



linea directa

PRESS RELEASE
2Q 2022 RESULTS

LÍNEA DIRECTA INCREASES INCOME BY 4% THROUGH JUNE, WITH GROWTH ACROSS ALL BUSINESS LINES, AND POSTS PROFIT OF € 49 MILLION

- Premium income rose by 4% in the second quarter of 2022 to € 474.8 million, driven by healthy growth in customers and revenue by all business lines (Motor, Home and Health).
- The company continues to expand its customer base at a solid pace (+3.8%) and now has over 3.4 million policyholders, underpinned by strong efforts in customer acquisition and good customer loyalty.
- Amid a fiercely competitive market with sluggish car sales, premium income per Motor policy through June was up 2.5%, 0.2 points better than the industry average. Home (+10.6%) and Health (+13.4%) both continued to deliver double-digit income growth.
- Línea Directa Aseguradora again showcased its technical excellence amid high inflation and normal accident rates. The Group's combined ratio ended the period at 90%, and in Motor business line at 89.3%, 6.8 points better than the industry average (96.1% at the end of the first quarter), thanks to claims cost control and extra efforts to raise efficiency, leaving the expense ratio below 20%.
- The Group remains one of Spain's most profitable insurers, with an ROE of 28.3% on € 48.9 million of net profit in the first six months of the year.
- Línea Directa continues to focus on digitalisation to boost efficiency and enhance user experience. By the end of June, over 85% of Línea Directa Aseguradora's customers were digital, performing many of their operations online, such as submitting claims and requesting a tow truck.

Madrid, 22 July 2022.- [Línea Directa Aseguradora](#) performed well in the second quarter of 2022, with strong growth in revenue amid a fiercely competitive market, and skilled claims and cost control against a backdrop of high inflation.

The Group report **premium income** for the six months of the year of **€ 474.8 million, up 4% year-on-year, exceeding the average growth of the industry in all business lines in which it operates (Motor, Home, Health)**. This is quadruple the FY 2021 increase and brings the pace of revenue growth back to pre-Covid-19 pandemic levels. The **number of policyholders increased by 3.8%** to over **3.4 million**.

With the Group's new strategic positioning under the motto '**The value of being direct**', Línea Directa Aseguradora wants to speed up the growth of both its customer base and revenue from the various business lines.

Solid growth in Motor and double-digit increases in Home and Health

By line, **Motor**, the Group's biggest business, increased its portfolio of policyholders in the year's first half to **2.58 million, 2.6% more** than in the same period of 2021, and delivered a **2.5% increase** (0,2 p.p. better than the industry average) in income to **€ 383.2 million**.

The Group is seizing the opportunity provided by the electrification of the car fleet and the **Respira Policy**, designed specifically for electric cars and since May includes plug-in hybrids, has also secured a 20% market share.

Home raises its weight of total turnover compared to the same period of 2021. The number of policies in the first half increased by **7.2% to nearly 738,000** which, coupled with an excellent policyholder-retention performance, drove **income** from this line **up by 10.6% to € 71.7 million**. The growth in premiums of Línea Directa in the line doubles that of the market.

Vivaz, Línea Directa Aseguradora's **Health** insurance brand, sustained its above-average pace of growth compared to the overall market, with a 100% digital, flexible and highly competitive offering. Through June, it **grew the customer base by 10.7%** to over 106,000 policyholders, **and posted 13.4% higher premium income (nearly 6 points better than the industry)**, of € 18.8 million.

Net profit for the company in the second quarter was **€ 48.9 million** (-15.9%), impacted by high inflation.

Excellent quarter on the efficiency front

In this challenging landscape, Línea Directa Aseguradora delivered an excellent technical performance, with **the combined ratio at 90%** (+4.5 p.p.). The combined ratio of Motor business line ended at 89,3%, 6,8 points better than the industry average (96,1% at the end of the first quarter, according the latest ICEA data).

Indeed, the Company has showcased its **skilled claims and cost control ability** despite the higher amounts of benefits and repair costs caused by the highest inflation rates seen in decades. Specifically, the claims ratio spiked 4.9 points, to 70.2%.

Meanwhile, the expense ratio decreased by 0.4 p.p. to 19.8%, thanks to an **excellent performance on the efficiency front**. This was approximately 3 points better than the sector average of 22.9% at the end of the quarter. The Motor expense ratio eased to 17.3%, which measures up well against the sector average from end-March (21.1%).

Digitalisation and profitability

Digitalisation is one strategic area of focus for Línea Directa Aseguradora in its bid to continue to become more efficient while at the same time enhancing user experience. At the end of the second quarter, **85.4% of the company's policyholders were digital customers**, over half submitted motor claims online or using the app, and more than 36% of Home policyholders submitted theirs using digital channels.

Robust commercial activity alongside this solid technical performance in a challenging environment helped Línea Directa Aseguradora to remain one of the most profitable insurers in Europe, with an **ROE of 28.3%**. The **solvency ratio** of the company stands at **207%**, compared to the 203% at the end of June 2021 and the 195% at end of the first quarter of this year.

In the words of **Patricia Ayuela, Línea Directa Aseguradora's CEO**, "in complex backdrops such as the current one, the business model of Línea Directa Aseguradora is

clearly a winner and represents a competitive edge that is enabling us to grow in a sustained, profitable manner and beating the sector. We are prepared to move forward with our goal of achieving a turnover of 1,000 million, based on our strengths: multiline group, direct model, quality of service and customer focus, increasing efficiency and digital transformation, and competitive prices.”

LÍNEA DIRECTA ASEGURADORA MAIN FIGURES 2Q 2022

Figures	2Q 2022	2Q 2021	Chg. 21/20
Revenue*	474.8	456.5	+4.0%
Profit before tax*	65.3	77.6	-15.9%
Net profit*	49.0	58.2	-15.9%
Claims 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.
ROE	28.3%	34.9%	-6.6 p.p.
Portfolio (thousands of policies)	3,425	3,300	+3.8%

* € million

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, and homes. Línea Directa is among the 100 Spanish companies with the best reputation, according to the MERCOS Companies ranking. It also offers health insurance, through a new brand built on digitisation and rewards for policyholders.

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

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

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

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