver continued its international growth strategy in the reporting year 2017. As of the end of 2017 myDriver was available for booking in around 150 cities in some 60 different countries including for the first time in the US. The mainstay of its activities were as before drives to and from airports.

Business with business customers was strengthened by the conclusion of new framework agreements with corporations as well as new partnerships with well-known addresses in the aviation and hotel industry for the transportation of passengers and guests. myDriver is focusing on the pure brokerage of chauffeured trips, and collaborates with over 1,500 licensed limousine companies worldwide.

In the year under review Sixt's chauffeur service was in action again during a number of large events, such as the G20 summit in Hamburg, exclusive fashion events, state visits from such politicians as the US president to Germany, the Munich Security Conference, the World Climate Conference in Bonn, the economic summit by the "Süddeutsche Zeitung" in Berlin or the "Bambi" media and TV award show in Düsseldorf. Hotel chains and airlines use the Sixt chauffeur service especially for individual and exclusive sightseeing trips, guided tours and airport transfers for their guests.

In the reporting year Sixt's chauffeur service managed to win over further hotel chains as partners in numerous European countries, and also extended one key airline contract. At the end of 2017 the Sixt chauffeur service enjoyed an unchanged worldwide presence in well over 60 countries. Various different booking channels as well as reservation systems with travel agencies ensure the service is available both online and offline.

DriveNow continues expansion: In 2017, the premium carsharing service DriveNow has continued its positive development of the previous years. Founded as a joint venture with the BMW Group, the company continues to be one of the largest strongest customer carsharing companies in Germany and Europe. In October 2017, DriveNow exceeded the million mark regarding the number of customers.

In Germany, DriveNow is available in Berlin, Düsseldorf, 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. In the year under review DriveNow expanded to Helsinki and Lisbon (both cities are operated as franchise-model).

The entire fleet was enlarged in 2017 by 14% to around 6,250 vehicles of the brands BMW and MINI (inside and outside of Germany) with 5,500 vehicles in the previous year.

DriveNow added technological innovations to its product range for its customers in the year under review. The revamped DriveNow app and website meant a vital optimisation with which the rental process was significantly accelerated. In addition, all the functions of the operating displays in the vehicles were relocated into the app, turning the app even more into the central user interface for customers.

Luxury vehicles for exclusive requirements: The luxury vehicle offer from Sixt Sports & Luxury Cars provides its clients not only with a wide range of particularly exclusive vehicles from the segments convertible, saloon, coupé, station wagon and large saloon, but it also acts as the central contact point for customers, with specialised and multi-lingual employees capable of offering personal assistance and very individual advice. It also offers a cross-border booking service.

The website *sixt.com/sports-and-luxury-cars* lists the available models, complete with attractive images, extensive information on the different models, their manufacturers and technical specifications.

Sixt unlimited records dynamic growth: Sixt unlimited, the flat rate vehicle rental service of Sixt, registered double-digit growth rates in 2017 both for its contract portfolio and revenue, and continued the dynamic development of the previous year. By focusing on its products' strong international sales it also achieved significant growth in its foreign markets during the reporting year.

Customers have the possibility to rent a vehicle of the desired category for a fixed monthly rate at any time. As an innovative alternative to the classic company car, the product's attractiveness is winning over more and more corporations and their travel-intensive employees. Customers value above all the product's saving potentials, flexibility as well as the premium service.

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

Comfortable rental concepts for customers: Sixt extended the SmartStart rental concept to Amsterdam and Palma de

Mallorca airports in the year under review. The SmartStart rental concept offers customers the possibility to directly receive their vehicle of choice, without having to pick up the keys at the counter. The customers are then welcomed directly in the car park by an employee who draws up the rental agreement with them and advises them on how to handle the respective vehicle. 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 for vehicle rental in shipping terminals for customers during a cruise. Further SmartStart locations in the US are to follow in 2018.

Sixt welcomes its Diamond status customers at various airport stations in exclusive Diamond Lounges. These offer numerous advantages such as meeting rooms with projectors, screens and flipcharts as well as drinks, snacks and newspapers. Next to these lounges, Diamond customers can also avail themselves of preferential treatment at the Diamond counters.

In 2017 Sixt initiated a large number of building projects to modernise existing locations within its station network. By setting strong accents, Sixt is pursuing the aim of raising its brand recognition and brand value and clearly setting itself apart from its competitors.

Sixt has also implemented an in-store music concept in the majority of its stations in the European corporate countries as part of a multi-sensual marketing concept aimed at strengthening brand recognition value. The in-store music is intended to set Sixt stations apart from the competition, offer customers an exceptional experience when renting the vehicles and increase customer satisfaction and customer retention.

Optimisation on the strength of customer feedback: Sixt has always considered its customers' feedback as a key platform from which to continually improve its products and services. For this reason the Company in 2017 started to deploy select national and international customers as so-called undercover customers. These customers are contacted ahead of their rental and are asked whether they want to give detailed feedback about the rental process after the vehicle return.

In addition, Sixt also introduced the customer experience board in the year under review. It is a workshop held together with customers to formulate the strengths of Sixt appreciated by customers and also to develop potential improvements as well as new services.

Sixt has already integrated the feedback from both these initiatives into its products, processes and services in the reporting year.

Award-winning premium services: In 2017 Sixt received numerous prestigious awards both at home in Germany and abroad for the strong quality of its products and services as well as for the economic success of the Company. This sees the Company continue the sequence of awards it received over the previous years. Sixt considers these repeated honours to be proof of its high degree of customer orientation and the top quality of its mobility services. Here are some examples of these awards:

- Sixt picked up the top spot in the reporting year in the category "Companies with end customers (B2C)" as part of the competition "Top Service Germany 2017". The award is bestowed annually by the German business magazine "Handelsblatt", the consultancy "ServiceRating" as well as the University of Mannheim. In addition, Sixt also received the industry award in the category "Tourism".
- Also in 2017, Sixt once again received the "Deutsche Servicepreis" (German service award). The prize is awarded by the "German institute for service quality" (DISQ) and the news channel "n-tv". Sixt managed to convince the jurors in the category "Travel and mobility/services" thanks to its top-notch services. The award is granted following studies and independent tests conducted by DISQ, as part of which around 16,300 undisclosed service contacts were made and a total of 484 companies were investigated.
- Sixt also received the 2017 "German fairness prize" in the category "Vehicle Rental Provider". The prize is again awarded by the news channel "n-tv" and the "German institute for service quality" (DISQ). It is given annually to companies that stand out with their fair conduct and treatment of consumers. Basis for the award was an extensive online survey of well over 45,000 consumers in around 500 companies from various different industries.
- The German daily "Die Welt" and the analysis agency "ServiceValue" deemed Sixt to be the "Brand and Price Champion" in the year under review, based on their questionnaires among 2 million customers. To establish the winners, ServiceValue

compared a multitude of companies and industries in terms of the key purchasing aspects that are of importance for consumers and customers.

- Sixt picked up the overall winner's place in a study by the "German customer institute" (DKI), commissioned by the German business magazine "Handelsblatt". All in all, some 1,453 customers were interviewed as part of the study. Sixt not only managed to win the overall prize, but also came first in the criteria "Conditions" and in the category "Offers".

- Sixt was also awarded for top customer trust in its vehicle rental business. The consultancy "ServiceValue" interviewed around 275,000 customers on behalf of the business magazine "WirtschaftsWoche". A total of 972 companies from 77 different industries were assessed.

- The renowned magazine "Business Traveller" also awarded Sixt prizes in two categories. Thus, Sixt received the "Business Traveller Awards" as "Best vehicle rental company for business travellers" both nationally and internationally. Over the last few years Sixt has already won the "Business Traveller Awards" numerous times for its services.

- The professional magazine "Autoflotte" considered Sixt as "Autoflotte's TopPerformer" in the category "Vehicle Rental/long-term rentals". The prize is based on the so-called fleet monitor, which the magazine publishes annually. To this end the market research institute Puls surveyed various officials responsible for fleets from up to 205 companies.

- Sixt chauffeur service received the "World Travel Awards" (WTA) as "Europe's Leading Chauffeur Company". Sixt Sports & Luxury Cars was also awarded the WTA as "Europe's Leading Luxury Car Rental Company".

Certified quality: In 2017 Sixt stations in all its European corporate countries as well as the Sixt headquarters successfully underwent a re-certification review in accordance with the quality management standard ISO 9001:2015 and the environmental management standard ISO 14001:2015. These certifications prove the great significance Sixt attaches to quality and environmental awareness in its premium services. Moreover, the certificates are a vital USP in tenders for key accounts that set the Company apart from its competitors.

10.2 LEASING BUSINESS UNIT

Sector developments

During the first half of 2017 the European leasing industry recorded an overall positive development. According to data by the industry association Leaseurope, the volume of new business grew 4.7% year-on-year to EUR 164.3 billion (first half-year 2016: EUR 157.0 billion). The new business volume in the equipment and vehicle leasing in Europe rose by 4.8% to EUR 157.7 billion from EUR 150.5 billion. Key figures from Leaseurope regarding the development of the European leasing industry for the full-year 2017 were not available when preparing the report.

The German leasing market, being the second biggest in Europe after the UK, also performed positively and continued the trend of the previous year. According to data supplied by the Bundesverband Deutscher Leasing-Unternehmen (BDL – German Association of Leasing Companies), investments in leasing solutions in 2017 rose to EUR 58.5 billion, compared to the EUR 55.3 billion in 2016 (+5.7%). EUR 57.3 billion of this was attributable to the leasing of moveable assets (2016: EUR 53.8 billion; +6.5%). At 77.0% the new business in vehicle leasing with passenger and utility vehicles made up by far the largest portion in the leasing market (2016: 75.0%)

In the opinion of Sixt Leasing the general demand for services in the fleet management segment was on the up in 2017. Accordingly, corporations were increasingly willing to outsource their vehicle fleets to external specialists and thereby benefit from numerous advantages. All in all, the potential market for fleet management services kept growing in Germany. According to Dataforce, corporate fleets with over 300 cars totalled around 470,000 vehicles at the beginning of 2017, some 5.8% more than the year before (444,000 vehicles).

Sources
Leaseurope, Biannual Survey 2017, 20 Oct. 2017
Leaseurope, Biannual Survey 2016, 24 Oct. 2016
Bundesverband Deutscher Leasing-Unternehmen (BDL – German Association of Leasing Companies), Leasing-Markt 2017, 22 Nov. 2017
Bundesverband Deutscher Leasing-Unternehmen (BDL– German Association of Leasing Companies), Pressemitteilung, 22 Nov. 2017
Dataforce, Analysis of new vehicle registration and inventory data 2017

Developments in the Leasing Business Unit

The Leasing Business Unit within the Sixt Group 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. Furthermore it is represented 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 long-term and 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 customers to configure the latest models of numerous OEMs online and choose between classical leasing or the Sixt Vario-financing.

The contract portfolio of the Business Unit reached around 132,900 contracts (excluding franchisees and cooperation partners) as per 31 December 2017 in Germany and abroad, around 17% more than on the reporting date last year (113,600 contracts). The increase in contracts was driven by very strong growth in the business field Online Retail, that widened its contract portfolio until the end of 2017 by 65.6 % to 45,400 contracts (2016: 27,400 contracts). In the business field Fleet Leasing the portfolio accounted for 48,100 contracts (2016: 47,500 contracts; +1.2%). In the segment Fleet Management, the contract portfolio amounted to 39,400 contracts, 1.9% more than in 2016 (38,700 contracts).

Taking into account the leasing contracts of franchisees and cooperation partners worldwide, at the end of the year 2017 the contract portfolio of the Business Unit amounted to 192,600 contracts, after 172,600 contracts at the end of 2016 (+11.6%).

Sixt Leasing generated an operating revenue of EUR 443.9 million (2016: EUR 420.3 million; +5.6%). Thereof leasing revenue increased by 3.6% to EUR 227.1 million (2016: EUR 219.3 million), mainly due to the continued dynamic growth in contracts in the Online Retail business field. Other revenue from leasing business increased by 7.8% to EUR 216.8 million through higher fuel revenues (2016: EUR 201.1 million).

In Germany, operating leasing revenue accounted for EUR 384.2 million, some 5.6% more than in the previous year (EUR 363.7 million). Operating leasing revenue consisted of leasing revenue of EUR 198.4 million (2016: EUR 187.7 million; +5.7%) and of other revenue from leasing business, which was EUR 185.8 million in the year under review (2016: EUR 176.0 million; +5.6%). In the other European countries, where Sixt Leasing is active in France, the Netherlands, in Austria and Switzerland, operating leasing revenue increased to EUR 59.7 million (2016: EUR 56.6 million; +5.4%). Leasing revenue here was EUR 28.7 million (2016: EUR 31.5 million; -9.1%), while other revenue from leasing business was EUR 31.1 million (2016: EUR 25.1 million; +23.7%)

The Business Unit generated revenue from the sale of used leasing vehicles in the year 2017 of EUR 289.6 million, which represents an increase of 2.0% (2016: EUR 283.9 million). Revenue from the sale of used leasing vehicles was EUR 265.2 million (2016: EUR 252.8 million; +4.9%) in Germany and abroad EUR 24.4 million (2016: EUR 31.1 million; -21.6%). As in the prior years, the revenue development was influenced by the increase in lease returns due to the strongly grown contract portfolio within the last year.

In total the Business Unit generated a revenue of EUR 733.5 million in 2017, which represents an increase of 4.2% compared to the prior year (EUR 704.2 million).

The Business Unit's earnings before taxes (EBT) came to EUR 30.0 million after EUR 31.6 million the year before (-5.1%). The reason for the slight drop was above all the growth initiatives taken in the areas of digitisation and innovative IT solutions. This was offset by lower average interest costs following the restructuring of the Leasing Business Unit's financing. The operating return on revenue, which is defined as the ratio of the EBT to the operating segment sales, amounted to 6.8% (2016: 7.5%) and consequently clearly exceed the raised long-term target of 6%.

Key figures for the Leasing Business Unit in EUR million	2017	2016	Change in %
Operating leasing revenue	443.9	420.3	5.6
Thereof leasing revenue	227.1	219.3	3.6
Thereof other revenue from leasing business	216.8	201.1	7.8
Thereof abroad	59.7	56.6	5.4
Sales revenue	289.6	283.9	2.0
Thereof abroad	24.4	31.1	-21.6
Total revenue	733.5	704.2	4.2
Earnings before interest and taxes (EBIT)	46.2	51.1	-9.5
Earnings before taxes (EBT)	30.0	31.6	-5.1
Operating return on revenue (EBT/operating leasing revenue) in %	6.8	7.5	-0.7 points

Positioning as an industry expert: To position itself increasingly as an industry expert, Sixt Leasing kicked off the "Sixt Leasing Fleet Day" in the year under review. This series of events aims to bring together leading representatives from the leasing industry to address and debate with them the latest trends in fleet management and develop new solution approaches at an early stage to meet the challenges of the future. The first two "Fleet Days", which were held in Hamburg in cooperation with Shell and in Berlin together with TOTAL, addressed in particular the issues of alternative powertrains and digitisation. The feedback to the events Sixt Leasing received from both the participants and the leading professional media outlets was highly positive.

Online Retail offers the "Flat rate for the road": In 2017 the focus of the Online Retail business field was on further digitisation of new vehicle sales, especially through new services provided on the bank- and vendor-neutral online platforms *sixt-neuwagen.de* and *autohaus24.de*. They give private and commercial customers the means of configuring their vehicle of choice to their very own specifications and leasing them on favourable conditions. They benefit not only from the attractive conditions Sixt Leasing can realise as procurer of large vehicle volumes, but also can pick and choose from a wide selection of freely configurable cars from over 35 different brands. On top of this, customers will find a large number of cars that are instantly available from dealerships and can be integrated into a leasing contract at short notice.

In 2017 Sixt Leasing's Online Retail business field launched a number of product novelties on the market. The highlight was the launch of the so-called "Flat rate for the road". To place the offer in the market, the Company concluded cooperation with the mobile telecommunication and internet provider 1&1. Customers who ordered the All-Net-Flat from 1&1 were the first to receive a flat rate offer for a new vehicle from *sixt-neuwagen.de* through a fully digitised ordering process. The offer was met with very strong demand. In addition, an advertisement campaign with a very broad reach significantly increased the brand awareness of Sixt Neuwagen and the online platform *sixt-neuwagen.de*.

Following on this first action event, Sixt Leasing teamed up with Yello Strom GmbH to launch the "e-flat rate for the road". The offer covers the usage of an extensively fitted BMW i3 "E-Mobility Edition" and was also very positively received from customers.

Following the measures undertaken by the automotive industry to improve air quality, Sixt Leasing in the year under review adopted the environment bonus awarded by multiple car manufacturers and included them in the programme of *sixt-neuwagen.de*. Under this scheme private and commercial customers had the opportunity to benefit from substantial rebates when buying a new car from specific OEMs.

In addition, Sixt Leasing also launched an offer on the growth market for campervans. Private customers can lease from *sixt-neuwagen.de* campervans such as the VW California or the Mercedes-Benz Marco Polo at favourable prices.

The integration of the subsidiary autohaus24 GmbH, which Sixt Leasing acquired in 2016, into Sixt Leasing Group was successfully completed in the reporting year. The ADAC (German Motorists Association) awarded *autohaus24.de* the prize of best online portal for buying new cars. The platform received the overall mark "Good", which saw it win out over nine other competitors. *autohaus24.de* was the only portal to score a "Good" in the test categories "Rebates", "Transparency" and "User friendliness".

Fleet management is driving digitisation forward: Much as in the Online Retail business field, Fleet Management was also focusing on digitisation in fiscal 2017. Activities concentrated above all on the successful marketing of innovative IT solutions which help fleet managers to lower costs. With Sixt Global Reporting, Sixt Multi-Bidding and Sixt Fleet Intelligence, Sixt Mobility Consulting provides a wide range of tools to give customers the utmost transparency over their fleet.

As in the year before so also in 2017, the independent magazine "Autoflotte" awarded Sixt Mobility Consulting the prize "TopPerformer" in the category "Fleet management". The renewed prize confirms the excellent reputation Sixt Leasing's fleet management enjoys and demonstrates the corporate managers in charge of fleets continue to value Sixt Leasing's customised solutions.

In addition to this award, two key accounts of Sixt Mobility Consulting GmbH won plaudits from "Fleet Europe", the leading European magazine for fleet and mobility service providers. Siemens AG received the "Global Fleet Manager of the Year Award" while another Dax-listed blue chip company picked up the "International Fleet Innovation Award". Together with Sixt Mobility Consulting Siemens developed comprehensive digitisation procedures that made significant progress towards productivity gains in Germany.

B.3 \\ HUMAN RESOURCES REPORT

1. OUR EMPLOYEES

Sixt maintains a premium claim both for its products and for its services. The key basis for this is that all employees focus consistently and on a worldwide uniform quality level on customers and services. By making the wishes and requirements of customers their own and by convincing them of Sixt over the long term, our employees make a sustained contribution towards the Company's business success.

Sixt attaches strategic importance to its human resources work. It comprises a detailed selection and recruitment process, extensive offers for further training and development 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 ongoing international expansion. In this Sixt challenges its workforce to act on their own responsibility and in an entrepreneurial way, to continually improve Sixt's services and thereby meet the changing needs of the customers for the most flexible and demand-oriented mobility.

Attractive employer

Sixt undertakes extensive measures to position itself as an attractive employer with the younger and up-and-coming workforce. These measures are vitally important to recruit competent employees and additionally to secure the premium claim in products and services over the long term. To this end Sixt is utilising, among other things, its presence on its own career website as well as in the social media.

Over the past few years, Sixt has received various awards for its quality and reputation as an employer. Special mention must be made of its ranking among the top 100 employers in the surveys conducted by the research institutes "Universum" and "trendence". In 2017 the trendence institute for the first time included the vehicle rental industry in its young professional employer ranking. Sixt managed to come first in the direct comparison with its competitive field. In the reporting year Sixt received the personal marketing innovation award from the W&V job network in the field of digital employer communication. The Company picked up the prize for its innovative Snapchat channel. In addition, Sixt managed to raise its presence enormously as an employer in social media and reached around 20% more interested followers than the year before. This was achieved primarily through measures taken on the channels of LinkedIn, Facebook, Instagram and Snapchat. Further to these, Sixt's activities were mentioned in highly-regarded professional industrial journals such as the "Human Resources Manager", "Personalwirtschaft", "Gründerszene" or the German federal association "QUEB Employer Branding Bundesverband".

Traineeship

Against the background of rapid technological developments and the associated permanent shifts in customer needs and requirements, Sixt attaches great significance to the high degree of competence of its employees. The corresponding training is conducted, among other things, through a dual degree course in universities and in the Company.

In addition, Sixt offers trainee programmes for graduates in its branch offices as well as its headquarters in Pullach near Munich. In 2017 85 trainees (2016: 32 trainees) were recruited for future management assignments. The trainee programme in the branch offices takes place in all corporate countries. For example, employees have the opportunity to complete the trainee programme in Spain if they are suitably qualified. The duration of the programme has been extended from 9 months to 12 to 24 months. This way trainees can be prepared very specifically for their later management assignments.

Once the branch office trainees have successfully passed their trainee programme, these employees assume their initial management tasks in the branch offices. Candidates who have undergone their training at headquarters are employed directly as experts.

Promotional programmes

In addition to the high-quality international trainings employees can use multiple options for their professional and personal development, both at the headquarters as well as the branch offices. Key elements are different development programmes that qualify employees to take on more advanced activities such as "Branch Manager" (internal traineeship of the operations division), "Supervisor Operations and Service Centre" (promotion programme entitled "Supervisor Operations and Service Centre") or Teamlead Service Centre (promotion programme entitled "Teamlead Service Centre").

In preparation for the demands placed on them at higher executive and expert level, candidates partake in a promotional pool whose participants are prepared individually and through intensive assistance for their future tasks.

The programmes aim to identify the development potential of employees, offer them structured support and thus train future top performers and executives. In the year under review 164 employees participated in these programmes (2016: more than 90 employees).

Sixt Colleges

The "Sixt Colleges" train employees of all functional levels and ranks from Germany and abroad on a wide range of business topics. Lessons are conducted primarily as classroom training courses and are supplemented and supported by e-learning content. The range of both instruction methods is continuously being extended, its content and form optimised and interlinked within the framework of standardised employee career tracks. The Sixt Colleges additionally coordinate locally specific training measures 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 towards employees 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.

The "Sixt Campus", a learning content management system, oversees the employee career tracks, the seminar and e-learning services, as well as supervision of the employees' training progress.

In the year under review over 2,300 training units with around 11,500 participants were held (2016: 2,000 training units with around 10,000 participants). On top of these, the range of the e-learning programme also expanded. Sixt employees attended a total of around 80,500 e-learning lessons (2016: 70,000 e-learning lessons).

Feedback culture

Sixt cultivates an active feedback culture in its corporate countries. For this purpose, employee surveys are conducted twice a year. In addition, the Company also undertakes 360-degree feedbacks (manager assessments, which compare self-assessment with the assessments of superiors, colleagues and employees). Another key feedback culture tool is the annual performance review to assess the performance and potential of employees.

These feedback tools serve the employees as well as Sixt as decision aids and form the basis for future development and promotion programmes tailored to the individual employee. Sixt thereby provides continuous personnel development geared to the requirements and needs of the daily work. The use of feedback instruments is to be continuously expanded in the corporate countries.

Number of employees

In 2017, the Sixt Group had an average workforce of 6,685 employees (2016: 6,212 employees). The increase of 7.6% is based on the strong growth of the operating rental business in Sixt's European corporate countries and in the US.

The Vehicle Rental Business Unit employed in 2017 an average of 6,030 employees, some 5.0% more than in the previous year (5,745 employees).

In 2017 the Leasing Business Unit had an average of 547 employees on its books (2016: 370 employees).

The Internet and Other segment had an average of 108 employees (2016: 97 employees).

Number of employees by business unit (average)	2017	2016
Vehicle Rental	6,030	5,745
Leasing	547	370
Internet/Other	108	97
Total	6,685	6,212

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 essentially with the recommendations and suggestions contained in the German Corporate Governance Code (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 member 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 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 at 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 289A (1) AND 315A (1) OF THE HGB

Composition of subscribed capital, share categories

As at 31 December 2017, 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 2017, 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 of one or more financial year(s) 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.

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 2017, 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 2017.

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 Stock Corporation 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 authorisation 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 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 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 authorisation 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 350,000,000.00 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 rights can provide for the subscription of ordinary bearer shares and/or preference bearer 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 30 June 2017 the Managing Board is authorised to issue, on one or more occasions in the period up to and including 29 June 2022 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 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 30 June 2017. 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) number 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 authorisation may be exercised in full or in part, on one or more occasions, by the Company or its dependent or majority-owned companies, as well as third parties acting for the account of the Company or for the account of its dependent or majority-owned companies. The authorisation 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 authorisation to acquire treasury shares follows from the resolutions taken during the Annual General Meeting on 2 June 2016.

On the basis of the authorisation from 6 June 2012, which preceded the aforementioned authorisation, the Managing Board resolved on 15 March 2016, with consent of the Supervisory Board, a share buy-back programme which was continued on the basis of the authorisation from 2 June 2016. The share buy-back programme was finished on 18 July 2016. At that time, the Company repurchased in total 1,114,928 shares – thereof 779,720 ordinary bearer shares and 335,208 preference bearer shares – with a total value of EUR 50.0 million (excluding purchase-related expenses). Of these, a total of 474,623 shares – 356,494 ordinary bearer shares and 118,129 preference bearer shares – were attributable to the authorisation of 2 June 2016. 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 8 December 2016 the Managing Board with the consent of the Supervisory Board used the authorisation from 2 June 2016 to acquire treasury shares. The acquisition served 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). The share buy-back initiated on 12 December 2016 was completed on 17 January 2017. The Company acquired a total of 62,700 preference shares, thereof 27,656 preference shares in the financial year 2017, 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 (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 bond, a change in control occurs if the proportion of the Company's share capital held directly or indirectly by 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 34 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 organisation, 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 deadline, subject to this deadline 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 34 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 34 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 organisation, 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 organisation or combination, irrespective of the fact whether these may be a natural or legal person, and which is under the control of one of the persons listed under (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 \\ REPORT ON OUTLOOK

1. ECONOMIC ENVIRONMENT

In 2018 the world economy will continue the positive development of last year. According to the International Monetary Fund (IMF), the projected growth will be carried through by the upturn in Europe and Asia. The IMF has a positive view of the tax reform in the USA, approved at the end of 2017, which is expected to generate growth impulses not just for the United States but also for its trading partners. The IMF remains less optimistic in its expectations, however, as regards the economic development in the UK following the so-called Brexit.

In 2018 the IMF expects the global economy to grow by 3.9% compared with last year and thus revises its January 2017 forecast for 2018 by 0.3 percentage points upwards. In the USA the economy is expected to grow by 2.7% (previous year's forecast for 2018: 2.5%) while the Euro area is forecast to gain 2.2% (previous year's forecast for 2018: 1.6%). The Institut für Weltwirtschaft (IfW – Institute for World Economy at the University of Kiel) is equally optimistic as far as the Euro area is concerned, where it expects to see growth of 2.3%. According to the institute, key driving factors are a high industrial output and the strong level of incoming orders in manufacturing, the advantageous financing conditions due to the European Central Bank's expansive monetary policy and the reduction in uncertainty in the finance sector.

GDP for Germany is set to gain 2.5% in 2018, according to the IfW. Supporting this development are strong exports as well as high private consumption given the good prospects on the labour market and the good income perspectives. By the same token, though, the institute considers the high workload and high capacity utilisation as risky, as enterprises could face increasing problems of recruiting skilled workforces with whom to keep up production. The IMF expects the German economy to grow by 2.3% in the current year and thus significantly increases its forecast of January 2017 for 2018 by 0.8 percentage points.

Sources
International Monetary Fund (IMF), World Economic Outlook Update January 2017, 16 Jan. 2017
International Monetary Fund (IMF), World Economic Outlook October 2017, 10 Oct. 2017
International Monetary Fund (IMF), World Economic Outlook Update January 2018, 22 Jan. 2018
Institut für Weltwirtschaft (IfW – Institute for World Economy at the University of Kiel), Kiel economic report number 37, 13 Dec. 2017
Institut für Weltwirtschaft (IfW – Institute for World Economy at the University of Kiel), Kiel economic report number 38, 13 Dec. 2017

2. SECTOR DEVELOPMENT

2.1 VEHICLE RENTAL BUSINESS UNIT

For the year 2018 Sixt expects generally positive economic conditions for mobility services in its European core markets as well as in the USA. Nonetheless, political and economic risk factors could potentially impact the international travel activities of private and corporate customers negatively, whether they are political crises such as the war-like conflicts in the Near East or the ongoing negotiations over Brexit.

According to projections by Euromonitor International the 2018 revenues of the large European vehicle rental markets are going to surpass the level of last year slightly. The market volume in Germany is thus expected to climb 2.8% to EUR 2.4 billion. In Sixt's European corporate countries of Belgium, France, the UK, Italy, the Netherlands, Austria, Switzerland and Spain, the market volume is expected to climb from EUR 8.7 billion to EUR 8.9 billion according to forecasts. Euromonitor expects the vehicle rental market in the USA to expand by around 4.9% to USD 30.9 billion.

According to the European Travel Commission (ETC), an umbrella organisation of national tourism associations, worldwide travel activities in 2018 are expected to increase by 4.1% from last year. It puts tourism up by 4.2% in Europe and 2.8% in North America compared to last year.

Air travel in Germany is set to climb substantially in 2018 according to the Arbeitsgemeinschaft Deutscher Verkehrsflughäfen (ADV – German Airports Association). German air traffic acts as a key indicator for the demand for automotive mobility services. The ADV reckons that the number of passengers will climb 4.2% in the current year.

Sources

Euromonitor International, Travel and Tourism 2018

European Travel Commission (ETC), European Tourism 2017: Trends & Prospects (Q3/2017)

Arbeitsgemeinschaft Deutscher Verkehrsflughäfen (ADV – German Airports Association), press release number 26/2017, 27 Dec. 2017

2.2 LEASING BUSINESS UNIT

The German leasing industry is moderately positive in its outlook on business developments in 2018. The reason is that the forecast of the German government-appointed council of economic experts, who assess the general economic climate, expects investments in equipment to grow by 5.1% (2017: +3.5% according to the German Federal Statistical Office). According to the Bundesverband Deutscher Leasing-Unternehmen (BDL – German Association of Leasing Companies) the leasing industry as an investment partner of the business community is set to benefit from this gain and is likely to expand at least to the same extent. However, given the good outlook for the German economy, there is also the danger that politicians will slacken their efforts to create favourable conditions for corporate investments and the digital transformation.

For 2018 the “VDA” (Verband der Automobilindustrie – German Association of the Automotive Industry) expects the worldwide passenger car market to grow by 1% to around 86.0 million units sold. Compared with the previous year growth is set to slow by about one percentage point. The VDA expects a similar development for the Western European market (-1% to 14.2 million vehicles), above all given the drop in new vehicle registrations in the UK. For the German automotive market the mood is “encouraging” at the start of the year given the ongoing strong dynamism seen in incoming orders.

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

Sources

Bundesverband Deutscher Leasing-Unternehmen (BDL – German Association of Leasing Companies), press release and speech of the chairman Kai Ostermann, 22 Nov. 2017

Statistisches Bundesamt (German Federal Statistical Office), press release number 11, 11 Jan. 2018

Verband der Automobilindustrie (VDA – German Association of the Automotive Industry), press release, 6 Jan. 2018

Verband der Automobilindustrie (VDA – German Association of the Automotive Industry), press release, 17 Jan. 2018

3. EXPECTED DEVELOPMENT FOR THE FISCAL YEAR 2018

3.1 VEHICLE RENTAL BUSINESS UNIT

Sixt will continue to drive forward the extension of its worldwide vehicle rental activities and to achieve above-market sales growth in foreign markets in 2018. The main focus is on the expansion in markets covered by own subsidiaries in the USA and Western Europe to further increase market shares in these countries. Sixt plans to widen its presence in important destinations for leisure and business travellers and thus tap further market potential. The expansion of the station network is planned above all in France, Spain, the US and the new corporate country Italy.

Sixt’s high share of the leisure business compared to the German market in countries such as France, Spain and Italy could also have a positive effect in 2018. Due to the ongoing political crises in Turkey, the Near East and North Africa, for example, Sixt expects that these European holiday destinations will increasingly be perceived by tourists as a safe alternative and thus gain further popularity.

In North America, Sixt will continue to closely monitor the market in the course of its expansion in order to take advantage of market opportunities at short notice if necessary and thus expand its market presence. This concerns in particular the participation in tenders for stations at attractive and important traffic junctions such as airports as well as the possible acquisition of competitors in compliance with strict acquisition criteria.

Sixt also plans to further expand its global network of franchise partners in important economic growth regions where Sixt does not yet have a dense country network. In addition, activities will be expanded through sales offices operated by General Sales Agents (GSAs). The aim of the sales offices in the respective country markets is to offer Sixt products in B2B and B2C channels, conclude booking partnerships with relevant travel platforms and offer customer service in the respective national languages in order to generate outbound business into Sixt countries.

The interlinking of individual mobility products is becoming increasingly important. Since 2017 Sixt has been offering customers the possibility to book the offers of the transfer service provider myDriver, the classic Sixt chauffeur service and “Sixt rides”, a low-priced taxi alternative, comfortably and comprehensively on a common platform at *sixt.com/getaride*. The various services for chauffeured mobility are available in more than 60 countries and 150 cities and can be booked directly online or via the Sixt myDriver app.

The sale of Sixt’s investment in the DriveNow joint venture to the BMW Group agreed at the beginning of 2018 opens up the possibility of interlinking and consistently expanding the Group’s mobility offerings under the Sixt brand. This takes due account of the fact that modern free-float carsharing and classic vehicle rental are becoming increasingly similar in terms of technology and products. The digitisation of the rental process already makes it possible to open vehicles with a smartphone.

Sixt will thus continue to take advantage of the opportunities arising from digitisation in 2018 with the aim of optimally interlinking all mobility offers of the Sixt Group and thus providing customers with demand-oriented mobility from a single source. The focus is not on the sale of individual products, but on flexible solutions for customers as required by them. Preparations for this are already at an advanced stage, so that the start is expected within the current year.

In order to comply with the principle of integrated solutions from a single source, Sixt adjusted its sales to corporate customers accordingly in the first quarter of 2018. Since then, multi-national key accounts and medium-sized customers have had flexible access to all mobility solutions of the Sixt Group from a single source and thus to mobility that is tailored precisely to their needs. This concerns individual solutions from classic vehicle rental, supplementary mobility services such as chauffeur services as well as fleet leasing and fleet management. This means that in future companies will only have one contact person for the entire range of mobility.

Sixt will also continue to drive forward the optimisation of existing solutions and the development of new online and mobile solutions. This concerns among other things functionalities of the Sixt website as well as apps for mobile terminals such as smartphones or tablet PCs. The integration of the Sixt offers into the booking processes of cooperation partners such as hotel chains and airlines as well as popular travel apps is also important. Customers thus have the option of convenient travel planning and thus a clear added value. At the same time, the range of Sixt offers will be increased.

3.2 LEASING BUSINESS UNIT

Sixt Leasing SE intends to further expand its position as market leader in online sales of new vehicles and specialist in the management and full-service leasing of large fleets.

The Online Retail business field with the online platforms *sixt-neuwagen.de* and *autohaus24.de* will continue to be seen as Sixt Leasing’s biggest growth driver in the coming years, as the online leasing market for private and commercial customers in Germany continues to be weakly developed. In order to expand its market position and generate additional reach, the company is constantly examining the possibility of acquisitions and suitable marketing activities.

In the Fleet Management segment, which is covered by Sixt Mobility Consulting GmbH and other subsidiaries of Sixt Leasing SE, business in important European markets abroad is to be stepped up in the coming years and international expansion is to be driven forward, with the company initially seeking to build on existing customer relationships.

In the Fleet Leasing business field, the focus is on improving the risk/return profile of existing contracts. On the one hand, this is to be achieved by actively controlling the potential risk from residual values of diesel vehicles. The aim is to reduce the proportion of new orders for diesel vehicles without a buy-back agreement. On the other hand, dependence on major customers is to be reduced by intensifying business with smaller corporate customers.

The remarketing of vehicles is becoming increasingly important. Due to the strong build-up of the contract portfolio in recent years, the number of lease returns that have to be sold on the used car market is increasing with a time lag, provided no buy-back agreements exist with manufacturers or dealers. In addition, the company's Fleet Management segment offers its customers the marketing of used vehicles. This service is being used more and more. Through a multi-stage remarketing process via various established marketing channels, Sixt Leasing can optimise and stabilise marketing results and in some cases also generate additional income.

In order to reduce its dependence on the German used car market, Sixt Leasing plans to expand the marketing of vehicles abroad via its own B2B auction platform. To this end, more international dealers are to be connected.

4. FINANCIAL OUTLOOK

On the basis of the forecasted economic and industry-specific conditions Sixt expects demand in the Vehicle Rental Business Unit to continue to rise in 2018, which is especially driven by the foreign business operations. Additional expenses will be incurred due to further expansion measures such as the expansion of the station network in selected countries and the development of an integrated product offer.

In 2018, the Leasing Business Unit aims to lay the foundations for strong and profitable growth in the future, particularly in the Online Retail and Fleet Management business fields, and will push ahead with its focus on growth in Germany and abroad. This requires further investments in IT and personnel, which will influence the result in the short term. The marketing of leasing returns on the used car market will become increasingly important due to the growing number of contracts. In this context, active risk management is becoming increasingly important for Sixt Leasing.

With the sale of its 50% investment in DriveNow on 9 March 2018, Sixt SE will generate pre-tax income of around EUR 200 million at Group level in fiscal year 2018. Apart from this one-off gain the Managing Board does not expect that the sale of the shareholding in the at equity consolidated joint venture has a material impact on the Group's revenue or earnings.

In view of the diverse growth initiatives within the Sixt Group and the friendly economic conditions, the Managing Board of Sixt SE expects a significant growth in operating consolidated revenue for the year 2018 compared to the previous year. Against the backdrop of the exceptionally strong earnings performance in 2017 and the continued high level of investment in expansion measures and new services, the Board expects earnings before taxes (excluding the effect of the sale of the DriveNow stake on earnings) to grow slightly compared to 2017. The Group equity ratio is again expected to be well above the minimum target of 20%.

B.6 \\ 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 could lead to significant losses or endanger the existence of the Company or the Group. Sixt's risk management system covers all activities for the systematic handling of risks in the Company, starting with risk identification and documentation, analysis and assessment up to monitoring of material risks, as well as coordinating and maintaining the internal control mechanisms and counter measures. This systematic handling of risks is defined by a process that firmly integrates all relevant Group divisions. The active management of relevant risks is secured by decentrally defined risk owners as well as through the coordination of the risk management measures by central functions. Opportunities management is not part of the risk management system. 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 and decentrally in the respective functional areas down to the level of the individual rental offices. The system is regularly refined. Thereby, the Group units Controlling as well as 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 predefined key parameters to assess and appropriately condense the individual risks, which are identified locally, assigns them to suitable risk categories and reports to the Managing and Supervisory Board.

Due to regulatory stipulations and the special business requirements of Sixt Leasing SE, the latter has its own risk management cycle, which is managed through its own internally established risk management functions. Coordinated communication processes ensure that the risks recorded by Sixt Leasing SE are also duly considered at Group level.

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 especially relating to certain consolidated business areas such as Sixt Leasing. In this context, section 25a of the Kreditwesengesetz (KWG – German Banking Act), including the minimum requirements of the Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin – Federal Financial Supervisory Authority) for the risk management of institutes (MaRisk), has to be met among others.

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. The installed risk management system at Sixt thus records the relevant individual risks and their dependencies. Any changes in the risk assessment and new risks are communicated immediately.

The individual risks' probability of occurrence is measured in the categories "highly improbable" (up to 10%), "improbable" (between 11% up to 33%), "possible" (between 34% up to 50%), "probable" (between 51% up to 99%) and "very probable" (over 99%). The individual risks are assigned to the defined risk categories and the corresponding damage classes. 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 set criteria such as 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 (4) AND 315 (4) 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, a formalised delegation of key responsibilities, the central accounting and reporting organisation for all consolidated companies, the technical stipulations contained in guidelines, working instructions, manuals and Group directives, the guarantee of controls in accordance with the so-called "four eyes principle" (two man rule), the implementation of quality assurance processes and control tests, efficacy tests 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 compliance or 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 SITUATION

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 internationalisation 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 Germany, Europe and in the Vehicle Rental Business Unit also in the USA, 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, the two operating Business Units, Vehicle Rental and Leasing, are highly dependent on the development of the national used car markets. Though Sixt is constantly striving to minimise the residual risks in vehicle fleets by concluding area-wide buy-back agreements, the risk of an adverse development in residual value cannot be completely avoided. In this context Sixt closely follows the intensive debate about the future of the various different powertrain technologies.

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.

In addition, Sixt is exposed to developments following the discussions regarding the compliance with emission limits and potential local driving bans. Consequently, the possibility cannot be ruled out that in the medium term, requirements relating to rental and leasing fleets equipped with alternative powertains might change.

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 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 would no longer be able to add a sufficient number of vehicles to the rental 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 is keeping a very close eye on the debate regarding emissions as well as local driving bans. The possibility cannot be ruled out that in the medium term, requirements relating to rental and leasing fleets equipped with alternative powertrains might change. At present it is not clear if there could be supply shortages for specific vehicle models. In such an event, though, the Managing Board believes it is in a position to adapt the fleet setup adequately and swiftly.

Alongside the general economic conditions, demand in the vehicle rental business is difficult to forecast as it depends on numerous external, unforeseeable 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 various 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. In 2017 the German market for used cars was affected by the drop in residual values and longer forecourt times of diesel-powered vehicles. The used car market in the USA, on the other hand, was generally very volatile.

Sixt seeks to hedge the remarketing of 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 more 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 94% of all vehicles added into the fleet during the fiscal year were secured by means of buy-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 economic risks or a possible deterioration of the used car markets, there is a risk that Sixt will generate lower-than-expected revenues.

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 (Sixt Car Sales) 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, such as the implementation of IFRS 16, 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 could affect the achievable margins negatively and, as a consequence, the Sixt Group's results of operations.

In the Fleet Leasing business field, Sixt Leasing focuses its offering on full-service leasing solutions, which, in addition to finance leasing, provide a variety of top-quality services as well as vehicle 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 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 can 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 remarketing 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 2017, around 46% of the vehicles of Sixt Leasing SE were covered by buy-back agreements.

The Managing Board closely monitors the debate with regards to emissions as well as potential local driving bans and their effects on the development of the residual value of vehicles. 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 lower-than-expected proceeds from remarketing and as a consequence the residual value risk could increase further.

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 Leasing on the used car market is analysed regularly based on the company's own experience and market observations. Mostly, these vehicles are sold by in-house specialists at specially established locations of the brand "Sixt Car Sales". In addition, the vehicles as well as supplementary services are also offered to commercial as well as private customers through internet platforms.

Nonetheless, the risk that contractual partners may not be able to meet their buy-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 remarketing 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 corporate 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 the operative credit management as well as the risk controlling of Sixt Leasing SE.

This precautionary measure helps to avoid and/or mitigate future risks arising from the customer or supplier relationship. The risk metering and control systems as well as the organisation of the credit risk management established within Sixt Leasing SE comply with the minimum requirements for risk management of 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.

Sixt Leasing's interest risks include potential losses from changes to the market's interest rates. They can arise from inconsistencies between remaining terms and interest rates of assets and the maturities and interest rates of liabilities. Refinancing options with, as far as possible, matching maturities are being sought to counter these potentially adverse effects. In addition, variable interest rates of financing instruments can also trigger an interest rate risk if market conditions change.

The Leasing Business Unit aims to take out refinancing means with matching maturities to avoid mismatched maturities and will also take out demand-driven derivatives to hedge against interest rate risks. However, no guarantee can be given that such hedging is fully effective and that losses can be completely avoided.

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 be limited or more expensive contingent on the assessment and appraisal of the Sixt Leasing Group's creditworthiness by market players. 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 to the same extent.

The 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 fleet are largely and the residual values of the vehicles in the leasing fleet are partly 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.

The 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 markets, which it used successfully in the past by placing bonds and 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 INVESTMENT RISKS

Besides direct negative earning effects and the loss of synergies, the independence of Sixt Leasing SE could also result in higher risks for the customer and supplier reputation or the brand image of "Sixt". However, given the current contractual relationships and Sixt SE's representation in the Supervisory Board of Sixt Leasing SE, this currently seems unlikely.

2.5 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 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 and data.

As in the past, the Sixt Group intends to continue investing in internet-based as well as in mobile services for smartphones, tablet PCs and other devices 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 or mobile services as an independent and cost-effective sales and communications channel. However, general usage of such systems continues to expand and thereby affect consumer behaviour fundamentally.

Accordingly, it has to be noted that the customers' use of such 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 know-how and skills 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. At the same time, the Sixt Group is subject to a multitude of different legal constellations and consumer protection legislation, which also follows from its international expansion. There is a risk that it could fail to meet all regulatory requirements or to react in time to changes in the regulatory environment.

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 as well as the Sixt SE 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 is active in over 110 countries worldwide through its own organisational units as well as through strong and efficient franchise partners. In the individual markets the Group offers its customers top quality and varied solutions for different specific mobility requirements. Its industry environment, competitive position as well as its service range afford the Sixt Group a number of opportunities that can positively affect the Company's business performance.

The term "opportunities" in this context is defined to mean the possibilities arising from events, developments or actions that allow the Company to achieve and/or outperform the scheduled Company targets. It is the operating Business Units' responsibility to identify and exploit these opportunities accordingly as part of the corporate strategy.

4.1 MARKET OPPORTUNITIES

General economic development

The business development of the Sixt Group is highly dependent on the general economic conditions especially in Germany, Europe and the USA. An improvement in the economic situation generally leads to an increase in the propensity of companies to invest as well as greater willingness of private individuals to spend, both of which would have a generally positive effect on demand in the vehicle rental and leasing industry and thus for the Sixt Group.

In its budget for the current fiscal year, the Sixt Group takes due account of economic analysts' and industry associations' assessments on the business cycle of 2018, 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.

Higher demand from the main target groups

Sixt positions itself as a provider of premium products, which it also offers for private customers and tourists. In the Vehicle Rental Business Unit these customers meanwhile constitute the Group's main customer group, accounting for 61% in the financial year 2017. Thanks to the combination of its premium strategy with eye-catching advertisement campaigns and the extension of its station network, above all in the Sixt corporate countries with strong tourism such as France, Spain, the USA and since the start of 2017 also Italy, Sixt was able to generate higher revenues with private customers. For 2018 Sixt expects another increase of tourism in countries of relevance for the Group. Should developments in the tourism sector outperform expectations in the markets of relevance for Sixt, this could result in higher revenue being generated in the private customer business.

Moreover, Sixt is also active as provider of end-to-end mobility products and services for business and corporate customers, which made up a share of 31% in revenue in the Vehicle Rental Business Unit in 2017. In its business plans the Company expects business travel to increase in 2018. In the event that this assumption should be exceeded, Sixt as one of the leading international providers of mobility services stands to benefit accordingly from such growth.

4.2 OPPORTUNITIES FROM COMPETITION

Accelerated growth 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 on favourable conditions. To this end Sixt is constantly reviewing relevant market opportunities, keeping in mind the ongoing concentration in the vehicle rental market that focuses on high-performing providers with at least a supra-regional reach. The focus of potential take-overs is on 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 Boards apply strict criteria regarding earnings situation, risk profile, management as well as corporate culture and compatibility with Sixt's business model.

Utilising free market capacities

The vehicle rental industry continues to be characterised by intense predatory competition both in Germany as well as in Sixt's foreign markets. Some competitors are at times pursuing an aggressive price strategy that could make it difficult or even impossible to cover operating costs over the long term. As a consequence, the situation could arise where competitors no longer have access to fresh capital and will have to abandon business operations due to lack of liquidity or excessive debt levels. Because Sixt enjoys a very solid economic position and has adequate financial resources, the Company would be capable of exploiting free market capacities and generating additional revenue.

Strong popularity of premium vehicles

In line with Sixt's consistent premium strategy, a large part of Sixt's rental fleet is made up of very well-appointed cars from renowned brands such as Audi, BMW and Mercedes-Benz. Experience has shown that there is a comparatively high demand for these vehicles, which allows the Company to obtain higher average prices. If the economic situation of companies and private households improves and customers have higher levels of expectations for top-quality mobility services, the demand for top-quality vehicles could exceed planning assumptions. The Sixt Group would benefit to a great extent from such a development.

Growing demand through marketing campaigns

Modern and creative marketing campaigns, which often work on daily events, enable Sixt to transport its brand values authentically across a spectrum of different channels. This allows the Company to raise its awareness level and in its wake also demand. For this reason the Group launched a number of eye-catching advertisement campaigns across the various European countries over the last few years.

The Leasing Business Unit also uses marketing campaigns, especially in the Online Retail business field, to increase awareness of the "Sixt-Neuwagen" platform and to increase the number of contracts concluded. This was achieved in particular through the "Flatrate für die Straße" (flat rate for the road) advertising campaign carried out in cooperation with a mobile phone company or the "E-Flatrate für die Straße" (e-flat rate for the road) campaign in cooperation with an electricity provider and a well-known vehicle manufacturer.

The implementation of high-reach advertising campaigns will remain an important marketing instrument in the future in order to increase the awareness level of the Sixt brand and thus accelerate the growth of both business units of Sixt SE.

International growth and online sales

The ongoing internationalisation of business operations continues to be a key strategic objective for both business units of the Sixt Group. To this end the Vehicle Rental Business Unit reviews the possibilities of expanding into further countries through franchisees as well as increasing its market shares in existing countries either by amending the activities of its franchise partners or through developing its own structures. Thus, in Italy – a former franchise country – Sixt started business with its own subsidiary in the year 2017.

The Leasing Business Unit is constantly examining the expansion of its international presence in order to tap additional growth potential.

In the Fleet Leasing business field, Sixt Leasing operates with its own subsidiaries and also relies on cooperation with high-performing franchise and cooperation partners. Another option are so-called white label solutions with other partners, which support customers in other European countries under the Sixt Leasing brand or in return broker their own customers to Sixt Leasing.

In the Fleet Management business field, in which Sixt Leasing SE is also represented by its own subsidiaries, the main objective is to serve the fleets of international customers across national borders. In doing so, an important tool is the Sixt Global Reporting Tool, which enables companies to reliably control and optimise fleets worldwide. Its increasing spread enhances the chances of acquiring further international fleet parts from existing customers.

The importance of the internet as a source of information about the automotive market is growing steadily among private and commercial customers. The change in user behaviour will benefit the two online platforms of the Leasing Business Unit *sixt-neuwagen.de* and *autohaus24.de*, as they meet the new customer needs particularly well in terms of transparency and financing. Sixt Leasing plans to further expand the end-to-end digital ordering process on *sixt-neuwagen.de* in the course of the financial year 2018. By responding to user behaviour, Sixt Leasing generates additional opportunities.

4.3 OPPORTUNITIES FROM INNOVATIONS

All-round mobility concepts

Social demands on mobility are constantly changing. Above all in urban areas, the focus is no longer on ownership of a car, but on the actual usage of demand-specific mobility. This trend is gaining traction by the lack of parking space, high density of traffic as well as increasing costs of upkeep and a growing environmental awareness, all of which are adversely affecting the appeal of owning a car.

Sixt is responding to the car's increasing loss of significance and the growing demand for highly flexible and use-driven mobility by developing new mobility concepts. Over the last few years the Company successfully brought to market products such as the premium carsharing service DriveNow, the professional transfer service myDriver and the flat rate for rental vehicles entitled Sixt unlimited, which is geared to frequent travellers.

The strategic aim of the Sixt Group is to optimally interlink its offers whilst utilising the opportunities from digitisation and thereby to offer business and private customers bespoke mobility, all from a single source. Given Sixt's special strength as the only international provider capable of offering mobility from one minute to multiple years, the focus in future will be on selling individual products as well as offering combined and bespoke solutions to customers to cater to their respective needs.

The development, introduction and expansion of such concepts is associated with uncertainties as the actual demand and market volume can differ from expectations. Positive deviations from expectations, for example those following the increasing changes in social values, can sustainably trigger growth in revenue and thereby increase the economic significance of new mobility concepts for the Sixt Group.

Interlinked mobility

Alongside the creation of its own mobility services, Sixt is collaborating with various different cooperation partners to intelligently interlink car-based services with other transportation partners such as buses, railways or air carriers so as to offer customers mobility solutions that match their needs.

Sixt expects demand in this field to grow continuously. As one of the innovation leaders in the mobility industry, the Group could benefit from ongoing successful market penetration through interlinked mobility.

Significance of online and mobile solutions

Customers are now organising their business and private trips to a high degree by using a variety of online and mobile channels. The entire preparation of a journey, starting from the choice of airline, hotel reservation to booking the rental vehicle, is conducted more and more by computer, smartphone or tablet PC. 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. In addition, Sixt recognised the trend towards voice-controlled applications early on and has been available in Amazon's Echo system since December 2017.

To convey its services 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. Special emphasis is given to so-called influencer marketing. Moreover, Sixt integrates its various products and services into the booking procedures of hotels and airlines to extend the reach of its services. In the event that user intensity should exceed expectations, and if more online bookings are thus registered, this would have a positive effect on the Sixt Group's business situation.

In the Leasing Business Unit, digitisation in fleet leasing and fleet management is leading to an expansion of customer services. In addition to personal support, aspects such as automation, efficiency and process reliability are becoming increasingly important for companies. As one of the industry's innovation leaders, Sixt Leasing attaches great importance to the development of modern online and mobile services for optimising leasing processes, particularly in the form of reports and apps. Such applications, such as the Sixt Global Reporting Tool, make it possible to meet customers' demands for ever more individual solutions and to leverage optimisation potential in their fleets even more specifically. The Leasing Business Unit is constantly developing its solutions further and is working on new digital products in the sense of optimum customer benefit in order to continue to enjoy important advantages over the competition.

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

1. SUSTAINABILITY AT SIXT

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

1.1 ENTREPRENEURIAL IDENTITY

The Sixt Group is a worldwide provider of top-quality mobility solutions. Alongside renting out premium vehicles, its services comprise fleet management, leasing offers, trading platforms for passenger cars, chauffeur services as well as carsharing services. Through its highly individualised products and services provided by its business units Vehicle Rental and Leasing, the Company can offer its private and corporate customers bespoke mobility to match their individual requirements. The all-in mobility concepts, a high level of service and technological innovations in conjunction with a premium vehicle fleet constitute key features that set Sixt apart from its international competitors.

For a detailed description of the business model and the corporate structure, please refer to the section "Group Fundamentals".

1.2 PRINCIPLES OF REPORTING

Sixt undertakes to provide its stakeholders with transparency and orients its sustainability reporting along the criteria outlined by the Deutscher Nachhaltigkeitskodex (DNK – German Sustainability Code). The summarised non-financial declaration for fiscal year 2017 was prepared in accordance with disclosures required under sections 315b and c of the Handelsgesetzbuch (HGB – German Commercial Code) in conjunction with sections 289b to e of the HGB. It contains the information required according to the CSR-Richtlinie-Umsetzungsgesetz (CSR Directive Implementation Act) on material environmental, labour and social issues, respect of human rights as well as combating corruption and bribery. The duty to report additional aspects is determined by their materiality for the Sixt Group. Within these separate aspects, due consideration is given to the underlying concepts and due diligence procedures. Moreover, reporting covers the following results. Given the many different sustainability measures within the Sixt Group, only selected examples are listed, especially for the results. In accordance with section 315b (1) sentence 3 of the HGB, individual aspects relating to, among other things, non-financial disclosures are referred to in other passages of the management report on the Group's and the Company's situation. Moreover, the summarised non-financial declaration specifies material risks pursuant to section 289c (3) number 3 and 4 of the HGB, as far as these disclosures are required for an understanding of the development and performance of the business, the situation of the Group as well as its effects on non-financial matters.

According to section 289c (3) number 5 of the HGB, there are no non-financial key performance indicators that are of material significance for the business activities of the Sixt Group. Management of the Sixt Group is done essentially by means of financial parameters and performance indicators. Material management control indicators are listed in the section “Group Fundamentals”. There is no direct connection between the amounts recognised in the consolidated financial statements of Sixt SE according to section 289c (3) number 6 of the HGB and the five non-financial issues pursuant to section 289c (2) number 1 to 5 of the HGB.

The Supervisory Board examined the lawfulness, propriety and expediency of the summarised non-financial declaration in this management report on the Group’s and the Company’s situation of Sixt SE in accordance with section 171 (1) sentence 4 of the Aktiengesetz (AktG – German Stock Corporation Act). Pursuant to section 317 (2) sentence 4 of the HGB it was presented to the auditors, but not subjected to an audit of its content.

In accordance with section 289b (2) of the HGB, Sixt Leasing SE is exempt from the duty to extend its management report on the Group’s and the Company’s situation by a non-financial declaration as it is included in the non-financial declaration of its parent company Sixt SE.

2. STRATEGY AND MANAGEMENT

Sixt is a premium provider and innovation leader in the mobility industry. Its service range is continuously being extended with new products and services. One focal point is online and mobile technologies to meet growing customer demands for flexible and state-of-the-art mobility. With a keen eye on demand, Sixt further develops its wide range of products along the value-add chain to react quickly to new trends. A more detailed description of the service range is included in the section “Group Fundamentals”. Among other things, it covers paper-free ordering procedures, special applications for smartphones or tablet PCs and such innovative offers as for example:

- *SmartStart*, which increases service convenience for customers, right from renting out the car of choice in the parking garage through to billing per e-mail.

- *Free-float carsharing* via DriveNow, the joint venture founded together with the BMW Group, which offers customers environmentally friendly carsharing in metropolitan areas.

- *Sixt Neuwagen* offers private and commercial customers unique leasing and variable financing services as well as service components for new vehicles from around 35 brands. This all from one single source via its online platform.

- *Sixt Mobility Consulting* conceptualises and implements IT-based fleet management solutions, optimises fleet costs and, if the client requests, also actively oversees operative fleet management.

The Sixt management is focused on responsible and long-term value creation. A key element of the business model are vehicle holding periods of generally around six months in the Vehicle Rental Business Unit and an average of 37 months in the Leasing Business Unit. This means that the Sixt fleet is continuously being replaced by state-of-the-art vehicles with regard to efficient use of resources, low pollutant emissions and modern safety systems.

2.1 MATERIALITY

The reporting for the summarised non-financial declaration is based on the principle of materiality. To determine material issues, Sixt conducted a materiality analysis during the reporting period. This is based on the established management systems for quality and environment, their inherent fields of action as well as the measures deducted therefrom. The further process included industry-relevant aspects and insights gained from the analysis of competitors and other comparative companies. Workshops and surveys conducted with the professional departments then identified and prioritised the material issues that are of relevance for Sixt. A cross-departmental team coordinated the entire process, provided assistance and summarised the results. The analysis findings established were then worked through in collaboration with an external partner, transferred into key fields of action and then validated by the Managing Board.

Sixt has identified six material fields of action which can be assigned to the five non-financial aspects formulated in the CSR Directive Implementation Act:

Non-financial aspect	HGB	Material fields of action	Section
Combating corruption and bribery	Section 289c (2) number 5	Corporate governance and compliance	3.1
Environmental issues	Section 289c (2) number 1	Climate protection Utilisation of resources	3.2 3.3
Employee issues	Section 289c (2) number 2	Employer attractiveness Staff development and promotion	3.4 3.5
Social issues	Section 289c (2) number 3	Social commitment	3.6
Respect for human rights	Section 289c (2) number 4	For Sixt no material field of action as defined by the CSR Directive Implementation Act	-

These material fields of action are of special significance for business development and demonstrate in which areas Sixt identifies focal points of action.

The materiality analysis determined that the non-financial aspect of "Respect for human rights" for Sixt does not constitute a material field of action in the meaning of the CSR Directive Implementation Act. This notwithstanding, Sixt undertakes to respect human rights. Further information regarding the respect for human rights within the Sixt Group can be found in the section "Corporate governance and compliance" in this summarised non-financial declaration.

2.2 STRATEGY AND MANAGEMENT APPROACH

It is Sixt's declared objective to integrate the principle of sustainable development into its entrepreneurial decision-making procedures in the long run. The Group uses its organisational structures and governance processes to promote and control responsible entrepreneurial actions, from strategy through to implementation. Moreover, Sixt has implemented management systems in keeping with international standards for quality (DIN EN ISO 9001:2015) and environmental protection (DIN EN ISO 14001:2015). This way, Sixt systematically and consistently adheres to sustainability issues in all its business activities and across all hierarchical levels.

The Managing Board holds overall responsibility for sustainability management, as it sets the course so that corporate policy meets the requirements of socially responsible business dealings, and because it approves the corresponding strategies and programmes. A voluntary commitment declaration for "Health, Safety, Security, Sustainability and Environmental Protection" adopted and signed by the Managing Board back in 2015 serves employees in the Sixt Group as a guideline for sustainable action in their day-to-day business activities. The various business units and professional departments implement the sustainability measures and retrieve the sustainability data against the background of their respective core business activities and/or task fields. During the course of fiscal year 2018 the Group departments Operations Development and Governance, Risk Management & Controls (GRC) will implement the monitoring of targets and measures. The finance department will prepare the summarised non-financial declaration. Regular recurring activities will include above all the reviewing and monitoring of sustainability targets for the relevant departments and preparation of the relevant issues and analyses for the Managing Board.

The Operations Development department has established a comprehensive process for collecting, analysing and implementing improvement measures on the basis of customer feedback. Sixt has been regularly conducting standardised surveys to obtain customer feedback in countries with own stations ever since 2008. In addition, it has also implemented a complaint management system, which handles customer concerns in a timely and effective manner.

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

3. MATERIAL FIELDS OF ACTION

The objective of Sixt's sustainability management is to harmonize the Group's business activities with ecological, social and ethical aspects. It is operationalised through the fields of actions, objectives and measures and integrated into corporate procedures. For example, the Operations Development department reviews measures through a continuous improvement process. In addition, the sustainability management is based on the requirements and interests of the stakeholders. Particular importance is attached to customers, employees, suppliers and investors.

Alongside the higher-level areas of "Sustainability at Sixt" and "Strategy and Management" the Group's sustainability management is divided up into six further material fields of action, which are outlined in the following.

3.1 CORPORATE GOVERNANCE AND COMPLIANCE

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

Conceptual chart: Corporate governance and compliance

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

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

Moreover, Sixt has formulated clear expectations concerning its employees' correct behaviour and makes it clear that business relations can only be maintained with customers and business partners whose business activities comply with statutory stipulations and whose financial means have a lawful origin. Those companies of the Sixt Group that are legally bound to, have instituted an anti-money-laundering officer with a clear brief and have drawn up organisational guidelines to prevent money laundering, terrorist financing and other criminal activities. Every employee has signed and accepted the relevant guidelines. In addition, all employees receive regular training relating to this thematic complex. Their due participation in these training sessions is recorded and filed.

External service providers and suppliers also contribute to Sixt's value creation. These are carefully selected according to commercial and ecological aspects as well as from the aspect of compliance with legal requirements and social standards. In Germany, the selection criteria for cooperation with temporary employees include compliance with the minimum wage law and the application of collective agreements for temporary work. The external service providers and suppliers are regularly checked.

As an internationally active Company Sixt is unreservedly committed to respect human rights and corresponding legal rules at home and abroad. The Group has undertaken to respect and promote human rights and to report in a transparent fashion about the results of its actions. In addition, Sixt contractually obliges its franchise and agency partners to comply with strict social standards and to act with integrity in accordance with ethical principles.

3.2 CLIMATE PROTECTION

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

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

All vehicles of the Vehicle Rental Business Unit in Sixt's corporate countries are state-of-the-art in terms of resource efficiency, CO_2 emissions and safety systems. As a rule, passenger cars in the fleet are held for a period of six months or a mileage of around 25,000 kilometres, before they are replaced by the latest models available on the market. Furthermore, fleet scheduling takes account of vehicles with hybrid powertrains and those vehicle versions showing higher energy efficiency.

When extending its product range, Sixt makes sure that the generally higher CO_2 emissions of vehicles in the premium segment will not adversely affect the average emissions level of the entire fleet. For over ten years now Sixt has been successful in continuously reducing the average CO_2 emissions of its rental fleet in Sixt's corporate countries. Since 2006 CO_2 emissions have come down from 172 g/km to currently 123 g/km. Next to the reduction of CO_2 emissions by over 28%, Sixt managed ahead of the 2015 deadline to reach the average target of 130 g/km CO_2 stipulated by the EU for new passenger cars.

Average CO_2 emissions of the fleet in the Vehicle Rental Business Unit in g/km	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
	123	122	126	129	133	138	144	149	157	160	169	172

Sixt Leasing offers leasing agreements to private, commercial and corporate customers for new vehicles with terms anywhere between twelve and 54 months. As per 31 December 2017 the contracts had an average term of around 37 months. Consequently the leasing fleet is continually being renewed with the more modern vehicles carrying more efficient technologies.

It cannot be ruled out that the average CO_2 emissions of the rental and leasing fleets will increase slightly in the coming years due to changes in the fleet mix in the course of discussions about the use of diesel vehicles. This does not affect the sustainability strategy.

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

The environment bonus car manufacturers introduced in the summer of 2017 likewise is contributing to climate protection. Through the website *sixt-neuwagen.de* Sixt Leasing is passing on the environment bonus granted by many manufacturers to private and commercial customers without making any deductions. When concluding leasing agreements for selected new vehicles, customers can claim the grant whilst simultaneously scrapping their old diesel-powered vehicles. The corresponding rebates are integrated into the configuration tools on the *sixt-neuwagen.de* website and will be displayed directly and transparently to the customer.

Average CO_2 emissions of the fleet in the Leasing Business Unit in g/km	2017	2016
	126	128

3.3 UTILISATION OF RESOURCES

The protection of the environment and responsible utilisation of resources are taken for granted by Sixt. In its own sphere of influence the Group keeps its energy and water consumption as low as possible. With the assistance of its environmental management systems, which at its key locations are certified according to the international standard DIN EN ISO 14001:2015, Sixt regularly monitors its consumption of resources and strives to achieve continuous improvements in efficiency.

Sixt pursues the objective of continually improving its energy efficiency and cutting its energy consumption. Next to the implementation and monitoring of the concrete energy efficiency measures, it also conducts energy audits and heightens the awareness of employees for measures to utilise energy in a way that saves resources. Measures to increase energy efficiency can be easily implemented, above all, in Sixt's corporate headquarters for the Vehicle Rental and Leasing Business Units, as the Group has direct responsibility there for the planning, erecting and operating of buildings, the technical infrastructure and IT. According to the energy audit after DIN EN 16247-1 conducted in fiscal year 2017 for the calendar year 2016, the consumption ratings for the corporate headquarters are within the normal parameter range, while the heating demand is below average. As the buildings at other corporate sites are rented, Sixt has a more limited influence on their energy efficiency.

Almost half of the Company's energy consumption is generated in form of fuel (business trips, transfers and defleeting).

Conceptual chart: Energy

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

Total energy consumption includes all of the Group's German sites. The corporate headquarters in Pullach and Berlin site were audited. The multi-site procedure was applied for the rental station cluster.

Total energy consumption (compiled 2017 for fiscal year 2016, according to biennial energy audit)	2016	
	in Gigawatt hours (GWh)	in %
Electric power	7.8	30
Passenger car fuel	14.6	56
Heating	2.5	9
District heating	0.2	1
Natural gas	1.2	4
Total	26.3	100

Conceptual chart: Water

Objective	Measures	Performance indicator
Optimising water consumption in the corporate headquarters compared to the previous year	Implementing water saving measures in the corporate headquarters and other stations	Total water consumption in the corporate headquarters
Optimising water consumption at rental stations compared to the previous year	Increasing dry cleaning of passenger cars Using non-toxic detergents	Share of dry cleaning in Germany

Next to improving its energy efficiency, Sixt has set itself the target of continually optimising its water consumption. Accordingly, water saving measures have been carried out not only in the corporate headquarters but also at rental stations with car washing facilities.

Water consumption in corporate headquarters in m^3	2017	2016
	5,685	6,173

When procuring new car washing facilities Sixt pays attention to their energy efficiency, the best possible grey water usage and resource-saving operation. For detergents Sixt buys products that are environmentally compatible. In 2016 Sixt started to operate sites with dry cleaning measures for passenger cars that save resources. These measures will be continually forced and spread out to other sites in the upcoming years. Stations that do not have their own car wash facilities will therefore save both CO_2 and fuel, as vehicles will no longer need to be driven to public car washing facilities. This way Sixt saved between 1.8 to 2.1 million kilometres in mileage last year.

Share of dry cleaning of passenger cars in Germany in %	2017	2016
	16	n/a

3.4 EMPLOYER ATTRACTIVENESS

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

Sixt is a well-known employer with a good reputation, as the current surveys from "Universum" and "trendence" reveal. According to these, Sixt ranks among the top 100 employers in Germany. In the employer ranking for young professionals commissioned by trendence, Sixt took the first place in the vehicle rental industry. Moreover, since 2014 Sixt has been awarded the "Absolventa" trainee seal every year. Notwithstanding these, the Group has set itself the target of further increasing its attractiveness as an employer of choice. To this end, Sixt is continuing to develop its global employer branding concept.

Sixt also wants to remain an attractive employer for its current workforce. Consequently, the Group has set its sights on improving the work-life balance of its members of staff. To this end, flexible working time programmes will be extended. Since 2015 employees in the central and administrative functions, as well as executives, enjoy working time arrangements based on trust. As of 31 December 2017 around 30 % of all Sixt employees in Germany have working time arrangements based on trust, all other employees record their working hours. Furthermore, Sixt aims to keep employee satisfaction at a high level. To this end, the Company conducts regular employee surveys, from which it then deducts further measures. In addition, Sixt relies on an active feedback culture with 360-degree feedback and customised development and promotion programmes.

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

Conceptual chart: Employer attractiveness

Objective	Measures	Performance indicator
Increasing Sixt's attractiveness as employer of choice	Continual further development of a global employer branding concept	./.
Improving employees' work-life balance	Expanding the programmes to strengthen work-life balance	Number of employees in time arrangements based on trust
Maintaining high satisfaction levels among employees	Regular execution and evaluation of surveys on employee satisfaction Deducing potential action requirements from the survey findings	./.

3.5 STAFF DEVELOPMENT AND PROMOTION

Sixt's entrepreneurial success is vitally dependent on the knowledge, skills and commitment of its employees. In this Sixt challenges its workforce to act on their own responsibility, to continually improve Sixt's services and to meet the changing mobility requirements of customers. The Group is therefore committed to a culture that has the people at its centre who work for Sixt. It is Sixt's claim to consistently encourage and promote the talents of its workforce, adequately remunerate their commitment and apply uniform principles in salaries and wages which exclude any form of discrimination.

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

Conceptual chart: Staff development and promotion

Objective	Measures	Performance indicator
Further development of employees' professional expertise	Demand-oriented intensification of on-site training and e-learning units	Number of trainings and participants
Further development of remuneration models	Regular evaluation and improvement of employee participation programmes	./.

The existing remuneration models are regularly evaluated. In addition, as part of an periodical study, Sixt ascertains whether the remuneration paid to its workforce is still in line with the market and deduces corresponding measures.

Relevant parameters and further information on the employee promotion programme, the key features of the remuneration system as well as the employee participation programme can be found in the "Human resource report" as well as the "Corporate governance report" of the annual report 2017 of Sixt SE.

3.6 SOCIAL COMMITMENT

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

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

The Sixt Group bundles its employees' non-profit charitable commitment in the initiative entitled "Sixt hilft" (Sixt helps) as part of the strategic partnership with the "Regine Sixt Kinderhilfe Stiftung". For many years now Sixt employees at their various work sites have been taking up the opportunity to engage in voluntary actions. This can take the form of visits to hospitals over Christmas or Easter as well as renovation work as part of children's aid projects that are supported by the "Regine Sixt Kinderhilfe Stiftung".

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

The financial contributions and non-profit charity work provided over the last years has seen support going to institutions in Germany, Romania, Belarus, Israel, Palestine, South Africa and Kenya. Since 2010 over 100 projects and initiatives in over 40 countries have been supported and assisted.

4. MATERIAL RISKS

The Sixt Group has installed a Group-wide internal risk management and control 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, the Group departments Controlling and GRC regularly review, analyse and assess the probability of the occurrence and the effects of all the risks listed. The results are communicated to the Managing and Supervisory Boards so that the necessary counter measures can be initiated at an early stage if needed.

In addition, the risk measurement and control systems as well as the organisation of risk management established within Sixt Leasing SE comply with the minimum requirements for risk management of institutions (MaRisk) as defined by Bundesanstalt für FInanzdienstleistungsaufsicht (BaFin – Federal Financial Supervisory Authority). Internal MaRisk guidelines and controls are constantly reviewed and enhanced.

The CSR Directive Implementation Act on the disclosure of information of non-financial nature and regarding diversity provides for companies to disclose also those risks stipulated in section 289 c (3) number 3 and 4 of the HGB, alongside their reporting on non-financial matters. The summarised non-financial declaration submitted by Sixt views risks from a net-perspective, i.e. risks are assessed after allowance for risk-mitigating measures. As a purely tertiary service provider, the Sixt Group could not identify any material risks associated with non-financial aspects which are connected to the Company's own business activities or with business relations, products and services of the Company and which could have any severe adverse effect on non-financial matters. Risks such as climate change, whose risk content can as yet not be reliably assessed (so-called "emerging risks") are monitored as part of the Group-wide risk management process.

For a more detailed insight into the risk management system and the material risks associated with the business activity, business relations and services of Sixt, reference is made to the "Report on risks and opportunities".

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."

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

The corporate governance declaration in accordance with sections 289f and 315d of the HGB is contained in Sixt SE's Annual Report 2017 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 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 including its subsidiaries in its consolidated financial statements due to control which is exercised in particular through the existing majority in the Supervisory Board in favour of Sixt SE. 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 remunerations of EUR 6.8 million (2016: EUR 8.1 million). Other operating income includes profits from the sale of financial assets of EUR 1.8 million. Besides this, Sixt receives EUR 35.8 million (2016: EUR 45.2 million) from financing services and income from investments and earnings transfer of EUR 103.1 million (2016: EUR 91.6 million). This is set off by personnel and operational expenses of EUR 17.0 million (2016: EUR 19.7 million) as well as interest and similar expenses of EUR 26.8 million (2016: EUR 36.7 million). There were loss transfers in the year under review in the amount of EUR 21.4 million (2016: EUR 8.3 million). The taxes on income are at EUR 24.8 million (2016: EUR 11.8 million). Net income for the period under review is EUR 58.6 million (2016: EUR 70.5 million). After withdrawals from other retained earnings in the amount of EUR 90.0 million the unappropriated profit amounts to EUR 196.7 million (2016: EUR 151.0 million).

Sixt SE's significant assets consist of shareholdings in affiliated companies and investments of EUR 687.3 million (2016: EUR 663.0 million). In addition, Sixt SE recognises receivables from affiliated companies and investments of EUR 1,375.6 million (2016: EUR 1,743.3 million).

As in the year before, the share capital of Sixt SE amounts to EUR 120.2 million. The equity reported amounts to EUR 633.6 million (2016: EUR 651.5 million).

Significant financial liabilities are the outstanding bonds of EUR 750.0 million (2016: EUR 750.0 million), commercial papers of EUR 25.0 million (2016: EUR 188.0 million) as well as liabilities from borrower's note loans in the amount of EUR 538.0 million (2016: EUR 713.0 million). Further to these, Sixt SE has liabilities to affiliated companies of EUR 73.7 million (2016: EUR 71.0 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 as 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 general interest rates and a slight increase in the results of the operating subsidiaries, Sixt SE reckons to see for the current fiscal year a slight increase in earnings before taxes (EBT). Furthermore, Sixt expects to see a positive effect in EBT of about EUR 170 million due to the sale of its interest in DriveNow GmbH & Co. KG.

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 when required. Potential company start-ups or acquisitions could require investments to be made by Sixt SE.

Pullach, 4 April 2018

Sixt SE

The Managing Board

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

The customer care and commitment they show at Sixt are just outstanding.

Dr. Christian Spieker, Head of Corporate Services, zeb

C \\ CONSOLIDATED FINANCIAL STATEMENTS

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

of Sixt SE, Pullach, for the year ended 31 December 2017

Consolidated Income Statement in EUR thou.	Notes		2017		2016
Revenue	\4.1\		2,602,730		2,412,697
Other operating income	\4.2\		120,529		122,616
Fleet expenses and cost of lease assets	\4.3\		895,242		849,961
Personnel expenses	\4.4\		364,944		334,722
a) Wages and salaries		309,189		283,454	
b) Social security contributions		55,755		51,268	
Depreciation and amortisation expense	\4.5\		509,715		500,743
a) Depreciation of rental vehicles		298,345		300,478	
b) Depreciation of lease assets		187,568		176,942	
c) Depreciation of property and equipment		15,525		14,467	
d) Amortisation of intangible assets		8,278		8,856	
Other operating expenses	\4.6\		628,282		594,112
Earnings before interest and taxes (EBIT)			325,077		255,775
Net finance costs	\4.7\		-37,797		-37,471
a) Interest income		638		820	
b) Interest expense		34,555		34,420	
c) Other net financial income		2,201		1,327	
d) Result from at-equity measured investments		-6,080		-5,199	
Earnings before taxes (EBT)			287,280		218,303
Income tax expense	\4.8\		82,865		61,657
Consolidated profit			204,415		156,646
Of which attributable to minority interests	\4.9\		12,302		14,351
Of which attributable to shareholders of Sixt SE			192,113		142,295
Earnings per ordinary share – basic (in EUR)	\4.10\		4.09		3.00
Earnings per ordinary share – diluted (in EUR)	\4.10\		4.09		3.00
Earnings per preference share – basic (in EUR)	\4.10\		4.11		3.02
Earnings per preference share – diluted (in EUR)	\4.10\		4.11		3.02

Consolidated statement of comprehensive income in EUR thou.	Notes	2017	2016
Consolidated profit		204,415	156,646
Other comprehensive income (not recognised in the income statement)		-20,673	-7,218
Components that could be recognised in the income statement in future			
Currency translation gains/losses		-21,271	-7,055
Components that could not be recognised in the income statement in future			
Remeasurement of defined benefit plans	\4.27\	762	-208
Related deferred taxes		-164	45
Total comprehensive income		183,742	149,428
Of which attributable to minority interests		11,975	14,312
Of which attributable to shareholders of Sixt SE		171,767	135,115

C.2 \\ CONSOLIDATED BALANCE SHEET

of Sixt SE, Pullach, as at 31 December 2017

Assets in EUR thou.	Notes	31 Dec. 2017	31 Dec. 2016
Non-current assets			
Goodwill	\4.11\	20,188	20,202
Intangible assets	\4.12\	25,408	26,797
Property and equipment	\4.13\	180,292	162,416
Lease assets	\4.14\	1,219,209	1,020,800
At-equity measured investments	\4.15\	1,973	4,846
Financial assets	\4.16\	915	1,524
Other receivables and assets	\4.20\	6,098	6,746
Deferred tax assets	\4.8\	18,260	17,241
Total non-current assets		1,472,344	1,260,572
Current assets			
Rental vehicles	\4.17\	2,075,995	1,957,027
Inventories	\4.18\	75,829	88,126
Trade receivables	\4.19\	493,875	424,616
Other receivables and assets	\4.20\	275,213	245,560
Income tax receivables		10,136	5,589
Cash and bank balances	\4.21\	87,585	47,028
Total current assets		3,018,633	2,767,946
Total assets		4,490,978	4,028,518

Equity and liabilities in EUR thou.	Notes	31 Dec. 2017	31 Dec. 2016
Equity			
Subscribed capital	\4.22\	120,175	120,175
Capital reserves	\4.24\	242,512	240,625
Other reserves	\4.25\	696,148	607,226
Treasury shares	\4.23\	-	-1,352
Minority interests	\4.26\	119,020	112,990
Total equity		1,177,854	1,079,665
Non-current liabilities and provisions			
Provisions for pensions and similar obligations	\4.27\	1,922	2,588
Other provisions	\4.28\	1,814	141
Financial liabilities	\4.29\	1,700,080	1,370,390
Other liabilities	\4.30\	240	366
Deferred tax liabilities	\4.8\	24,928	19,579
Total non-current liabilities and provisions		1,728,984	1,393,064
Current liabilities and provisions			
Other provisions	\4.28\	122,895	123,649
Income tax liabilities		47,933	43,149
Financial liabilities	\4.29\	591,027	761,569
Trade payables	\4.31\	690,998	502,415
Other liabilities	\4.30\	131,286	125,008
Total current liabilities and provisions		1,584,140	1,555,789
Total equity and liabilities		4,490,978	4,028,518

C.3 \\ CONSOLIDATED CASH FLOW STATEMENT

of Sixt SE, Pullach, for the year ended 31 December 2017

Consolidated cash flow statement in EUR thou.	Notes	2017	2016
Operating activities			
Consolidated profit		204,415	156,646
Income taxes recognised in income statement	\4.8\	78,741	68,094
Income taxes paid		-77,624	-65,167
Financial result recognised in income statement[1]	\4.7\	33,911	32,687
Interest received		823	1,239
Interest paid		-30,976	-39,607
Dividends received		325	745
Depreciation and amortisation	\4.5\	509,715	500,743
Income from disposal of fixed assets		-8,604	-10,138
Income from disposal of financial assets		-1,882	-1
Other (non-)cash expenses and income		6,411	-7,059
Gross cash flow		715,255	638,183
Proceeds from disposal of lease assets		231,243	234,335
Payments for investments in lease assets		-619,181	-471,711
Change in rental vehicles, net		-417,313	-494,254
Change in inventories	\4.18\	12,297	4,282
Change in trade receivables	\4.19\	-69,259	-147,934
Change in trade payables	\4.31\	188,583	17,611
Change in other net assets		-31,977	44,699
Net cash flows from/used in operating activities		9,650	-174,788
Investing activities			
Proceeds from disposal of intangible assets, property and equipment		1,605	8,336
Proceeds from disposal of financial assets		2,457	167
Payments for investments in intangible assets, property and equipment	\4.12\ to \4.13\	-46,212	-26,266
Payments for investments in financial assets	\4.15\ to \4.16\	-3,345	-5,286
Changes in the scope of consolidation		-	1,551
Payments for investments in short-term financial assets		-84,998	-7,294
Proceeds from disposal of short-term financial assets		85,000	9,142
Net cash flows used in investing activities		-45,493	-19,651
Financing activities			
Payments made due to the purchase of treasury shares		-1,083	-51,352
Payments made for the purchase of minority interests		-1,307	-
Dividends paid		-83,532	-76,248
Payments received from taken out borrower's note loans, bonds and bank loans	\4.29\	699,029	1,169,861
Payments made for redemption of borrower's note loans, bonds and bank loans	\4.29\	-427,838	-560,166
Payments made for redemption/payments received from taken out short-term financial liabilities[2]	\4.29\	-107,630	-306,082
Net cash flows from financing activities		77,638	176,014
Net change in cash and cash equivalents		41,795	-18,424
Effect of exchange rate changes on cash and cash equivalents		-1,247	-1,197
Changes in the scope of consolidation		9	1,061
Cash and cash equivalents at 1 Jan.		47,028	65,588
Cash and cash equivalents at 31 Dec.	\4.21\	87,585	47,028

[1] *Excluding income from investments*

[2] *Short-term borrowings with terms of up to three months and quick turnover*

C.4 \\ CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

of Sixt SE, Pullach, as at 31 December 2017

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. 2017	120,175	240,625	277,527	6,646	323,053	-1,352	966,674	112,990	1,079,665
Consolidated profit	-	-	-	-	192,113	-	192,113	12,302	204,415
Dividend payments 2016	-	-	-	-	-77,788	-	-77,788	-5,744	-83,532
Other comprehensive income	-	-	-	-20,823	478	-	-20,345	-328	-20,673
Purchase of treasury shares	-	-	-	-	-	-1,083	-1,083	-	-1,083
Re-issuance of treasury shares	-	-	-	-	-	2,435	2,435	-	2,435
Increase due to the employee participation programme	-	990	-	-	-	-	990	36	1,025
Disposal from the exercise under the employee participation programme	-	-4,462	-	-	-	-	-4,462	-217	-4,679
Changes in the scope of consolidation	-	-	58	-	-	-	58	-	58
Purchase of minority interests	-	-	243	-	-	-	243	-1,551	-1,307
Transfer to retained earnings	-	-	25,000	-	-25,000	-	-	-	-
Transfer from retained earnings	-	-	-90,000	-	90,000	-	-	-	-
Transfer to capital reserves	-	5,359	-2,854	-	-2,505	-	-	-	-
Other changes	-	-	1,404	-	-1,404	-	-	1,530	1,530
31 Dec. 2017	120,175	242,512	211,378	-14,177	498,947	-	1,058,834	119,020	1,177,854
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

See also the Notes \4.22\ to \4.26

C.5 \\ NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

of Sixt SE, Pullach, for the year ended 31 December 2017

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 2017 were prepared in accordance with International Financial Reporting Standards (IFRSs), as adopted by the EU and the applicable commercial law regulations according to section 315e (1) of the HGB (German Commercial Code).

The consolidated financial statements 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 7 – Disclosure initiative

Amendments to IAS 7 as part of the disclosure initiative require additional disclosures on changes in liabilities arising from financing activities. This had no material impact on 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	31 Oct. 2017	1 Jan. 2019
IFRS 17	Insurance contracts	No	1 Jan. 2021
Amendments to IFRS 10 and IAS 28	Sale or contribution of assets between an investor and its associate or joint venture	No	Deferred indefinitely
Clarification to IFRS 15	Revenue from contracts with customers	31 Oct. 2017	1 Jan. 2018
Amendments to IFRS 2	Classification and measurement of share-based payment transactions	26 Feb. 2018	1 Jan. 2018
Amendments to IFRS 4	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance contracts	3 Nov. 2017	1 Jan. 2018
Amendments to IFRS 9	Prepayment features with negative compensation	No	1 Jan. 2019
Amendments to IAS 19	Plan amendments, curtailment or settlement	No	1 Jan. 2019
Amendments to IAS 40	Transfers of investment property	14 Mar. 2018	1 Jan. 2018
Amendments to IAS 28	Long-term interests in associates and joint ventures	No	1 Jan. 2019
IFRIC Interpretation 22	Foreign currency transactions and advance consideration	No	1 Jan. 2018
IFRIC Interpretation 23	Uncertainty over income tax treatments	No	1 Jan. 2019
	Annual improvement project 2014-2016	7 Feb. 2018	1 Jan. 2017/1 Jan. 2018
	Annual improvement project 2015-2017	No	1 Jan. 2019

IFRS 9 – Financial Instruments

IFRS 9 is mandatory for application for fiscal years beginning on or after 1 January 2018 and replaces IAS 39 Financial Instruments: Recognition and Measurement. The new standard includes stipulations for classifying and measuring financial instruments, as well as new rules on hedge accounting. The standard also introduces for the first time an impairment model for financial assets.

According to IFRS 9 financial assets are classified in three categories: fair value through profit or loss, fair value through other comprehensive income and at amortised cost using the effective interest rate method. The Group expects that trade receivables, as well as other current and non-current receivables and assets will continue to be measured at amortised cost following the adoption of IFRS 9. Investments, that are currently classified as available for sale financial assets, can also be measured at fair value through other comprehensive income. Based on the current analysis, the Group does not expect any material impact from the measurement of financial assets.

For financial liabilities the existing requirements of IAS 39 were largely adopted in IFRS 9. The only significant change relates to financial liabilities in the fair value option. The Group currently has no financial liabilities for which the fair value option was exercised. Based on the current assessment by the Group, no significant changes are expected from the classification and measurement of financial liabilities.

The IFRS 9 impairment model requires the recognition of impairments based on expected credit losses and replaces the model of incurred loss of IAS 39. The impairment model applies to financial assets classified at amortised cost and finance lease receivables. The Group will probably apply the simplified impairment model for trade receivables and finance lease receivables, according to which an impairment in the amount of the expected losses over the lifetime of the receivable is to be recognised for all instruments regardless of their credit quality. According to current knowledge, no significant changes in the amount of impairments are expected to occur.

IFRS 9 also introduces new rules for hedge accounting. The revised rules for the accounting of hedging relationships continue to include the three types of hedge accounting that are also available in IAS 39. Currently, the Group does not designate any derivatives as qualified hedging instruments.

IFRS 15 – Revenue from contracts with customers

The rules of IFRS 15 are to be applied for the first time for fiscal years beginning on or after 1 January 2018. The standard specifies the amount, timing and/or period during which revenue from contracts with customers is to be recognised.

In the Vehicle Rental Business Unit, the Group generates revenue from short-term rentals of vehicles. No material changes are expected for these contracts as far as amount or timing of revenue recognition is concerned. Other revenue from rental business relates above all to insurance recoveries as well as licence and franchise fees. Insurance recoveries are not subject to the stipulations of IFRS 15, as they do not constitute a performance obligation towards a customer. Depending on the contractual details of the licence and franchise fees, the required split of the transaction price into separate performance obligations can affect the timing of revenue recognition. In the Vehicle Rental Business Unit proceeds for the sale of used vehicles are not recognised, in order to account for the fact that the rental fleet vehicles are sold predominantly under buy-back agreements concluded with manufacturers and dealers.

In the Leasing Business Unit the Group generates leasing revenue from contractually agreed lease instalments. These do not fall within the scope of IFRS 15 but continue to be recognised according to IAS 17. Furthermore, the Business Unit generates revenue from contractually agreed service components as well as revenue from the sale of used leasing vehicles. Revenue from service components such as repairs, fuels, tyres etc. is recognised as soon as the service is rendered and the amount of the revenue can be determined reliably. Sales revenue is recognised at the time of delivery to the customer, so that no change from previous practice is expected here. Warranty services associated with the sale of used lease vehicles due to local regulations cannot be bought separately. Warranty services continue to be recognised according to IAS 37 provisions, contingent liabilities and contingent assets and in line with the previous accounting method.

According to current knowledge, the application of IFRS 15 is not expected to have any material effect except for the necessity to provide more extensive details on the revenue the Group generates from contracts with customers.

IFRS 16 – Leases

IFRS 16 (Leases) is mandatory for application for fiscal years beginning on or after 1 January 2019. The standard contains rules for lease accounting. For all leases lessees are required to recognise a lease liability and a corresponding right of use on the underlying asset in the balance sheet. Lessees with short-term leases of up to one year or with lease assets of low value are granted exemptions. For lessors the rules have remained more or less unchanged compared with the previous leasing standard IAS 17.

The Sixt Group is the contractual partner as lessee in lease relations. The definition of IFRS 16 applies to operate lease agreements used for refinancing the rental fleet, which are according to IAS 17 not recognised under the Group's assets, as well as to a part of the rental agreements for business premises e.g. rental offices. Insofar as there are no exemptions for short-term leases or low-value assets, the assumption is that the Group has to recognise the corresponding rights of use assets and lease liabilities for these leases. At present Sixt is examining how the application will affect the consolidated financial statements. A reliable assessment of the effects can only be made after completion of this examination.

To the extent that Sixt is the lessee in finance leases agreements, no material changes are likely to follow compared to the previous leasing standard IAS 17.

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

No material changes are expected from the application of the other published new and/or amended standards and interpretations. The 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 2017 include the follwing fully consolidated companies (the equity interest corresponds to the voting power):

Name	Domicile	Equity interest
1501 NW 49 ST 33309, LLC	Delaware	100%
Akrimo Beteiligungs GmbH	Pullach	100%
Akrimo GmbH & Co. KG	Pullach	100%
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	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	100%
e-Sixt Verwaltungs GmbH	Munich	100%
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%
Nizza Mobility SARL	Nice	100%
Phocemoove SARL	Marignane	100%
Rail Paris Mobility SARL	Paris	100%
Rhônesaône Mobility SARL	Colombier Saugnieu	100%

Table continued:

Name	Domicile	Equity interest
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 (in liquidation)	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 Chauffeur Reservation Systems GmbH & Co. KG (formerly MD Digital Mobility GmbH & Co. KG)	Berlin	100%
Sixt Chauffeured Services Holding GmbH & Co. KG (formerly SXT Beteiligungs GmbH & Co. KG)	Pullach	100%
Sixt Développement SARL	Paris	100%
Sixt European Holding GmbH & Co. KG	Pullach	100%
Sixt Executive GmbH	Garching	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 International Services GmbH (formerly Sixt Financial Services GmbH)	Pullach	100%
Sixt Leasing (Schweiz) AG	Urdorf	42%
Sixt Leasing G.m.b.H.	Vösendorf	42%
Sixt Leasing SE	Pullach	42%
Sixt Limousine SARL	Neuilly sur Seine	100%
Sixt Location Longue Durée SARL	Paris	42%
Sixt Mobility Consulting AG	Urdorf	42%
Sixt Mobility Consulting B.V.	Hoofddorp	42%
Sixt Mobility Consulting GmbH	Pullach	42%
Sixt Nord SARL (in liquidation)	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 Shack 2821S Federal Highway FLL, LLC	Delaware	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	Pullach	100%
Sixti SARL	Tremblay en France	100%
SL Car Sales GmbH (formerly Sixt Car Sales GmbH)	Garching	100%
Smaragd International Holding GmbH	Pullach	100%
Speed Holding 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 & Co. KG (formerly SXT Reservierungs- und Vertriebs-GmbH)	Rostock	100%
SXT Services GmbH & Co. KG	Pullach	100%
SXT Telesales GmbH	Berlin	100%
Tango 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	Florida	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 structured entity Isar Valley S.A., Luxembourg (equity interest 0%) is 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 (in each case 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.

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
CV "Main 2000" UA	Schiphol	505,361 EUR	50%	- EUR
DriveNow Verwaltungs GmbH	Munich	27,930 EUR	50%	434 EUR
Sixt Beteiligungen GmbH	Pullach	46,501 EUR	100%	930 EUR
Sixt Chauffeur Reservation Systems Verwaltungs GmbH (formerly MD Digital Mobility Verwaltungs-GmbH)	Berlin	22,650 EUR	100%	777 EUR
Sixt GmbH	Munich	21,154 EUR	100%	6,847 EUR
Sixt Immobilien Beteiligungen GmbH	Pullach	175,630 EUR	100%	11,039 EUR
Sixt Leasing N.V.	Sint-Stevens-Woluwe	-116,495 EUR	100%	-3,702 EUR
Sixt Mobility Consulting Österreich GmbH	Vösendorf	61,613 EUR	42%	32,630 EUR
Sixt Mobility Consulting SARL	Paris	-181,684 EUR	42%	-83,310 EUR
Sixt R&D Private Limited	Bangalore	7,224,702 INR	100%	7,124,702 INR
Sixt Systems GmbH	Pullach	10,389 EUR	100%	-968 EUR
Sixt Travel GmbH	Taufkirchen	377,274 EUR	100%	5,348 EUR
Sixt Verwaltungs B.V.	Hoofddorp	3,329 EUR	100%	-6,671 EUR
Sixt Verwaltungs-GmbH	Taufkirchen	49,953 EUR	100%	1,246 EUR
Sixt Verwaltungs-GmbH	Vösendorf	21,986 EUR	100%	-13,014 EUR
SXT Leasing Verwaltungs GmbH	Rostock	24,936 EUR	42%	-9 EUR
SXT Projects and Finance GmbH	Pullach	25,000 EUR	100%	-235 EUR
SXT V+R Verwaltungs GmbH	Rostock	24,487 EUR	100%	-513 EUR
SXT Verwaltungs GmbH	Pullach	25,792 EUR	100%	934 EUR
TOV 6-Systems	Kiev	36,005,059 UAH	100%	15,266,511 UAH
TÜV SÜD Car Registration & Services GmbH	Munich	1,118,319 EUR	50%	560,669 EUR

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: Akrimo GmbH & Co. KG, Pullach, 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, Sigma Grundstücks- und Verwaltungs GmbH & Co. Immobilien KG, Pullach, Sigma Pi Holding GmbH & Co. KG, Pullach, Sixt Beteiligungen GmbH & Co. Holding KG, Pullach, Sixt Chauffeur Reservation Systems GmbH & Co. KG, Berlin, Sixt Chauffeured Services Holding GmbH & Co. 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 Dienstleistungen GmbH & Co. KG, Rostock, SXT Leasing Dienstleistungen GmbH & Co. KG, Rostock, SXT Reservierungs- und Vertriebs-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 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 2016 occured:

e-sixt Verwaltungs GmbH, Munich, was newly consolidated. The company was established by the Sixt Group and so far has not been consolidated because of its insignificance.

In addition to this, the companies Sixt Shack 2821S Federal Highway FLL, LLC, Delaware and 1501 NW 49 ST 33309, LLC, Delaware that were founded in the financial year 2017 have also been newly consolidated.

Also newly consolidated was Akrimo Beteiligungs GmbH, Pullach, which has been taken over by Sixt SE in September 2017.

The changes in the scope of consolidation had no noteworthy effects on the Group's net assets, financial position and results of operations.

Sixt Franchise GmbH, Pullach, and Sixt Holiday Cars GmbH, Pullach, which so far have not been consolidated because of their insignificance, 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 2017. 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 2017 with the exception of Akrimo Beteiligungs GmbH 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 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. 2017	31 Dec. 2016	2017	2016
Pound Sterling	0.88730	0.85535	0.87632	0.82258
Swiss Francs	1.16945	1.07230	1.11618	1.09036
US-Dollar	1.19885	1.05535	1.13715	1.10295

3. REPORTING AND VALUATION METHODS

3.1 INCOME STATEMENT

Revenue

Revenue is measured at the fair 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. As far as Sixt is the recipient of the contracted service, 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 or 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 the value in use are adapted annually to reflect current market conditions and the Company's results of operations. The model used for the impairment test is based on the discounted cash flow method, with a multi-year plan (2018 to 2021) 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 4.2% and 4.9% (2016: between 5.9% and 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 twenty years. In accordance with IAS 36, intangible assets whose useful lives cannot be determined or are generally indefinite are tested for impairment on an annual basis and, where necessary, written down to their fair value.

Property and equipment

Property and equipment are carried at cost less straight-line depreciation and recognised impairment.

Depreciation is taken so that the acquisition costs of assets 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 and fixtures in buildings	15 to 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 car market. This results in a market price risk exposure, which is evaluated by the Group periodically by estimating residual values and adjusting depreciation rates. Impairment losses are recognised in individual cases, if the carrying amount, which is based on the originally calculated residual value, exceeds the carrying amount expected prospectively at disposal. 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 the present value of the minimum lease payments or the 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 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 within the item 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 or 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 and similar obligations

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

The amount recognised as provisions for pensions and similar obligations in the consolidated balance sheet is the current deficit of the defined benefit plans of the Group.

Service costs are recognised in personnel expenses within the consolidated income statement, while net interest income is recognised as part of finance costs. Remeasurements of the defined benefit obligation, net of deferred tax are recognised in other equity. These amounts recognised in other comprehensive income 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 from time to time 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. Currently the Group does not designate any derivatives in a hedging relationship.

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 taking into account the expected residual value of the vehicles. 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.

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.	2017	2016	2017	2016	2017	2016	in %
Vehicle Rental Business Unit							
Rental revenue	752,579	715,539	934,120	817,969	1,686,699	1,533,508	10.0
Other revenue from rental business	108,883	107,069	69,783	62,786	178,666	169,856	5.2
Total	861,461	822,608	1,003,904	880,756	1,865,365	1,703,364	9.5
Leasing Business Unit							
Leasing revenue	198,398	187,724	28,660	31,540	227,058	219,264	3.6
Other revenue from leasing business	185,776	175,968	31,062	25,107	216,838	201,075	7.8
Sales revenue	265,204	252,797	24,391	31,111	289,595	283,908	2.0
Total	649,378	616,489	84,112	87,758	733,491	704,247	4.2
Other revenue	3,692	5,087	183	-	3,875	5,087	-23.8
Group total	1,514,531	1,444,184	1,088,199	968,514	2,602,730	2,412,697	7.9

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 other related services (full-service and fleet management) and the sale of lease assets

The revenue reported in the Vehicle Rental Business Unit (rental revenue and other revenue from rental business) as well as in the Leasing Business Unit (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 1,686,699 thousand (2016: EUR 1,533,508 thousand) and other revenue from rental business, such as insurance recoveries, subsidies, licence and franchise fees, and commission revenue amounting to EUR 178,666 thousand (2016: EUR 169,856 thousand). Other revenue from rental business includes compensation payments from third parties totalling EUR 129,228 thousand (2016: EUR 124,921 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 car 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 revenue in the Leasing Business Unit comprises contractually agreed lease instalments of EUR 227,058 thousand (2016: EUR 219,264 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 216,838 thousand (2016: EUR 201,075 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 assets under revenue. In the Leasing segment, compensation payments from third parties amount to EUR 8,182 thousand (2016: EUR 6,652 thousand).

\4.2\ *Other operating income* in the amount of EUR 120,529 thousand (2016: EUR 122,616 thousand) includes income of EUR 44,230 thousand (2016: EUR 59,006 thousand) from currency translation. The item also includes income of EUR 34,925 thousand (2016: EUR 27,672 thousand) from forwarding costs to third parties, income of EUR 6,911 thousand (2016: EUR 5,599 thousand) from non-cash benefits, income of EUR 6,992 thousand (2016: EUR 6,447 thousand) from the reversal of provisions, income of EUR 1,521 thousand (2016: EUR 1,466 thousand) from payments on previously derecognised receivables, income of EUR 4,946 thousand (2016: EUR 1,667 thousand) from the reversal of impairments and income of EUR 1,681 thousand (2016: EUR 1,469 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.	2017	2016	Change in %
Repairs, maintenance and reconditioning	289,147	261,889	10.4
Fuel	101,089	86,713	16.6
Insurance	80,058	83,449	-4.1
Transportation	44,496	49,594	-10.3
Taxes and charges	21,129	18,630	13.4
Expenses from write-downs on lease assets intended for sale	7,497	6,314	18.7
Other, including selling expenses	351,824	343,372	2.5
Group total	895,242	849,961	5.3

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 item 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 334,722 thousand the year before to EUR 364,944 thousand in the year under review – mainly due to the increased number of employees following the international expansion. Social contributions mainly include employer contributions for statutory social insurance schemes. The expense for defined contribution pension plans in the amount of EUR 16,841 thousand (2016: EUR 14,852 thousand) primarily result from statutory pension insurances. Expenses for defined benefit plans are included in the amount of EUR 1,032 thousand (2016: EUR 2,999 thousand).

Personnel expenses in EUR thou.	2017	2016	Change in %
Wages and salaries	309,189	283,454	9.1
Social security contributions	55,755	51,268	8.8
Group total	364,944	334,722	9.0

Average number of employees during the year:

Employees in the Group	2017	2016
Female employees	3,403	3,333
Male employees	3,282	2,879
Group total	6,685	6,212

The Rental Business Unit employed 6,030 (2016: 5,745) members of staff, and the Leasing Business Unit employed 547 (2016: 370) members of staff. The “Other” segment carried 108 (2016: 97) members of staff.

\4.5\ *Expenses for depreciation and amortisation* in the financial year are explained in more detail below:

Depreciation and amortisation expense			Change
in EUR thou.	2017	2016	in %
Rental vehicles	298,345	300,478	-0.7
Lease assets	187,568	176,942	6.0
Property and equipment	15,525	14,467	7.3
Intangible assets	8,278	8,856	-6.5
Group total	509,715	500,743	1.8

In the previous year the position depreciation on property and equipment also contained the depreciation on an investment property.

Depreciation and amortisation expense for rental vehicles decreased slightly to EUR 298,345 thousand (2016: EUR 300,478 thousand). Impairment losses of EUR 14,098 thousand (2016: EUR 8,513 thousand) were charged on rental vehicles of EUR 1,727 million (2016: EUR 89 million). Impairment losses are based on assumed future prices on the used car market.

In line with the increased number of contracts, depreciation of lease assets at EUR 187,568 thousand was higher year on year (2016: EUR 176,942 thousand).

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

Other operating expenses in EUR thou.	2017	2016	Change in %
Leasing expenses	63,693	64,177	-0.8
Commissions	179,149	149,908	19.5
Expenses for buildings	73,429	65,992	11.3
Other selling and marketing expenses	65,917	65,015	1.4
Expenses from write-downs of receivables	37,592	32,118	17.0
Audit, legal, advisory costs, and investor relations expenses	20,664	19,210	7.6
Other personnel services	69,186	65,027	6.4
Expenses for IT and communication services	20,184	18,705	7.9
Currency translation/consolidation	53,130	71,816	-26.0
Miscellaneous expenses	45,338	42,145	7.6
Group total	628,282	594,112	5.8

The consolidated financial statements of Sixt SE recognised as operating expense in the amount of EUR 595 thousand (2016: EUR 461 thousand) fees for the auditors of the consolidated financial statements. The fees break down into audit costs (EUR 337 thousand, 2016: EUR 307 thousand), other assurance services (EUR 132 thousand, 2016: EUR 100 thousand) in particular from EMIR audits and comfort letters, tax consultant services (EUR 89 thousand, 2016: EUR 44 thousand) and other services (EUR 37 thousand, 2016: EUR 10 thousand) that were provided for the parent or subsidiary companies.

\4.7\ At EUR -37.797 thousand *net finance costs* are on the same level as in the previous year (2016: EUR -37,471 thousand) despite the higher funding volume due to the increased fleet. The following table contains a breakdown of the net finance costs:

Net finance costs in EUR thou.	2017	2016
Other interest and similar income	629	801
Other interest and similar income from unconsolidated affiliated companies	9	19
Interest and similar expenses	-34,544	-34,387
Interest and similar expenses for unconsolidated affiliated companies	-12	-32
Net interest expense	-33,917	-33,600
Result from at-equity measured investments	-6,080	-5,199
Income from financial assets	2,215	844
Expenses for financial assets	-20	-429
Result from financial assets sold	2	1,848
Net income from derivative financial instruments	5	-936
Other net financial income	2,201	1,327
Group total	-37,797	-37,471

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

Income tax expense in EUR thou.	2017	2016	Change in %
Current income tax for the reporting period	78,741	68,094	15.6
Deferred taxes	4,124	-6,437	>-100
Group total	82,865	61,657	34.4

Current income tax in the amount of EUR 78,741 thousand (2016: EUR 68,094 thousand) in the financial year 2017 comprises tax income from previous years in the amount of EUR 1,782 thousand (2016: EUR 2,035 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 for the period when the temporary differences reverse or the tax loss carryforwards are used. Until changes to tax laws are ratified, deferred taxes are measured at current tax rates. A corporation tax rate of 15% (2016: 15%) was used to calculate deferred taxes at the German companies as at 31 December 2017. Furthermore, a solidarity surcharge of 5.5% (2016: 5.5%) on the corporation tax was also included and a trade tax rate between 9.1% and 16.3% (2016: between 9.1% and 16.2%) depending on the municipality's tax assessment rate was applied. Thus, an aggregated tax rate between 24.9% and 32.1% (2016: 24.9% and 32.1%) 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% (2016: 24.9%) to consolidated profit for the period (before taxes) in accordance with IFRS. The income tax rate is made up of corporation tax at 15% (2016: 15%), a solidarity surcharge of 5.5% (2016: 5.5%) as well as trade tax at 9.1% (2016: 9.1%).

Reconciliation of taxes in EUR thou.	2017	2016
Consolidated profit before taxes in accordance with IFRS	287,280	218,303
Expected income tax expense	71,619	54,423
Effect of different tax rates outside Germany	4,506	339
Effect of different trade tax rates	4,279	3,330
Effect from tax rate changes	-1,171	456
Changes in permanent differences	-936	-2,665
Changes in impairments	1,491	4,929
Non-deductible operating expenses	5,287	3,815
Tax-exempt income	-2,373	-2,191
Income taxes from other periods	-1,794	-4,672
Other effects	1,958	3,893
Reported tax expense	82,865	61,657

At the balance sheet date deferred tax without impact on the income statement amounted to EUR -152 thousand (2016: EUR 8 thousand). The change against the previous year showed EUR -164 thousand (2016: EUR 45 thousand).

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

Deferred taxes in EUR thou.	2017	2016
From temporary differences	2,608	-3,637
From loss carryforwards	1,516	-2,800
Group total	4,124	-6,437

In the financial year 2017 no deferred tax assets have been recognised following the acquisition of subsidiaries (2016: EUR 2.424 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. 2017	31 Dec. 2016	31 Dec. 2017	31 Dec. 2016
Fleet	10,207	6,383	31,239	17,188
Receivables	6,469	1,465	2,234	1,676
Other assets	3,898	2,441	2,311	807
Other liabilities	2,420	2,678	9,672	6,880
Provisions	10,125	4,062	-	-
Tax loss carryforwards	5,669	7,185	-	-
	38,788	24,213	45,456	26,552
Offsetting	-20,528	-6,972	-20,528	-6,972
Group total	18,260	17,241	24,928	19,579

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 where they relate to income taxes of the same tax subject levied by the same tax authority.

Of the tax losses carried-forward of EUR 59,444 thousand (2016: EUR 69,241 thousand), for which no deferred tax assets were recognised, EUR 46,665 thousand (2016: EUR 58,165 thousand) will expire between 2031 and 2038. 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 14 thousand (2016: EUR 544 thousand) deferred taxes were not recognised.

For temporary differences in relation to shares in subsidiaries of the Group in the amount of EUR 19,574 thousand (2016: EUR 16,804 thousand) deferred tax liabilities were not recognised.

\4.9\ The *minority interests* contained in the consolidated profit amount to a total of EUR 12,302 thousand (2016: EUR 14,351 thousand).

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

Dividends in EUR thou.	2017	2016
Amounts recognised as distribution to shareholders in the financial year	77,788	71,461
Dividend for financial year 2016 EUR 1.65 (2015: EUR 1.50) for each ordinary share	50,106	46,085
Dividend for financial year 2016 EUR 1.67 (2015: EUR 1.52) for each preference share	27,682	25,375

The proposal is to pay for the financial year 2017 a dividend of EUR 1.95 per ordinary share and EUR 1.97 per preference share as well as a special dividend of EUR 2.05 for each ordinary and preference share. This corresponds to an estimated total distribution of EUR 188,105 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		2017	2016
Consolidated profit for the period after minority interests	in EUR thou.	192,113	142,295
Profit attributable to ordinary shares	in EUR thou.	124,061	91,911
Profit attributable to preference shares	in EUR thou.	68,052	50,385
Weighted average number of ordinary shares		30,367,112	30,640,431
Weighted average number of preference shares		16,576,246	16,682,478
Earnings per ordinary share	in EUR	4.09	3.00
Earnings per preference share	in EUR	4.11	3.02

The profit 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 based on the proportionate number of shares per month for each category of shares, taking due account of the respective number of treasury shares. The diluted earnings per share correspond for both categories of shares 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. 2017	Foreign exchange differences	Additions	Changes in the scope of consolidation	Disposals	Transfers	31 Dec. 2017
Goodwill	20,503	-44	-	-	-	-	20,459
Purchased software	47,415	-16	4,305	-	1,496	1,416	51,623
Internally developed software	4,520	-	-	-	-	232	4,753
Payments on account of software	7,183	-	3,129	-	-	-1,648	8,664
Other intangible assets	10,064	-1,096	131	-	103	-	8,996
Intangible assets	69,183	-1,112	7,564	-	1,599	-	74,036
Land and buildings	112,378	-597	12,694	-	207	621	124,889
Operating and office equipment	111,170	-1,479	22,560	-	11,489	3,430	124,191
Payments on account of property and equipment	3,768	-88	3,395	-	52	-4,051	2,972
Property and equipment	227,315	-2,164	38,648	-	11,747	-	252,052
Lease assets	1,206,448	-6,862	619,181	-	403,972	-	1,414,795
Total	1,523,450	-10,182	665,393	-	417,318	-	1,761,342

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

Depreciation/Amortisation							Carrying amounts	
1 Jan. 2017	Foreign exchange differences	Depreciation/ Amortisation in the financial year	Changes in the scope of consolidation	Disposals	Transfers	31 Dec. 2017	31 Dec. 2017	31 Dec. 2016
301	-31	-	-	-	-	271	20,188	20,202
34,868	-10	6,616	-	1,491	-	39,983	11,640	12,548
3,757	-	296	-	-	-	4,054	699	763
-	-	-	-	-	-	-	8,664	7,183
3,761	-444	1,365	-	92	-	4,590	4,406	6,303
42,386	-454	8,278	-	1,583	-	48,627	25,408	26,797
10,516	-83	1,881	-	185	-	12,129	112,759	101,862
54,383	-493	13,644	-	7,903	-	59,630	64,561	56,787
-	-	-	-	-	-	-	2,972	3,768
64,899	-577	15,525	-	8,087	-	71,760	180,292	162,416
185,648	-2,212	187,568	-	175,418	-	195,587	1,219,209	1,020,800
293,235	-3,273	211,370	-	185,088	-	316,244	1,445,098	1,230,214

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

\4.11\ The *goodwill* of EUR 20,188 thousand (2016: EUR 20,202 thousand) results from the consolidation of the companies belonging to United Kenning Rental Group Ltd., Langley, 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 puchased software amounting to EUR 11,640 thousand (2016: EUR 12,548 thousand) and internally developed software amounting to EUR 699 thousand (2016: EUR 763 thousand). The item also includes payments on account in respect of software amounting to EUR 8,664 thousand (2016: EUR 7,183 thousand) and other intangible assets amounting to EUR 4,406 thousand (2016: EUR 6,303 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 112,759 thousand (2016: EUR 101,862 thousand). Operating and office equipment (mainly IT systems, fixtures and fittings and office equipment) are included in the amount of EUR 64,561 thousand (2016: EUR 56,787 thousand). The item also includes payments on account made for property and equipment in the amount of EUR 2,972 thousand (2016: EUR 3,768 thousand). Land charges are registered against properties for real estate financing in the amount of EUR 77,420 thousand (2016: EUR 744 thousand). No impairment losses were recognised in the year under review.

\4.14\ *Lease assets* increased to EUR 1,219.2 million (2016: EUR 1,020.8 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 413 million (2016: EUR 379 million), payments of EUR 198 million (2016: EUR 183 million) are due within one year, payments of EUR 215 million (2016: EUR 195 million) are due in one to five years and payments of EUR 0.1 million (2016: 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 1.1 million (2016: EUR 0.8 million). In addition to these, the Group estimates calculated residual values covered by buy-back agreements in the amount of EUR 368 million (2016: EUR 274 million) and further calculated residual values not covered by third parties in the amount of EUR 556 million (2016: EUR 476 million).

Lease assets of EUR 150.1 million (2016: EUR 158.9 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 contracts. These agreements are structured such that the refinanced vehicles remain attributable to the Group in the amount of EUR 13.4 million (2016: EUR 8.4 million). The agreements have a residual term of up to three 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 1,973 thousand (2016: EUR 4,846 thousand).

At-equity measured investments 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, Milano, 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 other European countries, where DriveNow expands primarily.

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

At-equity measured investments		
in EUR million	2017	2016
Revenue	71.2	58.3
Net income	-17.0	-14.7
Group's proportion of the net income	-6.1	-5.2
Current and non-current assets	26.4	33.3
Current and non-current provisions and liabilities	22.2	18.5
Equity	4.2	14.8
Group's proportion of the net assets	2.0	4.8
Carrying amount	2.0	4.8

\4.16\ The carrying amount of the unconsolidated affiliates and investments presented under *financial assets* amounts to EUR 915 thousand (2016: EUR 1,524 thousand).

\4.17\ The *rental vehicles* item increased from EUR 1,957.0 million to EUR 2,076.0 million. The increase is due to the higher number of capitalised rental vehicles as at reporting date. The acquisition costs for new additions to the rental vehicles in the fiscal year amounted to EUR 3,925 million (2016: EUR 3,627 million). For the rental assets reported at the end of the year under review, it amounted to EUR 2,226 million (2016: EUR 2,110 million). Rental vehicles in the amount of EUR 60.3 million (2016: EUR 135.0 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.

\4.18\ *Inventories* decreased to a total of EUR 75,829 thousand (2016: EUR 88,126 thousand) – mainly resulting from a lower number of rental and leasing vehicles intended for sale as at reporting date. Other inventories are in their amount of subordinate importance and consist mainly of fuel, other supplies and purchased vehicles intended for resale.

\4.19\ *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.

\4.20\ *Other receivables and assets* can be broken down as follows:

Other receivables and assets in EUR thou.	31 Dec. 2017	31 Dec. 2016
Financial other receivables and assets		
Finance lease receivables	4,425	4,494
Receivables from affiliated companies	934	413
Receivables from other investees	692	511
Miscellaneous assets	57,314	55,109
Non-financial other receivables and assets		
Other recoverable taxes	23,813	22,052
Insurance claims	25,841	14,867
Deferred income	19,204	22,938
Delivery claims for vehicles of the rental and lease fleets	149,088	131,922
Group total	281,311	252,306
Thereof current	275,213	245,560
Thereof non-current	6,098	6,746

Finance lease receivables correspond 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. As in the previous year, proportionate valuation allowances on current and non-current finance lease receivables amounted to EUR 0.1 million in total. Further details are shown below:

Finance lease receivables	Gross investment		Present value of outstanding minimum lease payments	
in EUR million	31 Dec. 2017	31 Dec. 2016	31 Dec. 2017	31 Dec. 2016
Due within one year	2.0	1.8	1.7	1.6
Due in one to five years	3.1	3.2	2.7	2.9
Unrealised finance income	0.6	0.5	-	-

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

Miscellaneous assets also include deposits for leases and advances amounting to EUR 2,956 thousand (2016: EUR 3,511 thousand), in each case maturing in one to five years.

\4.21\ *Cash and bank balances* of EUR 87,585 thousand (2016: EUR 47,028 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 1,177.9 million (2016: EUR 1,079.7 million). The subscribed capital of Sixt SE contained in this total amounted unchanged to EUR 120.2 million.

\4.22\ Subscribed capital of Sixt SE

The share capital is composed of:	No-par value shares	Nominal value in EUR	No-par value shares	Nominal value in EUR
		31 Dec. 2017		31 Dec. 2016
Ordinary shares	30,367,112	77,739,807	30,367,112	77,739,807
Non-voting preference shares	16,576,246	42,435,190	16,576,246	42,435,190
Total	46,943,358	120,174,996	46,943,358	120,174,996

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.

\4.23\ Treasury shares

By resolution of the Annual General Meeting of 2 June 2016 the Managing Board, with consent of the Supervisory Board, is authorised, as specified in the proposed resolution, to acquire in the period up to and including 1 June 2021 ordinary bearer shares and/or preference 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. 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 two share buy-back programmes have been completed. The authorisation has not been fully exercised as of the reporting date.

In financial year 2017 Sixt SE repurchased in total 27,656 preference shares to meet the Company's obligation to grant preference shares to employees and members of the administrative and management bodies of Sixt SE and its affiliated companies under the Matching Stock Programme MSP 2012 (2016: 779,720 ordinary shares and 370,252 preference shares from a share buy-back programme as well as to meet the Company's obligations under the Matching Stock Programme MSP 2012). As per 31 December 2017 Sixt SE does not hold any treasury shares (2016: 35,044 preference shares).

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 Stock Corporation Act]); and

d) to the extend 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 or majority-owned by 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, 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 preference bearer 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 on 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 30 June 2017 the Managing Board is authorised to issue, on one or more occasions in the period up to and including 29 June 2022, 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 30 June 2017.

\4.24\ Capital reserves

Capital reserves in EUR thou.	2017	2016
Balance as at 1 Jan.	240,625	241,494
Increase due to the employee participation programme	990	1,580
Disposal from the exercise under the employee participation programme	-4,462	-4,065
Changes in the scope of consolidation	-	-356
Transfer to capital reserves	5,359	1,971
Balance as at 31 Dec.	242,512	240,625

The change in the capital reserves to EUR 242,512 thousand (2016: EUR 240,625 thousand) results from allocation to and exercise of stock options granted under the Matching Stock Programme MSP 2012 as well as transfers to capital reserves.

\4.25\ Retained earnings

Retained earnings in EUR thou.	2017	2016
Balance as at 1 Jan.	277,527	272,490
Changes in the scope of consolidation	58	2,025
Purchase of minority interests	243	-
Transfer to retained earnings of Sixt SE	25,000	50,000
Transfer from retained earnings of Sixt SE	-90,000	-
Redemption of treasury shares	-	-47,146
Transfer to capital reserves	-2,854	-
Other changes	1,404	158
Balance as at 31 Dec.	211,378	277,527

\4.25\ Currency translation reserve

Currency translation reserve in EUR thou.	2017	2016
Balance as at 1 Jan.	6,646	13,750
Differences arising from the translation of the financial statements of foreign subsidiaries	-20,823	-7,104
Balance as at 31 Dec.	-14,177	6,646

\4.25\ Other equity

Other equity in EUR thou.	2017	2016
Balance as at 1 Jan.	323,053	304,449
Consolidated profit	192,113	142,295
Dividend payments	-77,788	-71,461
Other comprehensive income	478	-76
Transfer to retained earnings of Sixt SE	-25,000	-50,000
Transfer from retained earnings of Sixt SE	90,000	-
Transfer to capital reserves	-2,505	-1,971
Changes in the scope of consolidation	-	-25
Other changes	-1,404	-158
Balance as at 31 Dec.	498,947	323,053

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

\4.26\ Minority interests

Minority interests relate to the shareholdings of third parties in Group companies. Minority interests are reported in current other liabilities where interests in equity or in the net profit or loss of consolidated partnerships are affected. Minority interests reported in equity are related entirely to Sixt Leasing SE, Pullach, and its subsidiaries. Since the IPO of Sixt Leasing SE in May 2015 the equity interest of minority shareholders in Sixt Leasing SE remains unchanged at 58.1%.

The following table contains the summarised financial information, before eliminiations of transactions with other group companies, of Sixt Leasing Group according to IFRS.

Financial information for subsidiaries with significant minority shareholders in EUR thou.	Sixt Leasing Group 2017	Sixt Leasing Group 2016
Equity interest of minority shareholders (in %)	58.1	58.1
Dividends paid	5,744	4,787
Carrying amount of minority interests	119,020	112,990
Non-current assets	1,232,356	1,033,503
Current assets	210,468	138,690
Non-current liabilities and provisions	607,595	655,530
Current liabilities and provisions	630,098	321,963
Revenue	743,951	713,881
Earnings before taxes (EBT)	29,711	31,575

Liabilities and provisions

\4.27\ *Provisions for pensions and similar obligations* are broken down as follows:

Provisions for pensions and similar obligations in EUR thou.	2017	2016
Provisions for pensions	11,409	12,068
Other post-employment benefits	106	-
Defined benefit obligations	11,516	12,068
Fair value of plan assets	9,594	9,480
Group total	1,922	2,588

The valuation of provisions for pensions and similar obligations rely on actuarial reports. The reports use the following actuarial assumptions:

Actuarial assumptions in %	2017	2016
Discount rate	0.7 - 1.3	0.6
Assumed salary increase	0.5 - 1.4	0.5
Assumed pension increase	-	-
Mortality table	BVG 2015 GT	BVG 2015 GT

Provisions for pensions – Switzerland

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 following table shows the developement of the defined benefit pension plans:

Development of defined benefit pension plans	Defined benefit obligations		Fair value of plan assets		Net balance of defined benefit obligations	
in EUR thou.	2017	2016	2017	2016	2017	2016
Balance as at 1 Jan.	12,068	-	9,480	-	2,588	-
Additions for previous years	-	10,346	-	8,287	-	2,059
Current service costs	891	940	-	-	891	940
Net interest costs of defined benefit obligations	70	84	57	70	13	14
Expenses recognised in the consolidated income statement	961	11,370	57	8,357	904	3,013
Return on plan assets	-	-	29	39	-29	-39
Actuarial gains/losses						
Experience gains/losses	-600	174	-	-	-600	174
Changes in demographic assumptions	-	-189	-	-	-	-189
Changes in financial assumptions	-133	261	-	-	-133	261
Remeasurement for defined benefit obligations recognised in other comprehensive income	-733	247	29	39	-762	208
Employer contributions	-	-	726	676	-726	-676
Plan participants' contributions	726	676	726	676	-	-
Benefits paid	-595	-425	-595	-425	-	-
Foreign currency translation effects	-1,019	200	-831	157	-188	43
Other reconciling items	-887	451	27	1,083	-914	-633
Balance as at 31 Dec.	11,409	12,068	9,594	9,480	1,816	2,588

The weighted average duration of the defined benefit obligation from pensions was around 17 years (2016: 16 years). Employer contributions expected to be paid for defined benefit obligations in fiscal year 2018 amount to EUR 730 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.

Other post-employment benefits – Italy

Other post-employment benefits include the Italian severance pay obligation (TFR). In Italy each employer is required by law to pay the TFR amount to employees, who leave the company. The TFR amount is calculated based on the duration of employment and the taxable income of each employee.

The weighted average duration of the defined benefit obligation for other post-employment benefits was around 8 years (2016: -). Employer contributions expected for defined benefit obligations in fiscal year 2018 amount to EUR 163 thousand.

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 obligation presented in the following table:

Sensitivity analysis of defined benefit obligations	Changes in the defined benefit obligations		Changes in the defined benefit obligations	
in EUR thou.		2017		2016
	+ 0.5 percentage points	-0.5 percentage points	+ 0.5 percentage points	-0.5 percentage points
Discount rate	-539	617	-580	756
Assumed salary increase	127	-130	165	-172
Assumed pension increase	454	-432	538	-487

The increase/decrease of the life expectancy in the assumptions by one year respectively would result in a change of the defined benefit obligation by EUR -217 thousand/EUR 250 thousand (2016: EUR -145 thousand/EUR 160 thousand).

Of the obligations included in other provisions EUR 122,895 thousand (2016: EUR 123,649 thousand) are expected to be settled within one year and EUR 1,814 thousand (2016: EUR 141 thousand) are due in more than one year.

\4.28\ *Other provisions* consist mainly of provisions for taxes, legal costs and the operating rental business (fleet related costs) as well as staff provisions.

Other provisions in EUR thou.	Rental business (fleet related)	Personnel	Miscellaneous	Total
Balance as at 1 Jan.	65,481	40,772	17,537	123,790
Additions	52,333	44,402	9,334	106,069
Reversals	-	-4,256	-2,736	-6,992
Utilised	-56,941	-37,757	-2,609	-97,307
Foreign exchange differences	-	-376	-475	-851
Transfers	-	988	-988	-
Balance as at 31 Dec.	60,873	43,773	20,063	124,709

\4.29\ *Financial liabilities* comprise liabilites from issued borrower's note loans and bonds, bank loans, liabilites from commercial papers as well as liabilities from asset backed securities financing and finance lease liabilities used to refinance the lease fleet.

Financial liabilities	Residual term of up to 1 year		Residual term of 1 to 5 years		Residual term of more than 5 years	
in EUR thou.	31.12.2017	31.12.2016	31.12.2017	31.12.2016	31.12.2017	31.12.2016
Borrower's note loans	-	244,964	387,698	346,532	179,082	150,075
Bonds	249,904	-	748,738	503,221	-	249,271
Commercial paper	25,000	188,000	-	-	-	-
Liabilities to banks	299,304	305,626	310,406	120,603	62,840	-
Finance lease liabilities	2,415	8,816	11,317	687	-	-
Other liabilities	14,405	14,164	-	-	-	-
Group total	591,027	761,569	1,458,159	971,043	241,922	399,346

Borrower's note loans with a total nominal value of EUR 568 million (2016: EUR 743 million) were issued in several tranches. Thereof a nominal value of EUR 568 million (2016: EUR 498 million) relates to non-current financial liabilities. Interest is paid at a variable or fixed rate with nominal maturities between four and seven years (2016: between three and seven years). In fiscal year 2017 new long-term borrower's note loans with terms of five and seven years and a total volume of EUR 70 million were issued.

The borrower's note loans in the nominal value of EUR 245 million, reported last year under current financial liabilities, were repaid in 2017 as per agreement.

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 rate of 1.125% p.a. and a maturity of six years until 2022, all issued by Sixt SE. Furthermore, Sixt Leasing SE issued a EUR 250 million bond on the capital market in 2017 with a nominal interest rate of 1.125% and a maturity of four years until 2021. There are conditional call options for the issuer and put options for the bondholders.

Bonds in the principal amount of EUR 4.9 million had been issued to participants in the MSP 2012 employee equity participation programme at balance sheet date (2016: EUR 3.8 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 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. The liabilities are secured by 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 two long-term investment loans in the amount of EUR 77.4 million (2016: EUR 0.7 million). The loans have been secured by mortgages.

The current liabilities to banks include short-term borrowings at variable rates of interest taken out by utilising the credit lines available to the Group. The liabilities have been secured by transferring ownership of assets. Other liabilities consist mainly of deferred interest.

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

Finance lease liabilities	Gross investment		Present value of outstanding minimum lease payments	
in EUR thou.	31.12.2017	31.12.2016	31.12.2017	31.12.2016
Due within one year	2,436	8,896	2,415	8,816
Due in one to five years	11,556	716	11,317	687
Unrealised finance portions	260	109	-	-

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.

The development of current and non-current financial liabilities is shown below:

Changes in financial liabilities in EUR thou.	31.12.2017	31.12.2016
Balance as at 1 Jan.	2,131,958	1,829,267
Cash flows	163,561	303,614
Other non-cash changes	-4,411	-923
Balance as at 31 Dec.	2,291,108	2,131,958

\4.30\ *Other liabilities* are broken down as follows:

Other liabilities in EUR thou.	31.12.2017	31.12.2016
Financial other liabilities		
Liabilities to affiliated companies	1,074	826
Liabilities to other investees	163	55
Payroll liabilities	5,741	4,554
Miscellaneous liabilities	20,148	22,700
Non-financial other liabilities		
Deferred income	42,394	37,657
Tax liabilities	36,360	36,649
Other liabilities	25,646	22,931
Group total	131,526	125,374
Thereof current	131,286	125,008
Thereof non-current	240	366

Miscellaneous other liabilities include interest-bearing liabilities from customer deposits and the reported interest rate hedging transactions. In addition miscellaneous liablities contain minority interests in equity and in the net profit or loss of consolidated partnerships (EUR 26 thousand, 2016: EUR 1,557 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.

\4.31\ *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.

4.3 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 instruments. 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. 2017	 31 Dec. 2016	Fair value 31 Dec. 2017	 31 Dec. 2016
Non-current assets						
Financial assets	AfS	Amortised cost	915	1,524	915	1,524
Finance lease receivables	IAS 17		2,743	2,940	2,833	3,034
Interest rate derivatives	FAHfT	Level 2	399	295	399	295
Other receivables	LaR		2,956	3,511		
Total			7,013	8,270	4,146	4,853
Current assets						
Finance lease receivables	IAS 17		1,682	1,554	1,748	1,618
Currency derivatives	FAHfT	Level 2	3,321	785	3,321	785
Trade receivables	LaR		493,875	424,616		
Other receivables	LaR		52,264	51,442		
Total			551,142	478,398	5,069	2,403
Non-current liabilities						
Bonds	FLAC	Level 2	748,738	752,492	782,522	790,212
Borrower's note loans	FLAC	Level 2	566,780	496,608	579,772	501,946
Liabilities to banks	FLAC	Level 2	373,246	120,603	369,649	118,030
Financial other liabilities	FLAC		103	122		
Finance lease liabilities	IAS 17		11,317	687	11,429	708
Interest rate derivatives	FAHfT	Level 2	137	244	137	244
Total			1,700,320	1,370,755	1,743,508	1,411,141
Current liabilities						
Bonds	FLAC	Level 2	249,904	-	259,701	-
Borrower's note loans/Commercial paper	FLAC	Level 2	25,000	432,964	25,000	436,005
Liabilities to banks	FLAC	Level 2	299,304	305,626	302,507	306,273
Finance lease liabilities	IAS 17		2,415	8,816	2,432	8,870
Trade payables	FLAC		690,998	502,415		
Other financial liabilities	FLAC		14,405	14,164		
Currency derivatives	FAHfT	Level 2	230	1,909	230	1,909
Interest rate derivatives	FAHfT	Level 2	-	108	-	108
Financial other liabilities	FLAC		26,656	25,753		
Total			1,308,913	1,291,754	589,872	753,165
Of which aggregated by IAS 39 measurement category						
Available for Sale	AfS		915	1,524	915	1,524
Loans and Receivables	LaR		549,095	479,570	549,095	479,570
Financial Liabilities Measured at Amortised Cost	FLAC		2,995,134	2,650,745	3,051,314	2,694,919
Financial Assets Held for Trade	FAHfT		3,353	-1,182	3,353	-1,182

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 and current liabilities were calculated as the present values of the future expected cash flows. Standard market rates of interest of between -0.3% p.a. and 1.7% p.a. (2016: between 0.1% p.a. and 1.9% p.a.) based on the respective maturities were used for discounting.

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

Net income from interest rate derivatives amounted to EUR 5 thousand (2016: net expense of EUR 936 thousand). The net result from the measurement of currency derivatives at reporting date came to EUR 3,091 thousand (2016: EUR -1,124 thousand).

The net gain from available-for-sale financial assets (AfS measurement category) amounted to EUR 1,882 thousand in the year under review (2016: EUR 1,849 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 1,521 thousand (2016: EUR 1,466 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 638 thousand in the financial year under review (2016: EUR 820 thousand). This includes interest income from finance leases in the amount of EUR 217 thousand (2016: EUR 243 thousand). The total interest expense on financial liabilities not measured at fair value through profit or loss amounted to EUR 34,555 thousand in the financial year (2016: EUR 34,420 thousand). This includes interest expense on finance leases in the amount of EUR 137 thousand (2016: EUR 719 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 399 thousand (2016: EUR 295 thousand). Financial liabilities from interest rate derivatives amounted to EUR 137 thousand (2016: EUR 353 thousand). As in the previous year, interest rate derivatives had no hedging relationship. All in all, a volume of EUR 437 million (2016: EUR 214 million) is hedged against interest rate derivatives carrying fixed interest rates between -0.5% p.a. and 3.5% p.a. (2016: -0.5% p.a. and 3.5% p.a.) and remaining term of up to five years (2016: five 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 3,321 thousand (2016: EUR 785 thousand). The financial liabilities from currency derivatives amounted to EUR 230 thousand (2016: EUR 1,909 thousand). A volume of EUR 573 million (2016: EUR 544 million) is hedged against currency derivatives, denominated mainly in US-Dollars, with a maximum remaining term of up to three months (2016: six months). As in the previous year, 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	Change in the yield curves		Change in the yield curves	
in EUR thou.	31 Dec. 2017		31 Dec. 2016	
	+100 basis points	-100 basis points	+100 basis points	-100 basis points
Other current and non-current liabilities / Other non-current assets	7,120	-7,389	2,856	-3,291

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 3,729 thousand (2016: EUR 5,122 thousand) taking into account existing interest rate derivatives but not taking into account possible economic compensation from new business.

The sensitivity analysis for the reported currency derivatives assumes a change in the EUR exchange rates of +10 / -10 percentage points. The reported fair values as at 31 December 2017 (other current assets / other current liabilities) would then change by EUR 48,094 thousand / EUR -58,724 thousand (2016: EUR 58,205 thousand / EUR -66,390 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 51,485 thousand / EUR -62.384 thousand (2016: EUR 55,940 thousand / EUR -64,559 thousand) and a change in the annual result of EUR 51,485 thousand / EUR -62.384 thousand (2016: EUR 55,940 thousand / EUR -64,559 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 items as the underlying, depending on the hedging relationship. The valuations made by the transactions partners (financial institutions) are based on market yield curves. The Group had derivative financial instruments amounting to a nominal value of EUR 437 million in its portfolio at the balance sheet date (2016: EUR 214 million). The fair value of the transactions was in total EUR 0.3 million (2016: EUR -0.1 million).

The Sixt Group is exposed to market price risks particularly in selling used vehicles from the rental and lease fleets. To guard against the risks of remarketing returned vehicles, the Sixt Group seeks to hedge vehicles as far as possible through buy-back agreements with manufacturers and dealers. In the event that used vehicles from the rental and leasing fleets are sold on the open market the Sixt Group is exposed to the development of the used car market, particularly in Germany and the USA. The value of vehicles to be sold directly by Sixt in the used car market is analysed regularly based on the Company's own experience and market observations.

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 remarketing 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	264,866	28,365	-	293,231
Less than 30 days	55,460	-	-	55,460
30-90 days	10,121	-	3	10,124
91-360 days	1,699	-	-	1,699
More than 360 days	25	-	-	25
Total receivables	332,171	28,365	3	360,539
Impaired receivables				
Gross receivables	147,407	53,593	-	201,000
Impairments	62,749	4,915	-	67,664
Net receivables	84,658	48,678	-	133,336
Group total as at 31 Dec. 2017	416,829	77,043	3	493,875

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 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 the 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 not impaired.

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. 2017	Change	Balance as at 31 Dec. 2017
Impairments	65,078	2,586	67,664

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

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 36,121 thousand (2016: EUR 25,996 thousand), the impairments to EUR 19,062 thousand (2016: EUR 16,604 thousand), so that the resulting net receivables came to EUR 17,059 thousand (2016: EUR 9,392 thousand). In the Leasing Business Unit the gross receivables amounted to EUR 10,974 thousand (2016: EUR 8,182 thousand), the impairments to EUR 2,193 thousand (2016: EUR 2,707 thousand), so that the resulting net receivables came to EUR 8,782 thousand (2016: EUR 5,475 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. 2017	Change	Balance as at 31 Dec. 2017
Impairments	19,311	1,944	21,255

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

In the fiscal year under review the expenses for derecognised trade receivables and derecognised receivables from insurances amounted to EUR 25,780 thousand (2016: EUR 14,385 thousand). The expense for derecognition refers to the recognised receivales without taking into account collective valuation allowances, which may already have been made.

The total expense for impairments in these categories amounted to EUR 11,812 thousand (2016: EUR 17,733 thousand) in the fiscal year.

The proceeds from payments received on previously derecognised receivables in these categories amounted to EUR 1,521 thousand (2016: EUR 1,466 thousand).

Liquidity risk

Liquidity risk is managed via financial planning performed in accordance with internal guidelines. Sixt has sufficient opportunities for refinancing on 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
2018	30,587	270,219	302,326	2,436	605,567
2019	98,591	10,844	136,696	5,125	251,255
2020	33,986	265,700	113,789	6,431	419,905
2021	228,793	255,625	58,705	-	543,123
2022	43,346	252,813	7,605	-	303,763
2023	152,486	-	3,760	-	156,246
2024 and later	29,326	-	61,860	-	91,186
31 Dec. 2017	617,115	1,055,199	684,740	13,992	2,371,046

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

The financial liabilities maturing in 2018 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 manufactures as well as the use of the asset backed securities programme in the Leasing Business Unit.

Analysis of the repayment amounts of interest rate and currency derivatives

Repayment amounts by maturity in EUR thou.	Interest rate derivatives	Currency derivatives	Total
2018	-477	4,459	3,982
2019	-19	-	-19
2020	374	-	374
2021 and later	187	-	187
31 Dec. 2017	65	4,459	4,524

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

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 assumptions.

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 26.2% (2016: 26.8%). 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 51.0% (2016: 52.9%). In addition to the reported financial liablities, 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	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
External revenue	1,865.4	1,703.4	733.5	704.2	3.9	5.1	-	-	2,602.7	2,412.7
Internal revenue	3.9	3.9	10.5	9.6	34.4	32.2	-48.8	-45.8	-	-
Total revenue	1,869.3	1,707.3	744.0	713.9	38.2	37.3	-48.8	-45.8	2,602.7	2,412.7
Fleet expenses and cost of lease assets[1]	449.0	422.9	460.7	439.3	0.0	0.0	-14.5	-12.3	895.2	850.0
Depreciation and amortisation expense	318.7	321.3	188.3	177.5	2.7	1.9	-	-	509.7	500.7
EBIT[2]	282.3	208.5	46.2	51.1	-3.2	-3.3	-0.2	-0.5	325.1	255.8
Net finance costs	-31.6	-27.6	-16.2	-19.5	9.8	9.1	0.2	0.5	-37.8	-37.5
Interest income	0.6	0.9	0.2	0.4	35.0	39.4	-35.2	-39.9	0.6	0.8
Interest expense	-26.5	-23.4	-16.5	-20.4	-27.1	-31.1	35.5	40.4	-34.6	-34.4
Other net financial income[3]	0.3	0.2	0.0	0.4	1.9	0.7	-	-	2.2	1.3
Result from at-equity measured investments	-6.1	-5.2	-	0.0	-	-	-	-	-6.1	-5.2
EBT[4]	250.7	181.0	30.0	31.6	6.6	5.8	-	-	287.3	218.3
Investments[5]	36.7	27.1	621.9	474.3	42.2	16.7	-32.1	-14.9	668.7	503.1
Segment assets	2,939.6	2,748.8	1,435.7	1,167.5	2,108.5	2,367.6	-2,021.3	-2,278.2	4,462.6	4,005.7
Segment liabilities	1,956.1	1,882.8	1,217.6	962.9	1,447.3	1,710.0	-1,380.7	-1,669.6	3,240.3	2,886.1
Employees[6]	6,030	5,745	547	370	108	97	-	-	6,685	6,212

By Region	Germany		Europe		North America		Reconciliation		Group	
in EUR million	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Total revenue	1,526.7	1,453.2	771.4	683.3	321.8	289.9	-17.2	-13.7	2,602.7	2,412.7
Investments[3]	616.6	457.6	53.7	59.7	11.8	3.9	-13.4	-18.1	668.7	503.1
Segment assets	3,849.0	3,383.1	1,857.2	1,249.9	652.8	695.2	-1,896.5	-1,322.5	4,462.6	4,005.7

1 *In the leasing segment write-downs on lease assets intended for sale are included in the amount of EUR 7.5 million (2016: EUR 6.3 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. Ressources 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 expense between the segments are eliminated in the reconciliation to the Group figures. Group assets and liablities do not recognise any tax positions.

5.2 CONTINGENT LIABILITIES AND OTHER FINANCIAL OBLIGATIONS

Contingent liabilities

At the end of the fiscal year there were contingencies from guarantees or similar obligations in the amount of EUR 49.4 million (2016: EUR 46.0 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. 2017	31 Dec. 2016
Due within one year	103.1	90.9
Due in one to five years	228.0	165.0
Due in more than five years	90.6	77.1
Group total	421.8	332.9

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 63.7 milion (2016: EUR 64.2 million) and mileage agreements amounted to EUR 13.7 million (2016: EUR 12.7 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 amounted to around EUR 2,688 million (2016: EUR 3,411 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 a 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 MSP 2012 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 beneficiary. 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.

According to the previous conditions on each 1st December every year from 2012 (first time) to 2016 (last time) one tranche of stock options has been allocated (a total of five tranches). In November 2017 the Managing Board and the Supervisory Board of Sixt SE resolved to extend the MSP 2012 by the allocation of one tranche to a total of six tranches. The sixth tranche of stock options has been allocated on 1st December 2017, so that each participant is entitled to subscribe up to a total of 3,000 stock options for every EUR 1,000 of paid-up subscription amount (6 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 which Sixt SE acquires for the 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 ten years until 2022.

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" to "2016 allocation"), in fiscal year 2017 Sixt SE granted stock options to participants, according to the resolutions passed by the Managing Board and Supervisory Board in November 2017. Apart from a few exceptions, the conditions for the grant of these shares or rights ("2017 allocation") corresponds to the parameters for the previous allocations. Notwithstanding this, the „2017 allocation" covers the grant of only one tranche of stock options. In principle, the market conditions as at 1 December 2017 were used as a basis for granting the tranche of the "2017 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
	2017	2016	2015	2014	2013	2012
Outstanding at the beginning of the financial year	4,375,000	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	-425,000	-364,000	-97,500	-40,000	-67,500	-
Exercised during financial year	-1,035,000	-1,105,000	-	-	-	-
Outstanding at the end of the financial year	2,915,000	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
	2017	2016	2015	2014	2013
Outstanding at the beginning of the financial year	522,000	506,500	341,000	170,500	-
Granted during financial year	-	128,000	165,500	170,500	170,500
Returned during financial year	-	-112,500	-	-	-
Exercised during financial year	-133,000	-	-	-	-
Outstanding at the end of the financial year	389,000	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
	2017	2016	2015	2014
Outstanding at the beginning of the financial year	534,000	411,000	220,500	-
Granted during financial year	-	178,000	205,500	220,500
Returned during financial year	-7,500	-55,000	-15,000	-
Outstanding at the end of the financial year	526,500	534,000	411,000	220,500
Existing contractual obligation for future grant	-	-	205,500	441,000

Number of stock options			2015 allocation
	2017	2016	2015
Outstanding at the beginning of the financial year	416,000	248,000	-
Granted during financial year	-	198,000	248,000
Returned during financial year	-40,000	-30,000	-
Outstanding at the end of the financial year	376,000	416,000	248,000
Existing contractual obligation for future grant	-	-	248,000

Number of stock options		2016 allocation
	2017	2016
Outstanding at the beginning of the financial year	364,000	-
Granted during financial year	-	364,000
Returned during financial year	-10,000	-
Outstanding at the end of the financial year	354,000	364,000
Existing contractual obligation for future grant	-	-

Number of stock options	2017 allocation
	2017
Outstanding at the beginning of the financial year	-
Granted during financial year	2,490,000
Returned during financial year	-65,000
Outstanding at the end of the financial year	2,425,000
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 2014	975,000	2018	1.0 years	9.97 EUR
Tranche 2015	970,000	2019	2.0 years	9.46 EUR
Tranche 2016	970,000	2020	3.0 years	9.00 EUR

2013 allocation	Number of outstanding stock options	Future exercise date	Residual term	Estimated conversion/ Exercise price
Tranche 2014	133,000	2018	1.0 years	17.09 EUR
Tranche 2015	128,000	2019	2.0 years	16.68 EUR
Tranche 2016	128,000	2020	3.0 years	16.21 EUR

2014 allocation	Number of outstanding stock options	Future exercise date	Residual term	Estimated conversion/ Exercise price
Tranche 2014	175,500	2018	1.0 years	24.35 EUR
Tranche 2015	175,500	2019	2.0 years	24.57 EUR
Tranche 2016	175,500	2020	3.0 years	24.76 EUR

2015 allocation	Number of outstanding stock options	Future exercise date	Residual term	Estimated conversion/ Exercise price
Tranche 2015	188,000	2019	2.0 years	37.17 EUR
Tranche 2016	188,000	2020	3.0 years	37.10 EUR

2016 allocation	Number of outstanding stock options	Future exercise date	Residual term	Estimated conversion/ Exercise price
Tranche 2016	354,000	2020	3.0 years	34.70 EUR

2017 allocation	Number of outstanding stock options	Future exercise date	Residual term	Estimated conversion/ Exercise price
Tranche 2017	2,425,000	2021	4.0 years	49.91 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	2017 allocation	2016 allocation	2015 allocation	2014 allocation	2013 allocation	2012 allocation
Risk-free interest rate in % p.a.	-0.09	-0.20	0	0.01	0.40	0.36
Expected volatility in %	27	28	28	32	32	39
Expected term until exercise from issue in years	4.0	4.0	4.0	4.0	4.0	4.0
Price of preference shares on the issue date in EUR	53.51	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 on the basis of the market conditions at the balance sheet date.

In 2017, the Group recognised personnel expenses of EUR 1,008 thousand (2016: EUR 1,665 thousand) in connection with equity-settled share-based payments. EUR 579 thousand of this amount relates to the “2012 allocation”, EUR 119 thousand to the “2013 allocation”, EUR 119 thousand to the “2014 allocation”, EUR 96 thousand to the “2015 allocation”, EUR 56 thousand to the “2016 allocation” and EUR 39 thousand to the “2017 allocation”.

In consideration of currency translation differences, additions to capital reserves respectively minority interests have been made accordingly.

5.4 RELATED PARTY DISCLOSURES

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	2017	2016	2017	2016	31 Dec. 2017	31 Dec. 2016	31 Dec. 2017	31 Dec. 2016
CV "Main 2000" UA	-	-	0.1	0.2	-	-	-	-
Sixt Immobilien Beteiligungen GmbH	-	-	-	-	-	-	0.2	0.2
Sixt Leasing N.V.	-	-	-	-	0.2	0.2	-	-
Sixt Mobility Consulting Österreich GmbH	[1]	[1]	-	-	[1]	[1]	0.1	-
Sixt Mobility Consulting SARL	[1]	[1]	-	-	0.2	[1]	-	-
Sixt R&D Private Limited	-	-	0.6	-	0.4	-	-	-
Sixt Travel GmbH	-	-	-	-	-	-	0.4	0.4
TOV 6-Systems	-	-	4.0	2.0	-	-	0.4	0.1
TÜV SÜD Car Registration & Services GmbH	-	-	2.0	2.0	[1]	-	0.1	-

[1] *Amount less than EUR 0.1 million*

The business relations between the Group and the 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 0.7 million (2016: EUR 0.5 million) respectively less than EUR 0.1 million (2016: less than EUR 0.1 million). The Supervisory Board member Dr. Daniel Terberger holds a stake 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 0.4 million were spent (2016: EUR 0.2 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 0.3 million (2016: 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. Further members of the Sixt family received remunerations amounting to EUR 0.6 million (2016: EUR 0.6 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
Friedrich Joussen (from 20 June 2017) Chairman Chairman of the Managing Board of TUI AG Duisburg	
Prof. Dr. Gunter Thielen (until 19 June 2017) 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 Member of the Advisory Board of Fussl Modestraße Mayr GmbH

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 Adminstrative Board of Sixt AG, Switzerland[1]
Alexander Sixt Munich	Member of the Steering Committee of DriveNow GmbH & Co. KG (until 9 March 2018)[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.	2017	2016
Supervisory Board remuneration	200	200
Managing Board remuneration	12,646	11,122
Thereof variable remuneration	4,558	3,935

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 2017 to the members of the Managing Board under the Matching Stock Programme 2012 in the amount of EUR 433 thousand (2016: EUR 411 thousand) as well as the exercise gain from the exercise of the stock options granted in the amount of EUR 1,600 thousand (2016: EUR 1,600 thousand).

Performance-related remuneration components obtained in the financial year 2017 that will be paid within the next four years amount to EUR 4,423 thousand (2016: EUR 4,360 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 1,750,000 stock options under the employee equity participation programme MSP 2012, and on the basis of their personal investments (2016: 1,700,000 stock options). As at balance sheet date all stock options of the MSP 2012 have been issued including the newly granted stock options following the resolutions taken by the Managing Board and the Supervisory Board in November 2017, therefore there are no further entitlements.

The Group has no pension obligations towards members of the Supervisory Board and Managing Board.

Shareholdings

As at 31 December 2017, 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.

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 2017 were duly published and can be retrieved on the website of Sixt SE at *ir.sixt.eu* under the tab "Investor Relations – Corporate Governance – Directors' Dealings".

5.5 PROPOSAL FOR ALLOCATION OF THE UNAPPROPRIATED PROFIT

Sixt SE reported an unappropriated profit for fiscal year 2017 in accordance with German commercial law of EUR 196,746 thousand (2016: EUR 150,975 thousand). Subject to the approval by the Supervisory Board, the Managing Board proposes utilising this unappropriated profit as follows:

Proposal for allocation of the unappropriated profit		
in EUR thou.	2017	2016
Payment of a dividend of EUR 1.95 (2016: EUR 1.65) and a special dividend of EUR 2.05 (2016: EUR -) per ordinary share entitled to a dividend	121,468	50,106
Payment of a dividend of EUR 1.97 (2016: EUR 1.67) and a special dividend of EUR 2.05 (2016: EUR -) per preference share entitled to a dividend	66,637	27,682
Transfer to retained earnings	-	25,000
Carryforward to new account	8,641	48,187

As at 31 December 2017, 30,367,112 ordinary shares entitled to a dividend and 16,576,246 preference shares entitled to a dividend are issued. This would result in a total distribtion of EUR 188,105 thousand and appropriately reflects the significantly higher equity ratio compared to competitors and the Group’s very good earnings performance in the year under review.

The proposal by the Managing Board and the Supervisory Board on the appropriation of the unappropriated profit for the financial year 2016 was resolved unchanged by the Annual General Meeting on 30 June 2017.

5.6 EVENTS SUBSEQUENT TO REPORTING DATE

On 29 January 2018 Sixt SE announced that it had concluded an agreement that day with the BMW Group on the sale of Sixt's 50% stake in the joint venture DriveNow to the BMW Group. On 9 March 2018, following the approval of the anti-trust authorities, the sale and transfer of the 50% stake to the BMW Group was completed. The transaction was based on an overall evaluation of the joint venture in the amount of EUR 420 million. Accordingly, the purchasing price for the Sixt SE's stake in DriveNow was agreed at EUR 209 million. From this Sixt SE generates a pre-tax Group profit of around EUR 200 million for fiscal year 2018. In addition to this one-time effect on earnings, the Managing Board expects to see no further impact on Group revenue or earnings from the sale of the interest consolidated at-equity.

In February 2018 Sixt SE placed a bond of EUR 250 million with German and international institutional investors. The bond has a term of six years with a maturity on 21 February 2024 and carries an interest coupon of 1.500% p.a. The issue serves the Group's general financing and the refinancing of a bond that matures in May 2018.

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 2017.

5.7 DECLARATION OF CONFORMITY IN ACCORDANCE WITH SECTION 161 OF THE AKTG

The declaration by the Managing Board and the Supervisory Board required by section 161 of the Aktiengesetz (AktG – German Stock Corporation Act) stating that the recommendations of the Government Commission on the German Corporate Governance Code are complied with and which recommendations have not been applied was issued in the financial year and made permanently accessible to shareholders on the Sixt SE website under *ir.sixt.eu* in 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 4 April 2018.

Pullach, 4 April 2018

Sixt SE

The Managing Board

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

> What most differentiates Sixt from competing services are the friendly and competent people who work for Sixt.

Brigitte Lehle, Corporate Mobility Manager, Dürr AG

D \\ FURTHER INFORMATION

D.1 \\ RESPONSIBILITY STATEMENT

by Sixt SE, Pullach, for fiscal year 2017

in accordance with sections 297 (2) sentence 4 and 315 (1) sentence 5 of the HGB (German Commercial Code)

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit and loss of the Group, and the management report on the Group's and the Company's situation includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Pullach, 4 April 2018

Sixt SE

The Managing Board

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


I like Sixt because they're the perfect partner for us.
Christiane Morning, Head of Travel Management, Fiege Logistik Stiftung & Co. KG

The following independent auditors' report ("Bestätigungsvermerk") was issued in accordance with section 322 of the HGB (German Commercial Code) on the IFRS Financial Statements 2017, which were prepared in German language. The translation of the independent auditor's report ("Bestätigungsvermerk") is as follows:

D.2 \\ INDEPENDENT AUDITORS' **REPORT**

To Sixt SE, Pullach

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND OF THE COMBINED MANAGEMENT REPORT

Audit Opinions

We have audited the consolidated financial statements of Sixt SE, Pullach, and its subsidiaries (the Group), which comprise the consolidated income statement and the consolidated statement of comprehensive income for the financial year from 1 January to 31 December 2017, the consolidated balance sheet as at 31 December 2017, the consolidated cash flow statement and the consolidated statement of changes in equity for the financial year from 1 January to 31 December 2017, as well as the notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the combined management report of Sixt SE for the financial year from 1 January to 31 December 2017. In accordance with the German legal requirements, we have not audited the content of those parts of the combined management report as specified in the Chapter "Other information" of our independent auditors' report.

In our opinion, on the basis of the knowledge obtained in the audit

- the accompanying consolidated financial statements comply, in all material respects, with the International Financial Reporting Standards (IFRS) as adopted by the EU, and the additional requirements of German commercial law pursuant to Section 315e (1) German Commercial Code (HGB) and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as at 31 December 2017, and of its financial performance for the financial year from 1 January to 31 December 2017, and

- the accompanying combined management report as a whole provides an appropriate view of the Group's position. In all material respects, this combined management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the combined management report does not cover the content of those parts of the combined management report as specified in the Chapter "Other information" of our independent auditors' report.

Pursuant to section 322 (3) sentence 1 German Commercial Code (HGB), we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the combined management report.

Basis for the Audit Opinions

We conducted our audit of the consolidated financial statements and of the combined management report in accordance with section 317 German Commercial Code (HGB) and the EU Audit Regulation (number 537/2014; referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Combined Management Report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with article 10 (2) Point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the combined management report.

Key Audit Matters in the Audit of the Consolidated Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year from 1 January to 31 December 2017. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

In the following we present the key audit matters we have determined in the course of our audit:

1. Subsequent measurement of lease assets
2. Subsequent measurement of rental vehicles

Our presentation of these key audit matters has been structured as follows:

a) Description (including reference to corresponding information in the consolidated financial statements)
b) Auditor's response

1. Subsequent Measurement of Lease Assets
a) In the consolidated financial statements of Sixt SE, vehicles leased out under operating leases totalling EUR 1,219,209 thousand are reported in the statement of financial position item "Lease Assets"; this corresponds to around 27% of total assets.

Lease assets are carried at cost less scheduled and non-scheduled depreciation considering their calculated residual values. For contracts where buy-back values have been agreed, the vehicles' residual values are determined by those residual values. If no buy-back values have been agreed the vehicles' residual values are adapted to the expected market value at expiry. As an impairment, non-scheduled depreciation is recognised if the carrying amount which is based on the originally calculated residual value exceeds the amount expected prospectively at disposal.

We classified the measurement of this quantitatively significant balance sheet item as a key audit matter since the valuation of the lease assets is based on discretionary estimates and assumptions by the legal representatives with regard to their depreciation to the expected residual value.

The disclosures of the legal representatives of the parent company on the measurement of lease assets are contained in sections 3.2 and 4.14 of the notes to the consolidated financial statements.

b) Within our examination of the appropriateness of the valuation technique, we examined the appropriateness of the corresponding organisational and operational structure with regard to the effectiveness of the key controls implemented. This relates in particular to the process of considering the contractually agreed buy-back values or expected residual values at lease inception. Furthermore, and with regard to the recognition of non-scheduled depreciation, we reproduced the procedure for determining an impairment need. In this context, we examined the competence, capacity, objectivity and suitability of the expert used for the estimation of future or expected market prices in the used-car market.

Within our substantive audit procedures regarding the determination of an impairment need for vehicles not included in contractual buy-back arrangements, we compared on a sample basis the market prices prospected for the planned disposal at the balance sheet date with the calculated residual values of the respective vehicles at the acquisition date, and verified an impairment need, if applicable. In doing so, we compared and critically assessed the legal representatives' expectations regarding the market price development with actual market prices. In addition, we performed an analytical examination of the scheduled depreciation.

2. Subsequent Measurement of Rental Vehicles
a) In the consolidated financial statements of Sixt SE, rental vehicles totalling EUR 2,075,995 thousand are reported; this corresponds to around 46% of total assets.

Rental vehicles are carried at cost less scheduled and non-scheduled depreciation considering their calculated residual values. For vehicles for which buy-back values have been agreed, their residual values are determined by those residual values. If no buy-back values have been agreed the vehicles' residual values are adapted to the expected market value at the planned disposal date. As an impairment, non-scheduled depreciation is recognised if the carrying amount which is based on the originally calculated residual value exceeds the amount expected prospectively at disposal.

We classified the measurement of this quantitatively significant balance sheet item as a key audit matter since the valuation of the rental vehicles is based on discretionary estimates and assumptions by the legal representatives with regard to their depreciation to the expected residual value.

The disclosures of the legal representatives of the parent company on the measurement of rental vehicles are contained in sections 3.2 and 4.17 of the notes to the consolidated financial statements.

b) Within our examination of the appropriateness of the valuation technique, we examined the appropriateness of the corresponding organisational and operational structure with regard to the effectiveness of the key controls implemented. This relates in particular to the process of considering the contractually agreed buy-back values or expected residual values for determining the scheduled depreciation. Furthermore, and with regard to the recognition of non-scheduled depreciation, we reproduced the procedure for determining such an impairment need.

Within our substantive audit procedures regarding the determination of an impairment need, we reproduced the assumptions regarding residual value and disposal risks underlying its determination and verified the impairment need calculated on this basis. In doing so, we compared and critically assessed the legal representatives' expectations regarding the market price development with actual market prices. In addition, we performed an analytical examination of the scheduled depreciation.

Other information

The legal representatives are responsible for the other information. The other information comprises:

- the combined non-financial statement in accordance with sections 289b to 289e German Commercial Code (HGB) and sections 315b and 315c German Commercial Code (HGB) contained in the "Summarised non-financial declaration pursuant to sections 315b and c in conjunction with sections 289b to e HGB" section of the combined management report,

- the corporate governance statement in accordance with section 289f and section 315d German Commercial Code (HGB), which is referred to in the combined management report,

- the corporate governance report in accordance with section 3.10 of the German Corporate Governance Code,

- the legal representatives' confirmation relating to the consolidated financial statements and to the combined management report pursuant to section 297 (2) sentence 4 and section 315 (1) sentence 5 German Commercial Code (HGB), respectively, and

- the remaining parts of the Annual Report, with the exception of the audited consolidated financial statements and combined management report and our auditor's report.

Our audit opinions on the consolidated financial statements and on the combined management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the combined management report or our knowledge obtained in the audit, or

- otherwise appears to be materially misstated.

Responsibilities of the Legal Representatives and the Supervisory Board for the Consolidated Financial Statements and the Combined Management Report

The legal representatives are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to section 315e (1) German Commercial Code (HGB) and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition, the legal representatives are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the legal representatives are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the legal representatives are responsible for the preparation of the combined management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the legal representatives are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a combined management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the combined management report.

The Supervisory Board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the combined management report.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Combined Management Report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the combined management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the consolidated financial statements and on the combined management report.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with section 317 German Commercial Code (HGB) and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this combined management report.

We exercise professional judgment and maintain professional scepticism throughout the audit. We also:

\\ identify and assess the risks of material misstatement of the consolidated financial statements and of the combined management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

\\ obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures relevant to the audit of the combined management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems.

\\ evaluate the appropriateness of accounting policies used by the legal representatives and the reasonableness of estimates made by the legal representatives and related disclosures.

- conclude on the appropriateness of the legal representatives' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the combined management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and with the additional requirements of German commercial law pursuant to section 315e (1) German Commercial Code (HGB).

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express audit opinions on the consolidated financial statements and on the combined management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.

- evaluate the consistency of the combined management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides.

- perform audit procedures on the prospective information presented by the executive directors in the combined management report. On the basis of sufficient appropriate audit evidence, we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

OTHER LEGAL AND REGULATORY REQUIREMENTS

Further information pursuant to article 10 of the EU Audit Regulation

We were elected as group auditor by the Annual General Meeting on 30 June 2017. We were engaged by the Supervisory Board on 5 October 2017. We have been the group auditor of Sixt SE, Pullach, without interruption since the financial year 2005.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to article 11 of the EU Audit Regulation (long form audit report).

GERMAN PUBLIC AUDITOR RESPONSIBLE FOR THE ENGAGEMENT

The German Public Auditor responsible for the engagement is Andreas Lepple.

Munich, 4 April 2018

Deloitte GmbH Wirtschaftsprüfungsgesellschaft

STADTER German Public Auditor	LEPPLE German Public Auditor

I suppose once you are a Sixt customer, you stay a Sixt customer.

Raimund Ulicny, CIV Corporate Travel, STRABAG AG

D.3 \\ BALANCE SHEET OF SIXT SE (HGB)

as of 31 December 2017

Assets in EUR thou.		31 Dec. 2017	31 Dec. 2016
A. Fixed assets			
I. Financial assets			
1. Shares in related parties	661,170		640,088
2. Shares in other investees	26,173		22,958
		687,343	663,046
B. Current assets			
I. Receivables and other assets			
1. Receivables from affiliated companies	1,375,569		1,743,332
2. Other assets	38		265
		1,375,606	1,743,597
II. Bank balances		153	136
C. Prepaid expenses		2,728	3,434
		2,065,830	2,410,212

Equity and liabilities in EUR thou.		31 Dec. 2017	31 Dec. 2016
A. Equity			
I. Subscribed capital	120,175		120,175
Proportionate share of treasury shares	-		-90
(Conditional Capital: EUR 15,360 thousand; 2015: EUR 15,360 thousand)	120,175		120,085
II. Capital reserves	203,173		203,173
III. Retained earnings			
Other retained earnings	113,538		178,538
Other acquisition cost for treasury shares	-		-1,262
	113,538		177,276
IV. Unappropriated profit	196,746		150,975
Thereof retained profits brought forward EUR 48,187 thousand (2016: EUR 80,438 thousand)		633,633	651,509
B. Provisions			
1. Provisions for taxes	22,622		10,850
2. Other provisions	6,264		7,856
		28,886	18,706
C. Liabilities			
1. Bonds	750,000		750,000
2. Liabilities to banks	563,005		901,000
3. Trade payables	19		30
4. Liabilities to affiliated companies	73,693		71,048
5. Other liabilities	16,595		17,918
		1,403,311	1,739,996
		2,065,830	2,410,212

Off-balance sheet items

Liabilities from guarantees EUR 404,965 thousand (2016: EUR 545,733 thousand)

D.4 \\ INCOME STATEMENT OF SIXT SE (HGB)

for the year ended 31 December 2017

in EUR thou.		2017	2016
1. Revenue		6,757	8,124
2. Other operating income		3,083	2,127
3. Personnel expenses			
a) Wages and salaries	11,509		13,633
b) Social security contributions	29		28
		11,538	13,661
4. Other operating expenses		5,480	6,081
5. Income from investments		103,129	91,606
6. Income from profit transfer agreements		5	-
7. Other interest and similar income		35,834	45,230
8. Depreciation of financial assets		191	-
9. Cost of loss absorption		21,374	8,304
10. Interest and similar expenses		26,849	36,722
11. Taxes on income		24,818	11,782
12. Result after taxes = Net income		58,560	70,537
13. Retained profits brought forward		48,187	80,438
14. Withdrawals from other retained earnings		90,000	2,854
15. Transfer to capital reserves according to section 237 (5) of the AktG		-	2,854
16. Unappropriated profit		196,746	150,975

D.5 \\ FINANCIAL CALENDAR

Financial calendar of Sixt SE	
Annual press conference for fiscal year 2017 in Munich	15 March 2018
Publication of Annual Report 2017	27 April 2018
Analyst conference in Frankfurt am Main	27 April 2018
Publication of the quarterly statement as of 31 March 2018	29 May 2018
Annual General Meeting for fiscal year 2017 in Munich	21 June 2018
Publication of the half-year financial report as of 30 June 2018	16 August 2018
Publication of the quarterly statement as of 30 September 2018	15 November 2018

Dates and event locations subject to change

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