

## Results of operations

### Development of total revenue

Despite the tough market conditions already described, the MLP Group was able to increase total revenue in the last financial year by 6.0% to € 666.0 million (€ 628.2 million). Total revenue therefore reached its highest level in the Group structure since we sold our own insurers. MLP benefited from the significant diversification of its revenue basis over the course of the last few years and recorded gains in all consulting segments. This growth was primarily driven by the increase in commission income from € 589.9 million to € 624.8 million. As a result of the ongoing low interest rate environment, revenue from the interest rate business remained below the previous year's figure at € 17.3 million (€ 18.9 million).

Total revenue increased

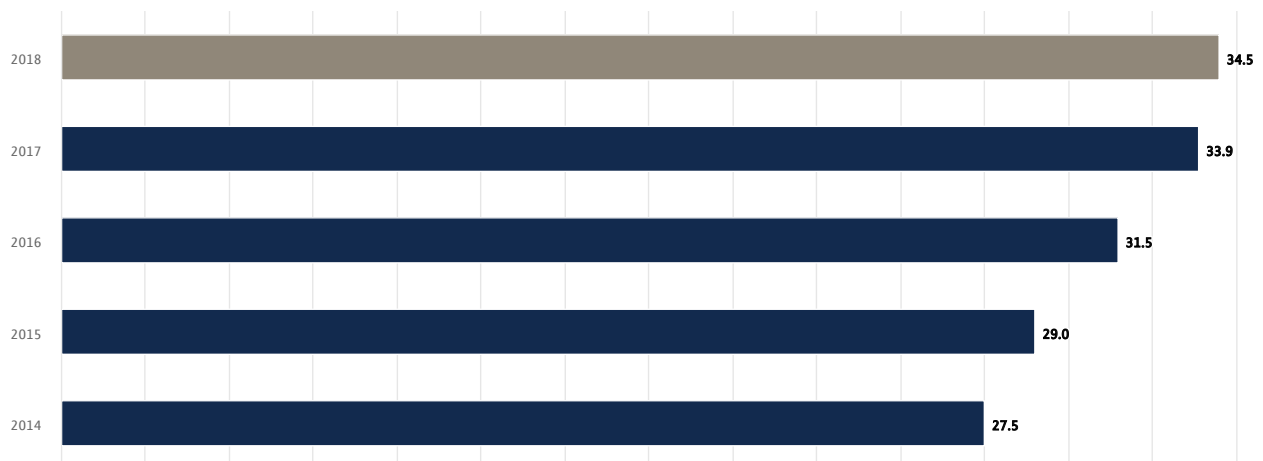
Despite market conditions that remain challenging, we were able to increase revenue in the old-age provision area by 2.0% to € 212.3 million (€ 208.1 million). This increase can be attributed to growing new business, whose premium sum rose by 6.0% from € 3,408.8 million to € 3,614.1 million. Occupational pension provision enjoyed positive proportional development, representing 15.4% (15.0%) of the premium sum at the end of the year. MLP is continuing to play a pioneering role in the transition to new guarantees. Pension insurance policies with classic guaranteed interest rates now account for just 4.0% of newly brokered contracts at MLP. The proportion of new guarantees was 76.0%, while purely unit-linked contracts accounted for 20.0%.

Growth once again recorded in the old-age provision area

The MLP Group was once again able to record gains in the wealth management area, with revenue rising by 6.0% to € 202.0 million (€ 190.6 million). Assets under management rose to € 34.5 billion (€ 33.9 billion). This reflects gains both at our subsidiary FERI and in MLP's private client business, despite operating in weak markets.

Wealth management sets new record

Development of assets under management (all figures in € billion)



Revenue in the non-life insurance area increased again in the last financial year. It rose by 9.5% to € 120.3 million (€ 109.9 million). The portfolio of non-life insurance policies enjoyed positive growth. The premium volume received through the MLP Group rose to € 385.6 million (€ 360.1 million).

Non-life insurance enjoys continued growth

Revenue in the health insurance area increased to € 47.7 million (€ 45.9 million), which represents an increase of 3.9% compared to the previous year. MLP therefore enjoyed positive growth, despite widespread reservations in the market about taking out fully comprehensive private health insurance policies.

Health insurance above previous year

We were also able to record significant growth in the real estate brokerage area, which we have been expanding since 2014. Revenue increased by 43.6% to € 20.1 million (€ 14.0 million) in this area.

Real estate brokerage displaying strong growth

We also reached a new record level in the brokerage of loans and mortgages. Revenue here improved to € 17.8 million (€ 17.0 million). At € 1,806.0 million, the brokered financing volume reached a new record level (€ 1,728.4 million).

Loans and mortgages remain positive

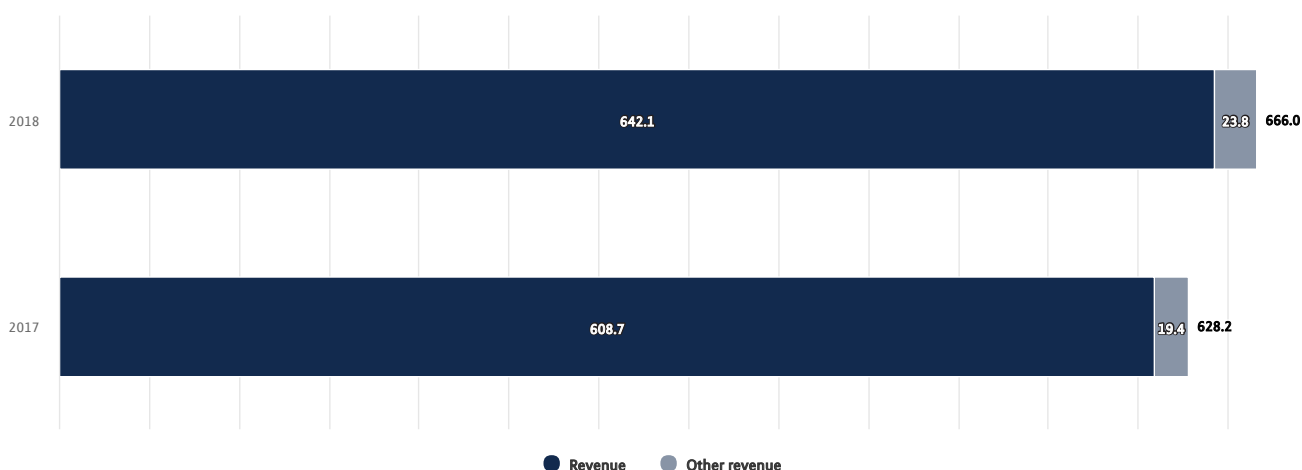
Despite ongoing capital expenditure to further strengthen our university segment, and thereby to boost future sales revenue and earnings potential, our EBIT was € 46.4 million (€ 37.6 million). This means that we have reached our target of stable development relative to previous year's operating EBIT (€ 46.7 million). The previous year's figure also included one-off expenses of € 9.1 million in connection with further optimisation of the Group structure.

Forecast met

## Analysis of the revenue performance

Sales revenue increased to € 642.1 million (€ 608.7 million) in the reporting period. Commission income, which rose from € 589.9 million to € 624.8 million, played a key part in this. This increase was supported by all consulting fields, but in particular by real estate brokerage, non-life insurance and wealth management. Other revenue increased to € 23.8 million (€ 19.4 million). The increase can essentially be attributed to one-off higher income from VAT refunds that were accrued in the banking segment. This is offset by an item in other operating expenses in the Holding segment. This is essentially due to subsequent recognition of the VAT unity within the MLP Group. Total revenue rose to € 666.0 million (€ 628.2 million).

Development of total revenue (all figures in € million)



Interest income declined to € 17.3 million in the last financial year due to the ongoing period of low interest rates (€ 18.9 million). The old-age provision area continued to make the greatest contribution in terms of commission income. In light of the successful diversification of the revenue basis, this was still 34.0% (35.3%), closely followed by the wealth management area at 32.3% (32.3%) and non-life insurance at 19.3% (18.6%). The following table provides a detailed overview.

Real estate brokerage displaying significant growth

## Breakdown of revenue

All figures in € million	Share in %	2018	Share in %	2017	Change in %
Old-age provision	34%	212.3	35%	208.1	2.0%
Wealth management	32%	202.0	32%	190.6	6.0%
Non-life insurance	19%	120.3	19%	109.9	9.5%
Health insurance	8%	47.7	8%	45.9	3.9%
Real estate brokerage	3%	20.1	2%	14.0	43.6%
Loans and mortgages	3%	17.8	3%	17.0	4.7%
Other commission and fees	1%	4.6	1%	4.4	4.5%
<b>Total commission income</b>		<b>624.8</b>		<b>589.9</b>	<b>5.9%</b>
Interest income		17.3		18.9	-8.5%
<b>Total</b>		<b>642.1</b>		<b>608.7</b>	<b>5.5%</b>

## Analysis of expenses

Commission expenses primarily comprise performance-linked commission payments to our MLP consultants. They represent the largest item under expenses. This item also includes the commissions paid in the DOMCURA segment. The variable expenses result from the compensation of brokerage services in the non-life insurance business. Added to these are the commissions paid in the FERI segment, which in particular result from the activities in the field of fund administration. In this business area, they are primarily accrued due to compensation of the depository bank and fund sales. Against a backdrop of increased commission income, commissions paid were slightly above the previous year at € 332.5 million (€ 309.3 million). Net commission income therefore rose to € 292.3 million (€ 280.6 million).

Commission income above the previous year

Interest expenses fell to € 0.6 million (€ 1.1 million) due to the ongoing low interest rate environment. Net interest was € 16.7 million (€ 17.8 million) in total.

Gross profit (defined as total revenue less commission expenses and interest expenses) improved to € 332.9 million (€ 317.8 million).

Administrative expenses (defined as the sum of personnel expenses, depreciation/amortisation and impairment, as well as other operating expenses) were at € 289.5 million in the reporting period (€ 282.1 million). This figure includes expenses for VAT back-payments that were accrued in the Holding segment. It is also important to note that the previous year's figure included one-off expenses of € 9.1 million.

Administration costs marginally increased

Personnel expenses increased to € 128.0 million (€ 123.2 million), largely influenced by the announced strengthening of the university segment and a slightly higher overall number of employees. Personnel expenses include, for example, € 110.4 million for salaries and wages (€ 106.7 million), € 14.7 million for social security contributions (€ 14.0 million) and employer-based old-age provision allowances of € 2.9 million (€ 2.6 million). Depreciation/amortisation and impairment totalled € 16.0 million (€ 15.3 million) and therefore remained at a stable level. At € 145.5 million, other operating expenses also remained at virtually the same level as in the previous year (€ 143.6 million). As mentioned above, this figure included VAT back-payments of € 5.2 million.

## Breakdown of expenses

All figures in € million	2018	in % of total expenses	2017	in % of total expenses	Change in %
Commission expenses	332.5	53.4%	309.3	52.2%	7.5%
Interest expenses	0.6	0.1%	1.1	0.2%	-45.5%
Personnel expenses	128.0	20.5%	123.2	20.8%	3.9%
Depreciation and impairment	16.0	2.6%	15.3	2.6%	4.6%
Other operating expenses	145.5	23.4%	143.6	24.2%	1.3%
<b>Total</b>	<b>622.6</b>	<b>100.0%</b>	<b>592.5</b>	<b>100.0%</b>	<b>5.1%</b>

MLP Hyp GmbH once again recorded a very pleasing business performance in the financial year. We hold a 49.8% stake in this company, which is operated as a joint venture together with mortgage lending broker Interhyp. The earnings allocated to us from this company remained at the previous year's positive level of € 2.5 million (€ 2.5 million). This is reflected in the income statement under the item "Earnings from investments accounted for using the equity method".

The EBIT of the MLP Group rose by 23.4% to € 46.4 million in the last financial year (€ 37.6 million). The previous year's figure included one-off expenses of € 9.1 million. In comparison with the previous year's operating EBIT (€ 46.7 million) – excluding one-off expenses – we met our target of stable development.

Significant increase in EBIT

The finance cost increased to € -0.6 million (€ -1.2 million) in the last financial year.

The following table provides an overview of the earnings structure, as well as the development of earnings and margins:

All figures in € million	2018	2017	Change in %
Total revenue	666.0	628.2	6.0%
Gross profit <sup>1)</sup>	332.9	317.8	4.7%
Gross profit margin (%)	50.0%	50.6%	—
EBIT	46.4	37.6	23.4%
EBIT margin (%)	7.0%	6.0%	—
Operating EBIT <sup>2)</sup>	46.4	46.7	-0.6%
Operating EBIT margin (%)	7.0%	7.4%	—
Finance cost	-0.6	-1.2	-50.0%
EBT	45.8	36.4	25.8%
EBT margin (%)	6.9%	5.8%	—
Income taxes	-11.3	-8.6	31.4%
Net profit	34.5	27.8	24.1%
Net margin (%)	5.2%	4.4%	—

<sup>1)</sup> Definition: Gross profit results from total revenues less commission expenses and interest expenses  
<sup>2)</sup> before one-off expenses

Group net profit increased by 24.1% overall to € 34.5 million (€ 27.8 million). This was essentially due to higher commission income in the reporting period, as well as one-off expenses that impacted the previous year's earnings.

Earnings per share increased significantly

## Net profit

All figures in € million	2018	2017	Change in %
Continuing operations	34.5	27.8	24.1%
<b>GROUP</b>	<b>34.5</b>	<b>27.8</b>	<b>24.1%</b>
Earnings per share in € (basic)	0.32	0.25	28.0%
Earnings per share in € (diluted)	0.32	0.25	28.0%
Number of shares in millions (basic)	109.2	109.3	—
Number of shares in millions (diluted)	109.3	109.3	—

## Appropriation of profits

Our dividend policy is to pay 50% to 70% of Group net profit to our shareholders in the form of dividends. MLP paid out a dividend of 20 cents per share for the financial year 2017. 16 cents of this are attributable to Group net profit. In addition to this, MLP compensated the one-off expenses accrued in the course of separating the banking and brokerage activities for its shareholders with 4 cents per share. The total dividend paid was therefore € 21.9 million.

We have announced that we will be continuing our dividend policy for the financial year 2018. On this basis, the Executive Board and Supervisory Board will propose a dividend of € 0.20 per share at the Annual General Meeting on May 29, 2019. This corresponds to a distribution rate of around 63% of operating net profit.