

The MLP Group – The partner for all financial matters

Munich, September 2017



Berenberg & Goldman Sachs German Corporate Conference

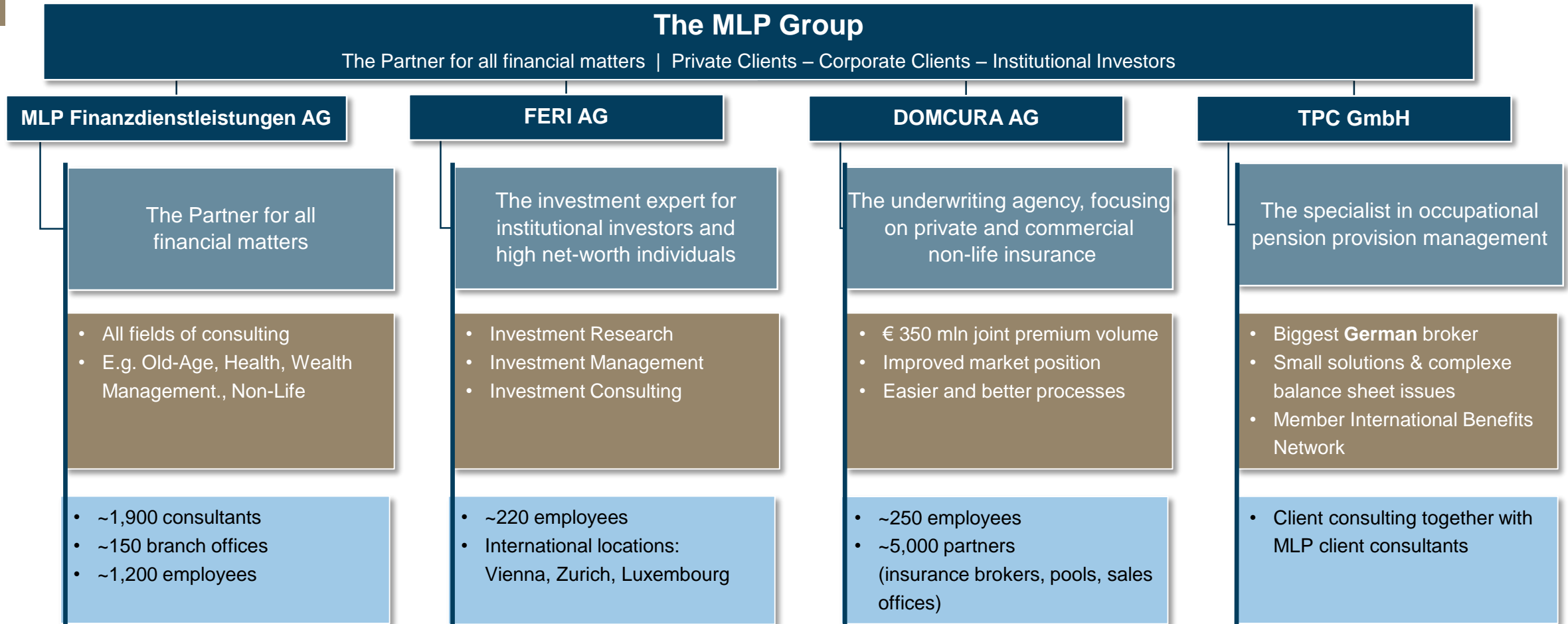


Finanzen verstehen. Richtig entscheiden.

The MLP Group

1. MLP at a glance
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The MLP Group at a glance



MLP Group – An Overview

Clients		<ul style="list-style-type: none"> • Around 522,900* private clients (families) in the mass affluent segment of the market target groups: graduates (i.e. physicians, solicitors, engineers and economists) • Around 19,400* corporate and institutional clients 				*as of July 30, 2017
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	€ 32.0 billion in assets under management as at July 30, 2017 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. Operating EBIT*: € 35.1 mil. EBIT: € 19.7 mil. Net profit: € 14.7 mil.	Equity Ratio: 19.7% Core Capital Ratio: 14.2% Consultants: 1,950	Dividend per share: € 0.08 Return on Equity: 3.8% Employees: 1,768	<i>*before one-off expenses</i>	
MLP Share		Shares outstanding: 109,334,686 Free Float: 49.81% (Definition on the German stock exchange) Average daily trading volume: 135,019 (Xetra, 12-month average as at end of August 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)

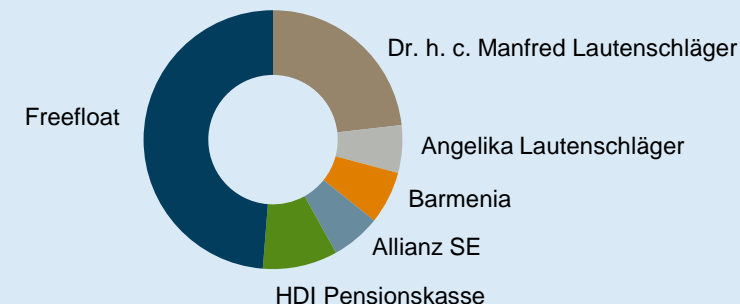
Return on dividend:

*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%

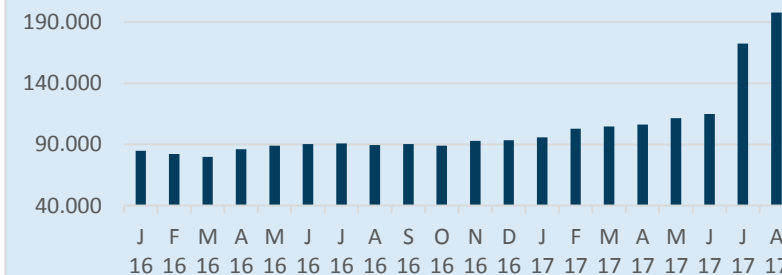


[FMR LLC: 2,95%, Internationale Kapitalanlagegesellschaft mbH: 5,03%, Schroders PLC: 2.99%]

Research coverage

Hauck & Aufhäuser	Buy	PT 8.00
Equinet/ESN	Buy	PT 7.50
Independent Research	Hold	PT 6.30
Bankhaus Lampe	Hold	PT 5.00

Ø daily trading volume

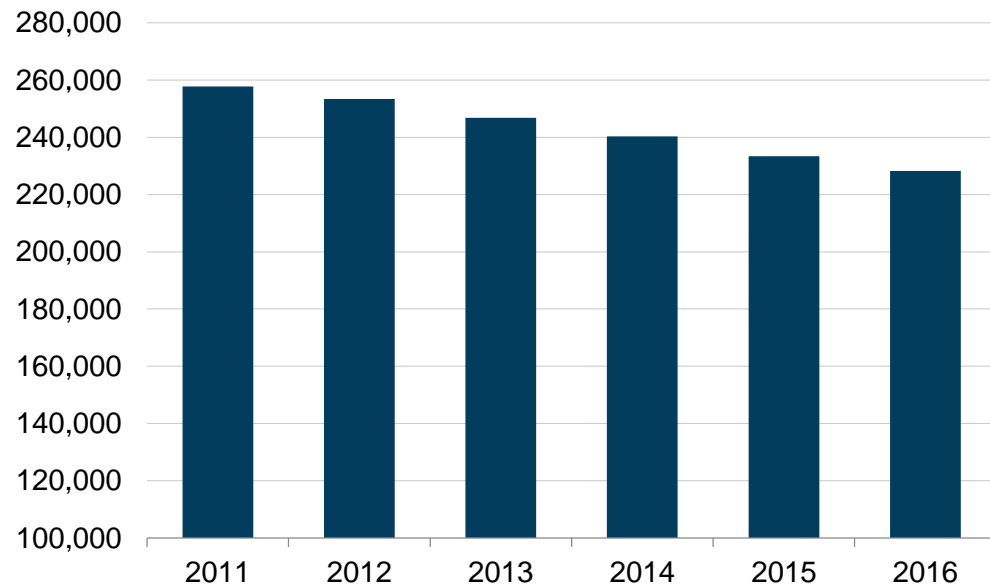


Market environment – Fundamental changes taking place

Trend	Effects
Client behaviour → Still fundamental <u>scepticism</u> towards the financial → Quick and inexpensive <u>information possibilities - digitalisation</u> → 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
Demographics → 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
Regulation (e.g. IMD II, MiFID II, LVRG) → 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

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)

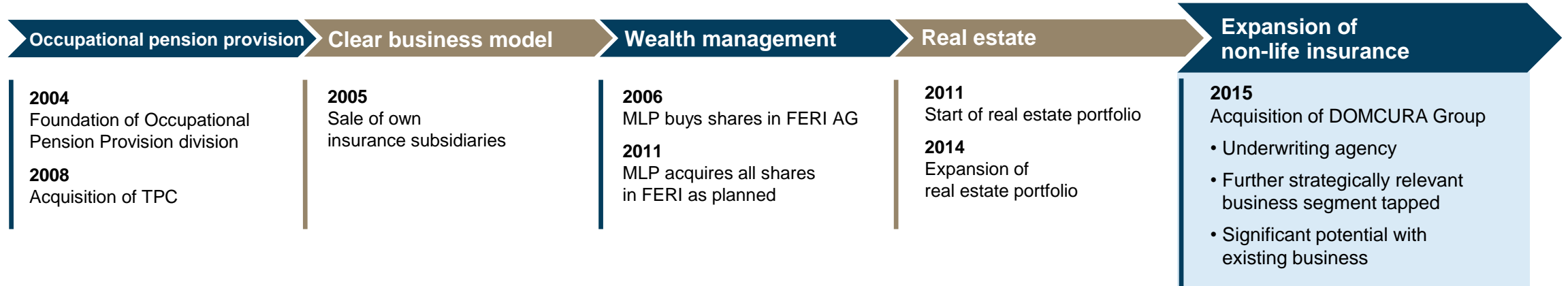
- Quality of consultancy and portfolio is even more important
- Sale organisations with a high cancellation rate lose trail commissions
- Major challenges for pyramid sales organisations

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

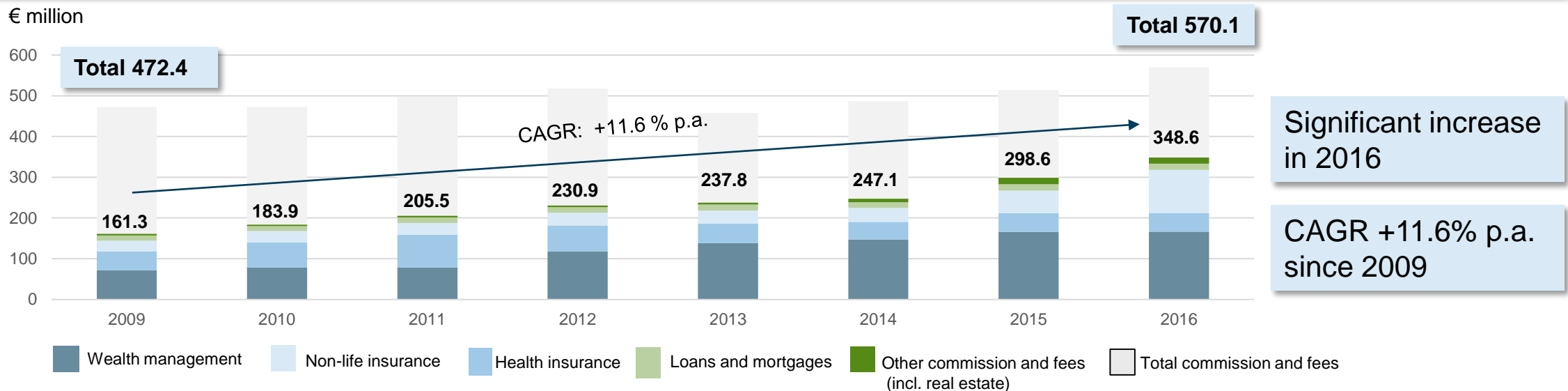
The MLP Group

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Successful strategic diversification over the last years

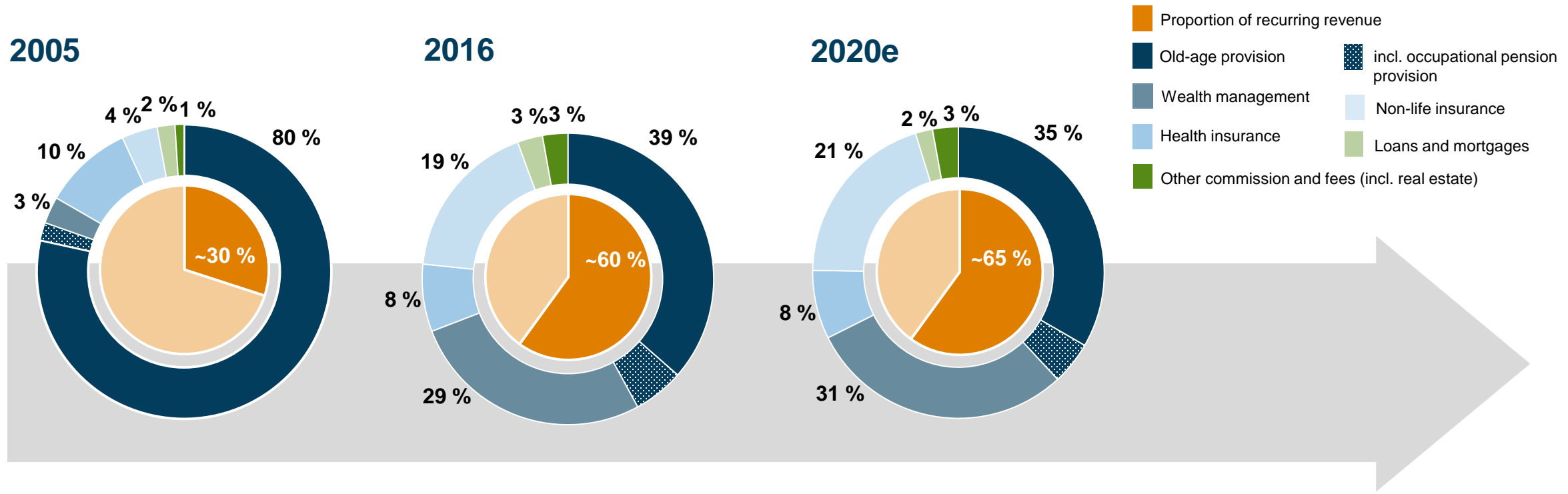


Successful diversification beyond the old-age provision – FY 2016: Constitution of commission income (in € million)



Even more balanced revenue basis in the medium term

Development of revenue distribution



Strategic agenda 2017

Strategic focus

1

Organic growth

2

Inorganic growth

3

Continued Cost management

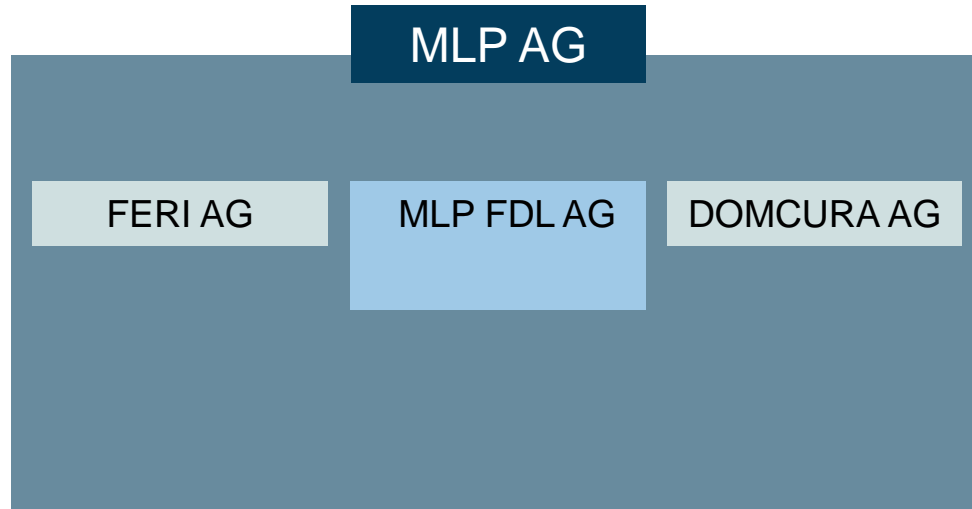
Implementation

- **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
- MLP Group open to acquisitions in two areas:
 - In the market segment of FERI and DOMCURA
 - In MLP's private client business
- Structural reduction of cost base initiated in 2016 – ongoing efficiency management programme

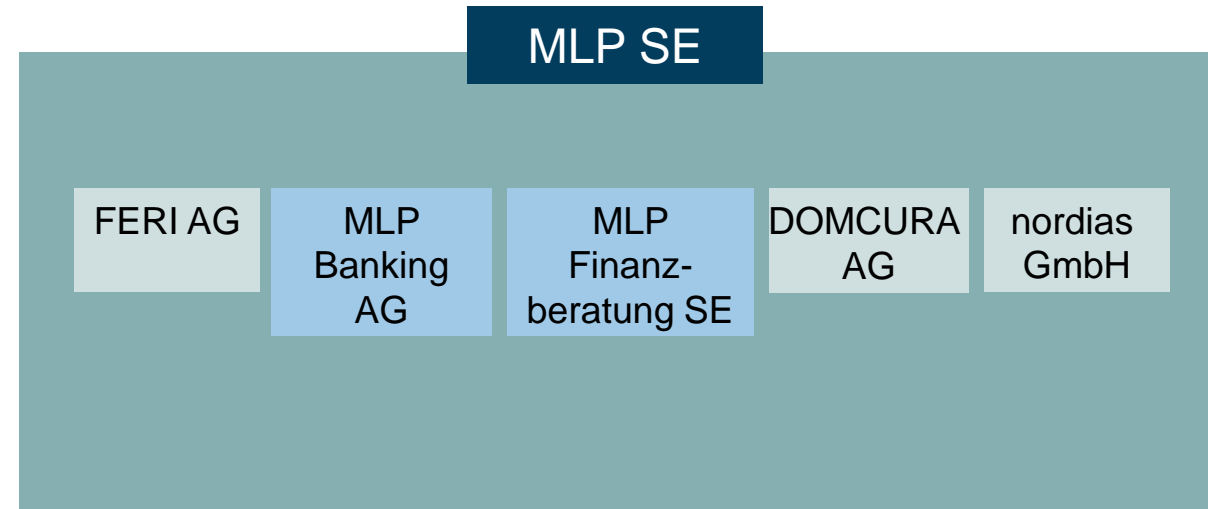
Making MLP more independent of short-term market influences and returning it to a significantly increased profit level

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

Current structure



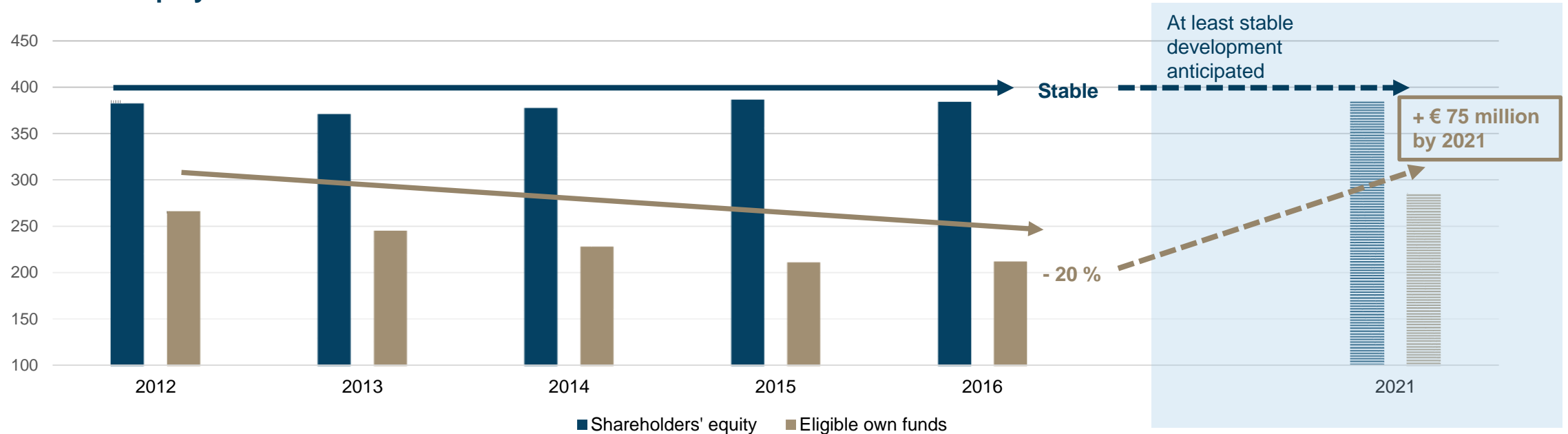
Intended structure



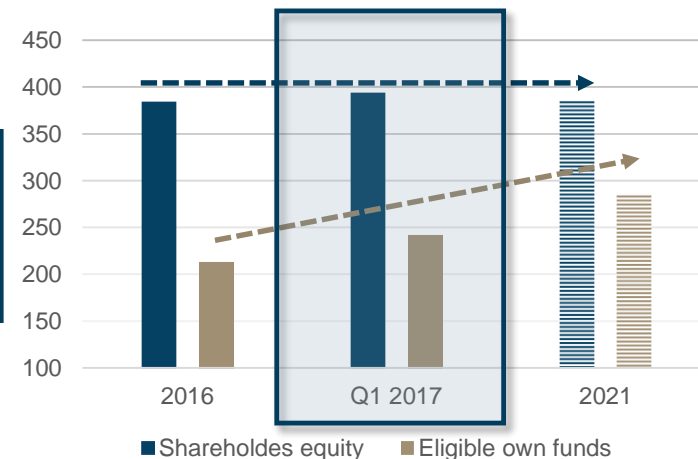
- Current scope of services for clients will be maintained
- Better opportunities for strategic collaborations

Scope for action significantly extended through new group structure

Effects on equity



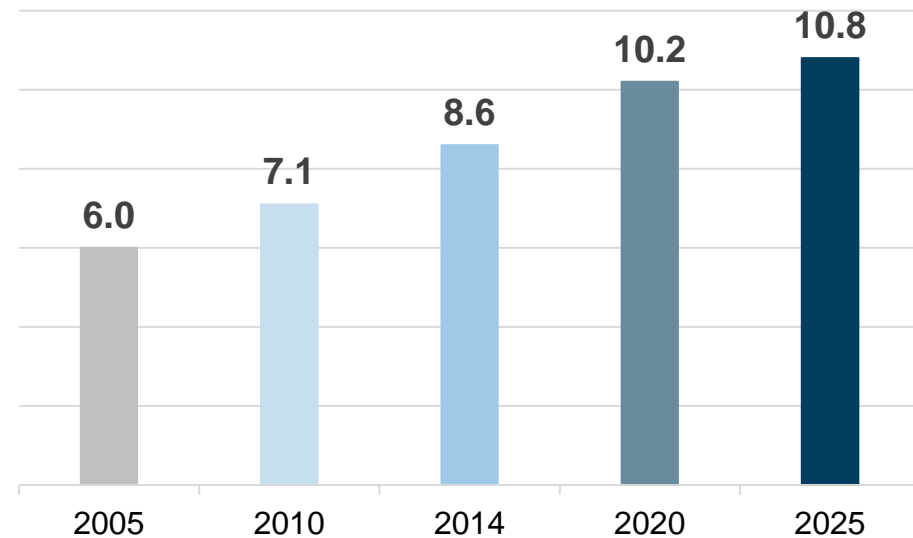
- Further strengthening of the business model
- Scope for investments and acquisitions
- First step of € 27 million already released in H1/2017



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 Sales Organisation



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

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

FinTech cooperation partner:



FinTech cooperation partner:

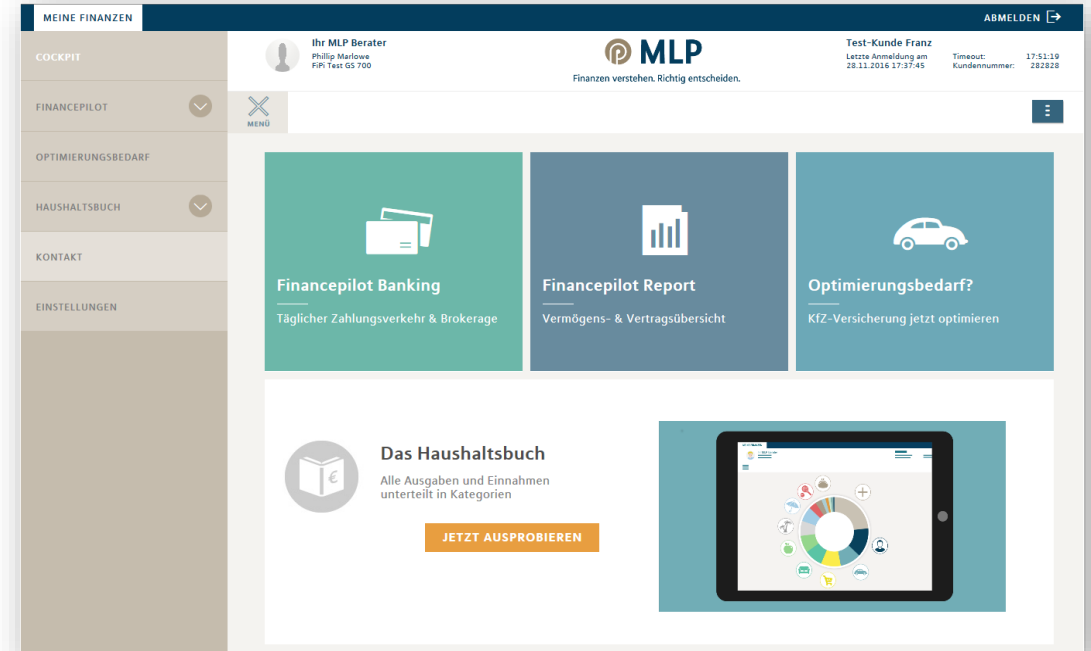


Online policy sale

- 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



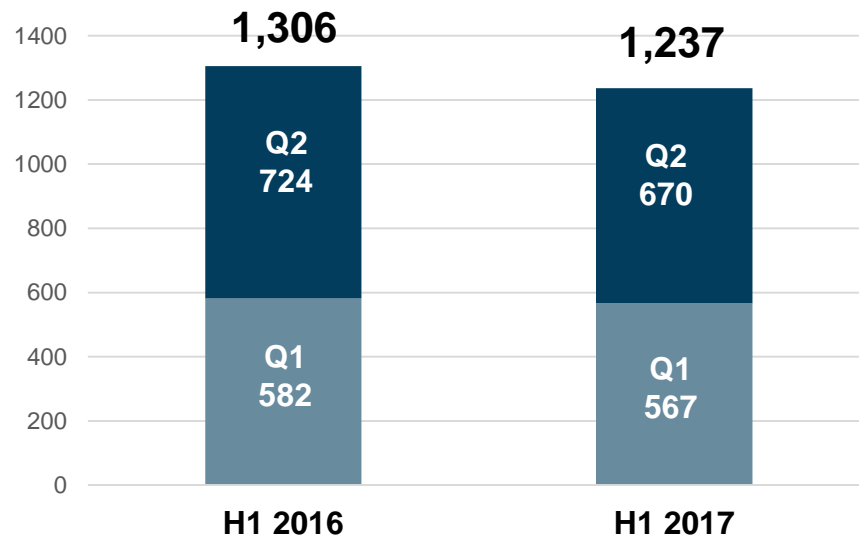
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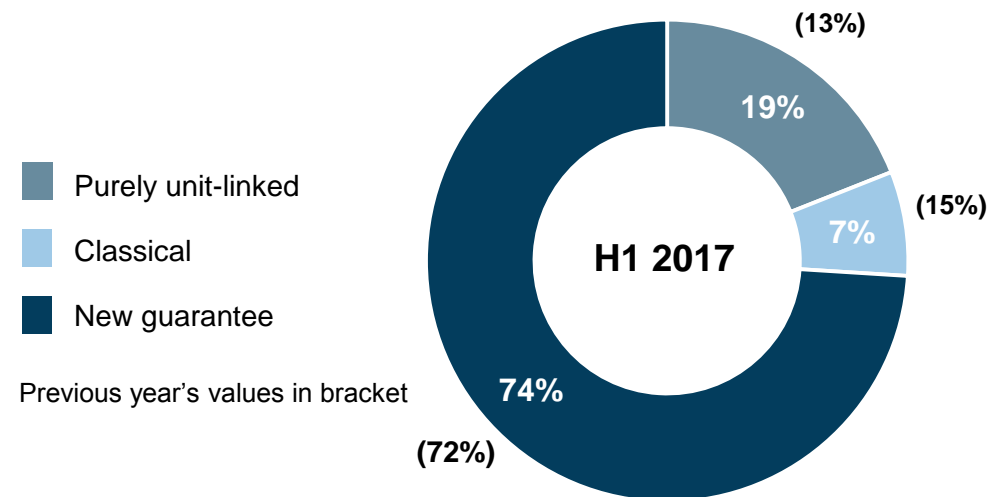
Old-age provision: MLP remains the market leader at new guarantees

Premium sum: old-age provision

in € million



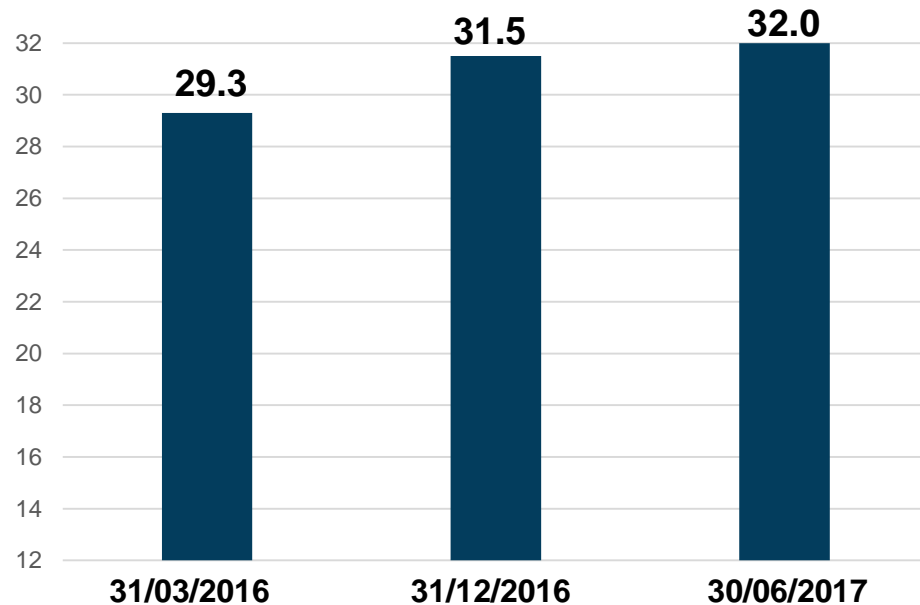
MLP product mix at newly brokered contracts



H1/2017: Assets under management rises to € 32.0 billion

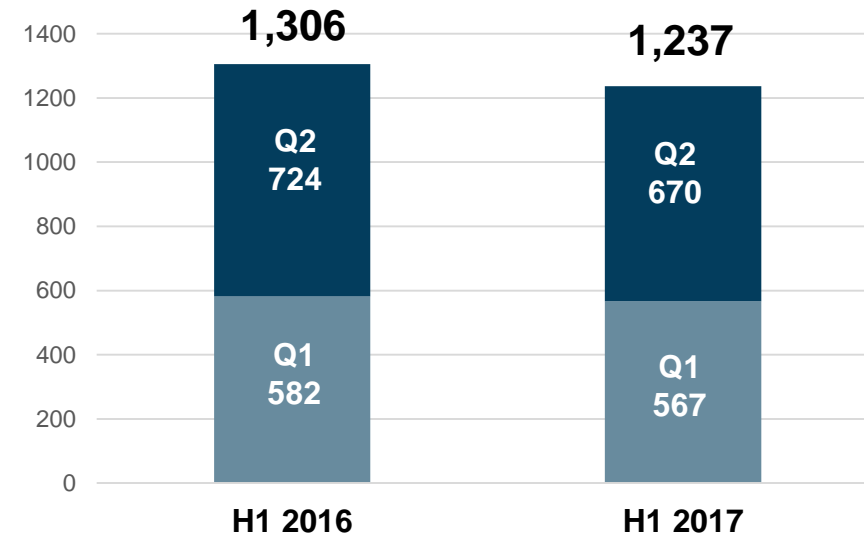
Assets under management

in € billion



Premium sum: old-age provision

in € million



H1/2017: Strong growth in wealth management and in the real estate brokerage („other commissions and fees“)

Revenue

in € million

	Q2 2016	Q2 2017	Δ in %	H1 2016	H1 2017	Δ in %
Old-age provision	45.3	42.0	-7	81.6	77.2	-5
Wealth management	40.4	46.4	15	79.3	92.1	16
Health insurance	11.4	10.9	-4	23.3	22.7	-2
Non-life insurance	18.0	19.4	8	68.7	72.3	5
Loans and mortgages*	3.2	3.9	22	6.8	7.7	13
Other commissions and fees	3.3	5.0	52	5.7	9.4	65
Interest income	5.1	5.2	2	10.3	10.3	0

Wealth management:

- Assets under management increase to € 32.0 billion (31/03/2017: € 31.6 billion)

*excluding MLP Hyp

H1/2017: Operating EBIT at € 15.9 million significantly above the previously years figure

Income statement

in € million	Q2 2016	Q2 2017	H1 2016	H1 2017
Total revenue	131.3	137.6	283.6	300.6
Operating EBIT*	0.4	2.7	9.3	15.9
EBIT	-1.0	2.1	7.7	14.5
Finance cost	-0.3	-0.1	-0.4	-0.6
EBT	-1.2	1.9	7.3	13.9
Taxes	0.7	0.0	-1.7	-3.4
Group net profit	-0.6	2.0	5.6	10.5
EPS in € (diluted/undiluted)	-0.01	0.02	0.05	0.10

One-off expenses for further optimisation of the group structure.

- H1 2017: € 1.4 million (€ 1.6 million)
- Q2 2017: € 0.6 million (€ 1.4 million)

*before one-off exceptional costs

H1/2017: Core capital ratio at 16.3 percent

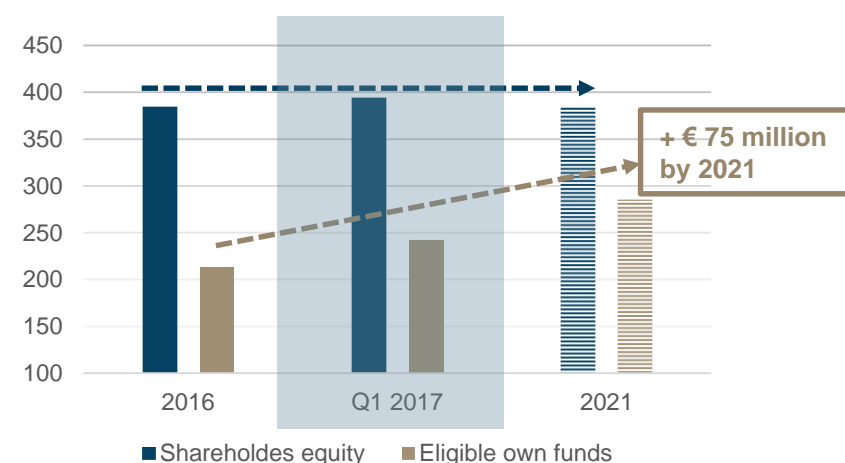
in € million

Assets	31/12/2016	30/06/2017
Intangible Assets	168,4	164,9
Financial Assets	162,3	194,1
Receivables from clients in the banking business	626,5	677,7
Receivables from banks in the banking business	591,0	635,7
Other receivables and assets	122,8	89,2
Cash and cash equivalents	184,8	158,4
Liabilities and shareholders equity		
Shareholders equity	383,6	387,9
Provisions	91,2	75,5
Liabilities due to clients in the banking business	1.271,1	1.359,9
Liabilities due to banks in the banking business	37,7	52,2
Other Liabilities	146,9	115,1
Total	1.944,1	2.003,6

Equity ratio: 19.4 %

Core capital ratio : 16.3 %

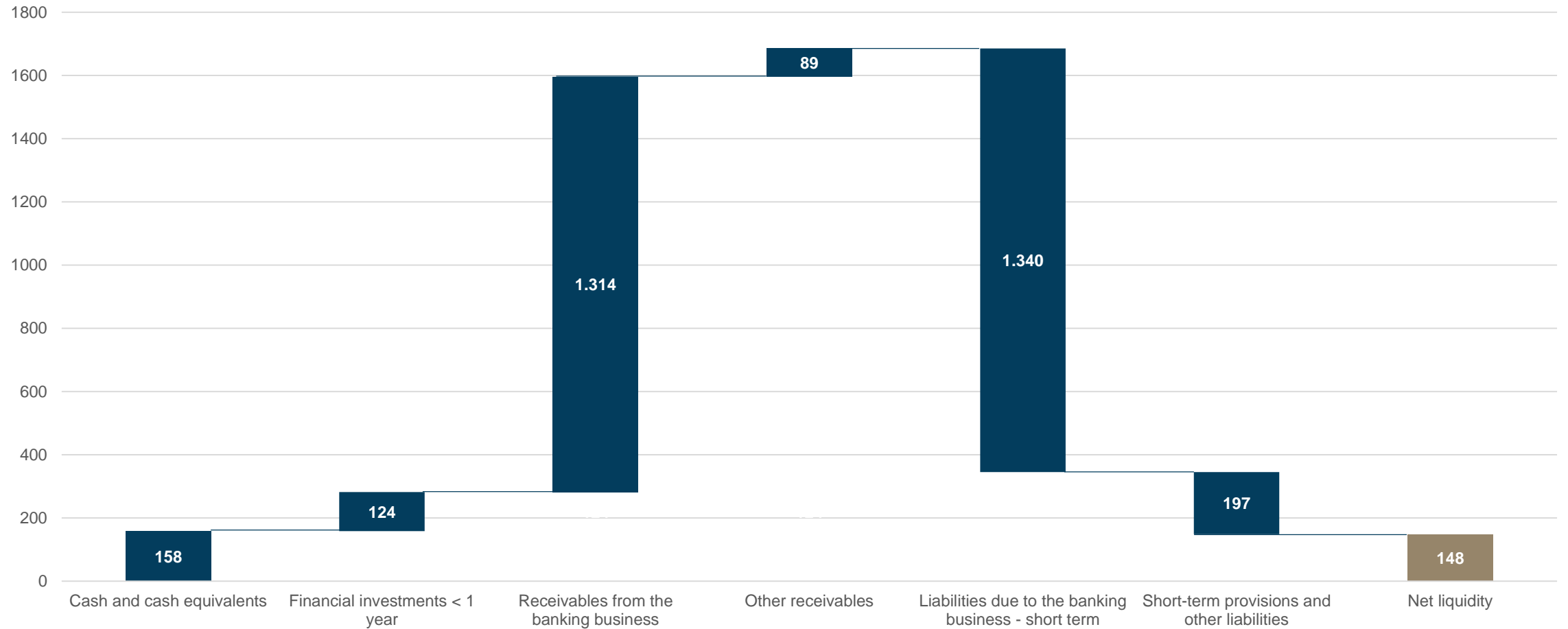
Eligible own funds: ~240 € million



Net liquidity of around € 148 million

30/06/2017

[in € million]



Outlook: Operating EBIT of at least € 45 million anticipated

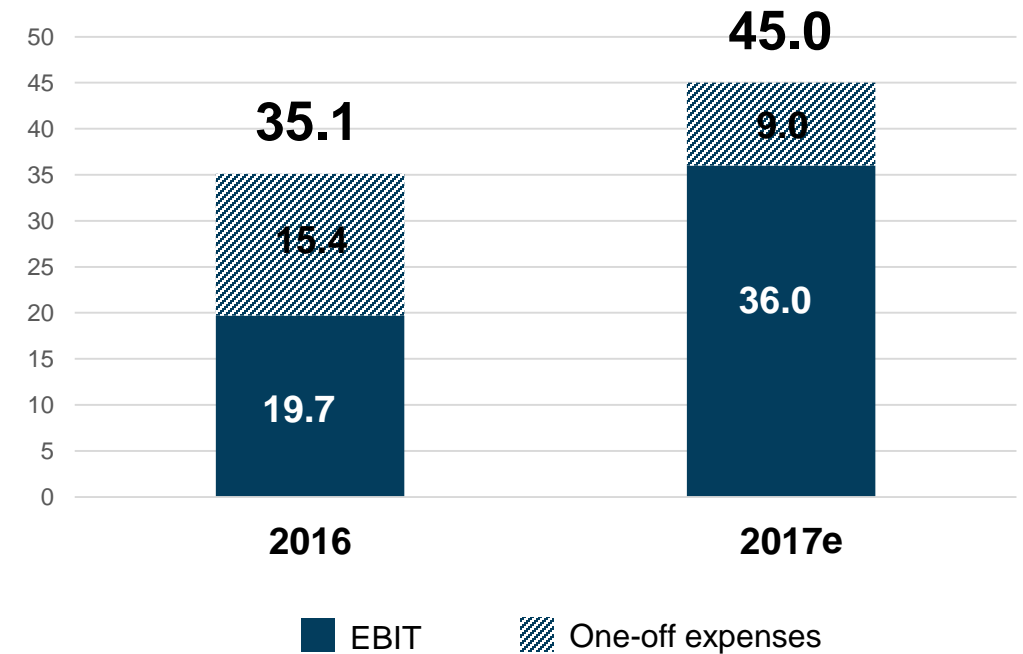
Qualitative assessment of the development of sales revenues

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

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

Operating EBIT

in € million



Summary

- MLP laid solid foundations in the first half of the year
- **Strategic initiatives** are continuously running **according to schedule**
- **As is crucial in our business model, the second half of the year is particularly important – above all the fourth quarter**
- **High market burdens remain** – especially in the old-age provision
- **Outlook confirmed:** Operating EBIT of at **least € 45 million** anticipated

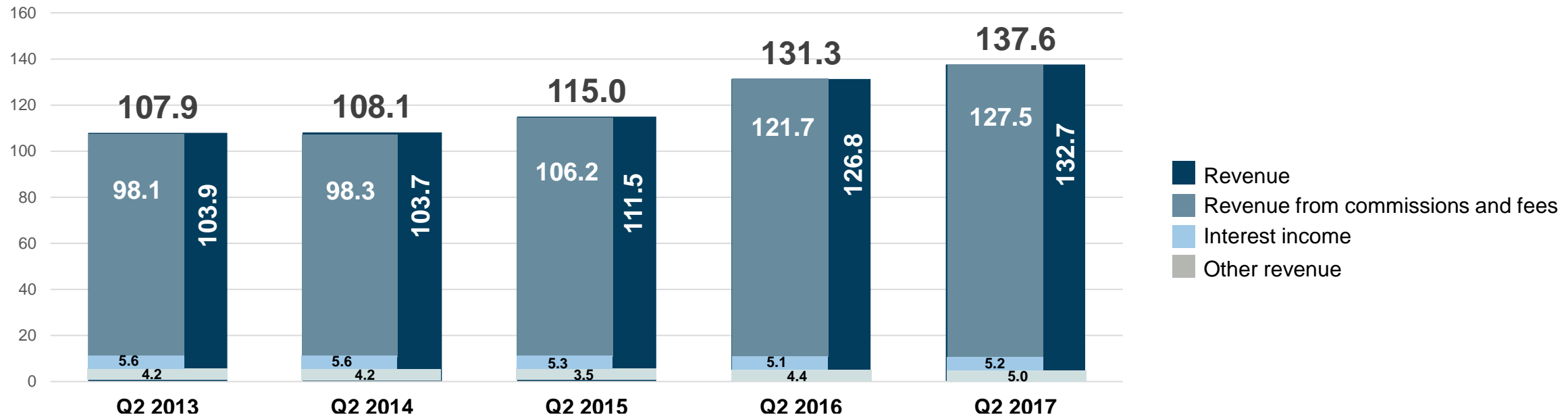
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Q2: Total revenue increases by 5 percent to € 137.6 million

Total revenue Q2

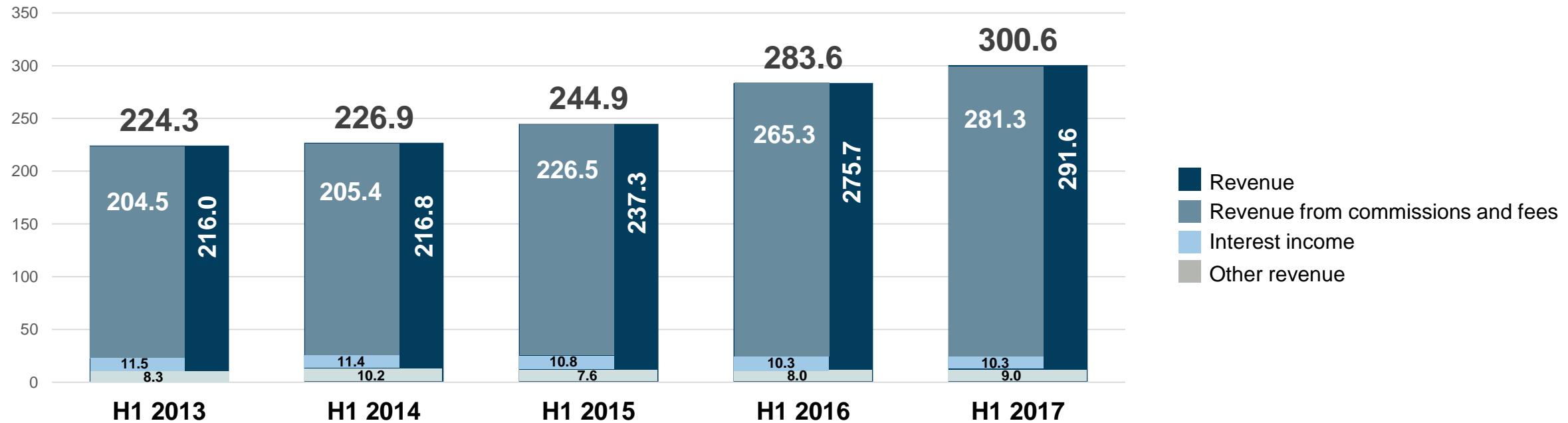
in € million



Highest H1 revenue for five years

Total revenue H1

in € million



FY 2016: 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

FY 2016: 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

FY 2016: 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 %

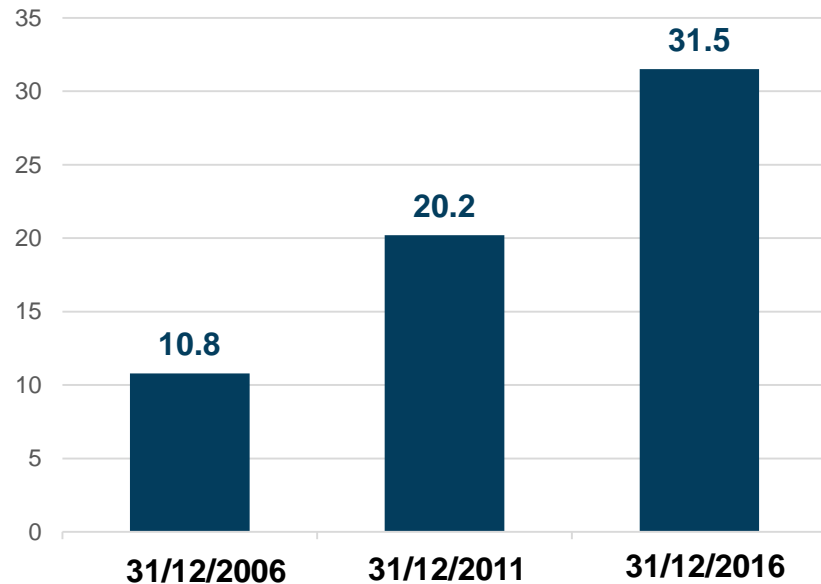
Return on equity: 3.8 %

Core capital ratio: 14.2 %

FY 2016: Assets under management up to EUR 31.5 billion – Old age provision bottomed out

Assets under management

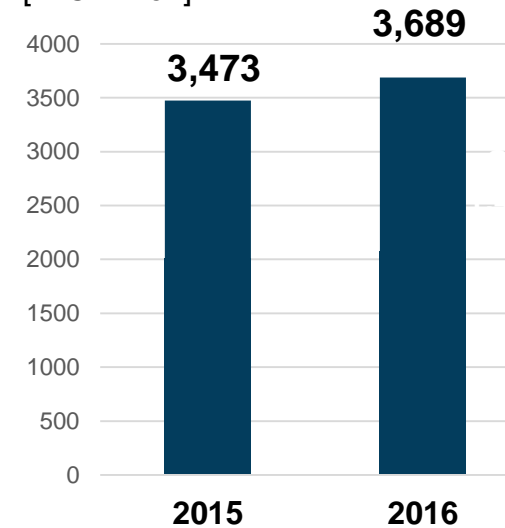
[in € billion]



Old-age provision

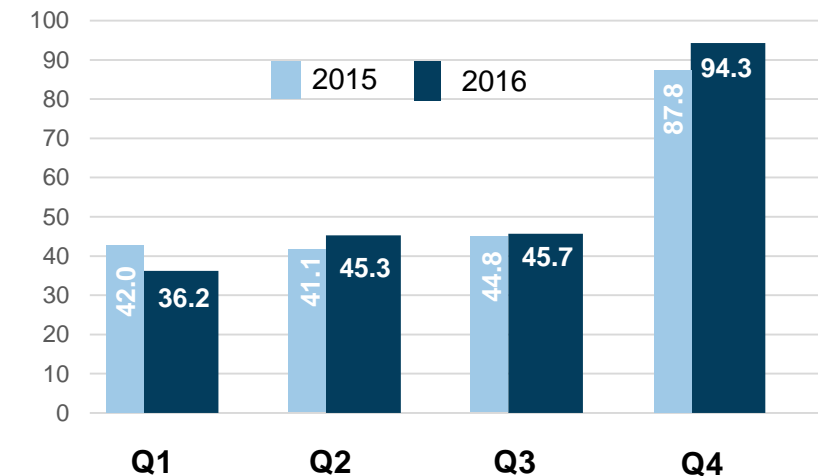
Brokered premium sum

[in € million]

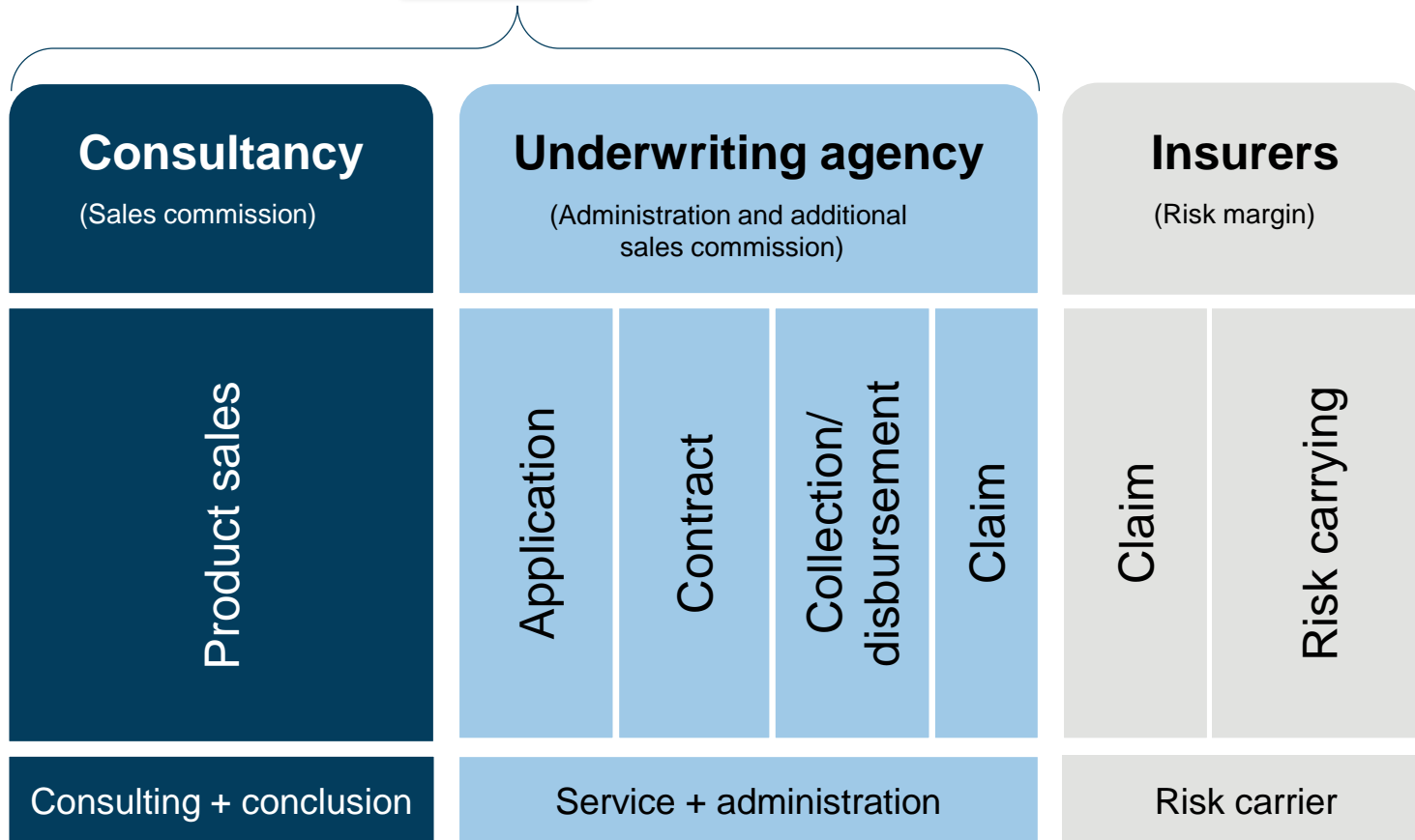


Revenue rising for 3 consecutive quarters

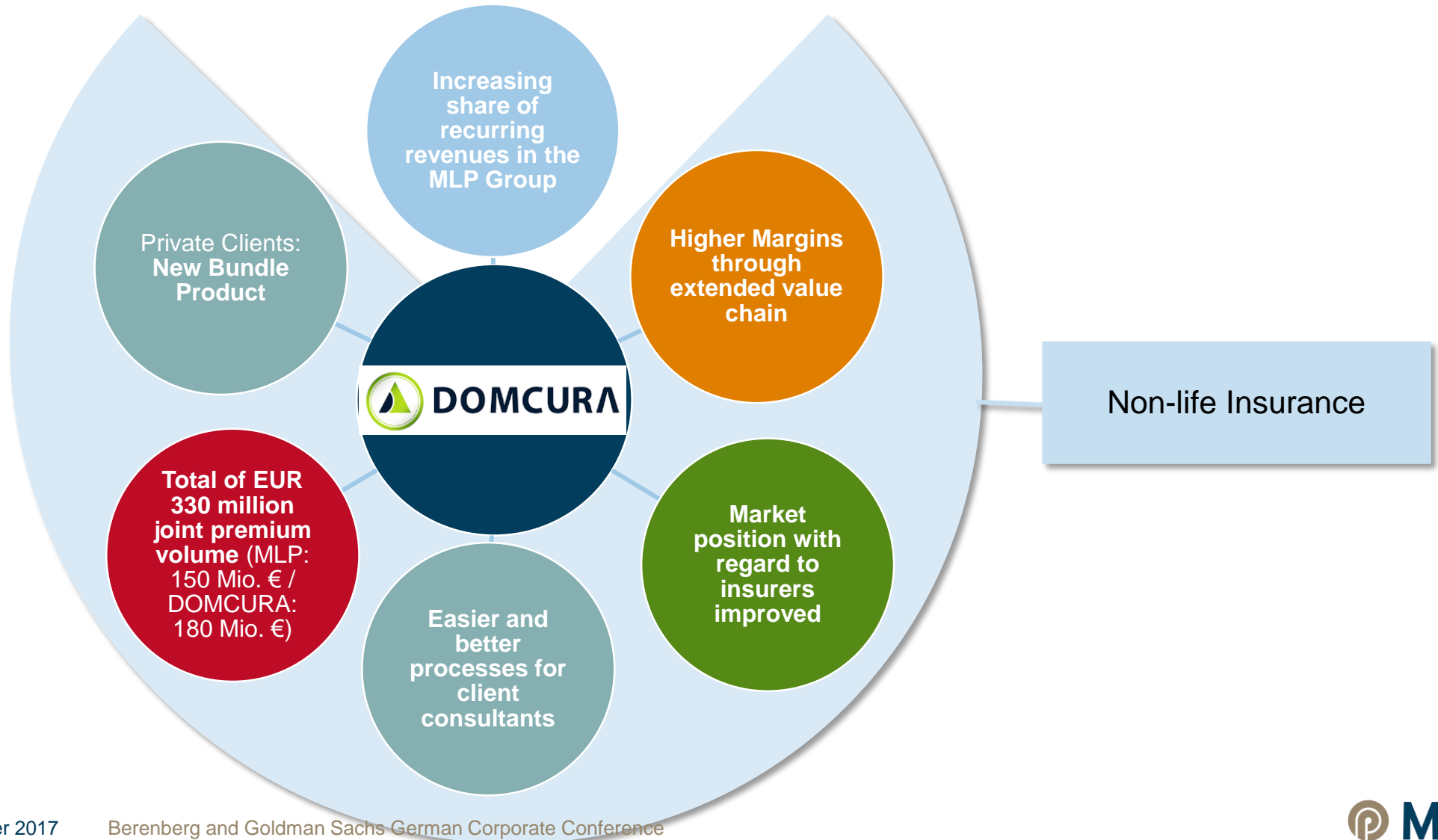
[in € million]



DOMCURA: Underwriting agency selects the appropriate insurer from the marketplace

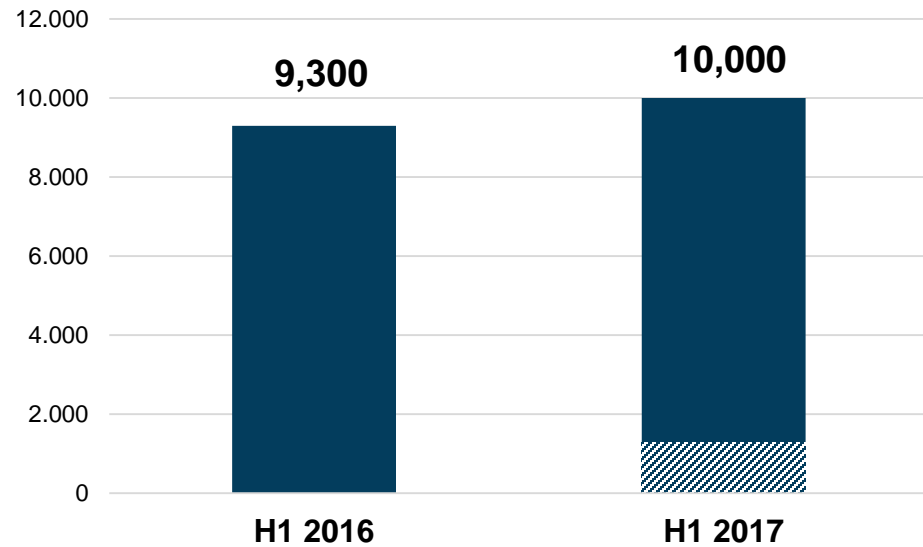


Positive effects on MLP through DOMCURA



H1/2017: MLP attracts 10,000 new clients (families)

Gross number of new clients (families)



▨ 13 % of new clients in H1 acquired via online policy sales

Consultants

