

# Nine-Month Report 2001

January - September

Private Finance by  MLP



**Dear shareholder,**

During the first nine months of the current business year MLP has maintained the same high rate of growth to which you have become accustomed over the years. Our key business results achieved in the first three quarters of 2001 once again increased by more than 30 percent in comparison with the same period last year, with both revenues and pre-tax profits rising by nearly equal proportions. The consolidated total revenues in the first nine months of 2001 have increased in comparison with the figures adjusted for the same period last year, from Euro 495.9 million by 32 percent to Euro 654.5 million. Consolidated profit before tax rose from Euro 51.4 million to Euro 69 million, representing an increase of 34.2 percent. After nine months, DVFA-results earnings per share now stand at Euro 0.44 compared with Euro 0.33 for the same period last year - an increase of more than 33 percent. These achievements enabled us to not only distance ourselves from the generally market trend but also to further expand our leading position in Europe as a private finance provider for university graduates and sophisticated private clients.



Dr. Bernhard Termühlen,  
CEO and Chairman MLP AG

**MLP forecasts sustainable growth**

We continue to stand by the business development forecasts published to date. Since the pre-tax consolidated profit reported by the end of the third quarter are usually more than doubled in the fourth quarter, MLP also forecasts a growth rate of 30 percent for the entire year in comparison with last year and expects to report annual pre-tax consolidated profit of approximately Euro 150 million. The annual pre-tax consolidated profit in 2000 were reported at Euro 114.8 million.

**Reasons for growth**

Our consistently high growth rate is attributable to several factors. Firstly, we have a large number of clients with a high potential. At the same time, we enjoy a very high level of customer loyalty thanks to the very high standard of our consultation and the quality of our products. We are therefore able to grow by virtue of the fact that our clients progressively earn more money, invest their newly available funds and their pension provision through us. Finally, we continue to be successful in expanding our new client base.

**Staff increases**

Our client base has meanwhile grown to 434,000 clients. During recent months we have once again sharply increased the number of staff. As a result of such measures the number of Financial Consultants employed as at the end of September 2001 was 2,442, which is 542 more than there were one year ago. We expect to increase the number of Financial Consultants to some 3,000 by the end of 2002. We seek to recruit university graduates and experienced banking professionals for these positions. Under no circumstances will our recruitment standards be compromised in order to facilitate our rapid growth rate. This also applies to our back office staff. The number of employees increased by 224 to 1,249 within one year.

**More branch offices than planned**

Throughout the course of this year MLP has continually expanded its number of branch offices. By the end of September we had 310 new branch offices of which 23 are abroad. That represents a continuation of the MLP international expansion strategy, which is based upon organic growth. Since the beginning of the year we are also represented in Great Britain with 24 Financial Consultants in 3 branch offices.

### **Two special "Riester" solutions**

Further growth stimulus will come from the German pension reform, which will come into force in January 2002. In recent months we have developed two financial elements which fulfill the certification criteria for the so-called "Riester" savings plans: a pension insurance scheme and a unit-linked pension insurance scheme. Both these products will be offered to our clients when the pension reform comes into effect.

Both solutions are innovative. For instance, the *MLP bestpartner topinvest*, a "Riester-compatible" unit-linked pension insurance scheme, by far exceeds the condition for capital protection as stipulated by the federal government. Whilst the legal requirement merely stipulates that at the beginning of the pension payout period, the savings scheme must provide at least an amount equivalent to the amounts paid in, the MLP scheme guarantees clients the highest value ever attained by their unit-linked pension insurance scheme during the entire savings phase.

MLP offers a classic pension insurance scheme within the framework of a "Riester" savings plan, which also incorporates an additional safety strategy. In order to address the risk that an insurer might have to reduce its profit commitment significantly, MLP will bundle the profit commitments from seven very renowned insurers into one policy and distribute the payments from each client to each of these partner-companies. In this way the superior *MLP bestpartner classic pension insurance* also clearly differentiates itself from its competitors since the profit assurances of a pension insurance scheme are normally only covered by one insurer. MLP's partners amongst others for the bestpartner classic pension insurance scheme are DBV Winterthur, Gerling E&L Lebensversicherungs-AG, Karlsruhe Versicherungen, Alte Leipziger, Generali, Schweizerische Rentenanstalt and MLP Lebensversicherungen AG.

**Capital increase**

The planned capital increase passed over a year ago will support the long-term growth of the company. The implementation of this measure has thus far been blocked by actions for annulment lodged by two shareholders. The court ruling in the first instance has been completely in our favour. We therefore assume that we will soon have a finite legal footing and that the capital increase can be implemented afterwards.

**Share price recovery**

All our shareholders will have been pleased by the significant recovery of our share price since mid-September. At the start of November the share price was over 40 percent above the low to which it fell after our entry in to the DAX. Even though the recent gains have still not yet fully recovered the lost ground, we believe that our good business performance will be reflected in the development of the share price in the longer term.

We are also a little proud to point out that MLP was cited by the "manager magazine" as being the only German company among the ten best companies in Europe in a comparison of the 500 biggest European companies.

We are pleased that you continue to be part of this success story and hope that you derive as much pleasure from MLP as we do ourselves.

Yours sincerely



Bernhard Termühlen

# Group consolidated balance sheet 30.09.2001

ASSETS	TEURO
Start-up costs	3,327.2
Fixed assets	838,031.3
<i>of which investment stock of unit-linked life assurance</i>	694,495.2
Current assets	407,715.0
<i>of which bank clients credit</i>	210,361.4
Prepaid expenses	19,664.0
Total	<u>1,268,737.4</u>

EQUITY AND LIABILITIES	TEURO
Equity	200,667.8
Liabilities	1,068,019.6
<i>of which reserves for unit-linked life assurance</i>	694,495.2
<i>of which bank clients deposit</i>	124,762.4
Deferred income	50.0
Total	<u>1,268,737.4</u>

## Group consolidated profit and loss account


	1ST QUARTER TEURO	2ND QUARTER TEURO	3RD QUARTER TEURO	9 MONTHS TEURO
1. Total revenue	201,156.2	237,707.1	215,644.8	654,508.1
<i>of which sales revenues sales revenues</i>	57,738.2	76,526.4	59,470.5	193,735.1
<i>of which interest income from banking operations</i>	2,764.5	3,193.5	3,509.2	9,467.2
<i>of which insurance premiums</i>	92,332.4	96,611.1	104,151.8	293,095.4
<i>of which income from outward reinsurance business</i>	44,898.3	49,613.1	46,589.6	141,101.0
<i>of which other operating income</i>	3,422.7	11,763.0	1,923.7	17,109.4
2. Cost of materials	- 22,314.6	- 30,795.8	- 23,623.5	- 76,733.9
3. Personnel expenses	- 12,753.3	- 17,586.5	- 13,068.7	- 43,408.4
4. Depreciation	- 3,022.9	- 4,217.8	- 3,852.4	- 11,093.1
5. Other operation expenses	- 43,070.8	- 48,713.3	- 55,269.9	- 147,053.9
6. Expenses related to insurance reserves	- 21,002.8	- 95,467.7	83,952.6	- 32,517.9
7. Reinsurance premiums	- 44,008.5	- 40,434.2	- 43,535.8	- 127,978.6
8. Finance income, net	34.6	- 284.1	- 924.1	- 1,173.6
9. Unrealized gains from investments	3,299.4	13,060.2	- 14,698.3	1,661.2
10. Unrealized losses from investments	- 39,740.1	21,909.5	- 129,371.9	- 147,202.5
11. Profit from ordinary operations	18,577.1	35,177.3	15,253.0	69,007.3
12. Taxes on income and profit	- 7,245.1	- 13,719.1	- 5,948.7	- 26,912.9
13. Net income	11,332.0	21,458.2	9,304.3	42,094.5
14. Earnings per share in Euro	0.14	0.23	0.07	0.44

# Cashflow statement

	TEURO
Change in net financial assets from current operations incl. net income	5,025.3
Change in net financial assets from investment activity	- 38,167.8
Change in net financial assets from financing activity	- 25,155.4
Change in net financial assets	- 58,297.9

## MLP Financial calendar

Subject	Location	Date
Analysts' Conference	Wiesloch	30 November, 2001
Preliminary results for 2001		31 January, 2002
Final results for 2001		09 April, 2002
Results for 1st quarter 2002		21 May, 2002
Annual general meeting 2002	Mannheim	28 May, 2002
Results for 1st half-year 2002		14 August, 2002
Results for the first nine months		15 November, 2002



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