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6M 2022 Results

Presentation for analysts and investors

22 July 2022



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Agenda

1

Highlights for the period

2

Context

3

6M 2022 Results

4

Q&A

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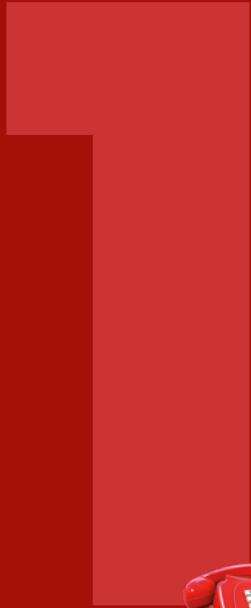
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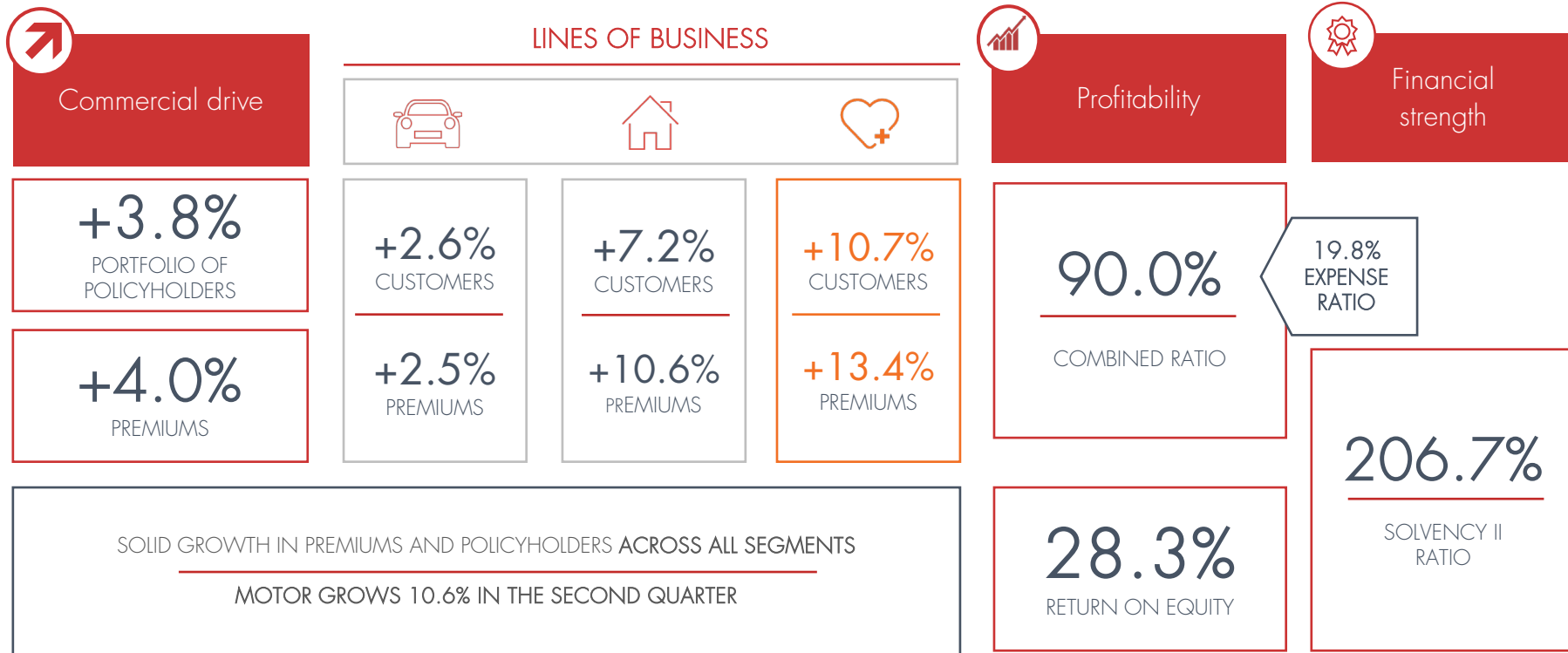
Highlights for the period

6M 2022 Results



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In an uncertain and hyperinflationary environment, we continue to defend one of the best technical results in the sector



2

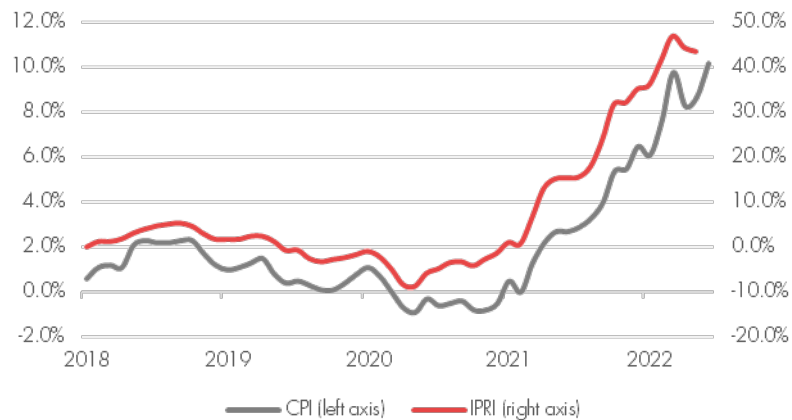


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Context

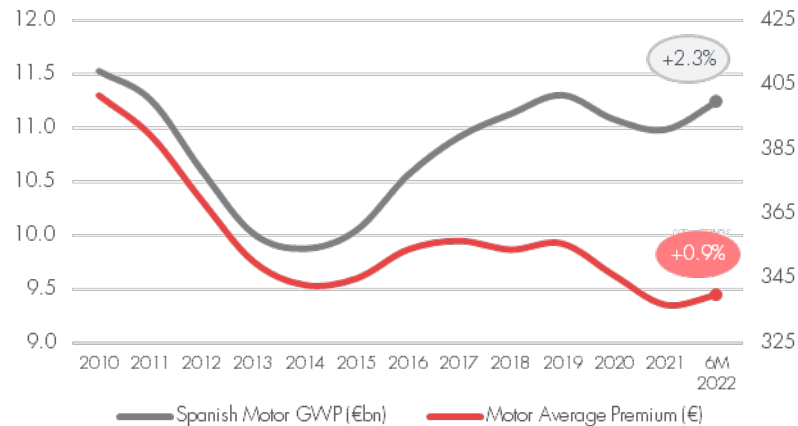
Sector premiums timidly back into positive territory amid strong cost inflation

SUPERINFLATION



- Prices remain very high, extraordinarily so in the case of energy and commodities
- Repair costs and tariffs on the rise

TREND IN REVENUES AND AVERAGE PREMIUM

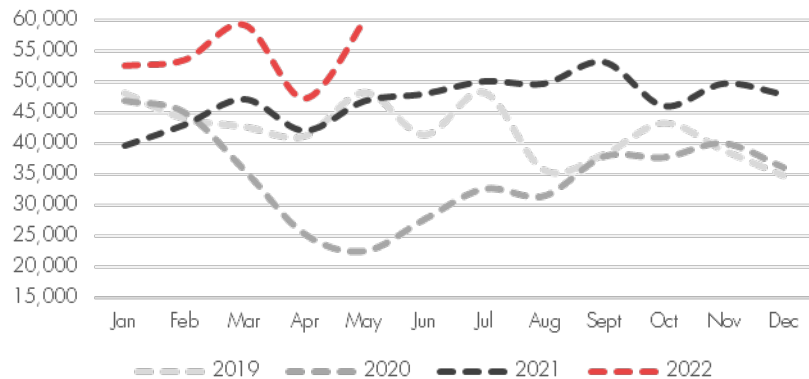


- Average premium begins to show a modest change in trend

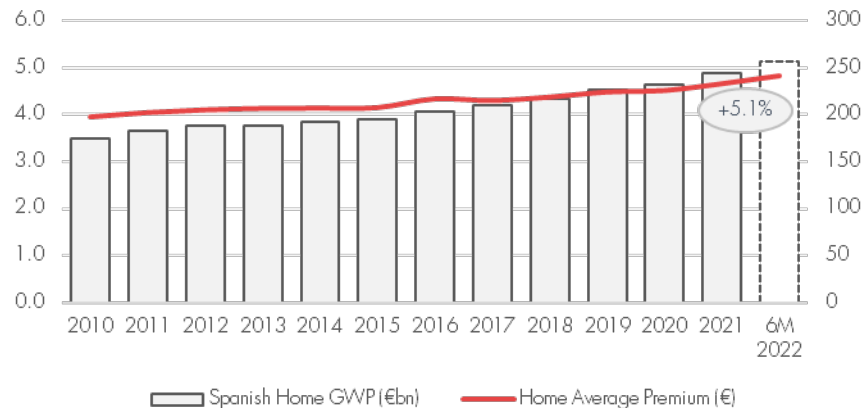
Sources: Faconauto, MSI, FIVA, ICEA (latest figures available at June 2022). Internal calculations on the average premium in the sector by dividing revenues by insured vehicles. Premiums written are the annual projection based on the figure at June 2022.

Property purchases have continued at a good pace despite higher borrowing costs

HOUSE SALES UP 24.4% YTD ¹



TREND IN REVENUES AND AVERAGE PREMIUM ²



HOMES INSURED

26.1M ³
+0.3% (Dec 22 / Dec 21)

HOMES UNINSURED

4.8M ³
19% of the total

SECTOR FREQUENCY

35.4%
-7.8 p.p. (1Q 2021 / 1Q 2022)

1. Source: INE (latest available figures at May 2022). January – May 2022 accumulated percentage change vs. previous year

2. Source: ICEA (latest available figures at June 2022).

3. Total estimated housing stock at year-end 2022, considering an average increase over the last five years. Ministry of Transport, Mobility and Urban Agenda



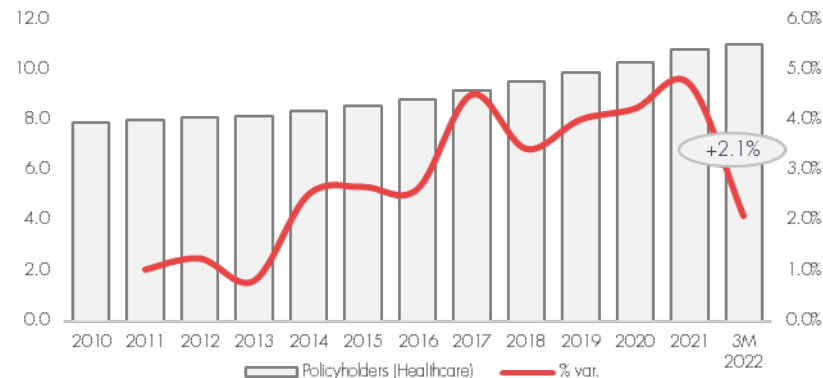
Outstanding growth in industry turnover

SEGMENT REVENUES ¹



- The segment continues to report significant growth
- Rising healthcare costs and hospital tariffs

POLICYHOLDERS ²



Millions of policyholders

- The growth slows down

1. Source: ICEA (Healthcare, latest available figures at June 2022)
 2. Source: ICEA (Healthcare, latest available figures at March 2022)



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6M 2022 Results

Group results

Solid and profitable growth



<i>Thousand euro</i>	6M 2022	6M 2021	% var. 22/21
Gross written premiums (GWP)	474,789	456,465	4.0%
Earned premiums, net of reinsurance	441,739	435,993	1.3%
Technical result	44,051	63,139	-30.2%
Financial result	18,380	12,795	43.6%
Profit/(loss) before tax	65,251	77,618	-15.9%
Income tax	(16,275)	(19,408)	-16.1%
Profit/(loss) after tax	48,976	58,210	-15.9%

	6M 2022	6M 2021	p.p. var.
Loss ratio	70.2%	65.3%	4.9 p.p.
Expense ratio	19.8%	20.2%	-0.4 p.p.
Combined ratio	90.0%	85.5%	4.5 p.p.
Clients (thousands)	3,425	3,300	3.8%

PREMIUMS

Solid growth across all lines of business

TECHNICAL RESULT

Contained cost of claims amid high inflation
(+2.1 p.p. in the quarter)

Remarkable six months in terms of efficiency and control of expenses

FINANCIAL RESULT

We realised capital gains in mutual funds prior to the entry into force of IFRS 9 with the aim of reducing P&L volatility

CUSTOMERS

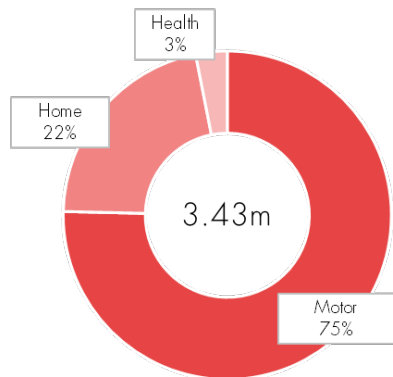
We continue to grow with excellent retention rates

Premiums and policyholders

The portfolio continues to grow strongly



POLICYHOLDERS

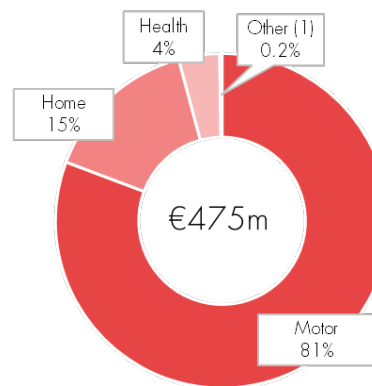


- Portfolio of 3.43 million policyholders, up 3.8%
- Solid growth across all lines of business

Policyholders

Thousands	6M 2022	6M 2021	% var.
Motor	2,581	2,516	2.6%
Home	738	688	7.2%
Health	106	96	10.7%
Total	3,425	3,300	3.8%

PREMIUMS



- Motor gains 2.5% (10.6% in the quarter)
- Excellent performance by the Home and Health segments

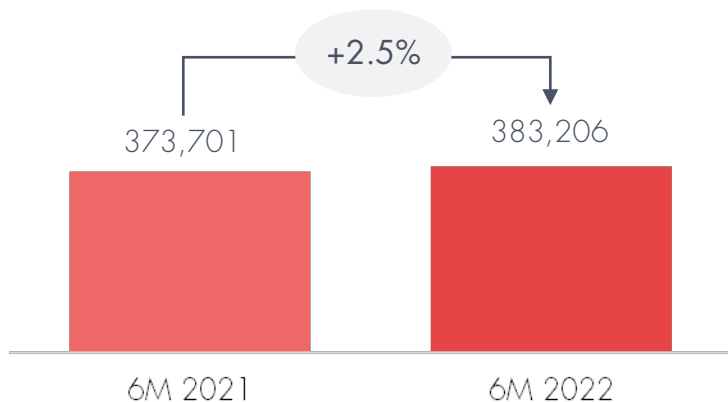
Gross written premiums

Thousand eurc	6M 2022	6M 2021	% var.
Motor	383,206	373,701	2.5%
Home	71,667	64,779	10.6%
Health	18,848	16,622	13.4%
Other	1,068	1,363	-21.6%
Total	474,789	456,465	4.0%

1. Customers in the "Other" segment amount to 5 and 4 thousand at June 2021 and 2022, respectively.

Excellent combined ratio in a hyperinflationary environment

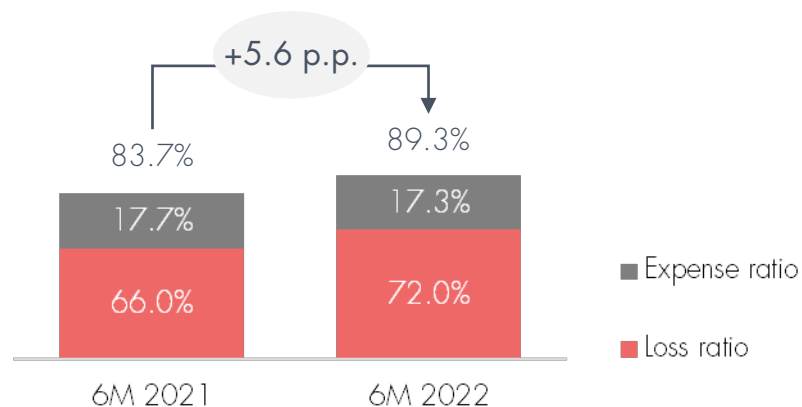
PREMIUMS



- Strong policy growth (+2.6%)
- Superb retention rate
- Premium growth above the market

1. Growth of the Motor segment: 2.35% Source: ICEA, June 2022
 2. Combined ratio of the Motor segment for the market as a whole: 96.1%. Source: ICEA, March 2022

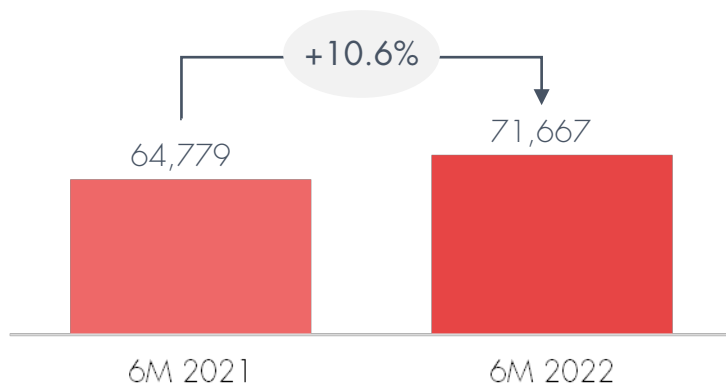
COMBINED RATIO



- Combined ratio 6.8 p.p. below the sector (96.1% in 1Q)²
- Excellent expense ratio (17.3%)
- The claims ratio begins to reflect cost inflation in a still competitive pricing environment (+3.5 p.p. in the quarter)

Double-digit growth and excellent combined ratio

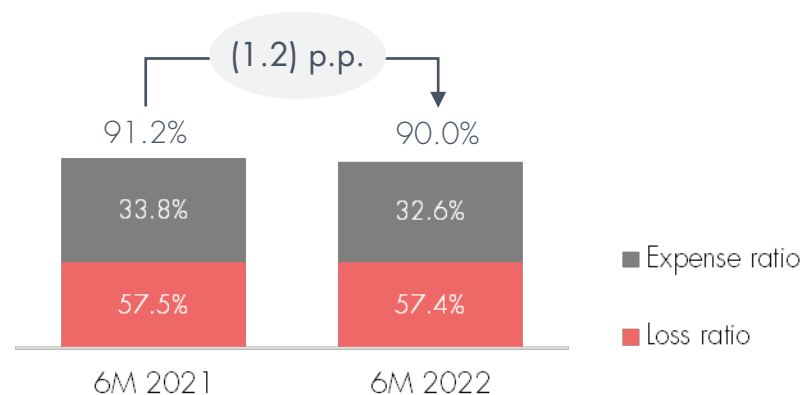
PREMIUMS



- Growth twice that of the market (+5.1%)¹
- Excellent performance in retention and policy growth (+7.2%)

1. Growth of the Home segment: 5.09%. Source: ICEA, June 2022
 2. Combined ratio of the Home segment for the market as a whole: 94.4%. Source: ICEA, March 2022

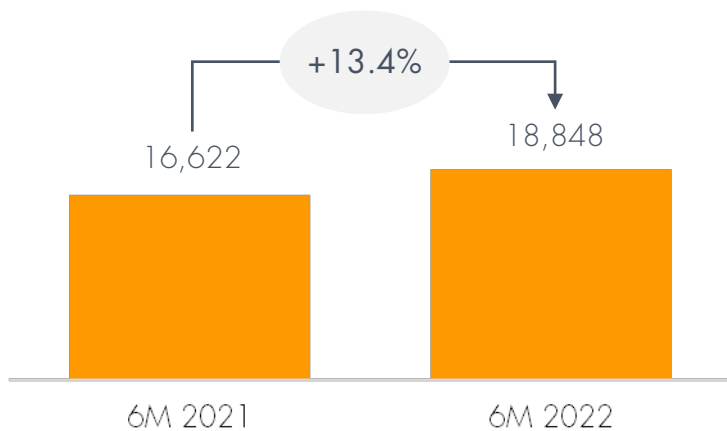
COMBINED RATIO



- Combined ratio 4.4 p.p. below the market (94.4%)²
- Mild atmospheric events in the quarter (€0.9 mn vs. €2.1 mn in 2Q 2021)

Health continues to improve its technical result

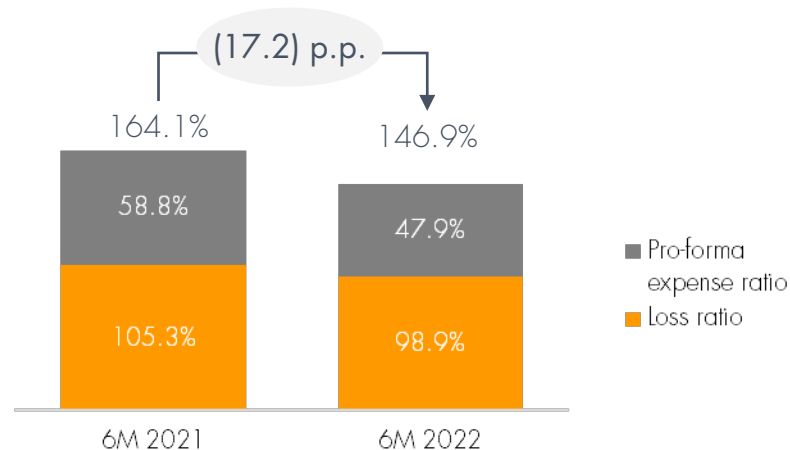
PREMIUMS



- Policyholders up by 10,291 (+10.7%)
- Premium growth at 5.9 p.p. above the market (+7.5%)¹

¹. Growth of the Health segment, sanitary assistance: 7.54%. Source: ICEA, June 2022

COMBINED RATIO



- Strict risk selection
- The expense ratio has been adjusted to take into account a lower first half expense deferral (unadjusted ratios fall to 42.1% and 32.2% at 6M 2021 and 2022, respectively)

Management ratios



	Loss ratio			Expense ratio			Combined ratio		
	6M 2022	6M 2021	p.p. var.	6M 2022	6M 2021	p.p. var.	6M 2022	6M 2021	p.p. var.
Motor	72.0%	66.0%	5.9 p.p	17.3%	17.7%	-0.3 p.p	89.3%	83.7%	5.6 p.p
Home	57.4%	57.5%	-0.1 p.p	32.6%	33.8%	-1.2 p.p	90.0%	91.2%	-1.3 p.p
Health	98.9%	105.3%	-6.3 p.p	32.2%	42.1%	-9.9 p.p	131.2%	147.4%	-16.2 p.p
Other	2.8%	4.7%	-1.9 p.p	42.2%	26.8%	15.4 p.p	45.0%	31.5%	13.5 p.p
Total	70.2%	65.3%	4.9 p.p	19.8%	20.2%	-0.4 p.p	90.0%	85.5%	4.5 p.p

Loss ratio

- Outstanding performance in Motor in an environment of rising compensations and repair costs (+3.5 p.p. in the quarter)
- Health reflects its continuous improvement and risk selection

Expense ratio

- The Health segment reflects the deferral of expenses in the first half of the year, which will normalise over the rest of the year

Combined ratio

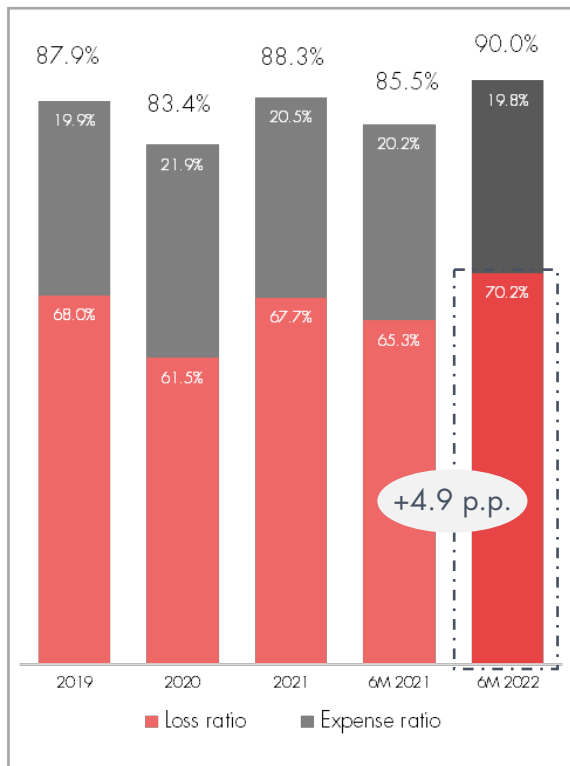
- Operational resilience and excellent combined ratio in a hyperinflationary environment

Combined ratio: loss ratio

Remarkable performance in a hyperinflationary environment



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<i>% over earned premiums net of reinsurance</i>	6M 2022	6M 2021	var.
Claims incurred in the year (ex-atmospherics)	(309,305)	(282,830)	9.4%
Atmospherics	(913)	(2,055)	-55.6%
Claims incurred for the year	(310,218)	(284,885)	8.9%
LOSS RATIO	70.2%	65.3%	4.9 p.p.

<i>Thousand euro</i>	6M 2022	6M 2021	var.
Direct	(884)	(3,853)	(2,969)
Reinsurance	(28)	1,799	1,827
NET ATMOSPHERICS	(913)	(2,055)	(1,142)

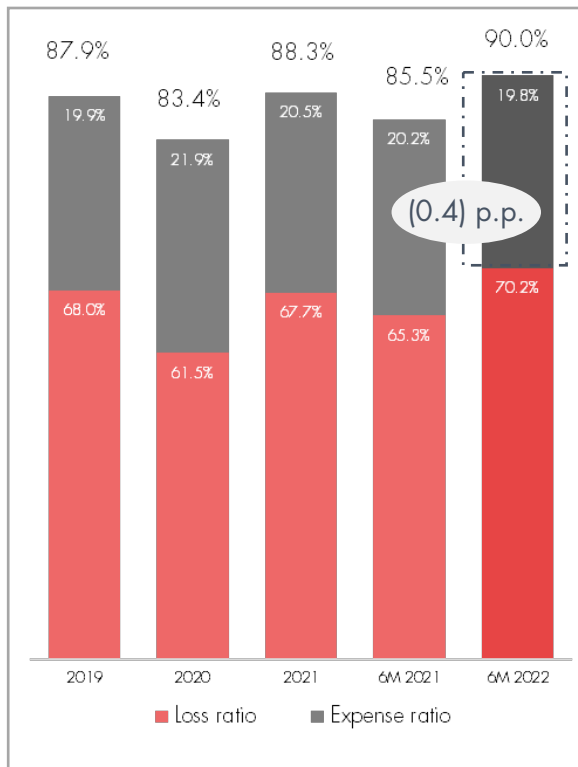
+3.8%
INCREASE IN THE PORTFOLIO
 In a market that is still competitive in Motor

COST INFLATION
 Personal injury and repair costs on the rise

QUIET ON THE ATMOSPHERIC FRONT
 (0.9 mn vs. 2.1 mn in 2Q 2021)

Combined ratio: expenses

Excellent quarter with a notable improvement in efficiency and cost control



% over earned premiums net of reinsurance	6M 2022	6M 2021	% var
Net operating expenses	(94,279)	(97,485)	-3.3%
Acquisition expenses	(84,217)	(86,582)	-2.7%
Administrative expenses	(12,525)	(13,708)	-8.6%
Reinsurance commissions and profit participation	2,463	2,805	-12.2%
Profit sharing	(235)	(172)	36.6%
Other technical revenue and expenses	7,044	9,688	-27.3%
EXPENSE RATIO	19.8%	20.2%	-0.4 p.p

GREATER EFFICIENCY IN
ACQUIRING AND
RETAINING POLICIES

STRICT CONTROL OF
OVERHEADS

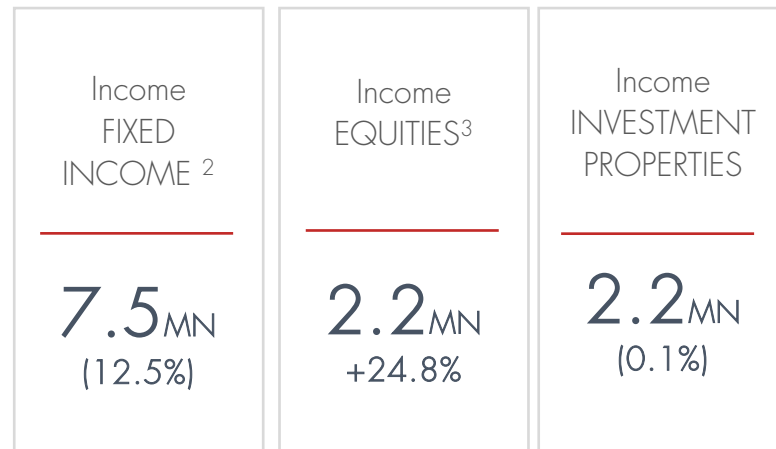
We remain firmly
committed to
DIGITALISATION AND
TECHNOLOGY

Financial result

We realised capital gains in mutual funds prior to the entry into force of IFRS 9

FINANCIAL RESULT

Thousand euro	6M 2022	6M 2021	% var.
Investment income	36,794	22,769	61.6%
Investment expenses	(18,414)	(9,974)	-84.6%
Financial result	18,380	12,795	43.6%
of which realised gains (losses):	4,498	74	5952.3%
Fixed income	1,238	(456)	-371.2%
Equity instruments	3,260	531	514.3%
Impairments	-	-	-



We unwound the interest rate swap and underlying bonds to generate capital gains of €1 mn

Average realised return on equities and mutual funds of 56% and 17%

1. The interest rate swap and the underlying government bonds with a nominal value of €50 million are recognised under income and expense on investments, with opposite sign, and are netted against each other

2. Does not include fixed income accruals and swaps

3. Does not include Economic Interest Groupings

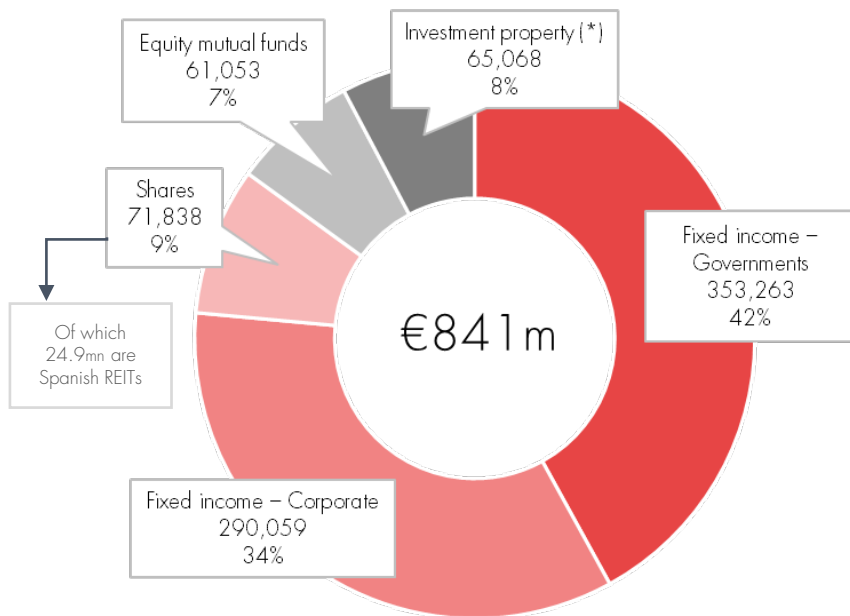
Investment portfolio

Low risk profile is key



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PORTFOLIO COMPOSITION



PROFITABILITY (Rolling 12)¹

(%)	6M 2022	6M 2021	var. p.p
Fixed income	2.61%	2.16%	+0.45 p.p
Equity instruments	9.28%	1.17%	+8.12 p.p
Investment property	6.41%	6.36%	+0.05 p.p
Total average return	3.93%	2.30%	+1.63 p.p
Portfolio return (ex net realised gains)	2.71%	2.45%	+0.26 p.p

OTHER METRICS

	6M 2022	6M 2021
Fixed income duration	4.04	4.04
Fixed income modified duration	4.23%	4.01%

1. Income recognised in the statement of profit or loss over the last 12 months divided by assets under management (fixed income and equity portfolios and investment property). Includes capital gains and losses realised and impairment losses.

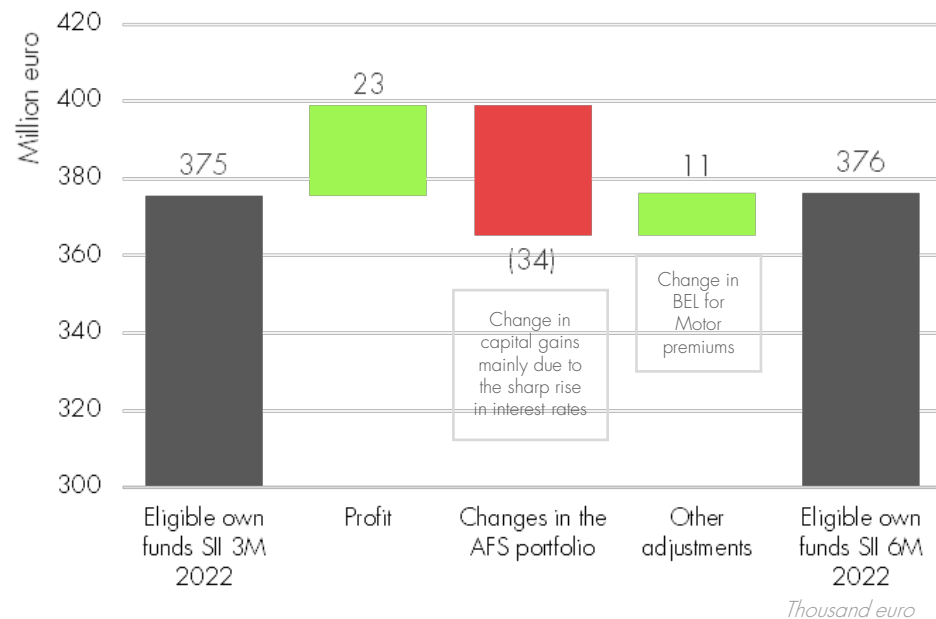
2. The rolling 12-month profitability on equity instruments of 9.28% is mainly due to the repurchase of private equity fund units in the second half of 2021 and realised gains of equity mutual funds in the first half of 2022 prior to the entry into force of IFRS 9.

(*) Off-balance sheet capital gains on investment property and property for own use amount to €22.1 million before tax.

Solvency margin



Solvency own funds walk 3M 2022 – 6M 2022



1. Solvency ratio and eligible own funds refer to Linea Directa Aseguradora stand-alone.

Breakdown of required capital – SCR

	6M 2022	3M 2022
SCR Market	97,305	118,080
SCR Counterparty	11,847	13,889
SCR Health	3,257	3,277
SCR Non-Life	162,056	160,370
BSCR	215,498	229,340
SCR Operational	27,393	27,265
Deferred tax adjustment	(60,723)	(64,151)
SCR	182,169	192,454
Eligible own funds Solvency II	376,449	375,489
	<i>Thousand euro</i>	
Solvency II ratio	207%	195%

1. Solvency ratio and eligible own funds refer to Linea Directa Aseguradora standalone

HIGHLIGHTS

MARKET SCR

- (+) Lower exposure to equities (-18.5 mn)
- (+) Symmetric adjustment (1.4% at March 2022 vs. -5.34% at June 2022)

COUNTERPARTY SCR

- (+) Lower exposure to cash

HEALTH SCR

- In line with business performance

NON-LIFE SCR

- (-) Increase in premiums
- BEL for Motor reserves stable

OPERATIONAL SCR

- In line



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Thank you



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Appendices

Consolidated balance sheet



Assets

Thousand euro

Assets	6M 2022	12M 2021	% var.
Cash and cash equivalents	102,517	115,788	-11.5%
Available-for-sale financial assets	767,715	864,978	-11.2%
<i>Equity instruments</i>	132,892	153,963	-13.7%
<i>Debt securities</i>	634,823	711,015	-10.7%
Loans and receivables	120,230	120,615	-0.3%
Reinsurers' share of technical provisions	23,580	20,153	17.0%
Property, plant and equipment and investment property	109,456	110,721	-1.1%
<i>Investment property</i>	65,068	65,457	-0.6%
<i>Property, plant and equipment</i>	44,388	45,264	-1.9%
Intangible assets	14,064	14,121	-0.4%
Other assets	130,725	122,102	7.1%
Total assets	1,268,287	1,368,478	-7.3%

Liabilities and Equity

Thousand euro

Liabilities and Equity	6M 2022	12M 2021	% var.
Debt and accounts payable	129,654	175,406	-26.1%
Hedging derivatives	-	9,447	-100.0%
Technical provisions	747,273	738,158	1.2%
<i>Provision for unearned premiums</i>	470,194	449,740	4.5%
<i>Provision for unexpired risks</i>	3,280	3,280	0.0%
<i>Provision for claims</i>	273,799	285,138	-4.0%
Nontechnical provisions	22,033	22,133	-0.5%
Other liabilities	40,365	45,059	-10.4%
Total liabilities	939,325	990,203	-5.1%
Equity	340,540	334,909	1.7%
Valuation adjustments	(11,578)	43,366	-126.7%
Total equity	328,962	378,275	-13.0%

Statement of profit or loss by segment

Statement of profit or loss – Motor Segment



<i>Thousand euro</i>	6M 2022	6M 2021	% var.
Gross written premiums (GWP)	383,206	373,701	2.5%
Premiums earned, net of reinsurance	370,371	370,806	-0.1%
Claims incurred, net of reinsurance	(266,484)	(244,740)	8.9%
Net operating expenses	(71,468)	(75,358)	-5.2%
Other technical expenses and income	7,286	9,882	-26.3%
Technical result	39,705	60,590	-34.5%

	6M 2022	6M 2021	p.p. var.
Loss ratio	72.0%	66.0%	5.9 p.p
Expense ratio	17.3%	17.7%	-0.3 p.p
Combined ratio	89.3%	83.7%	5.6 p.p
Clients (thousands)	2,581	2,516	65

Statement of profit or loss – Home Segment



<i>Thousand euro</i>	6M 2022	6M 2021	% var.
Gross written premiums (GWP)	71,667	64,779	10.6%
Premiums earned, net of reinsurance	63,021	58,166	8.3%
Claims incurred, net of reinsurance	(36,183)	(33,435)	8.2%
Net operating expenses	(20,405)	(19,550)	4.4%
Other technical expenses and income	(121)	(91)	33.0%
Technical result	6,312	5,090	24.0%

	6M 2022	6M 2021	p.p. var.
Loss ratio	57.4%	57.5%	-0.1 p.p
Expense ratio	32.6%	33.8%	-1.2 p.p
Combined ratio	90.0%	91.2%	-1.3 p.p
Clients (thousands)	738	688	50

Statement of profit or loss by segment



Statement of profit or loss – Health Segment

<i>Thousand euro</i>	6M 2022	6M 2021	% var.
Gross written premiums (GWP)	18,848	16,622	13.4%
Premiums earned, net of reinsurance	7,610	6,342	20.0%
Claims incurred, net of reinsurance	(7,530)	(6,678)	12.8%
Net operating expenses	(2,330)	(2,567)	-9.2%
Other technical expenses and income	(121)	(103)	17.5%
Technical result	(2,371)	(3,006)	-21.1%

	6M 2022	6M 2021	p.p. var.
Loss ratio	98.9%	105.3%	-6.3 p.p
Expense ratio	32.2%	42.1%	-9.9 p.p
Combined ratio	131.2%	147.4%	-16.2 p.p

	6M 2022	6M 2021	
Clients (thousands)	106	96	10

Statement of profit or loss – Other Insurance Businesses¹

<i>Thousand euro</i>	6M 2022	6M 2021	% var.
Gross written premiums (GWP)	1,068	1,363	-21.6%
Premiums earned, net of reinsurance	737	679	8.5%
Claims incurred, net of reinsurance	(21)	(32)	-34.4%
Profit sharing and premiums refunds	(235)	(172)	36.6%
Net operating expenses	(76)	(10)	660.0%
Other technical revenues and expenses	-	-	-
Technical result	405	465	-12.9%

	6M 2022	6M 2021	p.p. var.
Loss ratio	2.8%	4.7%	-1.9 p.p
Expense ratio	42.2%	26.8%	15.4 p.p
Combined ratio	45.0%	31.5%	13.5 p.p

	6M 2022	6M 2021	
Clients (thousands)	4	5	(1)

1. The Other insurance businesses segment mainly shows the travel insurance business for holders of Bankinter cards under 10 collective policies not included in the customer figure, as well as a payment protection policy in run-off