

# The MLP Group – The partner for all financial matters

Munich, September 2016



**Berenberg & Goldman Sachs German Corporate Conference**

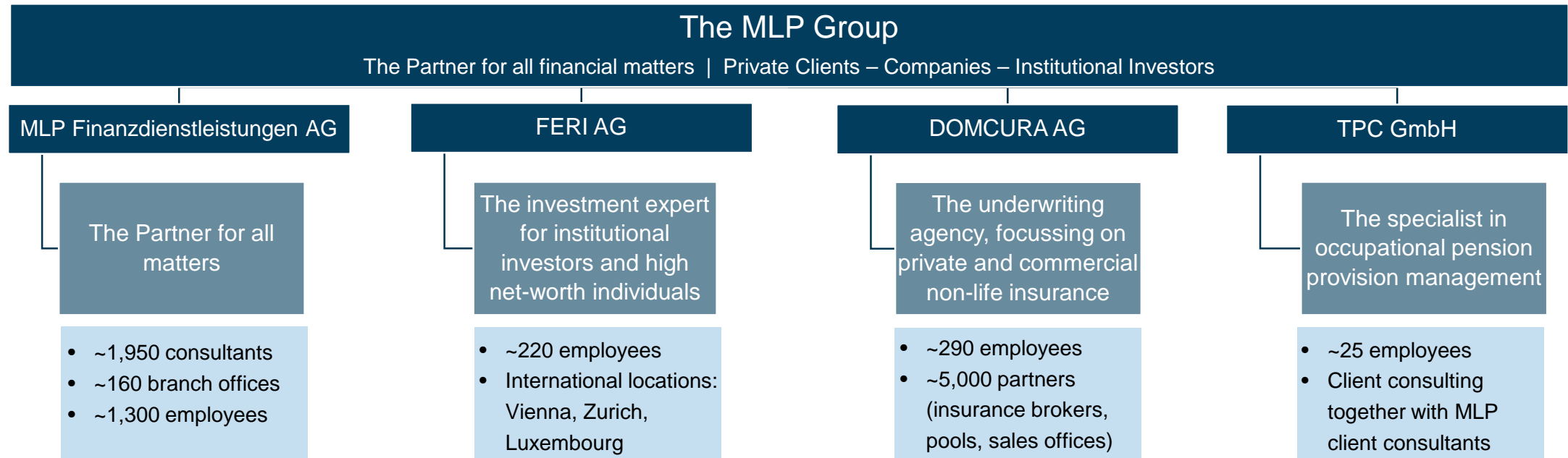


Finanzen verstehen. Richtig entscheiden.

# The MLP Group

1. MLP at a glance
2. Key Financials 2015
3. Strategy & Outlook

# The MLP Group at a glance



- The **views and expectations of our clients** always represent the starting point in each of these fields
- We examine the **offers of all relevant product providers in the market**
- We then present our clients with suitable options so that **they can make** the right financial decisions

The process based on **scientifically substantiated market and product analyses.**

# MLP Group – An Overview

Clients		<ul style="list-style-type: none"> <li>• Around 513,000* private clients (families) in the mass affluent segment of the market target groups: graduates (i.e. physicians, solicitors, engineers and economists)</li> <li>• Around 18,600* corporate and institutional clients</li> </ul>				*as of June 30, 2016
Main business areas	Old-age provision	Brokered premium sum for new business totalled €3.5 billion in 2015. Occupational pension provision accounted for around 12% of this figure.			Share of revenue '15	
					42%	
	Wealth Management	€29.2 billion in assets under management as at June 30, 2016 in business with mass affluent clients, HNWI and institutional investors.			32%	
	Non-life insurance	Business field expanded by acquisition of DOMCURA Group in 2015. More that €330 million premium volume within the MLP Group.			11%	
	Health insurance	Private health insurance, supplementary private health insurance, long-term care, occupational health insurance, statutory health insurance.			9%	
Top Financials FY 2015		Total revenue: €557.2 mil.	Equity Ratio: 22.0%	Dividend per share: €0.12	*adjusted for the acquisition of DOMCURA	
		Pro forma EBIT*: €32.5 mil.	Core Capital Ratio: 14.3%	Return on Equity: 5.1%		
		EBIT: €30.7 mil.	Consultants: 1,935	Employees (9M'15): 1,803		
		Net profit: €19.8 mil.				
MLP Share		Shares outstanding: 109,334,686 Free Float: 49.81% (Definition on the German stock exchange) Average daily trading volume: 89,587 (Xetra, 12-month average as at end of August 2016)				

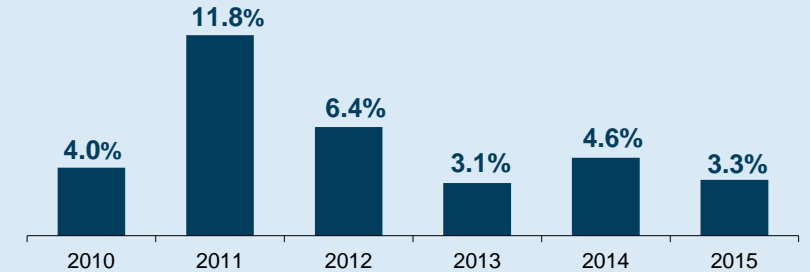
# Attractive dividend policy & stable shareholder structure

## Dividend policy

Pay-out ratio:  
50% - 70% of net profit  
Profit retention required for:

- Acquisitions
- Capital expenditure
- Capital management (Basel III)

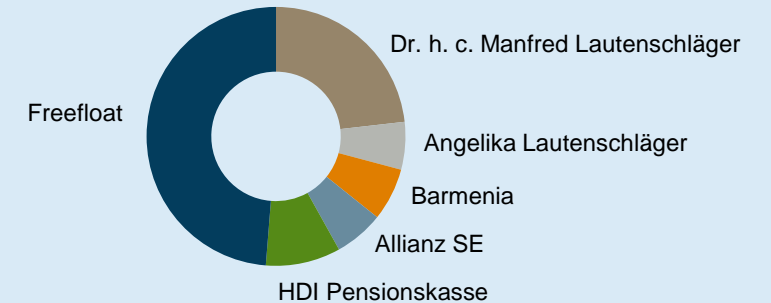
## Return on dividend:



## Shareholder structure

Dr. h. c. Manfred Lautenschläger	23.22%
HDI	9.36%
Barmenia	5.49%
Allianz SE	6.18%
Angelika Lautenschläger	5.94%
Freefloat (Def. Deutsche Börse)	49.81%

[FMR LLC: 4.72%, Schroders PLC: 2.99%]



## Research coverage

Equinet/ESN	Accumulate	PT 4.30
Bankhaus Lampe	Hold	PT 3.50
Main First	Underperform	PT 3.60
Independent Research	Sell	PT 3.20
HSBC Global Research	Hold	PT 3.20

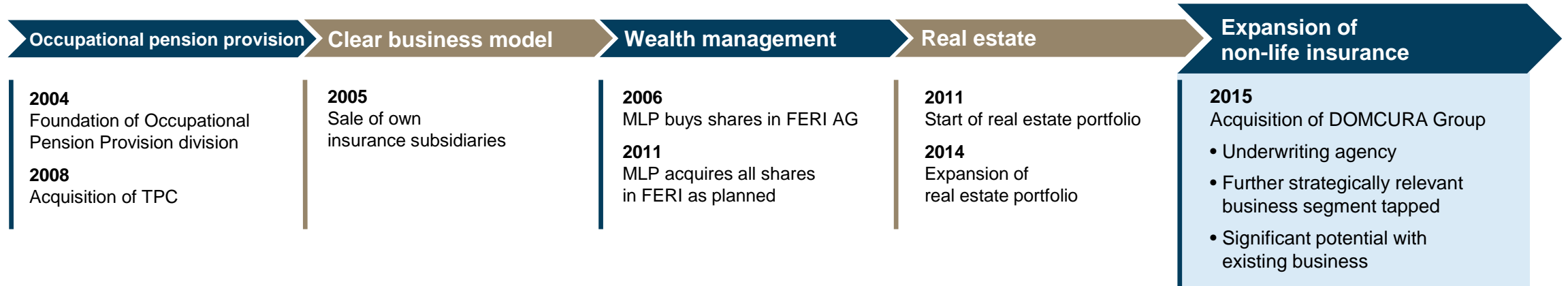
# Market environment – Fundamental changes taking place

Trend	Effects
<p><b>Client behaviour</b></p> <ul style="list-style-type: none"><li>→ Fundamental <u>scepticism</u> on the part of clients towards the financial industry since the outbreak of the financial crisis</li><li>→ Quick and inexpensive <u>information possibilities</u> for clients via the internet</li><li>→ Distinct desire to make <u>their own</u> financial decisions</li></ul>	<ul style="list-style-type: none"><li>• Intense competition</li><li>• Quality of consulting services and differentiation from the competition continue to gain in significance</li><li>• Contract conclusion for simple products sometimes takes place without consultation</li></ul>
<p><b>Demographics</b></p> <ul style="list-style-type: none"><li>→ Rising life expectancy and low birth rate lead to a significantly ageing society</li><li>→ Increasing pressure on state social welfare systems</li><li>→ Number of people in work constantly falling</li></ul>	<ul style="list-style-type: none"><li>• Great need for private and occupational old-age provision as well as private health insurance</li><li>• Recruiting: Good labour market perspectives leads to a “war of talents” for well-educated/trained individuals</li></ul>
<p><b>Regulation</b> (e.g. IMD II, MiFID II, LVRG)</p> <ul style="list-style-type: none"><li>→ Since 2004 and especially since 2008 <u>intensive regulation</u></li><li>→ In addition to impacting at the product level, regulation also particularly applies to the <u>training</u> of consultants, <u>documentation</u> and <u>transparency</u></li></ul>	<ul style="list-style-type: none"><li>• Significant rise in administrative activities burdens productivity</li><li>• Increase in fixed costs for training, IT systems and administration</li><li>• Quality becoming an increasingly important aspect</li></ul>

# The MLP Group

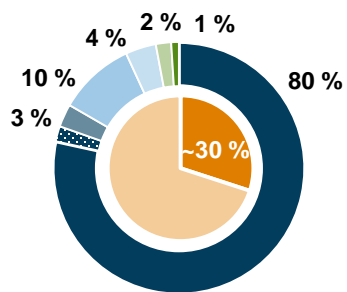
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# Strategic portfolio significantly broadened



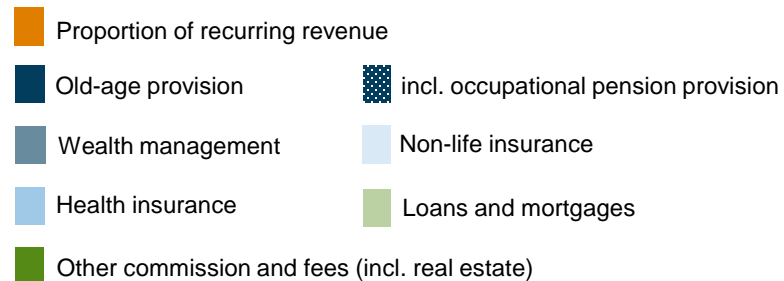
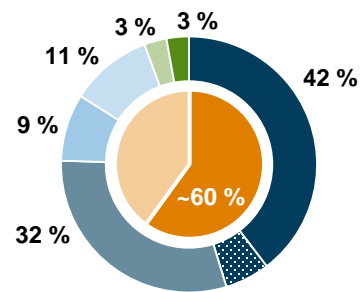
## FY 2005

Commission income €467.9 million



## FY 2015

Commission income €514.3 million

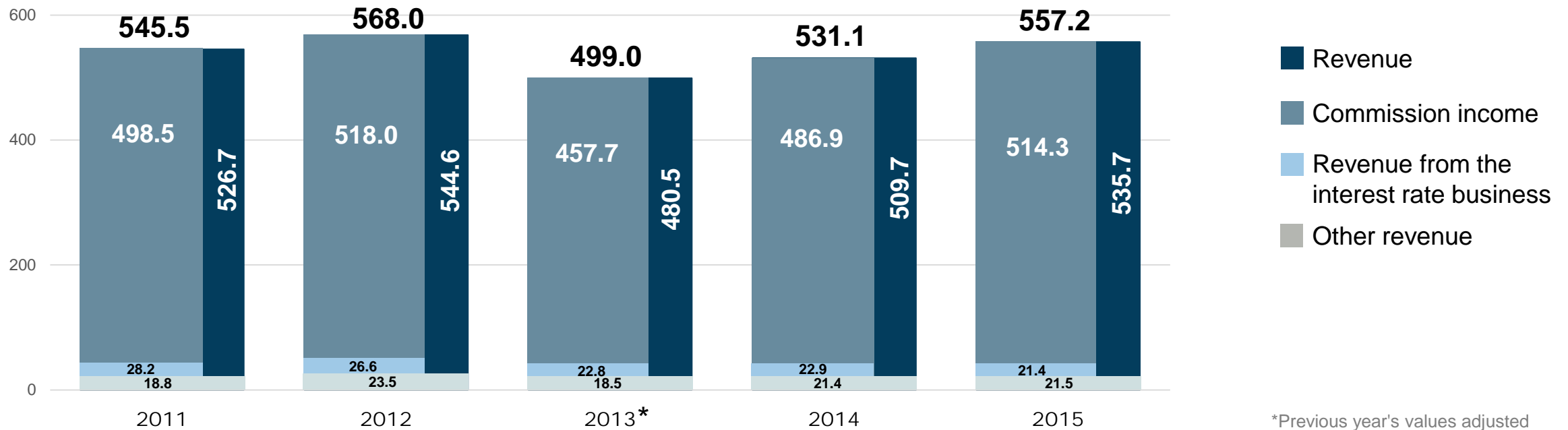




# FY 2015: Total revenue rises to €557.2 million

## Total revenue FY

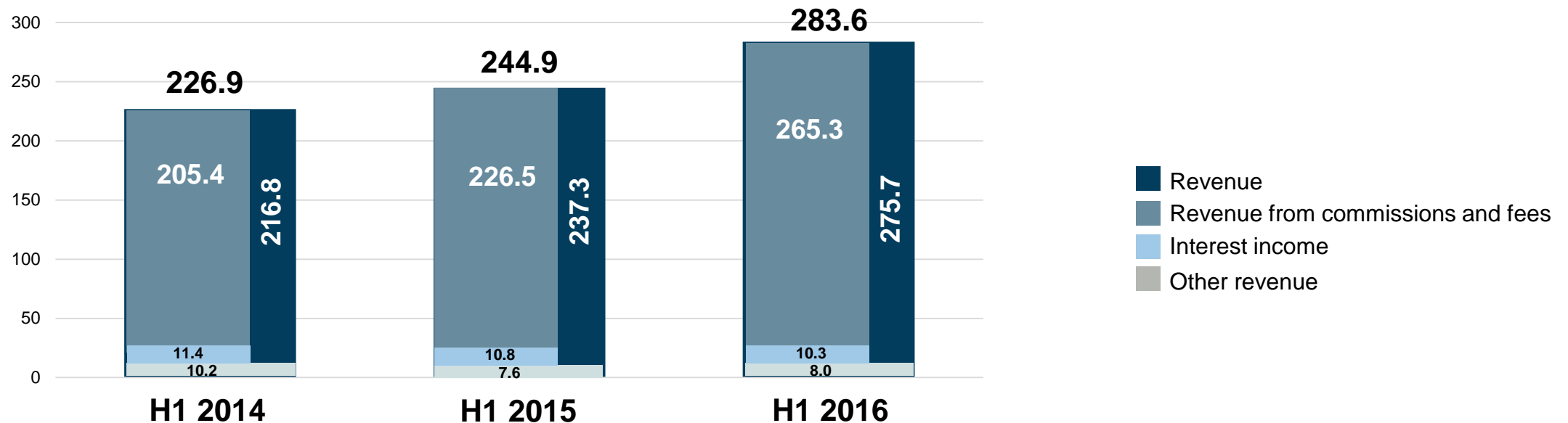
€ million



# H1 2016: Total revenue increases by 16 percent to €283.6 million

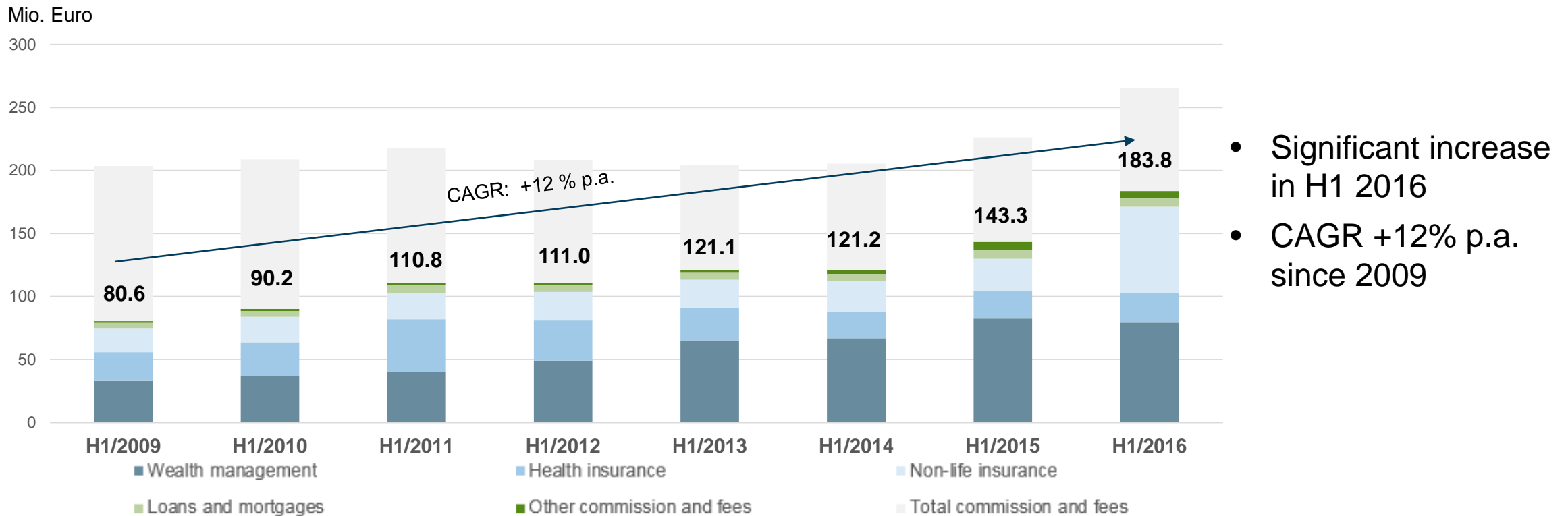
## Total revenue H1

[in € million]



# Successful diversification beyond the old-age provision

## Commission income in H1 (all consulting areas, excl. old-age provision)



# H1 2016: Strong growth in non-life insurance

## Revenue

[in € million]

	Q2 2015	Q2 2016	Δ in %	H1 2015	H1 2016	Δ in %
Old-age provision	41.1	45.3	10	83.1	81.6	-2
Wealth management	41.9	40.4	-4	82.6	79.3	-4
Health insurance	10.4	11.4	10	22.2	23.3	5
Non-life insurance	5.1	18.0	>100	25.2	68.7	>100
Loans and mortgages*	3.8	3.2	-16	6.9	6.8	-1
Other commissions and fees	4.0	3.3	-18	6.4	5.7	-11
Interest income	5.3	5.1	-4	10.8	10.3	-5

### H1/2015:

- Revenue in old-age provision positively influenced by a one-off effect in Q1/2015

### H1/2016:

- Revenue contribution DOMCURA (non-life) of around € 43.6 million

\* excluding MLP Hyp

# H1 2016: Operating EBIT at €9.3 million above previous year

## Income statement

[in € million]	Q2 2015	Q2 2016	H1 2015	H1 2016
Total revenue	115.0	131.3	244.9	283.6
Operating EBIT*	1.1	0.4	8.1	9.3
EBIT	1.1	-1.0	8.1	7.7
Finance cost	-0.1	-0.3	-0.3	-0.4
EBT	0.9	-1.2	7.8	7.3
Taxes	0.4	0.7	-1.3	-1.7
Group net profit	1.3	-0.6	6.6	5.6
EPS in € (diluted/undiluted)	0.01	-0.01	0.06	0.05

### Q2/2016

- Negative EBIT contribution by DOMCURA: € -0.8 million (not included in previous year)
- Reason: Seasonality of business model

### Extraordinary charge due to one-off expenses for efficiency measures

- H1 2016: 1.6 Mio. €
- Q2 2016: 1.4 Mio. €

### H1/2015

- one-off positive effect associated with the correction of an incorrect settlement by a product partner in old-age provision

\* before one-off exceptional costs

# H1 2016: Strong balance sheet

<b><u>Assets</u></b>	<b>31/12/2015</b>	<b>30/06/2016</b>
Intangible Assets	174.5	171.8
Financial Assets	147.9	146.2
Receivables from clients in the banking business	542.7	577.0
Receivables from banks in the banking business	600.3	574.4
Other receivables and assets	112.5	83.3
Cash and cash equivalents	77.5	125.8
<b><u>Liabilities and shareholders equity</u></b>		
Shareholders equity	385.8	372.1
Provisions	86.5	75.8
Liabilities due to clients in the banking business	1,102.6	1,178.4
Liabilities due to banks in the banking business	23.1	30.3
Other Liabilities	140.2	102.1
<b><u>Total</u></b>	<b>1,752.7</b>	<b>1,774.9</b>

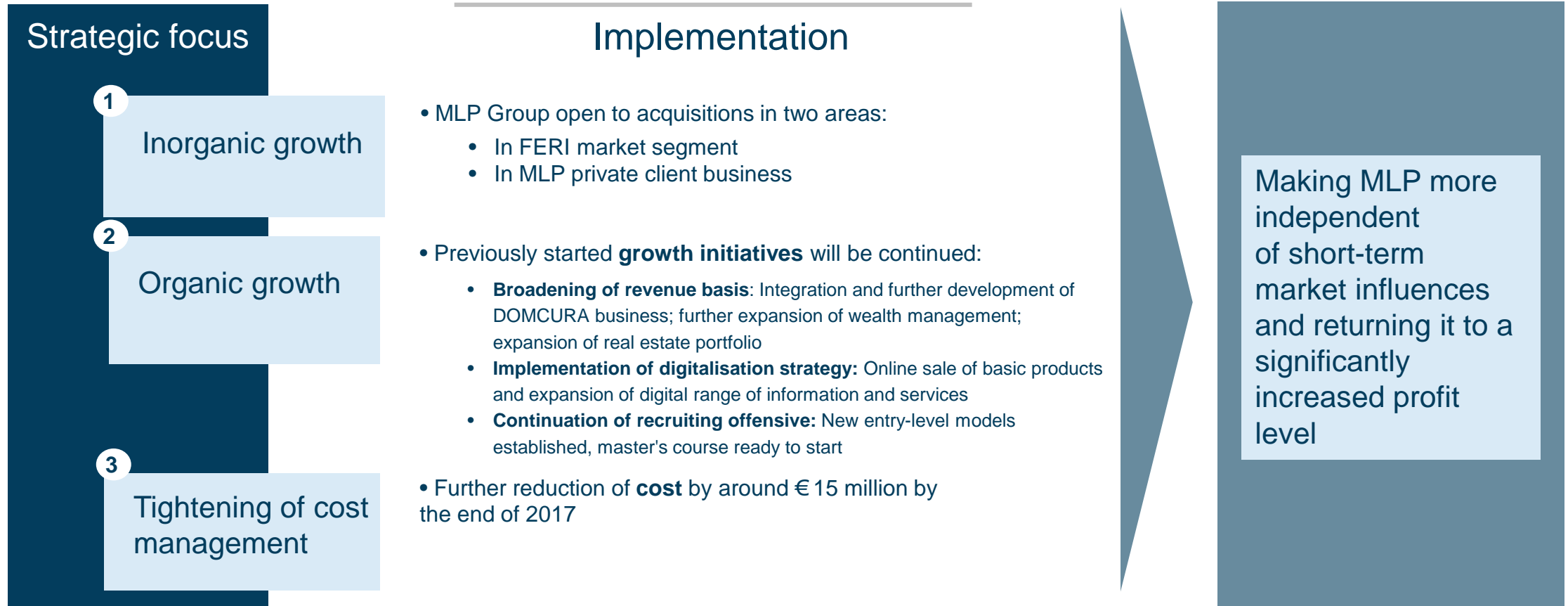
Equity ratio: 21.0 %

Core capital ratio: 13.25 %

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# Strategic agenda 2016

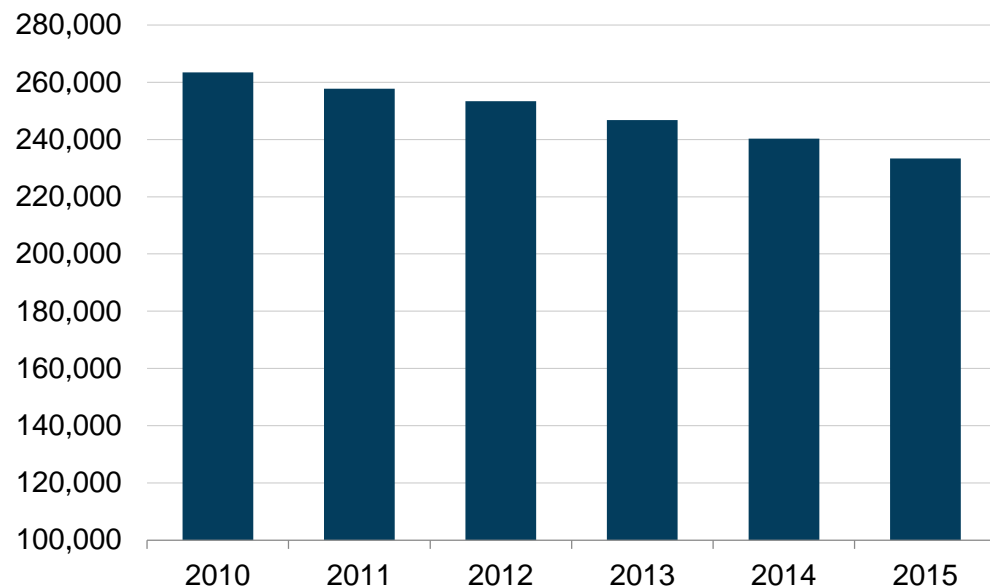




# Significant increase in consolidation within the market due to Life Insurance Reform Act (LVRG)

1  
Inorganic growth

## Number of insurance intermediaries in Germany



## Effects of the Life Insurance Reform Act (LVRG)

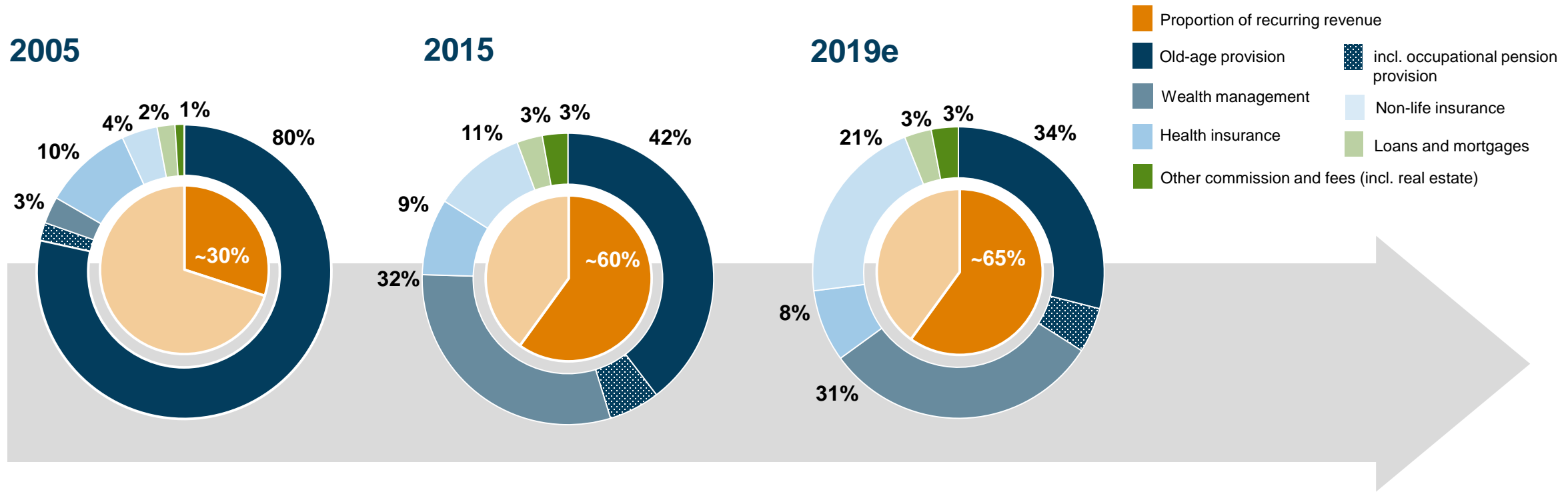
- Quality of consultancy and portfolio is even more important
- Sale organisations with a high cancellation rate lose trail commissions
- Major challenges for pyramid sales organisations

Source: DIHK, entries in the Insurance Intermediary Register

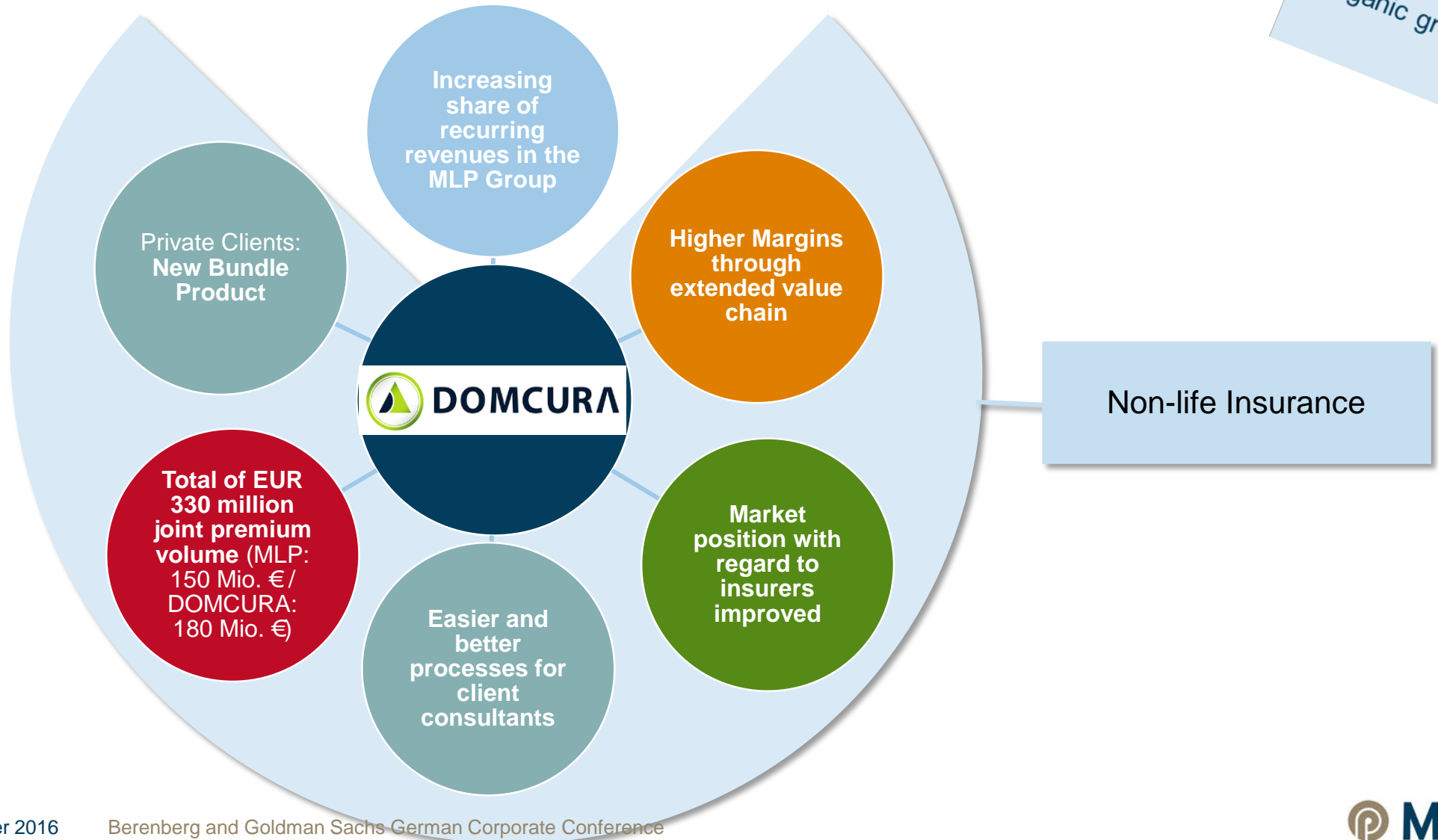
# Even more balanced revenue basis in the medium term

2  
Organic growth

## Development of revenue distribution



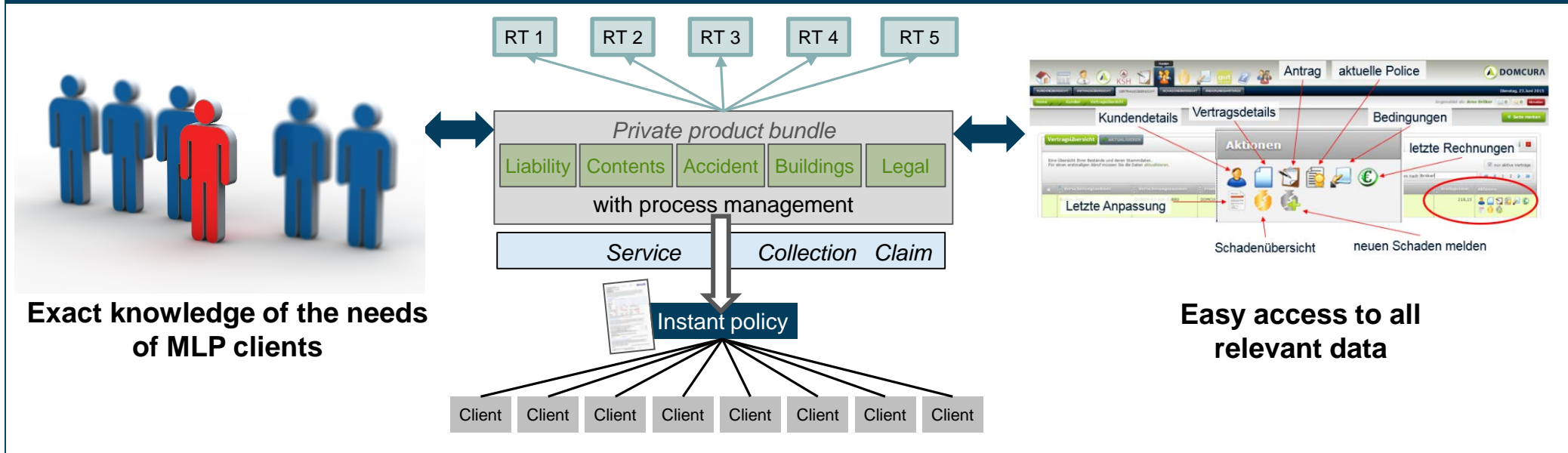
# Positive effects on MLP through DOMCURA



# DOMCURA: targeted further development within the MLP Group

2 Organic growth

New solution for MLP clients in the non-life insurance sector: complete protection with liability insurance, accident insurance, etc.



Further development of the DOMCURA business with other market actors (e. g. brokers)

Expansion of the corporate client business through DOMCURA commercial and industrial brokers

# Recruiting offensive to be continued

2  
Organic growth

Further training grants and allowances for easing transition to self-employment are bearing fruit

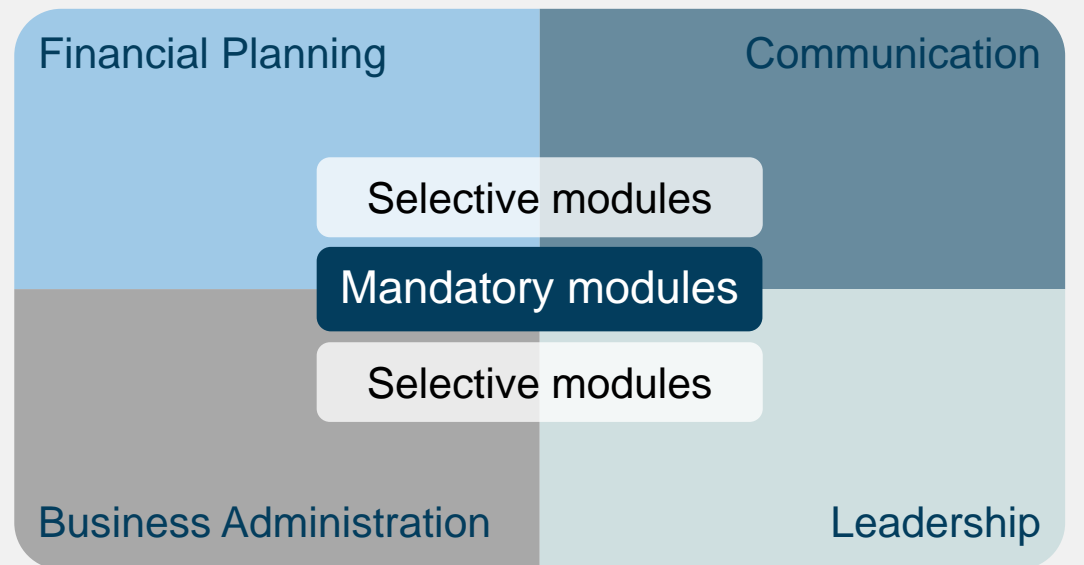
Further measures:

- Introduction of a master's course in order to increase attractiveness for bachelor's graduates
- Intensification of recruiting activities via online media
- Continuation of internship programme
- Continuation of the strategy of opening new offices in the university segment

## Master of Financial Planning

Steinbeis School of Management and Innovation (SMI)

- Widespread recognition of MLP training
- Very high level of flexibility for participants



# Digital footprint significantly expanded

2  
Organic growth

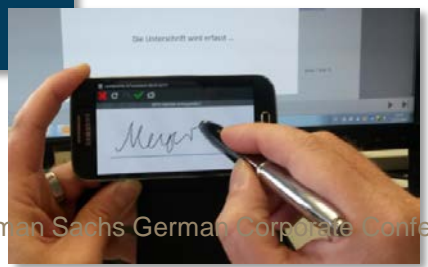
**MLP Websites relaunched**  
mlp.de  
mlp-financify.de  
180 sites of branches  
2,000 client consultant profiles  
7 million visits p.a



**Social Media**  
Facebook  
YouTube  
Twitter



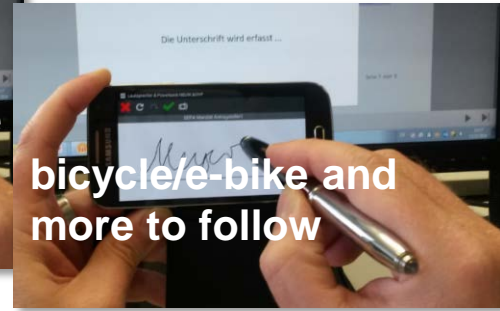
**First online policy sales**



# Further enhancing our digital approach

2  
Organic growth

More online policy sales

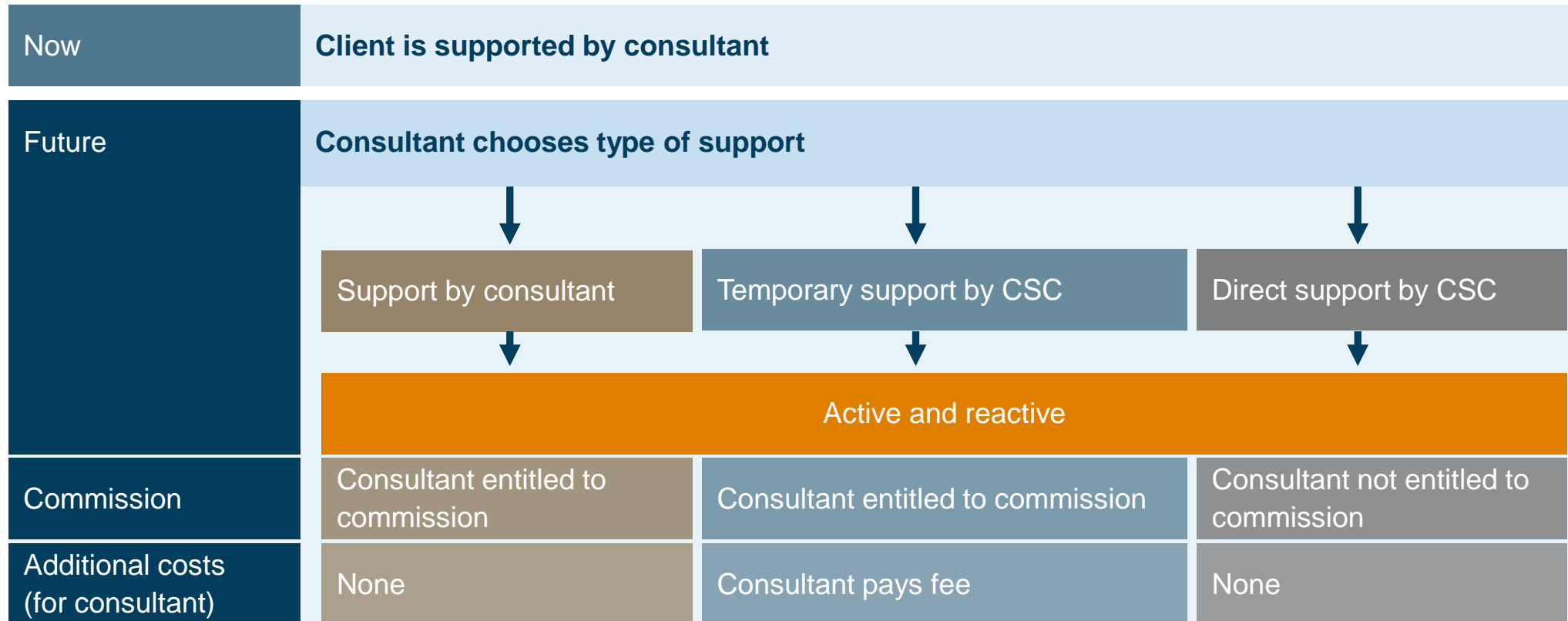


MLP Financepilot further developed  
Scan-to-bank (easy payment order)  
Paydirekt (B2C)  
SecureGo  
WhatsCash (C2C)

Client portal  
One login  
Dashboard  
Personal Finance Management (PFM)

# New kinds of support through expansion of Customer Service Centre (CSC)

2 Organic growth



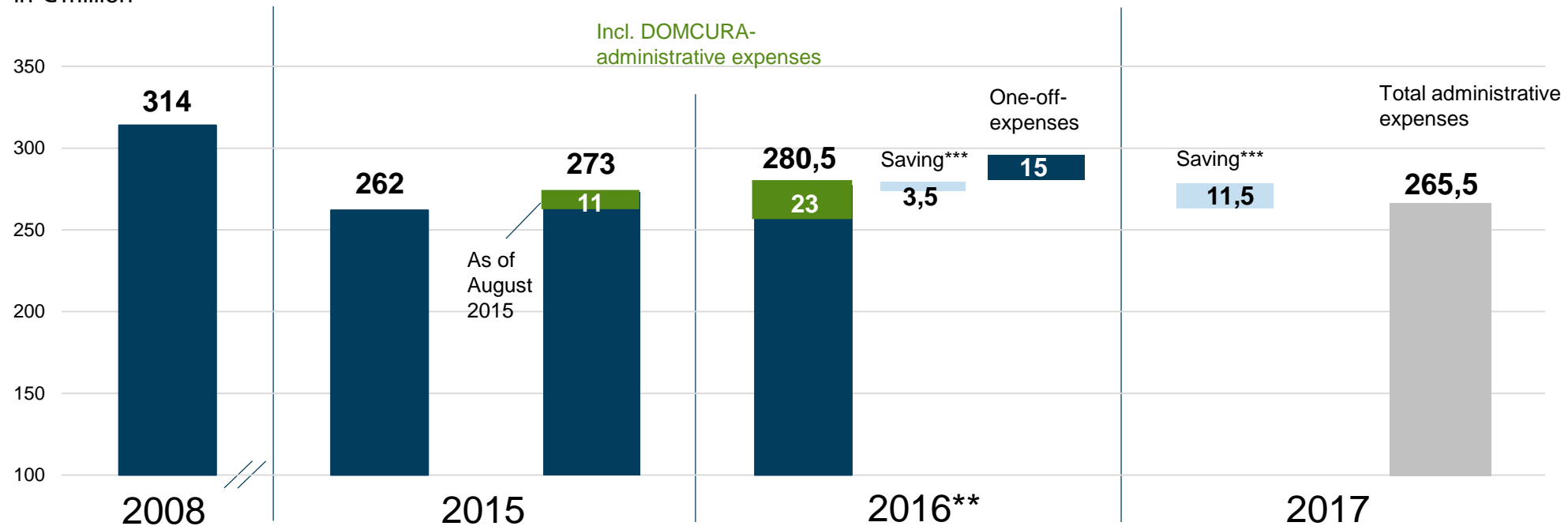


# Cost management further tightened

3  
Tightening of cost management

## Administrative expenses\* 2008 – 2017 (planned)

in € million



\* Defined as personnel expenses, depreciation and amortisation as well as other operating expenses

\*\*Allowances for losses are a separate item in the income statement as of this year

\*\*\*Assumptions: completely realised in administrative expenses

# Outlook

## Qualitative assessment of the development of sales revenues

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	2016	2017
Revenue from old-age provision	0	0
Revenue from health insurance	+	0
Revenue from wealth management	+	+
Revenue from non-life insurance	++	+

very positive: ++, positive: +, neutral: 0, negative: -, very negative: --  
(in each case compared to the previous year)

- Costs will once again be significantly reduced in the financial year 2017 and subsequent years (positive EBIT effect of around EUR 15 million compared to 2015).
- As announced, this will incur one-off expenses of approximately EUR 15 million in the financial year 2016.

→ As of 2017, MLP anticipates a significant **increase in EBIT** over 2015

# Summary

- In view of the external conditions the year 2015 is additional proof that the **further development of the business model** is increasingly taking effect.
- MLP is accelerating the transformation in 2016. The Group's **cost management** will be tightened even further to this end. Alongside the successful growth initiatives, MLP is checking opportunities for **inorganic growth**.
- **Efficiency measures** and **growth initiatives** are running **according to schedule**
- From **FY 2017 onwards** MLP anticipates a **significant increase in EBIT** over 2015.

# Questions & Answers

Happy to take your questions!



# Contact

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