

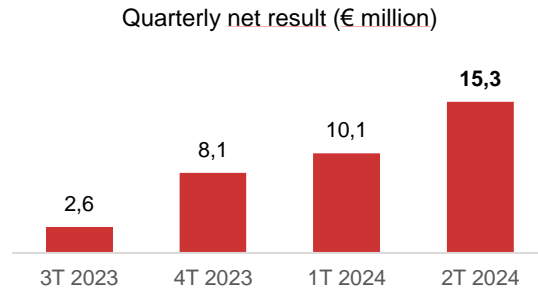
## línea directa posts a profit of € 25.4 million in the first half of the year and resumes its dividend payout

- Línea Directa Aseguradora closed the first six months of 2024 with a net profit of € 25.4 million euro, thanks to the strong and sustained improvement made to the insurance margin. This is the company's fourth straight quarter of positive earnings. In the second quarter alone, net income grew by 51.5%.
- The combined ratio delivered another excellent performance to reach 95.5% in the first half, marking a 12.4 p.p. improvement on the same period of the previous year, driven by prudent underwriting, claims management measures and a healthier cost-to-income ratio.
- Premiums written were up 2.4% to € 503.9 million, with rising levels of turnover across all lines of business (Motor, Home, Health and New Products).
- The positive trend in sales and increased customer retention and portfolio loyalty have enabled Línea Directa to turn the situation on its head and report growth in customers of 0.6%, equivalent to 19,275 new customers insured in the first half of the year compared to the end of 2023, bringing the total to 3.34 million customers.
- Meanwhile, the expense ratio improved for yet another quarter, following efforts to contain administrative expenses and increased operating efficiency, to reach 22.1% (-0.1 p.p.), making it one of the best in the sector.
- The company maintains a robust solvency position, with the solvency ratio rising 8 percentage points in the second quarter to 191%. Factoring in the dividend, it is 184% (+1.0 p.p.).
- The Board of Directors of Línea Directa Aseguradora has agreed to pay out a first interim cash dividend against 2024 earnings of € 0.0138 gross per share, giving a total payout of € 15 million.

**Madrid, 24 July 2024** – [Línea Directa Aseguradora](#) closed out the first half of 2024 with very positive results, showing robust and sustained growth in profit, driven by a sharp improvement in the insurance margin, and a strong commercial performance, with revenues rising across all lines of business and a return to growth in customers.

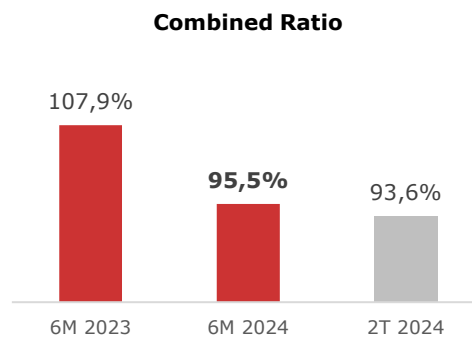
The company posted a **net profit of € 25.4 million** in the first half of the year, compared with a net loss of € 15.1 million in the same period of 2023, due to the impact of inflation.

Following the steps taken to improve underwriting, claims management and cost-to-income, the Group has made it **four straight quarters of steady improvements** in its insurance margins and net income. Notably, the company's profit in the **second quarter alone amounted to € 15.3 million, up 51.5% on the first quarter.**



### Sharp reduction in the combined ratio

The upturn in earnings is largely down to a genuinely excellent improvement in the **combined ratio**, which fell by 12.4 p.p. to reach **95.5%** at 30 June. The improvement in this ratio has been clearly visible across the three lines of business in which Línea Directa operates. In Motor, the Group's main line of business by volume and the one most heavily affected by cost inflation in recent years, it dropped by 13.6 p.p. to 95.6%. In Home, it stood at 88.8% (-6.7 p.p.), while in Health it was 142.2% (-14.9 p.p.).



Lower claims costs, an improved cost-to-income ratio and revenue growth simultaneously contributed to this remarkable recovery in the insurance margin.

More precisely, the Group's **claims ratio** improved significantly in the first half of the year to reach **73.4%** (-12.3 p.p.), thanks to prudent risk underwriting, claims management measures, easing inflation in relation to service costs, a healthier frequency ratio, and a relative absence of atmospheric perils.

Meanwhile, the **expense ratio** stood at **22.1%** (-0.1 p.p.), making it one of the best in the sector. In this respect, administrative expenses (+0.5%) continued to outpace inflation.

In tandem, the company continued to improve its cost-to-income ratio, supported by the increasing digitalisation of its operations and portfolio. Of its total customers, 89% are now digital and the company reports 2 million digital interactions per month, more than double the number of telephone calls handled. This operational efficiency was further strengthened by the company's new customer-focused structure and the sale of Health insurance under the Línea Directa brand.

### U-turn: return to customer growth

The Group's earnings are also underpinned by a positive performance in terms of revenues. Aside from reporting a further increase in revenues across all business lines,

Línea Directa again grew in customers in the first half of the year, reversing the previous trend.

The Group's policyholder portfolio totalled 3.34 million customers. While this figure represents a year-on-year reduction of 2.4%, compared to the end of 2023 it was up 0.6%, equivalent to **19,275 new policyholders**. This was driven by sales growth, increased cross-selling and improved customer retention rates.

The Group's total **premiums written** amounted to **€ 503.9 million in the first half of the year, up 2.4%**. Meanwhile, insurance revenues, equivalent to premiums earned, were up 2.7%.

By business, **Motor** premiums climbed 1.6% to € 402.6 million, while revenues gained 2.3%. In the second quarter, the portfolio stood at **2.46 million policyholders**.

The **Home** segment also resumed its growth in policyholders and reaches **729,000 customers**. The Group's turnover in this segment maintained **solid growth of 4.4% in premiums written**, to **€ 78.6 million**, and 4.3% in insurance revenues.

Elsewhere, there was further growth in the **Health** segment, with a portfolio of **117,000 policyholders** (+8.4%). Premiums written were up **9.4%** year on year to reach **€ 21.6 million** in the first half, while insurance revenues grew by 8.2%. In the second quarter alone, premiums written increased by 11.1%, making it four quarters of positive growth.

### **Product innovation**

As part of its multi-product and product innovation strategy, throughout the first half of the year the company bolstered its commercial offer by developing new products and enhancing existing ones. More precisely, it launched **pet insurance**, brought its **personal mobility insurance** under the Línea Directa brand, and began to sell **squatter's protection insurance**, the first of its kind in Spain, as a stand-alone product independent of the Home insurance policy, thus making it available to customers of other companies.

The Group's revenues from products other than Motor, Home and Health exceeded € 1 million at the end of June (+37.0%) with a portfolio of 28,000 policies. In addition, 70% of the new Home policies marketed and sold by Línea Directa include insurance cover against unlawful occupancy of the policyholder's home.

Línea Directa Aseguradora's **financial results** in the first six months of 2024 came to **€ 16.6 million**, up 26.2% in recurring terms, thanks to fixed income, which accounted for 81% of the Group's investment portfolio and achieved a 41.3% increase in revenues. Including extraordinary items, the financial result was 1.1% lower.

Línea Directa has a robust **solvency margin**, made up entirely of *Tier 1* or top quality capital, which in the second quarter climbed to **191%, 8 p.p. more than in the previous quarter**.

The Board of Directors of Línea Directa Aseguradora has agreed to pay out an interim cash dividend against 2024 earnings of **€ 0.0138 gross per share**, giving a total payout of € 15 million, equivalent to 59% of profits for the first half of the year, as calculated under IFRS 17 and 9 accounting standards. The dividend will be paid on 1 August 2024. Factoring in the dividend payment, the **solvency margin is 184%** (+1.0 p.p.).

In the words of **Patricia Ayuela, CEO of Línea Directa Aseguradora**, "We closed the first half of the year with excellent results, including a strong improvement in our margins and profits, a return to growth in customers and a very healthy solvency position. These

figures are the product of our successful strategy and reflect the strength of our business model. But we ambition more. Línea Directa has enormous growth potential, we are on the right path and at the right speed and we will continue to persevere in our plan to achieve the results that Línea Directa is able to generate”.

### LÍNEA DIRECTA ASEGURADORA MAIN FIGURES 6M 2024

KPIs (million euro)	6M 2024	6M 2023	Chg. 24/23	2Q 2024
Premiums written	503.9	491.9	+2.4%	252.5
Insurance income	486.6	473.7	+2.7%	244.0
Technical profit/(loss) on insurance activity	21.6	-36.5	n/a	15.3
Gains/(losses) on investments	16.6	16.8	-1.1%	7.4
Profit/(loss) before tax	34.3	-19.9	n/a	20.6
Profit/(loss) after tax	25.4	-15.1	n/a	15.3
Claims ratio	73.4%	85.7%	-12.3 p.p.	71.6%
Expense ratio	22.1%	22.2%	-0.1 p.p.	21.9%
Combined ratio	95.5%	107.9%	-12.4 p.p.	93.6%
Portfolio (thousands of policies)	3,338	3,420	-2.4%	3,338

#### **About Línea Directa Aseguradora**

Línea Directa Aseguradora is a leading insurer of automobiles in Spain, specialising in direct sales of insurance for cars, motorbikes, companies, the self-employed, homes and health. Línea Directa ranks among the 100 Spanish companies with the best reputations, according to the MERCO Companies ranking.

For **more information**: <https://www.lineadirectaaseguradora.com/>

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