



Sixt Leasing SE

Group Quarterly Statement as of 30 September 2018

1. BUSINESS REPORT

1.1 GROUP BUSINESS PERFORMANCE

The Sixt Leasing Group registered a positive operating business performance over the first nine months of 2018.

The total **contract portfolio** inside and outside Germany (excluding franchise and cooperation partners) as at 30 September 2018 amounted to 131,300 contracts and was 1.2% down on the figure as of 31 December 2017 (132,900 contracts).

Group revenue climbed by 8.5% compared to the first nine months of 2017, reaching EUR 600.1 million (9M 2017: EUR 553.0 million), above all as a result of the expansion of the contract portfolio of the Online Retail business field during the fiscal year 2017. **Operating revenue**, which does not include the proceeds from vehicle sales, gained 6.8% to EUR 358.0 million (9M 2017: EUR 335.2 million). **Sales revenue** from the sale of used leasing vehicles in the Leasing business unit as well as the marketing of customer vehicles in Fleet Management climbed by 11.2% to EUR 242.1 million (9M 2017: EUR 217.8 million). A significantly higher number of vehicle returns in the Online Retail business field was the main contributor here.

The **Group's earnings before interest, taxes, depreciation and amortisation (EBITDA)** climbed by 4.0% over the first nine months to EUR 181.3 million (9M 2017: EUR 174.3 million). **Earnings before taxes (EBT)** improved by 12.3% to EUR 23.4 million (9M 2017: EUR 20.8 million) compared to the same period of the previous year that was burdened by special effects. Especially additional risk provisions for leasing vehicles have been recorded in the third quarter of 2017. The **operating return on revenue** improved over the first nine months of 2018 by 0.3 percentage points to 6.5% (9M 2017: 6.2%).

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

Following the repayment of the last instalment of the Core Loan to Sixt SE in June this year, Sixt Leasing SE has managed to make the Sixt Leasing Group's **financing structure fully independent** from Sixt SE. To this end, at the beginning of May the Company successfully placed a bond in the amount of EUR 250 million on the capital market under the newly-issued EUR 1 billion debt issuance programme.

Key figures Sixt Leasing Group	9M	9M	Change
in EUR million	2018	2017	in %
Consolidated revenue	600.1	553.0	8.5
Operating revenue	358.0	335.2	6.8
Sales revenue	242.1	217.8	11.2
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	181.3	174.3	4.0
Earnings before interest and taxes (EBIT)	33.6	33.9	-0.7
Earnings before taxes (EBT)	23.4	20.8	12.3
Operating return on revenue (%)	6.5	6.2	0.3 points

1.2 LEASING BUSINESS UNIT

The Leasing business unit consists of the two business fields Online Retail and Fleet Leasing.

Key figures Leasing business unit	9M	9M	Change
in EUR million	2018	2017	in %
Total revenue	524.7	476.2	10.2
Leasing revenue (finance rate)	176.7	169.9	4.0
Other revenue from leasing business	141.7	129.8	9.2
Sales revenue	206.3	176.4	16.9
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	177.8	171.3	3.8
Earnings before interest and taxes (EBIT)	30.0	30.9	-2.7
Earnings before taxes (EBT)	19.9	17.9	10.6
Operating return on revenue (%)	6.2	6.0	0.2 points

During the first quarter Sixt Leasing SE expanded its Online Retail business field to the Group's **largest business field**, as measured by contract portfolio, and thereby achieved a key target for the full fiscal year already early on.

In July Sixt Leasing managed to win over Dr Felix Frank as new Chief Digital Officer (CDO) and Managing Director Online Retail. Mr Frank will join Sixt Leasing at the end of the year from AutoScout24. In his new role as **Head of Online Business** he will sign responsible for the *sixt-neuwagen.de* and *autohaus24.de* platforms.

1.3 FLEET MANAGEMENT BUSINESS UNIT

Key figures Fleet Management business unit	9M	9M	Change
in EUR million	2018	2017	in %
Total revenue	75.4	76.8	-1.9
Fleet management revenue	39.6	35.5	11.6
Sales revenue	35.8	41.4	-13.5
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	3.6	3.0	19.9
Earnings before interest and taxes (EBIT)	3.6	3.0	19.9
Earnings before taxes (EBT)	3.5	2.9	22.9
Operating return on revenue (%)	8.8	8.0	0.8 points

At the beginning of October, the Company announced that Mr Christoph von Tschirschnitz will strengthen Sixt Leasing Group as the new Managing Director of Sixt Mobility Consulting GmbH. Mr von Tschirschnitz will thus be responsible for the business in Europe and the further national and international expansion of the Fleet Management business unit.

1.4 DEVELOPMENT OF THE CONTRACT PORTFOLIO

As of 30 September 2018 the Group's contract portfolio inside and outside Germany (excluding franchise and cooperation partners) totalled 131,300 contracts after it had stood at 132,900 contracts as of 31 December 2017 (-1.2%).

For the Leasing business unit the number of contracts as of 30 September 2018 totalled 90,600, which is 3.1% below the level as of 31 December 2017 (93,500 contracts). The Online Retail business field recorded a slight increase of 2.3% to 46,500 contracts (31 December 2017: 45,400 contracts). The number of contracts in the Fleet Leasing business field stood at 44,100, a decrease of 8.2% (31 December 2017: 48,100 contracts).

The Fleet Management business unit saw its contract portfolio as of 30 September 2018 climb by 3.3% to 40,700 contracts (31 December 2017: 39,400 contracts).

1.5 FINANCIAL POSITION

Equity

Sixt Leasing Group's equity as of 30 September 2018 totalled EUR 213.4 million, a gain of 4.0% on the figure as of 31 December 2017 (EUR 205.1 million). The profit of EUR 17.8 million generated in the first nine months of the year was offset by the dividend payout for fiscal year 2017 that was approved by the Annual General Meeting on 19 June 2018 in the amount of EUR 9.9 million. As a consequence, the equity ratio gained 0.7 percentage points to 14.9% (31 December 2017: 14.2%) and continued to be above the minimum long-term target of 14.0%.

Liabilities

As of 30 September 2018 the Group reported non-current liabilities and provisions of EUR 882.8 million (31 December 2017: EUR 607.6 million; +45.3%). The non-current financial liabilities increased by EUR 270.3 million as of 30 September 2018 to EUR 857.7 million (31 December 2017: EUR 587.4 million; +46.0%), which was essentially due to the issue of a bond with a volume of EUR 250 million at the beginning of May 2018. The bond has a term of four years and carries an interest rate coupon of 1.5% per year.

Current liabilities and provisions as of 30 September 2018 came to EUR 339.2 million (31 December 2017: EUR 630.1 million). The decrease of EUR 290.9 million, or 46.2%, is above all due to the lower liabilities to related parties, following the EUR 190 million repayment at the end of June of the last instalment of the Core Loan provided by Sixt SE. Moreover, current financial liabilities decreased by EUR 65.3 million, or 23.4%, to EUR 213.2 million (31 December 2017: EUR 278.5 million), because Sixt Leasing reduced the draw-down of bank credit lines following the placement of the bond. In addition, trade payables decreased by EUR 40.2 million or 40.8% to EUR 58.4 million (31 December 2017: EUR 98.6 million).

1.6 INVESTMENTS

In the first nine months of 2018, Sixt Leasing Group added vehicles with a total value of EUR 386.9 million to the leasing fleet (9M 2017: EUR 434.4 million; -10.9%).

2. EVENTS SUBSEQUENT TO THE REPORTING DATE

On 30 October 2018, the Supervisory Board of Sixt Leasing SE appointed Mr Michael Martin Ruhl (47) as Chief Executive Officer (CEO) of Sixt Leasing SE effective from 1 January 2019. He will take over the CEO position from Mr Thomas Spiegelhalter, who asked the Supervisory Board to terminate his contract early as of 31 December 2018. The Supervisory Board has complied with this request also on 30 October 2018. Mr Ruhl is currently Managing Director of Hannover Leasing GmbH & Co. KG. The company manages more than 200 investments and mutual funds with a total asset value of around 10 billion euros.

After the reporting date of 30 September 2018, no other significant events that would materially affect the net assets, financial position and results of operations of the Sixt Leasing Group, have occurred.

3. REPORT ON OUTLOOK

According to the adjustment of the contract guidance on 21 September 2018, the Managing Board expects the Group's contract portfolio approximately at the previous year's level. Before, a slight increase was guided. Moreover, the Company continues to expect a slight increase in consolidated operating revenue and earnings before interest, taxes, depreciation and amortisation (EBITDA) as well as earnings before taxes (EBT) approximately at the previous year's level. The target for operating return on revenue remains unchanged at 6.0%.

The reason for this adjustment was an updated forecast for the two business units Leasing (Fleet Leasing and Online Retail) and Fleet Management. With respect to the Online Retail business field, the Company now expects the number of new contracts in the full-year 2018 to amount to 10,000 to 12,000. Previously, the Managing Board expected an increase in new business by approximately 20% compared to the adjusted number of approximately 12,000 new contracts in the previous year (not taking into account the 1&1 campaign). In the Fleet Leasing business field, a contract portfolio as of year-end of approximately 43,000 contracts is expected

(2017: 48,100 contracts). Previously, the Managing Board expected a slight decrease of the contract portfolio. The forecast for the contract portfolio in the Fleet Management business unit remains unchanged.

The Company believes that the adjustment of the forecast for the Online Retail business field is, among others, caused by the postponement of an advertisement campaign, which was planned for the fourth quarter of 2018, to the following year. Moreover, a lower demand following the still tense supply situation with respect to certain manufacturers due to the transition of the emission measurement procedure of vehicles to the WLTP standard and a still burdening market environment due to the diesel discussion had an effect. The main reason for the decrease in the Fleet Leasing business field is the unexpected drop-out of a volume customer.

4. OPPORTUNITY AND RISK REPORT

The risk and opportunity profile of the Sixt Leasing Group did not change significantly in the first nine months of 2018 from the information provided in the Annual Report 2017. The report contains a detailed description of the risk and opportunity profile, the risk management system, as well as the internal control and risk management system relating to its accounting procedures.

Furthermore, the Managing Board of Sixt Leasing SE continues to keep a close eye on the discussion regarding potential driving bans in selected German cities for diesel-powered vehicles with Euro 5 standard or lower. In the first three quarters of 2018, the Group has significantly reduced the potential residual value risk from diesel vehicles. In the period from January to September 2018, the share of new contracts for diesel vehicles without buyback agreement in Germany was just 15%. In the fourth quarter of 2017, this figure was at 28%.

At the same time, the portfolio of diesel vehicles in Germany with Euro 5 standard and lower without buyback agreement has continued to decline strongly since the start of the year. Thus, the number of these vehicles on the balance sheet decreased by a good 40% to only around 3,400 vehicles as of 30 September 2018 compared to the end of 2017.

5. FINANCIAL FIGURES FOR SIXT LEASING GROUP AS AT 30 SEPTEMBER 2018

5.1 CONSOLIDATED INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME

Consolidated Income Statement in EUR thou.	9M	9M	Q3	Q3
	2018	2017	2018	2017
Revenue	600,122	553,009	205,827	184,265
Other operating income	5,927	5,515	1,366	2,886
Fleet expenses and cost of lease assets	-378,006	-341,656	-131,703	-114,137
Personnel expenses	-27,211	-24,628	-8,527	-7,819
Other operating expenses	-19,491	-17,952	-6,672	-7,921
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	181,340	174,289	60,290	57,274
Depreciation and amortisation expense	-147,729	-140,437	-49,628	-49,747
Earnings before interest and taxes (EBIT)	33,612	33,852	10,662	7,526
Net finance costs	-10,250	-13,053	-3,117	-3,487
Earnings before taxes (EBT)	23,361	20,799	7,545	4,039
Income tax expense	-5,528	-5,422	-1,225	-1,140
Consolidated profit	17,833	15,377	6,320	2,899
Of which attributable to shareholders of Sixt Leasing SE	17,833	15,377	6,320	2,899
Earnings per share – basic and diluted (in Euro)	0.87	0.75	0.31	0.14

Consolidated statement of comprehensive income in EUR thou.	9M	9M
	2018	2017
Consolidated profit	17,833	15,377
Other comprehensive income (not recognised in the income statement)		
Thereof components that could be reclassified to income statement in the future		
Currency translation gains/losses	335	-584
Derivative financial instruments designated as hedge accounting	-20	-
Total comprehensive income	18,148	14,794
Of which attributable to shareholders of Sixt Leasing SE	18,168	14,794

5.2 CONSOLIDATED BALANCE SHEET

Assets		
in EUR thou.	30 Sep. 2018	31 Dec. 2017
Non-current assets		
Goodwill	1,751	1,746
Intangible assets	8,628	5,943
Equipment	881	797
Lease assets	1,253,133	1,219,209
Financial assets	99	67
Other receivables and assets	2,218	3,240
Deferred tax assets	1,358	1,355
Total non-current assets	1,268,069	1,232,356
Current assets		
Inventories	33,834	29,972
Trade receivables	78,296	77,043
Receivables from related parties	6,533	2,863
Other receivables and assets	38,644	88,882
Income tax receivables	3,293	5,738
Bank balances	6,697	5,970
Total current assets	167,298	210,468
Total assets	1,435,367	1,442,824
Equity and liabilities		
in EUR thou.	30 Sep. 2018	31 Dec. 2017
Equity		
Subscribed capital	20,612	20,612
Capital reserves	135,045	135,045
Other reserves	57,738	49,444
Minority interests	11	31
Total equity	213,406	205,132
Non-current liabilities and provisions		
Provisions for pensions	285	263
Financial liabilities	857,689	587,363
Other liabilities	197	103
Deferred tax liabilities	24,634	19,865
Total non-current liabilities and provisions	882,805	607,595
Current liabilities and provisions		
Other provisions	4,040	3,429
Income tax liabilities	307	146
Financial liabilities	213,247	278,520
Trade payables	58,376	98,623
Liabilities to related parties	6,738	193,901
Other liabilities	56,449	55,478
Total current liabilities and provisions	339,156	630,098
Total equity and liabilities	1,435,367	1,442,824

5.3 CONSOLIDATED CASH FLOW STATEMENT

Consolidated cash flow statement	9M	9M
in EUR thou.	2018	2017
Operating activities		
Consolidated profit	17,833	15,377
Income taxes recognised in income statement	760	1,574
Income taxes paid / received (net)	1,846	-4,845
Financial result recognised in income statement ¹	10,263	13,061
Interest received	101	86
Interest paid ²	-8,509	-11,058
Depreciation and amortisation	147,729	140,437
Income from disposal of fixed assets	-6,047	-9,085
Other (non-)cash expenses and income	10,522	12,377
Gross Cash flow	174,497	157,924
Proceeds from disposal of lease assets	206,323	176,438
Payments for investments in lease assets	-386,895	-434,413
Change in inventories	-3,862	-1,902
Change in trade receivables	-1,253	-6,714
Change in trade payables	-40,247	38,274
Change in other net assets	48,682	-28,253
Net cash flows used in operating activities	-2,755	-98,646
Investing activities		
Payments for investments in intangible assets and equipment	-3,273	-2,245
Payments for investments in short-term financial assets	-	-84,998
Proceeds from disposal of short-term financial assets	-	85,000
Net cash flows used in investing activities	-3,273	-2,243
Financing activities		
Dividends paid	-9,894	-9,894
Proceeds from bonds, borrower's note loans and bank loans	355,935	461,851
Payments made for redemption of borrower's note loans and bank loans	-78,296	-115,242
Proceeds from short-term financial liabilities/ Payments made for short-term financial liabilities ³	-71,000	66,462
Payments made for redemption of financing from related parties	-190,000	-300,000
Net cash flows from financing activities	6,745	103,177
Net change in cash and cash equivalents	717	2,288
Effect of exchange rate changes on cash and cash equivalents	10	-16
Cash and cash equivalents at 1 Jan.	5,970	3,778
Cash and cash equivalents at 30 Sep.	6,697	6,050

¹ Excluding income from investments

² Including interest paid for loans from related parties

³ Short-term borrowings with a maturity period of up to three months and quick turnover

5.4 ADDITIONAL FINANCIAL INFORMATION

Revenue

Revenue is broken down as follows:

Revenue	9M	9M	Change	Q3	Q3	Change
in EUR thou.	2018	2017	in %	2018	2017	in %
Leasing Business Unit						
Leasing revenue (finance rate)	176,697	169,912	4.0	59,542	57,056	4.4
Other revenue from leasing business	141,721	129,815	9.2	48,225	43,112	11.9
Sales revenue	206,323	176,438	16.9	71,904	57,766	24.5
Total	524,740	476,165	10.2	179,670	157,934	13.8
Fleet Management Business Unit						
Fleet management revenue	39,608	35,484	11.6	14,167	11,399	24.3
Sales revenue	35,773	41,361	-13.5	11,990	14,932	-19.7
Total	75,381	76,845	-1.9	26,157	26,331	-0.7
Group total	600,122	553,009	8.5	205,827	184,265	11.7

Fleet expenses and cost of lease assets

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

Fleet expenses and cost of lease assets	9M	9M	Change
in EUR thou.	2018	2017	in %
Selling expenses	-235,749	-207,526	13.6
Expenses from write-downs on lease assets intended for sale	-4,166	-5,436	-23.4
Fuel	-54,840	-51,432	6.6
Repair, maintenance and reconditioning	-53,955	-49,106	9.9
Insurance	-6,571	-7,172	-8.4
External rent expenses	-4,620	-3,941	17.2
Vehicle licenses	-2,875	-2,417	19.0
Transportation	-4,222	-3,485	21.1
Taxes and dues	-2,361	-2,320	1.8
Radio license fees	-1,246	-1,216	2.5
Vehicle return expenses	-2,266	-1,934	17.2
Other expenses	-5,135	-5,670	-9.4
Group total	-378,006	-341,656	10.6

Other operating expenses

Other operating expenses are broken down as follows:

Other operating expenses	9M	9M	Change
in EUR thou.	2018	2017	in %
Rental expenses for business premises	-1,512	-1,308	15.6
Other selling and marketing expenses	-3,076	-2,794	10.1
Expenses from write-downs of receivables	-3,316	-1,184	>100
Audit, legal, advisory costs, and investor relations expenses	-2,395	-1,362	75.9
Other personnel services	-2,346	-2,799	-16.2
IT expenses	-2,178	-2,591	-16.0
Miscellaneous expenses	-4,669	-5,914	-21.0
Group total	-19,491	-17,952	8.6

Depreciation and amortisation

Depreciation and amortisation are split up as follows:

Depreciation and amortisation	9M	9M	Change
in EUR thou.	2018	2017	in %
Lease assets	-147,224	-139,893	5.2
Equipment	-182	-144	26.2
Intangible assets	-323	-400	-19.3
Group total	-147,729	-140,437	5.2

Net finance costs

Net finance costs are broken down as follows:

Net finance costs	9M	9M
in EUR thou.	2018	2017
Other interest and similar income	252	195
Other interest and similar income from related parties	6	7
Interest and similar expenses	-6,856	-4,419
Interest and similar expenses for related parties	-2,866	-8,843
Other net financial income/loss	-786	8
Group total	-10,250	-13,053

Group segment reporting

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

By Business Unit in EUR million	Leasing		Fleet Management		Reconciliation		Group	
	2018	2017	2018	2017	2018	2017	2018	2017
External revenue	524.7	476.2	75.4	76.8	-	-	600.1	553.0
Internal revenue	-0.1	0.0	0.1	0.1	-0.0	-0.1	-	-
Total revenue	524.7	476.2	75.5	77.0	-0.0	-0.1	600.1	553.0
Fleet expenses and cost of lease assets	310.0	271.4	68.0	70.4	-0.0	-0.1	378.0	341.7
EBITDA ¹	177.8	171.3	3.6	3.0	-	-	181.3	174.3
Depreciation and amortisation expense	147.7	140.4	0.0	0.0	-	-	147.7	140.4
EBIT ²	30.0	30.9	3.6	3.0	-	-	33.6	33.9
Net finance costs	-10.2	-12.9	-0.1	-0.1	-	-	-10.3	-13.1
EBT ³	19.9	17.9	3.5	2.9	-	-	23.4	20.8

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

² Corresponds to earnings before interest and taxes (EBIT)

³ Corresponds to earnings before taxes (EBT)

Due to rounding it is possible that individual figures presented in the Group Quarterly Statement may not add up exactly to the totals shown and the nine months figures may not follow from adding up the individual quarterly figures. Furthermore, the percentage figures presented may not exactly reflect the absolute figures they relate to.

Pullach, 14 November 2018

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Managing Board

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