

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
4. Appendix

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"> Improved market position Easier and better processes Extended value chain 	All fields of financial consulting		<ul style="list-style-type: none"> Investment Research Investment Management Investment Consulting 	<ul style="list-style-type: none"> Biggest German broker Small solutions & complex balance sheet issues Member International Benefits Network
<ul style="list-style-type: none"> € 370 million joint premium volume 	<ul style="list-style-type: none"> Old-Age provision Non-Life Health insurance Real Estate 	<ul style="list-style-type: none"> Wealth Management. Banking 	<ul style="list-style-type: none"> € 35.4 billion joint AuM 	
<ul style="list-style-type: none"> ~250 employees ~5,000 partners (insurance brokers, pools, sales offices) 	<ul style="list-style-type: none"> ~1,900 consultants ~150 branch offices ~1,050 employees 	<ul style="list-style-type: none"> ~1,900 consultants ~150 employees 	<ul style="list-style-type: none"> ~220 employees International locations: Vienna, Zurich, Luxembourg 	<ul style="list-style-type: none"> Client consulting together with MLP client consultants

MLP Group – An overview

Clients

~ **535,100** private clients (families - i.e. physicians, solicitors, engineers and economists)

~ **20,400** corporate and institutional clients

HY 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)

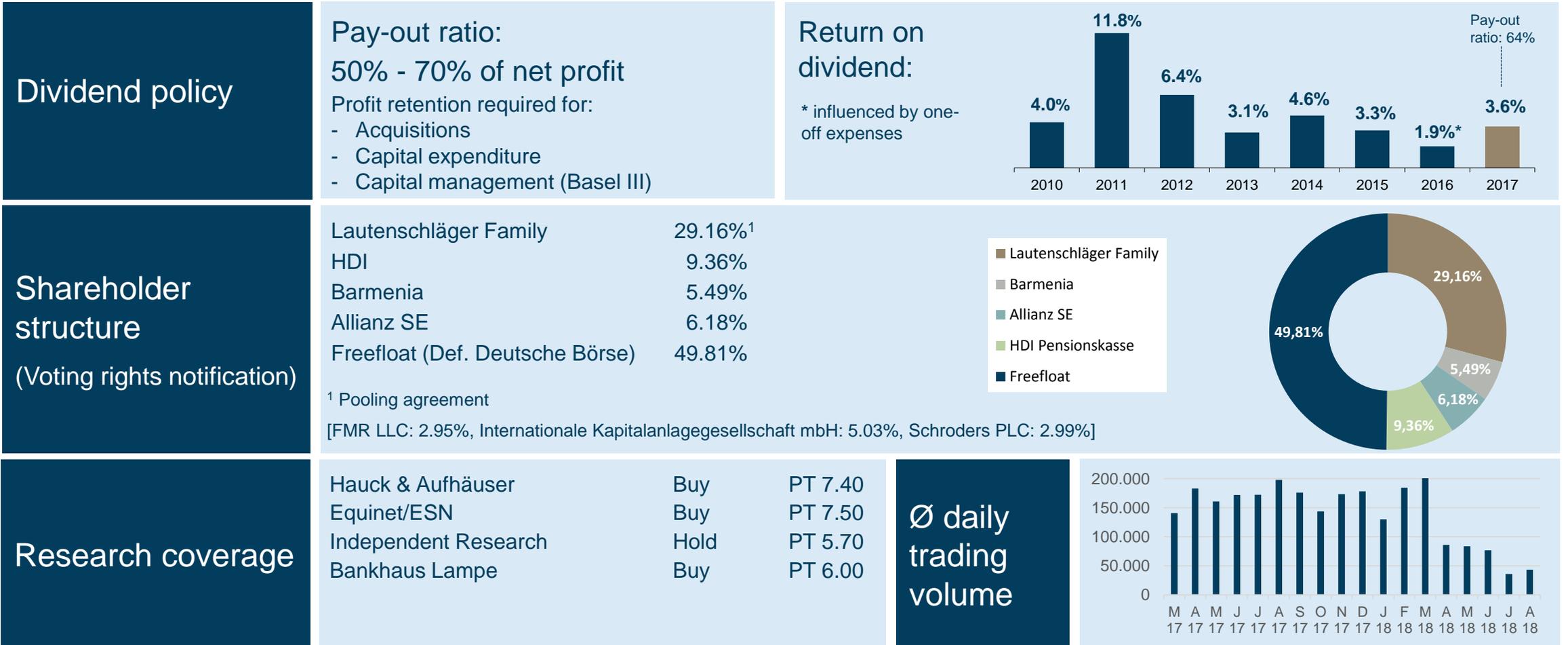
Average daily trading volume: **131,684** (Xetra, 12-month average as at end of August 2018)

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



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

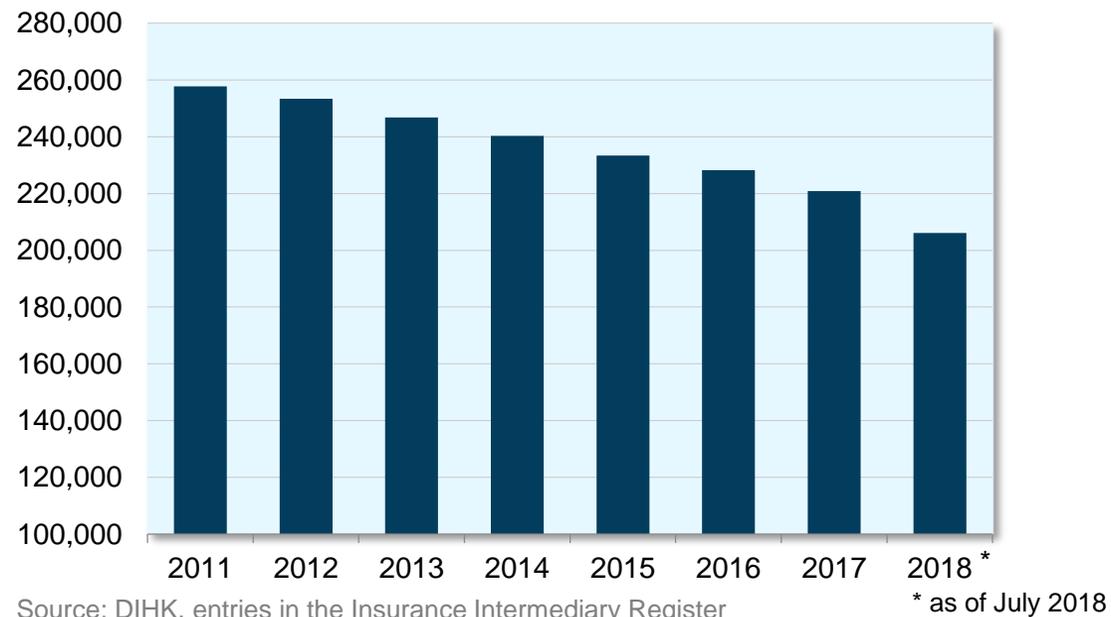
- Since 2004 and especially since 2008 intensive regulation
- impacting product level, training of consultants, documentation and transparency

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



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)

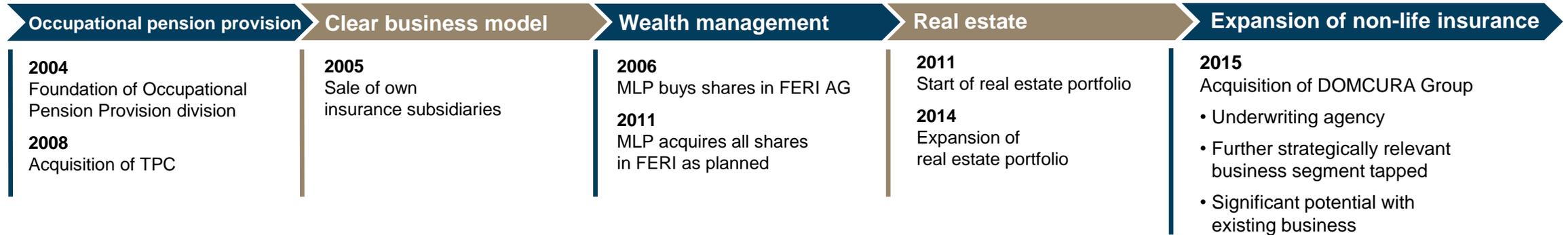
- Quality of consultancy and portfolio is even more important
- Sale organisations with a high cancellation rate lose trail commissions
- Major challenges for pyramid sales organisations
- **Evaluation of the LVRG in 2018:**
 - Commission-cap still in discussion. Politics actually develop implementation 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



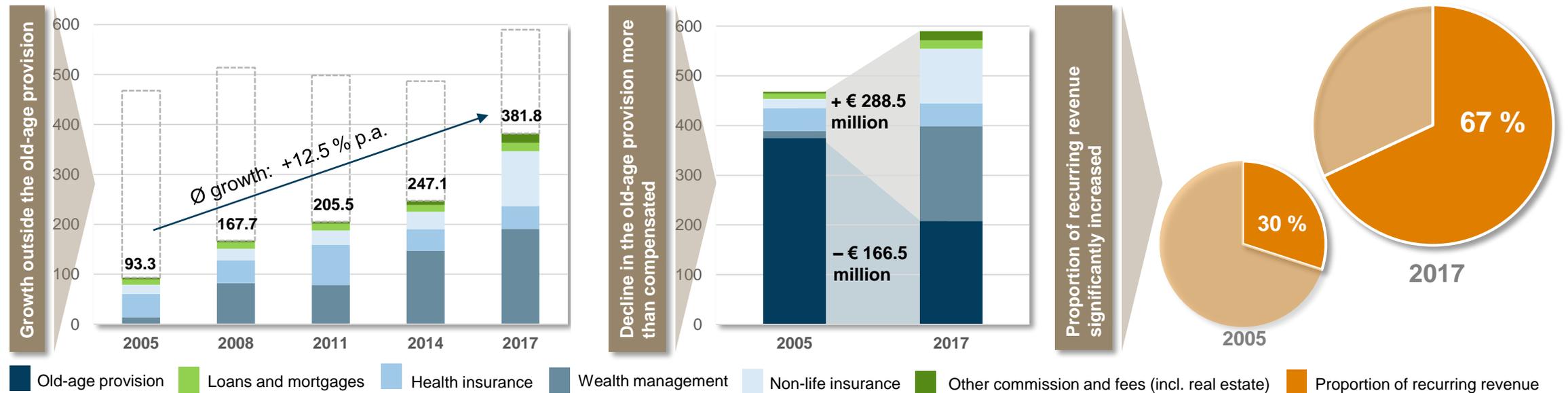
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Successful strategic diversification over the last years



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



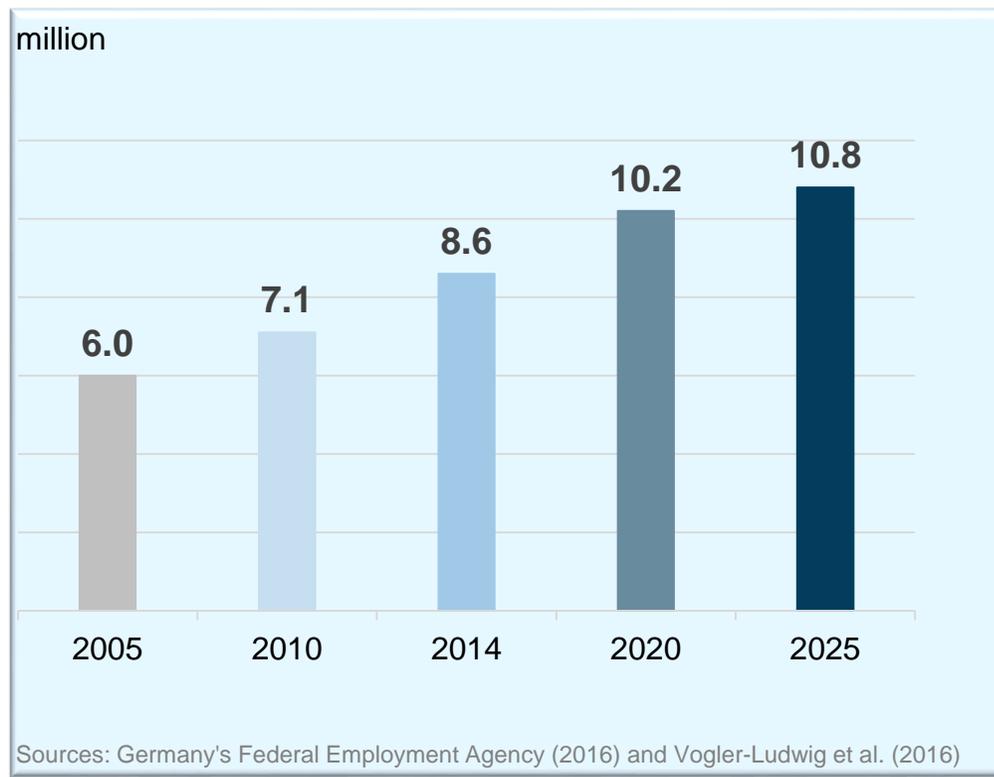
Strategic agenda 2018

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

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

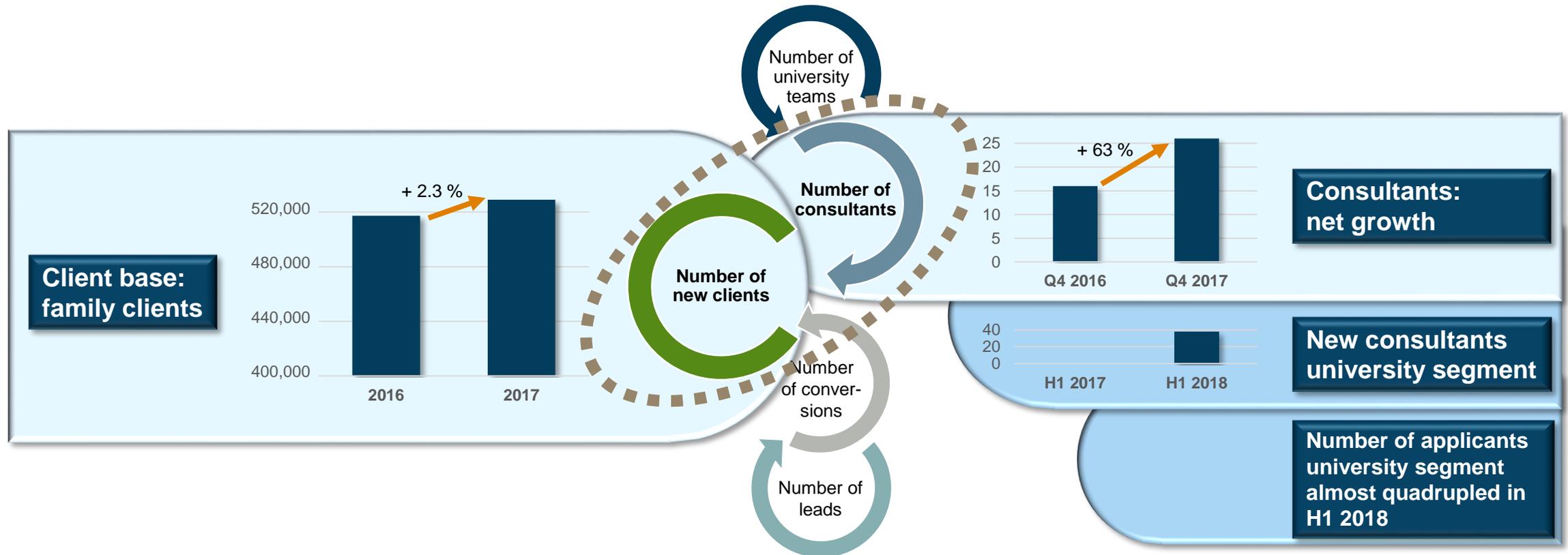
Private client business – strengthening the university segment

Number of academics in active employment

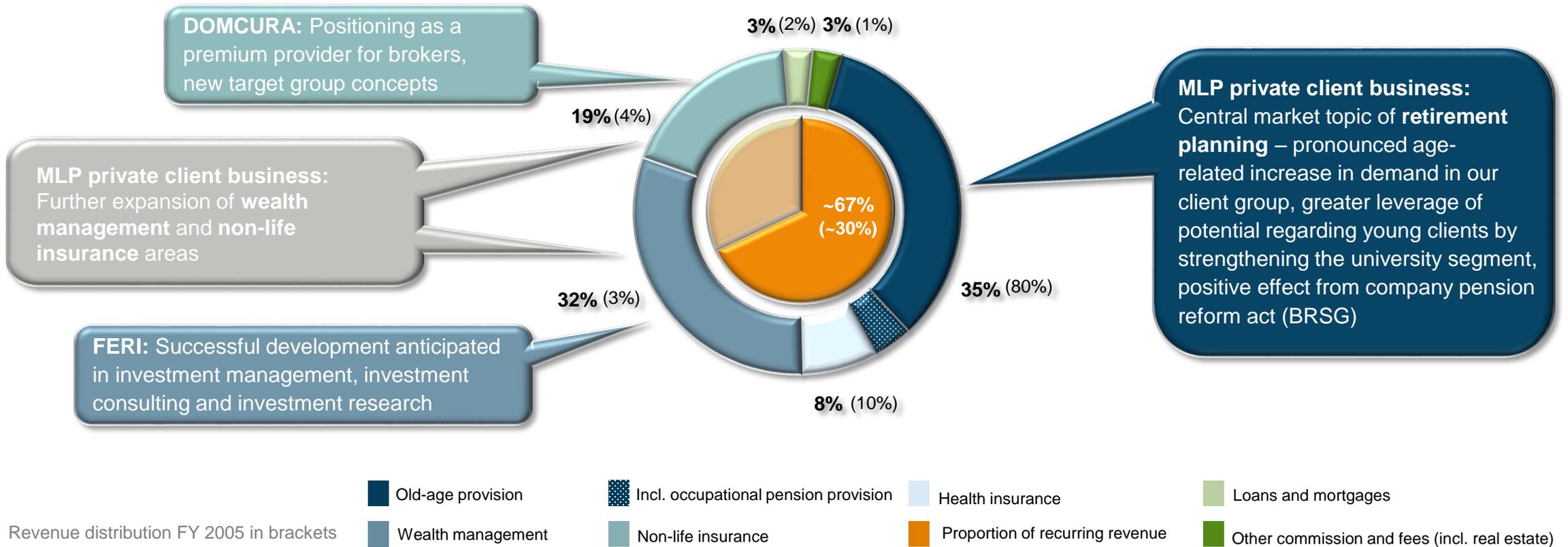


- Increasing potential for MLP in the university segment
- Measures of the last few years are having an impact, particularly the introduction of a training allowance for new consultants
- Sharper focus, among other things by introducing a dedicated divisional board member for the university segment
-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

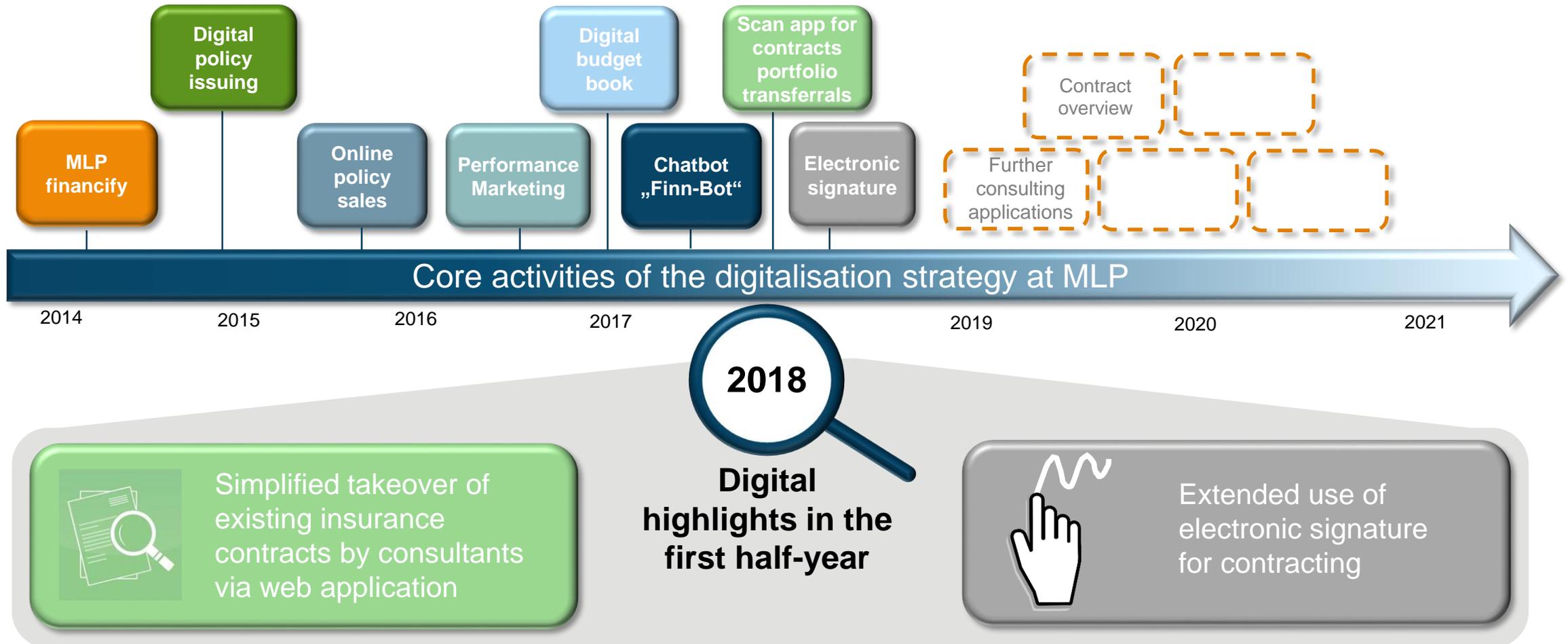
Strengthening of the university segment displaying initial successes



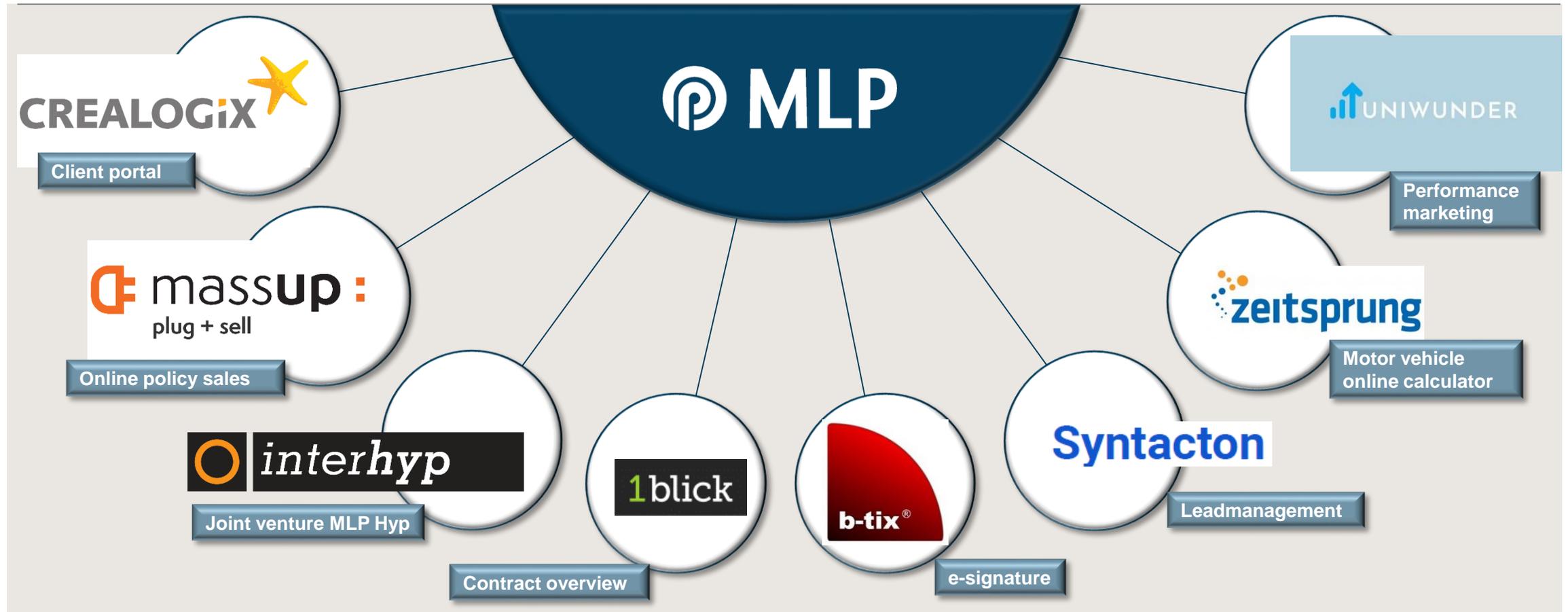
Further broadening of revenue basis in 2018



Accelerated implementation of digitalisation strategy



MLP cooperates with start-ups and fintechs



Digital solutions supporting clients and client consultants

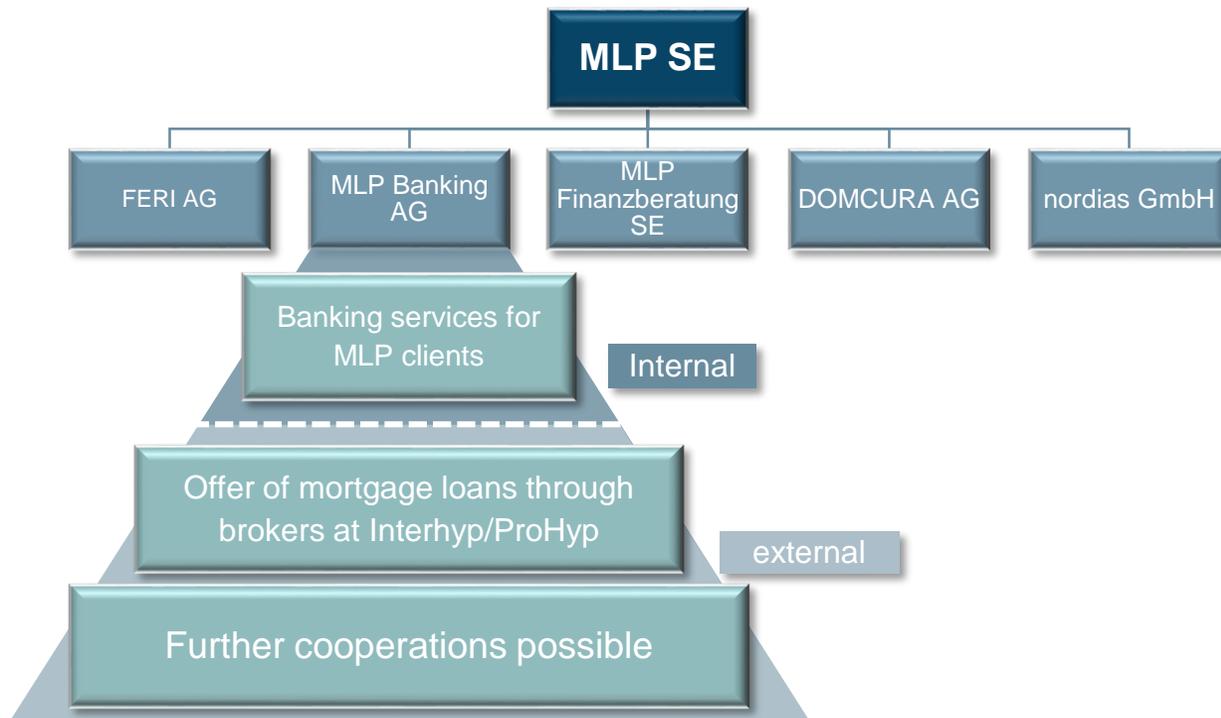
Consulting application



Smart client application

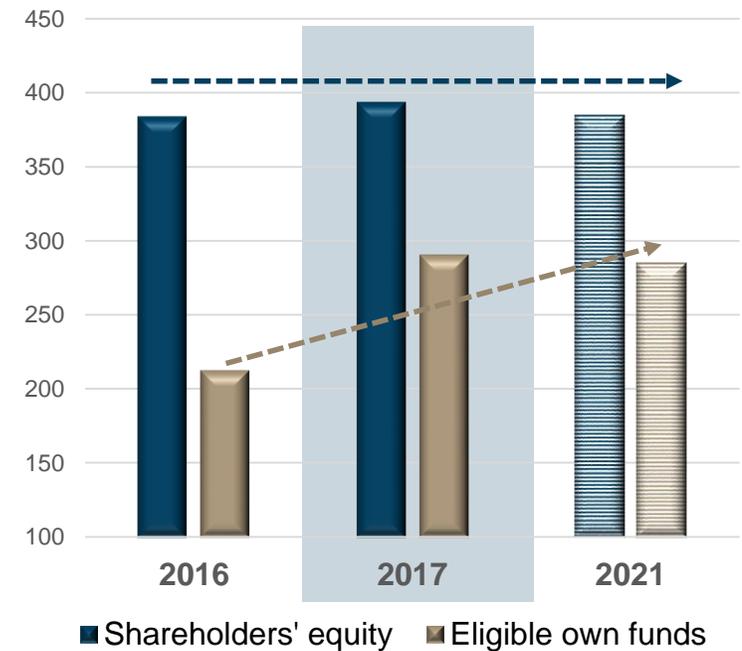
Broader leeway for the Group

Realigned Group structure/banking services



Increased free equity capital

In € million



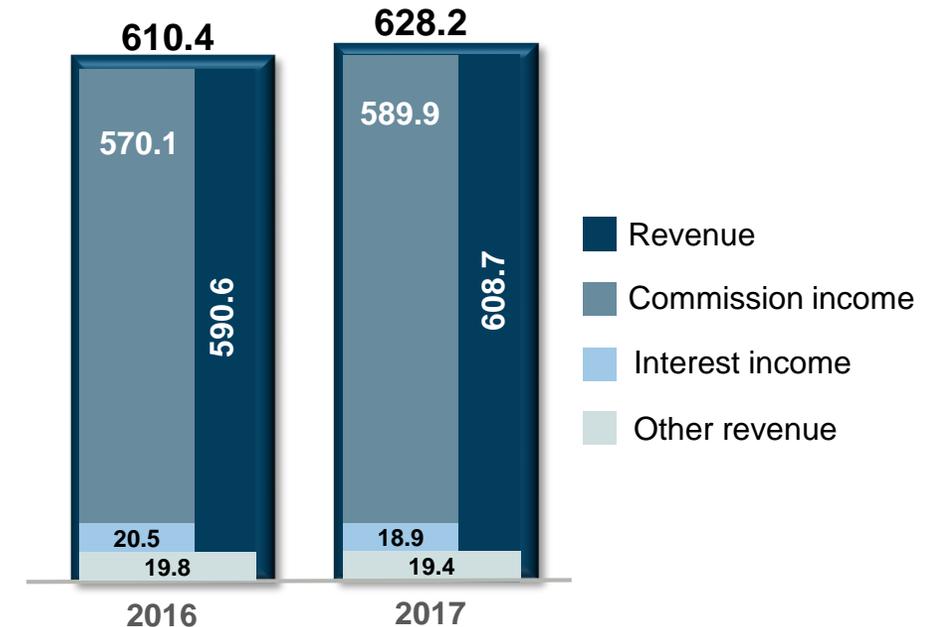
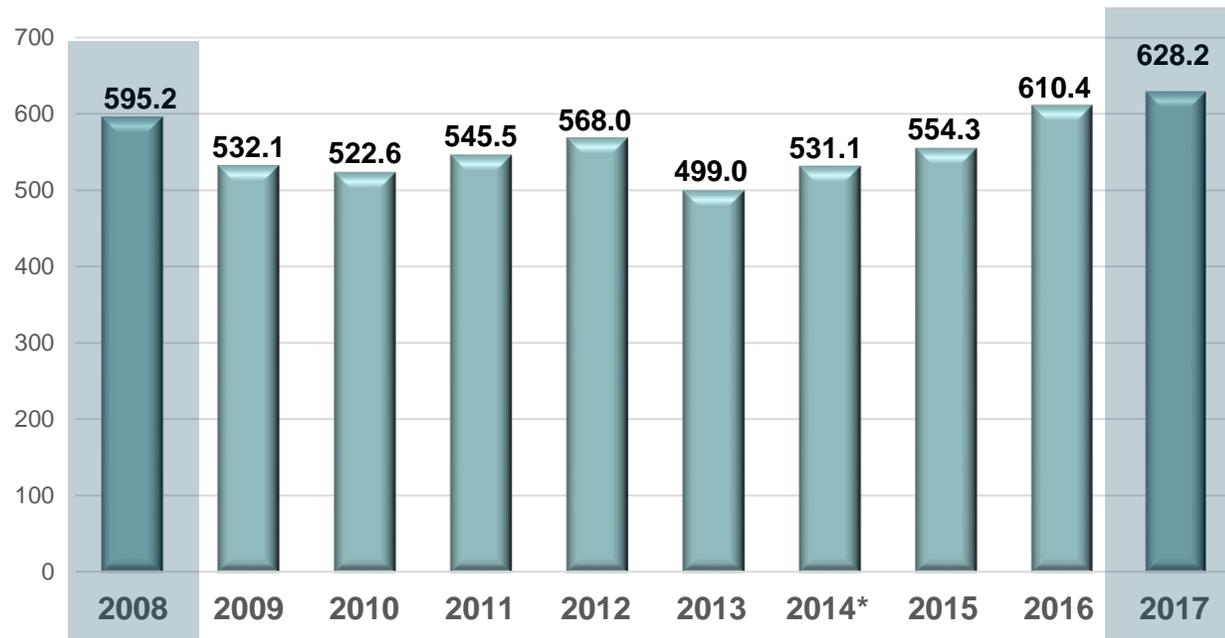
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FY 2017: Total revenue reaches highest level since outbreak of the financial crisis

Total revenue

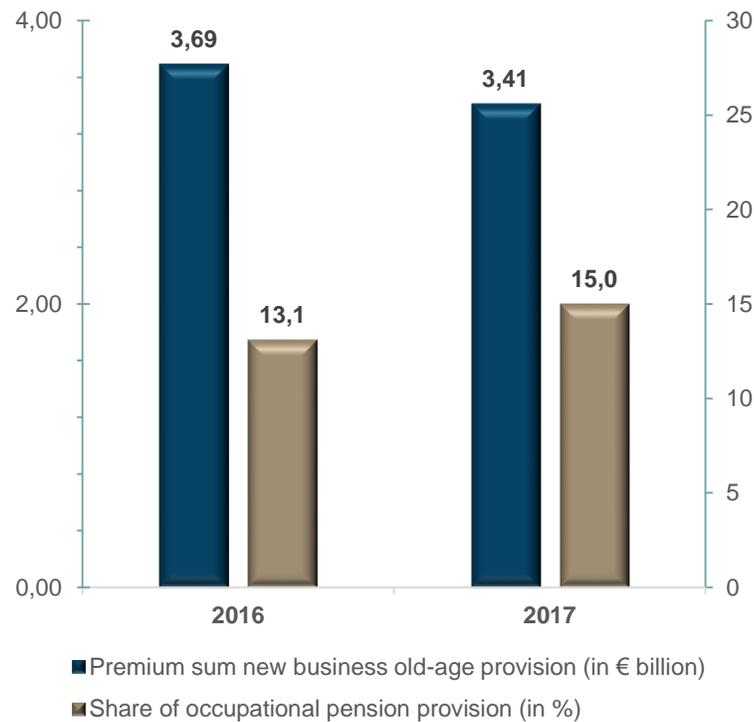
In € million



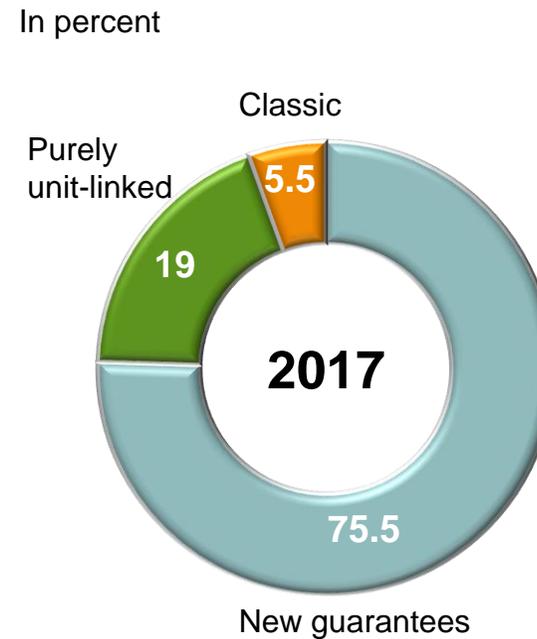
* Previous year's values adjusted

FY 2017: Clients focusing on new guarantees and occupational pension provision

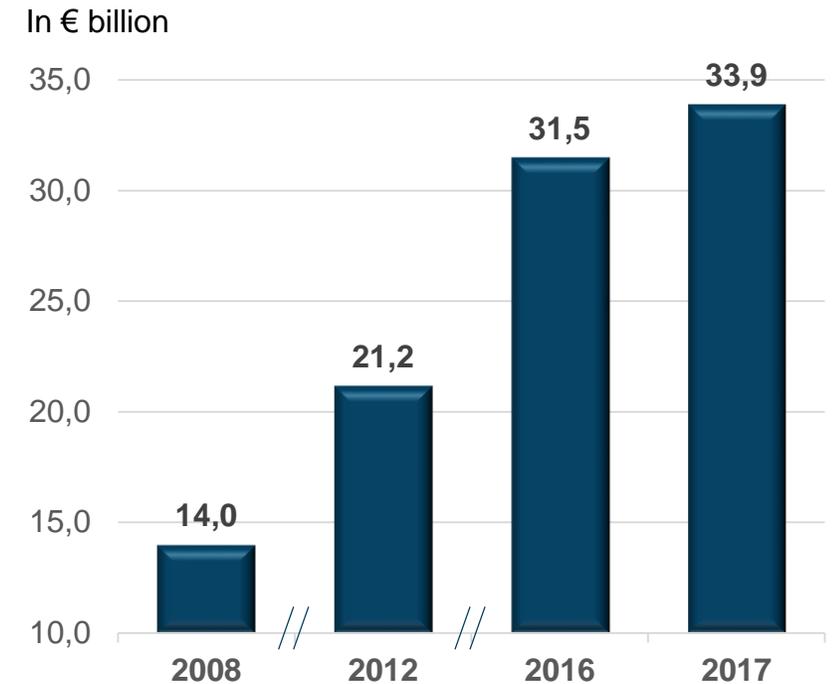
New business old-age provision
Share of occupational provision



MLP product mix
for newly brokered policies



Assets under Management



FY 2017: Operating EBIT increases significantly to € 46.7 million

Income statement

In € million

	2016	2017
Total revenue	610.4	628.2
Operating EBIT*	35.1	46.7
EBIT	19.7	37.6
Finance cost	-0.9	-1.2
EBT	18.7	36.4
Taxes	-4.1	-8.6
Net profit	14.7	27.8
EPS in € (diluted/basic)	0.13	0.25

*Before one-off expenses

2017: One-off expenses of € 9.1 million

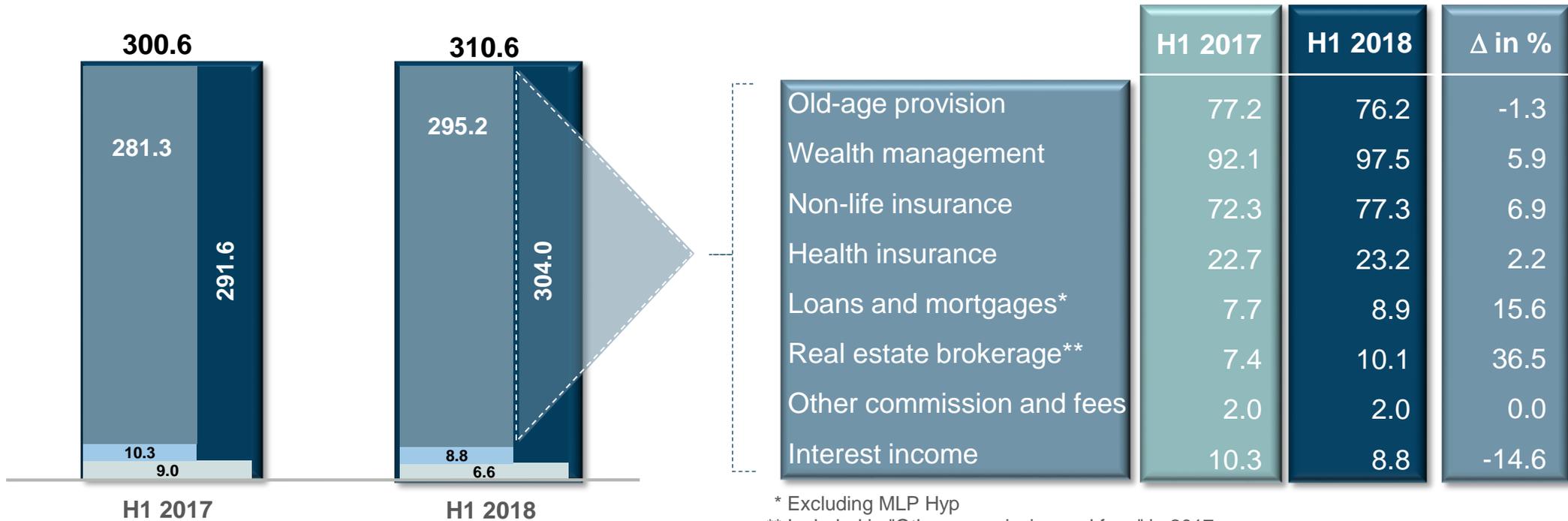
(€ 2.3 million in Q4/2017) for further optimisation of the Group structure (separation of banking and brokerage activities).

One-off expenses of € 15.4 million in the year before (Q4/2016: € 11.1 million).

H1 2018: Total revenue up 3 percent over previous year

Revenue

In € million



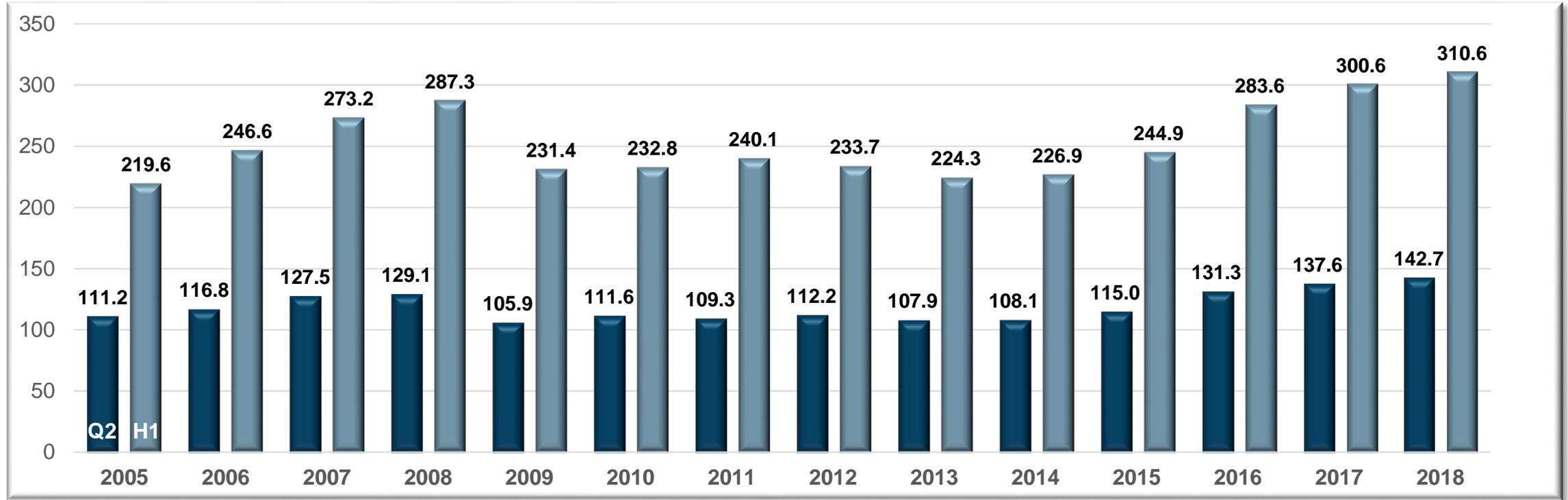
* Excluding MLP Hyp

** Included in "Other commission and fees" in 2017

H1 2018: Total revenue constantly expanded

Total revenue Q2 and H1

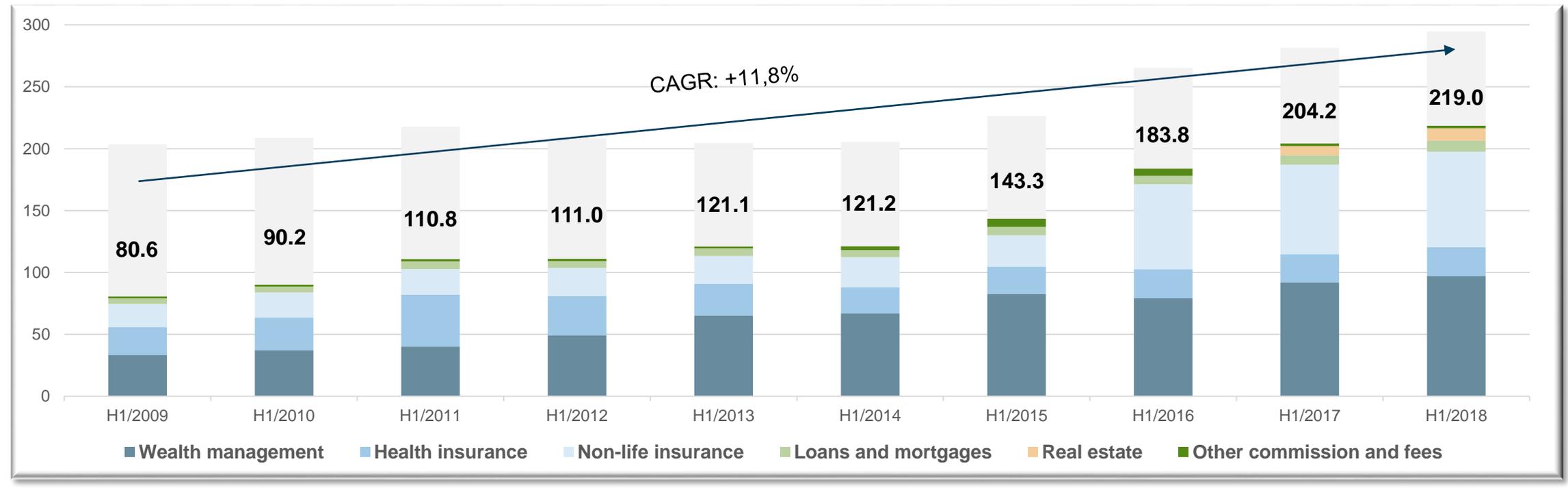
In € million



H1 2018: Broadening of the revenue base successfully continued

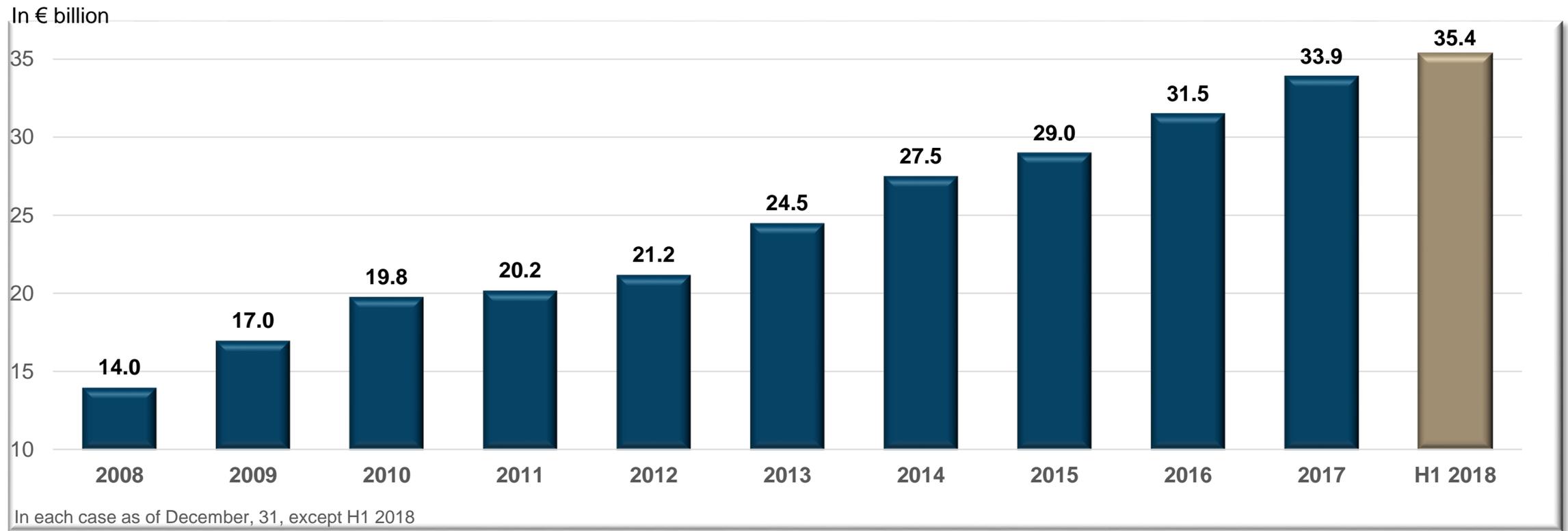
Commission income in the first half-year (all fields, excluding old-age provision)

In € million



H1 2018: Assets under Management reach record level

AuM MLP Group

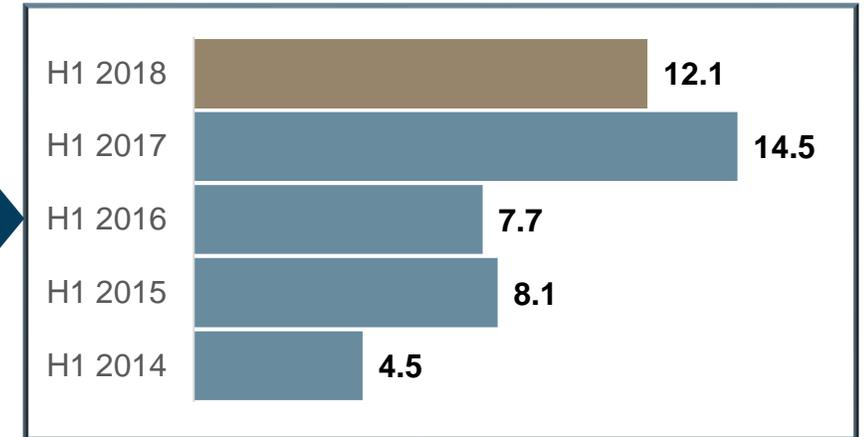


H1 2018: EBIT at € 12.1 Mio.

Income Statement

In € million

	Q2 2017	Q2 2018	H1 2017	H1 2018
Total revenue	137.6	142.7	300.6	310.6
Operating EBIT*	2.7	-1.0	15.9	12.1
EBIT	2.1	-1.0	14.5	12.1
Finance cost	-0.1	0.0	-0.6	-0.4
EBT	1.9	-0.9	13.9	11.7
Taxes	0.0	1.4	-3.4	-1.9
Net profit	2.0	0.5	10.5	9.8
EPS in € (diluted/basic)	0.02	0.00	0.10	0.09



*before one-off expenses

H1 2018: Stable balance sheet

In € million

<u>Assets</u>	Dec 31, 2017	June 30, 2018
Intangible assets	161.8	158.7
Financial assets	158.5	149.9
Receivables from clients in the banking business	702.0	722.4
Receivables from banks in the banking business	634.2	676.6
Other receivables and assets	125.7	137.8
Cash and cash equivalents	301.0	331.6
<u>Liabilities and shareholders' equity</u>		
Shareholders' equity	404.9	400.0
Provisions	88.7	79.5
Liabilities due to clients in the banking business	1,439.8	1,554.8
Liabilities due to banks in the banking business	61.4	73.4
Other liabilities	154.9	138.5
Total	2,169.5	2,260.1

Equity ratio: 17.7 %

Core capital ratio: 17.4 %

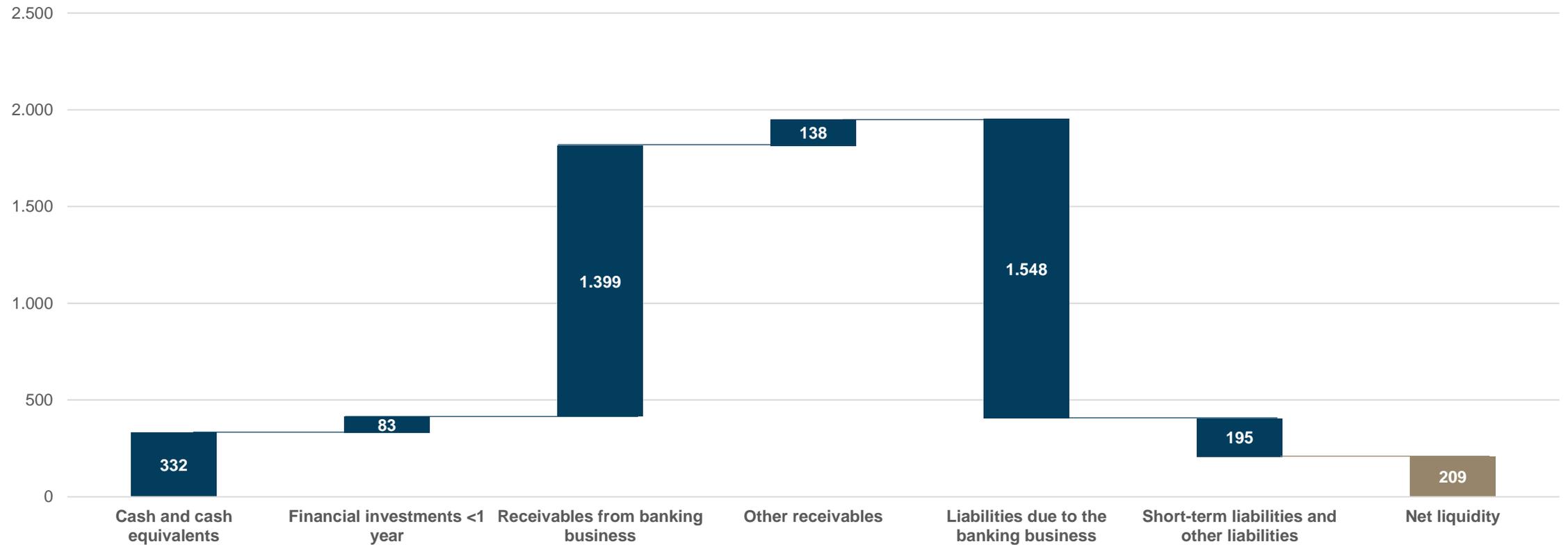
Eligible own funds: € 266 million

Initial adoption of IFRS 15
(consequences)

- 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

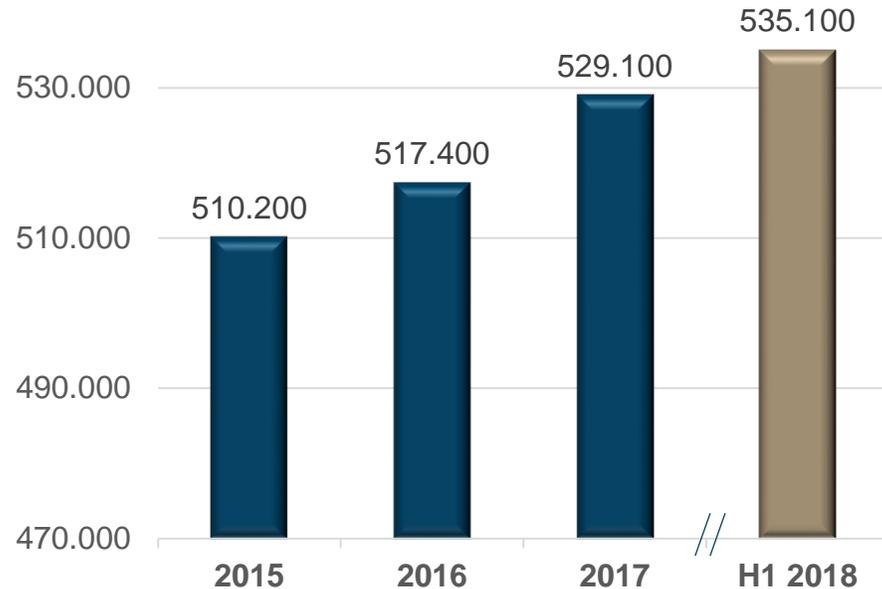
H1 2018: Net liquidity of around € 209 million

In € million



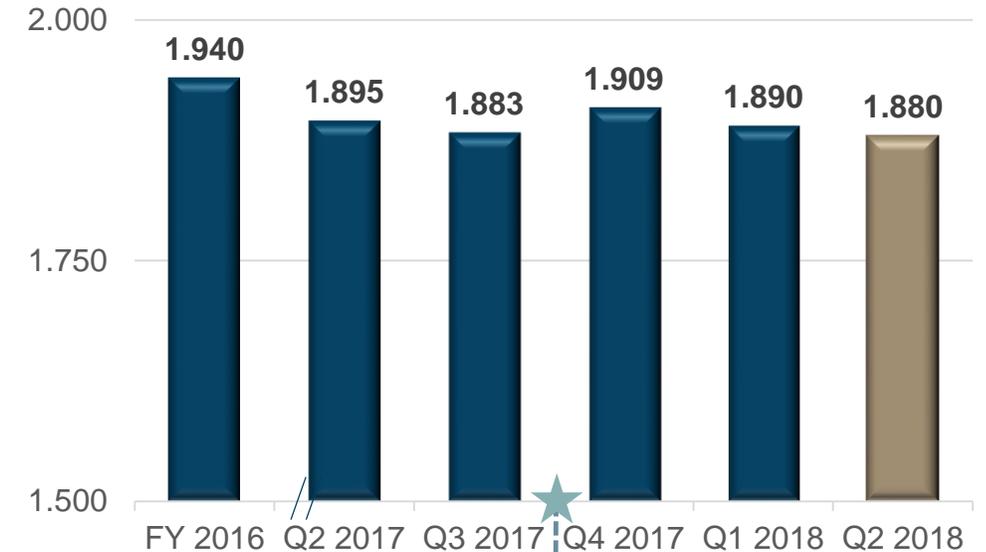
H1 2018: Number of family clients increases to 535,100

Family clients



Gross number of new clients	2015	2016	2017	H1 2018
	18,500	20,500	19,800	8,800

Client consultants



Strengthening the university segment: operational implementation since July 2017

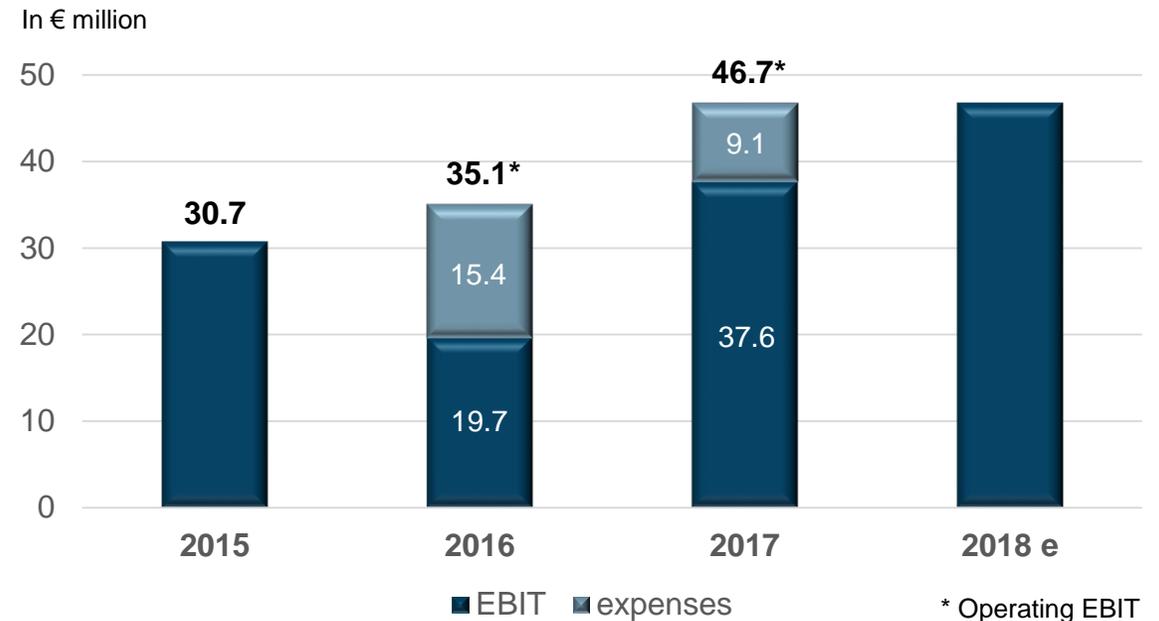
Outlook for the financial year 2018

Qualitative assessment of revenue development

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

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

Earnings trend



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

- **Targets achieved in 2017** – MLP is benefiting from the strategic further development of the last few years.
- **Transformation of MLP continues in 2018.** In focus: further digitalisation, further diversification of the revenue basis, as well as strengthening the university segment.
- MLP laid a **solid foundation in the first six months**
- **Strategic initiatives** are running as scheduled and **showing further successes**
- **Decisive in the business model** remains the second half of the year, especially the **final quarter**
- **Outlook confirmed:** Despite substantial investments in the future, MLP expects EBIT at the level of the previous year's operating EBIT of € 46.7 million

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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

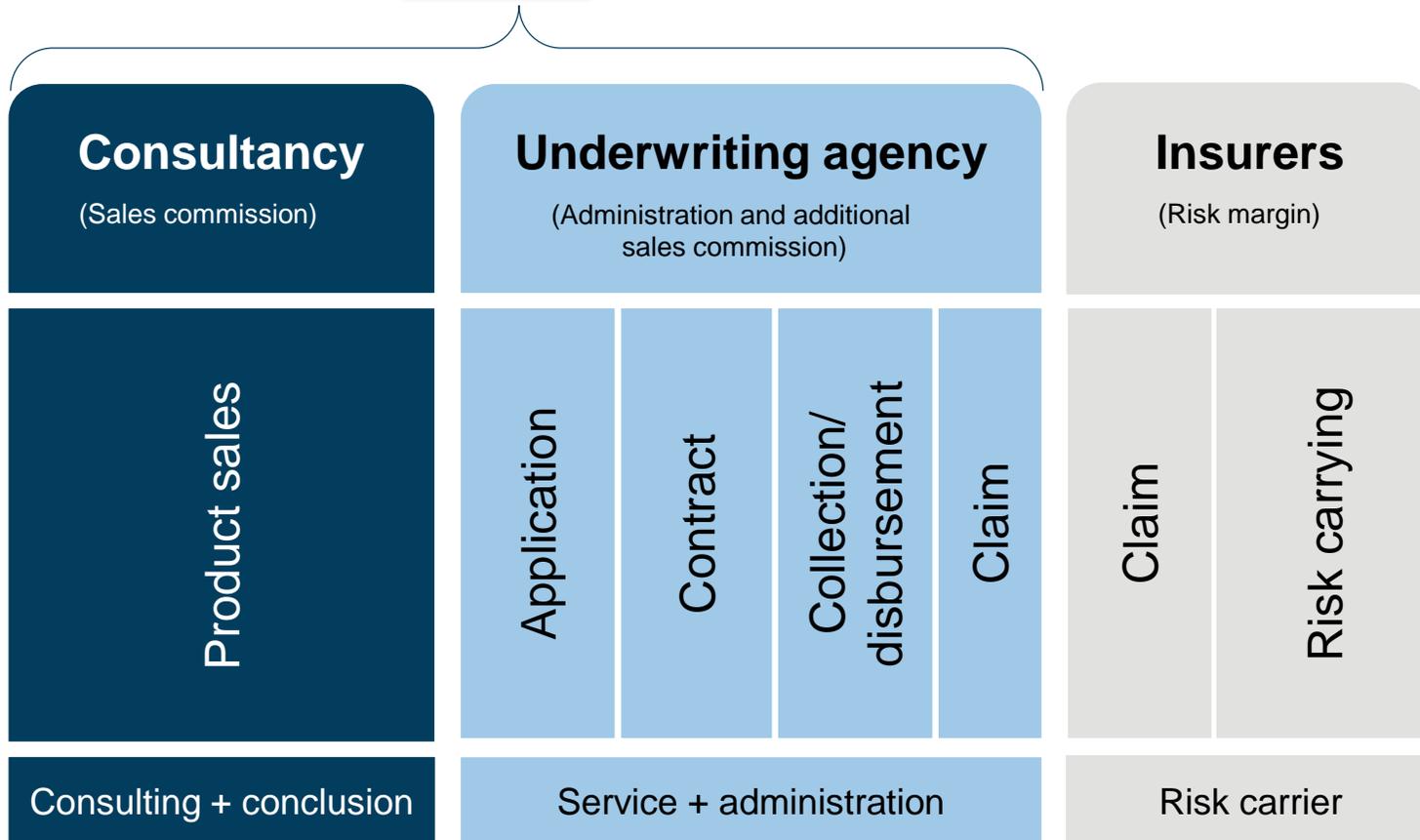
Sharper focus on university segment

MLP sales organisation



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

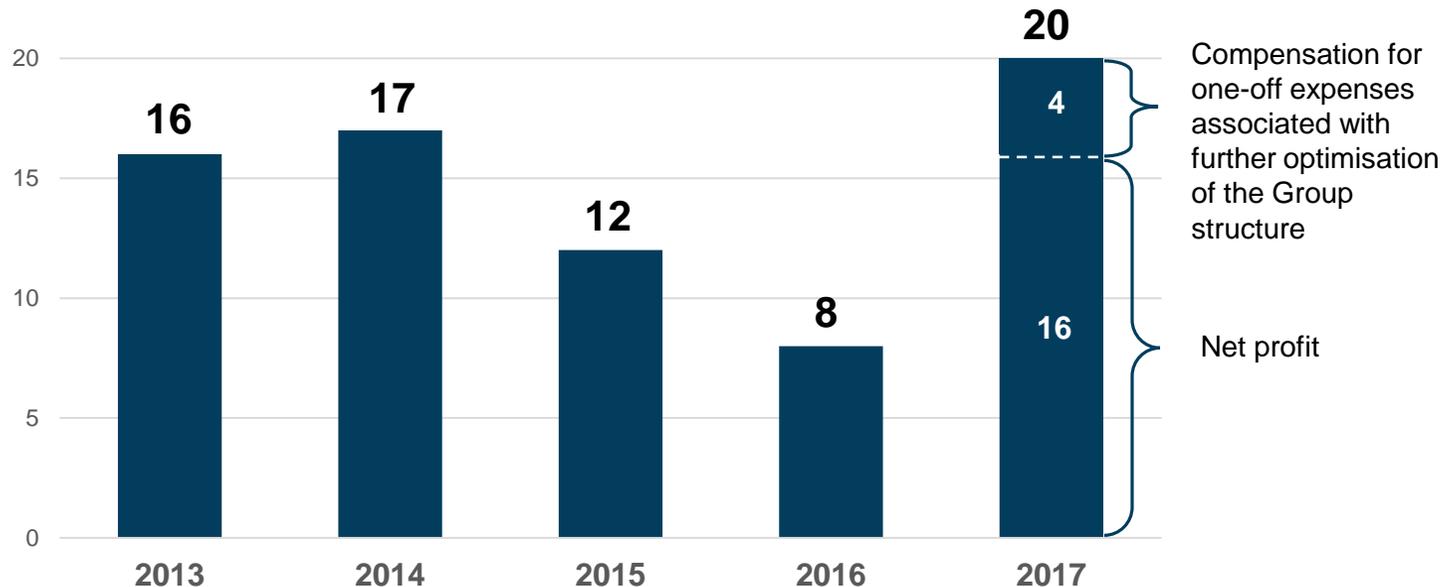
DOMCURA: Underwriting agency selects the appropriate insurer from the marketplace



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

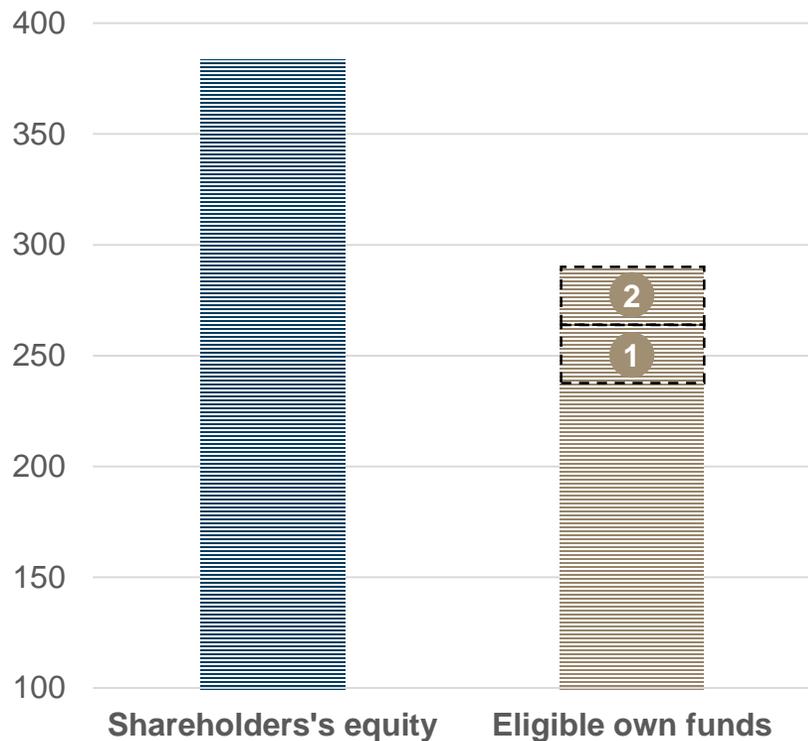
Payout ratio	2013	2014	2015	2016	2017
	68 %	63 %	56 %*	60 %	64 %**

* 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