

GRENKE increases its growth forecast

- Very successful first half-year 2017
- New business at GRENKE Group grows 21.7% to EUR 1,152.3 million
- Growth forecast the Leasing segment's new business increased to 16 – 21%

Baden-Baden, July 4, 2017: In the second quarter of 2017, the GRENKE Group successfully remained on its growth path, seamlessly continuing the solid business development seen in the first quarter. The acquired volume at GRENKE Group Leasing – defined as the total acquisition cost of newly purchase leased assets – persisted at a high level in the first six months growing 20.9% to EUR 939.5 million (previous year: EUR 776.8 million). As a result, growth remained visibly above the forecast range of 11 to 16% announced at the start of the 2017 fiscal year. The new business acquired by GRENKE Group Factoring also exceeded the expectations at the start of the year. The total of purchased receivables increased 24.8% year-on-year to EUR 199.7 million (previous year: EUR 160.0 million).

"We are very pleased with the new business growth generated in the first six months of the year. All of our segments performed at least within our expectations, with some even exceeding our expectations. We are therefore raising our current fiscal year forecast for the Leasing segment and now expect new business growth in the Leasing segment to range between 16 and 21%. This takes into account the placement of the holidays in the fourth quarter compared to the previous year. We will remain for the time being by our previous forecast for new business in the Factoring segment. We choose the right strategic path, which has made GRENKE one of the major providers of small-ticket leasing today. Next to the financing of IT products – which continues to represent the majority of our leasing portfolio – we now also provide small machinery and medical equipment financing. We would like to seize the tremendous future potential we see in these areas", said Wolfgang Grenke in his comments on the GRENKE Group's recent developments.

The margins on the acquired volume were very satisfactory: the contribution margin 2 (CM2) on new business in the Leasing segment reached EUR 169.8 million compared to EUR 142.5 million in the first half of 2016. This is equivalent to a CM2 margin of 18.1% compared to 18.3% in the previous year. The CM1 margin in the Leasing segment (contribution margin 1 at acquisition value) was 12.5% and reached a level of EUR 117.8 million (previous year: 13.1% and EUR 101.8 million, respectively).

There was a visible rise in the international portion of new business from 72.5% in the first half of the previous year to 74.8% in the first half of the current year. We achieved an overall growth rate of 25.5% in our international markets. The countries with the highest growth were also our most important markets, namely, Italy (40.1%), Spain (30.3%) and UK (30.1%). The German market remained intensely competitive and therefore grew 7.9%. We are very satisfied with this level of growth in light of our comparatively high penetration rate in Germany.

We have also intensified our international presence as part of our cell division strategy and opened a new location each in Germany and France in the second quarter of 2017. In addition, we have expanded geographically to include Australia by opening two new locations (Melbourne and Sydney). So far this year, we have opened eight new locations bringing GRENKE's global presence to a total of 131 locations.

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Sebastian Hirsch, member of the GRENKE AG Board of Directors, added: "Customer proximity is a decisive factor for us, which is why we are continually adding to our geographical presence. By entering Australia, we have not only penetrated a new market but have also expanded to a new continent. We are also consistently strengthening and expanding our comprehensive product range. The most recent examples of this include the closing of our seventh global loan in June with NRW.BANK for EUR 40 million and our cooperation with N26, which is an innovative service offering customers an attractive range of fixed deposits."

In the first half of 2017, the GRENKE Group recorded 236,179 lease applications (198,310 thereof were international), which generated 110,206 new lease contracts (90,625 thereof were international). At EUR 8,525 (previous year: EUR 8,513), the mean acquisition value per lease contract remained at a level customary for our business.

The GRENKE Group's (Leasing segment) conversion rate (applications into contracts) was 47%. The conversion rate in our international markets amounted to 46%, which was lower than the level in the German market (52%).

Our Factoring segment reported a consistently high gross margin in Germany of 1.71% (previous year: 1.99%) on new business volume of EUR 81.6 million. The gross margin in our international markets amounted to 1.26% (previous year: 1.32%) on new business volume of EUR 118.1 million. The margin is based on the average period of approximately 27 days in Germany for a factoring transaction (previous year: approx. 27 days) and approximately 37 days in our international markets (previous year: approx. 37 days).

The development of GRENKE Bank's lending business for small and medium sized enterprises (incl. business start-up financing) was also very encouraging, growing year-on-year by 25.9% and reaching a total new business volume of EUR 13.1 million.

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

	6M-2017	6M-2016	Change in %
New business GRENKE Group Leasing	939.5	776.8	20.9
- of which international	716.2	581.9	23.1
- of which Franchise international	27.7	13.5	104.3
- of which Germany	195.6	181.4	7.9
Western Europe (without Germany)*	280.6	252.9	10.9
Southern Europe*	293.5	215.8	36.0
Northern/Eastern Europe*	149.6	115.7	29.2
Other regions*	20.2	10.9	84.8
New business GRENKE Group Factoring	199.7	160.0	24.8
- of which Germany	81.6	68.9	18.6
- of which international	74.7	66.7	12.1
- of which Franchise international	43.4	24.5	77.2
GRENKE Bank			
Deposits	475.3	385.7	23.2
New business SME lending business (incl. business start-up financing)	13.1	10.4	25.9
Contribution margin 2 (CM2) on new business GRENKE Group Leasing	169.8	142.5	19.2

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- of which international	137.1	116.0	18.2
- of which Franchise international	6.2	2.8	124.5
- of which Germany	26.6	23.8	11.8
Western Europe (without Germany)*	51.3	48.1	6.5
Southern Europe*	58.3	44.7	30.5
Northern/Eastern Europe*	29.0	23.7	22.6
Other regions*	4.6	2.2	106.5

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

The Company will publish its financial report for the second quarter and first half-year of 2017 on July 28, 2017.

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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 service provider for customers, GRENKE's products range from flexible small-ticket leasing and needs-based banking products to practical receivables management. 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 1,200 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>