

MLP posts revenue and earnings growth for the first half-year

- H1: Total revenue rises to EUR 227.9 million (EUR 224.3 million) – increases in old-age provision, wealth management and non-life insurance
- Health insurance remains below expectations due to the difficult market conditions
- EBIT climbs by 12 percent to EUR 5.5 million (EUR 4.9 million)
- Outlook 2014: EBIT expected within forecast scenarios

Wiesloch, 14th August 2014 – The MLP Group increased total revenue in the first half-year from EUR 224.3 million to EUR 227.9 million. In the same time period, earnings before interest and tax (EBIT) rose by 12 percent to EUR 5.5 million. Despite the continuingly difficult market environment, growth was achieved in old-age provision, wealth management and non-life insurance. However, the health insurance consulting area remains challenging throughout the market.

“In the first half-year MLP recorded some positive developments but the market is anything but straightforward. Especially in health insurance, development throughout the industry is still below our expectations,” comments MLP Chief Executive Officer, Dr. Uwe Schroeder-Wildberg. “In the past few years MLP has demonstrated its ability to cope with difficult framework conditions. As is usual in our business model, the second half-

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year is very important and we are cautiously optimistic that we will see a significant pick-up in the coming months.”

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H1: Growth in old-age provision and wealth management

In the period from January to June 2014 total revenue amounted to EUR 227.9 million (H1 2013: EUR 224.3 million). Here, revenue from commissions and fees rose slightly from EUR 204.5 million to EUR 205.4 million. Interest income totalled EUR 11.4 million (EUR 11.5 million) and thus nearly remained at the level of the previous year. Other revenue amounted to EUR 11.2 million (EUR 8.3 million).

The breakdown by consulting area shows a slight increase in old-age provision, where revenue rose from EUR 83.5 million to EUR 84.3 million. Brokered new business totalled EUR 1.37 billion which was 8 percent above the previous year's figure (EUR 1.27 billion), while the overall brokered new business within the industry fell by around 6 percent. Occupational provision at MLP accounted for around 14 percent (13 percent) of the brokered premium sum. When viewing the second quarter in isolation, new business at MLP amounted to EUR 740 million which represented a 3 percent increase above the same period in the previous year. The slight fall in momentum was attributable to the extensive public discussions concerning the Life Insurance Reform Act (LVRG) passed at the start of July which contributed to the hesitant approach adopted by clients.

In wealth management revenue in the first half-year increased by 3 percent to EUR 67.0 million (EUR 65.3 million). Assets under management climbed to

EUR 25.3 billion (31st March 2014: EUR 24.4 billion). Further pleasing progress was achieved in non-life insurance which rose by 7 percent in the first half-year (from EUR 22.5 million to EUR 24.1 million). The revenue effect from the expanded real estate offering launched in March 2014 is evident in other commission and fees which rose from EUR 1.7 million to EUR 3.1 million. Furthermore, a significant number of real estate brokerage deals are in the initiation process. In loans and mortgages revenue amounted to EUR 5.9 million (EUR 6.0 million) and thus remained slightly below the previous year; additional earnings from the joint venture company MLP Hyp totalled EUR 0.4 million (EUR 0.3 million).

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Throughout the market the framework conditions in health insurance remain difficult. Last year within the industry as a whole, the number of citizens with full private health insurance fell by 66,000 – and estimates issued by the rating agency Assekurata indicate, for example, that a decrease of similar magnitude should be expected for the current year. However, at MLP the number of clients with full private health insurance rose in 2013 and remained stable in the first half-year, although development was less dynamic than MLP had expected at the start of the year. Against this backdrop, revenue in the first half-year decreased from EUR 25.6 million to EUR 21.1 million.

EBIT rises despite one-off, slightly higher administration costs

In the first six months of 2014, EBIT increased by 12 percent to 5.5 million (EUR 4.9 million) – even though the administration costs (defined as personnel costs, other operating expenses as well as depreciation and

amortisation) amounted to EUR 124.6 million and were thus around EUR 2.4 million above the previous year. This increase was attributable to a one-off exceptional cost incurred in the first quarter as well as to a portion of the temporary expenses announced in February within the framework of MLP's on-going growth initiative. Including these one-off costs, MLP still expects the full-year administration costs to amount to around EUR 255 million. Group net profit at 30th June 2014 totalled EUR 4.5 million (EUR 4.2 million).

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Q2: EBIT increases by 22 percent

Viewing the second quarter in isolation, total revenue rose slightly to EUR 108.1 million (Q2 2013: EUR 107.9 million). EBIT climbed by 22 percent to EUR 1.1 million (EUR 0.9 million). Group net profit amounted to EUR 1.1 million (EUR 1.1 million).

MLP welcomes 12,300 new clients in the first half-year

In the first six months of 2014, MLP welcomed 12,300 new clients (H1 2013: 11,700). The total number of clients rose to 839,300. At 30th June 2014, the number of consultants stood at 1,959 (31st March 2014: 1,979). Following openings in Münster and Frankfurt in the first quarter, MLP added further branches in the university segment in Düsseldorf and Essen in the period from April to June.

Life Insurance Reform Act passed

At the start of July the upper house of the German parliament (Bundesrat) passed the LVRG. The new legislation provides for modified participation in valuation reserves and greater participation in risk surpluses. Other aspects

include the reduction in the guaranteed interest rate from the start of 2015, a lowering of the maximum zillmerisation rate as well as disclosure of the effective costs. "Overall, we can live with this law as the government has obviously recognised that a general cap for commission would not have served the best interests of insurees. Such market intervention would have been fundamentally wrong as it would have encouraged a run-of-the-mill sale of products and led to the distortion of competition at the expense of high-quality consulting," comments Uwe Schroeder-Wildberg.

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Outlook: EBIT expected to be between EUR 50 and 65 million

At the start of the year MLP presented three scenarios for its business development. In these configurations, the base scenario assumed that the framework conditions would begin to improve.

As the market data shows, such improvement has not yet occurred. New business in old-age provision fell by around 6 percent throughout the industry and experts predict that the number of people with full private health insurance will fall in 2014 for the third consecutive year.

Against this backdrop MLP expects to achieve, market-induced, full-year EBIT in a corridor between the lower forecast scenario (EUR 50 million) and the base scenario (EUR 65 million). In 2013, EBIT amounted to EUR 32.8 million. "MLP traditionally generates the major portion of its earnings in the second half-year, and especially in the fourth quarter," comments Chief Financial Officer Reinhard Loose. "We are currently seeing some positive signs but, at the same time, there are also risks. In any case, we remain

focussed on our objective to achieve significant growth in revenue and earnings.”

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Overview of the key figures

MLP Group (in EUR million)	Q2/2014	Q2/2013	Change in %		6 months 2014	6 months 2013	Change in %
Revenue	103.9	103.7	0		216.8	216.0	0
Revenue from commissions and fees	98.3	98.1	0		205.4	204.5	0
Interest income	5.6	5.6	0		11.4	11.5	-1
Other revenue	4.2	4.2	0		11.2	8.3	35
Total revenue	108.1	107.9	0		227.9	224.3	2
Earnings before interest and tax (EBIT)	1.1	0.9	22		5.5	4,9	12
Earnings before tax (EBT)	1.0	0.9	11		5.4	5.0	8
Group net profit	1.1	1.1	0		4.5	4.2	7
Earnings per share (diluted) in EUR	0.01	0.01	0		0.04	0.04	0
Clients					839,300	836,200*	0
Consultants					1,959	1,979*	-1

*) 31st March 2014

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 € 25.3 billion and supports around 840,000 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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