

## *Business performance*

The MLP Group ended the financial year 2018 on a successful note and met its targets. Total revenue increased by 6.0% over the previous year. We were also able to increase sales revenues in all fields of consulting.

We have expanded the wealth management area into a key revenue pillar of the MLP Group over the last few years. FERI continued its successful course of the last few years in the reporting period and reinforced its position as a leading independent investment company. Despite operating in volatile markets, FERI recorded generic growth in all core business areas for the fifth year in succession. FERI was able to win new mandates and expand existing business relations among both private and institutional clients. The consulting and service portfolio was consistently expanded, above all in the areas of investment management, alternative assets and real assets (for example private equity and real estate). FERI also strengthened its presence in Switzerland in the reporting period. The subsidiary Michel & Cortesi Asset Management AG in Zurich was renamed FERI (Switzerland) AG with this objective in mind.

Total revenue generated by FERI in the wealth management area was above the previous year's level. We also recorded a significant increase in revenue in the wealth management area in MLP's private client business. The total assets under management throughout the Group are above the previous year's level.

In the old-age provision area, the ongoing period of low interest rates and critical media reports on life insurers were the principal factors that continued to lead to pronounced reservations in regard to signing long-term contracts. MLP was quick to adapt to the growing importance of new guarantee products, which clients are requesting increasingly often as alternatives to conventional products. Indeed, these guarantee products already accounted for 76% of all newly concluded contracts at MLP in the past financial year. The occupational pension provision business also provided positive stimulus here, primarily due to the new legislation on strengthening occupational pension provision in Germany (BRSg). You can also find further information on the legal amendments in the chapter entitled "Regulation".

Contrary to the trend in the industry, the total revenue generated in the old-age provision area in the financial year 2018 was actually above the previous year's level. This sub-proportional revenue development in comparison with new business can essentially be attributed to effects resulting from the new IFRS 15 accounting standard, which has been in force since January 1, 2018. Although the initial adoption effect to be recognised in shareholders' equity actually led to an increase in shareholders' equity, the new standard had a negative impact on revenue, particularly in the first half of the year.

As anticipated, we were able to increase revenue in the non-life insurance area in 2018 over the previous year following successful completion of the DOMCURA integration. Among other things, positive stimulus was provided here by our already established product bundles, which we further optimised and adapted to market conditions in the reporting year, as well as a new building insurance policy for single-family homes offered by DOMCURA. In addition to this, DOMCURA successfully launched an innovative insurance product on the basis of blockchain technology in the form of "digital luggage insurance". We went on promoting the integration and interaction between MLP and DOMCURA in 2018. At the same time, the business of DOMCURA with other market actors continued to develop positively.

In the health insurance area, we continued to encounter reservations throughout the market in terms of signing new comprehensive private insurance policies. Factors such as premium increases in the segment and critical media coverage contributed to this development. Private supplementary insurance policies, on the other hand, performed very well, in particular supplemental dental and care policies. Despite the difficult framework conditions, our revenue in the health insurance segment was above the previous year's level.

As anticipated, we were able to increase our revenue in the real estate brokerage area significantly in 2018 compared to the previous year. The main reasons for this positive development were the systematic expansion and ongoing diversification of our real estate portfolio. Alongside the listed buildings sector, we also significantly extended our portfolio of new buildings, as well as existing and concept-driven properties (microliving, properties with nursing care) in the financial year 2018.

In the property financing area, we were able to increase our revenue once again over the already high level recorded in the previous year – primarily as a result of the low interest rate environment.

In the course of diversifying our business model and integrating the DOMCURA Group, we have been able to expand the wealth management and the non-life insurance business into key revenue pillars in the last few years. We also made significant progress in the real estate brokerage and loans and mortgages.

Diversification of revenue streams is progressing

New client acquisition developed very positively in the reporting year. MLP was able to acquire 18,266 new family clients in 2018 (19,800). Around 29% of these new clients were acquired online. As of December 31, 2018, the MLP Group served 541,150 family clients (529,100) and 20,892 corporate and institutional clients (19,800).

Number of clients showing pleasing development

Digitalisation of all divisions in the MLP Group is making good progress and will also play an important strategic role over the course of the next few years. The needs of clients, as well as consultants and employees are crucial for developing our digital offering. To promote digital workflows throughout the MLP Group and gradually establish a digital culture, we launched a Digital Board with a Digital Officer and a Digital Task Force in the reporting year. An IT mission was also drawn up for the year 2022 in the last financial year. Above all, this includes provision of innovative IT products and services for clients, as well as consultants and employees at the Company HQ. You can find further information on this in the section entitled → "[Anticipated business development](#)".

Establishing a digital culture

Within the scope of its digitalisation strategy, MLP continued to expand and intensify its presence on the web and social media platforms such as Facebook, Instagram, YouTube und Twitter in 2018. To further strengthen its online acquisition activities, MLP intensified its cooperation with Uniwunder GmbH in the reporting year and increased its holding in the start-up to 49%. Uniwunder has a great deal of expertise in the field of performance marketing and helps ensure that our seminar offers reach the right target group. Indeed, thanks largely to this, MLP was able to attract around 29% of its new clients online in 2018.

New client acquisition via the web

In terms of client acquisition via online channels, consultants receive comprehensive support from a lead management tool that we also launched in 2018. This is used to record seminars and contacts directly and organise the scheduling of further appointments. Central and partially automated management of contacts helps lighten the load on consultants.

Digital support for consultants

In addition to this, we set up a new telephone system in 2018, with which our client consultants can also be contacted via an app or smartphone. We also simplified important workflows for our consultants, for example via further digitalisation of brokerage post, expansion of electronic signatures to include securities orders, as well as portfolio transfers via app.

We gradually extended our online client portal, which was redesigned in April 2017, throughout the last financial year. The portal offers clients all financial information at a glance and provides them with a clearly structured overview of their income and expenditure, for example in a personal budget book. A further step-by-step expansion of the functionality is planned for the next few years. You can find further information on this in the section entitled → ["Anticipated business development"](#).

Online client portal being extended in stages

Recruiting new consultants was a key priority in 2018. The focus on the university segment, which was established in 2017, provided positive dynamics for recruiting new consultants. In 2018, MLP recorded net growth in consultant numbers for the first time in more than ten years. Thanks to measures designed to accompany and support this, such as a modular training programme or increased online recruitment, we were able to recruit additional young consultants and new clients in this field. You can find further information on this in the section entitled → ["Employees and self-employed client consultants"](#).

Realignment of the university segment

Since 2016, MLP has implemented comprehensive efficiency measures to reduce the cost base significantly. We consider the level that has now been reached to provide the basis in the coming years for a consistent cost management.

Consistent efficiency management programme supports growth strategy