

# Earnings Results

1st Quarter

2019 ↘



Quálitas

DRAWING NEW ROADS

## QUÁLITAS REPORTS RESULTS FOR THE FIRST QUARTER OF 2019

**Mexico City, April 23<sup>th</sup>, 2019** – Quálitas Controladora, S.A.B. de C.V. (“Quálitas”, “Q”, or “the Company”) (BMV: Q\*), announces its unaudited financial results for the first quarter ended March 31<sup>th</sup>, 2019.

Figures in this document are stated in millions of Mexican pesos except when otherwise specified and may vary due to rounding.

### 1Q19 highlights

#### Operating figures

During the quarter the company **opened two new ODOs** (Quálitas Development Offices) and **two service offices**; also, two existing service offices became ODOs.

**Insured vehicles** increased 2.4% in comparison with 4Q 2018, reaching a total of **3.97 million units**. In the first three months of the year 93,308 vehicles were added to the portfolio compared with 4Q18.

According to the latest AMIS figures, Quálitas kept its leading position in the Mexican Automobile Insurance Industry with **29.9% market share**.

#### Income Statement and Balance Sheet

- **Written premiums** decreased 7.3% in the quarter due to two main reasons; first, the decreased of 26% through financial institutions driven by a slowdown in new car sales in Mexico and second, government accounts renewal shifting from first to second quarter. Total written premiums reached \$8,387 million.
- **Earned premiums** had a 4.8% growth, this related to the amount of revenue recorded in the current period but comes from multiannual policies issued in past years. Earned premiums amounted to \$8,043 million.
- **Loss cost** increased 0.8% during the quarter, a lower increase than earned premiums growth. Despite this increase, we ended the quarter with a loss ratio of 60.9%, 241 bp lower than the 63.3% reported in the first quarter of 2018. In addition, the gasoline shortage contributed to a lower circulation of vehicles, which contributed to fewer incidents. In 1Q19, Quálitas assisted 355,851 claims, 6,506 fewer events than in the same period of last year.

- In the quarter, **the acquisition cost** and the **operating expenses** decreased by 8.6% and 17.3% respectively. Both variations caused by lower commissions paid to Financial Institutions, and lower administrative expenses.
- The company registered an **underwriting margin** (underwriting result / earned premium) of 11.9% and a **combined ratio** of 87.1%. Therefore, underwriting result amounted to \$955 million, a figure that compares with \$379 million recorded last year, which means an increase of 152%.
- **Comprehensive financial income** stands at \$ 681 million, an increase of 39.1%, equivalent to \$191 million. This as a result of an assertive investments portfolio management, benefited by the reference rate of Mexico's Central Bank at 8.25%.The cash per share reached \$70.32 pesos or a 5.7% increase versus the figure reported in 2018.
- As a result of the underwriting and financial profitability, **net income** for the quarter was \$1,197 million, an increase of 102.6% when compared to the first three months of 2018. With this result, the company registered a **L12M ROE of 33%**.
- **Q\* stock** had a price increase of 15.3% in the quarter. The daily average traded volume was 384 thousand shares and \$929 thousand USD.

The issuer is positioned in the 46th place in the marketability index, considered a high liquidity stock.

## Financial highlights of the first quarter

(MM MXN)

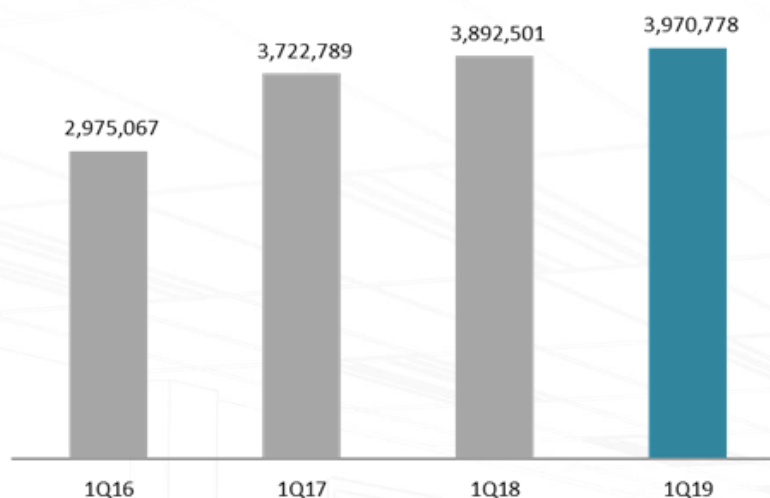
	QUARTERLY		
INCOME STATEMENT	1Q19	1Q18	Δ %/bp
Premiums Written	8,387	9,046	(7.3%)
Net Premiums Written	8,350	8,882	(6.0%)
Premiums Earned	8,043	7,675	4.8%
Acquisition Cost	1,848	2,022	(8.6%)
Loss Cost	4,898	4,859	0.8%
<b>Technical Result</b>	<b>1,297</b>	<b>794</b>	63.3%
Operating Expenses	344	416	(17.3%)
<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

\* Adjusted Combined Ratio refers to the sum of the acquisition, loss and operating costs, divided by earned premiums and it is presented for comparison reasons with international indices.

\*\*Invested Assets, float = investments in debt + overnight + cash + discount and rediscount instruments.

## Insured vehicles

CAGR 10.1%



CAGR: Compound Annual Growth Rate

Business Line	1Q 2019	1Q 2018	Δ units	Δ %
Automobiles	2,647,162	2,652,194	(5,032)	(0.2%)
Trucks	1,034,972	981,233	53,739	5.5%
Tourists	78,317	70,191	8,126	11.6%
Motorcycles	122,883	110,871	12,012	10.8%
El Salvador	17,710	13,650	4,060	29.7%
Costa Rica	52,479	49,248	3,231	6.6%
USA	17,255	15,114	2,141	14.2%
<b>Insured Vehicles</b>	<b>3,970,778</b>	<b>3,892,501</b>	<b>78,277</b>	<b>2.0%</b>

Insured units increased 2.0% when compared to the first quarter of 2018, reaching 3,970,778 insured vehicles in the portfolio, the additional insured units during the quarter were 78,277.

The lower growth in insured vehicles corresponds mainly to the continue deceleration of new car sales in Mexico. According to the Mexican Association of Automotive Distributors (AMDA), the sale of cars declined 1.6% in the quarter, with 332 thousand vehicles sold, 5 thousand less units than in 2018.

## Written premiums

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>

Period	1Q19	%	1Q18	%
Annual	7,000	83.5%	6,431	71.1%
Multiannual	1,387	16.5%	2,615	28.9%

During the quarter, written premiums reached \$8,387 million, a decrease of 7.3% compared with what was recorded during 1Q18. This is consequence of two main reasons:

The first is the continuous deceleration of new car sales in Mexico. This fall has also led to a drop in written premiums through financial institutions, which showed a drop of 26.4% compared to the first quarter of 2018. Regarding financial institutions, we are still analyzing case by case the way in which we ensure value generation through this channel, without neglecting our market share. Second, we had government accounts renewal shifting from first to second quarter.

The traditional segment grew 5.9%. This segment implies lower acquisition costs than the Financial Institutions. In addition, most of this policies are annual, which allows tariff adjustments when needed.

In Quálitas Mexico written premiums fell 7.3%, this subsidiary continues to represent 95.2% of total sales. The subsidiaries are being accretive to our total results, with a total increase of 3%.

## Ceded premiums, earned premiums and reinsurance

The company registered ceded premiums of \$ 37 million during this first quarter. It is worth mentioning that Quálitas has hired a catastrophic reinsurance for Quálitas México.

## Earned premiums

During the first quarter, earned premiums reached \$8,043 million, an increase of 4.8% compared to the \$7,675 million recorded during the previous year.



The percentage growth of the earned premium is higher than the written premium derived from a greater release of reserves related to multiannual policies issued in previous periods.

### Net acquisition cost

Net acquisition cost for the quarter amounted \$1,848 million, a downturn of 8.6% when compared to the \$2,022 million recorded in 1Q18.

The contraction of this cost is mainly related to lower commissions paid to Financial Institutions, as well as lower administrative expenses.

The acquisition ratio for the quarter was 22.1% against the 22.8% registered in the same period last year.

### Net loss cost

Net loss cost reached \$4,898 million, an increase of 0.8% when compared to the first quarter of 2018. During this period 355,851 claims were attended, 6,506 fewer events than in 2018.

In addition, during this first quarter the **theft of insured vehicles** in Mexico **decreased 6.9% for the industry and 15% for the company** according to OCRA (Coordinated Office of Assured Risks), compared to the same period of the previous year; this indicates that we are on the right track to control and reduce costs, ensuring the generation of value for our shareholders and policyholders.

We continue to innovate and promote projects, such as the express adjustment, which allows a more efficient service for the policyholder, and through which we respond to 2.6% of total claims.

Loss ratio for the quarter was 60.9%, a reduction of 241.6 bp against the 63.3% recorded during 1Q18.

### Operating expenses

Operating expenses had a downturn of 17.3% reaching \$344 million. This result reflects a one-time benefit due to an adjustment on the IBNR (Incurred but not reported) reserve that for accounting guideline needs to be reflected in other income.

The operating ratio for the quarter was 4.1% and compared to the 4.6% reported on the same period of last year.

During the quarter, the debt portfolio obtained a good performance since it is mainly comprised of short-term instruments and was benefited by the rates currently offered by the market

## Underwriting result

Underwriting profit for the quarter was \$955 million figure that favorably compares with the \$379 million reported in 1Q18. The combined ratio fell significantly from 90.7% to 87.1%. Additionally, the underwriting margin (underwriting result / premium earned) improved from 4.9% to 11.9%.

## Comprehensive financial income

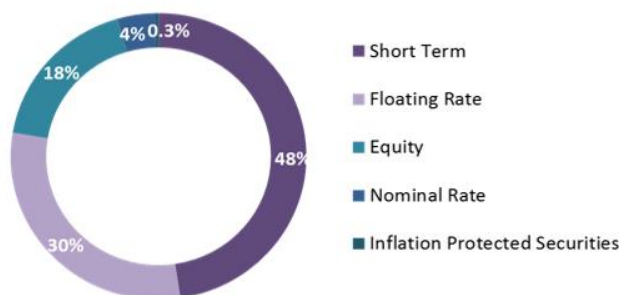
During 1Q19 the Comprehensive financial income reached \$ 681 million, an increase of 39.1%, equivalent to \$ 490 million reported in the 1Q18. This result derives mainly from a disciplined management of the investment portfolio, from the income represented by the surcharge on premiums and from the growth of invested assets or float by 8.2% compared to the same period of the previous year, remaining at COP 30,589 million during in 1Q 2019.

During the quarter, the debt portfolio obtained a good performance since it is mainly comprised of short-term instruments and was benefited by the rates currently offered by the market.

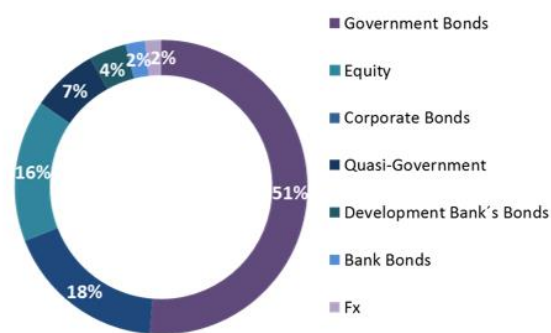
During the quarter, the equity portfolio remained at 18%, figure lower than the 35% established as an internal limit.

The return on investment for the quarter was 7.7%, figure lower than the Mexico's Central bank reference rate.

### Portfolio by type of risk



### Portfolio by type of issuer





## Taxes

During the quarter the company recorded \$439 million in taxes, figure 58.1% higher when compared to the same period 2018.

## Net result

As consequence of the underwriting and financial profitability of the quarter, net income result amounted \$1,197 million from January to March, a sharp increase of 102.6% and a L12M ROE of 33%. This return comes from an operating ROE of 18.1% and a financial ROE of 14.9%.

## Investments

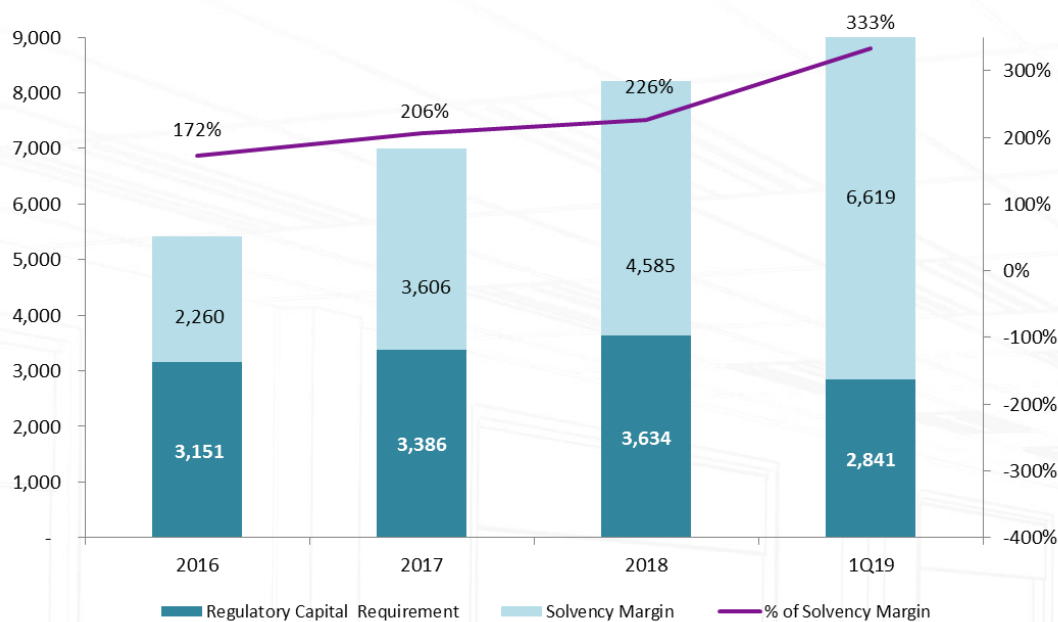
Investments amounted to \$31,113 million, a rise of 8.3%. This item comprises: securities, overnight, cash and cash equivalents, loans portfolio and property.

## Technical reserves

The technical reserves reached \$ 36,149 million, an upturn of 4.2%, a consequence of a 3.4% hike in unearned premiums reserves and 6.3% increase in the reserve for outstanding obligations.

## Solvency

Quálitas recorded a solvency margin of \$6,619 million, which represents a solvency margin of 333%.



## Share buyback program

The main objective of the Share Buyback Program is to give liquidity to the stock by performing as a second market maker, purchasing and selling its own shares at market value.

The amount invested in shares repurchased as of March is \$598 million and no share has been canceled. The authorized amount for the share buyback program is \$550 million, reaching a maximum of \$605 million considering the surplus derived from the operations of the fund itself.

	1Q19	1Q18	Δ %
Shares traded in the period	5.5	14.9	(63.1%)
Balance of repurchased shares	12.0	15.6	(22.8%)
Operating profit	(4.5)	38.8	NA

## Stock performance (Q\*)

Daily average							
	Traded Volume	Δ%	Peso (MXN) Volume	Δ%	Dollar (USD) Volume	Δ%	Q* Return
1Q19	300,263	-54.1%	14,084,431.0	-57.8%	731,745.00	-59.1%	(2.2%)
Year	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%

Figures: traded volume is expressed in number of shares, peso and dollar volume in millions.

Δ%: percentage change vs. the same period 2018

The issuer advanced 1 place in the marketability index of the Mexican Stock Exchange, going from 47<sup>th</sup> place in December 2018 to 46<sup>th</sup> as of March 2019.

## Sustainability

Quálitas is aware that for keeping business continuity, it has to focus on both, financial and non-financial dimensions of the company, and also to follow-up its sustainability model and its commitments with stakeholders. During this first quarter, the company promoted the replacement of our claim officers' vehicles for less polluting cars, having acquired 92 hybrid cars during this quarter. This is one more step towards our sustainability goals.

In addition, we made a "Road Show" presentation, regarding Quálitas Road Safety Campaign in a school in Mexico City where we had an assistance of over 800 youngsters.

## Glossary of Terms and Definitions

**Acquisition Cost:** Includes commissions and compensations paid to agents as well as fees paid to Financial Institutions for the use of their facilities (UOF).

**Acquisition Ratio:** Acquisition Cost ÷ Net Written Premiums

**CAGR:** Compound Annual Growth Rate =  $[(\text{End of Period Figure} / \text{Beginning of Period Figure}) ^ {1/ \text{Number of periods}}]$

**Combined Ratio:** Acquisition Ratio + Operating Ratio + Loss Ratio

**CNSF:** National Insurance & Bonds Commission, the regulator of the insurance sector in Mexico.

**Financial Institutions:** Financial branch of major automakers and Financial Groups that provide automotive financing.

**Loss Cost:** Includes costs incurred in the payment of claims: third party liability, theft, repair costs, among others.

**Loss Ratio:** Loss Cost ÷ Net Earned Premiums.

**Multi-annual Policies:** Policies with a term greater than 12 months. They are typically issued for the automobiles sold on credit.

**Net Earned Premiums:** Written premiums registered as income throughout the duration of a policy.

**Net Written Premiums:** Written premiums less the portion ceded to reinsurance.

**Operating Expenses:** Includes expenses incurred in by the Company in its regular operations.

**Operating Ratio:** Operating Expenses ÷ Net Written Premiums

**Policies' Fees:** Administrative fee charged when the policy is issued and recorded as an income in operating expenses.

**Premium Debtor:** Records the portion of sold policies which will be paid in installments.

**Premiums finance charge:** Financial penalty imposed to policyholders that choose to pay premiums in installments.

**Regulatory Equity Requirement:** Is the minimum equity level that an insurance company should maintain, according to legal requirements.

**Written Premiums:** Premiums corresponding to policies underwritten.

**Q CR:** Quálitas Costa Rica

**Q MX:** Quálitas México

**Q ES:** Quálitas El Salvador

**QIC:** Quálitas Insurance Company

**Solvency Margin:** Stockholders' equity – Regulatory Equity Requirement.

**Solvency Margin Ratio:** Solvency Margin ÷ Regulatory Equity Requirement

**QUALITAS CONTROLADORA, S.A.B. DE C.V.**  
**Consolidated Balance Sheet as of March 31st**  
Figures in Mexican pesos

	2019	2018
<b>Assets</b>		
<b>Investments</b>	<b>31,113,156,209</b>	<b>28,726,872,221</b>
<b>Securities and Derivatives Transactions</b>	<b>25,281,978,088</b>	<b>24,459,782,990</b>
<b>Securities</b>	<b>25,281,978,088</b>	<b>24,459,782,990</b>
Government	13,879,335,847	11,913,497,953
Private Companies: Fixed Rate	6,670,837,679	8,193,371,201
Private Companies: Equity	4,490,538,866	4,108,657,178
Foreign	254,776,928	305,767,891
(-) Value Impairment	13,511,232	61,511,232
Restricted Securities	-	-
<b>Derivatives</b>	-	-
<b>Overnight</b>	4,057,552,198	2,130,448,504
<b>Loans Portfolio (Net)</b>	<b>337,652,218.03</b>	<b>730,583,449.12</b>
Current Loan Portfolio	337,957,902	704,998,572
Non-performing Loan	3,811,366	28,436,626
(-) Loan Loss Provisions	38,417,050	2,851,749
<b>Property (Net)</b>	1,435,973,705	1,406,057,277
<b>Investments Related to Labor Obligations</b>	65,806,431	60,909,491
<b>Cash and Cash Equivalents</b>	<b>1,013,338,507</b>	<b>1,399,263,230</b>
Cash and Banks	1,013,338,507	1,399,263,230
<b>Debtors</b>	<b>20,908,779,068</b>	<b>19,766,095,867</b>
Premiums	19,954,798,444	18,625,645,450
Premiums P&C Subsidy	-	-
Federal Agencies Debts	59,994,523	252,283,385
Agents and Claims Officers (Adjusters)	172,259,335	146,801,300
Accounts Receivable	0	4,695,000
Bonds for Claims Debtors	-	-
Other	874,253,483	854,527,083
(-) Allowance for Doubtful Accounts	152,526,716	117,856,351
<b>Reinsurers and Re-Bonding Companies</b>	<b>143,689,315</b>	<b>152,671,550</b>
Insurance and Bonds Institutions	0	148,546
Retained deposits	-	-
Amounts Recoverable from Reinsurance	145,494,570	154,269,146
(-) Loan Loss Provisions for Foreign Reinsurers and Reinsurance and Bonding Brokers	1,652,709	1,573,915
(-) Provisions for Penalties	0	0
(-) Provisions for Penalties	152,546	172,227
<b>Permanent Investments</b>	<b>193,929,835</b>	<b>48,308,164</b>
Subsidiary	49,698,421	0
Associates	0	1,761,325
Other permanent investments	144,231,414	46,546,839
<b>Other Assets</b>	<b>5,017,264,289</b>	<b>4,576,314,121</b>
Furniture and Equipment (Net)	861,255,055	811,990,333
Miscellaneous	4,071,469,235	3,683,147,348
Amortizable Intangible Assets (Net)	52,566,463	51,029,455
Long-lived Intangible Assets (Net)	31,973,535	30,146,985
<b>Total Assets</b>	<b>58,455,963,654</b>	<b>54,730,434,644</b>

**QUALITAS CONTROLADORA, S.A.B. DE C.V.**  
**Consolidated Balance Sheet as of March 31st**  
Figures in Mexican pesos

	2019	2018
<b>Liabilities</b>		
<b>Technical Reserves</b>	<b>36,148,691,136</b>	<b>34,690,889,714</b>
<b>Unearned Premiums</b>	<b>26,019,268,835</b>	<b>25,160,526,355</b>
Property and Casualty Insurance	26,019,268,835	25,160,526,355
<b>Reserve for Outstanding Obligations</b>	<b>10,129,422,301</b>	<b>9,530,363,359</b>
Expired Policies and Claims Occurred Pending of Payment	9,205,659,599	8,612,191,768
Occurred but not Reported and Adjustment Costs assigned to Claims	119,619,043	87,422,655
Deposit Premiums	804,143,659	830,748,936
<b>Reserves Related to Labor Obligations</b>	246,483,889	228,681,422
<b>Creditors</b>	<b>5,406,969,057</b>	<b>5,599,421,051</b>
Agents and Adjusters	1,750,784,780	1,585,297,054
Funds for Losses Management	7,857,821	4,854,353
Bonding for recognition of Liabilities Creditors	-	-
Miscellaneous	3,648,326,456	4,009,269,644
<b>Reinsurers and Re-Bonding Companies</b>	<b>130,480,524</b>	<b>137,815,082</b>
Insurance and Bond Companies	107,128,549	121,905,069
Retained Deposits	23,351,975	15,910,013
Other	-	-
<b>Funding Obtained</b>	-	-
<b>Other Liabilities</b>	<b>6,209,328,654</b>	<b>5,925,247,578</b>
Provisions for employee profit sharing	584,525,663	499,082,728
Income Tax Provisions	1,630,679,177	1,503,003,731
Other Obligations	3,097,969,569	3,076,272,326
Deferred Credits	896,154,246	846,888,793
<b>Total Liabilities</b>	<b>48,141,953,259</b>	<b>46,582,054,846</b>
<b>Stockholders' Equity</b>		
<b>Paid-in Capital</b>		
<b>Capital Stock</b>	<b>2,523,573,749</b>	<b>2,591,897,638</b>
Capital Stock	2,595,391,662	2,684,887,926
(-) Non Subscribed Capital Stock	-	-
(-) Non Displayed Capital Stock	-	-
(-) Repurchased Shares	71,817,912	92,990,288
<b>Earned Capital</b>		
<b>Reserves</b>	<b>441,434,539</b>	<b>416,760,671</b>
Legal	313,746,968	210,935,306
For Repurchase of shares	35,639,839	117,264,049
Other	92,047,731	88,561,316
<b>Valuation Surplus</b>	175,467,947	116,538,531
<b>Permanent Investments</b>	-	-
<b>Retained Earnings</b>	5,803,199,654	4,243,873,717
<b>Net Result</b>	1,195,913,863	587,554,021
<b>Translation effect</b>	159,531,006	134,843,793
<b>Non Monetary Assets Result</b>	-	-
<b>Remeasurements for Benefits granted to Employees</b>	5,262,929	7,613,329
<b>Controlling Interest</b>	10,304,383,687	8,099,081,699
<b>Non-Controlling Interest</b>	9,626,707	49,298,099
<b>Total Stockholders' Equity</b>	<b>10,314,010,395</b>	<b>8,148,379,798</b>
<b>Total Liabilities and Stockholders' Equity</b>	<b>58,455,963,654</b>	<b>54,730,434,644</b>



**QUALITAS CONTROLADORA S.A.B. DE C.V.**  
**Consolidated Income statement for the first quarter**  
Figures in Mexican pesos

	2019	2018
<b>Premiums</b>		
Written	8,386,831,856	9,045,938,278
(-) Ceded	37,025,365	163,698,184
<b>Net Written Premiums</b>	<b>8,349,806,491</b>	<b>8,882,240,095</b>
<b>(-) Net Increase of Unearned Premiums Reserve</b>	<b>0</b>	<b>0</b>
<b>Earned Retained Premiums</b>	<b>8,042,555,934</b>	<b>7,674,688,582</b>
<b>(-) Net Acquisition Cost</b>	<b>1,848,444,613</b>	<b>2,021,558,700</b>
Agents Commissions	606,609,670	570,887,651
Agents' Additional Compensation	146,921,213	126,755,384
Reinsurance and Rebonding Commissions	-	-
(-) Reinsurance Commissions	953,230	3,245,854
Excess of Loss Coverage	1,439,196	1,132,468
Other	1,094,427,764	1,326,029,051
<b>(-) Net Claims Cost and Other Contractual Liabilities</b>	<b>4,897,561,962</b>	<b>4,859,005,684</b>
Claims and Other Contractual Obligations	4,897,561,962	4,859,005,684
(-) Losses on non-proportional reinsurance Claims	-	-
<b>Technical Income (Loss)</b>	<b>1,296,549,358</b>	<b>794,124,198</b>
<b>(-) Net Increase in Other Technical Reserves</b>	<b>-</b>	<b>-</b>
<b>Result of Analog and Related Operations</b>	<b>1,869,723</b>	<b>-</b>
<b>Gross Income (Loss)</b>	<b>1,298,419,081</b>	<b>794,124,198</b>
<b>(-) Net Operating Expenses</b>	<b>343,510,926</b>	<b>415,503,079</b>
Administrative and Operating Expenses	(54,221,979)	105,243,520
Employees' compensation and benefits	302,203,472	219,201,117
Depreciation and Amortization	95,529,433	91,058,442
<b>Operating Income (Loss)</b>	<b>954,908,155</b>	<b>378,621,119</b>
<b>Comprehensive Financing Result</b>	<b>680,736,160</b>	<b>489,533,458</b>
Investments	312,496,893	306,623,623
Sale of Investments	9,301,231	118,079,220
Fair Valuation of Investments	(14,379,640)	(166,106,674)
Surcharges on Premiums	116,962,989	100,749,776
Debt Issuance	-	-
Financial Reinsurance	-	-
Loan Interests	8,260,936	12,063,287
(-) Preventive Penalties for Amounts Recoverable from Reinsurance	-289,377	-160,018
(-) Preventive Penalties for Credit Risks	(2,868,990)	(538,215)
Other	242,870,575	145,876,671
Foreign Exchange Rate Fluctuation	2,064,808	(28,450,679)
(-) Monetary Position Result	-	-
<b>Participation in Permanent Investments Result</b>	<b>-</b>	<b>-</b>
<b>Income (Loss) Before Taxes</b>	<b>1,635,644,315</b>	<b>868,154,577</b>
<b>(-) Provision for Income Taxes</b>	<b>439,103,372</b>	<b>277,705,419</b>
<b>Income (Loss) Before Discontinued Operations</b>	<b>1,196,540,943</b>	<b>590,449,159</b>
<b>Discontinued Operations</b>	<b>-</b>	<b>-</b>
<b>Net Income (Loss)</b>	<b>1,196,540,943</b>	<b>590,449,159</b>
Controlling Interest	1,195,913,863	587,554,021
Non-Controlling Interest	627,079	2,895,137
<b>Net Income (Loss)</b>	<b>1,196,540,943</b>	<b>590,449,159</b>

# Webcast invitation 1Q19

**Wednesday, April 24<sup>th</sup>**  
**9:00 am Mexico City time (10:00 am EST)**

Directed by

» José Antonio Correa, CEO.

» Bernardo Risoul, CFO.

For the webcast please enter to the following link:

<https://www.webcaster4.com/Webcast/Page/1164/30202>

To participate by telephone, please dial:

»Mexico: (01 800) 563 0645

»US & Canada: (888) 339 2688

»International: (617) 847 3007

»Password #: **53110507**

The replay will be available on our page after the event.



**TRAZAMOS  
NUEVOS SIGNIFICADOS**

## About Q

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 the country. Quálitas is listed on the Mexican Stock Exchange (BMV) under the ticker "Q" (Bloomberg: Q\*: MM).

*This document may include forward-looking statements that involve risks and uncertainties. Words such as "estimate," "project," "plan," "believe," "expect," "anticipate," "intend," and similar expressions may identify such forward-looking statements. The Company wants to caution readers that any forward-looking statement in this document or made by the company's management involve risks and uncertainties that may change based on various important factors not under the Company's control. Forward-looking statements relate to the company's current situation only as of their dates of publication.*

## Analysts

Institution	Analyst	E-mail	Target Price	Recommendation
Actinver	Enrique Mendoza	emendoza@actinver.com.mx	54.0 MXN	Hold
Barclays	Gilberto García	gilberto.garcia@barclays.com	55.0 MXN	-
BBVA Research	Rodrigo Ortega	r.ortega@bbva.com	34.9 MXN	Buy
Grupo Bursátil Mexicano	Jorge Benitez	jjbenitez@gbm.com.mx	-	-
Merrill Lynch	Ernesto Gabilondo	ernesto.gabilondo@baml.com	56.0 MXN	Buy
Nau Securities	Iñigo Vega	inigovega@nau-securities.com	56.0 MXN	Buy
Signum Research	Armando Rodríguez	armando.rodriguez@signumresearch.com	57.0 MXN	Buy
Ve por Más	Marisol Huerta	mhuerta@vepormas.com	-	-
Bloomberg (consenso)			56.65 MXN	-

## Investor relations contacts

### Santiago Monroy

smonroy@qualitas.com.mx

T: +52 (55) 1555-6056

### Andreina Incandela

aincandela@qualitas.com.mx

T: +52 (55) 1555-6104

### José Antonio Mundo

jamundo@qualitas.com.mx

T: +52 (55) 1555-6313