



Earnings results Webcast

4th quarter | 2019



Quálitás Controladora

Information discussed on today's webcast may include forward-looking statements regarding the company's results and prospects, which are subject to risks and uncertainty. Actual results may differ materially from what is discussed here today, and the Company cautions you not to place undue reliance on these forward-looking statements. Quálitás undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

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All figures in this document are expressed in million Mexican pesos except when otherwise specified.



Earnings results webcast

4th quarter
2019

Agenda

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- 02 Landscape
- 03 Underwriting
- 04 Cost ratios
- 05 Solvency margin
- 06 Q* performance
- 07 Best in class service
- 08 Strategy & closing remarks
- 09 2020 Guidance

01 Financial highlights 4Q & 12M

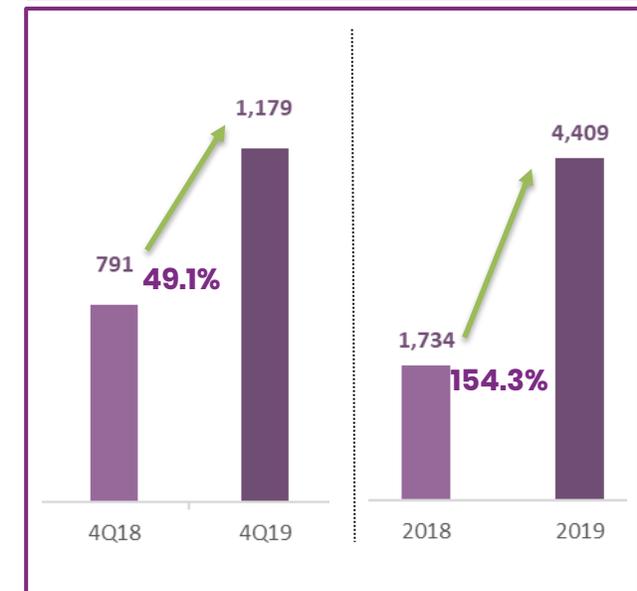
Written premiums



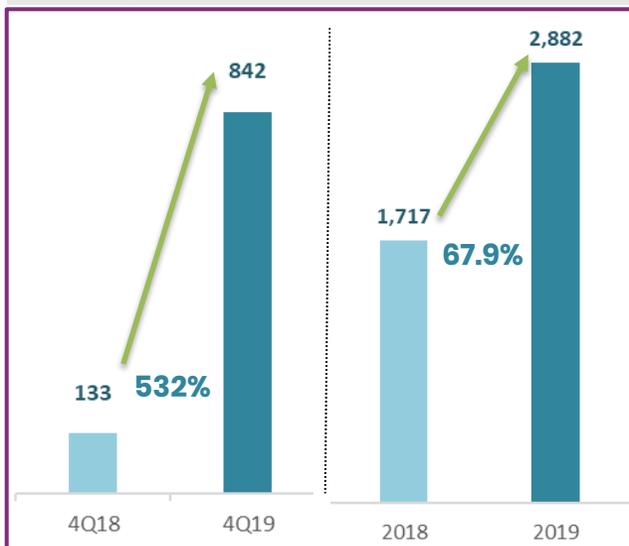
Earned premiums



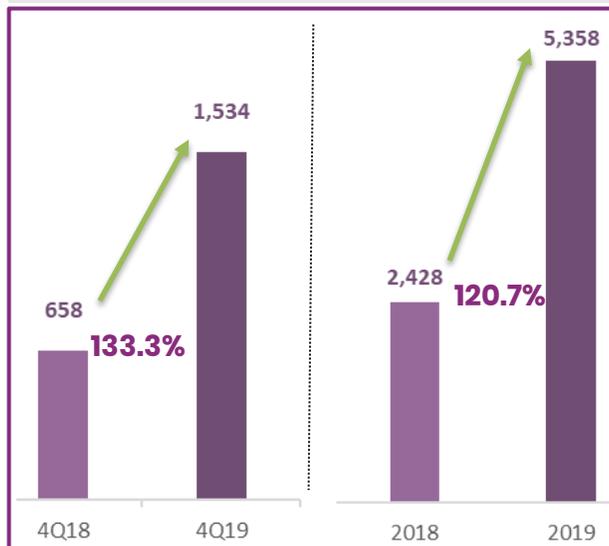
Underwriting result



Comprehensive financial income



Net income



\$12.6
EPS

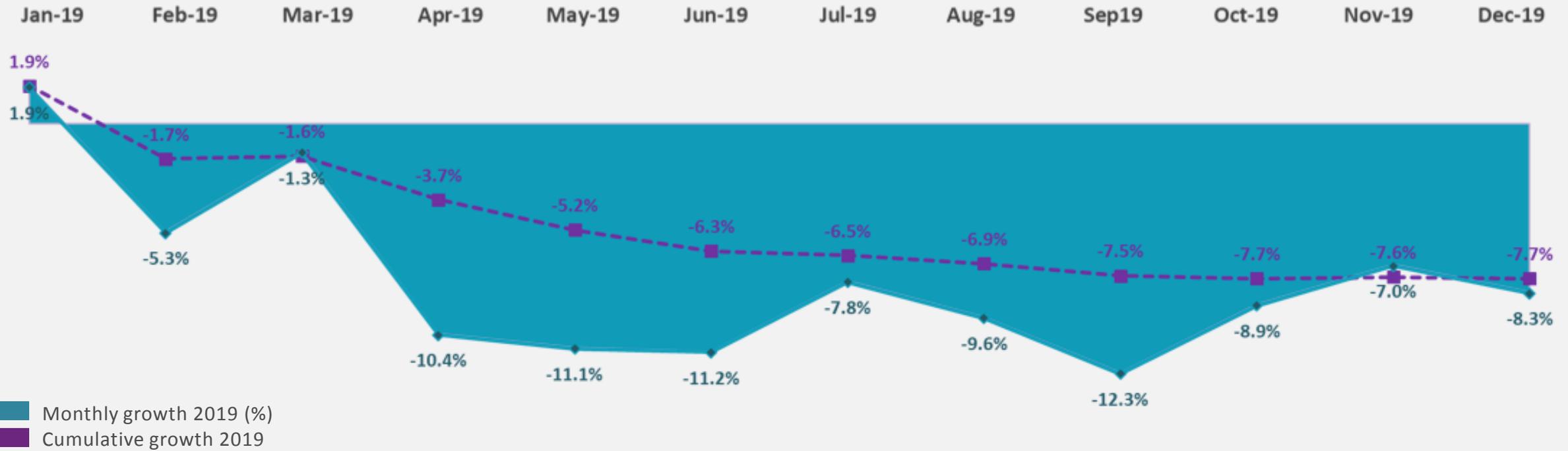
14.8%
Net margin

8.2%
Cumulative ROI

47.3%
ROE

02 Landscape

New car sales in Mexico YTD



Source: AMDA

Auto insurance penetration in Mexico



30%*

*Last number reported by INEGI

Car insurance market



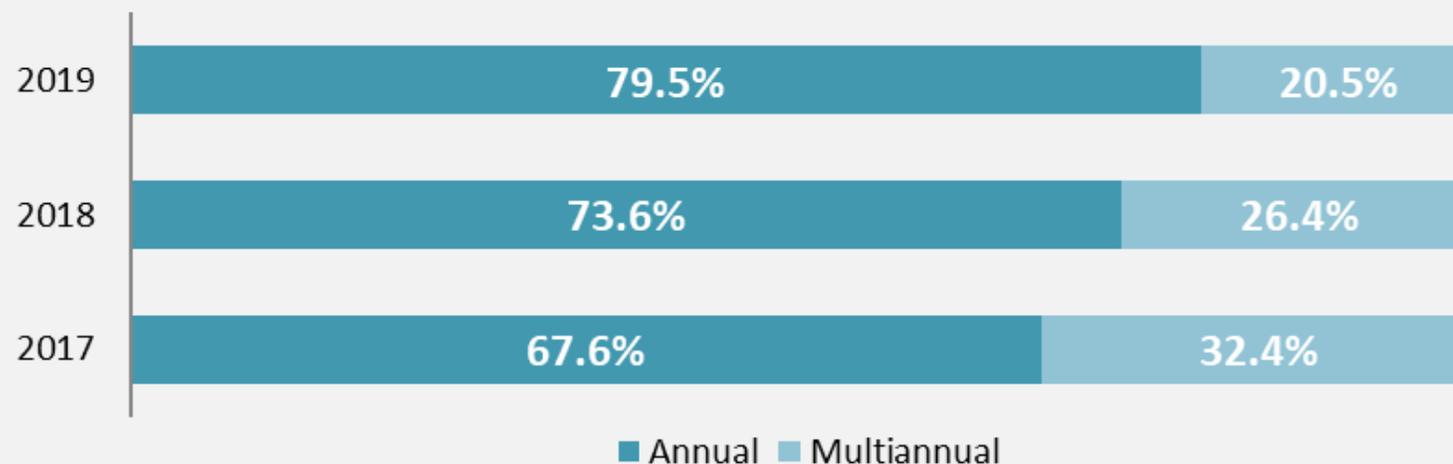
Source: AMIS

03 Underwriting

BUSINESS LINE	4Q19	4Q18	Δ \$	Δ %	2019	2018	Δ \$	Δ %
Traditional	6,662	6,000	662	11.0%	22,182	19,808	2,374	12.0%
<i>Individual</i>	2,988	2,544	444	17.4%	10,771	9,144	1,627	17.8%
<i>Fleets</i>	3,674	3,456	218	6.3%	11,411	10,664	747	7.0%
Financial institutions	3,711	3,409	302	8.9%	12,066	13,015	(949)	(7.3%)
Foreign subsidiaries	553	373	181	48.5%	1,909	1,563	346	22.1%
Total	10,939	9,797	964	11.7%	36,196	34,495	1,702	4.9%

Note: numbers may have variations for consolidation purposes. The numbers from 2018 may vary against previously reported due to a reclassification of accounts.

Our portfolio mix (Q MX)



04 Cost ratios

Combined

	2019	2018	Δ bps
4Q	83.6%	87.3%	(363)
12M	86.5%	92.5%	(604)

Adjusted combined ratio**

	2019	2018	Δ bps
4Q	87.6%	90.8%	(320)
12M	87.4%	94.6%	(718)

Loss

	2019	2018	Δ bps
4Q	57.7%	62.3%	(464)
12M	59.3%	66.2%	(689)

Acquisition

	2019	2018	Δ bps
4Q	21.0%	20.8%	18
12M	21.6%	21.8%	(22)

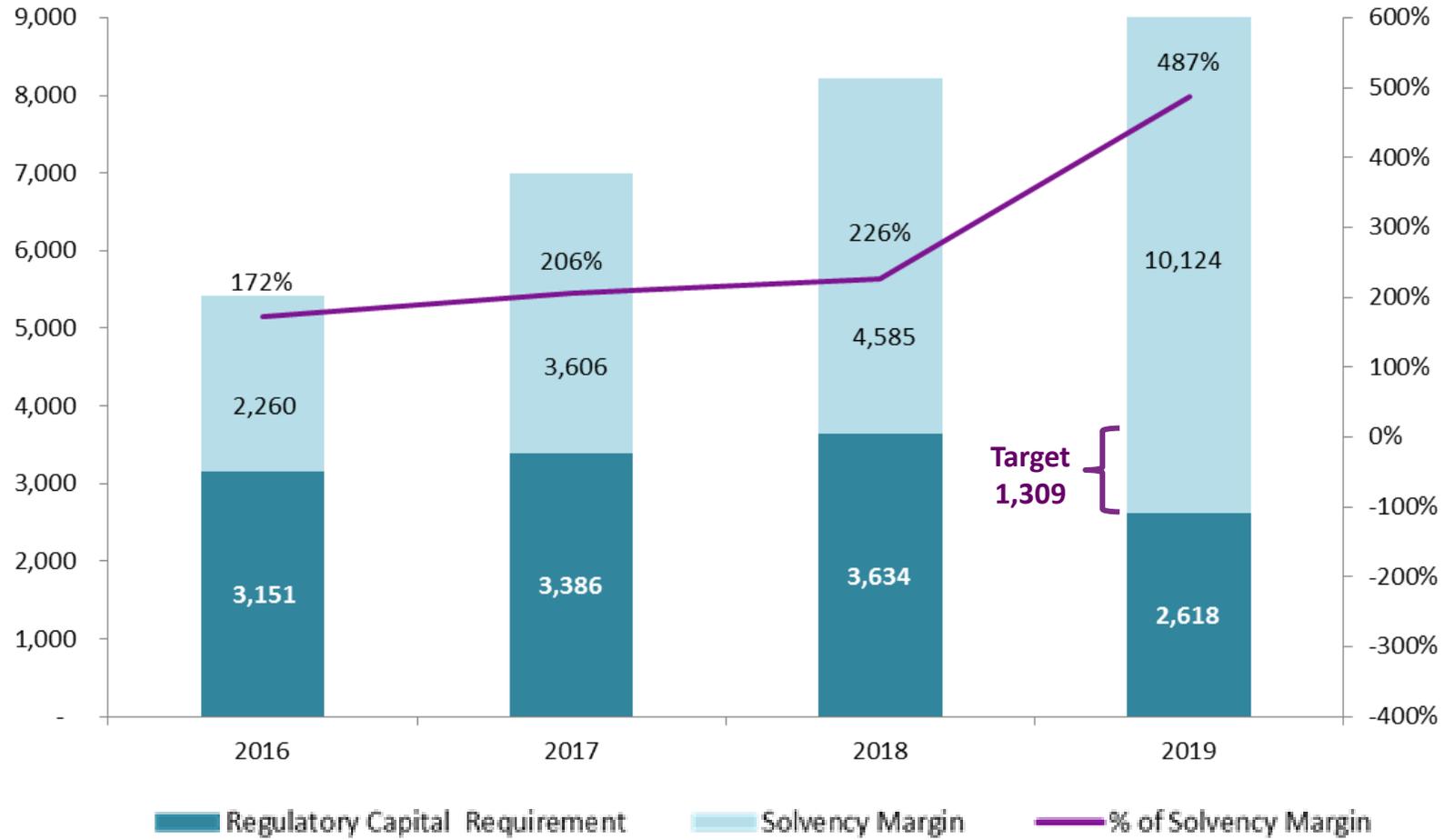
Operating

	2019	2018	Δ bps
4Q	5.0%	4.2%	82
4Qexc*	3.5%	3.2%	33
12M	5.6%	4.5%	106

* 4Qexc: Excluding Employee Profit Sharing EPS (PTU in Spanish)

**Adjusted Combined Ratio= (acquisition cost + operating expenses + claims cost) / earned premiums

05 Solvency margin



06 Q* performance

Q* performance

	Q*	Mexbol
4Q	12.0%	1.2%
12M	91.9%	4.6%

Traded volumen

(daily average)

	Traded volume	Volume (MM USD)
1Q19	385,556	0.9
2Q19	628,623	1.6
3Q19	975,749	3.0
4Q19	823,427	3.4
12M	707,538	2.3

Marketability index

Dec 19	28
	↑
Jan 19	46

Market value

2019	33.7 MM
	↑
2018	18 MM

Figures in Mexican pesos (MXN)

Key value metrics

EPS
\$12.6

P/E
6.3

P/BV
2.5

07 Best in class service



+1,800 new agents
+33 new offices

85% of times our claims adjusters arrive first

30% less time spent in claims valuation

11% less time spent in repair

3.5% of claims attended through express adjustment;
Chatbots, Apps & technological innovations

08 Strategy and closing remarks

Our 2020 strategy

1

Strengthening our core

2

Accelerate profitable growth in our geographical and vertical subsidiaries

3

Continue to explore new business opportunities

09 2020 Guidance

	2020 E
Growth in written premiums	5-7%
Growth in earned premiums	7-9%
Ratios	
Acquisition	21-23%
Loss	62-64%
Operating	3-4%
Combined	90-92%
Underwriting margin	7-9%
ROE (long-term)	20-25%
ROI	Annual average of Banxico's interest rate+ 350 -400 MM MXN of premiums surcharge
Average invested assets, float	\$33,500 -\$34,500 MM MXN

Analysts

Actinver

Analyst:
Enrique Mendoza

E-mail:
emendoza@actinver.com.mx

Target price:
84.50 MXN

Recommendation:
Hold

BARCLAYS

Analyst:
Gilberto García

E-mail:
gilberto.garcia@barclays.com

Target price:
82.00 MXN

Recommendation:
-

BBVA

Analyst:
Martín Hernández

E-mail:
martin.hernandez.omelas@bbva.com

Target price:
85.00 MXN

Recommendation:
Hold

NGR GLOBAL RESEARCH & FUNDRAISING

Analyst:
Martín Lara

E-mail:
martin.lara@miranda-gr.com

Target price:
95.00 MXN

Recommendation:
Buy

MERRILL LYNCH

Analyst:
Ernesto Gabilondo

E-mail:
ernesto.gabilondo@baml.com

Target price:
90.00 MXN

Recommendation:
Buy

n a u

Analyst:
Iñigo Vega

E-mail:
inigovega@nau-securities.com

Target price:
56.00 MXN

Recommendation:
Buy

10 años **SIGNAL** RESEARCH

Analyst:
Armando Rodríguez

E-mail:
armando.rodriguez@signalresearch.com

Target price:
86.76 MXN

Recommendation:
Hold

BX+

Analyst:
Eduardo López

E-mail:
elopez@vepormas.com

Target price:
104.1 MXN

Recommendation:
Buy

Bloomberg

Analyst:
-

E-mail:
-

Target price:
80.80 MXN

Recommendation:
-

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Institutional Investor has begun polling for the **2020 Latin America Executive Team** rankings, and we would like to count with your participation!



Voting close **tomorrow**

We greatly appreciate your active participation.
Is very important for us.

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