



# Germany's leading independent financial consulting company

Reinhard Loose, CFO



# Agenda

- MLP at a glance 3
- Business model 6
- Key Financials 16
- Outlook 22
- MLP Share 30

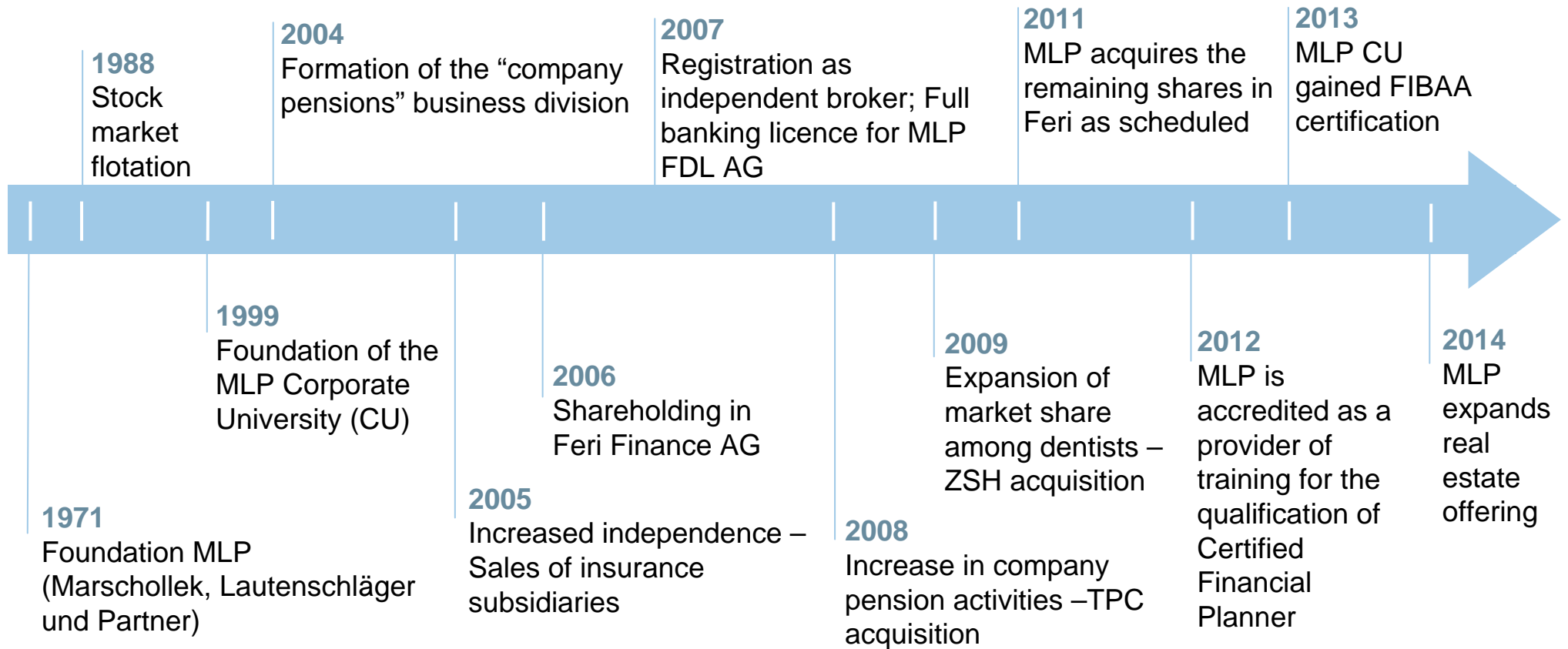
# MLP – An Overview

## Company profile

Business model	Germany's leading financial consulting company with more than 830,000 private and 5,000 corporate clients and around 2,000 consultants. Independent from Insurance companies, banks and investment firms. Clearly focused target group of academics, HNWI, corporate clients as well as institutional investors																		
Old-age provision	Brokered premium sum for new business of €3.6 billion in 2013. Occupational pension provision accounted for around 12 % of this figure, supported by the expertise of our subsidiary TPC GmbH	Share of revenue '13	48%																
Health insurance	Private health insurance, supplementary private health insurance, long-term care, occupational health insurance, statutory health insurance		10%																
Wealth Management	€24.5 billion in assets under management as of December 31, 2013. Together with subsidiary Feri AG, MLP serves private clients – affluent clients at MLP, HNWI at Feri – as well as institutional investors		30%																
Top Financials	<p><b>FY 2013:</b></p> <table border="0"> <tr> <td>Total revenue:</td> <td>€ 501.1 million</td> <td>Equity Ratio:</td> <td>24.4%</td> </tr> <tr> <td>EBIT:</td> <td>€ 32.8 million</td> <td>Core Capital Ratio:</td> <td>16.3%</td> </tr> <tr> <td>Net profit:</td> <td>€ 25.5 million</td> <td>Return on Equity:</td> <td>6.6%</td> </tr> <tr> <td>Dividend per share:</td> <td>€ 0,16</td> <td></td> <td></td> </tr> </table>			Total revenue:	€ 501.1 million	Equity Ratio:	24.4%	EBIT:	€ 32.8 million	Core Capital Ratio:	16.3%	Net profit:	€ 25.5 million	Return on Equity:	6.6%	Dividend per share:	€ 0,16		
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# Milestones in the corporate history

## The MLP Group

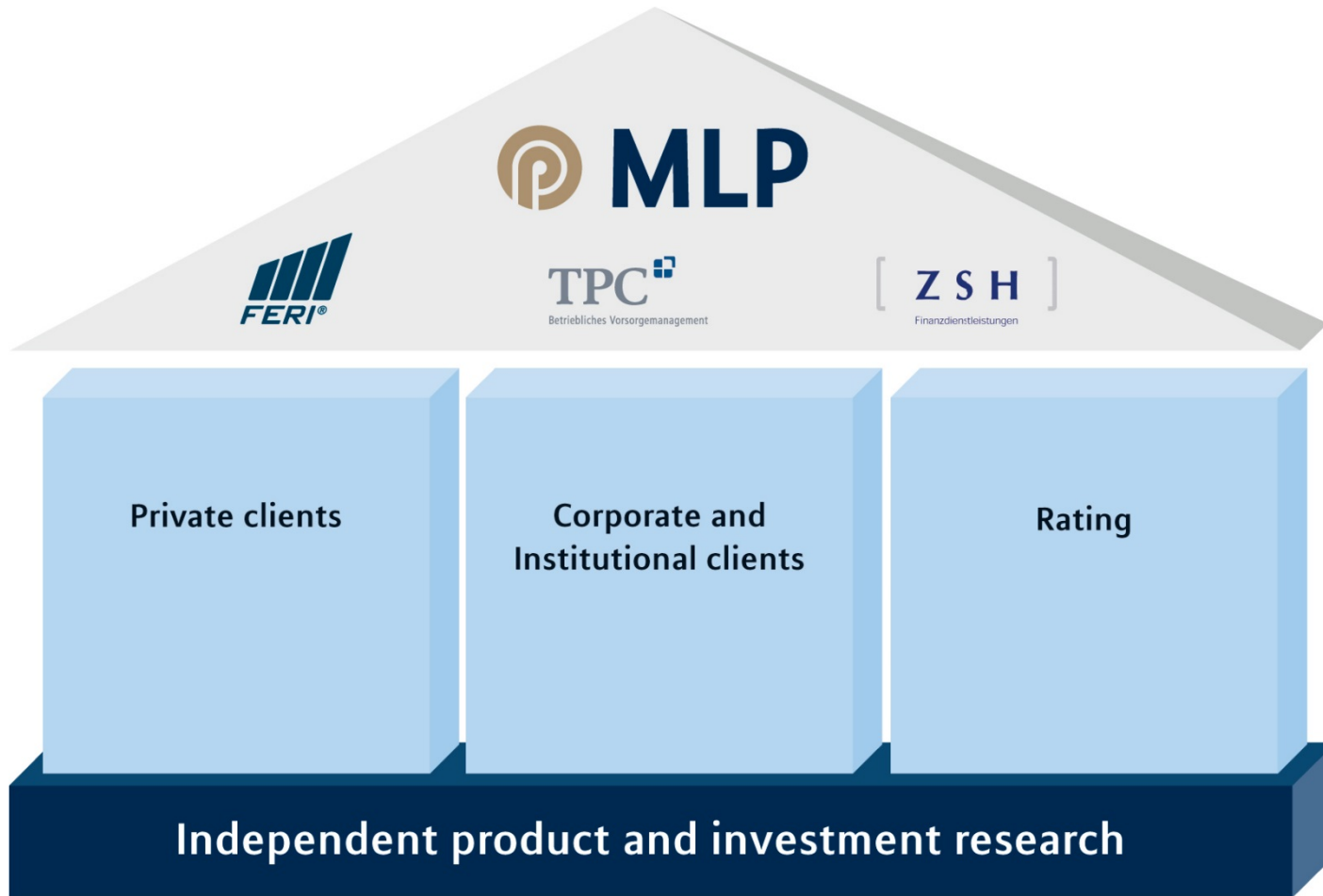


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# MLP – a broad-based consulting house

The MLP Group



# Nationwide consulting for private and corporate clients

The MLP Group



## International representations

### – Feri:

- Vienna
- Milan
- Sankt Gallen
- Luxembourg

International offerings across networks

→ 170 Branch offices throughout Germany

→ 1,979 Consultants

# Unique positioning in the market

## Private client consulting

### Insurance consulting

Independent Broker



- Works on behalf of the client
- Is awarded a consultancy mandate, similar to a lawyer
- Extensive risk and requirement analysis
- Sufficient number of products available on the market

### Multi-Agents



- Acting on behalf of one or several product providers
- Risk and requirement analysis based on situation
- Limited product selection

### Tied Agents



- Working on behalf of the respective product provider
- Risk and requirement analysis based on situation
- Limited product selection

### Wealth management

Researched based independent consulting



- Full banking license
- Serving affluent clients at MLP
- HNWI with private estates > 5 million Euros are served by Feri
- Innovative multi-asset/multi-manager approach
- Product-independent market assessments
- Broad-based research as basis for investment consulting
- MLP clients benefit from Feri's expertise
- Close cooperation between Feri and MLP in direct mandates



# MLP – Unique business model

## Private client consulting



# Unique positioning in the market

## Corporate clients



- Independent consulting and concepts for corporate clients
- Registered as a broker
- Nationwide consulting services
- Consulting covering all aspects of company pension schemes and remuneration
- Efficient establishment of innovative concepts and solutions
- Combination of company and private solutions
- Comprehensive risk management for companies
- Straightforward Company Pensions at MLP
- More complex Company Pensions at TPC / Feri
- TPC is member of the International Benefits Network

## Institutional clients



**Investment Management**  
Feri Trust GmbH

- Strategic asset allocation
- Investment Management
- Risk Overlay

**Consulting / Family Office**  
Feri Institutional & Family Office GmbH

- Financial consulting
- Asset structuring and -controlling
- Asset Protection

**Fund Administration**  
Feri Trust (Luxembourg) S.A.


- Ideal set up for all strategies
- Structuring and floatation of funds
- Complements MLP Group's range of services

**Alternative Investments**  
FEREAL AG

- Alternative investments
- License applied according capital investment legislation requirements (KAGB)

# Unique positioning in the market

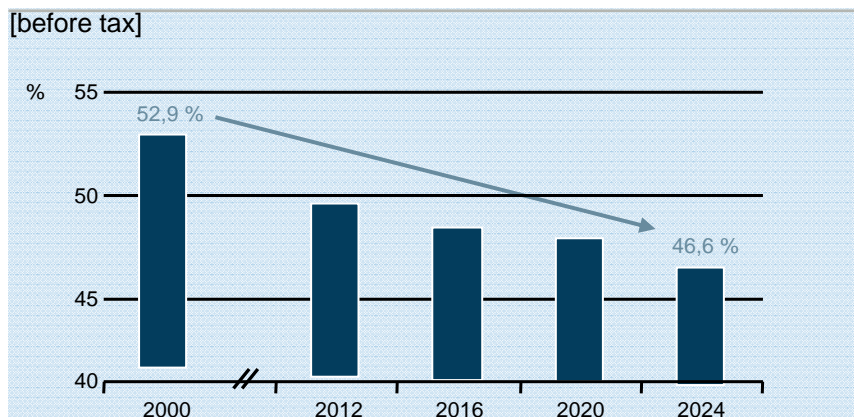
## Rating

Services	Independent Rating			
		Investment markets	Market players	Products
<ul style="list-style-type: none"> <li>• Macroeconomic analysis &amp; forecast (economy, interest-rates, capital markets)</li> <li>• Rating and analysis of mutual funds and closed investments</li> <li>• Rating and analysis of Real Estate Investments (direct and indirect / Funds)</li> <li>• Manager selection / product selection</li> <li>• Credit Rating</li> </ul>	<b>Capital markets/ Funds</b>	Country rating Capital market rating	Investment companies Asset managers	Investment funds Certificates
	<b>Sectors</b>	Sector rating • Germany • International	Corporations	Corporate assessment Corporate rating
	<b>Property</b>	Location rating • Countries • Cities	Property companies Asset managers	Rating system Property evaluation Property rating
	<b>Investments</b>	Market analysis	Initiators	Funds & investments • Property • Shipping • Infrastructure
	<b>Surveys/ Databases</b>	Market surveys Macro & Financial market data	Initiators Intermediates Investors	Investment products • Institutional • Retail

# Market Environment

## Old-age provision

### Statutory pension level decreases

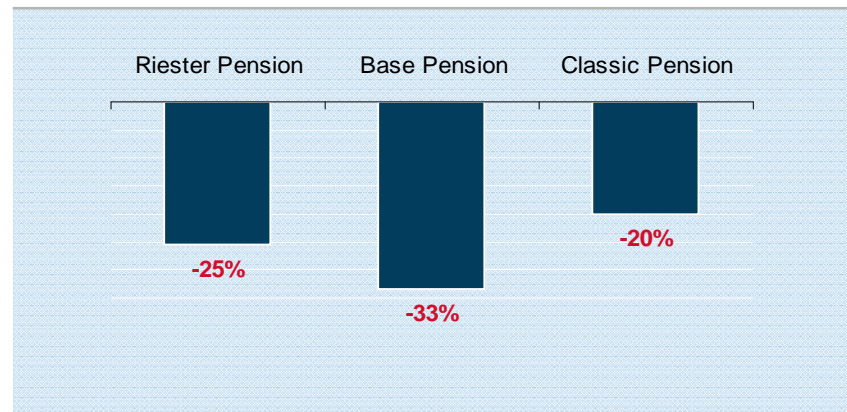


Source: Report Federal Ministry of Labour and Welfare 2012

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- + Increasing need for private provision – statutory pension level decreases
- + Wide scope of state subsidies/allowances and tax breaks for citizens in Germany

### Year-on-year comparison new contracts 2013



Source: GDV 2014

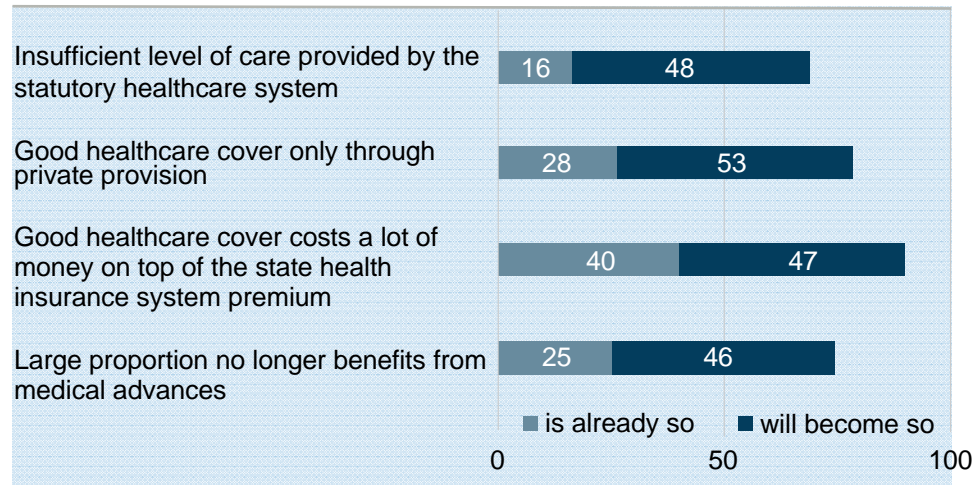
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- Uncertainty among consumers leads to hesitancy regarding long-term investments
- Low interest rates and negative reports about life insurance contracts have led to greater hesitancy
- Short-term oriented investment preferences for savings – real estate preference for provision

# Market Environment

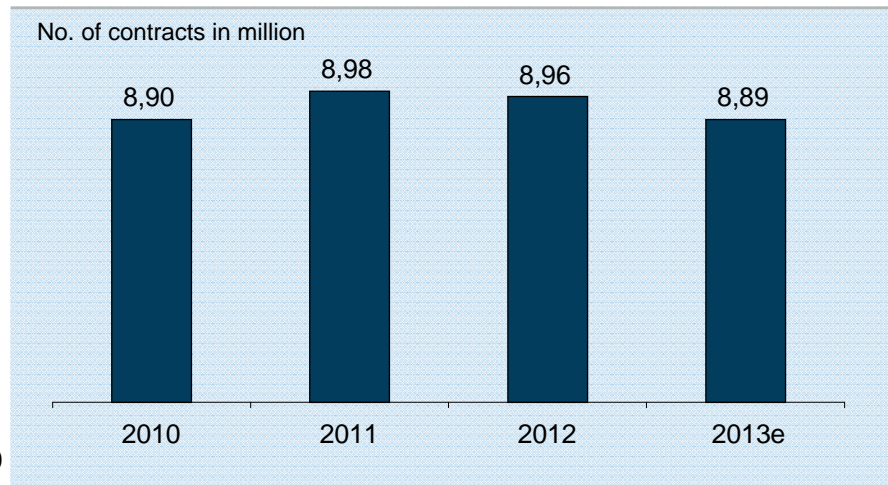
## Healthcare

### Future development of healthcare system



Source: Continentale Krankenversicherung AG

### Decreasing No. of insurees with full insurance



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

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- + Due to demographic development private provision in general is becoming more and more important
- + Greater focus in long-term care due to decreasing level of statutory coverage and introduction of new state-subsidised product in January 2013

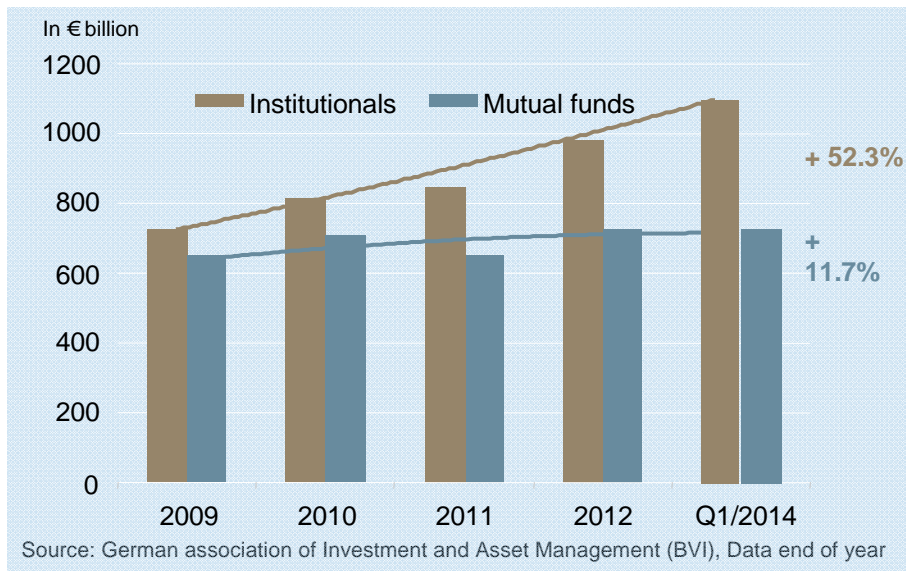
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- Political discussion regarding private health insurance causes uncertainty and hesitance among consumers in 2013
- German consumers not yet familiar with long-term care provision

# Market Environment

## Wealth Management

### Managed Assets in Germany



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- + High investment requirements from institutional investors
- + Institutional business shows steady growth

In € billion	2009	Q1/2014	
Institutional	729	1.110	52.3%
Mutual Funds	652	728	11.7%

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- Risk aversion throughout the market
- Inflows from private clients particularly into money market-related products such as money market funds and fixed income funds
- Preference for short term investments

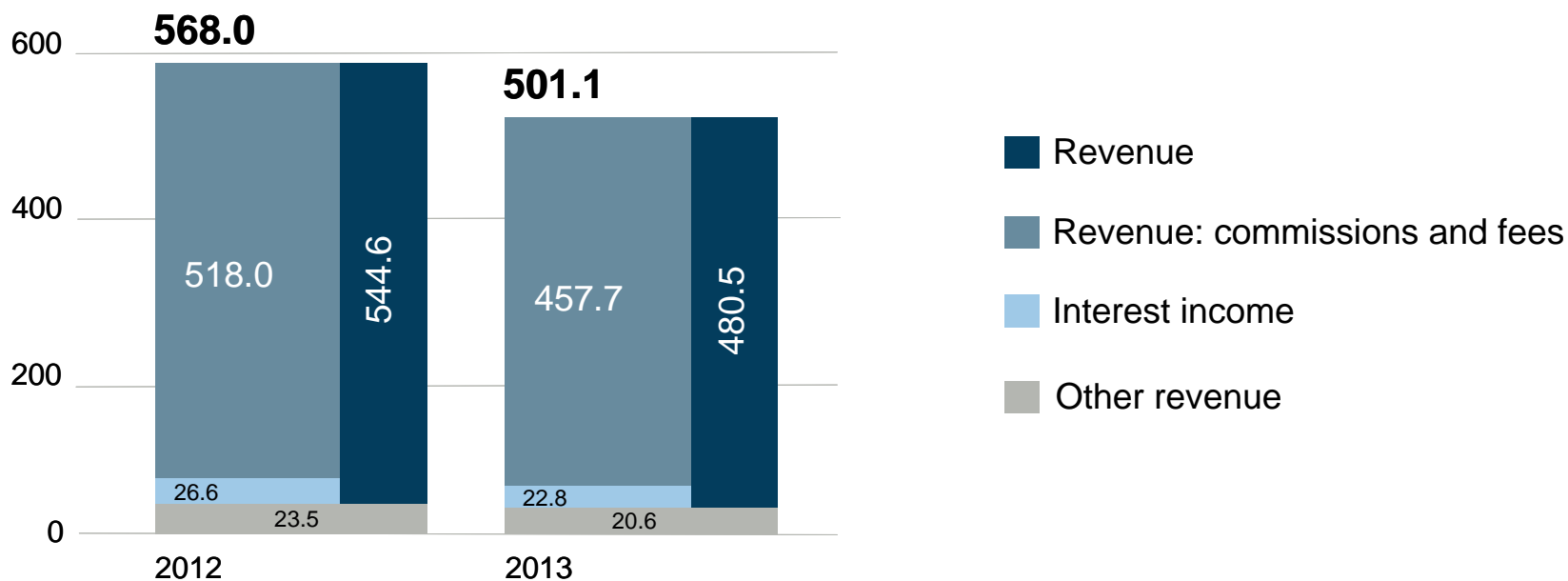
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# Total revenue: €501.1 million in 2013

## Total revenue in FY 2013

in € million





# Continuation of very positive development in wealth management

## Revenue in FY 2013

in € million

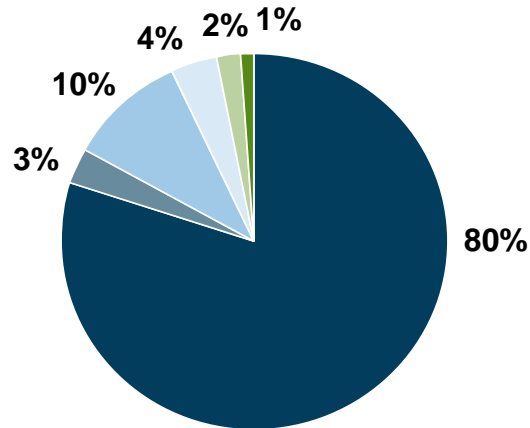
	2012	2013	Δ in %
Old-age provision	287.3	219.9	-23.5
Wealth management	117.9	138.1	17.1
Health insurance	63.9	47.8	-25.2
Non-life insurance	31.1	32.5	4.5
Loans and mortgages*	13.4	14.5	8.2
Other commissions and fees	4.6	4.9	6.5
Interest income	26.6	22.8	-14.3

\* Excluding MLP Hyp

# MLP benefits from broad-based revenue mix

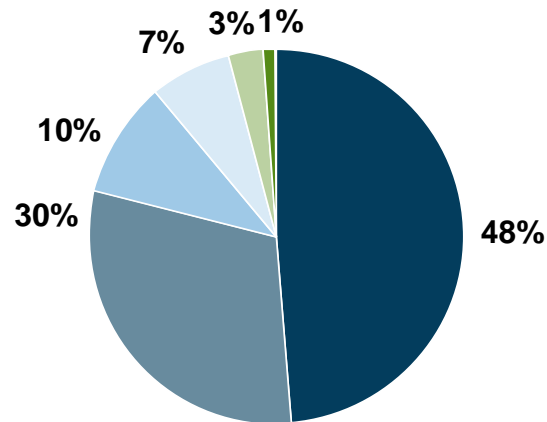
FY 2005

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

# EBIT: €32.8 million in 2013

## Income Statement\*

in € million

	2012*	2013
Total revenue	568.0	501.1
EBIT	73.9	32.8
Finance cost	1.0	0.3
EBT	74.9	33.1
Taxes	-22.0	-7.6
Net profit	52.9	25.5
EPS in € (diluted)	0.49	0.24

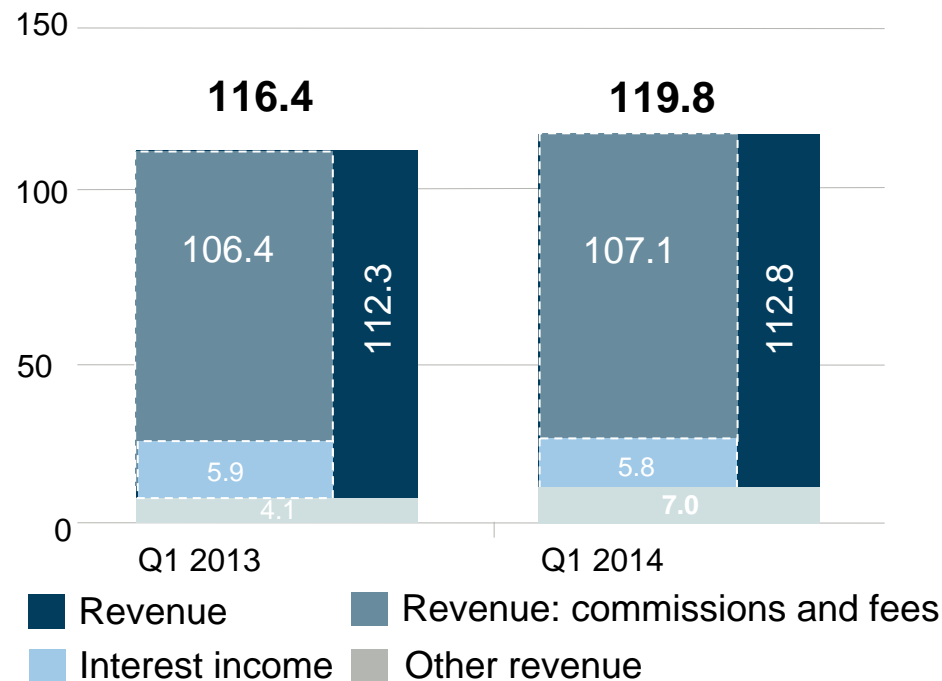
- Cost management above target despite one-off future investments

\*Previous year's values adjusted

# Q1/2014: First pick-up in old-age provision and positive early indicators for future revenue

## Total revenue in Q1

[in € million]



- Total revenue increases by 3 percent to € 119.8 million, EBIT rises by 10 percent to € 4.4 million
- Positive early indicators for future revenue development
- 20 percent increase in new clients (Q1 2014: 6,000, Q1 2013: 5,000)
- 15 percent more new business in old-age provision (Q1 2014: € 630 million, Q1 2013: € 550 million)
- Positive start with the expanded real-estate product offering
- Still tough market conditions – positive developments need to become more established

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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 August 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. Due to the remoteness from the market with respect to the treatment of existing contracts we actually do not consider a registration.

## 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: 2016 – 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 in the next months.  
→ Expected transposition into national law: 2017.

# Government draft – Life Insurance Reform Act – LVRG

## Overview

### Overview of the planned changes

- Modification of insuree participation in valuation reserves
- For restricted insuree participation in valuation reserves: limitation of dividend payments by insurers to their shareholders
- Increase of minimum participation in risk surplus from 75% to 90%
- Reporting of administration costs and disclosure of acquisition commission at intermediary level
- Reduction of the maximum actuarial interest rate from 1.75% to 1.25%
- Reduction of the maximum zillmerisation rate from 4% to 2.5%

### Schedule

- June,13: Bundesrat (Federal Council) approval of objection law
- June,24: 1st reading in the Bundestag (German parliament)
- June,30: Hearing (*with possible subsequent amendments*)
- July,2: Last committee session (*final amendments possible*)
- July,3 and 4: 2nd and 3rd reading in the Bundestag
- July,11: Bundesrat to reconsider objection law
- End of July: Publication in the Bundesgesetzblatt (Federal Law Gazette)

# 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

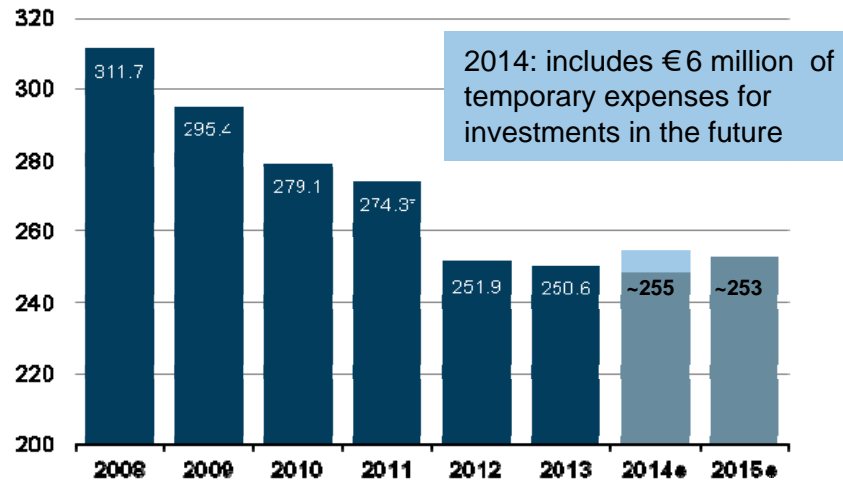


# Base scenario still sees rise in EBIT to €65 million in 2014

## 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
<b>Upper Scenario</b>	Significant improvement in the market environment	<ul style="list-style-type: none"> <li>• Hesitancy towards capital market-related provision products largely disappears</li> <li>• Health insurance develops very positively throughout the market</li> <li>• New areas of potential through real estate brokerage</li> <li>• Disappearance of the negative unisex effect from 2013</li> </ul>	~ €75 m
<b>Base Scenario</b>	Initial improvement in the framework conditions	<ul style="list-style-type: none"> <li>• Opportunities for products with minor capital market component (long-term care pension, occupational disability, occupational provision)</li> <li>• Slight improvement for capital market-related provision products – especially through new guarantee concepts</li> <li>• Reduction of uncertainties in health insurance</li> <li>• New areas of potential through real estate brokerage</li> <li>• Disappearance of the negative unisex effect from 2013</li> </ul>	~ €65 m
<b>Lower Scenario</b>	Continued hesitancy on the part of clients	<ul style="list-style-type: none"> <li>• 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</li> <li>• Reduction of uncertainties in health insurance</li> <li>• New areas of potential through real estate brokerage</li> <li>• Disappearance of the negative unisex effect from 2013</li> </ul>	~ €50 m

**Administration costs 2014: ~ €255 million**

# Summary

- MLP continues to benefit from the new **breadth of the business model**
- **Framework conditions** remain **challenging** – particularly in health insurance and old-age provision
- Close observation of further development regarding implementation of LVRG
- **Q:1 Positive signs in Q1** – but these still **need to become more established**
- As is usual in the MLP business model, it is particularly the **second half-year** that plays a crucial role in the full-year results
- **Outlook for 2014 reiterated**

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# MLP AG Share

## Share details

### Share details

Shares outstanding:	107,877,738
Free Float:	47.61 % (Definition Deutsche Börse)
Average daily trading volume:	50.700 (Xetra, 12 month average as of May 31st, 2014)
WKN:	656 990
ISIN:	DE0006569908
Exchanges:	XETRA, Frankfurt, other regional exchanges

### Shareholder Structure

Dr. h. c. Manfred Lautenschläger	23.53%
HDI / Talanx	9.89%
Barmenia	6.67%
Allianz SE	6.27%
Angelika Lautenschläger	6.03%
Freefloat (Def. Deutsche Börse)	47.61%
<i>Harris Associates</i>	9.82%
<i>FMR LLC</i>	7.10%
<i>Fidelity Management Research</i>	5.00%
<i>Franklin Templeton</i>	3.06%

### Research Coverage

JP Morgan Cazanove	Overweight	PT 7.10
HSBC	Underweight	PT 4.00
Equinet/ESN	Accumulate	PT 6.30
Bankhaus Lampe	Sell	PT 4.70
Main First	Underperform	PT 4.60
Independent Research	Hold	PT 6.00
Nord LB	Sell	PT 4.50

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