



PRESS RELEASE
2024 ANNUAL GENERAL MEETING

PATRICIA AYUELA SAYS THAT 2024 "SHOULD BE THE YEAR IN WHICH LÍNEA DIRECTA REAP THE FRUITS OF EVERYTHING DONE IN 2023"

- In her speech at the General Shareholders' Meeting of Línea Directa Aseguradora, CEO Patricia Ayuela has pointed out that the company's priorities in 2024 are to accelerate the margin recovery initiated in the second half of 2023, drive growth in revenue and clients, further increase efficiency, and consolidate the insurer's leadership in digital services.
- To achieve these objectives, the company will continue prioritizing profitable growth and will rely on the organizational, process, and strategic transformation carried out by the insurer to drive its diversification, innovation, and digitalization.
- "If 2023 was a year of contrasts, with a difficult start and a promising end, 2024 should be the year where we reap the fruits of everything done in 2023 and also a year of transition towards full performance," said Patricia Ayuela.
- Regarding the company's results for the past year, the CEO highlighted that the action plan implemented has allowed Línea Directa to reverse the complex cyclical situation experienced by the insurance sector and return to profits in the second half of the year.
- Línea Directa's shareholders have largely approved the resolutions submitted to the General Meeting, including the accounts for the year 2023 and the management of the Board of Directors.

Madrid, 11 April 2024. Línea Directa Aseguradora's CEO, Patricia Ayuela, stated today at the General Shareholders' Meeting of the company that after a challenging 2023 in terms of profitability, but where the company returned to profit in the second half of the year, **"2024 has already begun with a change of cycle for Línea Directa."** In this regard, she detailed that the company wants to accelerate this new period by focusing on **four priorities**: continuing margin recovery, driving business growth, increasing efficiency, and consolidating leadership in digital services.

Patricia Ayuela framed the company's results in 2023 in the challenging cyclical situation that affected the entire insurance sector due to high inflation and historically low average premiums. These two factors led to a rapid deterioration of margins in the Motor segment, resulting in a negative technical result for the first time in over 20 years. In this context, Línea Directa ended the year with a net loss of 4.4 million euros. However, **in the second semester, it achieved a net profit of 10.7 million euros as a result of the action plan implemented by the company.**

"If 2023 was a year of contrasts, with a difficult start and a promising end, **2024 should be the year where we reap the fruits of everything done in 2023 and also a year of transition towards full performance,**" said Patricia Ayuela, who

assured that Línea Directa is "heading in the right direction to achieve the results it can generate."

Priorities in 2024

For this purpose, the CEO has set priorities for 2024, firstly, **to continue the recovery of insurance margins** initiated in the previous year. The pricing, risk selection, and underwriting measures taken by Línea Directa have allowed it to place its combined ratio in the fourth quarter of 2023 below 100% again. Patricia Ayuela indicated that, to continue this favorable trend, the company will persevere in prioritizing profitability, "although the starting point in terms of premium balance and risk is quite different from the beginning of 2023."

Secondly, the company aims **to grow its customer base and accelerate premium income growth**. To achieve this, it will rely on a multi-product strategy, strengthening commercial capabilities, launching new products, boosting digital sales, and progressively improving service quality for policyholders.

The third priority will be efficiency. Patricia Ayuela mentioned that revenue growth will significantly outpace the company's expense evolution, leading to even greater efficiency. Línea Directa's aspiration, which boasts one of the best expense ratios in the Spanish insurance sector, is to reach the level of comparable European leaders in operational efficiency.

Finally, Línea Directa will continue **to strengthen its digital channels**, providing policyholders with more and better features to consolidate the company's leadership in digital services for their completeness and usability.

Driving diversification, innovation, and digitalization

Progress in these priorities will be supported by Línea Directa's **profound transformation in terms of strategy, organization, and processes aimed at driving the company's diversification, innovation, and digitalization and achieving greater integration of sustainability** into the business.

"A good part of the efforts in 2023 have been aimed at **building the Línea Directa of the future, a stronger Línea Directa, more prepared to compete** in the market that awaits us, increasingly digital, with new demands and new assets to insure," said Patricia Ayuela.

With this transformation and in a changing market context, Línea Directa reinforces one of its main competitive advantages, its direct business model, based on several differentiating factors: competitive pricing, quality through operational efficiency, intensive use of data and technology for differential underwriting and service, and mass attraction of demand through innovative marketing tools.

The CEO explained that the company has carried out a deep reorganization and established a **multi-product strategy**, focusing the company and its operations around the customer and their insurance needs to drive **diversification**. To achieve this and to offer the market a comprehensive commercial proposal, enhance commercial effectiveness, and increase customer engagement, the company has also started marketing all its insurance products under the Línea Directa brand, with the migration of the Health business line in 2023 and the integration of personal mobility insurances in February of this year.

To respond to customers' new insurance needs, Línea Directa has also implemented a **new innovation methodology**, resulting in the launch of differential products in 2023 such as "Car+Home Formula," the first step by an insurer in Spain towards policy convergence, and "Worry-Free Home," a specific and comprehensive insurance against illegal occupation of housing.

"In 2023, we also reached a higher level of **digitization**, which has been crucial in improving productivity and reducing expenses," said Patricia Ayuela, who highlighted, among the novelties in this area, the introduction of a hybrid chat attended by people and artificial intelligence that has increased the company's productivity to record figures. Currently, more than 87% of customers operate with the insurer through its digital channels, and the Group's website and mobile applications record 20.5 million transactions per year.

Advances in Sustainability

From a Sustainability perspective, the CEO highlighted Línea Directa Aseguradora's inclusion in the **S&P Global Sustainability Yearbook 2024 of the Dow Jones Sustainability Index (DJSI)**, which recognizes the world's best companies in sustainability and includes 759 companies, reflecting the entity's performance in environmental, social, and governance areas.

Línea Directa, which launched its **Sustainability Plan 2023-2025** last year, closing the first year with a level of achievement of 100%, has made significant progress in issues such as climate change management.

The insurer has published its first report on climate risks and opportunities in accordance with the Task Force on Climate-related Financial Disclosure (TCFD) standard and has advanced in its decarbonization with a reduction of emissions (10% in 2023 in scopes 1 and 2) and an increase in self-generated electricity consumption to 14% and renewable energy to 100%.

In the social sphere, its policies on employment quality stand out, allowing Línea Directa to narrow its gender pay gap to 3.1%, well below the Spanish average of almost 20%, and its activity in road safety through the Línea Directa Foundation, one of the most relevant in this area and celebrating its 10th anniversary in 2024.

Action plan and return to profitability

The 2024 General Shareholders' Meeting of Línea Directa, held today in Tres Cantos (Madrid) with **the participation of 79.67% of the share capital**, has largely approved, among other resolutions, the Group's annual accounts and the management of the Board of Directors in 2023.

Regarding Línea Directa's results in 2023, which closed the year with a net loss of 4.4 million euros, Patricia Ayuela indicated that the measures implemented by the company to address the complex cyclical sectorial situation have gradually allowed Línea Directa to recover profitability and achieve a net profit of 10.7 million euros in the second half of the year.

"This change in trend has been the result of **the action plan** I announced at the previous General Shareholders' Meeting, **carried out with absolute determination, and which allows us to look to the future with optimism and confidence**," said Patricia Ayuela.

In this regard, she highlighted the positive **evolution of the combined ratio** of the Línea Directa Group in the second half of 2023 and compared to the sector as a whole. Although it reached 104.1% for the whole year, the company's combined ratio dropped to 98.5% in the fourth quarter, placing the company back in profitability. Also, **in the auto segment, it improved and was below 100%, more than 5 percentage points lower than the market average**, whose ratio, on the contrary, worsened and exceeded 104%.

"This indicates that we acted in time, with the determination required at this moment, and that **today Línea Directa is in a better starting point to face 2024** than the sector as a whole," said the CEO, explaining that this improvement is explained by a favorable performance of both revenues, claims costs, and general expenses simultaneously.

Patricia Ayuela noted the **increase in premiums** issued in all lines of business, reaching 973.3 million euros (+2.8%), despite prioritizing profitability over volume growth.

Regarding **claims costs**, she referred to a reduction of almost 8% between the second and first semesters of the year, mainly attributed to risk selection and underwriting measures and claims management efficiency. Finally, she highlighted the continuous improvement of the expense ratio, which stood at 22.9% (-0.3 pp) at the end of 2023, one of the best in the market.

"We have faced this context while maintaining **a very solid solvency level, at 180%**, entirely constituted by top-quality capital, allowing us to respond comfortably to all our commitments," emphasized Patricia Ayuela.

The 2024 General Shareholders' Meeting of Línea Directa has been certified once again as a sustainable event.

About Línea Directa Aseguradora

Línea Directa Aseguradora is the 5th largest insurer of cars in Spain, specialising in direct sales of insurance for cars, motorbikes, companies, the self-employed, homes and health. Línea Directa is among the 100 Spanish companies with the best reputations, according to the MERCO Companies ranking.

For **more information**: www.lineadirectaaseguradora.com

Santiago Velázquez – 682 196 953
santiago.velazquez@lineadirecta.es

Moncho Veloso – 660 124 101
moncho.veloso@lineadirecta.es

Follow us on:

