



Group Quarterly Statement as at 31 March 2020

1. BUSINESS REPORT

1.1 INTRODUCTORY STATEMENT

As announced on 21 February 2020, Sixt SE has sold its 41.9% stake in Sixt Leasing SE to Hyundai Capital Bank Europe GmbH. Completion of the transaction is expected during the second half of 2020. For this reason, the previously fully consolidated investment will be shown as discontinued operations, from the first quarter of 2020 onwards and in line with the regulations of IFRS 5 (Non-current assets held for sale and discontinued operations). The following key figures therefore cover only the Mobility Business Unit as well as the other continued activities which are not categorised as part of the Mobility Business Unit. Pursuant to IFRS 5, assets and liabilities as well as the post-tax earnings of the discontinued Leasing Business Unit are shown separately in the balance sheet and income statement. For purposes of comparison, where required, last year's figures have been adjusted accordingly.

1.2 GENERAL DEVELOPMENTS IN THE GROUP

During the first two months of 2020 the Sixt Group recorded a positive business performance and continued the growth course of the preceding years. In March, the far-reaching suspension of national and international travel in the wake of the worldwide COVID-19 pandemic resulted in significant restrictions to business developments in all Sixt countries. Especially business travel and rentals at commercial airports came to a virtual standstill. Given the strong start to the year, Sixt managed to keep revenue losses during the first three months down to 3.4% compared to the same quarter last year and generated consolidated revenue of EUR 488.5 million (Q1 2019: EUR 505.7 million). At EUR 485.5 million, consolidated operating revenue was 3.7% lower than last year (Q1 2019: EUR 504.4 million). In Germany consolidated operating revenue contracted by 4.9% to EUR 208.1 million (Q1 2019: EUR 218.9 million), while outside Germany the drop was 2.8% to EUR 277.4 million, compared with EUR 285,5 million over the same period last year.

The Sixt Group's earnings position during the first quarter 2020 was still characterised by a high cost basis, as the extensive adjustment measures to the rental fleet and the personnel as well as material costs, which were initiated in March in the wake of the corona crisis, will only come into full effect with a certain time delay. Against this background, the Group's earnings before taxes (EBT) amounted to EUR -5.1 million, after EUR +40.1 million during the same period last year. The EBT of the Mobility Business Unit included therein was EUR -4.7 million (Q1 2019: EUR 40.3 million). The operating return on revenue of both, the Group and the Mobility Business Unit was -1.0% (Q1 2019: 8.0%).

The Group's result from continued operations was EUR -9.6 million (Q1 2019: EUR 27.7 million). For its discontinued operations, Sixt shows a post-tax result of EUR 25.8 million (Q1 2019: EUR 5.6 million). This figure reflects the quarterly result of the previous Leasing Business Unit, subject to the special requirements under IFRS 5. Thus, the Group reports a positive quarterly result of EUR 16.2 million, compared to EUR 33.3 million for the same period last year.

1.3 KEY EVENTS IN THE PERIOD UNDER REVIEW

Sale of the stake in Sixt Leasing SE: On 21 February 2020 Sixt SE signed an agreement with Hyundai Capital Bank Europe GmbH for the sale of its entire stake in Sixt Leasing SE, which equals 41.9% of the share capital of Sixt Leasing SE. The agreed purchase price is EUR 155.6 million or EUR 18.00 per share sold. In addition, in accordance with the agreement, Sixt SE is entitled to a dividend of up to EUR 0.90 per share for its stake in Sixt Leasing SE, depending on the consolidated net income for fiscal year 2019 as reported in the audited consolidated financial statements of Sixt Leasing SE.

On 24 March 2020 Hyundai Capital Bank Europe GmbH announced that in connection with the conclusion of the agreement with Sixt SE it also submitted a voluntary public take-over bid to all shareholders of Sixt Leasing SE to acquire all remaining shares of Sixt Leasing SE on the same conditions which the bidder had to offer for the acquisition of Sixt SE's stake in Sixt Leasing SE. By the end of the acceptance period on 30 April 2020, shareholders with a stake of 72.8% of the share capital of Sixt Leasing SE had accepted the take-over bid (including the shares held by Sixt SE), so that the condition outlined in the bid of an acceptance rate of at least 55% of all shares in Sixt Leasing SE was fulfilled.

Sixt SE expects the sale to be completed in the second half of 2020. On completion, Sixt SE is expected to generate a middle double-digit million euro amount as pre-tax income at Group level. The decision to divest itself of the investment in Sixt Leasing SE means that Sixt SE will focus even more on its activities in its Mobility Business Unit, which includes classic vehicle rentals as well as the new digital mobility services based on the mobility platform ONE.

Measures resolved due to corona crisis: Following the massive restrictions on national and international travel in mid-March as a consequence of the COVID-19 pandemic, Sixt SE immediately adopted an extensive set of various countermeasures, which will take full effect in the subsequent quarters. The main objectives of the measures are the reduction of the rental fleet, a massive cut in operating costs, the securing and expansion of liquidity and the creation of demand-oriented product offers.

- ∥ The rental fleet will see a significant reduction over the short term so as to free up capacities and liquidity as well as to adjust the services offered to the sharply reduced demand. This process is aided by the short holding period of the vehicles – around six months as a rule.
- ∥ Postponing investments and making significant savings in personnel and material costs should help to improve the Group's cost situation. To this end, Sixt is also making use of short-time working in a number of European countries.
- ∥ As carsharing and the classic rental car are seen as safe alternatives to using public transportation during the COVID-19 pandemic, Sixt reacted to this development in March with large-scale product campaigns. These include flexible daily, weekly and monthly offers from SIXT rent ("Car on time") which have shorter periods of notice and are instantly available without delivery periods. These services complement the subscription models offered under the brand SIXT flat with their fixed monthly rates for virtually all vehicle classes. In addition, Sixt is expanding the carsharing service of SIXT share, which is available in Munich, Berlin, Hamburg and other select German sites, and has extended it by over 1,000 vehicles since the start of the crisis. The various measures also include special offers for doctors and nursing staff in municipal and state hospitals across Europe.

1.4 FINANCIAL POSITION

Assets

As at reporting date, 31 March 2020, the Group's total assets, at EUR 6.72 billion, were EUR 471.5 million or 7.5% higher than at 31 December 2019 (EUR 6.25 billion). As a result of the fleet reduction introduced in March rental vehicles decreased by EUR 232.0 million or 7.6% to EUR 2.80 billion (31 December 2019: EUR 3.03 billion). Assets attributable to the Leasing Business Unit are recognised as assets held for sale in the amount of EUR 1.47 billion. As at reporting date the Group's cash and bank balances increased significantly by EUR 212.8 million to EUR 383.4 million.

Equity

As at reporting date, 31 March 2020, the Sixt Group's equity amounted to EUR 1.62 billion, 1.4% up on the level at the end of the year 2019 (EUR 1.59 billion). The equity ratio at the end of March decreased slightly to 24.0% after 25.5% as at 31 December 2019. It remained clearly above the minimum target of 20% and at a level well above the average for the rental and leasing sector.

Liabilities

Non-current financial liabilities as at 31 March 2020 dropped by EUR 731.5 million or 27.6% to EUR 1.92 billion (31 December 2019: EUR 2.65 billion), essentially due to the reclassification of financial liabilities of Sixt Leasing SE to the position liabilities directly associated with assets held for sale.

Current liabilities and provisions as at 31 March 2020 contained the position liabilities directly associated with assets held for sale in the amount of EUR 1.21 billion, which relates to the recognition of the leasing activities as discontinued operations. Current liabilities and provisions increased by 63.3% to EUR 3.17 billion (31 December 2019: EUR 1.94 billion).

1.5 INVESTMENTS

As announced, Sixt started to reduce the investments into the rental fleet in March 2020. Over the first three months of the year under review Sixt added around 55,900 vehicles to the rental fleet (Q1 2019: 66,600 vehicles) with a total value of EUR 1.72 billion (Q1 2019: EUR 1.88 billion). This equals to a decrease of around 16% in the number of vehicles and around 8% in the investment volume.

2. KEY EVENTS AFTER THE REPORTING DATE

To secure its financial flexibility, especially to finance its rental fleet, Sixt SE signed a syndicated loan with a consortium of banks with the participation of the German state-owned "Kreditanstalt für Wiederaufbau" (KfW) at the start of May 2020. The revolving credit line has a volume of up to EUR 1.5 billion and was concluded at market conditions with a term of up to two years.

At the beginning of May it was announced that by the end of the acceptance period for the voluntary public take-over bid made by Hyundai Capital Bank Europe GmbH to all shareholders of Sixt Leasing SE on 30 April 2020, 72.8% of the share capital of Sixt Leasing SE had accepted the take-over bid (including the shares held by Sixt SE), so that the condition outlined in the bid of an acceptance rate of at least 55% of all shares in Sixt Leasing SE was fulfilled.

3. OUTLOOK

Despite the cost saving measures taken, the Managing Board of Sixt SE expects the second quarter of 2020 to see a very strong slump in consolidated operating revenue and Group EBT given the worldwide travel restrictions.

For the full year 2020 Sixt confirms its previous expectations and expects to see a sharp decline in consolidated operating revenue compared to last year (discounting the discontinued Leasing Business Unit). Moreover, the Managing Board expects consolidated EBT to be clearly positive, but very strongly below the previous year's level (without considering the positive effect from the planned sale of the stake in Sixt Leasing SE).

This outlook is based on the assumption that the significant restrictions on private and business travel in the markets of relevance for Sixt will gradually be eased again during the course of 2020 and that demand for mobility products will normalise again step by step. Due to the substantial uncertainties a reliable outlook for the further development in 2020 is currently not possible – all the more so as politicians have so far failed to come up with a concrete roadmap as to when travel and mobility restrictions should be comprehensively eased and the economy revived on a larger scale. Of great significance for Sixt will be the third quarter, which is usually a strong quarter in seasonal developments.

For the year 2021, the Managing Board of Sixt SE expects a return to normality and projects consolidated operating revenue to see significant uptake as well as a slight increase in Group EBT, both compared to the previous year 2019 and not taking into account the discontinued Leasing Business Unit.

4. FINANCIAL INFORMATION OF THE SIXT GROUP AS AT 31 MARCH 2020

4.1 CONSOLIDATED INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME

Consolidated Income Statement	Q1	Q1
in EUR thou.	2020	2019 ¹
Revenue	488,480	505,739
Other operating income	54,852	38,810
Fleet expenses	141,483	125,290
Personnel expenses	114,632	107,604
Depreciation and amortisation expense	117,433	102,848
Other operating expenses	165,629	162,092
Earnings before interest and taxes (EBIT)	4,155	46,714
Net finance costs	-9,288	-6,612
Earnings before taxes (EBT)	-5,133	40,102
Income tax expense	4,504	12,434
Result from continuing operations	-9,637	27,668
Result from discontinued operations, net of taxes	25,796	5,635
Consolidated profit	16,159	33,303
Of which attributable to minority interests	15,696	3,270
Of which attributable to shareholders of Sixt SE	463	30,032
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Consolidated statement of comprehensive income	Q1	Q1
in EUR thou.	2020	2019 ¹
Consolidated profit	16,159	33,303
Other comprehensive income (not recognised in the income statement)	6,531	9,820
Components that could be recognised in the income statement in future		
Currency translation gains/losses	6,610	9,985
Changes in the fair value of derivative financial instruments in hedge relationship	-84	-223
Related deferred taxes	5	58
Total comprehensive income	22,690	43,123
Of which attributable to minority interests	15,808	3,155
Of which attributable to shareholders of Sixt SE	6,883	39,968
From continuing operations	-3,357	37,567
From discontinued operations	10,239	2,401

¹ The prior-year comparative figures have been adjusted accordingly to account for the reporting of discontinued operations

4.2 CONSOLIDATED BALANCE SHEET

Assets		
in EUR thou.		
	31 Mar. 2020	31 Dec. 2019
Non-current assets		
Goodwill	26,792	28,911
Intangible assets	20,726	32,555
Property and equipment	607,200	606,345
Lease assets	-	1,119,670
Financial assets	1,392	2,352
Other receivables and assets	4,055	5,409
Deferred tax assets	55,052	47,521
Total non-current assets	715,217	1,842,763
Current assets		
Rental vehicles	2,801,356	3,033,364
Inventories	122,778	101,734
Trade receivables	807,766	765,038
Other receivables and assets	393,407	298,314
Income tax receivables	28,030	37,715
Cash and bank balances	383,350	170,519
Assets held for sale	1,469,049	-
Total current assets	6,005,736	4,406,683
Total assets	6,720,953	6,249,446
Equity and liabilities		
in EUR thou.		
	31 Mar. 2020	31 Dec. 2019
Equity		
Subscribed capital	120,175	120,175
Capital reserves	240,932	240,659
Other reserves	1,105,504	1,098,619
Minority interests	148,512	132,701
Total equity	1,615,123	1,592,154
Non-current liabilities and provisions		
Provisions for pensions and other post-employment benefits	3,269	3,306
Other provisions	1,027	913
Financial liabilities	1,921,176	2,652,691
Other liabilities	-	16,513
Deferred tax liabilities	12,267	43,336
Total non-current liabilities and provisions	1,937,739	2,716,758
Current liabilities and provisions		
Other provisions	113,572	121,110
Income tax liabilities	35,731	36,417
Financial liabilities	995,107	784,518
Trade payables	699,998	832,920
Other liabilities	111,619	165,569
Liabilities directly associated with assets held for sale	1,212,063	-
Total current liabilities and provisions	3,168,090	1,940,534
Total equity and liabilities	6,720,953	6,249,446

4.3 CONSOLIDATED CASH FLOW STATEMENT

Consolidated cash flow statement	Q1	Q1
in EUR thou.	2020	2019¹
Operating activities		
Consolidated profit	16,159	33,303
Result from discontinued operations, net of tax	-25,796	-5,635
Income taxes recognised in income statement	12,060	16,218
Income taxes paid	-4,654	-23,945
Financial result recognised in income statement ²	8,354	6,664
Interest received	158	150
Interest paid	-9,243	-7,143
Depreciation and amortisation	117,433	102,848
Income from disposal of fixed assets	-2	1
Other (non-)cash expenses and income	-99	2,384
Gross cash flow	114,370	124,847
Change in rental vehicles, net	148,613	-408,722
Change in inventories	-71,043	-2,914
Change in trade receivables	-123,710	-54,973
Change in trade payables	-74,878	176,843
Change in other net assets	-151,748	-106,907
Net cash flows used in operating activities of continuing operations	-158,395	-271,827
Net cash flows used in/from operating activities of discontinued operations	-2,969	60,689
Net cash flows used in operating activities	-161,364	-211,137
Investing activities		
Proceeds from disposal of intangible assets, property and equipment	-	48
Payments for investments in intangible assets, property and equipment	-8,092	-5,984
Payments for investments in financial assets	-	-35
Net cash flows used in investing activities of continuing operations	-8,092	-5,972
Net cash flows used in investing activities of discontinued operations	-1,819	-1,398
Net cash flows used in investing activities	-9,912	-7,370
Financing activities		
Payments made due to the purchase of treasury shares	-2,772	-
Payments received from taken out borrower's note loans, bonds and bank loans	255,000	280,000
Payments made for redemption of borrower's note loans, bonds, bank loans and lease liabilities	-88,142	-50,268
Payments made for redemption of/payments received from taken out short-term financial liabilities ³	218,356	-6,517
Net cash flows from financing activities of continuing operations	382,441	223,215
Net cash flows from/used in financing activities of discontinued operations	98,940	-72,019
Net cash flows from financing activities	481,381	151,196
Net change in cash and cash equivalents	310,105	-67,312
Effect of exchange rate changes on cash and cash equivalents	-467	874
Changes in the scope of consolidation	-	985
Cash and cash equivalents as at 1 Jan.	170,519	145,936
Less cash and cash equivalents of discontinued operations	96,806	1,175
Cash and cash equivalents as at 31 Mar.	383,350	79,308

¹ The prior-year comparative figures have been adjusted accordingly to account for the reporting of discontinued operations

² Excluding income from investments

³ Short-term borrowings with terms of up to three months and quick turnover

4.4 ADDITIONAL FINANCIAL INFORMATION

Revenue

Revenue	Germany		Abroad		Total		Change
in EUR million	Q1 2020	Q1 2019	Q1 2020	Q1 2019	Q1 2020	Q1 2019	in %
Mobility Business Unit							
Rental revenue	173.9	188.6	255.1	262.0	429.0	450.5	-4.8
Other revenue from rental business	34.2	30.3	22.3	23.6	56.5	53.9	4.9
Total	208.1	218.9	277.4	285.5	485.5	504.4	-3.7
Other revenue	2.1	1.2	0.8	0.2	3.0	1.3	>100
Group total	210.2	220.0	278.3	285.7	488.5	505.7	-3.4

Fleet expenses

Fleet expenses	Q1	Q1	Change
in EUR million	2020	2019	in %
Repairs, maintenance and reconditioning	62.8	61.4	2.3
Fuel	11.2	11.1	0.8
Insurance	32.0	16.7	90.9
Transportation	12.2	11.6	4.9
Taxes and charges	6.7	7.2	-7.1
Other	16.6	17.2	-3.6
Group total	141.5	125.3	12.9

Depreciation and amortisation expense

Depreciation and amortisation expense	Q1	Q1	Change
in EUR million	2020	2019	in %
Rental vehicles	83.4	78.5	6.3
Property and equipment	32.0	22.4	42.8
Intangible assets	2.0	1.9	3.1
Group total	117.4	102.8	14.2

Other operating expenses

Other operating expenses	Q1	Q1	Change
in EUR million	2020	2019	in %
Leasing expenses	15.5	15.6	-0.0
Commissions	32.8	42.2	-22.5
Expenses for buildings	11.2	12.0	-7.1
Other selling and marketing expenses	17.4	16.4	6.0
Expenses from write-downs of receivables	14.4	8.1	77.3
Audit, legal, advisory costs, and investor relations expenses	5.8	4.4	31.5
Other personnel services	17.4	19.5	-10.4
Expenses for IT and communication services	4.2	5.2	-20.0
Currency translation/consolidation	33.4	26.1	28.2
Miscellaneous expenses	13.4	12.5	7.6
Group total	165.6	162.1	2.2

Net finance costs

Net finance costs of EUR -9.3 million (Q1 2019: EUR -6.6 million) contain net interest expense of EUR -8.4 million (Q1 2019: EUR -6.7 million). In addition, net finance costs include the result from fair value measurements of financial assets in the amount of EUR -0.9 million (Q1 2019: EUR 0.1 million).

Result from discontinued operations

On 21 February 2020 Sixt SE announced that it had entered into an agreement to sell its entire stake in Sixt Leasing SE. As a result, as of 31 March 2020 the Leasing Business Unit is reported as a discontinued operation. In the first quarter, the result from discontinued operations, net of taxes, amounted to EUR 25.8 million (Q1 2019: EUR 5.6 million). The increase against the prior year is mainly due to measurement requirements of IFRS 5 (Non-current assets held for sale and discontinued operations), whereby non-current assets are no longer subject to scheduled depreciation.

Intra-group receivables, liabilities, income and expenses between continuing and discontinued operations have been fully eliminated. The elimination of intra-group income and expenses has been allocated to the continuing and discontinued operations in a way that reflects the continuance of these transactions subsequent to the disposal. For this purpose consolidation effects from income and expenses are attributed in full to discontinued operations.

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

Pullach, 13 May 2020

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