

# **MLP - Well positioned in a changing market**

**Commerzbank German Investment Seminar**

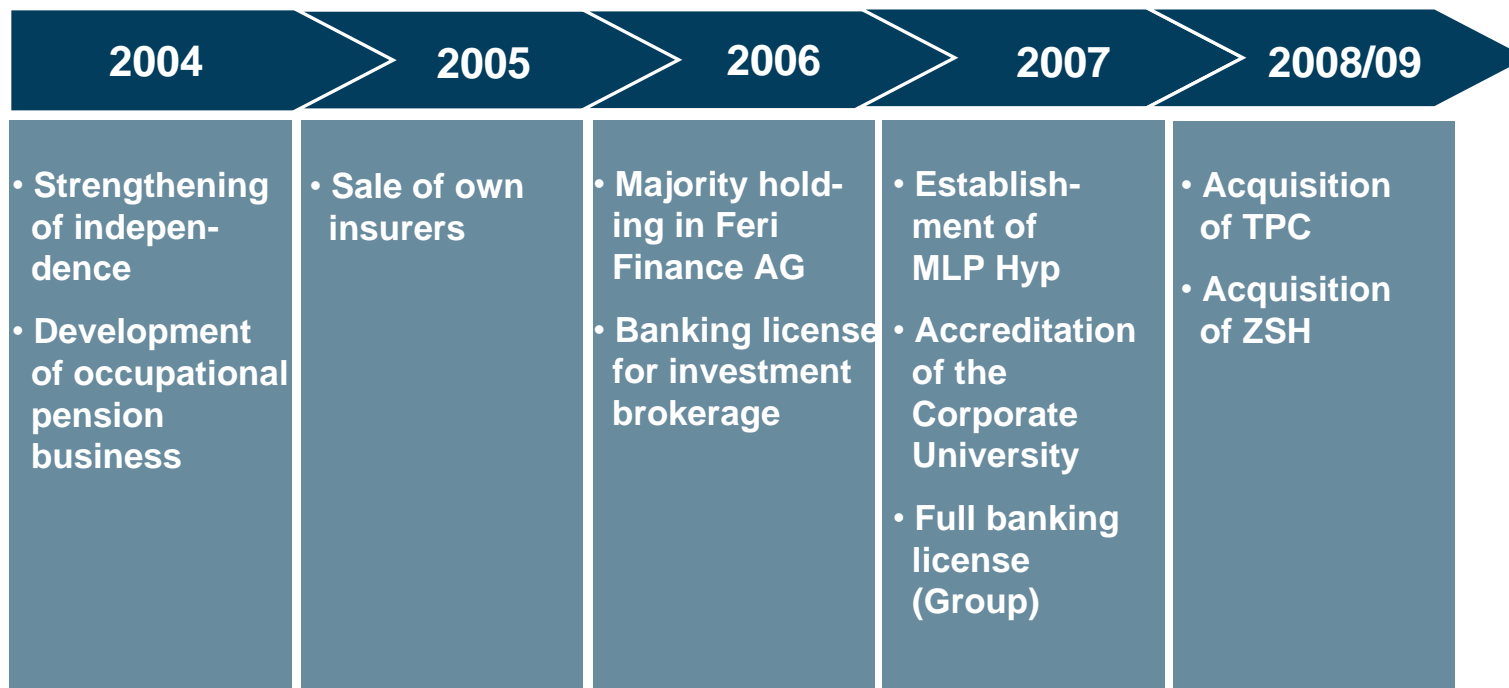
**January 11-13, 2010**

# Agenda

1. MLP's positioning in a changing market
2. Statutory changes
3. Impact of capital market and economic crisis on current business development
4. MLP will benefit from the crisis
5. Summary and Outlook
6. Appendix and Contact

# Strategic realignment

## Milestones of the past five years



# MLP – A broad-based consulting house



## Private clients

- MLP Finanzdienstleistungen
- Feri Family Trust
- ZSH

## Corporate clients

- MLP Finanzdienstleistungen  
(Business areas: occupational pensions and corporate clients)
- TPC
- Feri Institutional Advisors

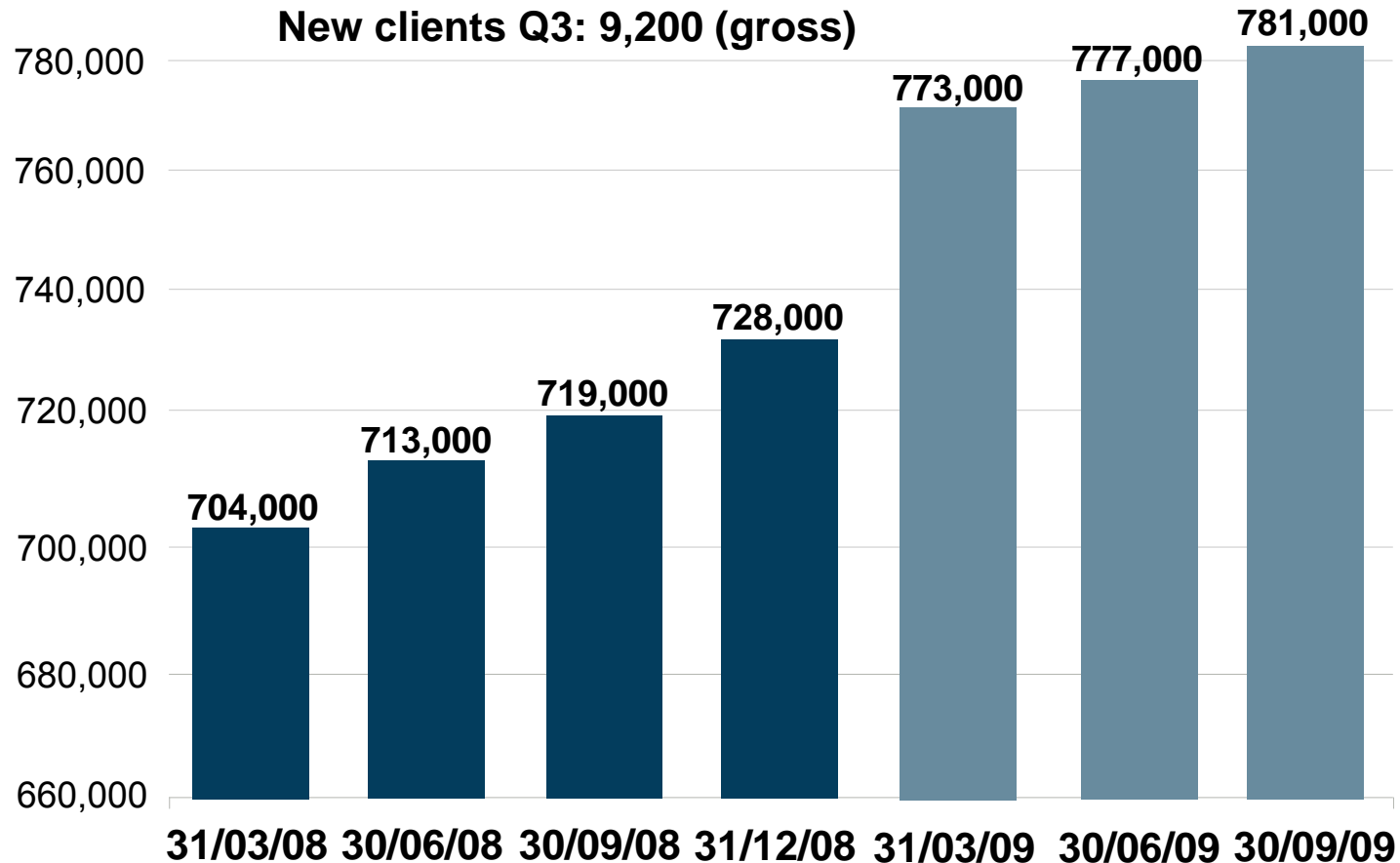
## Rating

- Feri EuroRating Services

Independent investment research

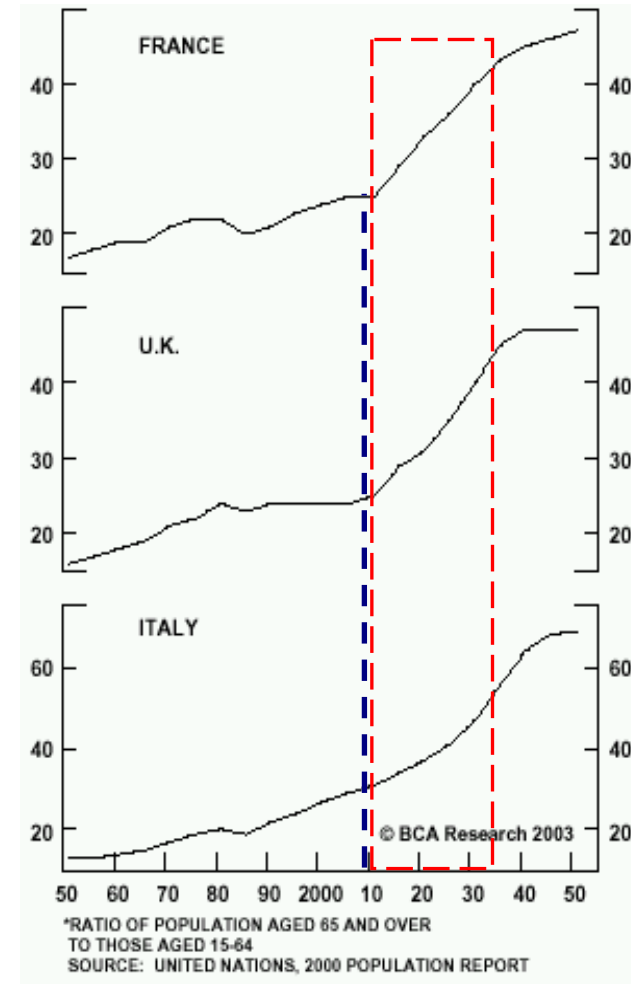
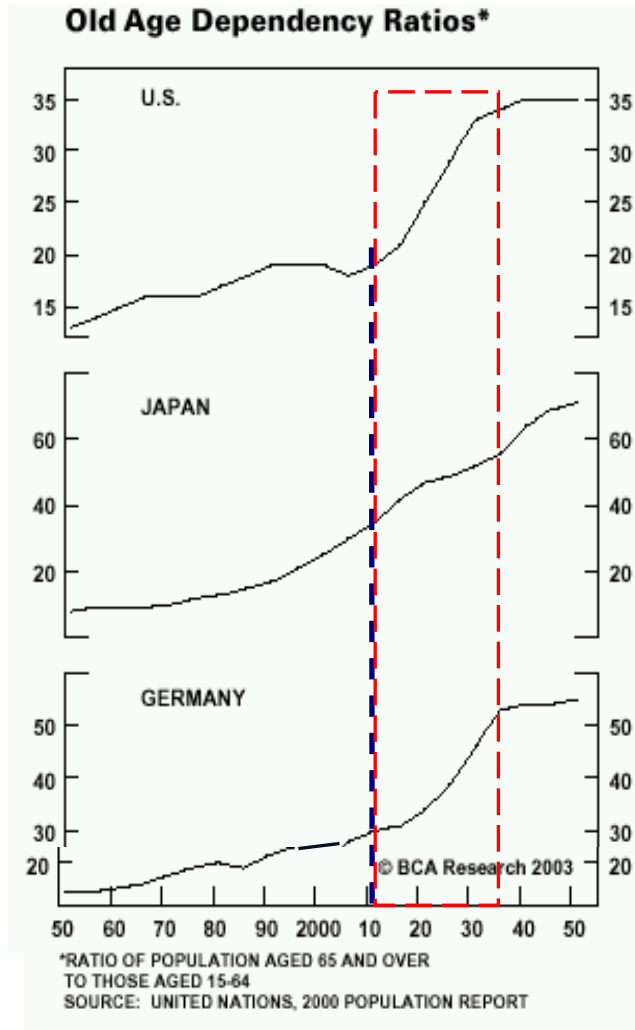
# Positive development in number of clients continued in Q3

Number of clients



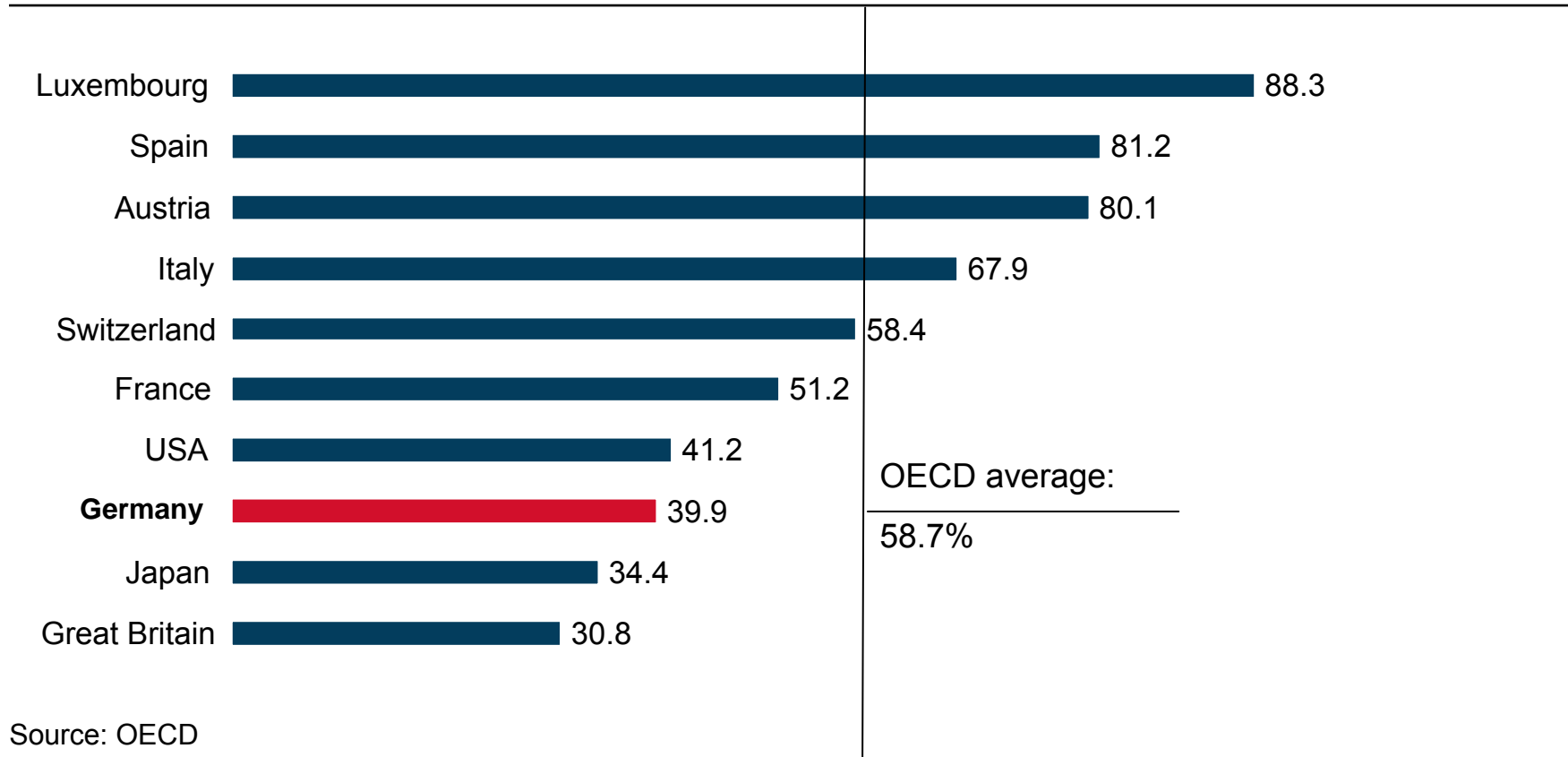
# Pressure on social security systems is imminent

Massive increase in the “dependency ratio” for the period 2010 - 2035



# High potential in old-age pension provision

The pension level of the future – as a percentage of gross salary\*

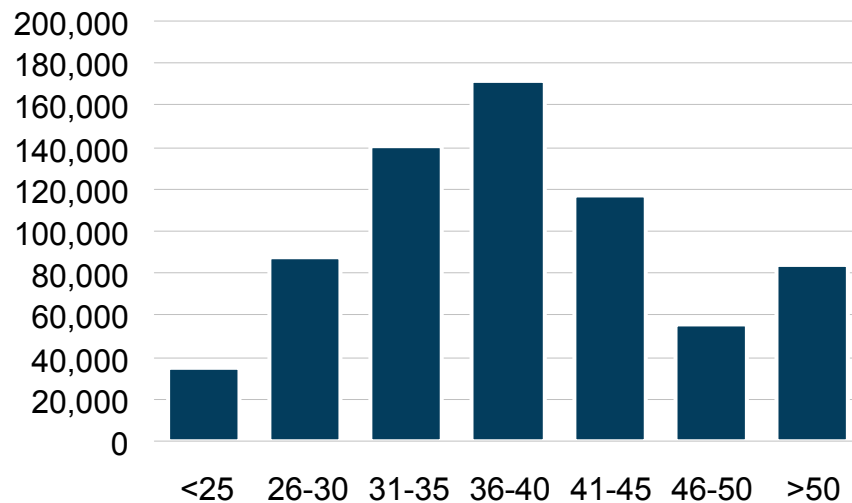


\* Level of state pension according to current legislation. Selected countries. Basis for calculation: employee, aged 20 who starts full time work in 2004 and continues working up until the legal pension age (average earner).

# Low average age offers high potential

## Targeted expansion of MLP Wealth Management

### Clients by age



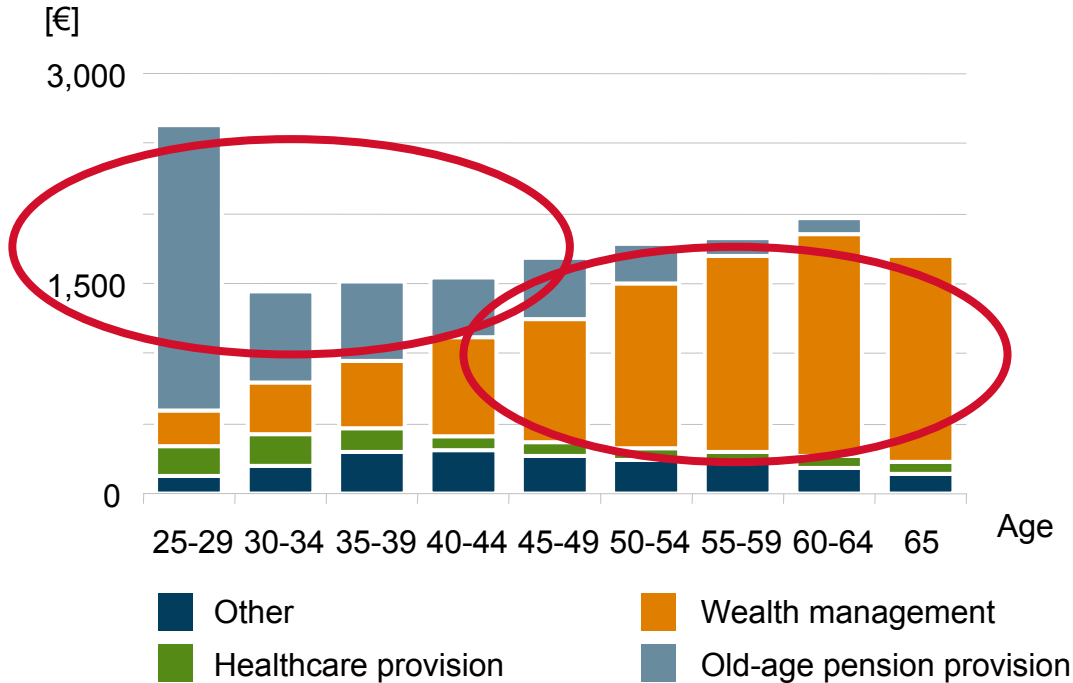
- MLP clients' income and savings quotas clearly exceed average levels
- The average age of an MLP client is 39
- Already 37 per cent of clients are older than 40
- The number of clients over 40 years of age will double within five years



# Growth through a holistic consulting approach

## Rising revenue potential in Wealth Management

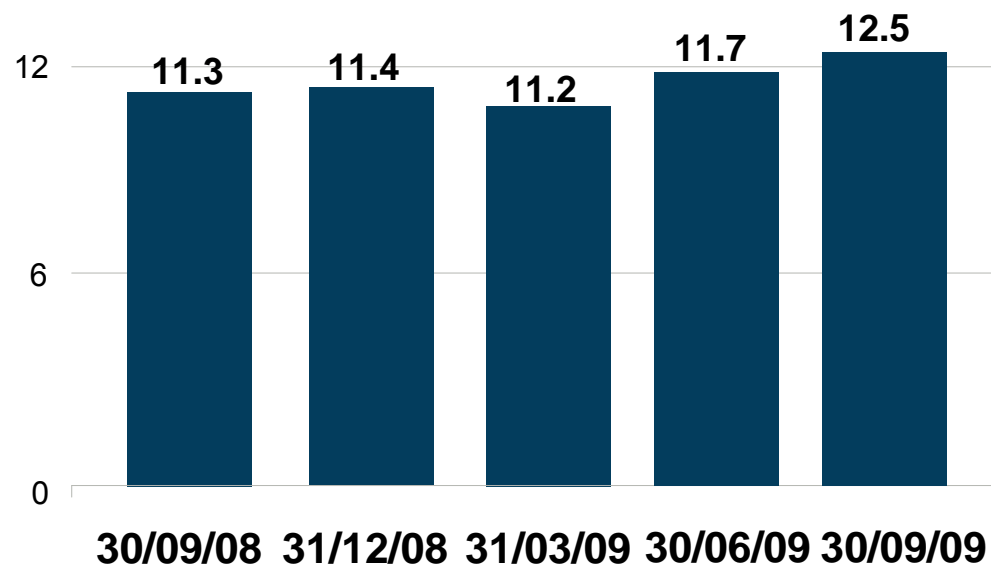
Potential sales revenue - MLP Finanzdienstleistungen AG per client and year



# AuM reached new record high

## Assets under Management

[in € bn]



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# Extensive statutory changes . . .

## Regulatory requirements

May 22, 2007	November 1, 2007	Beginning of 2008
<b>Insurance Mediation Dir.</b>	<b>MiFID</b>	<b>German Ins. Contract Law</b>
<b>Insurance brokerage</b>	<b>Banks / Fin. investments</b>	<b>Insurers/ Brokers</b>
<ul style="list-style-type: none"> <li>• Rising requirements concerning the qualification of consultants and the quality of consulting</li> <li>• Extensive documentation requirements</li> </ul>	<ul style="list-style-type: none"> <li>• Broadening of the consulting, information and documentation requirements</li> <li>• Stricter requirements regarding transparency</li> </ul>	<ul style="list-style-type: none"> <li>• Increase in cash surrender values / spreading of the distribution and acquisition costs</li> <li>• Increased cost transparency for life and healthcare insurance policies</li> <li>• Broadening of the information obligations</li> </ul>

# . . . lead to radical changes in the German financial industry

Major market trends for banks, insurance companies and IFAs

Increasing regulatory requirements will further change the market place dramatically:

- Further optimisation of cost structure and processes
- Consolidation
- Professionalisation
- Specialisation

# MLP is already implementing the major requirements

Study by the Ministry of Consumer Protection concerning better quality in financial consulting

## Major requirements:

- Stronger orientation towards customer requirements and greater transparency for customers
- Adaptation of the regulatory provisions to everyday practice
- Brokerage of investment funds only with banking license
- More comprehensive qualification
- Strengthening of fee-based consulting

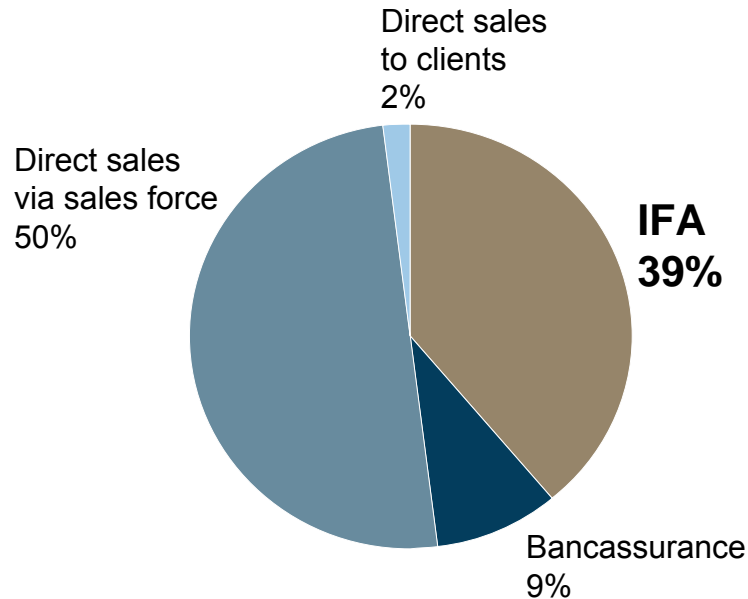
## MLP situation:

- Client-oriented consulting as the core of the business model
- High degree of transparency through comprehensive documentation and detailed reporting
- MLP already possesses a German banking license
- Training standards far exceed the legal standards

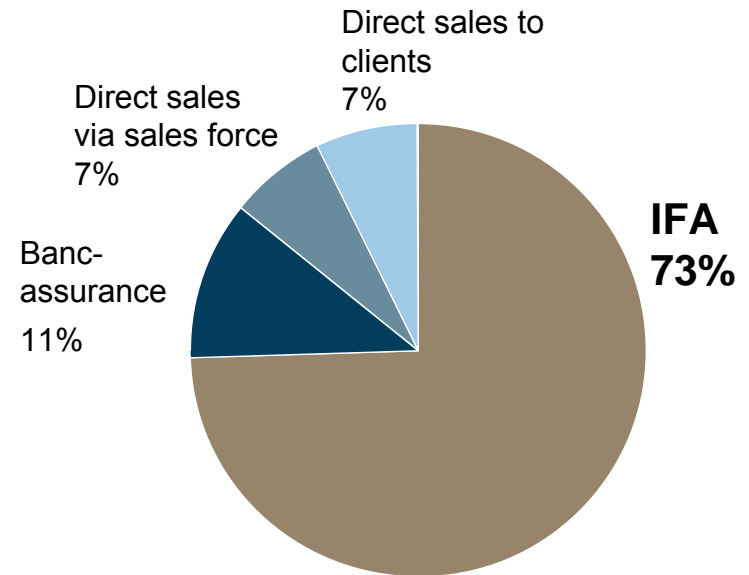
# Independent brokers gain significant market shares

Effects of the regulation in Great Britain

Sales by channel in 1992



Sales by channel in 2006



Market share in sales of pension provision products  
Source: Association of British Insurers

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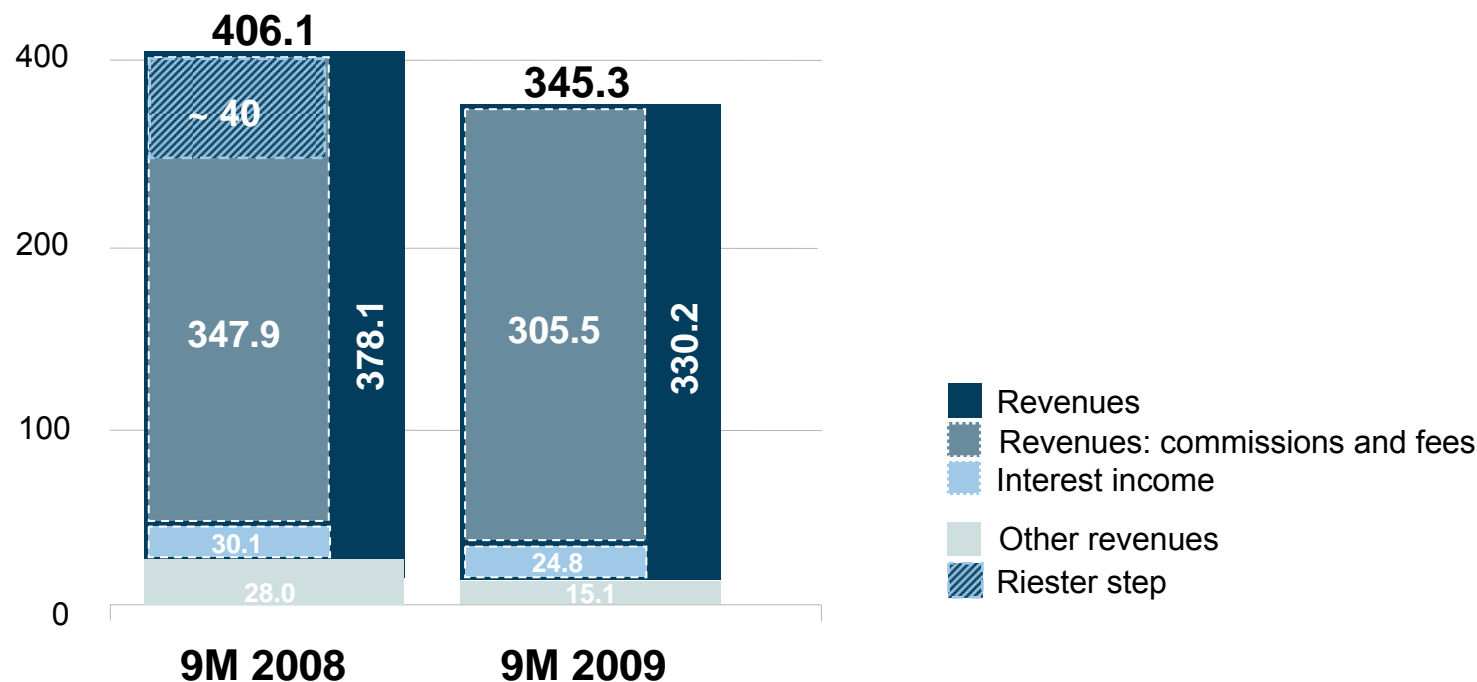
# Highlights 9M and Q3 2009

- Positive revenue development compared to Q2 2009
- AuM reached a new record high of € 12.5 bn
- Profitability significantly increased in Q3
- Cost cutting initiative successfully implemented
- Market environment remained difficult during Q3 due to capital market and economic crisis
- Customers still reluctant to make long-term investment decisions
- Economic outlook still negative:  
German GDP is expected to fall by 5% in 2009

# 9M: Revenues decreased due to capital market and economic crisis

## Total revenues 9M 2009

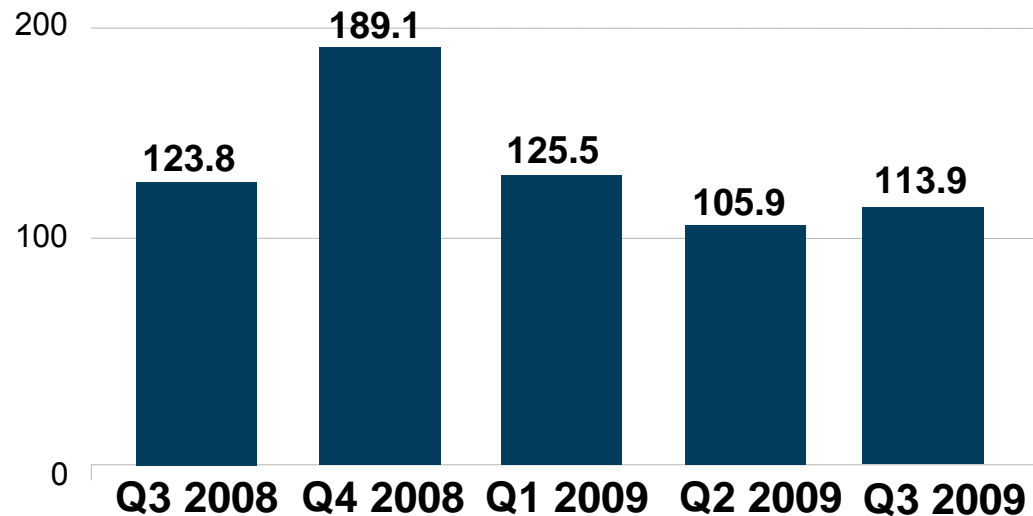
[in € million]



# Q3: Positive revenue development

## Development of total revenues

[in € million]



# Client focus on non-life segments

## Revenues – commissions and fees

[in € million]

	Q3 2008	Q3 2009	Δ in %	9M 2008	9M 2009	Δ in %
Old-age pension provision	70.8	65.1	-8.8	221.5	188.0	-15.1
Health insurance	10.2	10.4	1.3	33.0	33.1	0.3
Non-life insurance	2.8	3.5	24.0	21.6	22.2	2.5
Wealth management	19.4	18.7	-3.8	60.9	51.8	-15.0
Loans and mortgages	2.5	3.5	36.2	8.3	8.0	-4.1
Other commissions and fees	0.8	0.9	10.6	2.6	2.4	-5.9

# Profitability significantly improved

## Continuing operations

### Income statement

[in € million]

	Q3 2008	Q3 2009	9M 2008	9M 2009
Total revenues	123.8	113.9	406.1	345.3
EBIT	3.4	7.1	39.2	12.9
Finance cost	-0.1	1.0	-9.0	-1.1
EBT	3.2	8.1	30.2	11.9
Taxes	-1.8	-3.0	-11.3	-6.9
Net profit	1.4	5.1	18.8	5.0
EPS in € (diluted)	0.01	0.05	0.19	0.05

- EBIT Q3 more than doubled
- 9M: Defense costs € 2.9 m
- 9M: Restructuring charges and other one-offs € 1.7 m

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# Strong balance sheet

## MLP Group – selected balance sheet items

[in € million]

	31/12/2008	30/09/2009
<b>Intangible assets</b>	162.4	171.1
<b>Financial investments</b>	179.9	201.4
<b>Cash and cash equivalents</b>	38.1	53.8
<b>Other receivables and other assets</b>	147.1	88.5
<hr/>		
<b>Shareholders' equity</b>	429.1	396.1
<b>Other liabilities</b>	236.4	172.4

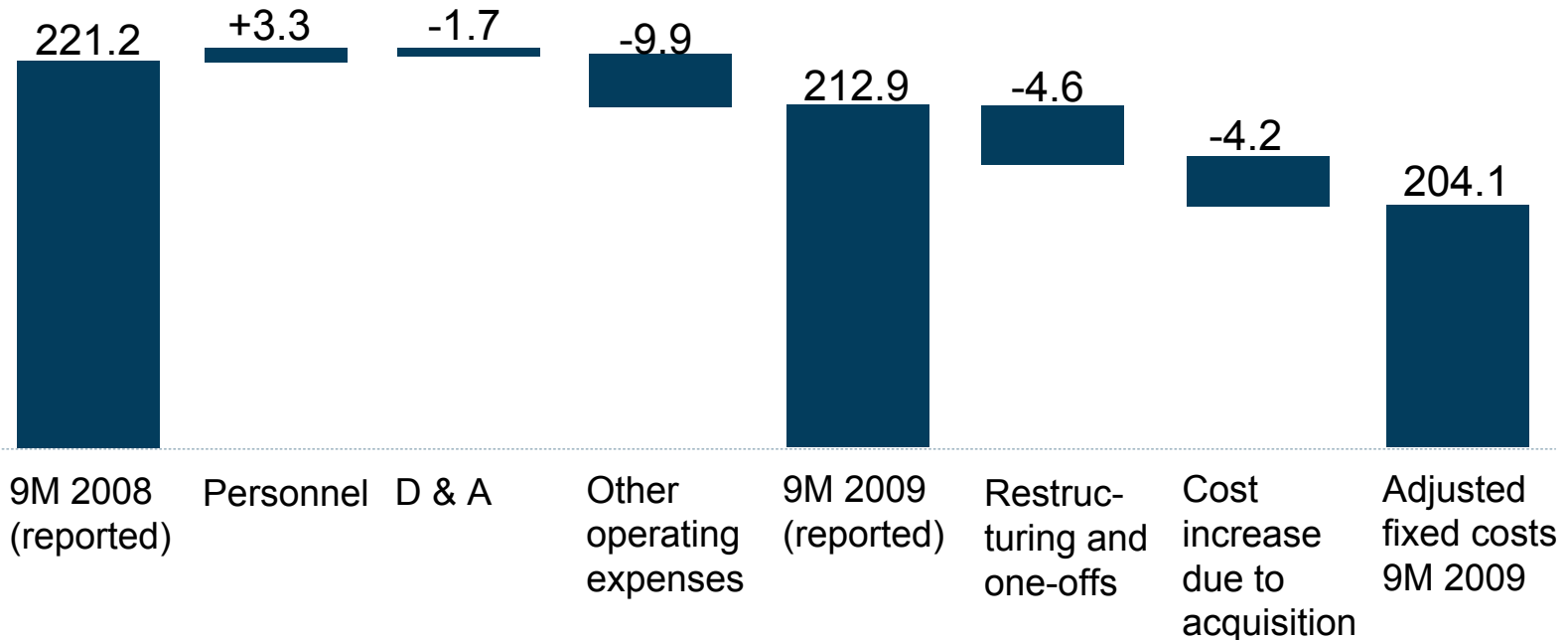
- Equity ratio 28.0%
- Liquid funds € 156 m\*
- Seasonal decline in other receivables and other liabilities

\* duration < 12 months

# Cost cutting program successfully implemented

## Development of fixed costs 9M

[in € million]

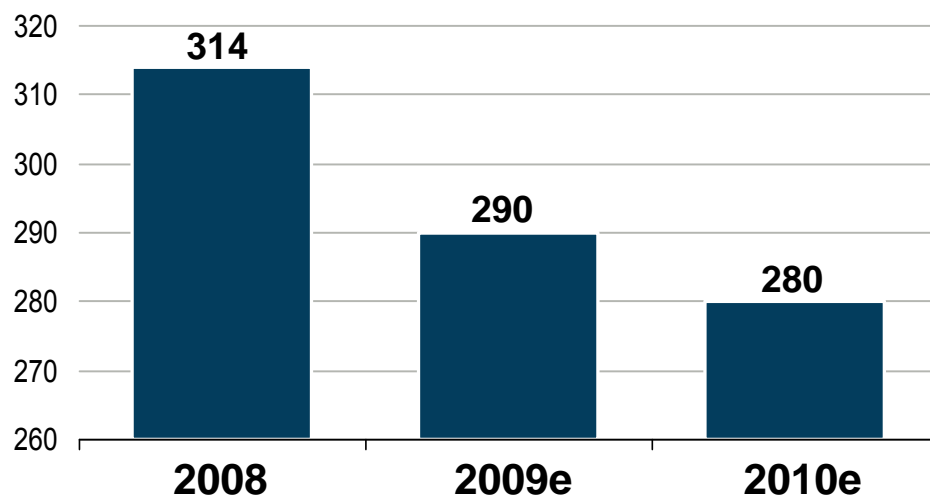




# Targeted cost reduction of €34 m

## Fixed costs (excluding acquisition-related cost increases)

[in € million]



- Cost savings of € 12 m in 2009 and a further € 10 m in 2010
- In addition: No re-occurrence in 2009 of € 12 m of one-time expenses incurred in 2008

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# Summary

- MLP is very well positioned in structural growth markets in Germany:
  - Old-age pension provision, health provision, wealth management
- Regulatory changes lead to market consolidation and pressure on earnings
- Capital markets and economic crisis burden revenue and earnings development
- MLP will benefit from the crisis:
  - Strong capital base and liquidity allow rapid adjustment to new market environment and external growth
  - Short-term cost savings protect bottom line

# Outlook

- Market environment remained difficult in Q3 due to economic and capital market crisis
- Clients focussed on non-life segments and are still reluctant to invest in long-term old-age provision products or wealth management concepts
- Successful cost cutting measures increased profitability in Q3
- Year-end business started in October and should accelerate
- Fixed costs will decrease further in Q4 (YOY)
  - Leverage of business model fully in place in Q4
- Sales focus in H2 on higher disposal income of clients due to federal economic stimulus packages (“Bürgerentlastungsgesetz”)
- Outlook 2009 reiterated: MLP aims to outperform the market

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# Management agenda 2009

Consistent and full utilisation of revenue potential



Strict cost discipline – package of measures  
for reducing expenditure



External growth through active participation  
in the industry consolidation

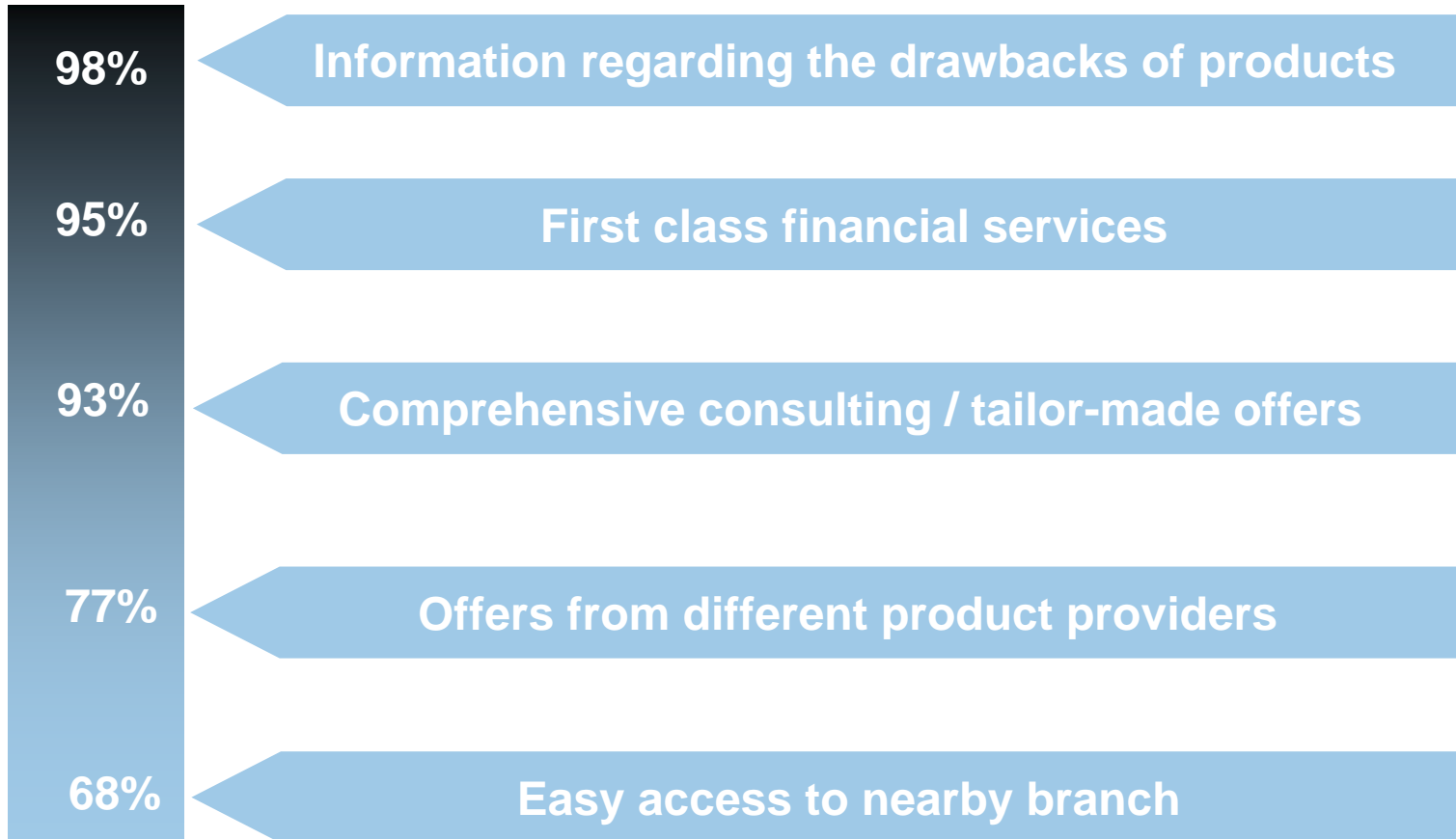
# Independent business model and one-stop for lifetime financial solutions

Independent business model is unique in the German Market



# Independence is key for MLP's client group

The most important demands of clients with a university degree



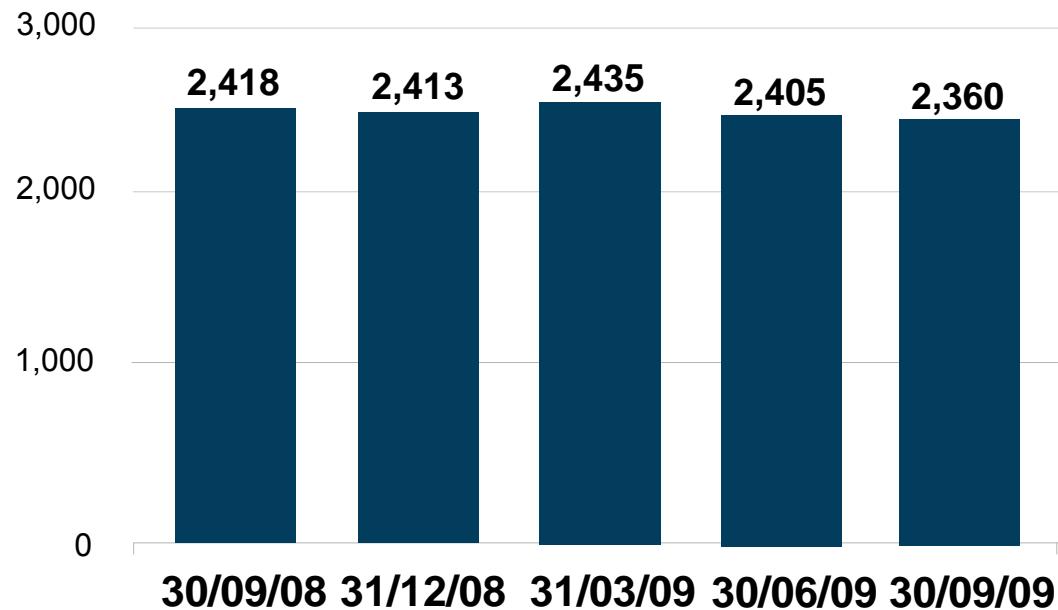
Source: Spiegel-Studie Soll & Haben, 2004



# Sales force: Focus on quality

## Number of consultants

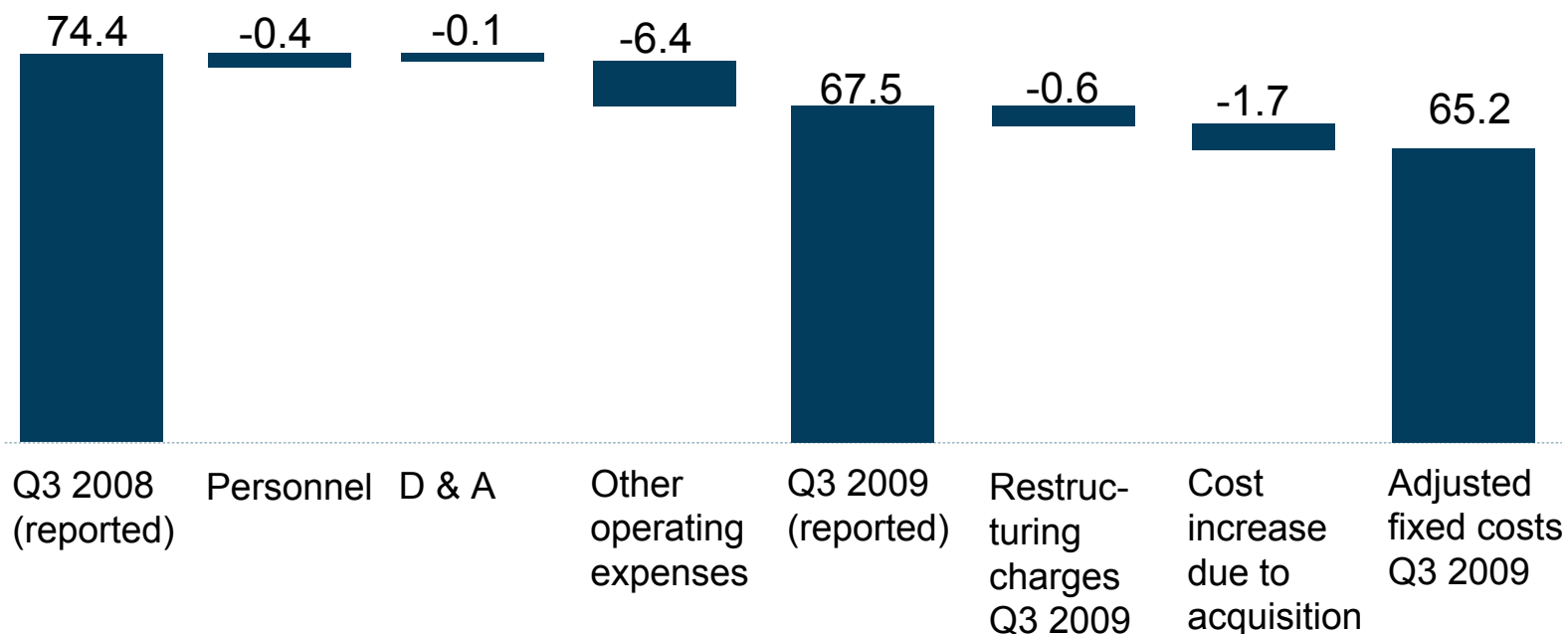
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# Cost cutting program successfully implemented

## Development of fixed costs Q3

[in € million]











































# Optimally equipped for consolidation

## Growth through acquisitions

Trend	MLP Strengths
<p><b>Quality and Independence</b></p> <ul style="list-style-type: none"><li>→ Numerous statutory changes</li><li>→ Independent providers are gaining market share</li></ul>	<ul style="list-style-type: none"><li>• MLP is subject to the highest qualitative requirements (independent broker, banking license)</li><li>• MLP has long exceeded numerous legal standards</li></ul>
<p><b>Size and Capital Strength</b></p> <ul style="list-style-type: none"><li>→ High costs due to regulatory requirements</li><li>→ “Critical mass” necessary</li></ul>	<ul style="list-style-type: none"><li>• Strong capital base (liquid funds: € 210 m)</li><li>• No risk positions on the balance sheet</li><li>• Largest financial consulting company that is registered as an independent broker</li></ul>
<p><b>Technology and Infrastructure</b></p> <ul style="list-style-type: none"><li>→ Processes and organisation are gaining in significance</li><li>→ Legal standards necessitate extensive infrastructure</li></ul>	<ul style="list-style-type: none"><li>• Excellent infrastructure (Sales support, training, product portfolio)</li><li>• Technology leader</li></ul>

# TPC boasts first-rate reference clients - nationwide

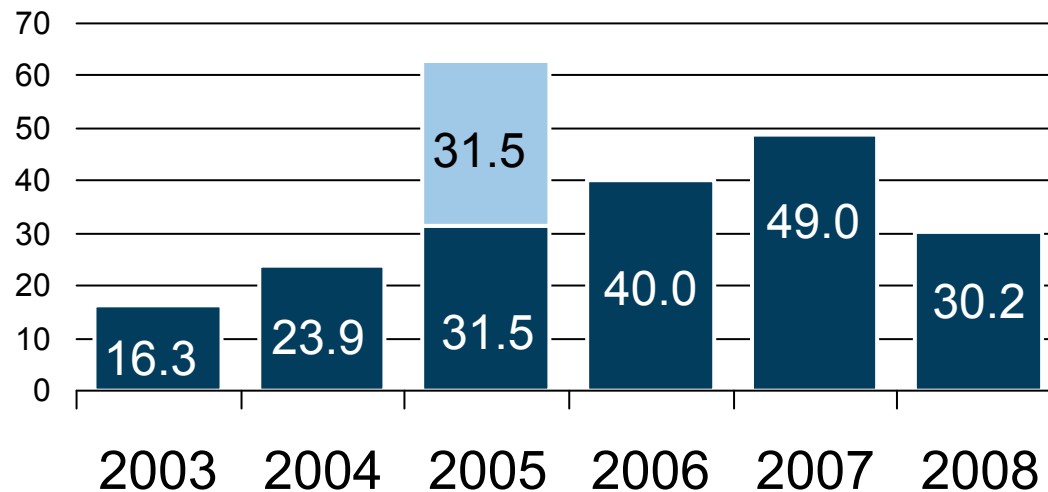
Extract

Services		Industrial	Public enterprises
			
		  	
		 	
		 	
		 	
		 	 
		 	
		 	

# Extensive shareholders' participation

## Dividend sum

[in € million]



■ Extra dividend

# Contact

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