

Growth dynamic in the first half-year continues in the third quarter of 2018

- GRENKE Group Leasing's new business grows 22.6% in the first nine months of 2018, placing it at the upper end of the 2018 full-year forecast (18% – 22%)
- Contribution margin 2 of GRENKE Group Leasing rises by 20.2%
- Two new locations open in Q3, for a total of nine new locations in 2018

Baden-Baden, October 2, 2018: The GRENKE Group continued to grow uninterrupted in the third quarter of 2018. The acquired volume at GRENKE Group Leasing – defined as the acquisition costs of newly purchased leased assets – increased 21.0% to EUR 559.7 million compared to EUR 462.4 million in the same quarter of the previous year. The Leasing segment's new business volume totalled EUR 1,718.1 million in the first nine months of 2018 (prior-year period: EUR 1,401.9 million) and increased 22.6%. As in the first half of 2018, new business at GRENKE Group Factoring continued to benefit from the strong growth of its international franchise partners during the reporting period. Total purchased receivables increased by 19.1% to EUR 130.6 million in the third quarter (prior-year period: EUR 109.6 million) and by 18.4% to EUR 366.2 million in the nine-month period (prior-year period: EUR 309.3 million).

"We are very satisfied with the level of new business in the first nine months of 2018. We were able to achieve a high growth rate over all three quarters and are therefore confident that we will be able to increase new business at GRENKE Group Leasing in the current fiscal year in line with the 18 to 22 percent forecast range that was lifted in the middle of the year. With similar dynamics, we are driving forward the broadening and consolidation of our proximity to our customers. So far this year, we have opened nine new locations, with the two most recent locations opened in Denmark and in Austria", commented Antje Leminsky, Chair of the Board of Directors of GRENKE AG.

The profitability of new business remained high. In the GRENKE Group's Leasing segment, the contribution margin 2 (CM2) increased 20.2% to EUR 303.0 million in the first nine months of 2018, equating to a CM2 margin of 17.6%, following EUR 252.2 million in the same period of the prior year. In the first nine months of 2017, the CM2 margin equalled 18.0%. In the third quarter of 2018, the CM2 margin was 17.5% versus a level of 17.8% in the prior-year period. The Leasing segment's CM1 margin (contribution margin 1 at acquisition values) was 12.7% reaching EUR 218.6 million in the first nine months of 2018, following 12.6% and EUR 176.2 million in the prior-year period (Q3-2018: 12.6% and EUR 70.3 million compared to 12.6% and EUR 58.4 million in the prior-year period).

In terms of the regional trend within our three core leasing markets, the volume of new business continued to rise in the reporting quarter, especially in Germany. The pleasing development in the first half of the year gained even more momentum in the third quarter increasing 18.1% for total growth in the first nine months of 2018 of 14.8% over the prior-year period. The other core markets of France (+ 20.2%) and Italy (+ 23.6%) also demonstrated strong growth in the nine-month period.

In the period from January to September 2018, the GRENKE Group recorded a total of 395,264 lease applications (330,012 thereof were international), which generated 195,708 new lease contracts (160,026 thereof were international). The mean acquisition value per lease contract remained at a level typical for the business and amounted to EUR 8,779 (9M-2017: EUR 8,610). Overall, the conversion rate (applications into contracts) at the GRENKE

Group (Leasing segment) was 50%. In our international markets, 48% of applications were converted into contracts, which was lower than the level of 55% in the DACH region.

"Our leasing business continues to show strong growth across all regions, both in terms of new business volume and contribution margins. At the same time, we are maintaining a stable level of conversion rates and mean contract values. This shows that we are neither taking any additional risks with regard to the creditworthiness of our customer base nor with regard to the individual contract volumes in order to maintain our growth," explains Sebastian Hirsch, member of the Board of Directors of GRENKE AG.

In the Factoring segment, we were able to increase the new business volume in the first nine months of the current fiscal year by 18.4% to EUR 366.2 million (9M-2017: EUR 309.3 million). The gross margin of the new business volume of EUR 128.6 million achieved in Germany amounted to 1.66% (9M 2017: 1.72%). The gross margin in our international markets on new business volume of EUR 237.6 million increased to 1.31% (prior-year period: 1.25%). This margin is based on the average period for a factoring transaction in Germany of approx. 27 days (9M-2017: approx. 28 days) and approx. 40 days on an international level (9M-2017: approx. 38 days).

In the first nine months of 2018, GRENKE Bank recorded a very strong year-on-year increase of 46.2% in the lending business for small and medium-sized enterprises (including business start-up financing and microcredit) to EUR 29.3 million after EUR 20.0 million in the corresponding prior year's period. The deposit volume rose by 29.9% and amounted to EUR 624.8 million as per September 30, 2018, compared to EUR 481.0 million as per September 30, 2017.

Overview of new business development (in EUR millions; prior-year figures have been adjusted)

	9M-2018	9M-2017	Change in %
New business GRENKE Group Leasing	1,718.1	1,401.9	22.6
- of which international	1,278.5	1,029.9	24.1
- of which Franchise international	45.1	18.0	150.5
- of which DACH*	394.4	354.0	11.4
Western Europe (without DACH)*	438.7	357.3	22.8
Southern Europe*	542.3	432.4	25.4
Northern/Eastern Europe*	277.9	226.1	22.9
Other regions*	64.8	32.1	102.0
New business GRENKE Group Factoring	366.2	309.3	18.4
- of which Germany	128.6	122.1	5.4
- of which international	105.4	114.7	-8.1
- of which Franchise international	132.2	72.6	82.2
GRENKE Bank			
Deposits	624.8	481.0	29.9
New business SME lending business (incl. business start-up financing)	29.3	20.0	46.2
Contribution margin 2 (CM2) on new business			
GRENKE Group Leasing	303.0	252.2	20.2
- of which international	237.4	197.3	20.3
- of which Franchise international	9.6	3.7	158.4

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- of which DACH*	56.0	51.2	9.4
Western Europe (without DACH)*	79.3	64.2	23.4
Southern Europe*	102.0	85.8	19.0
Northern/Eastern Europe*	52.3	43.8	19.3
Other regions*	13.5	7.2	87.2

* Regions: DACH: Germany, Austria, Switzerland
Western Europe (without DACH): Belgium, France, Luxembourg, the Netherlands
Southern Europe: Croatia, Italy, Malta, Portugal, Slovenia, Spain
Northern/Eastern Europe: Denmark, Finland, Ireland, Norway, Sweden, UK / Czechia, Hungary, Poland, Romania, Slovakia
Other regions: Australia, Brazil, Canada, Chile, Singapore, Turkey, UAE

The Company will publish its quarterly statement for the third quarter and first nine months of 2018 on October 30, 2018.

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About GRENKE

The GRENKE Group (GRENKE) is a global financing partner for small and medium-sized companies. As a one-stop shop for customers, GRENKE's products range from flexible small-ticket leasing and demand-driven bank products to convenient factoring. Fast and easy processing and personal contact with customers and partners are at the centre of GRENKE's activities.

Founded in 1978 in Baden-Baden, the Company operates in 31 countries and employs more than 1,300 staff worldwide. GRENKE shares are listed in the SDAX on the Frankfurt Stock Exchange (ISIN DE000A161N30).

Further information about GRENKE and its products is available at <http://www.grenke.de>