

2024 Full year results

4 March 2025



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- changes to law, regulation or regulatory approach following any change in government;
- the terms of the trading and other relationships from time to time between the UK and the EU and between the UK and other countries, and their implementation;
- the impact of the FCA's GIPP regulations and Consumer Duty regulations and of responses by insurers, customers and other third parties and of interpretations of such rules by any relevant regulatory authority;
- market-related risks such as fluctuations in interest rates, exchange rates and credit spreads, including those created or exacerbated by the war in Ukraine following the Russian invasion and/or conflict in the Middle East;
- the policies and actions and/or new principles, rules and/or regulations, of regulatory authorities and bodies, and of changes to, or changes to interpretations of, principles, rules and/or regulations (including changes made directly or indirectly as a result of Brexit or related to capital and solvency requirements or related to the Ogden discount rates) and of changes to law and/or understandings of law and/or legal interpretation following the decisions and judgements of courts;
- the impact of competition, currency changes, inflation and deflation;
- the timing, impact and other uncertainties of future acquisitions, disposals, partnership arrangements, joint ventures or combinations within relevant industries; and
- the impact of tax and other legislation and other regulation and of regulator expectations, requirements, interventions, enforcements, fines and requirements and of court, arbitration, regulatory or ombudsman decisions, judgements and awards in the jurisdictions in which the Group and its affiliates operate.

In addition, even if the Group's actual results of operations, financial condition and the development of the business sector in which the Group operates are consistent with any forward-looking statements contained in this document, those results or developments may not be indicative of results or developments in subsequent periods.

The forward-looking statements contained in this document reflect knowledge and information available as at the date of preparation of this document. The Group and the Directors expressly disclaim any obligation or undertaking to update or revise publicly any forward-looking statements, whether because of new information, future events or otherwise, unless required to do so by applicable law or regulation. Nothing in this document constitutes or should be construed as a profit forecast or estimate for any period.

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Agenda

Strategic and operational progress

Adam Winslow, Group CEO

2024 financial results

Jane Poole, Group CFO

Strategic and operational progress

Adam Winslow, Group CEO



2024 results key messages

- 1 Clear turnaround strategy launched in 2024 to improve operational and financial performance
- 2 Significant progress delivered by the new team
- 3 £395m increase in operating profit with 22pt Motor margin improvement
- 4 Strong solvency capital ratio of 200%, before 5.0p final dividend
- 5 Proposed acquisition by Aviva; Direct Line shareholder vote to approve the transaction on 10 March

Clear turnaround strategy launched in 2024 to improve operational and financial performance

Iconic brands & unique assets

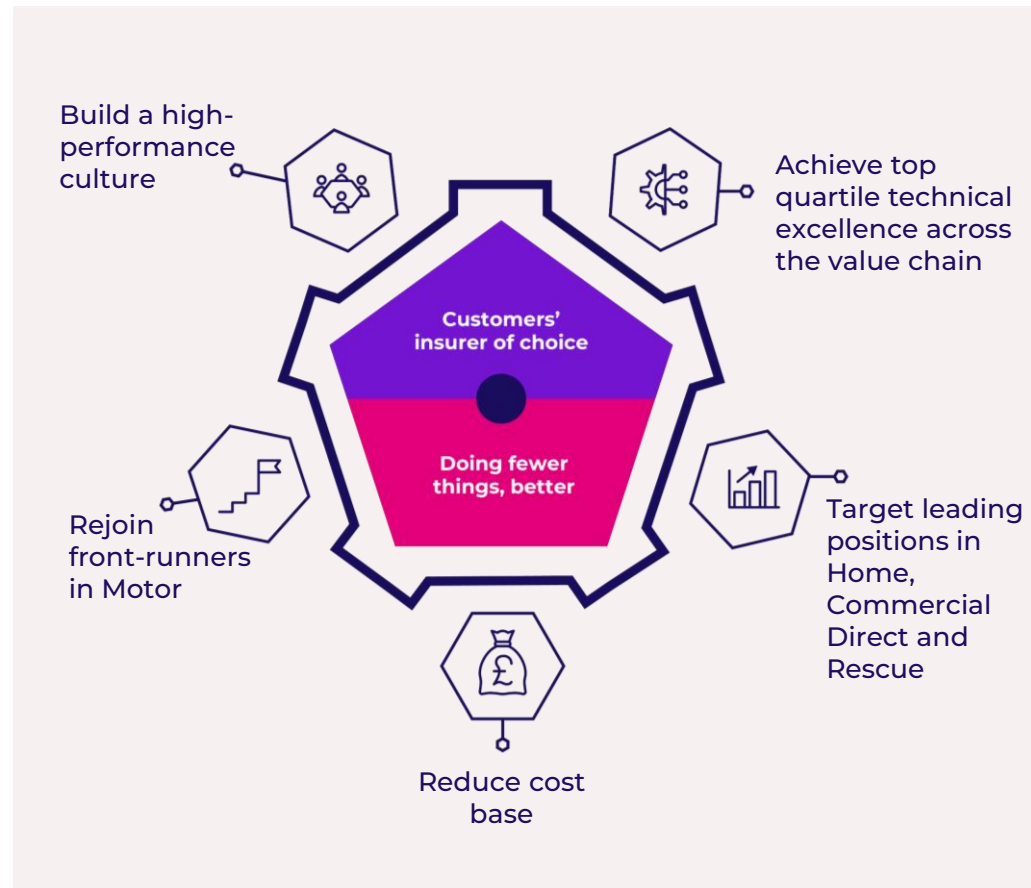


Largest rescue brand owned by a UK Personal Lines insurer



Owned network of 23 sites

Turnaround strategy launched

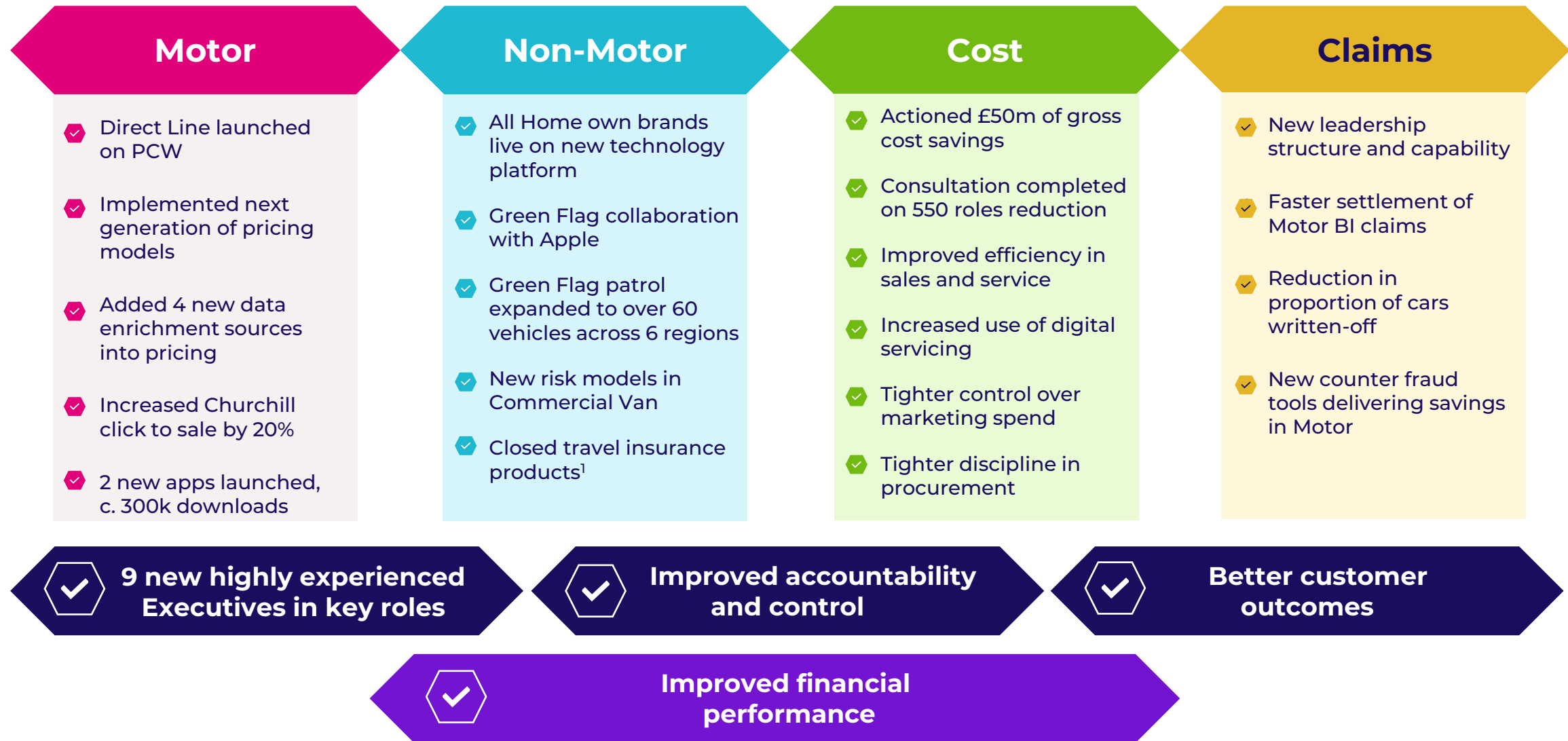


Clear targets

- 1 At least **£100m gross run-rate cost savings** by end of 2025
- 2 **Non-Motor premium CAGR of 7% to 10%** between 2023-26
- 3 **13% NIM¹ in 2026** Supported by business transformation

(1) Ongoing operations, normalised for event weather

Significant progress delivered by new team



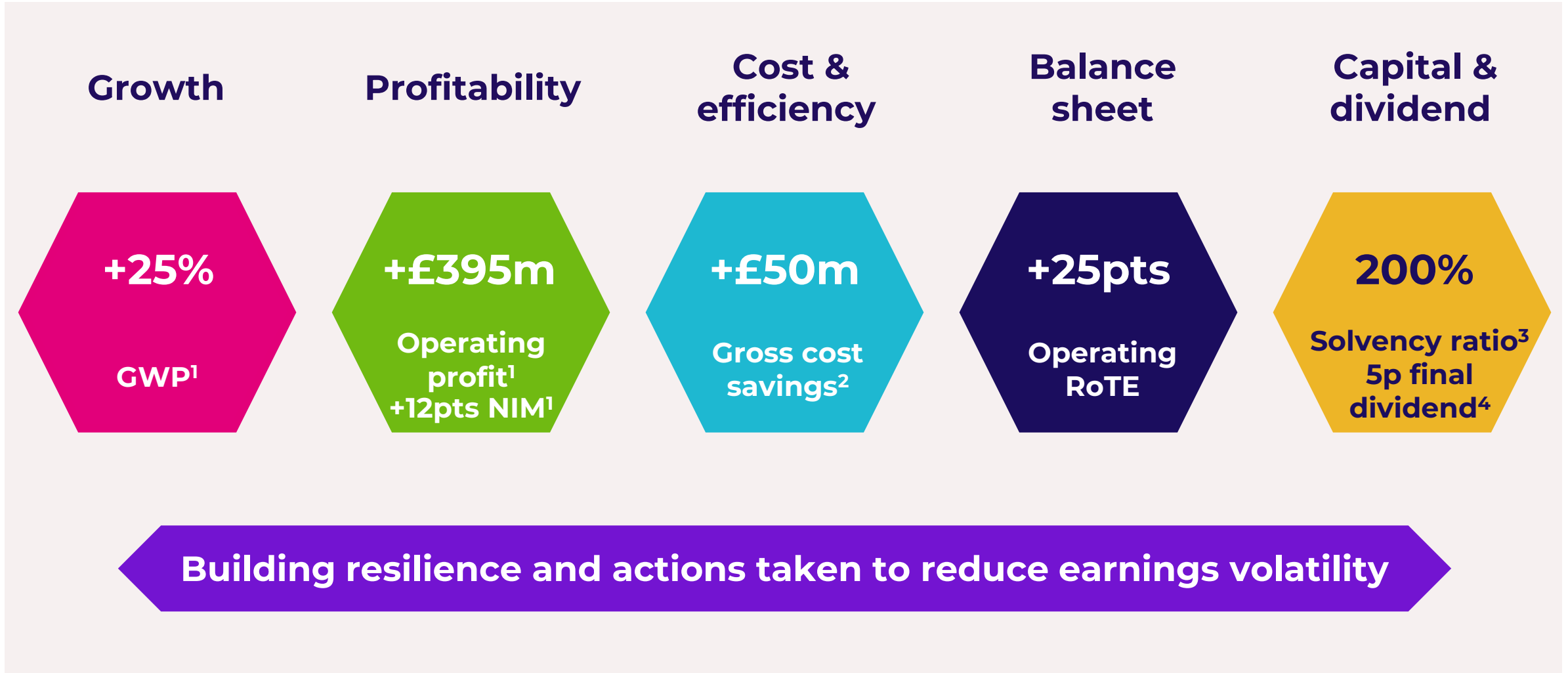
(1) Annual multi-trip and single trip travel insurance products

Financial results

Jane Poole, Group CFO

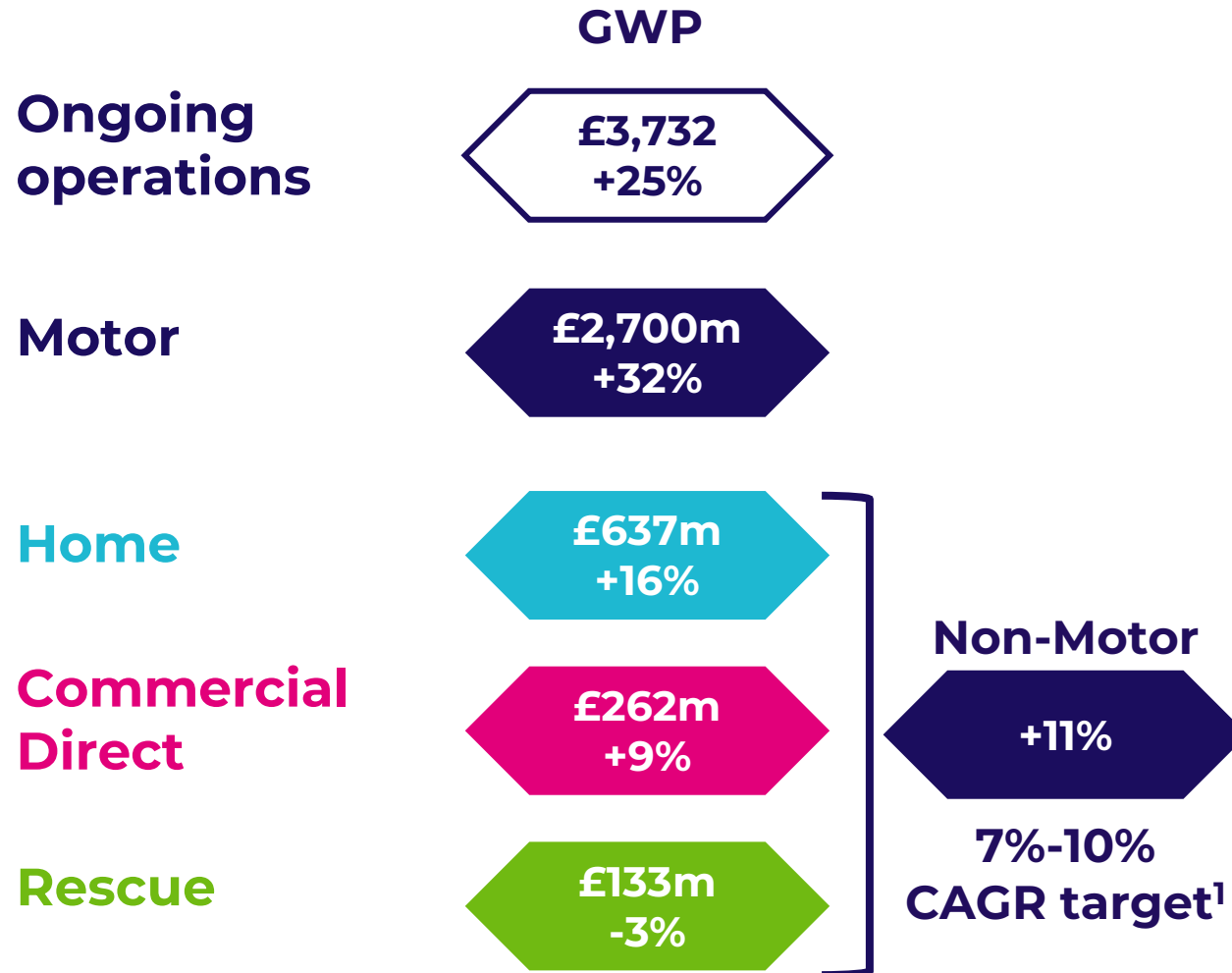


Improving business performance and financial resilience



(1) Ongoing operations (2) Group cost base, £50m gross run rate savings actioned in 2024 (3) Solvency ratio pre the 5p dividend (4) As part of the agreed offer consideration and payable without any reduction to the offer consideration payable by Aviva under the terms of the acquisition set out in the 2.7 announcement published on 23 December 2024

Double digit premium growth in Motor and Non-Motor



- **Motor:** 32% growth bolstered by Motability partnership. PCW policies grew during the year
- **Home:** Double digit premium growth supported by higher average premiums, new business growth and strong retention
- **Commercial:** Growth driven by Landlord and SME due to higher rates and stable retention
- **Rescue:** Lower due to linked policies reducing with Motor volumes. Green Flag retention on an improving trajectory

(1) Compound annual growth 2023-2026

£395m increase in operating profit

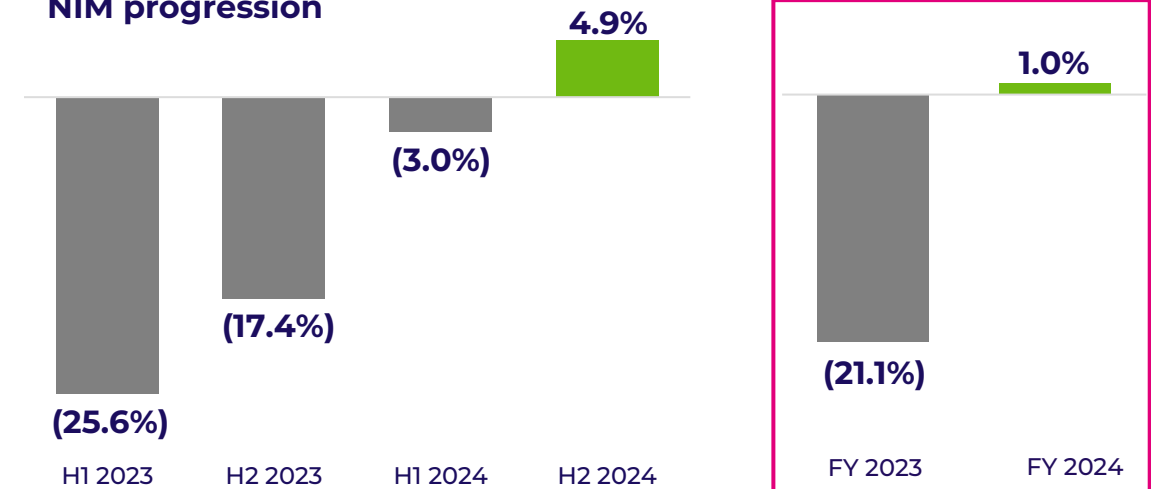
Results summary	2024 £m	2023 £m	Change £m
Gross written premium and associated fees ¹	3,732	2,978	754
Insurance service result ¹	105	(212)	317
Investment income ¹	200	139	61
Ongoing operating profit / (loss) ¹	205	(190)	395
Brokered commercial business and Non-core and Run-off	40	(2)	42
Group operating profit / (loss)	245	(192)	437
Restructuring and one-off costs	(118)	(60)	58
Profit / (loss) after tax	163	223	(60)
Key performance indicators	2024	2023	Change
Net insurance margin (NIM) ¹	3.6%	(8.7%)	12.3pts
Net insurance margin normalised for event weather (NIM) ¹	3.0%	(10.0%)	13.0pts
Operating earnings / (loss) per share (pence)	9.8p	(12.8p)	22.6p
Operating return on tangible equity (RoTE)	10.0%	(14.9%)	24.9pts

- GWP growth in both Motor and Non-Motor at 32% and 11% respectively
- Ongoing operating profit of £205m, £395m improvement year on year driven by £427m increase in Motor
- Ongoing NIM of 3.6%, 12.3pts improvement versus prior year. Significant increase in Motor NIM while underlying margins strong in Non-Motor
- 44% increase in ongoing investment income due to interest rate environment
- Group profit after tax of £163m, £60m lower than prior year which included £444m of proceeds from sale of Brokered Commercial business
- Operating EPS increased by 22.6p and operating RoTE improved by 24.9pts

Improved momentum, returned to profitability

Results summary	2024	2023	Change
Gross written premium and associated fees £m	2,700	2,048	652
Insurance service result £m	19	(332)	351
<i>Of which prior year development £m</i>	21	<i>(138)</i>	159
Operating profit / (loss) £m	107	(320)	427
Net insurance margin	1.0%	(21.1%)	22.1pts
Current year net insurance margin	(0.1%)	(12.3%)	12.2pts

NIM progression

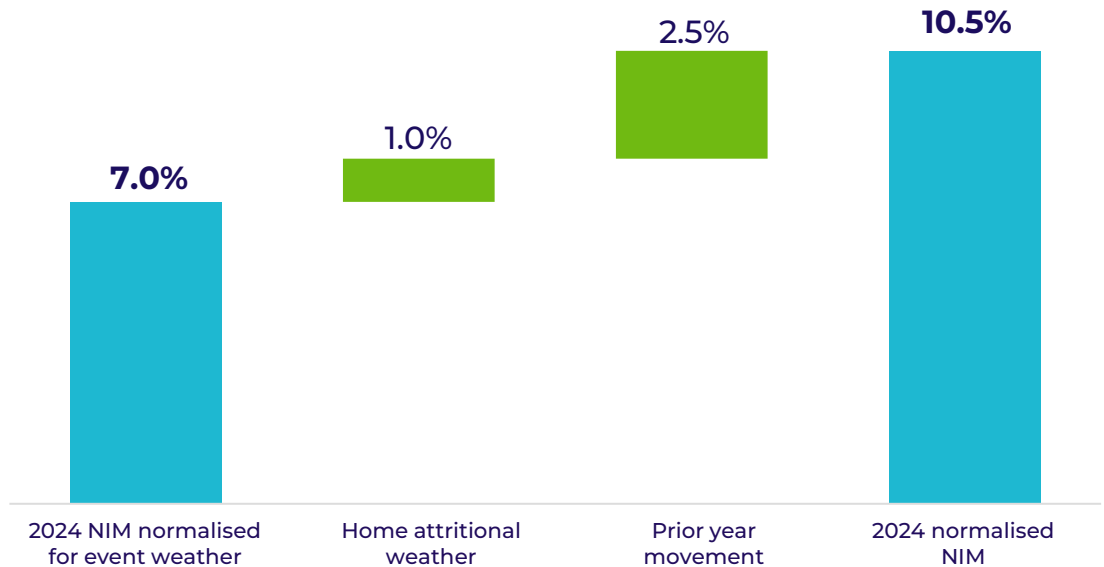


- GWP growth delivered by partnership with Motability and higher rates across own brands
- 22pt improvement in NIM supported by better current year and prior year claims ratios
- 11pt improvement in current year claims ratio as higher margin earned through. 10pt improvement in prior year claims ratio supported by Ogden release
- NIM was 4.9% in H2 (H1: -3.0%)

11% premium growth and strong current year margin

Results summary	2024	2023	Change
Gross written premium and associated fees £m	1,032	930	102
Insurance service result £m	85	120	(35)
<i>Of which prior year development £m</i>	<i>(24)</i>	<i>(6)</i>	<i>(18)</i>
<i>Of which event weather £m</i>	<i>(43)</i>	<i>(27)</i>	<i>(16)</i>
Operating profit £m	98	130	(32)
Net insurance margin	8.9%	14.0%	(5.1pts)
Current year net insurance margin	11.4%	14.7%	(3.3pts)
Net insurance margin normalised for event weather	7.0%	10.2%	(3.2pts)

Normalised NIM walk

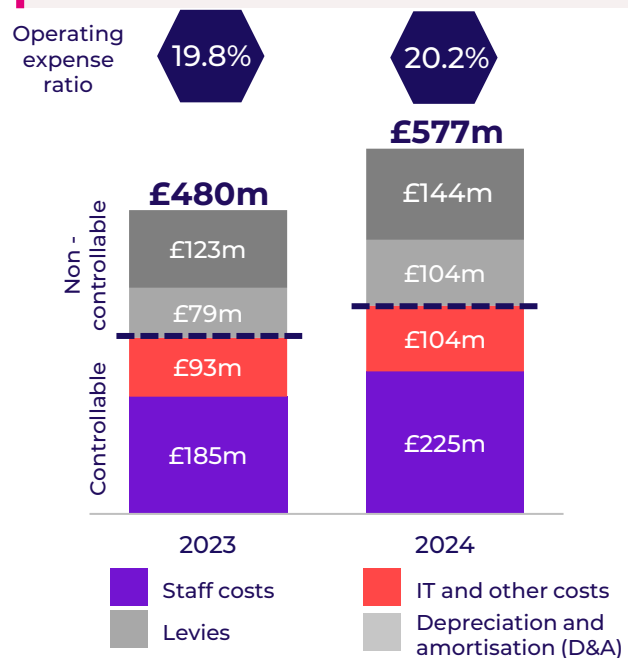


- Strong GWP growth of 11%, ahead of CAGR target of 7% to 10%
- Prior year strengthening largely driven by subsidence in Home
- NIM normalised for event weather of 7.0% improves to 10.5% once normalised for attritional weather and prior year movement

Good progress on costs

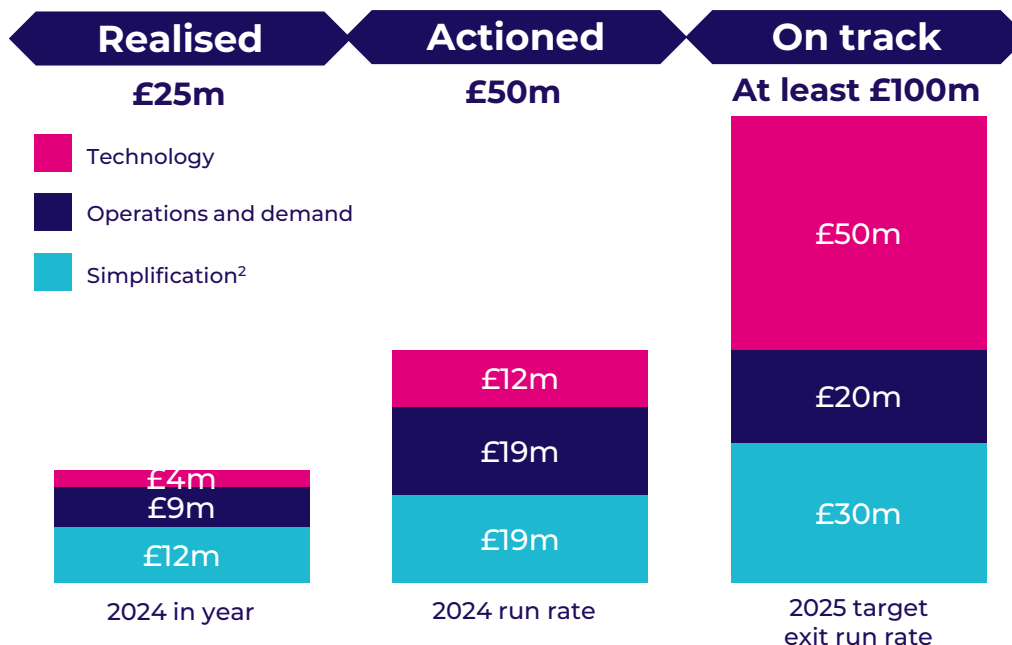
Ongoing operating expenses

- Controllable cost increase reflects Motability and expected inflation
- Operating expense ratio broadly stable at 20.2% (2023: 19.8%)



Group cost base¹

- Actioned £50m of gross run rate cost savings in 2024, of which £25m realised in year. Full run rate benefit expected in 2025
- On track to deliver at least £100m gross run rate cost savings by exit 2025



- ✓ Removing legacy systems, leveraging existing platforms
- ✓ Increasing digital adoption
- ✓ Tighter cost control with third party suppliers
- ✓ Simplifying the operating model

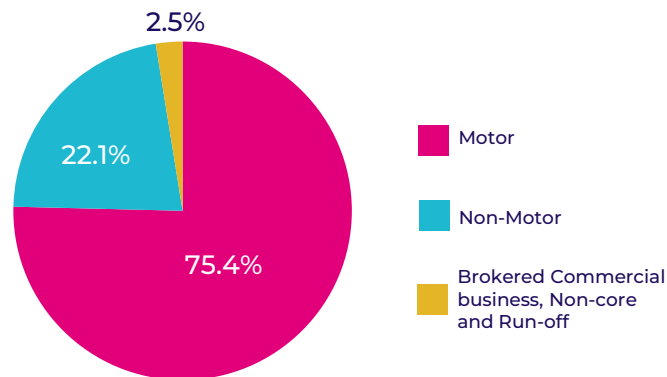
(1) Group total operating expenses, acquisition expenses, and claims handling expenses, adjusted to exclude restructuring and one-off costs, commission expenses and costs associated with the brokered commercial business, Motability and By Miles (2) 2024 includes £7m of savings from improved marketing efficiency

Improving balance sheet strength

Reserving adequacy

- Our reserves are well positioned within the reasonable range of best estimates
- Independent third-party reserve review of 95% of claims completed during Q4
- Independent rejections completed by auditors

Net liability for incurred claims



Reinsurance

- Implemented comprehensive reinsurance programme, reducing volatility, optimised for risk and cost

Motor XoL¹

- Removed aggregate deductible from xs £10m layer
- Unlimited cover above £5m

Motability

- Policies 80% reinsured back to Motability

- XoL unlimited cover above £5m²

Property catastrophe¹

- Cover limit increased in line with exposure movement
- Retention maintained at £100m

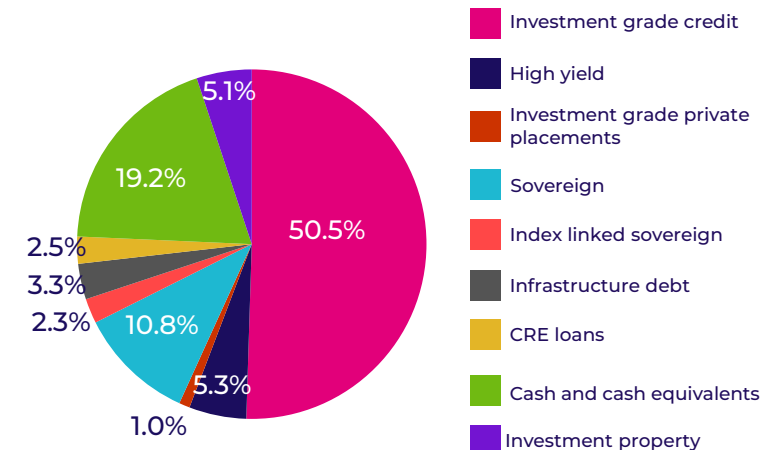
Whole account quota share³

- 10% Quota share remains in place, maintaining existing capital benefits

Investments

- Well diversified, lower risk portfolio optimised to match claims duration. FX well hedged
- Beneficiary of higher yields, delivered on our guidance with a net income yield of 4.1%⁴
- £5.7bn assets under management,^{4,5} portfolio optimised for risk and return

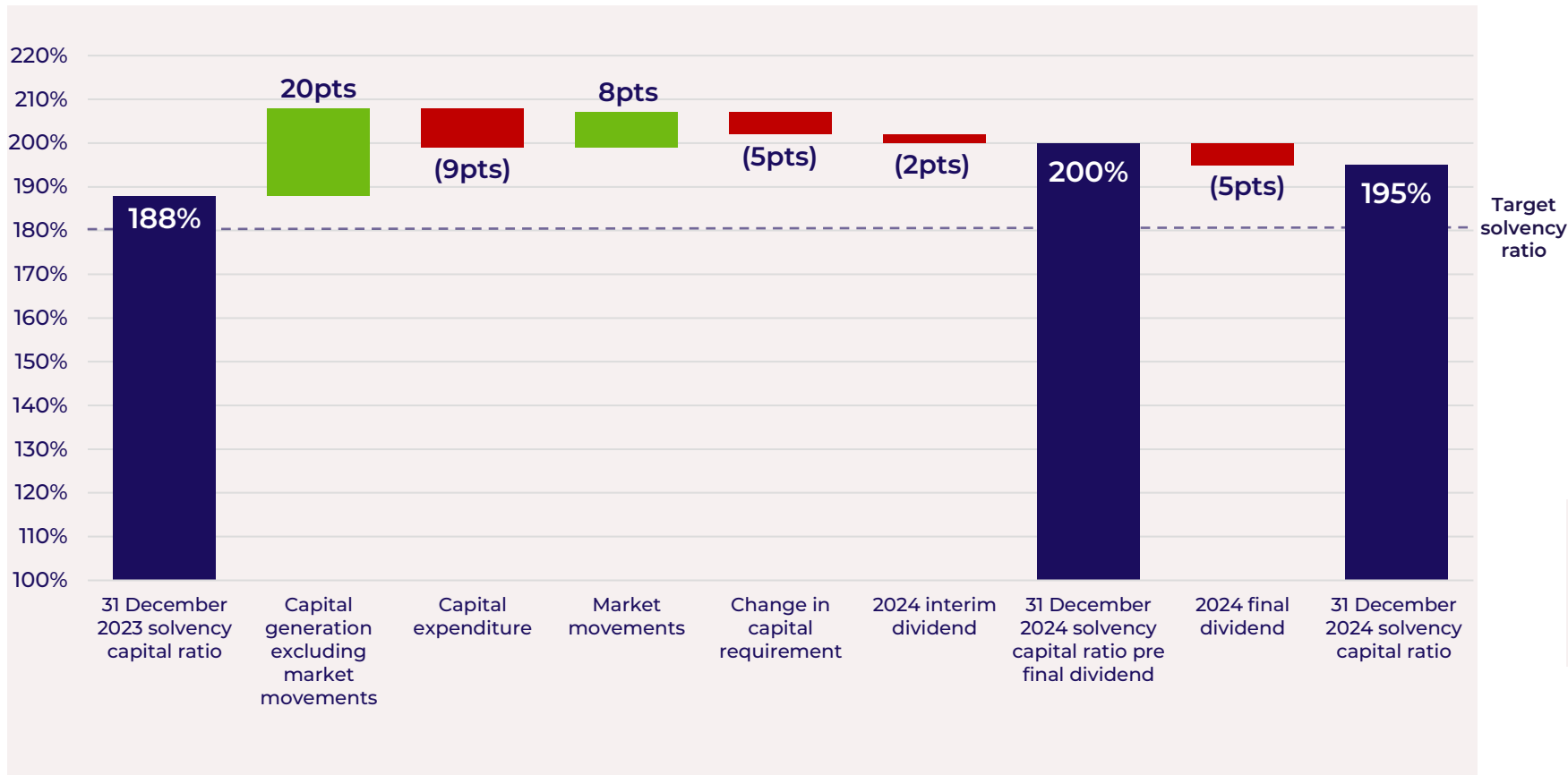
Assets under management



(1) Cover incepted on 1 January 2025 for one year (2) Purchased and incepted on 1 October 2024 (3) Cover incepted on 1 January 2023 for three years (4) Group (5) Includes £298.1m funds withheld asset, held in association with quota share reinsurance contracts, which are included in the cash and cash equivalents asset class under statutory reporting. Excludes equity investments of £20.1m

Strong solvency ratio and final dividend of 5.0p

Solvency ratio walk^{1,2}

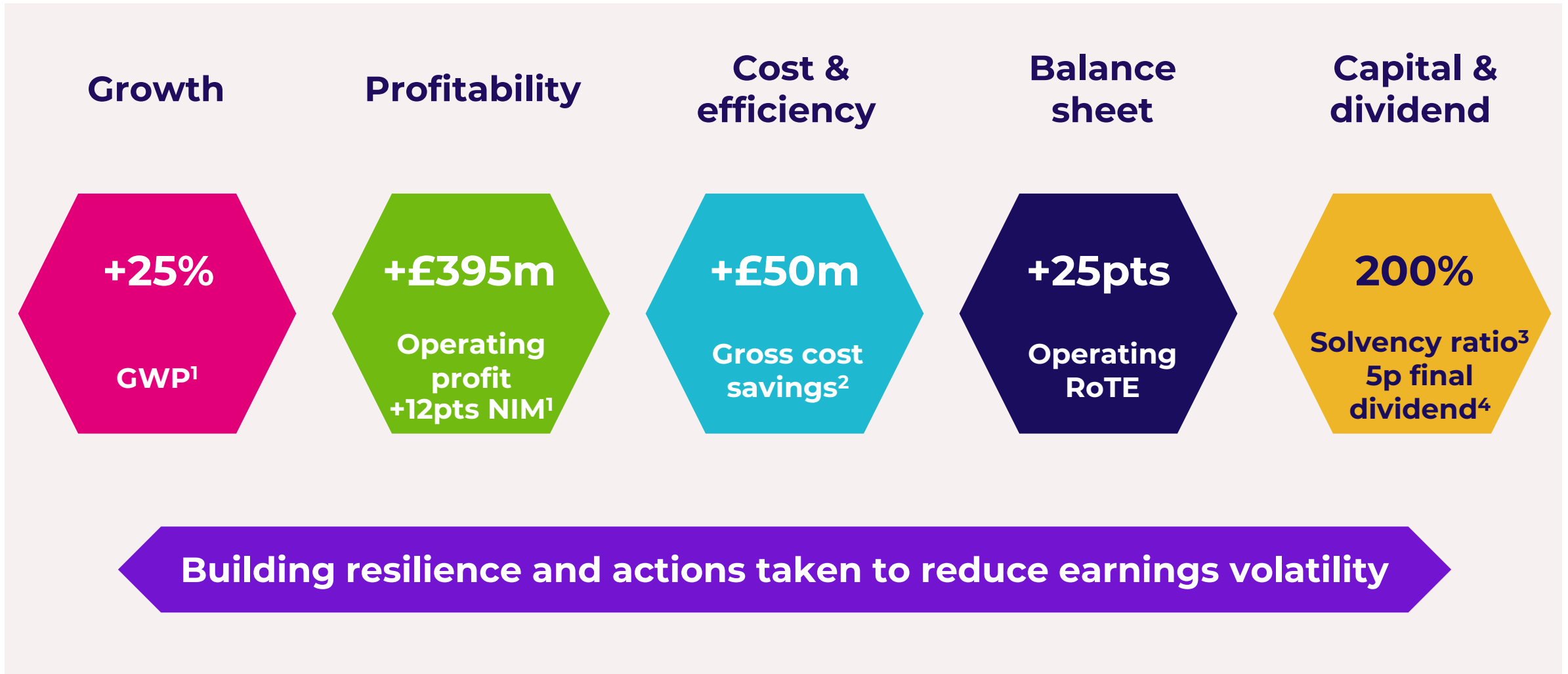


5.0 pence
Final dividend³

- Ex dividend date: 3 April
- Payment date: 19 May

(1) Estimates based on the Group's Solvency II partial internal model (2) The full year 2023 solvency capital ratio has been represented as explained in the Chief Financial Officer review of the 2024 half year report (previously reported in the Group's full year 2023 preliminary results and Annual Report and Accounts as being 197%) (3) As part of the agreed offer consideration and payable without any reduction to the offer consideration payable by Aviva under the terms of the acquisition set out in the 2.7 announcement published on 23 December 2024

Improving business performance and financial resilience



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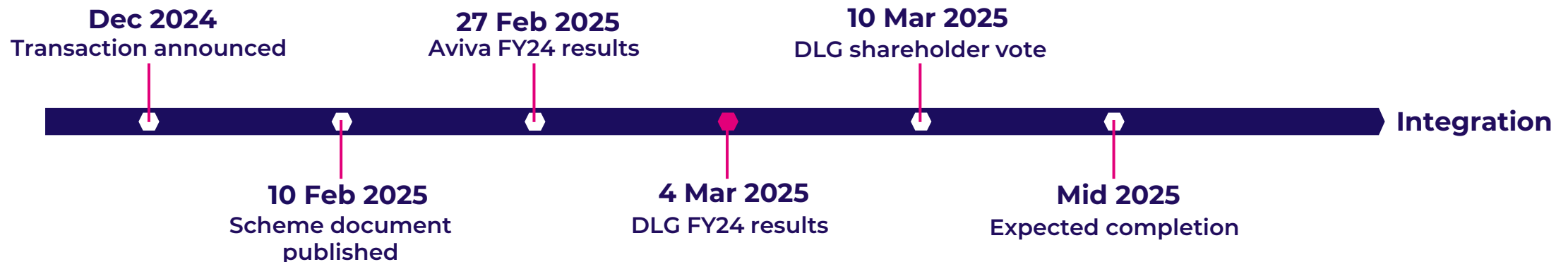
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Thank you

Update on acquisition of DLG by Aviva

- As announced on 23 December 2024 the boards of Direct Line and Aviva reached an agreement on the terms of a recommended cash and share offer for Direct Line
- The transaction values each Direct Line share at 275 pence and values the entire diluted share capital of the Group at approximately £3.7 billion¹
- Transaction subject to regulatory approvals from the PRA, FCA, as well as the CMA
- Direct Line shareholder vote on 10 March 2025, current estimate for transaction close is mid 2025



(1) Based on the closing price of Aviva shares of 489.3 pence on 27 November 2024 (being the last closing share price before the commencement of the Offer Period) and taking into account the 5 pence dividend announced today

Notes to financial disclosures

1. Ongoing operations – the Group's ongoing operations result excludes the results of the Brokered commercial business, that it sold to RSA Insurance Limited in 2023, and its Non-core businesses, announced at the Group's 2024 Capital Markets Day, and three Run-off partnerships that the Group completed its exit from in H1 2024. Relevant prior-year data has been restated accordingly
2. Own brands include Motor gross written premium and in-force policies under the Direct Line, Churchill, Darwin, Privilege and By Miles brands, Home gross written premium and in-force policies under the Direct Line and Churchill brands and Commercial gross written premium and in-force policies under the Direct Line for Business and Churchill for Business brands
3. See slide 22 for a summary glossary. A full glossary of terms can be found within the Group's 2024 preliminary report¹

Glossary of key terms

Target	Additional information
CAGR of 7%-10% in Non-Motor GWP between 2023-26	Gross written premium and associated fees, compound annual growth
13% net insurance margin ("NIM") in 2026	NIM for ongoing operations, normalised for event weather, in 2026
£100m cost savings by exit 2025	Run-rate annualised gross cost savings of at least £100 million by the end of 2025

Term	Definition
Average written premium	The total written premiums at inception, before amendments and cancellations, divided by the number of policies incepted in the period
Gross written premium and associated fees	The total premiums from insurance contracts that were incepted during the period including the impact of a contractual change to Green Flag premium such that a portion of income that was historically included in gross written premium is included in service fee income. Gross written premium is included for the Motability contract for the following six months at the commencement of each six-month pricing period
Net insurance revenue	The total insurance contract revenue (consisting of gross written premium and associated fees, instalment income and movement in liability for remaining coverage) less expenses from reinsurance contracts held (consisting of reinsurance premium paid and movement in asset for remaining coverage)
Net acquisition cost ratio	The ratio of acquisition costs divided by net insurance contract revenue
Net expense ratio	The ratio of operating expenses divided by net insurance contract revenue
Net insurance claims ratio	The ratio of net insurance contract claims divided by net insurance contract revenue
Net insurance margin ("NIM")	The ratio of insurance service result divided by net insurance contract revenues. The normalised net insurance margin adjusts net insurance claims and acquisition costs for event weather
Operating profit / (loss) from ongoing operations	The pre-tax profit that the Group's ongoing activities generate, including insurance and investment activity, but excluding FV gains/(losses), change in yield curve, other finance costs and restructuring and one-off costs
Operating earnings / (loss) per share	The operating earnings attributable to the owners of the Company. Operating profit from ongoing operations is adjusted to include other finance costs and coupon payments in respect of Tier 1 notes and is divided by the weighted average of Ordinary Shares outstanding in the relevant financial period, excluding Ordinary Shares held by as employee trust shares, adjusted for the dilutive potential Ordinary Shares. The Group's Long-term Incentive Plan outcomes are partly based on this metric
Operating return on tangible equity	This is adjusted operating profit from ongoing operations divided by the Group's average shareholders' equity less goodwill and other intangible assets. Operating profit after tax is adjusted to include other finance costs and the Tier 1 coupon payments. It is stated after charging tax using the UK standard rate of 25% (2023: 23.5%)