

MLP SE

Financial Services - Germany



Buy (old: Buy)

30.07.2024

EUR 11.50 (old: EUR 11.50)

Q2 EBIT above estimates, guidance specified at upper end

Yesterday, MLP released an ad-hoc with its preliminary Q2 EBIT and specified its FY EBIT guidance towards the upper half. In detail:

Q2 EBIT significantly above last year: Q2's preliminary EBIT came in at **€ 12m, +135% yoy** (eNuW: € 11m; H1 EBIT: € 49m, +31% yoy). The main drivers were **performance fees** (amount undisclosed; eNuW: € 4.2m) and continued **tailwinds from the interest rate business**. Moreover, last year's EBIT was burdened by a negative € 2.8m one-off, thus serving as an easy comparable base.

Performance Fees are back: some of FERi's funds have exceeded their old HWM and hurdle rate on June 28th, which should have led to € 4.2m in performance fees for Q2 (see [update from 11th July 2024](#)). Moreover, **AuMs should also have reached new records** (eNuW: € 60.5bn, up 7% yoy vs. € 59.3bn in Q1), which is especially favorable for MLP, as it serves as a **higher base for recurring revenues**, which should **increase profitability** in wealth management due to operating leverage.

Banking to have remained strong: given that the ECB only lowered interest rates towards the end of Q2, the second quarter could almost fully benefit from ongoing strong interest income. Against strong interest income of **€ 20.3m** (+29% yoy and -9% qoq; recorded as sales) we also expect heightend **interest expense of € 8.2m** (+ 105% yoy and -6% qoq; recorded as OPEX), which should have led to an EBIT-effective **net interest income of € 12.1m** (+3% yoy) in Q2, in our view. Going forward, we conservatively assume an interest rate cut by 25bps in mid Q3 to 4.00% and another 25bps reduction to 3.75% in Q4, leading to an estimated **net interest income of € 48m** (+1.4% yoy) for **FY'24e**. (see p. 2 for details)

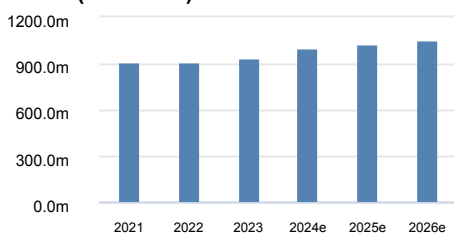
Guidance specified at upper end, but still conservative: with yesterday's ad-hoc, MLP also specified its € 75-85m EBIT **guidance towards the upper half** (i.e., € 80-85m). Nevertheless, we **expect a guidance beat** (eNuW: € 90m; eCons: € 85m) due to **(1)** the later than previously anticipated ECB rate reduction **(2)** an ongoing recovery in real-estate from low levels and **(3)** the higher than expected AuMs which should lead to increasing sales in wealth management.

All in all, solid results and a slight beat of our Q2 EBIT estimate. Thus, we reiterate our **BUY recommendation** with 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	121.4	134.2	143.4
Net debt (if net cash=0)	-104.3	-76.0	-94.8	-124.4	-154.7	-191.5
FCF	536.3	-314.7	100.0	62.8	72.5	77.1
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%	12.1%	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%	16.3%	19.7%	22.9%

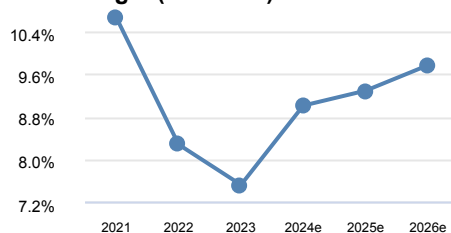
Source: Company data, NuWays, Close price as of 26.07.2024

Sales (2021-26e)



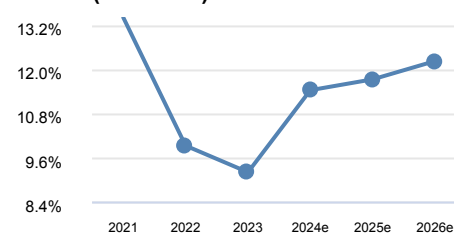
Source: NuWays Research

EBIT margin (2021-26e)



Source: NuWays Research

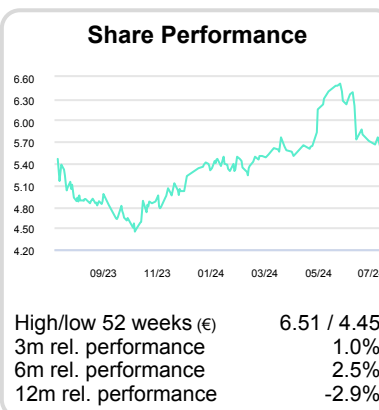
ROCE (2021-26e)



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 €)	5.63
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	0%	0%	0%
EPS	0%	0%	0%

Comment on changes

Guidance

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

MLP SE

Update - 30.07.2024

	Q1	Q2	2023 Q3	Q4	FY	Q1	Q2e	2024 Q3e	Q4e	FYe	2025 FYe
ECB Deposit	1,566	1,639	1,971	1,743	1,743	1,743	1,743	1,743	1,750	1,750	1,750
<i>avg. interest rate received (annualized)</i>	3.0%	3.8%	3.7%	4.6%	3.9%	5.1%	4.6%	4.4%	4.2%	4.6%	4.0%
Interest Income	11.8	15.7	18.2	20.0	65.7	22.3	20.3	19.2	18.4	80.2	70.0
Customer Deposits	2,603	2,634	2,676	2,765	2,765	2,780	2,780	2,795	2,795	2,800	2,800
<i>avg. interest paid to customers (annualized)</i>	0.2%	0.6%	0.9%	1.0%	0.7%	1.3%	1.2%	1.1%	1.1%	1.2%	1.0%
Interest Expense	1.5	4.0	5.7	7.2	18.5	8.7	8.2	7.8	7.5	32.2	28.0
Interest Result	10.3	11.7	12.5	12.8	47.3	13.6	12.1	11.4	10.9	47.9	42.0
<i>interest spread margin</i>	87%	75%	69%	64%	72%	61%	60%	59%	59%	60%	60%

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	189.5	198.0	200.0
Total operating expenses	783.3	803.2	834.6	878.6	893.7	915.3
EBITDA	124.0	110.6	106.5	121.4	134.2	143.4
Depreciation	27.2	35.0	35.8	31.3	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%	19.0%	19.3%	18.9%
Total operating expenses	86.3%	87.9%	88.7%	87.9%	86.9%	86.5%
EBITDA	13.7%	12.1%	11.3%	12.1%	13.1%	13.5%
Depreciation	3.0%	3.8%	3.8%	3.1%	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	1,090.4	1,114.3
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	3,399.8	3,423.7
TOTAL ASSETS	3,693.4	3,784.6	3,917.5	3,937.1	3,968.0	3,996.9
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%	50.7%	50.3%
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	31.3	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	73.8	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	93.8	105.4	112.0
CAPEX	10.1	22.3	16.6	31.0	32.9	34.9
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	-31.0	-32.9	-34.9
Cash flow before financing	466.7	-409.7	-14.0	30.0	36.5	38.9
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	21.5	23.9
Liquid assets at end of period	1,374.1	957.6	1,053.9	1,068.9	1,090.4	1,114.3
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%	13.9%	10.5%	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	63.9	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	72.5	77.1
Free cash flow/sales	59.1%	-34.4%	10.6%	6.3%	7.1%	7.3%
FCF / net profit	853.8%	neg.	226.7%	104.5%	114.0%	112.0%
Capex / sales	1.6%	7.7%	8.5%	3.1%	3.2%	3.3%
Solvency						
Net debt	-104.3	-76.0	-94.8	-124.4	-154.7	-191.5
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%	16.3%	19.7%	22.9%
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.

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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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