

GRENKE reports strong new business in 2017 and exceeds its own expectations

- Fourth quarter exceeds overall expectations
- New business at the GRENKE Group reaches a new record of EUR 2,449.2 million
- Year-on-year increase in volume of 24.1%
- Full-year forecasts surpassed for new business in the Leasing and Factoring segments

Baden-Baden, January 3, 2018: The GRENKE Group looks back on the successful new business development achieved in the past 2017 fiscal year. The acquired volume of GRENKE Group Leasing, which is defined as the total acquisition costs of newly purchased leased assets, reached a sum of EUR 1,975.7 million, representing an increase of 24.1% over the prior year (EUR 1,592.5 million) and exceeding the growth target of 16 to 21% that was revised higher during the year. New business in the fourth quarter alone increased 27.5% also surpassing expectations. New business at GRENKE Group Factoring also developed positively. The total of purchased receivables surpassed the prior year's level (EUR 356.2 million) by a total of 24.3% rising to EUR 442.8 million, which was also above its forecasted growth range of 12 to 20%.

"2017 was a very good year for the GRENKE Group. New business development either met or exceeded our expectations in all segments. We were not only successful in terms of new business growth, but also in terms of the range of products financed. Since 2017, we have been financing not only IT products, but also small machinery and medical devices. As with our direct sales, the expansion of our product range was also very well received by our customers," said Wolfgang Grenke in his comments on the new business and the strategic direction during the past fiscal year.

The profitability of the new business was very satisfactory overall. The contribution margin 2 (CM2) in the Leasing segment amounted to EUR 353.0 million following a level of EUR 281.8 million in the prior fiscal year. This was equivalent to a CM2 margin of 17.9% compared to 17.7% in the prior year. The CM1 margin (contribution margin 1 at acquisition value) of the Leasing segment totalled 12.6% and reached a level of EUR 248.8 million (2016: 12.5% and EUR 199.1 million).

The importance of our rapidly growing international business continued to increase in 2017. This is reflected by the growth in the international share of our business, which increased from 71.7% in the prior year to a total of 75.2% in 2017. Our international business grew by 30.2% overall. In the Leasing segment, Italy (+41.1%), Spain (+35.3%) and Great Britain (+28.1%), which represent important countries for us, showed particularly exceptional growth. We grew 19.1% in our core market of France and 7.0% in Germany, which meant we were able to gain further market share. The overall growth in our three largest markets – Italy, France and Germany – was very solid and satisfactory.

In the fourth quarter of 2017, we opened a new location in Italy under our cell division strategy. In addition, we have been offering our factoring products in Italy since October 2017. Including the new location in Italy, GRENKE is now present and available to its customers at 132 locations worldwide.

"As a global financing partner, regularly entering new markets is a natural part of our business. Having already successfully entered the leasing market in Australia and the factoring

market in Italy in the 2017 fiscal year, we are now looking to solidly establish our business throughout those countries. This is the same strategy we pursue in all of our markets. In 2017, we opened a total of nine new locations and further cell divisions are planned for 2018. At the same time, it is important for us that the growth in the number of contracts coincides with the growth in business volume so that we can strengthen our position in the small-ticket segment," said member of the Board of Directors of GRENKE AG Sebastian Hirsch, in his description of the GRENKE Group's expansion strategy.

In 2017, the GRENKE Group received a total of 470,920 lease applications (396,686 thereof were international). The applications resulted in 228,199 new lease contracts (188,313 thereof were international). At EUR 8,658 (2016: EUR 8,719) the mean term per lease contract remained at a level that is customary for our business.

The conversion rate (applications into contracts) for the GRENKE Group (Leasing segment) was 48%. The conversion rate in our international markets was 47%, which was lower than the rate achieved in the German market (54%).

As already mentioned, we were able to increase our new business volume in the Factoring segment by 24.3% to EUR 442.8 million. The gross margin on new business volume generated in Germany of EUR 169.5 million remained at a high level of 1.70% (2016: 1.86%). In our international markets, the gross margin on new business volume of EUR 273.4 million amounted to 1.28% (2016: 1.24%). This margin is based on the average period for a factoring transaction in Germany of approximately 28 days (2016: approx. 26 days) and about 38 days internationally (2016: approx. 37 days). 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 21.2%. The volume in 2017 on an absolute basis amounted to EUR 30.7 million compared to EUR 25.3 million in the prior year. The deposit volume increased year-on-year by 20.9% and totalled EUR 504.2 million compared to EUR 417.1 million in the prior year.

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

	2017	2016	% change
New business GRENKE Group Leasing	1,975.7	1,592.5	24.1
- of which international	1,515.7	1,187.2	27.7
- of which Franchise international	53.7	25.7	109.1
- of which Germany	406.3	379.7	7.0
Western Europe (without Germany)*	589.6	499.8	18.0
Southern Europe*	613.4	443.6	38.3
Northern/Eastern Europe*	318.4	241.5	31.8
Other regions*	48.0	27.8	72.5
New business GRENKE Group Factoring	442.8	356.2	24.3
- of which Germany	169.5	153.2	10.7
- of which international	164.8	144.7	13.9
- of which Franchise international	108.6	58.4	86.0

Corporate News

Baden-Baden

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	2017	2016	% change
GRENKE Bank			
Deposits	504.2	417.1	20.9
New business SME lending business (incl. business start-up financing)	30.7	25.3	21.2
Contribution margin 2 (CM2) of new business			
GRENKE Group Leasing	353.0	281.8	25.3
- of which international	286.9	228.5	25.5
- of which Franchise international	11.7	5.4	116.1
- of which Germany	54.5	47.8	13.9
Western Europe (without Germany)*	106.5	92.2	15.6
Southern Europe*	120.4	87.2	38.0
Northern/Eastern Europe*	60.7	48.6	25.0
Other regions*	10.8	6.0	81.9

* 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 / Czechia, Hungary, Poland, Romania, Slovakia
 Other regions: Australia, Brazil, Canada, Chile, Singapore, Turkey, UAE

The Company will publish its 2017 Annual Report on February 8, 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>