



## **LÍNEA DIRECTA ASEGURADORA OBTAINS A PROFIT AFTER TAX OF 58.2 MILLION EUROS AS OF JUNE AND REACHES 3.3 MILLION CUSTOMERS**

- During the first half of a 2021 still affected by a complex economic environment, Línea Directa Aseguradora grows in business volumes and obtains sustained and recurring results, showing a portfolio of 3.3 million customers (+4.5%), a volume of premiums totalling 456.5 million euros (+1%) and a net profit of 58.2 million euros (-1.2% compared to 2020, which was an unusual year, and +8% compared to the first half of 2019).
- The company recorded a growth in GWP of 8.5% in Home, and Vivaz, the health insurance brand, saw its revenues increase by 25.4%.
- Despite the rapid increase in the claim frequency after the lockdown and with more serious accidents, as well as atmospheric phenomena such as Filomena, Línea Directa Aseguradora closed the first half of the year with a Combined Ratio of 85.5%, outperforming the sector, thanks to its rigor in underwriting and discipline in costs.
- These results have allowed an improvement in the return on capital (ROE) by 0.9 percentage points, to 34.9%, and consolidate Línea Directa as one of the most profitable insurers in Spain. The company also maintains a solvency margin of 203%, which is well above the regulatory requirements, enabling a first interim dividend for 2021 representing a *payout* of 90% of the results up to March.
- Línea Directa Aseguradora is accelerating its Digital Transformation process and at the end of June 83% of customers were already connected to the company and are managing their policies and claims through digital channels.

**Madrid, 21 July 2021.-** [Línea Directa Aseguradora's](#) results for the first half of 2021 have been driven by a good commercial performance, which has resulted in the growth of all business indicators.

The company's insurance portfolio performed excellently in a context of even lower demand, largely as a result of the financial difficulties arising from the sanitary pandemic. In the first six months of the year, Línea Directa Aseguradora **reached 302,449 net sales**, an increase of 9.1% year-on-year, growing in the three lines in which it operates: **Motor** (+6.8%), **Home** (+15.6%) and **Health** (+12.9%). As a result, the group's customer base grew by 4.5%, to **3.3 million** policyholders.

As for **premiums**, at the end of June the company had obtained a **GWP of 456.5 million euros** (+1%) buoyed by increased commercial activity, policyholder loyalty and the maintenance of average premiums. In **Motor**, Línea Directa's premium revenues fell by 1%, in line with the sector and within a context of a sharp fall in registrations, the migration of Comprehensive insurance policies to more basic products, and high competition. In **Home**, turnover grew by 8.5%, 3.6 percentage points more than the sector average (+4.9% as at May, according to latest available ICEA data). **Vivaz**, the

Group's health insurance brand, closed June with **nearly 96,000 policyholders (+27.8%)** and its premium income grew by 25.4%, well above the average increase of 4.9% for the market as a whole.

The company's **technical result**, which reflects the pure result of the insurance activity, **improved by 1.8%** year-on-year and exceeded **63 million euros** for the first six months of the year, with this growth supported by the business volumes and discipline in containing expenses. Línea Directa Aseguradora has been able to defend its financial income in a context of adverse interest rates and the group's **financial result** stood at **12.8 million euros (-1.9%)**.

The group's **profit before tax reached 77.6 million euros (-1.1%)** and **net profit stood at 58.2 million (-1.2%)**, slightly below the results obtained in the first six months of 2020, an exceptional year affected by a sharp fall in mobility and claims incurred as a result of the lockdown. **Compared to the first six months of 2019, Línea Directa Aseguradora's profit after tax improved by 8%**, despite the rapid rise in the frequency of claims in the first half of 2021.

These solid results, together with the rigor in underwriting and discipline in containing expenditure, has allowed Línea Directa Aseguradora to **improve its profitability by almost one percentage point, reaching an ROE of 34.9%**, one of the highest in the sector.

In the words of **Miguel Ángel Merino, CEO of Línea Directa Aseguradora**, "in a still complex context as a result of the pandemic, Línea Directa Aseguradora has continued to grow steadily and better than the sector in customers and premiums, and has closed the first half of 2021 with results that show a recurrence in revenues and profits. We have also distributed the first interim dividend as a listed company of more than 26.6 million euros, which demonstrates our high commitment to shareholder remuneration. At the same time, we are progressing rapidly in strategic areas such as digitalisation, and with great success because at present, 83% of our policyholders prefer to use digital channels".

### **Combined Ratio, solvency ratio and dividends**

The efficiency of Línea Directa Aseguradora's business model, direct and without intermediaries, its rigor in underwriting risks and discipline in expenditure has allowed the company to maintain one of the best **Combined Ratios** in the sector at the end of June for yet another consecutive half-yearly period, this being a ratio of **85.5%, 0.2 percentage points better** than a year earlier.

The group's **net loss ratio** has remained stable at **65.3%** (+1.0 p.p.) despite the sharp increase in claims incurred and more severe accidents in the Motor line of business, and atmospheric phenomena such as Filomena and Gloria in the Home line line of business, which had an impact of 0.5 p.p. on the loss ratio. Furthermore, costs control and the reduction of acquisition expenses, which offset the increase in administrative expenses derived from the listing process, improved the **expense ratio** by 1.2 percentage points, **to stand at 20.2%**.

By line of business, the **Motor** combined ratio fell to 83.7% (-0.7 p.p.) and is 4.1 points better than the sector average. For **Home**, it stood at 91.2% (+2.5 p.p.) as a result of adverse weather events and the increased use of housing as a result of the pandemic and is 10.1 points better than the market.

### **High shareholder remuneration**

On 29 June, the Línea Directa Aseguradora's Board of Directors agreed to the cash distribution of 0.024 euros gross per share as the first interim dividend of the results of the 2021 financial year for a total amount of 26,636,043.02 euros. The dividend was paid

in cash on 7 July. After this dividend, representing a *payout* of 90%, **the solvency margin** of Línea Directa Aseguradora stands at **203%**, more than two times the minimum solvency requirements. The group thus shows its ability and commitment to maintain a **high shareholder remuneration while guaranteeing** comfortable solvency levels.

### Boosting the digital strategy

During the first six months of 2021, Línea Directa Aseguradora has continued to make remarkable progress in its digitalisation process, providing customers with new digital services that make managing their policies and claims easier.

In this sense, through its App and using artificial intelligence, the company has launched a tool for **assessment and compensation in real time** and without human intervention for minor damages, with the aim that by next year 30% of these claims will be already by settled through this channel.

In addition, and in line with the group's commercial strategy of rewarding good drivers, Línea Directa has developed and launched **ConducTop**, a digital system incorporated into the customer's App that automatically analyses each driver's journey taking into account the smoothness of turns and braking, proper acceleration and speed, as well as concentration behind the wheel. Prudent drivers will accumulate points redeemable for rewards.

The digital products and services that Línea Directa has been launching onto the market are being extremely well-received by policyholders. At the end of June, **83% of the group's customer base was already digital**, half of motor claims opened are through digital channels and half of tow-truck requests were made through the App or the web, and a third of home claims are also communicated digitally.

## LÍNEA DIRECTA ASEGURADORA MAIN FIGURES 6M 2021

Figures	6M 2021	6M 2020	Change
GWP*	456.5	451.9	+1.0%
Profit before tax*	77.6	78.5	-1.1%
Profit after tax*	58.2	58.8	-1.2%
Loss ratio	65.3%	64.4%	+1.0 p.p.
Expense ratio	20.2%	21.3%	-1.2 p.p.
Combined Ratio	85.5%	85.7%	-0.2 p.p.
ROE	34.9%	34.0%	+0.9 p.p.
Portfolio of clients (thousands of policies)	3,300	3,160	+4.5%

\*Million euros

### About Línea Directa Aseguradora

Línea Directa Aseguradora is the 5th largest insurer of cars in Spain, specialising in the direct sales of insurance for cars, motorbikes, companies, the self-employed, and homes. Línea Directa is among the 100 Spanish companies with the best reputations, according to the MERCO Companies ranking. In 2017, it joined the health insurance sector with a new brand built on digitisation and rewards for policyholders.

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

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