

ACQUISITION OF DIRECT LINE'S OPERATIONS IN GERMANY AND ITALY

Presentation for Investors and Analysts

September 2014



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The transaction

- ✓ MAPFRE acquires Direct Line's subsidiaries in Italy and Germany
- ✓ Acquisition price: €550 million
- ✓ Positive contribution to the Group's results from the beginning

Key highlights of the transaction



Alignment with MAPFRE's strategy



Acquisition of successful, profitable and consolidated businesses



Complementary fit and opportunity to fully maximise the capacities of the Group's business model



Growth potential and value creation

Key highlights of the transaction



Alignment with MAPFRE's strategy

The transaction is a significant step forward in the strategy announced during the last AGM:

- ✓ International diversification - growth in Europe
- ✓ Multi-channel approach - development of the direct insurance business
- ✓ Utilisation of our in-house digital platform for online direct insurance in new markets

Key highlights of the transaction



Acquisition of successful, profitable and consolidated businesses

Direct Line in Germany and Italy - some data:

- ✓ Operates in direct insurance since 2002
- ✓ Leader in the direct insurance market in Italy and ranks third in Germany, with market shares of 28% and 13%, respectively, in Motor direct insurance
- ✓ More than 1,000,000 in-force policies in Italy and close to 600,000 in Germany
- ✓ Consistently profitable business since 2009
- ✓ Very significant average growth rates between 2009 and 2013:
 - Italy: 16% in premiums and 88% in profits
 - Germany: 9% in premiums and 20% in profits
- ✓ Important distribution agreements with major brand car dealerships, supermarkets and web portals

Key highlights of the transaction



Complementary fit and opportunity to fully maximise the capacities of the Group's business model

- ✓ Focus on Motor and Homeowners segments
- ✓ Search for operational efficiency, providing our policyholders with excellent service
- ✓ Rigorous underwriting and investment policies

Key highlights of the transaction



Growth potential and value creation

The integration with MAPFRE permits to:

- ✓ Adopt the technology developed by MAPFRE, the sector leader in Spain, for online sales
- ✓ Apply the operational excellence model thanks to which MAPFRE has achieved high levels of efficiency
- ✓ Boost the current range of products, while developing new lines of business, making the most of MAPFRE's successful track record
- ✓ Improve the combined ratio
- ✓ Access a renowned market leader's excellent know-how in the direct insurance business
- ✓ Take advantage of MAPFRE ASISTENCIA's presence in Italy and Germany
- ✓ Optimise the reinsurance structure thanks to the co-operation with MAPFRE RE

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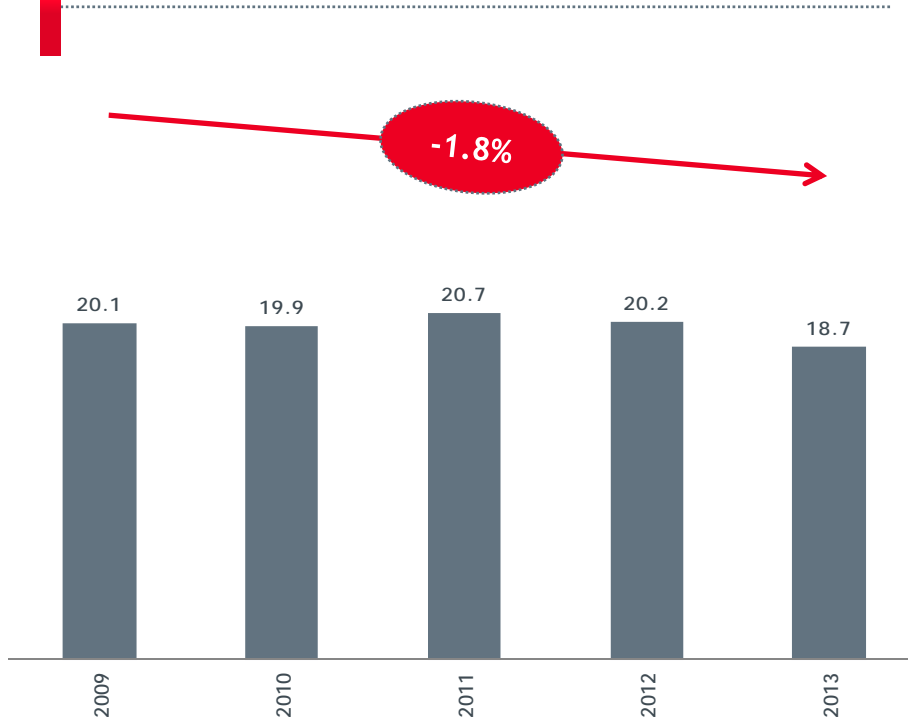
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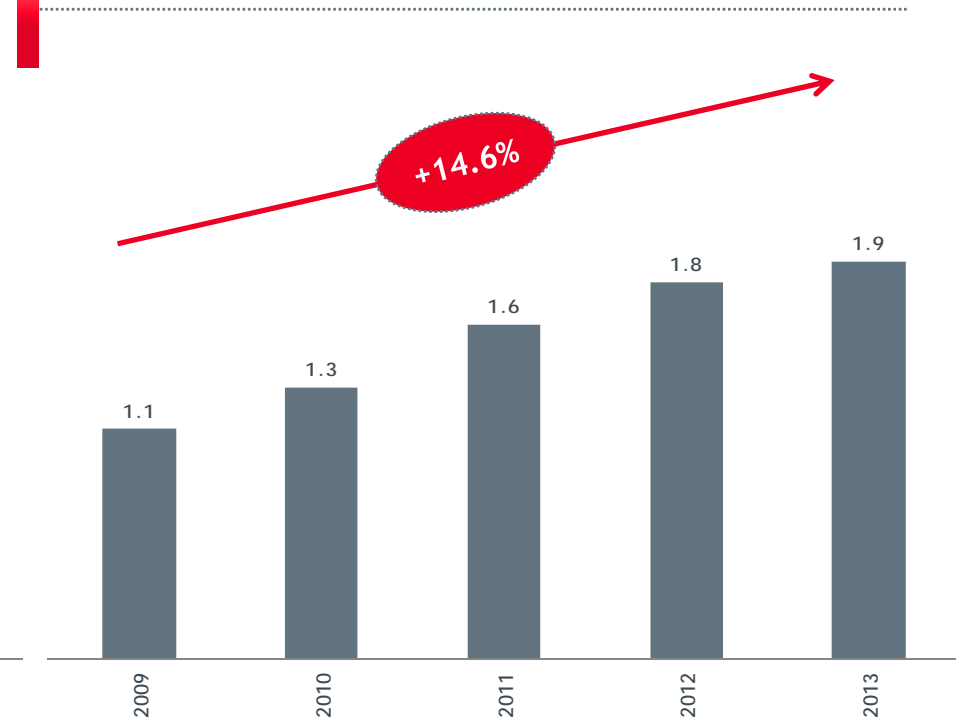
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Italian market

Gross written premiums - Motor - Total



Gross Written Premiums - Motor - Direct Insurance Channel

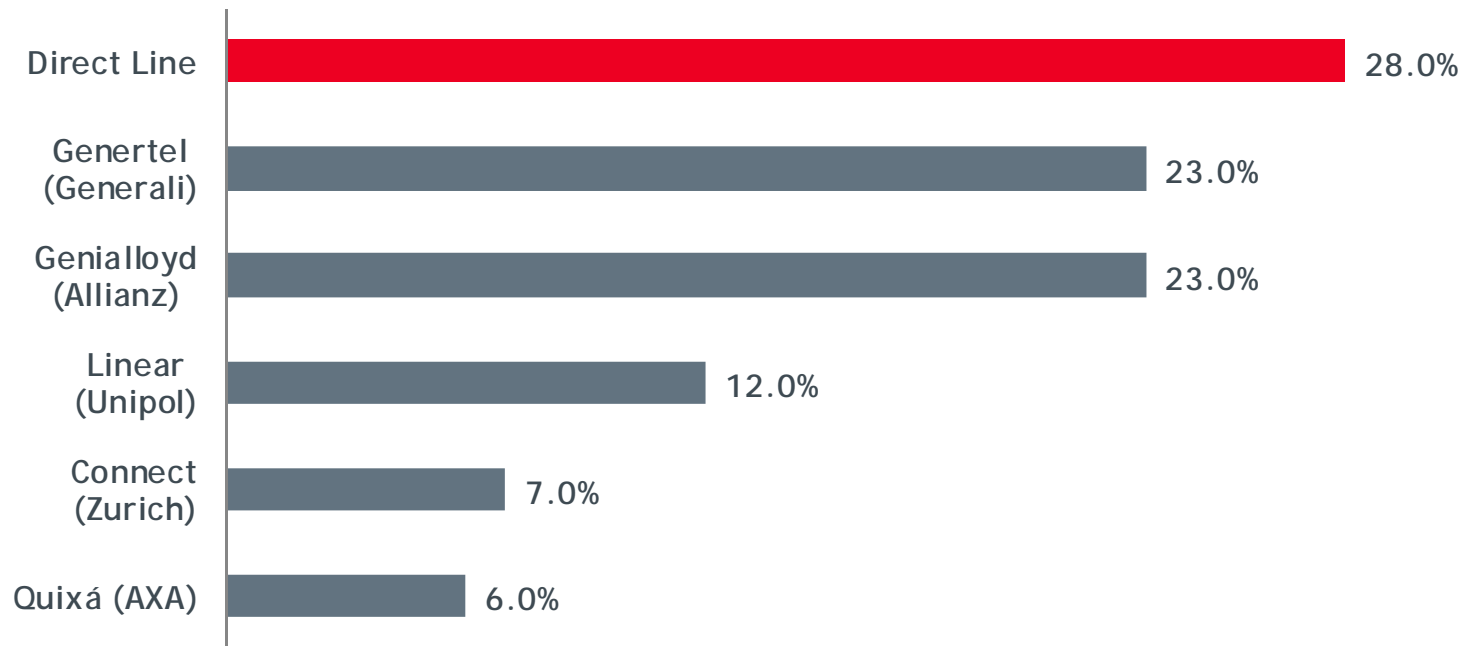


Figures in billion euros

Italy is the second largest vehicle park in Europe. Motor premiums have fallen slightly over the last years due to the economic slowdown. The direct insurance channel has been growing faster than the market, reaching a 10.2% share of total premiums.

Italian market

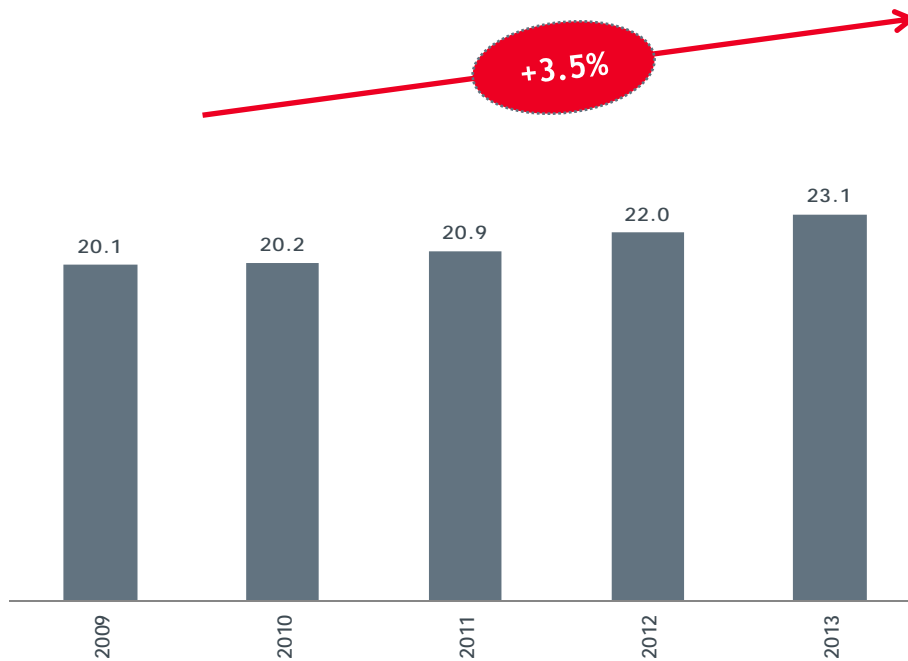
Market share - Motor Direct premiums (%)



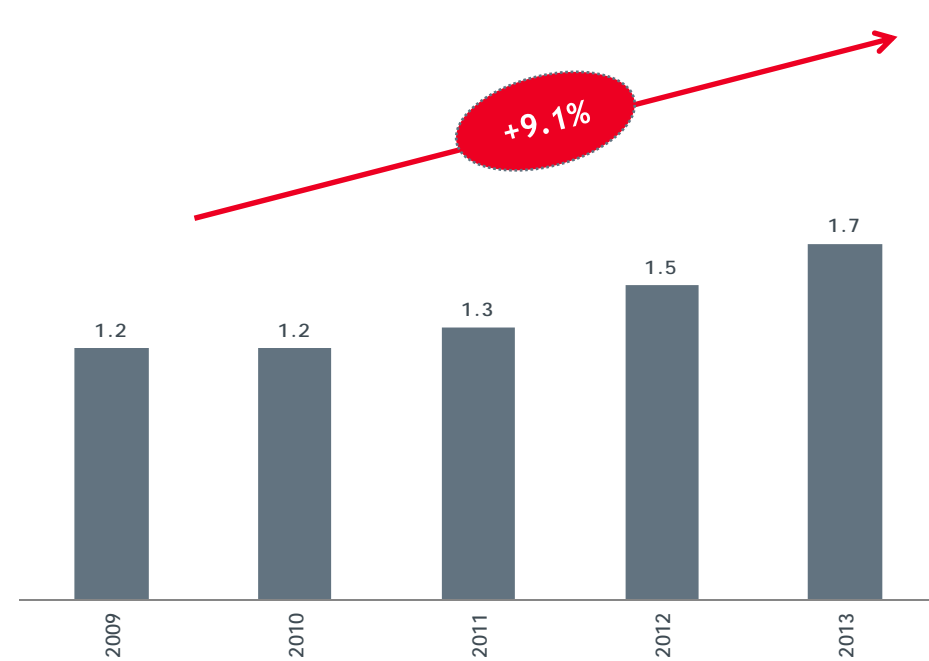
Direct Line clearly leads this segment

German market

Gross written premiums - Motor - Total



Gross Written Premiums - Motor - Direct Insurance Channel

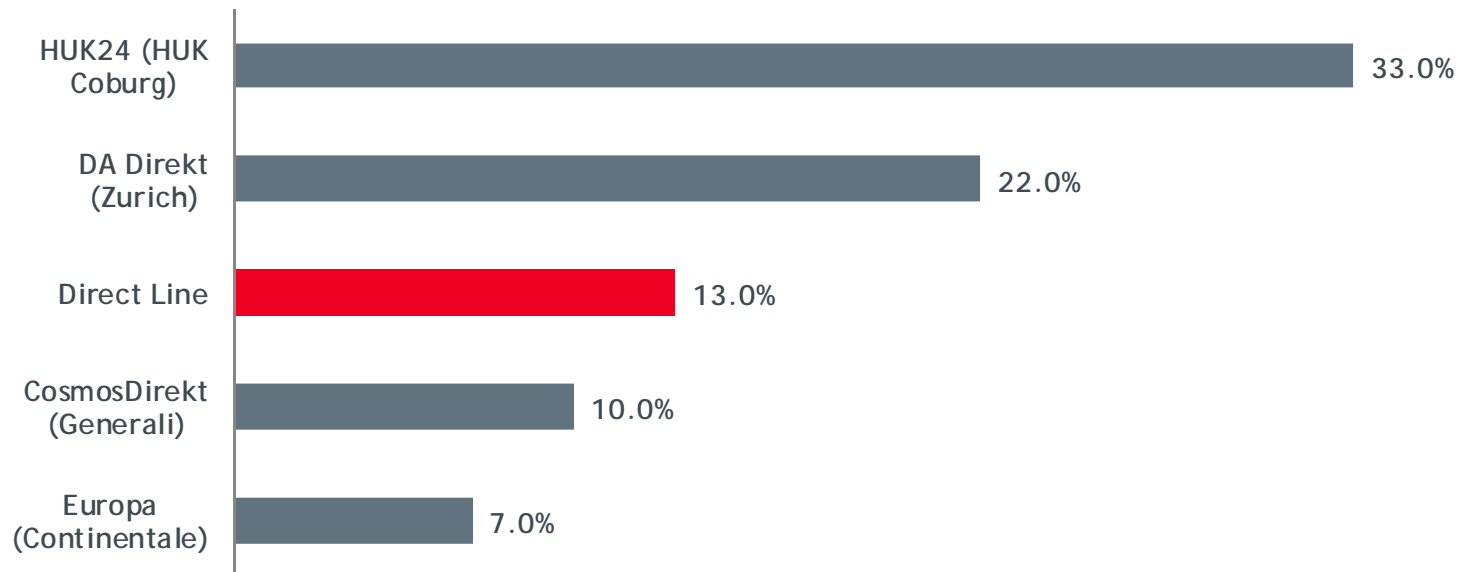


Figures in billion euros

Germany is the largest vehicle park in Europe and is enjoying healthy premium growth, both due to positive pricing dynamics and to the increase in cars on the roads. Direct Insurance has been growing faster than other channels, reaching 7.4% share of total premiums in 2013.

German market

Market share - Motor Direct premiums (%)



Direct Line ranks third in the direct insurance market

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Direct Line's business in Germany and Italy

	2011	2012	2013	1H 2014 ^(*)
Written and accepted premiums	654.7	680.0	713.5	404.9
Profit before tax	5.0	23.6	19.5	16.5

Figures in million euros

Source: Company data

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