

MLP SE

Financial Services - Germany



Buy (old: Buy)

15.11.2024

EUR 12.00 (old: EUR 12.00)

Q3 in line, guidance at top end or above achievable

Q3 sales increased by 19% yoy to € 245m (eNuW: € 242m; 9M: € 746m, +12% yoy), driven by a € 17m sales effect of performance fees (vs. Q3'23: € 0.1m) but also a solid underlying development (sales ex performance +11% yoy). The competence field **Wealth** drove sales by 36% yoy to € 140m (eNuW: € 128m; € 123m sales ex performance fees, up 19% yoy), whereas **Life & Health** sales also increased by 2% yoy to € 68m (eNuW: € 70m) followed by **P&C** sales of € 35m, up 2% yoy (eNuW: € 35m). Noteworthy, the RE business saw a two-faced development, where RE brokerage rose by 191% yoy and 17% qoq to € 10m (eNuW: € 8m) but RE development remained nonexistent at € 0m sales (eNuW: € 1m).

EBIT expanded sharply by 128% yoy to € 17.8m (eNuW: € 18.2m), benefiting from a € 11m performance fee EBIT contribution (eNuW; c. 65% incremental margin). On the other hand, underlying profitability (EBIT ex perf. fee effect) decreased by 13% yoy due to higher OPEX (+15% yoy).

Guidance confirmed: FY'24 guidance (EBIT: € 85-95m) confirmed: Based on a € 66m EBIT per 9M, the guidance implies a Q4 EBIT in the range of € 19-29m (eNuW: € 28m, not including significant performance fees). This also compares well to previous periods' EBIT of € 23m (Q4'22, no perf. fees) and € 25m (Q4'23, no perf. fees), which were both burdened by goodwill impairments in the RE segment (€ 3m in Q4'22; € 4m in Q4'23). Consequently, we are positioned at the top end of the guidance (eNuW: € 95m). Moreover, should capital markets continue to perform well until Y/E'24e, performance fees could be in the cards and the guidance could be overachieved. For next year, MLP's mid-term targets (EBIT € 100-110m; eNuW: € 102m) will become the FY'25e guidance and new mid-term targets are to be published with FY'24 results in March '25.

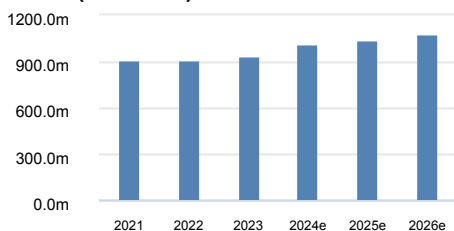
Dividend increase after 3 years likely: Based on MLP's targeted pay-out ratio of 50-70% (eNuW: 60%) and EPS estimate of € 0.64, the FY'24e dividend should amount to € 0.36 per share, implying a 20% yoy increase and a current yield of 6%. Mind you, that the **dividend is tax free** according to § 27 KStG.

All in all, MLP remains fully on track to achieve this and next year's targets this year and should continue to show improvements going forward thanks to its well diversified business model with a large share of recurring revenues. Therefore, we keep MLP in our **NuWays' Alpha List** and reiterate our **BUY recommendation** with unchanged **PT of € 12.00**, based on FCFY'24e.

Y/E 31.12 (EUR m)	2021	2022	2023	2024e	2025e	2026e
Sales	907.3	913.8	941.1	1,020.0	1,040.4	1,082.0
Sales growth	21.7%	0.7%	3.0%	8.4%	2.0%	4.0%
EBITDA	124.0	110.6	106.5	125.9	133.0	147.3
Net debt (if net cash=0)	-133.0	-113.5	-131.0	-158.6	-185.1	-220.0
FCF	536.3	-323.5	101.3	65.9	70.9	78.0
Net Debt/EBITDA	0.0	0.0	0.0	0.0	0.0	0.0
EPS pro forma	0.57	0.47	0.44	0.64	0.68	0.77
EBITDA margin	13.7%	12.1%	11.3%	12.3%	12.8%	13.6%
ROCE	13.4%	9.9%	9.2%	12.1%	12.6%	14.0%
EV/sales	0.8	0.6	0.5	0.5	0.4	0.4
EV/EBITDA	5.5	5.1	4.0	3.9	3.5	2.9
PER	12.6	12.6	13.3	9.2	8.7	7.7
Adjusted FCF yield	11.6%	13.5%	17.1%	17.5%	19.7%	23.7%

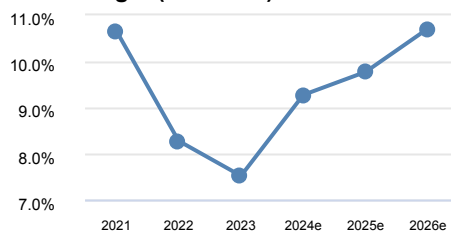
Source: Company data, NuWays, Close price as of 04.11.2024

Sales (2021-26e)



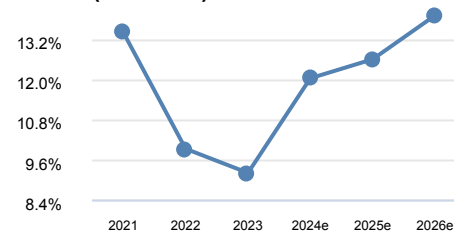
Source: NuWays Research

EBIT margin (2021-26e)

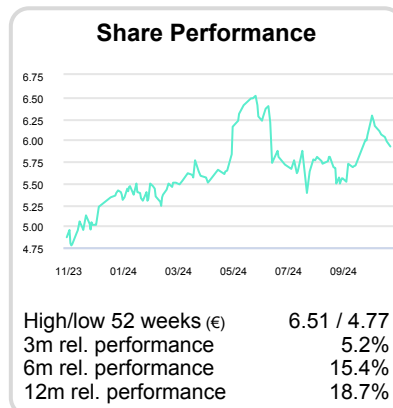


Source: NuWays Research

ROCE (2021-26e)



Source: NuWays Research



Market data

Share price (in €)	5.92
Market cap (in € m)	646.5
Number of shares (in m pcs)	109.2
Enterprise value (in € m)	487.9
Ø trading volume (6 months)	47,158

Identifier

Bloomberg	MLP GR
Reuters	MLPG
WKN	656990
ISIN	DE0006569908

Key shareholders

Lautenschläger Family	29.2%
HanseMerkur	10.0%
Barmenia	9.4%
LAIQON	9.2%
Allianz SE	6.2%
Free Float	36.0%

Estimates changes

	2024e	2025e	2026e
Sales	0%	1%	2%
EBIT	0%	6%	12%
EPS	0%	6%	11%

Comment on changes

- Increased FY'25e and '26e estimates due to improving RE business.

Company description

MLP is a leading financial services provider in Europe with a strong focus on Germany. MLP offers financial services in the fields of old-age provision, wealth management, non-life insurance, banking and real estate. The target group are students, wealthy private and institutional clients.

Guidance

- FY'24e EBIT: €85-95m
- FY'25e: € 100-110m EBIT
- FY'25e: € 62-68bn AuM

Financials

Profit and loss (EUR m)	2021	2022	2023	2024e	2025e	2026e
Net sales	907.3	913.8	941.1	1,020.0	1,040.4	1,082.0
<i>Sales growth</i>	21.7%	0.7%	3.0%	8.4%	2.0%	4.0%
Increase/decrease in finished goods and work-in-process	0.0	0.0	0.0	0.0	0.0	0.0
Total sales	907.3	913.8	941.1	1,020.0	1,040.4	1,082.0
Other operating income	44.1	35.4	32.4	30.0	30.6	31.8
Material expenses	482.5	477.9	473.0	500.8	498.0	516.8
Personnel expenses	180.5	187.9	209.1	233.8	248.0	255.5
Other operating expenses	164.4	172.7	184.9	189.5	192.0	194.2
Total operating expenses	783.3	803.2	834.6	894.1	907.4	934.7
EBITDA	124.0	110.6	106.5	125.9	133.0	147.3
Depreciation	27.2	35.0	35.8	31.3	31.3	31.3
EBITA	96.8	75.6	70.7	94.6	101.7	116.0
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	0.0	0.0	0.0	0.0	0.0	0.0
Impairment charges	0.0	0.0	0.0	0.0	0.0	0.0
EBIT (inc revaluation net)	96.8	75.6	70.7	94.6	101.7	116.0
Interest income	0.7	2.8	8.4	12.0	12.0	12.0
Interest expenses	4.9	5.4	10.2	10.2	10.4	10.7
Investment income	0.6	0.1	0.0	0.0	0.0	0.0
Financial result	-3.6	-2.5	-1.7	1.8	1.6	1.3
Recurring pretax income from continuing operations	93.2	73.1	69.0	96.4	103.3	117.3
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0
Earnings before taxes	93.2	73.1	69.0	96.4	103.3	117.3
Income tax expense	30.4	24.4	24.9	30.9	33.0	37.5
Net income from continuing operations	62.8	48.6	44.1	65.6	70.2	79.8
Income from discontinued operations (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0
Net income	62.8	48.6	44.1	65.6	70.2	79.8
Minority interest	0.2	-2.8	-4.5	-4.5	-4.5	-4.5
Net profit (reported)	62.6	51.5	48.6	70.0	74.7	84.2
Average number of shares	109.3	109.2	109.2	109.2	109.2	109.2
EPS reported	0.57	0.47	0.44	0.64	0.68	0.77

Profit and loss (common size)	2021	2022	2023	2024e	2025e	2026e
Net sales	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<i>Sales growth</i>	21.7%	0.7%	3.0%	8.4%	2.0%	4.0%
Increase/decrease in finished goods and work-in-process	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total sales	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Other operating income	4.9%	3.9%	3.4%	2.9%	2.9%	2.9%
Material expenses	53.2%	52.3%	50.3%	49.1%	47.9%	47.8%
Personnel expenses	19.9%	20.6%	22.2%	22.9%	23.8%	23.6%
Other operating expenses	18.1%	18.9%	19.6%	18.6%	18.5%	18.0%
Total operating expenses	86.3%	87.9%	88.7%	87.7%	87.2%	86.4%
EBITDA	13.7%	12.1%	11.3%	12.3%	12.8%	13.6%
Depreciation	3.0%	3.8%	3.8%	3.1%	3.0%	2.9%
EBITA	10.7%	8.3%	7.5%	9.3%	9.8%	10.7%
Amortisation of goodwill	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Amortisation of intangible assets	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Impairment charges	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
EBIT (inc revaluation net)	10.7%	8.3%	7.5%	9.3%	9.8%	10.7%
Interest income	0.1%	0.3%	0.9%	1.2%	1.2%	1.1%
Interest expenses	0.5%	0.6%	1.1%	1.0%	1.0%	1.0%
Investment income	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%
Financial result	neg.	neg.	neg.	0.2%	0.2%	0.1%
Recurring pretax income from continuing operations	10.3%	8.0%	7.3%	9.5%	9.9%	10.8%
Extraordinary income/loss	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Earnings before taxes	10.3%	8.0%	7.3%	9.5%	9.9%	10.8%
Tax rate	32.6%	33.4%	36.0%	32.0%	32.0%	32.0%
Net income from continuing operations	6.9%	5.3%	4.7%	6.4%	6.7%	7.4%
Income from discontinued operations (net of tax)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Net income	6.9%	5.3%	4.7%	6.4%	6.7%	7.4%
Minority interest	0.0%	-0.3%	-0.5%	-0.4%	-0.4%	-0.4%
Net profit (reported)	6.9%	5.6%	5.2%	6.9%	7.2%	7.8%

Source: Company data, NuWays

Balance sheet (EUR m)	2021	2022	2023	2024e	2025e	2026e
Intangible assets	226.8	234.5	225.5	228.5	231.5	234.5
Property, plant and equipment	128.1	136.6	142.3	142.0	146.4	146.4
Financial assets	206.4	247.1	186.3	188.3	190.3	192.3
FIXED ASSETS	561.2	618.2	554.1	558.8	568.2	573.2
Inventories	34.6	51.9	39.6	39.6	39.6	39.6
Accounts receivable	1,439.7	1,902.5	2,010.1	2,010.1	2,010.1	2,010.1
Other assets and short-term financial assets	268.0	242.4	248.7	248.7	248.7	248.7
Liquid assets	1,377.8	961.2	1,053.9	1,064.5	1,081.0	1,101.9
Deferred taxes	12.1	8.4	11.1	11.1	11.1	11.1
Deferred charges and prepaid expenses	0.0	0.0	0.0	0.0	0.0	0.0
CURRENT ASSETS	3,132.1	3,166.4	3,363.3	3,373.9	3,390.5	3,411.4
TOTAL ASSETS	3,693.4	3,784.6	3,917.5	3,932.7	3,958.6	3,984.5
SHAREHOLDERS EQUITY	495.2	527.4	538.3	567.2	599.1	633.5
MINORITY INTEREST	1.0	-1.9	-6.3	-5.0	-5.0	-3.5
Long-term liabilities to banks	129.3	137.0	140.6	125.6	110.6	95.6
Bonds (long-term)	0.0	0.0	0.0	0.0	0.0	0.0
other interest-bearing liabilities	2,516.1	2,633.5	2,764.6	2,764.6	2,764.6	2,764.6
Provisions for pensions and similar obligations	27.0	0.0	0.0	0.0	2.0	4.0
Other provisions and accrued liabilities	110.0	97.6	104.2	104.2	107.2	110.2
NON-CURRENT LIABILITIES	2,782.4	2,868.1	3,009.4	2,994.4	2,984.4	2,974.4
Short-term liabilities to banks	0.0	0.0	0.0	0.0	0.0	0.0
Accounts payable	0.0	0.0	0.0	0.0	0.0	0.0
Advance payments received on orders	0.0	0.0	0.0	0.0	0.0	0.0
Accrued taxes	0.0	0.0	0.0	0.0	4.0	4.0
Other liabilities (incl. from lease and rental contracts)	403.4	371.7	358.5	358.5	358.5	358.5
Deferred taxes	11.3	19.3	17.3	17.3	17.3	17.3
Deferred income	0.0	0.0	0.2	0.2	0.2	0.2
CURRENT LIABILITIES	414.7	391.0	376.0	376.0	380.0	380.0
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	3,693.4	3,784.6	3,917.5	3,932.7	3,958.6	3,984.5
Balance sheet (common size)	2021	2022	2023	2024e	2025e	2026e
Intangible assets	6.1%	6.2%	5.8%	5.8%	5.8%	5.9%
Property, plant and equipment	3.5%	3.6%	3.6%	3.6%	3.7%	3.7%
Financial assets	5.6%	6.5%	4.8%	4.8%	4.8%	4.8%
FIXED ASSETS	15.2%	16.3%	14.1%	14.2%	14.4%	14.4%
Inventories	0.9%	1.4%	1.0%	1.0%	1.0%	1.0%
Accounts receivable	39.0%	50.3%	51.3%	51.1%	50.8%	50.4%
Other assets and short-term financial assets	7.3%	6.4%	6.3%	6.3%	6.3%	6.2%
Liquid assets	37.3%	25.4%	26.9%	27.1%	27.3%	27.7%
Deferred taxes	0.3%	0.2%	0.3%	0.3%	0.3%	0.3%
Deferred charges and prepaid expenses	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
CURRENT ASSETS	84.8%	83.7%	85.9%	85.8%	85.6%	85.6%
TOTAL ASSETS	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
SHAREHOLDERS EQUITY	13.4%	13.9%	13.7%	14.4%	15.1%	15.9%
MINORITY INTEREST	0.0%	-0.0%	-0.2%	-0.1%	-0.1%	-0.1%
Long-term liabilities to banks	3.5%	3.6%	3.6%	3.2%	2.8%	2.4%
Bonds (long-term)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
other interest-bearing liabilities	68.1%	69.6%	70.6%	70.3%	69.8%	69.4%
Provisions for pensions and similar obligations	0.7%	0.0%	0.0%	0.0%	0.1%	0.1%
Other provisions and accrued liabilities	3.0%	2.6%	2.7%	2.6%	2.7%	2.8%
NON-CURRENT LIABILITIES	75.3%	75.8%	76.8%	76.1%	75.4%	74.6%
Short-term liabilities to banks	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Accounts payable	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Advance payments received on orders	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Accrued taxes	0.0%	0.0%	0.0%	0.0%	0.1%	0.1%
Other liabilities (incl. from lease and rental contracts)	10.9%	9.8%	9.2%	9.1%	9.1%	9.0%
Deferred taxes	0.3%	0.5%	0.4%	0.4%	0.4%	0.4%
Deferred income	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
CURRENT LIABILITIES	11.2%	10.3%	9.6%	9.6%	9.6%	9.5%
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: Company data, NuWays

Cash flow statement (EUR m)	2021	2022	2023	2024e	2025e	2026e
Net profit/loss	62.8	48.6	44.1	65.6	70.2	79.8
Depreciation of fixed assets (incl. leases)	27.2	35.0	35.8	31.3	31.3	31.3
Amortisation of goodwill & intangible assets	0.0	0.0	0.0	0.0	0.0	0.0
Other costs affecting income / expenses	-400.1	4.9	2.0	0.0	0.0	0.0
Cash flow from operating activities	529.4	-319.3	98.9	76.9	82.5	91.1
Increase/decrease in inventory	-16.8	-17.3	12.3	0.0	0.0	0.0
Increase/decrease in accounts receivable	192.4	-462.9	-107.5	0.0	0.0	0.0
Increase/decrease in accounts payable	0.0	0.0	0.0	0.0	0.0	0.0
Increase/decrease in other working capital positions	244.2	117.4	131.1	0.0	0.0	0.0
Increase/decrease in working capital	419.8	-362.8	35.9	0.0	0.0	0.0
Cash flow from operating activities	546.4	-301.3	117.9	96.9	103.5	113.1
CAPEX	10.1	22.3	16.6	31.0	32.6	35.0
Payments for acquisitions	39.9	13.9	0.0	0.0	0.0	0.0
Financial investments	4.6	48.3	63.2	0.0	0.0	0.0
Income from asset disposals	0.0	0.1	-18.0	0.0	0.0	0.0
Cash flow from investing activities	-45.4	-84.4	28.6	-31.0	-32.6	-35.0
Cash flow before financing	466.7	-418.5	-12.7	33.1	31.6	35.9
Increase/decrease in debt position	54.6	-5.0	-20.4	-15.0	-15.0	-15.0
Purchase of own shares	0.0	0.4	0.0	0.0	0.0	0.0
Capital measures	0.0	0.0	0.0	0.0	0.0	0.0
Dividends paid	25.1	32.8	32.8	32.8	39.3	42.1
Others	-15.5	-1.3	0.0	0.0	0.0	0.0
Effects of exchange rate changes on cash	0.0	0.0	4.3	0.0	0.0	0.0
Cash flow from financing activities	14.0	-39.5	-53.2	-47.8	-54.3	-57.1
Increase/decrease in liquid assets	505.8	-425.2	-28.8	18.1	16.6	20.9
Liquid assets at end of period	1,374.1	948.8	1,046.4	1,064.5	1,081.0	1,101.9

Key ratios (EUR m)	2021	2022	2023	2024e	2025e	2026e
P&L growth analysis						
Sales growth	21.7%	0.7%	3.0%	8.4%	2.0%	4.0%
EBITDA growth	42.5%	-10.8%	-3.7%	18.2%	5.6%	10.7%
EBIT growth	63.1%	-21.9%	-6.5%	33.7%	7.5%	14.0%
EPS growth	44.8%	-17.7%	-5.6%	44.1%	6.7%	12.8%
Efficiency						
Sales per employee	507.0	500.6	505.5	537.1	537.1	547.6
EBITDA per employee	69.3	60.6	57.2	66.3	68.7	74.5
No. employees (average)	1,790	1,825	1,862	1,899	1,937	1,976
Balance sheet analysis						
Avg. working capital / sales	-48.8%	-46.5%	-65.9%	-44.3%	-44.8%	-43.1%
Inventory turnover (sales/inventory)	26.2	17.6	23.8	25.8	26.3	26.3
Accounts receivable turnover	579.2	759.9	779.6	719.3	705.2	678.1
Accounts payable turnover	0.0	0.0	0.0	0.0	0.0	0.0
Cash flow analysis						
Free cash flow	536.3	-323.5	101.3	65.9	70.9	78.0
Free cash flow/sales	59.1%	-35.4%	10.8%	6.5%	6.8%	7.2%
FCF / net profit	853.8%	neg.	229.5%	100.5%	101.0%	97.9%
Capex / sales	1.6%	7.7%	8.5%	3.0%	3.1%	3.2%
Solvency						
Net debt	-133.0	-113.5	-131.0	-158.6	-185.1	-220.0
Net Debt/EBITDA	0.0	0.0	0.0	0.0	0.0	0.0
Dividend payout ratio	52.2%	67.4%	74.3%	60.0%	60.0%	60.0%
Interest paid / avg. debt	4.1%	4.1%	7.3%	7.6%	8.8%	10.4%
Returns						
ROCE	13.4%	9.9%	9.2%	12.1%	12.6%	14.0%
ROE	12.6%	9.8%	9.0%	12.3%	12.5%	13.3%
Adjusted FCF yield	11.6%	13.5%	17.1%	17.5%	19.7%	23.7%
Dividend yield	4.1%	5.1%	5.1%	6.1%	6.5%	7.4%
DPS	0.3	0.3	0.3	0.4	0.4	0.4
EPS reported	0.57	0.47	0.44	0.64	0.68	0.77
Average number of shares	109.3	109.2	109.2	109.2	109.2	109.2
Valuation ratios						
P/BV	1.6	1.2	1.2	1.1	1.1	1.0
EV/sales	0.8	0.6	0.5	0.5	0.4	0.4
EV/EBITDA	5.5	5.1	4.0	3.9	3.5	2.9
EV/EBIT	7.1	7.4	6.0	5.2	4.6	3.7

Source: Company data, NuWays

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Company	Disclosures
MLP SE	2

Historical target price and rating changes for MLP SE

Company	Date	Analyst	Rating	Target Price	Close
MLP SE	08.10.2024	Wendisch, Henry	Buy	EUR 12.00	EUR 5.70
	16.05.2024	Wendisch, Henry	Buy	EUR 11.50	EUR 5.83
	04.04.2024	Wendisch, Henry	Buy	EUR 12.00	EUR 5.56

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The adj. FCF method is based on the assumption that investors purchase assets only at a price (enterprise value) at which the operating cash flow return after taxes on this investment exceeds their opportunity costs in the form of a hurdle rate of 7.5%. The operating cash flow is calculated as EBITDA less maintenance capex and taxes.

Within the framework of the DCF approach, the future free cash flows are calculated initially on the basis of a fictitious capital structure of 100% equity, i.e. interest and repayments on debt capital are not factored in initially. The adjust-

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8. Miscellaneous

According to Article 4(1) No. i of the delegated regulation 2016/958 supplementing regulation 596/2014 of the European Parliament, further information regarding investment recommendations of the last 12 months are published under: www.nuways-ag.com

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Contacts

NuWays AG

Mittelweg 16-17
20148 Hamburg
Germany

+49 170 119 8648
info@nuways-ag.com
www.nuways-ag.com



Christian Sandherr

Co-CEO/Analyst

christian.sandherr@nuways-ag.com



Frederik Jarchow

Co-CEO/Analyst

frederik.jarchow@nuways-ag.com



Philipp Sennewald

Analyst

philipp.sennewald@nuways-ag.com



Henry Wendisch

Analyst

henry.wendisch@nuways-ag.com



Mark Schüssler

Analyst

mark-hendrik.schuessler@nuways-ag.com



Konstantin Völk

Analyst

konstantin.voelk@nuways-ag.com

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