

MLP concludes 2013 with EBIT of EUR 32.8 million – launch of comprehensive growth initiative

- **Wealth management, non-life insurance as well as loans and mortgages develop very positively**
- **Q4 remains considerably behind the previous years due to the increased market burdens in old-age provision and health insurance**
- **Administration costs decreased again and were slightly below 2012**
- **Executive Board proposes a dividend of 16 cents per share**
- **MLP introduces growth initiative which will include real estate offerings and a digitalisation strategy, acquisitions under assessment**
- **Outlook 2014: Base scenario further foresees EBIT rising to around EUR 65 million – continuing volatility due to market burdens**

Wiesloch/Frankfurt, 27th February 2014 – As already announced in November, MLP, the independent financial services and wealth management consulting company, recorded a decrease in earnings for the financial year 2013. On the one hand, MLP achieved new all-time highs in wealth management and loans and mortgages as well as sustainably increasing revenue in non-life insurance. However, these pleasing developments were heavily overshadowed by even greater market burdens in health insurance and particularly in old-age provision. Against this backdrop, total revenue decreased by 11.8 percent to EUR 501.1 million. The administration costs continued to develop favourably and for the full year remained slightly below the previous year, despite incurred temporary expenses for

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investments in the future amounting to around EUR 8 million. Overall, earnings before interest and tax (EBIT) fell to EUR 32.8 million.

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The timeframe from October to December once again proved to be by far the strongest period of the year. However, momentum in new business – as also experienced throughout the industry – remained significantly behind the levels of previous years, particularly in the last few weeks of 2013.

“MLP experienced another difficult year in 2013. The market burdens proved to be significantly greater than expected. Consequently, for the first time in our history, revenue in two core business areas – namely old-age provision and health insurance – simultaneously decreased,” comments Chief Executive Officer Dr. Uwe Schroeder-Wildberg. “Until 2005, these two business areas accounted for around 90 percent of our revenue from commissions and fees. If this situation still existed today, the past year would have hit us very hard. However, in 2013 we were able to compensate for significant portions of the revenue decrease through gains achieved in other business areas. At the same time, we were still able to generate substantial earnings thanks to our successful cost management programme. Although we are not satisfied with the result, it does nevertheless demonstrate that the MLP’s strategic further development towards a broader revenue mix was the correct decision – and the elements of our business which we can directly influence, are well under control.”

Full year: Total revenue of EUR 501.1 million

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Total revenue in 2013 decreased from EUR 568.0 million to EUR 501.1 million. Revenue from commissions and fees accounted for the largest portion of this figure and amounted to EUR 457.7 million (2012: EUR 518.0 million). Due to the low interest rate environment, interest income fell by 14.3 percent to EUR 22.8 million (EUR 26.6 million). Other revenue decreased from EUR 23.5 million to EUR 20.6 million.

The revenue breakdown by consulting areas shows significant growth in wealth management. Here, revenue rose to EUR 138.1 million (EUR 117.9 million) – a new all-time high for MLP. Within this framework, Assets under management climbed to EUR 24.5 billion (30th September 2013: EUR 23.7 billion). In non-life insurance, revenue rose from EUR 31.1 million to EUR 32.5 million, an increase of 4.5 percent. In loans and mortgages, the high level of interest shown by many clients with respect to purchasing property was evident and led to an increase in revenue of 8.2 percent to EUR 14.5 million (2012: EUR 13.4 million). Additional earnings from the joint venture company MLP Hyp amounted to EUR 0.9 million (EUR 1.0 million). The total brokered loans and mortgages volume of EUR 1.5 billion (EUR 1.3 billion) represented the highest figure achieved by MLP thus far in its history.

However, revenue in health insurance decreased. In this consulting area many clients throughout the industry were hesitant due to the political uncertainties and, not least, to the negative market reports. Consequently, revenue decreased from EUR 63.9 million to EUR 47.8

million. In old-age provision the framework conditions have remained difficult since the outbreak of the financial crisis in 2008 and as a result of the European debt crisis, and many citizens are reluctant to commit to long-term contracts. In recent months, particularly the discussions concerning the low interest rate environment and the extensive negative reports about life insurers and their products have contributed to the emergence of a further temporary burden. Against this backdrop, the number of newly brokered base pension policies (“Basis-Rente”) in the market fell by 33 percent on a full-year basis and the number of newly brokered “Riester” insurance policies decreased by over 25 percent. At MLP, revenue fell by 23.5 percent to EUR 219.9 million. New business decreased from EUR 4.8 billion to EUR 3.6 billion; occupational provision accounted for around 12 percent of the brokered premium sum.

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FY 2013: EBIT falls to EUR 32.8 million

Due to the revenue decrease, EBIT for the full year fell to EUR 32.8 million (EUR 73.9 million). The administration costs (personnel expenses, depreciation and amortisation as well as other operating expenses) decreased from EUR 251.9 million to EUR 250.6 million – even though, as previously announced, MLP incurred around EUR 8 million of temporary expenses relating to investments for the future. The administration costs were thus around EUR 61 million lower than in 2008. Group net profit amounted to EUR 25.5 million (EUR 52.9 million).

Q4: EBIT of EUR 20.5 million – number of consultants: 1,998

Viewing the fourth quarter in isolation, total revenue amounted to EUR 162.3 million (Q4 2012: EUR 212.8 million). EBIT decreased to EUR 20.5 million (EUR 47.5 million). “In October some indicators had pointed towards a further increase in momentum – such as, in particular, the high number of client consultation appointments. However, unlike in previous years, and due to the situation in the market, this did not lead to the expected contract conclusions in old-age provision and health insurance,” comments Chief Financial Officer Reinhard Loose.

In the financial year 2013 MLP welcomed 26,300 new clients (2012: 32,600); the fourth quarter was the strongest period in this respect with 7,400 new clients. The number of consultants as of 31st December 2013 stood at 1,998 (30th September 2013: 1,996).

Dividend proposal of 16 cents per share

Based on the business development, the Executive Board is proposing a dividend of 16 cents per share (2012: 32 cents). This represents a pay-out ratio of 68 percent and thus is in line with the previously announced framework. In view of the Basel III requirements, MLP intends to deploy the remaining portion of net profit in order to maintain a comfortable level of capitalisation for the future.

Furthermore, the company is currently assessing specific acquisitions in the corporate client business area and at the subsidiary FERI as well as proceeding with its investments in IT.

MLP introduces extensive growth initiative

Despite the difficult environment, MLP intends to return to revenue and earnings growth. The Executive Board has therefore initiated an extensive, four-pronged initiative consisting of a further broadening of the revenue base, the consistent implementation of a digitalisation strategy, further development of MLP's technology leadership and the recruitment of new consultants.

The specific measures include the fact that MLP consultants are now able to offer properties to a broad base of clients for their personal or third-party use and on request. The quality assurance aspect in this respect will be undertaken by FERI EuroRating Services. Building on the successful development of recent years, MLP will furthermore extend its corporate client business by also providing visible non-life insurance expertise. Expansion of the real assets offerings at the subsidiary FERI is also planned. In this respect, acquisitions at FERI as well as within the corporate client business area are currently under specific consideration. Within the scope of the digitisation strategy MLP intends to expand its internet presence, making it an important medium for winning new clients in the university segment. In addition, MLP also plans to provide a facility for clients to purchase simple banking and insurance products online. With respect to recruiting, MLP will continue its strategy introduced in 2013, utilising new entry models for consultants via a trainee programme and combined degree programmes as well as the targeted opening of new branches in the university

segment. All measures are flanked by an on-going efficiency management. MLP will be presenting further details about its growth initiative within the framework of today's annual press and analysts' conference. "By expanding our wealth management business and setting up the occupational provision area we have developed MLP significantly further. We are now looking to build on this basis and will further accelerate the transformation. Our objective is to make MLP more independent of short-term market influences," comments Uwe Schroeder-Wildberg.

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Outlook: Base scenario foresees rise in EBIT to around EUR 65 million

In the financial year 2014 MLP will continue to keep the administration costs under control but will however – as in 2013 – incur temporary expenses, amounting to around EUR 6 million within the framework of the growth initiative. Including this figure, MLP expects the administration costs to total around EUR 255 million.

On the revenue side, the financial year 2013 and particularly the fourth quarter demonstrated that the market burdens and the associated uncertainties influencing our further operating development have significantly intensified. This increases the volatility and makes it more difficult to provide a concrete forecast. In the most probable case, MLP expects that in 2014 the strained framework conditions in old-age provision and in health insurance will begin to ease. Furthermore, there will be additional revenue potential from real estate offering as well the absence of the unisex tariff changeover which negatively affected the

old-age provision and health insurance areas in 2013. Overall, based on this scenario, which MLP also considers to be the most probable situation, EBIT is expected to total around EUR 65 million – a figure which comes in at the lower end of the planned corridor of EUR 65 to 78 million.

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Risk factors for future business development include the continuing and, in part, very critical public discussions about a possible further reduction in the guaranteed interest rate for life insurance and pension insurance policies. If, on account of this situation, clients were to adopt a similarly hesitant approach as seen in 2013, MLP would expect a lower-based scenario to apply – resulting in EBIT of at least EUR 50 million. However, should the environment improve significantly more than currently assumed, a higher-based scenario would be possible with EBIT rising up to a maximum of EUR 75 million. In today's annual press and analysis conference, MLP will also be presenting further details relating to the forecast.

“Through the various scenarios we are conveying the greater risks which have been particularly evident in our business development during the past three months,” explains Reinhard Loose. “At the same time, we are clearly illustrating our intention to return to notable earnings growth in each case.”

Overview of the key figures

MLP Group (in EUR million)	Q4/2013	Q4/2012	Change in %	12 months 2013	12 months 2012	Change in %
Revenue	155.3	204.4	-24	480.5	544,6	-12
Revenue from commissions and fees	149.8	198.4	-24	457.7	518.0	-12
Interest income	5.5	6.0	-8	22.8	26.6	-14
Other revenue	7.0	8.4	-17	20.6	23.5	-12
Total revenue	162.3	212.8	-24	501.1	568.0	-12
Earnings before interest and taxes (EBIT)	20.5	47.5	-57	32.8	73.9	-56
Earnings before tax (EBT)	20.7	47.8	-57	33.1	74.9	-56
Group net profit	16.0	34.2	-53	25.5	52.9	-52
Earnings per share (diluted) in EUR	0.15	0.32	-53	0.24	0.49	-51
Clients				830,300	825,600*	1
Consultants				1,998	1,996*	0

*) 30th September 2013

About MLP:

MLP is Germany's leading independent consulting company. Supported by comprehensive research, the Group provides a holistic consulting approach that covers all economic and financial questions for private and corporate clients, as well as institutional investors. The key aspect of the consulting approach is the independence from insurance companies, banks and investment firms. The MLP Group manages total assets of around € 24.5 billion and supports more than 830,000 private and 5,000 corporate clients or employers. The financial services and wealth management consulting company was founded in 1971 and holds a full banking licence

The concept of the founders, which still remains the basis of the current business model, is to provide long-term consulting for academics and other discerning clients in the fields of provision, financial investment, health insurance, non-life insurance, loans and mortgages and banking.

Private individuals with assets of over € 5 million and institutional clients benefit from extensive wealth management and consulting services as well as receiving economic forecasts and ratings provided by the subsidiaries of the Feri Group.

Supported by its subsidiary TPC, MLP also provides companies within dependent consulting and conceptual services in all issues pertaining to occupational pension schemes and remuneration.

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