GRENKE®

QUARTERLY STATEMENT

FOR THE 3RD QUARTER AND THE FIRST NINE MONTHS 2018
GRENKE CONSOLIDATED GROUP

Q3 | 9M 2018

KEY FIGURES GRENKE GROUP

	Jan. 1, 2018 to Sep. 30, 2018	Change (%)	Jan. 1, 2017 to Sep. 30, 2017	Unit
New business GRENKE Group Leasing	1,718,061	22.6	1,401,859	EURk
of which international	1,278,509	24.1	1,029,867	EURk
of which franchise international	45,115	150.5	18,008	EURk
of which DACH*	394,437	11.4	353,984	EURk
Western Europe (without DACH)*	438,709	22.8	357,346	EURk
Southern Europe*	542,257	25.4	432,407	EURk
Northern / Eastern Europe*	277,882	22.9	226,054	EURk
Other regions*	64,777	102.0	32,068	EURk
New business GRENKE Group Factoring (incl. collection services)	366,197	18.4	309,330	EURk
of which Germany	128,622	5.4	122,061	EURk
of which international	105,393	-8.1	114,716	EURk
of which franchise international	132,182	82.2	72,554	EURk
GRENKE Bank				
Deposits	624,800	29.9	481,045	EURk
New business SME lending business incl. business start-up financing	29,251	46.2	20,002	EURk
Contribution margin 2 (CM2) on new business				
GRENKE Group Leasing	303,040	20.2	252,195	EURk
of which international	237,388	20.3	197,269	EURk
of which franchise international	9,642	158.4	3,731	EURk
of which DACH*	56,010	9.4	51,195	EURk
Western Europe (without DACH)*	79,266	23.4	64,228	EURk
Southern Europe*	102,019	19.0	85,764	EURk
Northern / Eastern Europe*	52,263	19.3	43,807	EURk
Other regions*	13,481	87.2	7,201	EURk
Further information leasing business				
Number of new contracts	195,708	20.2	162,814	units
Share of corporate customers in lease portfolio	100	0	100	percent
Mean acquisition value	8.8	2.3	8.6	EURk
Mean term of contract	49	2.1	48	months
Volume of leased assets	6,636	20.5	5,509	EURm
Number of current contracts	756,665	18.8	637,081	units

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

GRENKE Group = GRENKE Consolidated Group including franchise partners
GRENKE Consolidated Group = GRENKE AG and all consolidated subsidiaries and structured entities according to IFRS

KEY FIGURES
GRENKE CONSOLIDATED GROUP

	Jan. 1, 2018 to Sep. 30, 2018	Change (%)	Jan. 1, 2017 to Sep. 30, 2017	Unit
Key figures income statement				
Net interest income	209,007	14.7	182,238	EURk
Settlement of claims and risk provision	66,811	19.1	56,089	EURk
Profit from service business	61,279	20.7	50,777	EURk
Profit from new business	60,995	23.6	49,360	EURk
Gains (+) / losses (–) from disposals	-2,362	-62.5	-6,299	EURk
Other operating income	4,601	-45.5	8,445	EURk
Cost of new contracts	43,231	19.1	36,308	EURk
Cost of current contracts	12,598	18.4	10,639	EURk
Project costs and basic distribution costs	46,714	23.9	37,701	EURk
Management costs	40,110	18.2	33,947	EURk
Other costs	6,998	41.1	4,958	EURk
Operating result	117,058	11.6	104,879	EURk
Other financial result (income (–) / expense (+))	1,138	-52.5	2,398	EURk
Income / expenses from fair value measurement	-26	n.a.	0	EURk
EBT (earnings before taxes)	115,894	13.1	102,481	EURk
Net profit	97,944	23.6	79,271	EURk
Earnings per share (according to IFRS)	2.06	18.4	1.74	EUR
Further Information				
Dividends	0.70	20.7	0.58	EUR
Embedded value, leasing contract portfolio (excl. equity before taxes)	508	15.1	442	EURm
Embedded value, leasing contract portfolio (incl. equity after taxes)	1,464	32.5	1,105	EURm
Cost / income ratio	56.3	3.1	54.6	percent
Equity ratio	19.2	15.7	16.6	percent
Average number of employees	1,429	18.9	1,202	employees
Staff costs	75,285	19.7	62,920	EURk
of which total remuneration	61,724	19.3	51,718	EURk
of which fixed remuneration	45,080	18.0	38,192	EURk
of which variable remuneration	16,644	23.1	13,526	EURk

GRENKE Group = GRENKE Consolidated Group including franchise partners
GRENKE Consolidated Group = GRENKE AG and all consolidated subsidiaries and structured entities according to IFRS

GRENKE AT A GLANCE

Steady growth –

Firmly committed to 2018 targets for new business and net profit

CONTINUED HIGH GROWTH

GRENKE GROUP LOCATIONS

141

:: CELL DIVISIONS 9M 2018:
Austria, Croatia, Denmark, Germany, Finland, France, 2 in Italy, the Netherlands

:: ACQUISITION OF FRANCHISE COMPANIES 9M 2018: Croatia, United Arab Emirates

NEW BUSINESS GRENKE GROUP 9M 2018

+22 %

Volume incl. Franchise partners reaches EURm 2,113.5 (previous year: EURm 1,731.2)

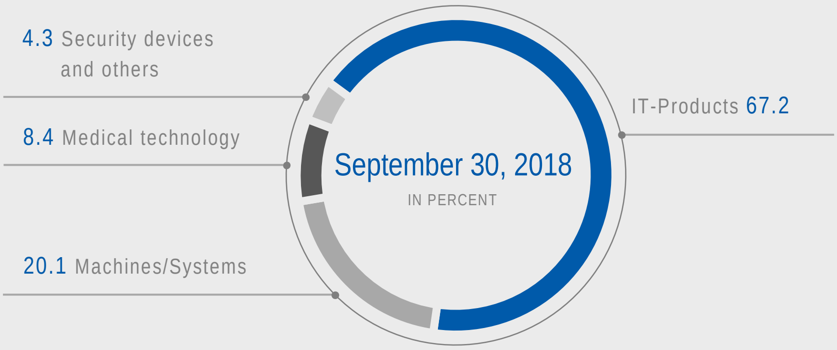
NUMBER OF EMPLOYEES

1,429

+18.9 % year-on-year (GRENKE Consolidated Group, previous year: 1,202)

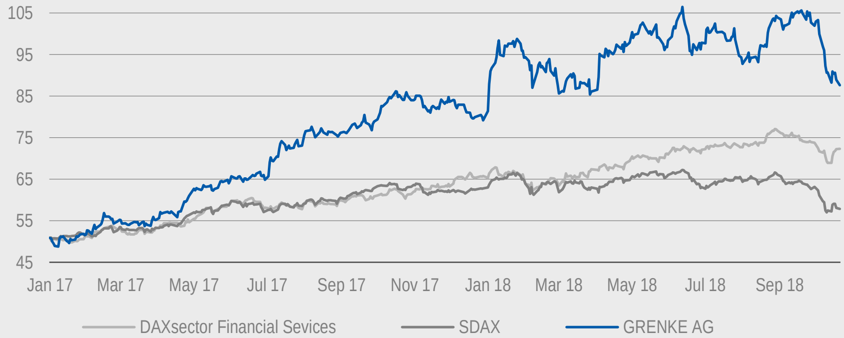
BROADLY DIVERSIFIED

LEASING NEW BUSINESS PORTFOLIO



ATTRACTIVE SHARE PRICE PERFORMANCE

GRENKE SHARE PRICE PERFORMANCE



CONTENTS

LETTER TO SHAREHOLDERS FROM THE BOARD OF DIRECTORS

Dear Shareholders,
Ladies and Gentlemen,

The business development of the GRENKE Group in the third quarter of 2018 was marked by continuity. The good growth rates in new business and earnings in the first half of the year continued. In the nine-month period, new business in the Leasing segment grew at a solid 23 percent to EUR 1,718.1 million, while profitability remained high. Once again, our three core markets – Germany, France and Italy – showed strong growth with new business at GRENKE Group Leasing demonstrating double-digit growth rates across all European regions, in some cases at rates of over 20 percent. So far this year, in countries outside Europe, where we are still in relatively early stages of development, we have been able to double the leasing new business volume. The Factoring segment also continued to grow new business at a strong pace, increasing 18 percent, both in the reporting quarter and in the nine-month period.

Our new eSignature online offer continued its promising high growth with an increase of 56 percent year-on-year in the number of leases concluded using this innovative and fully digital distribution channel in the 2018 ninth-month period (versus 9M 2017). In addition, we successfully launched our digital service offer in other European and non-European countries in the third quarter of 2018 and expanded our offer with the addition of our signing app in some of the countries where our customers had already had access.

Given the high growth rates of the GRENKE Group Leasing during the first nine months of 2018, we are confident that we will be able to close the year 2018 at the upper end of our target corridor of an 18 to 22 percent increase compared to the prior year. With a 24 percent increase in net profit from EUR 79.3 million to EUR 97.9 million in the first nine months of 2018, we are also clearly on course. As a result, we are able to narrow our previous full-year forecast for a net profit of EUR 123 to 131 million for full-year 2018. We now expect a net profit in the range of EUR 126 million to EUR 132 million.

In the third quarter, we expanded and consolidated the international presence of the GRENKE brand. In total, nine locations were opened in eight European countries in the period from January to September. Today, GRENKE is present on five continents with 141 locations worldwide. By the end of the year, additional locations will be added in new and existing markets.

With the successful placement of a capital increase in June, we significantly strengthened the equity base of GRENKE AG. As a result, and due to our solid business performance, the equity ratio equalled 19.2 percent as per the September 30 reporting date. In achieving this, we are keeping one of our most important strategic goals in mind: high financial strength, especially based on our own internal resources, remains the key to the further expansion of the GRENKE Group, the continuation of our successful internationalisation strategy, the targeted expansion in our market share and the further systematic development of our product and service portfolio.

Dear Shareholders, we at GRENKE AG will continue to pursue our strategic growth path, and we thank you for your trust.

Baden-Baden, October 2018

THE BOARD OF DIRECTORS

SECTION 1

CONDENSED INTERIM GROUP MANAGEMENT REPORT

BUSINESS PERFORMANCE

GRENKE GROUP'S NEW BUSINESS

The growth in new business at the GRENKE Group in the third quarter of the current fiscal year was consistent with the growth rates in the prior quarters. In the first nine months of 2018, new business volume increased 22 percent to EUR 2,113.5 million compared to EUR 1,731.2 million in the three business segments Leasing, Banking and Factoring. With a share of 81 percent (9M 2017: 81 percent) of the total volume, Leasing remained the most important segment in the nine-month period. New business in this segment – defined as the total acquisition costs of newly purchased lease assets – rose by 23 percent to EUR 1,718.1 million after amounting to EUR 1,401.9 million in the same period of the previous year. As a result, at the end of the first nine months, it is at the upper end of the target corridor for full-year 2018, which had been raised to 18 to 22 percent at the middle of this year.

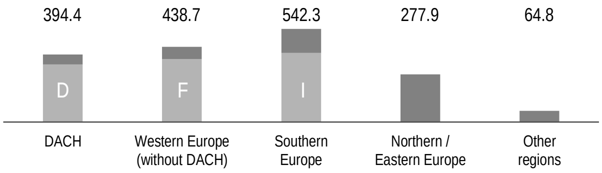
In terms of the regional distribution of our business, the three leasing core markets of Germany, France and Italy continued to show strong growth. In Germany, new business growth developed satisfactorily over the course of the year, growing by a total of 15 percent over the nine-month period. In France, we increased new business by 20 percent year-on-year and in Italy by 24 percent.

New business in Western Europe (without DACH) increased by 23 percent in the nine-month period to EUR 438.7 million (previous year: EUR 357.3 million). In Southern Europe, the volume of new business grew by 25 percent to EUR 542.3 million (previous year: EUR 432.4 million). This region, with a share of 32 percent of total new leasing business (previous year: 31 percent), continues to be significant. In Northern / Eastern Europe, we increased our new business in the January to September period by 23 percent to EUR 277.9 million (previous year: EUR 226.1 million). We again recorded strong growth in "other regions" helped by the low prior year basis and more than doubled new business volume in these countries to a total of EUR 64.8 million (previous year: EUR 32.1 million).

SEE DIAGRAM "GRENKE GROUP LEASING'S NEW BUSINESS BY REGION"

NEW BUSINESS GRENKE GROUP LEASING*

As per September 30, 2018; in EUR millions



* See next page for regional description.

The profitability of new business remained very satisfactory in light of the continued high growth. In the Leasing segment, the contribution margin 2 (CM2) amounted to EUR 303.0 million compared to a level of EUR 252.2 million in the first nine months of the prior fiscal year. This corresponds to a CM2 margin of 17.6 percent compared to 18.0 percent in the same period of the previous year. The Leasing segment's CM1 margin (contribution margin 1 at acquisition values) was 12.7 percent for a total of EUR 218.6 million (9M 2017: 12.6 percent and EUR 176.2 million).

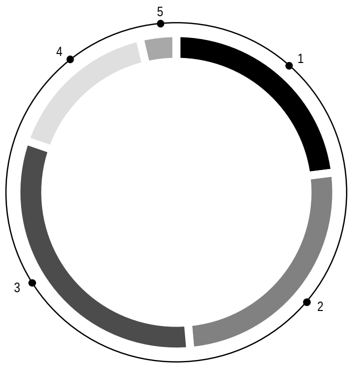
In the Factoring segment, we were able to increase new business volume in the nine-month period by 18 percent to EUR 366.2 million (previous year: EUR 309.3 million). The gross margin of the new business volume of EUR 128.6 million generated in Germany, 11 percent of which was attributed to collection services, was 1.66 percent compared to 1.72 percent in the same period of the previous year.

Given the fact that collection services in our international markets account for more than double the share generated in our domestic market (24 percent), the gross margin on new business volume of EUR 237.6 million after the first nine months of the current fiscal year was lower in our international markets, rising to 1.31 percent after 1.25 percent in the same period last year.

These margins are based on an average period for a factoring transaction of approx. 27 days in Germany (previous year period: approx. 28 days) and approx. 40 days on an international level (previous year period: approx. 38 days).

In the nine-month period, GRENKE Bank was able to increase its new business in SME lending including business start-up financing by 46 percent to EUR 29.3 million compared to EUR 20.0 million in the previous year. GRENKE Bank's deposit volume reached EUR 624.8 million as per September 30, 2018 and was thereby 30 percent higher than the level of EUR 481.0 million as per the corresponding reporting date of the prior year.

GRENKE GROUP LEASING'S NEW BUSINESS BY REGION



GRENKE Group Leasing *(share of overall new business in percent)*		Jan. 1, 2018 to Sep. 30, 2018	Jan. 1, 2017 to Sep. 30, 2017
1	DACH	23.0	25.3
2	Western Europe (without DACH)	25.5	25.5
3	Southern Europe	31.5	30.8
4	Northern / Eastern Europe	16.2	16.1
5	Other regions	3.8	2.3

GRENKE Group *(in EUR millions)*	Jan. 1, 2018 to Sep. 30, 2018	Jan. 1, 2017 to Sep. 30, 2017
New business GRENKE Group Leasing	1,718.1	1,401.9
New business GRENKE Group Factoring	366.2	309.3
Business start-up financing GRENKE Bank (incl. microcredit business)	29.3	20.0

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

* Franchise

GRENKE CONSOLIDATED GROUP'S BUSINESS PERFORMANCE

The growth momentum of the GRENKE Consolidated Group continued uninterrupted in the first nine months of the current fiscal year. Our income continued to benefit from our high and profitable new business acquired in prior years and the steadily attractive interest rate environment.

The new regulations for the accounting of impairments (IFRS 9), which are detailed in the following Report on Business Development in more detail, are reflected in the figures presented. They do not, however, reflect a change in our active and risk-oriented margin management, which we continue to apply stringently.

To densify our international network, we opened nine locations in eight countries in the reporting period, two of which were opened during the reporting quarter. In the spring, we also acquired the existing franchise companies in Croatia and the United Arab Emirates. At the end of the reporting period, we were present globally with 141 locations in 31 countries on 5 continents.

We are supplementing our services with digital offers that are in high demand. Our innovative eSignature product, for example, continues to enjoy a strong reception. Since its introduction, a total of 101,474 contracts have been concluded with this pioneering product, which enables a lease contract to be processed entirely digitally. As a result, the share of new business acquired via eSignature has further increased. We are therefore gradually extending this offer to other markets. In the third quarter of 2018, this product was successfully launched in several European and non-European countries. In some countries, where our customers have already been able to access eSignature, we have extended our digital services with the addition of the signing app.

As part of the refinancing of our new business, all new issues were placed successfully in the quarter under review within a short period of time. For further information on the refinancing measures in the current fiscal year, please refer to the notes to the condensed interim consolidated financial statements.

SELECTED INFORMATION FROM THE CONSOLIDATED INCOME STATEMENT

EURk	Jan. 1, 2018 to Sep. 30, 2018	Jan. 1, 2017 to Sep. 30, 2017*
Net interest income	209,007	182,238
Settlement of claims and risk provision	66,811	56,089
Net interest income after settlement of claims and risk provision	142,196	126,149
Profit from service business	61,279	50,777
Profit from new business	60,995	49,360
Gains (+)/losses (–) from disposals	-2,362	-6,299
Income from operating business	262,108	219,987
Staff costs	75,285	62,920
of which total remuneration	*61,724*	*51,718*
of which fixed remuneration	*45,080*	*38,192*
of which variable remuneration	*16,644*	*13,526*
Selling and administrative expenses (not including staff costs)	57,264	46,924
of which IT project costs	*5,196*	*4,405*
Earnings before taxes	115,894	102,481
Net profit	97,944	79,271
Earnings per share (basic/diluted in EUR)	2.06	1.74

* Previous year's amounts adjusted; see "First-time application of IFRS 9" in the notes to the condensed interim consolidated financial statements.

NET ASSETS, FINANCIAL POSITION AND RESULTS OF OPERATIONS

NEW IFRS 9 ACCOUNTING STANDARD

The accounting standard IFRS 9 "Financial Instruments", whose application was mandatory for the first time as per January 1, 2018, resulted in changes to the previous year's amounts in the income statement (settlement of claims and risk provision, tax expenses) and in the balance sheet (lease receivables, other current and non-current financial assets, trade receivables, deferred tax assets and other current provisions), which promotes, above all, comparability and transparency. While the previous IAS 39 standard permitted the recognition of impairment losses only for losses already incurred, IFRS 9 provides for a new impairment model based on expected credit losses. The transition to and first-time application of IFRS 9 has no impact on contribution margins or embedded value, leaving the Consolidated Group's overall profitability unaffected. The pre-emption of expected losses only shifts them to a different period within the entire term. The transition effects from the application of IFRS 9 are presented separately.

:: ► SEE NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS, PAGE 22

RESULTS OF OPERATIONS

Interest and similar income from the financing business are traditionally, as in the current fiscal year, the strongest source of income for the GRENKE Consolidated Group. In the ongoing favourable refinancing environment, this item sees stronger increases in percentage terms than interest and similar expenses, which are also substantially lower in absolute terms. Accordingly, net interest income rose by 15 percent to EUR 71.8 million in the quarter under review (previous year: EUR 62.3 million). IFRS 9 resulted in higher expenses for the settlement of claims and risk provision on an absolute basis in both the reporting quarter and the same quarter of the prior year. In comparison to the third quarter of the prior year, this item increased by 24 percent in the reporting quarter, leading to a 11 percent increase in net interest income after settlement of claims and risk provision to EUR 47.8 million in the third quarter of 2018 after EUR 42.9 million in the same quarter of the previous year.

Including the profit from service business and profit from new business, which were 21 percent and 27 percent higher and unaffected by IFRS 9, and minor gains from disposals (previous year: EUR –1.3 million losses from disposals), the income from operating business in the reporting quarter reached EUR 90.2 million compared to EUR 75.9 million in the same quarter of the prior year.

The Consolidated Group's loss rate, taking the entire risk provisions under IFRS 9 into account, was 1.3 percent after 1.4 percent in the same period of the previous year. In terms of expenses in the reporting quarter, staff costs were one of the key items rising 19 percent to EUR 26.0 million from EUR 21.8 million in the previous year due to the increase in the average number of employees from 1,202 in the prior year to 1,429 in the reporting year and higher variable remuneration components. Intensified marketing and sales activities resulted in a 26 percent rise in selling and administrative expenses from EUR 16.0 million to EUR 20.1 million. Both expense items reflect the acquisition of former franchisees.

The Consolidated Group's depreciation and amortisation exceeded the previous year's figure by 32 percent, as a result of recent acquisitions and higher IT investments. In absolute terms, however, at EUR 4.4 million, following EUR 3.4 million in the same period of the previous year, this item continued to have only a minor effect on the Consolidated Group's earnings performance. Other operating expenses and income totalled an income of EUR 1.0 million compared to income of EUR 1.4 million in the same quarter of the previous year.

Overall, the operating result after the accounting change based on IFRS 9 amounted to EUR 40.7 million in the reporting quarter after EUR 36.2 million in the same quarter of the prior year. Earnings before taxes amounted to EUR 40.2 million after EUR 35.3 million. Net profit in the reporting period rose by 24 percent to EUR 34.5 million compared to EUR 27.8 million in same period of the previous year. This resulted in earnings per share of EUR 0.71 in the third quarter of 2018 compared to EUR 0.61 in the third quarter of 2017.

NINE MONTHS COMPARISON 2018 VERSUS 2017

The information above pertaining to the reporting quarter also essentially applies to the nine-month period. Net interest income grew 15 percent year-on-year and reached EUR 209.0 million compared to EUR 182.2 million in the first nine months of 2017. Expenses for the settlement of claims and risk provision totalled EUR 66.8 million after EUR 56.1 million. Net interest income after settlement of claims and risk provision rose accordingly by 13 percent from EUR 126.1 million in the first nine months of 2017 to EUR 142.2 million in the 2018 nine-month reporting period.

Income from operating business, which included a 21 percent increase in profit from service business, a 24 percent increase in profit from new business and a strong improvement in losses from disposals, increased year-on-year by 19 percent rising from EUR 220.0 million to EUR 262.1 million. Including the planned increase in expenses, the operating result increased by 12 percent to EUR 117.1 million in the first nine months of 2018 compared to EUR 104.9 million in the comparable period of the prior year.

Earnings before taxes in the reporting period increased 13 percent and amounted to EUR 115.9 million compared to EUR 102.5 million in the first nine months of the previous year. Net profit increased by 24 percent to EUR 97.9 million (9M 2017: EUR 79.3 million), and earnings per share amounted to EUR 2.06 compared to EUR 1.74.

SEGMENT DEVELOPMENT

Business Segments

Segment reporting is based on the organisational structure of the Consolidated Group. The Consolidated Group’s operating segments are defined accordingly based on the management of the business areas in the Leasing, Banking and Factoring segments. Transactions between operating segments are eliminated (for more information, please see "The Consolidated Group’s Segment Reporting"). A regional split of business activities is provided on a yearly basis as part of the GRENKE Consolidated Group’s financial statements. Separate financial information is available for the three operating segments.

Business Development

The Leasing segment continues to be the earnings pillar of the Consolidated Group. Therefore, the explanations on the results of operations also essentially apply to this section. The operating segment income in the Leasing segment increased by 18 percent from EUR 206.2 million in the first nine months of 2017 to EUR 243.8 million in the same period of the reporting year. The segment result rose by 9 percent to EUR 106.9 million after EUR 98.4 million in the first nine months of the previous year. In the Factoring segment, operating segment income fell to EUR 2.4 million (9M 2017: EUR 3.0 million), and the segment result amounted to EUR –1.4 million after EUR –0.3 million in the same period of the previous year. In the Banking segment, we were able to significantly increase operating segment income by 47 percent. Segment income reached a level of EUR 15.9 million after EUR 10.8 million in the same period of the previous year. The segment result contributed EUR 11.6 million (9M 2017: EUR 6.8 million) to the Consolidated Group's net profit.

SELECTED INFORMATION FROM THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EURk	Sep. 30, 2018	Dec. 31, 2017*
Current assets	2,307,391	1,942,182
of which cash and cash equivalents	*245,225*	*203,357*
of which lease receivables	*1,535,390*	*1,341,151*
Non-current assets	3,212,695	2,829,791
of which lease receivables	*2,914,043*	*2,552,975*
Total assets	5,520,086	4,771,973
Current liabilities	1,671,525	1,390,294
of which financial liabilities	*1,526,441*	*1,261,525*
Non-current liabilities	2,791,249	2,583,084
of which financial liabilities	*2,735,215*	*2,533,181*
Equity	1,057,312	798,595
Equity ratio (in percent)	19.2	16.7
Total liabilities and equity*	5,520,086	4,771,973
Embedded value incl. equity and after taxes	1,464,010	1,104,959

* Previous year's amounts adjusted; see "First-time application of IFRS 9" in the notes to the condensed interim consolidated financial statements.

REPORT ON NET ASSETS AND FINANCIAL POSITION

NET ASSETS

The balance sheet of the GRENKE Consolidated Group as per the end of the third quarter of 2018 (September 30 reporting date) continued to remain solid. The balance sheet's structure and growth have been shaped by many years of consistently good business and earnings development. This is reflected in both the sustained dynamic increase in lease receivables and their refinancing as the largest positions on both sides of the balance sheet and, in particular, in the equally long-term stable equity ratio.

As per the September 30, 2018 reporting date, total assets increased by 16 percent compared with the end of the fiscal year ending December 31, 2017, to EUR 5.5 billion after EUR 4.8 billion. Non-current and current lease receivables increased by 14 percent during the reporting period, accounting for 81 percent of total assets (December 31, 2017: 82 percent).

The increase in the Consolidated Group's cash and cash equivalents to EUR 245.2 million as per the reporting date of September 30, 2018 versus the level as per December 31, 2017 is still primarily a result of the cash capital increase executed in June 2018. All in all, we remain by our strategy of using liquid funds for operating purposes, for example to finance our growth, rather than investing these funds at low interest rates. The funds received from the capital increase will also be used successively for this purpose.

As a result of the first-time consolidation of the former franchise companies in Croatia and the United Arab Emirates that were acquired in the first quarter, property, plant and equipment and goodwill were correspondingly higher versus their levels at the end of the 2017 fiscal year. Other current and non-current financial assets rose in the reporting quarter. Current input tax credits in particular recorded a reporting date related increase.

On the liabilities side of the balance sheet, the Consolidated Group's non-current and current liabilities increased by 12 percent to EUR 4.5 billion due to growth. Financial liabilities, which are predominantly liabilities from refinancing, also rose by 12 percent.

After the distribution of a dividend in the amount of EUR 31.0 million (previous year: EUR 25.8 million), equity increased by 32 percent to EUR 1,057.3 million after EUR 798.6 million at the end of 2017 as a result of the capital increase at the end of the first half of 2018 and the retention of profits. The equity ratio at the end of the first nine months of 2018 amounted to 19.2 percent and was more than two percentage points above the 2017 year-end level of 16.7 percent (before IFRS 9 adjustment: 17.7 percent).

After the aforementioned capital increase, we possess a lasting solid equity base, which even exceeds our long-term benchmark of 16 percent. With this sound capital structure, we have given ourselves additional leeway as an attractive provider of a wide range of refinancing alternatives on the capital market. At the same time, our equity base also represents the basis for our future growth.

We continued to rely on our broad range of refinancing instruments in the current year according to the principles of profitability and balance of capital resources. In the current fiscal year to date, five new bonds were issued with a total volume of EUR 315.0 million and two existing bonds were increased by a total of EUR 35.0 million. Scheduled redemptions totalled EUR 114.0 million. In addition, during the current fiscal year to date, twelve new promissory notes denominated in EUR were issued, and two notes were extended. The total volume of the newly issued promissory notes amounted to EUR 143.0 million while the total volume of the extended promissory notes was EUR 30.0 million. Additionally, two promissory notes amounting to DKK 78.0 million and SEK 90.0 million were issued. Promissory notes with a volume of EUR 73.0 million and CHF 20.0 million were redeemed on schedule. Detailed information on the source of funds can be found in the notes to the condensed interim consolidated financial statements and can also be downloaded from our website www.grenke.de.

FINANCIAL POSITION

SELECTED INFORMATION FROM THE CONSOLIDATED STATEMENT OF CASH FLOWS

EURk	Jan. 1, 2018 to Sep. 30, 2018	Jan. 1, 2017 to Sep. 30, 2017
Cash flow from operating activities	-50,955	125,147
Net cash flow from operating activities	-71,994	110,378
Cash flow from investing activities	-45,639	-19,821
Cash flow from financing activities	158,787	42,516
Total cash flow	41,154	133,073

Cash flow from operating activities in the first nine months of 2018 amounted to EUR –51.0 million compared to EUR 125.1 million in the same prior-year period. Based on earnings before taxes of EUR 115.9 million (9M 2017: EUR 102.5 million) and after adjusting for non-cash items, the cash outflow was due to stronger increase in lease receivables versus refinancing, a higher level of other assets and loans to franchisees. The increase in lease assets from operating leases also reduced cash flow from operating activities. After interest and taxes paid and received the net cash flow from operating activities amounted to EUR –72.0 million compared to EUR 110.4 million in the first nine months of the previous year.

Cash flow from investing activities in the nine-month period amounted to EUR –45.6 million (9M 2017: EUR –19.8 million) and included cash outflows for the purchase of operating and office equipment as well as intangible assets in the amount of EUR 10.6 million (9M 2017: EUR 11.2 million), as well as purchase price payments the amount of EUR 35.6 million for the acquisition of former franchisees.

Including cash flow from financing activities, which includes the repayment of bank liabilities in the amount of EUR 0.3 million (9M 2017: EUR 1.2 million), the interest payment on hybrid capital of EUR 6.8 million (9M 2017: EUR 4.1 million), cash proceeds from the capital increase of EUR 196.9 million and the dividend payout for the previous financial year of EUR 31.0 million (9M 2017: EUR 25.8 million), total cash flow amounted to EUR 41.2 million in the reporting period compared to EUR 133.1 million in the same period in the prior year. Cash and cash equivalents at the end of the nine-month period of the current fiscal year amounted to EUR 244.4 million.

REPORT ON RISKS, OPPORTUNITIES AND FORECASTS

OPPORTUNITIES AND RISKS

There were no material changes to the opportunities and risks in the reporting period compared to those presented in the 2017 Annual Report. We continue to believe that the opportunities for our further development far outweigh the risks typically associated with our business model.

FORECAST

We are very pleased overall with our performance in the nine months of the current fiscal year. At 22.6 percent, new business growth in our Leasing segment was at the upper end of our target range, which was raised in the middle of the year from 16 to 20 percent to 18 to 22 percent. The growth in GRENKE Group Factoring's new business also meets our expectations and is within our forecast range of 15 to 20 percent. After the first nine months of 2018, we can narrow our Consolidated Group net profit forecast, raising it from our previous forecast range of EUR 123 million to EUR 131 million to our current expectation of EUR 126 million to EUR 132 million.

GRENKE AT A GLANCE

HIGH GROWTH

CONSOLIDATED GROUP NET PROFIT
9M 2018 (IN EUR MILLIONS)

97.9

EARNINGS PER SHARE 9M 2018 (EUR)

2.06

BALANCED REFINANANCING

THREE PILLARS: THE GRENKE CONSOLIDATED GROUP REFINANCING MIX

STRONG BALANCE SHEET

EQUITY RATIO (PERCENT)

19.2

:: SOLID EQUITY BASE EVEN AT HIGH GROWTH RATES

STANDARD & POORS:
COUNTERPARTY CREDIT RATING

BBB+

:: STABLE OUTLOOK
:: CONFIRMED IN JUNE 2018

SECTION 2

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

EURk	3-MONTH REPORT Jul. 1, 2018 to Sep. 30, 2018	3-MONTH REPORT Jul. 1, 2017 to Sep. 30, 2017	9-MONTH REPORT Jan. 1, 2018 to Sep. 30, 2018	9-MONTH REPORT Jan. 1, 2017 to Sep. 30, 2017
		adjusted [1]		adjusted [1]
Interest and similar income from financing business	83,541	73,726	243,178	213,809
Expenses from interest on refinancing and deposit business	11,731	11,409	34,171	31,571
Net interest income	71,810	62,317	209,007	182,238
Settlement of claims and risk provision	24,025	19,445	66,811	56,089
Of which, result from the disposal of financial assets measured at amortised cost	*11,853*	*7,839*	*28,785*	*23,783*
Of which, impairment losses	*11,359*	*11,020*	*35,598*	*30,240*
Net interest income after settlement of claims and risk provision	47,785	42,872	142,196	126,149
Profit from service business	22,177	18,357	61,279	50,777
Profit from new business	20,210	15,975	60,995	49,360
Gains(+) / losses (–) from disposals	29	-1,272	-2,362	-6,299
Income from operating business	90,201	75,932	262,108	219,987
Staff costs	25,969	21,771	75,285	62,920
Depreciation and impairment	4,441	3,368	12,633	10,475
Selling and administrative expenses (not including staff costs)	20,127	15,958	57,264	46,924
Other operating expenses	801	677	4,469	3,234
Other operating income	1,820	2,065	4,601	8,445
Operating result	40,683	36,223	117,058	104,879
Result from investments accounted for using the equity method	-12	-93	-99	-263
Expenses / income from fair value measurement	-86	0	-26	0
Other interest income	237	169	734	409
Other interest expenses	609	1,038	1,773	2,544
Earnings before taxes	40,213	35,261	115,894	102,481
Income taxes	5,670	7,503	17,950	23,210
Net profit	34,543	27,758	97,944	79,271
Of which, attributable to:				
Hybrid capital holders of GRENKE AG[3, 4]	1,646	765	4,884	2,189
Ordinary shareholders of GRENKE AG[4]	32,897	26,993	93,060	77,082
Earnings per share (EUR)[2]	0.71	0.61	2.06	1.74
Average number of shares outstanding	46,353,918	44,313,102	45,127,933	44,313,102

1 Previous year's amounts adjusted (see section "FIRST-TIME APPLICATION OF IFRS 9" in the notes to the condensed interim consolidated financial statements).
2 Earnings per share calculated according to IAS 33 is based on the net profit attributable to GRENKE ordinary shareholders.
No convertible or option rights were outstanding during the current or comparable prior-year period.
Therefore, basic and diluted earnings per share were identical.
3 Attribution of profits is based on the assumption of a pro-rata deferral of the net interest payment on the hybrid bond (AT-1).
4 Previous year's amounts adjusted due to reclassification.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	3-MONTH REPORT		9-MONTH REPORT	
EURk	Jul. 1, 2018 to Sep. 30, 2018	Jul. 1, 2017 to Sep. 30, 2017	Jan. 1, 2018 to Sep. 30, 2018	Jan. 1, 2017 to Sep. 30, 2017
		adjusted [1]		adjusted [1]
Net profit	34,543	27,758	97,944	79,271
Items that may be reclassified to profit and loss in future periods				
Appropriation to / reduction of hedging reserve	10	-45	-5	-93
Thereof: income tax effects	-1	6	1	13
Change in currency translation differences	-67	-1,781	-1,525	-2,769
Thereof: income tax effects	0	0	0	0
Items that will not be reclassified to profit and loss in future periods				
Appropriation to / reduction of reserve for actuarial gains and losses	2	80	293	-18
Thereof: income tax effects	-1	-22	-83	11
Other comprehensive income	-55	-1,746	-1,237	-2,880
Total comprehensive income	34,488	26,012	96,707	76,391
Of which, attributable to:				
Hybrid capital holders of GRENKE AG[2, 3]	1,646	765	4,884	2,189
Ordinary shareholders of GRENKE AG[3]	32,842	25,247	91,823	74,202

1 Previous year's amounts adjusted (see section "FIRST-TIME APPLICATION OF IFRS 9" in the notes to the condensed interim consolidated financial statements).
2 Attribution of profits is based on the assumption of a pro-rata deferral of the net interest payment on the hybrid bond (AT-1).
3 Previous year's amounts adjusted due to reclassification.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EURk	Sep. 30, 2018	Dec. 31, 2017
		adjusted [1]
Assets		
Current assets		
Cash and cash equivalents	245,225	203,357
Financial instruments that are assets	2,371	2,161
Lease receivables	1,535,390	1,341,151
Other current financial assets	175,615	116,127
Trade receivables	6,521	5,786
Lease assets for sale	16,324	7,104
Tax assets	23,646	22,671
Other current assets	302,299	243,825
Total current assets	2,307,391	1,942,182
Non-current assets		
Lease receivables	2,914,043	2,552,975
Financial instruments that are assets	3,069	1,344
Other non-current financial assets	39,088	80,306
Investments accounted for using the equity method	4,882	4,732
Property, plant and equipment	83,533	55,415
Goodwill	105,401	83,580
Other intangible assets	42,825	35,402
Deferred tax assets	18,692	14,811
Other non-current assets	1,162	1,226
Total non-current assets	3,212,695	2,829,791
Total assets	5,520,086	4,771,973

1 Previous year's amounts adjusted (see section "FIRST-TIME APPLICATION OF IFRS 9" in the notes to the condensed interim consolidated financial statements).

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EURk	Sep. 30, 2018	Dec. 31, 2017
		adjusted [1]
Liabilities and equity		
Liabilities		
Current liabilities		
Financial liabilities	1,526,441	1,261,525
Liability financial instruments	1,865	1,199
Trade payables	24,986	20,550
Tax liabilities	15,630	20,092
Deferred liabilities	25,004	25,070
Current provisions	1,627	1,627
Other current liabilities	31,264	23,810
Deferred lease payments	44,708	36,421
Total current liabilities	1,671,525	1,390,294
Non-current liabilities		
Financial liabilities	2,735,215	2,533,181
Liability financial instruments	736	760
Deferred tax liabilities	49,656	43,621
Pensions	4,419	4,419
Non-current provisions	99	53
Other non-current liabilities	1,124	1,050
Total non-current liabilities	2,791,249	2,583,084
Equity		
Share capital	46,354	44,313
Capital reserves	289,326	93,611
Retained earnings	596,514	534,473
Other components of equity	-3,174	–1,937
Total equity attributable to shareholders of GRENKE AG	929,020	670,460
Additional equity components [2]	128,292	128,135
Total equity	1,057,312	798,595
Total liabilities and equity	5,520,086	4,771,973

1 Previous year's amounts adjusted (see section "FIRST-TIME APPLICATION OF IFRS 9" in the notes to the condensed interim consolidated financial statements).
2 Including AT1 bonds (hybrid capital), which are reported as equity under IFRS. Reporting is based on the assumption of a pro-rata deferral of the net interest payment on the hybrid bond (AT-1).

CONSOLIDATED STATEMENT OF CASH FLOWS

	EURk	Jan. 1, 2018 to Sep. 30, 2018	Jan. 1, 2017 to Sep. 30, 2017
			adjusted [1]
	Earnings before taxes	115,894	102,481
	Non-cash items contained in earnings and reconciliation to cash flow from operating activities		
+	Depreciation and impairment	12,633	10,475
– / +	Profit / loss from the disposal of property, plant, and equipment and intangible assets	98	-1
– / +	Net income from non-current financial assets	1,039	2,135
– / +	Other non-cash effective income / expenses	3,445	-1,056
+ / –	Increase / decrease in deferred liabilities, provisions, and pensions	-276	3,867
–	Additions to lease receivables	-1,731,416	-1,419,750
+	Payments by lessees	1,216,461	1,030,432
+	Disposals / reclassifications of lease receivables at residual carrying amounts	228,617	180,613
–	Interest and similar income from leasing business	-235,795	-207,655
+ / –	Decrease / increase in other receivables from lessees	-9,680	-33
+ / –	Currency translation differences	720	13,117
=	Change in lease receivables	-531,093	-403,276
+	Addition to liabilities from refinancing	1,370,798	1,275,772
–	Payment of annuities to refinancers	-1,016,298	-864,832
–	Disposal of liabilities from refinancing	-32,811	-30,101
+	Expenses from interest on refinancing and on deposit business	34,171	31,571
+ / –	Currency translation differences	-1,355	-8,546
=	Change in refinancing liabilities	354,505	403,864
+ / –	Increase / decrease in liabilities from deposit business	105,592	81,214
– / +	Increase / decrease in loans to franchisees	-28,690	-20,874
	Changes in other assets / liabilities		
– / +	Increase / decrease in other assets	-92,536	-60,685
– / +	Increase / decrease in lease assets from operating leases	-8,995	0
+ / –	Increase / decrease in deferred lease payments	6,752	1,904
+ / –	Increase / decrease in other liabilities	10,677	5,099
=	Cash flow from operating activities	-50,955	125,147

1 Previous year's amounts adjusted (see section "FIRST-TIME APPLICATION OF IFRS 9" in the notes to the condensed interim consolidated financial statements).

continued on next page

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

	EURk	Jan. 1, 2018 to Sep. 30, 2018	Jan. 1, 2017 to Sep. 30, 2017
			adjusted [1]
– / +	Income taxes paid / received	-20,000	-12,634
–	Interest paid	-1,773	-2,544
+	Interest received	734	409
=	Net cash flow from operating activities	-71,994	110,378
–	Payments for the acquisition of property, plant and equipment and intangible assets	-10,573	-11,208
–	Payments for the acquisition of subsidiaries	-35,575	-10,035
+	Proceeds from the sale of property, plant and equipment and intangible assets	509	1,422
=	Cash flow from investing activities	-45,639	-19,821
+ / –	Borrowing / repayment of bank liabilities	-329	-1,205
+	Proceeds from cash capital increase	196,921	0
+	Net proceeds from hybrid capital	0	73,695
–	Interest payment on hybrid capital	-6,786	-4,125
–	Dividend payments	-31,019	-25,849
=	Cash flow from financing activities	158,787	42,516
	Cash funds at beginning of period		
	Cash in hand and bank balances	203,357	156,888
–	Bank liabilities from overdrafts	-111	-131
=	Cash and cash equivalents at beginning of period	203,246	156,757
+ / –	Change due to currency translation	-38	484
=	Cash funds after currency translation	203,208	157,241
	Cash funds at end of period		
	Cash in hand and bank balances	245,225	290,859
–	Bank liabilities from overdrafts	-863	-545
=	Cash and cash equivalents at end of period	244,362	290,314
	Change in cash and cash equivalents during the period (= total cash flow)	41,154	133,073
	Net cash flow from operating activities	-71,994	110,378
+	Cash flow from investing activities	-45,639	-19,821
+	Cash flow from financing activities	158,787	42,516
=	Total cash flow	41,154	133,073

1 Previous year's amounts adjusted (see section "FIRST-TIME APPLICATION OF IFRS 9" in the notes to the condensed interim consolidated financial statements).

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EURk	Share capital	Capital reserves	Retained earnings / Consolidated net profit	Hedging reserve	Reserve for actuarial gains / losses	Currency translation	Total equity attributable to shareholders of GRENKE AG	Additional equity components	Total equity
Equity as per Jan. 1, 2018	44,313	93,611	534,473	–6	–1,258	–673	670,460	128,135	798,595
Total comprehensive income	--	--	93,060	-5	293	-1,525	91,823	4,884	96,707
Dividend payment in 2018 for 2017	--	--	-31,019	--	--	--	-31,019	--	-31,019
Capital increase	2,041	195,715	--	--	--	--	197,756	--	197,756
Interest payment on hybrid capital (net)	--	--					0	-4,727	-4,727
Equity as per Sep. 30, 2018	46,354	289,326	596,514	-11	-965	-2,198	929,020	128,292	1,057,312
Equity as per Jan. 1, 2017 (as reported)	18,881	119,043	498,807	90	–1,556	2,614	637,879	52,541	690,420
Adjustment to new accounting standards	--	--	-42,154	--	--	98	-42,056	--	-42,056
Equity as per Jan. 1, 2017 (adjusted)	18,881	119,043	456,653	90	-1,556	2,712	595,823	52,541	648,364
Total comprehensive income	--	--	77,082	-93	-18	-2,769	74,202	2,189	76,391
Dividend payment in 2017 for 2016	--	--	-25,849	--	--	--	-25,849	--	-25,849
Capital increase (Conversion of capital reserves in the context of the stock split)	25,432	-25,432	--	--	--	--	0	--	0
Issuance of hybrid capital	--	--	-1,125	--	--	--	-1,125	75,000	73,875
Cost of issuance of hybrid capital	--	--	-180	--	--	--	-180	--	-180
Interest payment on hybrid capital (net)	--	--	--	--	--	--	0	-3,235	-3,235
Others	--	--	--	--	--	--	0	-6	-6
Equity as per Sep. 30, 2017 (adjusted)	44,313	93,611	506,581	-3	-1,574	-57	642,871	126,489	769,360

GROUP SEGMENT REPORTING

EURk	Leasing segment		Banking segment		Factoring segment		Total segments		Cons. effects		Consolidated Group	
January to September	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Operating segment income	243,788	206,160	15,871	10,808	2,449	3,019	262,108	219,987	0	0	262,108	219,987
Segment result	106,871	98,403	11,590	6,771	-1,403	-295	117,058	104,879	0	0	117,058	104,879
Reconciliation to consolidated financial statements												
Operating result											117,058	104,879
Other financial income											-1,164	-2,398
Taxes											17,950	23,210
Net profit according to consolidated income statement											97,944	79,271
As per Sep. 30 (prev. year: Dec. 31)												
Segment assets	5,419,680	4,685,100	1,054,466	902,134	39,359	38,631	6,513,505	5,625,865	-1,035,757	–891,374	5,477,748	4,734,491
Reconciliation to consolidated financial statements												
Tax assets											42,338	37,482
Total assets according to consolidated statement of financial position											5,520,086	4,771,973
Segment liabilities	4,474,599	3,976,508	926,913	794,524	31,733	30,007	5,433,245	4,801,039	-1,035,757	–891,374	4,397,488	3,909,665
Reconciliation to consolidated financial statements												
Tax liabilities											65,286	63,713
Liabilities according to consolidated statement of financial position											4,462,774	3,973,378

LEASING

The Leasing segment comprises all of the activities that are related to the Consolidated Group’s leasing business. The service offer encompasses the provision of financing to commercial lessees, rental, services, service and maintenance offerings for leased assets, as well as the disposal of used equipment.

BANKING

The Banking segment comprises the activities of GRENKE BANK AG, which regards itself as a financing partner particularly to small- and medium-sized companies (SMEs). Additionally, GRENKE BANK AG cooperates with development banks in providing financing to this clientele in the context of business start-ups. Furthermore, fixed-term deposits are offered via its internet presence. The bank’s business is focused primarily on German customers.

FACTORING

The Factoring segment contains traditional factoring services focused on small-ticket factoring. Within non-recourse factoring, the segment offers both notification factoring, where the debtor is notified of the assignment of receivables, and non-notification factoring, where the debtor is not notified accordingly. The segment also offers collection services (recourse factoring) where the customer continues to bear the credit risk.

ADDITIONAL INFORMATION ON THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

ACCOUNTING POLICIES

This quarterly statement of GRENKE AG is a quarterly statement in accordance with Section 53 of the Rules and Regulations of the Frankfurt Stock Exchange and does not represent a full interim statement as defined by International Accounting Standard (IAS) 34. The quarterly statement was prepared in accordance with the accounting principles contained in the International Financial Reporting Standards (IFRS) as applicable in the EU. This statement should be read in conjunction with the IFRS consolidated financial statements as per December 31, 2017. The accounting policies generally correspond to the methods used in the previous year. Exceptions to the methods previously used relate to changes resulting from the mandatory application of new accounting standards. An audit review as defined by Section 115 (5) WpHG was not conducted.

MANDATORY NEW ACCOUNTING STANDARDS

In the 2018 fiscal year, the GRENKE Consolidated Group applied IFRS 9 "Financial Instruments" for the first time. IFRS 15 "Revenue from Contracts with Customers" as well as various other changes to standards and interpretations are also applicable for the first time in the 2018 fiscal year but have no effect on the consolidated financial statements of GRENKE AG. The effects of the IFRS 9 adjustments on the consolidated financial statements are presented below.

FIRST-TIME APPLICATION OF IFRS 9

IFRS 9 "Financial Instruments" replaced IAS 39 "Financial Instruments: Recognition and Measurement" and is divided into the three stages of classification and measurement, impairment and hedge accounting. With the exception of hedge accounting, in which the GRENKE Consolidated Group decided to exercise the accounting option contained in IFRS 9 and thus continued to apply the hedge accounting rules of IAS 39, the GRENKE Consolidated Group applied IFRS 9 retrospectively with effect from January 1, 2018. Comparative information for the previous period has been adjusted starting from January 1, 2017.

In accordance with IAS 8.28, the adjustment of IFRS 9 has the following effect:

EFFECT ON THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (INCREASE / DECREASE) AS PER JANUARY 1, 2018:

EURk	Published consolidated financial statements Dec. 31, 2017	Adjustment	Adjusted consolidated financial statements Jan. 1, 2018
Current assets			
Cash and cash equivalents	203,367	–10	203,357
Lease receivables	1,368,121	–26,970	1,341,151
Other current financial assets	116,509	–382	116,127
Trade receivables	5,935	–149	5,786
Total current assets	1,969,693	–27,511	1,942,182
Non-current assets			
Lease receivables	2,598,614	–45,639	2,552,975
Other non-current financial assets	82,047	–1,741	80,306
Goodwill	82,845	735	83,580
Deferred tax assets	10,887	3,924	14,811
Total non-current assets	2,872,512	–42,721	2,829,791
Total assets	4,842,205	–70,232	4,771,973
Non-current liabilities			
Non-current provisions	0	53	53
Deferred tax liabilities	55,932	–12,311	43,621
Total non-current liabilities	2,595,342	–12,258	2,583,084
Equity			
Retained earnings	592,771	–58,298	534,473
Other components of equity	–2,261	324	–1,937
Total equity attributable to shareholders of GRENKE AG	728,434	–57,974	670,460
Total equity	856,569	–57,974	798,595
Total liabilities and equity	4,842,205	–70,232	4,771,973

EFFECT ON THE CONSOLIDATED INCOME STATEMENT (INCREASE / DECREASE) FOR THE 9 MONTHS AS PER SEPTEMBER 30, 2017:

EURk	Published quarterly consolidated financial statements Sep. 30, 2017	Adjustment	Adjusted quarterly consolidated financial statements Sep. 30, 2017
Settlement of claims and risk provision	40,743	15,346	56,089
Earnings before taxes	117,827	-15,346	102,481
Income taxes	26,850	-3,640	23,210
Net profit	90,977	-11,706	79,271
Earnings per share (EUR)[1]	2.01	-0.27	1.74

1 Basic and diluted earnings per share are identical.

EFFECT ON THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (INCREASE / DECREASE) FOR THE 9 MONTHS AS PER SEPTEMBER 30, 2017:

	Published quarterly consolidated financial statements		Adjusted quarterly consolidated financial statements
EURk	Sep. 30, 2017	Adjustment	Sep. 30, 2017
Change in currency translation differences	–2,917	148	-2,769
Other comprehensive income	–3,028	148	-2,880
Total comprehensive income	87,949	-11,558	76,391

There was no material effect on the consolidated statement of cash flows.

LEASE RECEIVABLES

EURk	Sep. 30, 2018	Sep. 30, 2017
Changes in lease receivables from current contracts (performing lease receivables)		
Balance at beginning of period	3,772,864	3,124,547
+ Change during the period	542,733	455,969
- Impairments during the period	9,081	15,666
Lease receivables (current + non-current) from current contracts at end of period	4,306,516	3,564,850
Changes in lease receivables from terminated contracts/contracts in arrears (non-performing lease receivables)		
Gross receivables at beginning of period	270,421	223,948
+ Additions to gross receivables during the period	88,238	68,954
– Disposals of gross receivables during the period	40,051	27,196
Gross receivables at end of period	318,608	265,706
Impairments at beginning of period	149,159	129,746
+ Additions of accumulated impairment during the period	61,315	41,377
– Disposals of accumulated impairment during the period*	34,783	22,105
Impairments at end of period	175,691	149,018
Carrying amount of non-performing lease receivables at beginning of period	121,262	94,202
Carrying amount of non-performing lease receivables at end of period	142,917	116,688
Lease receivables (carrying amount, current and non-current) at beginning of period	3,894,126	3,218,749
Lease receivables (carrying amount, current and non-current) at end of period	4,449,433	3,681,538

* Item contains exchange rate differences in the amount of EUR 1,222k (previous year: EUR 421k).

FINANCIAL LIABILITIES

EURk	Sep. 30, 2018	Dec. 31, 2017
Financial liabilities		
Current financial liabilities		
Asset-based	257,039	261,292
Senior unsecured	855,383	661,469
Committed development loans	82,402	61,360
Liabilities from deposit business*	328,485	274,721
Other bank liabilities	3,132	2,683
thereof current account liabilities	*863*	*111*
Total current financial liabilities	1,526,441	1,261,525
Non-current financial liabilities		
Asset-based	520,109	481,518
Senior unsecured	1,770,775	1,678,392
Committed development loans	148,016	128,784
Liabilities from deposit business	296,315	244,487
Total non-current financial liabilities	2,735,215	2,533,181
Total financial liabilities	4,261,656	3,794,706

* Of which EUR 0k is owed to credit institutions (previous year: EUR 15,000k).

ASSET-BASED FINANCIAL LIABILITIES

STRUCTURED ENTITIES

The following consolidated structured entities existed as per the reporting date: Opusalpha Purchaser II Limited, Kebnekaise Funding Limited, CORAL PURCHASING Limited, FCT "GK" COMPARTMENT "G2" (FCT GK 2), and FCT "GK" COMPARTMENT "G3" (FCT GK 3). All structured entities have been set up as asset-backed commercial paper (ABCP) programmes.

	Sep. 30, 2018	Dec. 31, 2017
Programme volume in local currency		
EURk	792,500	772,500
GBPk	100,000	-
Programme volume in EURk	905,201	772,500
Utilisation in EURk	729,604	655,211
Carrying amount in EURk	641,206	575,023
thereof current	*190,058*	*181,805*
thereof non-current	*451,148*	*393,218*

SALES OF RECEIVABLES AGREEMENTS

	Sep. 30, 2018	Dec. 31, 2017
Programme volume in local currency		
EURk	*25,000*	*25,000*
GBPk	*100,000*	*100,000*
PLNk	*80,000*	*80,000*
CHFk	-	*50,000*
BRLk	*110,000*	*75,480*
Programme volume in EURk	180,043	218,589
Utilisation in EURk	122,415	148,115
Carrying amount in EURk	122,415	148,115
thereof current	*60,557*	*71,591*
thereof non-current	*61,858*	*76,524*

RESIDUAL LOANS

Residual loans serve to finance the residual amounts of lease contracts for which the payment instalments were sold in the context of the sale of receivables.

EURk	Sep. 30, 2018	Dec. 31, 2017
Carrying amount	13,527	19,672
thereof current	*6,424*	*7,896*
thereof non-current	*7,103*	*11,776*

SENIOR UNSECURED FINANCIAL LIABILITIES

The following table provides an overview of the carrying amounts for the individual categories of refinancing instruments:

EURk	Sep. 30, 2018	Dec. 31, 2017
Bonds	1,747,959	1,510,590
thereof current	*354,051*	*83,676*
thereof non-current	*1,393,908*	*1,426,914*
Promissory notes	434,275	361,845
thereof current	*68,162*	*123,414*
thereof non-current	*366,113*	*238,431*
Commercial paper	321,500	313,000
Revolving credit facility	87,774	106,758
thereof current	*77,020*	*93,711*
thereof non-current	*10,754*	*13,047*
Money market trading	15,522	25,000
Overdraft facility	3,040	11,044
Accrued interest	16,088	11,624

The following table provides an overview of the refinancing volumes of the individual instruments:

	Sep. 30, 2018	Dec. 31, 2017
Bonds EURk	2,500,000	2,000,000
Commercial paper EURk	500,000	500,000
Revolving credit facility EURk	205,000	150,000
Revolving credit facility PLNk	100,000	100,000
Revolving credit facility CHFk	20,000	20,000
Money market trading EURk	35,000	35,000

BONDS

In the current fiscal year to date, five new bonds were issued with a total volume of EUR 315,000k and two existing bonds were increased by EUR 10,000k and EUR 25,000k, respectively. Scheduled redemptions totalled EUR 114,000k.

PROMISSORY NOTES

During the current fiscal year to date, twelve new promissory notes denominated in EUR were issued, and two notes were extended. The total volume of the newly issued promissory notes amounted to EUR 143,000k while the total volume of the extended promissory notes was EUR 30,000k. Additionally, two promissory notes amounting to DKK 78,000k and SEK 90,000k were issued. Promissory notes with a volume of EUR 73,000k and CHF 20,027k were redeemed on schedule.

COMMITTED DEVELOPMENT LOANS

The following table shows the carrying amounts of the utilised development loans at different development banks:

EURk	Sep. 30, 2018	Dec. 31, 2017
Description		
NRW.BANK	76,970	73,392
Thüringer Aufbaubank	6,419	9,557
Investitionsbank Berlin	919	1,835
LfA Förderbank Bayern	3,676	7,603
Investitionsbank des Landes Brandenburg	3,662	4,761
KfW	136,602	90,741
Landeskreditbank Baden-Württemberg – Förderbank	2,150	2,216
Accrued interest	20	39

ACQUISITIONS IN THE 2018 FISCAL YEAR

GC RENTING CROATIA D.O.O., ZAGREB/CROATIA

As per March 31, 2018, GRENKE AG gained control of the shares in GC Renting Croatia d.o.o., Zagreb / Croatia and included this company in its scope of consolidation for the first time. Prior to the acquisition, GC Renting Croatia d.o.o. was part of the GRENKE AG franchise system and specialised in small-ticket leasing with a strong focus on IT and IT equipment.

GC LEASING MIDDLE EAST FZCO, DUBAI/UAE

As per March 31, 2018, GRENKE AG gained control of the shares in GC Leasing Middle East FZCO, Dubai/UAE and included this company in its scope of consolidation for the first time. Prior to the acquisition, GC Leasing Middle East FZCO was part of the GRENKE AG franchise system and specialised in small-ticket leasing with a strong focus on IT and IT equipment.

CONTINGENT LIABILITIES

GRENKE AG, as guarantor for individual franchise companies, provided financial guarantees of EUR 71.4 million (previous year as per December 31, 2017: EUR 38.4 million), which represents the maximum default risk. The actual utilisation of the guarantees by the guarantee recipients was lower and amounted to EUR 31.9 million (previous year as per December 31, 2017: EUR 25.2 million).

SUBSEQUENT EVENTS

No significant events occurred after the balance sheet date.

CONTACT INFORMATION

GRENKE AG
Renate Hauss
Investor Relations

Neuer Markt 2
76532 Baden-Baden

Tel: +49 7221 5007-204
Fax: +49 7221 5007-4218
Email: investor@grenke.de

Figures in this financial report are generally presented in thousands and millions of euros. Rounding difference may occur in individual figures compared to the actual euro amounts. Such differences are not material in nature. For better readability, gender-specific language was avoided, and the terms used refer equally to all genders.

The quarterly statement is published in German and as an English translation. In the event of any conflict or inconsistency between the English and the German versions, the German original shall prevail.

GRENKE AG
Headquarters
Neuer Markt 2
76532 Baden-Baden
Germany

Phone +49 7221 5007-204
Fax +49 7221 5007-4218
E-mail investor@grenke.de

www.grenke-group.com