



PRESS RELEASE
2023 ANNUAL GENERAL MEETING

LÍNEA DIRECTA'S CEO DEFINES THE KEYS TO THE 2023 PLAN AS IMPROVING THE TECHNICAL MARGIN, ACCELERATING GROWTH AND CONTAINING EXPENSES

- In her speech to the Annual General Meeting of Línea Directa Aseguradora, the CEO, Patricia Ayuela, detailed the company's action plan to boost its results. This plan establishes the strategic priorities for the company as being improving the technical margin and accelerating growth and the efficiency plan implemented in 2022.
- "2022 has not been easy, but we are beginning to see positive results that indicate we are heading in the right direction," she said, in reference to these actions and their impact on Línea Directa's sales, cost containment and increasing efficiency in 2022.
- Línea Directa Aseguradora will base its growth in 2023 on the gap between its premiums and the averages for the sector, product innovation and marketing, quality of service and diversification.
- The CEO highlighted other competitive advantages for Línea Directa as being its brand reputation and the superiority of the direct business model, due to its cost efficiency, its responsiveness and agility in customer relations, and its flexibility in technological adaptation.
- Línea Directa Aseguradora's shareholders overwhelmingly approved the resolutions submitted to the General Meeting, including the board's management and the appropriation of earnings for 2022, which included distribution of dividends for the year amounting to 53.6 million euros, a payout ratio of 90%.

Madrid, 30 March 2023. At today's Annual General Meeting, the CEO of [Línea Directa Aseguradora](#), **Patricia Ayuela**, detailed the company's action plan to "increase its competitive advantages", "deepen and accelerate everything that went well" in 2022 and enhance Línea Directa's results in the context of inflationary pressure on insurance margins.

The CEO began by reviewing the company's main figures for 2022, a year she described as "especially difficult for the insurance sector as a whole" due to the impact of higher claims-related expenses on the income statement, with a combined ratio of 96.3% and net profit of 59.5 million euros. She highlighted the excellent figures recorded by the Group for generation of business, cost containment and efficiency gains.

"2022 has not been easy, but we are beginning to see positive results that indicate we are heading in the right direction," she said in the second part of her speech, in reference to that action plan and its effect on the company's generation of business, cost containment and efficiency gains.

She said that the priorities for the insurer are to **improve its technical margin**, through personalised adjustment of premiums to the risk of each customer, and a series of optimisations of the management of repair costs, among other initiatives.

Another priority is **to accelerate the efficiency plan implemented in 2022**, through a thorough review and optimisation of the company's organisation and its operational processes, and digitalisation through artificial intelligence. The objective of this improvement in efficiency is **to increase the gap compared to costs in the sector, which, together with effective risk underwriting, enables Línea Directa to offer premiums that are lower than the sector average**.

The third priority set by the CEO is to **drive growth**, based on four pillars: the gap in average premiums compared to the market, innovation in insurance products, quality, and diversification.

Pillars of growth in 2023

The **price gap compared to the competition for the best risks** will enable the company to extract even more value from one of its main competitive advantages: the price-quality relationship associated with the brand. "At a time when the sector as a whole is increasing its prices, offering more competitive rates is a real driver for attracting customers looking to change insurers," she explained.

With regard to the **second pillar of growth, innovation in insurance products**, the CEO mentioned the implementation of new product development processes, which have already led to the launch of market-leading commercial offerings, such as the "Formula car + home", the first step towards policy convergence by an insurer in Spain. "Coupled with adapting and refining our advertising for the new environments where consumers - and, therefore, our potential customers - are to be found," she added.

The CEO emphasised **quality** as another decisive pillar for Línea Directa, being essential for building loyalty and reputation. She said that this boost to quality is based on "simplifying and facilitating the relationship with customers and their experience through very efficient processes, particularly at key times, such as in handling claims".

Finally, although car insurance currently accounts for 82% of Línea Directa's business and the company is committed to continuing to grow robustly in this sector, the CEO said that the company will continue to **diversify** through Home and Health insurance, which now account for 18% of the group's premium income. She said that Línea Directa is exploring new avenues for growth, such as the recent entry into the Health segment, and is working on the launch of new Home insurance products and services.

The CEO stressed the competitive advantage Línea Directa derives from its **direct business model** - described as "essentially superior to others" - due to: its cost efficiency and the deeper knowledge of its customers it offers, enabling the company to respond with greater agility to their needs. It also offers greater flexibility and technological adaptation, due to the lack of conflict between channels. "This model is enhanced by our **Línea Directa brand** and our expertise in underwriting risks," she added.

2022: a good year for growth and efficiency

The CEO summarised 2022 as "a year of **recovery and accelerating growth, cost containment** and **efficiency gains**, where the most negative note - the significant

decrease in profit - was due to a **temporary decoupling of premiums written from claims-related expenses**".

Turning to the company's results for the previous year, the CEO highlighted the acceleration in turnover, **which was four-times higher than the growth rate in the previous year**, with an increase of 4.4% to 946.6 million euros, the highest in Línea Directa's history. The Group added another 114,000 customers and now has nearly 3.5 million policyholders (+3.4%).

The CEO highlighted the strong performance of revenue from Car insurance, which increased by 3.3%, in line with the market, and stood at 4.6% at the end of the last quarter of 2022. Growth in both Home (+9.5%) and Health (+10%) insurance outstripped the sector.

The CEO attributed the strong performance of revenue to the **"dedication and effort of the 2,500 people who work at Línea Directa, our brand reputation, the audacity of the company's commercial approach and its operating capacity"**, with the latter being enhanced through a new multi-branch organisation aimed at driving sales capacity and customer loyalty. **"Currently, 30% of customers have more than two policies with Línea Directa.** We want to increase this considerably," she said.

"We are growing at a healthy pace and in a very efficient way", Ms Ayuela said, noting that while average inflation in Spain stood at 8.4% in 2022, the increase in the company's overhead expenses was three-times less than this, at 2.8%, with the ratio remaining stable (20.6%) and among the best in the sector. This is increasingly driven by what the CEO described as **"Línea Directa's firm commitment to digitalisation**, which extends to all its internal processes and relations with suppliers and customers".

In 2022, Línea Directa exceeded one million mobile apps installed (+40%), and digital customer interactions surpassed telephone interactions for the first time in the company's history. "This ability to attract and keep our customers on our digital platforms will be decisive for expanding our cross-selling capacity at zero marginal cost in the future," Ms Ayuela said, stressing that the company's **overall productivity rose by 6.9% in terms of premiums per employee in the year**, significantly higher than the increases at comparable listed companies in the insurance sector in Spain.

In terms of **profitability and solvency**, the Línea Directa Group's ROE at year-end 2022 stood at 17.8%, more than four percentage points higher than the average for the Spanish insurance sector, with a solvency margin of 188.4%.

Today's Annual General Meeting, held in Tres Cantos, Madrid, was **attended by 77.81% of the share capital**. The meeting approved by a majority the annual financial statements, the board's management in 2022 and the distribution of dividends for the year.

With a final dividend of 0,001 euros gross per share proposed by the Board of Directors and approved by the meeting this Thursday, the total remuneration to the company's shareholders charged to 2022 profit amounted to 0.049 euros gross per share, totalling 53.6 million euros, with a **payout ratio of 90%**.

Commitment to sustainable business

Ms Ayuela also referred to Línea Directa Aseguradora's commitment to sustainability. The board of directors reported on Thursday to the Annual General Meeting on the

Group's Sustainability Plan for the next three years. This Plan consolidates the Group's management of environmental, social and governance aspects. "We are a company with ambitions for the future. That means making our business sustainable over the long term while adapting to the needs of the moment," she said.

The main milestones achieved by the company in 2022 in this area were the **remarkable progress in the Group's position in the Dow Jones Sustainability Index**, improving by more than 40 points in one year, positioning it in the 89th percentile, and **adherence to the TCFD** as part of its commitment to the fight against climate change. The CEO also praised the **work of Línea Directa Foundation**, in relation to road safety, and the company's commitment to **employee welfare, equality, diversity, disability and professional development**, which led to the company's inclusion in indexes and rankings such as Merco Talento, EFR, Top Employers and the Ibox Gender Equality Index.

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 reputations, according to the MERCOS Companies ranking. It also offers health insurance, through a new brand built on digitisation and rewards for policyholders.

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