

Mexico City, August 21<sup>st</sup> 2018

### **Analysts' Breakfast**

Quálitas Controladora, S.A.B. de C.V. ("Quálitas", "The Company" or "the Group") (BMV: Q\*), informs its shareholders and the investment community that today a breakfast was held in Mexico City for the analysts of the financial sector who provide coverage to the company.

It was hosted by the Executive President of Quálitas Controladora, Joaquín Brockman; the Chief Executive Officer of Quálitas Compañía de Seguros, José Antonio Correa; the Deputy Director of Investments José Alejandro Arvizu, as well as members of the Investor Relations team, Andreina Incandela and María Fernanda Escobar.

In this meeting various points related to the environment of the Mexican insurance industry were discussed as well as the accumulated results of Quálitas as of the first semester of 2018 together with the philosophy and strategy of the company. The future of the auto insurance industry, the sustainability model and Q's performance were also reviewed.

The events presentation is attached to this document.

The main topics discussed in the session were:

- **Environment**
  - Figures of sales and financing of new vehicles in Mexico as well as the import of used vehicles to the national territory were presented. The impact of these numbers on the company's underwriting result was also commented.
  - The impact of the recovery and theft on the automobile insurance sector and Quálitas was briefly discussed, as well as the efforts made every day in conjunction with the AMIS to reinforce control measures in terms of vehicle theft. As well as the number of incidents related to weather events and certain costs of the company compared to inflation and the exchange rate.
  - An annual based comparison was made regarding the costs ratios of the automobile insurance industry and Quálitas Compañía de Seguros. Accumulated data of these Q MX ratios were presented. The challenges of the automotive insurance sector and the competitive advantages of Quálitas to face these challenges were also discussed.
- **Results**
  - Q MX Premiums Written by segment were presented, these results were linked to external factors and the strategy that is being followed to strengthen and maintain profitable each of these segments despite the size they have today was commented.

- The cumulative results of the first semester were compared with those of the same period of the previous year to understand the operational and financial performance in addition to the balance sheet. The operating expense was reviewed and explained in three different categories; controllable, variable and one-time expenses.
- The required regulatory capital and the solvency margin of Quálitas' insurance subsidiaries were briefly analyzed.
- The investments portfolio and the strategy that has been followed was discussed. The portfolio composition by risk and type of issuer, the benefit obtained by interest rates hikes, the importance of the cash growth, the cash per share since 2010 and the perspective of the management regarding the financial income was reviewed.
- **Stock – Q\***
  - The performance of the stock in the last twelve months and in a cumulative basis as well as the daily average trade was summarized. Q\* reached a position of high marketability since March.
  - The ROE as of the second quarter was presented. This as a result of a comprehensive and efficient strategy in terms of underwriting, investments and capital requirements. Additionally, a comparison was shown of the ROE and the price-book value of Q\* with others of the financial sector.
- **Strategy, outstanding service philosophy and forward-looking outlook**
  - The strategy that the company has followed for 24 years in terms of service and cost control was discussed. This strategy has allowed the company to stand out in the insurance sector. There were also comments about the business model focused on granting an outstanding service with interests aligned along the chain.
  - Emphasis was placed on the tools that the company has for each of its stakeholders, mainly agents, policyholders and employees, in terms of technology, education, development, security and service. Initiatives that are being followed to always offer our policyholders an outstanding and unique claims attention were discussed.
  - The three main pillars of Quálitas' sustainability model were briefly presented. Such pillars are comprised by the environment, the social and governance spheres. In Quálitas we have a Corporate Social Responsibility Model that is born from the strong will to contribute to the economic and social development of our environment.
  - To conclude the session, a positive outlook of the automotive insurance environment and the growth potential in Mexico was given, considering that the company is well positioned to continue to grow and develop.

## About de Quálitas

Quálitas (Q) is the largest auto insurance company in Mexico in terms of market share, with operations in El Salvador, Costa Rica and USA. Its specialized business model, based exclusively in auto insurance, has allowed the Company to provide top quality service under the largest network in Mexico. Quálitas is listed on the Mexican Stock Exchange (BMV) under the ticker "Q" (Bloomberg: Q\*: MM)

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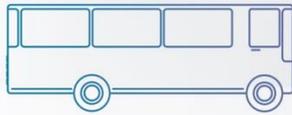
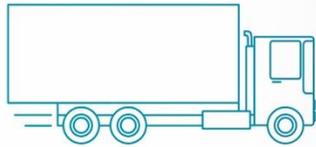
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# Analysts Presentation

## 6M18



The figures in this document are expressed in millions except when otherwise specified.

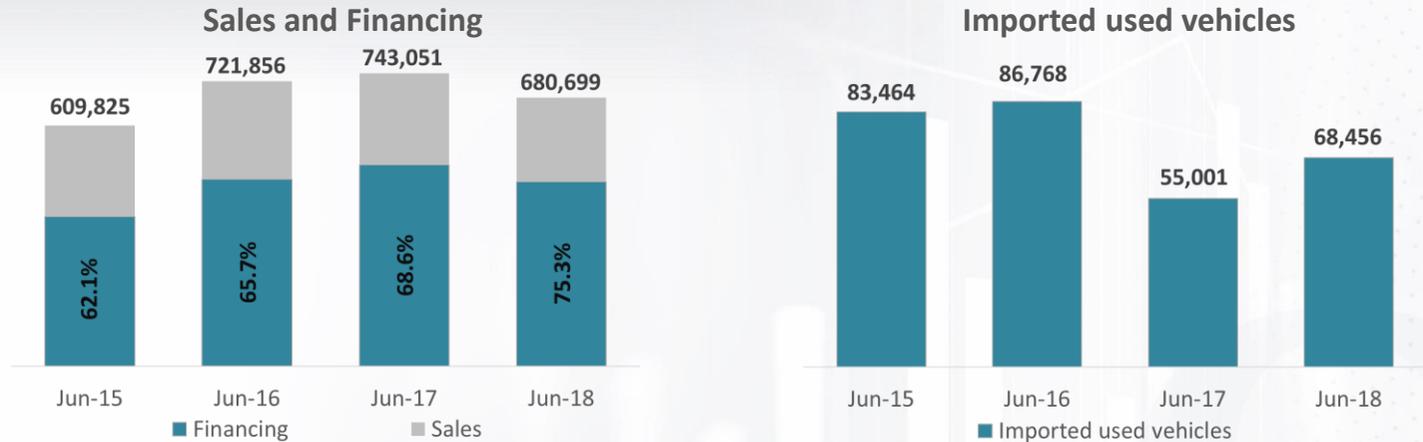
# Order of the day

- Environment
- Quálitas' Results
- Our Stock – Q\*
- Business Model and Sustainability
- Quálitas in the future

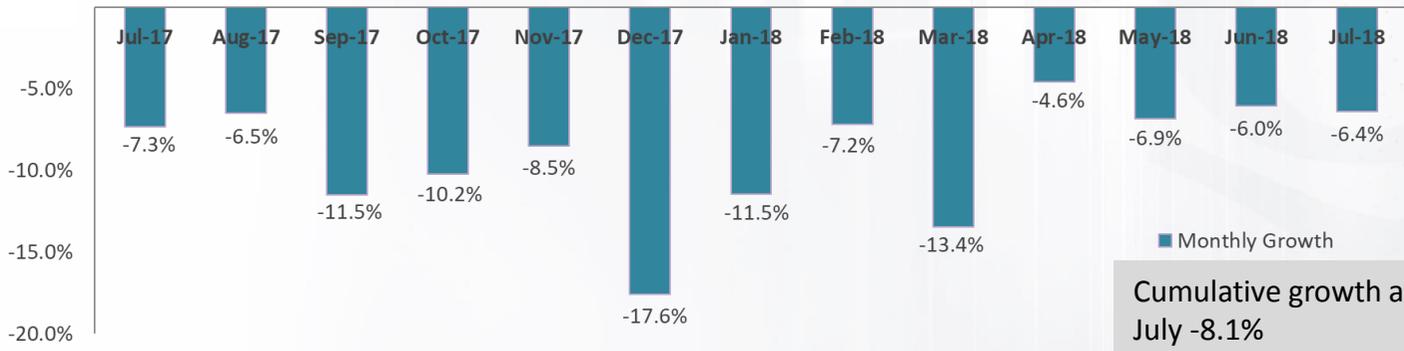
# Environment



# New Car Sales - MX

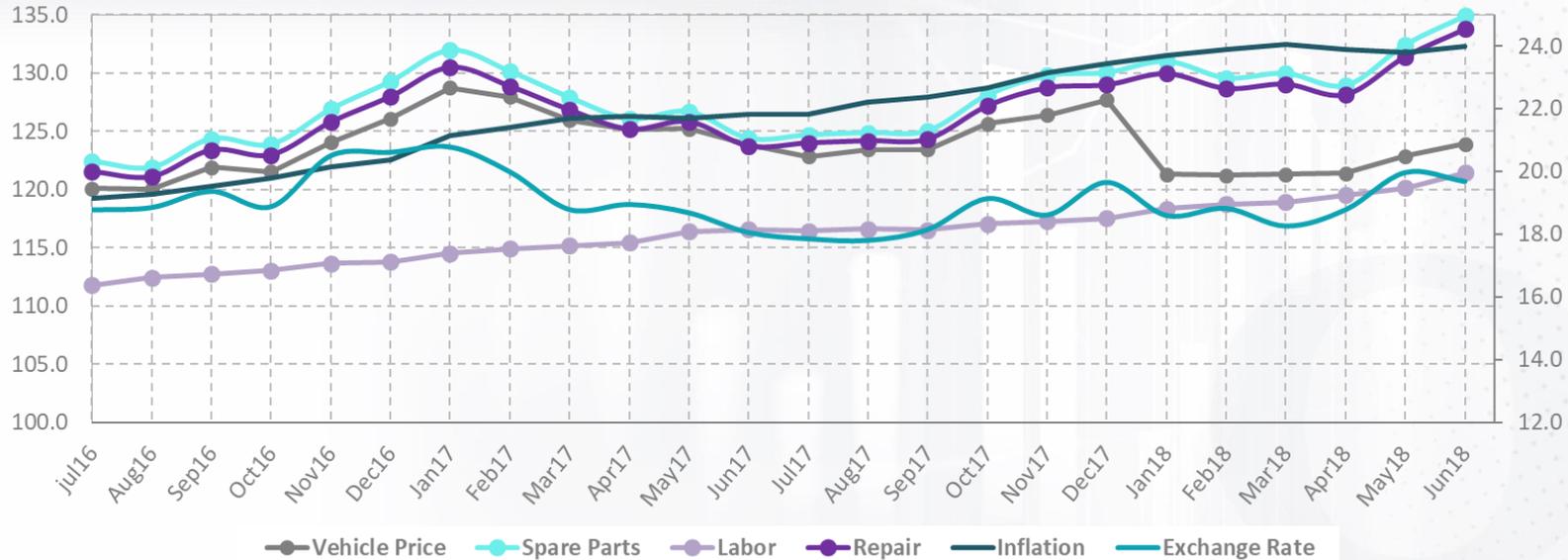


## New car sales



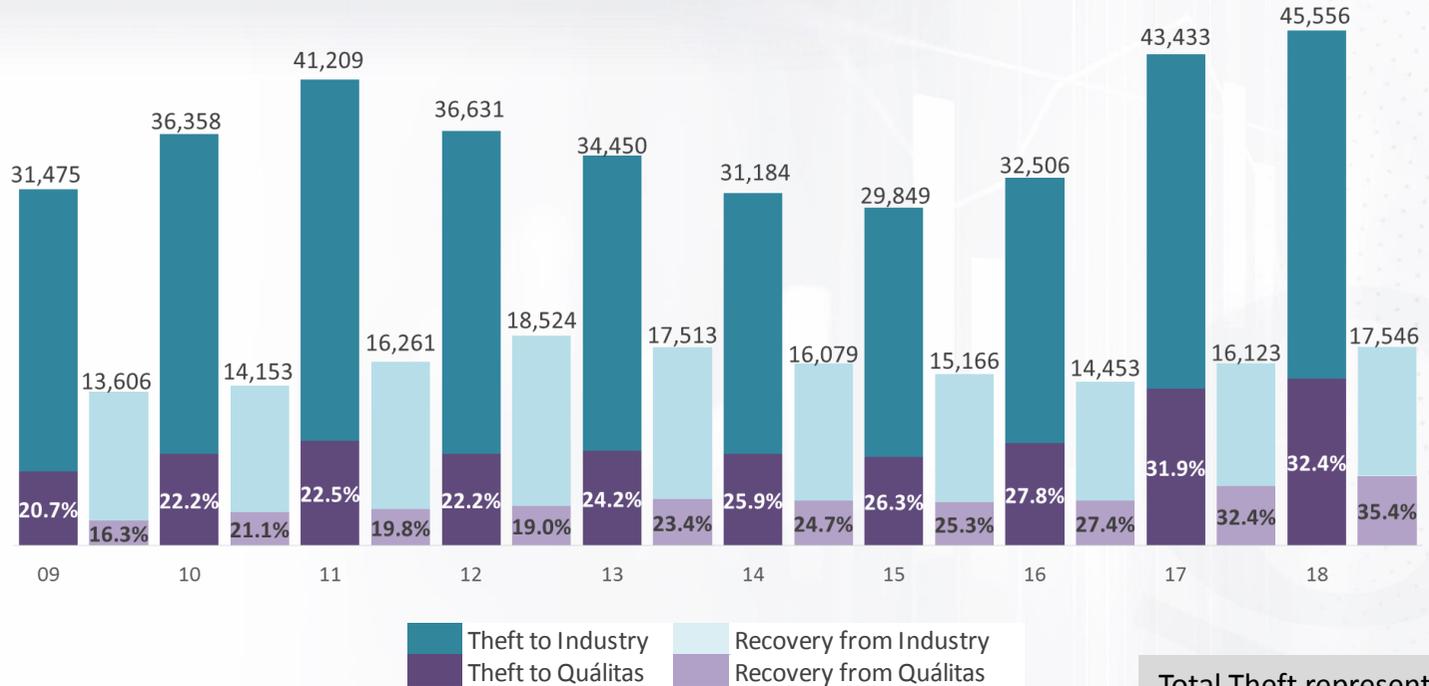
Source: Mexican Association of Automotive Dealers (AMDA), latest data of financing and import as of June 2018  
 Figures of Sales and Financing and Imported used vehicles expressed in units

# Costs and Inflation- MX



Material Damage represents 39.5% of the total Claims Cost

# Theft and Recovery - MX



Total Theft represents 23.2% of the total Claims Cost

Source: Coordinator Office of Insured Risks (OCRA) as of the second quarter. Figures in this slide are expressed in units

# Meteorological Events - MX

1Q18	January	February	March	} 1,327 Cases
	30	24	39	
	2Q18	April	May	
299		186	749	

## Causes:



Hurricane



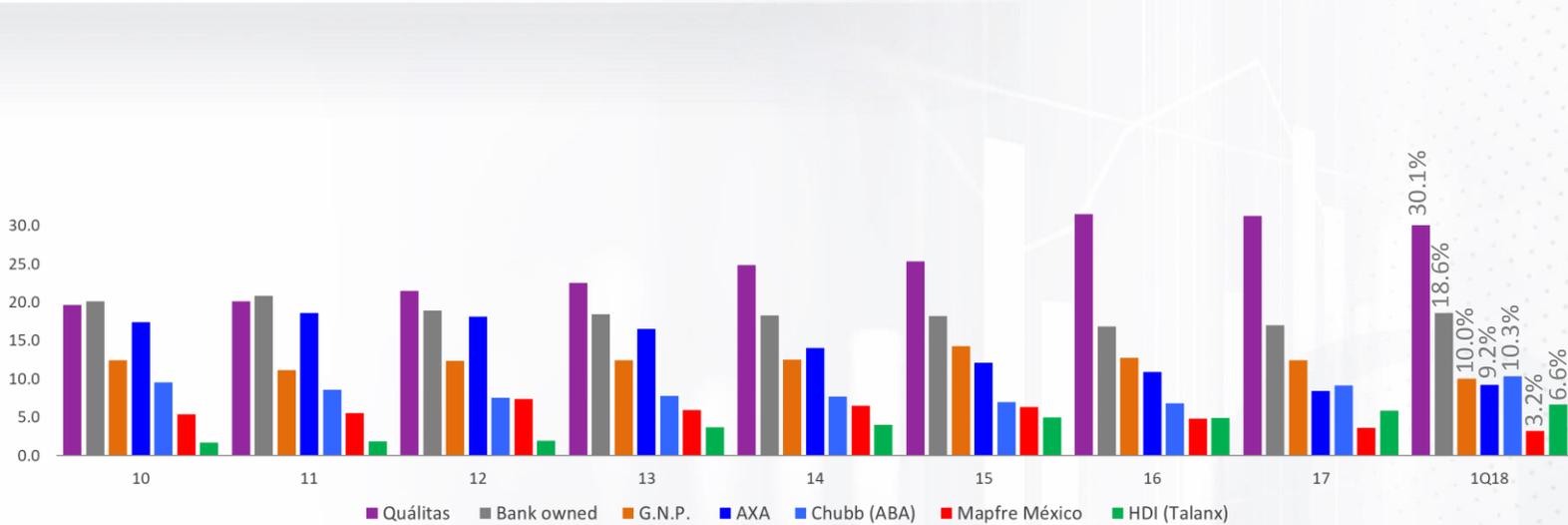
Flood



Hail

In the first half of 2018 in Q MX 719,250 claims were assisted

# Market Share - MX



## Q market share by segment

Cars



22.5%

Trucks



46.9%

Tourists



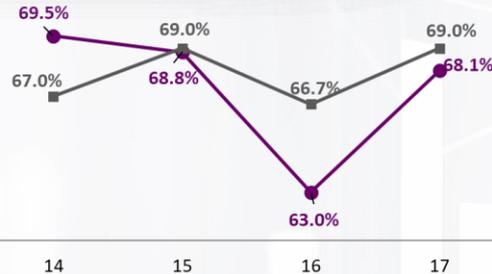
23.8%

# Q vs. Industry – Cost Ratios

## Acquisition



## Claims

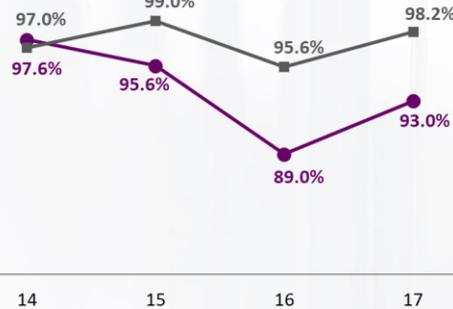


● Quálitas ■ Industry\*

## Operating



## Combined



Q MX	6M18	6M17
Acquisition Ratio	23.2%	24.0%
Claims Ratio	66.1%	68.5%
Operating Ratio	4.5%	1.1%
<b>Combined Ratio</b>	<b>93.8%</b>	<b>93.7%</b>

# Results

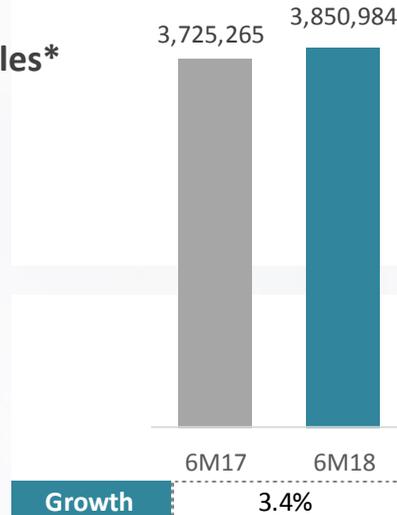


# Growth by Segment

## Underwriting

	Highways	Financial Institutions	Fleets	Individual	ODQ	Total
6M18	41	6,676	4,887	4,115	334	16,055
6M17	519	7,518	4,153	3,366	268	15,824
<b>Δ</b>						
Relative	(92.1%)	(11.2%)	17.7%	22.2%	24.9%	1.5%
Absolute	(478)	(841)	735	749	67	231

## Insured Vehicles\*



Figures in this slide are only from Q.MX

\*Insured Vehicles are expressed in units.

# Financial Highlights

INCOME STATEMENT	6M18	6M17	Δ %/pb	BALANCE SHEET	6M18	6M17	Δ %/pb
Premiums Written	16,973	16,793	1.1%	Assets	53,204	45,568	16.8%
Net Premiums Written	16,736	16,734	0.0%	Investments & Real Estate	28,435	23,418	21.4%
Premiums Earned	15,422	13,569	13.7%	Invested Assets or float	28,405	22,630	25.5%
Acquisition Cost	3,807	3,954	(3.7%)	Technical Reserves	35,408	30,304	16.8%
Claims Cost	10,082	9,161	10.1%	Total Liabilities	45,169	39,087	15.6%
<b>Technical Result</b>	<b>1,533</b>	<b>454</b>	<b>237.9%</b>	Stockholders' Equity	8,035	6,480	24.0%
Operating Expenses	854	288	196.9%	<b>PROFITABILITY RATIOS</b>			
<b>Underwriting Result</b>	<b>679</b>	<b>166</b>	<b>308.7%</b>	Return on Investments	6.5%	6.3%	20
Integral Financing Result	1,095	829	32.1%	ROE for the period	30.7%	23.8%	697
Investment Income	883	692	27.5%	LTM ROE	35.2%	17.0%	1,821
Income Taxes	548	248	120.8%				
<b>Net Result</b>	<b>1,226</b>	<b>746</b>	<b>64.2%</b>				
Acquisition Ratio	22.7%	23.6%	(88)				
Claims Ratio	65.4%	67.5%	(214)				
Operating Ratio	5.0%	1.7%	332				
Combined Ratio	93.2%	92.9%	29				
Combined Ratio Adjusted*	95.6%	98.8%	(318)				

\*Combined Ratio Adjusted = (Acquisition Cost + Claims Cost + Operating Expenses)/Earned Premiums

# Operating Expense

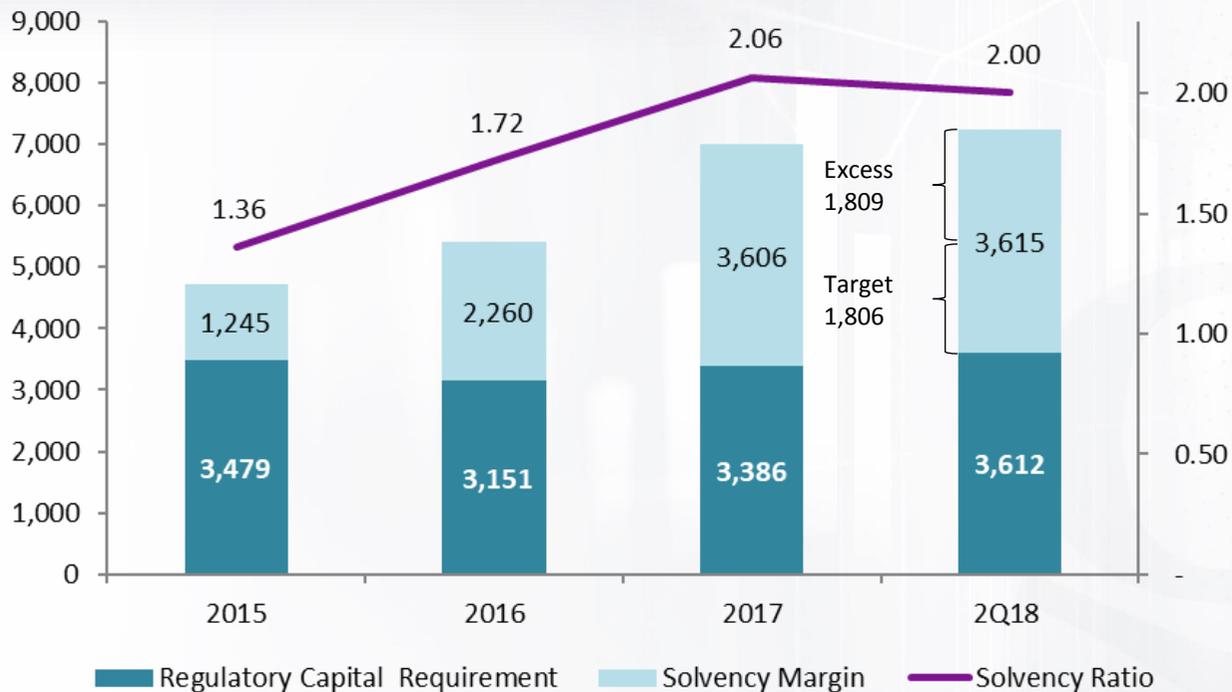
- Administrative Expenses
- Personnel remuneration
- Policy Fees
- Depreciation & amortization
- Other Income
- Foreign Subsidiaries

- Service offices Representatives
- Employees Profit Sharing (PTU)

- Other Provisions
- Other Income

	6M18		6M17	
	Expense	Operatig Ratio	Expense	Operatig Ratio
<b>Controllable</b>	<b>197</b>	<b>1.2%</b>	<b>76</b>	<b>0.5%</b>
<b>Variable</b>	<b>554</b>	<b>3.3%</b>	<b>342</b>	<b>2.0%</b>
Service offices Representatives	390	2.3%	271	1.6%
Employees Profit Sharing	164	1.0%	70	0.4%
<b>One time</b>	<b>102</b>	<b>0.6%</b>	<b>(130)</b>	<b>(0.8%)</b>
<b>Total</b>	<b>854</b>	<b>5.0%</b>	<b>288</b>	<b>1.7%</b>

# Solvency Margin



# Solvency Margin

	Regulatory Capital Requirement	Solvency Margin	Solvency Margin Ratio
Q MX	3,184	2,745	1.86
<i>Q MX (Regulatory)</i>	3,184	2,240	1.70
<i>Q MX (Financial)</i>	3,184	505	0.16
Q ES	39	57	2.48
Q CR	93	113	2.21
Q IC	295	201	1.68
<b>Suma</b>	<b>3,612</b>	<b>3,115</b>	
Q Cash		500	
<b>Q</b>	<b>3,612</b>	<b>3,615</b>	<b>2.00</b>

\*The calculation of the required regulatory capital varies in the countries where Quálitas operates.

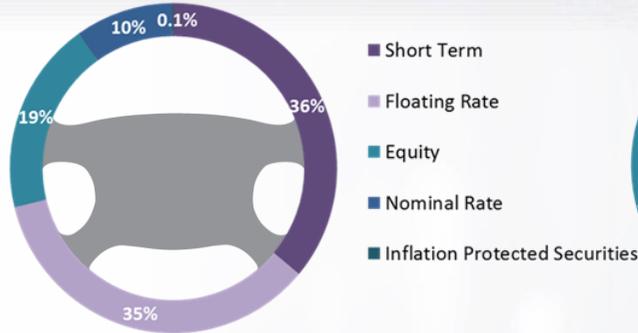
FX Peso-USD June 2018: 19.6912

FX Colón-USD June 2018: 564.17

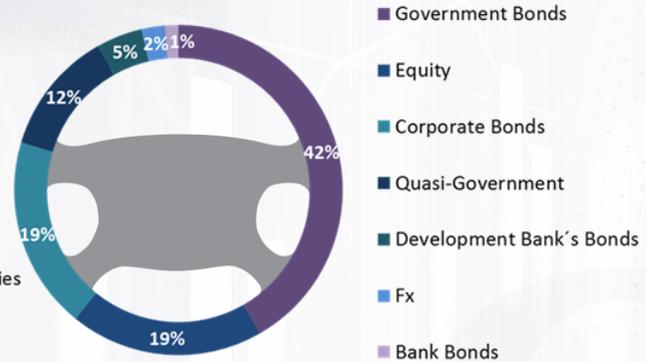
**A dividend of 304.5 million pesos  
was distributed in April**

# Investment Portfolio

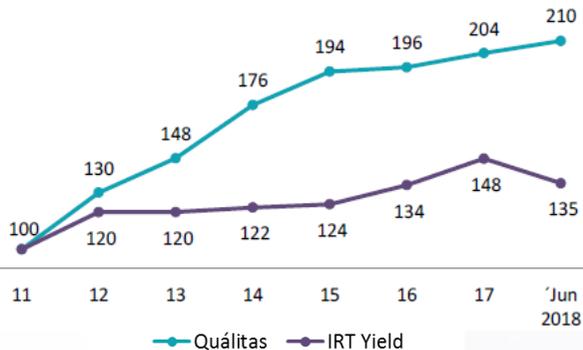
Portfolio by risk



Portfolio by type of issuer



Return on equities



Equities	
cumulative	
Q- annualized yield	4.66%
NAFTRAC yield	(9.97%)
IRT yield	(6.87%)

## Strategy 6M18

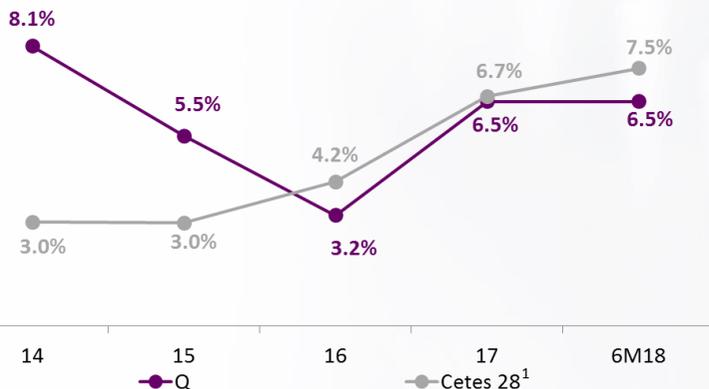
- Fixed Income (81% of total portfolio)
  - Focus on short-term and variable rate bonds
  - Benefit from interest rate hikes
- Equities (19% of total portfolio)
  - Focus on small & mid Mexican caps
  - Internal limit of 35%

# Investment Portfolio

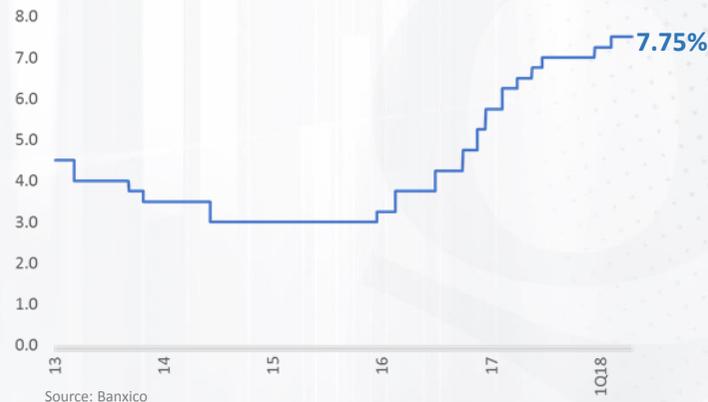
Invested Assets, *float*, MXN bn



Return on investments (%)

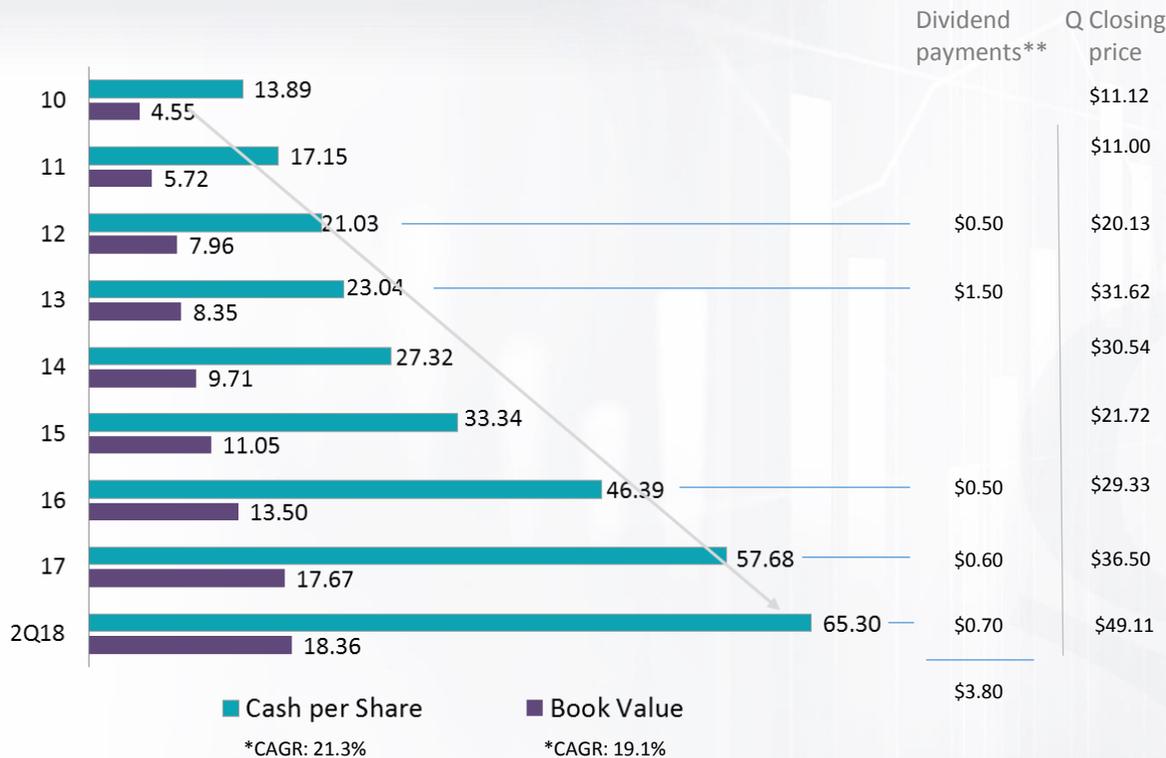


Mexico's Interest Rate (%)



Quálitás' investment portfolio grows continuously and is directly benefited from the hikes in interest rates.

# Cash & Investments per Share (MXN)



\$3.80

# Our Stock





	Daily Average*					
	Volume	Δ%	Value (MXN)	Δ%	Value (USD)	Δ%
<b>Cumulative</b>	756,907	70.6%	36,561,728	169.2%	1,916,074	171.0%
<b>LTM</b>	645,259	40.3%	27,766,416	96.6%	1,474,458	101.4%



	Q*	Mexbol
Cumulative	36.7%	0.7%
LTM	68.7%	-2.6%

Marketability Index	
Jul 17	63
Jul 18	41

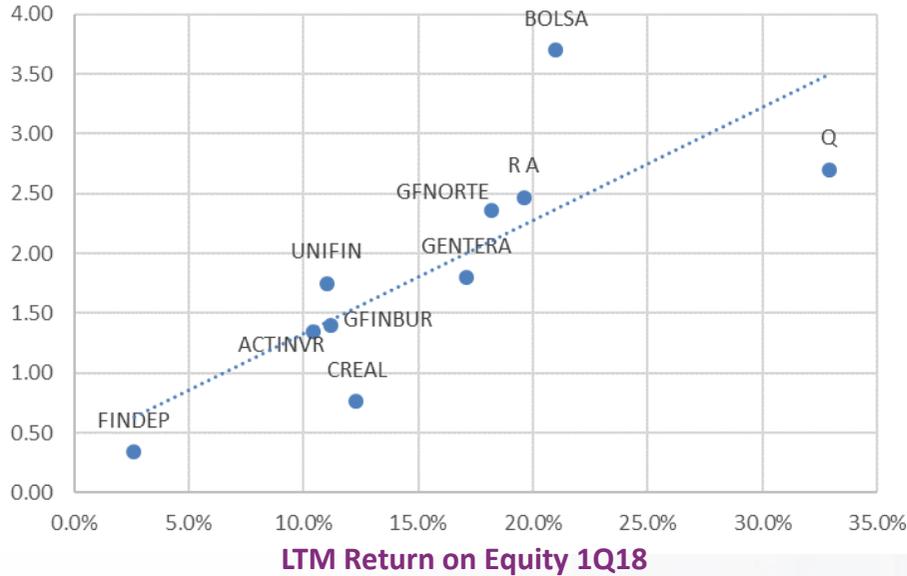
Source: SiBolsa & Infotel, Figures as of July 2018

\*Daily Average figures are presented in units

# Q\* and other Financials

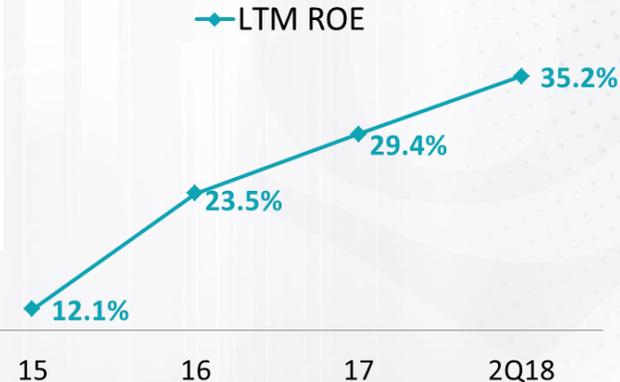
MEMBER OF  
**Dow Jones Sustainability Indices**  
 In Collaboration with RobecoSAM

PTB/ROE matrix for peers

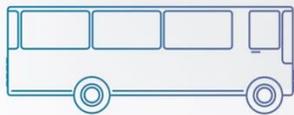


## Q\*

- No debt
- Benefits from interest rates hikes
- In-house payroll and employee management – Employee Profit Sharing



# Looking ahead



# Strategy

## Outstanding Service

- Personalized, integral and local service
- Cutting-edge technology
- In payroll claims officers and lawyers

## Cost Control

- Acquisition
- Claims
- Operating

# Unique Business Model



## Quálitas' Fundamentals

-  Outstanding Service
-  Specialization
-  Decentralization
-  Cost Control

# Service and Innovation



Agents	Service Portal “Q Agentes” App Quálitas University Agents training Service Survey
Policyholders	Online Operator (OPL) “Q Móvil” App Express adjustment +32 additional coverages Communication via chatbots
Employees	Quálitas University Q 360° Portal Integral training
Claims	Encontrack Mobileye Study of routes and hours of higher risk Drivers training Call center automation

# Sustainability Model

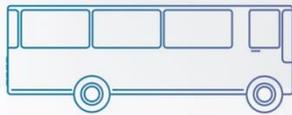
Environmental	Social
Calculation of Greenhouse Gas (GHG) emissions	Road Safety Campaign Quálitas Road to Safety Tour
Use of LED to reduce electricity consumption	Quálitas University
Water treatment plant (4,475 m <sup>3</sup> )	Talent seedbeds (Talent Incubators)
Use of recycled material and recycling of it	Health Days and medical expenses insurance
Annual reforestation	Savings Account
Members of the DJSI Mila Pacific Alliance Index	Contributions to various organizations

Governance
Board of Directors: 11 members, 73% independent, 18% women
6 Advisory committees
40% of total workforce are women 46% women in Director positions
Q Transparency
Code of Ethics and Conduct
Strong Anticorruption Principles and Mechanisms Policy and Code of Ethics and Conduct

## Corporate Social Responsibility Model



# Quálitas' Future



# Thank you for attending

