

# Quality ensures values

MLP Analyst Conference 2005

Dr. Uwe Schroeder-Wildberg,  
Chairman and CEO

Nils Frowein,  
CFO

Frankfurt am Main, 20th April 2005

# Outline

---

- Highlights 2004
- Prevailing conditions and market environment
- Additional growth areas until 2007
  - MLP Wealth Management
  - Occupational pension schemes
  - Foreign operations
- Review 2004 / Forecast until 2007
- Summary



# Highlights 2004

MLP closes business year with record figures

|                               |                       |             |
|-------------------------------|-----------------------|-------------|
| <b>Total revenue</b>          | <b>703.3 EUR mln.</b> | <b>+31%</b> |
| <b>EBIT</b>                   | <b>98.2 EUR mln.</b>  | <b>+24%</b> |
| <b>Net profit</b>             | <b>51.4 EUR mln.</b>  | <b>+31%</b> |
| <b>Cash and equivalents</b>   | <b>234.5 EUR mln.</b> | <b>+88%</b> |
| <b>EPS</b>                    | <b>0.47 EUR</b>       | <b>+31%</b> |
| <b>Dividends</b>              | <b>0.22 EUR</b>       | <b>+47%</b> |
| <b>Revenue per consultant</b> | <b>0.217 EUR mln.</b> | <b>+49%</b> |

- The most successful business year in MLP's history
- New strategic direction with far-reaching implications
- Superior productivity and profitability
- Clearly increased independence

# New strategic direction

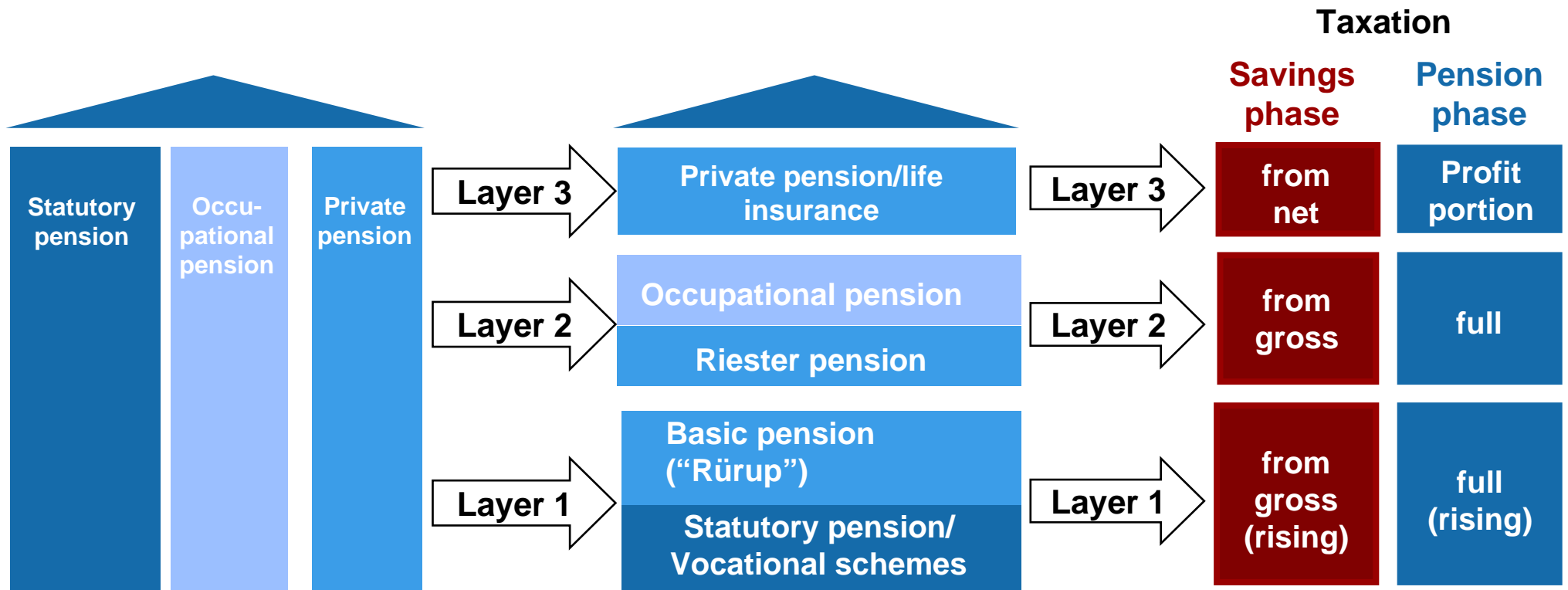
Extensive restructuring of the MLP Group

---

- Independence strengthened
- Focus on core business areas
  - Risk reduction
  - Decreasing complexity
  - Increasing transparency
  - Strengthening added value

# Increasing complexity in old-age provision

From pillars to layers



➡ High demand for qualified and individual consultation

# Favourable prevailing conditions

## Optimum prerequisites in MLP's core market

---

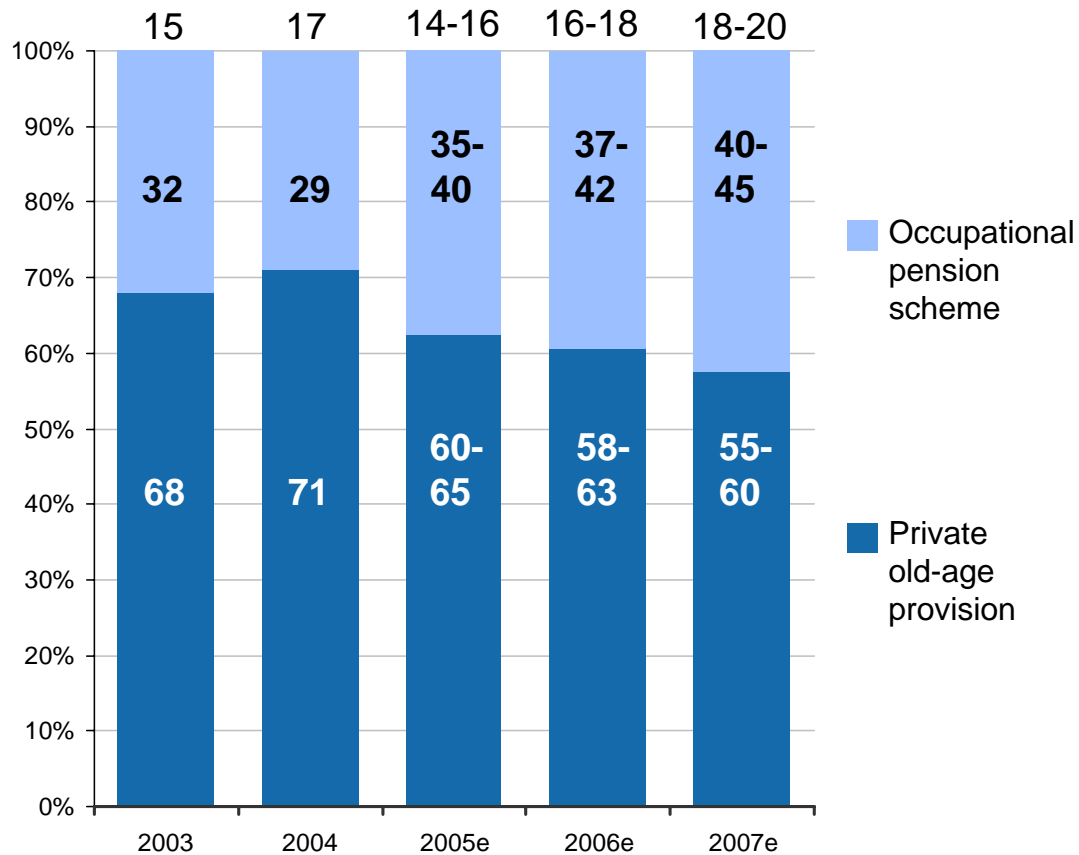
- Major cuts in state health and pension provisions
- New pension legislation leads to high shortfalls in provisions
- Increasing complexity requires individual consultation and advice
- Qualified consultation and intelligent solutions become increasingly important
- Focus moves to coverage for longevity risk
- EU-broker guidelines increase standards for consulting quality, documentation and consultants' qualifications

 MLP expects high long-term growth rates in its key markets of private old-age provisions and occupational pensions

# Growth market old-age provision

High premium volume forecast in MLP's core business field

New premiums in € bn.



- State pension cover will decline in the long-term
- High new premiums forecast for coming years
- Occupational pension schemes will see particularly strong growth rates

Source: Infratest 2004/McKinsey.



# Additional growth areas

Offensive up until 2007

---

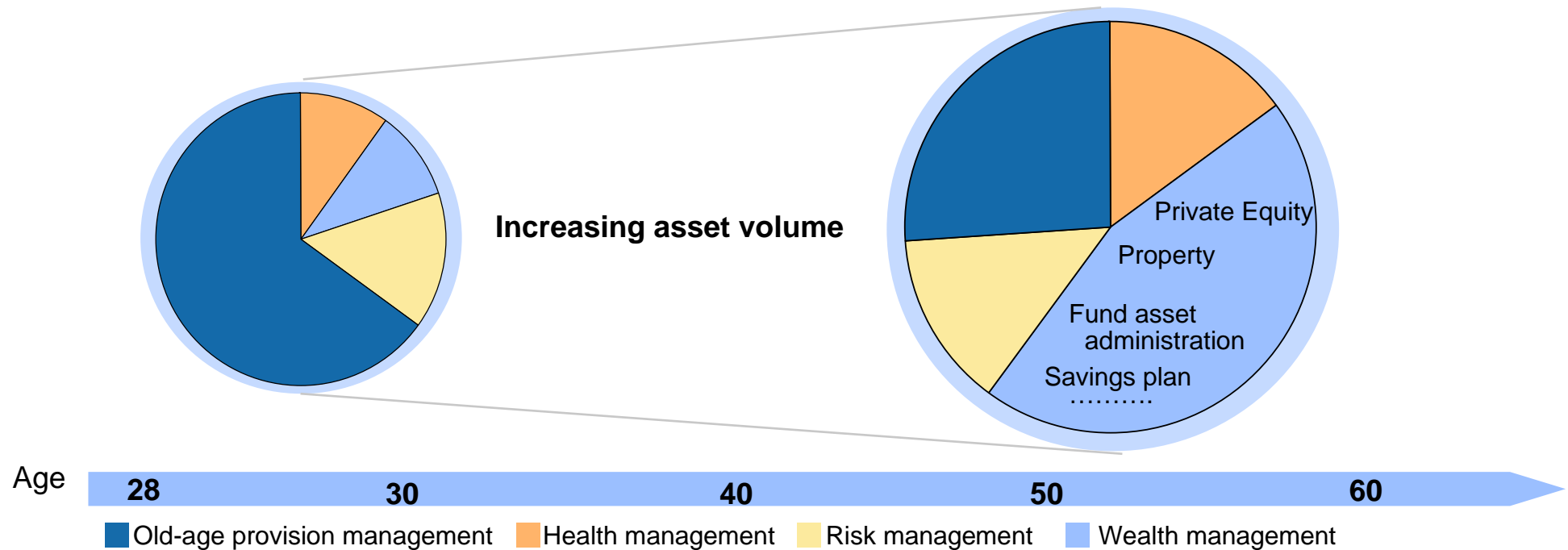
- Targeted expansion of MLP Asset Management
- Consequent exhaustion of occupational pension schemes potential
- Strengthening foreign operations systematically





# Targeted expansion of MLP Wealth Management

Structured asset formation for the client

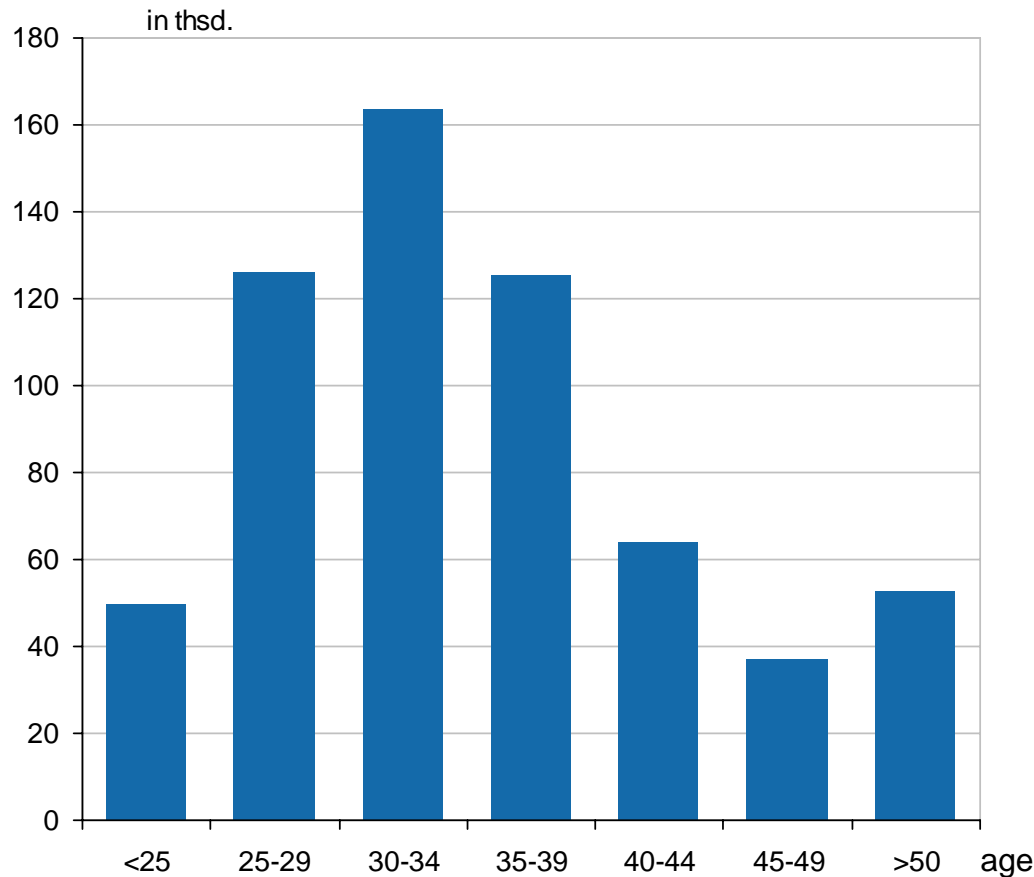


- Comprehensive asset structuring as USP for MLP
- Systematic development of growth potential in the wealth management area

# Low average age offers high potential

## Targeted expansion of MLP Wealth Management

### MLP clients by age\*



\*As per: 31.12.2004

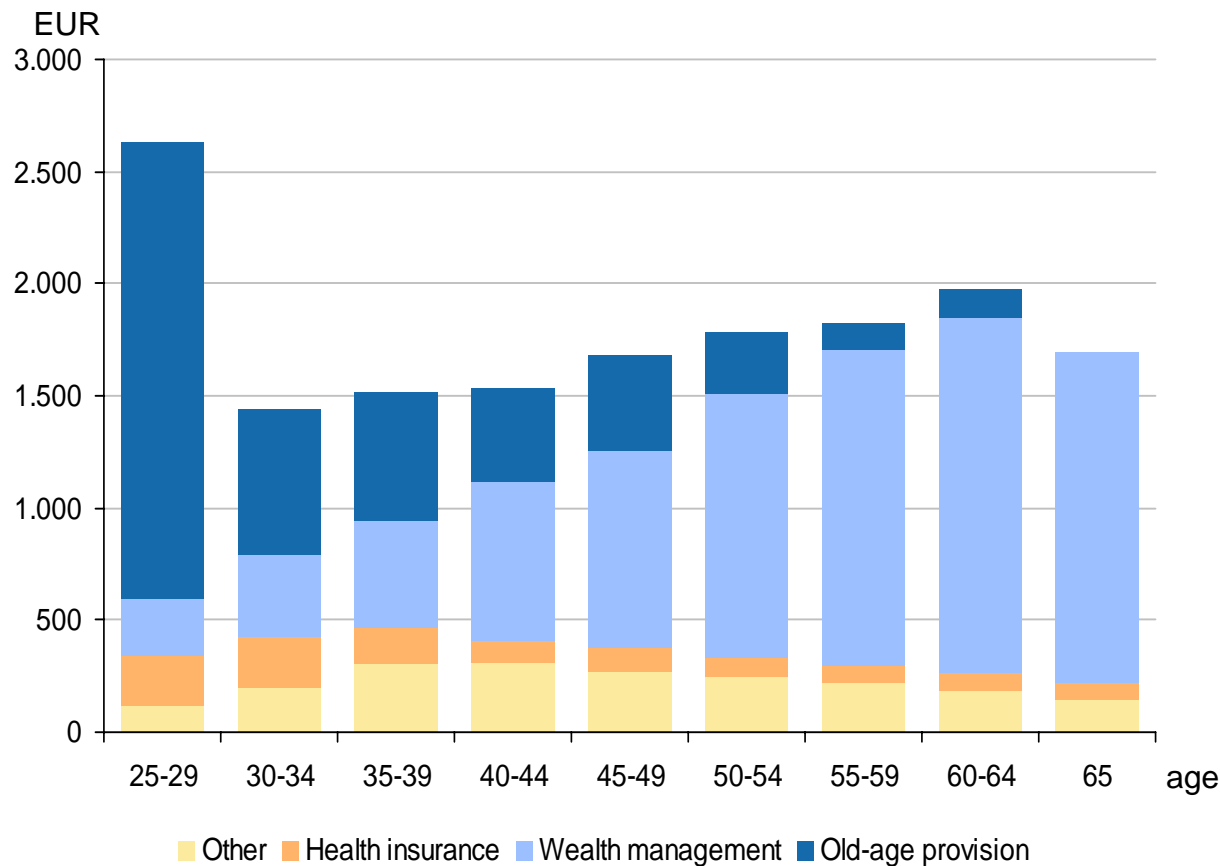
- MLP clients' incomes and savings quotas clearly exceed average levels
- The average age of an MLP client is 35.5 years
- Already 25 per cent of clients are older than 40
- The number of clients over 40 years of age will double within five years



# Growing value-added potential in the wealth management area

## Targeted expansion of MLP Wealth Management

Sales revenue MLP Finanzdienstleistungen AG  
p.a. by age and product type



- Share of old-age provision declines over time
- Wealth management becomes more important as clients grow older
- Clients expect a maximum degree of individuality
- Current basis: approx. 890 EUR revenue per client and year



# Management-Agenda

## Targeted expansion of MLP Wealth Management

---

- Build up Wealth Management area to a core competence field
- MLP Bank becomes a competence centre
- Differentiation from competitors with independent product selection and integral consulting approach
- Individual offers for premium clients

### Objectives 2007

- ➡ Doubling funds under management from EUR 2.5 bn.\* (2004) to EUR 5 bn.

\*without unit-linked life and pension insurance.

# Major market opportunities in the occupational pensions segment

Consequent exhaustion of occupational pension schemes potential

---

- MLP has the following important USP's:
  - Independence
  - High quality sales force, covering large areas
  - Competence and know-how in all occupational pension issues
- Developing market shares in the growing occupational pension market
- High cross-selling-potential within the target group

## Objectives 2007

- ⇒ MLP establishes itself as the number one for high penetration quotas
- ⇒ EUR 40 mln. contribution to total revenues
- ⇒ More than EUR 10 mln. profit contribution

# Strengthening foreign operations systematically

Foreign operations are an integral part of MLP business model

---

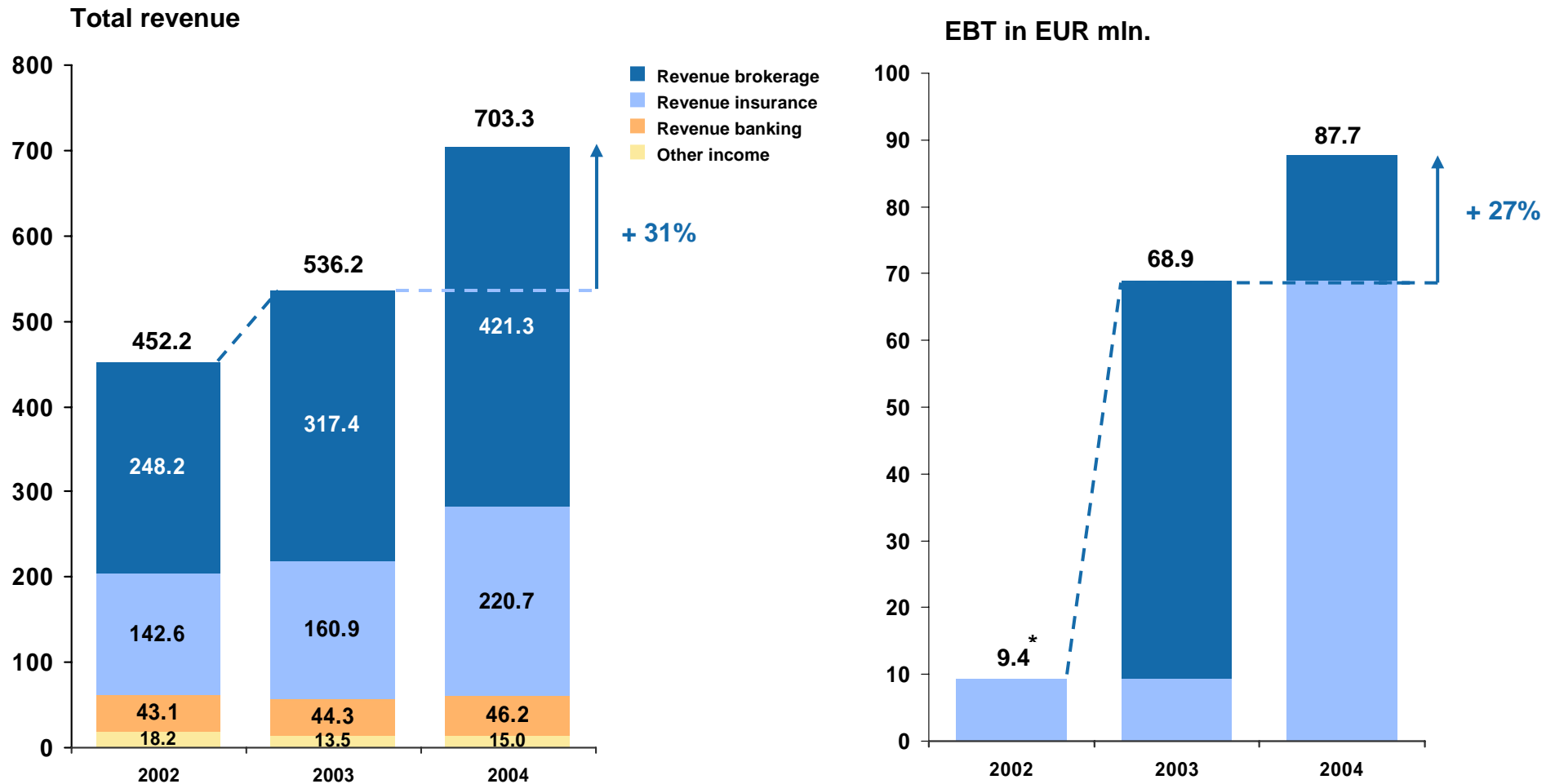
- Break even in 2005
- Increase operational growth further
- Targeted acquisitions to build up market position
- Development to become a financial services provider with a European focus

## Objectives 2007 (organic)

- ➡ Contribution to sales of EUR 48 mln. (+ 168% over 2004)
- ➡ Profit contribution of EUR 5 mln.

# Group total revenue and EBT

MLP Group in EUR million



\* Excluding proceeds of EUR 82.8 mln. from the sale of interest in MLP-Lebensversicherung AG, Wien

# Group income statement

In EUR mln.

|                                       | 2004         | 2003         |
|---------------------------------------|--------------|--------------|
| <b>Total revenues</b>                 | <b>703.3</b> | <b>536.2</b> |
| Change in deferred acquisition costs  | 88.1         | 89.4         |
| Expenses for brokerage business       | -251.5       | -156.6       |
| Expenses for insurance business       | -121.2       | -106.5       |
| Expenses for banking business         | -11.5        | -12.2        |
| Personnel expenses                    | -81.9        | -82.8        |
| Depreciation and amortisation expense | -25.5        | -25.4        |
| Other operating expenses              | -201.5       | -162.7       |
| <b>Profit from operations (EBIT)</b>  | <b>98.2</b>  | <b>79.4</b>  |
| Other interest and similar income     | 2.9          | 1.8          |
| Other interest and similar expenses   | -13.4        | -12.2        |
| Finance cost                          | -10.5        | -10.4        |
| <b>Profit before tax (EBT)</b>        | <b>87.7</b>  | <b>68.9</b>  |
| Taxes                                 | -36.3        | -29.7        |
| <b>Net profit for the year</b>        | <b>51.4</b>  | <b>39.3</b>  |

- Change in DAC remains flat due to greater amortisation and higher reinsurance activity
- Expenses for brokerage business increased due to a better performance of branch offices
- Other operating expenses include restructuring costs of EUR 21.3 mln. and an increase in allowance on loans to consultants by EUR 9.6
- Finance cost includes interest expense related to Factoring of EUR 7.7 mln.





# Group balance sheet

In EUR mln.

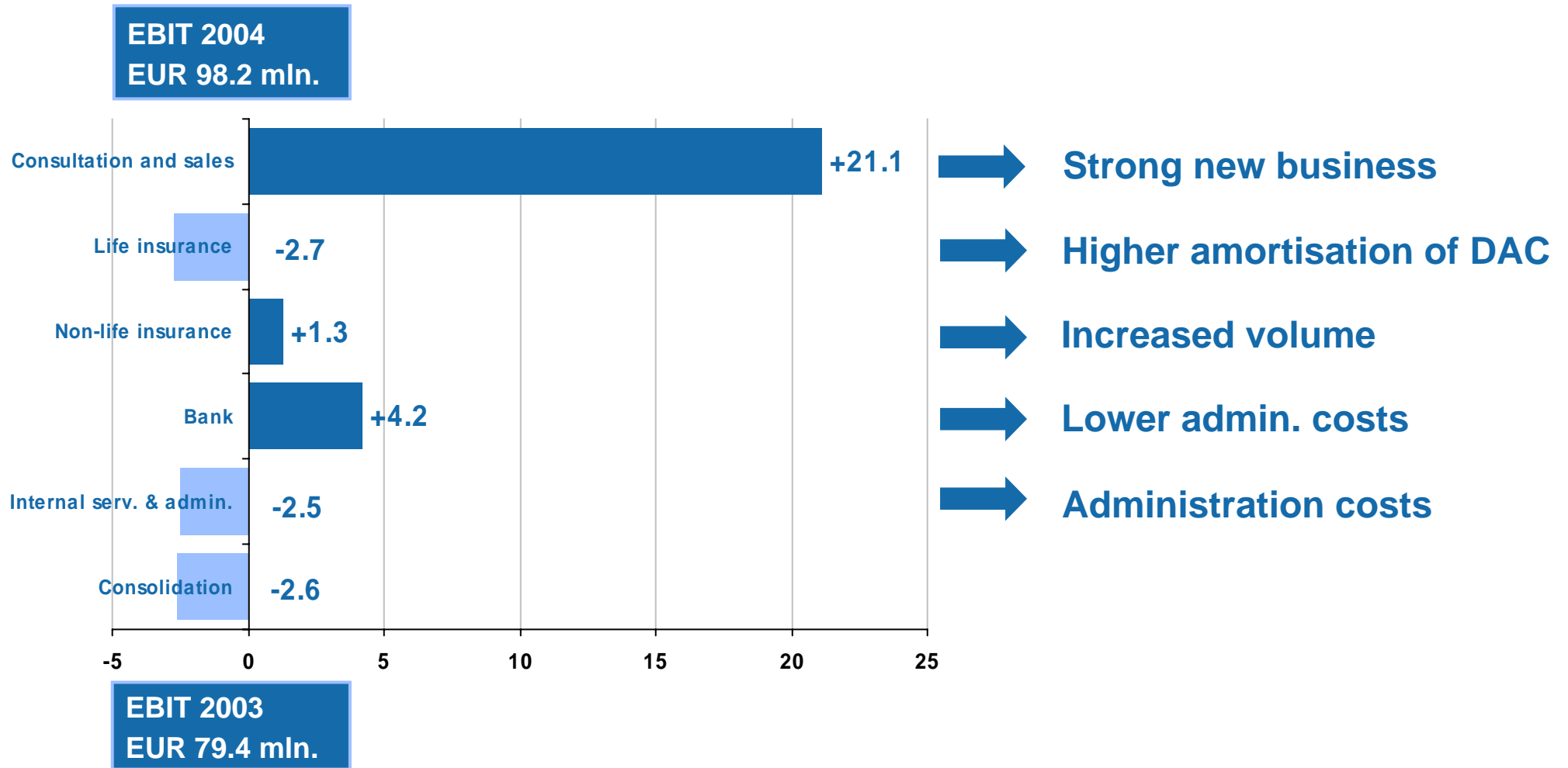
|                                                                                                   | 31 Dec<br>2004 | 31 Dec<br>2003 |
|---------------------------------------------------------------------------------------------------|----------------|----------------|
| <b>Assets</b>                                                                                     |                |                |
| Intangible assets                                                                                 | 60.3           | 61.3           |
| Property, plant and equipment                                                                     | 117.4          | 123.2          |
| Financial assets                                                                                  | 204.6          | 162.5          |
| Investments held on account and at risk of life insurance policy holders                          | 1,564.1        | 1,183.8        |
| Reinsurance receivables                                                                           | 30.5           | 19.5           |
| Receivables due from banking business                                                             | 371.6          | 316.4          |
| Accounts receivable and other assets                                                              | 128.0          | 182.5          |
| Cash and cash equivalents                                                                         | 191.0          | 51.5           |
| Deferred acquisition costs (DAC)                                                                  | 357.6          | 269.5          |
| Deferred tax assets                                                                               | 51.5           | 49.9           |
| Prepaid expenses                                                                                  | 9.8            | 7.6            |
|                                                                                                   | 3,086.2        | 2,427.6        |
| <b>Shareholders' equity and liabilities</b>                                                       |                |                |
| Shareholders' equity                                                                              | 289.0          | 253.8          |
| Minority interest                                                                                 | 0.6            | 0.1            |
| Insurance provisions                                                                              | 431.6          | 315.6          |
| Insurance provisions for investments held on account and at risk of life insurance policy holders | 1,564.1        | 1,183.8        |
| Other provisions                                                                                  | 192.5          | 141.0          |
| Reinsurance liabilities                                                                           | 36.6           | 49.9           |
| Liabilities due to banking business                                                               | 355.4          | 302.6          |
| Other liabilities                                                                                 | 213.3          | 178.4          |
| Deferred tax liabilities                                                                          | 1.6            | 1.8            |
| Deferred income                                                                                   | 1.5            | 0.6            |
|                                                                                                   | 3,086.2        | 2,427.6        |

- Investments held on account of policyholders increased due to premium income and stock market performance
- Accounts receivables decreased due to the reduction or receivables against consultants from EUR 77.9 mln. to EUR 30.8 mln.
- Shareholder's equity up due to profit appropriation
- Change in provisions for taxes, bonus programme and cancellations amount to EUR 45.1 mln.
- Cash and Cash equivalents up to EUR 191.0 mln. (EUR 51.5 mln.)



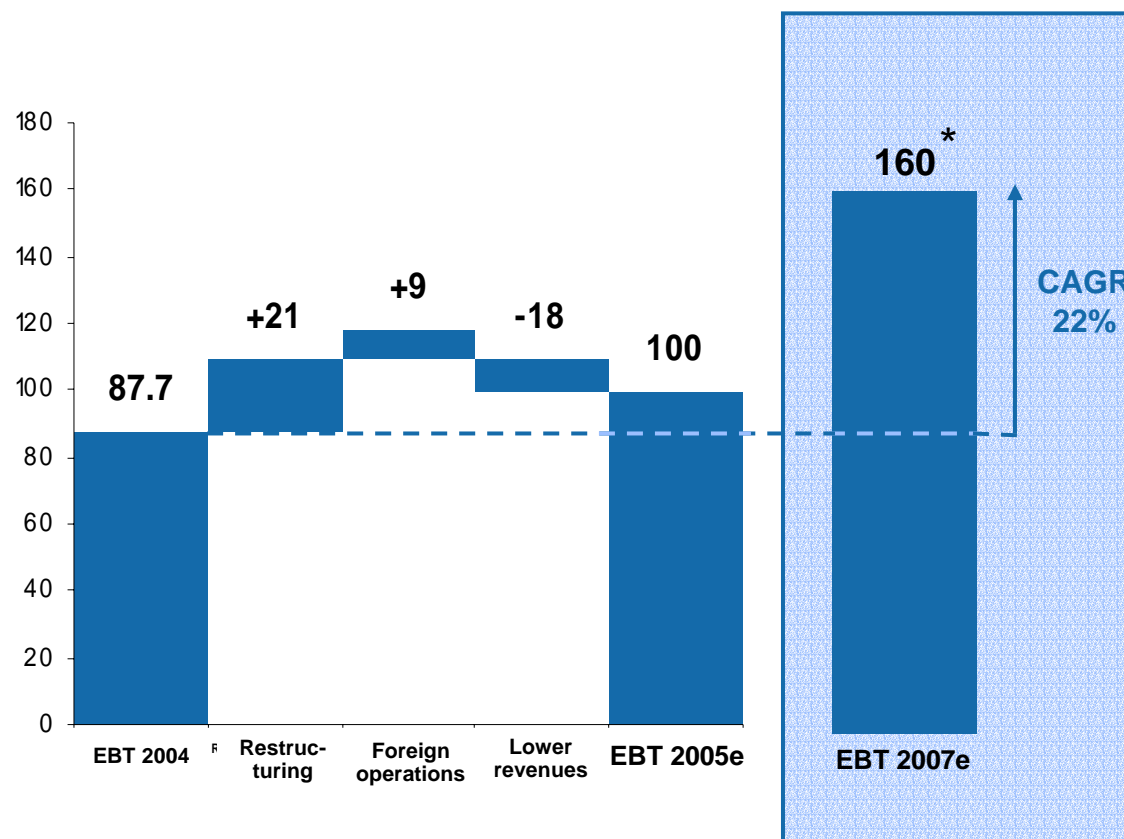
# Segment consulting and sales contributes the main share to earnings growth

Overview of nominal change in EBIT per business segment in EUR mln.



# Group EBT target 2005 - 2007

Reconciliation of EBT in EUR million



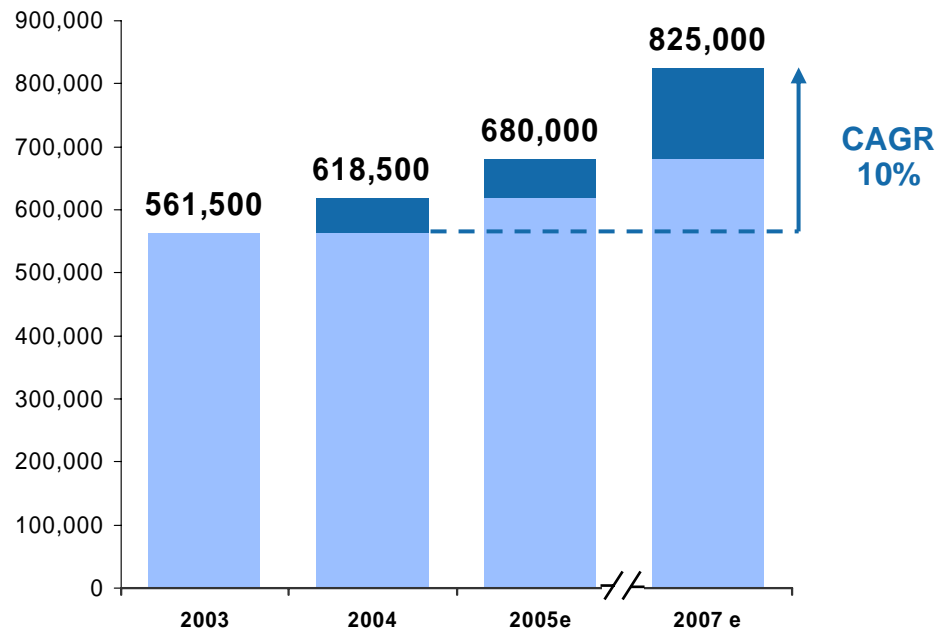
Group targets 2007:<sup>\*</sup>

- Total revenues at EUR 780 mln.
- EBT at EUR 160 mln.

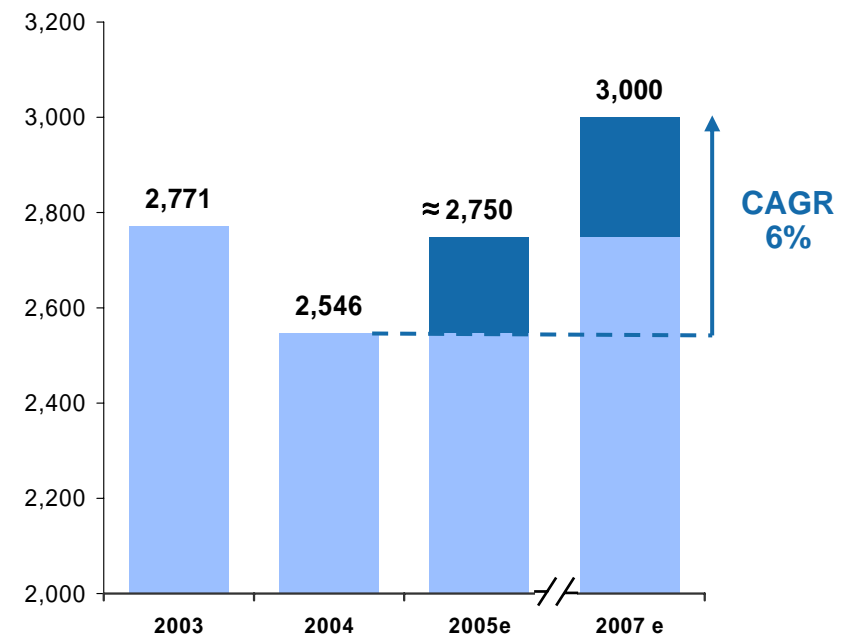
<sup>\*</sup> New group structure without Life and Non-life insurance

# Sustainable growth in clients and consultants

Clients

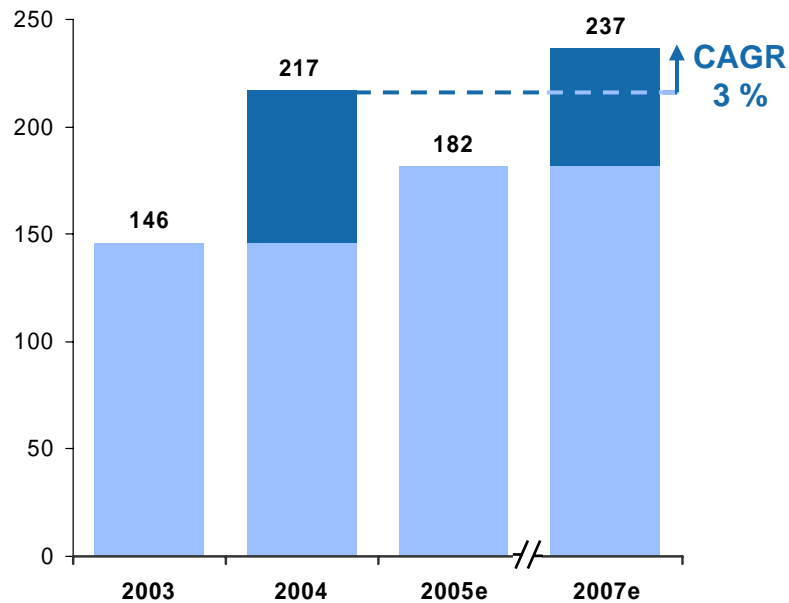


Consultants

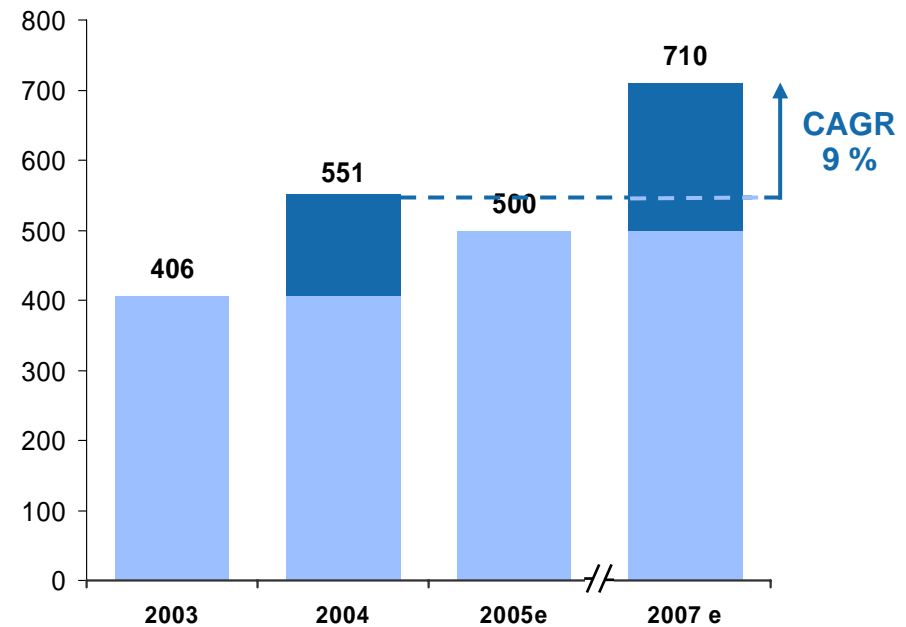


# Productivity and revenue increase in the brokerage business segment

Revenue per consultant  
in '000



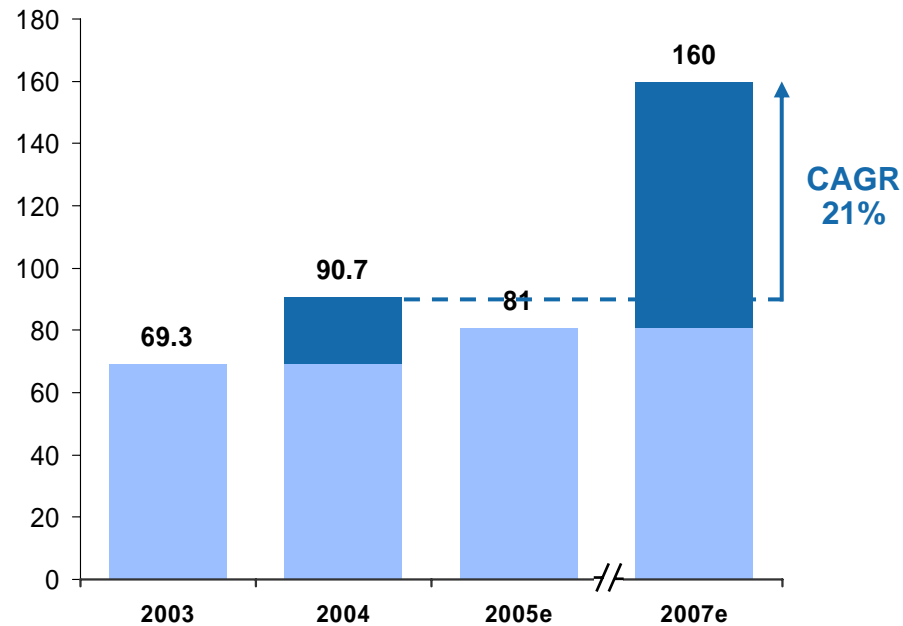
Total revenue **segment**  
**Consultation and sales**  
in million Euro



# EBT almost doubles through revenue growth and cost control

Leverage effect shows impact on profits

EBT segment **Consultation and sales** in million Euro

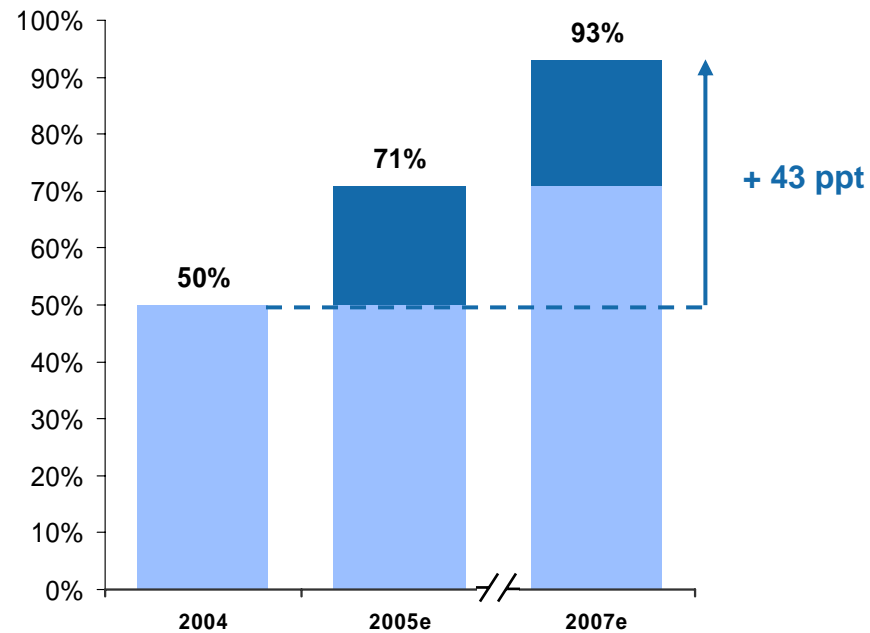


# Recurring business creates stability

Segment consultation and sales\*

---

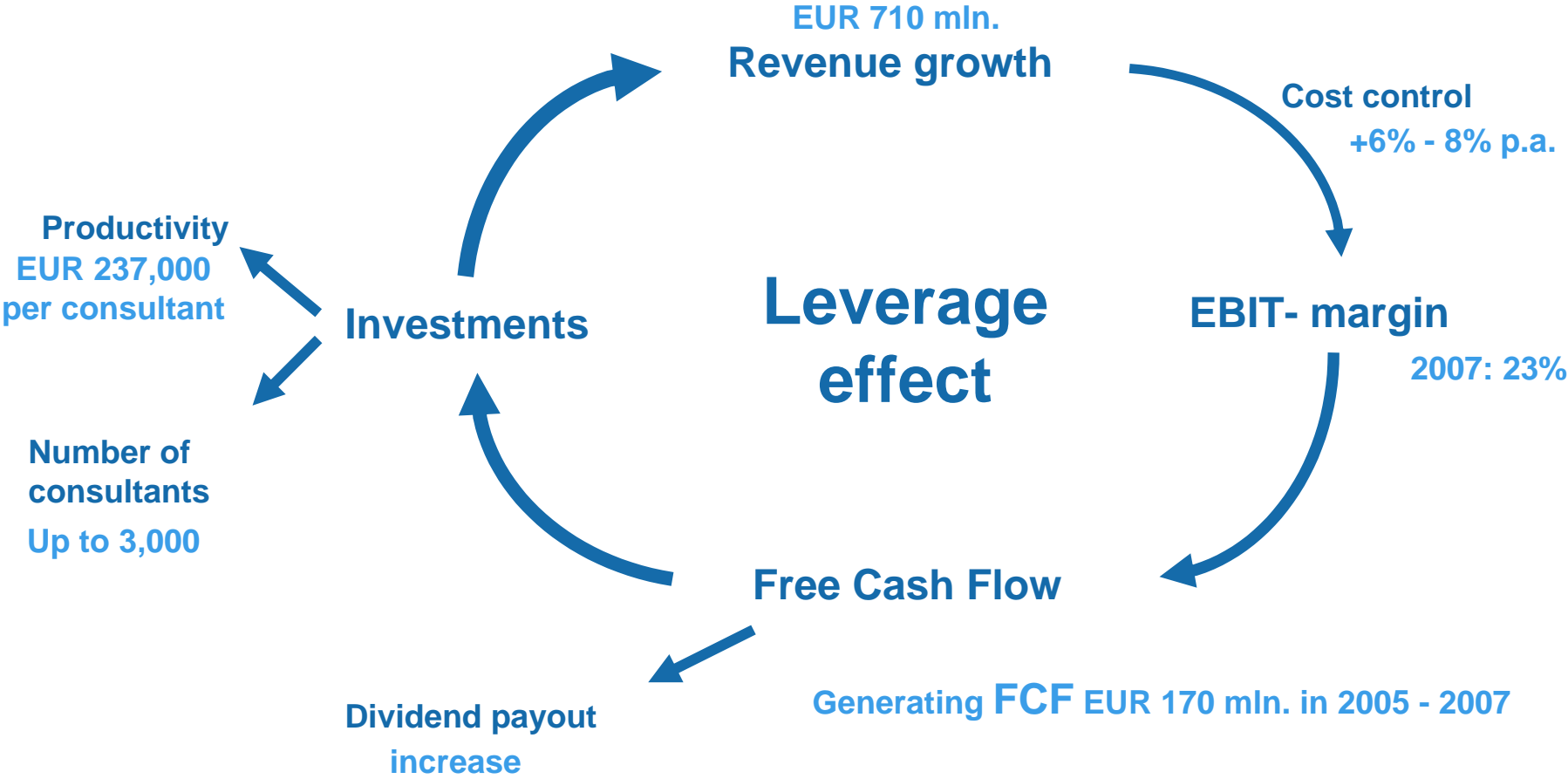
Recurring gross contribution margin covers fix costs in 2007



\* without foreign operations

# MLP's growth model - Targets for 2007

Segment consultation and sales





# Standards set by quality criteria

## Summary

---

### Objective

- **Europe's most profitable financial services provider**

### Strategy

- Optimum use of growth conditions in the core business area of old-age provisions
- Generate further growth potential

### Actions

- Build up wealth management
- Exhaust potentials in occupational pensions area
- Strengthen foreign operations systematically

### Set benchmarks

- Concepts & Products
- Service & Consulting
- Profitability



# Quality ensures values

MLP-Analyst Conference 2005

Dr. Uwe Schroeder-Wildberg,  
Chairman and CEO

Nils Frowein,  
CFO

Frankfurt am Main, 20th April 2005