

DEMAND FOR FACTORING INCREASES: BNP PARIBAS FACTOR GROWS BY 13 PERCENT

Annual revenues increased again in 2018 at BNP Paribas Factor: the factoring subsidiary of BNP Paribas grew 13 percent year on year to 26.9 billion euro. "Large and medium-sized companies consider factoring an increasingly important financing component," says Thorsten König, CEO of BNP Paribas Factor. And the economic trend suggests additional growth. "Companies now fear an economic slowdown, which might impact bank lending and bring the need for alternative financing options. Adding factoring to the financing mix can mitigate the effects of tightening liquidity and enable companies to get ready for the future," explains König.

Factoring is a versatile financing instrument. While it helps companies to ensure adequate liquidity from the sale of receivables from goods sold and services rendered, a factor also fully protects against losses from receivables and contributes to optimising the working capital. "Judicious management can sustainably enhance the financial leeway and cash flows. Large companies also benefit from positive effects on their balance sheets and the related improvement of key performance indicators including cash conversion since selling receivables from goods and services to a factoring partner shortens the collection period and immediately increases liquidity available for capital expenditures or the repayment of debts - with favourable consequences for the balance sheet and the equity ratio. An improved balance sheet ratios lead to better ratings and bank financing conditions.

Factoring also helps large clients and medium-sized companies to build their international footprint, something that has become increasingly important for future business growth. "Expanding companies require internationally focused financing concepts that account for the dangers from increasing country risks and an uncertain global economic outlook. An international factoring program tailored to the local requirements of all group companies ensures maximum liquidity and reduces the business risks," explains König.

For many large companies, factoring has long been part of the financing mix. "Our SME initiative now specifically targets companies that are still relatively new to this financing instrument," König continues. BNP Paribas Factor's SME initiative started two years ago and has become an important growth driver for the company. As last year, the strategic focus will be on medium-sized clients with annual revenues of 10 million euro and more.

The successful cooperation within the BNP Paribas Group is an important part of the growth plan. In addition, the company is looking to add new industry specific products,

intensify strategic partnerships and focus systematically on further developments in digitisation.

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About BNP Paribas Factor

Paribas Factor is a leading factoring provider in Germany. Since 1981, BNP Paribas Factor has been offering its clients tailored financing solutions for accounts receivable. From its Düsseldorf headquarters and 9 additional offices across Germany, BNP Paribas Factor services small and mid-sized companies in Germany, Switzerland and Austria. BNP Paribas Factor is a member of the German Factoring Association. BNP Paribas Factor can also assist clients effectively in international factoring as part of BNP Paribas Group's global network.

About BNP Paribas in Germany

BNP Paribas is a leading bank in Europe with an international reach. It has a presence in 72 countries, with more than 202,000 employees, including more than 154,000 in Europe. The BNP Paribas Group has been active in Germany since 1947 and has successfully positioned itself on the market with thirteen companies. Private customers, companies and institutions are looked after by roughly 5,300 employees in all relevant economic regions all over the country. The wide-ranging products and services offered by BNP Paribas are almost identical to that of a universal bank.

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