



Sixt Leasing SE

Group Quarterly Statement as of 30 September 2020

1. BUSINESS REPORT

1.1 OPERATIVE PERFORMANCE IN THE FIRST THREE QUARTERS OF 2020

Business activity can be affected by one-off and exceptional events. For better appreciation of the operative business, the items in the Income Statement for the first three quarters of 2020 described in this section, which are recognized in accordance with IFRS, have been adjusted for these non-operative, i.e. one-off and exceptional effects.¹

Accordingly, the corresponding adjusted profit from ordinary activities (EBT adjusted) for the first three quarters of 2020 was EUR 15.1 million (unadjusted: EUR 5.2 million). The adjusted expenses for fleet and lease assets came to EUR 359.3 million (unadjusted: EUR 359.4 million). Adjusted personnel expenses came to EUR 28.9 million (unadjusted: EUR 31.6 million) and adjusted other operating expenses came to EUR 20.9 million (unadjusted: EUR 23.3 million). Furthermore, adjusted expenses for depreciation and amortisation amounted to EUR 140.4 million (unadjusted: EUR 145.1 million).

The first three quarters of 2020 included one-off costs both in personnel expenses as well as in other operating expenses, which were already incurred during that period in connection with the acquisition of shares in Sixt Leasing SE by Hyundai Capital Bank Europe GmbH (HCBE). These include, among other things, bonus payments, expenses for legal and project consultation, for consultation by an investment bank and for IT consulting and services, as well as internal personnel expenses that can be allocated to the acquisition for the purpose of better comparability. In addition, as part of the regular review of the residual values of leased assets during the first three quarters of 2020, expectations and assumptions, including those based on external market data, were included in the measurement of the risk provisions, which were essentially affected by the impact of the global COVID-19 pandemic. The resulting expenses from the increase in risk provisioning were recognized in the depreciation and amortisation of lease assets as well as the expenses for fleet and lease assets.

1.2 GROUP BUSINESS PERFORMANCE²

The **Group's contract portfolio** in Germany and abroad (excluding franchise and cooperation partners) amounted to 131,900 contracts as of 30 September 2020, down 3.2% from 31 December 2019 (136,200 contracts).

Consolidated revenue in the first three quarters of 2020 decreased by 10.7% to EUR 565.3 million compared to the same period in the previous year (9M 2019: EUR 633.0 million). **Operating revenue**, which does not include the proceeds from vehicle sales, decreased in the same period by 8.6% to EUR 319.9 million (9M 2019: EUR 350.0 million). The lockdown in Q2 2020 in the wake of the COVID-19 pandemic had a major impact on the decline in operating revenue, which led, among other things, to a significant reduction in vehicle usage and thus to a drop in usage-related revenue, such as income from fuel revenues. Furthermore in Q3 2020, after the lockdown in Q2 2020, the increase in vehicle usage did not occur as expected. **Sales revenue** from the sale of leasing returns and marketing of customer vehicles in Fleet Management declined in the first three quarters by 13.3% to EUR 245.4 million (9M 2019: EUR 283.0 million). This decrease was due to a very strong first quarter of the previous year, with very high sales of leasing returns

¹ Further explanations are provided in section 1.7 "Reconciliation of adjusted items in the consolidated Income Statement".

² The following notes refer to the IFRS consolidated financial statements and are in compliance with IFRS. There was no adjustment for one-off and exceptional expenses as listed under 1.1.

in the Online Retail business field, as well as restrictions on stationary car sales resulting from the COVID-19 pandemic during the first half of 2020.

Earnings before interest, taxes, depreciation and amortisation (EBITDA) decreased in the first three quarters of 2020 by 7.6% to EUR 158.6 million (9M 2019: EUR 171.6 million) compared to the same period in the previous year. **Earnings before taxes (EBT)** saw a decline of 76.0% to EUR 5.2 million (9M 2019: EUR 21.5 million). The **operating return on revenue** (EBT/operating revenue) consequently amounted to 1.6% (9M 2019: 6.2%). The lower EBT is in line with the adjusted expectations from 20 July 2020 and results, among others, from the general volume effect in sale of lease returns described above, temporary sales support measures (in particular the “Hamster incentive”), higher marketing expenses at the beginning of the year, transaction-related costs as well as a need for additional risk provisioning in the mid single-digit million euro range as part of the regular review of the residual values of the leasing fleet in the first half of 2020.

Key figures Sixt Leasing-Group	9M	9M	Change
in EUR million	2020	2019	in %
Consolidated revenue	565.3	633.0	-10.7
Thereof operating revenue	319.9	350.0	-8.6
Thereof sales revenue	245.4	283.0	-13.3
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	158.6	171.6	-7.6
Earnings before taxes (EBT)	5.2	21.5	-76.0
Operating return on revenue (%)	1.6	6.2	-4.6 points

1.3 LEASING BUSINESS UNIT

In the Leasing business unit, which consists of the business fields Online Retail and Fleet Leasing, the contract portfolio totalled 78,900 contracts as at the end of the third quarter, down 6.8% from 31 December 2019 (84,700 contracts). At the same time, the contract portfolio in the Online Retail business field declined by 9.9% to 40,000 contracts (31 December 2019: 44,300 contracts). This was particularly burdened by a reduced number of new orders due to the economic impact of the COVID-19 pandemic and further vehicle returns from the 1&1 campaign conducted in the 2017 financial year. The contract portfolio in the Fleet Leasing business field saw a decline of 3.7% to 38,900 contracts compared with the end of 2019 (31 December 2019: 40,400 contracts). In both business fields, business performance during the third quarter did not improve as planned, which is due in particular to the slower-than-expected recovery in the overall economic situation, as well as the still ongoing COVID-19 situation.

Key figures Leasing business unit	9M	9M	Change
in EUR million	2020	2019	in %
Total revenue	485.3	555.3	-12.6
Thereof leasing revenue (finance rate)	163.2	167.7	-2.7
Thereof other revenue from leasing business	119.5	142.9	-16.3
Thereof sales revenue	202.6	244.8	-17.2
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	156.5	168.5	-7.1
Earnings before taxes (EBT)	3.2	18.6	-82.9
Operating return on revenue (%)	1.1	6.0	-4.9 points

1.4 FLEET MANAGEMENT BUSINESS UNIT

In the Fleet Management business unit, the contract portfolio increased by 3.0% to 53,000 contracts in the first nine months of the 2020 financial year (31 December 2019: 51,500 contracts).

Key figures Fleet Management business unit	9M	9M	Change
in EUR million	2020	2019	in %
Total revenue	79.9	77.7	2.9
Thereof fleet management revenue	37.2	39.4	-5.7
Thereof sales revenue	42.8	38.2	11.9
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	2.1	3.1	-30.6
Earnings before taxes (EBT)	2.0	2.9	-31.8
Operating return on revenue (%)	5.3	7.4	-2.1 points

1.5 FINANCIAL POSITION

Equity

The equity of the Sixt Leasing Group amounted to EUR 214.0 million as of 30 September 2020, a decrease of EUR 15.2 million compared to 31 December 2019 (EUR 229.2 million). The equity ratio decreased by 1.3 percentage points from 17.2% to 15.9% with total assets slightly up, which resulted, besides the increase in total assets, especially from the decrease in equity due to the dividend payment. The increase in total assets primarily results from the increase in bank balances and corresponding increase in financial liabilities for the purpose of preventative liquidity reserve.

Liabilities

As of 30 September 2020, non-current liabilities and provisions totalled EUR 572.0 million (31 December 2019: EUR 782.7 million). The decline of EUR 210.8 million was mainly due to non-current financial liabilities decreasing by EUR 209.0 million to EUR 523.8 million (31 December 2019: EUR 732.8 million).

Current liabilities and provisions as of 30 September 2020 totalled EUR 563.8 million (31 December 2019: EUR 316.9 million). The increase of EUR 246.8 million was mainly due to current financial liabilities rising by EUR 250.7 million to EUR 466.1 million (31 December 2019: EUR 215.4 million). This is essentially due to the bond issued in the 2017 financial year, which has to be redeemed in the first quarter of 2021 and therefore must be presented as current financial liabilities and not as non-current financial liabilities.

The increase in current and non-current liabilities mainly relates to the preventive liquidity reserve, which also increased the bank balance by EUR 47.2 million to EUR 49.8 million.

1.6 INVESTMENTS

The Sixt Leasing Group added vehicles with a total value of EUR 313.8 million to its leasing fleet in the first nine months of 2020 (9M 2019: EUR 294.6 million; 6.5%). This is mainly due to the high order volume in the fourth quarter of 2019. The vehicles were delivered mainly in 2020.

The increase in goodwill results from the acquisition of significant parts of the business operations of SL Car Sales GmbH, Garching, as well as the assets and contracts allocated to this business operation.

1.7 RECONCILIATION OF ADJUSTED ITEMS IN THE GROUP INCOME STATEMENT

This reconciliation serves to transfer the adjusted Income Statement items from section 1.1 "Operative performance in the first three quarters of 2020" to the corresponding IFRS items.

Fleet expenses and the cost of lease assets in the IFRS Income Statement came to EUR 359.4 million. For presentation in section 1.1 “Operative performance in the first three quarters of 2020”, these expenses were adjusted by one-off effects in the amount of EUR 0.1 million to EUR 359.3 million. Personnel expenses came to EUR 31.6 million and were adjusted by one-off effects of EUR 2.7 million to EUR 28.9 million. Other operating expenses came to EUR 23.3 million and were adjusted by one-off effects of EUR 2.4 million to EUR 20.9 million. Depreciation and amortisation amounted to EUR 145.1 million and was adjusted by one-off effects of EUR 4.7 million to EUR 140.4 million. In total, the result from ordinary business activities (EBT) in the amount of EUR 5.2 million was adjusted by one-off effects of EUR 9.9 million to EUR 15.1 million.

2. EVENTS SUBSEQUENT TO THE REPORTING DATE

On 21 October 2020, the Managing Board of Sixt Leasing SE came to the conclusion that the forecast for the 2020 financial year communicated on 20 March 2020 is unlikely to be realized, and reduced its forecasts for the Group contract portfolio and consolidated operating revenue (further explanations in section 4. “Report on outlook”).

No further significant events, that would affect the net assets, financial position and results of operations of the Group and the Company, have occurred after the end of the third quarter of the 2020 financial year.

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 and the Interim Report 2020 from 12 August 2020.

Contrary to the forecast, business performance in the third quarter was weaker, due in particular to the slower-than-expected recovery of the overall economic situation and the prospect of a continuing COVID-19 situation. The Managing Board is paying particular attention to the current sharp rise in infection numbers and the announcements and discussions of the policy makers to fight the renewed massive spread of COVID-19.

The estimates and discretionary decisions made in the Group's quarterly financial statements are based in particular on the assumption that a second lockdown (“lockdown light”) will impair the recovery of the overall economic situation in the fourth quarter but will not have such dramatic effects on the society and the economy as the first “general” lockdown in Q2 2020, so that the overall economic situation can recover again over the medium term. Another vital assumption is that the loss of income incurred by consumers and companies will continue to be largely compensated for by governmental support measures.

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 of the COVID-19 pandemic, and that consequently the estimates and discretionary decisions are subject to greater uncertainty.

4. REPORT ON OUTLOOK

The expectation for the 2020 financial year, as communicated on 20 March 2020, of a slight year-on-year increase in the Group's contract portfolio and of consolidated operating revenue at approximately the same level as in the previous year can probably not be realized due to a weaker-than-expected business development in the third quarter of 2020 and the prospect of a continuing or even worsening COVID-19 situation in the fourth quarter of 2020. For the current financial year, the Managing Board expects that both the Group contract portfolio and its consolidated operating revenue will probably be significantly below the corresponding figures of last year.

The Managing Board confirms its earnings forecast, as adjusted on 20 July 2020, that the originally communicated earnings forecast for the 2020 financial year cannot be realized as expected due to the actual business performance, already incurred effects of additional risk provisioning and one-off transaction-related costs and further transaction-related costs to be recognized in the fourth quarter.

The Managing Board of Sixt Leasing SE is of the opinion that the strategic partnership with the new major shareholder, HCBE, puts the Sixt Leasing Group in a position to utilise new growth potential together in the future. Furthermore, the Managing Board expects

that the integration of Sixt Leasing into the two international and financially strong Groups of Santander and Hyundai also offers the opportunity to further optimise the company's financing structure.

5. FINANCIAL FIGURES FOR SIXT LEASING GROUP AS AT 30 SEPTEMBER 2020

5.1 CONSOLIDATED INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME

Consolidated Income Statement in EUR thou.	9M	9M	Q3	Q3
	2020	2019	2020	2019
Revenue	565,264	632,996	194,998	205,033
Other operating income	7,668	6,053	2,243	1,437
Fleet expenses and cost of lease assets	359,396	418,933	126,286	134,880
Personnel expenses	31,638	31,322	10,563	10,007
Other operating expenses	23,259	17,181	8,482	4,933
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	158,639	171,613	51,910	56,649
Depreciation and amortisation expense	145,095	141,068	46,763	46,138
Earnings before interest and taxes (EBIT)	13,544	30,545	5,147	10,511
Net finance costs	-8,378	-9,003	-2,851	-3,087
Earnings before taxes (EBT)	5,165	21,542	2,296	7,424
Income tax expense	1,737	5,408	615	1,705
Consolidated profit	3,428	16,134	1,681	5,719
Of which attributable to shareholders of Sixt Leasing SE	3,428	16,134	1,681	5,719
Earnings per share – basic and diluted (in Euro)	0.17	0.78	0.08	0.28

Consolidated statement of comprehensive income in EUR thou.	9M	9M
	2020	2019
Consolidated profit	3,428	16,134
Other comprehensive income (not recognised in the income statement)	-105	93
Thereof components that could be reclassified to income statement in the future		
Currency translation gains/losses	65	461
Change in derivative financial instruments designated as hedge accounting	-203	-798
Related deferred taxes	32	430
Total comprehensive income	3,323	16,227
Of which attributable to minority interests	-171	-368
Of which attributable to shareholders of Sixt Leasing SE	3,494	16,595

5.2 CONSOLIDATED BALANCE SHEET

Assets in EUR thou.	30 Sep. 2020	31 Dec. 2019
Non-current assets		
Goodwill	3,976	2,313
Intangible assets	16,090	12,487
Property and equipment	12,863	13,583
Lease assets	1,091,797	1,119,670
Financial assets	25	26
Other receivables and assets	723	1,147
Deferred tax assets	1,839	1,615
Total non-current assets	1,127,314	1,150,840
Current assets		
Inventories	46,601	49,999
Trade receivables	74,917	80,981
Receivables from related parties	1,361	3,779
Other receivables and assets	47,783	38,263
Income tax receivables	2,008	2,381
Bank balances	49,751	2,641
Total current assets	222,420	178,045
Total assets	1,349,733	1,328,885
Equity and liabilities in EUR thou.	30 Sep. 2020	31 Dec. 2019
Equity		
Subscribed capital	20,612	20,612
Capital reserves	135,045	135,045
Other reserves	58,968	74,025
Minority interests	-626	-455
Total equity	213,998	229,226
Non-current liabilities and provisions		
Provisions for pensions	261	260
Financial liabilities	523,789	732,776
Other liabilities	14,486	16,513
Deferred tax liabilities	33,422	33,177
Total non-current liabilities and provisions	571,959	782,725
Current liabilities and provisions		
Other provisions	4,031	5,641
Income tax liabilities	1,347	787
Financial liabilities	466,123	215,434
Trade payables	61,078	58,044
Liabilities to related parties	0	3,284
Other liabilities	31,197	33,743
Total current liabilities and provisions	563,776	316,934
Total equity and liabilities	1,349,733	1,328,885

5.3 CONSOLIDATED CASH FLOW STATEMENT

Consolidated cash flow statement	9M	9M
in EUR thou.	2020	2019
Operating activities		
Consolidated profit	3,428	16,134
Income taxes recognised in income statement	1,685	1,507
Income taxes paid / received (net)	-753	-1,354
Financial result recognised in income statement ¹	8,378	8,902
Interest received	280	101
Interest paid	-8,940	-9,345
Depreciation and amortisation	145,095	141,068
Income from disposal of fixed assets	-22	-1,045
Other (non-)cash expenses and income	-3,025	-5,358
Gross Cash flow	146,128	150,610
Proceeds from disposal of lease assets	202,634	244,790
Payments for investments in lease assets	-313,827	-294,609
Change in inventories	3,398	8,050
Change in trade receivables	6,065	2,897
Change in trade payables	3,034	13,558
Change in other net assets	-16,698	-19,999
Net cash flows from operating activities	30,734	105,297
Investing activities		
Payments for investments in intangible assets and equipment	-7,121	-4,718
Net cash flows used in investing activities	-7,121	-4,718
Financing activities		
Dividends paid	-18,550	-9,894
Proceeds from bonds, borrower's note loans and bank loans	180,846	3,983
Payments made for redemption of borrower's note loans and bank loans	-127,869	-70,423
Payments made for short-term financial liabilities ²	-9,000	-28,499
Payments made for redemption of financing from related parties	-	-
Net cash flows from/used in financing activities	25,427	-104,832
Net change in cash and cash equivalents	49,040	-4,253
Effect of exchange rate changes on cash and cash equivalents	1	25
Cash and cash equivalents at 1 Jan.	710³	6,243
Cash and cash equivalents at 30 Sep.	49,751	2,014

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	9M	9M	Change	Q3	Q3	Change
in EUR thou.	2020	2019	in %	2020	2019	in %
Leasing business unit						
Thereof leasing revenue (finance rate)	163,156	167,658	-2.7	53,677	55,616	-3.5
Thereof other revenue from leasing business	119,530	142,887	-16.3	38,876	47,457	-18.1
Thereof sales revenue	202,634	244,790	-17.2	74,350	72,564	2.5
Total	485,320	555,335	-12.6	166,902	175,637	-5.0
Fleet Management business unit						
Thereof fleet management revenue	37,165	39,416	-5.7	13,217	14,394	-8.2
Thereof sales revenue	42,779	38,245	11.9	14,879	15,002	-0.8
Total	79,944	77,661	2.9	28,096	29,396	-4.4
Group total	565,264	632,996	-10.7	194,998	205,033	-4.9

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.	2020	2019	in %
Selling expenses ¹	245,220	281,240	-12.8
Fuel	35,545	53,595	-33.7
Repair, maintenance and reconditioning	48,532	53,007	-8.4
Insurance	6,071	5,088	19.3
External rent expenses	3,753	4,768	-21.3
Vehicle licenses and deregistration	5,347	4,513	18.5
Transportation	3,840	4,177	-8.1
Taxes and dues	2,223	2,503	-11.2
Radio license fees	1,188	1,214	-2.2
Vehicle return expenses	3,043	3,920	-22.4
Other expenses	4,634	4,910	-5.6
Group total	359,396	418,933	-14.2

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	9M	9M	Change
in EUR thou.	2020	2019	in %
Lease assets	142,305	138,511	2.7
Property and equipment	1,726	1,685	2.4
Intangible assets	1,064	872	22.0
Group total	145,095	141,068	2.9

Other operating expenses

Other operating expenses are broken down as follows:

Other operating expenses	9M	9M	Change
in EUR thou.	2020	2019	in %
Expenses for buildings	823	667	23.5
Other selling and marketing expenses	4,086	3,575	14.3
Expenses from write-downs of receivables	4,069	997	>100
Audit, legal, advisory costs, and investor relations expenses	3,884	2,545	52.6
Other personnel services	1,336	2,533	-47.2
IT expenses	4,252	2,825	50.5
Expenses for foreign currency translation	882	891	-1.0
Miscellaneous expenses	3,928	3,149	24.7
Group total	23,259	17,181	35.4

Net finance costs

Net finance costs are broken down as follows:

Net finance costs	9M	9M
in EUR thou.	2020	2019
Other interest and similar income	234	176
Other interest and similar income from related parties	28	10
Interest and similar expenses	-8,407	-8,945
Other net financial income/loss	-234	-243
Group total	-8,378	-9,003

Contingent liabilities

Towards the end of the reporting period, claims were asserted against Sixt Leasing SE arising from allegedly incorrect revocation information. The company rejects these claims and will continue to defend itself against these claims. No provision was made in the financial statements for these alleged claims, as Sixt Leasing SE deems the existence of liability to be unlikely, based on the findings of an external legal opinion.

Group segment reporting

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

By business unit in EUR million	Leasing		Fleet Management		Reconciliation		Group	
	2020	2019	2020	2019	2020	2019	2020	2019
External revenue	485.3	555.3	79.9	77.7	-	-	565.3	633.0
Internal revenue	-0.0	-0.0	0.2	0.0	-0.2	-0.0	-	-
Total revenue	485.3	555.3	80.1	77.7	-0.2	-0.0	565.3	633.0
Fleet expenses and cost of lease assets	288.7	349.4	70.8	69.6	-0.0	-0.0	359.4	418.9
EBITDA ¹	156.5	168.5	2.1	3.1	-	-	158.6	171.6
Depreciation and amortisation expense	145.1	141.1	0.0	0.0	-	-	145.1	141.1
EBIT ²	11.4	27.5	2.1	3.1	-	-	13.5	30.5
Net finance costs	-8.3	-8.9	-0.1	-0.2	0.0	-	-8.4	-9.0
EBT ³	3.2	18.6	2.0	2.9	-	-	5.2	21.5

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, 11 November 2020

Sixt Leasing SE
Managing Board

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