

# MLP - Achieving sustainable growth

Investor Presentation

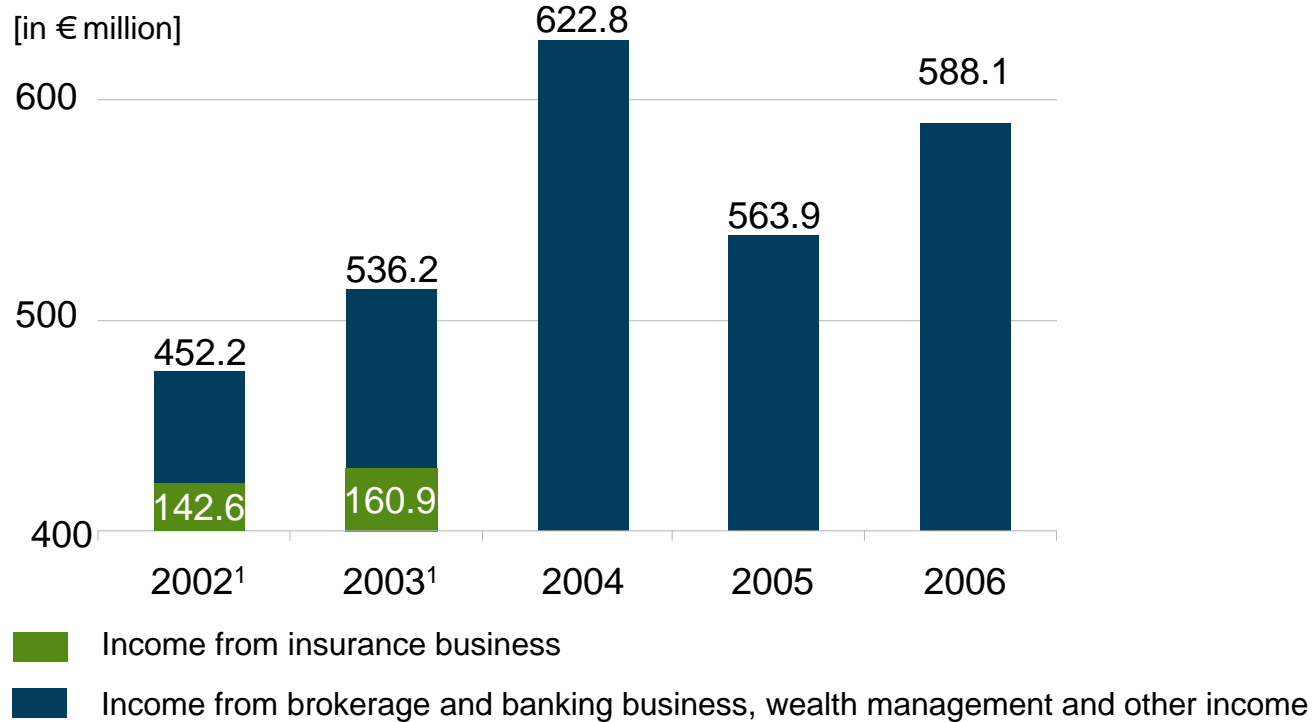
December 2007

# Overview

- MLP's KPI 2002 - 2006
- Major trends in the German financial industry
- Development in the UK market
- MLP's unique business model
- MLP's positioning in growth markets in Germany
  - Old-age pension provisions
  - Wealth management
- Focusing on growth drivers
- Summary: MLP's strategic and operational steps to achieve sustainable growth
- Appendix
  - Highlights and financial details 9M and Q3 2007
  - MLP's Wealth Management concepts
  - Contact

# MLP's KPI – Total income

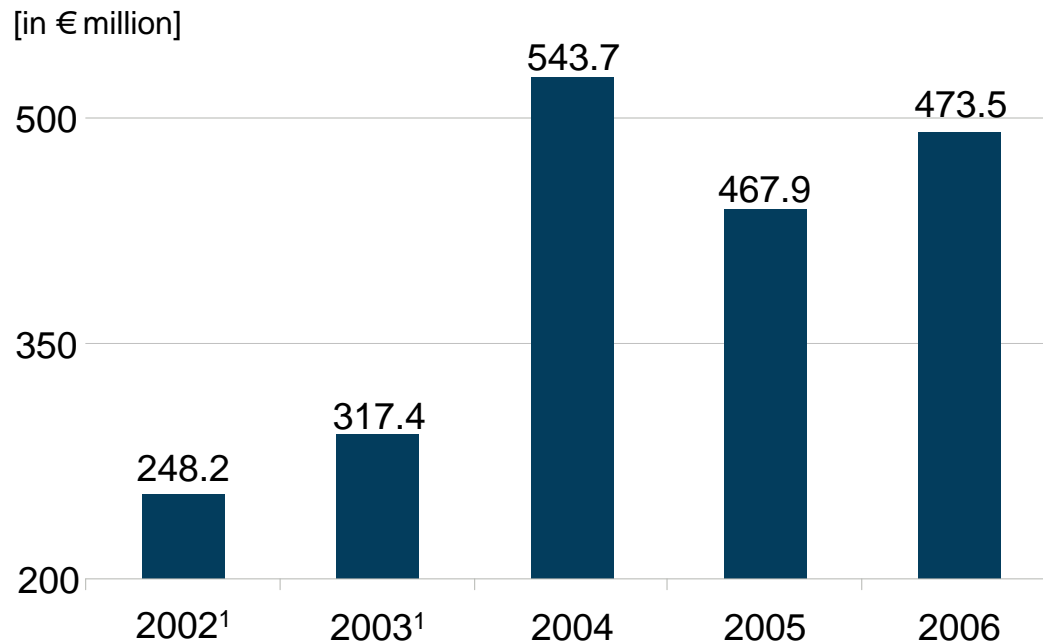
## Continuing operations



<sup>1</sup> Before the sale of MLP Lebensversicherung AG and MLP Versicherung AG

# MLP's KPI – Income from brokerage business

Continuing operations

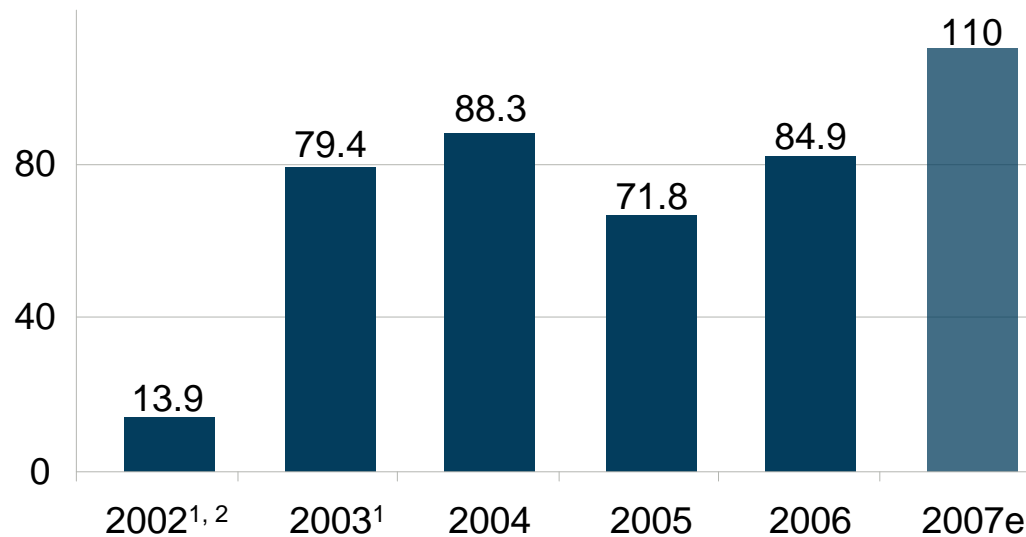


<sup>1</sup> Before the sale of MLP Lebensversicherung AG and MLP Versicherung AG

# MLP's KPI - EBIT

## Continuing operations

[in € million]



<sup>1</sup> Including one-time restructuring charges

<sup>2</sup> Before the sale of MLP Lebensversicherung AG and MLP Versicherung AG

# Radical changes in the German financial industry

## Major market trends for banks, insurance companies and IFAs

- Increasing competition and capital market requirements have led to the optimisation of cost structures and processes
- Increasing regulatory requirements will further change the market place dramatically:
  - Further optimisation of cost structure and processes
  - Consolidation
  - Professionalisation
  - Specialisation

# Extensive changes to legal requirements

## Prevailing conditions

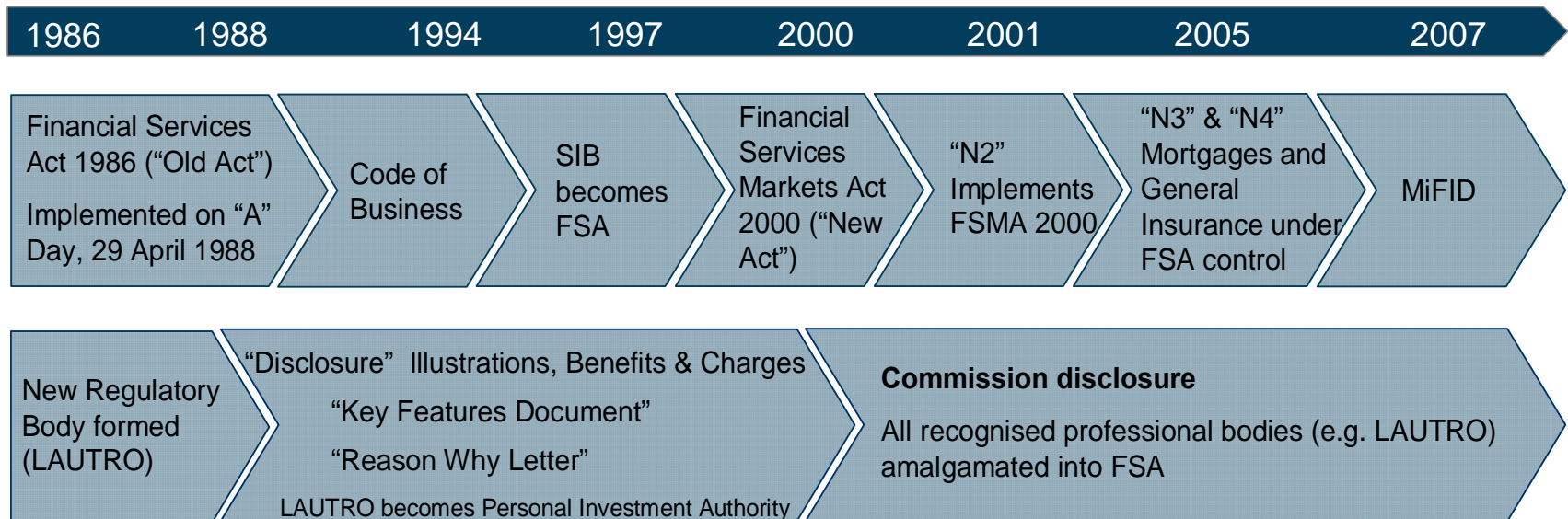
Insurance Mediation Dir.	MiFID	Insurance Contract Law
Insurance brokerage	Banks / Investment	Insurer
May 22, 2007	November 1, 2007	Early 2008
<ul style="list-style-type: none"> <li>• Raised standards for consultant qualifications and consulting quality</li> <li>• Extensive documentation guidelines</li> </ul> <p>→ Market consolidation</p>	<ul style="list-style-type: none"> <li>• Broadening of consultation, information and documentation regulations</li> <li>• Higher transparency standards</li> </ul>	<ul style="list-style-type: none"> <li>• Broadening of information obligations</li> <li>• Greater cost transparency in life and health insurance</li> <li>• Increase in cash surrender value / Distribution of acquisition costs</li> </ul>

## ■ Crucial factors for future success:

→ High quality consulting and low cancellation rate

# Similar changes in UK regulations commenced in 1988

## Regulatory changes in the UK and impact on the market

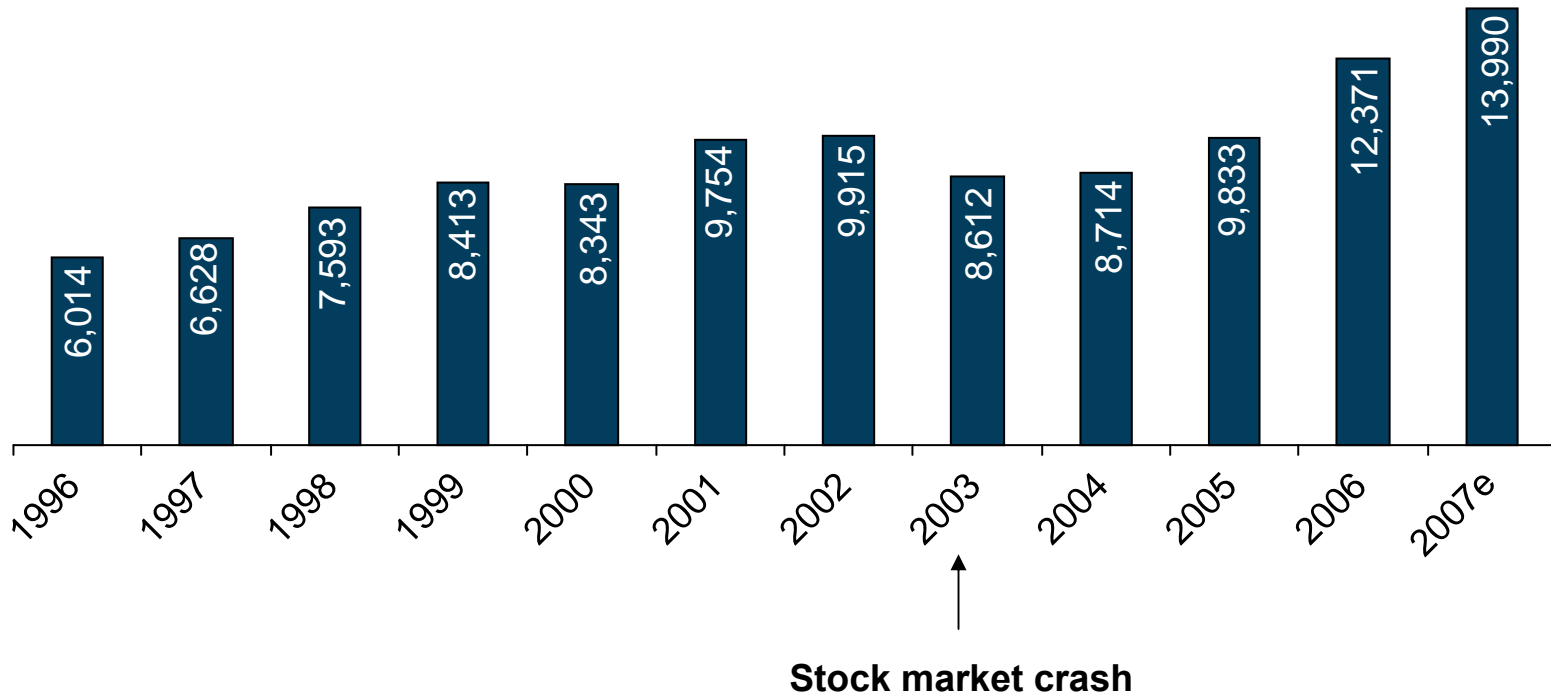




# Sales have grown, despite huge regulatory change and a massive stock market crash in 2003

Regulatory changes in the UK and impact on the market

UK Life & Pension Sales 1996 – 2007e (APE £m)

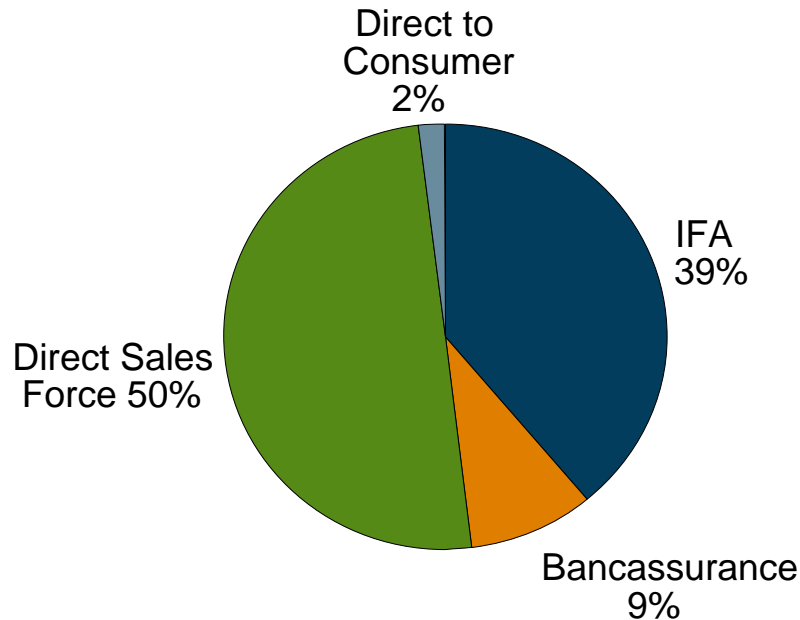


Source: ABI

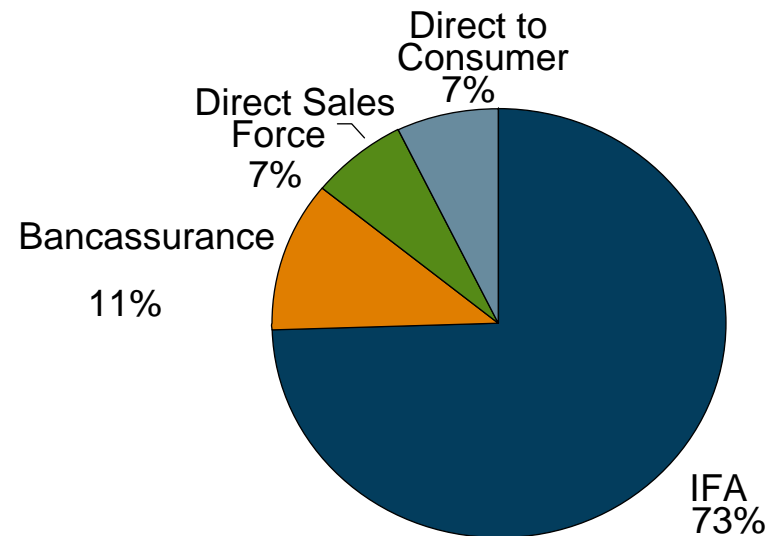
# The shape of distribution in the UK is now very different

Regulatory changes in the UK and impact on the market

1992 sales by channel



2006 sales by channel

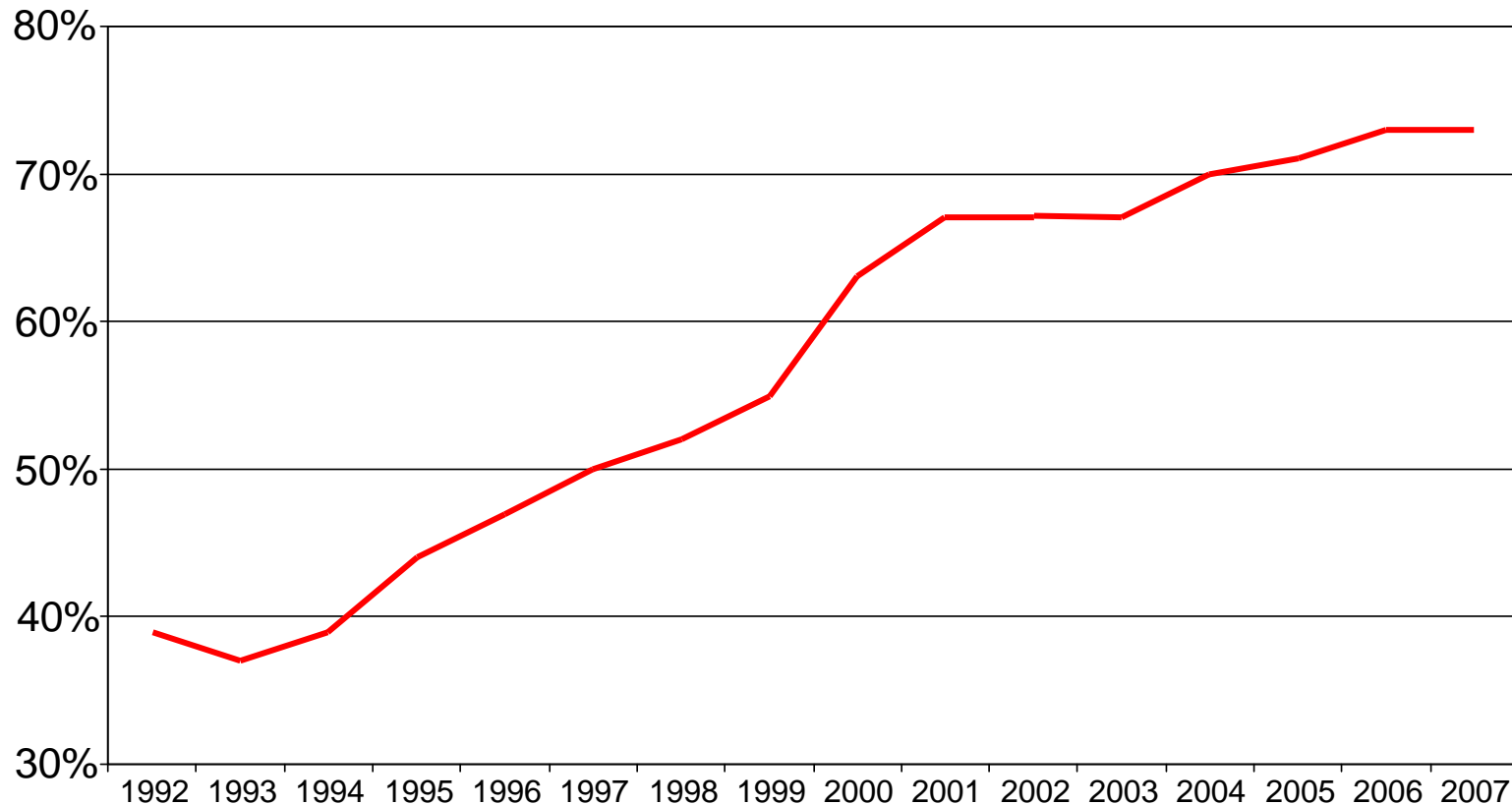


Source: ABI

# Independent brokers grew market share dramatically

Regulatory changes in the UK and impact on the market

## IFA Market Share in the UK



Source: ABI

# Some of the predictions were right....

## Regulatory changes in the UK and impact on the market

- The number of life, pensions and investment companies would fall ✓
- The number of people selling life, pensions and investment products would fall ✓
- Networks would emerge ✓

# ...but many were wrong

## Regulatory changes in the UK and impact on the market

- Independent brokers would lose market share X
- Commission rates would fall and independent brokers would switch to fees X
- The big banks would dominate distribution X
- Most independent brokers would single tie X
- Sales volumes would reduce X

# Independent brokers drove the sales growth and became recognized as the best distribution

## Regulatory changes in the UK and impact on the market

- Increased competence and professionalism
- Recommended by the National Press as the best for advice
- Customers now choose commission as the way to pay for advice
- Tailored their advice for each customer
- Became more efficient
- A special brand was created for all independent brokers

→ **Independent advice is now recognized as a great competitive advantage**

# Over the last 10/15 years different distribution models appeared and then disappeared

## Regulatory changes in the UK and impact on the market

- Many new networks emerged
- But, many networks never achieved their goals
  - Lack of capital
  - Poor systems/training
  - Regulatory problems
  - Low profitability
- The two big networks in the UK
  - Have no consumer brand
  - Are lightly capitalized
  - Have a low market value (£25m)
  - No consistent approach to the market

# What can we learn from the changes in the UK?

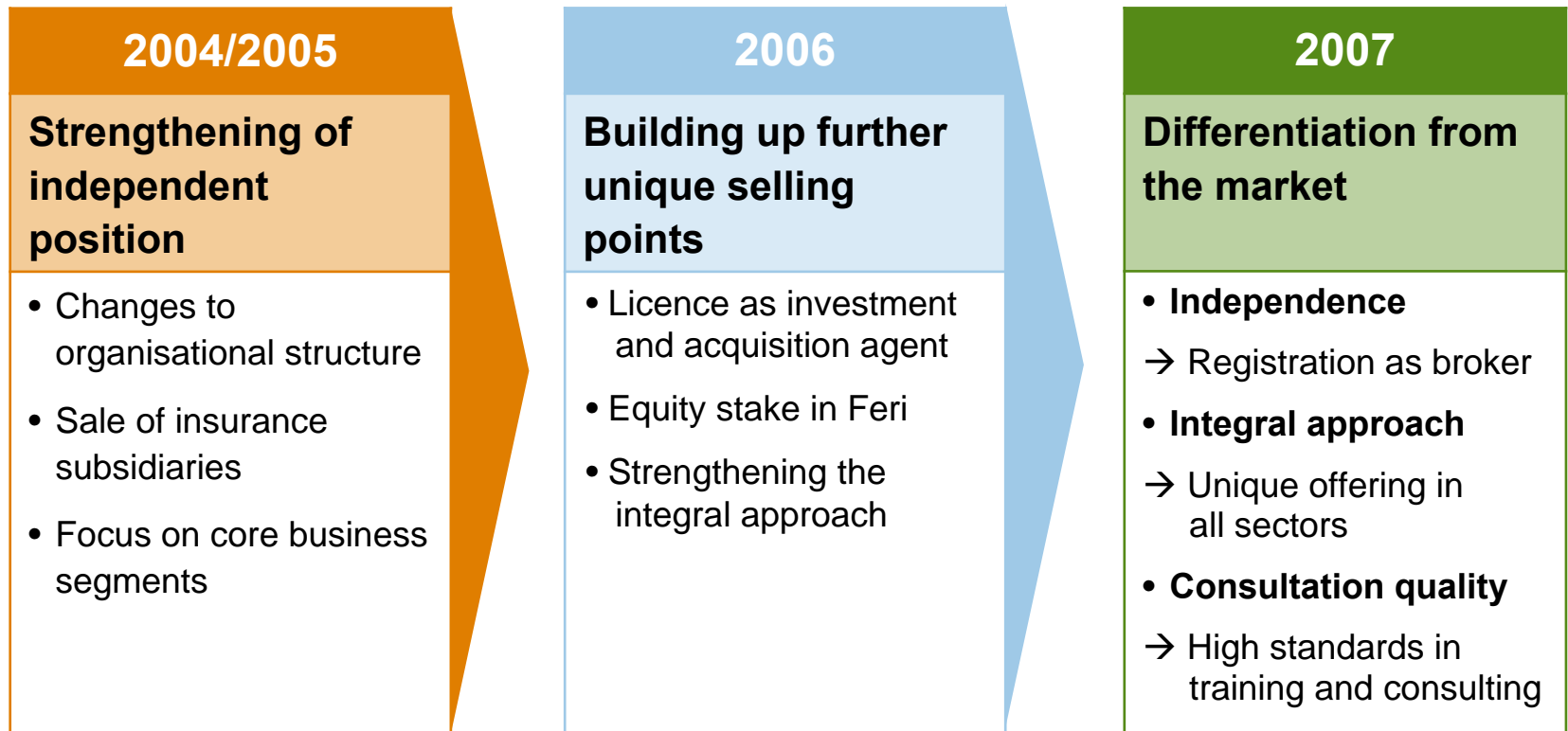
## Regulatory changes in the UK and impact on the market

- Independent status is highly valued by customers and the press
- Many new distribution companies emerge, but many fail
- A quality advice proposition backed by technology is key
- Customers are not interested in regulatory change – they want advice and solutions



# MLP focuses on independent consulting

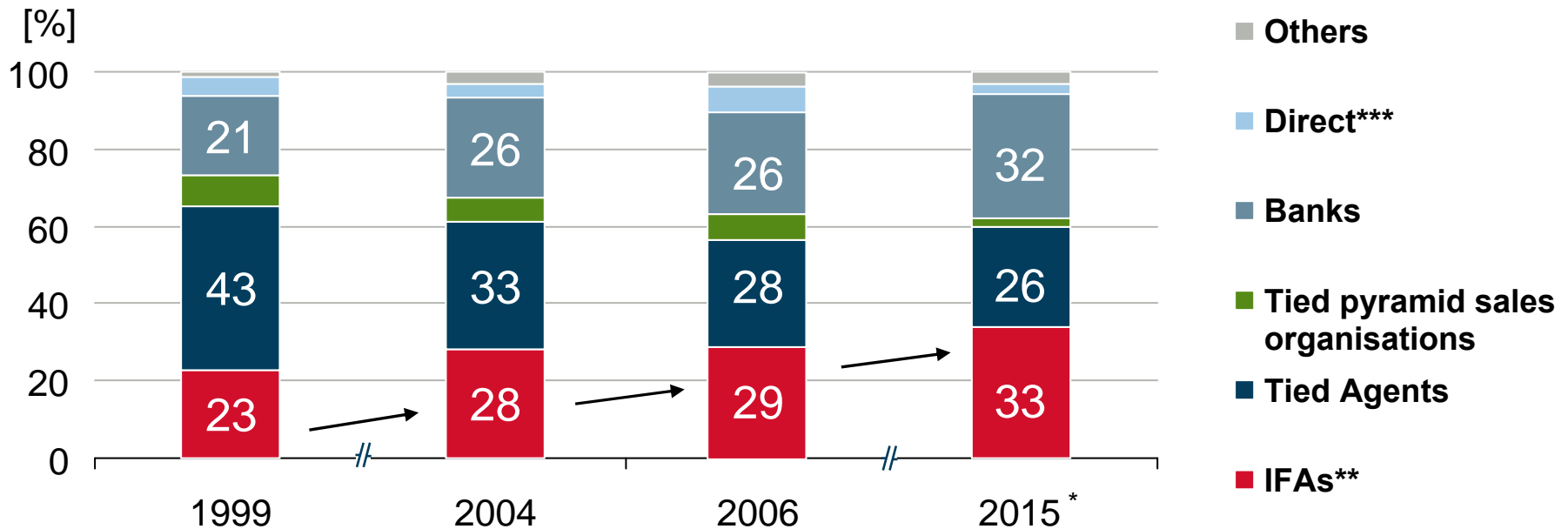
## 3 phases to further differentiation



→ MLP has **clear unique selling points**

# IFA sales channel is expected to gain market share

Market share of different sales channels for life insurance products in Germany



Source: Tillinghast Sales Channel Surveys Germany 2007

\* Estimate, \*\* incl. IFAs and multi-tied agents, \*\*\* Direct incl. internet sales

# MLP Private Finance: Intelligent concepts for retirement provision, insurance coverage, investment and finance

## Business model

Target group focus + Quality of advice + Independence



Objectives

Advice

Solution

# One-stop for lifetime financial solutions

Added value for the client: financial planning



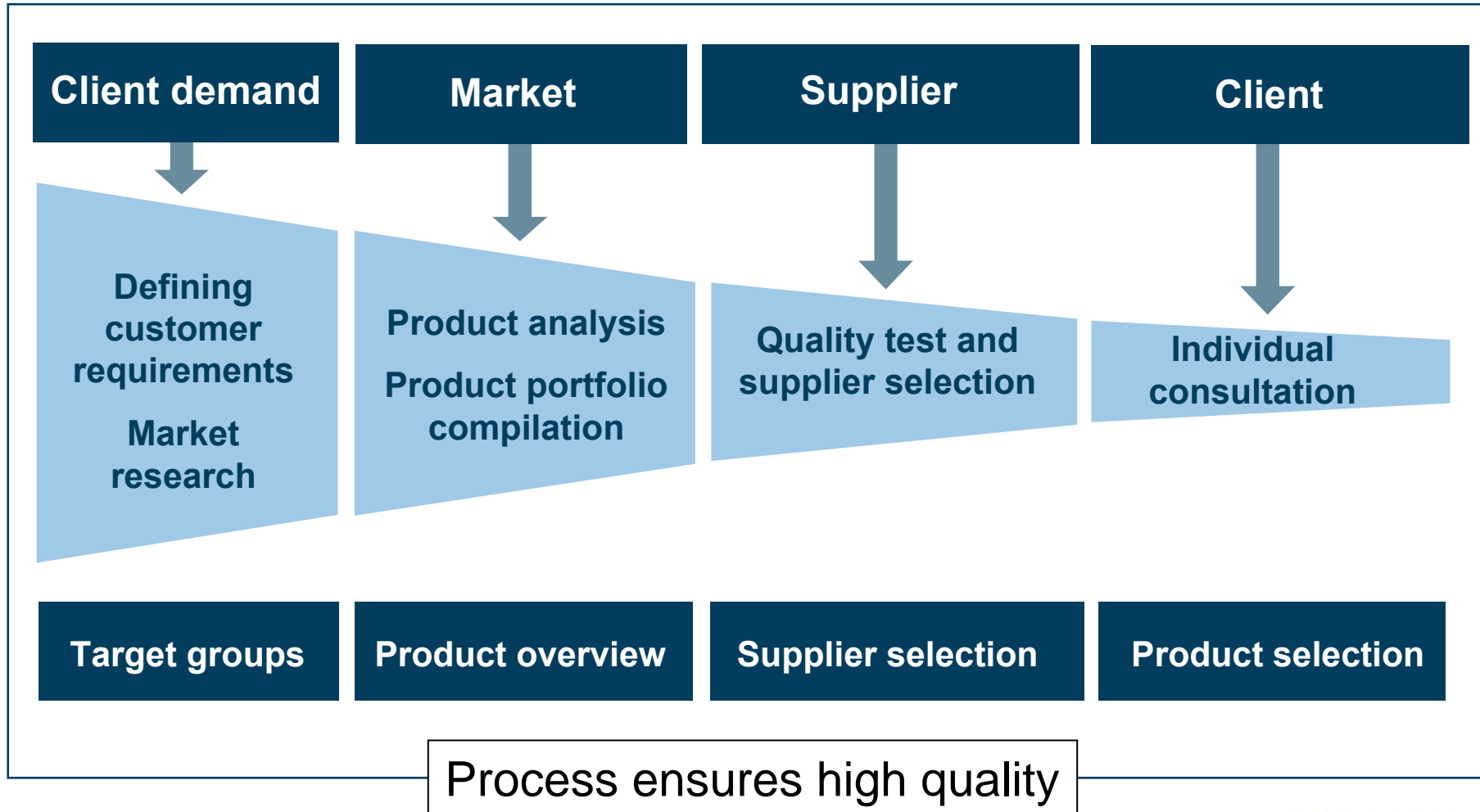
Planning  
 Insurance coverage  
 Retirement provision  
 Health  
 Consumption



Old-age provision management  
 Non-Life management  
 Health management  
 Loan and mortgage management  
 Wealth management  
 Cash management

# Client orientation at all levels of the value chain

Competitive advantage: consultation quality



# Core competencies in growth markets

Excellent growth potential

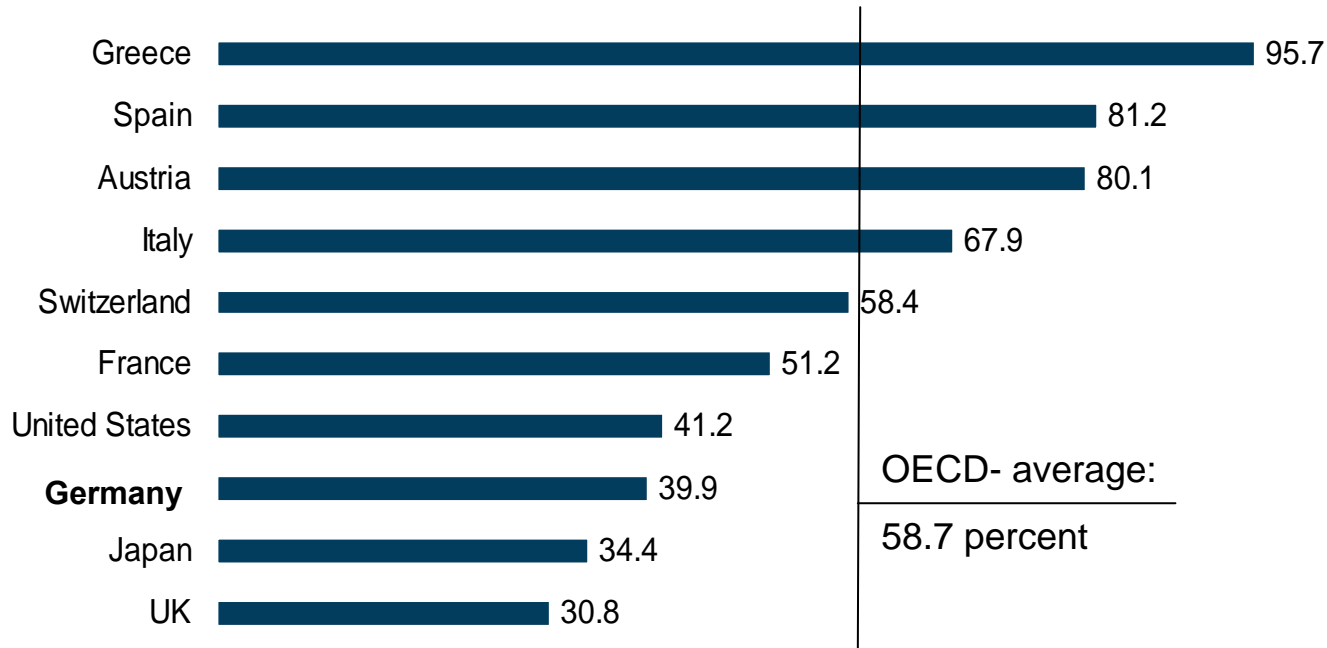
	Estimated market growth*	MLP consulting	Medium-term development MLP
Old-age pension provision	5-10 % p.a.	Core competence	↑
Private health care provision	<b>Medium-term increasing demand</b>	Core competence	↑
Wealth management	5-7% p.a.	Future core competence	↑
Non-life insurances	<b>Small decrease premium sums</b>	Part of the integrated consulting approach	→
Financing	10% p.a.	Part of the integrated consulting approach	→

\*Source: Roland Berger, zeb, Allianz Global Investors, Datamonitor, KPMG, MLP.

- Target: Medium-term increase in proportion of revenue from wealth management from around 6 % up to 20 %

# Underestimated old-age provisions requirement

Future pension levels – as a percentage of gross income\*

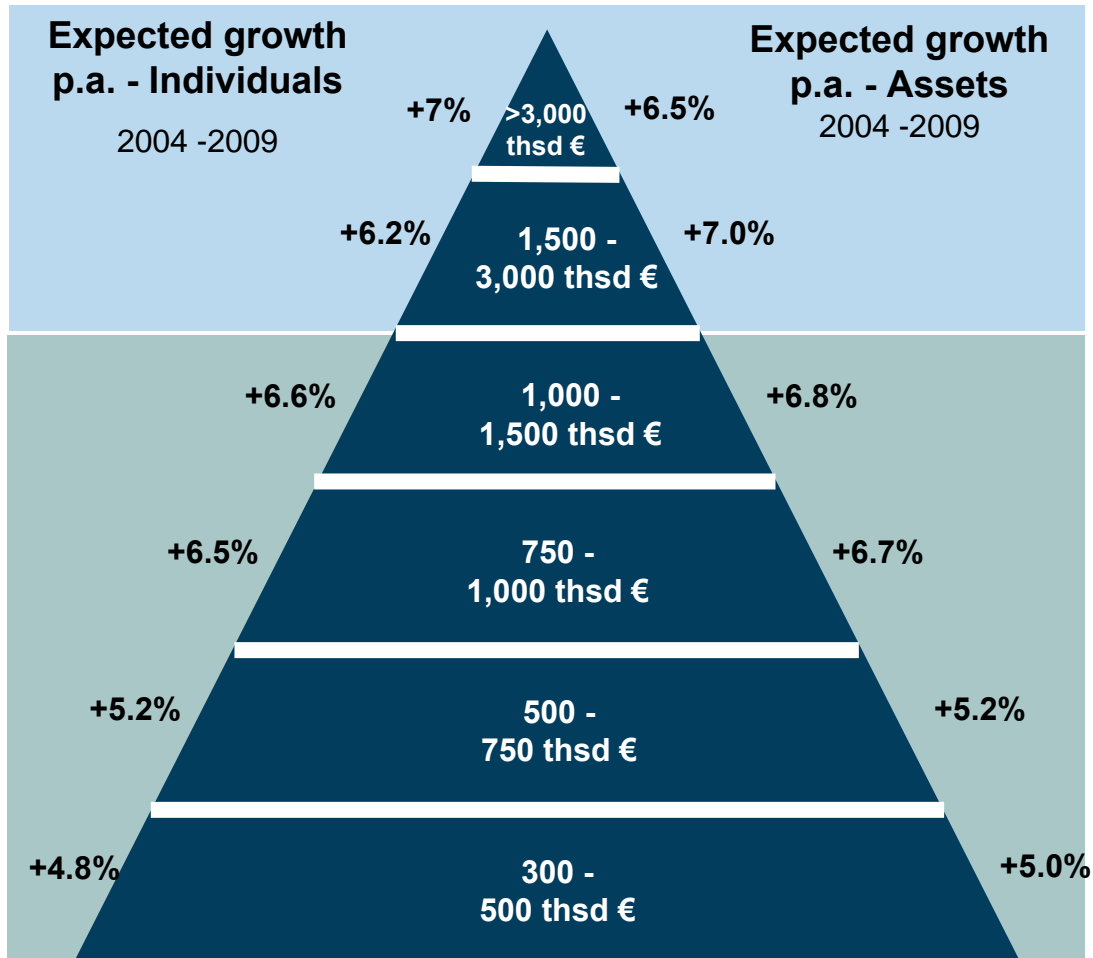


Source: OECD/ F.A.Z.

\*State pension levels according to current legal situation. Selected countries.  
Basis for estimation: Employee who begins full-time work at the age of 20 in 2004 and remains in employment until the state retirement age (average earner).

# Attractive market environment for wealth management

Growth perspectives for wealth management in Germany



- The German private banking market offers high growth perspectives in Europe
- Growth drivers:
  - Inheritances
  - Increase in assets

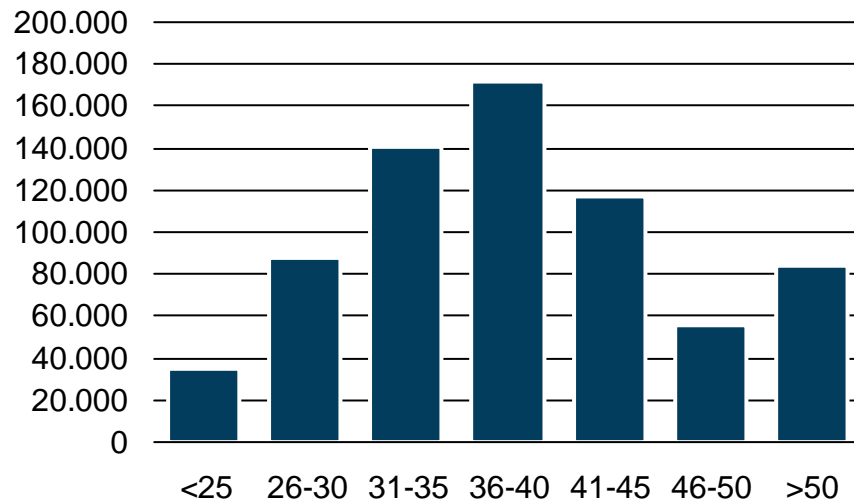
Source: zeb/rolfes, schierenbeck associates, Datamonitor



# Low average age offers high potential

## Targeted expansion of MLP Wealth Management

### Clients by age

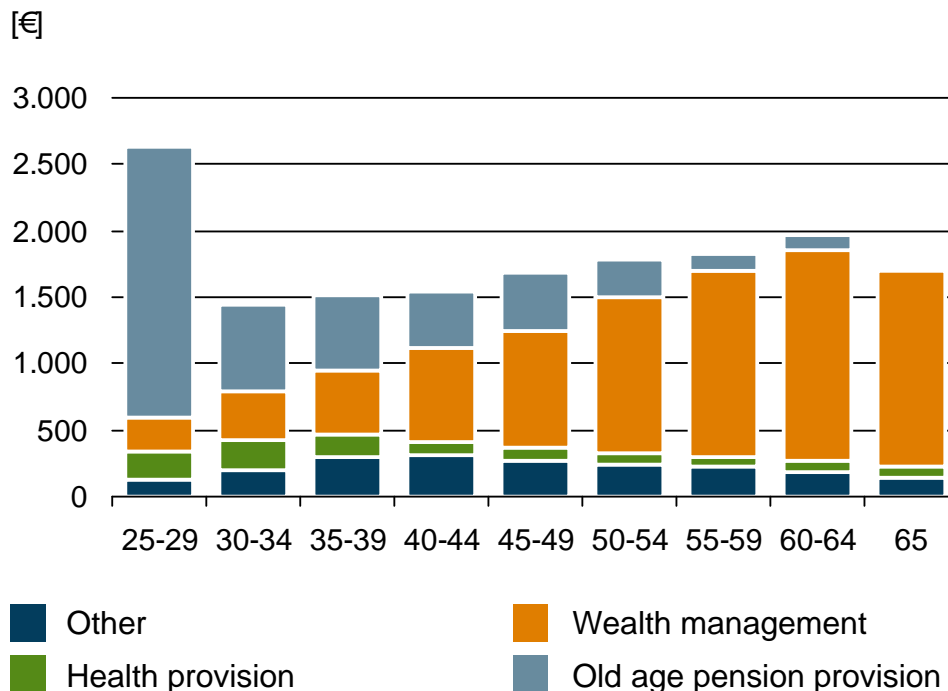


- MLP clients' income and savings quotas clearly exceed average levels
- The average age of an MLP client is 39
- Already 37 per cent of clients are older than 40
- The number of clients over 40 years of age will double within five years

# Increasing value creation potential

## MLP Wealth Management

Potential sales revenue MLP Finanzdienstleistungen AG per year and client



- Wealth management takes on greater importance with advancing age
- Further increase and diversify assets through intelligent concepts

# Feri – The ideal partner for MLP

## Core data and reasons for expanding wealth management segment

### Wealth management segment expansion – a logical step

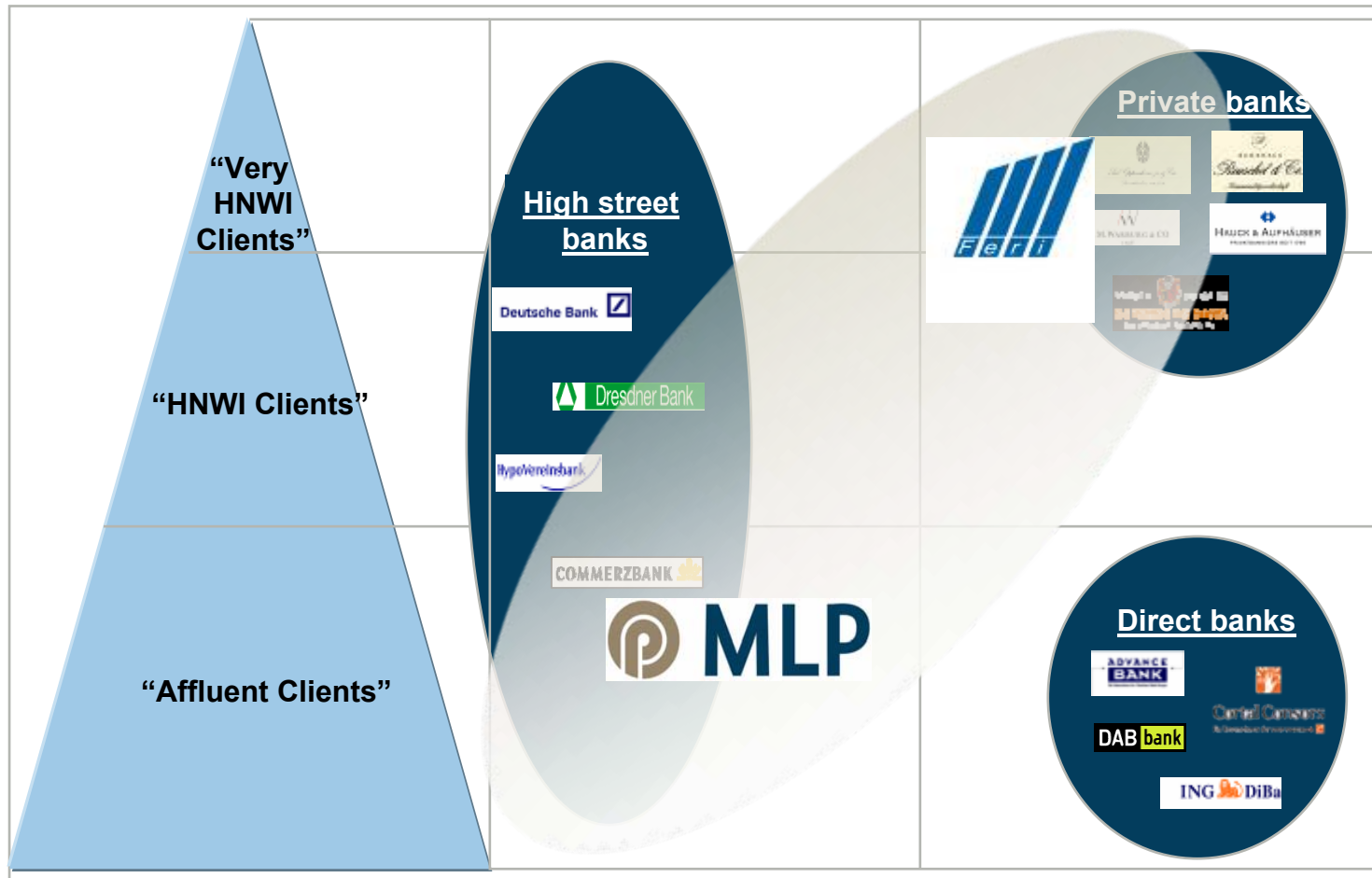
- Enormous **potential** within existing MLP client base
- Wealth management offers **high revenue potential** especially among the over 40's
- MLP Bank as a **service platform** specialising in client needs

### Feri – the ideal partner for MLP

- High **competence** and great expertise
- Strong **brand awareness** and reputation
- Joint **assets under management / control** of € 11.2 bn
- Continuation of **successful business model**
- Partners retain holding in company

# MLP and Feri cover the whole market

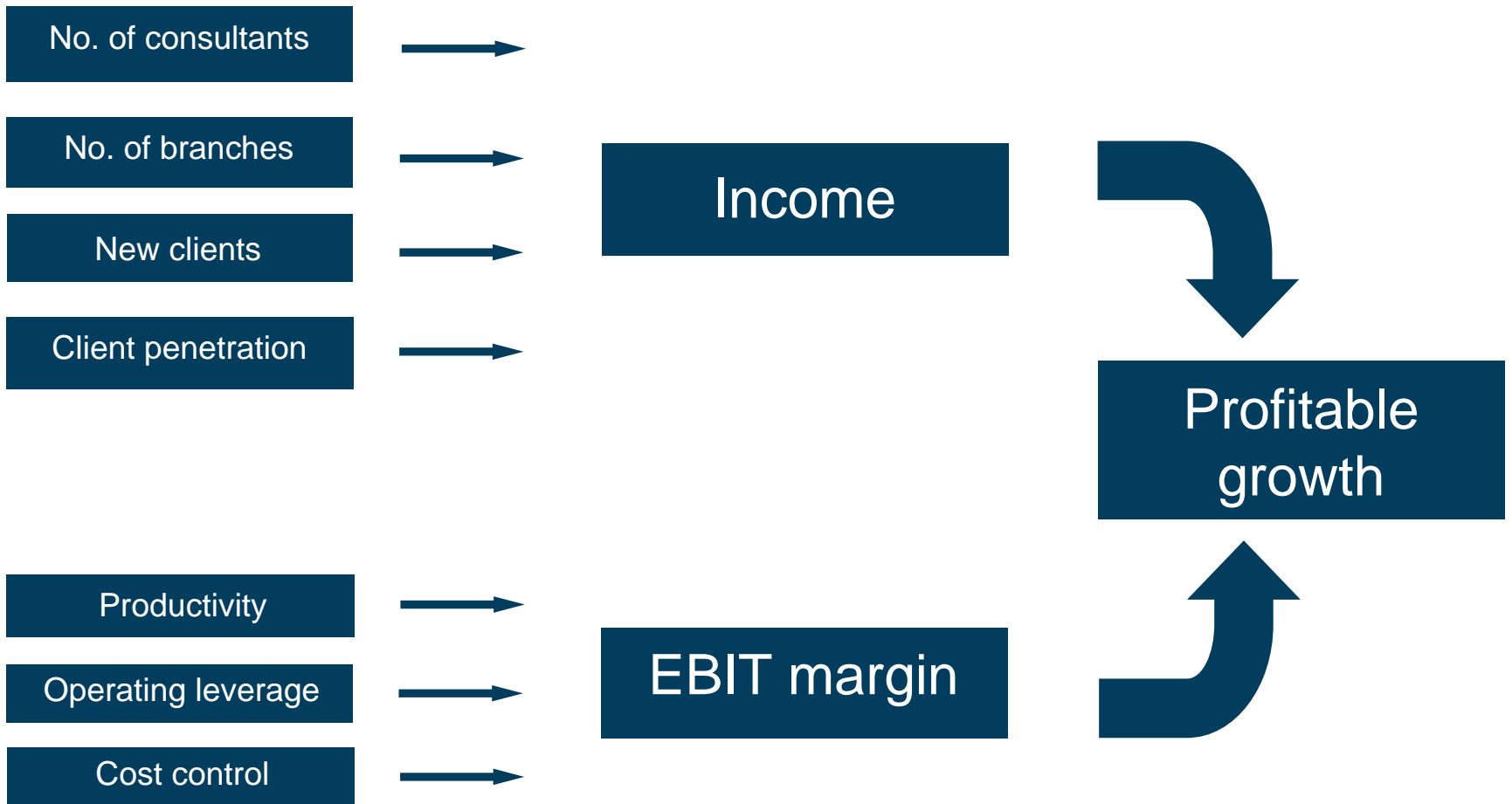
Higher client penetration through transfer of know how



Universal offering ← — Product offering — → Niche player

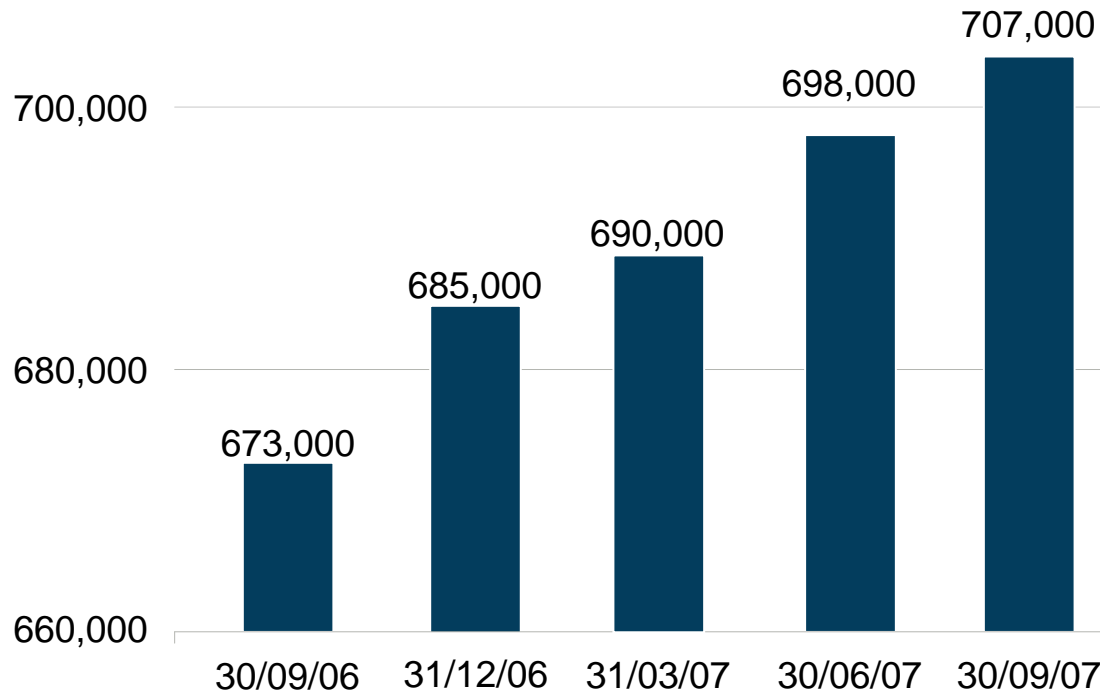
# Growth drivers

Different growth drivers for MLP's business model



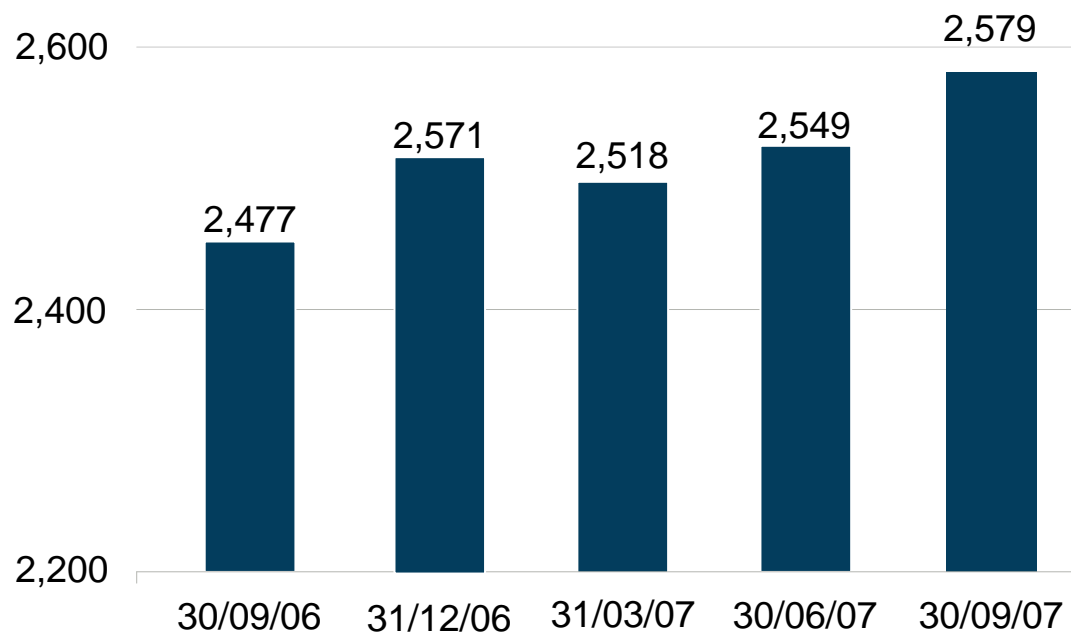
# Clients

## Continuing operations



# Consultants

## Continuing operations



- Fixed salary in the first year
- Opening of new branches
- Enhancement of the customer service commissions for consultants

# How can sustainable growth be achieved?

## MLP's strategic and operational steps to achieve sustainable growth

- Rapid adjustment to changing market environment and legal framework
- Focusing on independent consulting
- Focusing on growth markets
  - Old-age pension provision
  - Wealth management
- Focusing on growth drivers
  - Client penetration and growth
  - Consultants



# Appendix

- Highlights and financial details 9M and Q3 2007
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# Highlights 9M and Q3 2007 (1)

- Industry still uncertain about the effects of new regulatory requirements
- Difficult market environment for private health insurance business due to reform of the German healthcare system
- Continuation of share buyback programme
- Change in management
- Exercise of the acquisition option for remaining equity stake in Feri Finance AG

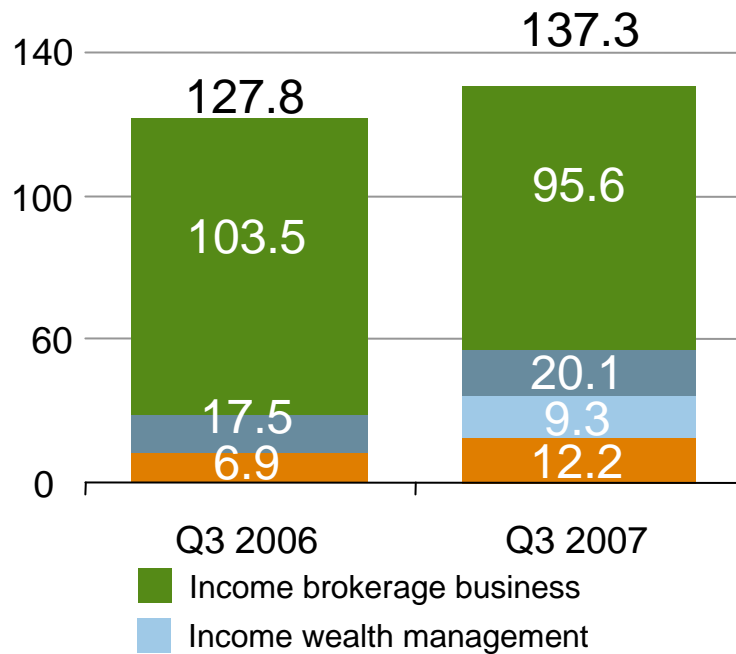
## Highlights 9M and Q3 2007 (2)

- Opening of 6 branches
- Enhancement of the customer service commissions for consultants
- Total income 9M increased by 9%
- EBIT 9M up by 20%
- AuM increased by around € 400m (9M)

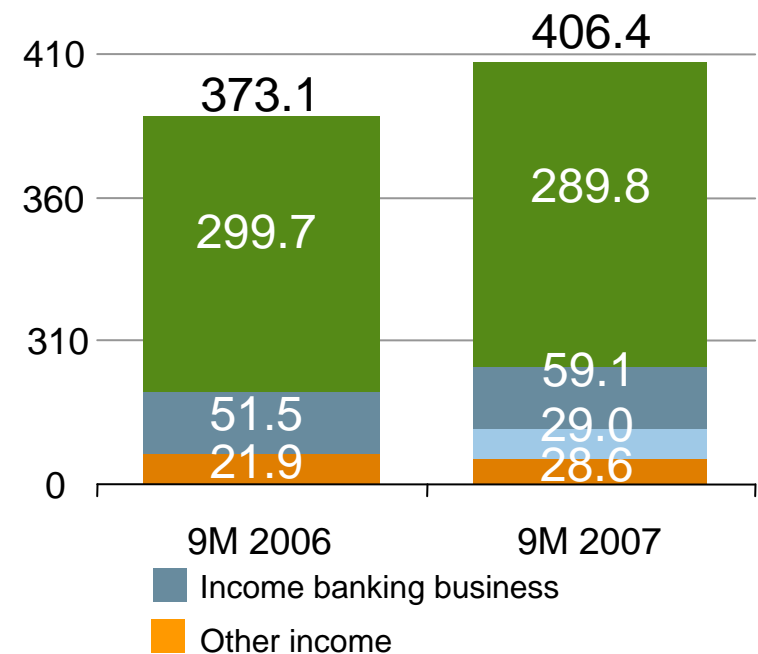
# Total income increased

## Total income

[in € million]



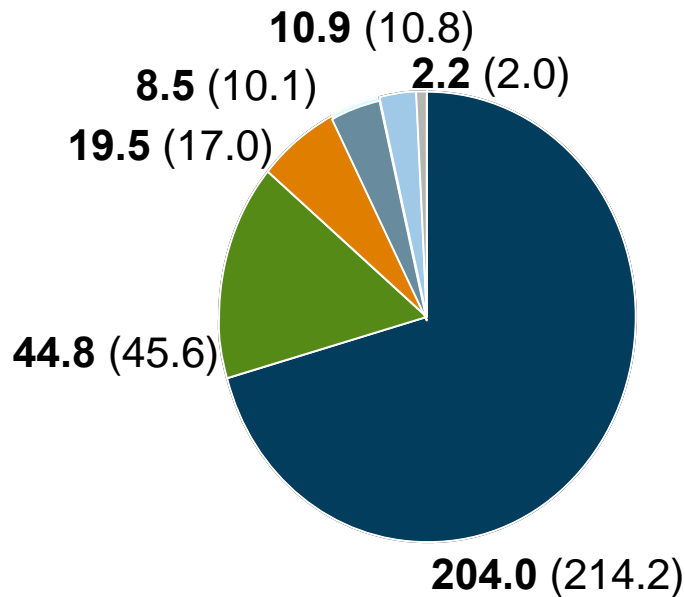
[in € million]



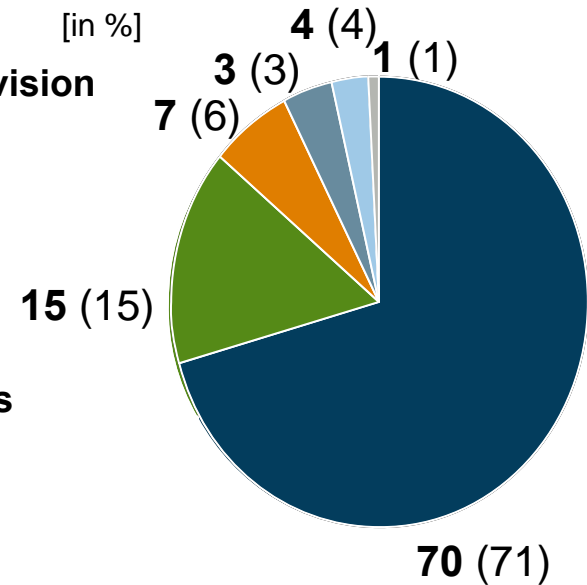
# 9M: Income from old-age pension provision business only slightly below previous year's already high level

Income from brokerage business, 9M 2007 (9M 2006): € 289.8m (€ 299.7m)

[in € million]



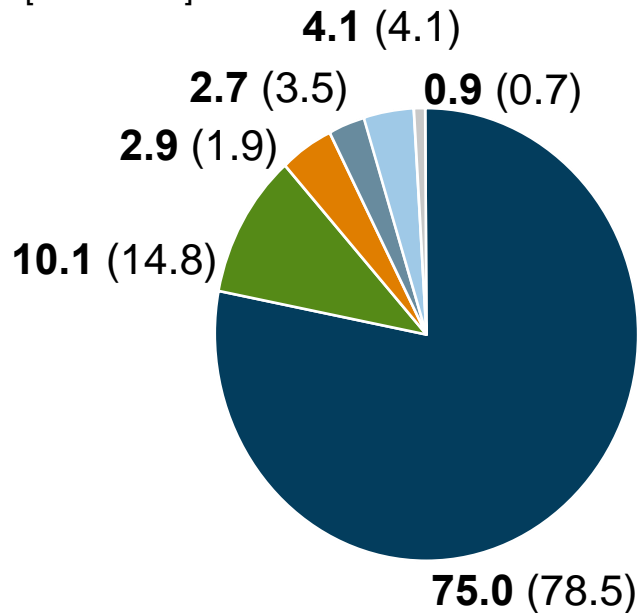
[in %]



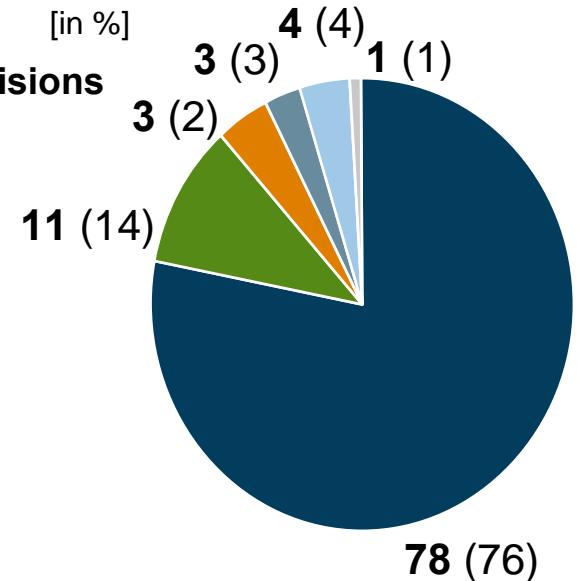
# Q3: Income from health insurance business significantly down due to German health care reform

Income from brokerage business, Q3 2007 (Q3 2006): € 95.6m (€ 103.5m)

[in € million]



[in %]



# EBIT burdened by one-time effects

## Continuing operations

### Income statement

[in € m]	Q3 2006	Q3 2007	9M 2006	9M 2007
Total income	127.8	137.3	373.1	406.4
EBIT	17.5	17.4	44.7	53.4
Finance cost	1.3	0.3	5.1	0.7
EBT	18.8	17.7	49.7	54.2
Taxes	-6.5	-1.2	-14.4	-14.5
Net profit	12.3	16.5	35.3	39.7
<b>EPS in € (diluted)</b>	<b>0.12</b>	<b>0.16</b>	<b>0.33</b>	<b>0.39</b>

- EBIT 9M + 20 %
- One-time restructuring charges of € 4.8m
- EBIT margin Q3 before restructuring charges 15.4 % (13.7 %)
- Revaluation of deferred taxes due to German corporate tax reform

# Segment development as planned

## Segment reporting

[in € m]	Q3 2006	Q3 2007	9M 2006	9M 2007
<b>Consulting and sales segment</b>				
Segment income	107.9	100.7	313.1	304.7
EBIT	16.8	10.5	45.5	40.6
EBIT margin in %	15.6	10.4	14.5	13.3
<b>New business</b>				
Old-age provision (in € bln.)	1.5	1.3	4.3	3.5
Health insurance	21.9	10.3	55.8	33.9
Loans and mortgages	314	300	963	918
Funds under management (in € bln.)	-	-	10.8*	11.2
<b>Banking segment</b>				
Segment income	17.6	20.1	51.6	59.1
EBIT	2.1	4.6	5.5	9.3
<b>Wealth management segment</b>				
Segment income	-	9.3	-	29.0
EBIT	-	5.7	-	8.7

- Consulting and sales
  - One-time restructuring charges € 1.6m
  - Adjusted Q3 EBIT margin 12.0 %
- AuM increased by € 400m

\* as at 31/12/06



# Strong balance sheet

## MLP Group assets

[in € m]	30/09/07	31/12/06
Intangible assets	179.6	186.8
Property, plant and equipment	85.5	89.1
Investment property	14.8	15.1
Investment (equity method)	1.6	-
Deferred tax assets	0.4	0.2
Receivables from Banking business	699.8	606.4
Financial investments	70.2	49.9
Tax refund claims	12.7	21.1
Receivables and other assets	94.6	177.1
Cash and cash equivalents	83.8	120.5
Assets held for sale	6.3	-
	<b>1,249.4</b>	<b>1,266.1</b>

- Liquid funds of € 103m
- Decrease in receivables and other assets due to usual seasonal business development

# Equity ratio stands at 25%

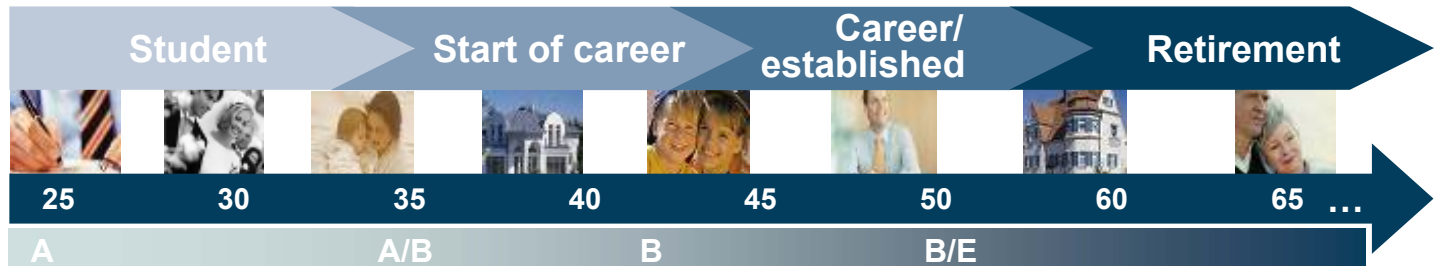
## MLP Group liabilities and shareholders' equity

[in € m]	30/09/07	31/12/06
Equity attributable to		
MLP AG shareholders	309.9	323.4
Minority interest	0.1	0.1
<b>Total shareholders' equity</b>	<b>310.0</b>	<b>323.4</b>
Provisions	31.2	33.9
Deferred tax liabilities	17.2	19.6
Liabilities due to		
Banking business	682.9	599.7
Tax liabilities	3.0	7.6
Other liabilities	202.4	281.9
Liabilities held for sale	2.9	-
	<b>1,249.4</b>	<b>1,266.1</b>

- Change in shareholders' equity due to dividend payment and net profit
- Decrease in other liabilities due to usual seasonal business development

# MLP Wealth Management – Concepts and Products

## Overview



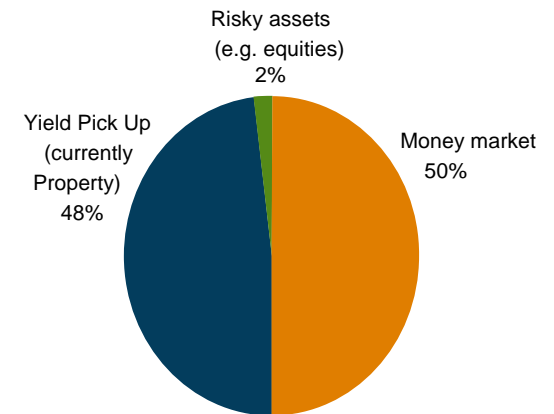
	A (25-35)	A/B (35-45)	B (45-55)	B/E (55-65+)
<b>Liquidity management</b>	<ul style="list-style-type: none"> <li>• Deposit-based Comfort Account</li> <li>• Credit Card</li> </ul>	<ul style="list-style-type: none"> <li>• Comfort Account with credit limit</li> <li>• GoldCard</li> </ul>	<ul style="list-style-type: none"> <li>• Premium Account</li> <li>• PlatinumCard</li> </ul>	<ul style="list-style-type: none"> <li>• Premium Account</li> <li>• PlatinumCard</li> </ul>
	<ul style="list-style-type: none"> <li>• Overnight money account</li> <li>• Money market and fixed income funds</li> <li>• Near money market funds</li> <li>• <b>“ZinsPlus”</b></li> </ul>		<ul style="list-style-type: none"> <li>• Overnight money account</li> <li>• Money market and fixed income funds</li> <li>• Near money market funds</li> <li>• Special investments</li> <li>• <b>“ZinsPlus”</b></li> </ul>	
<b>Wealth formation</b> (Savings plans)	<ul style="list-style-type: none"> <li>• top portfolio</li> <li>• <b>flagship portfolio</b></li> <li>• titan portfolio</li> </ul>		<ul style="list-style-type: none"> <li>• capital formation benefit funds</li> <li>• top portfolio</li> <li>• <b>flagship portfolio</b></li> <li>• titan portfolio</li> </ul>	<ul style="list-style-type: none"> <li>• top portfolio</li> <li>• <b>flagship portfolio</b></li> <li>• titan portfolio</li> </ul>
<b>Wealth optimisation</b> (Lump sum investments)			<ul style="list-style-type: none"> <li>• absolute return portfolio</li> <li>• Holdings &amp; Private Equity</li> <li>• <b>“Modular wealth management”</b></li> <li>• <b>Individual wealth management</b></li> </ul>	<ul style="list-style-type: none"> <li>• premium portfolio</li> <li>• titan portfolio</li> <li>• best select</li> </ul>

# High-yield “Parking of liquidity”

## Short-term “ZinsPlus”

	Configuration
<b>Characteristics/ investment objective</b>	<ul style="list-style-type: none"> <li>• High-yield “parking of liquidity”</li> <li>• Objective: p.a. interest above money market rate together with exclusion of losses within a six month period</li> <li>• Multi asset/multi manager concept</li> </ul>
<b>Vehicle</b>	<ul style="list-style-type: none"> <li>• Fund of funds</li> </ul>
<b>Implementation</b>	<ul style="list-style-type: none"> <li>• Portfolio consisting of approx. 50% money market investments and 50% other investments that produce additional yield coupled with low risk exposure (currently: property funds)</li> <li>• A small proportion can be allocated to risky assets (e.g. equities) or put into a swap construction</li> </ul>
<b>Minimum investment</b>	<ul style="list-style-type: none"> <li>• Savings plan: EUR 50</li> <li>• Lump sum investment: EUR 2,500</li> </ul>

### Exemplary fund structure

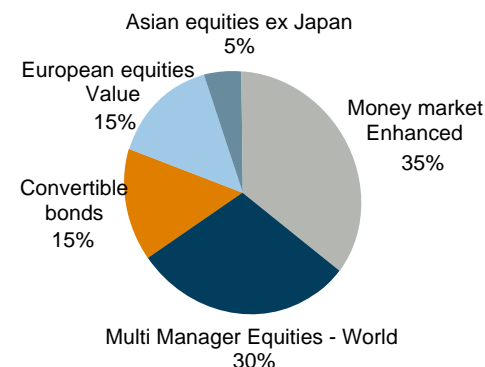


# Comfort solution in three variations

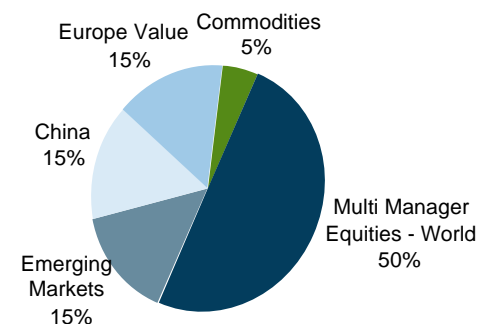
## MLP flagship portfolio

	Configuration
<b>Characteristics / Investment objective</b>	<ul style="list-style-type: none"> <li>• “Comfort solution“ for MLP clients</li> <li>• Focus on out-performance compared to given benchmark</li> <li>• Multi asset/multi manager concept</li> </ul>
<b>Vehicle</b>	<ul style="list-style-type: none"> <li>• 3 portfolio models, each with 5 fund investments</li> </ul>
<b>Implementation</b>	<ul style="list-style-type: none"> <li>• Basis: MLP titan funds list (Ratings-based, pre-selected funds in 9 market segments) plus other funds</li> <li>• Addition of further attractive themes/countries/styles etc. to the portfolio mix</li> </ul>
<b>Minimum investment</b>	<ul style="list-style-type: none"> <li>• Savings plan: EUR 75</li> <li>• Lump sum investment: EUR 2,500</li> </ul>

Exemplary portfolio structure “balanced”



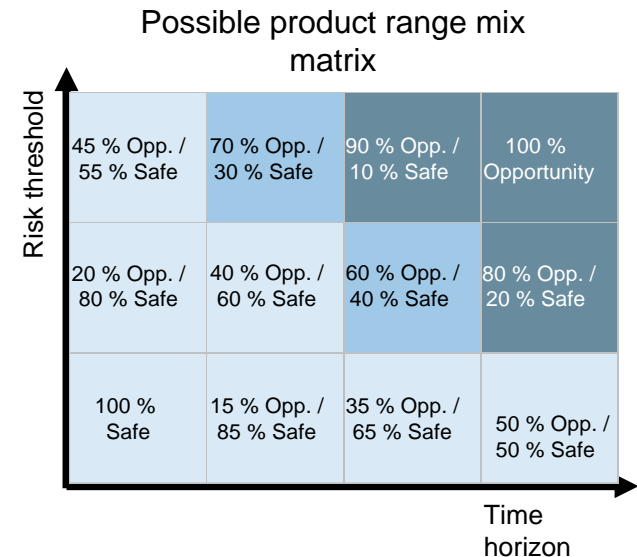
Exemplary portfolio structure “dynamic”



# High-class wealth management for a broad client base

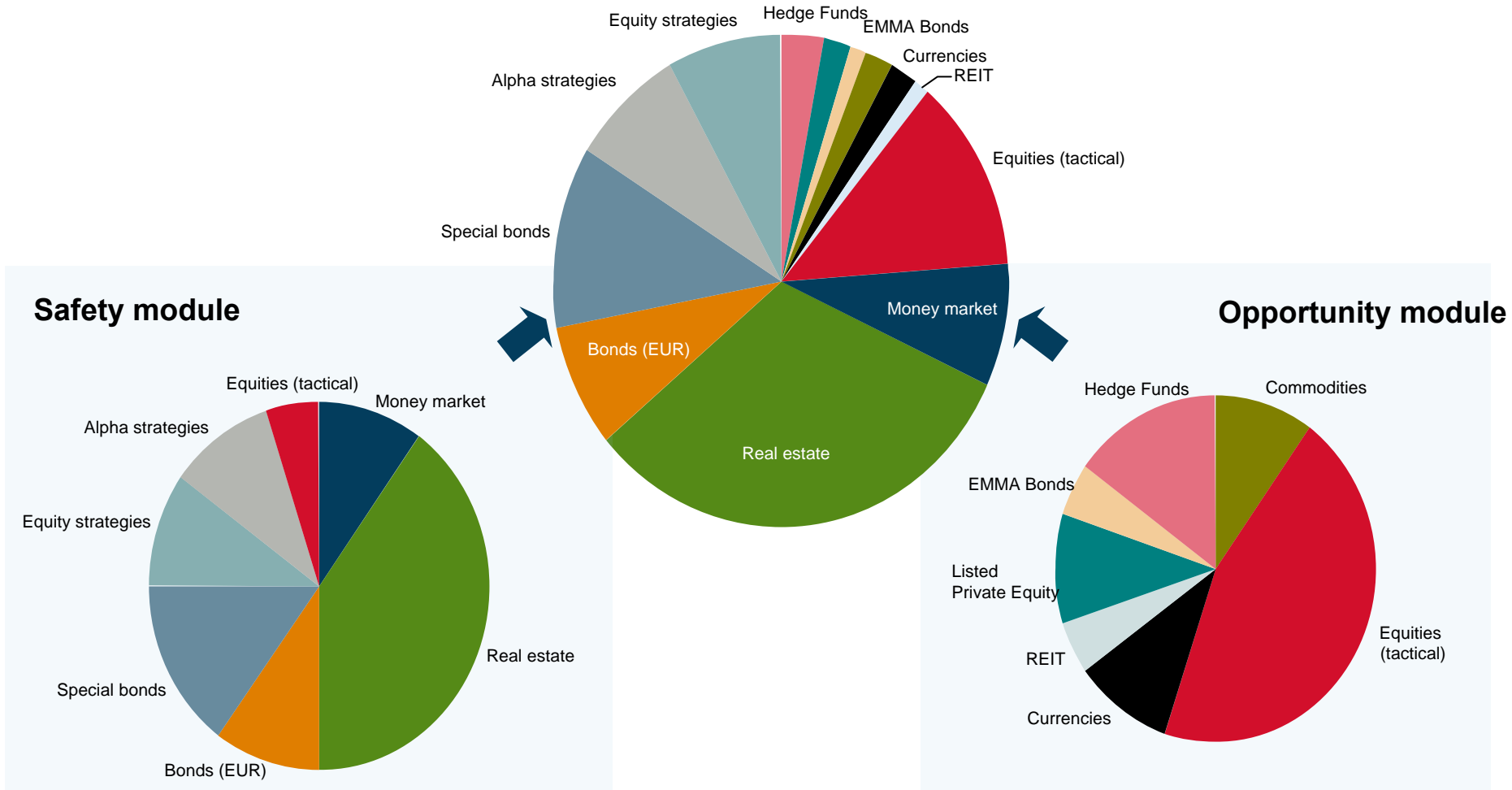
## Modular wealth management

	Configuration
<b>Characteristics/ investment objective</b>	<ul style="list-style-type: none"> <li>• Wealth management with <b>low minimum investment</b> and <b>innovative investment approach</b></li> <li>• Concepts so far restricted to HNWI made available to MLP clients</li> <li>• Multi asset/multi manager concept</li> <li>• Modularity ensures transparency and easy handling</li> <li>• Use of the extended investment possibilities through UCITS III</li> </ul>
<b>Vehicle</b>	<ul style="list-style-type: none"> <li>• 2 separate asset funds:</li> <li>• “Safety module“ with the aim of generating a base return/ Absolute-Return concept</li> <li>• “Opportunity module“ distinctly return-oriented</li> </ul>
<b>Implementation</b>	<ul style="list-style-type: none"> <li>• Portfolios generally consist of both “modules”</li> <li>• Both vehicles are freely scaleable, for a better overview there is a matrix with 12 alternatives</li> <li>• “Mix ratio” reflects the risk threshold and investment horizon of the client</li> </ul>
<b>Minimum investment</b>	<ul style="list-style-type: none"> <li>• EUR 10,000</li> </ul>



# Broad distribution over all asset classes

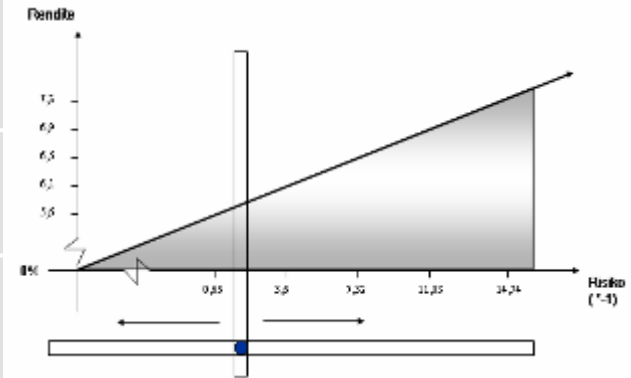
Modular wealth management – exemplary structure (80% safety module)



# Highest level of individuality for MLP clients

## Individual wealth management

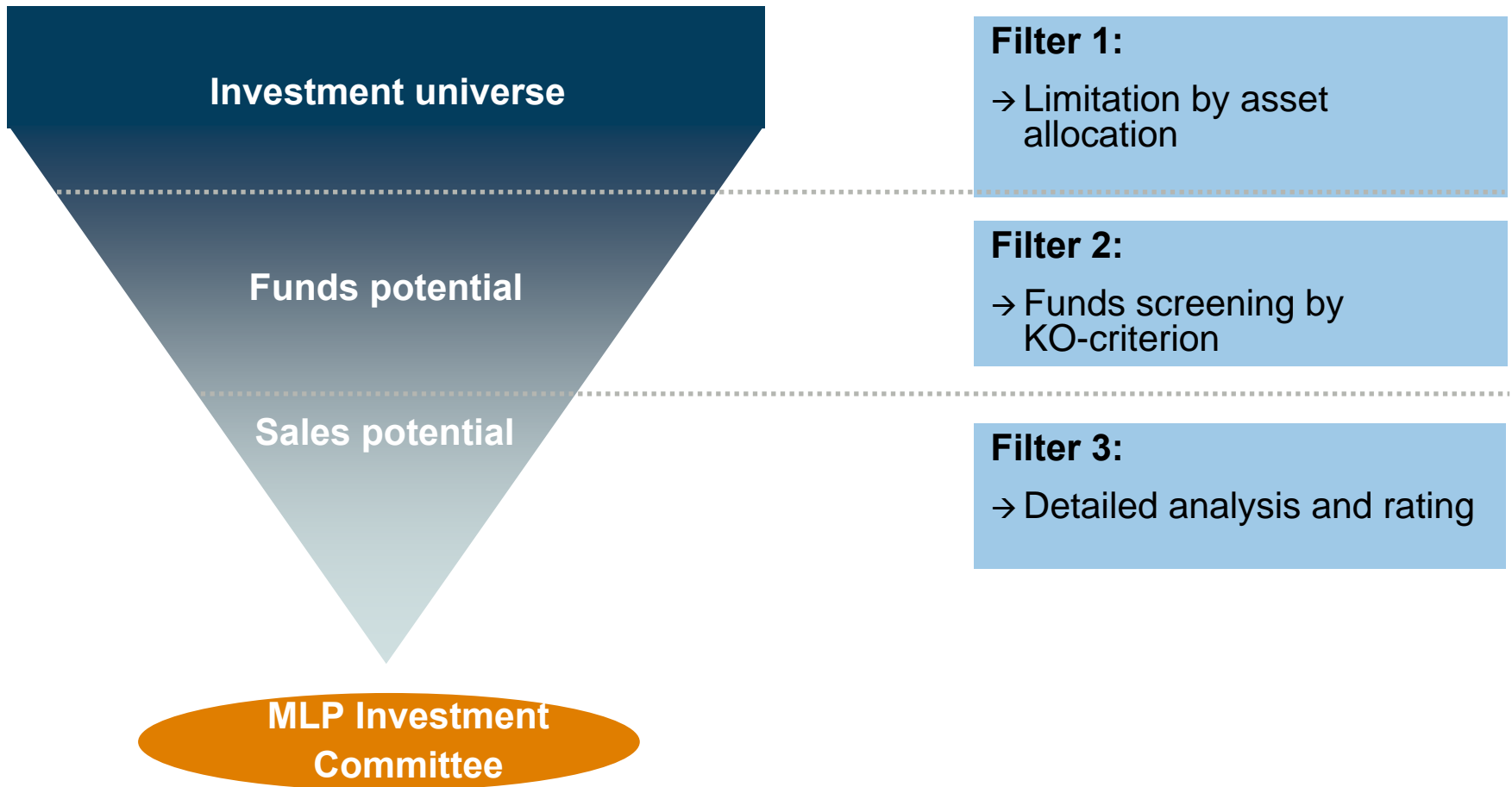
	Configuration
<b>Characteristics/ investment objective</b>	<ul style="list-style-type: none"> <li>• Individual wealth management for MLP clients</li> <li>• Multi asset/multi manager concept</li> <li>• Determination of the individual risk threshold</li> <li>• Kick backs will be credited to client accounts</li> </ul>
<b>Vehicle</b>	<ul style="list-style-type: none"> <li>• Asset management from investment funds, bonds and certificates</li> </ul>
<b>Implementation</b>	<ul style="list-style-type: none"> <li>• Portfolio structure is determined by the maximum threshold with respect to a possible loss of capital</li> <li>• Portfolio key data arise from the target rate of return and the client's risk threshold</li> </ul>
<b>Minimum investment</b>	<ul style="list-style-type: none"> <li>• EUR 500,000</li> </ul>





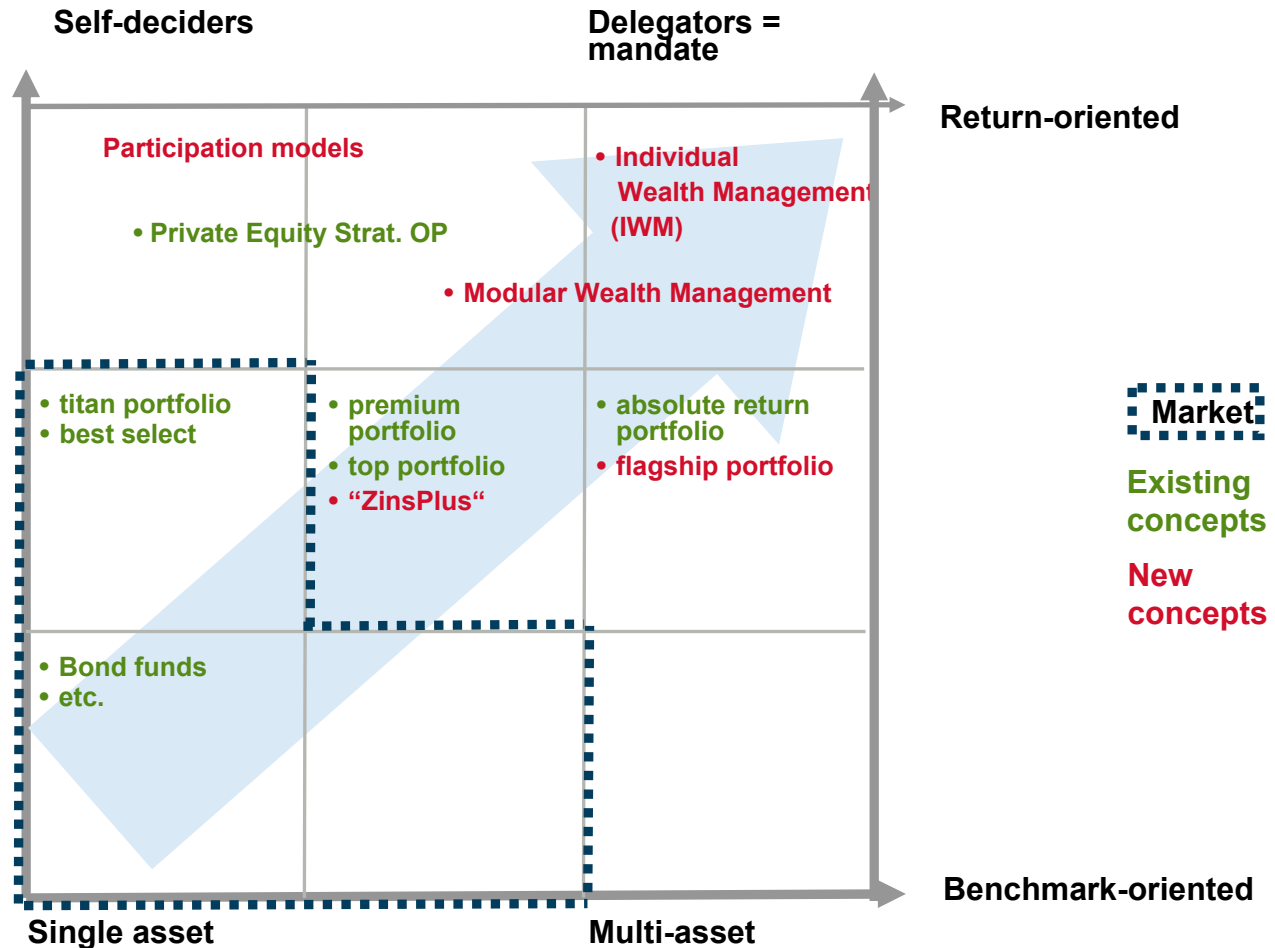
# Comprehensive quality standards for the selection of participation models

Procedure for fund selection by Feri



# Precisely fitting range with unique selling points

## MLP Wealth Management within a market comparison



# Contact

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