The MLP Group – The partner for all financial matters

Frankfurt, November 2016

German Equity Forum
The MLP Group

1. MLP at a glance
2. Market environment
3. Strategic Agenda
4. Financial Development
5. Outlook
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
- ~1,270 employees
- All fields of consulting
  - E.g. Old-Age, Health, Wealth Management, Non-Life

FERI AG
The investment expert for institutional investors and high net-worth individuals
- ~200 employees
- International locations: Vienna, Zurich, Luxembourg
- Investment Research
- Investment Management
- Investment Consulting

DOMCURA AG
The underwriting agency, focusing on private and commercial non-life insurance
- ~270 employees
- ~5,000 partners (insurance brokers, pools, sales offices)
- € 330 mln joint premium volume
- Improved market position
- Easier and better processes

TPC GmbH
The specialist in occupational pension provision management
- ~25 employees
- Client consulting together with MLP client consultants
- Servicing bigger „medium-sized“ companies
- Small solution & complex balance sheet issues
- Member International Benefits Network

November 2016 German Equity Forum 2016
## MLP Group – An Overview

### Clients
- Around 515,000* private clients (families) in the mass affluent segment of the market target groups: graduates (i.e. physicians, solicitors, engineers and economists)
- Around 18,600* corporate and institutional clients  
  *as of September 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.
- **Wealth Management**
  - € 30.0 billion in assets under management as at September 30, 2016 in business with mass affluent clients, HNWI and institutional investors.
- **Non-life insurance**
- **Health insurance**
  - Private health insurance, supplementary private health insurance, long-term care, occupational health insurance, statutory health insurance.

### Top Financials FY 2015
- **Total revenue:** € 557.2 mil.  
- **Pro forma EBIT**: € 32.5 mil.  
- **EBIT:** € 30.7 mil.  
- **Net profit:** € 19.8 mil.  
- **Equity Ratio:** 22.0%  
- **Core Capital Ratio:** 14.3%  
- **Consultants:** 1,935  
- **Employees (9M'15):** 1,803  
- **Dividend per share:** € 0.12  
- **Return on Equity:** 5.1%  

### MLP Share
- **Shares outstanding:** 109,334,686  
- **Free Float:** 49.81% (Definition on the German stock exchange)  
- **Average daily trading volume:** 89,090 (Xetra, 12-month average as at end of October 2016)  

*adjusted for the acquisition of DOMCURA*
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)

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%

[Freefloat: Angelika Lautenschläger, Barmenia, Allianz SE, HDI Pensionskasse, Dr. h. c. Manfred Lautenschläger
[FMR LLC: 4.72%, Internationale Kapitalanlagegesellschaft mbH: 3.03%, Schroders PLC: 2.99%]

Research coverage

- Equinet/ESN: Accumulate, PT 4.30
- Bankhaus Lampe: Hold, PT 3.50
- Independent Research: Sell, PT 3.20
- HSBC Global Research: Hold, PT 3.90

Return on dividend:
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### Market environment – Fundamental changes taking place

#### 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 Life Insurance Reform Act (LVRG)

Shrinking 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

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

**Occupational pension provision**
- 2004: Foundation of Occupational Pension Provision division
- 2008: Acquisition of TPC

**Clear business model**
- 2005: Sale of own insurance subsidiaries

**Wealth management**
- 2006: MLP buys shares in FERI AG
- 2011: MLP acquires all shares in FERI as planned

**Real estate**
- 2011: Start of real estate portfolio
- 2014: Expansion of real estate portfolio

**Expansion of non-life insurance**
- 2015: Acquisition of DOMCURA Group
  - Underwriting agency
  - Further strategically relevant business segment tapped
  - Significant potential with existing business

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

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<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Wealth manament</td>
<td>117.5</td>
<td>130.7</td>
<td>153.2</td>
<td>167.3</td>
<td>176.4</td>
<td>181.6</td>
<td>213.1</td>
<td>261.7</td>
</tr>
<tr>
<td>Health insurance</td>
<td>50.0</td>
<td>50.0</td>
<td>50.0</td>
<td>50.0</td>
<td>50.0</td>
<td>50.0</td>
<td>50.0</td>
<td>50.0</td>
</tr>
<tr>
<td>Non-life insurance</td>
<td>20.0</td>
<td>20.0</td>
<td>20.0</td>
<td>20.0</td>
<td>20.0</td>
<td>20.0</td>
<td>20.0</td>
<td>20.0</td>
</tr>
<tr>
<td>Loans and mortgages</td>
<td>50.0</td>
<td>50.0</td>
<td>50.0</td>
<td>50.0</td>
<td>50.0</td>
<td>50.0</td>
<td>50.0</td>
<td>50.0</td>
</tr>
<tr>
<td>Other commission and fees</td>
<td>10.0</td>
<td>10.0</td>
<td>10.0</td>
<td>10.0</td>
<td>10.0</td>
<td>10.0</td>
<td>10.0</td>
<td>10.0</td>
</tr>
<tr>
<td>Total commission and fees</td>
<td>187.5</td>
<td>200.7</td>
<td>223.2</td>
<td>247.3</td>
<td>256.4</td>
<td>271.6</td>
<td>313.1</td>
<td>388.9</td>
</tr>
</tbody>
</table>

**Total 341.1**

**Total 388.9**

**CAGR: +12% p.a.**

**Significant increase in 9M 2016**

**CAGR +12% p.a. since 2009**
Inorganic growth
- MLP Group open to acquisitions in two areas:
  - In FERI market segment
  - In MLP private client business

Organic growth
- Previously started growth initiatives will be continued:
  - Broadening of revenue basis: Integration and further development of DOMCURA business; further expansion of wealth management; expansion of real estate portfolio
  - Implementation of digitalisation strategy: Online sale of basic products and expansion of digital range of information and services
  - Continuation of recruiting offensive: New entry-level models established, master's course ready to start

Tightening of cost management
- Further reduction of cost by around € 15 million by the end of 2017

Making MLP more independent of short-term market influences and returning it to a significantly increased profit level
Even more balanced revenue basis in the medium term

Development of revenue distribution

2005
- Old-age provision: 4% (incl. occupational pension provision)
- Wealth management: 2% (including real estate)
- Health insurance: 3%
- Non-life insurance: ~30%
- Loans and mortgages: 9%
- Other commission and fees (incl. real estate): 10%
- Proportion of recurring revenue: ~30%

2015
- Old-age provision: 11% (incl. occupational pension provision)
- Wealth management: 3% (including real estate)
- Health insurance: 3%
- Non-life insurance: ~60%
- Loans and mortgages: 9%
- Other commission and fees (incl. real estate): 32%
- Proportion of recurring revenue: ~60%

2019e
- Old-age provision: 21% (incl. occupational pension provision)
- Wealth management: 3% (including real estate)
- Health insurance: 3%
- Non-life insurance: ~65%
- Loans and mortgages: 8%
- Other commission and fees (incl. real estate): 31%
- Proportion of recurring revenue: ~65%
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9M: Operating EBIT at € 16.1 million significantly above previous year

### Income statement

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total revenue</td>
<td>122.9</td>
<td>135.0</td>
<td>367.8</td>
<td>418.7</td>
</tr>
<tr>
<td>Operating EBIT*</td>
<td>-0.7</td>
<td>6.6</td>
<td>7.4</td>
<td>16.1</td>
</tr>
<tr>
<td>EBIT</td>
<td>-0.7</td>
<td>3.8</td>
<td>7.4</td>
<td>11.5</td>
</tr>
<tr>
<td>Finance cost</td>
<td>-2.0</td>
<td>-0.1</td>
<td>-2.3</td>
<td>-0.5</td>
</tr>
<tr>
<td>EBT</td>
<td>-2.8</td>
<td>3.7</td>
<td>5.0</td>
<td>11.0</td>
</tr>
<tr>
<td>Taxes</td>
<td>-0.1</td>
<td>0.2</td>
<td>-1.4</td>
<td>-1.5</td>
</tr>
<tr>
<td>Group net profit</td>
<td>-2.9</td>
<td>4.0</td>
<td>3.7</td>
<td>9.6</td>
</tr>
<tr>
<td>EPS in €</td>
<td>-0.03</td>
<td>0.04</td>
<td>0.03</td>
<td>0.09</td>
</tr>
</tbody>
</table>

Extraordinary charge due to one-off expenses for announced efficiency measures
- 9M 2016: € 4.6 million
- Q3 2016: € 2.8 million

9M/2015
- one-off positive effect associated with the correction of an incorrect settlement by a product partner in old-age provision in Q1 2015

*before one-off exceptional costs
9M: Assets under management reached the EUR 30 billion mark for the first time – Old age provision bottomed out

**Assets under management:**
- EUR 30 billion mark reached for the first time

**Old-age provision:**
- Product mix changed – early adopter advantage
- Revenue above previous year for 2 consecutive quarters

![Graph showing assets under management and old-age provision](image-url)
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Outlook

Qualitative assessment of the development of sales revenues

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue from old-age provision</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Revenue from health insurance</td>
<td>+</td>
<td>0</td>
</tr>
<tr>
<td>Revenue from wealth management</td>
<td>+</td>
<td>+</td>
</tr>
<tr>
<td>Revenue from non-life insurance</td>
<td>++</td>
<td>+</td>
</tr>
</tbody>
</table>

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
Questions & Answers

Happy to take your questions!
### Q3: Strong growth in wealth management

#### Revenue

<table>
<thead>
<tr>
<th></th>
<th>Q3 2015</th>
<th>Q3 2016</th>
<th>Δ in %</th>
<th>9M 2015</th>
<th>9M 2016</th>
<th>Δ in %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Old-age provision</td>
<td>44.8</td>
<td>45.7</td>
<td>2</td>
<td>128.0</td>
<td>127.2</td>
<td>-1</td>
</tr>
<tr>
<td>Wealth management</td>
<td>38.7</td>
<td>43.5</td>
<td>12</td>
<td>121.3</td>
<td>122.9</td>
<td>1</td>
</tr>
<tr>
<td>Health insurance</td>
<td>11.4</td>
<td>10.8</td>
<td>-5</td>
<td>33.6</td>
<td>34.0</td>
<td>1</td>
</tr>
<tr>
<td>Non-life insurance</td>
<td>11.5</td>
<td>16.9</td>
<td>47</td>
<td>36.7</td>
<td>85.6</td>
<td>&gt;100</td>
</tr>
<tr>
<td>Loans and mortgages*</td>
<td>4.2</td>
<td>3.6</td>
<td>-14</td>
<td>11.1</td>
<td>10.4</td>
<td>-6</td>
</tr>
<tr>
<td>Other commissions and fees</td>
<td>4.0</td>
<td>3.1</td>
<td>-23</td>
<td>10.4</td>
<td>8.8</td>
<td>-15</td>
</tr>
<tr>
<td>Interest income</td>
<td>5.3</td>
<td>5.2</td>
<td>-2</td>
<td>16.1</td>
<td>15.5</td>
<td>-4</td>
</tr>
</tbody>
</table>

*excluding MLP Hyp

**9M/2015:**
- Revenue in old-age provision positively influenced by a one-off effect in Q1/2015

**9M/2016:**
- Revenue contribution DOMCURA (non-life) of around € 54.3 million

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9M 2015:
- Revenue in old-age provision positively influenced by a one-off effect in Q1/2015.

9M 2016:
- Revenue contribution DOMCURA (non-life) of around € 54.3 million.
## Balance sheet

<table>
<thead>
<tr>
<th>Assets</th>
<th>31/12/2015</th>
<th>30/09/2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intangible Assets</td>
<td>174.5</td>
<td>169.8</td>
</tr>
<tr>
<td>Financial Assets</td>
<td>147.9</td>
<td>162.8</td>
</tr>
<tr>
<td>Receivables from clients in the banking business</td>
<td>542.7</td>
<td>613.2</td>
</tr>
<tr>
<td>Receivables from banks in the banking business</td>
<td>600.3</td>
<td>550.2</td>
</tr>
<tr>
<td>Other receivables and assets</td>
<td>112.5</td>
<td>87.5</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>77.5</td>
<td>129.0</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Liabilities and shareholders equity</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Shareholders equity</td>
<td>385.8</td>
<td>373.9</td>
</tr>
<tr>
<td>Provisions</td>
<td>86.5</td>
<td>84.1</td>
</tr>
<tr>
<td>Liabilities due to clients in the banking business</td>
<td>1,102.6</td>
<td>1,199.1</td>
</tr>
<tr>
<td>Liabilities due to banks in the banking business</td>
<td>23.1</td>
<td>33.4</td>
</tr>
<tr>
<td>Other Liabilities</td>
<td>140.2</td>
<td>103.5</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,752.7</strong></td>
<td><strong>1,808.8</strong></td>
</tr>
</tbody>
</table>

Equity ratio: 20.7 %

Core capital ratio: 12.81 %
MLP serves 514,600 private and 18,600 corporate clients

Client base: family clients / corporate and institutional clients

<table>
<thead>
<tr>
<th>Private clients (families)</th>
<th>Number of private clients (families)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Combined individuals:</td>
<td></td>
</tr>
<tr>
<td>Partner relationship or</td>
<td></td>
</tr>
<tr>
<td>parents-child unit and</td>
<td></td>
</tr>
<tr>
<td>assigned to the same client consultant</td>
<td>31/12/2015</td>
</tr>
<tr>
<td>System applies for MLP</td>
<td></td>
</tr>
<tr>
<td>and the subsidiaries FERI</td>
<td></td>
</tr>
<tr>
<td>and ZSH</td>
<td></td>
</tr>
<tr>
<td></td>
<td>510,200</td>
</tr>
<tr>
<td></td>
<td>512,800</td>
</tr>
<tr>
<td></td>
<td>514,600</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Corporate and institutional clients</th>
<th>Number of corporate and institutional clients</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate clients in occupational pension provision</td>
<td>18,200 31/12/2015</td>
</tr>
<tr>
<td>Institutional clients at FERI</td>
<td>18,600 30/06/2016</td>
</tr>
<tr>
<td>Sales partners at DOMCURA</td>
<td>18,600 30/09/2016</td>
</tr>
<tr>
<td>Freelancers as employers</td>
<td>18,600 30/09/2016</td>
</tr>
</tbody>
</table>
Assets under management passed the EUR 30 billion mark for the first time

Assets under management

<table>
<thead>
<tr>
<th>Date</th>
<th>Value [in € billion]</th>
</tr>
</thead>
<tbody>
<tr>
<td>31/12/2006</td>
<td>10.8</td>
</tr>
<tr>
<td>31/12/2011</td>
<td>20.2</td>
</tr>
<tr>
<td>30/09/2016</td>
<td>30.0</td>
</tr>
</tbody>
</table>

Premium sum: old-age provision

<table>
<thead>
<tr>
<th>Period</th>
<th>Value [in € million]</th>
</tr>
</thead>
<tbody>
<tr>
<td>9M 2015</td>
<td>Q3 764, H1 1,250</td>
</tr>
<tr>
<td>9M 2016</td>
<td>Q3 770, H1 1,306</td>
</tr>
</tbody>
</table>
DOMCURA: Underwriting agency selects the appropriate insurer from the marketplace
Positive effects on MLP through DOMCURA

- Increasing share of recurring revenues in the MLP Group
- Higher Margins through extended value chain
- Market position with regard to insurers improved
- Easier and better processes for client consultants
- Private Clients: New Bundle Product

Non-life Insurance
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.

Exact knowledge of the needs of MLP clients

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

Easy access to all relevant data
Recruiting offensive to be continued

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

Mandatory modules
Selective modules
Financial Planning
Communication
Business Administration
Leadership

November 2016 German Equity Forum 2016
Digital footprint significantly expanded

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

November 2016
Further enhancing our digital approach

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)

Travel health insurance
Bicycle/e-bike and more to follow
New kinds of support through expansion of Customer Service Centre (CSC)

<table>
<thead>
<tr>
<th>Now</th>
<th>Future</th>
<th>Active and reactive</th>
</tr>
</thead>
<tbody>
<tr>
<td>Client is supported by consultant</td>
<td>Consultant chooses type of support</td>
<td></td>
</tr>
<tr>
<td>Support by consultant</td>
<td>Temporary support by CSC</td>
<td>Direct support by CSC</td>
</tr>
<tr>
<td>Consultant entitled to commission</td>
<td>Consultant entitled to commission</td>
<td>Consultant not entitled to commission</td>
</tr>
<tr>
<td>None</td>
<td>Consultant pays fee</td>
<td>None</td>
</tr>
</tbody>
</table>

Commission

- Consultant entitled to commission
- Consultant entitled to commission
- Consultant not entitled to commission

Additional costs (for consultant)

- None
- Consultant pays fee
- None