SIXT SE

"What counts is today and what our vision of the future is."

Erich Sixt

Annual Report
2018

THE SIXT GROUP IN FIGURES

in EUR million	2018	2017	Change 2018 on 2017 in %	2016
Revenue	2,930	2,603	12.6	2,413
Thereof in Germany	1,621	1,515	7.0	1,444
Thereof abroad	1,308	1,088	20.2	969
Thereof operating[1]	2,599	2,309	12.5	2,124
Thereof rental revenue	1,940	1,687	15.0	1,534
Thereof leasing revenue	235	227	3.4	219
Earnings before net finance costs and taxes (EBIT)	373	325	14.8	256
Earnings before taxes (EBT)	535	287	86.1	218
Consolidated profit	439	204	>100	157
Net income per share (basic)				
Ordinary share (in EUR)	9.07	4.09	>100	3.00
Preference share (in EUR)	9.09	4.11	>100	3.02
Total assets	5,193	4,491	15.6	4,029
Lease assets	1,204	1,219	-1.2	1,021
Rental vehicles	2,605	2,076	25.5	1,957
Equity	1,442	1,178	22.4	1,080
Equity ratio (in %)	27.8	26.2	+1.6 points	26.8
Non-current financial liabilities	2,291	1,700	34.7	1,370
Current financial liabilities	449	591	-24.1	762
Dividend per share				
Ordinary share (in EUR)	2.15[2]	4.00	-46.3	1.65
Preference share (in EUR)	2.17[2]	4.02	-46.0	1.67
Total dividend, net	101.3[2]	188.1	-46.2	77.8
Number of employees[3]	7,540	6,685	12.8	6,212
Number of locations worldwide (31 Dec.)[4]	2,174	2,211	-1.7	2,200
Thereof in Germany	518	517	0.2	509

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

CONTENT

SIXT – FEEL THE MOTION

Today mobility is more than just a car. Instead, customers on their way to a destination expect the right car for their current need, and they wish to have it available in the most convenient way and for flexible usage. The solution is an integrated mobility service that offers customers maximum usage benefit. Based on digitised processes, this service is capable of meeting all requirements, from a straightforward car choice, variable usage duration right through to final invoicing.

As a worldwide premium service provider, Sixt offers a wide range of high-quality mobility solutions for its customers' short and long-term demands. The Company, founded in 1912, utilises state-of-the-art technologies to develop integrated services to meet private and commercial customers' needs. All of Sixt's services are geared to make mobility as flexible and convenient as possible. The solutions offered aim to fascinate and thrill our customers. All over the world, customers deliberately opt for Sixt because they are looking for innovative, high-quality services.

In its ***Vehicle Rental Business Unit***, Sixt caters to a wide variety of customer requests. To this end, the Company makes use of classic vehicle rental solutions, its Sixt ride transfer service as well as long-term rental agreements. In addition to these, Sixt has developed complementary mobility concepts. Frequent travellers can thus benefit from the European-wide mobility concept Sixt unlimited. It can cover all vehicle demands and allows for significant cost savings. Other examples are Sixt's subscription models, such as Sixt Flat Weekend or Sixt Flat Seasons, which offer vehicles that can be freely configured according to the season.

The Sixt brand is represented in about 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 benefit for our customers and to offer an internationally uniform quality standard.

Its ***Leasing Business Unit*** is run by the stock-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 Online Retail business field. 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, thus cutting total cost of ownership. In the growth market for the online sale of new vehicles, Sixt Leasing operates the online platform ***sixt-neuwagen.de*** to offer private and commercial customers such innovative solutions as a fully 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

A \\ TO OUR SHAREHOLDERS

A.1 \\ LETTER TO THE SHAREHOLDERS

Dear shareholders,

Fiscal year 2018 was yet another defining year for our Group. Economically it was by far the most successful year in our corporate history, with record figures for revenue, earnings and profitability. Strategically we set the course for a very unique mobility service that we have presented to the public at the start of 2019. It will allow us to make the mobility of the future a reality today.

At EUR 534.6 million, the Sixt Group generated pre-tax earnings (EBT) of over half a billion Euros last year. Even if one deducts the one-time effect from the sale of our investment in the car-sharing company DriveNow that we sold in Q1 of 2018, EBT came to EUR 336.7 million and thus a proud 17% above the figure of the year before. This increase is the result of ongoing strong growth in Germany and abroad, both in the Vehicle Rental as well as the Leasing Business Units. The Group's operating revenue climbed 12.5% to EUR 2.6 billion so that Sixt achieved an operating return on revenue of 13.0%, even without the one-time gain from the DriveNow sale. Such a profitability level is peerless in the worldwide mobility industry.

The key driver for our growth was once again foreign operations, which in the Vehicle Rental Business Unit saw revenue leap by 22.8%. Sixt continued its expansionary drive above all in the USA, in France, Spain and the UK with strong double-digit growth rates, gaining further market shares.

In the USA, the second-biggest Sixt country after Germany and by far the largest vehicle rental market worldwide, we managed to increase revenue by 19% to EUR 382 million. Within just a few years Sixt has become the fourth biggest vehicle rental company in the US. At some stations, such as Miami airport, the Company is already achieving double-digit market shares. We have also prepared the ground for further growth in the US through the targeted expansion of our station network at key airports and by opening our US headquarters in Florida at the end of 2017.

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

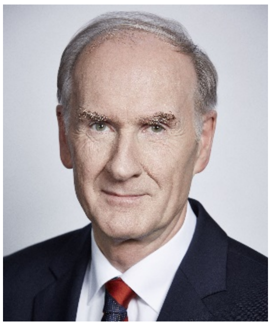
JÖRG BREMER

- \\ Chief Financial Officer
- \\ Born 1977
- \\ Joined Sixt in 2018
- \\ Responsible for finance, accounting, controlling, legal, auditing, risk management

Our business in Italy is also developing very positively. In the second year after establishing our own subsidiary, we are already registering strong and profitable growth.

The basis for the worldwide expansion remains our Group's continued solid equity and financing base. In 2018 we for the first time added vehicles worth more than EUR 7 billion to the rental and leasing fleets. These record investments are underpinned firstly by an equity ratio which, at the end of 2018, was 27.8% across the whole Group and thus continues to remain substantially above the industry average. Secondly they are covered by a wide range of financing instruments, for which Sixt is benefiting from its good reputation on the capital markets and its solid financing structure.

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

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

For Sixt, economic success has traditionally gone hand-in-hand with a dividend policy that does due justice to shareholder interests and also considers corporate expansion plans. For fiscal year 2018 we are therefore proposing to the Annual General Meeting on the 4 June 2019 that the dividend be raised to a record level of EUR 2.15 per ordinary share and EUR 2.17 per preference share. In the previous year our shareholders already participated on the successful sale of the stake in DriveNow through a special distribution of EUR 2.05 per share for both share classes.

Dear shareholders,

The question of how the mobility of the future will shape up is one that concerns us all. Many providers, old and new, are trying to profit, with their products and services, from people's changing mobility needs and from the opportunities that digitisation is offering in this context. For more than 100 years now, Sixt has been a byword for automotive mobility. Unlike our competitors, though, we already have all the products available today to offer our customers the right solution at an attractive price-performance ratio in every situation and for every demand.

We are convinced that fragmented solutions for carsharing in metropolitan areas, classic vehicle rental or transfer services are not enough. Instead, the various mobility services and offers are merging together, so that customers don't need a complicated array of different platforms, apps and brands but one offer from a single source as in a one-stop shop.

For this reason, Sixt has invested a significant amount over the last few years in the build-up of such an integrated offer and in the digitisation of the rental process. It is our aim over the coming years to have every vehicle in our fleet connected so that we can deploy the entire Sixt fleet highly flexibly. The starting gun to this unique mobility offer was sounded in February of this year with the presentation of the new Sixt app, which we showcased to customers, business partners, employees and the media. It opens up the entire Sixt product world of the Vehicle Rental Business Unit for our customers. In future, they can decide freely whether they want to pick up a car at a rental station, simply step into the next available car round the street corner or rather call a cab or a ride hailing service. Sixt rent (vehicle rental), Sixt share (carsharing) and Sixt ride (transfer services) are all coming together in one app and all under the unified success brand of Sixt.

That's not all though. Our Sixt ONE platform can also integrate strong partners. Thus, Sixt ride sealed a cooperation with the German taxi federation and concluded partnerships with renowned ride hailing providers in the USA and Great Britain. Thanks to this easily scalable platform, our customers can book the best possible mobility option in every product segment and every market, simply by using the new Sixt app. For our partners it means they have access to around 20 million Sixt customers worldwide.

We expect that this integrated offer will add further impetus to Sixt's growth course over the coming years. Bundling our products in one app and the digital interconnection of our fleet open up significant cross-selling potentials, allowing us to use our marketing budgets even more efficiently and enabling us to utilise our fleet still better. Above all though, Sixt once again does justice to its claim to be the innovation leader whose solutions set standards in the mobility industry.

Implementing the service offer of Sixt ONE step-by-step will surely characterise the current fiscal year and will also necessitate further investments. Following long years of extended economic growth across the globe, economic conditions for 2019 darkened. Worldwide trade policy disputes and tensions, the uncertain outcome of Brexit and the numerous geo-political conflicts could adversely affect the travel patterns of business travellers, corporate customers, private travellers and tourists.

Sixt looks confidently forward to the fiscal year 2019, even though experts consider the macroeconomic conditions to be generally weaker than they considered them in 2018. For 2019 we expect to see ongoing growth in demand, which continues to be driven primarily by foreign business in the Vehicle Rental Business Unit. To this end, we will continue to pursue a demand-driven fleet policy. The further expansion in the European countries outside Germany and in the USA, the continuous digital interlinking of the fleet and the gradual implementation of the service range in the Sixt app will require further investments in the medium term. At the same time, however, we expect additional growth impulses as a result. Against this background and assuming that the overall economic environment does not deteriorate significantly, we expect consolidated operating revenues to rise significantly and consolidated earnings before taxes to be stable in 2019 compared with the previous year (excluding the sale of the DriveNow stake in the previous year).

In business terms, Sixt was never as strong as it is today. The implementation of the Sixt ONE platform offers us strategic new opportunities and potential, which we want to utilise consistently and resolutely. We wish to extend our heartfelt thanks to all our employees in the Sixt Group for their committed and competent work. Without their commitment, neither would such another outstanding fiscal year 2018 have been feasible, nor would it have been possible to realise such a trailblazing project as Sixt ONE.

We thank you, dear shareholders, for your trust and loyalty in our company, which is looking forward to a very exciting future.

Pullach, April 2019

The Managing Board

ERICH SIXT	JÖRG BREMER	DETLEV PÄTSCH	ALEXANDER SIXT	KONSTANTIN SIXT

A.2 \\ REPORT OF THE SUPERVISORY BOARD

General

In 2018 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 2018 each of which was attended by all Board members. Thus, the legally prescribed frequency of two meetings per calendar half-year was complied with. The Board held no conference call meeting. Further to these, a total of six resolutions were passed by written voting.

The Managing Board informed the Supervisory Board in written and verbal form regularly, promptly and comprehensively about the situation of Sixt SE 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 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 informed and involved early on in decisions of significant importance for the Sixt SE and the Group by the Managing Board. In the year under review, 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

\\ Chairman of the Supervisory Board of Sixt SE
\\ Born 1963
\\ Joined the Company in 2017

Key issues in 2018

At its meetings, the Supervisory Board received comprehensive information from the Managing Board on all key questions relating to 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. Members of the Managing Board regularly attended Supervisory Board meetings to explain all the information and procedures in due detail and to answer questions.

Next to these, the focus in the year under review was above all on the following issues:

\\ The Supervisory Board analysed Sixt's ongoing expansion in Europe and the USA. It welcomes the Managing Board's strategy to continue pursuing qualitative and earnings-oriented growth. The Supervisory Board noted and approved the adopted strategy as well as the operative performance in the foreign Sixt corporate countries.

\\ The Supervisory Board unanimously ratified the agreement concluded in January 2018 on the sale of Sixt SE's 50% stake in the joint venture DriveNow to the BMW Group. This transaction allows Sixt SE to expand its position out of its own strength as a leading mobility service provider by integrating all mobility services under one roof.

\\ The consultations during the reporting year addressed at length the plans for setting up and expanding new mobility concepts as part of the ongoing digitisation. All activities in this field were bundled together in 2018 in the new Division entitled Sixt X. The Supervisory Board kept itself very well informed about the targets, business plans and status of the ongoing integration of the various mobility services, such as carsharing, classic vehicle rentals or transfer services, under one roof and one brand name (project ONE). Initially, the focal point was above all the digitisation of the vehicle rental process as a precondition for an integrated offer.

\\ The Supervisory Board approved the Sixt Group's medium-term business plan up until 2022 as submitted by the Managing Board. The Board debated in detail the underlying economic and strategic assumptions regarding customer requirements and behaviour, technological developments, market potential and risks as well as cost developments.

\\ The Supervisory Board looked in detail at the measures for streamlining Group and executive structures, aimed at securing and improving internal efficiency in view of the strong growth in business volume.

\\ 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 by one tranche in 2018.

\\ During the reporting year the Supervisory Board approved the extension of existing Managing Board contracts with Detlev Pätsch, Alexander Sixt and Konstantin Sixt. In addition, it looked at the replacement of the CFO post for finances & controlling, which until 31 October 2018 had been held by Dr Julian zu Putlitz, who left the company at his own request. The Supervisory Board appointed Jörg Bremer as CFO, effective as of 1 November 2018.

Declaration of conformity

The corporate management and supervision of Sixt SE comply with the principles of the German Corporate Governance Code. The corporate governance report, which is published in the Annual Report, includes the Managing Board's and Supervisory Board's declaration on Sixt SE's corporate governance in accordance with section 3.10 of the Code. Moreover, in December 2018, 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". As in the previous years, with few exceptions Sixt follows the recommendations of the Government Commission on the German Corporate Governance Code.

Audit of the 2018 annual financial statements and consolidated financial statements

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

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 of the Group) and gave these documents their unqualified audit opinion. The Supervisory Board had commissioned the auditor on the basis of the resolution taken by the Annual General Meeting on 21 June 2018.

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 11 April 2019, 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 notes to the consolidated financial statements, as well as 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, rental vehicles 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 of the Group contained within the management report). The 2018 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 2018.

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

The Company's Managing Board changed in the year under review as follows:

Effective as of 1 November 2018 the Supervisory Board appointed Jörg Bremer as new CFO to sit on the Managing Board of Sixt SE. He follows Dr Julian zu Putlitz, who left Sixt at his own request after nine successful years and retired from the Managing Board at the end of 31 October 2018. The Supervisory Board extends its thanks to Dr zu Putlitz for his many years of extremely successful work for Sixt and wishes him all the best for his professional and personal future.

Already in the first half of 2018 the contracts of Alexander Sixt, responsible for organisation and strategy, Konstantin Sixt, responsible for sales and Detlev Pätsch, responsible for operations, were each extended until 2021.

There were no changes to the Supervisory Board in 2018.

Thanks to the Managing Board and all employees
In 2018 the Sixt Group witnessed another record year, setting new best-ever figures for revenue and earnings. Moreover, the highly successful undertaking in modern carsharing, which was started in 2011, was capitalised on very attractively through the sale of the stake in the previous joint venture DriveNow. It is the Supervisory Board's conviction that the current merger of the Sixt product world into one integrated offer, combined with the introduction of new digital services, will see our company set standards once again in the mobility industry.

The Supervisory Board wishes to extend its thanks to the Sixt SE's Managing Board, the managing directors of the subsidiaries as well as to all employees of the Sixt Group for their commitment and passion, which have made the outstanding results of the past financial year possible.

Pullach, April 2019

The Supervisory Board

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

A.3 \\ SIXT SHARES

Stock markets show negative performance in 2018
Overall, the worldwide stock markets registered a disappointing performance in 2018. Key influencing factors were the European Central Bank's (ECB) decision to end its bond buying, four rate hikes by the US Federal Reserve, slowing economic growth in China as well as mounting political uncertainties in the face of Brexit negotiations and the economic tensions between the USA and China as well as the EU. Running counter to these trends were, among other things, a good US economy, measures taken by the Chinese government to stimulate the economy and the lively worldwide M&A activities among corporations.

After six consecutive years of growth the German stock index (DAX) saw a decline in 2018. The index reached its all-year high as early as 23 January at 13,560 points before it registered a downward trend right through to the start of April. A recovery phase until mid-May was followed by another continuous negative performance for the remainder of the year. By 27 December the DAX had fallen to its low for the year at 10,382 points and closed the year at 10.559 points. Compared with the previous year's close at 12,918 points this amounted to a loss in value of 18.3%.

The SDAX, which includes Sixt SE's ordinary shares, lost 20.0% in the year under review and closed at 9,509 points (31 December 2017: 11,887 points).

US stock markets also contracted in 2018. Thus, the Dow Jones index registered a drop of 3.5%.

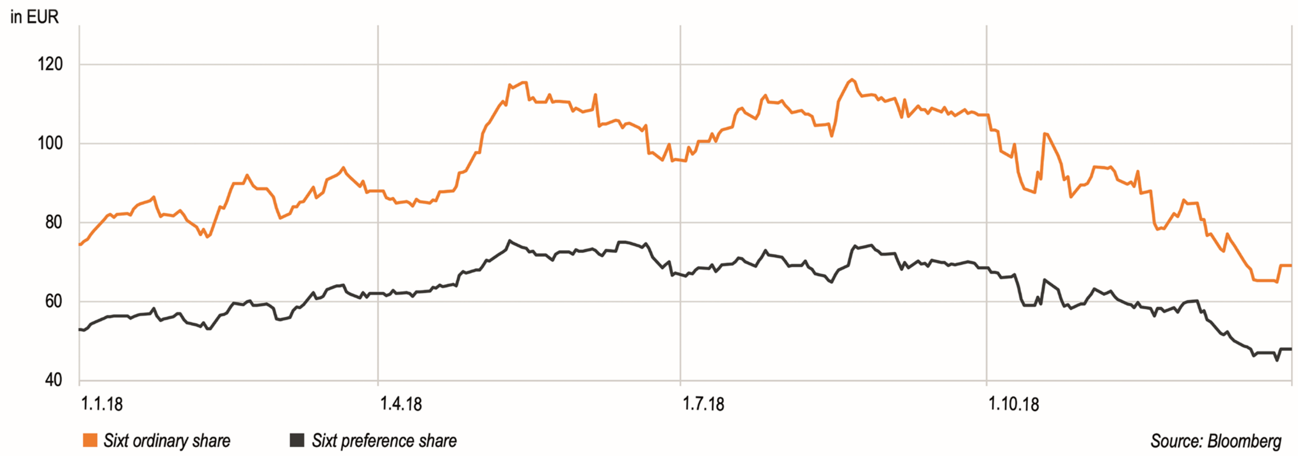
Sixt shares affected by falling stock markets
Following their significant value appreciation in the year before, Sixt ordinary shares and Sixt preference shares initially performed very well in 2018 but then lost value again over the course of the year in the wake of the wider market's developments. Nonetheless, the price gains of ordinary shares and preference shares over the year were at times substantially above the SDAX performance.

Ordinary shares started the year with a positive run and saw a pronounced upward movement as of the start of May. Though they contracted slightly thereafter, they saw significant value gains in August and reached their all-year high on 21 August at EUR 116.30. Thereafter, ordinary shares followed the wider market's trend and continually lost value so that on 27 December they reached their all-year low of EUR 64.90. Closing the year at EUR 69.20, they registered a drop of 7.1% compared to the closing price in 2017 at EUR 74.51.

Preference shares followed the price performance of ordinary shares in the year under review. They also saw a slight upward trend at the start of the year before gained substantially in value in May. On 10 May they reached their all-year high at EUR 75.40, but could not keep that high level over the rest of the year. From October on they fell continuously, to drop to their all-year low of EUR 45.20 on 27 December. Preference shares closed the year at EUR 48.00, some 9.3% down on the closing price of EUR 52.92 at the end of the previous year.

Based on the closing prices at the end of the year, the market capitalisation of Sixt SE was EUR 2.90 billion. This equals a loss in value of 7.7% against the market capitalisation at the end of the previous year (EUR 3.14 billion; all data refer to Xetra closing prices). In terms of the highest prices for 2018, capitalisation amounted to EUR 4.78 billion.

Performance of Sixt ordinary and preference shares



Stable shareholder structure

Based on the registered share capital at the end of fiscal year 2018, 58.3% of the ordinary voting shares were held by Erich Sixt Vermögensverwaltung GmbH (2017: 61.6%). 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". The Company did not receive any such notifications in 2018.

Record dividend for 2017

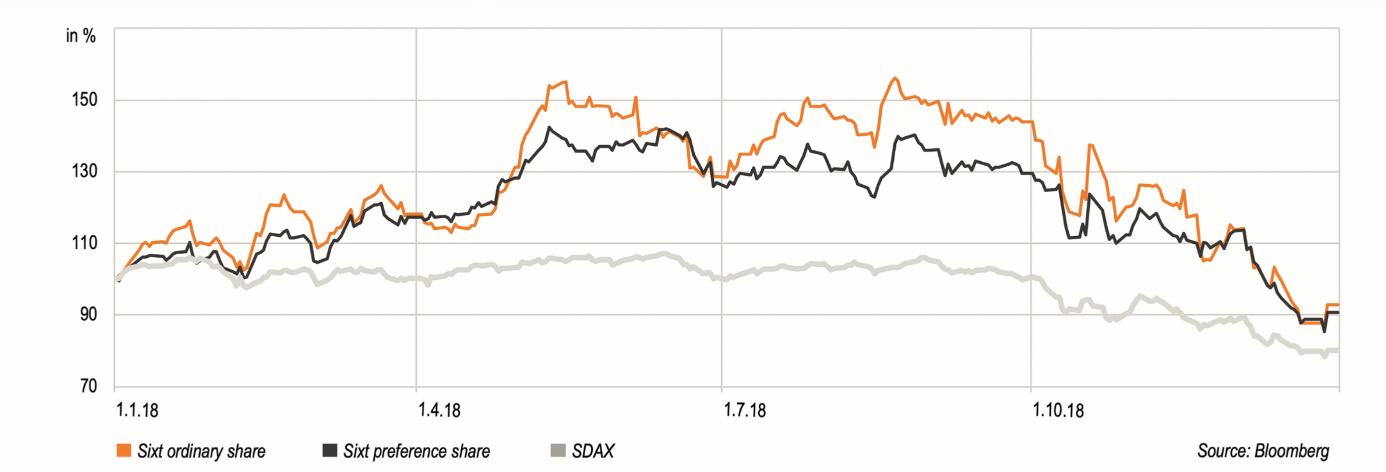
Sixt SE has a shareholder-friendly dividend policy aiming to let its shareholders partake in the Company's business success by distributing an appropriate dividend. The amount paid out is geared to the development of Group earnings as well as future demands placed on equity, above all with a view to the international growth of operative business and investment requirements.

Shareholders at the Annual General Meeting on 21 June 2018 followed the dividend proposal submitted by the Managing and Supervisory Boards and for fiscal year 2017 resolved to pay out, a dividend of EUR 4.00 per ordinary share and of EUR 4.02 per preference share, both including a bonus payment of EUR 2.05 each. The reason for this special dividend was the significantly higher equity ratio of Sixt SE Group that the good business and earnings development of 2017 had generated, as well as the sale of the investment in the joint venture DriveNow, which was sold to the BMW Group in the first quarter of 2018. As a consequence a record sum of EUR 188 million was paid out, more than twice the amount paid out the year before (EUR 78 million). Measured in terms of the consolidated profit after minority interests, the dividend pay-out ratio amounted to 98% (previous year: 55%). Adjusted by the special dividend, the payout ratio came to 48%. Based on the closing prices for each share category at the end of 2017, the dividend yield was 5.4% for ordinary shares and 7.6% for preference shares.

For the fiscal year 2018, the Managing Board and Supervisory Board are proposing to the Annual General Meeting on 4 June 2019 the distribution of a dividend of EUR 2.15 per ordinary share and EUR 2.17 per preference share. The proposal takes due account of another very good earnings performance in the reporting year as well as the very high equity base compared with the competition, which is well above the Company's own target value of at least 20%. Subject to the Annual General Meeting approving the proposal, the total dividend payment would come to EUR 101.3 million. Based on the closing prices for each share category at the end of 2018, the dividend yield is 3.1% for ordinary shares and 4.5% for preference shares.

Sixt share information	
Share classes	No-par value voting ordinary bearer shares (WKN: 723132, ISIN: DE0007231326) No-par value non-voting preference 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: 1.75%) CDAX (weighting of ordinary shares: 0.08%, weighting of preference shares: 0.07%) Prime All Share (weighting of ordinary shares: 0.07%, weighting of preference shares: 0.07%)
Trading segment	Prime Standard
Designated sponsors	Commerzbank AG, M.M. Warburg & Co. KGaA

Perfomance of Sixt ordinary and preference shares against the SDAX



	2018	2017
Earnings per share – basic (in EUR)		
Ordinary share	9.07	4.09
Preference share	9.09	4.11
Dividend (in EUR)		
Ordinary share	2.15[1]	1.95 + special div. 2.05
Preference share	2.17[1]	1.97 + special div. 2.05
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

	2018	2017
High (in EUR)[2]		
Ordinary share	116.30	79.85
Preference share	75.40	55.41
Low (in EUR)[2]		
Ordinary share	64.90	46.96
Preference share	45.20	36.45
Year-end price (in EUR)[2]		
Ordinary share	69.20	74.51
Preference share	48.00	52.92
Dividend yield (in %)[3]		
Ordinary share	3.1	5.4
Preference share	4.5	7.6
Market capitalisation (in EUR million)[3,4]		
as at 31 Dec.	2,897	3,140

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

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

In 2018 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 as well as the strategic orientation of the Group. The focal points of these communication efforts were the ongoing international expansion of the vehicle rental business, including developments on the US market. Other vital topics addressed were the sale of the stake in the carsharing joint venture DriveNow to the BMW Group, as well as the development of up-to-date and demand-driven mobility services from the point of view of digitisation.

Sixt Group's strategy and business development were also positively received and met with great interest during roadshows and investor conferences. In the reporting period, roadshows with the Managing Board were held at key financial centres in Germany, Europe as well as the USA.

Furthermore, the Managing Board used the publication of quarterly figures to inform financial journalists about Sixt Group's current development. The conference calls held on these occasions have for years now become a fixed date for almost all relevant business journals and news agencies. They are therefore a meaningful addition to the annual press conference and the Annual General Meeting.

Prominent financial and research institutes tracked the development of the Group and the Sixt shares during the year under review. To this end the Managing Board and analysts had regular and detailed exchanges of information. In 2018 studies on Sixt were published by Baader Helvea, Bankhaus Lampe, Berenberg, Commerzbank, DZ Bank, Hauck & Aufhäuser, Oddo BHF and Warburg Research.

As of reporting date 31 December, these reviews gave an average target price of EUR 114 for Sixt ordinary shares (previous year's reporting date: EUR 81).

In its future communications with the capital markets, the Managing Board will continue to outline the competitive strengths of Sixt over relevant peers and also explain in detail the Company's fundamental strategy announced in the first quarter 2019 to offer integrated mobility concepts from a single source.

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 confidence of customers, business partners and the capital market in the Company. Responsible management that focuses on long-term value creation is therefore of central importance for the Company. The basic hallmarks of good corporate governance are efficient and trusting collaboration between the Managing Board and the Supervisory Board, upholding the shareholders' interests and transparency in the corporate communication, both externally and internally.

The recommendations of the Government Commission on the German Corporate Governance Code are an established benchmark for corporate management at German listed companies. Apart from the exceptions listed in the declaration of conformity of December 2018, 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 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 December 2018, 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 Board, especially given that the Supervisory Board members could insure any deductibles themselves.

\\ In accordance with the resolution adopted by the Annual General Meeting on 3 June 2014, the total remuneration is currently not disclosed and broken down by individual Managing Board members. In view of this resolution, an individual disclosure of allowances, compensations and other pension benefits for each member of the Managing Board using the model tables provided in the Code is not to be published (section 4.2.5 (3) of the Code).

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

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

\\ An age limit for members of the Supervisory Board as well as a regular limit of length of membership in the Supervisory Board are not provided for (section 5.4.1 (2) sentence 2 of the Code). 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, December 2018

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 is also established 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 2018, 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. The Chairman of the Managing Board of Sixt SE, Mr Erich Sixt, is also Chairman of the Supervisory Board of Sixt Leasing SE. 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 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. 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 2018.

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 executive positions

In accordance with the provisions of the Act on the Equal Participation of Women and Men in Executive Positions in the Private and Public Sector, Sixt SE defined the following target figures for the proportion of female members in the Supervisory and Managing Boards of Sixt SE as well as the first and second executive levels below the Managing Board.

The Supervisory Board determined a target figure of 0% for the proportion of women serving in the Supervisory and Managing Boards, to be implemented by 30 June 2022. As of 31 December 2018 these target figures of 0% each were met. Neither the Managing nor the Supervisory Board had any female members as of 31 December 2018.

The Managing Board has determined that the proportion of women serving on the first executive level below the Managing Board should be 15% and on the second executive level below the Managing Board 30%, both carrying an implementation period up to 30 June 2022. As of 31 December 2018 the proportion of women serving on the first executive level below the Managing Board was 16% and on the second executive level below the Managing Board 25%. Consequently, the target for the first level was already surpassed. This takes due account of the German consolidated companies of Sixt SE, with the exception 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 Act on Equal Participation of Women and Men in Executive 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 Act on Equal Participation of Women and Men in Executive 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. According to the Supervisory Board's assessment, all current members of Sixt SE's Supervisory Board are independent.

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 7.0 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 2018 the Supervisory and Managing Boards resolved to extend the existing MSP by increasing the total volume invested by all participants by EUR 2.0 million to EUR 7.0 million and by another year at otherwise unchanged conditions and therefore allocate another tranche in 2018. On each 1st of December every year from 2012 (first time) to 2018 (last time) one tranche of stock options was allocated (a total of maximum 7 tranches), so that each participant was entitled to subscribe up to a total of 3,500 stock options (7 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 eleven years, up until 2023.

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

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 “Managers’ Transactions”.

Disclosures relating to the auditor

On 21 June 2018, the Annual General Meeting adopted the proposal of the Supervisory Board to appoint Deloitte GmbH Wirtschaftsprüfungsgesellschaft, Munich, as auditor for the fiscal year 2018 for Sixt SE and the Sixt Group and as auditor for any interim financial reports/financial information of Sixt SE relating to fiscal year 2018 as well as to fiscal year 2019, valid for the period up until the Annual General Meeting 2019. 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.

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 accounts for the 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 for key companies of the Vehicle Rental Business Unit.

Sixt SE also holds 41.9% of the capital and voting rights in Sixt Leasing SE which, together with its subsidiaries, represents the Leasing Business Unit. The shareholding in Sixt Leasing SE is fully consolidated in the consolidated financial statements of Sixt SE as control in Sixt Leasing SE must be currently assumed based on the de facto voting majority of Sixt SE in the Annual General Meetings of 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's management reports in accordance with section 315 (5) of the Handelsgesetzbuch (HGB – German Commercial Code).

1.2 GROUP ACTIVITIES AND SERVICES PORTFOLIO

The Sixt Group is an international provider of top-quality premium mobility services. The Group develops and offers tailored, flexible services through its Vehicle Rental and Leasing Business Units to cover demand for short- and long-term mobility from private and business clients. To this end, Sixt uses state-of-the-art technologies to provide its customers with solutions, irrespective of time and place, that can be combined to match their very specific needs. The all-in mobility concepts, the high level of service, consistently smooth processes from booking through to invoicing, and the above-average share of premium vehicles constitute vital USPs that set Sixt apart from its international competitors.

In its business fields Sixt is an innovation leader. The Group's aim is to anticipate the permanently shifting mobility requirements of customers and to set and define trends. Sixt is therefore continuously expanding its service spectrum with new products and services. One focal point is the use of online and mobile technologies as well as the digitisation of processes. With all developments, though, customer benefit always takes centre stage. Key criteria here are transparency, user friendliness and content.

The products and services, which are offered, for example through special applications for smartphones or tablet PCs as well as various websites, are continuously upgraded to meet the current state of the art. At the end of 2018 around 67% (end of 2017: 64%) of reservations in the Vehicle Rental Business Unit were made through the Internet and mobile services.

Sixt utilises digital channels, including the Group's websites, social media channels and other online services, to remain in a continual dialogue with its customers and the wider public. The Company very carefully monitors the acceptance of new platforms and applications to gather important experience with these channels at an early stage. In doing so, Sixt uses social media for modern and topical marketing activities, including collaboration with so-called influencers.

2. VEHICLE RENTAL BUSINESS UNIT

In the Vehicle Rental Business Unit the Sixt brand maintains an almost worldwide presence and is consistently pushing ahead its international expansion 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 has a market share of significantly over 30% and is the market leader with 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 supplements the core business.

In the Vehicle Rental Business Unit Sixt is represented through its subsidiaries in the core European countries of Belgium, Germany, France, the UK, Italy, Luxembourg, Monaco, the Netherlands, Austria, Switzerland and Spain. The Company 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, where it has already reached a top place among the largest vehicle rental companies.

Outside European and American corporate countries, Sixt is represented through its franchise and cooperation partners. Thanks to this double-track international expansion with corporate subsidiaries and franchisees the Sixt brand achieves an global presence in around 110 countries.

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. For key vacation destinations, extra services such as insurance (excluding any deductible), airport surcharges, taxes and mileage are generally included in the price. The "Sixt Ferienmietwagen" product is customised to the wish of many travellers to fix the rental conditions ahead of their journey and to make the pick-up of the rental vehicle faster and simpler.
- *Sixt ride*: With Sixt ride, the Company offers its customers various transfer services for multiple requirements and occasions. The activities of Sixt Limousine Service and the transfer service Sixt mydriver are available through a shared booking platform. Sixt ride services are available in over 60 countries worldwide. Sixt mydriver provides business transfer services at fixed rates and in modern premium vehicles. 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 (event transportation) or the transfer of guests with special requirements in comfort and security. Moreover, the Sixt Limousine Service is a trusted partner of renowned hotels and airlines. For this service, Sixt uses a fleet of attractive premium vehicles as well as chauffeurs trained to high Sixt standards. Since 2018 the Sixt mydriver app has also made it possible to book taxi rides at short notice. Sixt ride therefore cooperates with various taxi centres and chauffeur providers in Germany, Spain and Great Britain.
- *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.
- *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 2018 FLIZZR was available in 23 countries (9 corporate countries and 14 franchise countries).

- *Holistic mobility concepts*: Sixt develops innovative services and products to do justice to the changing mobility requirements of its customers. These include, among others, Sixt unlimited, Sixt Flat or Sixt MaaS (Mobility as a Service). With Sixt unlimited customers can rent a vehicle for a monthly flat rate at any time at over 800 service stations in 10 European countries. 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. Sixt Flat is a subscription model which offers customers different subscription options, such as Sixt Flat Weekend with a focus on users seeking mobility over the weekend or Sixt Flat Seasons, which offers vehicles that can be freely configured according to the season. MaaS is a mobility budget which corporations can grant its employees as an alternative to the usual company car. MaaS users receive an individual budget, which allows them to choose freely between Sixt vehicle rentals, the Sixt mydriver transfer service and carsharing.

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 30 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 on the one hand mid-sized to large companies with complex fleets, for Sixt Leasing to optimally employ the competitive strengths it holds through its independence from manufacturers and through targeted consultation and services. On the other hand Sixt Leasing serves small companies, whose fleets are professionalised through standardised products and processes. 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, breakdown and damage assistance, damage management including 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 around 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

The Sixt Group is internationally active with a stock-listed holding as parent company. This means that 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, in the financial year 2018 Sixt engaged mainly in the development of its systems. One focal point was the connection and use of online and mobile technologies as well as the digitisation of processes. More detailed information concerning individual systems and processes can be found in the "Business report" of the Annual Report 2018 of Sixt SE.

B.2 \\ BUSINESS REPORT

1. ECONOMIC ENVIRONMENT

The Sixt Group continues to drive forward the internationalisation of its activities. The focus of its business activities has meanwhile shifted to the European Corporate countries as well as the USA, which have become key foreign markets. Of particular importance for the Group's business development in these economic regions are corporate investment activities as a whole, the consumer behaviour of private customers as well as the spending propensity of commercial and corporate customers.

According to the International Monetary Fund (IMF), the economy in the Euro area grew by 1.8%, which was slower than the year before (2017: +2.4%). The International Monetary Fund cites as reasons for this development the increase in political uncertainties, such as those stemming from the problematic Brexit negotiations, or the trade disputes between the major economic powerhouses, the USA and China, and the worldwide increase in trade barriers.

In 2018 the German economy performed positively, but lost momentum during the course of the year. Thus the inflation-adjusted Gross Domestic Product (GDP) went down from 2.2% in 2017 to 1.5% in 2018 according to data from the German Federal Statistical Office (Statistisches Bundesamt) Destatis. Nonetheless, the German economy recorded economic growth for a ninth year in succession. According to Destatis, positive factors contributing to this were above all private consumption and government investments. Moreover, economic growth was also shored up by the export business, which gained 2.4% after adjustment for inflation. However, growth here was no longer as strong as in 2017 (+4.6% after adjustment for inflation). The IMF likewise registered economic growth of 1.5% for Germany.

The US economy recorded growth of 2.9% in the year under review, outstripping the gain of 2.2% from the previous year. Though growth was characterised by the positive development of private consumer spending, it was held back by the trade conflict with China and a negative trade balance.

Sources
International Monetary Fund (IMF), World Economic Outlook October 2018, 3 Oct. 2018
International Monetary Fund (IMF), World Economic Outlook Update January 2019, 11 Jan. 2019
Statistisches Bundesamt (German Federal Statistical Office), Press Release Number 18, 15 Jan. 2019

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

In 2018 the Sixt Group recorded another very successful financial year. The reporting year was characterised once again by record figures for revenue and earnings as well as ongoing progress in expansion at home and abroad. All in all it showed significant increases over the already highly favourable development of the preceding year. One non-recurring effect of around EUR 198 million resulted from the sale of the 50% stake in the DriveNow joint venture, which had been operated together with the buyer, the BMW Group.

In its initial forecast for the Vehicle Rental Business Unit the Managing Board had projected continued growing demand, driven above all by dynamic foreign operations. For the Leasing Business Unit the Board expected to lay the groundwork for mid-term contract and earnings growth, especially in the Online Retail and Fleet Management business fields, as well as in its international orientation. Based on these planning assumptions the Managing Board projected that the Group would see significant growth in operating revenue in fiscal year 2018. Earnings before taxes (EBT) had been scheduled by the Managing Board to see a slight increase (discounting the one-time gain from the sale of the DriveNow shares), given the exceptionally strong earnings development in 2017 and the ongoing strong investments in expansionary measures, new services and IT.

On 25 April 2018 the Managing Board upgraded its earnings outlook for the full fiscal year and on 18 October 2018 it revised both the earnings as well as the original revenue forecast upwards. In the wake of third quarter business performance and the Group's business development in the fourth quarter, the Managing Board finally forecast strong growth in operating revenue as well as very strong growth of EBT (discounting the contribution from the sale of the DriveNow shares).

The Sixt Group closed the fiscal year with EBT of EUR 534.6 million, an increase of 86.1% on the figure of EUR 287.3 million recorded the year before. Adjusted by the one-off income from the sale of DriveNow, the increase was 17.2% to EUR 336.7 million. Consolidated operating revenue came to EUR 2.60 billion, 12.5% more than the year before (2017: EUR 2.31 billion). Group revenue improved 12.6%, up from EUR 2.60 billion to EUR 2.93 billion, with both Business Units, Vehicle Rental and Leasing, managing to increase revenue. The Group's equity ratio at the end of 2018 came to 27.8% compared with 26.2% at the end of 2017.

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 consolidated operating revenue. Consolidated 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 12.6% to EUR 2.93 billion in the year under review (2017: EUR 2.60 billion). Operating revenue from rental and leasing business was with EUR 2.60 billion 12.5% higher than the prior-year figure (EUR 2.31 billion). This increase was the result of the continued positive revenue development in the Vehicle Rental Business Unit. The basis for this growth is provided by the ongoing international expansion, above all in the USA, Italy, France and Spain as well as the positive development in the home market of Germany.

Breakdown of consolidated revenue	**2018**		2017	
	in EUR million	in %	in EUR million	in %
Vehicle Rental	2,131	73	1,865	72
Leasing	468	16	444	17
Leasing vehicle sales	325	11	290	11
Miscellaneous	5	0	4	0
Total	**2,930**	**100**	**2,603**	**100**

Consolidated operating revenue	**2018**	2017	2016	2015
in EUR million				
	2,599	2,309	2,124	1,939

3.2 REVENUE BREAKDOWN BY REGIONS

In Germany, consolidated revenue for 2018 was EUR 1.62 billion, an increase of 7.0% compared to the year before (EUR 1.51 billion). Rental revenue in the Vehicle Rental Business Unit reached EUR 786.4 million, 4.5% more than in 2017 (EUR 752.6 million). Other revenue from rental business increased slightly by 3.0% to EUR 112.2 million (2017: EUR 108.9 million). Revenue from leasing activities in Germany was with EUR 209.9 million 5.8% higher than in the previous year (EUR 198.4 million). Other revenue from leasing business increased by 8.8% to EUR 202.2 million (2017: EUR 185.8 million). Revenue generated in Germany from the sale of used leasing vehicles, which is generally subject to fluctuations, rose by 15.3% to EUR 305.8 million (2017: EUR 265.2 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 revenue outside Germany performed more dynamically in 2018 thanks to the ongoing growth measures initiated with branch openings and increased capacities at existing branches. With EUR 1.31 billion, it was 20.2% higher than in the previous year (EUR 1.09 billion) and again at a new record level. A significant share of Group revenue outside Germany was generated by the activities in North America with EUR 382.4 million (2017: EUR 321.8 million).

As in the previous year rental revenue showed a positive development and rose by 23.5% to EUR 1.15 billion (2017: EUR 934.1 million). This development was mainly due to the activities in the USA, Italy, France as well as Spain. Other revenue from rental business was EUR 78.5 million and thus also substantially above the prior-year figure (EUR 69.8 million; +12.5%). Leasing revenue abroad along with the declining contract portfolio was down by 13.4% to EUR 24.8 million (2017: EUR 28.7 million). With EUR 31.0 million other revenue from leasing business remained at the previous year's level (2017: EUR 31.1 million; -0.1%). Foreign revenue from the sale of used leasing vehicles was down by 20.0% to EUR 19.5 million (2017: EUR 24.4 million).

In 2018 the share of foreign business revenue increased further and reached 44.7% of the consolidated revenue (2017: 41.8%). The share of consolidated revenue in Germany was 55.3% (2017: 58.2%). With regard to consolidated operating revenue, the share of revenue generated abroad also climbed further to 49.6% (2017: 46.1%).

4. EARNINGS DEVELOPMENT

Consolidated income statement (condensed) in EUR million	2018	2017	Change in total	Change in %
Consolidated revenue	2,929.5	2,602.7	326.8	12.6
Thereof consolidated operating revenue	2,599.0	2,309.3	289.7	12.5
Fleet expenses and cost of lease assets	1,000.6	895.2	105.4	11.8
Personnel expenses	419.8	364.9	54.9	15.0
Depreciation and amortisation expense	538.7	509.7	29.0	5.7
Net other operating income/expenses	-597.3	-507.8	-89.5	17.6
Earnings before net finance costs and taxes (EBIT)	373.1	325.1	48.0	14.8
Net finance costs	161.5	-37.8	199.3	>-100
Earnings before taxes (EBT)	534.6	287.3	247.3	86.1
Income tax expense	95.7	82.9	12.8	15.5
Consolidated profit	438.9	204.4	234.4	>100
Earnings per share (in EUR)[1]	9.08	4.09	4.99	>100

[1] *Basic, in 2018 based on 46.9 million shares (weighted), in 2017 based on 46.9 million shares (weighted)*

Other operating income came to EUR 189.0 million and therefore with 56.8% significantly above the prior-year figure (EUR 120.5 million). The increase was mainly due to sharply increased gains from currency translation (EUR 100.8 million; >+100%). Income from forwarding costs to third parties also rose (EUR 45.0 million; +28.8%). Moreover, other operating income includes income from the reversal of provisions (EUR 11.0 million; +57.8%) as well as income from non-cash benefits (EUR 7.5 million; +8.6%). Gains from currency translation are offset by expenses from foreign currencies which are recognised under the other operating expenses.

The fleet expenses and cost of lease assets item 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, vehicle preparation)
- Expenses relating to 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 by 11.8% to EUR 1.00 billion (2017: EUR 895.2 million). Costs thereby rose on a broad basis.

Personnel expenses climbed 15.0% to EUR 419.8 million (2017: EUR 364.9 million), mainly due to the expansion abroad and annual salary adjustments.

Depreciation and amortisation expense amounted to EUR 538.7 million, 5.7% more than the previous year's figure of EUR 509.7 million. The increase results from depreciation on rental vehicles (EUR 316.9 million; +6.2%) due to the increased fleet and depreciation on lease assets (EUR 195.9 million; +4.5%).

Other operating expenses rose by 25.2% to EUR 786.3 million (2017: EUR 628.3 million). The increases came above all from expenses from currency translation, commissions, leasing expenses, expenses for IT and communication services as well as other selling and marketing expenses.

For 2018 the Sixt Group's earnings before net finance costs and taxes (EBIT) came to EUR 373.1 million, which is with 14.8% significantly more than the previous year's figure of EUR 325.1 million. The EBIT margin, measured as ratio to consolidated operating revenue, is 14.4% and thus again slightly above last year's figure (14.1%).

The financial result increased from EUR -37.8 million to EUR 161.5 million (>-100%). This development is mainly due to the sale of the 50%-stake in the joint venture DriveNow in the first quarter 2018. The income from the sale in the amount of

EUR 197.8 million is included in other net financial income (EUR 199.0 million; 2017: EUR 2.2 million).

For this reason also the result from at-equity measured investments decreased to EUR -2.0 million (2017: EUR -6.1 million). The interest result was at EUR -35.5 million (2017: EUR -33.9 million).

At EUR 534.6 million, consolidated earnings before taxes (EBT) showed the best result in the Company's history. Without the non-recurring income from the sale of the stake in the joint venture DriveNow the reported EBT amounts to EUR 336.7 million for the year under review. Compared to the prior-year (EUR 287.3 million) this equals to a very strong increase of 17.2%. The positive earnings development is mainly due to the increased EBT contribution by the USA, Italy, France and Spain. The EBT margin – expressed in relation to consolidated operating revenue – reached 20.6%. Adjusted for the one-time income the EBT margin came to 13.0% and thus was above the last year's figure of 12.4% as well as above the targeted long-term range of at least 10%.

Income tax expense came to EUR 95.7 million (2017: EUR 82.9 million). At +15.5%, this increase was clearly disproportional compared to the growth in pre-tax profit as the sale of the stake in the joint venture DriveNow was subject to a lower taxation. The tax rate, calculated on the basis of EBT, was at 18% (2017: 29%).

For fiscal year 2018 the Sixt Group reports a consolidated profit of EUR 438.9 million, after EUR 204.4 million the year before (>+100%). Minority interests reached EUR 12.8 million (2017: EUR 12.3 million). As a result, consolidated profit after taxes and minority interests was EUR 426.0 million (2017: EUR 192.1 million).

Earnings per share (basic) for the year under review amounted to EUR 9.08 per share. The year before, earnings per share had been EUR 4.09.

Earnings performance Sixt Group	**2018**	2017	2016	2015
in EUR million				
EBT	534.6	287.3	218.3	185.2
Consolidated profit	438.9	204.4	156.6	128.2

Return indicators Sixt Group	**2018**	2017	2016	2015
in %				
Return on equity (ratio of EBT to equity)	37.1	24.4	20.2	17.5
Return on revenue (ratio of EBT to operating revenue)	20.6	12.4	10.3	9.6

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 247.7 million for 2018 (2017: EUR 196.7 million).

Subject to the consent of the Supervisory Board, the Managing and Supervisory Board of Sixt SE propose that the Annual General Meeting on 4 June 2019 distributes these unappropriated profits as follows:

\\ Payment of a dividend of EUR 2.15 per ordinary share

\\ Payment of a dividend of EUR 2.17 per preference share

\\ Carry-forward to new account EUR 146.4 million

The dividend proposal, which would result in a total dividend payment of EUR 101.3 million (2017: EUR 188.1 million), takes account of the compared to competitors above-average, high equity ratio and the Group's very strong earnings performance in the year under review.

6. NET ASSETS

As at the end of the reporting year 2018, Sixt Group's total assets came to EUR 5.19 billion, which was EUR 702.3 million or 15.6% more than at 31 December 2017 (EUR 4.49 billion). The expansion of total assets is due to higher property and equipment and increased deferred tax assets on the non-current assets side and an expanded rental vehicles item 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 1.50 billion (2017: EUR 1.47 billion; +2.0%), and are still dominated by lease assets, which year-on-year decreased slightly by EUR -14.8 million or -1.2% to EUR 1.20 billion (2017: EUR 1.22 billion). At 80.2% the share of lease assets in non-current assets was below the level of the previous year (2017: 82.8%). The share of lease assets in total assets also decreased to 23.2% (2017: 27.1%). Property and equipment increased by EUR 21.2 million or 11.8% to EUR 201.5 million (2017: EUR 180.3 million). Goodwill increased by EUR 8.0 million or 39.7% to EUR 28.2 million (2017: EUR 20.2 million). Intangible assets increased by EUR 4.0 million or 15.8% to EUR 29.4 million (2017: EUR 25.4 million). Deferred tax assets increased from EUR 18.3 million by 62.4% to EUR 29.7 million. Due to the sale of the stake in the joint venture DriveNow in the first quarter 2018 no at-equity measured investments are reported at the end of the fiscal year (2017: EUR 2.0 million). There were no significant changes in the other items under non-current assets year-on-year.

Current assets increased in total by EUR 672.3 million to EUR 3.69 billion (2017: EUR 3.02 billion; +22.3%). Rental assets accounted for EUR 2.61 billion, EUR 529.2 million or 25.5% more than at the end of the previous year (EUR 2.08 billion). The share of rental vehicles in current assets amounted to 70.6% (2017: 68.8%) and 50.2% in total assets (2017: 46.2%).

The inventories position contains mainly rental vehicles taken out of the fleet and returned leasing vehicles as well as petrol stocks. At EUR 97.6 million they were EUR 21.7 million or 28.7% above last year's figure (EUR 75.8 million).

Trade receivables of EUR 558.8 million were EUR 65.0 million or 13.2% above last year's figure (EUR 493.9 million) due to reporting date effects.

Current other receivables and assets sank by EUR 8.1 million to EUR 267.2 million (2017: EUR 275.2 million; -2.9%). The change was essentially due to lower delivery claims for new vehicles of the rental and leasing fleets at reporting date.

Income tax receivables increased by EUR 6.1 million to EUR 16.2 million (+60.3%).

As at reporting date the Group's cash and bank balances came to EUR 145.9 million after EUR 87.6 million the year before (+66.6%).

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 2018 amounted to around 3.1% of consolidated operating revenue (2017: 2.9%).

Consolidated balance sheet (condensed) **Assets** in EUR million	**2018**	2017
Non-current assets		
Property and equipment	201.5	180.3
Lease assets	1,204.4	1,219.2
Miscellaneous	96.4	72.8
Current assets		
Rental vehicles	2,605.2	2,076.0
Cash and bank balances	145.9	87.6
Miscellaneous	939.8	855.1
Total assets	**5,193.3**	**4,491.0**

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 include safeguarding liquidity, cost-oriented, long-term coverage of financing requirements of the consolidated companies under the going concern assumption as well as 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 of the Vehicle Rental Business Unit and "Other" segment. These tasks are separately carried out for the Leasing Business Unit.

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 2018, 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 2024 and bearing a coupon of 1.50% p.a.
- 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 2022 and bearing a coupon of 1.50% 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.
- Borrower's note loans totalling EUR 768 million, maturing between 2019 and 2025 and bearing fixed and variable market rates of interest
- Real estate redeemable loans maturing till 2027
- 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 2018 the Group's equity amounted to EUR 1.44 billion compared to EUR 1.18 billion on the same reporting date the year before. The increase came from consolidated profit and is partially offset by the cash outflow for the dividend payments made for fiscal year 2017 (EUR 188.1 million of Sixt SE and EUR 5.7 million of Sixt Leasing SE). The equity ratio increased to 27.8% (2017: 26.2%) despite the expansion of the rental fleet. Thereby the Sixt Group continues to report an equity ratio significantly higher than the average in the 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 1.73 billion by EUR 599.0 million or 34.6% to EUR 2.33 billion. The change is mainly driven by the increase in financial liabilities by EUR 590.6 million or 34.7% to EUR 2.29 billion (2017: EUR 1.70 billion), mainly due to the bond 2018/2024 issued by Sixt SE and the bond 2018/2022 issued by Sixt Leasing SE with nominal values of EUR 250.0 million each and the issuance of borrower's note loans totalling EUR 200 million. In addition to the aforementioned newly issued bonds of Sixt SE and Sixt Leasing SE the non-current financial liabilities contain the bonds 2016/2022 and 2014/2020 issued by Sixt SE as well as the bond 2017/2021 issued by Sixt Leasing SE with nominal values of EUR 250.0 million each. Besides the item also contains borrower's note loans, bank liabilities and finance lease liabilities with remaining maturities of more than one year in the amount of 1.05 billion (2017: EUR 951.3 million).

Current liabilities and provisions decreased by EUR 160.8 million to EUR 1.42 billion (2017: EUR 1.58 billion). Financial liabilities which decreased by EUR 142.2 million to EUR 448.8 million (2017: EUR 591.0 million) and the on reporting date reduced trade payables of EUR 644.4 million (2017: EUR 691.0 million) are offset by increased other liabilities of EUR 163.9 million (2017: EUR 131.3 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	**2018**	2017
Equity	1,442.0	1,177.9
Non-current liabilities and provisions		
Provisions	3.5	3.7
Financial liabilities	2,290.6	1,700.1
Miscellaneous	33.9	25.2
Current liabilities and provisions		
Provisions	166.2	170.8
Financial liabilities	448.8	591.0
Miscellaneous	808.3	822.3
Total equity and liabilities	**5,193.3**	**4,491.0**

8. LIQUIDITY POSITION

For 2018 the Sixt Group reports gross cash flows of EUR 817.7 million, which is EUR 102.5 million above the figure for the preceding year (EUR 715.3 million). Adjusted for changes in working capital this results in a cash outflow for operating activities of EUR 346.4 million (2017: net cash inflow of EUR 9.6 million). The year-on-year changes are essentially due to the intensified net increase in the rental fleet as well as the reduction in trade payables. An opposite effect had the reduced payments for investments in lease assets.

Net cash inflow from investing activities amounted to EUR 148.9 million (2017: net cash outflow of EUR 45.5 million), mainly due to the sale of the stake in the joint venture DriveNow.

Financing activities resulted in a higher cash inflow of EUR 255.7 million compared to the previous year, mainly due to increased payments received from borrower's note loans, bonds and bank loans as well as lower payments made for redemptions and reduced payments made to taken out short-term financial liabilities (2017: net cash inflow of EUR 77.6 million). An offsetting effect had the higher cash outflow from the increased dividend payments.

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 2018 by EUR 58.4 million (2017: increase of EUR 40.6 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 was marked by the expansion of the vehicle rental business in Germany and abroad. Around 249,100 vehicles were added to the rental and leasing fleets in 2018 (2017: 233,400 vehicles) with a total value of EUR 7.02 billion (2017: EUR 6.11 billion). Year-on-year, this is an increase of 6.7% in the number and an increase of 14.8% in the value of vehicles. The average value per rental car was around EUR 29,000, and thus above the prior year's level of EUR 27,400.

Vehicles added to the rental and leasing fleets	2018	2017	2016	2015
Number of vehicles				
	249,100	233,400	208,900	195,100

Vehicles added to the rental and leasing fleets	2018	2017	2016	2015
Value of vehicles in EUR billion				
	7.02	6.11	5.68	5.26

10. SEGMENT REPORTS

10.1 VEHICLE RENTAL BUSINESS UNIT

Sector developments

The general trends of the international vehicle rental markets did not change in 2018 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 again by a few internationally focused car rental companies.

The industry unchanged is 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.

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 strength make it difficult for these providers to develop modern business processes based on the usage of innovative technologies e.g. 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. Furthermore, larger acquisitions are being concluded in the industry.

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 2018 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, Italy, the Netherlands, Austria, Switzerland and Spain market volume went up by around 1.5% from EUR 10.9 billion to EUR 11.1 billion. German market volume increased by 1.5% to EUR 2.4 billion (2017: EUR 2.3 billion). It is assumed that the French vehicle rental market size reached a volume of EUR 2.7 billion in 2018 (2017: EUR 2.6 billion). The biggest European markets also include the UK with a volume of GBP 1.4 billion (2017: GBP 1.4 billion), Spain at EUR 1.7 billion (2017: EUR 1.6 billion) and Italy at EUR 1.2 billion (2017: EUR 1.2 billion). In the Sixt corporate country USA, by far the largest rental market in the world, market volume climbed by 5.1% to USD 30.9 billion (2017: USD 29.4 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 (2017: 52%). The share of private travellers also remained constant at 41% (2017: 41%). In all of the European Sixt corporate countries where detailed market data are available, the share of private travellers remained constant at 47%, while the proportion of business travellers decreased slightly from 48% to 47%. In the US the shares for business travellers and private travellers remained unchanged at 32% and 39% respectively (2017: 32% and 39% as well). The lower share compared to the European levels is due to the substantially stronger accident replacement business in the USA, which accounts for a revenue share of 29% (2017: 29%).

The German international commercial airports, where Sixt has a strong presence, continued the growth course of the previous year also in 2018. The German Airport Association (Arbeitsgemeinschaft Deutscher Verkehrsflughäfen – ADV) reported a number of around 244 million passengers in fiscal year 2018, which is an increase of 4% compared to last year (around 235 million passengers).

Sources
Euromonitor International, Travel 2019, Jan. 2019
Arbeitsgemeinschaft Deutscher Verkehrsflughäfen (ADV – German Airport Association), Monthly statistics 12/2018, 11 Feb. 2019

Developments in the Vehicle Rental Business Unit

The Vehicle Rental Business Unit showed a dynamic development in 2018. As in the previous years, reasons for the positive business development were a demand well above original expectations, above all from private customers and tourists and the ongoing successful expansion abroad. The key international Sixt corporate countries once again registered double-digit percentage growth against the previous year. Thereby Sixt increased its station network in particular in central growth markets.

Furthermore, Sixt concluded new cooperation agreements with high-performing franchisees and thereby supplemented and expanded its presence in different regions worldwide.

In the competition Sixt benefits from its characteristic traditionally grown 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, customer orientation, innovation, flexibility and an attractive price-performance ratio.

In many countries customers deliberately choose Sixt if they are looking for premium level vehicles, mobility concepts and services. The almost fully digitised rental processes, e.g. in the form of direct vehicle selection via online booking, increase convenience for customers and offer many added values such as significant time savings when picking up the vehicle.

The operating revenue generated in 2018 by the Vehicle Rental Business Unit came to EUR 2,131.1 million, equalling an increase of 14.2% (2017: EUR 1,865.4 million). Rental revenues increased to EUR 1,940.5 million by 15.0% compared to the previous year (EUR 1,686.7 million). Other revenue from rental business climbed by 6.7% to EUR 190.7 million (2017: EUR 178.7 million).

The Business Unit's operating revenue in Germany rose by 4.3% to EUR 898.6 million (2017: EUR 861.5 million). Rental revenues climbed by 4.5% to EUR 786.4 million (2017: EUR 752.6 million).

Outside of Germany, the Business Unit achieved a growth in operating revenue of 22.8% to EUR 1,232.5 million (2017: EUR 1,003.9 million). Of this amount, EUR 382.1 million was attributable to North America (2017: EUR 321.6 million). Operating revenue was comprised of rental revenue in the amount of EUR 1,154.1 million (2017: EUR 934.1 million; +23.5%) and other revenue from rental business of EUR 78.5 million (2017: EUR 69.8 million; +12.5%). The share of operating segment revenues outside Germany increased further to 57.8% (2017: 53.8%). With regards to rental revenues, the international operations even contributed with a share of 59.5% (2017: 55.4%).

The earnings before taxes (EBT) of the Vehicle Rental Business Unit were at EUR 301.6 million and thus 20.3% above the already high amount of the preceding year (EUR 250.7 million). The EBT result includes expenses for strategic expansion measures, in particular the development of the station network in the USA and the expansion in Southern Europe as well as project costs for the development of new digital mobility concepts, sophisticated marketing campaigns in corporate countries and the international expansion of the Sixt ride services in particular the transfer service mydriver. The very healthy development of the Business Unit is due to the positive earnings contribution made by all operating vehicle rental subsidiaries.

Operating return on revenue of the Vehicle Rental Business Unit, measured as the ratio of EBT to the operating segment revenue, came to 14.2% (2017: 13.4%) 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	**2018**	2017	in %
Operating revenue	2,131.1	1,865.4	14.2
Thereof rental revenue	1,940.5	1,686.7	15.0
Thereof other revenue from rental business	190.7	178.7	6.7
Thereof abroad	1,232.5	1,003.9	22.8
Earnings before net finance costs and taxes (EBIT)	336.6	282.3	19.2
Earnings before taxes (EBT)	301.6	250.7	20.3
Operating return on revenue (EBT/operating revenue) in %	14.2	13.4	0.8 points

Pleasing growth in Germany: In 2018 Sixt recorded in its home market Germany a pleasant growth at a high level. Although Sixt has been market leader in Germany for many years, the Company increased rental revenue by 4.5% compared to the previous year (2017: +5.2%). This made it possible to once again expand the already strong position. Sixt estimates its market share in Germany to significantly more than 30%.

For both private and business customers, the Company recorded a high demand. A crucial factor for this was the further intensification of sales initiatives. Thereby the focus was on maintaining existing customers as well as reaching new customers. In doing so the premium strategy of Sixt and the resulting offer of high quality products and services remain unchanged of high importance.

The station network guarantees a nationwide presence and with it flexible, comfortable and smooth mobility for private as well as business travellers. Sixt further optimised its station network in the year under review and at the end of 2018 had 518 offices in Germany (2017: 517 offices).

Dynamic development of international activities: Sixt is present with own subsidiaries in key Western European markets and in the USA. In Europe, besides Germany, the Sixt corporate countries are Belgium, France, the UK, Italy, Luxembourg, Monaco, the Netherlands, Austria, Switzerland and Spain. In numerous large markets, such as France, Spain, the USA and Italy, rental business again increased noticeably at double-digit percentage growth rates.

In the USA, the world's biggest vehicle rental market, Sixt continued its growth course. Thanks to its premium strategy, the Company is in a special position and has already established itself as one of the biggest vehicle rental providers in the country. The headquarters in Fort Lauderdale, Florida, which were inaugurated in 2017, offer Sixt a comprehensive infrastructure. In the year under review, Sixt managed to work its way more and more into the American market with local customer acquisitions, thus increasing its share of US clients. At the same time, the Company connected its business activities very closely to the neighbouring regions, such as the Caribbean and South America. This way, a large share of USA travellers from these regions were won over as customers.

At the end of the year Sixt had around 1,000 employees at 58 locations (Corporate and Franchise) across the USA, 24 of which were airport stations. During the year under review, Sixt expanded its station network by 7 locations, including such important travel destinations as Hawaii, New York, Chicago and Denver. Its representations at the airports of Miami, Orlando and Los Angeles were among the five biggest stations in Sixt's worldwide network.

In Europe Sixt recorded strong growth above all in the corporate countries of France, Great Britain, Italy and Spain, where above all the tourism business kept growing. As in the years before, European travel destinations were chosen as safe alternative to holiday countries that were affected by political crises.

In the reporting year, Sixt concentrated on expanding the station network in Spain, above all at airports. This meant, among other things, sites on the Canary Islands, in Santander or Granada. In addition, Sixt also expanded its presence at Spain's railway stations.

In France, Sixt registered a successful development of the already strong business with private customers. One key role here was its positioning as a premium provider. Customers consciously decide to go for the Company's services in order to use well-appointed cars and premium services. Moreover, Sixt generated significant growth in its business with corporate customers in France.

In Italy, where Sixt had started to operate its own national organisation in 2017, the Company focused on penetrating the various local markets in the reporting year and thus expanded its operative network considerably.

Successful international marketing campaigns: Sixt shores up its business activities in European corporate markets with attention-grabbing marketing campaigns. The Company uses mostly humour and irony to alert the public to its premium products and services through a variety of media channels. Thus, the term "Sixt Advertisements" has become an established idiom in Germany as well as in other European countries. Sixt also caused a sensation with its impressive installations at airports, which is one of the key contact points with its customers.

In the year under review, the Company invested above all in marketing activities for its domestic market, the Benelux states, France, Great Britain, Spain and Italy. 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, thereby making customers enthusiastic about the brand.

Germany saw a number of successful marketing activities implemented in 2018. One example was the phrase "Promotion at the press of a button" ("Beförderung auf Knopfdruck"), that went live during the public debate over the previous President of the German secret service (Bundesamt für Verfassungsschutz), Hans-Georg Maaßen. Through Facebook's social media platform, the phrase reached over 650,000 users and triggered over 53,000 interactions in the form of comments, shares etc. Following the stir it caused, it was reported in national and supra-regional news and business magazines.

Another example was the online clip with a double of Chancellor Angela Merkel in a new model of the Audi A6 from Sixt entitled "Everybody wants to drive it themselves" ("Den will jeder selbst fahren"). The clip was aired on the platforms Facebook, Twitter and Youtube, where it reached over 5.5 million impressions and triggered over 29,000 interactions through comments, shares or re-tweets. In addition, the clip was then reported in professional magazines and newspapers.

In the Benelux states, Sixt continued its cross-border campaign entitled "Fixed with Sixt". To this end, multiple TV spots were produced and broadcast. According to IPG Mediabrands Research & Intelligence, Sixt's supported brand recognition in Belgium gained over 30%.

In Spain, Sixt continued the campaign "Solucionado con Sixt" during the year under review. The campaign was played out over multiple TV channels. According to the communication agency Fluent and the panel service provider Lightspeed, Sixt's supported brand recognition has almost doubled since the start of the campaign in 2016.

In Great Britain, Sixt continued its multimedia campaign "Drive Smug", which was also aired via TV stations. The survey that the communication agency Fluent and the panel service provider Lightspeed conducted showed that in 2018 Sixt's supported and unsupported brand recognition was substantially increased thanks to the campaign.

In France, Sixt extended its successful advertising campaign "Boost Yourself". According to the market research institute BVA, the campaign has raised the supported brand recognition by over 90% since its start in 2012.

It Italy, Sixt used the year under review for its typical airport advertisements at such international airports as Milan Malpensa, Rome's Fiumicino or in Naples.

Franchise network extended to key regions: Sixt is also present outside Western Europe and the USA thanks to its efficient franchisees. Due to numerous worldwide operative and sales measures business with the franchise partners once again developed very successfully in 2018.

Sixt further expanded its worldwide franchise network. Thus, new partnerships were concluded in Columbia and Pakistan, for example.

In Japan, Sixt entered into a cooperation agreement with Orix Auto Corporation. Orix Rent-A-Car has well over 1,000 stations in the country and runs a fleet with over 60,000 vehicles for short-term rentals. Japan holds special significance for Sixt, as the country is a key source market for travel into the USA.

In 2018 Sixt further expanded sales activities over so-called General Sales Agents (GSAs) in order to serve its customers in international source markets swiftly, professionally and in their respective native language. Thus, reservations in Argentina, Brazil, China and Russia increased by around 30% over the previous year. 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 more outbound business in Sixt countries.

As at the end of 2018, Sixt had a worldwide station network of 2,174 rental offices, including franchisees, in around 110 countries (2017: 2,211).

Rental offices	**2018**	2017
Corporate countries	1,044	1,036
Franchise countries	1,130	1,175
Total	**2,174**	**2,211**

Fleet with successful premium strategy: The rental fleet of Sixt alongside its comprehensive and customer-centred services, is the Company's key USP in the competition. Sixt offers its customers always top-quality vehicles from well-known manufacturers.

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 as well as Jaguar I-PACE 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 (2017: 49%).

Sixt offers its customers a fleet, which meets the highest requirements in comfort and convenience. Next to standard features like voice control and hands-free systems these include also integrated information services such as BMW ConnectedDrive or Opel Onstar. Moreover, many premium vehicles of the brands Mercedes-Benz or Audi offer advanced assistance systems such as autonomous parking systems.

In Sixt corporate countries, the average fleet size of the Vehicle Rental Business Unit in 2018 was 131,300 vehicles, after 114,300 vehicles in 2017 (+14.9%). 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. As regards to the different shares of powertrains in the fleet, the year under review saw a shift away from diesel to petrol-powered cars. The reason for this development is changing delivery capacities of the OEMs. The customer-driven demand for diesel vehicles remained high.

Including the vehicles of franchisees and cooperation partners, Sixt's global fleet totalled an average of 270,100 vehicles in 2018, which is 13.2% more than in 2017 (238,700 vehicles).

Average number of vehicles **Group and franchisees/cooperation partners**	**2018**	2017
Group	131,300	114,300
Franchisees/cooperation partners	138,800	124,400
Total	**270,100**	**238,700**

International corporate customer business on growth track: In 2018 Sixt aligned its sales structures for corporate customers more and more to the changing mobility requirements of companies. Thus, the Company drove forward the customer-specific individualisation of mobility solutions coming all from one single source. To this end, the sales channels for numerous products of the Sixt Group were bundled together so that they can be marketed to corporate customers as coming from one single management. At the same time, Sixt supplemented the national sales teams with specialised teams of international contact partners to serve the border-crossing requirements of globally active corporations.

Thanks to strengthened activities and the increased efficiency of the sales departments, business with corporate customers developed favourably in the year under review. Business with mid-sized customers expanded significantly at European level. Sixt simultaneously managed to convince large new and existing customers of its wide range of mobility solutions. Examples of this were the acquisition of the science and technology company Merck or the renewal of the cooperation with the Siemens technology group in December.

The team “Integrated Business Services” allowed Sixt to centralise its processes in sales and marketing and thus raise efficiency still further. The activities referred for example to handling and processing calls for tender.

In 2018 great significance was attributed to the Digital Sales department, which also recorded strong growth. Thus, corporate customers were enabled to manage key mobility issues, including the conclusion of framework agreements, directly online with Sixt. Also Sixt’s B2B travel management centre, which enables customers to administer various sales-related issues online, once again met with a positive response from companies in the year under review.

In the business and corporate customer segment Sixt has the strength to realise time and cost savings in its customers’ mobility costs through its customised rental offers. To this end, Sixt is developing mobility concepts that interlink the different solutions, such as carsharing, short-, mid- and long-term rentals whilst utilising state-of-the-art web technologies such as mobile services and reportings. Examples are mobility products such as Sixt unlimited, Sixt Flat models or the mobility budget Mobility as a Service (MaaS). 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: The business with private customers is gaining more and more significance for Sixt. Above all the role of tourism is growing as part of the Company’s international expansion. Thus, the share of revenue generated with private customers increased to 62% in 2018 (2017: 61%). These gains were the result of strong demand especially in such popular holiday countries as Spain, France, Italy as well as in such markets as the USA and Great Britain.

Sixt considers the availability of mobility services through online and mobile channels to be indispensable for business with private customers. The Company therefore offers its clients convenient and flexible booking possibilities through its websites, mobile apps as well as through voice services. Furthermore, the Company allows its customers to get in touch and receive information easily per blog and social media channels.

In the year under review, the share of bookings made via the Internet and mobile end devices increased across all customer groups to 67% (2017: 64%). Given the high significance of digital booking methods, Sixt is permanently 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 the reporting year, further optimisations were thus made to digital services.

In August 2018 Sixt relaunched its Sixt app for smartphones in a new design and enhanced it with the functions of the new Sixt digital self-service. Digital self-service is an innovative mobility service that allows customers to book, choose and also open a vehicle. There is no need to collect the car keys any more, the customers is given a substantial time advantage in the rental process (see also the section on “Innovative mobility concepts”).

In addition, in the year under review Sixt also supplemented its B2B website with a digital sign-up process. This way, corporate customers receive simple access to a broad range of mobility services such as short or long-term rentals, Sixt unlimited, Sixt mydriver or Sixt rent a truck. Moreover, customers can use the website to access various customer services and extensive online reports.

Another relaunch concerned the website of Sixt Limousine Service: the internet presence now provides customers with an improved overview of the services offered as well as the possibility for online reservations in around 60 countries where the Sixt Limousine Service is available.

Sixt’s franchise website was also renewed. An appealing design that utilises various media formats means Sixt is providing extensive information about the global presence of Sixt and the Company’s franchise system.

In the year under review Sixt pushed ahead with modern technologies for its online marketing so as to upscale successful campaigns on an international level in Internet search engines. In addition, Sixt expanded its international activities in influencer marketing, which it had upgraded the previous year. The Company is thus also collaborating with opinion leaders in social media outside Germany.

Vehicle rental revenue breakdown by customer group in %	**2018**	2017
Private customers/tourists	62	61
Business customers	31	31
Accident replacement	3	3
Other	4	5
Total	**100**	**100**

Sixt extends driver and limousine services with short-notice taxi booking: Sixt merged the activities of the Sixt Limousine Service and the transfer service Sixt mydriver within the business category Sixt ride in 2018. To this end, both services were made available through a shared booking system. Thus, Sixt provides its customers an extensive product range for different requirements in around 60 countries: from economic to standard transfers through to first and business class limousine services, which round off the services for the premium segment.

Sixt ride works with its own chauffeurs and vehicles appointed to a high standard from renowned manufacturers. In addition, over 1,500 licensed and tested limousine service providers are deployed internationally, and are all managed centrally by a newly designed Driver app.

In the reporting year, Sixt Limousine Service won over further hotel partners from the luxury segment. These include the Mandarin Oriental in Munich or the hotels from the Rocco Forte Group, among others.

The web presence of ***mydriver.com*** and ***sixtlimousine.com*** saw a relaunch during the year under review with improved user guidance and additional functions. The Sixt mydriver app was also renewed. In addition, for its ride services customers, Sixt introduced a so-called digital newspaper and magazine kiosk for passengers.

The event transportation segment of Sixt Limousine Service offered its customers extended services in the year under review. These include new event software, which allows the IT-supported organisation of transfers and shuttles for demanding customers during large events. Moreover, the performance portfolio was summarised under the new website ***eventtransportation.sixt.com***. The event transportation segment of Sixt Limousine Service was once again in operation during the reporting year at various large events such as the Bambi awards, various air and aviation shows, major sport events and occasions staged by different high fashion and luxury retailers.

The biggest novelty in Sixt's mydriver app was the gradual introduction of a short-term taxi reservation. In Spain this involved the integration of the ride hailing provider Cabify in order to offer a product that can be booked at short notice. Over the course of the year Addison Lee was integrated, the market leader for reliable short-term mobility in the inner city area of London. In December Munich saw the integration of the two local taxi headquarters that made the app-based reservation of around 3,500 taxis in Munich feasible. For 2019 the services are scheduled to see significant extensions to their scope.

The combination of drive services available at short notice in large cities with a reliably bookable driver service rounds off the product range for corporate customers. To this end, the interfaces to such corporate booking portals as Cytric were improved. A new option is the ability to book driver services from Sixt Group in the Amadeus transfer hub. This platform gives travel agencies access to Sixt's high-quality mobility solutions. The initiatives realised in 2018 saw corporate customer sales activities register a substantially higher interest in Sixt's transfer services products coming from the corporate officers in charge of company travel.

Luxury vehicles for special requirements: Sixt Sports & Luxury Cars provides clients with a wide range of exclusive vehicles from the segments convertible, saloon, coupé, station wagon and large saloons. It also acts as the central advisory centre for customers offering specialised and multi-lingual employees for personalised assistance. It also offers a cross-border booking process.

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

Innovative mobility concepts: Based on its broad performance range of mobility services, Sixt has developed multiple innovative concepts for its customers' individual demands. These concepts aim to make the use of a vehicle as flexible as possible and always offer the most suitable car for the current requirements of customers.

One example is Sixt unlimited, Sixt's flat rate service for rental cars. Sixt unlimited registered double-digit percentage growth rates in 2018 both for its contract portfolio and revenue, and continued its dynamic development of the previous year. By focusing on its products' strong international sales, it also saw significant growth in its foreign markets during the reporting year. Sixt unlimited enables its customers to rent out a vehicle of a desired category at any time for a fixed monthly fee from over 800 Sixt service stations in Europe. The mobility concept can thus cover the entire automotive mobility of a customer. Sixt unlimited has been specifically conceptualised for frequent travellers as it offers them savings potentials, flexibility as well as a premium service.

In the year under review, Sixt also started the concept entitled Sixt Flat. This is a tailored vehicle subscription model for a fixed price, where different car models appeal to different target groups. The Sixt Flat Weekend model for example addresses commuters, younger vehicle users in urban centres or business customers who need an own car over the weekend but not necessarily during the rest of the week. Sixt Flat Nonstop caters to the needs of a broad target group, as the model can fully replace one's own car. Thus, Sixt Flat Nonstop constitutes an alternative to leasing, cash purchase or financing. Sixt Flat Seasons is designed for more discerning customer groups, who wish to drive a convertible in summer and a SUV in winter, for example. Sixt Flat Seasons is also suited for reducing the private car pool from two to one vehicle (if one carries a seasonal registration only, for example).

In mid-2018 Sixt established the unit Sixt X for the cross-departmental management of all new mobility issues within the Sixt Group. The focal point in the reporting year was the digitisation of the vehicle rental process as a precondition for the scheduled integrated mobility platform, which offers Sixt's product world all from one single source.

With this objective in mind, Sixt introduced the Sixt digital self-service in the second half of the year, initially in Germany and then in the Benelux states. It allows users to select the vehicle of their choice from the mobile app, go directly to their car without a detour to the counter, and open it using their smartphone. This digital self-service thus offers customers significant time savings and gives them a high level of planning capability on their travels. By the end of the reporting year the service was available at all of Sixt's top sites in Germany and is set to roll out in further sites in Europe and the USA in 2019.

Exclusive Diamond Lounges: As a premium service provider, Sixt also offered its customers various solutions for a most convenient and comfortable travel experience in 2018. Special significance in this context was given to Sixt Diamond Lounges. Sixt welcomes its Diamond status customers at various airport stations in exclusive Diamond lounges, which offer numerous amenities and comforts, such as modern equipped meeting rooms. Besides these lounges, Diamond customers can also avail themselves of preferential treatment at special Diamond counters.

Key significance of customer feedback: Sixt attaches great importance to its customers' feedback for the continuous improvement of its products and services. In the reporting year, Sixt thus continued the activities kicked off in the preceding year using so-called undercover customers. Selected customers are contacted ahead of their rental and are asked whether they want to give detailed feedback about the rental process after the return of their vehicle. These activities take place worldwide.

In 2018 Sixt also continued working with the Customer Experience Board, which it had established the year before. Workshops held jointly with Sixt employees and customers seek to formulate Sixt's special strengths from the customer's perspective, thereby allowing potential improvements as well as developing new services.

Moreover, Sixt also introduced the so-called "CES Heartbeat" in the reporting year. This uses anonymised customer feedback (CES – Customer Excitement Score) and displays it on monitors in the worldwide Sixt stations as well as in Sixt headquarters. The aim of visualising this feedback is to further sharpen employees' awareness of the wishes and requirements of customers and to support their customer orientation.

Award-winning mobility services: In 2018 Sixt received several prestigious awards in Germany and internationally for its high degree of customer orientation as well as for its high-quality mobility services. Here are some examples of these awards:

- At Sixt, customers receive good service all round – this was the result of the study "Vehicle Rental company 2018" ("Autovermieter 2018") of the German Institute for Service Quality (Deutsches Institut für Service-Qualität - DISQ) that it conducted on behalf of the news channel n-tv. Service quality, online presence and prices of vehicle rental were investigated. Sixt came first in the study.

- In France, Sixt was selected once again for its mobility services and received the "Travel d'Or" award as the best vehicle rental company.

- In the renowned competition "Top Service Germany" Sixt picked up first place for the second time in a row in the B2C category "Business with end customers". The competition assesses the customer orientation and service quality of over 100 corporations serving different industries. The annual competition is staged by the business magazine "Handelsblatt", the consultancy ServiceRating, the University of Mannheim as well as the market research institute Ipsos.

- During the reporting year, Sixt received World Travel Awards in numerous countries and regions. The Company picked up many prizes, among others those for best vehicle rental company in Germany, Austria, the Netherlands, Switzerland, Italy, Spain, France and the USA. The exclusive Sixt Limousine Service as well as Sixt Luxury Cars also received World Travel Awards for their services at European level.

- In the USA, Sixt was honoured as the most popular vehicle rental company for the Millennials generation with the Trazee Awards of the Trazee travel magazine. The award ceremony was held during the Global Business Travel Association Convention, the biggest specialist congress of the travel industry in the United States.

Certified quality: Sixt stations in all its European corporate countries as well as the Sixt headquarters are certified 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 2018 the European leasing industry recorded an overall positive development. According to data by the industry association Leaseurope, the volume of new business grew 2.3% year-on-year to EUR 168.1 billion (first half-year 2017: EUR 164.3 billion). The new business volume in the equipment and vehicle leasing in Europe rose by 2.7% to EUR 161.9 billion from EUR 157.7 billion. Key figures from Leaseurope regarding the development of the European leasing industry for the full-year 2018 were not available when preparing the annual report.

The German leasing market, being the second biggest in Europe after the UK, also performed positively. According to data supplied by the Bundesverband Deutscher Leasing-Unternehmen (BDL – German Association of Leasing Companies), investments in leasing solutions in 2018 rose to EUR 60.6 billion, compared to the EUR 58.5 billion in 2017 (+3.6%). EUR 59.1 billion of this was attributable to the leasing of moveable assets (2017: EUR 57.3 billion; +3.1%). 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 (2017: 77.0%)

Sources
Leaseurope, Biannual Survey 2018, Nov. 2018
Leaseurope, Biannual Survey 2017, Oct. 2017
Bundesverband Deutscher Leasing-Unternehmen (BDL – German Association of Leasing Companies), Leasing market 2018, 21 Nov. 2018

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 35 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 leases 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 was around 129,700 contracts (excluding franchisees and cooperation partners) as per 31 December 2018 in Germany and abroad, and thus only slightly below the previous year's level (2017: 132,900 contracts; -2.4%). The Online Retail business field recorded a light decrease of 1.6% to 44,700 contracts (2017: 45,400 contracts). In the business field Fleet Leasing the portfolio accounted for 43,000 contracts (2017: 48,100 contracts; -10.5%). In the segment Fleet Management, the contract portfolio amounted to 42,000 contracts, 6.6% more than in 2017 (39,400 contracts).

Taking into account the leasing contracts of franchisees and cooperation partners worldwide, at the end of the year 2018 the contract portfolio of the Business Unit amounted to 198,400 contracts, after 192,600 contracts at the end of 2017 (+3.9%).

Sixt Leasing generated an operating revenue of EUR 467.9 million in the year under revue (2017: EUR 443.9 million; +5.4%). Thereof leasing revenue increased by 3.4% to EUR 234.7 million (2017: EUR 227.1 million). Other revenue from leasing business, mainly service revenue, increased by 7.5% to EUR 233.2 million (2017: EUR 216.8 million).

In Germany, operating leasing revenue accounted for EUR 412.0 million, some 7.3% more than in the previous year (EUR 384.2 million). Operating leasing revenue consisted of leasing revenue of EUR 209.9 million (2017: EUR 198.4 million; +5.8%) and of other revenue from leasing business, which was EUR 202.2 million in the year under review (2017: EUR 185.8 million; +8.8%). In the other European countries, where Sixt Leasing is active in France, the Netherlands, in Austria and Switzerland, operating leasing revenue decreased to EUR 55.8 million (2017: EUR 59.7 million; -6.5%). Leasing revenue here was EUR 24.8 million (2017: EUR 28.7 million; -13.4%) due to a reduced contract portfolio, while other revenue from leasing business was EUR 31.0 million (2017: EUR 31.1 million; -0.1%).

The Business Unit generated revenue from the sale of used leasing vehicles in the year 2018 of EUR 325.3 million. This is an increase of 12.3% (2017: EUR 289.6 million). Revenue from the sale of used leasing vehicles was EUR 305.8 million (2017: EUR 265.2 million; +15.3%) in Germany. Abroad revenue from the sale of used leasing vehicles decreased to EUR 19.5 million (2017: EUR 24.4 million; -20.0%). As in the prior years, the revenue development overall was influenced by the increase in lease returns due to the strongly grown contract portfolio within the last years.

In total the Business Unit generated a revenue of EUR 793.2 million in 2018, which represents an increase of 8.1% compared to the prior year (EUR 733.5 million).

The Business Unit's earnings before taxes (EBT) came to EUR 30.7 million after EUR 30.0 million the year before (+2.4%). The operating return on revenue, which is defined as the ratio of the EBT to the operating segment revenue, amounted to 6.6% (2017: 6.8%) and consequently clearly exceed the raised long-term target of 6%.

Key figures for the Leasing Business Unit			Change
in EUR million	**2018**	2017	in %
Operating revenue	467.9	443.9	5.4
Thereof leasing revenue	234.7	227.1	3.4
Thereof other revenue from leasing business	233.2	216.8	7.5
Thereof abroad	55.8	59.7	-6.5
Sales revenue	325.3	289.6	12.3
Thereof abroad	19.5	24.4	-20.0
Total revenue	793.2	733.5	8.1
Earnings before net finance costs and taxes (EBIT)	43.9	46.2	-5.0
Earnings before taxes (EBT)	30.7	30.0	2.4
Operating return on revenue (EBT/operating revenue) in %	6.6	6.8	-0.2 points

Active risk management: In fiscal year 2018 one focal point for the Fleet Leasing business field was on risk management, as was resolved as part of the strategy programme "DRIVE>2021". Sixt Leasing successfully implemented a multitude of measures to this end and thereby managed to achieve an improvement in the risk-return profile.

In the year under review Sixt Leasing substantially downgraded the residual value risk of Diesel vehicles. This was achieved primarily through active price management on the online platforms ***sixt-neuwagen.de*** and ***autohaus24.de***. Thus, the number of Diesel vehicles without a buy-back agreement was reduced. The share of petrol vehicles, in turn, increased in new business transactions.

At the same time, the stock of Diesel vehicles equipped with the Euro 5 standard or lower and without buy-back agreement decreased substantially further in Germany. The balance sheet as at 31 December 2018 saw the number of these vehicles reduced by almost half from the year-end of 2017 to a remaining few of around 2,800. Since early 2016 a total of around 10,000 diesel vehicles equipped with the Euro 5 standard or lower and without buy-back agreement have been successfully marketed off.

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

Concurrent to this, Sixt Leasing drove forward with the implementation of the regional sales concept that was started in fiscal year 2017. Its aim is to be represented with local sales and procurement specialists in five regions that shall address particularly customers with fleet sizes between 20 to 80 vehicles. Sixt Leasing thinks that the acquisition of smaller corporate fleets holds more attractive margin potentials and offers a broader diversification of the customer portfolio to reduce dependence on key account clients. The latter also contributes to improving the risk-return profile, which is part of corporate strategy.

To expand its international network in January 2019 Sixt Leasing started an exclusive cooperation with Iberofleeting in Spain and Portugal with the aim of strengthening its fleet leasing business with international customers. During fiscal year 2018, a 12-monthly test phase had preceded the cooperation. Under this cooperation, both companies will aim to broker fleet customers to one another.

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

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

In the period under review Sixt Leasing conducted multiple successful marketing and sales activities in Online Retail. The "HotCars" event saw the Company offer a limited contingent of seven sought-after new vehicle models at particularly attractive conditions. The activity was held at ***sixt-neuwagen.de*** from the start of October through to the end of December. Another highlight was the sales cooperation between Sixt Neuwagen and the electricity provider Yello in the winter of 2017/2018. On offer was an all-round carefree package for a BMW i3 "E-Mobility Edition" including insurance cover, taxes, shipping and road registration at attractive prices.

In connection with the measures taken by the automotive industry to improve air quality, in January 2018 Sixt Leasing extended the offer for the "environmental bonus" available from ***sixt-neuwagen.de***. Undecided private and commercial customers were given another chance to benefit from significant discounts of up to EUR 10,000 per vehicle from various manufacturers when buying a new vehicle. The prerequisite was still that they had to prove that an old diesel car had been scrapped by a certified recycler.

In the reporting year one-time effects affected the Online Retail business field. For one thing, the business field recorded a significantly higher number of leasing returns. This was due to the dynamic growth of the contract portfolio in the preceding years and the successful sales event Sixt Neuwagen had executed with 1&1 and Peugeot in the fiscal year 2017, under which many customers concluded a 12-month contract. In the year under review new business was affected by declining demand due to noticeably limited vehicle supply offered by ***sixt-neuwagen.de***. These were stemming from delivery bottlenecks by various manufacturers resulting from the introduction of the new emission test method WLTP and the diesel discussions. These one-time effects meant that the contract portfolio of the Online Retail business field did not grow in 2018 as it had in the preceding years.

Digitisation of fleet management: As in the Online Retail business field, in Fleet Management the focus was on digitisation in the fiscal year 2018. The activities focused in particular on the successful marketing of innovative IT solutions that help fleet managers to reduce costs. Sixt Mobility Consulting has a broad portfolio of effective tools with Sixt Global Reporting, Sixt Multi-Bidding and Sixt Fleet Intelligence.

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

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

B.3 \\ HUMAN RESOURCES REPORT

1. 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 social media.

Last year, Sixt focused above all on recruiting international IT experts. To increase its appeal as an employer for the Tech area internally as well as externally, and in order to do justice to the requirements of an increasingly international workforce, the Company for example conducted intercultural training sessions and individual orientation workshops. Emphasis was also placed on promoting professional exchanges and communication, both through internal “Tech Summits” and “Townhall Events” and through external events such as “MeetUps” and “Hackathons”, which were also open to the public. For the implementation of these measures, two so-called “Feel-good managers” were recruited especially for the Tech department. One of their work's focal points is taking good care of new international colleagues who were seconded to Germany. They thus receive support for such things as finding apartments, visits and appointments with official agencies or getting children into kindergarten and schools. Thanks to all these activities, Sixt managed to gain a name for itself in the Tech scene last year.

To support the recruiting of graduates, the Sixt University Relations team attended numerous university trade fairs over the past year and also held various guest lectures at specific universities. This focus on select universities is also making itself felt in Sixt's very strong rating in the university efficiency analysis conducted by trendence. In the nation-wide comparison between corporations, Sixt came on the twelfths place in the category "efficient university planning". Further to this, Sixt is holding various target group events for students and graduates in its corporate headquarters in Pullach near Munich, such as the Group development's "Case Study Event" and the "Sixt Sales Day". During the "Career Brunch" in downtown Munich, Sixt recruiters are offering interested students advice on a potential career opening at Sixt and also gave invaluable tips for optimising their applications.

To strengthen the name and awareness of Sixt as an employer at its site in Rostock, Sixt started a successful out-of-home campaign, which saw not only the classic city-light posters and billboards but also two trams painted in Sixt's own orange colour as well as the guerilla event of distributing Sixt bicycle saddle covers. With the Sixt-typical slogans it was above all customer service positions that were being canvassed, as well as damage handling and back office functions.

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.

Sixt ensures that among others through trainee programmes for graduates in its branch offices as well as its headquarters in Pullach. In 2018 79 trainees (2017: 85 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 intensive training over a period of 12 to 24 months very specifically prepares the trainees for their later management assignment, which they assume directly once they have successfully passed their trainee programme. Trainees who have undergone their training at the headquarters are employed directly in different central services.

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 promotional programmes that qualify employees to take on more advanced activities such as Branch Manager, Supervisor Operations and Service Centre or 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 international 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 169 employees participated in these programmes (2017: 164 employees). This ensures consistent succession planning and long-term development.

Sixt Colleges

The Sixt College training centres provide further training on business-relevant topics to employees at all functional levels and ranks from Germany and abroad. The internationally standardised further training measures are geared towards raising workday performance and strengthening both professional and personal competencies over and above the current job requirements. The Company is thus offering a host of eye-to-eye training seminars in the area of customer advice provided at the counter or in the field, behavioural skills for trainees and executives in their dealings with fellow colleagues or the professional expertise required by future branch managers as well as representatives in the rental business. All training formats are adapted in a modularised form to the different requirements of the international sites. Furthermore, the courses offer extensive further training for all employees, for example in foreign languages, IT as well as in soft skills. In 2018, a strong focus was on bringing together employees with different linguistic and cultural backgrounds to work as effective teams. For Sixt, diversity is a success driver. The Company therefore offers a wide range of language and intercultural training sessions, individually tailored to the needs of the target groups. To intensify the long-term effect of these training measures and the transfer of learning goals into practical everyday work, the learning packages offered were supplemented by such formats as "Transfer coaching" after training or "Collegial case consultation" for best practice. This constitutes an important element in anchoring the knowledge and fostering competence for putting the learned content into practice.

For the digital transformation of training content, online measures that are provided by the "Sixt Campus" learning content management system were expanded. The system holds over 900 e-learning units in various languages, 200 knowledge tests as well as 50 assessment surveys. In addition, the onboarding of rental representatives uses a quiz app to drill the content deeper in a playful manner.

In the year under review, training units were held with over 15,800 (2017:11,500) participants, equalling roughly 26,300 training days. Sixt employees attended a total of around 38,500 e-learning lessons, amounting to approximately 2.5 hours of electronic learning units per participant.

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.

In 2018 the feedback instrument "CEES" was defined; this is used to gauge satisfaction with the collaboration between the different departments. Every employee had the opportunity to give anonymous feedback about the departments/functional units with which one was in continuous collaboration. This feedback instrument was rolled out internationally and has generally had a positive effect on the communication between the individual departments.

Number of employees
In 2018, the Sixt Group had an average workforce of 7,540 employees (2017: 6,685 employees). The increase of 12.8% 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 2018 an average of 6,825 employees, some 13.2% more than in the previous year (2017: 6,030 empoyees).

In 2018 the Leasing Business Unit had an average of 591 employees on its books (2017: 547 employees).

The Internet and Other segment had an average of 124 employees (2017: 108 employees).

Number of employees by business unit (average)	**2018**	2017
Vehicle Rental	6,825	6,030
Leasing	591	547
Internet/Other	124	108
Total	**7,540**	**6,685**

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 after the end of each financial year. In addition, the members of the Supervisory Board are reimbursed for their expenses and the value added tax payable on their remuneration and expenses. D&O insurance policies have also been taken out for members of the Supervisory Board.

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

B.4 \\ DISCLOSURES IN ACCORDANCE WITH SECTIONS 289A (1) AND 315A (1) OF THE HGB

Composition of subscribed capital, share categories

As at 31 December 2018, 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 2018, 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 2018, Erich Sixt Vermögensverwaltung GmbH, in which all shares are directly and indirectly held by the Sixt family, holds 17,701,822 ordinary voting shares, conveying 58.3% 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 2018.

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, 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 preemptive 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 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 and 12 February 2018 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 and its affiliated companies' administrative or management bodies 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 to meet its obligations under the MSP 2012. The share buy-back initiated on 14 February 2018 was completed on 21 February 2018. In fiscal year 2018 the Company acquired a total of 43,685 preference shares to meet its obligations under the MSP 2012.

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

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

- The respective creditors of the 2014/2020 bond (ISIN: DE000A11QGR9) issued by the Company in the total amount of EUR 250.0 million 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) and the 2018/2024 bond (ISIN: DE000A2G9HU0) 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 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 bonds, a change in control occurs if one person or several persons acting together within the meaning of section 34 of the WpHG gain control of the issuer after the issue date. Control in this context means direct or indirect (as defined in section 34 of the WpHG) 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

According to the International Monetary Fund (IMF), the worldwide economy will slow down its pace of growth. The key reasons cited by the IMF are persistent political uncertainties, such as the trade conflict between the economic powers of the USA and China, or risks stemming from an unordered Brexit. Moreover, downscaled projections also result from the more restrictive monetary policies of the large central banks, the effects of which cannot be gauged, as well as a potential cooling of the Chinese economy. All in all the IMF expects the global economy to grow by 3.5% in 2019 (last year's forecast for 2019: 3.9%). As in its previous year's outlook, the Fund expects the US economy to grow by 2.5%. For the Euro area, expectations are for an increase of 1.6% compared with a 2.0% gain in its previous year's projections.

As reasons for slower growth in Europe, the German Institut für Weltwirtschaft (IfW – Institute for World Economy at the University of Kiel) listed structural problems in Italy and France, which were being removed only hesitantly. Among other things, the Institute referred to the Italian government's decision to terminate its consensus on stability criteria for the Euro. In addition, the political protests in France at the start of the year triggered questions about the country's ability to reform. For the Euro area, the IfW thus expects economic growth to be around 1.7%.

GDP in Germany is set to gain 1.7%, according to the IfW. This development was to be carried on the back of increased exports and higher private consumer spending, which in itself was the result of wage increases which in some cases were quite substantial. As regards economic developments in Germany the IMF is less optimistic as it expects growth to come to around 1.3% (last year's forecast for 2019: 2.0%). According to the IMF, it was, among other things, the negative effects that the new emission requirements for diesel vehicles were having on industrial production and private consumption. Furthermore, weakened demand from abroad was also having an adverse effect.

Sources

International Monetary Fund (IMF), World Economic Outlook Update January 2018, 22 Jan. 2018

International Monetary Fund (IMF), World Economic Outlook October 2018, 3 Oct. 2018

International Monetary Fund (IMF), World Economic Outlook Update January 2019, 11 Jan. 2019

Institut für Weltwirtschaft (IfW – Institute for World Economic at the University of Kiel), Kiel economic report number 49, 11 Dec. 2018

Institut für Weltwirtschaft (IfW – Institute for World Economic at the University of Kiel), Economic forecast, Press release, 12 Dec. 2018

2. SECTOR DEVELOPMENT

2.1 VEHICLE RENTAL BUSINESS UNIT

For 2019 Sixt expects trickier economic conditions to prevail for mobility services in its European core markets as well as in the USA. These were due to worldwide trade policy tensions and protectionist measures taken by the major economic powers of the USA and China, slower economic developments in Europe, on which all experts agree in their forecasts, as well as the numerous uncertainties surrounding the process of Great Britain's departure from the European Union ("Brexit") or other ongoing geo-political conflicts. All these factors can have an adverse effect on the travel behaviour of business and private travellers. Sixt will therefore keep a very close eye on economic developments as the year unfolds.

According to projections by Euromonitor International the 2019 revenues of the large European vehicle rental markets are going to surpass the level of last year only slightly. The market volume in Germany is thus expected to climb 2.4% to EUR 2.4 billion. In Sixt's European corporate countries of Belgium, France, the UK, Italy, the Netherlands, Austria, Switzerland and Spain, the cumulated market volume is expected to climb by 2.7% to EUR 9.0 billion according to forecasts. Euromonitor expects the vehicle rental market in the USA to expand by around 2.9% to USD 31.8 billion.

According to the European Travel Commission (ETC), worldwide travel activities will increase in 2019 by 4.1% over last year (2018: +5.3%). The European umbrella organisation of national tourism associations assumes that tourism in Europe will grow by 3.6% (2018: +5.4%) and in North America by 3.3% (2018: +4.8%) (all data refer to outbound journeys).

Sources

Euromonitor International, Travel and Tourism 2019

European Travel Commission (ETC), European Tourism 2018: Trends & Prospects (Q3/2018)

2.2 LEASING BUSINESS UNIT

The German leasing industry is generally positive in its outlook on business developments in 2019. The Bundesverband Deutscher Leasing-Unternehmen (BDL – German Association of Leasing Companies) expects growth of between 3 and 4% compared with last year (2018: +4.5%), with investments in equipment expected to grow by 2.5% (2018: +3.9%) according to the German government-appointed Council of Economic Experts. Given the economic outlook, however, the BDL does not expect to see higher growth rates.

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

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, 21 Nov. 2018

Sachverständigenrat zur Begutachtung der gesamtwirtschaftlichen Entwicklung (German Council of Economic Experts), Annual report 2018/19, 7 Nov. 2018

Verband der Automobilindustrie (VDA – German Association of the Automotive Industry), press release, 5 Dec. 2018

3. EXPECTED DEVELOPMENT FOR FISCAL YEAR 2019

3.1 VEHICLE RENTAL BUSINESS UNIT

In 2019, as in previous years, Sixt will pursue the strategic objective of expanding its worldwide activities in the mobility market and generating revenue growth in foreign markets to outperform the respective market levels. The Company will focus on expansion in the USA and in those Western Europe countries where Sixt has its own subsidiaries. In these regions, market shares are expected to grow and its presence to be extended at key destinations for private and business travellers.

With the start of the new Sixt app in February 2019, Sixt made the Group's mobility solutions accessible for its customers through one integrated platform. With the app, users can choose freely between different products for their current wishes and requirements. They have the choice between the products rent (vehicle rental), share (carsharing) and ride (transfer services). Sixt is convinced that the importance of integrated mobility will increase significantly in future. For customers, it will thus become more and more important to receive the right mobility solution for every situation, all from one single source and one single platform in the sense of a one-stop shop.

With the rent product Sixt will continue to fully digitise the entire rental process. With the app, customers will have the opportunity to rent the vehicle of their choice from Sixt stations, open it without having to go to a counter, or take the car over from digital Sixt stations. This way, Sixt is offering clear added value, such as flexibility, time savings and comfort. On top of this, Sixt will continue to offer its customers with rent various different subscription models and therefore bespoke mobility for their respective requirements. This includes models that specifically cover weekend or seasonal needs.

Sixt reckons that, by comparison to the German market, the strong share of tourist business in such markets as France, Spain and Italy may also continue to have a positive effect on business performance in 2019. Persistent political uncertainties, such as in the Middle East or North Africa, will mean that, as in the years before, tourists will view European travel destinations as a safe alternative and will prefer them for their holidays.

As part of its expansion Sixt will continue to keep a very close eye on North America and will seize market opportunities even at short notice in order to strengthen its market presence. This means above all participating in bids for stations at attractive and important traffic intersections such as airports or the potential acquisition of competitors, subject to due consideration of strict acquisition criteria. One focal point will be on winning over local customers to increase the share of US clients.

Furthermore, Sixt plans to drive forward with the expansion of its global network of franchise partners in key economic growth regions. In addition, the activities pursued via sales agencies are extended through the operations of General Sales Agents (GSAs). The objective of the sales agencies in the respective national markets is to offer Sixt products via B2B and B2C channels, conclude booking partnerships with relevant travel portals and provide customer service in the respective local language so as to generate outbound business in the Sixt countries.

With the share product, Sixt pursues the objective of making its fleet flexibly usable both for vehicle rentals as well as for carsharing by interlinking the vehicles. By offering sharing solutions, Sixt is able to react to fluctuations in demand and, unlike conventional carsharing, also utilise vehicles outside metropolitan conurbations and defined business areas. Moreover, clients are not tied to the brands of specific manufacturers, but can use models from different categories depending on their current needs.

Sixt started the share service in February 2019 in Berlin and in March 2019 in Hamburg and will extend it step-by-step to other locations in Germany as well as abroad.

In the ride product category, Sixt combines transfer services such as ride hailing and taxis to offer its customers a product which does not even exist in this form on the market. Private and business clients have the opportunity to utilise the right offer of transfer services in a given city. To this end, Sixt concluded cooperation agreements in various countries with renowned taxi organisations and ride hailing providers, including Germany, the USA, Great Britain, France, Spain, Portugal as well as the Benelux countries. Through ride, customers also receive pre-bookable transfers in over 60 countries and 250 cities.

For the first time, ride enables Sixt to offer corporate travel managers the possibility to procure taxi and driver services globally. All invoices incurred for business trips can be retrieved centrally from Sixt from one contact point and in one format. In addition, global mobility reporting eases the workload of the travel managers in the corporations.

Sixt is also integrating so-called "best-in-class" partners in the integrated platform. The aim of Sixt is to provide its customers with nation-wide services and products all from the Sixt app.

Sixt will continue to optimise its existing online and mobile solutions. In particular, this affects the functionalities of the Sixt websites. Equally important will be the integration of Sixt's services into the booking processes of cooperation partners, such as hotel chains and airlines, as well as popular travel apps.

3.2 LEASING BUSINESS UNIT

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

The measures started as part of the "DRIVE>2021" strategy programme will continue to be driven forward in 2019. The programme's objective is to increase the speed of digitisation, improve the risk-return profile, drive forward internationalisation and increase the contract portofolio as well as earnings by 2021.

Given the attractive growth perspectives and ongoing digitisation, the Online Retail business field continues to be seen as Sixt Leasing's biggest growth driver. As a "first mover" and market leader in the direct online sales of new vehicles, the Company is superbly positioned to conquer the as yet largely unchartered German online leasing market for private and commercial customers. Further market shares are to be won above all by launching suitable marketing measures and by extending the brand recognition of Sixt Neuwagen. With a view to opening up additional sales channels, the Company is permanently reviewing the possibility of acquisitions.

Sixt Leasing is continually working at further developing the product and service range provided by the business field to enhance customer convenience. To this end, the digital order process will be further optimised and the development of new features driven forward, for example a requirements configurator, a set of separately bookable service products or an individualised customer portal.

For the Fleet Leasing business field, Sixt Leasing plans to expand the business with smaller commercial customers, as price competition in the segment with large and medium-sized corporate customers is intensive. This affects fleet sizes of between 20 and 80 vehicles. Since 2017, this segment has been addressed by a local sales organisation, which can open up interesting margin potentials and diversify the customer portfolio still further. Against this background, the Managing Board of Sixt Leasing SE expects that in 2019 the share of customers with smaller fleets will increase within the Fleet Leasing business field's contract portfolio.

In the Fleet Management Business Unit the Sixt Leasing Group will continue to exploit the trend among larger corporations towards outsourcing their fleet management so as to win over new customers. The coming years will see the expansion of business in Europe, especially by using existing customer relationships. A key role will be accorded to the Sixt Global Reporting Tool, which enables the efficient management of fleets worldwide.

During the current fiscal year the focus is on optimising the IT tools and platform in order to grow in future with efficiently scalable systems. A digital service platform fine-tuned to customer benefits is intended to generate strong growth at home and abroad.

As a long-term perspective for the future, Sixt Leasing assumes that fleet management will gain in significance as the interface between such new mobility service providers as carsharers or ride hailers and automobile-related goods and services such as vehicle procurement, tyres and insurances. To play this role as "orchestrator" better than competitors, Sixt Mobility Consulting will stake its claim above all on intelligent IT solutions and will continually invest in the further development of the digital infrastructure and digitisation of its business model.

4. FINANCIAL OUTLOOK

Based on the projected economic and industry-specific conditions, Sixt expects the Vehicle Rental Business Unit to see further growth in demand in 2019, carried through unchanged by foreign operations. At the same time, the Company will drive forward its international expansion. To gain further market shares in individual markets, Sixt will therefore continue to expand its station network in select countries, which will entail corresponding expenditures. In addition, Sixt will continue to pursue a cautious and demand-driven fleet policy.

Sixt expects further impetus to come from the integrated offer of comprehensive mobility services through the Sixt app. Bundling the different products in one app will open up numerous potentials, among others the cross-selling of services, while also using marketing budgets more effectively and enabling a more effective utilisation of the fleet. The gradual implementation of the integrated service range in the app and the continuous digital interlinking of the fleet will require further investments in the medium term.

In 2019, the Leasing Business Unit aims to lay the foundations for strong and profitable growth, particularly in the Online Retail and Fleet Management business fields. The digitisation of the business model and strategic orientation on future growth in Germany and abroad will be especially in focus.

On the basis of these premises, the Managing Board of Sixt SE looks confidently forward to the fiscal year 2019. Assuming that economic conditions do not worsen substantially, the Managing Board expects consolidated operating revenue to rise significantly and consolidated earnings before taxes to be stable in 2019 compared with the relevant figures for the previous year (discounting the one-off effect from the sale of the DriveNow stake in the previous year).

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.

Sixt Group's overall risk management system is composed of detailed planning, reporting, early warning and internal control 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 optimised. 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.

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

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, early warning and internal control 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 regularly conducted by 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 to the Managing and Supervisory Boards 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, effectiveness 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. The function Governance, Risk Management & Controls (GRC) continuously monitors the effective implementation of the main measures through regular tests and walkthroughs. 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 tourism and personal 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 consequences of political decisions, 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. Therefore it is probable that in the medium or long term requirements relating to rental and leasing fleets equipped with alternative powertrains 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 as a result from changes in customs provisions or at least locally due to restrictions to registrations.

The Managing Board is keeping a very close eye on the debate regarding emissions as well as local driving bans. It is probable that in the medium or long term, requirements relating to rental and leasing fleets equipped with alternative powertrains might change. The possibility cannot be ruled out that in the short term, temporary supply shortages for specific vehicle models can occur. 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 2018 the German market for used cars continued to be affected by a slight drop in residual values. The used car market in the USA, on the other hand, developed generally good.

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 92% of all vehicles added into the rental 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 and to provide for the risk appropriately. 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, financial accounting and fiscal 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.

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 negatively affect the achievable margins 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 customers 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. As of 31 December 2018, based on lease assets, inventories and new orders, around 42% 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. The part of the affected vehicles in the portfolio of the Leasing Business Unit, for which there are no buy-back agreements with dealers or the manufacturer, has been significantly reduced in the fiscal year. 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 market reports, 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 of 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 can significantly affect the cost base and that this higher refinancing costs could 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 leases 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

Sixt SE is exposed to a direct investment risk with the shareholding in Sixt Leasing SE. The independence of Sixt Leasing SE in connection with the granted trademark rights could also result in the potential risk that the customer and supplier awareness of the brand “Sixt” is affected by adverse communication. However, given the current contractual relationships between Sixt SE and 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 to 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 could 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.

As Sixt continues its efforts to further expand its position as an innovative mobility service provider, more and more established business processes will gradually be digitised and automated. This technological development generally entails increased risks, such as temporary system failures or increased external attacks.

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 Boards 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

As an international mobility service provider, the Sixt Group offers top-quality products and services in around 110 countries, catering to many different needs and requirements. The Group operates both through its own organisations and with strong franchise and cooperation partners, thereby offering its customers in the individual markets multi-faceted solutions of high quality to cater to different specific mobility requirements. Its competitive position, its service range and its industry environment 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. The identification of these opportunities, as well as their exploitation in accordance with corporate strategy, are the responsibility of the respective business areas.

4.1 MARKET OPPORTUNITIES

General economic development

The business development of the Sixt Group is highly dependent on 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 on the part of private individuals to spend. This development would have a positive effect on demand in the vehicle rental and leasing industry and thus on the Sixt Group.

In its budget for the fiscal year 2019, the Sixt Group takes due account of economic analysts' assessments of business trends, as outlined in the report on outlook. In the event that the worldwide economy or key regional markets should perform better than forecast, this could raise demand for Sixt's products and services.

Positive developments in main target groups

Sixt positions itself as a provider of comprehensive premium products, both for business and for private customers. The latter have a share in revenue of 62% (2018) and are thus the biggest customer group of the Vehicle Rental Business Unit of Sixt SE. Thanks to the combination of its premium strategy with successful advertisement campaigns and the extension of its network of stations, particularly in the strong tourist-oriented Sixt corporate countries of France, Italy, Spain, and the USA, the Group was able to generate higher revenues from the target group of private customers. In the countries relevant for the Sixt Group, the Managing Board expects 2019 to see another increase in tourist traffic. Should this assumption be met or even exceeded, it could result in higher revenue being generated in the private customer business of Sixt SE.

In 2018 the target group of business and corporate customers accounted for a 31% share in revenue in the Vehicle Rental Business Unit of Sixt SE. In its business plans the Sixt Group expects business travel to increase slightly in 2019. In the event that economic developments in the relevant markets should exceed expectations, this could have a positive effect on business travel and consequently lead to additional contributions to revenue and earnings for Sixt.

4.2 OPPORTUNITIES FROM COMPETITION

Expansion through acquisitions

The declared goal of Sixt Group is to drive its foreign expansion primarily through organic growth. The possibility remains, however, of accelerating the Group's growth by acquiring local and regional competitors at favourable conditions. To this end the Group is constantly reviewing relevant market opportunities, keeping in mind the concentration of vehicle rental markets on large and high-performing providers with at least a nation-wide reach. Key criteria when assessing potential take-overs are the Group's stronger market penetration, the extension of its customer base as well as the acquisition of airport concessions. Potential take-over candidates must met very strict criteria regarding earnings situation, risk profile, management, corporate culture and their compatibility with Sixt's unique business model.

Potential loss of competitors

The vehicle rental industry is characterised by intense predatory competition both in Germany and in Sixt's foreign markets. One way in which some competitors are countering this development, is a price strategy which may be highly aggressive, but which cannot cover operative costs over the long term, or only partially. A consequence of these measures could be that competitors no longer have access to fresh capital and have to abandon business operations due to a lack of liquidity or excessive debt levels. As a company invested with a very solid economic position and with adequate financial resources, the Sixt Group could be capable of exploiting such free market capacities and generating additional revenue.

Specific demand for premium vehicles

Sixt is known for its premium strategy and maintains this strategy at all levels of its chain of added value. Compared with its competitors, Sixt's fleet share of very well-equipped cars from renowned brands such as Audi, BMW or Mercedes-Benz is high. Experience has shown that there is a higher demand for these vehicles, which allows the Company to obtain higher average prices. If the income situation of companies and private households improves and customers have higher levels of expectations for mobility services, the demand for premium vehicles could exceed planning assumptions. The Sixt Group stands to benefit exceptionally well from this development.

Raising demand through marketing campaigns

The Sixt brand is a byword for a very unique marketing style, which often takes its cue from current events. The Sixt Group uses this possibility very deliberately, in order to raise its name and brand awareness through eye-catching advertisements and marketing campaigns, and to authentically convey the brand's values in a very creative way. The objective is to increase demand and win over new customers.

In its Online Retail business field, Sixt Leasing uses marketing campaigns to raise the name and awareness of the online platforms ***sixt-neuwagen.de*** and ***autohaus24.de*** and to increase the number of contracts concluded. At the start of the reporting year, for example, Sixt Leasing joined forces with the electricity provider Yello and BMW to market a pre-configured BMW i3. From October to December 2018 the "HotCars" campaign on ***sixt-neuwagen.de*** also offered numerous freely-configurable models from different manufacturers. They were available at especially attractive conditions for up to four weeks.

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

Internationalisation and online sales

The ongoing internationalisation of business operations continues to be a key strategic objective for both Business Units, Vehicle Rental and Leasing. The Vehicle Rental Business Unit is reviewing the possibilities of expanding into further countries through franchise partners as well as increasing its market penetration in existing countries, either by altering the network of franchise partners or by developing its own structures.

The Leasing Business Unit also permanently monitors the expansion of its international presence to open up new growth potential. Moreover, in its Fleet Leasing business field, Sixt Leasing works through its own national subsidiaries and also relies very much on its collaboration with strong franchise and cooperation partners, with whom it currently maintains a network of around 30 countries. One contractual element in such a partnership could be, for example, the mutual brokerage of fleet customers.

In its Fleet Management business field, Sixt Leasing pursues the objective of overseeing the fleets of its international customers across national boundaries. A key instrument for this is the Sixt Global Reporting Tool, which enables companies to reliably manage and optimise their fleets worldwide. The increasing spread in the usage of Sixt Global Reporting increases the chances of acquiring further international fleet volume from existing customers.

For the Online Retail business field, Sixt Leasing follows the perspective of capitalising on the “first mover” advantage to expand the online-based business with private and commercial customers in other countries as well, because the vehicle market for private and commercial customers is mainly served by station-tied car dealers with a limited geographic reach. Cars, options and prices are thus hard to compare on site. Digitisation has seen customers’ demands for transparency rise, and this in turn gives the internet increasing significance as a source of information. This change in user behaviour benefits the business model of Sixt Leasing, as both ***sixt-neuwagen.de*** and ***autohaus24.de*** can comprehensively satisfy these needs. Through the internet, customers can compare offers, individually configure the car of their choice and conclude a leasing contract. For the course of fiscal year 2019, Sixt Leasing is planning to optimise the end-to-end digital ordering process still further.

4.3 OPPORTUNITIES FROM INNOVATIONS

Integrated mobility

Social demands on mobility are constantly changing. Criteria such as a growing environmental awareness, high traffic density and the constant availability of a wide variety of everyday offers through the smartphone affect people’s mobility requirements as well as their usage behaviour. Moreover, the lack of parking spaces, increasing costs of upkeep and maintenance and the organisational efforts for maintenance and wear-and-tear repairs are all diminishing the attractiveness of owning a vehicle. Consequently, ownership of a car is no longer important in urban areas, but rather the desire to get from A to B as quickly and flexibly as possible. Existing mobility offers for these changing requirements, however, are still too fragmented. In future, only integrated mobility will function, as it can offer users individually tailored and demand-driven solutions.

Against this background Sixt developed the Sixt ONE platform. As a one-stop-shop solution it provides customers with Sixt’s different mobility services from the product categories rent (vehicle rental), share (carsharing) and ride (transfer brokerage). The objective of this comprehensive app is to offer customers the right mobility solution for their respective needs from one single source, nationwide and for every situation. With Sixt ONE, customers receive utmost flexibility and comfort, as they can freely decide whether they want to pick up a car at the next rental station, simply step into the next available car at the street corner or rather call a cab.

With its integrated mobility platform, Sixt is strengthening its position as the industry’s innovation leader in a global growth market and at the same time is generating countless opportunities such as increasing cross-selling opportunities and expanding its target groups. By integrating all services and solutions, Sixt is cutting the complexity of existing offers for its customers and can thus become the preferred partner for all their mobility requirements.

Should the demand and market volume of integrated mobility exceed expectations, this would in turn result in additional revenue for the Sixt Group.

Modern mobility concepts

Sixt is the only international mobility service provider capable of offering its customers mobility from a few minutes through to several years. To this end, the Group deploys a multitude of specially designed, needs-based solutions, which are constantly being developed further. In the rent product category, for example, Sixt is continually digitising the entire rental process to enable its customers to book the vehicle of their choice through the app and to open it keylessly and without having to go to a counter first. In addition, Sixt successfully launched numerous car subscription models in the rent product category in 2018, specifically covering mobility needs at weekends or per season. They include such services as vehicle exchanges, technical approval checks, tyre changes and inspection, and thus constitute an attractive alternative to owning a car.

With the share product, Sixt will start to merge vehicle rental and carsharing during the course of the current fiscal year. To this end, Sixt will interlink its fleet of vehicles and make them available for sharing solutions. Customers will then get access to a varied fleet, not only in large conurbations but also in smaller and mid-sized cities to meet their various needs. In addition, given the specific utilisation pattern in vehicle rentals and carsharing, Sixt can optimise the exploitation of its fleet thanks to the new combined offer.

The market for on-demand driver services is expanding, above all in metropolitan areas such as Berlin, London or New York. With Sixt ride, Sixt offers a completely new product on the market, combining transfer services such as ride hailing and taxis. To provide private and commercial customers with the best possible drive service in a given city, Sixt cooperates in the product category ride on an international level with renowned providers of transfer services.

The actual demand and market volume of such concepts can differ from expectations. In the event that demand should grow more strongly than expected, Sixt would benefit accordingly as an international provider of integrated mobility.

Interlinked mobility

Alongside the creation of its own mobility services, Sixt also fosters and promotes the intelligent interlinking of different mobility formats. To this end, the Group cooperates with other transportation carriers such as coaches, railways or air traffic providers to offer customers mobility solutions tailored to their needs.

To provide its business and private customers with products and services that cover as many areas as possible from one app, Sixt relies above all in the ride product category on its integrated and connectable mobility platform as well as on best-in-class partners. With Sixt ONE, the Company is able to give international mobility providers access to its platform thanks to the use of state-of-the-art technology, thus scaling up its mobility services worldwide. Hooking up additional partners can be carried out swiftly and easily. This way the Sixt Group is able to develop new products for itself and achieve higher market penetration.

Comprehensive online and mobile channels

Business and private customers are relying to a great degree on technical interfaces such as computers, smartphones or tablets to organise their travel arrangements such as air flights, hotel reservations or choosing their rental car. This is why Sixt has user-friendly online and mobile solutions that are permanently upgraded and enhanced. Moreover, Sixt integrates its various products and services into the booking procedures of hotels and airlines to extend the reach of its services.

Should user intensity and the volume of online bookings exceed expectations, this would have a positive effect on the Sixt Group's business situation.

To communicate its services, Sixt uses its own channels, such as the Sixt app, the Sixt blog or its own social media presence. Against the background of event-driven communication and marketing possibilities, the Company is continually testing new platforms and is increasingly concentrating on collaborating with influencers. Influencer marketing is particularly suitable for appealing especially to younger target groups, raising the brand awareness of Sixt and thus strengthening the brand.

In the Leasing Business Unit, digitisation is expanding customer solutions across all business fields. In Fleet Leasing and Fleet Management, aspects such as automation, efficiency and process safety are thus gaining in significance for companies. In this context, a trend towards outsourcing fleet management services can be observed, as companies focus on their core business and at the same time want to make sure that their fleet is optimally managed. In the Online Retail business field, aspects such as transparency, individuality and convenience are coming increasingly into focus.

Sixt Leasing puts great emphasis on the development of modern online and mobile services. In the business with corporate customers, leasing processes are optimised especially in the form of reportings and apps. These applications, such as the Sixt Global Reporting Tool, allow the Company to meet customer demands for increasingly individualised solutions and to identify and leverage optimisation potentials in customer fleets. In its business with private and commercial customers, the leasing process will be made easier above all through use of an online configurator and digital ordering steps. This gives Sixt Leasing key advantages over its competitors.

The Leasing Business Unit is permanently driving forward its solutions and is working on new digital products to provide optimum customer benefit and achieve further market penetration.

B.7 \\ SUMMARISED NON-FINANCIAL DECLARATION OF THE GROUP 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, 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" in this Annual Report 2018 of Sixt SE.

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 of the Group for fiscal year 2018, which is included in the management report on the Group's and the Company's situation, 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 available 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 non-financial declaration of the Group 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 performance 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 of the Group 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 summarised non-financial declaration of its parent company Sixt SE.

2. STRATEGY AND MANAGEMENT

Sixt is positioning itself as 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 are 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-added 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 and billing 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
- *Sixt share*, an integrated carsharing product, which offers customers environmentally friendly carsharing not only 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 39 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.

At the same time as B2B and B2C provider Sixt is part of the shared economy and therefore contributes to a more sustainable and efficient use of resources.

In particular Sixt X, a new division of the Sixt Group established in June 2018, focuses on the development of sustainable, customer orientated business models in the context of "new mobility" and "sharing economy".

Due to the area-wide availability and an unlimited business area, current restrictions of existing carsharing providers are broken and thus make carsharing scalable in the long term.

Thereby, shared mobility for the customer is going to become a real alternative to an own car, which will increase the utilisation of cars and animate customers to use a mix of different mobility solutions. Thereby the urban traffic can be noticeable reduced, along with an emission reduction.

In addition, Sixt also invests into innovative e-mobility concepts. Since 2018 Sixt has been holding an investment in Chargery, a mobile charging service based in Berlin, and is continuously examining projects to increase its fleet of electric vehicles.

In 2018 Sixt Leasing marketed an attractive leasing offer for an electrically powered BMW i3 in cooperation with BMW and the energy company Yello.

2.1 MATERIALITY

The reporting for the summarised non-financial declaration of the Group is based on the principle of materiality. To determine material issues, Sixt conducted a materiality analysis. 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 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 of the Group.

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. The monitoring of targets and measurements is performed and continuously optimised by the Group departments Operations Development and Governance, Risk Management & Controls (GRC). The finance department will prepare the summarised non-financial declaration of the Group. 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 ever since 2008. In addition, it has also implemented a complaint management system, which handles customer concerns in a timely and effective manner.

In order to be able to objectively assess the development of sustainability measures, Sixt cooperates with sustainability rating agencies. From the obtained external feedback, Sixt derives goals and measures for further sustainability optimisation.

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 harmonise 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. 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 ensures 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 mandate 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, the number of vehicles with hybrid powertrains and those vehicle versions showing higher energy efficiency in the Sixt fleet increases continuously. 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 European rental fleet. Since 2008 CO_2 emissions have come down from 160 g/km to currently 125 g/km. Next to the reduction of CO_2 emissions by over 22%, 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. 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 and availability of diesel vehicles as well as due to the new type-approval procedure (WLTP). This does not affect the sustainability strategy. On the contrary despite these trends Sixt was able to keep the average CO_2 emissions in 2018 on a similar level as 2017.

Average CO_2 emissions of the European fleet in the Vehicle Rental Business Unit in g/km	**2018**	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
	125	123	122	126	129	133	138	144	149	157	160

Sixt Leasing offers leasing agreements to private, commercial and corporate customers for new vehicles with terms anywhere between twelve and 54 months. As per 31 December 2018 the contracts had an average term of around 39 months. Consequently the leasing fleet is continually being renewed with the more modern vehicles carrying more efficient technologies.

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.

Through the website ***sixt-neuwagen.de*** Sixt Leasing in fiscal year 2018 continued to pass 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 could claim the grant whilst simultaneously scrapping their old diesel-powered vehicles.

Average CO_2 emissions of the fleet in the Leasing Business Unit in g/km	**2018**	2017	2016
	124	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, which was conducted for last time in fiscal year 2017 for the calendar year 2016 and is to be renewed every four years, the consumption ratings for the corporate headquarters are within the normal parameter range, while the heating demand is below average. On 1 January 2018, the connection of the corporate headquarters to geothermal energy was completed. This reduces the gas consumption of the companies site in Pullach by 95 kWh natural gas / m^2a. Additional the modernisation of the office spaces in the corporate headquarters started in 2018, with a first part already completed. The modernisation measures will significantly improve energy efficiency, among other things. One part is the exclusive use of LED lightning. This will lead to a 50% savings in electricity for lightning according to the last energy audit. Once all areas have been completed, this savings potential will result in total savings of 11.5% in electricity consumption compared to 2017, excluding the electricity consumption for data centres.

As the buildings at other corporate sites are rented, Sixt has a more limited influence on their energy efficiency. Nevertheless, Sixt pays close attention to the use of sustainable technologies in the ongoing renewal, the expansion and the new furnishing of stations. Sixt stations are almost exclusively equipped with energy-saving LED lightning.

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

Total energy consumption (compiled 2017 for fiscal year 2016, according to 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. Compared to the previous year the increased water consumption in the corporate headquarters is due to the significantly increased number of employees at the site in Pullach. Notwithstanding this, further measures to reduce consumption are being examined.

Water consumption in corporate headquarters in m^3	2018	2017
	5,959	5,685

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. In 2018 a cleaning product was introduced, that allows to use dry cleaning also in winter months. Thereby compared to the previous year further trips could be saved. This way Sixt once again saved between 1.8 to 2.1 million kilometres in mileage last year.

Share of dry cleaning of passenger cars in Germany in %	2018	2017
	ca. 16	ca. 16

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.

In 2018 Sixt as automotive service provider was ranked among the TOP 5 most attractive employers by IFA Automotive Top-Career Awards. 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. The focus on selected universities also shows in the university efficiency analysis of trendence, where Sixt was ranked on the twelfths place among German companies in the category "efficient university planning".

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 2018 around 37% (2017: 36%) 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 derives further measures. In addition, Sixt relies on an active feedback culture with 360-degree feedback and customised development and promotion programmes. In order to further advance the topic of occupational health management, Sixt started to offer its employees so called health days in 2018.

Furthermore, so called "Feel-good managers" were established, which look after the onboarding process, especially taking into consideration the growing number of foreign members of staff in the corporate headquarters.

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	./.

Further information on strategic personnel development and the relevant KPIs can be found in the section "Human resources report" of the Annual Report 2018 of Sixt SE.

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 studies, 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 resources report” as well as the “Corporate governance report” in the Annual Report 2018 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 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, also from Sixt employees, to support projects and initiatives that benefit children worldwide. The selection and implementation of the projects are carried out in close coordination between the Company and the foundation.

For many years now Sixt employees 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”. As part of the initiative “Drying Little Tears Day” which was launched in 2018, the Sixt Group offers its employees one day off to support these activities. In 2018, 99 employees in Germany used this possibility.

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 and living conditions of children and young people worldwide and promoting institutions for care, education and vocational training as well as social welfare institutions	./.

The financial contributions and non-profit charity work provided over the last year has seen support going to institutions worldwide, among others, in Germany, Hungary, Vietnam, Jordan, Lithuania, Mauritius and Mexico. Since 2010 over 145 projects and initiatives in over 45 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 monitor, 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 institutes (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 of the Group 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" in the Annual Report 2018 of Sixt SE.

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 2018 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. Sixt SE holds a percentage of 41.9% in Sixt Leasing SE, which together with its subsidiaries forms the Leasing Business Unit. Sixt SE fully consolidates Sixt Leasing SE including its subsidiaries in its consolidated financial statements due to control according to IFRS 10. 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 9.1 million (2017: EUR 6.8 million). Other operating income includes among others the income from the sale of the stake in the joint venture DriveNow of EUR 171.8 million. Besides this, Sixt receives EUR 35.7 million (2017: EUR 35.8 million) from financing services and income from investments and earnings transfers of EUR 107.7 million (2017: EUR 103.1 million). This is set off by personnel and operational expenses of EUR 33.5 million (2017: EUR 17.0 million) as well as interest and similar expenses of EUR 24.0 million (2017: EUR 26.8 million). There were loss transfers in the year under review in the amount of EUR 8.9 million (2017: EUR 21.4 million). The taxes on income are at EUR 31.2 million (2017: EUR 24.8 million). Net income for the period under review is EUR 239.0 million (2017: EUR 58.6 million).

Sixt SE's significant assets consist of shareholdings in affiliated companies and investments of EUR 758.9 million (2017: EUR 687.3 million). In addition, Sixt SE recognises receivables from affiliated companies and investments of EUR 1,542.8 million (2017: EUR 1,375.6 million).

As in the year before, the share capital of Sixt SE amounts to EUR 120.2 million. The equity reported amounts to EUR 684.5 million (2017: EUR 633.6 million).

Significant financial liabilities are the outstanding bonds of EUR 750.0 million (2017: EUR 750.0 million) as well as liabilities from borrower's note loans in the amount of EUR 738.0 million (2017: EUR 538.0 million). Further to these, Sixt SE has liabilities to affiliated companies of EUR 83.3 million (2017: EUR 73.7 million).

Risks, opportunities and outlook

As far as its opportunities and risks are concerned, Sixt SE's development is essentially dependent on the performance of the operating companies within the Sixt Group. To this extent, the overall assessment in the report on risks and opportunities of the Sixt Group serves 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 stable results of the operating subsidiaries, Sixt SE reckons to see for the current fiscal year stable earnings before taxes (without consideration of the income from the sale of the stake in DriveNow GmbH & Co. KG in the previous year).

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, 28 March 2019

Sixt SE

The Managing Board

ERICH SIXT	JÖRG BREMER	DETLEV PÄTSCH	ALEXANDER SIXT	KONSTANTIN SIXT

C \\ CONSOLIDATED FINANCIAL STATEMENTS

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

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

Consolidated Income Statement					
in EUR thou.	Notes		**2018**		2017
Revenue	\4.1\		2,929,534		2,602,730
Other operating income	\4.2\		189,013		120,529
Fleet expenses and cost of lease assets	\4.3\		1,000,644		895,242
Personnel expenses	\4.4\		419,821		364,944
a) Wages and salaries		355,396		309,189	
b) Social security contributions		64,425		55,755	
Depreciation and amortisation expense	\4.5\		538,735		509,715
a) Depreciation of rental vehicles		316,944		298,345	
b) Depreciation of lease assets		195,919		187,568	
c) Depreciation of property and equipment		16,937		15,525	
d) Amortisation of intangible assets		8,935		8,278	
Other operating expenses	\4.6\		786,295		628,282
Earnings before interest and taxes (EBIT)			**373,052**		**325,077**
Net finance costs	\4.7\		161,515		-37,797
a) Interest income		1,037		638	
b) Interest expense		36,542		34,555	
c) Other net financial income		198,990		2,201	
d) Result from at-equity measured investments		-1,970		-6,080	
Earnings before taxes (EBT)			**534,566**		**287,280**
Income tax expense	\4.8\		95,713		82,865
Consolidated profit			**438,853**		**204,415**
Of which attributable to minority interests	\4.9\		12,831		12,302
Of which attributable to shareholders of Sixt SE			**426,022**		**192,113**
Earnings per ordinary share – basic (in EUR)	\4.10\		9.07		4.09
Earnings per ordinary share – diluted (in EUR)	\4.10\		9.07		4.09
Earnings per preference share – basic (in EUR)	\4.10\		9.09		4.11
Earnings per preference share – diluted (in EUR)	\4.10\		9.09		4.11

Consolidated statement of comprehensive income			
in EUR thou.	Notes	**2018**	2017
Consolidated profit		438,853	204,415
Other comprehensive income (not recognised in the income statement)		9,300	-20,673
Components that could be recognised in the income statement in future			
Currency translation gains/losses		10,417	-21,271
Changes in the fair value of derivative financial instruments in hedge relationship		-924	-
Components that could not be recognised in the income statement in future			
Remeasurement of defined benefit plans	\4.26\	-214	762
Related deferred taxes		21	-164
Total comprehensive income		**448,152**	**183,742**
Of which attributable to minority interests		12,176	11,975
Of which attributable to shareholders of Sixt SE		435,977	171,767

C.2 \\ CONSOLIDATED BALANCE SHEET

of Sixt SE, Pullach, as at 31 December 2018

Assets in EUR thou.	Notes	**31 Dec. 2018**	31 Dec. 2017
Non-current assets			
Goodwill	\4.11\	28,204	20,188
Intangible assets	\4.12\	29,415	25,408
Property and equipment	\4.13\	201,509	180,292
Lease assets	\4.14\	1,204,419	1,219,209
At-equity measured investments	\4.15\	-	1,973
Financial assets	\4.16\	4,042	915
Other receivables and assets	\4.20\	5,111	6,098
Deferred tax assets	\4.8\	29,653	18,260
Total non-current assets		**1,502,353**	**1,472,344**
Current assets			
Rental vehicles	\4.17\	2,605,207	2,075,995
Inventories	\4.18\	97,564	75,829
Trade receivables	\4.19\	558,848	493,875
Other receivables and assets	\4.20\	267,153	275,213
Income tax receivables		16,246	10,136
Cash and bank balances	\4.21\	145,936	87,585
Total current assets		**3,690,954**	**3,018,633**
Total assets		**5,193,307**	**4,490,978**

Equity and liabilities in EUR thou.	Notes	**31 Dec. 2018**	31 Dec. 2017
Equity			
Subscribed capital	\4.22\	120,175	120,175
Capital reserves	\4.23\	241,412	242,512
Other reserves	\4.24\	955,055	696,148
Minority interests	\4.25\	125,381	119,020
Total equity		**1,442,023**	**1,177,854**
Non-current liabilities and provisions			
Provisions for pensions and other post-employment benefits	\4.26\	2,427	1,922
Other provisions	\4.27\	1,053	1,814
Financial liabilities	\4.28\	2,290,638	1,700,080
Other liabilities	\4.29\	1,070	240
Deferred tax liabilities	\4.8\	32,800	24,928
Total non-current liabilities and provisions		**2,327,988**	**1,728,984**
Current liabilities and provisions			
Other provisions	\4.27\	112,314	122,895
Income tax liabilities		53,844	47,933
Financial liabilities	\4.28\	448,826	591,027
Trade payables	\4.30\	644,391	690,998
Other liabilities	\4.29\	163,921	131,286
Total current liabilities and provisions		**1,423,296**	**1,584,140**
Total equity and liabilities		**5,193,307**	**4,490,978**

C.3 \\ CONSOLIDATED CASH FLOW STATEMENT

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

Consolidated cash flow statement			
in EUR thou.	Notes	**2018**	2017
Operating activities			
Consolidated profit		438,853	204,415
Income taxes recognised in income statement	\4.8\	103,005	78,741
Income taxes paid		-102,021	-77,624
Financial result recognised in income statement[1]	\4.7\	35,854	33,911
Interest received		899	823
Interest paid		-33,060	-30,976
Dividends received		300	325
Depreciation and amortisation	\4.5\	538,735	509,715
Income from disposal of fixed assets		-5,702	-8,604
Income from disposal of financial assets		-197,843	-1,882
Other (non-)cash expenses and income		38,707	6,411
Gross cash flow		**817,726**	**715,255**
Proceeds from disposal of lease assets		279,357	231,243
Payments for investments in lease assets		-475,731	-619,181
Change in rental vehicles, net		-846,155	-417,313
Change in inventories	\4.18\	-21,735	12,297
Change in trade receivables	\4.19\	-64,973	-69,259
Change in trade payables	\4.30\	-46,608	188,583
Change in other net assets		11,716	-31,977
Net cash flows used in/from operating activities		**-346,403**	**9,650**
Investing activities			
Proceeds from disposal of intangible assets, property and equipment		24	1,605
Proceeds from disposal of financial assets		209,000	2,457
Payments for investments in intangible assets, property and equipment	\4.11\ to \4.13\	-53,753	-46,212
Payments for investments in financial assets	\4.16\	-369	-3,345
Payments for acquisitions less acquired cash and cash equivalents		-5,982	-
Payments for investments in short-term financial assets		-	-84,998
Proceeds from disposal of short-term financial assets		-	85,000
Net cash flows from/used in investing activities		**148,919**	**-45,493**
Financing activities			
Payments made due to the purchase of treasury shares		-2,570	-1,083
Payments made for the purchase of minority interests		-	-1,307
Dividends paid		-193,849	-83,532
Payments received from taken out borrower's note loans, bonds and bank loans	\4.28\	838,215	699,029
Payments made for redemption of borrower's note loans, bonds and bank loans	\4.28\	-378,100	-427,838
Payments made for redemption of/payments received from taken out short-term financial liabilities[2]	\4.28\	-8,016	-107,630
Net cash flows from financing activities		**255,679**	**77,638**
Net change in cash and cash equivalents		**58,196**	**41,795**
Effect of exchange rate changes on cash and cash equivalents		140	-1,247
Changes in the scope of consolidation		15	9
Cash and cash equivalents at 1 Jan.		**87,585**	**47,028**
Cash and cash equivalents at 31 Dec.	**\4.21**	**145,936**	**87,585**

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 2018

Consolidated statement of changes in equity in EUR thou.	Subscribed capital	Capital reserves	Other reserves			Treasury shares	Equity attributable to shareholders of Sixt SE	Minority interests	Total equity
			Retained earnings	Currency translation reserve	Other equity				
31 Dec. 2017	**120,175**	**242,512**	**211,378**	**-14,177**	**498,947**	**-**	**1,058,834**	**119,020**	**1,177,854**
Adjustment on adoption of IFRS 9	-	-	-	-	13,563	-	13,563	11	13,574
1 Jan. 2018	**120,175**	**242,512**	**211,378**	**-14,177**	**512,509**	**-**	**1,072,397**	**119,031**	**1,191,428**
Consolidated profit	-	-	-	-	426,022	-	426,022	12,831	438,853
Dividend payments 2017	-	-	-	-	-188,105	-	-188,105	-5,744	-193,849
Other comprehensive income	-	-	-	10,194	-239	-	9,955	-655	9,300
Purchase of treasury shares	-	-	-	-	-	-2,570	-2,570	-	-2,570
Re-issuance of treasury shares	-	-	-	-	-	2,570	2,570	-	2,570
Increase due to the employee participation programme	-	1,184	-	-	-	-	1,184	45	1,229
Disposal from the exercise under the employee participation programme	-	-4,811	-	-	-	-	-4,811	-123	-4,934
Transfer to capital reserves	-	2,527	-	-	-2,527	-	-	-	-
Other changes	-	-	463	-	-463	-	-	-4	-4
31 Dec. 2018	**120,175**	**241,412**	**211,841**	**-3,983**	**747,198**	**-**	**1,316,642**	**125,381**	**1,442,023**
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**

See also the Notes \4.22\ to \4.25

C.5 \\ NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

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 58.3% 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 2018 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:

IFRS 15 – Revenue from contracts with customers
IFRS 15 specifies rules, concerning the amount, timing and/or period during which revenue from contracts with customers is to be recognised. In accordance with the transition approach of IFRS 15, the Group has applied the new requirements modified retrospectively as of 1 January 2018. Comparative information for prior periods has not been restated.

In the Vehicle Rental Business Unit, the Group generates revenue from short-term rentals of vehicles. Other revenue from rental business relates above all to claims for damage compensation as well as licence and franchise fees. The adoption of IFRS 15 does not result in changes in the Vehicle Rental Business Unit, neither in the amount of revenue, nor in the timing and/or period for revenue realisation. Prepayments received from customers for rentals of vehicles are contract liabilities; these continue to be included in the other liabilities position. The revenue will be realised when the service obligation is fulfilled. 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 lease assets. According to the contractual agreements individual service components may constitute a separate service commitment or several service components together as a bundle of services can form a joint service commitment. Revenue from service components such as repairs, fuels, tyres, etc. is recognised as soon as services are rendered and the amount of the revenue can be determined reliably. For service components, which are invoiced separately to the customer, revenue is recognised at the point of time when the service obligation is fulfilled. For all other types of billing, in particular the invoicing of flat rates, revenue from service components is recognised over the term of the contract, as the vehicle is continuously available to the customer and the service is utilised continuously. In case the Group only acts as an agent and therefore is only arranging the service provided by third parties, no service revenue but a management fee is recognised. As the Leasing Business Unit sells a significant proportion of its vehicles on its own risk, it therefore reports all proceeds from the sale of used lease assets within the revenue item. Sales revenue is recognised unchanged at the time of delivery and transfer of ownership to the customer. The application of IFRS 15 did not result in any changes from the previous accounting methods.

IFRS 9 – Financial instruments

IFRS 9 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 on financial assets. In accordance with the transitional provisions contained in IFRS 9, the Group has applied retrospectively the new requirements relating to the classification and measurement of financial instruments, from 1 January 2018 on. The comparative information for previous periods has not been restated.

Pursuant to IFRS 9, the Group classifies financial instruments in the following three categories: at amortised cost, at fair value through profit or loss and at fair value through other comprehensive income. Following the adoption of IFRS 9, trade receivables, other current as well as other non-current receivables will continue to be measured at amortised cost. Investments that were previously classified as available for sale financial assets are classified at fair value through profit or loss. The following table presents the changes from the classification of financial instruments:

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

IFRS 9 introduces for the first time a model for determining impairments based on expected credit losses. The impairment model applies to financial assets classified at amortised cost and finance lease receivables. The Group applies the simplified approach described in IFRS 9 to trade receivables, receivables from insurances and finance lease receivables, whereby an impairment allowance in the amount of expected credit losses over the lifetime of the receivable is recognised for all instruments irrespective of their credit quality. Upon the first-time adoption of IFRS 9, the Group has recognised the change in valuation allowance as of 1 January 2018 on trade receivables and receivables from insurances in equity under other reserves.

The application of IFRS 9 had no material impact on the balance sheet. The effects of first-time adoption of IFRS 9 on the carrying amounts as of 1 January 2018 relate to financial assets (carrying amount under IAS 39: EUR 915 thousand; carrying amount under IFRS 9: EUR 2,863 thousand), trade receivables (carrying amount under IAS 39: EUR 494 million; carrying amount under IFRS 9: EUR 506 million) and receivables from insurances (carrying amount under IAS 39: EUR 26 million; carrying amount under IFRS 9: EUR 30 million). These changes from first-time adoption of IFRS 9 have been recognised in equity under other reserves. The application of IFRS 9 had no further impact on the carrying amounts of financial instruments. The comparative prior-year figures were not adjusted.

Adjustment of opening balance sheet values

As a result of the changes in the Group's relevant accounting policies from the first-time adoption of IFRS 9, the opening balance sheet as at 1 January 2018 has been adjusted. The prior-year comparative figures were not adjusted. The effects of the transition have been recognised in equity under other reserves.

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

Adjusted opening balance sheet values as at 1 January 2018		Adjustments	
in EUR thou.	31 Dec. 2017	IFRS 9	1 Jan. 2018
Non-current assets			
Financial assets	915	1,948	2,863
Deferred tax assets	18,260	-3,946	14,314
Current assets			
Trade receivables	493,875	11,749	505,624
Other receivables and assets	275,213	4,310	279,523
Equity			
Other reserves	696,148	13,563	709,710
Minority interests	119,020	11	119,031
Non-current liabilities and provisions			
Deferred tax liabilities	24,928	487	25,415

New standards and interpretations

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 14	Regulatory deferral accounts	No	1 Jan. 2016
IFRS 16	Leases	31 Oct. 2017	1 Jan. 2019
IFRS 17	Insurance contracts	No	1 Jan. 2021
Amendments to IFRS 3	Business combinations	No	1 Jan. 2020
Amendments to IFRS 9	Prepayment features with negative compensation	22 Mar. 2018	1 Jan. 2019
Amendments to IFRS 10 and IAS 28	Sale or contribution of assets between an investor and its associate or joint venture	No	Deferred indefinitely
Amendments to IAS 1 and IAS 8	Definition of material	No	1 Jan. 2020
Amendments to IAS 19	Plan amendments, curtailment or settlement	13 Mar. 2019	1 Jan. 2019
Amendments to IAS 28	Long-term interests in associates and joint ventures	8 Feb. 2019	1 Jan. 2019
IFRIC Interpretation 23	Uncertainty over income tax treatments	23 Oct. 2018	1 Jan. 2019
	Annual improvement project 2015-2017	14 Mar. 2019	1 Jan. 2019
	Amendments to References to the Conceptual Framework in IFRS Standards	No	1 Jan. 2020

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 and no purchase option or with lease assets of low value are granted exemptions. The Sixt Group intends to apply these exemptions. For lessors the rules have remained more or less unchanged compared to the previous leasing standard IAS 17.

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

The Sixt Group is contractual partner as lessee in leases. 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 lease 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 right of use assets and lease liabilities for these leases. At first time adoption of IFRS 16 right of use assets will be recognised in the amount of the lease liability. The lease liabilities are measured as the future lease payments, discounted with the Group’s incremental borrowing rate at the time of adoption. Financial obligations from operate leases as of 31 December 2018 are disclosed in the position “Contingent liabilities and other financial obligations”. With the adoption of IFRS 16 at 1 January 2019 the Sixt Group expects to recognise lease liabilities and corresponding right of use assets of around EUR 0.3 billion in the balance sheet. This will result in an increase of total assets and a corresponding decrease of the equity ratio. The expenses from operate lease agreements which previously have been recognised under other operating expenses, will be replaced by straight-line depreciation of right of use assets and interest expenses from the compounding of lease liabilities. Without consideration of new leases to be concluded, earnings before depreciation, amortisation, interest and taxes in 2019 is expected to increase by about EUR 0.1 billion. The lease payments from leases capitalised according to IFRS 16 are to be included in the cash flows from financing activities, therefore the cash flows from operating activies will increase from the adoption of IFRS 16.

To the extent that Sixt is lessee in finance lease agreements, no material changes are expected compared to the application of the previous leasing standard IAS 17.

The same holds true for leases where 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.

Application of new standards and interpretations
No material changes are expected from the application of 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 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 2018 include the following fully consolidated companies (the equity interest corresponds to the voting power):

Name	Domicile	Equity interest
1501 NW 49 ST 33309, LLC	Wilmington	100%
Akrimo Beteiligungs GmbH	Pullach	100%
Akrimo GmbH & Co. KG	Pullach	100%
Atlic Rent SARL	Chambray-lès-Tours	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%

Table continued:

Name	Domicile	Equity interest
Francilsud Location SARL	Orly	100%
Lightning Holding GmbH & Co. KG	Pullach	100%
Matterhorn Holding GmbH & Co. KG	Pullach	100%
Mile Fleet, LLC	Sunrise	100%
Nizza Mobility SARL	Nice	100%
Phocemoove SARL	Marignane	100%
Rail Paris Mobility SARL	Paris	100%
RhôneSaône Mobility SARL	Colombier Saugnieu	100%
Septentri Loc SARL	Marc en Baroeul	100%
Sigma Grundstücks- und Verwaltungs GmbH	Pullach	100%
Sigma Grundstücks- und Verwaltungs GmbH & Co. Immobilien KG	Pullach	94%
Sigma Pi Holding GmbH & Co. KG	Pullach	100%
Sixt Aéroport SARL (in liquidation)	Paris	100%
Sixt AG (in liquidation)	Basle	100%
Sixt Air 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 Développement SARL	Paris	100%
Sixt European Holding GmbH & Co. KG	Pullach	100%
Sixt Executive GmbH	Garching	100%
Sixt Franchise USA, LLC	Wilmington	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	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	Wilmington	100%

Table continued:

Name	Domicile	Equity interest
Sixt rent-a-car AG	Basle	100%
Sixt Ride GmbH & Co. KG (formerly: Sixt Chauffeur Reservation Systems GmbH & Co. KG)	Pullach	100%
Sixt Ride Holding GmbH & Co. KG (formerly: Sixt Chauffeured Services Holding GmbH & Co. KG)	Pullach	100%
SIXT S.A.R.L.	Monaco	100%
SIXT S.à.r.l.	Luxembourg	100%
Sixt SAS	Avrigny	100%
Sixt Seine SARL	Paris	100%
Sixt Shack 2821S Federal Highway FLL, LLC	Wilmington	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	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 DR Services GmbH	Pullach	100%
SXT International Projects and Finance GmbH	Pullach	100%
SXT Leasing Dienstleistungen GmbH & Co. KG	Rostock	42%
SXT Reservierungs- und Vertriebs-GmbH & Co. KG	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	Sunrise	100%
United Rentalsystem SARL	Mulhouse	100%
Urbanizy Loc SARL	Paris	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 its business activity is subject to control by Sixt Leasing SE according to contractual agreements.

Control of Sixt Leasing SE and its subsidiaries (equity interest 42%) is based in particular on the fact that a de facto majority of voting rights of Sixt SE in the Annual General Meetings of Sixt Leasing SE currently must be assumed.

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
Sixt Beteiligungen GmbH	Pullach	45,625 EUR	100%	-877 EUR
Sixt GmbH	Munich	24,469 EUR	100%	3,314 EUR
Sixt Immobilien Beteiligungen GmbH	Pullach	185,401 EUR	100%	9,771 EUR
Sixt Leasing N.V.	Sint-Stevens-Woluwe	-119,332 EUR	100%	-2,837 EUR
Sixt Limousine Switzerland AG	Basle	100,000 CHF	100%	- CHF
Sixt Mobility Consulting Österreich GmbH	Vösendorf	100,076 EUR	42%	38,463 EUR
Sixt Mobility Consulting SARL	Paris	-217,068 EUR	42%	-35,384 EUR
Sixt R&D Private Limited	Bangalore	79,431,232 INR	100%	72,206,531 INR
Sixt Ride Holding Verwaltungs GmbH	Pullach	25,130 EUR	100%	130 EUR
Sixt Ride Verwaltungs GmbH (formerly: Sixt Chauffeur Reservation Systems Verwaltungs GmbH)	Pullach	24,868 EUR	100%	730 EUR
Sixt Systems GmbH	Pullach	9,319 EUR	100%	-1,070 EUR
Sixt Verwaltungs B.V.	Hoofddorp	959 EUR	100%	-2,370 EUR
Sixt Verwaltungs-GmbH	Taufkirchen	47,764 EUR	100%	-2,189 EUR
Sixt Verwaltungs-GmbH	Vösendorf	16,315 EUR	100%	-5,671 EUR
SXT Fleet Service GmbH	Pullach	23,757 EUR	100%	-1,243 EUR
SXT Leasing Verwaltungs GmbH	Rostock	25,704 EUR	42%	768 EUR
SXT Projects and Finance GmbH	Pullach	25,000 EUR	100%	-2,913 EUR
SXT Projects and Services GmbH	Pullach	25,000 EUR	100%	-4,188 EUR
SXT Retina Lab GmbH & Co. KG	Pullach	546 EUR	100%	-454 EUR
SXT Retina Lab Verwaltungs GmbH	Pullach	24,041 EUR	100%	-959 EUR
SXT V+R Verwaltungs GmbH	Rostock	23,363 EUR	100%	-1,124 EUR
SXT Verwaltungs GmbH	Pullach	24,899 EUR	100%	-893 EUR
TOV 6-Systems	Kiev	43,559,949 UAH	100%	7,694,297 UAH
TÜV SÜD Car Registration & Services GmbH	Munich	1,053,156 EUR	50%	534,837 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 European Holding GmbH & Co. KG, Pullach, Sixt GmbH & Co. Autovermietung KG, Pullach, Sixt Ride GmbH & Co. KG, Pullach, Sixt Ride Holding GmbH & Co. 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 2017 occured:

The companies SXT DR Services GmbH, Pullach, Atlic Rent SARL, Chambray-lès-Tours, and Urbanizy Loc SARL, Paris, that were founded by the Sixt Group in the financial year 2018 have been newly consolidated.

Furthermore, in April 2018 the Group has acquired 100% of the shares of Mile Fleet, LLC, Sunrise, for a cash payment of EUR 6.0 million and a contingent consideration in the amount of EUR 0.3 million. As a result of the transaction, a goodwill in the amount of EUR 6.3 million has been recorded.

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

In addition, Sixt Alpina GmbH, Pullach, has been merged into Sixt European Holding GmbH & Co. KG, Pullach, and Sixt Travel GmbH, Taufkirchen, which so far has not been consolidated because of its insignificance, has been merged into e-sixt GmbH & Co. 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 2018. Where necessary, the single-entity financial statements of the consolidated companies are adjusted to bring them into line with the accounting policies used within the Group. Subsidiaries are those companies in which the Group has existing rights that give it the ability to direct their main activities. The main activities are the activities that have a material impact on the profitability of the company. Control thus 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.

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. 2018	31 Dec. 2017	**2018**	2017
Pound Sterling	0.89685	0.88730	0.88627	0.87632
Swiss Francs	1.12660	1.16945	1.15150	1.11618
US-Dollar	1.14510	1.19885	1.17968	1.13715

3. REPORTING AND VALUATION METHODS

3.1 INCOME STATEMENT

Revenue

Revenue is recognised when a contract with enforceable rights and obligations exists and control of goods has been transferred to the customer or the service has been rendered. 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 on a straight-line basis over the service period.

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 on a straight-line basis 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 over the leasing contract's term and 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 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 interest rate. 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 other 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 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 (2019 to 2022) 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 4.9% and 7.0% (2017: between 4.2% and 4.9%). 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 amortisation 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 recoverable amount.

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 20 years

Property and equipment are derecognised either 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 when the carrying amount exceeds the recoverable amount. 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, 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

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

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

Financial assets that are held for collection of contractual cash flows and those cash flows represent solely payments of principal and interest are measured at amortised cost using the effective interest method. Trade receivables, financial receivables and loans reported in other assets, as well as cash and cash equivalents are assigned to this measurement category. Interest income from items in this category is calculated using the effective interest method unless the receivables are short-term and the effect of interest accumulation is immaterial.

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

Assets, that are not measured at amortised cost or at fair value through other comprehensive income, are measured at fair value through profit or loss. Equity instruments and derivatives reported in other financial assets are assigned to this category. The fair value of the interest rate derivatives is determined by discounting the expected future cash flows over the remaining term of the contract using the current yield curves. Changes in the fair value are recognised in profit or loss. The gain or loss resulting from the measurement of derivative financial instruments is immediately recognised in profit or loss, unless the derivative is designated and effective as hedging instrument in a hedging relationship (hedge accounting). In this case, the timing of the recognition in the income statement of the measurement results depends on the type of hedging relationship.

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

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

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

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

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

When the Group considers that there are no realistic prospects of recovering the asset, the relevant amount is written-off. The Group also derecognises a financial asset if the contractual right to cash flows from the financial asset expires or the financial asset and practically all the opportunities and risks associated with the financial asset are transferred to a third party.

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

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

3.3 EQUITY AND LIABILITIES

Shared-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 quantity of equity instruments expected to vest.

Provisions for pensions and other post-employment benefits

Provisions for pensions and other post-employment benefits are measured annually by independent actuaries 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 other post-employment benefits 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 result is recognised as part of finance costs. Remeasurements of the defined benefit obligation, net of deferred taxes are recognised in other equity. These amounts recognised in other comprehensive income are not recognised in the income statement in the future.

Provisions

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

Financial liabilities

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

3.4 HEDGING RELATIONSHIPS

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

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

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

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

3.5 ESTIMATION UNCERTAINTIES AND DISCRETIONARY DECISIONS

In preparing the consolidated financial statements, it is often necessary to make estimates and assumptions that affect both the items reported in the consolidated balance sheet and the consolidated income statement, as well as in the disclosures contained in the notes to the consolidated financial statements. The amounts actually realised may differ from the reported amounts. Changes are recognised in the income statement on the date at which a better knowledge is gained. The estimates and assumptions made are outlined in the disclosures on the individual items. The areas in which amounts are most significantly affected are the following:

Goodwill is measured on the basis of expected developments and estimated parameters, property and equipment and intangible assets are 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 expected credit risks, which are derived from management expectations. Equity investments are valued on the basis of their net assets value. Derivatives are measured on the basis of estimated market yield curves. 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 CONSOLIDATED INCOME STATEMENT

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

Revenue		Germany		Abroad		Total	Change
in EUR thou.	**2018**	2017	**2018**	2017	**2018**	2017	in %
Vehicle Rental Business Unit							
Rental revenue	786,437	752,579	1,154,056	934,120	1,940,493	1,686,699	15.0
Other revenue from rental business	112,163	108,883	78,487	69,783	190,650	178,666	6.7
Total	**898,600**	**861,461**	**1,232,544**	**1,003,904**	**2,131,143**	**1,865,365**	**14.2**
Leasing Business Unit							
Leasing revenue	209,862	198,398	24,814	28,660	234,677	227,058	3.4
Other revenue from leasing business	202,166	185,776	31,024	31,062	233,190	216,838	7.5
Sales revenue	305,828	265,204	19,510	24,391	325,338	289,595	12.3
Total	**717,856**	**649,378**	**75,348**	**84,112**	**793,204**	**733,491**	**8.1**
Other revenue	4,826	3,692	361	183	5,187	3,875	33.9
Group total	**1,621,282**	**1,514,531**	**1,308,253**	**1,088,199**	**2,929,534**	**2,602,730**	**12.6**

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

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

The reported revenue 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”. In the financial year operating revenue increased by 12.5% to EUR 2,599.0 million (2017: EUR 2,309.3 million).

Operating revenue in the Vehicle Rental Business Unit comprises rental revenue from short-term rental of vehicles in the amount of EUR 1,940,493 thousand (2017: EUR 1,686,699 thousand) and other revenue from rental business, such as damage compensation, subsidies, licence and franchise fees, and commission revenue amounting to EUR 190,650 thousand (2017: EUR 178,666 thousand). Other revenue from rental business includes compensation payments from third parties totalling EUR 137,639 thousand (2017: EUR 129,228 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 Vehicle 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.

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 234,677 thousand (2017: EUR 227,058 thousand), as well as other revenue from leasing business relating to revenue from contractually agreed service components such as repairs, fuel, tyres, etc., and revenue from the settlement of claims and franchise fees totalling EUR 233,190 thousand (2017: EUR 216,838 thousand).

In contrast to the Vehicle 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 10,346 thousand (2017: EUR 8,182 thousand).

\4.2\ ***Other operating income*** in the amount of EUR 189,013 thousand (2017: EUR 120,529 thousand) includes income of EUR 100,802 thousand (2017: EUR 44,230 thousand) from currency translation. The item also includes income of EUR 44,968 thousand (2017: EUR 34,925 thousand) from forwarding costs to third parties, income of EUR 7,507 thousand (2017: EUR 6,911 thousand) from non-cash benefits, income of EUR 11,032 thousand (2017: EUR 6,992 thousand) from the reversal of provisions, income of EUR 1,601 thousand (2017: EUR 1,521 thousand) from payments on previously derecognised receivables, income of EUR 2,856 thousand (2017: EUR 4,946 thousand) from the reversal of impairments and income of EUR 3,015 thousand (2017: EUR 1,681 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			Change
in EUR thou.	**2018**	2017	in %
Repairs, maintenance and reconditioning	309,658	289,147	7.1
Fuel	115,057	101,089	13.8
Insurance	98,420	80,058	22.9
Transportation	51,770	44,496	16.3
Taxes and charges	25,585	21,129	21.1
Expenses from write-downs on lease assets intended for sale	4,067	7,497	-45.8
Other, including selling expenses	396,088	351,824	12.6
Group total	**1,000,644**	**895,242**	**11.8**

In addition to the write-downs on lease assets intended for sale and the net carrying amounts of lease assets 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 Vehicle Rental segment, selling expenses are reduced by the corresponding amounts of sales revenue.

\4.4\ ***Personnel expenses*** increased from EUR 364,944 thousand the year before to EUR 419,821 thousand in the year under review – mainly due to the increased number of employees following the international expansion. Social contributions mainly include employer contributions to statutory social insurance schemes. The expense for defined contribution pension plans in the amount of EUR 18,737 thousand (2017: EUR 16,841 thousand) primarily result from statutory pension insurances. Expenses for defined benefit pension plans are included in the amount of EUR 1,052 thousand (2017: EUR 1,032 thousand).

Personnel expenses			Change
in EUR thou.	**2018**	2017	in %
Wages and salaries	355,396	309,189	14.9
Social security contributions	64,425	55,755	15.5
Group total	**419,821**	**364,944**	**15.0**

Average number of employees during the year:

Employees in the Group	2018	2017
Female employees	3,629	3,403
Male employees	3,911	3,282
Group total	**7,540**	**6,685**

The Vehicle Rental Business Unit employed 6,825 (2017: 6,030) members of staff, and the Leasing Business Unit employed 591 (2017: 547) members of staff. The "Other" segment carried 124 (2017: 108) 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.	**2018**	2017	in %
Rental vehicles	316,944	298,345	6.2
Lease assets	195,919	187,568	4.5
Property and equipment	16,937	15,525	9.1
Intangible assets	8,935	8,278	7.9
Group total	**538,735**	**509,715**	**5.7**

Due to the expansion of the fleet depreciation and amortisation expense for rental vehicles increased to EUR 316,944 thousand (2017: EUR 298,345 thousand). Impairment losses of EUR 1,081 thousand (2017: EUR 14,098 thousand) were charged on rental vehicles of EUR 72 million (2017: EUR 1,727 million). Impairment losses are based on assumed future prices on the used car market.

Depreciation of lease assets with EUR 195,919 thousand was above the previous year's figure (EUR 187,568 thousand). Impairment losses on lease assets are included in the amount of EUR 566 thousand.

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

Other operating expenses in EUR thou.	**2018**	2017	Change in %
Leasing expenses	72,146	63,693	13.3
Commissions	217,191	179,149	21.2
Expenses for buildings	81,046	73,429	10.4
Other selling and marketing expenses	80,678	65,917	22.4
Expenses from write-downs of receivables	35,184	37,592	-6.4
Audit, legal, advisory costs, and investor relations expenses	21,756	20,664	5.3
Other personnel services	74,604	69,186	7.8
Expenses for IT and communication services	33,835	20,184	67.6
Currency translation/consolidation	118,099	53,130	>100
Miscellaneous expenses	51,755	45,338	14.2
Group total	**786,295**	**628,282**	**25.2**

The consolidated financial statements of Sixt SE recognised as operating expense in the amount of EUR 651 thousand (2017: EUR 595 thousand) fees for the auditors of the consolidated financial statements. The fees break down into audit costs (EUR 378 thousand, 2017: EUR 337 thousand), other assurance services (EUR 153 thousand, 2017: EUR 132 thousand) in particular from comfort letters, an audit of the asset-backed securities programme and EMIR audits, tax consultant services (EUR 85 thousand, 2017: EUR 89 thousand) and other services (EUR 34 thousand, 2017: EUR 37 thousand) that were provided for the parent or subsidiary companies.

\4.7\ *Net finance costs* at EUR 161,515 thousand are above the previous years figure of EUR -37,797 thousand. Main reason for the increase is the income from the sale of the stake in the joint venture DriveNow in the amount of EUR 197.8 million reported in other net financial income. Resulting from the higher funding volume due to the increased fleet net interest expense declined by EUR 1,588 thousand compared to the previous year. The following table contains a breakdown of the net finance costs:

Net finance costs in EUR thou.	**2018**	2017
Other interest and similar income	1,027	629
Other interest and similar income from unconsolidated affiliated companies	10	9
Interest and similar expenses	-36,531	-34,544
Interest and similar expenses for unconsolidated affiliated companies	-11	-12
Net interest expense	**-35,505**	**-33,917**
Result from at-equity measured investments	**-1,970**	**-6,080**
Income from financial assets	198,143	2,215
Expenses for financial assets	-7	-20
Result from fair value measurement of financial assets	1,203	-
Result from financial assets sold	-	2
Net income from derivative financial instruments	-349	5
Other net financial income	**198,990**	**2,201**
Group total	**161,515**	**-37,797**

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

Income tax expense			Change
in EUR thou.	**2018**	2017	in %
Current income tax for the reporting period	103,005	78,741	30.8
Deferred taxes	-7,291	4,124	>-100
Group total	**95,713**	**82,865**	**15.5**

Current income tax in the amount of EUR 103,005 thousand (2017: EUR 78,741 thousand) in the financial year 2018 comprises tax expenses for previous years in the amount of EUR 7,622 thousand (2017: tax income of EUR 1,782 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% (2017: 15%) was used to calculate deferred taxes at the German companies as at 31 December 2018. Furthermore, a solidarity surcharge of 5.5% (2017: 5.5%) on the corporation tax was also included and a trade tax rate between 9.1% and 16.3% (2017: between 9.1% and 16.3%) depending on the municipality's tax assessment rate was applied. Thus, an aggregated tax rate between 24.9% and 32.1% (2017: 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 as well as if applicable deferred taxes on transition effects to new IFRS standards.

The reconciliation of taxes explains the relationship between the expected and effective tax expense reported. The expected tax expense results from the application of an income tax rate of 24.9% (2017: 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% (2017: 15%), a solidarity surcharge of 5.5% (2017: 5.5%) as well as trade tax at 9.1% (2017: 9.1%). The income tax expense reported in fiscal year 2018 is essentially influenced by the partial tax free income from the sale of the stake in the joint venture DriveNow.

Reconciliation of taxes		
in EUR thou.	**2018**	2017
Consolidated profit before taxes in accordance with IFRS	534,566	287,280
Expected income tax expense	133,267	71,619
Effect of different tax rates outside Germany	5,705	4,506
Effect of different trade tax rates	4,116	4,279
Effect from tax rate changes	-1,970	-1,171
Changes in permanent differences	-6,024	-936
Changes in impairments	-5,820	1,491
Non-deductible operating expenses	12,180	5,287
Tax-exempt income	-45,897	-2,373
Income taxes from other periods	-993	-1,794
Other effects	1,149	1,958
Reported tax expense	**95,713**	**82,865**

At the balance sheet date deferred taxes without impact on profit or loss amounted to EUR -110 thousand (2017: EUR -152 thousand). The change against the previous year showed EUR 21 thousand (2017: EUR -164 thousand) in consideration of currency translation effects.

Deferred taxes through the income statement are explained in more detail below:

Deferred taxes		
in EUR thou.	**2018**	2017
From temporary differences	10,407	2,608
From loss carryforwards	-17,698	1,516
Group total	**-7,291**	**4,124**

In the financial year 2018 as in the previous year no deferred tax assets have been recognised following the acquisition of subsidiaries.

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

Deferred taxes		Deferred tax assets		Deferred tax liabilities
in EUR thou.	**31 Dec. 2018**	31 Dec. 2017	**31 Dec. 2018**	31 Dec. 2017
Fleet	13,225	10,207	40,194	31,239
Receivables	6,088	6,469	2,493	2,234
Other assets	5,659	3,898	4,358	2,311
Other liabilities	1,226	2,420	12,364	9,672
Provisions	6,703	10,125	6	-
Tax loss carryforwards	23,367	5,669	-	-
	56,268	38,788	59,415	45,456
Offsetting	-26,615	-20,528	-26,615	-20,528
Group total	**29,653**	**18,260**	**32,800**	**24,928**

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 27,700 thousand (2017: EUR 59,444 thousand), for which no deferred tax assets were recognised, EUR 369 thousand (2017: EUR 46,665 thousand) will expire between 2024 and 2025 (2017: between 2031 and 2038), another EUR 593 thousand will expire after 2025. 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 227 thousand (2017: EUR 14 thousand) deferred taxes were not recognised.

For temporary differences in relation to shares in subsidiaries of the Group in the amount of EUR 27,615 thousand (2017: EUR 19,574 thousand) deferred tax liabilities were not recognised for reported periods.

\4.9\ The ***minority interests*** contained in the consolidated profit amount to a total of EUR 12,831 thousand (2017: EUR 12,302 thousand).

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

Dividends		
in EUR thou.	**2018**	2017
Amounts recognised as distribution to shareholders in the financial year	188,105	77,788
Dividend for financial year 2017 of EUR 4.00 (2016: EUR 1.65) for each ordinary share	121,468	50,106
Dividend for financial year 2017 of EUR 4.02 (2016: EUR 1.67) for each preference share	66,637	27,682

The proposal is to pay for financial year 2018 a dividend of EUR 2.15 per ordinary share and EUR 2.17 per preference share. This corresponds to an estimated total distribution of EUR 101,260 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 liablity in the consolidated financial statements.

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

Earnings per share - basic		**2018**	2017
Consolidated profit for the period after minority interests	in EUR thou.	426,022	192,113
Profit attributable to ordinary shares	in EUR thou.	275,379	124,061
Profit attributable to preference shares	in EUR thou.	150,643	68,052
Weighted average number of ordinary shares		30,367,112	30,367,112
Weighted average number of preference shares		16,575,102	16,576,246
Earnings per ordinary share	in EUR	9.07	4.09
Earnings per preference share	in EUR	9.09	4.11

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 potential dilutive effect of stock options issued as part of the Matching Stock Programme MSP 2012 is insignificant. The diluted earnings per share therefore correspond for both categories of shares in the amount to the basic earnings per share.

4.2 CONSOLIDATED BALANCE SHEET

Assets

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

Consolidated statement of changes in non-current assets	Acquisition and production costs						
in EUR thou.	1 Jan. 2018	Foreign exchange differences	Additions	Changes in the scope of consolidation	Disposals	Transfers	**31 Dec. 2018**
Goodwill	**20,459**	**553**	**1,171**	**6,295**	**228**	**-**	**28,250**
Purchased software	51,623	6	6,621	2	4,024	2,325	56,554
Internally developed software	4,753	-	1,411	-	3,502	2,868	5,530
Payments on account of software	8,664	-	3,901	-	-	-5,193	7,371
Other intangible assets	8,996	375	916	-	274	-	10,013
Intangible assets	**74,036**	**380**	**12,848**	**2**	**7,799**	**-**	**79,467**
Land and buildings	124,889	362	1,181	-	31	-	126,401
Operating and office equipment	124,191	629	35,870	6	12,483	2,257	150,471
Payments on account of property and equipment	2,972	40	2,682	-	181	-2,257	3,256
Property and equipment	**252,052**	**1,032**	**39,734**	**6**	**12,695**	**-**	**280,128**
Lease assets	**1,414,795**	**2,476**	**475,731**	**-**	**465,138**	**-**	**1,427,864**
Total	**1,761,342**	**4,442**	**529,484**	**6,303**	**485,861**	**-**	**1,815,709**

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**

	Depreciation/Amortisation					Carrying amounts	
	1 Jan. 2018	Foreign exchange differences	Depreciation/ Amortisation in the financial year	Disposals	**31 Dec. 2018**	**31 Dec. 2018**	31 Dec. 2017
	271	**4**	**-**	**228**	**46**	**28,204**	**20,188**
	39,983	4	6,536	3,959	42,565	13,989	11,640
	4,054	-	804	3,502	1,356	4,173	699
	-	-	-	-	-	7,371	8,664
	4,590	221	1,594	274	6,131	3,881	4,406
	48,627	**225**	**8,935**	**7,734**	**50,052**	**29,415**	**25,408**
	12,129	-17	1,985	23	14,074	112,327	112,759
	59,630	166	14,952	10,202	64,545	85,925	64,561
	-	-	-	-	-	3,256	2,972
	71,760	**149**	**16,937**	**10,225**	**78,620**	**201,509**	**180,292**
	195,587	**750**	**195,919**	**168,812**	**223,444**	**1,204,419**	**1,219,209**
	316,244	**1,127**	**221,791**	**187,000**	**352,162**	**1,463,547**	**1,445,098**

	Depreciation/Amortisation					Carrying amounts	
	1 Jan. 2017	Foreign exchange differences	Depreciation/ Amortisation in the financial year	Disposals	31 Dec. 2017	31 Dec. 2017	31 Dec. 2016
	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**

\4.11\ The *goodwill* of EUR 28,204 thousand (2017: EUR 20,188 thousand) results mainly from the consolidation of the companies belonging to United Kenning Rental Group Ltd., Langley/Great Britain, acquired in 2000, the companies autohaus24 GmbH, Pullach, and Sixt Mobility Consulting AG, Urdorf/Switzerland, acquired in 2016, as well as Mile Fleet, LLC, Sunrise/USA, acquired in 2018.

\4.12\ *Intangible assets* include purchased software amounting to EUR 13,989 thousand (2017: EUR 11,640 thousand) and internally developed software amounting to EUR 4,173 thousand (2017: EUR 699 thousand). The item also includes payments on account in respect of software amounting to EUR 7,371 thousand (2017: EUR 8,664 thousand) and other intangible assets amounting to EUR 3,881 thousand (2017: EUR 4,406 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 112,327 thousand (2017: EUR 112,759 thousand). Operating and office equipment (mainly IT systems, fixtures and fittings and office equipment) are included in the amount of EUR 85,925 thousand (2017: EUR 64,561 thousand). The item also includes payments on account made for property and equipment in the amount of EUR 3,256 thousand (2017: EUR 2,972 thousand). Land charges are registered against properties for real estate financing in the amount of EUR 74,574 thousand (2017: EUR 77,420 thousand). No impairment losses were recognised in the year under review.

\4.14\ *Lease assets* increased to EUR 1,204.4 million (2017: EUR 1,219.2 million). As lessor, the Group primarily leases out vehicles of various brands, mainly under full-service lease agreements. Of the minimum lease payments under operate leases totalling EUR 405 million (2017: EUR 413 million), payments of EUR 202 million (2017: EUR 198 million) are due within one year, payments of EUR 203 million (2017: EUR 215 million) are due in one to five years and payments of EUR 0.1 million (2017: EUR 0.1 million) are due in more than five years. The amounts shown contain only lease instalments without service components. The fixed-term agreements usually contain agreements on the vehicles‘ mileage. The resulting contingent lease payments recognised as income in the period under review amounted to EUR 0.4 million (2017: EUR 1.1 million). In addition to these, the Group estimates calculated residual values covered by buy-back agreements in the amount of EUR 332 million (2017: EUR 368 million) and further calculated residual values not covered by third parties in the amount of EUR 601 million (2017: EUR 556 million).

Lease assets of EUR 56,7 million (2017: EUR 150,1 million) are pledged as collateral for liabilities to banks.

Certain lease assets are refinanced under finance lease agreements having the same maturities as the underlying lease contracts. These agreements are structured such that the refinanced vehicles remain attributable to the Group in the amount of EUR 14.7 million (2017: EUR 13.4 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 interests in the joint venture DriveNow GmbH & Co. KG, Munich, and its subsidiaries presented in the previous year under *at-equity measured investments* have been sold in the fiscal year.

\4.16\ The carrying amount of the unconsolidated affiliates and investments presented under *financial assets* amounts to EUR 4,042 thousand (2017: EUR 915 thousand).

\4.17\ The *rental vehicles* item increased from 2,076.0 million to EUR 2,605.2 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 4,641 million (2017: EUR 3,925 million). For the rental assets reported at the end of the year under review, it amounted to EUR 2,781 million (2017: EUR 2,226 million). Rental vehicles in the amount of EUR 185,0 million (2017: EUR 60,3 million) are pledged as collateral for liabilities to banks.

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

\4.18\ *Inventories* increased to a total of EUR 97,564 thousand (2017: EUR 75,829 thousand) – mainly resulting from a higher 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 sale.

\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 expected credit risks.

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

Other receivables and assets in EUR thou.	**31 Dec. 2018**	31 Dec. 2017
Financial other receivables and assets		
Finance lease receivables	3,676	4,425
Receivables from affiliated companies	1,340	934
Receivables from other investees	9	692
Miscellaneous assets	82,749	57,314
Non-financial other receivables and assets		
Other recoverable taxes	22,343	23,813
Insurance claims	39,170	25,841
Deferred expense	24,001	19,204
Delivery claims for vehicles of the rental and lease fleets	98,977	149,088
Group total	**272,264**	**281,311**
Thereof current	267,153	275,213
Thereof non-current	5,111	6,098

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. Further details are shown below:

Finance lease receivables	Gross investment		Present value of outstanding minimum lease payments	
in EUR million	**31 Dec. 2018**	31 Dec. 2017	**31 Dec. 2018**	31 Dec. 2017
Due within one year	2.2	2.0	1.9	1.7
Due in one to five years	1.9	3.1	1.8	2.7
Unrealised finance income	0.4	0.6	-	-

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 3,314 thousand (2017: EUR 2,956 thousand), in each case maturing in one to five years.

\4.21\ *Cash and bank balances* of EUR 145,936 thousand (2017: EUR 87,585 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 1,442.0 million (2017: EUR 1,177.9 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

Composition of the share capital	No-par value shares	Nominal value in EUR	No-par value shares	Nominal value in EUR
		31 Dec. 2018		31 Dec. 2017
Ordinary shares	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.

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 aforementioned authorisation the Managing Board decided in February 2018, with consent of the Supervisory Board, on a share buy-back programme, which serves to meet the Company's obligations 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). The share buy-back programme was completed on 21 February 2018. At that time, Sixt SE repurchased in total 43,685 preference shares with a total value of EUR 2.6 million (excluding incidental purchase expenses). As at the reporting date the authorisation has not yet been fully exercised. As in the previous year, Sixt SE does not hold any treasury shares as of 31 December 2018.

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.

\4.23\ Capital reserves

Capital reserves		
in EUR thou.	**2018**	2017
Balance as at 1 Jan.	242,512	240,625
Increase due to the employee participation programme	1,184	990
Disposal from the exercise under the employee participation programme	-4,811	-4,462
Transfer to capital reserves	2,527	5,359
Balance as at 31 Dec.	**241,412**	**242,512**

The change in the capital reserves to EUR 241,412 thousand (2017: EUR 242,512 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.

\4.24\ Retained earnings

Retained earnings		
in EUR thou.	**2018**	2017
Balance as at 1 Jan.	211,378	277,527
Changes in the scope of consolidation	-	58
Purchase of minority interests	-	243
Transfer to retained earnings of Sixt SE	-	25,000
Transfer from retained earnings of Sixt SE	-	-90,000
Transfer to capital reserves	-	-2,854
Other changes	463	1,404
Balance as at 31 Dec.	**211,841**	**211,378**

\4.24\ Currency translation reserve

Currency translation reserve in EUR thou.	2018	2017
Balance as at 1 Jan.	-14,177	6,646
Differences arising from the translation of the financial statements of foreign subsidiaries	10,194	-20,823
Balance as at 31 Dec.	**-3,983**	**-14,177**

\4.24\ Other equity

Other equity in EUR thou.	2018	2017
Closing balance sheet previous year	498,947	323,053
Adjustment on adoption of IFRS 9	13,563	-
Balance as at 1 Jan.	512,509	323,053
Consolidated profit attributable to shareholders of Sixt SE	426,022	192,113
Dividend payment	-188,105	-77,788
Other comprehensive income	-239	478
Transfer to retained earnings of Sixt SE	-	-25,000
Transfer from retained earnings of Sixt SE	-	90,000
Transfer to capital reserves	-2,527	-2,505
Other changes	-463	-1,404
Balance as at 31 Dec.	**747,198**	**498,947**

\4.25\ 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 eliminations of transactions with other Group companies, of Sixt Leasing Group according to IFRS.

Financial information for subsidiaries with significant minority shareholders	Sixt Leasing Group	Sixt Leasing Group
in EUR thou.	**2018**	2017
Equity interest of minority shareholders (in %)	58.1	58.1
Dividends paid	5,744	5,744
Carrying amount of minority interests	125,381	119,020
Non-current assets	1,218,305	1,232,356
Current assets	174,386	210,468
Non-current liabilities and provisions	853,568	607,595
Current liabilities and provisions	322,370	630,098
Revenue	805,797	743,951
Earnings before taxes (EBT)	30,542	29,711

Liabilities and provisions

\4.26\ ***Provisions for pensions and other post-employment benefits*** are broken down as follows:

Provisions for pensions and other post-employment benefits		
in EUR thou.	**2018**	2017
Provisions for pensions	11,989	11,409
Other post-employment benefits	314	106
Defined benefit obligations	**12,303**	**11,516**
Fair value of plan assets	**9,876**	**9,594**
Group total	**2,427**	**1,922**

The valuation of provisions for pensions and other post-employment benefits rely on actuarial reports. The reports use the following actuarial assumptions:

Actuarial assumptions		
in %	**2018**	2017
Discount rate	0.9 - 1.8	0.7 - 1.3
Assumed salary increase	0.5 - 1.4	0.5 - 1.4
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 development 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.	2018	2017	2018	2017	**2018**	2017
Balance as at 1 Jan.	11,409	12,068	9,594	9,480	1,816	2,588
Current service costs	890	891	-	-	890	891
Net interest costs of defined benefit obligations	79	70	69	57	10	13
Expenses recognised in the consolidated income statement	**969**	**961**	**69**	**57**	**900**	**904**
Gain/loss on plan assets	-	-	-411	29	411	-29
Actuarial gains/losses						
Experience gains/losses	-99	-600	-	-	-99	-600
Changes in demographic assumptions	-	-	-	-	-	-
Changes in financial assumptions	-257	-133	-	-	-257	-133
Remeasurement for defined benefit obligations recognised in other comprehensive income	**-356**	**-733**	**-411**	**29**	**55**	**-762**
Employer contributions	-	-	732	726	-732	-726
Plan participants' contributions	732	726	732	726	-	-
Benefits paid	-1,202	-595	-1,202	-595	-	-
Foreign currency translation effects	437	-1,019	363	-831	74	-188
Other reconciling items	**-33**	**-887**	**625**	**27**	**-658**	**-914**
Balance as at 31 Dec.	**11,989**	**11,409**	**9,876**	**9,594**	**2,113**	**1,816**

The weighted average duration of the defined benefit obligation from pensions was around 16 years (2017: 17 years). Employer contributions expected to be paid for defined benefit obligations in fiscal year 2019 amount to EUR 764 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.

Other post-employment benefits developed as follows:

Development of other post-employment benefits	Defined benefit obligations	
in EUR thou.	**2018**	2017
Balance as at 1 Jan.	106	-
Current service costs	162	141
Net interest costs of defined benefit obligations	1	-
Expenses recognised in the consolidated income statement	**163**	**141**
Actuarial gains/losses	158	-
Remeasurement for defined benefit obligations recognised in other comprehensive income	**158**	**-**
Benefits paid	-113	-34
Other reconciling items	**-113**	**-34**
Balance as at 31 Dec.	**314**	**106**

The weighted average duration of the defined benefit obligation for other post-employment benefits was around 11 years (2017: 8 years). Employer contributions expected to be paid for defined benefit obligations in fiscal year 2019 amount to EUR 311 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.		**2018**		2017
	+ 0.5 percentage points	-0.5 percentage points	+ 0.5 percentage points	-0.5 percentage points
Discount rate	-526	604	-539	617
Assumed salary increase	127	-131	127	-130
Assumed pension increase	428	-408	454	-432

The decrease/increase of the life expectancy in the assumptions by one year respectively would result in a change of the defined benefit obligation by EUR -188 thousand / EUR 216 thousand (2017: EUR -217 thousand / EUR 250 thousand).

\4.27\ ***Other provisions*** consist mainly of provisions for taxes, legal costs and the operating rental business (fleet related costs) as well as staff provisions.

Of the obligations included in other provisions EUR 112,314 thousand (2017: EUR 122,895 thousand) are expected to be settled within one year and EUR 1,053 thousand (2017: EUR 1,814 thousand) are due in more than one year.

Other provisions in EUR thou.	Rental business (fleet related)	Personnel	Miscellaneous	**Total**
Balance as at 1 Jan.	60,873	43,773	20,063	124,709
Additions	42,996	45,782	6,542	95,320
Reversals	-	-3,074	-7,958	-11,032
Utilised	-48,920	-42,330	-4,547	-95,797
Foreign exchange differences	-	80	73	153
Compounding of provisions	-	-	14	14
Balance as at 31 Dec.	**54,949**	**44,232**	**14,187**	**113,367**

\4.28\ ***Financial liabilities*** comprise liabilities from issued borrower's note loans and bonds, bank loans, liabilities 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 Dec. 2018**	31 Dec. 2017	**31 Dec. 2018**	31 Dec. 2017	**31 Dec. 2018**	31 Dec. 2017
Borrower's note loans	92,962	-	564,979	387,698	108,798	179,082
Bonds	-	249,904	998,284	748,738	246,799	-
Commercial papers	-	25,000	-	-	-	-
Liabilities to banks	336,999	299,304	301,025	310,406	59,817	62,840
Finance lease liabilities	3,987	2,415	10,935	11,317	-	-
Other liabilities	14,878	14,405	-	-	-	-
Group total	**448,826**	**591,027**	**1,875,223**	**1,458,159**	**415,414**	**241,922**

Borrower's note loans with a total nominal value of EUR 768 million (2017: EUR 568 million) were issued in several tranches. Thereof a nominal value of EUR 675 million (2017: EUR 568 million) relates to non-current financial liabilities. Interest is paid at a variable or fixed rate with nominal maturities between four and seven years (2017: between four and seven years). In the fiscal year 2018 new long-term borrower's note loans with terms of five and seven years and a total volume of EUR 200 million were issued.

The bonds include 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, 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, each issued by Sixt SE, as well as a EUR 250 million bond issued on the capital market in 2017 by Sixt Leasing SE with a nominal interest rate of 1.125% p.a. and a maturity of four years until 2021. Furthermore, Sixt SE and Sixt Leasing SE each issued a new bond on the capital market in fiscal year 2018 with a nominal value of EUR 250 million. The bond of Sixt SE was issued with a nominal interest rate of 1.50% p.a. and a maturity of six years until 2024, the bond of Sixt Leasing SE carries an interest coupon of 1.50% p.a. and has a term of four years until 2022. There are conditional call options for the issuer and put options for the bondholders.

The bond with a nominal value of EUR 250 million, reported in the previous year under current financial liabilities, was repaid in 2018 in accordance with the bond terms.

Bonds in the principal amount of EUR 5.5 million had been issued to participants in the MSP 2012 employee equity participation programme at balance sheet date (2017: EUR 4.9 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 74,6 million (2017: EUR 77,4 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 Dec. 2018**	31 Dec. 2017	**31 Dec. 2018**	31 Dec. 2017
Due within one year	4,085	2,436	3,987	2,415
Due in one to five years	11,022	11,556	10,935	11,317
Unrealised finance portions	185	260	-	-

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 Dec. 2018**	31 Dec. 2017
Balance as at 1 Jan.	2,291,108	2,131,958
Cash flows	452,098	163,561
Other non-cash changes	-3,742	-4,411
Balance as at 31 Dec.	**2,739,464**	**2,291,108**

\4.29\ *Other liabilities* are broken down as follows:

Other liabilities in EUR thou.	31 Dec. 2018	31 Dec. 2017
Financial other liabilities		
Liabilities to affiliated companies	1,095	1,074
Liabilities to other investees	119	163
Payroll liabilities	6,646	5,741
Miscellaneous liabilities	37,493	20,148
Non-financial other liabilities		
Deferred income	39,496	42,394
Tax liabilities	48,345	36,360
Prepayments received from customers	31,797	25,646
Group total	**164,991**	**131,526**
Thereof current	163,921	131,286
Thereof non-current	1,070	240

Miscellaneous other liabilities include interest-bearing liabilities from customer deposits, obligations assumed with the acquisition or sale of stakes in companies and the reported interest and currency hedging transactions. In addition miscellaneous liabilities contain minority interests in equity and in the net profit of consolidated partnerships (EUR 30 thousand, 2017: EUR 26 thousand).

Prepayments received from customers relate to advance payments for the rental of vehicles. The underlying performance obligation is expected to be fulfilled within the next twelve months.

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.

\4.30\ *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 IFRS 13.

Financial instruments in EUR thou.	IFRS 9 measurement category[1]	Measurement basis for fair value	Carrying amount 31 Dec. 2018	 31 Dec. 2017	Fair value 31 Dec. 2018	 31 Dec. 2017
Non-current assets						
Financial assets	FVTPL	Level 3	4,042	915	4,042	915
Finance lease receivables	IAS 17		1,753	2,743	1,797	2,833
Interest rate derivatives	FVTPL	Level 2	44	399	44	399
Other receivables	AC		3,314	2,956		
Total			**9,153**	**7,013**	**5,883**	**4,146**
Current assets						
Finance lease receivables	IAS 17		1,923	1,682	1,992	1,748
Currency derivatives	FVTPL	Level 2	2,169	3,321	2,169	3,321
Trade receivables	AC		558,848	493,875		
Other receivables	AC		78,571	52,264		
Total			**641,510**	**551,142**	**4,161**	**5,069**
Non-current liabilities						
Bonds	AC	Level 2	1,245,083	748,738	1,270,638	782,522
Borrower's note loans	AC	Level 2	673,777	566,780	672,048	579,772
Liabilities to banks	AC	Level 2	360,842	373,246	354,010	369,649
Financial other liabilities	AC		151	103		
Finance lease liabilities	IAS 17		10,935	11,317	10,771	11,429
Interest rate derivatives	Hedge Accounting	Level 2	919	-	919	-
Interest rate derivatives	FVTPL	Level 2	-	137	-	137
Total			**2,291,707**	**1,700,320**	**2,308,385**	**1,743,508**
Current liabilities						
Bonds	AC	Level 2	-	249,904	-	259,701
Borrower's note loans/Commercial papers	AC	Level 2	92,962	25,000	94,782	25,000
Liabilities to banks	AC	Level 2	336,999	299,304	339,181	302,507
Finance lease liabilities	IAS 17		3,987	2,415	4,062	2,432
Trade payables	AC		644,391	690,998		
Other financial liabilities	AC		14,878	14,405		
Currency derivatives	FVTPL	Level 2	269	230	269	230
Interest rate derivatives	FVTPL	Level 2	17	-	17	-
Financial other liabilities	AC		43,633	26,656		
Financial other liabilities	FVTPL	Level 3	364	-	364	-
Total			**1,137,499**	**1,308,913**	**438,675**	**589,872**

[1] *FVTPL - Fair value through profit or loss, AC - At amortised cost*

The financial instruments in above table are classified into three levels depending on the measurement basis. Level 1 measurements are based on prices quoted in active markets. Level 2 measurements are based on parameters other than quoted prices that are observable either directly as prices or are indirectly derived from prices. Level 3 measurements are based on models that use parameters that are not based on observable market data, but rather on assumptions. There have been no transfers between the individual measurement levels per category.

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 correspond to the carrying amount (amortised cost) unless otherwise specified in the table. The fair values of the finance lease receivables reported as non-current and 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 0.1% p.a. und 3.2% p.a. (2017: between -0.3% p.a. and 1.7% p.a.) based on the respective maturities were used for discounting.

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

The fair values determined on the basis of unobservable market data relate to equity investments and obligations for contingent consideration associated with an entity acquired in the current year. Equity investments are valued on the basis of their net assets value. The fair value of the contingent consideration was determined as the present value of the expected future cash flows. A discount rate of 5.5% was applied for discounting. The estimated fair value of the contingent consideration would increase (decrease) if the expected future cash flows were higher (lower) and/or the discount rate was lower (higher).

The change in the reported carrying amounts and fair values of financial assets resulted from additions of equity investments in the amount of EUR 369 thousand, disposals of equity investments in the amount of EUR 13 thousand, gains recognised in other reserves resulted from the first-time application of IFRS 9 in the amount of EUR 1,948 thousand, changes in the scope of consolidation in the amount of EUR -381 thousand and results recognised in profit or loss in the amount of EUR 1,203 thousand. The change in the reported carrying amounts and fair values of the current financial other liabilities (level 3) resulted from additions in the amount of EUR 319 thousand, from results recognised in profit or loss in the amount of EUR 49 thousand and from currency translation differences in the amount of EUR -4 thousand.

Net expense from interest rate derivatives amounted to EUR 349 thousand (2017: net income EUR 5 thousand), of which EUR 393 thousand relate to the ineffective portion of interest rate derivatives in a cash flow hedge relationship. The net result from the measurement of currency derivatives as at reporting date came to EUR 1,900 thousand (2017: EUR 3,091 thousand).

Net gains from financial assets in the AC measurement category (measured at amortised cost) amounted to EUR 1,601 thousand (2017: EUR 1,521 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 in the AC measurement category (at amortised cost measurement category).

Total interest income from financial assets not measured at fair value through profit or loss amounted to EUR 1,037 thousand (2017: EUR 638 thousand). This includes interest income from finance leases in the amount of EUR 268 thousand (2017: EUR 217 thousand). The total interest expense on financial liabilities not measured at fair value through profit or loss amounted to EUR 36,542 thousand (2017: EUR 34,555 thousand). This includes interest expense on finance leases in the amount of EUR 142 thousand (2017: EUR 137 thousand).

The subsequent measurement of 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 44 thousand (2017: EUR 399 thousand). Of the financial liabilities from interest rate derivatives totalling EUR 935 thousand (2017: EUR 137 thousand) an amount of EUR 17 thousand (2017: EUR 137 thousand) is not in a hedge relationship and EUR 919 thousand (2017: EUR - thousand) are designated as cash flow hedge. All in all, a volume of EUR 448 million

(2017: EUR 437 million) is hedged against interest rate derivatives carrying fixed interest rates between -0.5% p.a. and 3.5% p.a. (2017: -0.5% p.a. and 3.5% p.a.) and a remaining term of up to six years (2017: five years). Of these, EUR 437 million (2017: EUR - million) are in a cash flow hedge relationship. 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 2,169 thousand (2017: EUR 3,321 thousand). The financial liabilities from currency derivatives amounted to EUR 269 thousand (2017: EUR 230 thousand). A volume of EUR 811 million (2017: EUR 573 million) is hedged against currency derivatives, denominated mainly in US-Dollars, with a maximum remaining term of up to two months (2017: three months). As in the previous year, the currency derivatives are in no hedge 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. 2018**		31 Dec. 2017
	+100 basis points	-100 basis points	+100 basis points	-100 basis points
Other current and non-current liabilities / Other non-current assets	7,187	-7,102	7,120	-7,389

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 4,473 thousand (2017: EUR 3,729 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 2018 (other current assets / other current liabilities) would then change by EUR 65,172 thousand / EUR -79,009 thousand (2017: EUR 48,094 thousand / EUR -58,724 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 67,886 thousand / EUR -81,638 thousand (2017: EUR 51,485 thousand / EUR -62,384 thousand) and a change in the annual result of EUR 60,990 thousand / EUR -74,603 thousand (2017: EUR 51,485 thousand / EUR -62,384 thousand) as well as a change in the other comprehensive income of EUR 6,895 thousand / EUR -7,036 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, 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. 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 448 million in its portfolio at the balance sheet date (2017: EUR 437 million). The fair value of the transactions was in total EUR -0.9 million (2017: EUR 0.3 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. For expected default risks a valuation allowance is recognised. When there are no realistic prospects of recovering the amount, the relevant receivable is derecognised. In addition, there is the general 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

Trade receivables are classified by default risk as follows:

Trade receivables by risk class in EUR thou.	Gross receivables	Impairments	Net receivables
Very low	394,085	2,892	391,192
Low	133,638	7,888	125,750
Increased	29,616	10,447	19,169
Highly increased	68,373	45,636	22,737
Group total as at 31 Dec. 2018	**625,712**	**66,864**	**558,848**

Trade receivables in EUR thou.	Vehicle 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**

Prior-year comparative information has not been adjusted

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 buy-back commitments, or commercial and private buyers as part of the sale on the open market.

The Group applies the simplified approach for impairment described in IFRS 9, whereby an impairment allowance in the amount of expected credit losses over the lifetime of the receivable is recognised for all instruments irrespective of their credit quality. To measure the expected credit losses, parameters such as customer group, credit quality and transaction type are used.

For individual combinations of the aforementioned parameters different rates in accordance with the management expectations are applied to determine the allowances. Due to the use of the simplified approach the 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 valuation allowances, which may have been made.

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.

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

Change in the allowance account	Balance as at	Adjustments	Balance as at	Change	Balance as at
in EUR thou.	31 Dec. 2017	IFRS 9	1 Jan. 2018		**31 Dec. 2018**
Impairments for trade receivables	67,664	-11,749	55,915	10,949	66,864

Change in the allowance account	Balance as at	Change	Balance as at
in EUR thou.	1 Jan. 2017		31 Dec. 2017
Impairments for trade receivables	65,078	2,586	67,664

Analysis of receivables from insurances in the other assets

Receivables from insurances by risk class	Gross receivables	Impairments	Net receivables
in EUR thou.			
Increased	44,595	10,599	33,997
Highly increased	11,473	6,299	5,173
Group total as at 31 Dec. 2018	**56,068**	**16,898**	**39,170**

All the receivables are impaired. Prior-year comparative information has not been adjusted. In the Vehicle Rental Business Unit gross receivables amounted to EUR 36,121 thousand in the previous year, the impairments came to EUR 19,062 thousand and the resulting net receivables to EUR 17,059 thousand. In the Leasing Business Unit gross receivables amounted to EUR 10,974 thousand in the previous year, the impairments came to EUR 2,193 thousand and the resulting net receivables to EUR 8,782 thousand. The maximum default amount is the reported carrying amount of the net receivable.

In the fiscal year the allowance account for other assets developed as follows:

Change in the allowance account	Balance as at	Adjustments	Balance as at	Change	Balance as at
in EUR thou.	31 Dec. 2017	IFRS 9	1 Jan. 2018		**31 Dec. 2018**
Impairments for other assets	21,255	-4,310	16,945	-47	16,898

Change in the allowance account	Balance as at	Change	Balance as at
in EUR thou.	1 Jan. 2017		31 Dec. 2017
Impairments for other assets	19,311	1,944	21,255

In the fiscal year under review the expenses for derecognised trade receivables and receivables from insurances amounted to EUR 21,610 thousand (2017: EUR 25,780 thousand). The expense for derecognition refers to the recognised receivables without taking into account the valuation allowances, which may already have been made.

The total expense for impairments in these categories amounted to EUR 13,575 thousand (2017: EUR 11,812 thousand).

The proceeds from payments received on previously derecognised receivables in these categories amounted to EUR 1,601 thousand (2017: EUR 1,521 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
2019	100,386	18,371	339,420	4,085	462,263
2020	35,501	273,844	158,705	7,909	475,959
2021	229,829	263,125	100,751	3,113	596,818
2022	44,979	510,313	40,962	-	596,254
2023	274,466	3,750	5,577	-	283,793
2024	30,292	253,750	3,765	-	287,807
2025 and later	80,966	-	58,100	-	139,065
31 Dec. 2018	**796,418**	**1,323,153**	**707,281**	**15,107**	**2,841,959**

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**

The financial liabilities maturing in 2019 will largely be repaid from new lending of funds on the capital markets and the usage of bank credit lines and/or leasing refinancing lines granted by manufacturers as well as the usage of commercial papers and 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
2019	-713	3,072	2,359
2020	-297	-	-297
2021	26	-	26
2022 and later	50	-	50
31 Dec. 2018	**-933**	**3,072**	**2,139**

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**

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 27.8% (2017: 26.2%). Other key elements of the Group's financial profile are the financial instruments reported in non-current and current financial liabilities. The proportion of total assets accounted for by non-current and current financial liabilities amounted to 52.7% (2017: 51.0%). In addition to the reported financial liabilities, the Group has entered into operate lease agreements to refinance its fleets.

5. OTHER DISCLOSURES

5.1 SEGMENT REPORTING

By Business Unit	Vehicle Rental		Leasing		Other		Reconciliation		Group	
in EUR million	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017
External revenue	2,131.1	1,865.4	793.2	733.5	5.2	3.9	-	-	2,929.5	2,602.7
Internal revenue	3.8	3.9	12.6	10.5	41.3	34.4	-57.8	-48.8	-	-
Total revenue	2,135.0	1,869.3	805.8	744.0	46.5	38.2	-57.8	-48.8	2,929.5	2,602.7
Fleet expenses and cost of lease assets[1]	508.6	449.0	508.0	460.7	0.0	0.0	-16.0	-14.5	1,000.6	895.2
Depreciation and amortisation expense	337.4	318.7	197.1	188.3	4.3	2.7	-	-	538.7	509.7
EBIT[2]	336.6	282.3	43.9	46.2	-7.2	-3.2	-0.3	-0.2	373.1	325.1
Net finance costs	-35.0	-31.6	-13.2	-16.2	209.5	9.8	0.3	0.2	161.5	-37.8
Interest income	1.3	0.6	0.3	0.2	35.0	35.0	-35.6	-35.2	1.0	0.6
Interest expense	-34.4	-26.5	-13.2	-16.5	-24.8	-27.1	35.9	35.5	-36.5	-34.6
Other net financial income[3]	0.0	0.3	-0.3	0.0	199.3	1.9	-	-	199.0	2.2
Result from at-equity measured investments	-2.0	-6.1	-	-	-	-	-	-	-2.0	-6.1
EBT[4]	301.6	250.7	30.7	30.0	202.3	6.6	-	-	534.6	287.3
Investments[5]	35.0	36.7	478.9	621.9	113.6	42.2	-97.7	-32.1	529.9	668.7
Segment assets	3,667.2	2,939.6	1,396.3	1,435.7	2,359.2	2,108.5	-2,275.2	-2,021.3	5,147.4	4,462.6
Segment liabilities	2,420.5	1,956.1	1,156.5	1,217.6	1,650.9	1,447.3	-1,563.2	-1,380.7	3,664.6	3,240.3
Employees[6]	6,825	6,030	591	547	124	108	-	-	7,540	6,685

By Region	Germany		Europe		North America		Reconciliation		Group	
in EUR million	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017
Total revenue	1,635.5	1,526.7	929.4	771.4	382.4	321.8	-17.8	-17.2	2,929.5	2,602.7
Investments[5]	558.2	616.6	56.2	53.7	7.8	11.8	-92.3	-13.4	529.9	668.7
Segment assets	4,383.4	3,849.0	2,256.0	1,857.2	894.5	652.8	-2,386.5	-1,896.5	5,147.4	4,462.6

1 *In the leasing segment write-downs on lease assets intended for sale are included in the amount of EUR 4.1 million (2017: EUR 7.5 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 total 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 62.5 million (2017: EUR 49.4 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 lease agreements on buildings.

Other financial obligations		
in EUR million	**31 Dec. 2018**	31.12.2017
Due within one year	133.9	103.1
Due in one to five years	191.5	228.0
Due in more than five years	54.6	90.6
Group total	**380.0**	**421.8**

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 72.1 million (2017: EUR 63.7 million) and mileage agreements amounted to EUR 14.0 million (2017: EUR 13.7 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 3,008 million (2017: EUR 2,688 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. In November 2018 by resolution of the Supervisory Board the total volume invested by all participants has been increased from EUR 5 million to a maximum of EUR 7 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 1 December every year from 2012 (first time) to 2017 (last time) one tranche of stock options has been allocated (a total of six tranches). In November 2018 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 seven tranches. The seventh tranche of stock options has been allocated on 1 December 2018, so that each participant is entitled to subscribe up to a total of 3,500 stock options for every EUR 1,000 of paid-up subscription amount (7 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 eleven years until 2023.

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 "2017 allocation"), in fiscal year 2018 Sixt SE granted stock options to participants, according to the resolutions passed by the Managing Board and Supervisory Board in November 2018. Apart from a few exceptions, the conditions for the grant of these shares or rights ("2018 allocation") corresponds to the parameters for the previous allocations. Notwithstanding this, the "2018 allocation" covers the grant of only one tranche of stock options. In principle, the market conditions as at 1 December 2018 were used as a basis for granting the tranche of the "2018 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
	2018	2017	2016	2015	2014	2013	2012
Outstanding at the beginning of the financial year	2,915,000	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	-14,000	-425,000	-364,000	-97,500	-40,000	-67,500	-
Exercised during financial year	-970,000	-1,035,000	-1,105,000	-	-	-	-
Outstanding at the end of the financial year	1,931,000	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
	2018	2017	2016	2015	2014	2013
Outstanding at the beginning of the financial year	389,000	522,000	506,500	341,000	170,500	-
Granted during financial year	-	-	128,000	165,500	170,500	170,500
Returned during financial year	-41,000	-	-112,500	-	-	-
Exercised during financial year	-123,000	-133,000	-	-	-	-
Outstanding at the end of the financial year	225,000	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
	2018	2017	2016	2015	2014
Outstanding at the beginning of the financial year	526,500	534,000	411,000	220,500	-
Granted during financial year	-	-	178,000	205,500	220,500
Returned during financial year	-105,000	-7,500	-55,000	-15,000	-
Exercised during financial year	-140,500	-	-	-	-
Outstanding at the end of the financial year	281,000	526,500	534,000	411,000	220,500
Existing contractual obligation for future grant	-	-	-	205,500	441,000

Number of stock options				2015 allocation
	2018	2017	2016	2015
Outstanding at the beginning of the financial year	376,000	416,000	248,000	-
Granted during financial year	-	-	198,000	248,000
Returned during financial year	-20,000	-40,000	-30,000	-
Outstanding at the end of the financial year	356,000	376,000	416,000	248,000
Existing contractual obligation for future grant	-	-	-	248,000

Number of stock options			2016 allocation
	2018	2017	2016
Outstanding at the beginning of the financial year	354,000	364,000	-
Granted during financial year	-	-	364,000
Returned during financial year	-56,000	-10,000	-
Outstanding at the end of the financial year	298,000	354,000	364,000
Existing contractual obligation for future grant	-	-	-

Number of stock options		2017 allocation
	2018	2017
Outstanding at the beginning of the financial year	2,425,000	-
Granted during financial year	-	2,490,000
Returned during financial year	-143,500	-65,000
Outstanding at the end of the financial year	2,281,500	2,425,000
Existing contractual obligation for future grant	-	-

Number of stock options	2018 allocation
	2018
Outstanding at the beginning of the financial year	-
Granted during financial year	2,703,500
Returned during financial year	-10,000
Outstanding at the end of the financial year	2,693,500
Existing contractual obligation for future grant	-

As at the balance sheet date the following options from tranches granted under the MSP 2012 were outstanding:

2012 allocation	Number of outstanding stock options	Future exercise date	Residual term	Estimated conversion/ Exercise price
Tranche 2015	965,500	2019	1.0 years	9.46 EUR
Tranche 2016	965,500	2020	2.0 years	9.00 EUR

2013 allocation	Number of outstanding stock options	Future exercise date	Residual term	Estimated conversion/ Exercise price
Tranche 2015	112,500	2019	1.0 years	16.68 EUR
Tranche 2016	112,500	2020	2.0 years	16.21 EUR

2014 allocation	Number of outstanding stock options	Future exercise date	Residual term	Estimated conversion/ Exercise price
Tranche 2015	140,500	2019	1.0 years	24.57 EUR
Tranche 2016	140,500	2020	2.0 years	24.76 EUR

2015 allocation	Number of outstanding stock options	Future exercise date	Residual term	Estimated conversion/ Exercise price
Tranche 2015	178,000	2019	1.0 years	37.17 EUR
Tranche 2016	178,000	2020	2.0 years	37.10 EUR

2016 allocation	Number of outstanding stock options	Future exercise date	Residual term	Estimated conversion/ Exercise price
Tranche 2016	298,000	2020	2.0 years	34.70 EUR

2017 allocation	Number of outstanding stock options	Future exercise date	Residual term	Estimated conversion/ Exercise price
Tranche 2017	2,281,500	2021	3.0 years	49.91 EUR

2018 allocation	Number of outstanding stock options	Future exercise date	Residual term	Estimated conversion/ Exercise price
Tranche 2018	2,693,500	2022	4.0 years	54.76 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	2018 allocation	2017 allocation	2016 allocation	2015 allocation	2014 allocation	2013 allocation	2012 allocation
Risk-free interest rate in % p.a.	-0.01	-0.09	-0.20	0	0.01	0.40	0.36
Expected volatility in %	27	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	4.0
Price of preference shares on the issue date in EUR	60.20	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 2018, the Group recognised personnel expenses of EUR 1,212 thousand (2017: EUR 1,008 thousand) in connection with equity-settled share-based payments. EUR 369 thousand of this amount relates to the “2012 allocation”, EUR 70 thousand to the “2013 allocation”, EUR 114 thousand to the “2014 allocation”, EUR 96 thousand to the “2015 allocation”, EUR 61 thousand to the “2016 allocation”, EUR 468 thousand to the “2017 allocation” and EUR 34 thousand to the “2018 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	**2018**	2017	**2018**	2017	**31 Dec. 2018**	31 Dec. 2017	**31 Dec. 2018**	31 Dec. 2017
CV “Main 2000” UA	-	-	0.3	0.1	-	-	-	-
Sixt Immobilien Beteiligungen GmbH	-	-	-	-	-	-	0.2	0.2
Sixt Leasing N.V.	-	-	-	-	0.2	0.2	-	-
Sixt Mobility Consulting Österreich GmbH	[1]	[1]	-	-	0.1	[1]	0.1	0.1
Sixt Mobility Consulting SARL	[1]	[1]	-	-	0.3	0.2	-	-
Sixt R&D Private Limited	-	-	6.0	0.6	0.7	0.4	-	-
TOV 6-Systems	-	-	5.4	4.0	-	-	0.7	0.4
TÜV SÜD Car Registration & Services GmbH	[1]	-	2.0	2.0	[1]	[1]	0.1	0.1

[1] *Amount 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 0.3 million were spent (2017: EUR 0.4 million). Furthermore the Group rented three properties belonging to the Sixt family for its operations in the financial year. The rental expenses amounted to EUR 0.2 million (2017: EUR 0.3 million). Further business relationships to related parties, mainly from rental of vehicles at market conditions exist to a limited extend. 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 (2017: 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 Chairman Chairman of the Managing Board of TUI AG Duisburg	Chairman of the Supervisory Board of TUI Deutschland GmbH (since 19 June 2018) Chairman of the Supervisory Board of TUIFly GmbH (since 5 July 2018)
Ralf Teckentrup Deputy Chairman Chairman of the board of managing directors of Condor Flugdienst GmbH Kronberg	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 Supervisory Board of Gebr. Weiss Holding AG (since 1 January 2018) Member of the Supervisory Board of Fussl Modestraße Mayr GmbH (since 1 January 2018) 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 s.Oliver Bernd Freier GmbH & Co. KG

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 (until 18 July 2018)[1]
Jörg Bremer (since 1 November 2018) Pullach	
Detlev Pätsch Oberhaching	
Dr. Julian zu Putlitz (until 31 October 2018) Pullach	Member of the Supervisory Board of e-Sixt GmbH & Co. KG (until 18 July 2018)[1] President of the Adminstrative Board of Sixt AG, Switzerland[1]
Alexander Sixt Grünwald	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.	2018	2017
Supervisory Board remuneration	200	200
Managing Board remuneration	12,771	12,646
Thereof variable remuneration	4,451	4,558

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 2018 to the members of the Managing Board under the Matching Stock Programme 2012 in the amount of EUR 342 thousand (2017: EUR 433 thousand) as well as the exercise gain from the exercise of the stock options granted in the amount of EUR 1,200 thousand (2017: EUR 1,600 thousand).

Performance-related remuneration components obtained in the financial year 2018 that will be paid within the next four years amount to EUR 5,785 thousand (2017: EUR 4,423 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 1,500,000 stock options under the employee equity participation programme MSP 2012, and on the basis of their personal investments (2017: 1,750,000 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 2018, 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 2018, Erich Sixt Vermögensverwaltung GmbH, Pullach, all shares of which are held directly and indirectly by the Sixt family, held 17,701,822 shares of the ordinary shares of Sixt SE (2017: 18,711,822 ordinary shares). In addition to this Erich Sixt held two registered ordinary shares of Sixt SE. On 6 June 2018, Erich Sixt Vermögensverwaltung GmbH, sold 1,010,000 ordinary shares of Sixt SE at an average share price of EUR 102.00.

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 2018 were duly published and can be retrieved on the website of Sixt SE at *ir.sixt.eu* under the tab “Investor Relations – Corporate Governance – Managers’ Transactions”.

5.5 PROPOSAL FOR ALLOCATION OF THE UNAPPROPRIATED PROFIT

Sixt SE reported an unappropriated profit for fiscal year 2018 in accordance with German commercial law of EUR 247,658 thousand (2017: EUR 196,746 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.	**2018**	2017
Payment of a dividend of EUR 2.15 (2017: EUR 1.95 and a special dividend of EUR 2.05) per ordinary share entitled to a dividend	65,289	121,468
Payment of a dividend of EUR 2.17 (2017: EUR 1.97 and a special dividend of EUR 2.05) per preference share entitled to a dividend	35,970	66,637
Carryforward to new account	146,398	8,641

As at 31 December 2018, 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 distribution of EUR 101,260 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 2017 was resolved unchanged by the Annual General Meeting on 21 June 2018.

5.6 EVENTS SUBSEQUENT TO REPORTING DATE

No events of special significance for the net assets, financial position and results of operations of the Group occurred after the end of financial year 2018.

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

The declaration by the Managing Board and the Supervisory Board required by section 161 of the Aktiengesetz (AktG – German 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 28 March 2019.

Pullach, 28 March 2019

Sixt SE

The Managing Board

ERICH SIXT	JÖRG BREMER	DETLEV PÄTSCH	ALEXANDER SIXT	KONSTANTIN SIXT

D \\ FURTHER INFORMATION

D.1 \\ RESPONSIBILITY STATEMENT

by Sixt SE, Pullach, for fiscal year 2018

in accordance with sections 297 (2) sentence 4 and 315 (1) sentence 5 of the HGB (German Commercial Code)
To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit and loss of the Group, and the management report on the Group's and the Company's situation includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Pullach, 28 March 2019

Sixt SE

The Managing Board

ERICH SIXT	JÖRG BREMER	DETLEV PÄTSCH	ALEXANDER SIXT	KONSTANTIN SIXT

The following independent auditors' report ("Bestätigungsvermerk") was issued in accordance with section 322 of the HGB (German Commercial Code) on the IFRS Financial Statements 2018, 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 balance sheet as at 31 December 2018, the consolidated income statement and the consolidated statement of comprehensive income, the consolidated cash flow statement and the consolidated statement of changes in equity for the financial year from 1 January to 31 December 2018, as well as the notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the combined management report of Sixt SE for the financial year from 1 January to 31 December 2018. In accordance with the German legal requirements, we have not audited the content of the summarised non-financial declaration of the Group as specified in the chapter "Summarised non-financial declaration ot the Group pursuant to sections 315b and c in conjunction with sections 289b to e of the HGB" of the combined management report and the statement on corporate governance as specified in the chapter "Corporate governance declaration in accordance with sections 289f and 315d of the HGB" of the combined management report.

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

- the accompanying consolidated financial statements comply, in all material respects, with the International Financial Reporting Standards (IFRS) as adopted by the EU, and the additional requirements of German commercial law pursuant to Section 315e (1) German Commercial Code (HGB) and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as at 31 December 2018, and of its financial performance for the financial year from 1 January to 31 December 2018, and
- the accompanying combined management report as a whole provides an appropriate view of the Group's position. In all material respects, this combined management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the combined management report does not cover the content of the above mentioned summarised non-financial declaration of the Group and the above mentioned statement on corporate governance.

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

Basis for the Audit Opinions

We conducted our audit of the consolidated financial statements and of the combined management report in accordance with section 317 German Commercial Code (HGB) and the EU Audit Regulation (No. 537/2014; referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Combined Management Report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the combined management report.

Key Audit Matters in the Audit of the Consolidated Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year from 1 January to 31 December 2018. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

In the following we present the 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 1,204,419 thousand are reported in the statement of financial position item "Lease Assets"; this corresponds to around 23.2% 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 by Sixt Leasing SE for the estimation of future or expected market prices in the used-car market.

Within our substantive audit procedures regarding the determination of an impairment need for vehicles not included in contractual 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 expectations of the legal representatives of Sixt Leasing SE 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 2,605,207 thousand are reported; this corresponds to around 50.2% 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 summarised non-financial declaration of the Group pursuant to sections 289b to 289e and sections 315b and 315c German Commercial Code (HGB) as specified in the chapter "Summarised non-financial declaration of the Group pursuant to sections 315b and c in conjunction with sections 289b to e of the HGB" of the combined management report,
- the statement on corporate governance pursuant to section 289f and section 315d German Commercial Code (HGB), which is referred to in the chapter "Corporate governance declaration in accordance with sections 289f and 315d of the HGB" of 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 21 June 2018. We were engaged by the Supervisory Board on 30 November 2018. 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, 28 March 2019

Deloitte GmbH Wirtschaftsprüfungsgesellschaft

CHRISTOF STADTER German Public Auditor	ANDREAS LEPPLE German Public Auditor

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

as of 31 December 2018

Assets			
in EUR thou.		**31 Dec. 2018**	31 Dec. 2017
A. Fixed assets			
I. Financial assets			
1. Shares in related parties	758,945		661,170
2. Shares in other investees	-		26,173
		758,945	**687,343**
B. Current assets			
I. Receivables and other assets			
1. Receivables from affiliated companies	1,542,755		1,375,569
2. Other assets	9,974		38
		1,552,729	**1,375,606**
II. Bank balances		**35**	**153**
C. Prepaid expenses		**4,649**	**2,728**
		2,316,358	**2,065,830**

Equity and liabilities			
in EUR thou.		**31 Dec. 2018**	31 Dec. 2017
A. Equity			
I. Subscribed capital	120,175		120,175
(Conditional Capital: EUR 15,360 thousand; 2017: EUR 15,360 thousand)			
II. Capital reserves	203,173		203,173
III. Retained earnings			
Other retained earnings	113,538		113,538
IV. Unappropriated profit	247,658		196,746
Thereof retained profits brought forward EUR 8,641 thousand (2017: EUR 48,187 thousand)		**684,544**	**633,633**
B. Provisions			
1. Provisions for taxes	24,176		22,622
2. Other provisions	9,525		6,264
		33,701	**28,886**
C. Liabilities			
1. Bonds	750,000		750,000
2. Liabilities to banks	738,000		563,005
3. Trade payables	125		19
4. Liabilities to affiliated companies	83,333		73,693
5. Other liabilities	26,656		16,595
		1,598,113	**1,403,311**
		2,316,358	**2,065,830**

Off-balance sheet items

Liabilities from guarantees EUR 496,705 thousand (2017: EUR 404,965 thousand)

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

for the year ended 31 December 2018

in EUR thou.		**2018**	2017
1. Revenue		9,108	6,757
2. Other operating income		184,135	3,083
3. Personnel expenses			
a) Wages and salaries	16,843		11,509
b) Social security contributions	26		29
		16,869	11,538
4. Other operating expenses		16,620	5,480
5. Income from investments		107,699	103,129
6. Income from profit transfer agreements		-	5
7. Other interest and similar income		35,688	35,834
8. Depreciation of financial assets		-	191
9. Cost of loss absorption		8,933	21,374
10. Interest and similar expenses		24,002	26,849
11. Taxes on income		31,190	24,818
12. Result after taxes = Net income		**239,016**	**58,560**
13. Retained profits brought forward		8,641	48,187
14. Withdrawals from other retained earnings		-	90,000
15. Unappropriated profit		**247,658**	**196,746**

D.5 \\ FINANCIAL CALENDAR

Financial calendar of Sixt SE	
Annual press conference for fiscal year 2018 in Munich	18 March 2019
Publication of Annual Report 2018	17 April 2019
Analyst conference in Frankfurt am Main	17 April 2019
Publication of the quarterly statement as of 31 March 2019	9 May 2019
Annual General Meeting for fiscal year 2018 in Munich	4 June 2019
Publication of the half-year financial report as of 30 June 2019	13 August 2019
Publication of the quarterly statement as of 30 September 2019	13 November 2019

Dates and event locations subject to change

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