
Q1 2020: GRENKE remains active and profitable amid the COVID-19 pandemic

- Net interest income increases 15.9% to EUR 101.1 million
- Additional risk provisions of EUR 16 million under IFRS 9 lead to settlement of claims and risk provision of EUR 50.8 million (+79.4%)
- Net profit reaches EUR 23.7 million (-29.8%)
- 2020 guidance to be updated as soon as the effects of the COVID-19 pandemic can be more concretely determined

Baden-Baden, May 5, 2020: GRENKE AG, a global financing partner for small and medium-sized enterprises, managed to persevere in an environment overshadowed by the COVID-19 pandemic in the first quarter of 2020 in terms of its income and earnings. Net interest income increased 15.9% year-on-year in the first quarter of 2020 to EUR 101.1 million (Q1 2019: EUR 87.3 million). Net interest income represents the balance of interest income and interest expenses. Interest and similar income from the financing business grew by 15.9% to EUR 115.6 million (Q1 2019: EUR 99.8 million). The year-on-year rise in interest expenses on refinancing was 15.7% to EUR 14.5 million (Q1 2019: EUR 12.5 million).

"Our strength lies in our ability to change course quickly. Even amid the current crisis, we are taking advantage of the opportunities offered by our large customer base and strong independence from individual industries. Irrespective of this, we are keeping our strategic investments on track", comments Antje Leminsky, Chair of the Board of Directors of GRENKE AG, on the business development in the first quarter of 2020 and the further outlook".

Settlement of claims and risk provision totals EUR 50.8 million

Expenses for the settlement of claims and risk provision increased significantly by 79.4% in the first quarter of 2020 and reached EUR 50.8 million (Q1 2019: EUR 28.3 million). This rise resulted from the expectation of higher losses due to the COVID-19 pandemic and led to a 15% increase in risk provisions under IFRS 9 as per the reporting date compared to December 31, 2019. Consequently, the Consolidated Group's loss rate increased to 2.3% (previous year: 1.5%). Net interest income after settlement of claims and risk provision in the reporting quarter fell accordingly by 14.6% to EUR 50.3 million (previous year: EUR 58.9 million).

"The increased risk provisions reflect our current assessment of the impact of the pandemic. It is essentially based on three aspects: our expectations of future payment behaviour, our broad diversification, and our experience in dealing with crises. We have also taken into account the government guarantee measures and liquidity commitments, which we assess as positive. The timing and extent of these measures, however, are still difficult to predict. Our own liquidity position is very good, and we can continue to finance our own operations while having sufficient flexibility to manoeuvre, thanks to a variety of refinancing instruments", explained Sebastian Hirsch, member of the Board of Directors of GRENKE AG, the GRENKE Consolidated Group's results of operations and financial position in the first quarter.

Operating result amounts to EUR 31.4 million due to risk provisions

Higher expenses for the settlement of claims and risk provision adversely impacted the operating result, which declined by 24.9% to EUR 31.4 million from EUR 41.7 million in the prior-year quarter. At EUR 23.7 million, net profit also came in 29.8% below the previous year's quarter (Q1 2019: EUR 33.8 million). In accordance with the legal terms of the hybrid bonds issued by the GRENKE Consolidated Group, the interest in net profit attributable to hybrid capital holders must be recognised in full as a one-time amount

as per the end of March of the respective fiscal year. With an equity ratio of 17.2% – which exceeded the long-term benchmark of 16.0% – the Consolidated Group's balance sheet structure was solid.

Taking into account the latest cell divisions and acquisitions, the average number of employees at the GRENKE Consolidated Group increased by 9.5% year-on-year to 1,744 employees. Staff costs in the first quarter of 2020 were 9.7% higher year-on-year and amounted to EUR 30.3 million (Q1 2019: EUR 27.6 million). Selling and administrative expenses rose by 4.5% to EUR 19.0 million (Q1 2019: EUR 18.2 million).

Number of contracts concluded via eSignature rises 14.7%

The number of contracts concluded via eSignature rose by 14.7% year-on-year in the first quarter of 2020. eSignature is now established in 20 markets and enables lease contracts to be processed entirely digitally.

2020 forecast

The scope and extent of the impact of the COVID-19 pandemic on the GRENKE Group's further business and earnings development cannot yet be assessed with any certainty and has not been taken into consideration in the forecast for the 2020 fiscal year published on February 11, 2020. The Board of Directors will update its forecast as soon as the effects of the COVID-19 pandemic can be determined with sufficient certainty.

The quarterly statement for the first quarter is available online at www.grenke.com/investor-relations/reports-downloads.

Overview of key figures (in EUR millions)

	Q1 2020	Q1 2019	Change in %
New business GRENKE Group Leasing	681.3	670.3	1.6
New business GRENKE Group Factoring	171.7	142.4	20.6
New business SME lending (incl. business start-up financing)	18.0	11.8	53.0
CM2 margin on Leasing new business in %	18.2	16.6	1.6 pp
Net profit GRENKE Consolidated Group	23.7	33.8	-29.8
Cost-income ratio in %	43.5	44.2	-0.7 pp
Equity ratio in %	17.2	17.9	-0.7 pp
Consolidated Group's average number of employees (in full-time equivalents)	1,744	1,593	9.5

Please note: Rounding may result in differences in individual values compared to the values actually achieved in EUR.

Corporate News

Baden-Baden

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For further information, please contact:

GRENKE AG
Investor Relations

Neuer Markt 2
76532 Baden-Baden
Phone: +49 7221 5007-204
Email: investor@grenke.de
Website: www.grenke.com

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 32 countries and employs more than 1,700 staff worldwide. GRENKE shares are listed in the MDAX on the Frankfurt Stock Exchange (ISIN DE000A161N30).

Further information about GRENKE and its products is available at www.grenke.com