

# Securing profitability in a post-crisis economy

Uwe Schroeder-Wildberg, CEO

**WestLB Deutschland Conference 2009**

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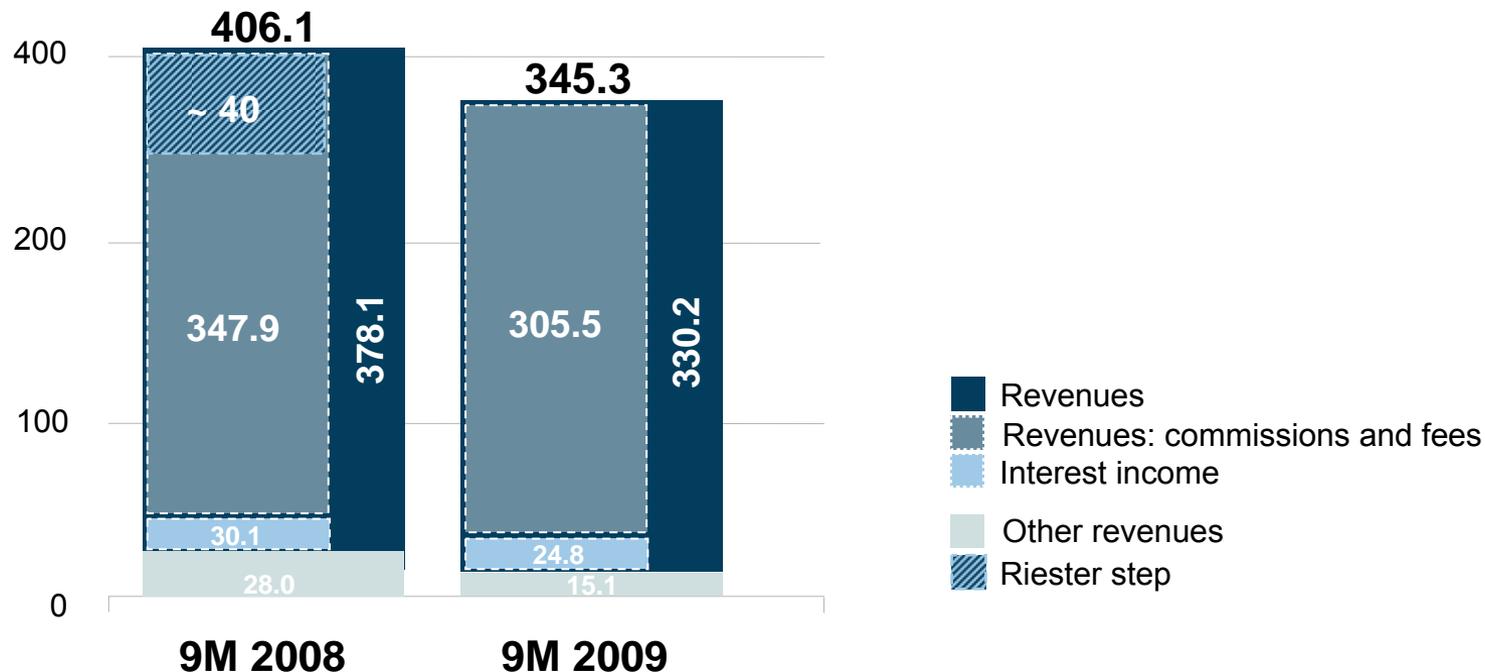
# Agenda

- Impact of capital market and economic crisis on current business development
- MLP's answer to the crisis
  - Clear positioning in structural growth markets
  - Successful cost savings
- Success factors in a post-crisis economy
- Summary and Outlook

# 9M: Revenues decreased due to capital market and economic crisis

## Total revenues 9M 2009

[in € million]



# Client focus on non-life segments

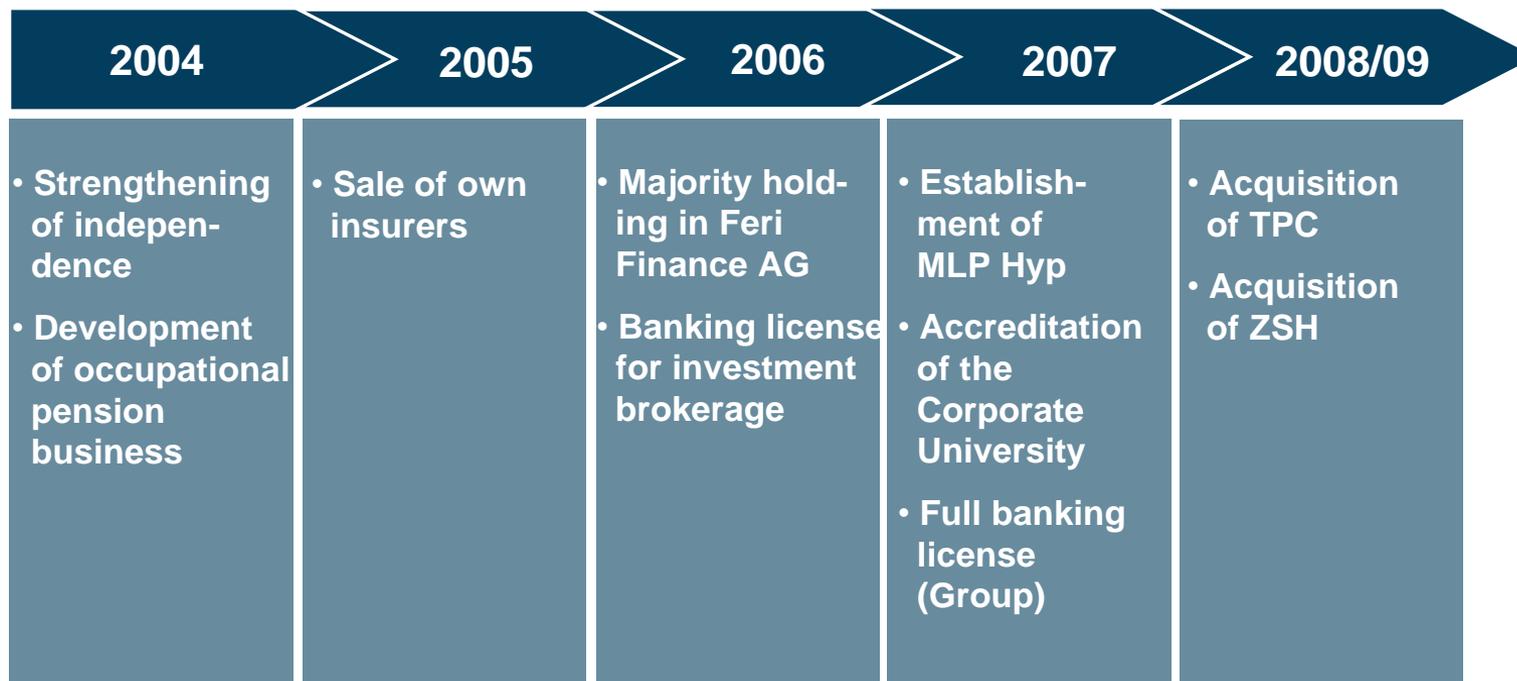
## Revenues – commissions and fees

[in € million]

	Q3 2008	Q3 2009	Δ in %	9M 2008	9M 2009	Δ in %
Old-age pension provision	70.8	65.1	-8.8	221.5	188.0	-15.1
Health insurance	10.2	10.4	1.3	33.0	33.1	0.3
Non-life insurance	2.8	3.5	24.0	21.6	22.2	2.5
Wealth management	19.4	18.7	-3.8	60.9	51.8	-15.0
Loans and mortgages	2.5	3.5	36.2	8.3	8.0	-4.1
Other commissions and fees	0.8	0.9	10.6	2.6	2.4	-5.9

# Strategic realignment

## Milestones of the past five years



# MLP – A broad-based consulting house



## Private clients

- MLP Finanzdienstleistungen
- Feri Family Trust
- ZSH

## Corporate clients

- MLP Finanzdienstleistungen  
(Business areas: occupational pensions and corporate clients)
- TPC
- Feri Institutional Advisors

## Rating

- Feri EuroRating Services

Independent investment research

# Management agenda 2009

Consistent and full utilisation of revenue potential



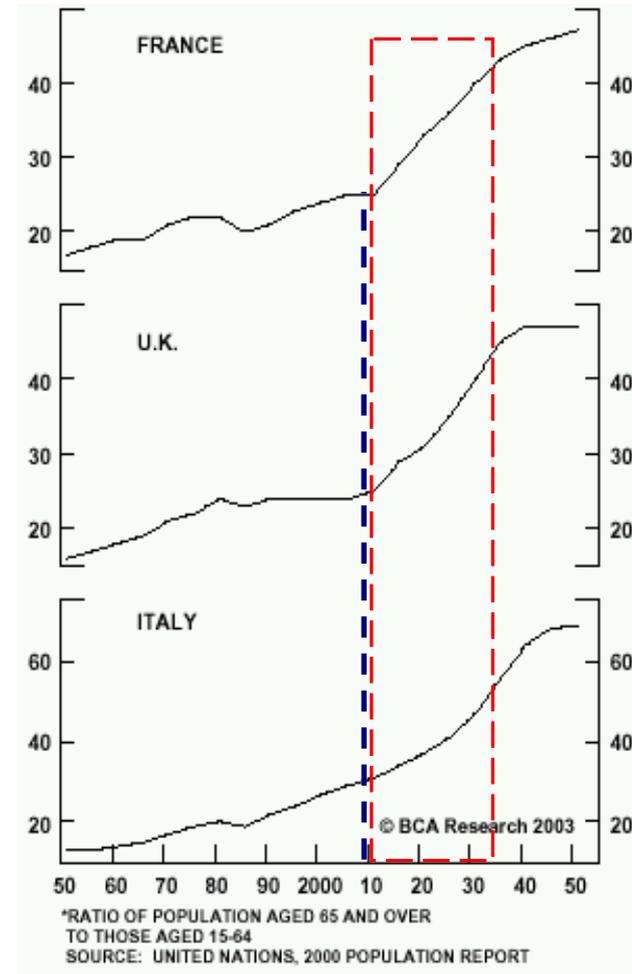
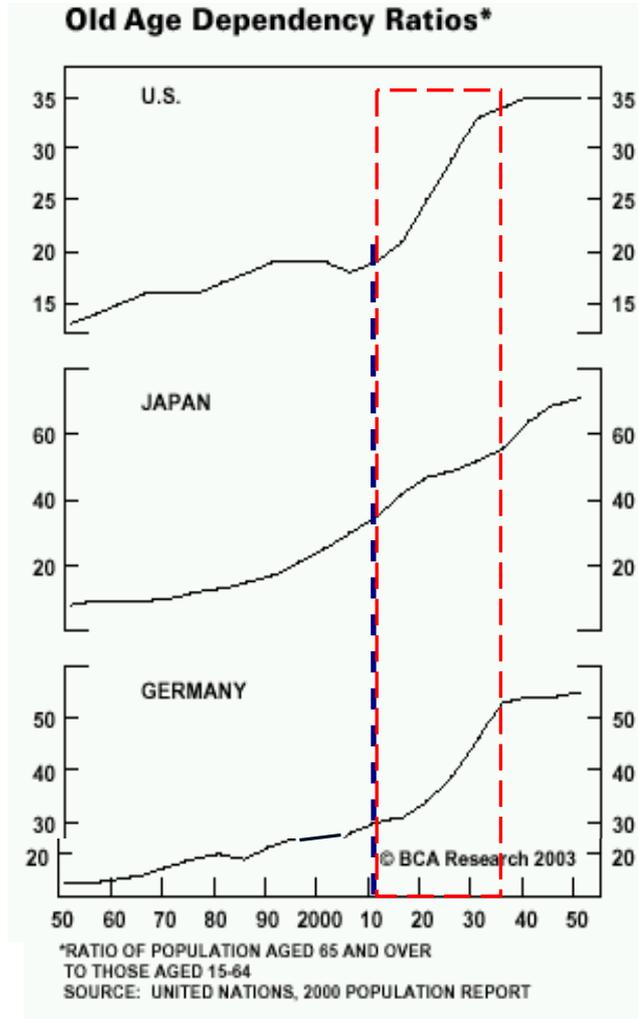
Strict cost discipline – package of measures  
for reducing expenditure



External growth through active participation  
in the industry consolidation

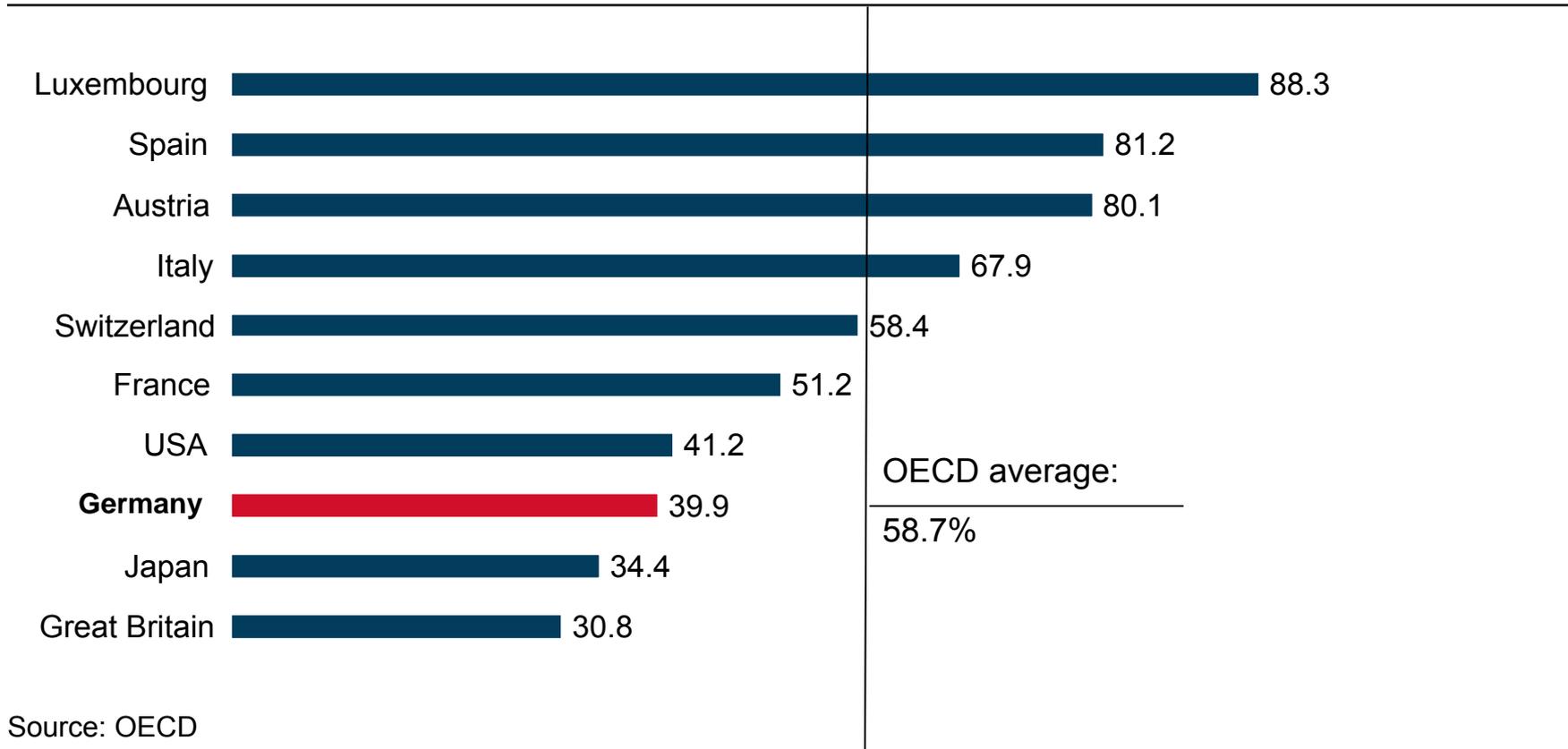
# Pressure on social security systems is imminent

Massive increase in the “dependency ratio” for the period 2010 - 2035



# High potential in old-age pension provision

The pension level of the future – as a percentage of gross salary\*



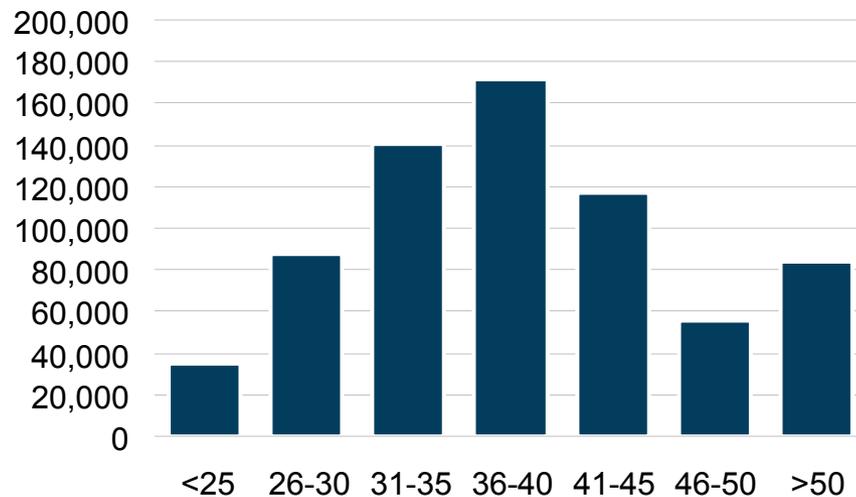
Source: OECD

\* Level of state pension according to current legislation. Selected countries. Basis for calculation: employee, aged 20 who starts full time work in 2004 and continues working up until the legal pension age (average earner).

# Low average age offers high potential

## Targeted expansion of MLP Wealth Management

### Clients by age

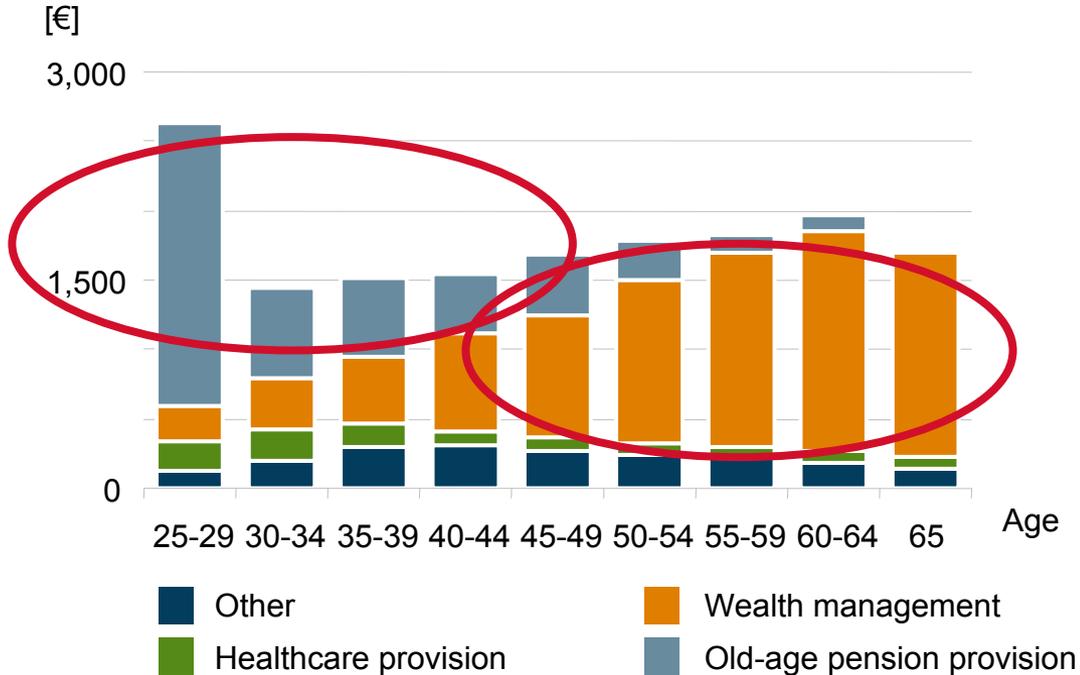


- MLP clients' income and savings quotas clearly exceed average levels
- The average age of an MLP client is 39
- Already 37 per cent of clients are older than 40
- The number of clients over 40 years of age will double within five years

# Growth through a holistic consulting approach

## Rising revenue potential in Wealth Management

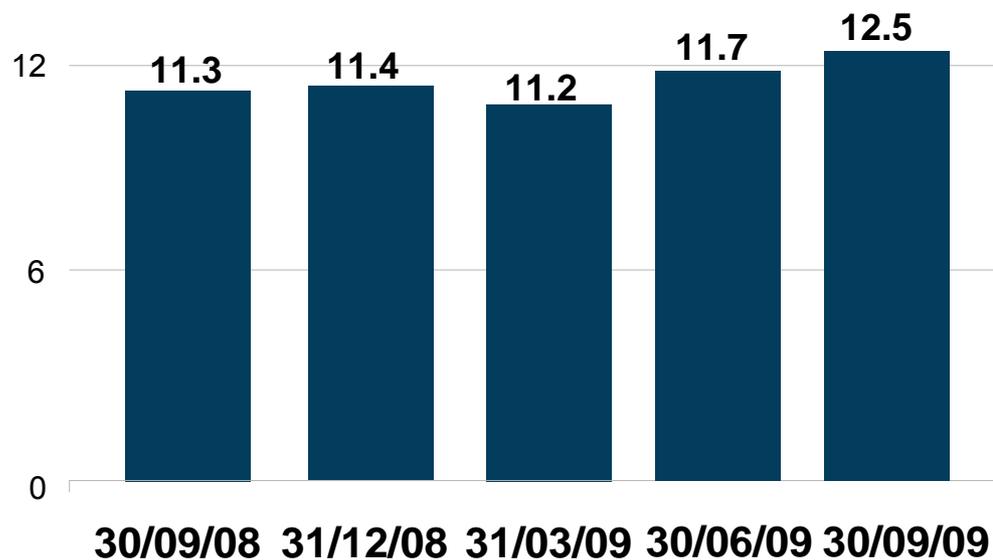
Potential sales revenue - MLP Finanzdienstleistungen AG per client and year



# AuM reached new record high

## Assets under Management

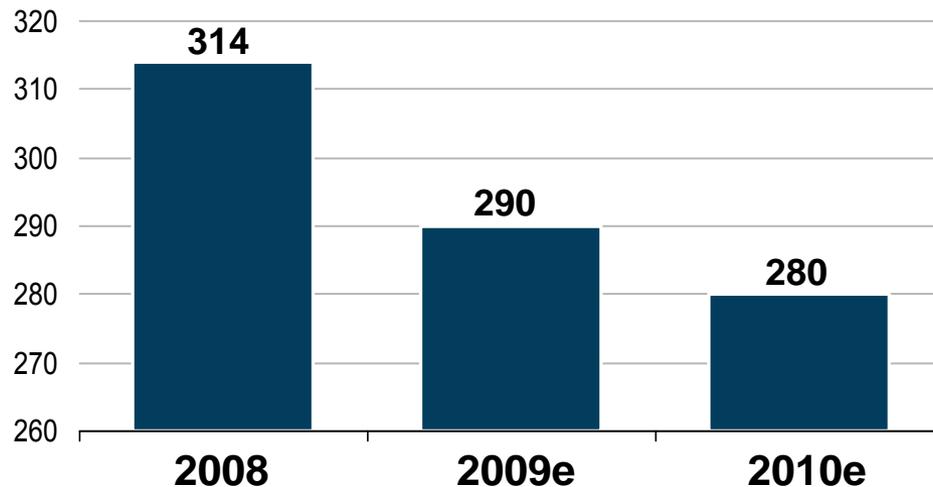
[in € bn]



# Targeted cost reduction of €34 m

## Fixed costs (excluding acquisition-related cost increases)

[in € million]

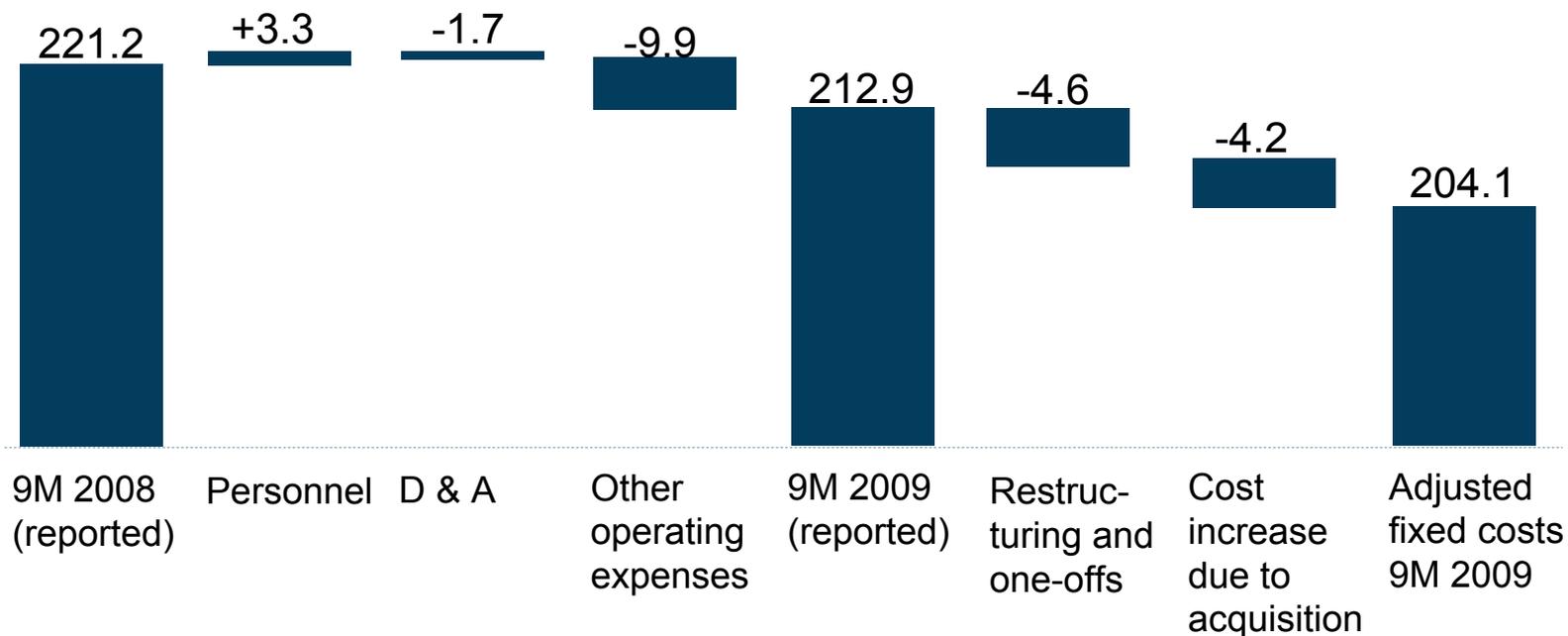


- Cost savings of € 12 m in 2009 and a further € 10 m in 2010
- In addition: No re-occurrence in 2009 of € 12 m of one-time expenses incurred in 2008

# Cost cutting program successfully implemented

## Development of fixed costs 9M

[in € million]



# Profitability significantly improved

## Continuing operations

### Income statement

[in € million]

	Q3 2008	Q3 2009	9M 2008	9M 2009
Total revenues	123.8	113.9	406.1	345.3
EBIT	3.4	7.1	39.2	12.9
Finance cost	-0.1	1.0	-9.0	-1.1
EBT	3.2	8.1	30.2	11.9
Taxes	-1.8	-3.0	-11.3	-6.9
Net profit	1.4	5.1	18.8	5.0
EPS in € (diluted)	0.01	0.05	0.19	0.05

- EBIT Q3 more than doubled
- 9M: Defense costs € 2.9 m
- 9M: Restructuring charges and other one-offs € 1.7 m

# Strong balance sheet

## MLP Group – selected balance sheet items

[in € million]

	31/12/2008	30/09/2009
<b>Intangible assets</b>	162.4	171.1
<b>Financial investments</b>	179.9	201.4
<b>Cash and cash equivalents</b>	38.1	53.8
<b>Other receivables and other assets</b>	147.1	88.5
<hr/>		
<b>Shareholders' equity</b>	429.1	396.1
<b>Other liabilities</b>	236.4	172.4

- Equity ratio 28.0%
- Liquid funds € 156 m\*
- Seasonal decline in other receivables and other liabilities

\* duration < 12 months

# Summary

- Capital markets and economic crisis burden revenue and earnings development
- MLP will benefit from the crisis:
  - MLP is very well positioned in structural growth markets in Germany:  
Old-age pension provision, health provision, wealth management
  - Strong capital base and liquidity allow rapid adjustment to new market environment and external growth
  - Short-term cost savings protect bottom line

# Outlook

- Market environment remained difficult in Q3 due to economic and capital market crisis
- Clients focussed on non-life segments and are still reluctant to invest in long-term old-age provision products or wealth management concepts
- Successful cost cutting measures increased profitability in Q3
- Year-end business started in October and should accelerate
- Fixed costs will decrease further in Q4 (YOY)
  - Leverage of business model fully in place in Q4
- Sales focus in H2 on higher disposal income of clients due to federal economic stimulus packages (“Bürgerentlastungsgesetz”)
- Outlook 2009 reiterated: MLP aims to outperform the market

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