

GRENKE reflects on a successful 2018 fiscal year and another year of strong new business development

- GRENKE Group's new business reached a new record high of EUR 2,979.8 million for a 21.7% rise over the previous year
- Full-year forecast for new business in Leasing and Factoring segments confirmed

Baden-Baden, January 3, 2019: The GRENKE Group looks back on a year of successful new business development during the past 2018 fiscal year. The acquired volume at GRENKE Group Leasing, which is defined as the total acquisition costs of newly purchased leased assets, reached a sum of EUR 2,409.8 million for the year as a whole. This figure corresponds to new business growth of 22.0% in the Leasing segment over the prior year (EUR 1,975.7 million) and has reached the upper end of the 18 to 22% target range, which was raised in the course of the year. New business at GRENKE Group Factoring also performed well and reported a 19.0% year-on-year increase in total purchased receivables to EUR 526.9 million (EUR 442.8 million), which was within the forecasted growth range of 15 to 20%.

"The GRENKE Group can look back on a successful 2018 fiscal year, in which new business in all of our segments developed in line with our expectations. In the fourth quarter, we entered the Baltic States (Latvia) through the introduction of our leasing offers and started in Portugal with our factoring products. We also intensified our leasing presence by adding one new location each in Finland and Great Britain. By the end of the 2018 fiscal year, we were proudly serving our customers from a total of 144 locations in 32 countries. We also worked successfully on our digital services. We introduced our eSignature online offer in five new countries in the fourth quarter, making it now available in 19 countries", said Antje Leminsky, Chair of the Board of Directors of GRENKE AG, in her comments on new business and the strategic directions taken in the past fiscal year.

The profitability of the new business was also very satisfactory overall. The contribution margin 2 (CM2) in the Leasing segment amounted to EUR 420.7 million compared to EUR 353.0 million in the previous fiscal year. This figure corresponds to a CM2 margin of 17.5% versus 17.9% in the prior year. The CM1 margin (contribution margin 1 at acquisition cost) in the Leasing segment was 12.7% and reached a level of EUR 305.0 million (2017: 12.6% and EUR 248.8 million).

We achieved very solid, satisfactory growth in our three core leasing markets. The encouraging development in Germany in the first nine months of 2018 continued with an increase of 11.8% in the fourth quarter, resulting in year-on-year growth of 13.9% in full-year 2018. The other core markets of France (+ 18.4%) and Italy (+ 22.3%) also demonstrated strong growth in 2018.

"As a financing partner, we also strive to instil confidence based on our own rating. In November, the rating agency GBB-Rating confirmed GRENKE's rating and kept its high rating for creditworthiness unchanged. The outlook was assessed as "stable". Our solid financial profile combined with high profitability and solid capital ratios provides the basis for our stable ratings and therefore our sustainable capital market capability. We strengthened our capital base further through the placement of a five-year bond with a volume of EUR 300 million at an interest rate of 1.5%. This bond issue together with our capital increase in June 2018 has laid a solid foundation for our continued growth strategy. Our contribution margins remained at a high level. Although the average CM2 margin declined somewhat year-on-

year, this was fully in line with our expectations and planning as a result of the slightly higher average financing volumes in leasing and the growing importance of our direct sales," explains Sebastian Hirsch, member of the Board of Directors of GRENKE AG.

In 2018, the GRENKE Group received a total of 542,354 lease applications (455,959 thereof were international), which in turn resulted in 271,073 new lease contracts (223,080 thereof were international). At EUR 8,890 (2017: EUR 8,658), the mean term per lease contract remained at a level customary for our business. The conversion rate (applications into contracts) in the GRENKE Group (Leasing segment) was 50%. In our international markets, 49% of the applications were converted into contracts, which was lower than in the DACH region at 56%.

As previously mentioned, we were able to increase our new business volume in the Factoring segment by 19.0% to EUR 526.9 million. The gross margin on new business volume generated in Germany of EUR 172.9 million remained at a high level of 1.66% (2017: 1.70%). In our international markets, the gross margin on new business volume of EUR 354.0 million amounted to 1.30% (2017: 1.28%). This margin is based on the average period for a factoring transaction in Germany of approximately 27 days (2017: approx. 28 days) and about 39 days internationally (2017: approx. 38 days). In comparison to Germany, the international business contains a higher share of debt collection services, for which no default risk is assumed.

In the lending business for small and medium-sized companies (including business start-up financing), GRENKE Bank reported a strong increase of 40.8%. The volume in 2018 on an absolute basis amounted to EUR 43.1 million compared to EUR 30.7 million in the prior year. The deposit volume increased year-on-year by 37.3% to EUR 692.4 million compared to EUR 504.2 million in the prior year.

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

	2018	2017	% change
New business GRENKE Group Leasing	2,409.8	1,975.7	22.0
- of which international	1,799.4	1,457.9	23.4
- of which Franchise international	65.2	28.0	133.3
- of which DACH	545.2	489.8	11.3
Western Europe (without DACH)*	614.7	506.1	21.5
Southern Europe*	764.9	613.4	24.7
Northern/Eastern Europe*	391.4	318.4	22.9
Other regions*	93.6	48.0	95.0
New business GRENKE Group Factoring	526.9	442.8	19.0
- of which Germany	172.9	169.5	2.0
- of which international	152.6	164.8	-7.4
- of which Franchise international	201.5	108.6	85.5

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	2018	2017	% change
GRENKE Bank			
Deposits	692.4	504.2	37.3
New business SME lending business (incl. business start-up financing)	43.1	30.7	40.8
Contribution margin 2 (CM2) on new business			
GRENKE Group Leasing	420.7	353.0	19.2
- of which international	329.5	276.7	19.1
- of which Franchise international	13.8	5.9	133.4
- of which DACH	77.4	70.5	9.8
Western Europe (without DACH)*	110.7	90.6	22.1
Southern Europe*	139.9	120.4	16.2
Northern/Eastern Europe*	73.3	60.7	20.7
Other regions*	19.4	10.8	78.7

* 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, Latvia, Norway, Sweden, UK | Czechia, Hungary, Poland, Romania, Slovakia
Other regions: Australia, Brazil, Canada, Chile, Singapore, Turkey, UAE

The Company will publish its 2018 Annual Report on February 7, 2019.

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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 Group operates in 32 countries and employs more than 1,500 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>