

The MLP Group – The partner for all financial matters

March 2017

Management Roadshow

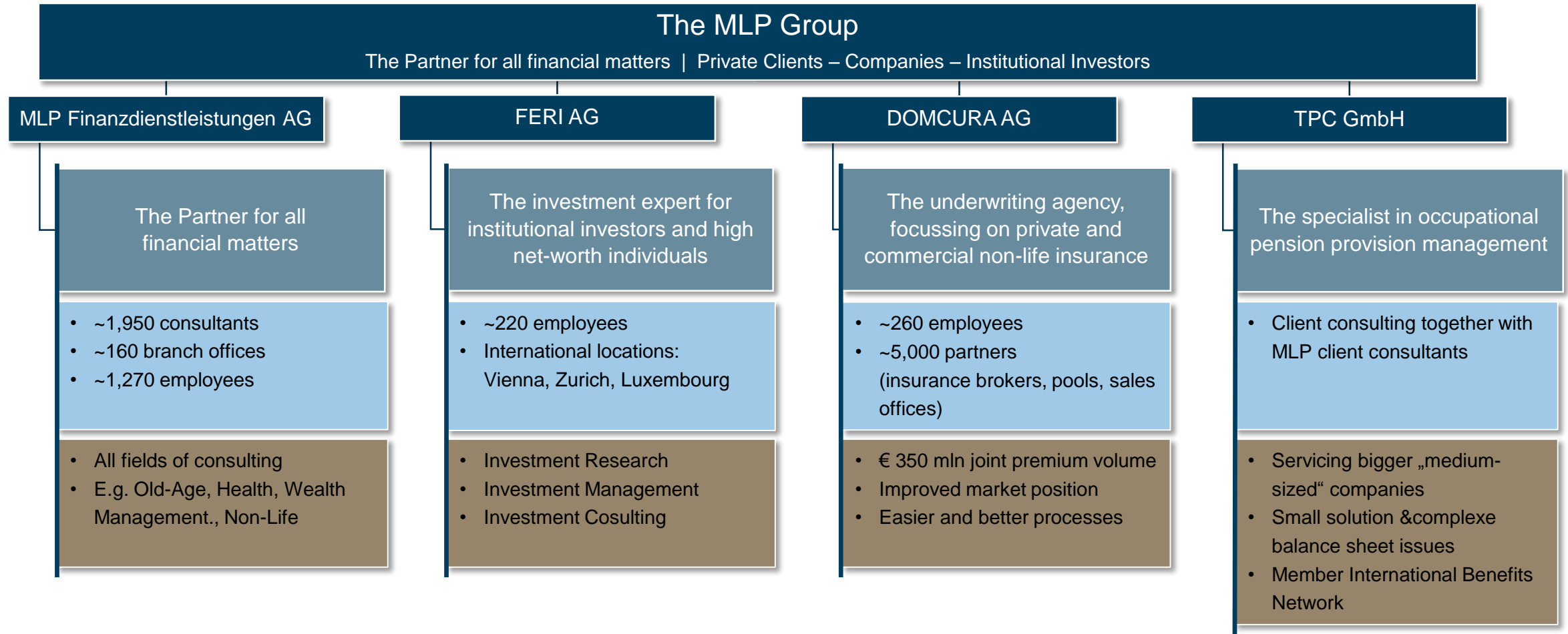


Finanzen verstehen. Richtig entscheiden.

The MLP Group

1. MLP at a glance
2. Key Financials 2016
3. Strategy & Outlook

The MLP Group at a glance



MLP Group – An Overview

Clients		<ul style="list-style-type: none"> • Around 517,400* private clients (families) in the mass affluent segment of the market target groups: graduates (i.e. physicians, solicitors, engineers and economists) • Around 19,200* corporate and institutional clients 				*as of December 31, 2016
Main business areas	Old-age provision	Brokered premium sum for new business totalled € 3.7 billion in 2016. Occupational pension provision accounted for around 13% of this figure.			Share of revenue '16	
	Wealth Management	€ 31.5 billion in assets under management as at December 31, 2016 in business with mass affluent clients, HNWI and institutional investors.			39%	
	Non-life insurance	Business field expanded by acquisition of DOMCURA Group in 2015. More that € 350 million premium volume within the MLP Group.			29%	
	Health insurance	Private health insurance, supplementary private health insurance, long-term care, occupational health insurance, statutory health insurance.			19%	
Top Financials FY 2016		Total revenue: € 610.4 mil.	Equity Ratio: 19.7%	Dividend per share: € 0.08	*before one-off expenses	
		Operating EBIT*: € 35.1 mil.	Core Capital Ratio: 14.2%	Return on Equity: 3.8%		
		EBIT: € 19.7 mil.	Consultants: 1,950	Employees: 1,768		
		Net profit: € 14.7 mil.				
MLP Share		Shares outstanding: 109,334,686 Free Float: 49.81% (Definition on the German stock exchange) Average daily trading volume: 102.800 (Xetra, 12-month average as at end of February 2017)				

Attractive dividend policy & stable shareholder structure

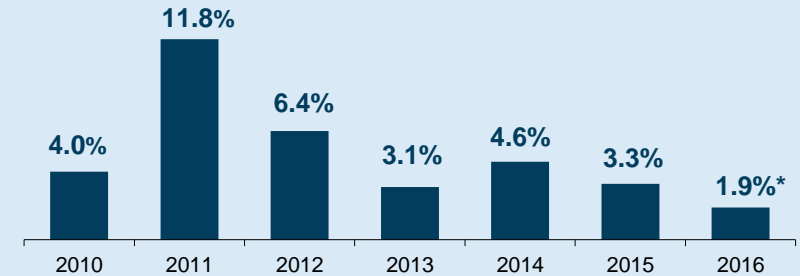
Dividend policy

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

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

Return on dividend:

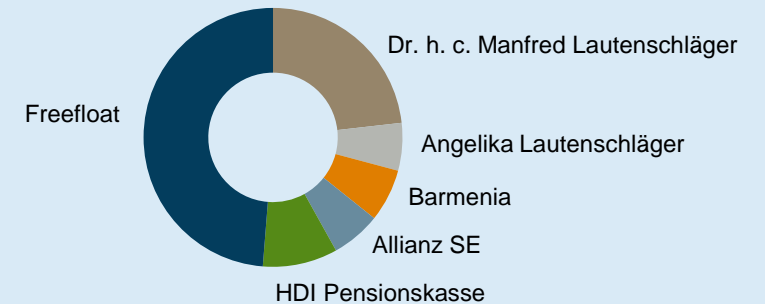
*influenced by one-off expenses



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%, Internationale Kapitalanlagegesellschaft mbH: 3,03%, Schroders PLC: 2.99%]



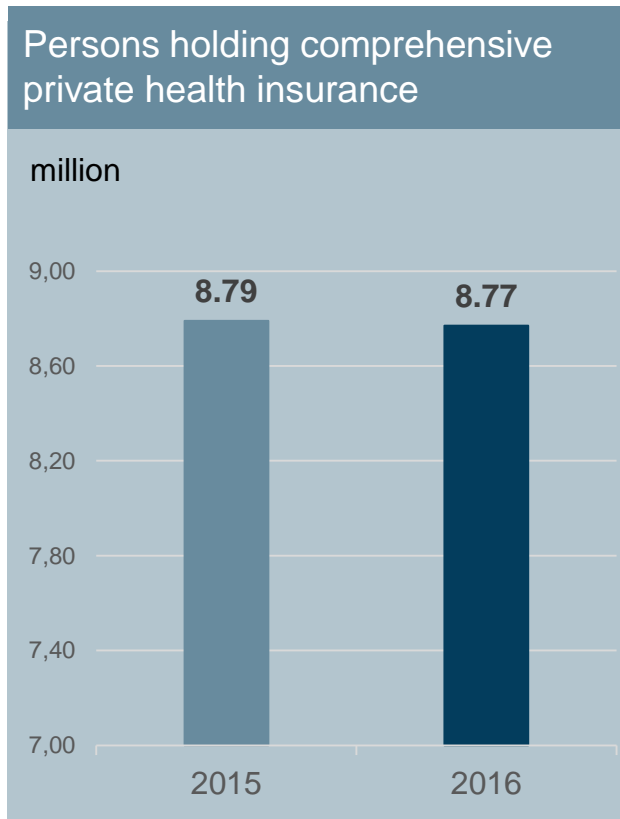
Research coverage

Equinet/ESN	Accumulate	PT 5.50
Bankhaus Lampe	Hold	PT 5.00
Independent Research	Hold	PT 5.30
Hauck & Aufhäuser	Buy	PT 7.40

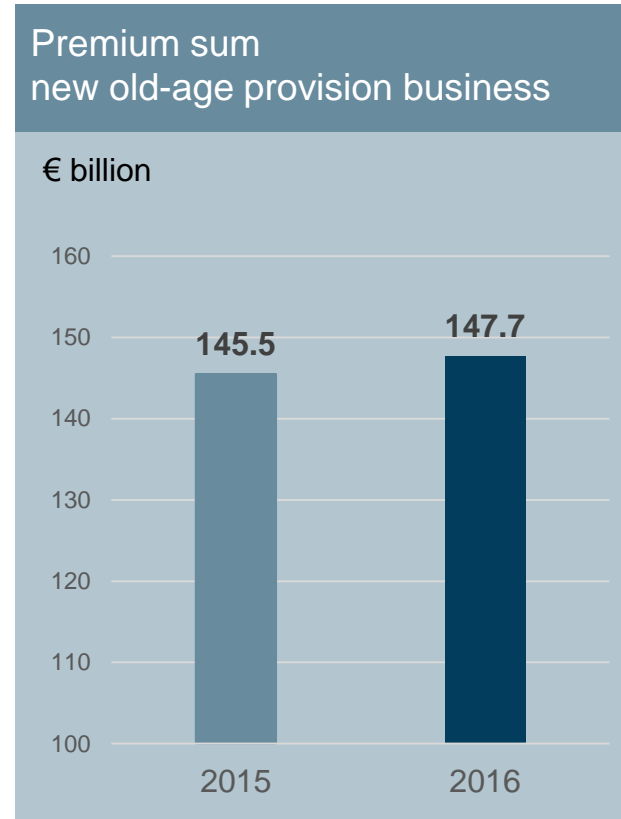
Market environment – Fundamental changes taking place

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

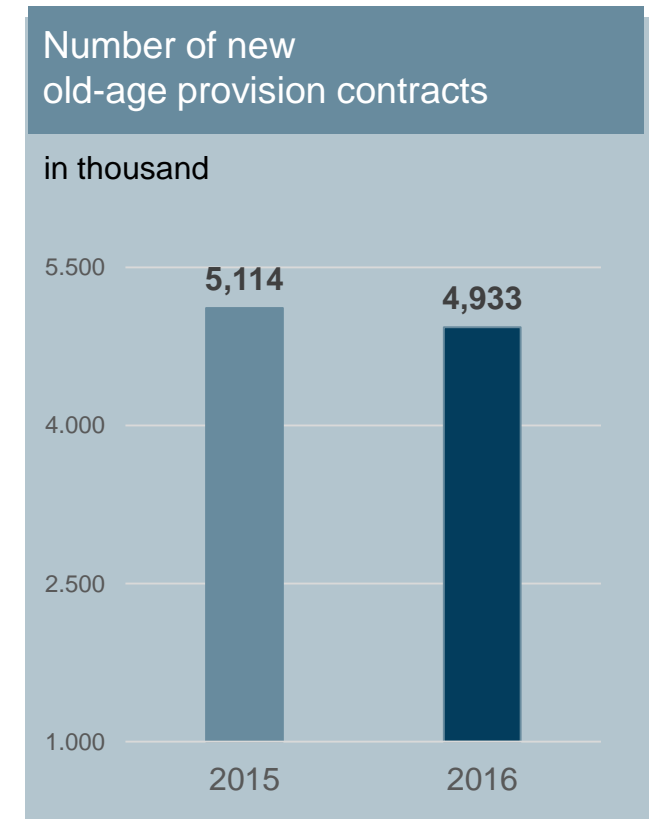
Market environment remains difficult – Sector-specific key indicators



Source: Association of Private Health Insurers (PKV)



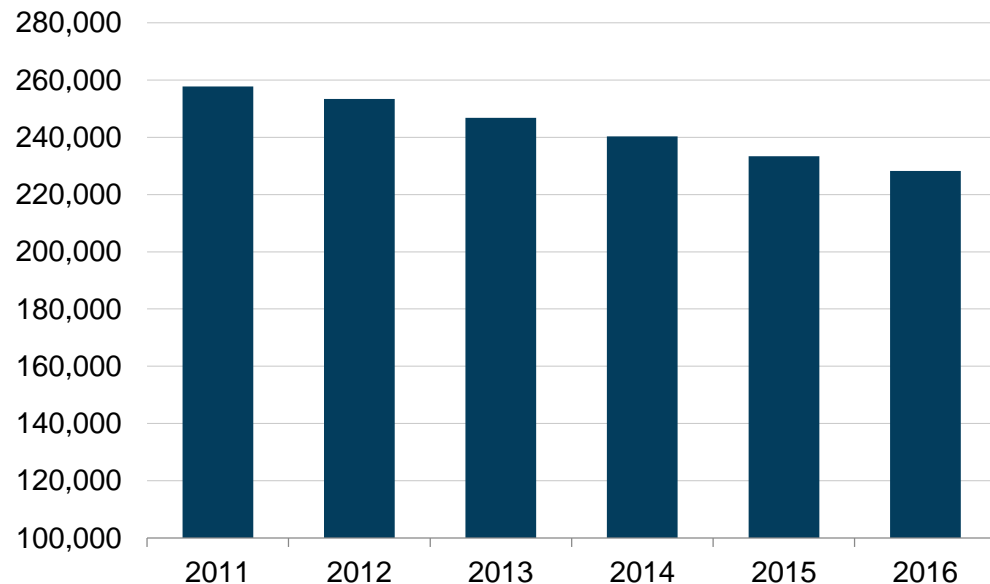
Source: German Insurance Association (GDV e.V.)



Source: German Insurance Association (GDV e.V.)

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

Shrinking Number of insurance intermediaries in Germany



Source: DIHK, entries in the Insurance Intermediary Register

Effects of the Life Insurance Reform Act (LVRG)

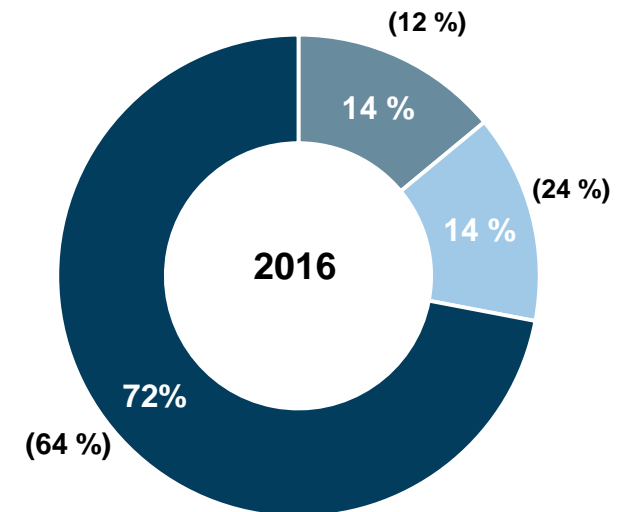
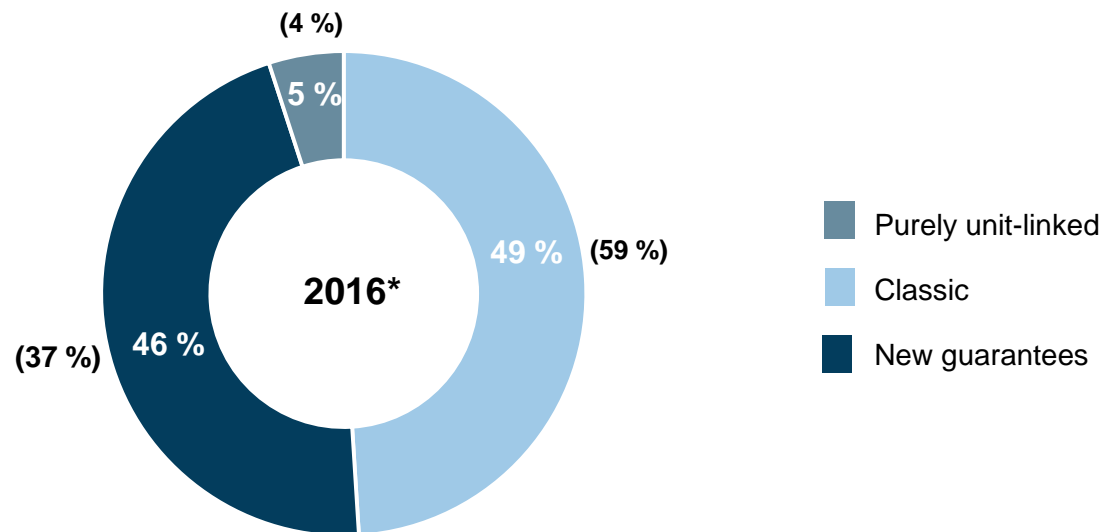
- Quality of consultancy and portfolio is even more important
- Sale organisations with a high cancellation rate lose trail commissions
- Major challenges for pyramid sales organisations

Trend is ongoing and will strengthen – MLP to play an active role in consolidation process

MLP is a pioneer in terms of new guarantee products

Market product mix for newly brokered policies

MLP product mix for newly brokered policies



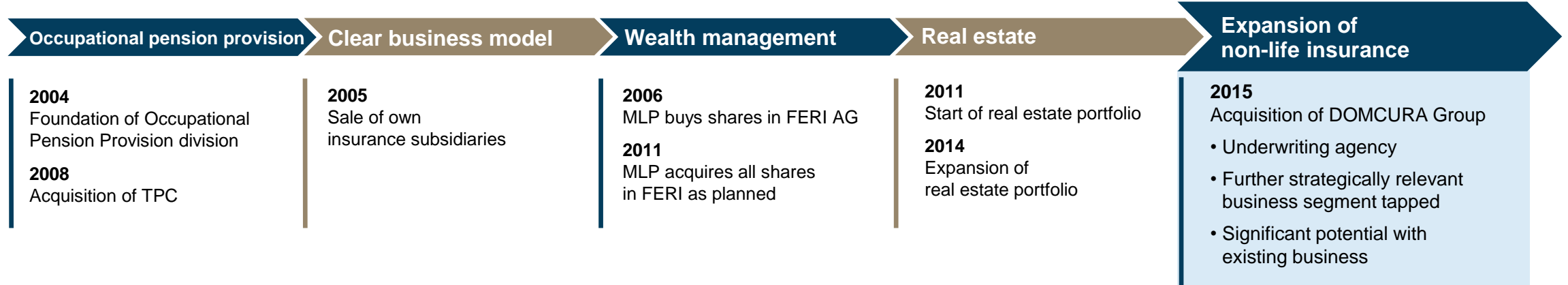
Source: German Insurance Association (GDV e.V.)
*provisional figures

*previous year's values in brackets

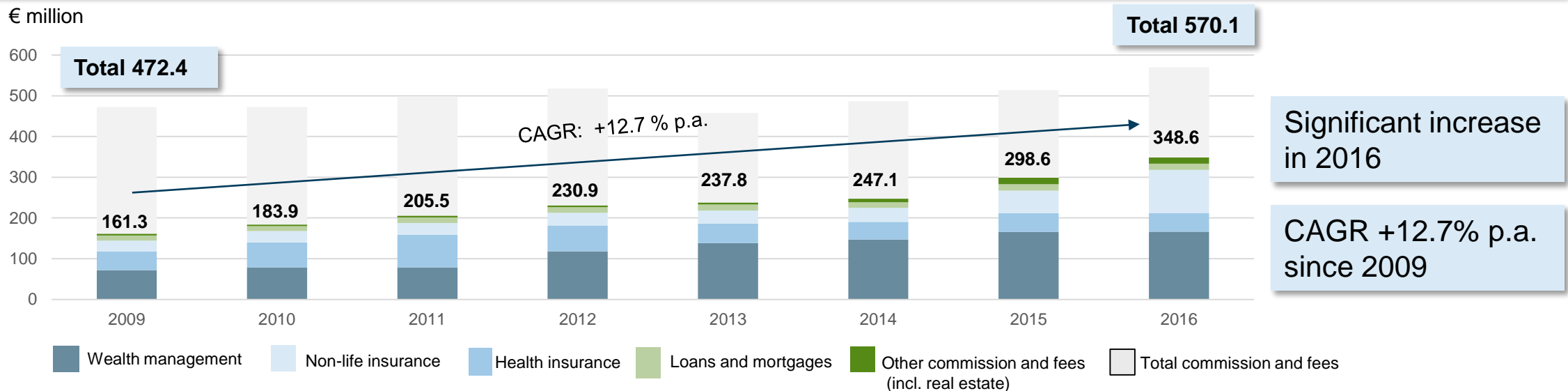
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Strategic portfolio significantly broadened



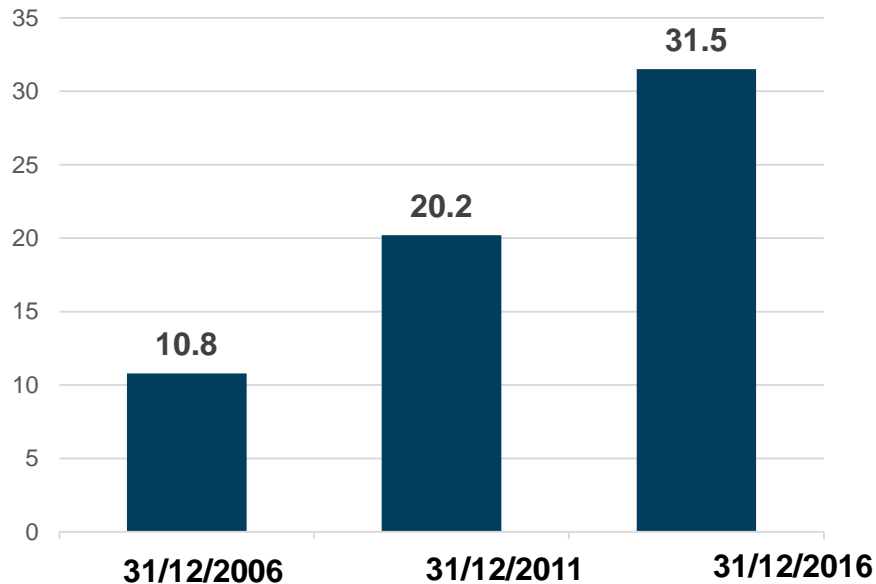
Successful diversification beyond the old-age provision – Constitution of commission income (in € million)



Assets under management increase to EUR 31.5 billion – Old age provision bottomed out

Assets under management

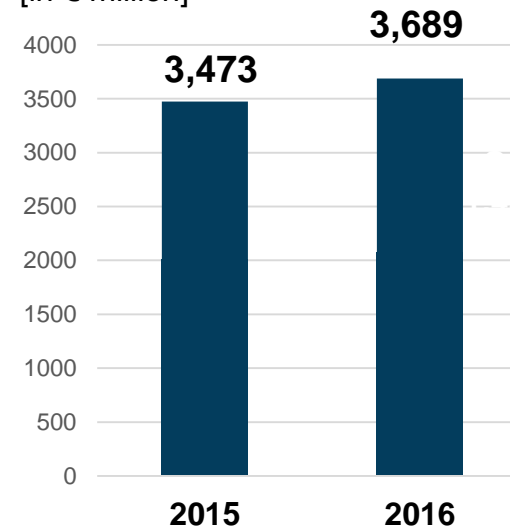
[in € billion]



Old-age provision

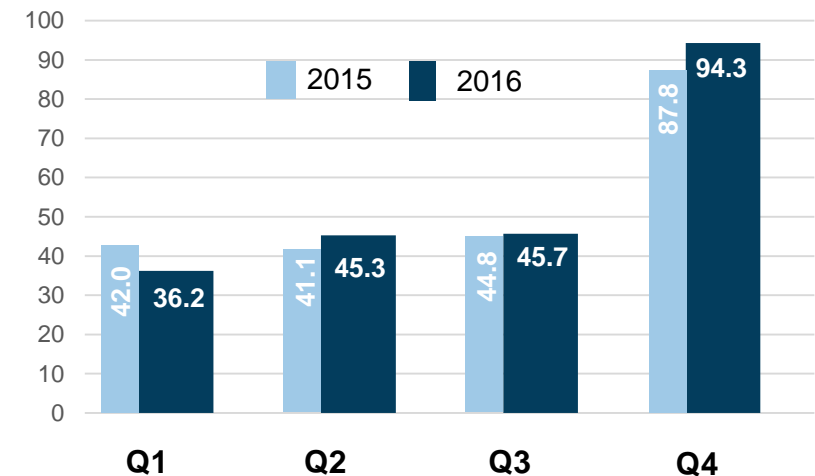
Brokered premium sum

[in € million]



Revenue rising for 3 consecutive quarters

[in € million]



Gains primarily in the non-life insurance segment

Revenue

€ million

	2015	2016	Δ in %	Q4 2015	Q4 2016	Δ in %
Old-age provision	215.7	221.5	2.7	87.8	94.3	7.4
Wealth management	166.0	166.4	0.2	44.7	43.5	-2.7
Health insurance	45.9	45.8	-0.3	12.3	11.8	-4.6
Non-life insurance	54.9	105.6	92.5	18.1	20.0	10.5
Loans and mortgages*	16.2	15.4	-4.7	5.1	5.0	-0.9
Other commission and fees	15.6	15.4	-1.1	5.1	6.6	28.2
Interest income	21.4	20.5	-4.2	5.3	4.9	-6.7

* Excluding MLP Hyp

Operating EBIT at € 35.1 million

Income statement

€ million	Q4 2015	Q4 2016	2015	2016
Total revenue	186.5	191.7	554.3	610.4
Operating EBIT*	23.3	19.3	30.7	35.1
EBIT	23.3	8.2	30.7	19.7
Finance cost	-0.4	-0.4	-2.8	-0.9
EBT	22.9	7.7	28.0	18.7
Taxes	-6.8	-2.6	-8.2	-4.1
Net profit	16.1	5.1	19.8	14.7
EPS in euros (diluted/basic)	0.15	0.05	0.18	0.13

2016:

- Efficiency programme: one-off expenses of € 15.4 million (€ 11.1 million in Q4/2016)

*before one-off expenses

Balance sheet – Core capital ratio at 14.2 %

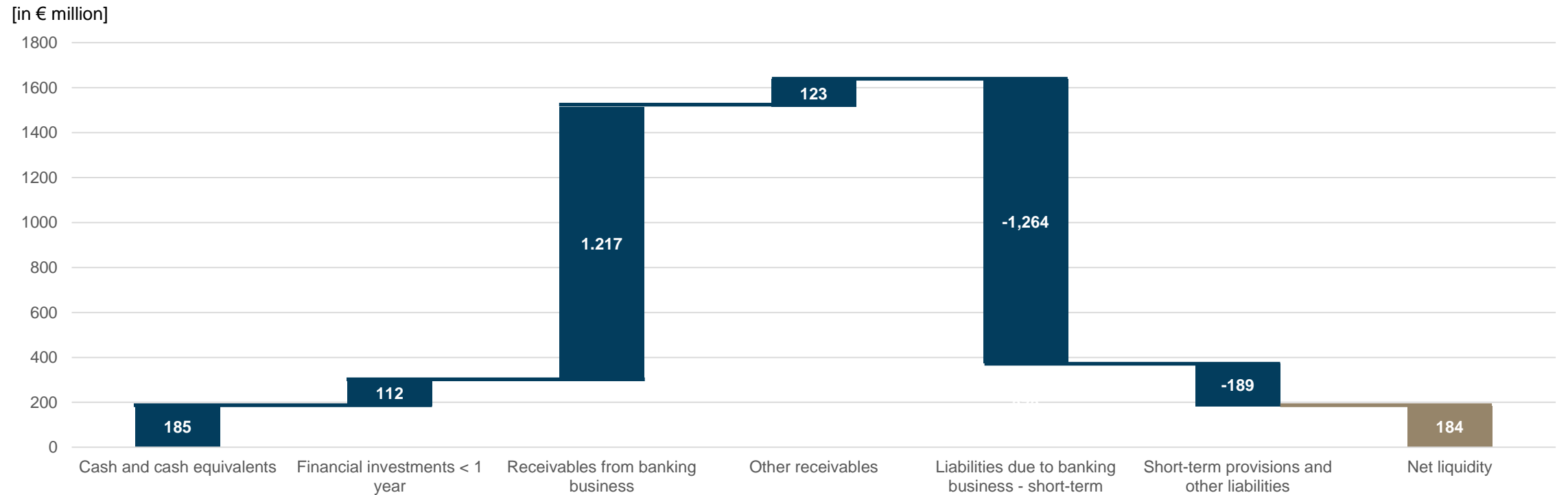
Assets	Dec. 31, 2015	Dec. 31, 2016
Intangible assets	174.5	168.4
Financial assets	147.9	162.3
Receivables from clients in the banking business	542.7	626.5
Receivables from banks in the banking business	600.3	591.0
Other receivables and assets	112.5	122.8
Cash and cash equivalents	77.5	184.8
Liabilities and shareholders' equity		
Shareholders' equity	385.8	383.6
Provisions	86.5	91.2
Liabilities due to clients in the banking business	1,102.6	1,271.1
Liabilities due to banks in the banking business	23.1	37.7
Other liabilities	140.2	146.9
Total	1,752.7	1,944.1

Equity ratio: 19.7 %

Return on equity: 3.8 %

Core capital ratio: 14.2 %

Net liquidity of around € 184 million





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Strategic agenda 2017

Strategic focus

1

Organic growth

- **Extension of the scope for action** regarding future investments through altered group structure
- **Strengthening of the university segment in the private client business** through focus on core topics for young clients and consultants

- Further broadening of revenue basis: primarily through further expansion of wealth management and non-life insurance business
- Continued implementation of digitalisation strategy: in particular extension of digital information and service offers

2

Inorganic growth

- MLP Group open to acquisitions in two areas:
 - In the market segment of FERI and DOMCURA
 - In MLP's private client business

3

Continued Cost management

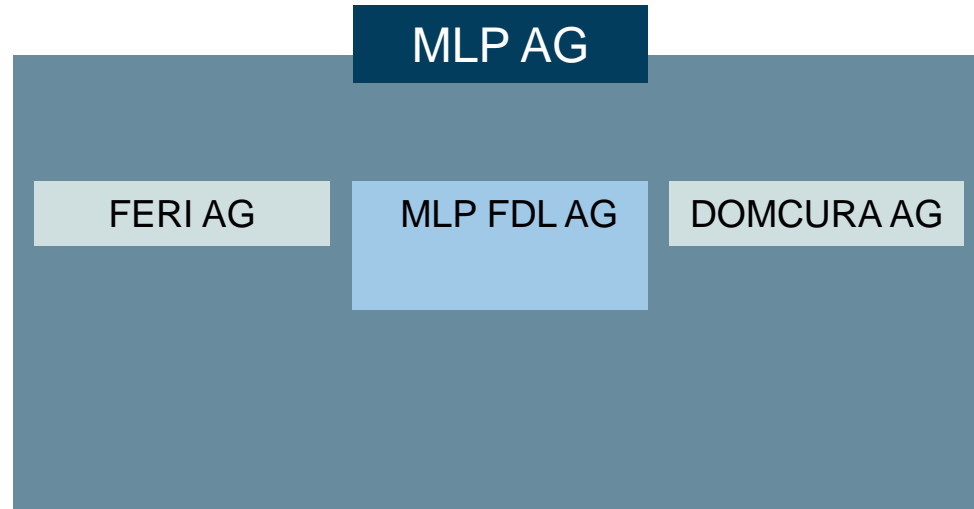
- Structural reduction of cost base initiated in 2016 – ongoing efficiency management programme

Implementation

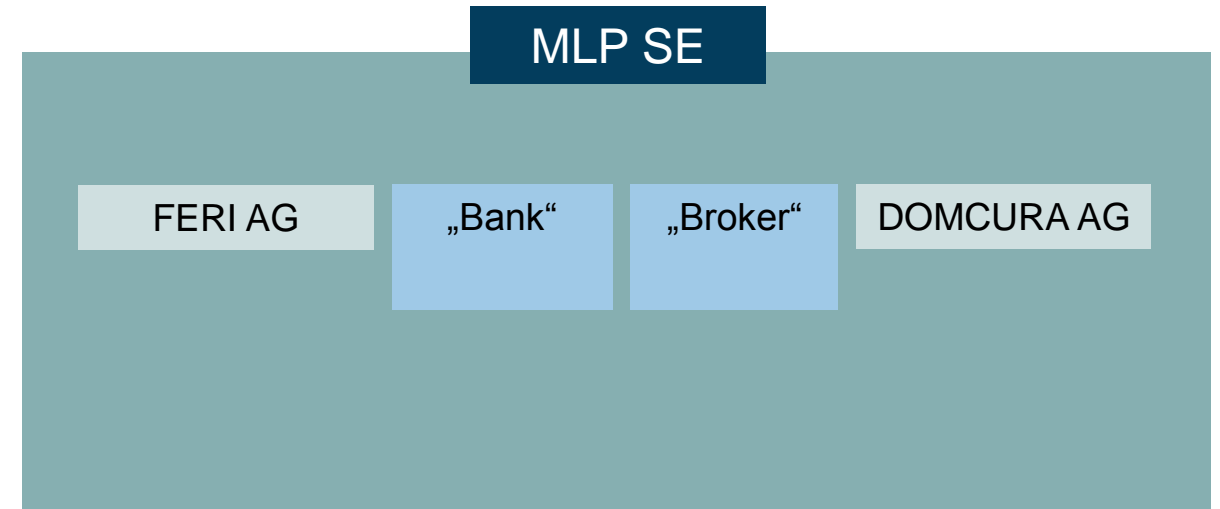
Making MLP more independent of short-term market influences and returning it to a significantly increased profit level

Banking activities with supervisory or regulatory relevance to be bundled at one company in the future

Current structure



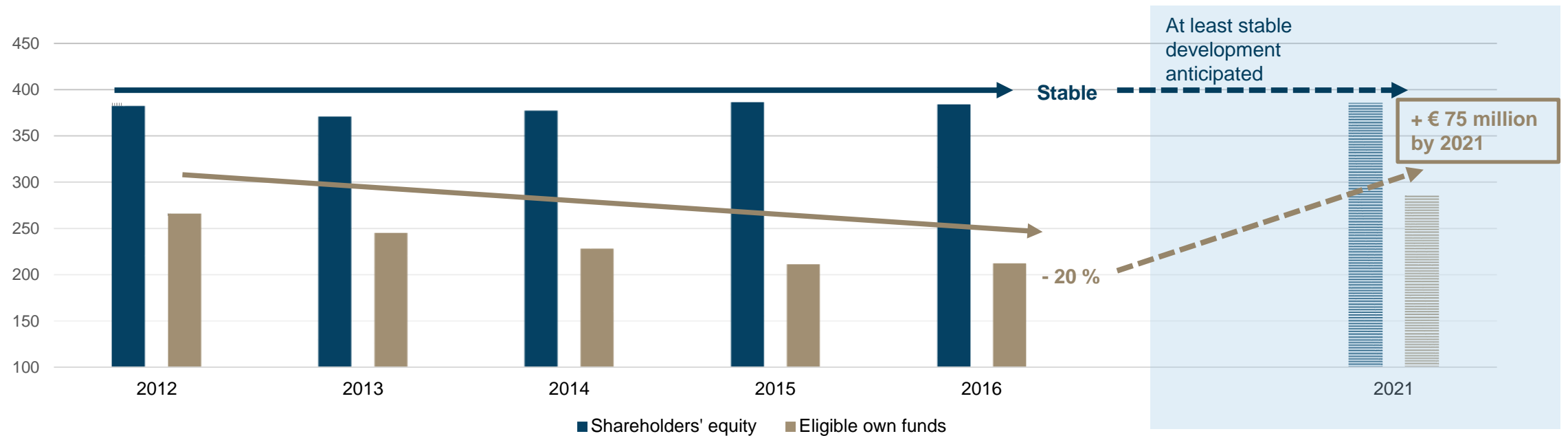
Intended structure as of 2018



- Current scope of services for clients will be maintained
- Better opportunities for strategic collaborations

Scope for action significantly extended through new group structure

Effects on equity



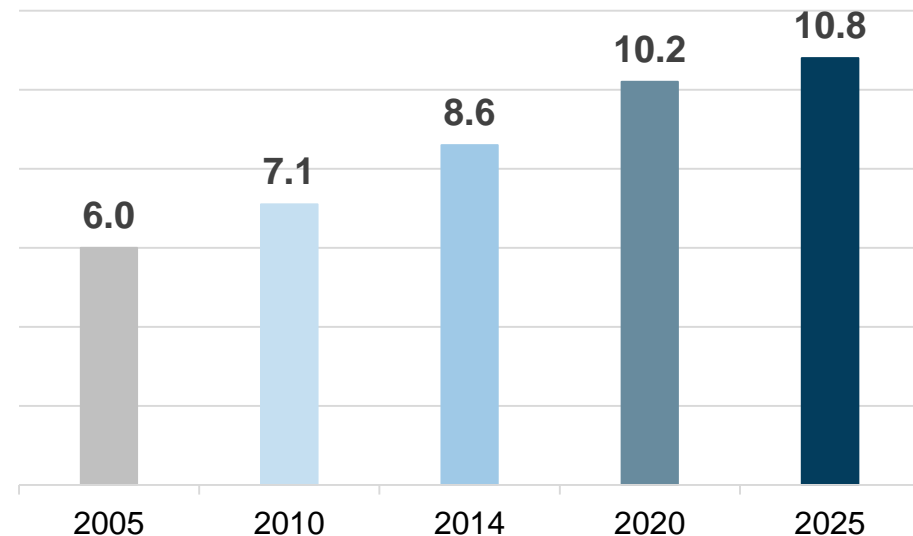
→ Further strengthening of the business model

→ Scope for investments and acquisitions

Private client business – strengthening the university segment

Number of academics in active employment

million



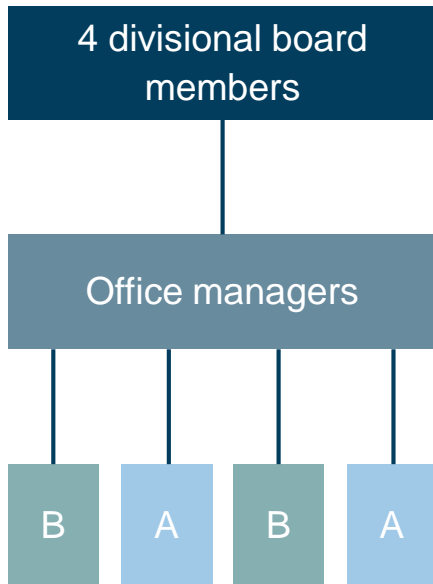
Sources: Germany's Federal Employment Agency (2016) and Vogler-Ludwig et al. (2016)

- Increasing potential for MLP in the university segment
- Measures of the last few years are having an impact, particularly the introduction of a training allowance for new consultants
- Sharper focus, among other things by introducing a dedicated divisional board member for the university segment
- Objectives: To further increase presence and gain new clients and consultants more quickly

Sharper focus on university segment

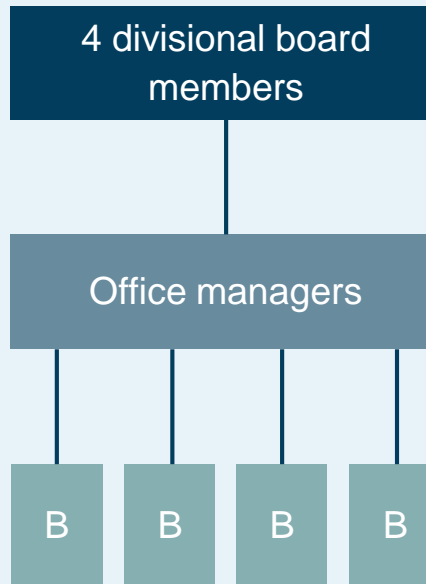
MLP private client business

Today:

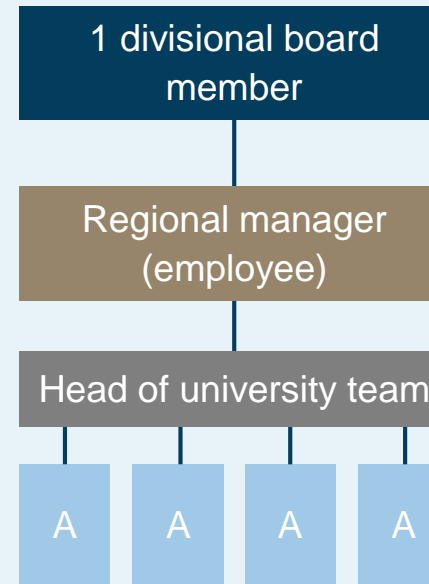


Future:

Consultant >6 years with MLP



Consultant <6 years with MLP



A = Focus: Winning new clients
B = Focus: Serving existing clients

Online policy sales successfully launched for basic products – New client portal enters its first extension phase in April

FinTech cooperation partner:



FinTech cooperation partner:

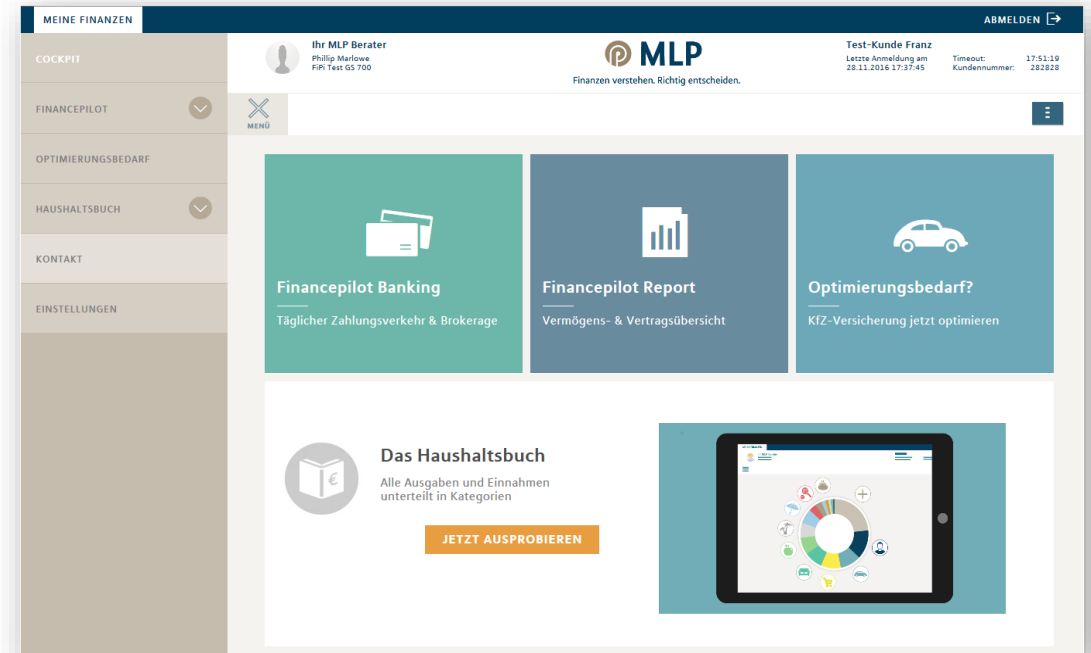


Online policy sale

- Mobile phone protection online since January 2016
- Travel health insurance online since August 2016
 - More policies sold online than through conventional channels in the financial year 2015
- Further products to be added gradually from 2017 onwards
- More than 50,000 prospects acquired online in 2016

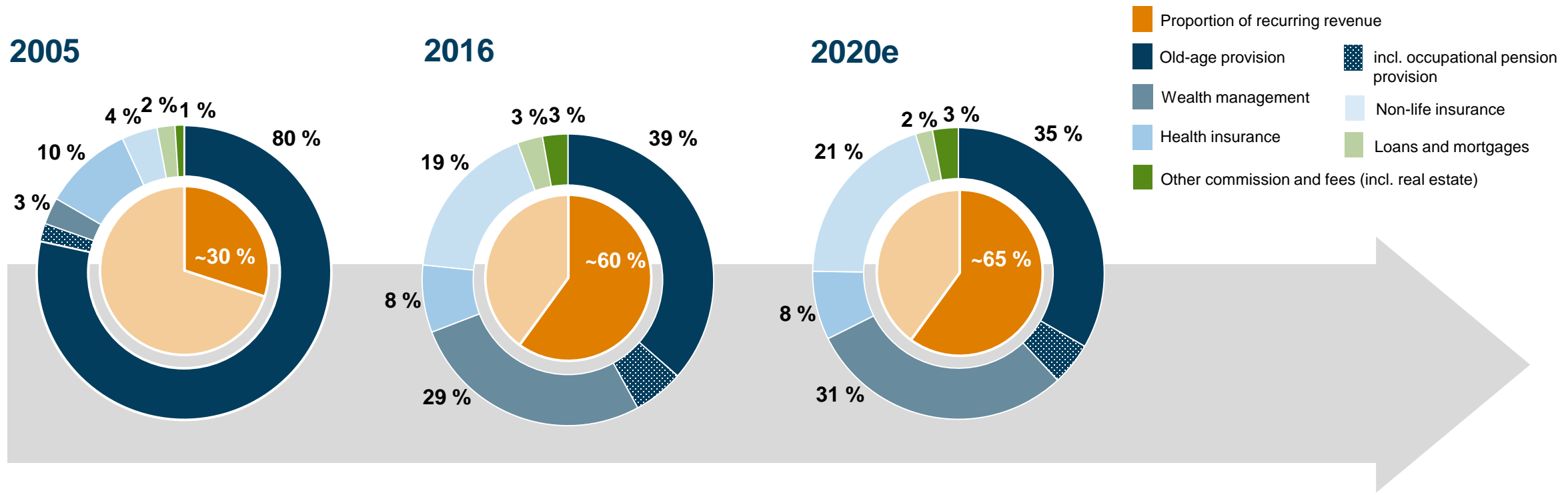


New client portal



Even more balanced revenue basis in the medium term

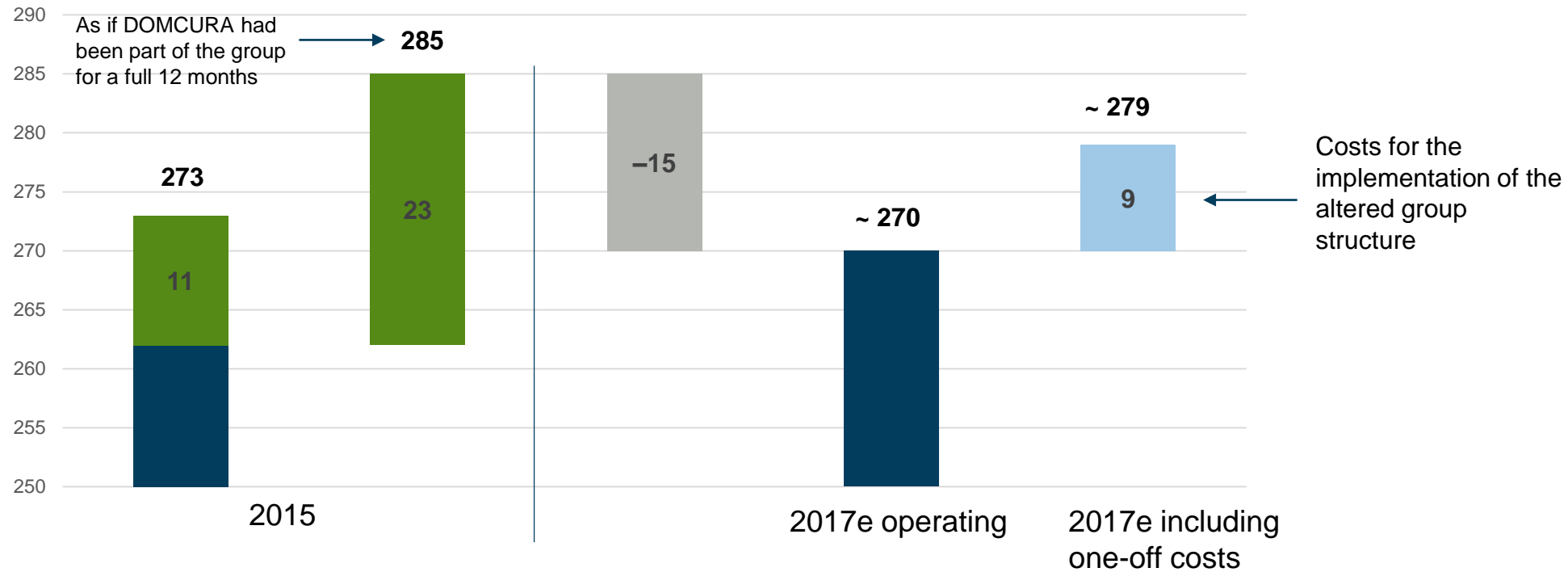
Development of revenue distribution



Cost management bears fruit

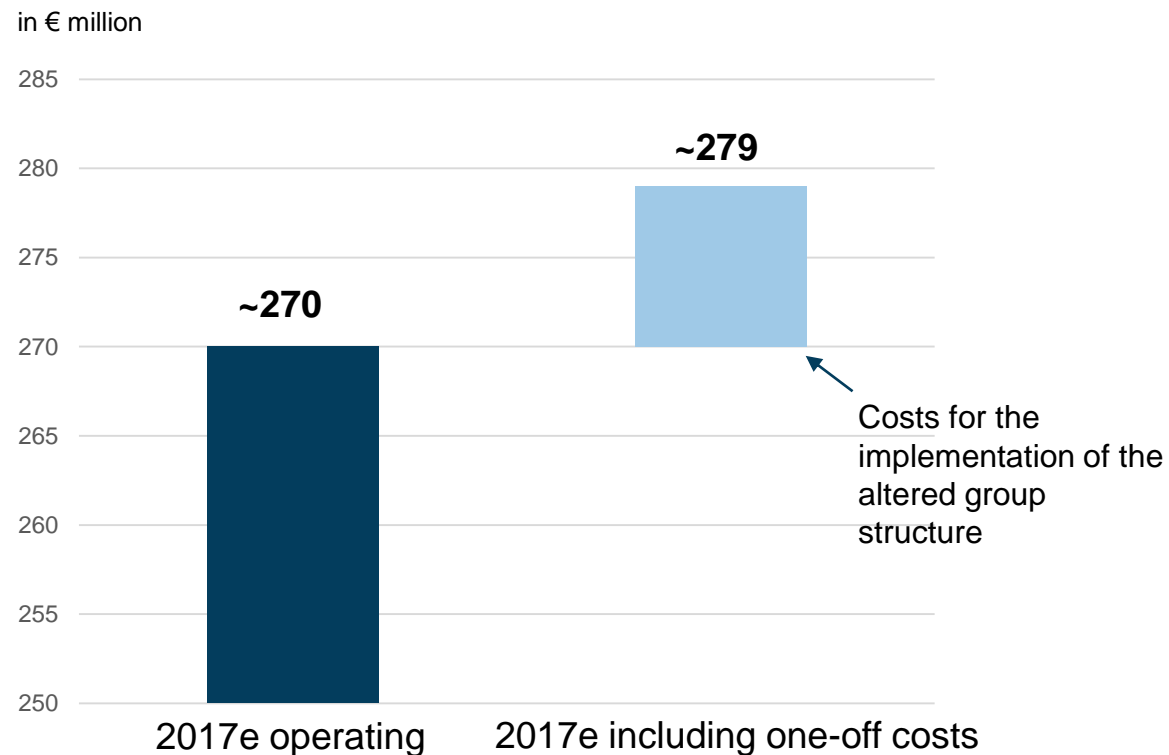
Administrative expenses

in € million



Outlook: Operating EBIT of at least € 45 million anticipated

Forecast development of administrative expenses



Qualitative assessment of the development of sales revenues

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

very positive: ++, positive: +, neutral: 0, negative: -, very negative: --

→ MLP anticipates EBIT of at least € 36 million in 2017 (operating EBIT: at least € 45 million)

Summary

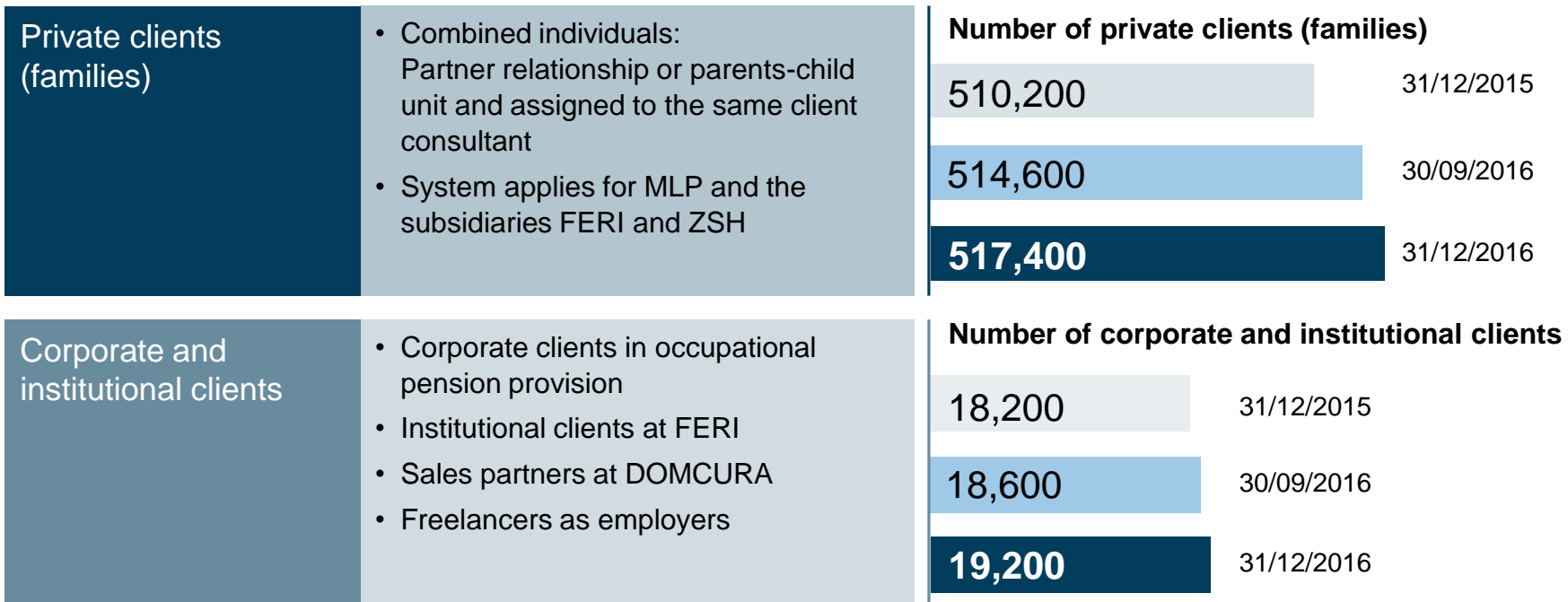
- MLP increased important key performance indicators in 2016. In light of market conditions that remained difficult, this development can be seen as satisfactory.
- With the change of the group structure and further strengthening of the university segment, MLP is pressing ahead in 2017.
- Despite the one-off expenses associated with the change of the group structure, MLP anticipates EBIT of at least € 36 million for 2017.



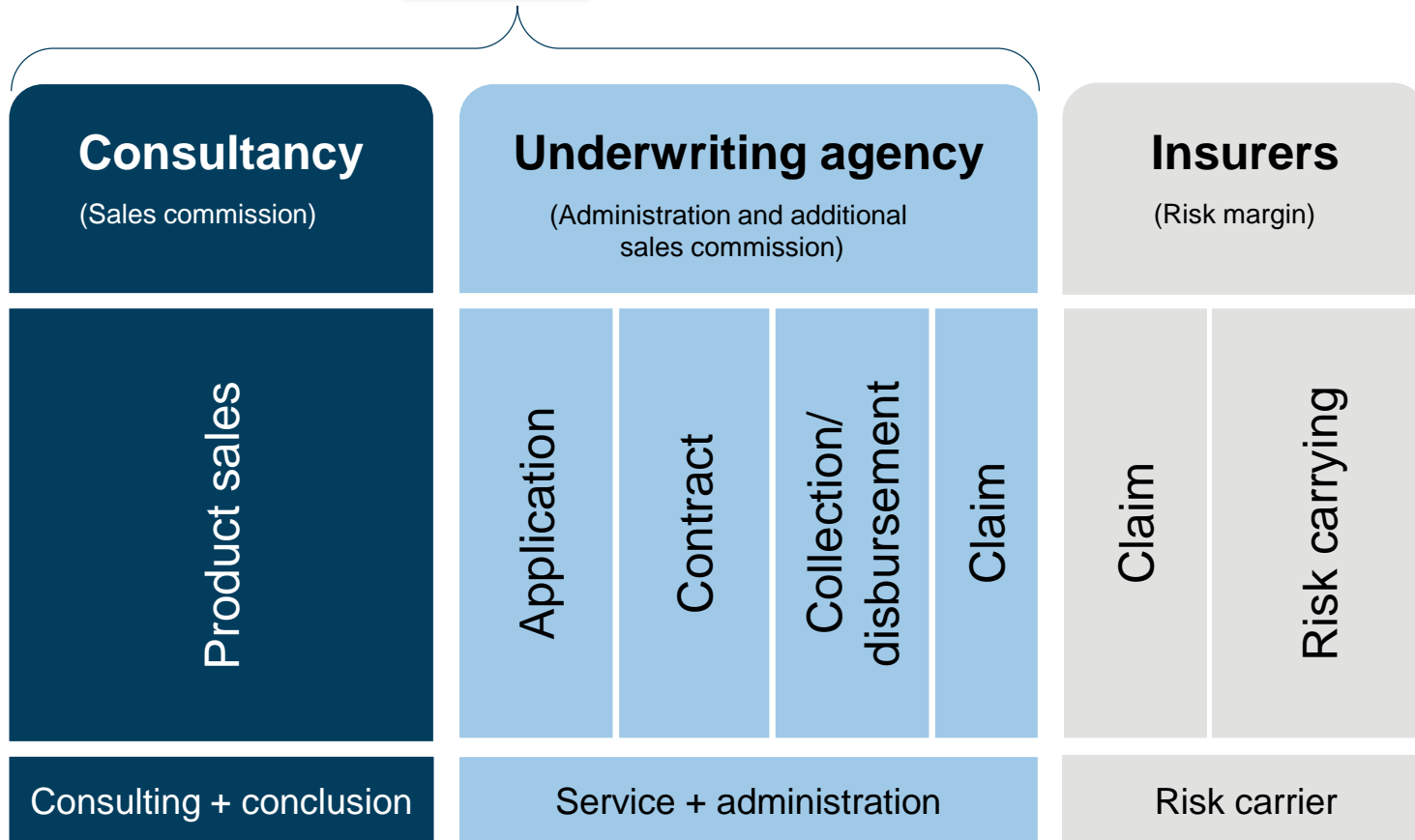
Appendix

MLP serves 517,400 private and 19,200 corporate clients

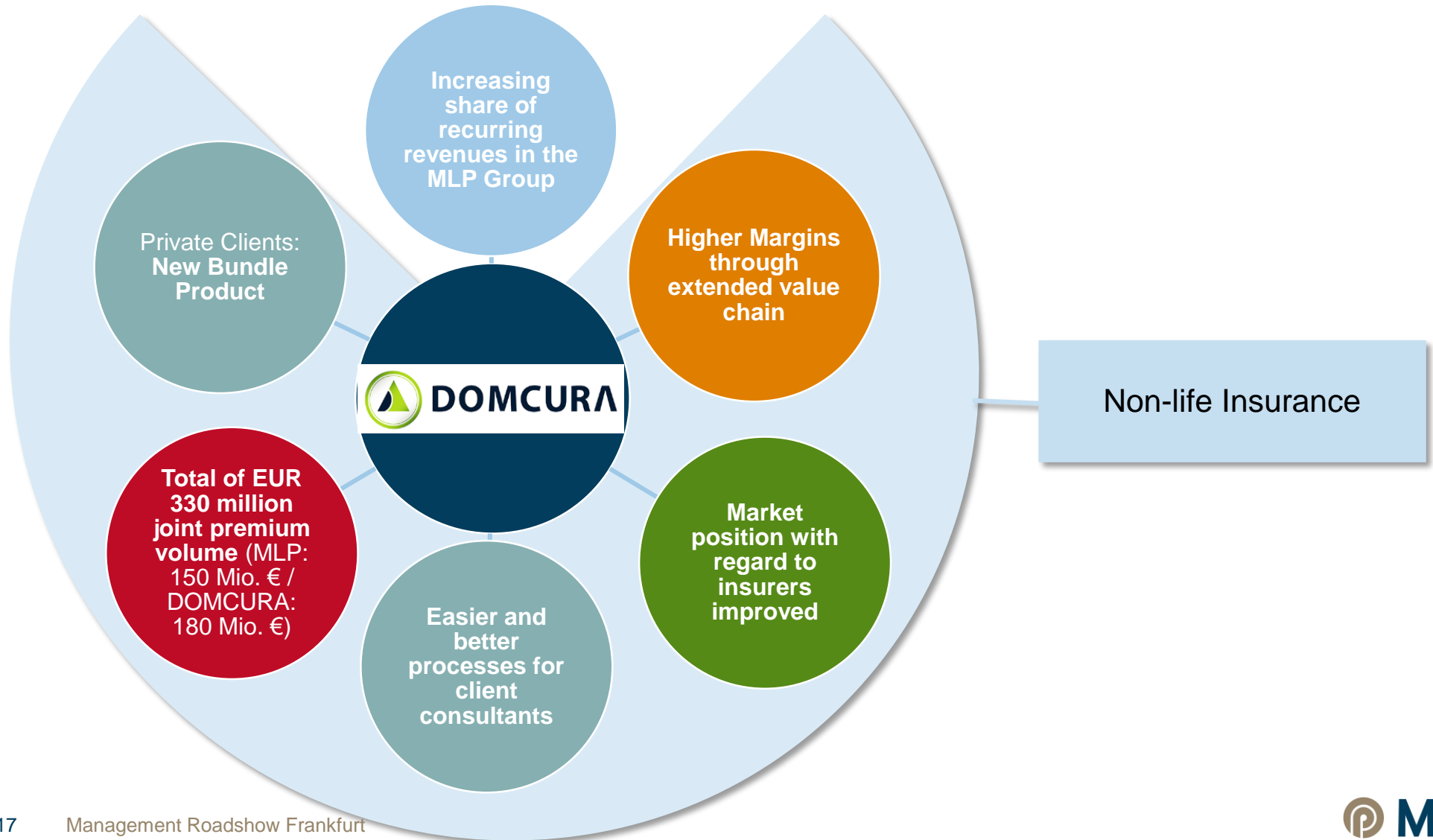
Client base: family clients / corporate and institutional clients



DOMCURA: Underwriting agency selects the appropriate insurer from the marketplace

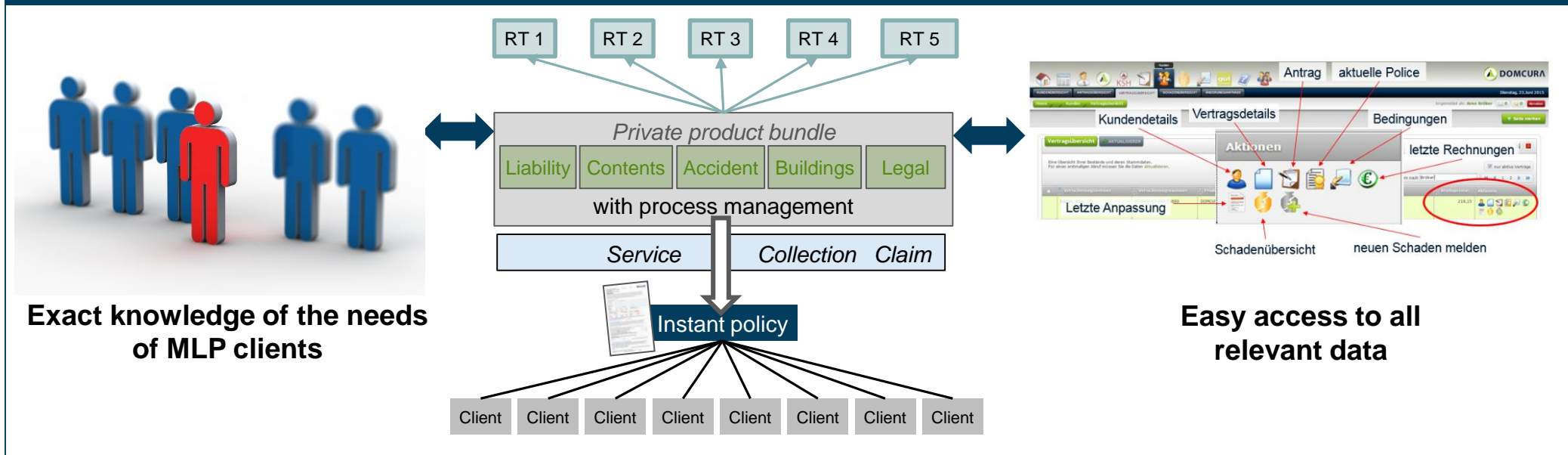


Positive effects on MLP through DOMCURA



DOMCURA: targeted further development within the MLP Group

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

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

