

Buy (old: Buy)

11.07.2024

EUR 11.50 (old: EUR 11.50)

Another performance fee quarter ahead; chg. est.

Topic: With the end of Q2, two major public funds of MLP's asset manager FERi have surpassed their respective cut-off dates, above their old HWM and benchmarks. As a result, we expect the collection of another **€ 4.2m performance fees** from public funds in Q2, in detail:

Optoflex as main performance fee driver: On June 28th 2024, FERi's second largest public fund (€ 1.3bn AuM) has again surpassed its old HWM from 31st March 2024 while achieving a 1pp outperformance over its hurdle-rate (Euro short-term rate, €STR). As the Optoflex records performance fees on a quarterly basis (vs. yearly at most other funds), we consequently expect a **€ 3.9m performance fee contribution** from the Optoflex in Q2.

Euro Equity Flex with a small contribution: This € 247m large fund records performance fees only on a yearly basis with its cut-off date on June 30th. On this day, the fund recorded a 14.9% performance above its old HWM from June 30th 2023, while its benchmark (EURO STOXX 50 Net Return) recorded a 14.0% performance in the same period. Consequently, 15% of the 0.9pp outperformance is eligible for **performance fees** which we estimate to be **€ 0.3m for Q2** (see p. 2).

Potential upside from private equity carries: historically, FERi has collected c. € 1-2m performance fees from its alternative assets in the second quarter (Q2'22: € 1.1m; Q2'23: € 2m). These are discrete events and can not be observed from the outside. Therefore, it remains a blackbox for us, whether private equity carries will be recorded or not in Q2'24e, posing as a **potential upside of € 1-2m** (see p. 2).

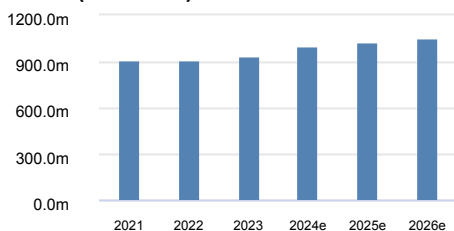
AuM composition dominated by FERi: as of Q1'24, FERi makes up c. 81% of MLP's € 59.3bn AuM base. Here, **1) public funds make up c. € 3.6bn**, while the largest parts are **2) alternative assets of c. € 17.5bn** (i.e. hedgefunds, private equity, infrastructure and real estate) and **3) c. € 28bn of "other assets"** which are undisclosed but should be made up of liquid assets/securities for individual investment strategies and white label solutions for institutional clients, in our view (see p. 2).

Against this backdrop, we now incorporate **€ 4.2m performance fees in our model** (prev. € 2m). As our new EBIT estimate of € 90m (old: € 88m) is substantially above the € 75-85m EBIT guidance, a guidance upgrade with Q2 results seems likely. Therefore, we **reiterate our BUY recommendation** with an unchanged **PT of € 11.50**, based on FCFY'24e and SOTP.

Y/E 31.12 (EUR m)	2021	2022	2023	2024e	2025e	2026e
Sales	907.3	913.8	941.1	1,000.0	1,027.9	1,058.7
Sales growth	21.7%	0.7%	3.0%	6.3%	2.8%	3.0%
EBITDA	124.0	110.6	106.5	119.8	134.2	143.4
Net debt (if net cash=0)	-104.3	-76.0	-94.8	-124.4	-156.4	-194.8
FCF	536.3	-314.7	100.0	62.8	74.1	78.8
Net Debt/EBITDA	0.0	0.0	0.0	0.0	0.0	0.0
EPS pro forma	0.57	0.47	0.44	0.59	0.62	0.67
EBITDA margin	13.7%	12.1%	11.3%	12.0%	13.1%	13.5%
ROCE	13.4%	9.9%	9.2%	11.5%	11.7%	12.2%
EV/sales	0.8	0.7	0.5	0.5	0.5	0.4
EV/EBITDA	5.8	5.4	4.3	4.2	3.6	3.1
PER	12.6	12.3	13.1	9.8	9.3	8.7
Adjusted FCF yield	11.1%	12.6%	15.7%	16.0%	19.8%	23.1%

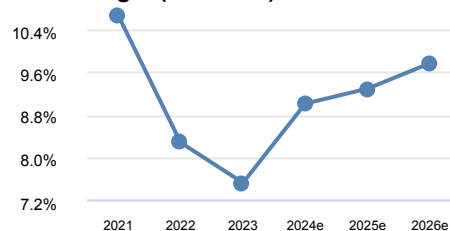
Source: Company data, NuWays, Close price as of 05.07.2024

Sales (2021-26e)



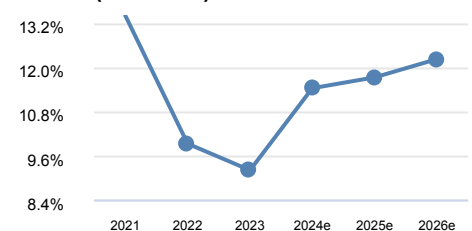
Source: NuWays Research

EBIT margin (2021-26e)



Source: NuWays Research

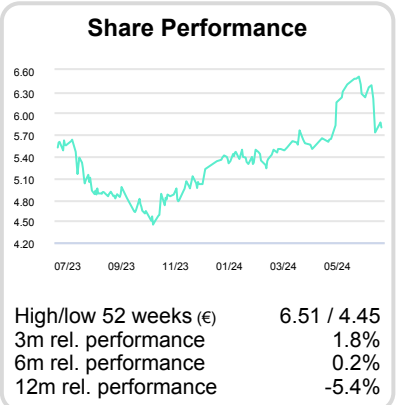
ROCE (2021-26e)



Source: NuWays Research

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.



Market data

Share price (in €)	5.80
Market cap (in € m)	633.4
Number of shares (in m pcs)	109.2
Enterprise value (in € m)	509.0
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%	0%	0%
EBIT	2%	0%	0%
EPS	2%	0%	0%

Comment on changes

- FY'24 estimates now reflect our Q2 performance fee estimate

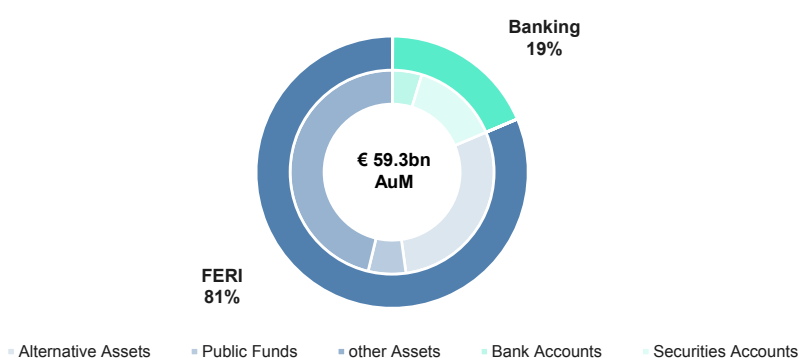
Guidance

- FY'24e: € 75-85m EBIT
- FY'25e: € 100-110m EBIT
- FY'25e: € 62-68bn AuM

Fund	Currency	AuM	AuM as of	cut-off interval	Next cut-off date	High water mark	Date of Last HWM	Hurdle-Rate / Benchmark	Performance Fee in %	Current Price (R-Tranche)*	% above HWM	% above Hurdle-Rate / Benchmark	Provision for Performance Fees (in € m)
Optoflex	EUR	1,286	21.06.24	quarterly	30.06.2024	1,597.09	31.03.24	Euro Short-Term Rate	15.0%	1,629.27	2.0%	1.0%	3.9
Euro Equity Flex	EUR	247	21.06.24	yearly	30.06.2024	112.8	30.06.23	EURO STOXX 50 Net Return	15.0%	129.6	14.9%	0.9%	0.3
US Equity Flex	USD	1,581	21.06.24	yearly	31.12.2024	3,096.51	31.12.21	S&P 500 Total Return Net	15.0%	3,342.5	7.9%	-9.2%	0.0
FERI Strategieportfolio Ausgewogen	EUR	75	24.06.24	yearly	30.09.2024	n.a.	n.a.	4% p.a.	15.0%	65.6	n.a.	n.a.	0.4**
FERI Strategieportfolio Dynamisch	EUR	91	24.06.24	yearly	30.09.2024	n.a.	n.a.	5% p.a.	15.0%	72.6	n.a.	n.a.	0.3**
FERI Sustainable Quality	CHF	42	24.06.24	yearly	31.12.2024	n.a.	n.a.	n.a.	n.a.	148.7	n.a.	n.a.	n.a.
FERI Systematic Global Equity	EUR	n.a.	n.a.	yearly	31.10.2024	n.a.	n.a.	MSCI World	15.0%	n.a.	n.a.	n.a.	n.a.
FS Exponential Technologies	EUR	140	24.06.24	yearly	31.03.2025	n.a.	n.a.	8% p.a.	10.0%	1,824.7	n.a.	n.a.	0.0
Total AuM from public funds (in € m)		3,572											Total Performance Fee Provisions 5.0

Source: Company data, NuWays // *as of 28.06.2024 // ** as of half-year report per 31.03.2024

MLP Group - AuM Composition (in € bn, as of Q1'24)



Source: Company data, NuWays

Financials

Profit and loss (EUR m)	2021	2022	2023	2024e	2025e	2026e
Net sales	907.3	913.8	941.1	1,000.0	1,027.9	1,058.7
<i>Sales growth</i>	21.7%	0.7%	3.0%	6.3%	2.8%	3.0%
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	1,000.0	1,027.9	1,058.7
Other operating income	44.1	35.4	32.4	33.0	30.0	30.0
Material expenses	482.5	477.9	473.0	493.8	504.0	518.6
Personnel expenses	180.5	187.9	209.1	228.3	221.7	226.7
Other operating expenses	164.4	172.7	184.9	191.1	198.0	200.0
Total operating expenses	783.3	803.2	834.6	880.2	893.7	915.3
EBITDA	124.0	110.6	106.5	119.8	134.2	143.4
Depreciation	27.2	35.0	35.8	29.7	38.7	40.0
EBITA	96.8	75.6	70.7	90.1	95.5	103.4
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	90.1	95.5	103.4
Interest income	0.7	2.8	8.4	8.4	8.4	8.4
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	-1.7	-2.0	-2.2
Recurring pretax income from continuing operations	93.2	73.1	69.0	88.3	93.5	101.2
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0
Earnings before taxes	93.2	73.1	69.0	88.3	93.5	101.2
Income tax expense	30.4	24.4	24.9	28.3	29.9	32.4
Net income from continuing operations	62.8	48.6	44.1	60.1	63.6	68.8
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	60.1	63.6	68.8
Minority interest	0.2	-2.8	-4.5	-4.5	-4.5	-4.5
Net profit (reported)	62.6	51.5	48.6	64.5	68.0	73.3
Average number of shares	109.3	109.2	109.2	109.2	109.2	109.2
EPS reported	0.57	0.47	0.44	0.59	0.62	0.67

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%	6.3%	2.8%	3.0%
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%	3.3%	2.9%	2.8%
Material expenses	53.2%	52.3%	50.3%	49.4%	49.0%	49.0%
Personnel expenses	19.9%	20.6%	22.2%	22.8%	21.6%	21.4%
Other operating expenses	18.1%	18.9%	19.6%	19.1%	19.3%	18.9%
Total operating expenses	86.3%	87.9%	88.7%	88.0%	86.9%	86.5%
EBITDA	13.7%	12.1%	11.3%	12.0%	13.1%	13.5%
Depreciation	3.0%	3.8%	3.8%	3.0%	3.8%	3.8%
EBITA	10.7%	8.3%	7.5%	9.0%	9.3%	9.8%
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%	9.0%	9.3%	9.8%
Interest income	0.1%	0.3%	0.9%	0.8%	0.8%	0.8%
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.	neg.	neg.	neg.
Recurring pretax income from continuing operations	10.3%	8.0%	7.3%	8.8%	9.1%	9.6%
Extraordinary income/loss	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Earnings before taxes	10.3%	8.0%	7.3%	8.8%	9.1%	9.6%
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%	6.0%	6.2%	6.5%
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%	6.0%	6.2%	6.5%
Minority interest	0.0%	-0.3%	-0.5%	-0.4%	-0.4%	-0.4%
Net profit (reported)	6.9%	5.6%	5.2%	6.5%	6.6%	6.9%

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	1,068.9	1,092.0	1,117.6
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	3,378.3	3,401.4	3,427.1
TOTAL ASSETS	3,693.4	3,784.6	3,917.5	3,937.1	3,969.6	4,000.2
SHAREHOLDERS EQUITY	495.2	527.4	538.3	571.7	610.1	649.3
MINORITY INTEREST	1.0	-1.9	-6.3	-5.0	-5.0	-3.5
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
Short-term liabilities to banks	0.0	0.0	0.0	0.0	0.0	0.0
Accounts payable	28.7	37.5	36.2	38.6	39.7	40.9
Advance payments received on orders	0.0	0.0	0.0	0.0	0.0	0.0
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	403.4	371.7	358.5	358.5	358.5	358.5
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	3,693.4	3,784.6	3,917.5	3,937.1	3,969.6	4,000.2
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%	14.3%	14.3%
Inventories	0.9%	1.4%	1.0%	1.0%	1.0%	1.0%
Accounts receivable	39.0%	50.3%	51.3%	51.1%	50.6%	50.2%
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%	27.5%	27.9%
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%	85.7%	85.7%
TOTAL ASSETS	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
SHAREHOLDERS EQUITY	13.4%	13.9%	13.7%	14.5%	15.4%	16.2%
MINORITY INTEREST	0.0%	-0.0%	-0.2%	-0.1%	-0.1%	-0.1%
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%
Short-term liabilities to banks	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Accounts payable	0.8%	1.0%	0.9%	1.0%	1.0%	1.0%
Advance payments received on orders	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other liabilities (incl. from lease and rental contracts)	10.9%	9.8%	9.2%	9.1%	9.0%	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	10.9%	9.8%	9.2%	9.1%	9.0%	9.0%
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	60.1	63.6	68.8
Depreciation of fixed assets (incl. leases)	27.2	35.0	35.8	29.7	38.7	40.0
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	-310.5	97.6	72.2	84.4	90.0
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	8.8	-1.3	2.4	1.1	1.2
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	-354.0	34.7	2.4	1.1	1.2
Cash flow from operating activities	546.4	-292.5	116.6	92.2	105.4	112.0
CAPEX	10.1	22.3	16.6	29.4	31.2	33.2
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	-29.4	-31.2	-33.2
Cash flow before financing	466.7	-409.7	-14.0	30.0	38.1	40.6
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	36.0	38.1
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	-51.0	-53.1
Increase/decrease in liquid assets	505.8	-416.4	-30.1	15.0	23.1	25.6
Liquid assets at end of period	1,374.1	957.6	1,053.9	1,068.9	1,092.0	1,117.6
Key ratios (EUR m)	2021	2022	2023	2024e	2025e	2026e
P&L growth analysis						
Sales growth	21.7%	0.7%	3.0%	6.3%	2.8%	3.0%
EBITDA growth	42.5%	-10.8%	-3.7%	12.4%	12.0%	6.9%
EBIT growth	63.1%	-21.9%	-6.5%	27.4%	6.0%	8.3%
EPS growth	44.8%	-17.7%	-5.6%	32.8%	5.4%	7.7%
Efficiency						
Sales per employee	507.0	500.6	505.5	526.6	530.6	535.8
EBITDA per employee	69.3	60.6	57.2	63.1	69.3	72.6
No. employees (average)	1,790	1,825	1,862	1,899	1,937	1,976
Balance sheet analysis						
Avg. working capital / sales	-51.8%	-50.1%	-69.3%	-49.0%	-49.1%	-47.8%
Inventory turnover (sales/inventory)	26.2	17.6	23.8	25.3	26.0	26.0
Accounts receivable turnover	579.2	759.9	779.6	733.7	713.8	693.0
Accounts payable turnover	11.5	15.0	14.1	14.1	14.1	14.1
Cash flow analysis						
Free cash flow	536.3	-314.7	100.0	62.8	74.1	78.8
Free cash flow/sales	59.1%	-34.4%	10.6%	6.3%	7.2%	7.4%
FCF / net profit	853.8%	neg.	226.7%	104.5%	116.6%	114.5%
Capex / sales	1.6%	7.7%	8.5%	2.9%	3.0%	3.1%
Solvency						
Net debt	-104.3	-76.0	-94.8	-124.4	-156.4	-194.8
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%	55.0%
Interest paid / avg. debt	4.1%	4.1%	7.3%	7.6%	8.8%	10.4%
Returns						
ROCE	13.4%	9.9%	9.2%	11.5%	11.7%	12.2%
ROE	12.6%	9.8%	9.0%	11.3%	11.2%	11.3%
Adjusted FCF yield	11.1%	12.6%	15.7%	16.0%	19.8%	23.1%
Dividend yield	4.1%	5.2%	5.2%	5.7%	6.0%	6.0%
DPS	0.3	0.3	0.3	0.3	0.3	0.3
EPS reported	0.57	0.47	0.44	0.59	0.62	0.67
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	1.0	1.0
EV/sales	0.8	0.7	0.5	0.5	0.5	0.4
EV/EBITDA	5.8	5.4	4.3	4.2	3.6	3.1
EV/EBIT	7.4	7.9	6.5	5.7	5.0	4.3

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	16.05.2024	Wendisch, Henry	Buy	EUR 11.50	EUR 5.83
	04.04.2024	Wendisch, Henry	Buy	EUR 12.00	EUR 5.56
	23.08.2023	Wendisch, Henry	Buy	EUR 11.00	EUR 4.92
	15.08.2023	Wendisch, Henry	Buy	EUR 11.00	EUR 5.14
	10.08.2023	Wendisch, Henry	Buy	EUR 9.50	EUR 5.11

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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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