

# The MLP Group – The partner for all financial matters

Company presentation



Finanzen verstehen. Richtig entscheiden.



# The MLP Group

1. MLP at a glance
2. Strategy
3. Key Financials & Outlook
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# The MLP Group at a glance

The MLP Group				
The Partner for all financial matters   Private Clients – Corporate Clients – Institutional Investors				
DOMCURA AG	MLP Finanzberatung SE	MLP Banking AG	FERI AG	TPC GmbH
The underwriting agency, focusing on private and commercial non-life insurance	The Partner for all financial matters		The investment expert for institutional investors and high net-worth individuals	The specialist in occupational pension provision management
<ul style="list-style-type: none"> <li>Improved market position</li> <li>Easier and better processes</li> <li>Extended value chain</li> </ul>	All fields of financial consulting		<ul style="list-style-type: none"> <li>Investment Research</li> <li>Investment Management</li> <li>Investment Consulting</li> </ul>	<ul style="list-style-type: none"> <li>Biggest German broker</li> <li>Small solutions &amp; complex balance sheet issues</li> <li>Member International Benefits Network</li> </ul>
<ul style="list-style-type: none"> <li>~ € 380 million joint premium volume</li> </ul>	<ul style="list-style-type: none"> <li>Old-Age provision</li> <li>Non-Life</li> <li>Health insurance</li> <li>Real Estate</li> </ul>	<ul style="list-style-type: none"> <li>Wealth Management.</li> <li>Banking</li> </ul>	<ul style="list-style-type: none"> <li>~ € 36.1 billion joint AuM</li> </ul>	
<ul style="list-style-type: none"> <li>~260 employees</li> <li>~5,000 partners (insurance brokers, pools, sales offices)</li> </ul>	<ul style="list-style-type: none"> <li>~1,900 consultants</li> <li>~150 branch offices</li> <li>~1,050 employees</li> </ul>	<ul style="list-style-type: none"> <li>~1,900 consultants</li> <li>~180 employees</li> </ul>	<ul style="list-style-type: none"> <li>~220 employees</li> <li>International locations: Vienna, Zurich, Luxembourg</li> </ul>	<ul style="list-style-type: none"> <li>Client consulting together with MLP client consultants</li> </ul>

# MLP Group – An overview

## Clients

~ **538,100** private clients (families - i.e. physicians, solicitors, engineers and economists)

~ **20,600** corporate and institutional clients

9M 2018

## Main business areas

	% of Rev.	FY 2017
Old-age provision	35%	
Wealth Management	32%	
Non-life insurance	19%	
Health insurance	8%	

## MLP Share

Shares outstanding: **109,334,686**

Free Float: **49.81%** (Definition on the German stock exchange)

Average daily trading volume: **110,000** (Xetra, 12-month average as at end of October 2018)

## Top Financials FY 2017\*

\*in € million

Total Revenue	628.2	Net Profit	27.8	ROE (%)	7.3
Operating EBIT	46.7	Equity Ratio (%)	18.7	Core Capital Ratio (%)	18.7

# Attractive dividend policy & stable shareholder structure

Attractive

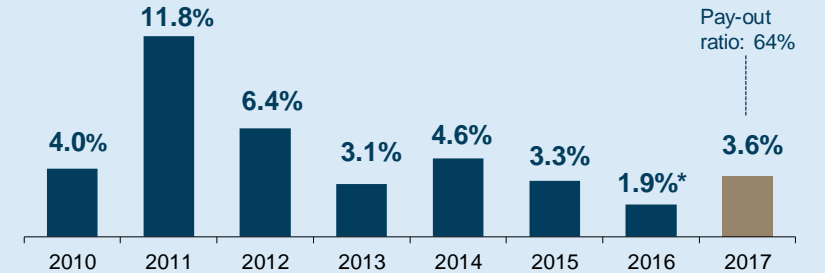
## Dividend policy

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



Stable

## Shareholder structure

Lautenschläger Family	29.16% <sup>1</sup>
HDI	9.36%
Barmenia	5.49%
Allianz SE	6.18%
Freefloat (Def. Deutsche Börse)	49.81%

<sup>1</sup> Pooling agreement

[HanseMerkur Krankenversicherung AG: 3.02%, FMR LLC: 2.95%, Internationale Kapitalanlagegesellschaft mbH: 5.03%, Schroders PLC: 2.99%]

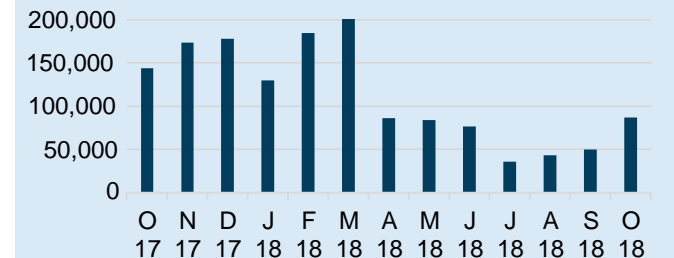


Broad

## Research coverage

Hauck & Aufhäuser	Buy	PT 7.40
Equinet/ESN	Buy	PT 7.50
Independent Research	Buy	PT 6.20
Bankhaus Lampe	Buy	PT 6.00
Commerzbank	Reduce	PT 4.30

Ø daily trading volume



# Market environment – Fundamental changes taking place

## Demographics

- Rising life expectancy and low birth rate - ageing society
- Increasing pressure on state social welfare systems

## Client behaviour

- Still fundamental scepticism towards the financial industry
- Quick and inexpensive information possibilities

## Regulation

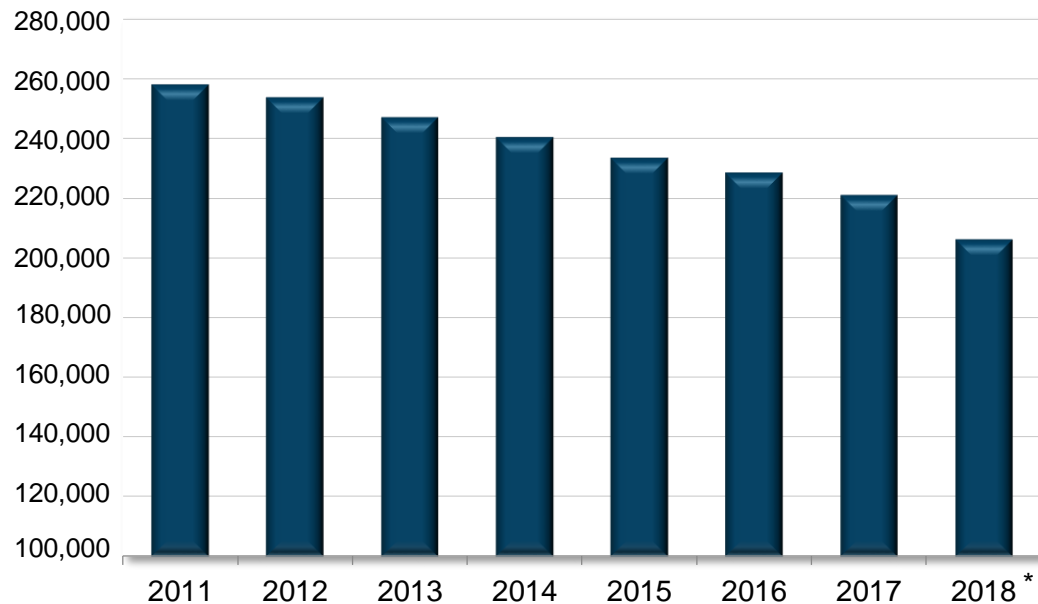
- Since 2004 and especially since 2008 intensive regulation
- impacting product level, training of consultants, documentation and transparency

## Digitalisation

- Need for smart front-end solutions
- Smart and digital internal processes necessary

# Regulation – 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 \* as of July 2018

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

## Effects of the Life Insurance Reform Act / Evaluation 2018 (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
- **Evaluation of the LVRG in 2018:**
  - Commission-cap still in discussion. Politics actually develop implementation proposals
  - MLP considers restriction on a general basis as not expedient
  - In case of a restriction high quality consulting still has to be rewarded – as already proposed by the BaFin

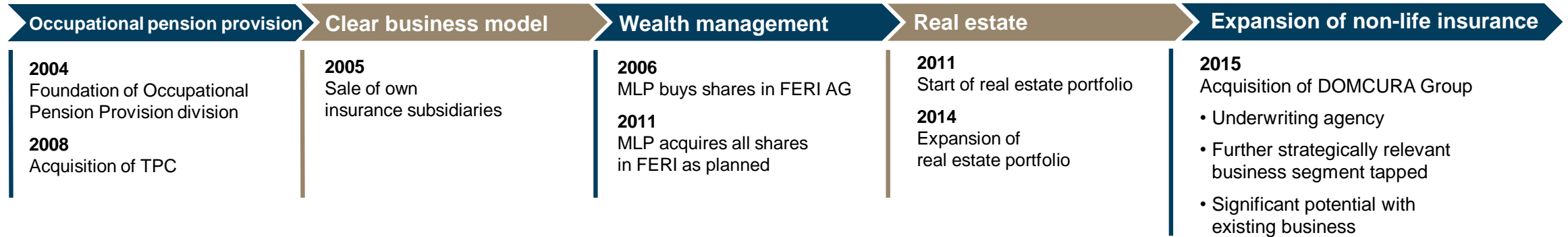
Regulation is still creating some uncertainty

# The MLP Group

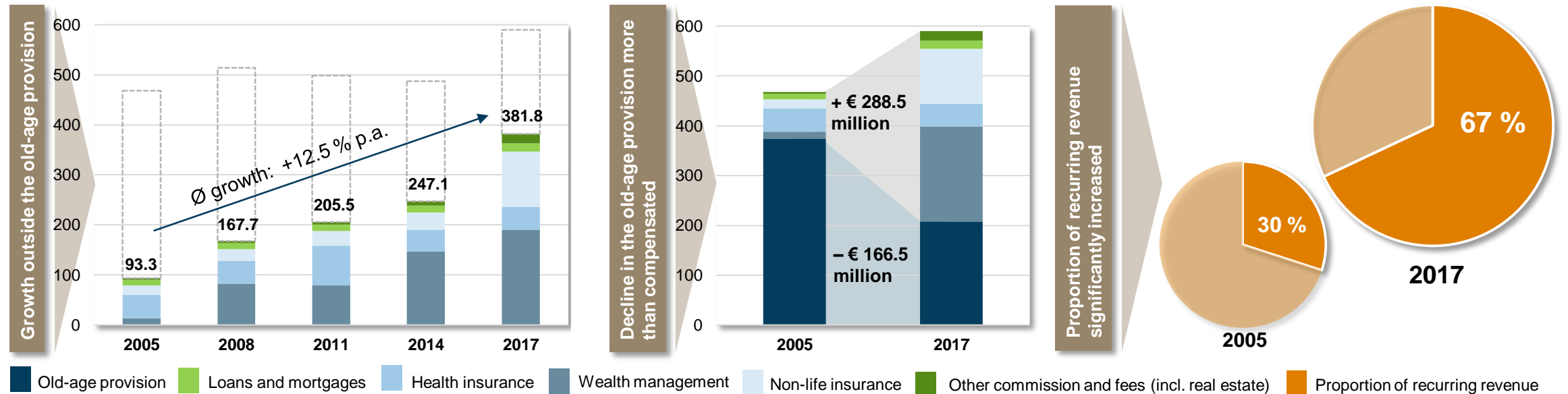
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# Successful strategic diversification over the last years



Successful diversification beyond the old-age provision – FY 2017: Constitution of commission income (in € million)



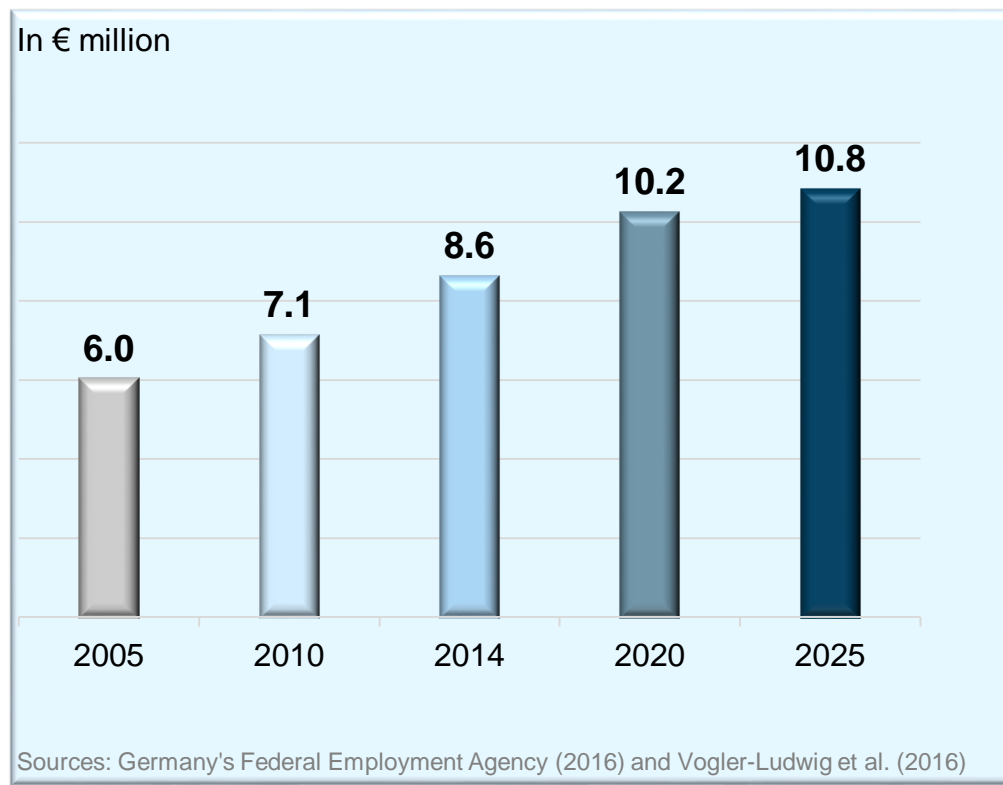
# Strategic agenda 2018

Strategic focus	1 Organic growth	2 Inorganic growth	3 Continued cost management
Implementation	<ul style="list-style-type: none"> <li>• <b>Strengthening of the university segment in the private client business:</b> through focus on recruiting young consultants and acquiring clients</li> <li>• <b>Further broadening of revenue basis:</b> primarily through further expansion of wealth management and non-life insurance business</li> <li>• <b>Accelerated implementation of digitalisation strategy:</b> in particular extension of digital information and service offers</li> </ul>	<p>The MLP group continues to target acquisitions and is open for opportunities in three areas:</p> <ul style="list-style-type: none"> <li>• In the FERI market segment</li> <li>• In the DOMCURA market segment</li> <li>• In MLP's private client business</li> </ul>	<ul style="list-style-type: none"> <li>• Structural reduction of the cost base continued in 2017 – ongoing efficiency management</li> <li>• Simultaneous investment in future projects</li> </ul>

Making MLP less susceptible to short-term market influences and building on profit level already achieved

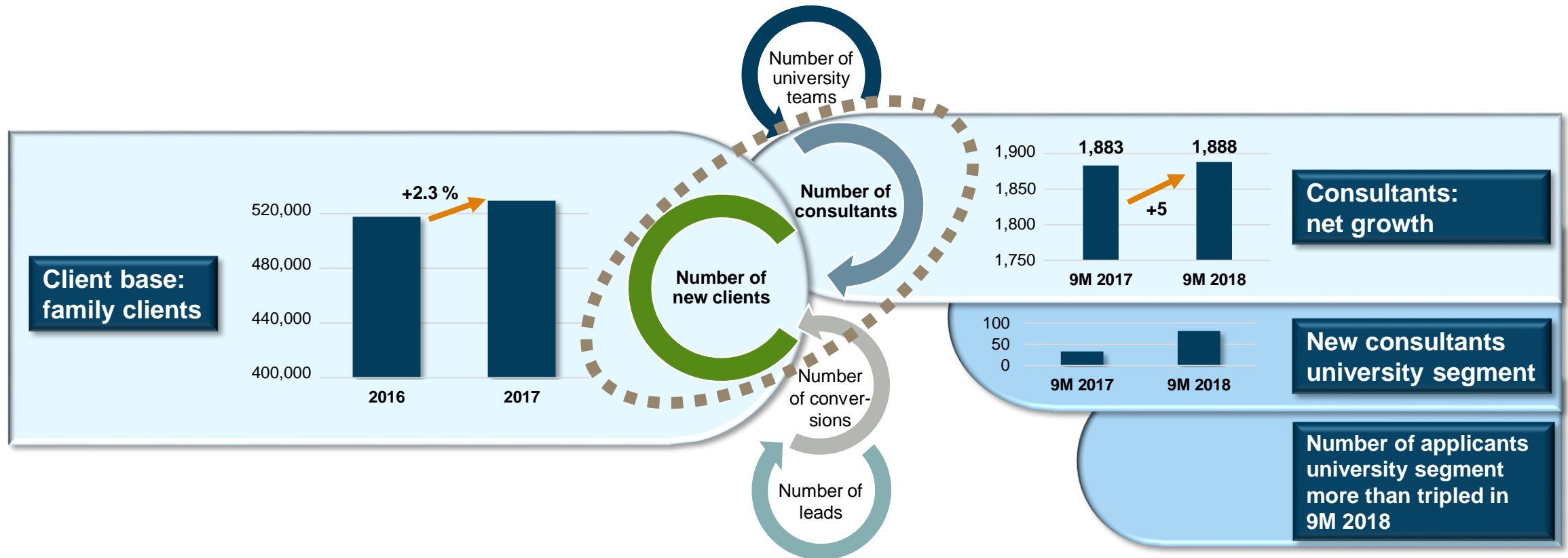
# Private client business – strengthening the university segment

## Number of academics in active employment

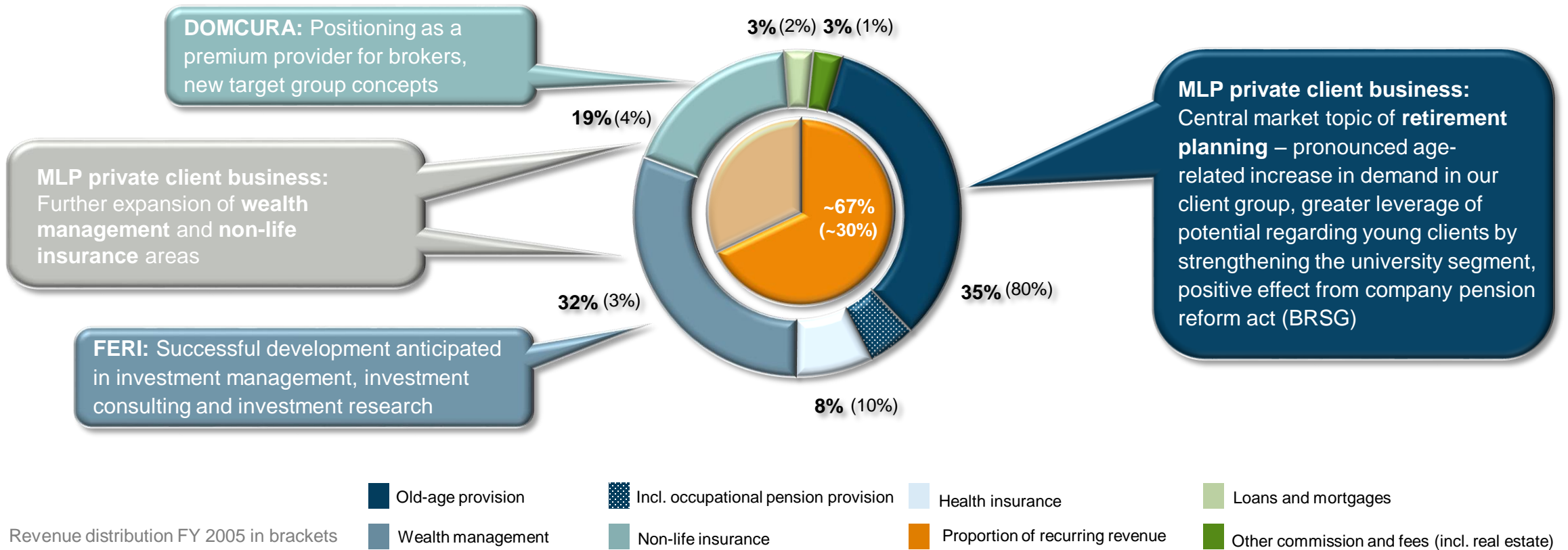


- Increasing potential for MLP in the university segment
- Measures of the last few years are having an impact, particularly the introduction of a training allowance for new consultants
- Sharper focus, among other things by introducing a dedicated divisional board member for the university segment
-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

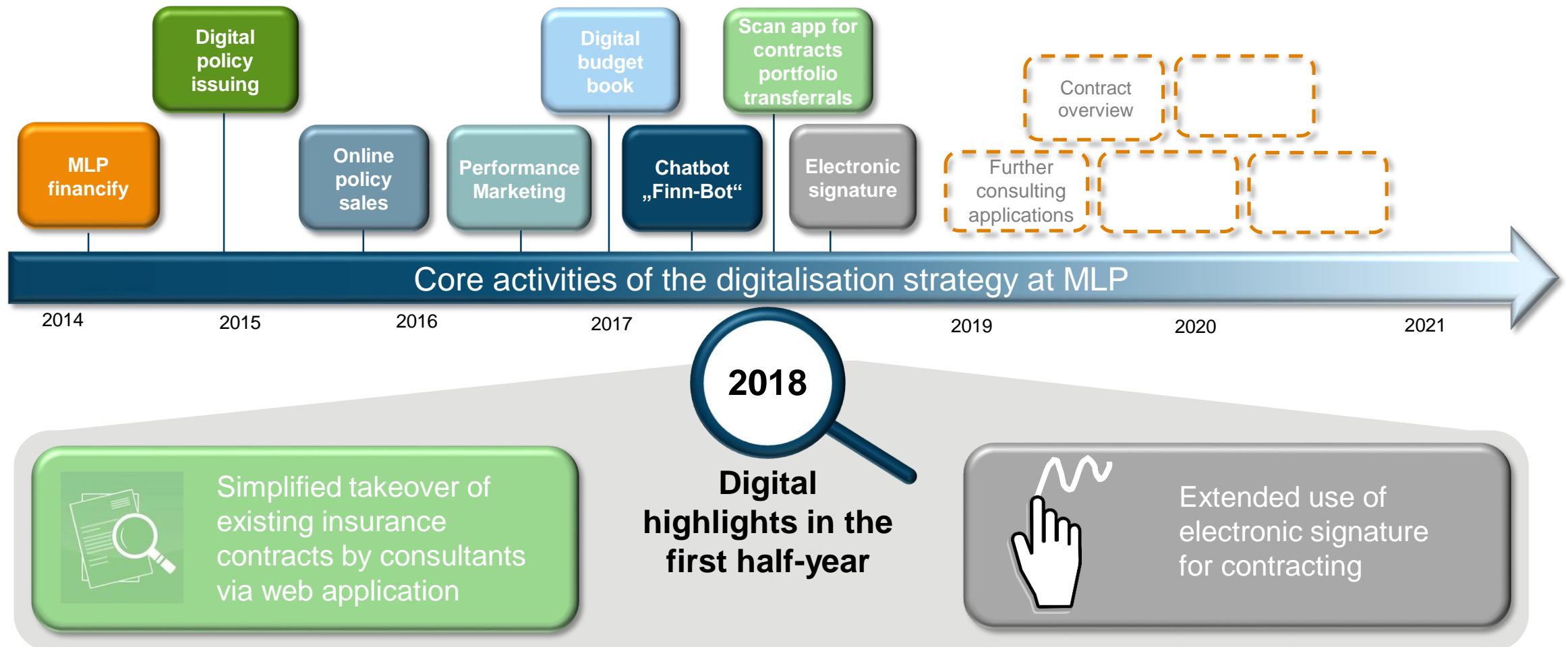
# Strengthening of the university segment displaying initial successes



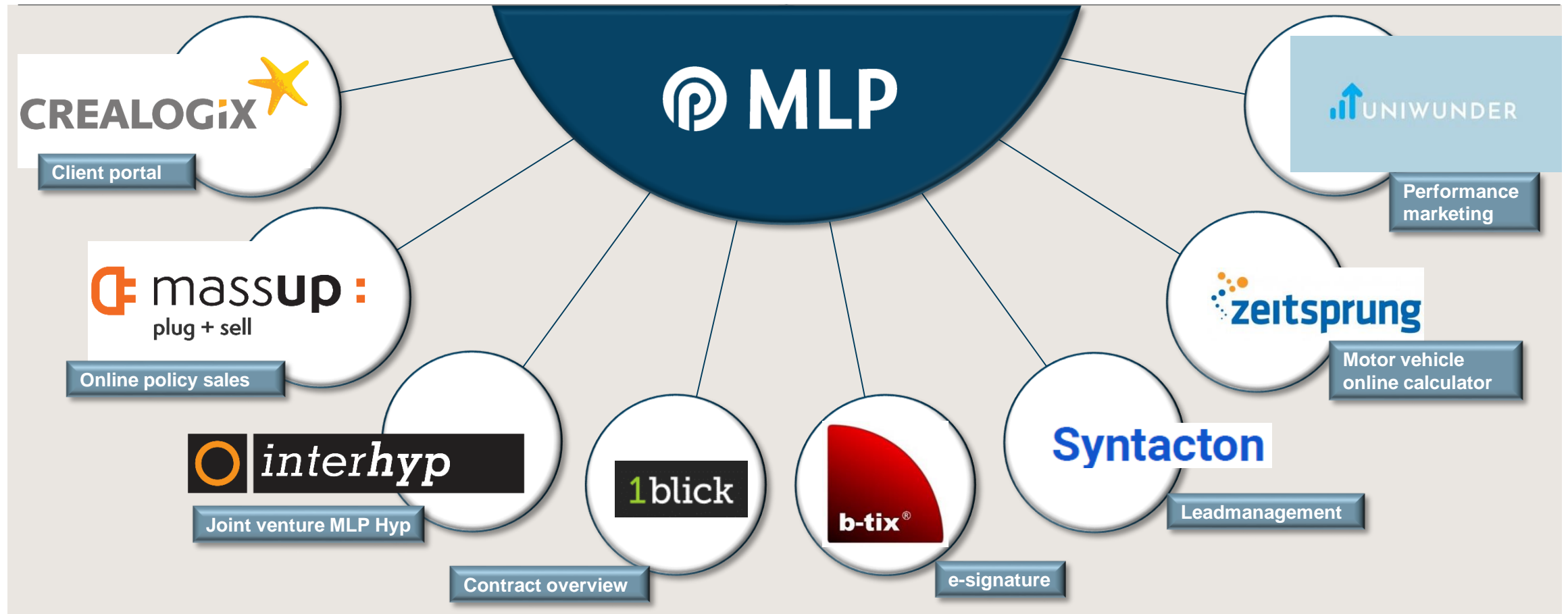
# Further broadening of revenue basis in 2018



# Accelerated implementation of digitalisation strategy

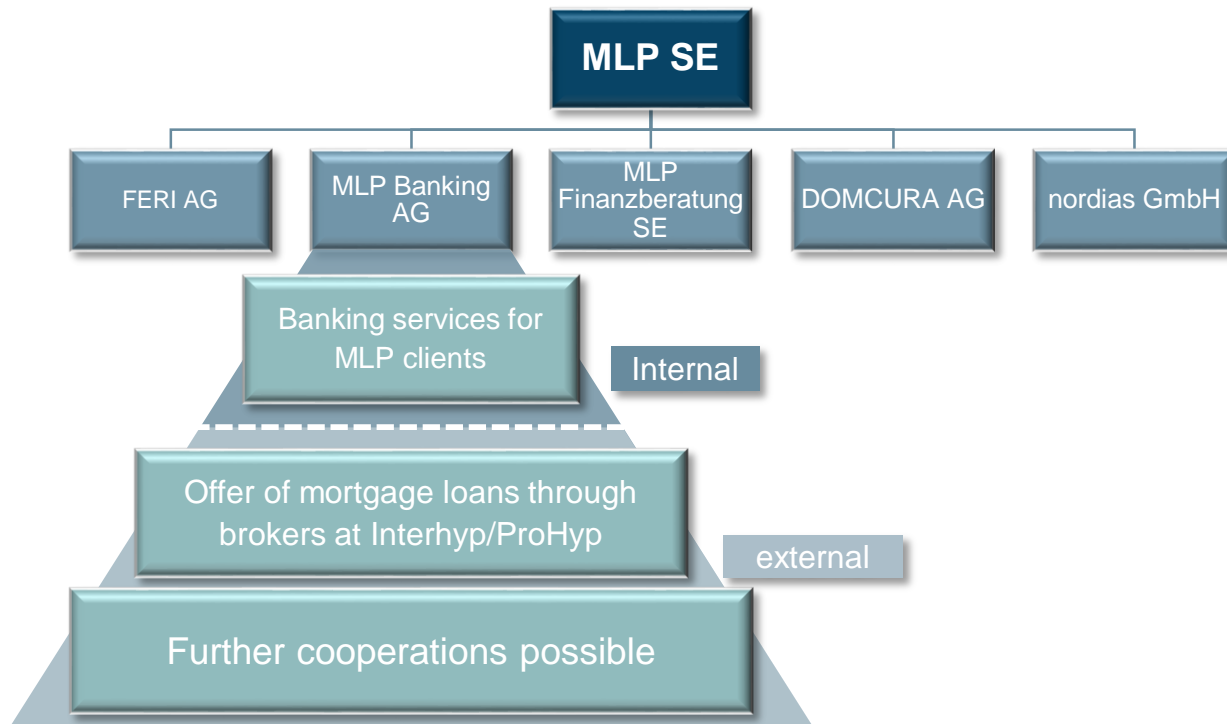


# MLP cooperates with start-ups and fintechs



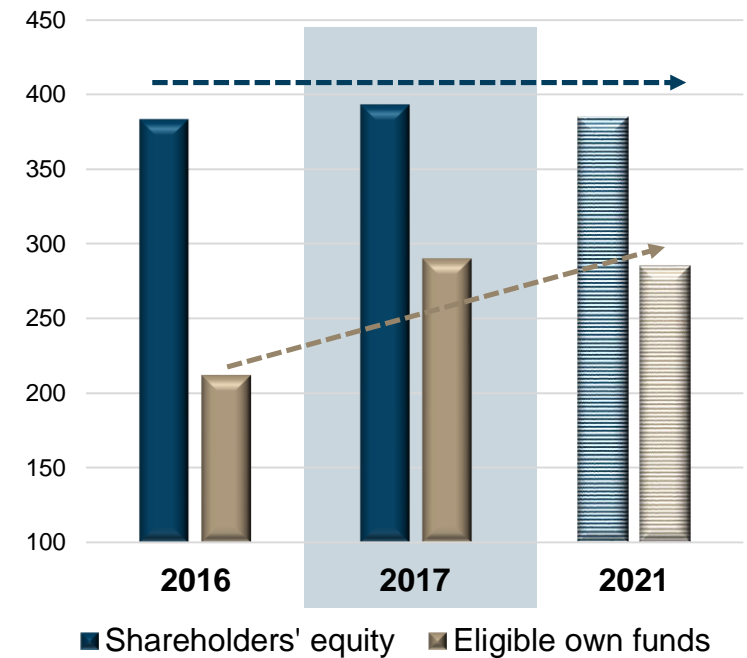
# Broader leeway for the Group

## Realigned Group structure/banking services



## Increased free equity capital

In € million







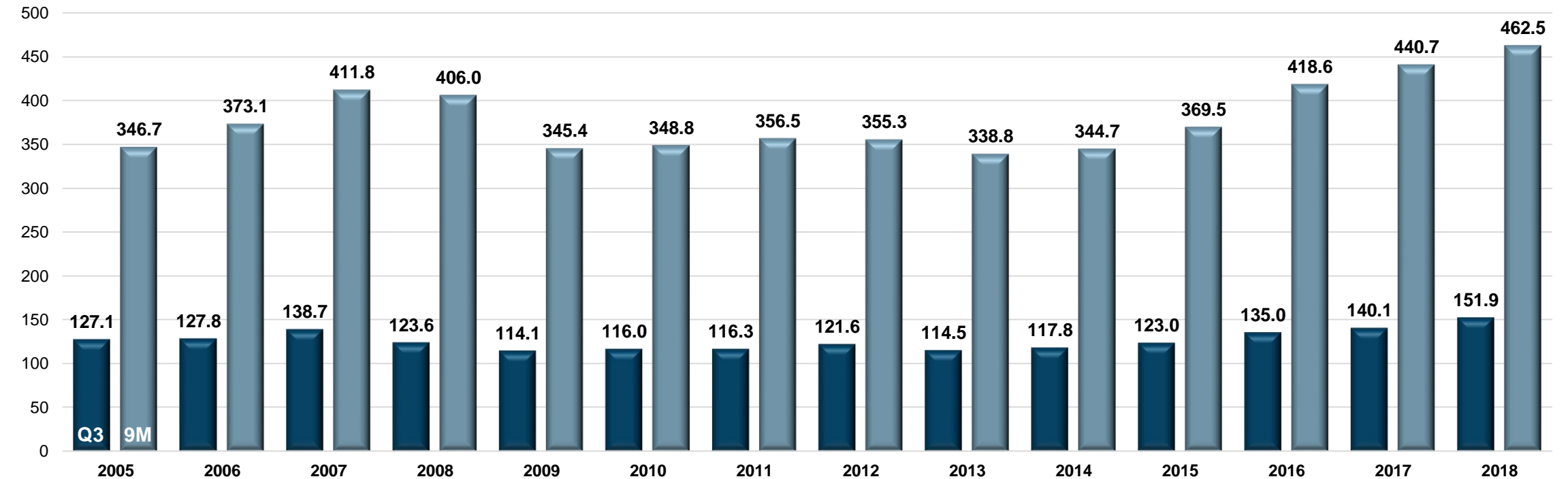
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# 9M 2018: Total revenue marks new record high

## Total revenue Q3 and 9M

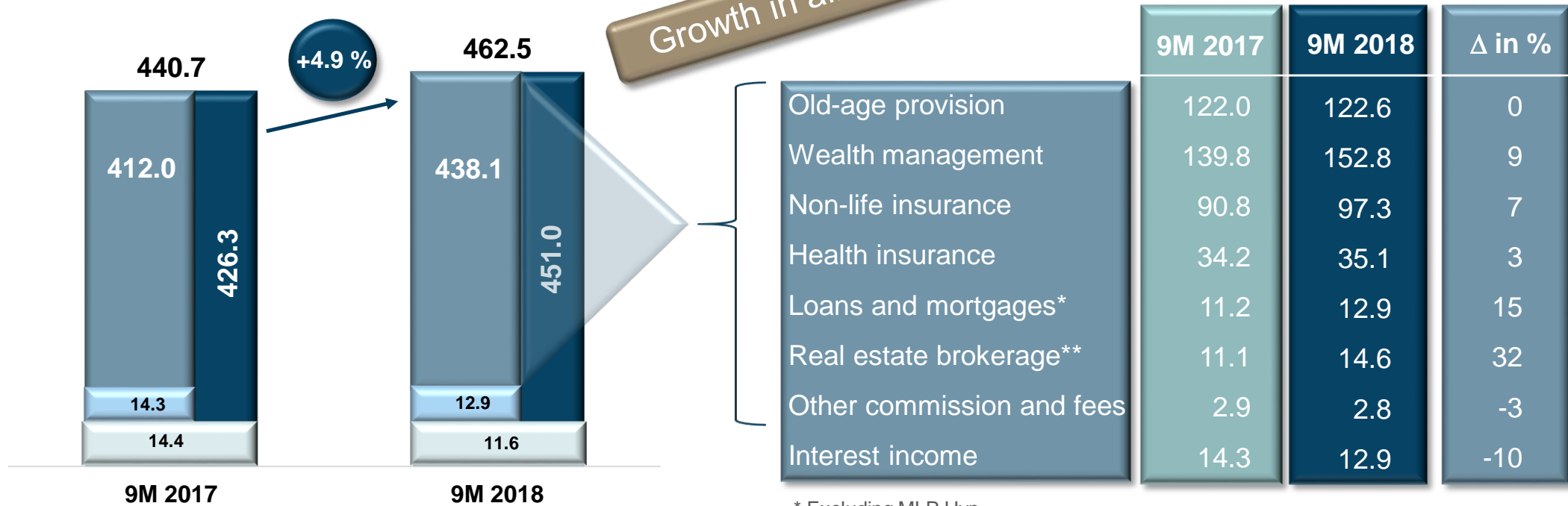
In € million



# 9M 2018: Rising revenue in all consulting fields

## Revenue

In € million

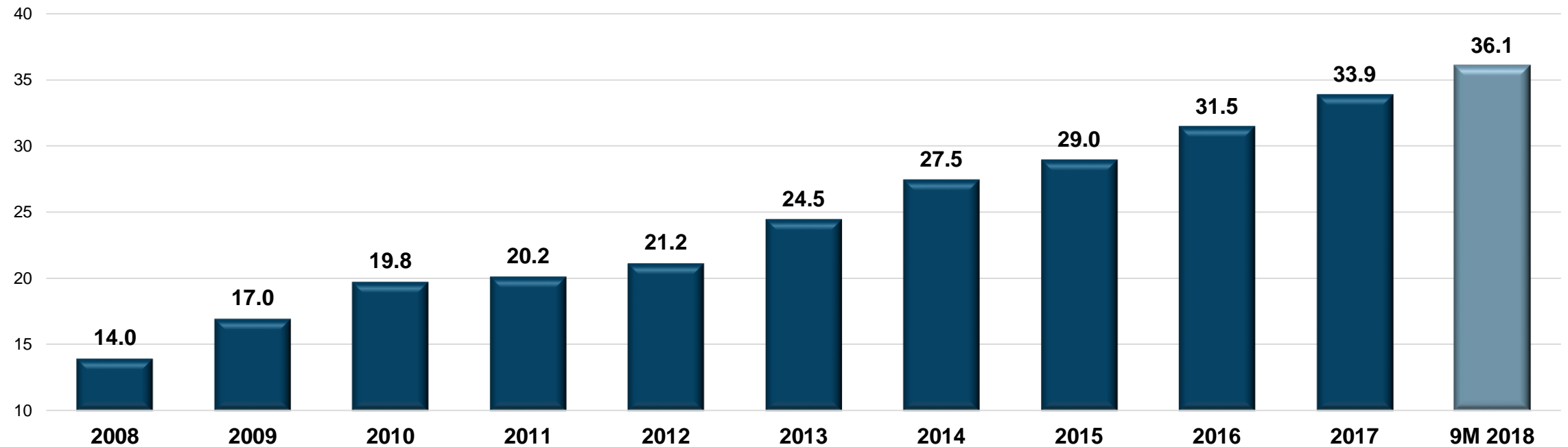


\* Excluding MLP Hyp  
 \*\* Included in "Other commission and fees" in 2017

# 9M 2018: Assets under Management reach record level

## AuM, MLP Group

In € billion



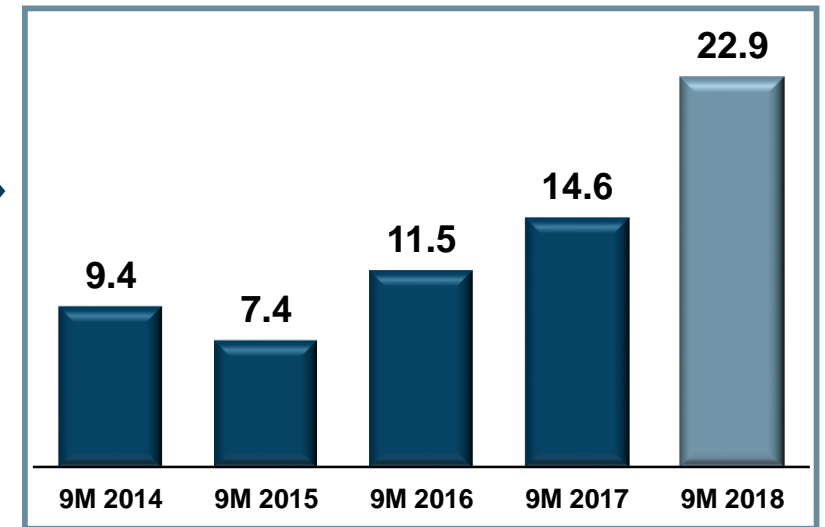
In each case as of December, 31, except 9M 2018

# 9M 2018: EBIT up 57% at € 22.9 Mio. – almost doubled in Q3

## Income Statement

In € million

	Q3 2017	Q3 2018	9M 2017	9M 2018
Total revenue	140.1	151.9	440.7	462.5
Operating EBIT*	5.6	10.8	21.5	22.9
<b>EBIT</b>	0.1	10.8	14.6	22.9
Financial result	-0.1	-0.1	-0.7	-0.5
EBT	0.0	10.7	13.9	22.3
Taxes	0.6	-3.0	-2.8	-4.9
Net profit	0.6	7.6	11.1	17.4
EPS in € (diluted/basic)	0.01	0.07	0.10	0.16



\*before one-off expenses

# 9M 2018: Stable balance sheet

## Balance sheet

<u>Assets</u>	In € million	Dec. 31, 2017	Sep. 30, 2018
Intangible assets		161.8	157.1
Financial assets		158.5	167.0
Receivables from clients in the banking business		702.0	755.0
Receivables from banks in the banking business		634.2	659.7
Other receivables and assets		125.7	138.1
Cash and cash equivalents		301.0	328.9
<u>Liabilities and shareholders' equity</u>			
Shareholders' equity		404.9	408.4
Provisions		88.7	84.8
Liabilities due to clients in the banking business		1,439.8	1,576.7
Liabilities due to banks in the banking business		61.4	76.6
Other liabilities		154.9	144.2
<b>Total</b>		<b>2,169.5</b>	<b>2,306.7</b>

Equity ratio: 17.7 %

Total capital ratio: 16.7 %

Total capital at around € 266 million

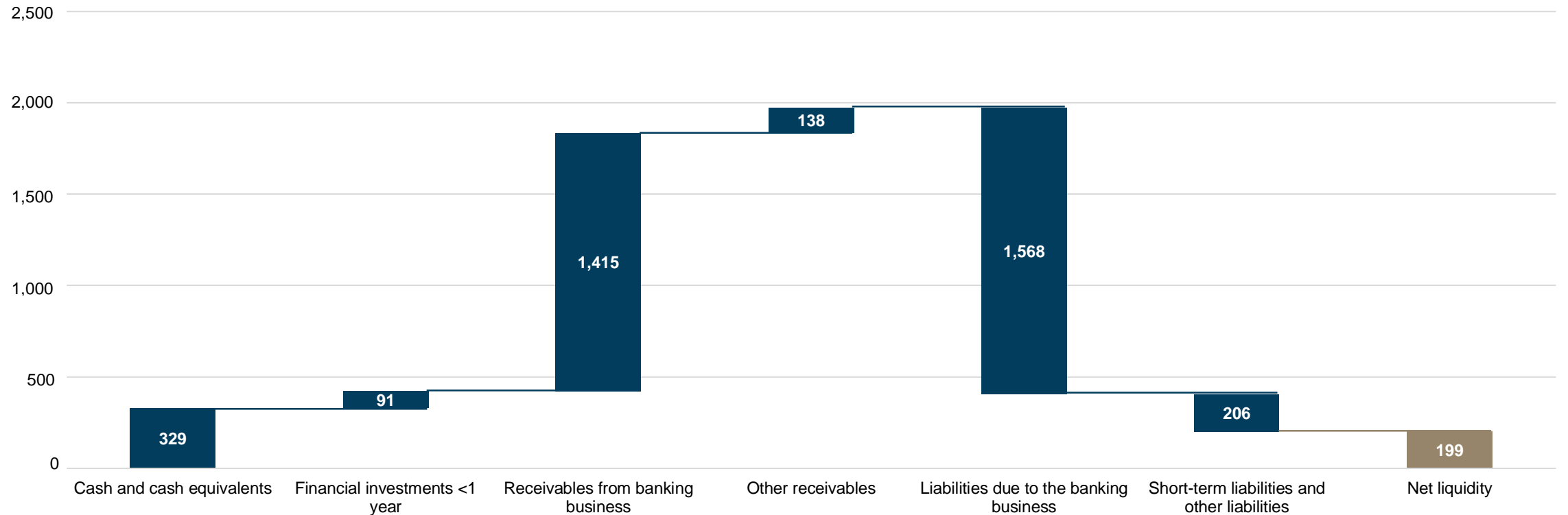
### Initial adoption of IFRS 15 (effects)

- Increase in shareholders' equity of 11.9 € million (at the same time opposing effect by IFRS 9 of € -4.0 million)
- No more revenue resulting from the affected trail commissions in the old-age provision segment

# 9M 2018: Net liquidity of around € 199 million

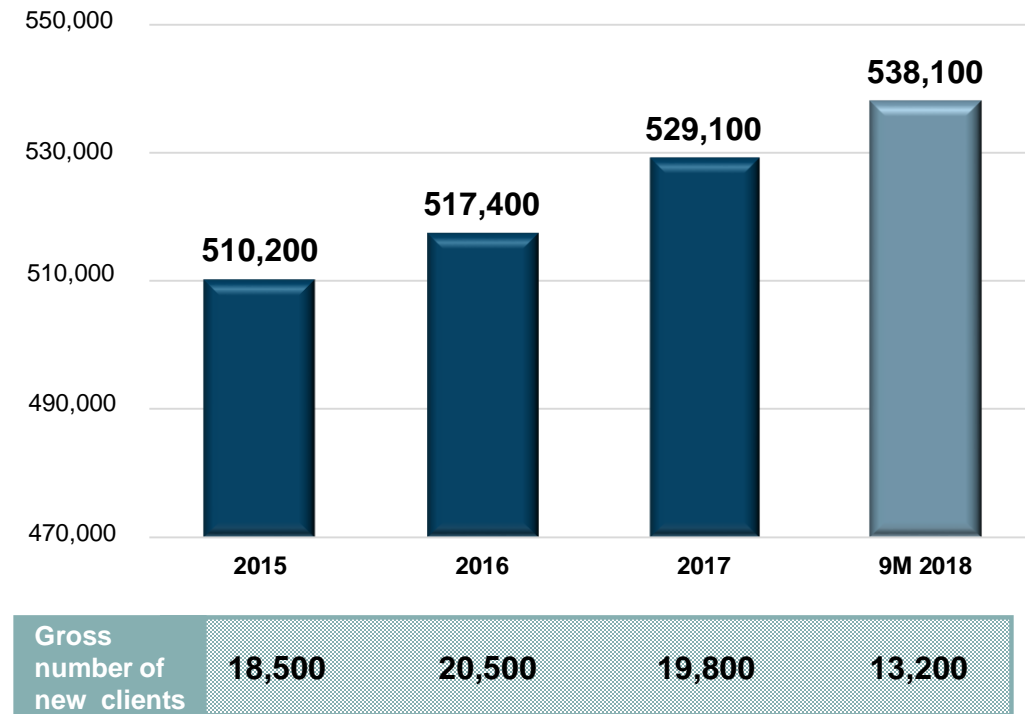
## Cash position as of 30 September, 2018

In € million

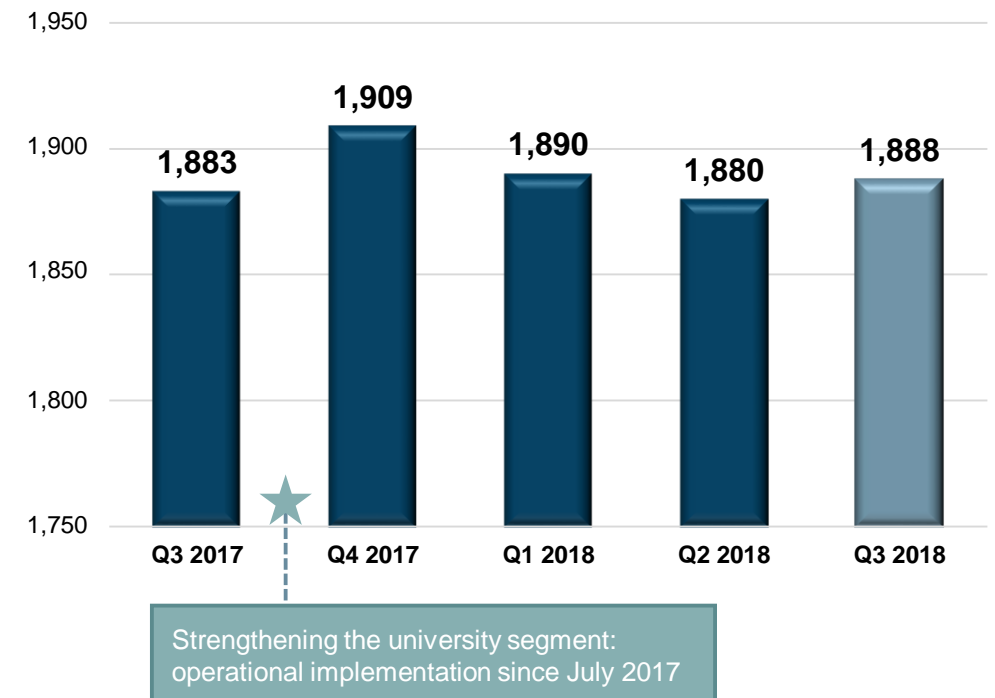


# 9M 2018: Number of family clients increases to 538,100

## Family clients



## Client consultants





# Outlook for the financial year 2018

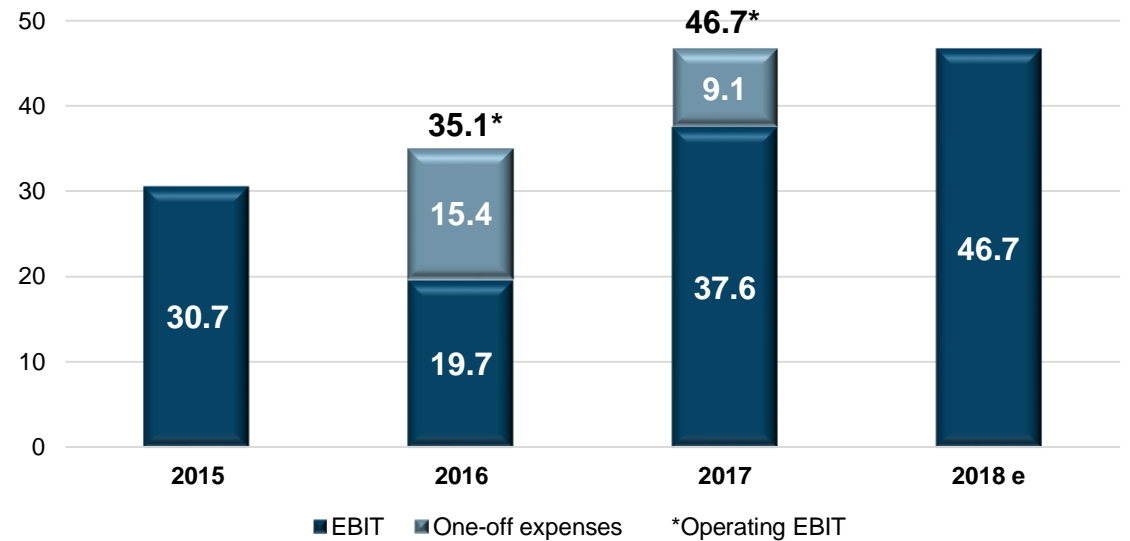
## Qualitative assessment of revenue development

Revenue	2018
Old-age provision	+
Wealth management	+
Health insurance	0
Non-life insurance	+
Loans and mortgages	+
Real estate brokerage	++

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

## Earnings trend

In € million

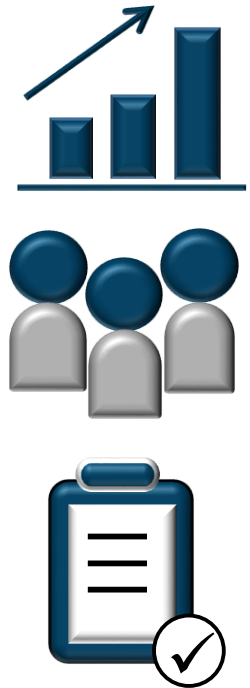
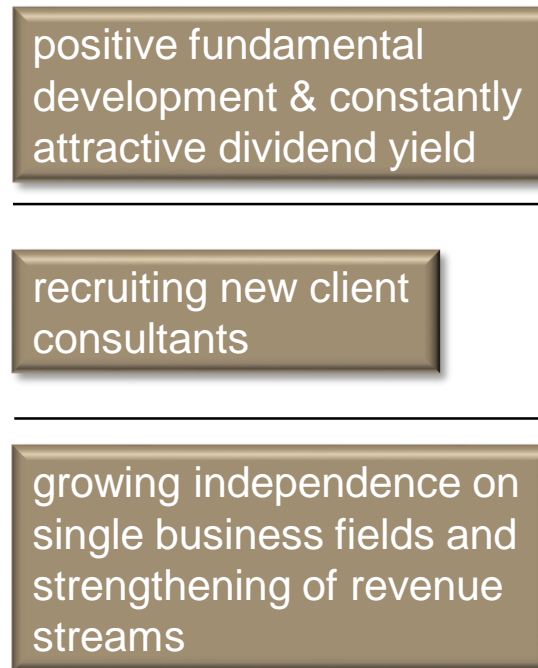


MLP is anticipating EBIT in 2018 to remain at around the level of operating EBIT recorded in 2017 – as there are no one-off exceptional costs for 2018 EBIT will increase significantly

# Summary

MLP's progress in 2018 ...

... is the foundation for ...



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# Realigned Group structure: new segments

## Previous structure (segments\*)

	Finanzdienstleistungen	FERI	DOMCURA
Old-age provision	X		
Wealth management	X	X	
Non-life insurance	X		X
Health insurance	X		
Loans and mortgages	X		
Real estate brokerage	X		

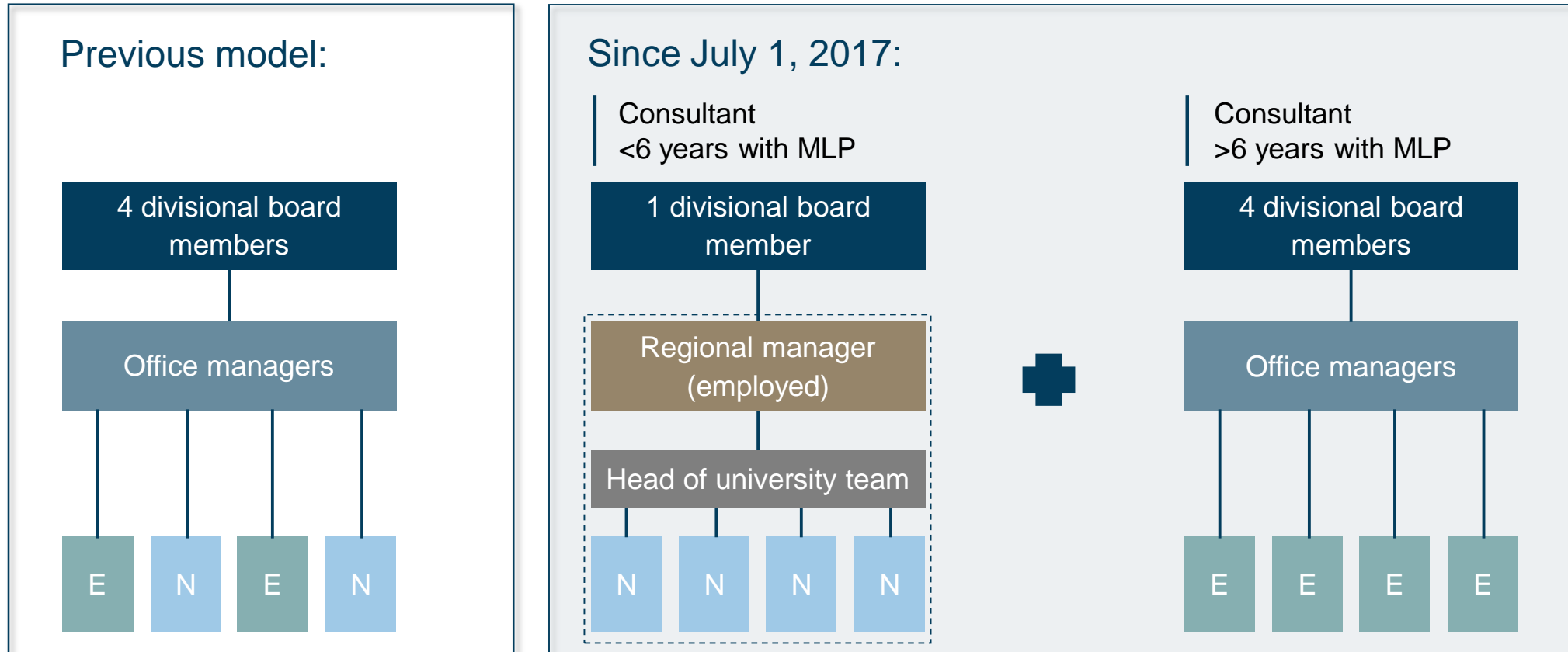
## Current structure (segments\*)

	Financial Consulting	Banking	FERI	DOMCURA
	X			
		X	X	
	X			X
	X			
	X			
	X			

\*Further segment, but without active operations: Holding

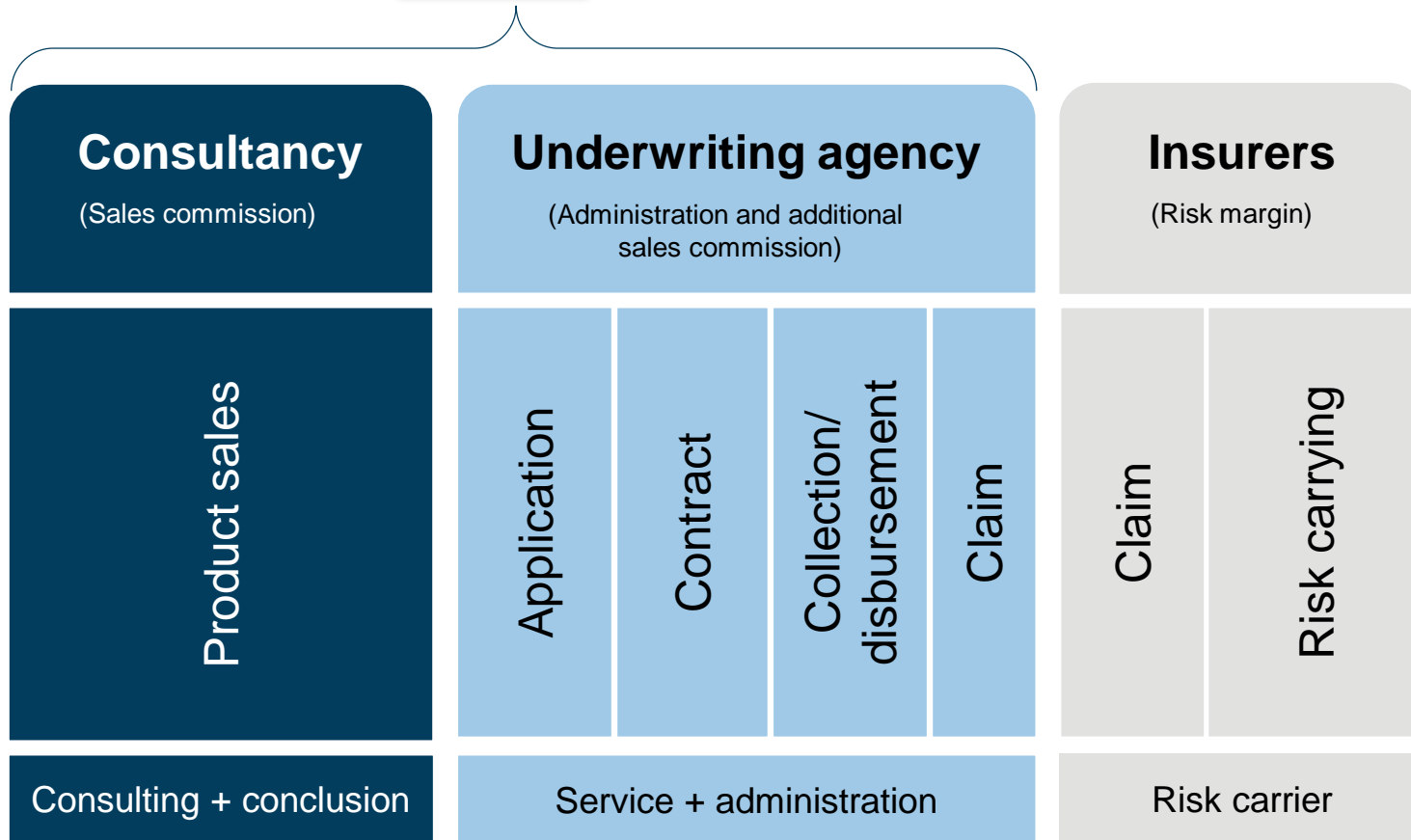
# Sharper focus on university segment

## MLP sales organisation



**N** = Focus: Winning new clients  
**E** = Focus: Serving existing clients

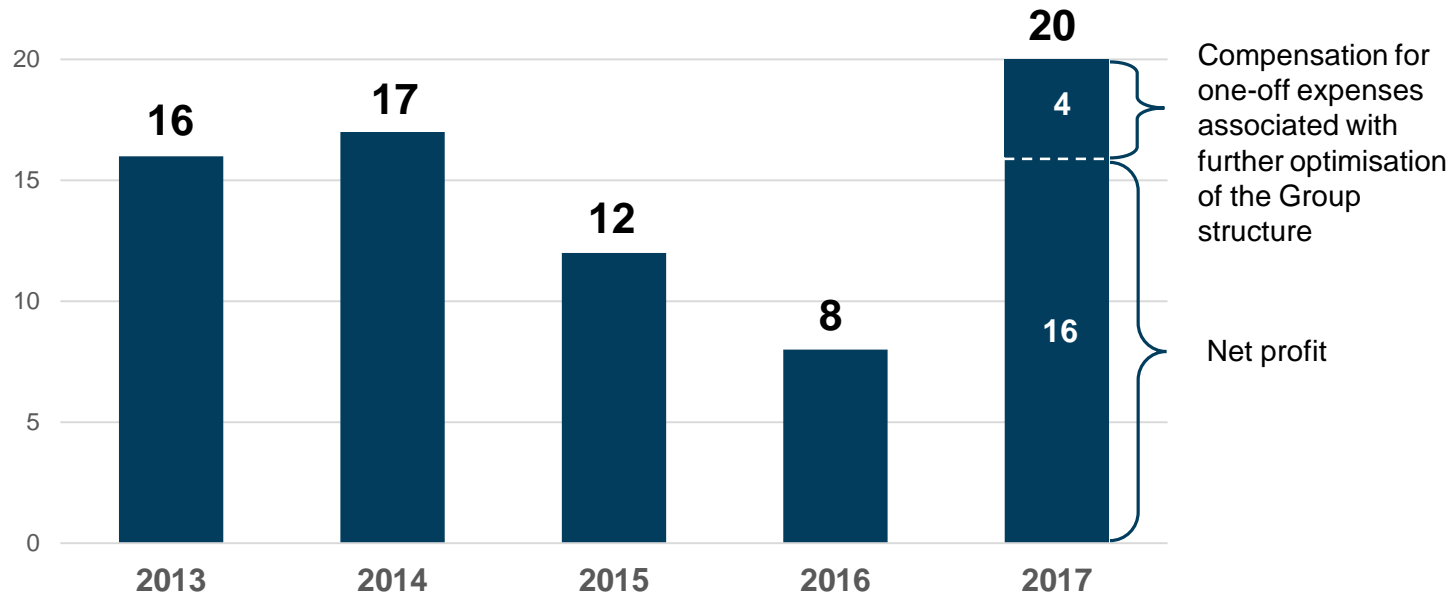
# DOMCURA: Underwriting agency selects the appropriate insurer from the marketplace



# FY 2017: dividend of 20 cents per share

## Dividend per share

In € cents



### MLP participation programme

- Implementation on a share basis for MLP branch managers and consultants
- Further strengthening of the collaborative component in the business model
- Share buyback with a value of approx. € 2,1 million, executed in February

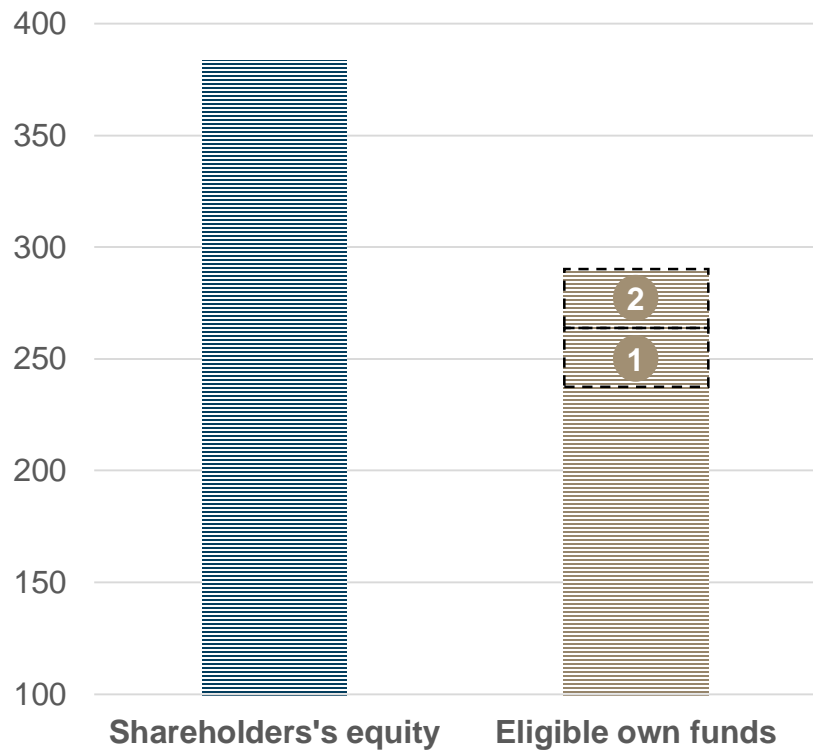
Payout ratio	2013	2014	2015	2016	2017
	68 %	63 %	56 %*	60 %	64 %**

\* based on net profit, simulating an acquisition of DOMCURA on January 1, 2015

\*\* based on operating net profit

# FY 2017: Significant increase in equity

In € million



- 1
**Adjustment of the supervisory focus**  
 DOMCURA, ZSH and TPC are no longer included in the supervisory scope of consolidation  
Approx. € 27 million
- 2
**Spinning off brokerage activities**  
 Within the scope of spinning off the brokerage business, intangible assets are allocated to the new company and are therefore no longer included in the supervisory scope of consolidation  
Approx. € 29 million
- +
 Further positive effects from operating business
- ➔
**Equity ratio** as of Dec. 31, 2017 at **20 %**
- ➔
 Further, time-lagged effects until 2021 from subsequent reduction of risk items  
Approx. € 25 million