

Control system

The MLP Group employs comprehensive planning and control systems. Starting from our strategy and the estimates regarding future external framework conditions, we draw up target values for key controlling figures in the strategic and operating planning process. Any deviations from our targets then become transparent within the scope of ongoing controlling processes. Based on these developments, we then derive actions for our corporate management. We also continually monitor developments in the market and the competitive environment.

Corporate management

The Executive Board at MLP SE assesses the performance of the various business segments and makes decisions regarding resource allocation on this basis. Earnings before interest and taxes (EBIT) and total revenue (sales revenue) are the central benchmark at MLP for overall business development in the individual business segments. The Executive Board also receives regular information on the macroeconomic, political and legislative factors that influence developments in the individual consulting fields. Analysis of the old-age provision, wealth management, non-life insurance, health insurance, loans and mortgages and real estate brokerage consulting fields is carried out with the objective of explaining the performance of the business segments in the past, anticipating changes in the environment and exerting targeted influence on the future development of the segments. In line with MLP's comprehensive consulting approach, which focuses on the client's views and expectations, the Executive Board manages the Group – however not on the basis of the contribution margin of the individual consulting fields.

EBIT and revenue as the most crucial key performance indicators

The following overview clarifies which fields of consulting contribute to the development of revenue in the respective business segments.

	Financial consulting	Banking	FERI	DOMCURA
Old-age provision	x			
Wealth management		x	x	
Non-life insurance	x			x
Health insurance	x			
Loans and mortgages	x			
Real estate brokerage	x			

In addition to the revenues from wealth management, interest income also plays an important part in the banking segment.

We require profitable growth and sustainable development of earnings in order to achieve a sustainable increase in Company value and to expand our market position.

Beside the important key performance indicators of EBIT and revenue, other KPIs include administration costs (defined as the sum of personnel expenses, other operating expenses, as well as depreciation and impairments), the return on equity, assets under management, brokered new business in the old-age provision area, the existing non-life insurance policy portfolio and the number and turnover rate of consultants.

The objective of our corporate management is for all consultants and employees to actively support MLP's strategic goals and to pledge to meet our service commitment. Our established central, strategic control instrument is the so-called "ISA" (Integrated Strategic Agenda). Group objectives are therefore broken down across all Group companies and the key segments, thereby allowing each business unit to make its own contribution to meeting the defined targets. This ensures end-to-end incorporation of all organisational units and integration into the planning and management process. The ISA grants all business segments the opportunity to get actively involved in planning targets. This promotes motivation among everyone involved and increases planning quality throughout the organisation. At the end of the obligatory ISA process (applied consistently throughout the Group), the target achievement level of each unit is defined through our established planning and reporting processes. The ISA provides the Executive Board with a high degree of transparency in the value-added process.

The Executive Board at MLP SE and MLP Banking AG has specified a risk strategy that is consistent with the business strategy and the risks resulting from it. The risk strategy encompasses the objectives of risk management for key business activities, as well as the measures for achieving these objectives. To this end, risk management is permanently anchored in MLP's corporate management strategy. The members of the Executive Board, general managers of Group companies and departmental heads are responsible for detecting and classifying risks as quickly as possible. Since ISA managers also bear risk and cost responsibility, we are able to establish a practical link between risk management and controlling. You can find further information on risk management in the chapter entitled → "Risk report".

Risk management:
Important management and
control element

Key figures and early indicators used by corporate controlling

We regularly use simulation scenarios to assess the success of our business. Important early indicators include assets under management, which reflect developments in the wealth management segment, brokered new business in old-age provision, and the portfolio of non-life insurance contracts, as these three areas represent a significant portion of commission income.

Our objective is not only to win over the best consultants in the industry to our business model, but also to ensure their long-term loyalty to the Company. We therefore continually monitor our employee turnover rate and aim for an annual turnover rate for self-employed consultants of around 10%.

Keeping consultant
turnover low

You can find further information on this in the chapters → "Employees and self-employed client consultants" and → "Anticipated business development".