



Sixt Leasing SE

Group Quarterly Statement as of 31 March 2020

1. BUSINESS REPORT

1.1 GROUP BUSINESS PERFORMANCE

The **Group's contract portfolio** in Germany and abroad (excluding franchise and cooperation partners) amounted to 135,300 contracts as of 31 March 2020, down 0.7% from 31 December 2019 (136,200 contracts).

Consolidated revenue in the first quarter of 2020 decreases by 14.4% to EUR 199.3 million (Q1 2019: EUR 232.7 million) compared to the same period in the previous year. This is mainly attributable to decrease in sales revenue. **Operating revenue**, which does not include the proceeds from vehicle sales, decreases by 4.5% to EUR 114.3 million (Q1 2019: EUR 119.7 million). **Sales revenue** from the sale of leasing returns and marketing of customer vehicles in Fleet Management decline by 24.8% to EUR 85.0 million (Q1 2019: EUR 113.0 million). This reduction is on the one hand due to a very strong prior year quarter with a very high number of returned leasing vehicles that were sold by the Online Retail business field and on the other hand was due to the limitations on stationary vehicle sales in the COVID-19 pandemic .

Earnings before interest, taxes, depreciation and amortisation (EBITDA) decrease in the first three months of 2020 by 1.5% to EUR 56.3 million (Q1 2019: EUR 57.2 million) compared to the same period in the previous year. As expected, **earnings before taxes (EBT)** saw a decline of 20.3% to EUR 5.6 million (Q1 2019: EUR 7.0 million). The **operating return on revenue** (EBT/operating revenue) consequently amounted to 4.9% (Q1 2019: 5.9%). The lower EBT is in line with the expectations and results among other from the volume effect in the vehicle sales as described above, as well as the increase of marketing expenses in the beginning of the year and the first transaction related expenses.

Sixt Leasing Group	Q1	Q1	Change
in EUR million	2020	2019	in %
Consolidated revenue	199.3	232.7	-14.4
Operating revenue	114.3	119.7	-4.5
Sales revenue	85.0	113.0	-24.8
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	56.3	57.2	-1.5
Earnings before taxes (EBT)	5.6	7.0	-20.3
Operating return on revenue (%)	4.9	5.9	-1.0 points

1.2 LEASING BUSINESS UNIT

In the Leasing business unit, which consists of the business fields Online Retail and Fleet Leasing, the contract portfolio totalled 83,200 contracts as at the end of the first quarter, down 1.8% from 31 December 2019 (84,700 contracts). At the same time, the contract portfolio in the Online Retail business field declined by 1.8% to 43,500 contracts (31 December 2019: 44,300 contracts), with further vehicle returns from the 1&1 campaign having a pronounced impact. The contract portfolio in the Fleet Leasing business field saw a decline of 1.7% to 39,700 contracts compared with the end of 2019 (31 December 2019: 40,400 contracts).

Key figures	Q1	Q1	Change
Leasing business unit			
in EUR million	2020	2019	in %
Leasing revenue (finance rate)	54.9	56.4	-2.6
Other revenue from leasing business	46.1	47.8	-3.6
Sales revenue	68.6	102.4	-33.0
Total revenue	169.6	206.6	-17.9
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	55.5	56.3	-1.5
Earnings before interest and taxes (EBIT)	7.6	9.1	-16.2
Earnings before taxes (EBT)	4.8	6.2	-22.3
Operating return on revenue (%)	4.8	6.0	-1.2 points

1.3 FLEET MANAGEMENT BUSINESS UNIT

In the Fleet Management business unit, the contract portfolio with 52,200 contracts saw a growth as at the end of the first quarter of 2020 (31 December 2019: 51,500 contracts; 1.4%)

Key figures	Q1	Q1	Change
Fleet Management business unit			
in EUR million	2020	2019	in %
Fleet management revenue	13.3	15.5	-14.1
Sales revenue	16.4	10.6	54.8
Total revenue	29.7	26.1	13.9
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	0.8	0.8	-0.7
Earnings before interest and taxes (EBIT)	0.8	0.8	-1.6
Earnings before taxes (EBT)	0.8	0.8	-4.7
Operating return on revenue (%)	5.8	5.2	0.6 Punkte

1.4 FINANCIAL POSITION

Equity

The equity of the Sixt Leasing Group amounted to EUR 233.2 million as of 31 March 2020, an increase of EUR 4.0 million compared to 31 December 2019 (EUR 229.2 million). The equity ratio decreases by 1.0 percentage points from 17.2% to 16.2% with a higher balance sheet total. The increase of balance sheet total results from the increase in bank balances and the corresponding increase of the financial liabilities to secure a cash reserve.

Liabilities

As of 31 March 2020, non-current liabilities and provisions totalled EUR 601.9 million (31 December 2019: EUR 782.7 million). The decrease of EUR 180.8 million is mainly due to non-current financial liabilities decreasing by EUR 181.5 million to EUR 551.3 million (31 December 2019: EUR 732.8 million).

Current liabilities and provisions as of 31 March 2020 totalled EUR 608.2 million (31 December 2019: EUR 316.9 million). The increase of EUR 291.3 million is mainly due to current financial liabilities, which inversely increasing by EUR 278.0 million to EUR 493.4 million (31 December 2019: EUR 215.4 million) in comparison to the non-current financial liabilities as described above. The increase results mainly from the bond issued in financial year 2017, which must be redeemed in the first quarter of financial year 2021 and thus must be presented as current financial liabilities and not as non-current financial liabilities.

1.5 INVESTMENTS

The Sixt Leasing Group added vehicles with a total value of EUR 120.4 million to its leasing fleet in the first quarter of 2020 (Q1 2019: EUR 93.4 million; 28.8%). This is mainly attributable to the strong order volume in fourth quarter of 2019, whereby the corresponding vehicles were partly delivered already during the first quarter of 2020.

2. EVENTS SUBSEQUENT TO THE REPORTING DATE

After the end of the first quarter of the 2020 financial year, no significant events, that would affect the financial position and financial performance of the Group and the Company, have occurred.

On 6 May 2020, the Hyundai Capital Bank Europe GmbH (HCBE), a joint venture of Santander Consumer Bank AG and Hyundai Capital Services Inc., announced the result from its voluntary public take-over bid to the shareholders of Sixt Leasing SE: accordingly the acceptance quota - including the investment held by Sixt SE - came to 72.84 percent as at the end of the acceptance period on 30 April 2020 at 24.00 (midnight CEST), and thus was significantly above the minimum acceptance threshold of 55 percent. In accordance with Sect. 16 of the German Securities Trading and Takeover Act (WpÜG), shareholders of Sixt Leasing SE who have not yet tendered their shares may accept the offer from HCBE until the expiry of the additional period provided for by law. This period started on 7 May 2020 and ends on 20 May 2020 at 24.00 (midnight CEST). Completion of the takeover offer is still subject to the remaining customary closing conditions set out in the offer document.

3. SPECIFIC EVENTS – COVID-19-PANDEMIC

Regarding the Corona pandemic please refer also to the Report on events subsequent to the reporting date in the Group Notes as well as the Risk Report in the Management Report of the Annual Report for 2019.

Apart from the effect on volume in the vehicle sales as outlined above, the Sixt Leasing Group did not identify within its early warning, monitoring and control measures any material effects the COVID-19 pandemic has had on Sixt Leasing Group's financial position and financial performance as per 31 March 2020. Furthermore, with regard to business performance from the second half of March 2020 onwards, a decline in demand has been observed, particularly in the Online Retail business field.

Basis for the estimates and discretionary decisions outlined in the quarterly consolidated financial statements is still the assumption that, the COVID-19 pandemic will result in a temporary deterioration of the market and business environment and that a recovery of business development can be expected during the second half of the year 2020, and that the extensive financial support measures currently approved or yet to be resolved by governments will cushion the negative economic impact on national economies, and that the easing measures already announced and/or currently discussed by politicians can be implemented in the short term. On this basis, the Group's long-term business development is not lastingly adversely affected. It should be noted, however, that at present it is hard to give reliable estimates for the future regarding the actual long-term economic consequences caused by the COVID-19 pandemic and that consequently the estimates and discretionary decisions are subject to greater uncertainty.

4. REPORT ON OUTLOOK

The Managing Board confirms its outlook published on 20 March 2020. Accordingly, compared with fiscal year 2019 the Management Board expects a slight increase in the Group's contract portfolio and consolidated operating revenue roughly in line with last year's level. For EBT it expects to see a figure very significantly below the previous year's level. This does not yet provide for the expenses that would be incurred in the event of a successful execution of the HCBE take-over offer. The Managing Board expects the transaction to be completed during the second half of 2020 and reckons that in this case additional one-off costs of a high single-digit million euro amount will be incurred for 2020. A part of these additional costs will be already considered in the financial statements for the first half of 2020. The assumptions and uncertainties described above in connection with the COVID 19 pandemic also apply to the Outlook. This includes the assumption that a recovery in business development will occur in the second half of 2020.

5. FINANCIAL FIGURES FOR SIXT LEASING GROUP AS AT 31 MARCH 2020

5.1 GROUP INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME

Consolidated Income Statement	Q1	Q1
in EUR thou.	2020	2019
Revenue	199,294	232,690
Other operating income	2,981	2,259
Fleet expenses and cost of lease assets	128,604	161,115
Personnel expenses	10,162	10,606
Other operating expenses	7,195	6,066
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	56,314	57,162
Depreciation and amortisation expense	47,884	47,251
Earnings before interest and taxes (EBIT)	8,430	9,911
Net finance costs	-2,836	-2,896
Earnings before taxes (EBT)	5,594	7,015
Income tax expense	1,827	1,358
Consolidated profit	3,767	5,656
Of which attributable to minority interests	-	-4
Of which attributable to shareholders of Sixt Leasing SE	3,767	5,661
Earnings per share – basic and diluted (in Euro)	0.18	0.27

Consolidated statement of comprehensive income	Q1	Q1
in EUR thou.	2020	2019
Consolidated profit	3,767	5,656
Other comprehensive income (not recognised in the income statement)	250	-79
Thereof components that could be reclassified to income statement in the future		
Currency translation gains/losses	328	86
Change of derivative financial instruments in hedge relationship	-84	-223
Related deferred taxes	5	58
Total comprehensive income	4,017	5,578
Of which attributable to minority interests	-79	-169
Of which attributable to shareholders of Sixt Leasing SE	4,095	5,747

5.2 GROUP BALANCE SHEET

Assets		
in EUR thou.	31 Mar. 2020	31 Dec. 2019
Non-current assets		
Goodwill	2,322	2,313
Intangible assets	14,096	12,487
Equipment	11,583	13,583
Lease assets	1,128,467	1,119,670
Financial assets	26	26
Other receivables and assets	943	1,147
Deferred tax assets	1,670	1,615
Total non-current assets	1,159,108	1,150,840
Current assets		
Inventories	47,232	49,999
Trade receivables	81,200	80,981
Receivables from related parties	4,178	3,779
Other receivables and assets	53,068	38,263
Income tax receivables	1,759	2,381
Bank balances	96,806	2,641
Total current assets	284,243	178,045
Total assets	1,443,351	1,328,885
Equity and liabilities		
in EUR thou.	31 Mar. 2020	31 Dec. 2019
Equity		
Subscribed capital	20,612	20,612
Capital reserves	135,045	135,045
Other reserves	78,120	74,025
Minority interests	-534	-455
Total equity	233,243	229,226
Non-current liabilities and provisions		
Provisions for pensions	266	260
Financial liabilities	551,321	732,776
Other liabilities	16,165	16,513
Deferred tax liabilities	34,171	33,177
Total non-current liabilities and provisions	601,923	782,725
Current liabilities and provisions		
Other provisions	4,495	5,641
Income tax liabilities	1,216	787
Financial liabilities	493,419	215,434
Trade payables	74,563	58,044
Liabilities to affiliated companies	2,711	3,284
Other liabilities	31,781	33,743
Total current liabilities and provisions	608,185	316,934
Total equity and liabilities	1,443,351	1,328,885

5.3 GROUP CASH FLOW STATEMENT

Consolidated cash flow statement	Q1	Q1
in EUR thou.	2020	2019
Operating activities		
Consolidated profit	3,767	5,656
Income taxes recognised in income statement	884	558
Income taxes received / paid (net)	166	-554
Financial result recognised in income statement ¹	2,836	2,890
Interest received	90	35
Interest paid	-3,553	-3,648
Depreciation and amortisation	47,884	47,251
Result from disposal of fixed assets	678	-387
Other (non-)cash expenses and income	-3,483	-1,572
Gross Cash flow	49,269	50,228
Proceeds from disposal of lease assets	68,586	102,424
Payments for investments in lease assets	-120,389	-93,447
Change in inventories	2,768	1,906
Change in trade receivables	-219	56
Change in trade payables	16,518	9,853
Change in other net assets	-19,235	-10,231
Net cash flows from/used in operating activities	-2,701	60,789
Investing activities		
Payments for investments in intangible assets and equipment	-1,943	-1,343
Net cash flows used in investing activities	-1,943	-1,343
Financing activities		
Proceeds from bonds, borrower's note loans and bank loans	113,985	-
Payments made for redemption of borrower's note loans, bank loans and other financial liabilities	-4,259	-32,980
Proceeds from short-term financial liabilities/ Payments made for short-term financial liabilities ²	-9,000	-31,539
Net cash flows used in/from financing activities	100,726	-64,519
Net change in cash and cash equivalents	96,082	-5,073
Effect of exchange rate changes on cash and cash equivalents	15	5
Cash and cash equivalents at 1 Jan.	710³	6,243
Cash and cash equivalents at 31 Mar.	96,806	1,175

¹ Excluding income from investments

² Short-term borrowings with a maturity period of up to three months and quick turnover

³ Cash and cash equivalents as at 1 January 2020 consist of bank balances (EUR 2,641 thousand) and bank overdrafts (EUR 1,931 thousand).

5.4 ADDITIONAL FINANCIAL INFORMATION

Revenue

Revenue is broken down as follows:

Revenue	Q1	Q1	Change
in EUR thou.	2020	2019	in %
Leasing Business Unit			
Leasing revenue (finance rate)	54,931	56,392	-2.6
Other revenue from leasing business	46,051	47,771	-3.6
Sales revenue	68,586	102,424	-33.0
Total	169,567	206,587	-17.9
Fleet Management Business Unit			
Fleet management revenue	13,305	15,492	-14.1
Sales revenue	16,421	10,611	54.8
Total	29,726	26,103	13.9
Group total	199,294	232,690	-14.4

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	Q1	Q1	Change
in EUR thou.	2020	2019	in %
Selling expenses ¹	85,300	112,352	-24.1
Fuel	14,877	19,758	-24.7
Repair, maintenance and reconditioning	17,636	18,511	-4.7
Insurance	2,033	2,182	-6.8
External rent expenses	1,454	1,591	-8.6
Vehicle licenses and deregistration	1,931	1,164	66.0
Transportation	1,318	1,422	-7.3
Taxes and dues	837	698	19.9
Radio license fees	393	421	-6.7
Vehicle return expenses	1,016	1,268	-19.9
Other expenses	1,809	1,748	3.5
Group total	128,604	161,115	-20.2

¹ Includes expenses from write-downs on lease assets intended for sale

Depreciation and amortisation

Depreciation and amortisation are split up as follows:

Depreciation and amortisation	Q1	Q1	Change
in EUR thou.	2020	2019	in %
Lease assets	47,113	46,403	1.5
Equipment	538	553	-2.7
Intangible assets	233	295	-21.0
Group total	47,884	47,251	1.3

Other operating expenses

Other operating expenses are broken down as follows:

Other operating expenses	Q1	Q1	Change
in EUR thou.	2020	2019	in %
Expenses for buildings	260	259	0.4
Other selling and marketing expenses	1,413	888	59.2
Expenses from write-downs of receivables	1,492	963	54.8
Audit, legal, advisory costs, and investor relations expenses	957	673	42.2
Other personnel services	614	1,131	-45.7
IT expenses	1,059	745	42.1
Expenses for foreign currency translation	15	369	-96.1
Miscellaneous expenses	1,386	1,039	33.5
Group total	7,195	6,066	18.6

Net finance costs

The net finance costs are as follows:

Net finance costs	Q1	Q1
in EUR thou.	2020	2019
Other interest and similar income	73	66
Other interest and similar income from related parties	8	3
Interest and similar expenses	-2,760	-2,925
Interest and similar expenses for related parties	0	-0
Other net financial result	-156	-39
Group total	-2,836	-2,896

Group segment reporting

The segment information for the first three months of 2020 (compared to the first three months of 2019) is as follows:

By Business Unit in EUR million	Leasing		Fleet Management		Consolidation		Group	
	2020	2019	2020	2019	2020	2019	2020	2019
External revenue	169.6	206.6	29.7	26.1	-	-	199.3	232.7
Internal revenue	-0.0	-0.0	0.2	0.0	-0.1	-0.0	-	-
Total revenue	169.6	206.6	29.9	26.1	-0.1	-0.0	199.3	232.7
Fleet expenses and cost of lease assets	101.8	137.3	26.9	23.9	-0.0	-0.0	128.6	161.1
EBITDA ¹	55.5	56.3	0.8	0.8	-	-	56.3	57.2
Depreciation and amortisation expense	47.9	47.2	0.0	0.0	-	-	47.9	47.3
EBIT ²	7.6	9.1	0.8	0.8	-	-	8.4	9.9
Net finance costs	-2.8	-2.9	-0.1	-0.0	-	-	-2.8	-2.9
EBT ³	4.8	6.2	0.8	0.8	-	-	5.6	7.0

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 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, 12 May 2020

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