The MLP Group – The partner for all financial matters

Reinhard Loose, CFO

German Equity Forum
Frankfurt, November 25, 2015
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- Benefits for shareholders 6
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The MLP Group at a glance

The MLP Group
The Partner for all financial matters | Private Clients – Companies – Institutional Investors

- MLP Finanzdienstleistungen AG
  - The Partner for all financial matters
  - ~1,950 consultants
  - ~160 branch offices
  - ~1,300 employees

- FERI AG
  - The investment expert for institutional investors and high net-worth individuals
  - ~220 employees
  - International locations: Vienna, Zurich, Luxembourg

- DOMCURA AG
  - The underwriting agency, focusing on private and commercial non-life insurance
  - ~290 employees
  - ~5,000 partners (insurance brokers, pools, sales offices)

- TPC GmbH
  - The specialist in occupational pension provision management
  - ~25 employees
  - Client consulting together with MLP client consultants

- 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.
## Clients
- Around 855,000 private clients in the mass affluent segment of the market target groups: graduates (i.e. physicians, solicitors, engineers and economists)
- Over 200 private clients in the HNWI market & over 5,000 corporate clients, employers and institutional clients

## Old-age provision
Brokered premium sum for new business totalled €4.1 billion in 2014. Occupational pension provision accounted for around 12% of this figure.

## Wealth Management
€27.5 billion in assets under management as at December 31, 2014 in business with mass affluent clients, HNWI and institutional investors.

## Health insurance
Private health insurance, supplementary private health insurance, long-term care, occupational health insurance, statutory health insurance.

## Main business areas

<table>
<thead>
<tr>
<th>Shares of revenue ‘14</th>
<th>49%</th>
</tr>
</thead>
<tbody>
<tr>
<td>30%</td>
<td></td>
</tr>
<tr>
<td>9%</td>
<td></td>
</tr>
</tbody>
</table>

## FY 2014:
- Total revenue: €531.1 million
- EBIT: €39.0 million
- Net profit: €29.0 million
- Equity Ratio: 23.2%
- Core Capital Ratio: 13.6%
- Consultants: 1,952
- Dividend per share: €0.17
- Return on Equity: 7.8%
- Employees (9M’15): 1,803

## MLP Share
- Shares outstanding: 109,334,686
- Free Float: 49.81% (Definition on the German stock exchange)
- Average daily trading volume: 79,500 (Xetra, 12-month average as at October 31st, 2015)
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MLP – Benefits for shareholders

1. More diversified revenue mix and cost control
2. Attractive dividend policy
3. Stable shareholder structure

1. Stability
2. Attractive ROI
3. Consistency in strategy
Stability: strengthening of the revenue base through strategic further development

2004
Formation of business division "company pensions"

2008
Acquisition of TPC

2006
MLP acquires stake in FERI AG

2011
Start of real estate offerings

2011
MLP acquires the remaining shares in FERI as scheduled

2014
Expansion of the real estate offerings

2015
Acquisition of DOMCURA Group

- Underwriting agency
- Further, strategically relevant business segment
- Significant potential with existing business

FY 2005
Revenue from commissions and fees: € 467.9 million

FY 2014
Revenue from commissions and fees: € 486.9 million

- Old-age provision
- Wealth management
- Non-life insurance
- Health insurance
- Loans and mortgages
- Other commissions and fees (i.e. real estate)
- Recurring revenues
Administration costs reduced by more than € 50 million – solid foundation for the future

Administrative costs*

<table>
<thead>
<tr>
<th>Year</th>
<th>Administrative costs* in € million</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>311.6</td>
</tr>
<tr>
<td>2009</td>
<td>295.5</td>
</tr>
<tr>
<td>2010</td>
<td>279.1</td>
</tr>
<tr>
<td>2011</td>
<td>274.3**</td>
</tr>
<tr>
<td>2012</td>
<td>251.6</td>
</tr>
<tr>
<td>2013</td>
<td>250.6</td>
</tr>
<tr>
<td>2014</td>
<td>256.8</td>
</tr>
<tr>
<td>2015e</td>
<td>255***</td>
</tr>
</tbody>
</table>

* Definition: Personnel expenses, depreciation and amortisation and other operating expenses
** Adjusted to include one-off expenses
*** Excluding Domcura

- Active cost management
- Stable cost development through improved cost structure
Attractive dividend policy & stable shareholder structure

Dividend policy
Pay-out ratio: 50% - 70% of net profit

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%

Return on dividend:

<table>
<thead>
<tr>
<th>Year</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>3.1%</td>
<td>4.0%</td>
<td>11.8%</td>
<td>6.4%</td>
<td>3.1%</td>
<td>4.6%</td>
</tr>
</tbody>
</table>

Research coverage
Equinet/ESN: Accumulate, PT 4.20
Bankhaus Lampe: Hold, PT 4.00
Main First: Underperform, PT 3.60
Independent Research: Hold, PT 4.20
HSBC Global Research: Hold, PT 3.90

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Fundamental changes in the market

**Trend**

**Client behaviour**
- Fundamental *scepticism* on the part of clients towards the financial industry since the outbreak of the financial crisis
- Quick and inexpensive *information possibilities* for clients via the internet
- Distinct desire to make *their own* financial decisions

**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

**Regulation** (e.g. IMD II, MiFID II, LVRG)
- Since 2004 and especially since 2008 *intensive regulation*
- In addition to impacting at the product level, regulation also particularly applies to the *training* of consultants, *documentation* and *transparency*

**Effects**

- 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

- 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

- 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 LVRG

Number of insurance intermediaries in Germany

Effects of the Life Insurance Reform Act (LVRG)

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

Source: DIHK, entries in the Insurance Intermediary Register
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9M: Total revenue rises to € 369.5 million

Total revenue 9M

[in € million]

- **9M 2015**: Total revenue rises to € 369.5 million
  - **Revenue**: € 341.1 million
  - **Revenue from commissions and fees**: € 16.1 million
  - **Interest income**: € 17.1 million
  - **Other revenue**: € 12.3 million

- **9M 2014**: Total revenue rises to € 344.7 million
  - **Revenue**: € 314.8 million
  - **Revenue from commissions and fees**: € 17.1 million
  - **Interest income**: € 12.8 million
  - **Other revenue**: € 17.2 million

- **9M 2013**: Total revenue rises to € 338.8 million
  - **Revenue**: € 308.0 million
  - **Revenue from commissions and fees**: € 17.2 million
  - **Interest income**: € 13.6 million
  - **Other revenue**: € 13.6 million

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# 9M: Growth in nearly all consulting areas

## Revenue

<table>
<thead>
<tr>
<th>Section</th>
<th>Q3 2015</th>
<th>Q3 2014</th>
<th>Δ in %</th>
<th>9M 2015</th>
<th>9M 2014</th>
<th>Δ in %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Old-age provision</td>
<td>44.8</td>
<td>48.9</td>
<td>-8</td>
<td>128.0</td>
<td>133.1</td>
<td>-4</td>
</tr>
<tr>
<td>Wealth management</td>
<td>38.7</td>
<td>38.8</td>
<td>0</td>
<td>121.3</td>
<td>105.7</td>
<td>15</td>
</tr>
<tr>
<td>Health insurance</td>
<td>11.4</td>
<td>10.7</td>
<td>7</td>
<td>33.6</td>
<td>31.8</td>
<td>6</td>
</tr>
<tr>
<td>Non-life insurance*</td>
<td>11.5</td>
<td>5.5</td>
<td>&gt;100</td>
<td>36.7</td>
<td>29.6</td>
<td>24</td>
</tr>
<tr>
<td>Loans and mortgages**</td>
<td>4.2</td>
<td>3.2</td>
<td>31</td>
<td>11.1</td>
<td>9.1</td>
<td>22</td>
</tr>
<tr>
<td>Other commissions and fees</td>
<td>4.0</td>
<td>2.4</td>
<td>67</td>
<td>10.4</td>
<td>5.4</td>
<td>93</td>
</tr>
<tr>
<td>Interest income</td>
<td>5.3</td>
<td>5.7</td>
<td>-7</td>
<td>16.1</td>
<td>17.1</td>
<td>-6</td>
</tr>
</tbody>
</table>

* since end of July 2015 incl. DOMCURA, **excluding MLP Hyp
**9M: Proforma-EBIT reaches € 8.3 million**

**Income statement**

<table>
<thead>
<tr>
<th></th>
<th>Q3 2015</th>
<th>Q3 2014</th>
<th>9M 2015</th>
<th>9M 2014*</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total revenue</strong></td>
<td>122.9</td>
<td>117.8</td>
<td>369.5</td>
<td>344.7</td>
</tr>
<tr>
<td><strong>Pro forma-EBIT</strong></td>
<td>0.2</td>
<td>4.9</td>
<td>8.3</td>
<td>9.4</td>
</tr>
<tr>
<td><strong>EBIT</strong></td>
<td>-0.7</td>
<td>4.9</td>
<td>7.4</td>
<td>9.4</td>
</tr>
<tr>
<td><strong>Finance cost</strong></td>
<td>-2.0</td>
<td>0.0</td>
<td>-2.3</td>
<td>-0.1</td>
</tr>
<tr>
<td><strong>EBT</strong></td>
<td>-2.8</td>
<td>4.9</td>
<td>5.0</td>
<td>9.3</td>
</tr>
<tr>
<td><strong>Taxes</strong></td>
<td>-0.1</td>
<td>-1.5</td>
<td>-1.4</td>
<td>-2.1</td>
</tr>
<tr>
<td><strong>Group net profit</strong></td>
<td>-2.9</td>
<td>3.4</td>
<td>3.7</td>
<td>7.2</td>
</tr>
<tr>
<td><strong>EPS in € (diluted/undiluted)</strong></td>
<td>-0.03</td>
<td>0.03</td>
<td>0.03</td>
<td>0.07</td>
</tr>
</tbody>
</table>

**Burdens Q3/2015:**
- Market-related decrease in performance-linked fees and hesitancy in old-age provision
- One-time tax burden (€ -1.1 million)
- One-time burden within finance costs (€ -2.0 million)

**Group net profit 9M/2015 with simulated DOMCURA purchase as of 1st Jan 2015:**
€ 7.1 million

*Previous year’s figures adjusted  **Adjusted for the acquisition of DOMCURA*
## 9M 2015: Balance sheet details

### MLP Group

<table>
<thead>
<tr>
<th>[in € million]</th>
<th>30/09/2015</th>
<th>31/12/2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intangible assets</td>
<td>172.8</td>
<td>156.2</td>
</tr>
<tr>
<td>Financial investments</td>
<td>140.0</td>
<td>145.3</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>79.6</td>
<td>49.1</td>
</tr>
<tr>
<td>Other receivables and other assets</td>
<td>95.9</td>
<td>117.7</td>
</tr>
<tr>
<td>Shareholders’ equity</td>
<td>368.9</td>
<td>376.8</td>
</tr>
<tr>
<td>Equity ratio</td>
<td>22.2%</td>
<td>23.2%</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>107.8</td>
<td>117.8</td>
</tr>
<tr>
<td>Total</td>
<td>1,664.0</td>
<td>1,624.7</td>
</tr>
</tbody>
</table>

- Equity ratio: 22.2%
- Core capital ratio: 13.1%
- Intangible assets increased due to DOMCURA acquisition

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**Implemented growth initiatives systematically continued**

<table>
<thead>
<tr>
<th>Focus</th>
<th>Measures implemented in the first nine months</th>
</tr>
</thead>
</table>
| **1. Online strategy**                     | • Expansion of the internet presence in order to serve as a significant channel for attracting interested parties and new clients  
• Start of the new internet presence “MLP financify” in April 2015 to address the needs of young adults  
• Re-launch of the mlp.de website in July 2015 – creates basis for online contract conclusion for simple products by the end of the year |
| **2. Recruiting**                          | • New further training bonus introduced for new client consultants  
• Combination of high quality initial and further training with an easier start into self-employment  
• Opening of a new branch in the university segment, further more in planning                                         |
| **3. Broadening of the revenue base**      | • Development of a further, strategically relevant business segment in the area of non-life insurance through the ongoing acquisition of the DOMCURA Group – at the same time, considerable revenue synergies with the classical MLP business  
• Continued expansion of wealth management  
• Ongoing expansion of real estate brokerage                                                                                           |
Outlook: Q4 with significant influence on the full-year results

Contribution of Q4 to the full-year EBIT

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>9M 2015</td>
<td>18.4</td>
<td>29.6</td>
<td>8.3*</td>
</tr>
</tbody>
</table>

* Pro forma EBIT (adjusted for the acquisition of DOMCURA)

- Very strong last quarter in 2014 will probably not be achieved in the current year

Sales revenue

In each case compared to the previous year

<table>
<thead>
<tr>
<th>2015</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue from old-age provision</td>
<td>Decreasing trend</td>
</tr>
<tr>
<td>Revenue from health insurance</td>
<td>Slight increase</td>
</tr>
<tr>
<td>Revenue from wealth management</td>
<td>Significant increase</td>
</tr>
<tr>
<td>Other commissions and fees (real estate)</td>
<td>Significant increase</td>
</tr>
</tbody>
</table>
Summary

• MLP has targetedly **further developed its business** model in the past few years.

• **Consolidation** is now starting to **gather momentum** in Germany.

• MLP is **optimally positioned** for the new requirements – and will benefit over-proportionally from a recovery in the market.

• MLP will **continue its process of modernisation**: Recruiting – Online-Strategy – Diversification of revenue.

• **Market environment** remains **difficult** – especially in old-age provision

• **Growth initiatives** on track – **costs** under control

• As is customary in the MLP business model, **the fourth quarter plays a decisive role** for the full-year results. **Significant pick-up** expected to the end of the year
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Integration of the underwriting agency DOMCURA is progressing according to plan

- Range of jointly-issued, high performance package-type products for consulting at MLP is currently under development
- Improvement of technical and process handling in non-life business at MLP is underway

Further expansion of non-life business contributes to the broadening of the revenue mix and increases recurring revenue

The underwriting agency services lengthen the value-added chain within the MLP Group
Anticipated pro-forma EBIT for DOMCURA in 2015: around € 2 million

As of 1st January, 2015, MLP is entitled to a share in profits for 100 percent of the shares.

Transaction was closed on 29th July, 2015

EBIT: plus ~ € 5.0 million
EBIT: minus ~ € 3.0 million

2015
Q1 Q2 Q3 Q4

• EBIT booked to equity capital of DOMCURA
  • Most of the annual revenue is generated in Q1 due to seasonality of the non-life insurance business
  • Q1 also dominates the earnings of the financial year

• Earnings booked to the P&L account of the MLP Group:
  • Negative effect on Group EBIT in Q3 and Q4 due to seasonality of the non-life insurance business
  • Reporting of a pro-forma EBIT figure at 31st December, 2015

Expected pro-forma EBIT 2015: around € 2 million
Life Insurance Reform Act (LVRG) – inducing possible future commission models

<table>
<thead>
<tr>
<th>Modell 1</th>
<th>Modell 2 + 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unchanged acquisition commission &amp; cancellation liability prolonged</td>
<td>Commission distribution over the lifetime of the contract</td>
</tr>
</tbody>
</table>

- **Cancellation liability**
  - 8/10 years

- **Portfolio commission**
  - 5 years

Some insurance companies plan changes starting not before 2016