



Investor &  
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## February 12th, 2025

### Company participants

- Antonio Huertas Mejias, MAPFRE SA, Chairman and Chief Executive Officer
- Fernando Mata Verdejo, MAPFRE SA, 3rd Vice Chairman & Chief Financial Officer
- José Luis Jiménez, Deputy CFO
- Felipe Navarro López de Chicherí, MAPFRE SA, Deputy General Manager – Finance Area

## Presentation

### **Felipe Navarro López de Chicheri**

Good afternoon and welcome to MAPFRE's full year 2024 activity update. This is Felipe Navarro, Deputy General Manager of the Finance Area. We want to welcome those of you who have joined us in person today, as well as everyone online. It is a pleasure to have Antonio Huertas, MAPFRE's CEO, here with us today. He will make a few opening remarks and will give an overview of the business trends and developments. Later, Fernando Mata, the Group CFO, will comment on the main financials, and José Luis Jiménez, Deputy CFO, will walk us through the balance sheet and capital topics.

We start with local accounting figures and will give a brief overview of IFRS 17 and 9 figures at the end. Before we begin, just a few reminders. First, interpretation services are available, both here and at Home. So feel free to choose the language you prefer, either English or Spanish. At the end of the presentation, we will open up the Q&A. For those of you who are here with us today, you can ask your questions in person, of course. And for those of you online, please use the Ask A Question link at the bottom of your screen. Questions can be made in either language.

I will now hand the floor over to Antonio Huertas.

### **Antonio Huertas Mejías**

Good afternoon, everyone. Thank you, Felipe. Before we discuss the key figures which we are presenting under local accounting standards, as Felipe said, I would like to reflect on the past year. I am pleased to present our results for 2024 which have been outstanding, posting the highest level of profit in over a decade. We are quite proud to highlight that we are meeting most of the financial targets set out in our current strategic plan, and in some cases, even surpassing them. This is proof of our successful execution of the strategic plan.

We continue to focus on technical excellence, while financial income remains a strong tailwind. We posted an excellent result of EUR992 million, the largest ever, and an adjusted ROE of 12%. After accounting for the EUR90 million goodwill impairment in Verti Germany recorded in September, net profit was EUR902 million, up 30%. Figures under IFRS were also very solid, with a net result of EUR968 million and a combined ratio of 93%.

Growth remains robust with premiums up 6.6% at constant exchange rates, with more than EUR28 billion in premiums, another historic record. Growth was really 4.5%, affected by the depreciation of most Latin American currencies. Non-Life technical profitability continues to improve, with a combined ratio at 94.4% for the year and a little over 93% in the fourth quarter. General P&C contributed the most to this reduction on the back of technical improvements, as well as the absence of significant cat events.

Motor continues to show strong advances in several markets, significantly improving

profitability in North America and LATAM. In IBERIA, measures are still being implemented and we expect to see the results in the coming quarters. So far this year, data shows we are heading in the right direction.

The market in EMEA is quite challenging, but we are taking all necessary measures to improve our technical result there. The balance sheet is stronger on both the asset and liability side. We continue to increase reserving prudence in many markets, especially in the reinsurance business and IBERIA. Our capital base remains strong, with shareholders' equity up over 5% to EUR8.5 billion and the Solvency II ratio at 202% as of September, in line with our reference framework.

Thanks to these robust results, we are proposing the highest dividend in the company's history. MAPFRE's Board of Directors has proposed a final dividend of 9.5 cents to be approved by the AGM in March. This will bring the total dividends paid against 2024 results to 16 cents, amounting to over EUR590 million fully in cash and with a payout of 55%, within our target range. This attractive dividend remuneration with three consecutive increases is evidence of our firm commitment to shareholders. Over the last five years, MAPFRE has paid out more than EUR2.2 billion, with an average dividend yield of 7.7%, and nearly 7% in 2024.

Moving on to the main regions and business units. I do believe that all of them are delivering exceptional results, supported by a focus on technical excellence as well as diversification. Life and General P&C lines are performing exceptionally well, in addition to Reinsurance and Global Risks.

IBERIA is benefiting from its highly diversified business mix and improvements in technical management. Premiums were over EUR9 billion and we maintain our leading position in key business lines. Profit is up 6% to EUR367 million. If we exclude the impact from the Bankia agreement in 2023, net profit would be more than EUR50 million higher than last year, up 17%. LATAM, including Brazil, remains the largest contributor to business volumes and profit, with close to EUR10 billion in premiums and EUR408 million in results, achieved as a consequence of technical improvements, as well as a strong contribution from investments. North America is posting a remarkable profit this year with EUR98 million, and the ROE is now over 8%.

Lastly, our Reinsurance and Global Risks businesses delivered solid result of EUR325 million with an EUR81 million improvement, supported by growth and the absence of large cat events despite the increase in secondary perils. These outstanding results are supported by a long-term strategy focused on profitable growth, technical excellence, and diversification as set out in our 2024-2026 Strategic Plan.

Now, I will hand the floor to Fernando to walk us through main figures.

### **Fernando Mata Verdejo**

Thank you, Antonio. As mentioned, premiums are up 4.5% supported by Non-Life tariff adjustments. There have been headwinds from the Brazilian real and other Latin American

currencies. At constant exchange rates, premiums are up 6.6%, in line with growth expectations. By market, almost all regions continue performing positively, especially IBERIA, OTHER LATAM and Reinsurance.

Non-Life premiums, which are around 80% of our business, are growing at 5.6% – 7.6% at constant exchange rates – reaching over EUR22 billion. Performance in the Accident & Health line has been noteworthy, up around 8%, and Motor is also up around 6%. The General P&C business is growing 1.5%, impacted by the slowdown of Agro in Brazil, as well as the depreciation of the Latin American currencies. Life business, which is around 20% of premiums, has grown 3% at constant exchange rates, resulting from slower sales activity in the fourth quarter, with Savings down 1% year-on-year. Life Protection is up 3.6% with notable growth in Mexico and Latin America, as well as healthy trends in Spain.

I will now discuss the key trends by region. In IBERIA, net profit has reached EUR367 million, up 1.6% with an ROE of 11.4%. Last year's results included a net impact of EUR46.5 million due to the arbitration related to the Bankia exit. Excluding this item, profit growth was more than 17%.

Realized gains are lower, with EUR46 million in 2024 compared to EUR74 million in 2023. The DANA storms during the fourth quarter were manageable with a EUR27 million net impact. Growth trends are pretty strong with Non-Life premiums up 6.5%, driven by strong General P&C performance, especially Condominiums and Homeowners, along with the Accident & Health business. Life premiums are down 5% which I will explain later.

Profitability in LATAM has been excellent with a net contribution of EUR408 million and an ROE around 18%. Non-Life profitability is exceptional across the region and financial income is performing well in most of the region. Premium growth trends are strong in Mexico, Colombia, Chile, and the Dominican Republic. Brazil continues to see exceptional profitability with a net result of EUR255 million and an ROE of almost 26%. The Non-Life combined ratio improved nearly 6 points to 72.8%, driven by Agro and Motor. The rest of LATAM continues to show strong profitability, contributing EUR153 million with improvements in technical results in most markets and also tailwinds from financial income.

In North America, the net result reached EUR97.6 million compared to near breakeven last year, a big jump. This is driven by underwriting measures and significant tariff increases along with benign weather. The combined ratio has decreased by almost 7 points, now at 98.7%. And Puerto Rico is remarkable as well; net profit was over EUR25 million.

In EMEA, losses have been reduced significantly to around EUR30 million, improving by EUR16 million. Turkey posted a profit of EUR28 million with a combined ratio down 14 percentage points, and high financial income. On the other hand, the Auto business remains challenging in both countries, Germany and Italy.

MAPFRE RE net profit is excellent, up 33% to over EUR325 million. The combined ratio is down 2 points to 93.6%. The most significant events in the year were the floods in Brazil, as well as the storms in Europe. As a reminder, last year the Turkish earthquake and Hurricane

Otis in Mexico had a combined impact on the net result of over EUR150 million. We continue to reinforce our prudence in provisions due to the ongoing rise in secondary perils. Finally, MAWDY continues to grow, posting a net result of nearly EUR5 million.

I would also like to address two specific items. Just as a reminder, in September we recorded a EUR90 million goodwill writedown in Verti Germany which is reflected in the Holding adjustments line. Last year in the same line there was a EUR75 million from the writedown of the US business. The second item was a positive tax adjustments of around EUR20 million at year-end compared with EUR35 million recognized in September. And the reduction was due to year-end regulatory changes.

On the right side, you can see the ROEs and combined ratios for the different segments.

General P&C is our main line of business, both by premiums as well as profit, and has delivered outstanding performance. Premiums are up 1.5% and the combined ratio has improved nearly 7 points to 80.9%. The net result stands at EUR413 million, a EUR187 million increase.

In IBERIA, premiums have risen by nearly 7%, fueled by Homeowners and also Condominiums. The result has nearly tripled to almost EUR147 million and the combined ratio has improved by 5.5 points to 94.5%. This excellent level includes a 1.6% impact from the DANA on the full-year combined ratio and 6.5% in the fourth quarter.

In Brazil, premiums have decreased by 6% but are up over 2% in local currency. Agricultural issuance has been affected by the high interest rate environment and also the fall in commodity prices. The result in the region is almost EUR163 million, up 21.5%, and the combined ratio has improved to around 63% with no relevant events during the quarter. This excellent level is also supported by the diversification of the Agro portfolio which is sold as an insurance package, including Life Protection, around 40% of the premium, as well as Property and Crop insurance, around 30% each.

North America had an excellent year with a combined ratio of 84.3%, supported by tariff adjustments in Homeowners and benign weather. In fact, the ratio in December, which is typically a bad month, was the lowest in the last 10 years. The net results stood at EUR50 million compared to EUR17.6 million in 2023. In summary, General P&C continues to be highly profitable and well diversified.

The fourth quarter results for the Motor segment confirm the trends seen in previous quarters, showing gradual improvements. Losses have been reduced by more than EUR40 million to EUR26 million, with the combined ratio improving by 1.4 points to 104.6%. The Group's average premium has grown by almost 11% with total premiums up 6% with some drag from currencies, especially in LATAM, and insured units are down by 4.6% due to selective underwriting. The results reflect an outstanding turnaround in North America, while Brazil and the rest of Latin America are operating at combined ratios near breakeven, 100% or below, which is satisfactory given the interest rate environment in these markets.

In IBERIA, premiums have grown by over 6% while our portfolio is down 3%, around 180,000

units, of which 80,000 of this reduction is due to fleet pruning. The combined ratio had a slight uptick of 1.5 points, reaching 105.4%, impacted by increased costs resulting from various changes to the bodily injury compensation scale, known as the Baremo, which affect both current and previous year claims, as well as a higher prudence margin applied by MAPFRE to the outstanding claims provision. Eliminating these two effects, the underlying combined ratio for 2024 would be around 102%. On the other hand, material damage expenses remain under control, thanks to cost-containment programs. And as we said, tariffs will continue to be adapted in line with expected future costs. This makes us confident that we will reach technical profitability at some point in the coming quarters.

In Brazil, premiums are down close to 9%, less than 1% in local currency, with the number of units relatively flat in the year. The combined ratio in Brazil has decreased by 1.3 points to 101.2%. In North America, in local currency, the average premium is up 11.5%. Premiums are growing 6.5% with units down over 5%. The combined ratio improved 6 points to around 101% with a slight uptick in the fourth quarter due to seasonal effects, but is still showing a strong recovery year-on-year. The turnaround has been outstanding with a net profit of EUR40 million, improving by EUR75 million, thanks to technical improvements and tariff adjustments. In 2025, rate hikes should converge with expected claims inflation. In a nutshell, we continue to closely monitor the Motor segment, and tariff adjustments together with stricter underwriting will help us to return to profitability.

The Life business segment contributed EUR283 million to the result with IBERIA being the largest contributor. In IBERIA, total premiums are down 5%, affected by the exceptional issuance in Savings in 2023, while Protection premiums are up almost 4% with the combined ratio standing at an excellent 68.2%. We outperformed the market which fell over 13% during the year. The net result was a remarkable EUR168 million. Positive portfolio yields are contributing to the financial result with net realized gains of EUR29 million, ten higher than last year. As a reminder, 2023 included EUR29 million from the Bankia exit. Excluding these extraordinary items, the result would be up 8%.

In Brazil, protection premiums are down 6% but growing over 2% in Brazilian real. There is some slowdown in investment and lending in the economy due to the recent rate hikes which are affecting sales. This is a very profitable business and the combined ratio stands at an excellent 84%, although up 4.5 points due to higher acquisition expenses, as already commented in previous presentations.

Regarding the rest of countries, volumes are up by 27%, led by OTHER LATAM. Mexico is noteworthy, growing almost 49% in Life Protection. And the result reached EUR49 million with a reduction of EUR37 million due to an increase in the run-off annuity portfolio reserves in Colombia, those that are linked to the legal minimum wage, which as you know, significantly increased at year-end. On the other hand, Protection continues growing its contribution to the net result.

Now, I will hand over to José Luis to discuss the main balance sheet items.

## **José Luis Jiménez Guajardo-Fajardo**

Thank you, Fernando. Shareholder equity stands strong at over EUR8.5 billion, up over 5% on the back of this year's excellent results. Market movements had a limited impact on our closing position. The slight revaluation of our investment portfolio has mitigated the low negative currency conversion differences. The strong rally of the US dollar towards year end, up nearly 7%, helped offset the 16% fall in the Brazilian real and the depreciation of all the Latin American currencies. Leverage is under 22%, around the 24% framework, which was the reference we announced at our AGM, reflecting our disciplined approach to capital and debt management and the growing equity base.

Now, I would like to take a moment to discuss cash flow upstreaming within MAPFRE Group. In 2024, we achieved more than EUR700 million, a EUR66 million increase. These cash flows were allocated to pay EUR477 million in dividends, as well as to cover overhead, interest expenses, and other capital needs. As you can see, our sources of cash generation are well-diversified. IBERIA remained the most important contributor with EUR316 million. LATAM contributed EUR200 million with an increase in Brazil reaching over EUR150 million. North America had the most relevant increase, reaching over EUR60 million. MAPFRE RE increased its upstream to EUR120 million.

Asset allocation has been relatively stable during the year, increasing corporate bonds and reducing sovereign and cash. The Spanish govie remains our largest exposure with EUR9.6 billion. Our portfolio is defensive and well-diversified. Falling yields have reduced the unrealized losses in our portfolio with relative stability during the year. We have almost EUR14 billion in third-party assets, making us one of the leading non-bank players in Spain with an exceptional increase in pension funds this year, up almost 9%. Our nearly EUR46 billion investment portfolio, together with the asset management business, brings total assets under management to over EUR59 billion, up 4% compared to last year.

On the right, you can see our main fixed-income portfolios. As a reminder, a large portion is immunized or matched. I will focus on the actively managed portfolios which are the main profit contributors. Regarding the euro area, yields are up over 45 basis points during the year at MAPFRE RE and 10 basis points in IBERIA. If we exclude linkers, yields are up 20 basis points higher in IBERIA Non-Life, 10 basis points at MAPFRE RE. Accounting yields are still below current market levels in most portfolios. In other markets, accounting yields in LATAM are up and still below market levels with a nearly 20 basis point increase in Brazil during the year. In North America, the increase is 14 basis points. There were no relevant changes in duration during the quarter.

The higher yields have been reflected in financial income, as you can see in the figures on the left for main Non-Life units. IBERIA is flat due to lower realized gains. As a reminder, in 2023 there was the sale of a relevant property. In Brazil, financial income is down over 7% due to the currency depreciation. And in the last quarter, we are already seeing the impact of the rising interest rate scenario, with the rest of Latin America showing growth. North America has been stable while in EMEA financial income is slightly down compared to 2023 as there



were high ForEx differences from the lira depreciation in the second half of last year. The financial result in Turkey is expected to remain strong due to high interest rates. MAPFRE RE continues to show strong profitability.

On the right, you can see the net financial gains which reached EUR40 million with EUR29 million from the IBERIA Life business and another EUR11 million in Non-Life units. These figures include relevant gains on the equity portfolio which offset the impact of real estate provisions.

Here you can see the main KPIs under IFRS 17&9 compared to local GAAP. I will comment on the most relevant ones. Insurance revenue, which reached a little over EUR25 billion, is up 3%. The net result stands at EUR968 million under IFRS, EUR66 million higher than local GAAP. IFRS 17 had a EUR98 million positive impact. The risk margin and loss component were negative but were offset by yield movements and other adjustments. IFRS 9 had a negative EUR32 million impact with two main drivers: realized gains on equity recorded under OCI which offset the mutual fund valuation gains booked in P&L. Shareholders equity amount to EUR8.9 billion, growing at a similar rate as under local GAAP.

The gross CSM, contractual service margin, was EUR2.5 billion. It is down around EUR100 million during the year, EUR92 million of which correspond to currency depreciation, mainly the Brazilian real. The CSM net of tax and minorities was EUR1.6 billion, up over 2%. The 93% combined ratio under IFRS has improved slightly, down 3.5 points. The return on equity stood at 11% under IFRS. Further disclosure of IFRS figures can be found on the annexes of the presentation, as well as in our annual accounts which are available on our website.

Now, I will hand the floor over to Antonio for closing remarks.

### **Antonio Huertas Mejías**

Thank you, José Luis. Now I would like to highlight our financial strategic performance during last year. The close of 2024 marks the end of the first year of our new strategic plan. We have continued to implement our strategy supported by the structural and leadership changes that took place last year, moving the Group into a new phase, more focused on growth and results. Enhancing technical excellence, improving productivity, and leveraging MAPFRE's potential across all of our markets are all contributing to ensure we meet our public targets.

Referring to the financial commitments, we are very pleased with the achievement of the targets in the current plan. Premiums have grown by 5%, excluding Life Savings, compared to a target of 6%. Currency depreciation has had a significant impact on our KPIs and we would have reached our target at constant exchange rates.

Our average ROE target for the period is 10-11% excluding extraordinary items. If we exclude the goodwill write-down, we'd have posted a solid 12% this year, well above the target, and we are still at 11% if we include the write-down. The average combined ratio target for this three-year period is 95-96% and performance was excellent at 94.4%. These financial figures are under local accounting, but we are also meeting these targets under IFRS.



We are highly committed to sustainability. We have achieved our 2024 targets and we are well on our way to meeting our 2026 public commitments. We have achieved carbon neutrality in 10 of the 15 target countries and we will continue expanding to the remaining five in the next two years. Over 90% of our portfolio is now ESG-rated and we aim to reach over 95% by 2026. Additionally, women now occupy 34.5% of top management positions, very close to our 36% target.

As you can see, we have reported an excellent year with outstanding results, confirming the success of our new strategic plan with most financial targets on track. Our solid and profitable business model allows us to grow steadily, backed by strong financial positions and low debt levels. MAPFRE continues to hold leading positions in most markets in a challenging and demanding context. We have the financial strength to seize opportunities for organic growth and are also open to any opportunity aligned with our strategy that may arise. We are moving forward with our sustainability plans and we are also making significant strides in digital transformation, innovation, as well as artificial intelligence, but always putting our people and shareholders at the core of our strategy.

The environment we operate in remains highly unstable. We have overcome the threat of inflation, but the world is still far from achieving geopolitical stability, which remains one of the greatest threats and has become the new normal. MAPFRE has already demonstrated its ability to thrive in a constantly changing environment. The coming years will continue to be demanding, but we are approaching them with optimism. The final dividend announced this morning is proof of our confidence in the future. We remain committed to strengthening our relationships with shareholders and creating value for society as a whole.

Before I hand the floor to Felipe for the Q&A session, I would like to say a few words regarding the orderly succession plan that we have just announced this morning. Our CFO, Fernando Mata, has held various responsibilities in the company, leading with commitment and loyalty for almost 30 years, the last 10 of which as Group CFO and the last seven as a member of the Board and Vice Chairman. He will be succeeded in these functions by José Luis Jiménez, who will take over Fernando's role in upcoming presentations. Additionally, either Jose Manuel Inchausti, our Executive Vice Chairman, or I, will also participate in these events.

Fernando, a few words, if you want

### **Fernando Mata Verdejo**

Yes. If you allow me, first of all, I would like to congratulate José Luis for his appointments. And to you, Antonio, it has been a great honor to be a Board member, the Board chaired by you for many, many years, and also to be part of this, to me, the greatest executive team I ever met, and also part of this family -- the largest in the world -- this is MAPFRE. Despite my baby face, I'm turning 64 in March. And believe me, frankly, it's time to step down. So I will be retiring as CFO in March, after almost 10 years that I will never forget. That's what I have to say. I'll never forget it.

I will be around, obviously. I will continue collaborating with MAPFRE in a non-executive position, to the extent that MAPFRE requires.

And to you, bankers, financial analysts, investors, thank you very much to all of you. First, for your presence, your questions, your insights, your recommendations that were very valuable for me. And above all, for the respect that you always had with me. Thank you again.

## **Q&A**

### **Felipe Navarro López de Chicheri**

Thank you, Fernando. Although most of you are already familiar with the process, let me quickly remind you on the details of this Q&A session. Those who are here in person can raise your hand and we'll give you the floor. Please introduce yourselves before asking questions; I can hardly see your faces from here. It is possible to ask questions both in Spanish or English at your convenience. For those of you connected online, you can use the Q&A tool on the bottom of your screen and we'll try to answer all questions as time allows. The IR team, I must remind you, will be available for any pending questions after the call. And now let's start with the first question, please.

### **Maksym Mishyn, JB Capital**

Good morning. Thank you very much for the presentation. First of all, thank you, Fernando, and all the best in the next stage of your life. I have two questions. The first is about your Motor business in IBERIA. I wanted to ask what expectations you have for the evolution of the portfolio, because we have seen that in the fourth quarter it also fell by almost 1%. Do you expect stabilization in 2025, or will you continue to lose customers. What kind of average premium increases can we expect for 2025?

The second question is about MAPFRE RE. As we have already passed January and the renewals, I imagine most of them are already done; if you can give us a little more color on what to expect for premiums for 2025, it would be very helpful. Thank you.

### **Antonio Huertas Mejías**

Very well, I will start. Regarding the Motor business in Spain specifically, we are quite optimistic about our ability to retain the portfolio. Our portfolio management has been very prudent, very conservative. Indeed, we are adjusting premiums, we are increasing premiums, but we are adjusting to risk profiles individually and trying to compensate and balance it better.

New business has suffered, that is, it has decreased for all companies because other competitors are also doing the same, protecting the portfolio and trying to be more benevolent with customers who have been loyal for years compared to new ones. New production rates have been much higher, and that makes it difficult to attract new customers.

We are optimistic. The portfolio we have lost, indeed around 1% during 2024, 170-180,000 policies, is a sought-after reduction, because an important part are profiles we do not want, a part of the less profitable fleet sector and also customers who have not wanted to accept the premiums. In general, we understand that we should not continue to lose a relevant portfolio, but that we should be at similar levels at least in the first six months, or until the combined ratio stabilizes close to 100%.

I do not have the average premium data, but José Luis or Fernando, how have they been?

#### **José Luis Jiménez**

The data mentioned during the presentation, the average premium grew around 9% and, as we have been saying, looking to the future, we will adapt the rates according to claims and prices, but there is no fixed rate that we establish. This is a case-by-case issue, client by client and, fortunately, we have a tremendously diversified business and normally each client has several policies contracted with us. The rate will depend on their history, their claims.

#### **Antonio Huertas Mejías**

As for MAPFRE RE, well, the forecasts are quite optimistic. We have just completed the January renewal. Most of it is non-Group business; and MAPFRE RE's own retrocession. The placement of our non-Group business has continued to have reasonable increases, that is, we have not yet reached the peak of increases. We have been able to manage these increases well, around 8-9% and our own retrocession has also obtained reasonably good conditions. Therefore, we think that MAPFRE RE's margins, after the selection of clients and portfolio that was made during the last two years, will continue to be very good. Leaving aside the volatility of the type of business that any event we incur can affect us. I can say that the California fires, being very important for the North American market – 30 or 40 billion market loss – are a reasonable figure for MAPFRE RE and will not put its profit forecasts for this year at risk at all.

#### **Felipe Navarro López de Chicheri**

Paz Ojeda is asking about the fourth quarter results for IBERIA, which had a small technical loss, and she wants us to specify what the impact of the DANA is and if there are any other one-off events that have impacted the quarter. In our note, in the market communication, we already talked about the 27 million, but I think we should make a few more comments on the DANA issue, right?

**Antonio Huertas Mejías**

The DANA, speaking in general terms, is the largest catastrophic event that has ever occurred in Spain. It was very concentrated in one region, as you know, in the province of Valencia, and the impact for insurance activity, and I'll clarify what I mean by "insurance activity", could exceed three billion euros. When I talk about the insurance activity, I include the Insurance Compensation Consortium, which probably absorbs more than 95% of those losses. The public-private collaboration mechanism that exists in Spain allows most of the damages caused by that climatic event to be covered by the Consortium, which has sufficient funding to cover those losses. In the case of MAPFRE, we are talking about a 34 million impact between direct insurance and RE, which is a small, residual and perfectly manageable impact, with no deviation in our accounts.

**Francisco Riquel, Alantra**

Francisco Riquel from Alantra. Thank you for taking my questions. And congratulations to Fernando and José Luis. The first question is about the Motor business in Spain and the United States. We started last year with a perspective that technical profitability could be reached at some point at the end of 2024. As the year progressed, we had postponed it to early 2025 and I wanted to see what the path is to reach that profitability in these two markets. When, how, with what trade-off between premiums, policies can we expect and how and when will there be a more normalized profitability in these two markets?

**Antonio Huertas Mejías**

Without giving specific data, I can tell you that we are quite optimistic about the development. In the United States, we consider that we have already reached a reasonable level, even better than we had before the pandemic. Achieving a combined ratio in personal lines in the United States around 100 is quite reasonable and very common in the market, due to the maturity and high competitiveness in the market, considering that we now have a better situation than we had before the pandemic, because interest rates are still high in the United States and that allows us to have reasonably good profitability in the United States. In fact, in North America the ROE is close to 8% already, which is one of the highest we have ever achieved in that region. Speaking of Spain, indeed, our forecast, I understand that we did not have specific commitments, we said that we were going to improve throughout 2024 and we have improved the combined ratio by over two points. It is true that we have been, perhaps, more prudent than we had thought, anticipating strong increases or strong deviations that may occur in the market in personal injury claims, not only in frequency, but mainly the impact from the Baremo, which, as Fernando commented in his speech, has the Baremo that has been increasing for three or four consecutive years with increases that are affecting and that, in one way or another, the speed of assumption of those reserves is not the same in each company. The market, we have observed, in the public figures published by ICEA, that in the

last part of the year the combined Motor ratio worsened and, well, in a way it comes to recognize that there is still a significant part of those compensation increases to be absorbed in the market, which, as everyone knows, occur at the moment when there is a judicial sentence or the negotiation. And that can be years after the policy was made and the rate was established. We are conservative. I can anticipate, as I have already mentioned, that at the beginning of the year we are already observing a substantial improvement in the combined Motor ratio in Spain.

### **Felipe Navarro López de Chicherí**

Thank you very much. I have two questions that have come in from people who are not present here. The first from Alex Mackenzie, from BNP Exane, and also Paz Ojeda, from Banco Sabadell; they ask the same thing, it is about that level of prudence we have already talked about and that we have added in terms of reserves for the Motor business. They ask what the estimate is in terms of the combined ratio. I think Fernando has already referred to it in the speech and they ask if we still have that ambition to reduce the combined ratio below 100% in the Motor business and, in the longer term, the possibility of reaching a combined ratio that is in the mid-90s, that is, between 95-96. Fernando, please?

### **Fernando Mata Verdejo**

Yes, if you allow me Antonio, I will try to complement a bit what I have said in the presentation. Certainly, and as Antonio has said, from the moment the accident occurs until we have, so to speak, the final bodily injury estimate (which is the one that will determine the scale), there was a time in serious claims, like claims with neurological cases, where we did not have those data well captured. It has taken years. Which means that we have a delay in payment. And a claim from 2020, if we then have the final medical report in 2024, we pay with the 2024 Baremo. That means that all changes, inflation, etc., will be paid for in 2024. We did not think it would have such an important effect on the sector in general: I will later tell you why it did particularly for MAPFRE. And then we have had some unexpected negative deviations in claims for MAPFRE, as we have always been very prudent. And that has led us to make a very important prudence reinforcement in the fourth quarter. That is why I telling you about the ratio of previous years and this year, and why I tell you that the underlying, I imagine, must be around 102%. It is very difficult for us to distribute that prudential margin by accident year, as you can imagine, but the reinforcement was done in the fourth quarter. And I will give you an example, which we do not normally talk about, but which is very explanatory of the situation. The generic provision, the IBNR for undeclared claims for an automobile fleet, which is exposed to less risk as the units covered has decreased as you can see, and we have increased it from EUR140 million to EUR190.5 million from 2023 to 2024, just for automobiles. That is approximately two points in the combined ratio. I do not want you to stay with the fact that there are two points in the combined ratio in the accident year “x”, but simply that we have been very prudent and we must continue to monitor the accident years, to see how

these costs evolve. And why MAPFRE? Our retention per event, per claim is very high. We have a very high priority. We are aware in the sector that there are medium and small companies that have a retention in the XL or a priority of two million or two and a half million or three. Then, above that amount, all the deviation cost is borne by the reinsurance. That is not the case for MAPFRE. We, due to our size, our capital position and our risk diversification, have a higher retention. Then, all the deviation remains in the profit and loss account. Excuse all this technicality, but I think it was worth explaining clearly where the underlying at 102 comes from.

**Felipe Navarro López de Chicherí**

Perfect. Thank you very much. In fact, we had some questions from Carlos Peixoto from Caixa about why MAPFRE is at another level when comparing its improvements to other competitors in the market. I think you have perfectly answered with the issue of reinsurance impact and the company's retention. More questions in the room?

**Juan Pablo López, Santander**

Juan Pablo López from Santander. I had a question regarding capital management and the EMEA business as well. How do you see it for the future? We have seen some insurer that could exit the German market. I do not know if it is something that may interest you. And then regarding the use of capital, where do you see more attractive? Could it be a Bancassurance agreement, a specific region or continue betting on EMEA? Thank you.

**Antonio Huertas Mejías**

Well, our bet on EMEA conceptually is limited. We do not consider Spain within EMEA. Indeed, we have limited our presence to Germany, Italy, Turkey and Malta. Turkey, we already did the business turnaround and it is in reasonably good results. And we have the situation of the German Motor insurance market, which, as you know, is really critical. And we are working on that. We are not going to leave Germany, far from it. We have always considered Germany as a strategic option to go further in the future without having any specific plans. If we consider our capacity, having close to a million insured vehicles, we are a company with an already implemented brand and with a good presence in certain customer segments. What we have to do is make it profitable. The German market is very cyclical. It is in that bad part of the cycle that occurs every 6-7-8 years and we have to overcome it, we have to improve it. We have better expectations for 2025, as happened with Italy. In Italy, the impact on automobile costs was a bit earlier and we have had the patience to improve little by little. Then, regarding our appetite for capital management for future investments, we have clearly said that we feel very comfortable in the markets we are in, and that we would like to expand in those we are in, expand alliances with distributors; of course Bancassurance and, of course, why not, with

other types of businesses, important markets, Brazil, Mexico, United States, Germany in the future and Spain. Spain is obviously an important market for us. It is about 30 percent of our business, but we should aspire to have some Bancassurance complement that can expand our distribution capacity in the market to be more multichannel than we are.

### **Felipe Navarro López de Chicheri**

There is a question from the internet. Can you divide the impacts of the DANA between autos, general insurance and MAPFRE RE? I think we have already given information about it. We talked about EUR27 million for what affected IBERIA, another EUR7 million for MAPFRE RE. We are talking about a total net impact of about EUR34 million euros. And then in IBERIA it is mainly divided into three lines of business. Firstly, in the combined agricultural insurance due to the impact of hailstorms. On the other hand, all the damages that come mainly from vertical water or other damages to automobiles, as they can be. And I think the main impact has to do with the combined agricultural insurance. The rest are smaller, but they are still significant and the accumulated total has this net impact of EUR27 million euros.

Changing the area a bit, we move to Brazil. Paz Ojeda asks about what is the combined ratio of the agricultural business independently and, above all, if we think that the new laws, especially in the insurance sector, can deteriorate the competitive environment of the insurance market in Brazil.

### **José Luis Jiménez**

Let's go to the Brazil issue, if I remember correctly, the combined ratio in the agricultural part, and correct me, Felipe, if you have the data in your head, I think it was around 50, yes. And it is true that we have been saying in recent years that probably at some point it had to deteriorate, but the truth is that the last two years have been much better than expected. And nothing leads us to think that in 2025 it may be different. We have to wait. It is true that last year the law for the protection of the agricultural business was also introduced quite late, if I remember correctly, it was approved in July 2024. When other years it has been approved in March and that delayed the activity a lot. Then, what can happen? I think all expectations towards Brazil this year point to the first quarter being a good quarter in the agricultural business. It is expected that the Brazilian economy will grow and probably led by that sector and by private consumption. The other issue that also needs to be balanced is the high interest rates, which can probably reach a level where maybe many people do not want to finance this package we have referred to earlier, which basically has three components: the Life part, the property part and the agricultural business. But our expectation for 2025 is that this trend will continue. It may deteriorate a little, but it is also true that in the case of Brazil there are two factors that are in favor. One is the issue of interest rates. There everyone knows that the reference rate is the Selic, which the Central Bank has recently raised and the market is assuming that we can even reach levels of 15.25 points, which will have some tailwind on the financial side. And there is another effect that we have referred to a lot during the



presentation, which has been the depreciation of the real; which, if everyone remembers, last year was around 16% in the year. This was heavily driven by the new US government, the FED's policies to protect against inflation. What we have seen since the start of the this year is probably the opposite – the real has appreciated around 5%. So, seeing all this together, we will have to see what the net effect is, but we are relatively optimistic that the trend can continue.

### **Antonio Huertas Mejías**

I will add, referring to the combined ratio of the agricultural business. It is very good and indeed it is volatile or can be volatile as long as we can be affected by climatic phenomena. But I remind you that most of the agricultural business in Brazil we share luck with Banco do Brasil; and Banco do Brasil receives 75% of the profits and also 75% of the results if they were contrary. And also, the reinsurance protection mechanism we have is more than sufficient so that this volatility in the part of the results that affect MAPFRE is quite limited and we can continue to obtain reasonable results, even in more adverse scenarios.

### **Felipe Navarro López de Chicheri**

Thank you very much, Antonio. Precisely they were asking in that line to Carlos Peixoto and Alex Mackenzie from BNP, what was the sustainability of these combined ratios. But I think you have perfectly given a magnificent indication regarding this issue. That is, that they are business lines with magnificent margins.

Carlos Peixoto from Caixa asks us to comment on the combined ratio of MAPFRE RE, which was below 90% in the fourth quarter if we look at the individualized in the fourth quarter. And he asked if there was any reserve release during this fourth quarter. We have been talking about that constitution of the prudential margin and that we were at the high end of the confidence intervals. And he asks what the combined ratio of MAPFRE RE should be in a sustainable or long-term manner.

### **Fernando Mata Verdejo**

I will answer this, okay? Let's see, what we have done in the fourth quarter is to continue with the reinforcement of the prudential margin. We are at 90, the 90th percentile, which is the maximum in the range and it is broken down in the IFRS report. The fourth quarter has been a month of little activity of major events and that is reflected in the results. I think the prudential margin we put should be adding a point or a point and a half to the combined ratio, roughly speaking. So, if we are at 93.6%, we should be at the underlying perhaps at 92%, which has been an extraordinary year. The run rate should be a little higher. It is what we should all understand, if it has been an extraordinary year due to the absence of relevant catastrophic events in its insured value. As Antonio said, in the DANA there were more than

220 dead. So, we should expect a run rate slightly lower than that run rate, that underlying combined ratio this coming year close to 92.

**Felipe Navarro López de Chicheri**

Very well. Thank you very much, Fernando. I have a question from Paz Ojeda. I have two from her. The first refers to the data from 2024, the ROE and combined ratio, and whether it could be maintained in 2025 and 2026. In other words, they have been very good, as Antonio mentioned in the presentation, and then, especially with the combined ratio of general insurance at 81%, which is really very good. The question is whether it is exceptional and what could be a sustainable level in the longer term.

**José Luis Jiménez**

Regarding the question, yes we think it is sustainable, we are working to even improve those figures. That is the ambition we have in the group. Yes, 81 is exceptional in Property, so this is an issue that probably needs to be worked on a little. Assuming we want to revert to the mean. But it is also true that the auto part should improve substantially; therefore, the net effect could be positive for us.

**Antonio Huertas Mejías**

Yes, we have had excellent and extraordinary performance in the United States. The Homeowners business had a worse performance in previous years. The rate adjustments that were implemented, which were several, quick, and important, have indeed allowed us to return to having reasonable combined ratios in Homeowners. The winter has been quite mild on the east coast of the United States, where we have most of our business. Cold, but it has not snowed enough to cause significant damage. And in that area, where we have an important portfolio, we will always depend on those climatic events, although we are well protected by reinsurance. In the rest, as José Luis says, our ability to manage the Property & Casualty business in different environments is quite positive.

**Felipe Navarro López de Chicheri**

We have no more questions from those online. I don't know if there are any last questions or comments from the room. If not, I would like to thank you all. And I don't know if Antonio or Fernando want to close the event.

**Antonio Huertas Mejías**

Well, perhaps, first, thank you all for attending, for the trust you place in MAPFRE, and for the

opportunity you give us to continue reevaluating ourselves and analyzing where our weaknesses are. Insurance per se is a volatile activity, a complex activity, a highly supervised activity, and an activity that, for those of you who are experts, is reasonably easy to follow. But the drivers of result generation are sometimes much more complex than we see at first glance, and we depend, unfortunately or fortunately, on external events not controllable by humans that can condition these results. Our level of prudence and confidence in the current stage of MAPFRE is high. I am not saying it was not in the past, but indeed everything we have done to implement improvements that corrected deviations we had in the past is significant. It is true that the journey in auto insurance is still important in Spain, Germany, and to a lesser extent, Italy, but mostly in Spain. And we understand that only very good news can come in the coming months. The year 2025 will be the year in which we are in a situation, I don't know if optimal, but much better; therefore, it will cease to be a burden because we will have more confidence in the provisions and rates we are applying for the claims environment that is producing, beyond general inflation, substantial increases in the relationship with suppliers and in the actual updating of compensations by judicial sentences.

And, for the rest, nothing more, thanks Fernando, as I said before, for his many years of service to this company. He will have the opportunity to continue being an important collaborator and advisor to the management team in his non-executive functions. And, well, we will try in the coming years, those of us who remain, to draw a line based, first, on the sustainability of our business; second, on our business and our commitment to the environments. We do not enter to leave or play to speculate, but we enter to stay. And, second, also a lot of confidence in the model we generate and that adds value in the environments of all stakeholders and fundamentally the shareholder. The commitment we have manifested significantly to approach EUR500 million in dividends this year is fundamental, and now our commitment will be to continue improving that dividend if the results continue to improve, as we foresee in the coming years.

Thank you all very much for your attention. Thank you.

Thank you. Goodbye.

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