



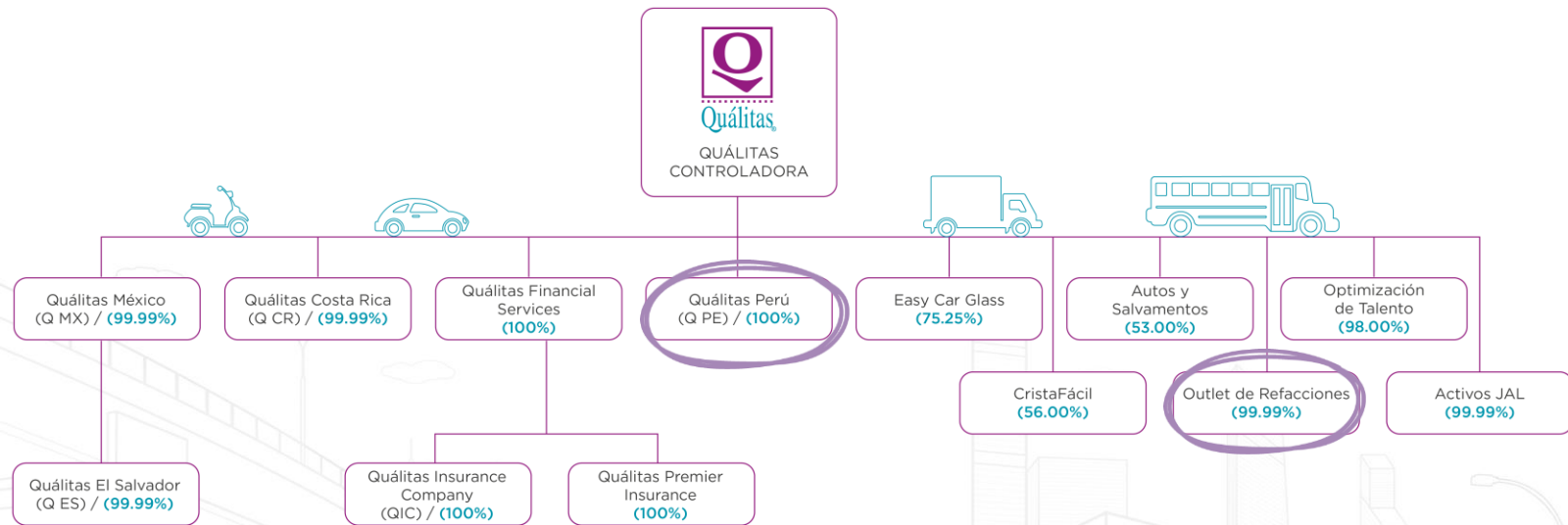
# Corporate Presentation

1st Quarter

2019



# Our corporate structure



1. On March 27<sup>th</sup> 2019, Quálitas acquired 100% of the shares of HDI Peru.
2. On November 12<sup>th</sup> 2018, Quálitas acquired 147,790 additional shares, passing from a 50.86% stake to 99.99%.

# Qualitas at first sight

- ✓ Mexican specialized auto insurer with 25 years in the market.
- ✓ Market leader in Mexico since 2007.
- ✓ International presence in the USA, Costa Rica, El Salvador and Peru.



2019

UNDERWRITING	
Revenue <sup>1</sup>	MXN 8.0 bn
Combined Ratio <sup>2</sup>	87.1%
Strong pricing discipline	
Variable compensation (interest alignment)	
Cost Indicators Program	
High Tech (apps/devices/portals)	
Non traditional sales structure	
Low fix costs	

+

ASSET MANAGEMENT	
Float	MXN 30.5 bn
ROI	7.7%
Conservative asset allocation	
Moderate Risk	
Annual average of the benchmark interest rate of Banxico <sup>3</sup>	
Mark to market valuation	
Portfolio composition:	
-	82% Fixed Income
-	18% Equities

=

TOTAL BUSINESS	
Net Income	MXN 1.1 bn
LTM ROE	33%
% Solvency Ratio 333	
Financial Strength	
S&P mxAA+ (stable) AM Best B+ (stable)	
Dividend Policy	
Over-the-cycle target ROE 18% - 24%	
Focus on sustainability	

1. Earned Premiums  
2. Adjusted Combined Ratio: costs (claims + acquisition + operation) | Earned Premiums  
3. As of the date of this report Banxico's interest is 8.25%.

# Business fundamentals

## Outstanding service

- Top quality service
- State of the art technology
- Nationwide network with 409 offices
- Experienced management team



**“Focus on service rather than branding”**

## Specialization

- Unique Business Model
- #1 auto insurance company in Mexico with 29.9%\* of market share



**“Flexibility to meet each client’s needs”**

## Decentralization

- Service offices have independent decision-making
- Distribution network for customer's service



**“Interests alignment through variable compensation”**

## Cost Control

- Strict Cost Control Policy
- Costs Indicator's Program



**“Identification of opportunity areas in each process”**

# Unique business model

## Agents

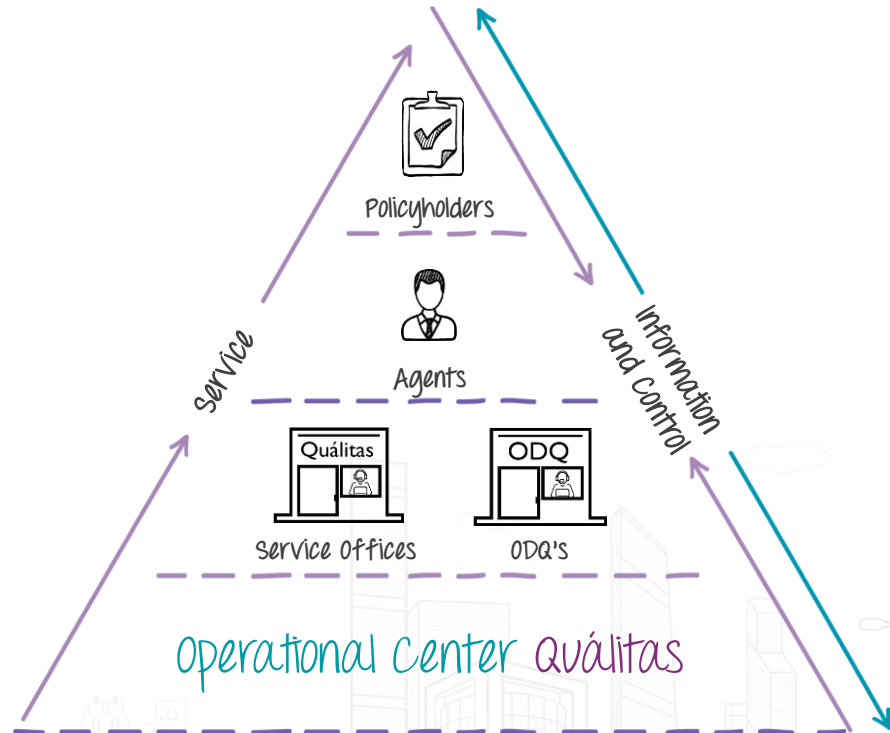
- Agents are not exclusive
- Agents look after the interests of policyholders

## Service Offices

- Owned by specialized entrepreneurs
- Independent decision-making
- Compensation to office representatives links sales with claims costs

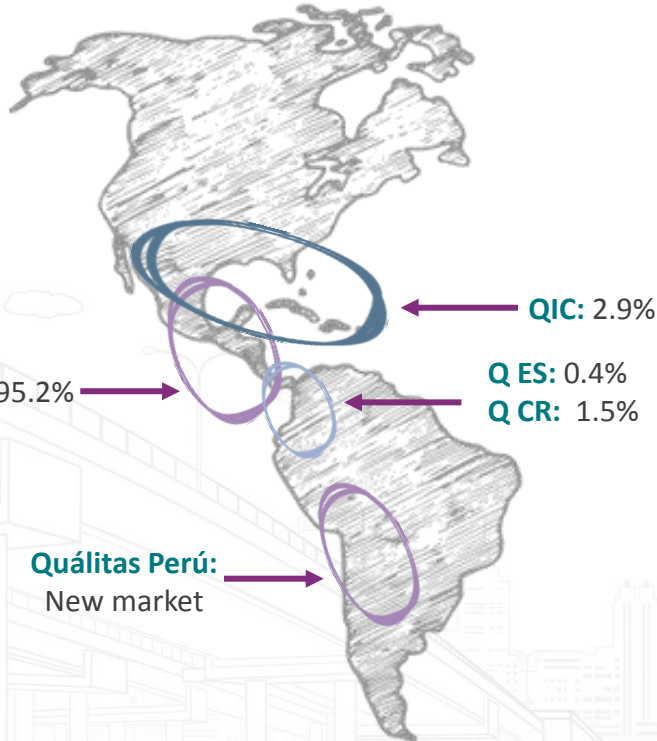
## Quálitas

- Call Center
- IT Support
- Product Pricing
- New Channels: website, apps, internet and telephone



# Network and international presence

## Participation of subsidiaries in written premiums



178 Service offices



231 ODQs\*



3,572 Workshops



5,049 Employees



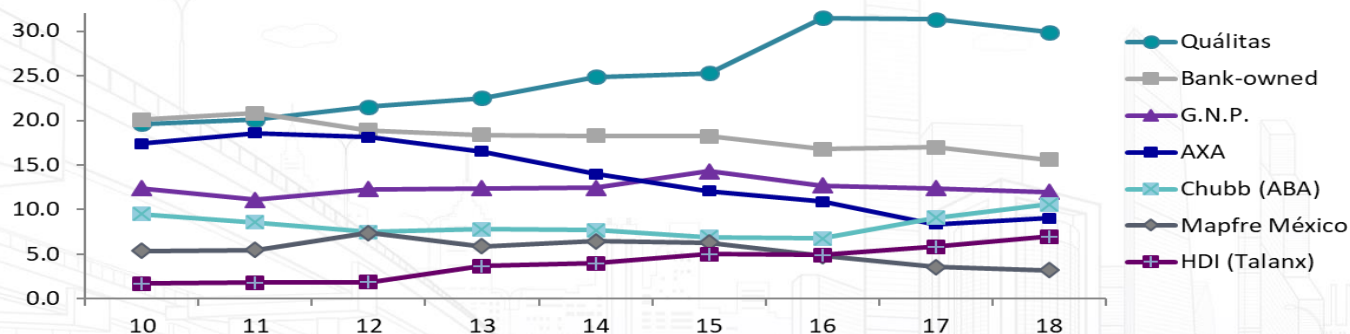
1,199/402  
Claims officers/Lawyers



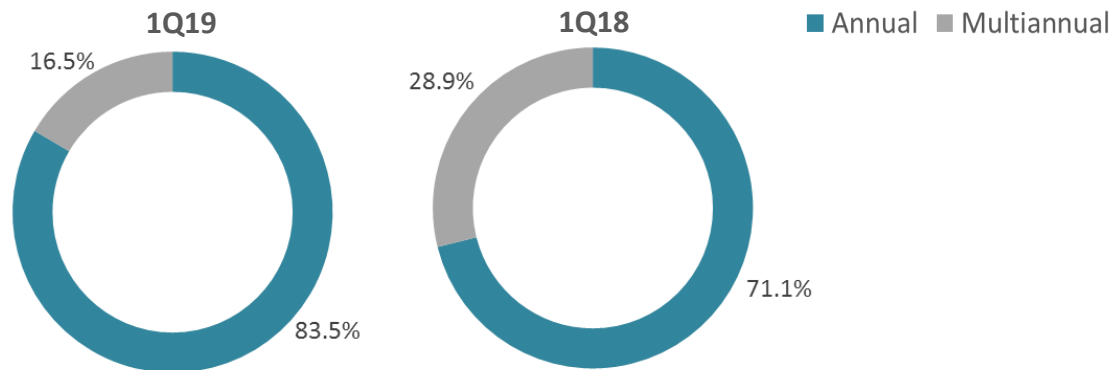
13,709 Agents

# Marketshare

	10	11	12	13	14	15	16	17	18
<b>Quálitas</b>	<b>19.6</b>	<b>20.1</b>	<b>21.5</b>	<b>22.5</b>	<b>24.9</b>	<b>25.3</b>	<b>31.5</b>	<b>31.3</b>	<b>29.9</b>
G.N.P.	12.4	11.1	12.3	12.4	12.5	14.3	12.7	12.4	12.0
Chubb (ABA)	9.5	8.6	7.5	7.8	7.7	7.0	6.8	9.1	10.6
AXA	17.4	18.6	18.1	16.5	14.0	12.1	10.9	8.4	9.0
HDI (Talanx)	1.7	1.8	1.9	3.7	4.0	5.0	4.9	5.8	7.0
Mapfre Mexico	5.4	5.5	7.4	5.9	6.5	6.3	4.8	3.6	3.2
<b>Other</b>	<b>13.9</b>	<b>13.5</b>	<b>12.4</b>	<b>12.8</b>	<b>12.2</b>	<b>11.8</b>	<b>11.6</b>	<b>12.4</b>	<b>12.64</b>
<b>Bank-owned</b>	<b>20.1</b>	<b>20.8</b>	<b>18.9</b>	<b>18.4</b>	<b>18.3</b>	<b>18.2</b>	<b>16.8</b>	<b>17.0</b>	<b>15.6</b>
<b>Total Market</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>



Premiums by duration

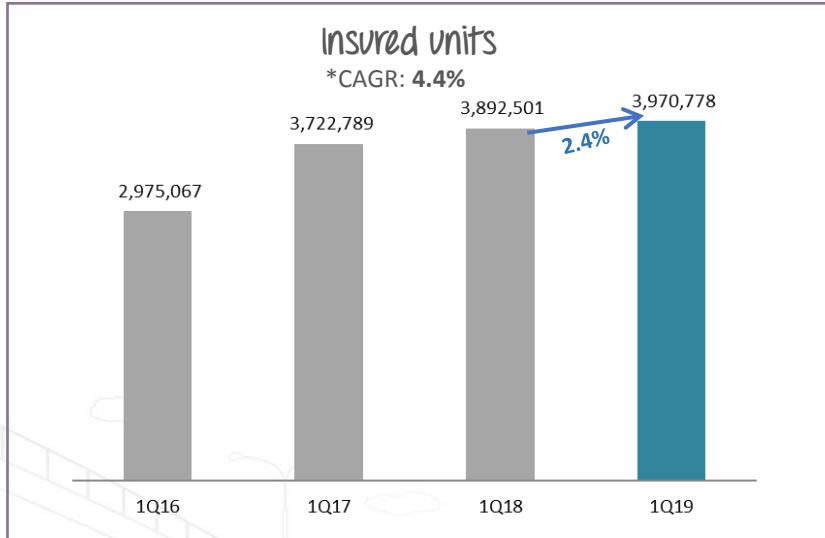


Premiums by segment

Segment	1Q19	1Q18	Δ \$	Δ %
Individual	2,726	2,298	428	18.6%
Fleets	2,611	2,742	(131)	(4.8%)
Financial	2,616	3,557	(940)	(26.4%)
Foreign	401	390	12	3.0%
Other	33	60	(27)	(45.2%)
<b>Total</b>	<b>8,387</b>	<b>9,046</b>	<b>(659)</b>	<b>(7.3%)</b>



# Market figures



## Q Market Share by segment

Cars



21.7%

Trucks



47.7%

Tourists



17.5%

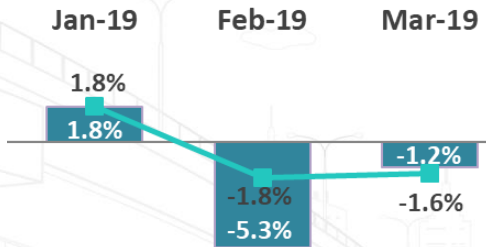
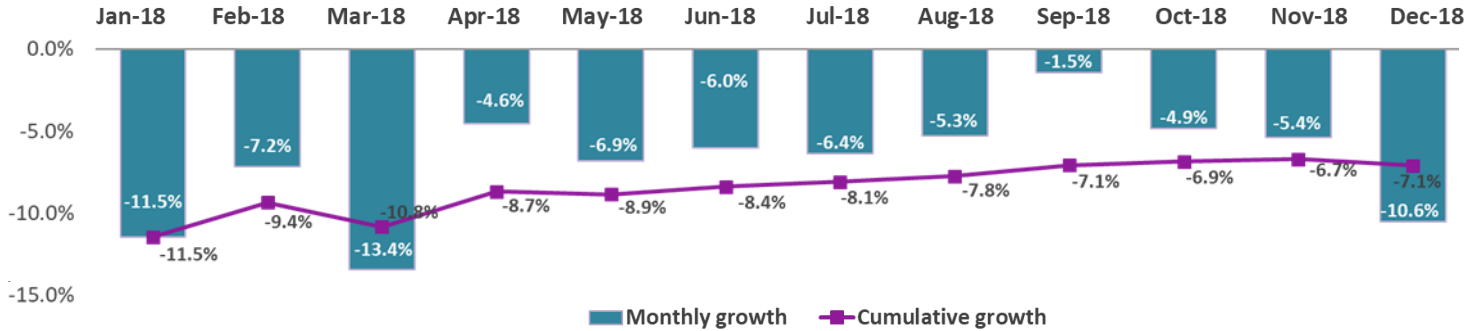
## Auto Insurance Penetration in Mexico



30%

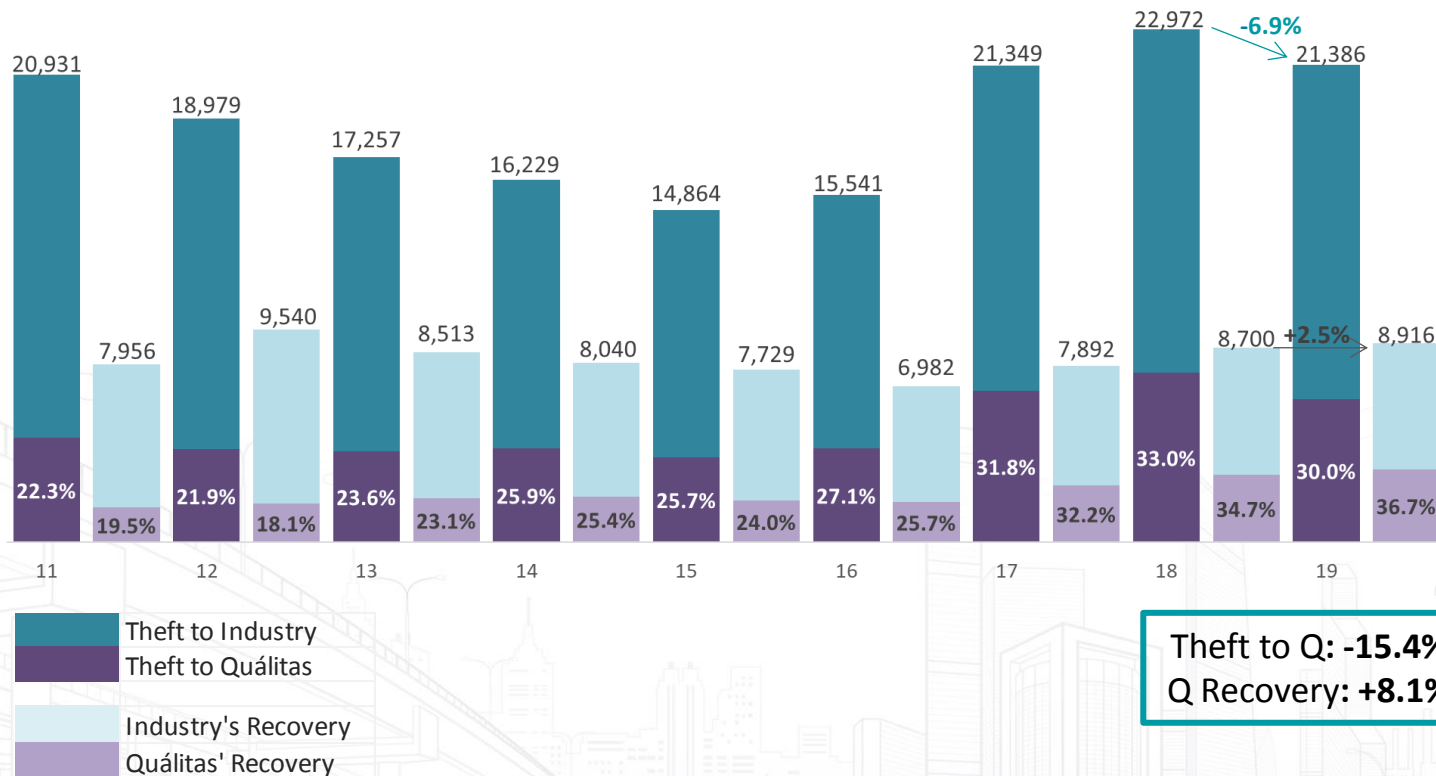
Mandatory Insurance in every state except for Michoacán

# New car sales- Mexico



- 2018 -7.1% Cumulative decrease
- Financing-> 68.1% of sales
- Vehicles imports -> +16.0%

# Local theft

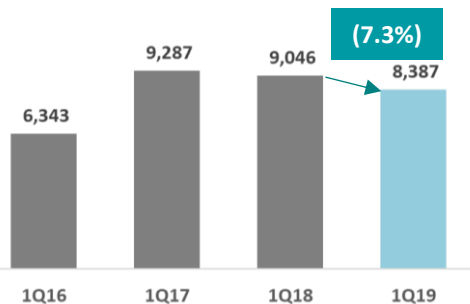


Theft to Q: -15.4%  
Q Recovery: +8.1%

# Financial Highlights

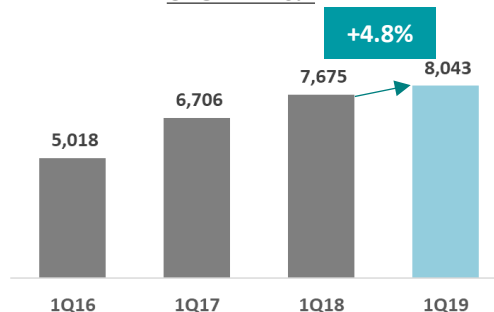
## Written Premiums

CAGR: 9.8%



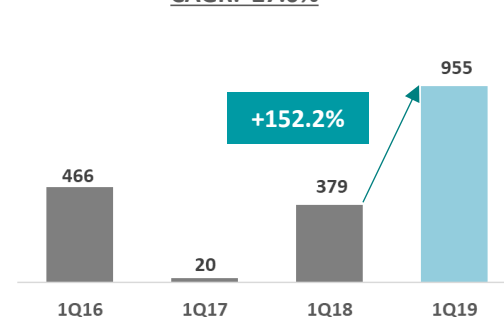
## Earned Premiums

CAGR: 17.0%



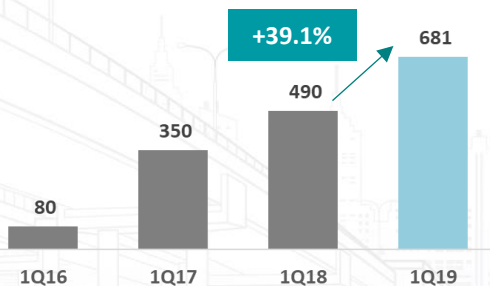
## Underwriting result

CAGR: 27.0%



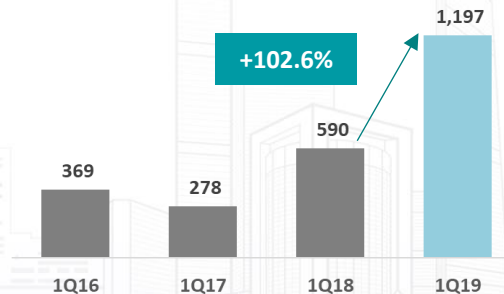
## Comprehensive Financial Income

CAGR: 104.4%



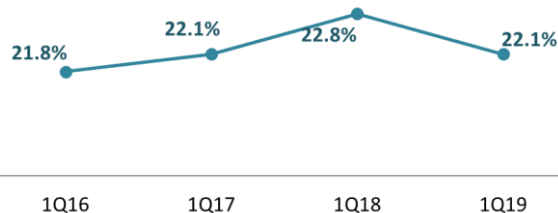
## Net Income

CAGR: 48.1%

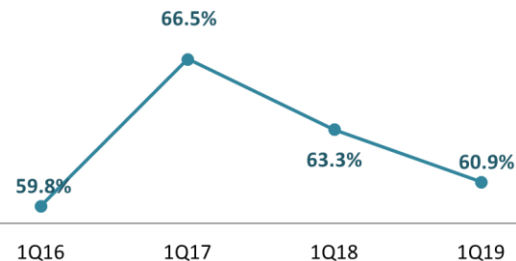


# Qualitas - Cost Ratios

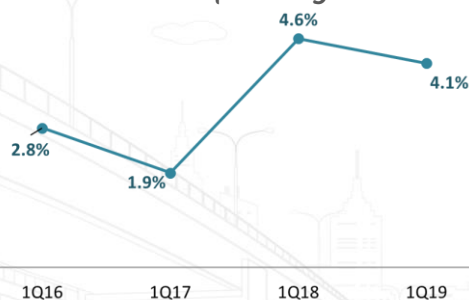
## Acquisition



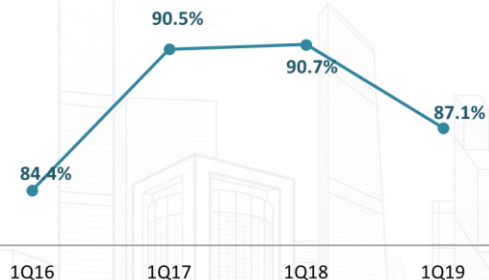
## Claims



## Operating



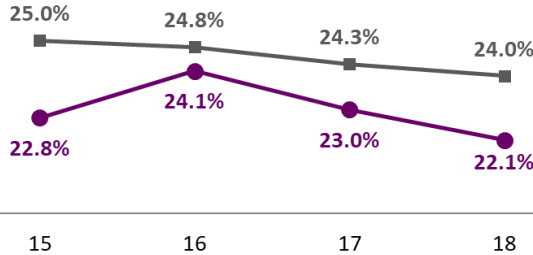
## Combined



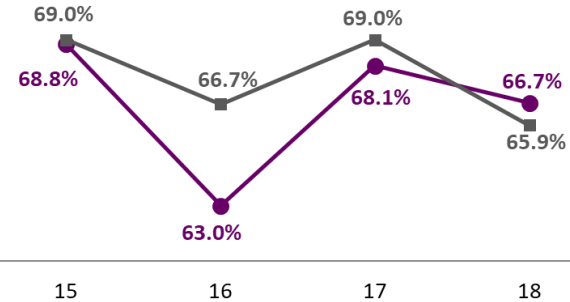
# Q vs. Industry- Cost Ratios

● Quálitas  
■ Industry\*

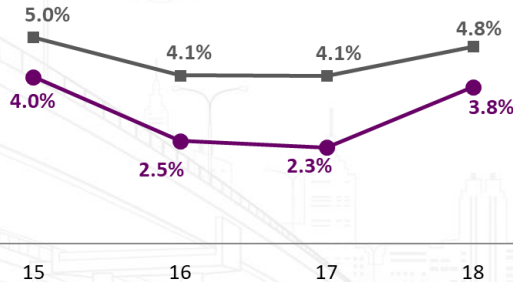
## Acquisition



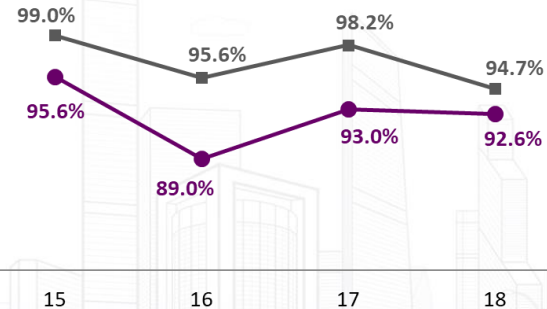
## Claims



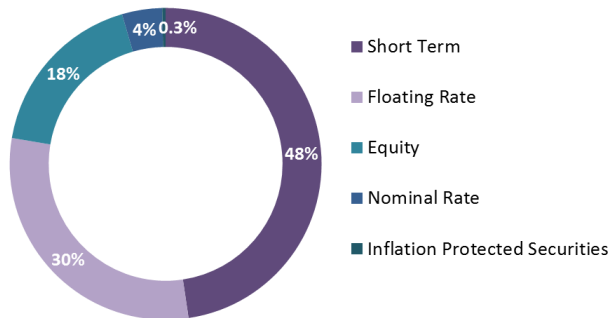
## Operating



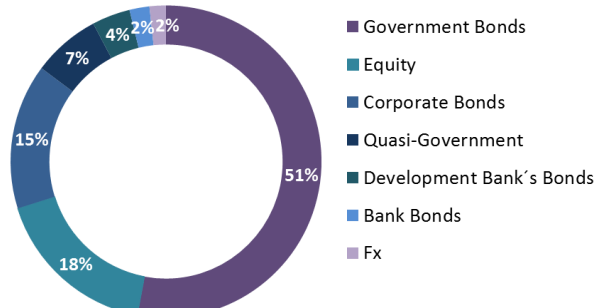
## Combined



## Portfolio by risk

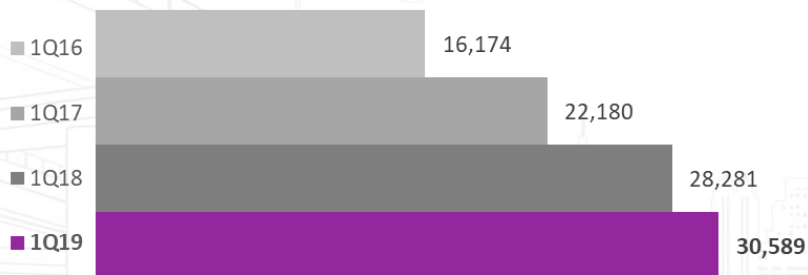


## Portfolio by type of issuer

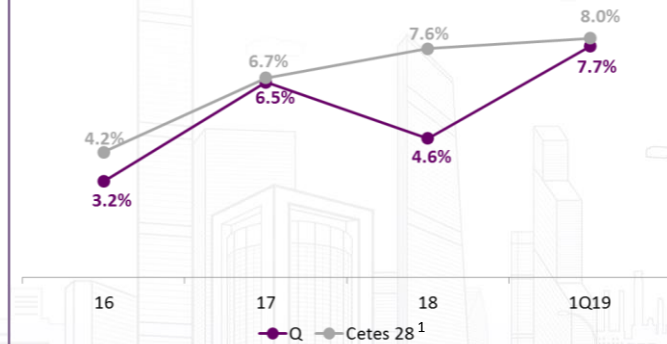


## Invested assets, float, MXN BN

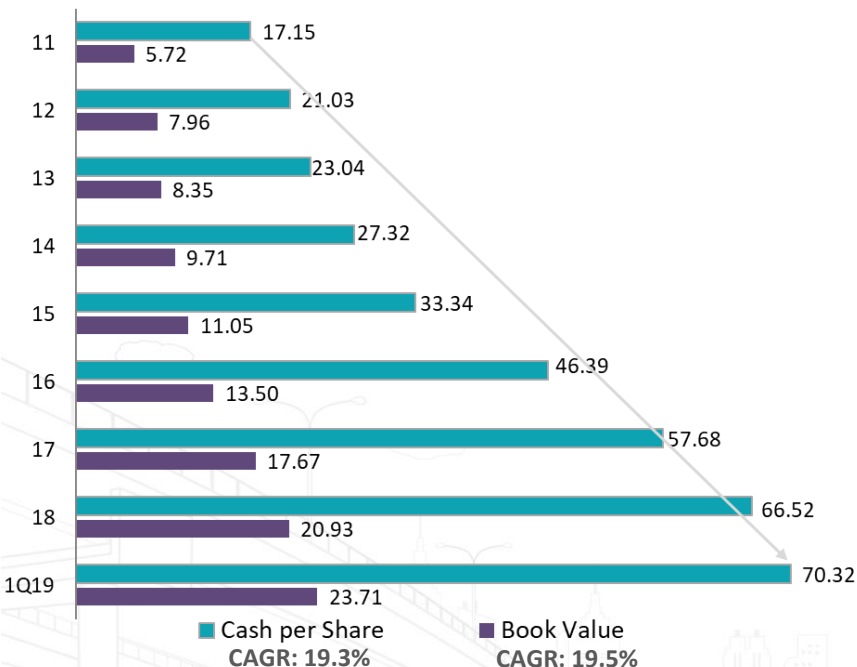
CAGR: 23.7%



## Return on investments



# Cash & Investments

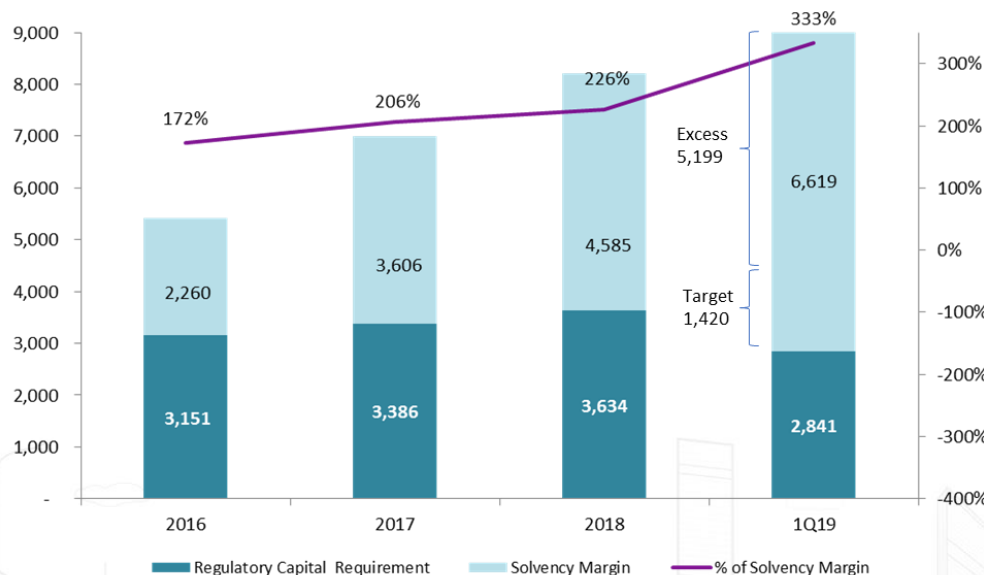


## Approved points AGM:

- To pay a cash dividend of \$0.85 pesos per share.
- To cancel 10 million shares (reduction of capital stock).
- Share buyback of \$650 million. It can reach a maximum of \$700 million considering the surplus derived from its operation.



# Solvency Margin



## Dividend policy

Q aims to maintain a minimum stockholders' equity of 1.5 times the regulatory capital requirement. Between 50% and 90% of the surplus could be distributed as a dividend, depending on the Company's capital requirements for future projects.

# Our stock - Q\*

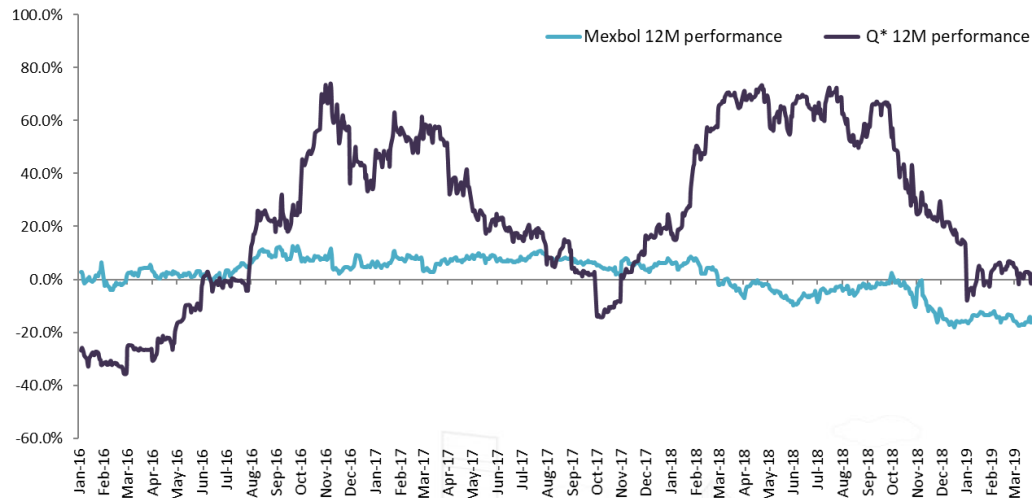


Q

## Marketability Index

Mar 18	47
Apr 18	44
May 18	42
Jun 18	40
Jul 18	41
Aug 18	42
Sep 18	44
Oct 18	45
Nov 18	47
Dec 18	48
Jan 19	46
Feb 19	46
Mar 19	46

High liquidity



## Q\* vs Mexbol

### Daily average

	Traded Volume	Δ%	(MXN) Volume	Δ%	(USD) Volume	Δ%	Q* Performance
March	300,263	(54.1%)	14,084,431.0	(57.8%)	731,745.00	(59.1%)	(2.2%)
YTD	383,556	(52.3%)	17,848,793.0	(50.7%)	929,403.00	(51.9%)	15.3%
12M	505,233	6.2%	24,386,317.0	57.4%	1,260,370.00	50.6%	(5.2%)

	Q*	IPC
1Q19	15.3%	3.9%
12M	-5.2%	-6.2%

# Q\* and other financials

## Performance

	Performance		
	March	1Q19	12M
CREAL	13.4%	23.8%	(16.3%)
BOLSA	(0.1%)	19.9%	6.4%
<b>Q</b>	(3.4%)	15.3%	(5.2%)
GFNORTE	0.7%	10.2%	(5.0%)
R A	(2.3%)	8.2%	(12.5%)
GENTERA	(4.4%)	4.6%	14.2%
ACTINVER	(0.8%)	3.2%	(6.5%)
GBM	(0.1%)	0.0%	1.2%
UNIFIN	(7.4%)	(1.2%)	(33.4%)
GFINBUR	(6.5%)	(4.9%)	(10.6%)
FINDEP	(4.3%)	(15.7%)	(33.7%)

MEMBER OF

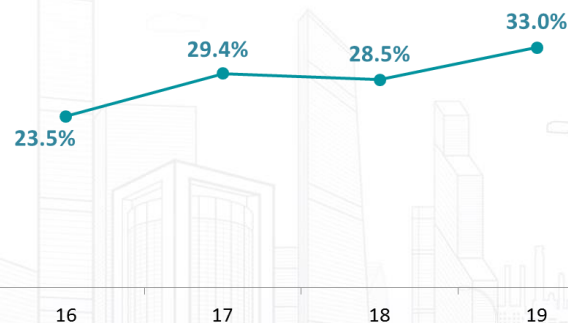
**Dow Jones  
Sustainability Indices**

In Collaboration with RobecoSAM

## Q\*

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

## L12M ROE



# Sustainability Model

## Environmental

Calculation of Greenhouse Gas (GHG) emissions

Use of LED to reduce electricity consumption

Water treatment plant (4,475 m<sup>3</sup>)

Use of recycled material and recycling of it

Annual reforestation:  
+11,400 trees, + 1,400 participants

In 1Q19 the acquisition of 92 hybrids vehicles was made.

Members of the DJSI Mila Pacific Alliance Index

## Social

Road Safety Campaign Quálitas  
Road to safety tour

Quálitas University

Talent seedbeds (Talent incubators)

Health Days and medical expenses insurance

Savings Account

Contributions to various organizations

Career development (internal growth)

We donate \$ 6 million for the support of 27 institutions

## Governance

Board of Directors: 13 members, 61% independent, 15% women

5 Advisory committees

41% 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

MEMBER OF

**Dow Jones  
Sustainability Indices**

In Collaboration with RobecoSAM

# strengthening core business



## Cost Control



- Process efficiency
- Timely & accurate cost booking
- Costs indicator's program
- Pricing discipline
- Pursue new improvement opportunities



## Technology and Innovation



- Incorporation of hybrid cars to the fleet
- Technological innovations for risk prevention
- Investment in Apps for different stakeholders



## Explore business opportunities



- Take advantage of our extensive network
- Identify emerging needs
- Increase business & diversify



## Strengthen Subsidiaries



- Business expansion
- Reinforce the structure
- Improve management

# Financial highlights (MM MXN)

INCOME STATEMENT	1Q19	1Q18	Δ %/bp
Premiums Written	8,387	9,046	(7.3%)
Net Premiums Written	8,350	8,882	(6.0%)
Premiums Earned	8,043	7,675	4.8%
Acquisition Cost	1,848	2,022	(8.6%)
Loss Cost	4,898	4,859	0.8%
<b>Technical Result</b>	<b>1,297</b>	<b>794</b>	63.3%
Operating Expenses	344	416	(17.3%)
<b>Underwriting Result</b>	<b>955</b>	<b>379</b>	152.2%
Integral Financing Result	681	490	39.1%
Investment Income	554	382	45.2%
Income Taxes	439	278	58.1%
<b>Net Result</b>	<b>1,197</b>	<b>590</b>	102.6%
Controlling Interest	1,196	588	103.5%
Non-Controlling Interest	1	3	(78.3%)
Acquisition Ratio	22.1%	22.8%	(62)
Loss Ratio	60.9%	63.3%	(242)
Operating Ratio	4.1%	4.6%	(50)
Combined Ratio	87.1%	90.7%	(354)
Combined Ratio Adjusted*	88.2%	95.1%	(692)
BALANCE SHEET			
Assets	58,456	54,730	6.8%
Investments & Real Estate	31,113	28,727	8.3%
Invested Assets or float	30,589	28,281	8.2%
Technical Reserves	36,149	34,691	4.2%
Total Liabilities	48,142	46,582	3.3%
Stockholders' Equity	10,314	8,148	26.6%
PROFITABILITY RATIOS			
Return on Investments	7.7%	5.8%	191
ROE for the period	49.3%	29.4%	1,994
L12M ROE	33.0%	33.0%	1

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

# Underwriting result - automobile segment

	2010	2011	2012*	2013	2014	2015	2016	2017	2018	Total
Quálitas	(76)	475	903	483	(95)	47	1,103	895	1,830	5,566
G.N.P.	(668)	(371)	(373)	(27)	(87)	(221)	(404)	(952)	283	(2,820)
Chubb (ABA)	(200)	356	411	368	132	(79)	646	499	(56)	2,077
AXA	82	(132)	173	(594)	(453)	(651)	(218)	231	1,621	58
HDI (Talanx)	(43)	(47)	(22)	(46)	(36)	(276)	101	72	16	(280)
<b>Top 5</b>	<b>(904)</b>	<b>280</b>	<b>1,092</b>	<b>184</b>	<b>(539)</b>	<b>(1,180)</b>	<b>1,228</b>	<b>745</b>	<b>3,694</b>	<b>4,600</b>
Mapfre México	(133)	(22)	69	3	(14)	(170)	(651)	(304)	(28)	(1,250)
Zurich Daños	(238)	(92)	45	(108)	(174)	(379)	51	(284)	(278)	(1,457)
Atlas	95	146	220	208	105	(6)	123	116	105	1,111
ANA	(3)	6	(2)	(2)	(43)	(30)	33	28	113	99
General de Seguros	(22)	27	8	3	(33)	(277)	(92)	(180)	(146)	(712)
<b>Medium</b>	<b>(300)</b>	<b>64</b>	<b>340</b>	<b>104</b>	<b>(160)</b>	<b>(863)</b>	<b>(536)</b>	<b>(624)</b>	<b>(234)</b>	<b>(2,209)</b>
<b>Other</b>	<b>(398)</b>	<b>(164)</b>	<b>25</b>	<b>(144)</b>	<b>(414)</b>	<b>(502)</b>	<b>(282)</b>	<b>(65)</b>	<b>804</b>	<b>(1,139)</b>
<b>Bank-owned</b>	<b>849</b>	<b>1,590</b>	<b>2,114</b>	<b>2,410</b>	<b>2,089</b>	<b>1,436</b>	<b>1,899</b>	<b>548</b>	<b>1,301</b>	<b>14,236</b>
<b>Total Market</b>	<b>(754)</b>	<b>1,771</b>	<b>3,570</b>	<b>2,555</b>	<b>976</b>	<b>(1,109)</b>	<b>2,310</b>	<b>604</b>	<b>5,565</b>	<b>15,488</b>

	Total
Quálitas	5,566
Other	(4,313)
Bank-owned	14,236
Total	15,488

Source: AMIS (last figures reported)

Figures in million pesos. Q MX figures

\*During 2012 Q MX recorded a 94 million benefit due to the change in the booking of policy fees and in 2016 a one time benefit of 752 million due to Solvency II adoption

# Underwriting result - all business lines

	2010	2011	2012	2013	2014	2015	2016	2017	2018	Total
Quálitas	(75)	475	903	484	(93)	48	1,104	897	1,831	5,574
G.N.P.	(1,906)	(2,112)	(2,508)	(2,469)	(3,405)	(3,553)	(1,855)	(3,404)	(2,830)	(24,041)
Chubb (ABA)	(150)	482	517	433	70	10	897	628	218	3,104
AXA	(1,560)	(1,906)	(1,223)	(2,498)	(1,951)	(2,303)	(2,283)	(1,905)	(906)	(16,534)
HDI (Talanx)	(40)	(37)	(10)	12	(62)	(166)	170	(3)	(19)	(156)
<b>Top 5</b>	<b>(3,731)</b>	<b>(3,099)</b>	<b>(2,320)</b>	<b>(4,038)</b>	<b>(5,441)</b>	<b>(5,964)</b>	<b>(1,968)</b>	<b>(3,787)</b>	<b>(1,706)</b>	<b>(32,053)</b>
Mapfre México	(247)	(1)	42	43	(79)	(495)	2	(565)	(742)	(2,043)
Zurich Daños	(437)	(109)	(165)	(485)	(420)	(742)	(305)	(811)	(1,039)	(4,512)
Atlas	23	223	39	96	(10)	(129)	(188)	(423)	(68)	(439)
ANA	(3)	6	(2)	(2)	(43)	(30)	33	28	113	99
General de Seguros	(5)	(126)	37	47	(83)	(317)	(189)	(201)	(228)	(1,064)
<b>Medium</b>	<b>(669)</b>	<b>(7)</b>	<b>(50)</b>	<b>(302)</b>	<b>(635)</b>	<b>(1,713)</b>	<b>(647)</b>	<b>(1,973)</b>	<b>(1,964)</b>	<b>(7,958)</b>
<b>Other</b>	<b>(2,787)</b>	<b>159</b>	<b>(648)</b>	<b>3,064</b>	<b>3,838</b>	<b>2,999</b>	<b>5,502</b>	<b>2,388</b>	<b>11,156</b>	<b>25,671</b>
<b>Total Market</b>	<b>(7,186)</b>	<b>(2,947)</b>	<b>(3,019)</b>	<b>(1,275)</b>	<b>(2,237)</b>	<b>(4,678)</b>	<b>2,887</b>	<b>(3,371)</b>	<b>7,486</b>	<b>(14,340)</b>

	Total
Quálitas	5,574
Other	(19,914)
Total	(14,340)

Source: AMIS (last figures reported)  
Figures in million pesos. Q.MX figures



# Net result - automobile segment

	2010	2011	2012	2013	2014	2015	2016	2017	2018	Total
Quálitas	392	833	1,254	840	680	619	1,246	2,036	2,417	10,317
G.N.P.	(209)	11	69	356	186	102	188	(299)	827	1,231
Chubb (ABA)	316	842	819	845	567	304	592	617	172	5,075
AXA	333	472	651	44	188	(163)	381	949	2,147	5,002
HDI (Talanx)	12	24	53	113	180	27	175	233	263	1,079
<b>Top 5</b>	<b>845</b>	<b>2,182</b>	<b>2,846</b>	<b>2,198</b>	<b>1,801</b>	<b>889</b>	<b>2,583</b>	<b>3,535</b>	<b>5,826</b>	<b>22,705</b>
Mapfre México	(3)	91	187	109	78	(50)	(418)	(195)	178	(23)
Zurich Daños	(76)	27	230	131	39	(165)	173	(238)	(172)	(51)
Atlas	153	151	245	211	143	58	169	231	173	1,535
ANA	14	32	20	19	(16)	21	31	53	110	285
General de Seguros	50	114	207	39	34	(40)	100	124	(223)	405
<b>Medium</b>	<b>138</b>	<b>416</b>	<b>889</b>	<b>510</b>	<b>279</b>	<b>(175)</b>	<b>54</b>	<b>(25)</b>	<b>66</b>	<b>2,151</b>
<b>Other</b>	<b>(205)</b>	<b>74</b>	<b>229</b>	<b>66</b>	<b>(202)</b>	<b>(270)</b>	<b>(151)</b>	<b>95</b>	<b>1,005</b>	<b>643</b>
<b>Bank-owned</b>	<b>1,701</b>	<b>2,198</b>	<b>2,903</b>	<b>3,237</b>	<b>2,628</b>	<b>2,121</b>	<b>3,103</b>	<b>2,429</b>	<b>2,071</b>	<b>22,389</b>
<b>Total Market</b>	<b>2,479</b>	<b>4,869</b>	<b>6,866</b>	<b>6,011</b>	<b>4,506</b>	<b>2,566</b>	<b>5,588</b>	<b>6,034</b>	<b>8,968</b>	<b>47,887</b>

	Total
Quálitas	10,317
Other	15,182
Bank-owned	22,389
Total	47,887

Source: AMIS (last figures reported)  
Figures in million pesos. Q MX figures

# Net result- all business lines

	2010	2011	2012	2013	2014	2015	2016	2017	2018	Total
Quálitas	415	835	1,256	841	682	621	1,248	2,037	2,418	10,351
G.N.P.	691	701	663	790	223	169	2,126	2,669	3,234	11,266
Chubb (ABA)	303	875	854	796	478	340	807	722	605	5,782
AXA	26	413	622	(328)	358	319	860	1,276	1,927	5,472
HDI (Talanx)	41	38	96	174	173	106	241	193	257	1,319
<b>Top 5</b>	<b>1,476</b>	<b>2,861</b>	<b>3,491</b>	<b>2,273</b>	<b>1,915</b>	<b>1,555</b>	<b>5,281</b>	<b>6,897</b>	<b>8,441</b>	<b>34,190</b>
Mapfre México	119	177	198	323	246	(110)	673	33	115	1,774
Zurich Daños	(208)	53	52	(174)	(173)	(487)	(142)	(547)	(798)	(2,425)
Atlas	272	285	344	274	237	139	294	390	319	2,555
ANA	14	32	20	19	(16)	21	31	53	110	285
General de Seguros	163	46	431	77	81	282	252	551	(269)	1,613
<b>Medium</b>	<b>360</b>	<b>593</b>	<b>1,046</b>	<b>520</b>	<b>375</b>	<b>(155)</b>	<b>1,108</b>	<b>479</b>	<b>(523)</b>	<b>3,802</b>
<b>Other</b>	<b>10,553</b>	<b>13,539</b>	<b>15,546</b>	<b>17,045</b>	<b>19,720</b>	<b>17,120</b>	<b>28,563</b>	<b>34,496</b>	<b>33,552</b>	<b>190,133</b>
<b>Total Market</b>	<b>12,389</b>	<b>16,993</b>	<b>20,082</b>	<b>19,839</b>	<b>22,010</b>	<b>18,519</b>	<b>34,952</b>	<b>41,872</b>	<b>41,470</b>	<b>228,125</b>

	Total
Quálitas	10,351
Other	217,774
Total	228,125

Source: AMIS (last figures reported)  
Figures in million pesos. Q MX figures

# Analysts coverage

Corporate Presentation  
2019

Institution	Analyst	E-mail	Target Price	Recommendation
Merrill Lynch	Ernesto Gabilondo	ernesto.gabilondo@baml.com	56.0 MXN	Buy
Barclays	Gilberto García	gilberto.garcia@barclays.com	55.0 MXN	-
Actinver	Enrique Mendoza	emendoza@actinver.com.mx	56.0 MXN	Hold
Signum Research	Armando Rodríguez	armando.rodriguez@signumresearch.com	57.0 MXN	Buy
Nau Securities	Iñigo Vega	inigovega@nau-securities.com	56.0 MXN	Buy
BBVA Research	Rodrigo Ortega	r.ortega@bbva.com	34.9 MXN	Buy
Grupo Bursátil Mexicano	Jorge Benitez	jjbenitez@gbm.com.mx	-	-
Ve por Más	Eduardo López	elopezp@vepormas.com	-	-
Bloomberg (consenso)			56.65 MXN	-

