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Barclays Global Financial Services Conference

Presentation for investors

13 September 2021

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Drivers of profitability

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Linea Directa
at a glance

Linea Directa at a glance

A 100% direct insurer in Spain



A LEADING BRAND...



#1

Insurance Brand in Advertising Recall



#1

Insurance Brand Searched in Google



3.3M
CLIENTS

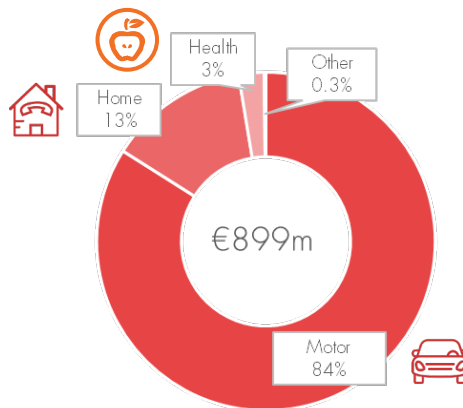
41%
MOTOR NPS¹



83%
DIGITAL
CLIENTS

37%
LINEA DIRECTA NPS¹

...INCREASINGLY DIVERSIFIED²...



- #5** In Motor insurance, 6.81% market share²
- #12** In Home insurance, 2.59% market share³
- #24** In Health insurance, 0.24% market share³

...WITH STRONG FINANCIALS

	1H 2021	12M 2020	12M 2019
GWP	456.465	898.614	891.295
NEP	435.993	878.177	854.762
Profit after tax	58.210	134.846	107.295
Loss ratio	65,3%	61,5%	68,0%
Expense ratio	20,2%	21,9%	19,9%
Combined ratio	85,5%	83,4%	87,9%
RoAE	34,9%	34,0%	35,0%
Solvency II Ratio	203,0%	212,9%	210,7%

Figures in thousand euro except ratios

1. Source: Internal surveys carried out by a third-party (MDK). Weighted sample, representative of total population
 2. Figures as of December 2020
 3. Source: ICEA, figures as of December 2020

2



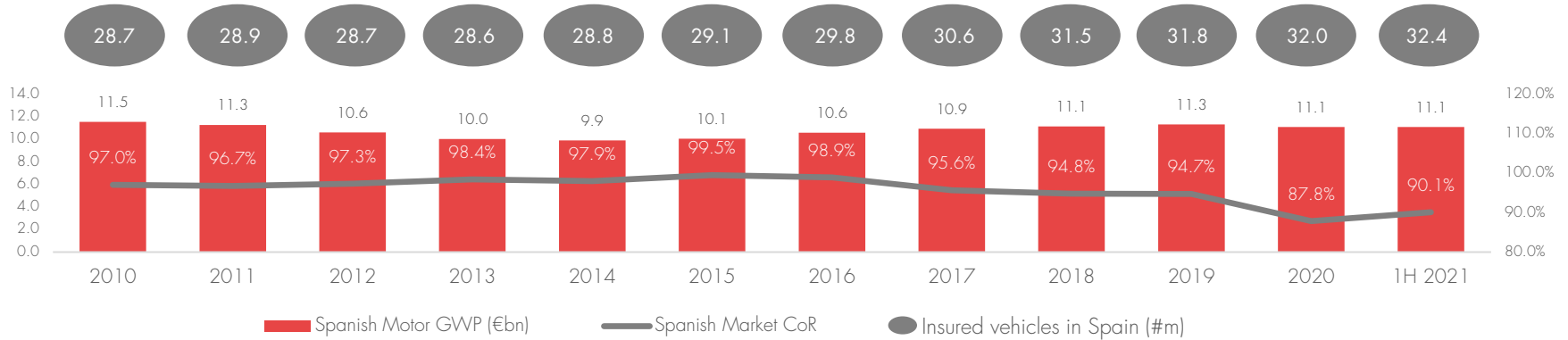
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Marketplace

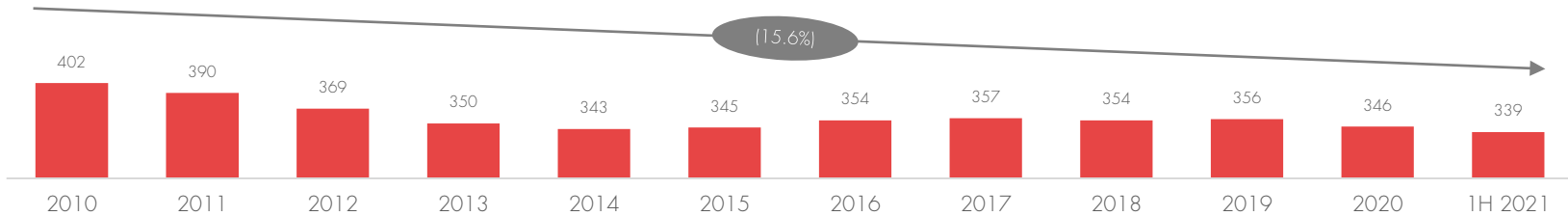
The Spanish Motor insurance market |



Large, profitable market...



...despite decreasing average premiums

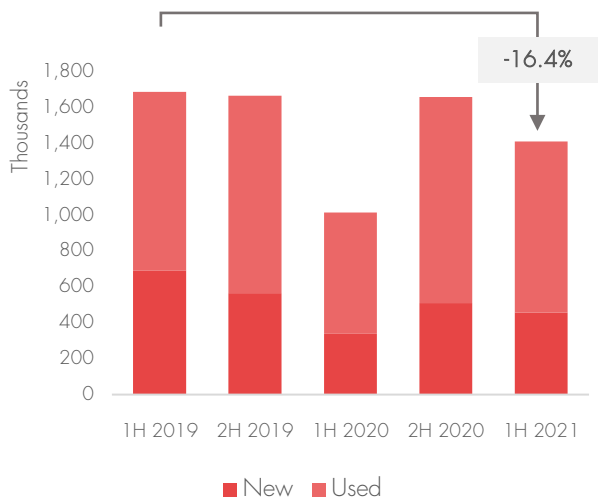


The Spanish Motor insurance market |



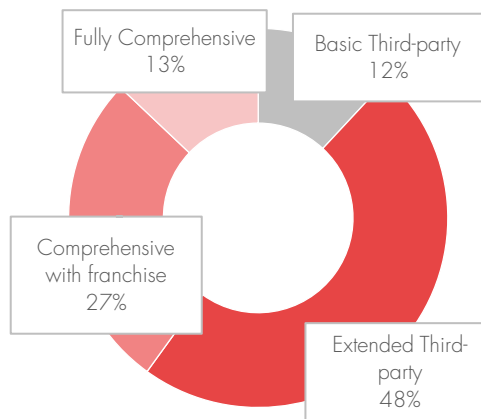
What's shaping the Spanish Motor market

CAR SALES



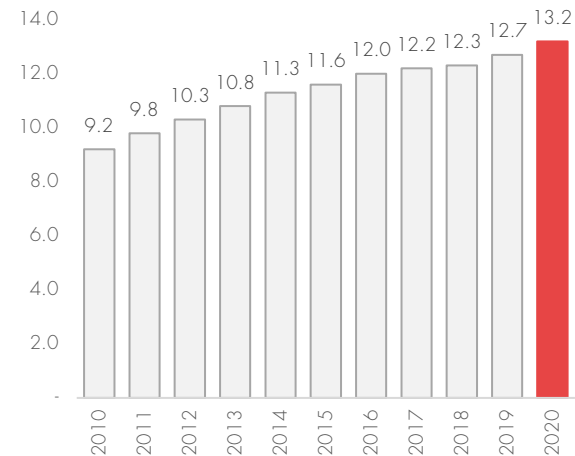
Demand for Motor products still below 2019 levels. Electric vehicle sales account for c2% of total new car sales in Spain (Italy 4.6%, Norway 71.9%)

POLICY MIX



Migration to third party and extended third party, leading to a reduction in the average premium

AVERAGE AGE OF CAR PARK



Slow recovery in vehicle sales, with greater weight of used cars, thus increasing the age of the fleet

1. Source: Faconauto, MSI, ICEA (March 2021, latest available data), ACEA (European Automobile Manufacturers' Association)

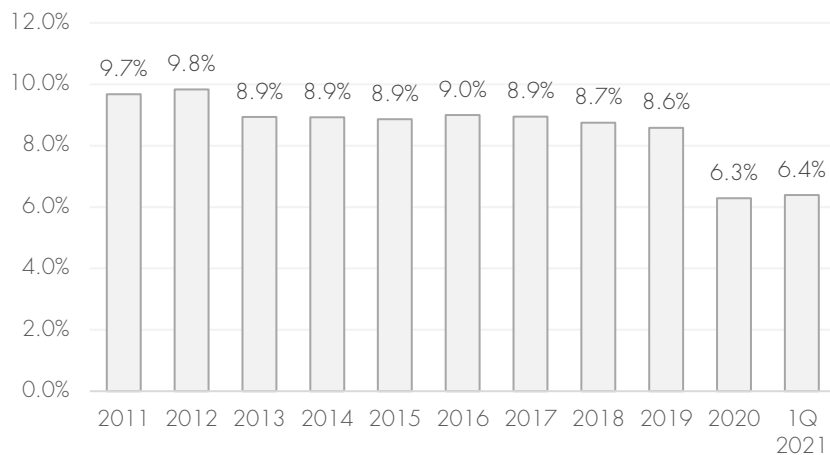
The Spanish Motor insurance market |



Key trends in the Spanish Motor sector

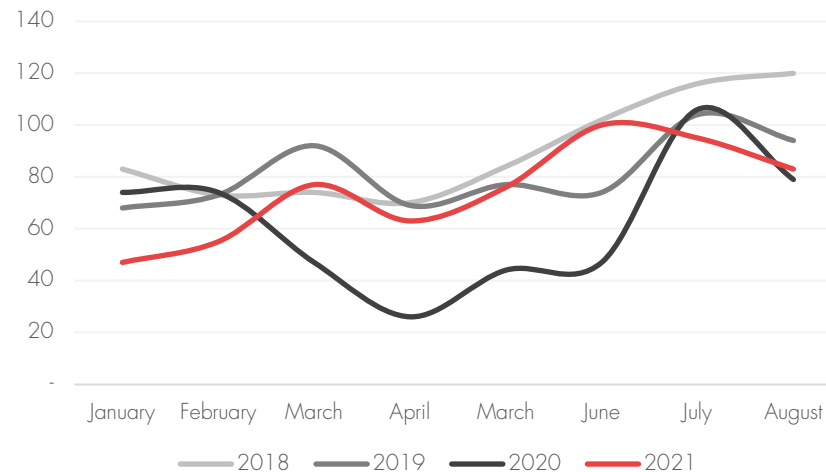
FREQUENCY

Basic Third-party insurance frequency



SEVERITY

Monthly severe accidents



1. Source: ICEA (March 2021, latest available data), DGT

The Spanish Motor insurance market |



Unique legal characteristics

INSURANCE COMPENSATION CONSORTIUM

Acts as a global reinsurer for extraordinary risks

Events that are covered include, among others, earthquakes and tidal waves, extraordinary flooding and atypical cyclonic storms (including tornadoes and heavy winds above 120 km/h)

LIQUIDATION AGREEMENTS REGARDING CLAIMS MANAGEMENT

Companies repair their own innocent claims and receive a compensation equal to the market average claim cost, thus favoring customer service and speedy settlements

STANDARDISATION OF INJURY COMPENSATION

Higher stability and predictability of claims, given judges adhere to these scales.

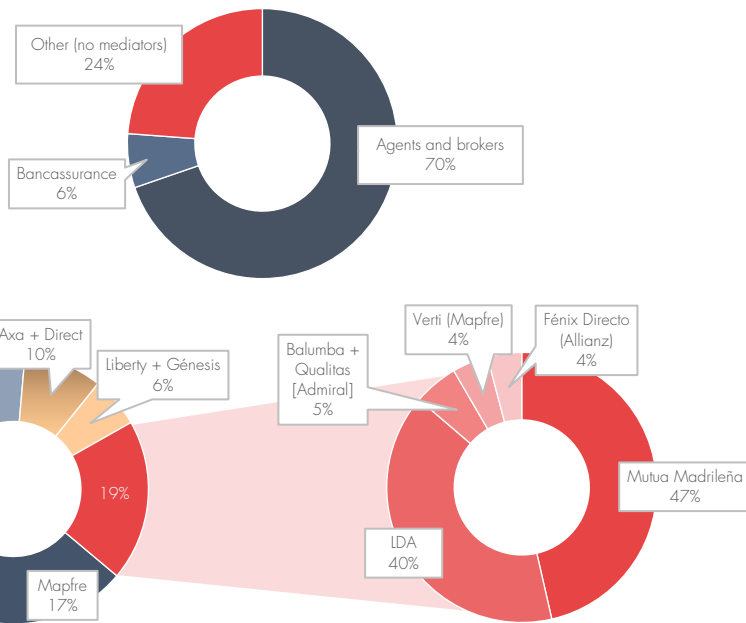
CLARITY

The direct market |



Direct players account for ≈20% of the market by number of policies

DIRECT VS MEDIATED CHANNEL¹



MOTOR PLAYERS

Motor Ranking (by # of policies)

	Market share	Policy Growth (L3Y)
Mapfre	17.19%	303
Allianz	11.35%	(130)
Axa + Direct	9.39%	163
Mutua Madrileña ²	8.96%	475
Línea Directa	7.69%	256
Liberty + Génesis	6.04%	288
....		
Balumba + Qualitas (Admiral)	1.03%	106
Verti (Mapfre)	0.83%	36
Fénix Directo (Allianz)	0.79%	(52)

Figures in thousands

 Pure direct players

1. Source: ICEA

2. Consolidated figures for Mutua Madrileña. Include Globalis, its insurance arm for fleet and intermediated business

The direct market |



Few pure direct players with small market shares

Hybrid, mutual company



- Hybrid model. Launched in 1930
- Very loyal portfolio
- Strong presence in Madrid and high premium segments
- Auto (core), home, health, life and asset management
- High media investment
- Figures include Globalis, their fleet and mediated subsidiary

Pure long standing direct players integrated in big Groups



- Launched in 2006 and 2013, respectively (ADMIRAL).



- Launched in 2011 (MAPFRE).



- Launched in 1995 (LIBERTY).



- Launched in 1991 (ALLIANZ).



- Launched in 1997 (AXA).

New entrants /insuretech

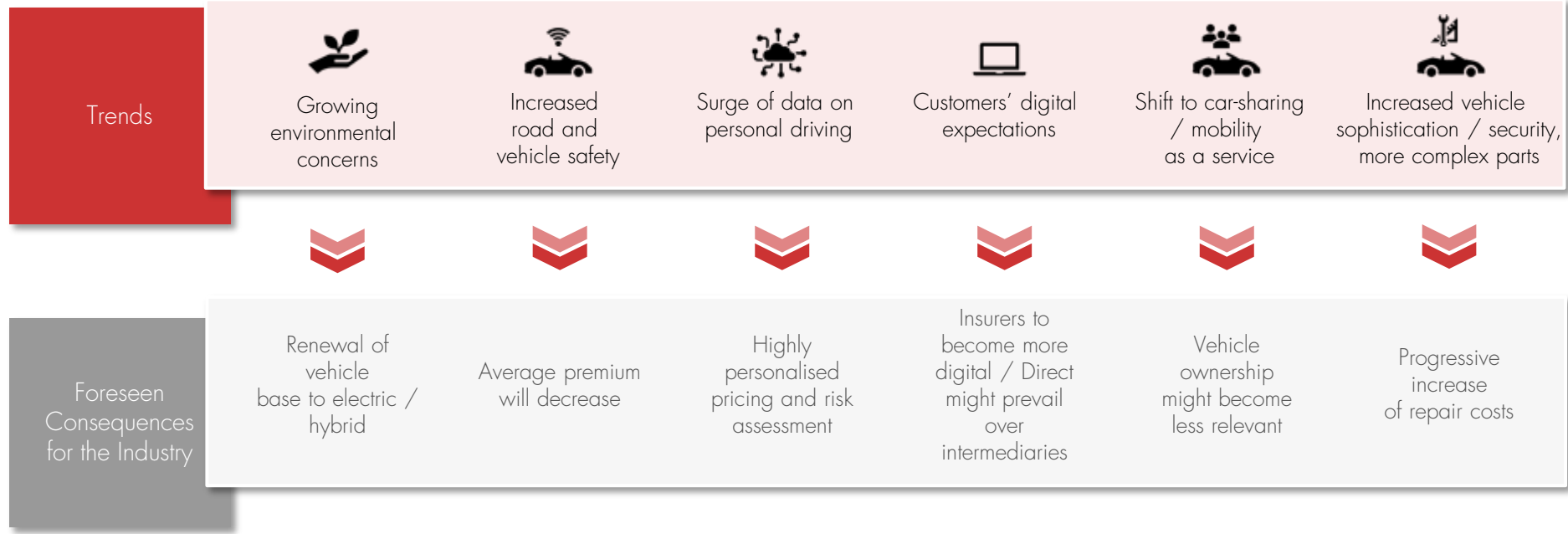


- Pay per use Auto insurance
- Non-compliant with the MCR at the close of 2020

The Spanish Motor insurance market |



Future Trends and Their Impact on the Insurance Market

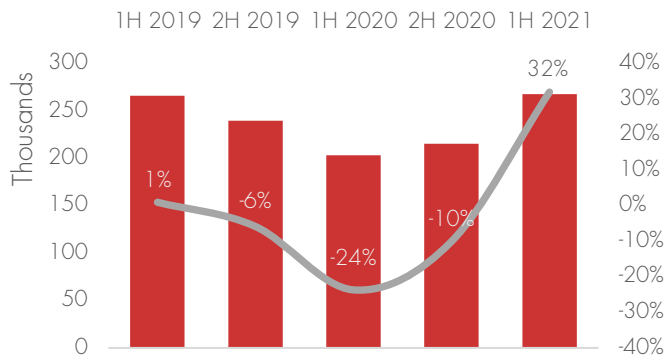


The Spanish Home insurance market |

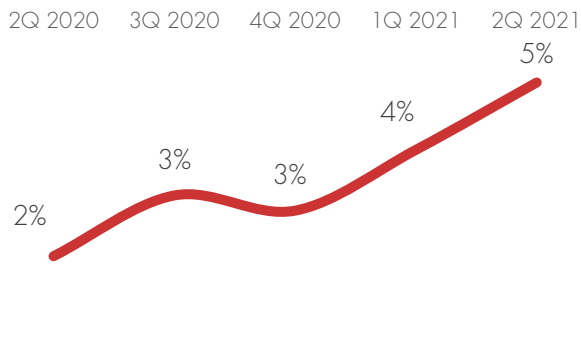


House sales pick up and homes uninsured are opportunities

House sales (annual chg.)



Segment turnover



- House sales pick up
- Heightened awareness of the need to insure the home, as more time was spent at home during the pandemic
- Segment turnover up 5.2%
- Severe weather events: Storms Filomena and Gloria

TOTAL HOMES

25.9M

+0.3%

(Dec 2020 / Dec 2019)

HOMES UNINSURED

5.3M

20% of total

(Dec 2020)

AVERAGE PREMIUM

€226

+0.8%

(Dec 2020 / Dec 2019)

CLAIM FREQUENCY

43.2%

+5.5p.p

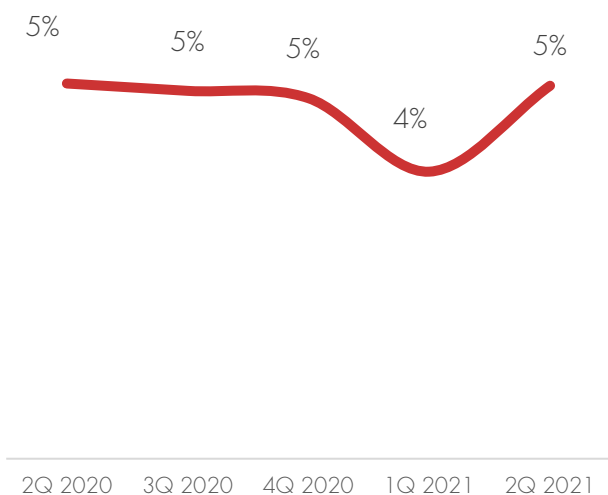
(1Q 2021 / 1Q 2020)

The Spanish Health insurance market |

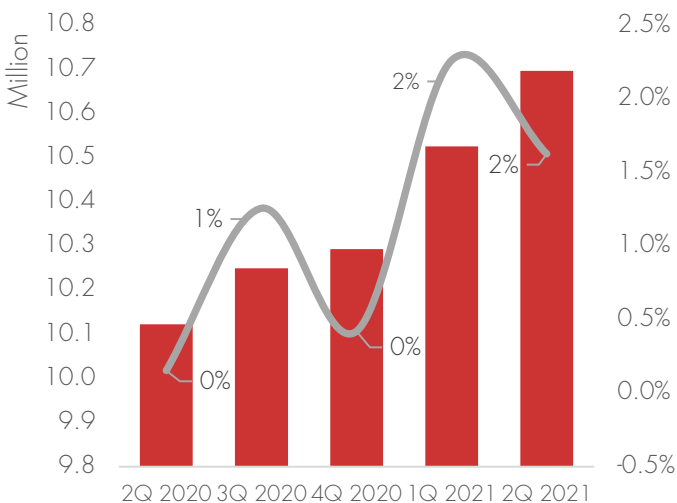






Health retains remarkable growth in premiums and policyholders in a context of increased awareness for health care insurance

Segment turnover



Policyholders



-  Recovery of health activity, which came to a halt during the crisis
-  Segment turnover up **5.1%**
-  Rising health care costs
-  Increase in hospital tariffs ("baremo")

Source: ICEA (healthcare)

3



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Key priorities

Key priorities | Customers

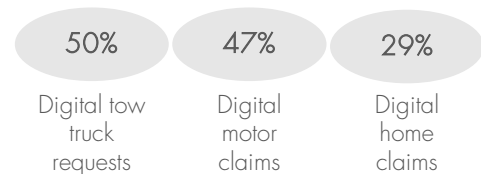
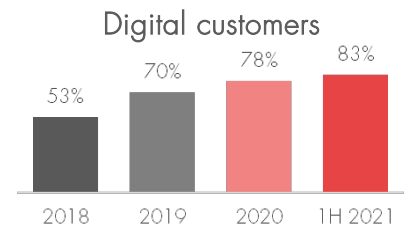
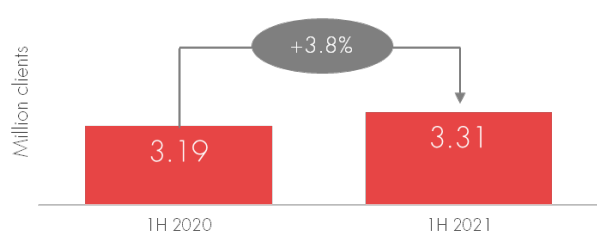
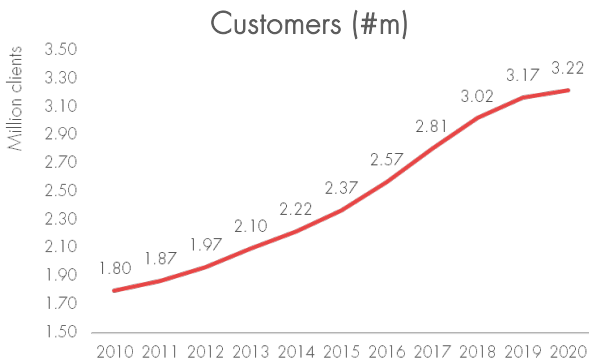


Top-notch service, aligning the best of digital with the best of traditional customer service

Continue to maintain a culture where customer service and customer experience is a priority

With the channel of choice for our customers

Continued focus on digital progress with proven benefits for its customers

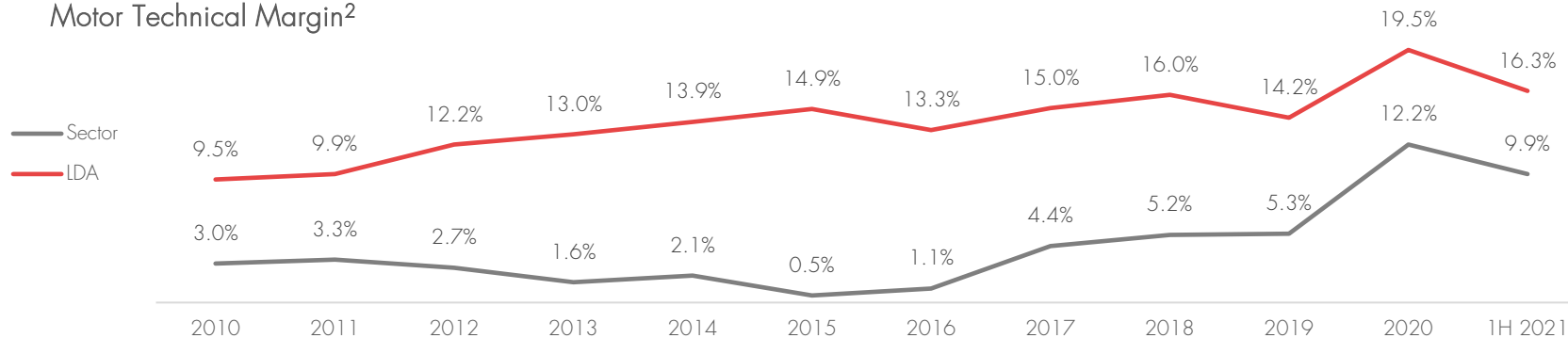


Key priorities | Pricing discipline and sustained profitability



Consistently best in class profitability despite having one of the lowest premiums¹

Motor Technical Margin²



Motor Loss Ratio

LDA	76.6%	76.1%	71.4%	70.2%	69.1%	68.5%	70.5%	68.3%	66.3%	69.4%	61.8%	66.0%
Sector	79.5%	78.5%	78.3%	78.1%	77.6%	79.0%	79.4%	77.0%	75.7%	75.8%	65.0%	68.1%

Stagnant Car Park
Premiums Decrease

Increasing Car Park
Premiums Decrease

A HISTORY OF ADAPTABILITY AND PROFITABLE GROWTH ACROSS DIFFERENT MARKET ENVIRONMENTS

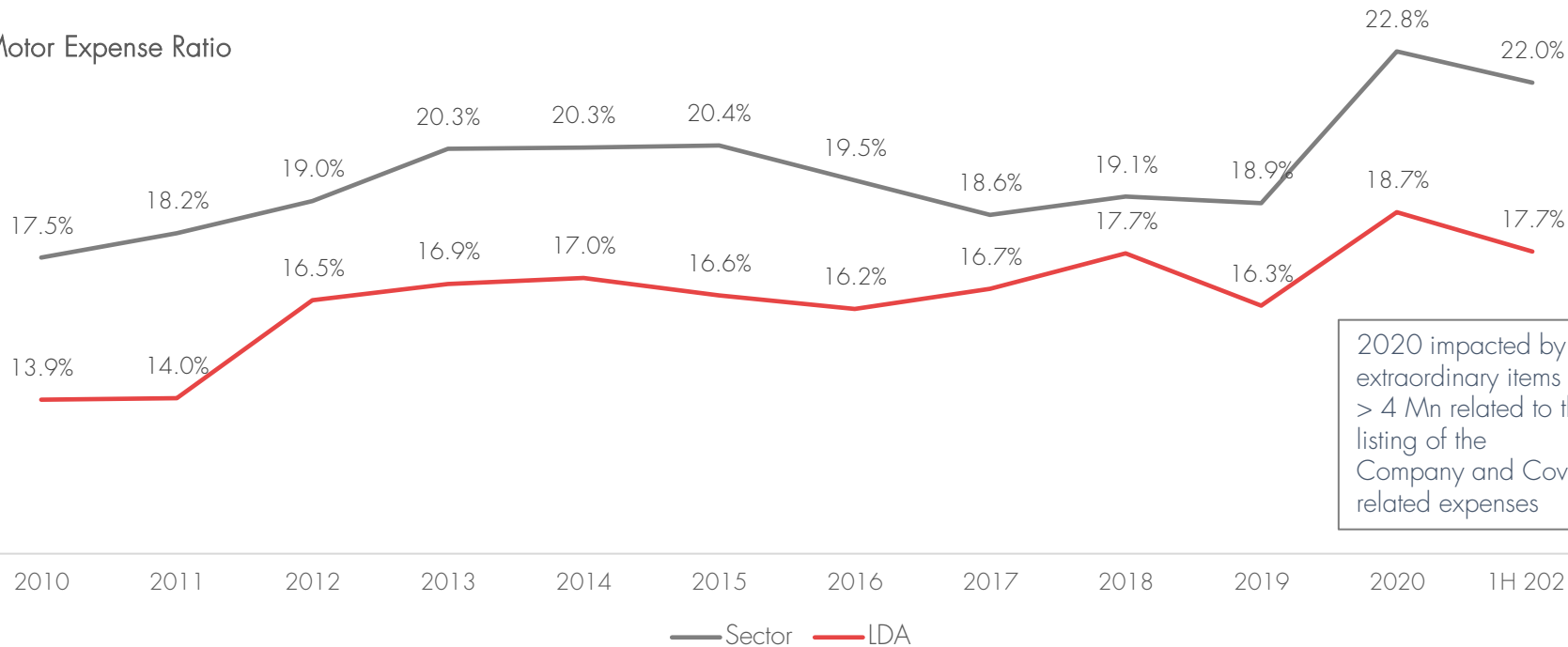
1. LDA average premium €306, Market average premium €339 (as of June 2021)
2. (100% - Combined ratio). Source: ICEA

Key priorities | € Austerity



Culture of strict cost control focused on business generation

Motor Expense Ratio



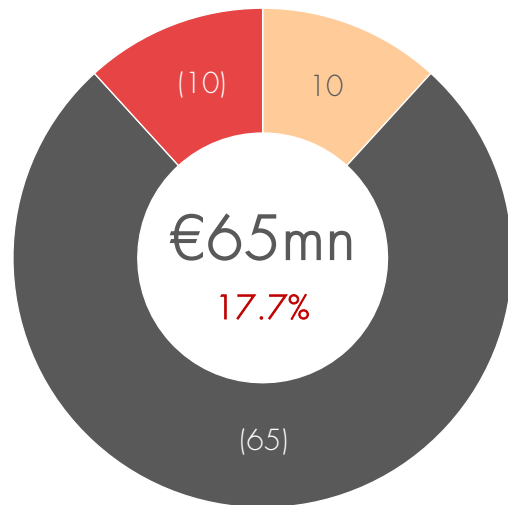
Key priorities | (€) Austerity



Culture of strict cost control focused on business generation

Expenses by purpose

Motor Expense Ratio (June 2021)



Figures in million euro

ACQUISITION
EXPENSES
(17.5) p.p.

- Media advertising (TV, press, radio..) and demand generation expenses (search engines, social media...)
- Sales and retention campaigns
- ≈56% of total staff costs¹
- ≈51% of IT expenses¹

ADMINISTRATION
EXPENSES
(2.8) p.p.

- ≈10% of total staff cost¹
- ≈22% of IT & building expenses¹
- Credit card collection charges, water, electricity and gas utilities

OTHER
TECHNICAL
INCOME AND
EXPENSES
2.7 p.p.

- Mainly show the net amounts under claims settlement agreements when Línea Directa's client is innocent

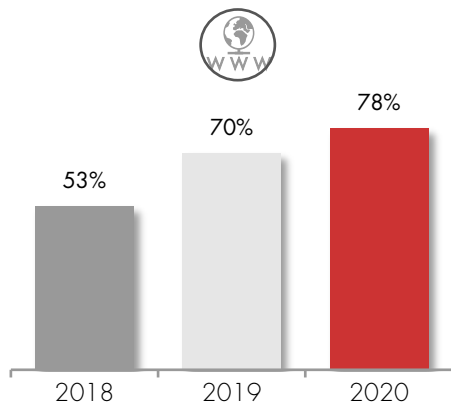
1. The remaining percentages of total staff costs and IT expenses are mainly attributable to claims and thus included in the loss ratio

Key priorities | € Austerity



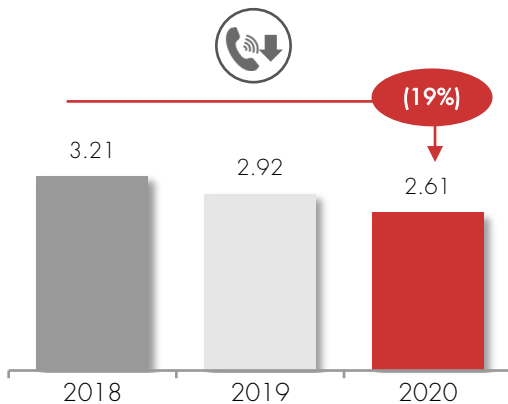
Our digital transformation improves our cost structure

Digital clients



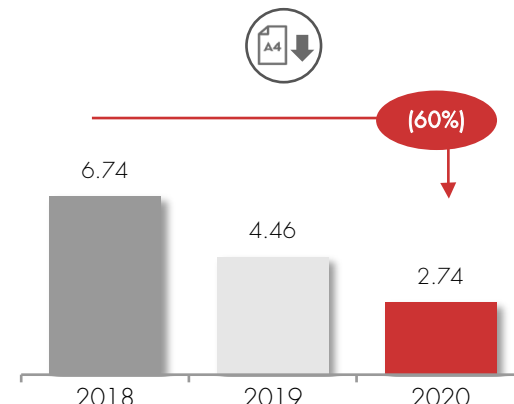
Customer care call centre and postal service savings 2018 – 2020

Calls per policy



2.427 thousand

Paper use (million)



522 thousand

Key priorities | Technical profitability



6M 2021 Combined ratio by Line of Business

	Loss ratio			Expense ratio			Combined ratio		
	6M 2021	6M 2020	p.p. var.	6M 2021	6M 2020	p.p. var.	6M 2021	6M 2020	p.p. var.
Motor	66.0%	65.7%	0.3 p.p	17.7%	18.8%	-1.1 p.p	83.7%	84.4%	-0.7 p.p
Home	57.5%	52.3%	5.2 p.p	33.8%	36.5%	-2.7 p.p	91.2%	88.8%	2.5 p.p
Health	105.3%	107.6%	-2.3 p.p	42.1%	46.8%	-4.7 p.p	147.4%	154.4%	-7.0 p.p
Other	4.7%	30.3%	-25.6 p.p	26.9%	46.6%	-19.7 p.p	31.6%	77.0%	-45.4 p.p
Total	65.3%	64.4%	1.0 p.p	20.2%	21.3%	-1.2 p.p	85.5%	85.7%	-0.2 p.p

Loss ratio

- Excellent performance of Motor amid the “return to normal” and recurring impacts of weather events on Home

Expense ratio

- Cost discipline across all business lines

Combined ratio

- Excellent technical performance, showing the strict ongoing control of risk underwriting and expenses

Key priorities



Constant strive for innovation



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Artificial Intelligence

- Analysis of photos received for motor or home claims detecting damage and predicting valuation
- Categorisation of incoming calls
- Intelligent Automation
 - Document assessment and classification
 - Automatic processing of mail inboxes using NLP, Artificial Vision and RPA



Virtual Assistants

- Testing voice and text bots at several service points
- Internal virtual assistant for our employees



Biometric Authentication

- Test authentication by voice
- Face identification



New channels

- Client communication via WhatsApp:
 - Motor claims photos
 - Selection of repair shops
 - Updates about claims process
- Live Chat for web users



Blockchain

- Línea Directa is member of the Dalion project, a Digital identity solution based in Blockchain technology
- Selected for the Innovation Sandbox of the Spanish Government



Real-Time

- Real-time parameters included into models to improve conversion rates
- Real-time status of car repair



IoT

- Safe & Go
- ConducTop
- Vivaz Actividad

Key priorities | Sound capital position



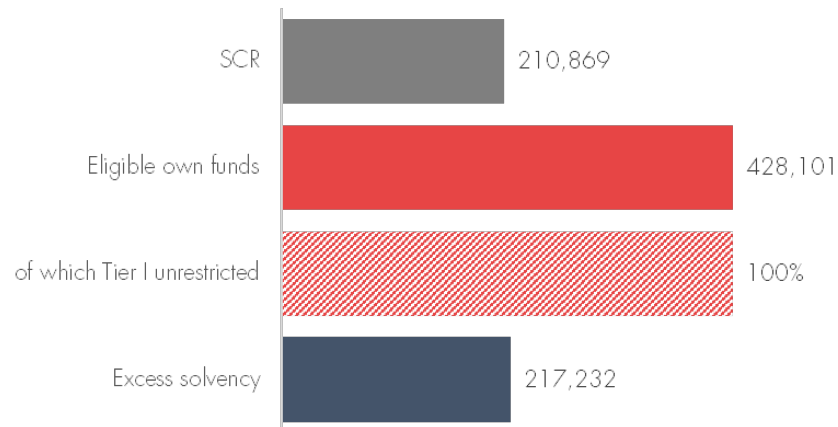
Plain vanilla Balance sheet

Assets	1H 2021	12M 2020	% var.
Available-for-sale financial assets	902,658	917,074	-1.6%
Rest of assets	486,704	519,459	-6.3%
Total assets	1,389,362	1,436,533	-3.3%
Liabilities and Equity			
Technical provisions	726,457	716,491	1.4%
Rest of liabilities	279,017	252,683	10.4%
Total liabilities	1,005,474	969,174	3.7%
Equity	333,668	422,727	-21.1%
Valuation adjustments	50,220	44,632	12.5%
Total equity	383,888	467,359	-17.9%

Figures in thousand euro

No leverage

Strong capital position



Figures in thousand euro

Solvency II Ratio

203%

Key priorities | Shareholder remuneration

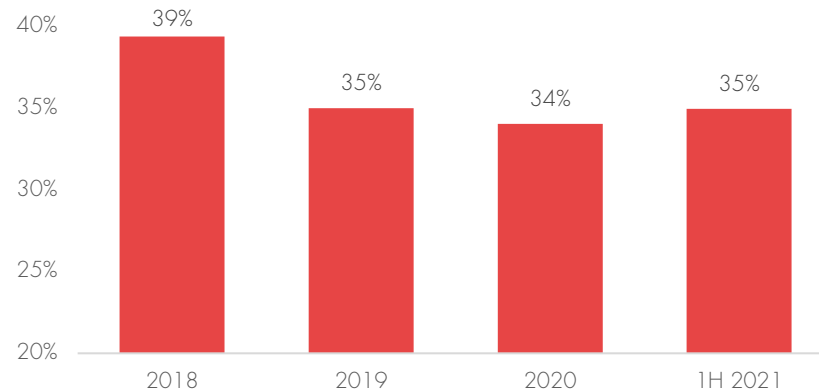
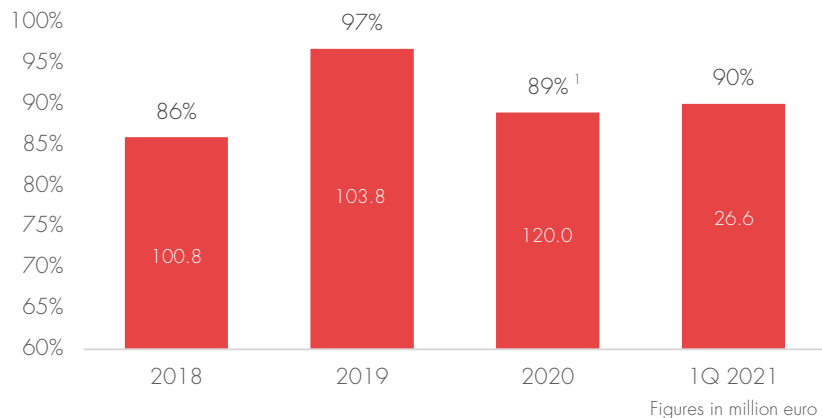


The history of strong shareholder returns remains after the listing

Dividends

Return on average equity

Payout ratio



18-21 Average
Payout ratio

90.4%

Dividend yield²

5.4%

18-21 Average RoAE

35.8%

1. 2020 payout ratio considering €120m extraordinary dividend distributed to Bankinter prior to spin-off
2. Annualised dividend yield with the closing share price as at September 10th 2021

Drivers for future profitability



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Drivers for future profitability

Disciplined approach at the core of what we do



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Changing and will continue to change the insurance business model

1

Continued profitable growth – market changes are opportunities for growth

2

Consolidate expense ratio advantage – slash down our operational costs to ensure profitability in a decreasing premium scenario

3

Stand out amongst competitors & lead the innovation in the insurance industry



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For more information:

Beatriz Izard
beatriz.izard@lineadirecta.es

Mark Brewer
mark.brewer@lineadirecta.es



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Thank you



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