

Financial Results 2013

Frankfurt, 27th February 2014

Agenda

1. Overview 2013
Dr. Uwe Schroeder-Wildberg, CEO
2. Financials 2013
Reinhard Loose, CFO
3. Strategy, Outlook and Summary
Dr. Uwe Schroeder-Wildberg, CEO
4. Questions & Answers

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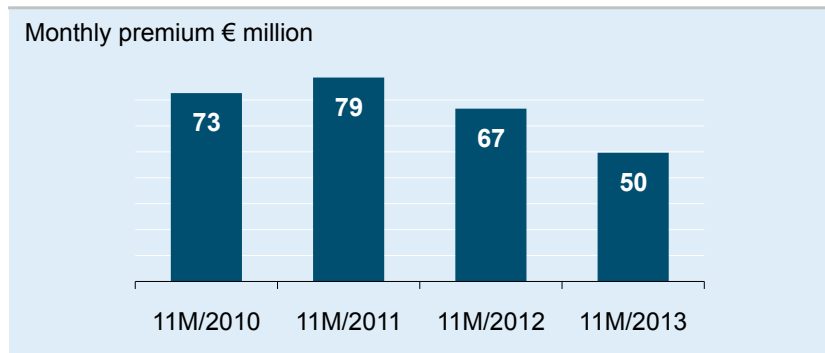
Overview 2013

- 2013 was a difficult year – for the first time MLP experienced simultaneous, market-related **decreases in two core business fields**
- New **all-time highs** in wealth management and in loans and mortgages as well as growth in non-life insurance
- Despite the even greater market burdens, MLP generates **substantial profits** – strategic further development pays off
- Further slight **decrease in administration costs** through strict efficiency management – despite additional investments
- Executive Board proposes a dividend of **16 cents** per share – pay-out ratio: **68 percent**

Continuingly difficult market environment in health insurance and in old-age provision

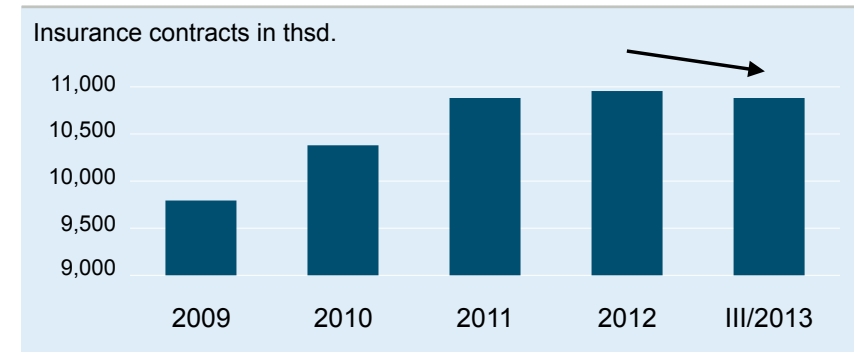
2013

Health insurance market:
Decrease in new business for full insurance



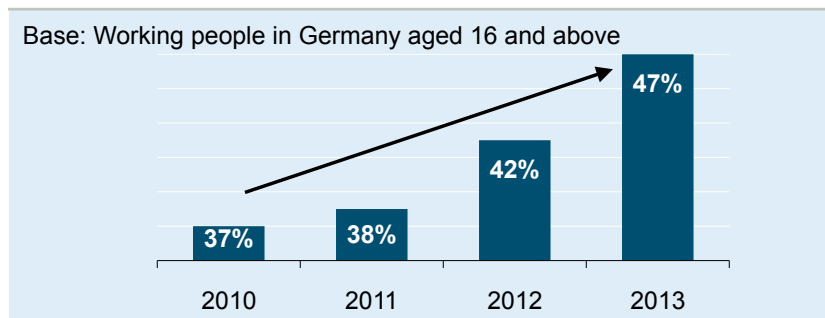
Source: PKV-Verband (German Association of Private Health Insurers)

Old-age provision market:
First decrease in Riester policies



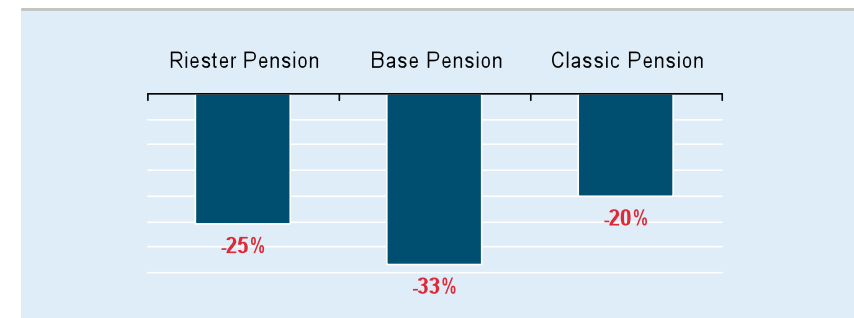
Source: BMAS 2013

Not planning
to further extend level of private old-age provision



Source: Postbank Study "Altersvorsorge in Deutschland 2013/2014"

Market:
Year-on-year comparison new contracts 2013



Source: GDV 2014

Numerous initiatives to further strengthen MLP

2013

Cost management above target despite one-off future investments	✓
Recruiting strengthened through new entry programmes for consultants	✓
New branches opened in the university business segment	✓
Additional support for consultants through MLPdialog service centre	✓
New consultant application and new IT workplace ready to roll out	✓

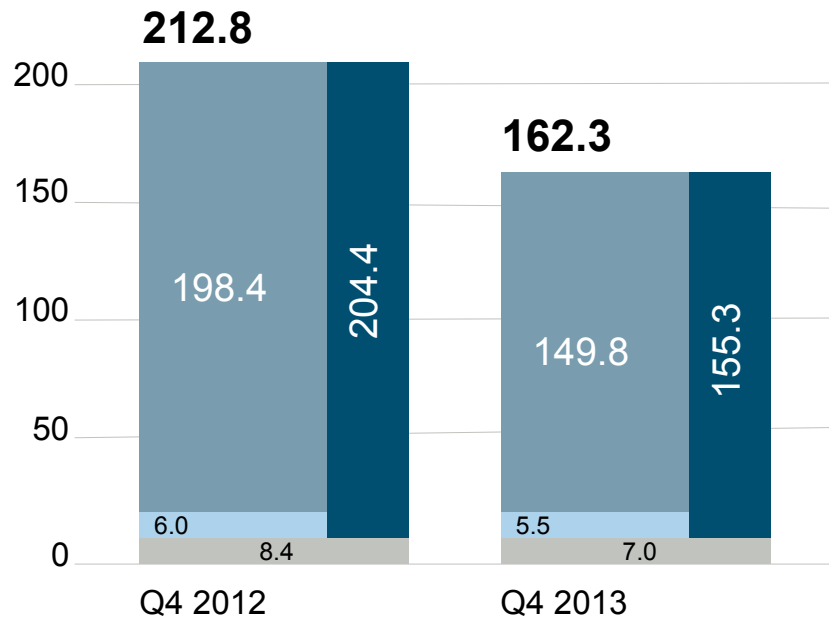
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Total revenue: € 501.1 million in 2013

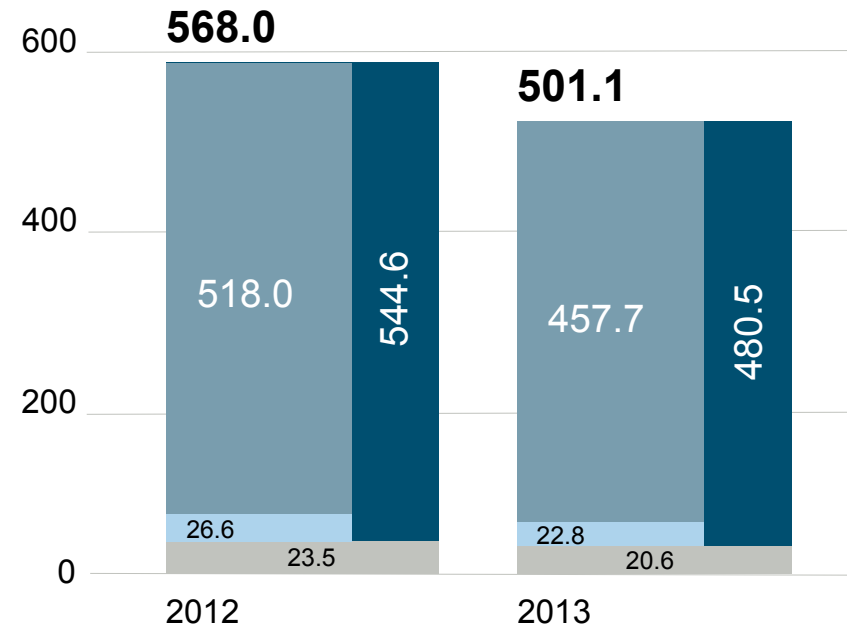
Total revenue in Q4

in € million



Total revenue in FY

in € million



■ Revenue
 ■ Revenue: commissions and fees
 ■ Interest income
 ■ Other revenue

Continuation of very positive development in wealth management

Revenue

in € million

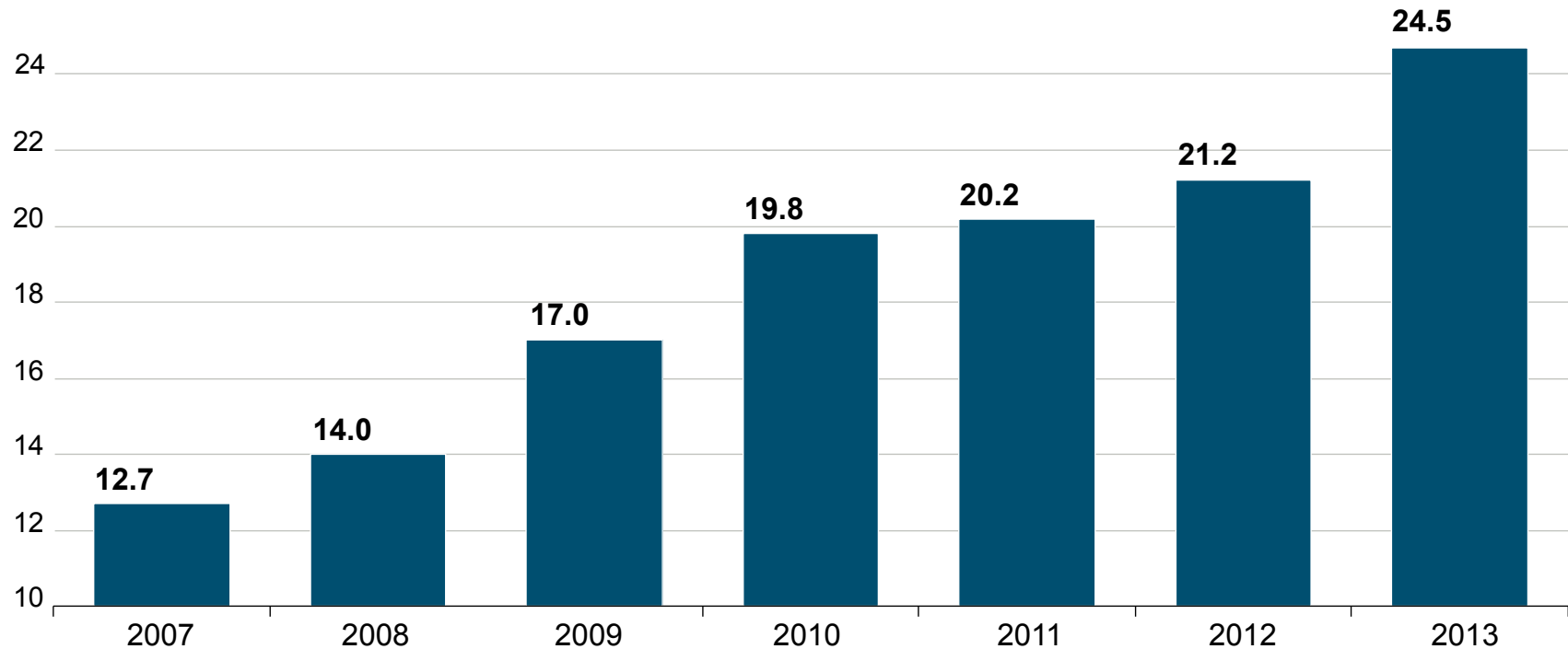
	Q4 2012	Q4 2013	Δ in %	2012	2013	Δ in %
Old-age provision	135.0	88.3	-34.6	287.3	219.9	-23.5
Wealth management	34.2	37.7	10.2	117.9	138.1	17.1
Health insurance	18.4	11.5	-37.5	63.9	47.8	-25.2
Non-life insurance	4.3	5.4	25.6	31.1	32.5	4.5
Loans and mortgages*	4.6	4.7	2.2	13.4	14.5	8.2
Other commissions and fees	1.9	2.0	5.3	4.6	4.9	6.5
Interest income	6.0	5.5	-8.3	26.6	22.8	-14.3

* Excluding MLP Hyp

Assets under management rise to € 24.5 billion

Assets under management

in € billion



Growth in non-life insurance as well as in loans and mortgages

Revenue: commissions and fees

in € million

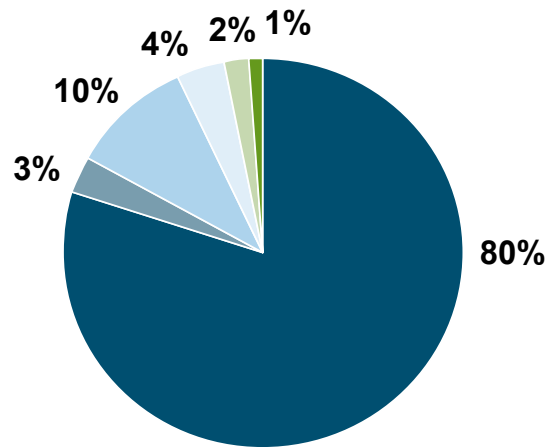
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MLP benefits from broad-based revenue mix

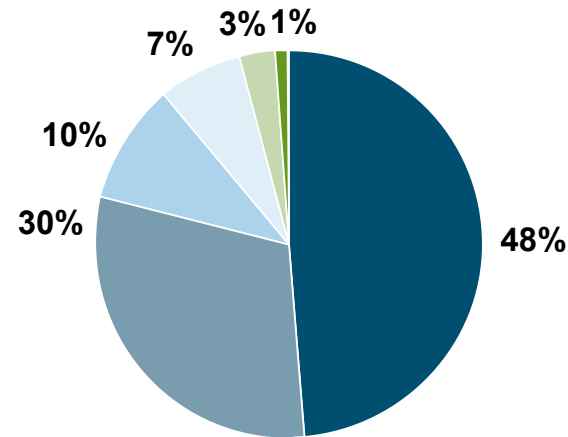
FY 2005

Revenue from commissions and fees:
€ 467.9 million



FY 2013

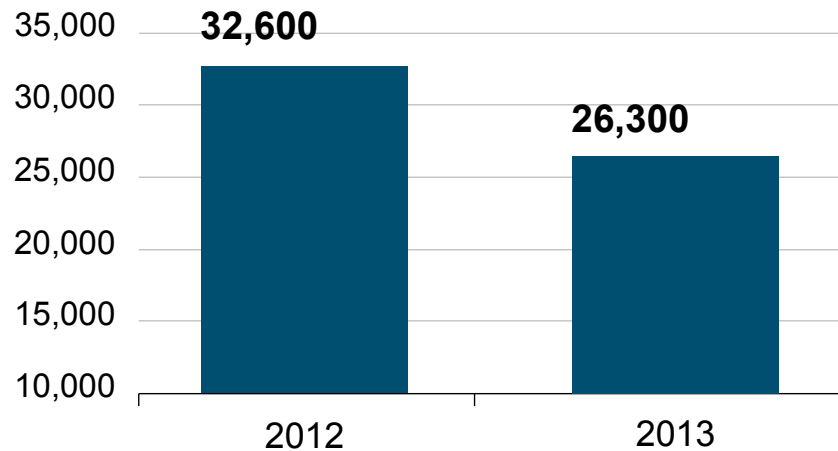
Revenue from commissions and fees:
€ 457.7 million



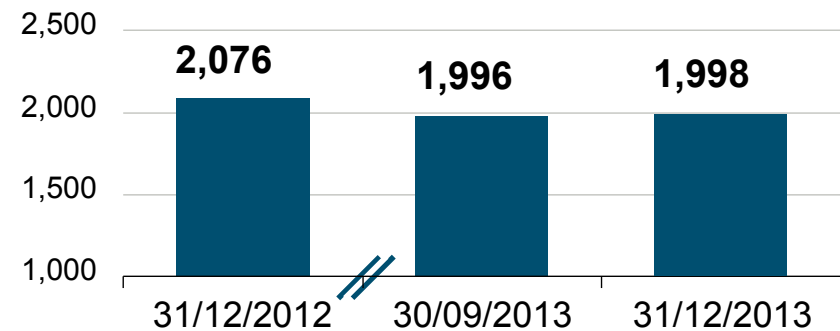
- Old-age provision
- Wealth management
- Health insurance
- Non-life insurance
- Loans and mortgages
- Other commissions and fees

26,300 new clients – 1,998 consultants at the end of 2013

New clients



Number of consultants

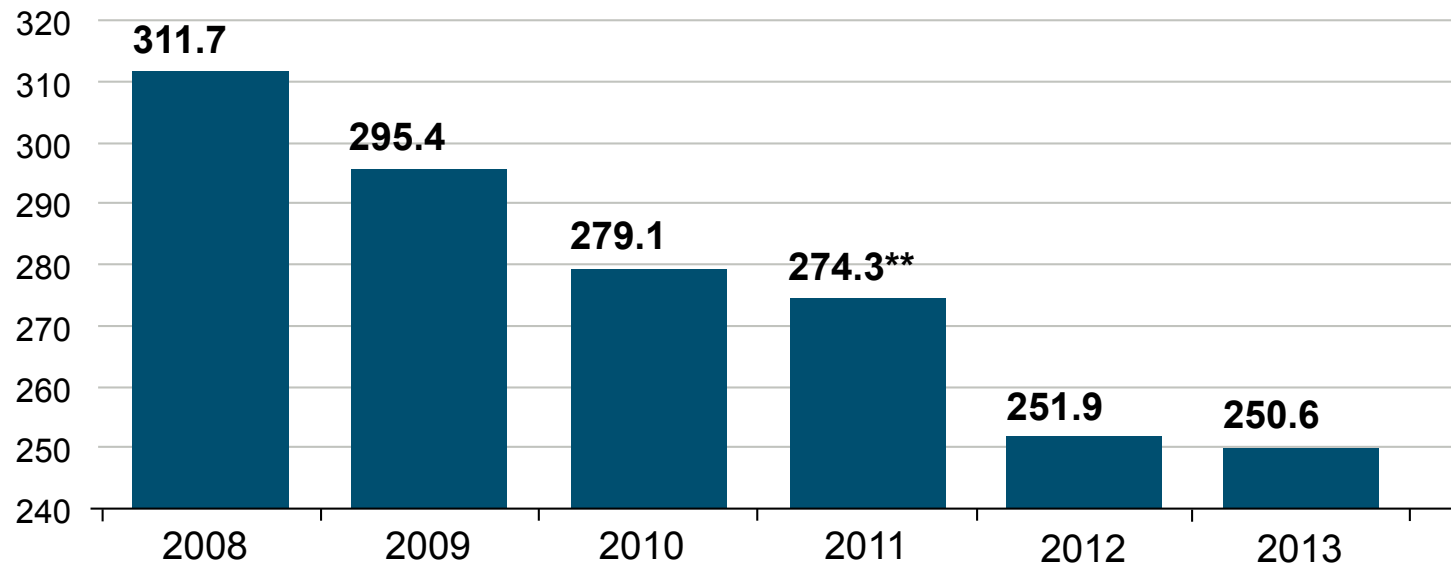


Q4/2013: 7,400 new clients

Administration costs slightly reduced – despite one-off exceptional costs of € 8 million

Administration costs*

in € million



* Personnel expenses, depreciation and amortisation, other operating expenses

**adjusted for one-off exceptional costs

EBIT: € 32.8 million in 2013

Income Statement*

in € million

	Q4 2012*	Q4 2013	2012*	2013
Total revenue	212.8	162.3	568.0	501.1
EBIT	47.5	20.5	73.9	32.8
Finance cost	0.3	0.2	1.0	0.3
EBT	47.8	20.7	74.9	33.1
Taxes	-13.6	-4.7	-22.0	-7.6
Net profit	34.2	16.0	52.9	25.5
EPS in € (diluted)	0.32	0.15	0.49	0.24

*Previous year's values adjusted

Return on equity: 6.6 %

in € million

	31/12/2012*	31/12/2013
Intangible assets	141.7	155.3
Financial investments	137.1	146.1
Cash and cash equivalents	40.7	46.4
Other receivables and other assets	139.7	109.2
Shareholders' equity	384.2	374.5
Equity ratio	25.7 %	24.4 %
Other liabilities	130.7	106.6
Total	1,493.5	1,536.9

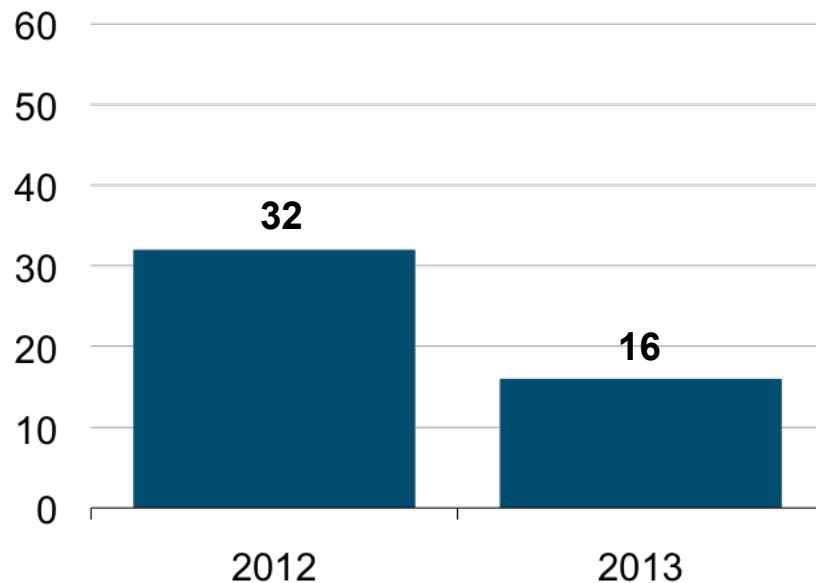
- Equity ratio: 24.4 %
- Return on equity: 6.6 %
- Core capital ratio: 16.3 %

* Previous year's values adjusted

Executive Board proposes dividend of 16 cents – pay-out ratio: 68 percent

Dividend per share

Cent



- Pay-out ratio: 68 percent
- At the same time capital is required for:
 - Acquisitions
 - Investments
 - Capital management (Basel III)
- In future too, pay-out ratio of 60 to 70 % of Group net profit

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Diverse regulatory activities – MLP is well prepared

Basel III / Capital Requirements Directive IV

- EU directive and regulations in force since July 2013. New regulations concerning appropriate capitalisation apply from January 2014.
- Continuous **strengthening of MLP's capital base** in order to ensure maintenance of the currently comfortable equity capital situation.

Act on Promoting and Regulating fee-based Advice on Financial Instruments ("Honoraranlageberatungsgesetz")

- The German government has decided to introduce an occupational profile for fee-based consultants **in wealth management** (introduction in July 2014) and is currently drawing up legislation prior to the implementation of the EU directive MiFiD II.
- MLP clients are fully credited with kickbacks that MLP receives from investment companies for the brokerage of investment assets (flat fee) – MLP thus already **fulfils the main requirement** for registration as a fee-based advisor. Further details (such as the handling of existing business) will be clarified in the pending directive.

MiFiD II

- Decided upon at EU level in trialogue. The directive requires that "independent advisory services" in the **wealth management area** a) have access to a sufficient number of products available in the market AND b) do not take in any **commissions from Third Parties**.
→ Expected transposition into national law: 2017 – already largely covered by the Act on Promoting and Regulating fee-based Advice on Financial Instruments in Germany.

IMD II

- IMD II constitutes a revision of an EU level directive for the **insurance area** which pursues analogous aims to MiFiD II.
- No agreement has yet been reached with respect to the actual composition of this directive. No final decisions are expected to be taken until after the European elections.
→ Expected transposition into national law: 2017 at the earliest.

Growth initiatives for the future

Growth initiatives

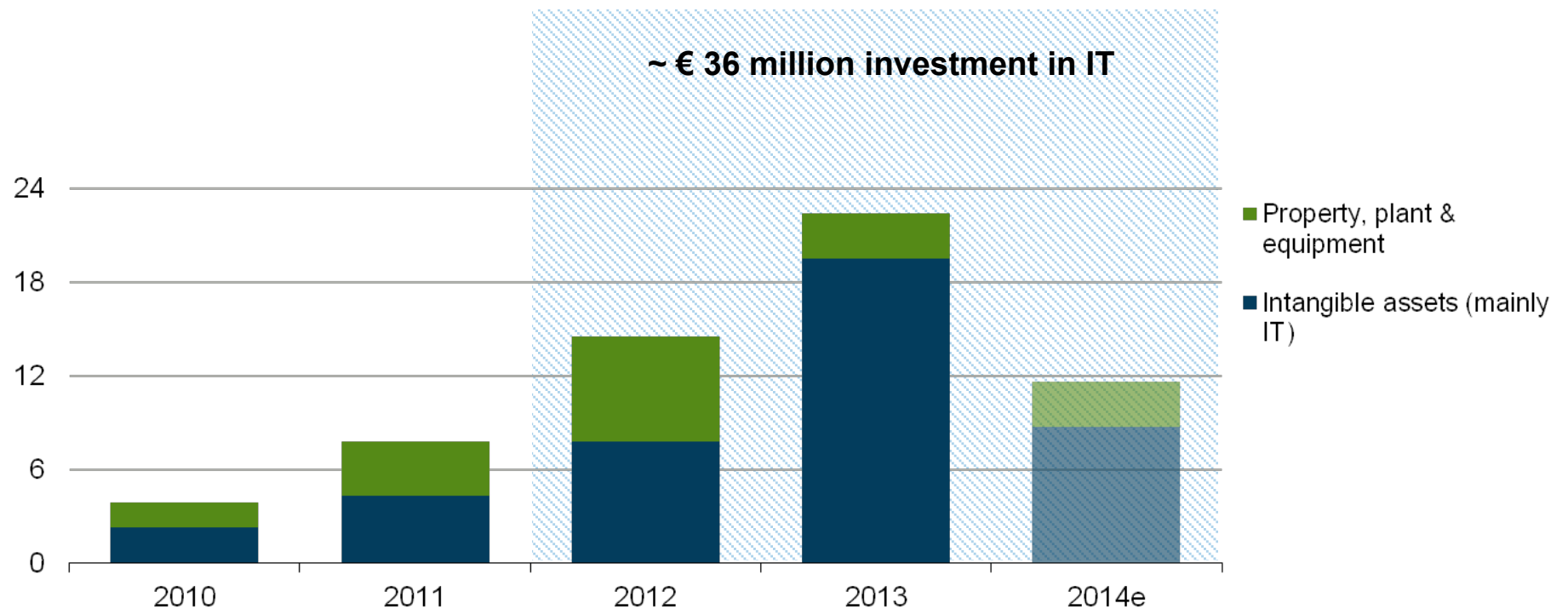
- 1 Further broadening of the revenue base**
 - Brokerage of real estate in MLP private client business
 - Expansion of the corporate client business through a range of visible non-life insurance offerings for companies – acquisitions possible
 - Further strengthening of the real assets portfolio at FERl
 - Acquisitions in the FERl business fields are being specifically assessed
- 2 Consistent implementation of a digitalisation strategy**
 - Increased presence on the Internet and in social media to reach students and graduates
 - Online contract conclusion for simple products for new clients
 - Extended online services for existing clients (video conference, digital signature etc.)
- 3 Further development of technology leadership**
 - Complete virtualisation of the work place increases flexibility for the future
 - New consulting application as a foundation for further development stages
- 4 Recruiting and opening of new branches**
 - Tap the full potential of the new consultant entry models introduced in 2013
 - Opening of 4 branches per year in the university segment

On-going efficiency management

Around € 36 million invested in the further development of our technology leadership

Balance sheet investments – MLP Group

in € million



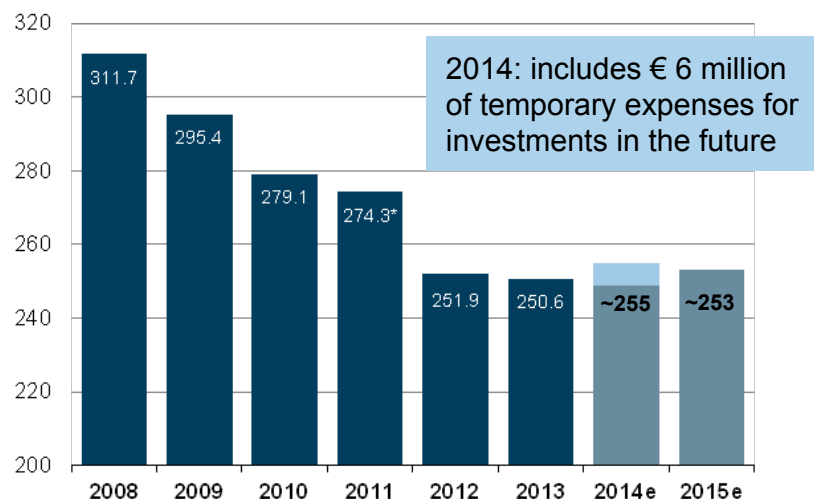
Base scenario still sees rise in EBIT to € 65 million in 2014

Outlook

Administration costs

€ million

*adjusted for one-off exceptional costs



Revenue

in comparison to the previous year

	2014	2015
Revenue Old-age Provision	+	0
Revenue Health Insurance	+	+
Revenue Wealth Management	+	+

positive: +, neutral: 0, negative: -

Forecast base scenario:

EBIT of around € 65 million in 2014 and a slight increase in 2015

Significant increase in earnings expected in all scenarios

Outlook

	Environment	Assumptions	EBIT
Upper Scenario	Significant improvement in the market environment	<ul style="list-style-type: none"> • Hesitancy towards capital market-related provision products largely disappears • Health insurance develops very positively throughout the market • New areas of potential through real estate brokerage • Disappearance of the negative unisex effect from 2013 	~ € 75 m
Base Scenario	Initial improvement in the framework conditions	<ul style="list-style-type: none"> • Opportunities for products with minor capital market component (long-term care pension, occupational disability, occupational provision) • Slight improvement for capital market-related provision products – especially through new guarantee concepts • Reduction of uncertainties in health insurance • New areas of potential through real estate brokerage • Disappearance of the negative unisex effect from 2013 	~ € 65 m
Lower Scenario	Continued hesitancy on the part of clients	<ul style="list-style-type: none"> • Critical public debate, such as a reduction of the guaranteed interest rate for life insurance and pension insurance policies, leads to similar hesitancy as witnessed in 2013 • Reduction of uncertainties in health insurance • New areas of potential through real estate brokerage • Disappearance of the negative unisex effect from 2013 	~ € 50 m

Administration costs 2014: ~ € 255 million

Summary

1. Difficult financial year 2013 shows the importance of the initiated **further development** of the company and of the **cost management programme** implemented during the past few years.
2. MLP will vigorously **push ahead with the transformation**. All growth initiatives are aimed at making MLP **more independent of short-term developments**.
3. Outlook for 2014 is **cautiously optimistic**, despite the continuance of major challenges.

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