Net assets

Further increase in balance sheet total

The balance sheet total of the MLP Group increased to € 2,421.0 million as of December 31, 2018 (€ 2,169.5 million).

Intangible assets – essentially including the client base, brand and goodwill – decreased to € 155.9 million (€ 161.8 million) as of the balance sheet date. This decline can essentially be attributed to amortisation of software. Property, plant and equipment increased to € 78.3 million as a result of acquiring the business premises of FERI (€ 61.9 million).

Receivables from clients in the banking business increased to € 761.0 million (€ 702.0 million). This can essentially be attributed to the increase in promissory note bonds and own-resource loans, as well as a higher investment volume in promotional loans directly passed on to our clients. Receivables from banks in the banking business also increased to € 694.2 million (€ 634.2 million) as a result of higher investments in fixed-term deposits, as well as higher promissory note bonds. Around 51% of receivables from banks and clients have a remaining term of less than one year.

At € 165.3 million, financial investments were slightly a below the previous year's level (€ 158.5 million). Tax refund claims amounted to € 12.8 million and therefore also remained at the previous year’s level (€ 12.3 million).

Other receivables and assets increased to € 158.1 million (€ 125.7 million). This item essentially comprises commission receivables from insurers resulting from the brokerage of insurance products. In the course of initial adoption of the new IFRS 15 accounting standard, there were additional effects that served to increase this item.

Cash and cash equivalents rose to € 385.9 million (€ 301.0 million). This increase can be attributed to a greater deposit volume at the Deutsche Bundesbank. At the same time, the profit transfers of FERI AG, DOMCURA AG and MLP Banking AG added to the increase. Among other factors, the dividend payment to our shareholders had the opposite effect. You can find detailed information on the change in cash and cash equivalents in the chapter entitled → "Financial position".

Significant increase in return on equity

The equity capital backing of the MLP Group remains good. As of December 31, 2018, shareholders' equity was € 424.8 million (€ 404.9 million). Due to the higher balance sheet total, the equity ratio was 17.5% (18.7%). Based on Group net profit of €34.5 million (€ 27.8 million), we therefore achieved a return on equity of 8.5% (7.3%).

Provisions of € 94.5 million (€ 88.7 million) were slightly above the previous year's level. This slight rise is essentially due to increased allocations to provisions for bonus schemes.

The deposits of our clients, which are recorded under "Liabilities due to clients in the banking business" increased to € 1,638.9 million (€ 1,439.8 million) at the end of the reporting period. This increase is primarily attributable to short-term deposits held in bank accounts and instant access savings accounts. Liabilities due to banks in the banking business rose to € 81.6 million (€ 61.4 million). This increase can mainly be attributed to a higher volume of promotional loans being passed on to our clients. This item includes the refinancing funds from funding institutions.

Despite a significant improvement in earnings, tax liabilities declined to € 5.2 million (€ 10.2 million). This was essentially due to higher VAT receivables than in the previous year. Other liabilities amounted to € 165.8 million (€ 154.9 million). This item essentially comprises current liabilities due to our consultants and office managers in connection with open commission claims (please also refer to the section entitled → "Financial position").

General statement on the economic situation

The corporate management still considers the Group's economic situation to be positive, both at the end of the reporting period and at the time of preparing the Group management report. This also applies to our financial position. Liquidity remains at a good level. The equity capital backing also remains good.

Comparison of actual and forecast development of business

At the start of the financial year, we expected EBIT to be significantly higher in 2018 than in 2017 and operating EBIT to be at the same level as recorded in 2017, in the light of the successful implementation of efficiency measures and the elimination of one-off expenses.

At the start of the year, we also issued a qualitative estimate regarding revenue development, which we then defined more closely in the report for the first nine months of 2018.

We expected revenues to increase slightly in the old-age provision area. With growth of 2.0%, we were within the corridor of our specified expectations at the end of the reporting year. With slightly increased revenue, the wealth management area developed as anticipated after nine months. The non-life insurance area also enjoyed a minor increase and was therefore in line with our expectations. As anticipated, revenue in the health insurance area remained stable. The real estate brokerage business saw a significant increase in the last financial year and surpassed our expectations both at the beginning of the year and after publishing a refined forecast after the first nine months. In the loans and mortgages business, our expectation that revenue would remain stable also proved accurate.

We expected stable development in terms of administration costs. Including ongoing investments in the future - in particular for recruiting young consultants within the scope of strengthening the university statement, for which we spent € 6.7 million in the last financial year - and the described VAT back payment, developments were within the scope of our expectations with an increase of 2.6%.

With EBIT of € 46.4 million, we significantly surpassed the previous year's EBIT Level and remained at around the same level in terms of operating EBIT. We therefore reached our targets for the year.