



2015

Earnings
Results



QUÁLITAS REPORTS RESULTS FOR THE SECOND QUARTER OF 2015

Mexico City, July 21st, 2015 – Quálitas Controladora, S.A.B. de C.V. (“Quálitas”, “Q”, or “the Company”) (BMV: Q*), announces its unaudited financial results for the quarter ended June 30th, 2015.

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

2Q15 Highlights:

- Written Premiums grew of 19.3% during the quarter and 10.9% during the first half of the year, when compared to the same period last year.
- Earned Premiums grew 14.7% during the quarter and 11.7% during the first half of the year, when compared to the same period last year.
- Claims costs increased 12.6% during the quarter, below the increase of 14.7% in earned premiums. Year to date claims costs increased 10.8%.
- Insured vehicles increased 9.8% in comparison to 2Q14.
- The Company recorded Ps.71 million as operating result during the quarter, a positive comparison with the Ps.55 million operating loss recorded during 2Q14. Year to date operating result totaled Ps.244 million.
- Investment Income for the quarter was Ps.189 million, a decrease when compared to the same period last year, as a consequence of the volatility on financial markets.

INCOME STATEMENT	2Q15	2Q14	Δ %/bp	6M15	6M14	Δ %/bp
Written Premiums	4,714	3,952	19.3%	9,550	8,610	10.9%
Earned Premiums	4,218	3,677	14.7%	8,219	7,355	11.7%
Acquisition Cost	1,056	959	10.1%	2,128	2,011	5.8%
Claims Cost	2,848	2,528	12.6%	5,431	4,902	10.8%
Operating Expenses	243	245	(0.9%)	416	343	21.3%
Operating Result	71	(55)	NA	244	99	146.2%
Investment Income	189	341	(44.5%)	321	523	(38.7%)
Net Result	172	183	(5.7%)	378	417	(9.5%)
BALANCE SHEET						
Investments	14,207	11,937	19.0%	14,207	11,937	19.0%
Total Assets	26,652	22,316	19.4%	26,652	22,316	19.4%
Technical Reserves	17,001	14,368	18.3%	17,001	14,368	18.3%
Stockholders' Equity	4,786	4,167	14.9%	4,786	4,167	14.9%
COST RATIOS						
Acquisition Ratio	22.4%	24.3%	(186)	22.3%	23.4%	(108)
Claims Ratio	67.5%	68.7%	(123)	66.1%	66.7%	(57)
Operating Ratio	5.2%	6.2%	(105)	4.4%	4.0%	37
Combined Ratio	95.1%	99.2%	(415)	92.7%	94.0%	(127)
PROFITABILITY RATIOS						
Return on Investments	4.8%	11.4%	(658)	4.0%	8.5%	(447)
LTM ROE	13.0%	16.5%	(343)	13.0%	16.5%	(343)

Insured Vehicles

Business Line	2Q15	2Q14	Δ %
Automobiles	1,827,228	1,664,907	9.7%
Trucks	636,560	570,037	11.7%
Subtotal	2,463,788	2,234,944	10.2%
Tourists	90,370	97,552	(7.4%)
Motorcycles	76,569	69,689	9.9%
El Salvador	16,821	15,363	9.5%
Costa Rica	21,162	16,071	31.7%
USA	2,416	32	NA
Insured Vehicles	2,671,126	2,433,651	9.8%

Insured vehicles increased 9.8% when compared to the previous year, reaching 2,671,126 units. The number of units insured during the quarter totaled 62,274.

Written Premiums

Segment	2Q15	2Q14	Δ \$	Δ %
Individual	960	898	62	6.9%
Fleets	1,454	1,348	106	7.9%
Sum of Traditional	2,414	2,245	168	7.5%
Financial Institutions	2,042	1,558	484	31.1%
Subsidiaries	110	56	53	94.8%
Other	148	93	55	59.6%
Total	4,714	3,952	762	19.3%

Period	2Q15	%	2Q14	%
Annual	3,215	68.2%	2,854	72.2%
Multiannual	1,498	31.8%	1,098	27.8%

NA: Not applicable

Written premiums for the second quarter of 2015 totaled Ps.4,714 million, an increase of 19.3% in comparison to Ps.3,952 million recorded in 2Q14, and 10.9% increase on a cumulative basis.

The Ps.762 million increase in this item was mainly driven by a 31.1% growth in Financial Institutions, along with a 7.9% growth in Fleets and a 6.9% growth in the Individual segment.

Written premiums in El Salvador had an increase of 28.9% and 66.7% in Costa Rica when compared to the same period last year.

Written premiums in QUIC totaled Ps.26 million, it continued operations under the Cross Border Program in Arizona, California and Texas and the Post – Border Program for domestic commercial vehicles in Arizona.

Ceded Premiums, Net Written Premiums and Reinsurance

The Company did not register ceded premiums during the quarter. It holds a catastrophic reinsurance agreement for its subsidiaries.

Earned Premiums

Earned premiums grew 14.7% during the quarter reaching Ps.4,218 million and 11.7% on a cumulative basis, recording Ps.8,219 million for the first half of the year.

Net Acquisition Cost

Net acquisition cost totaled Ps.1,056 million, an increase of 10.1% when compared to 2Q14 and 5.8% higher on a cumulative basis.

This increase was mainly driven by higher costs related to the use of facilities (UOF) paid to Financial Institutions.

In addition, commissions and compensations paid to agents increased as a result of higher sales recorded during the quarter.

Net Claims Cost

Net claims cost totaled Ps.2,848 million during 2Q15 and Ps.5,431 million for the first half of the year, a 12.6% increase on a quarterly basis and a 10.8% increase on a cumulative basis. A positive comparison with the 14.7% increase in earned premiums during the quarter.

Operating Expenses

Operating expenses maintained the same level during the quarter recording Ps.243 million in comparison to the Ps.245 million registered in 2Q14, and 21.3% above in a cumulative basis. The cumulative increase is largely explained by higher Administrative Costs, Employee Profit Sharing and Subsidiaries.

However and partially offsetting this effect, policy fees maintained its positive trend.

Depreciation & Amortization charges increased 16.5% during the quarter and 12.5% on a cumulative basis.

Operating Income

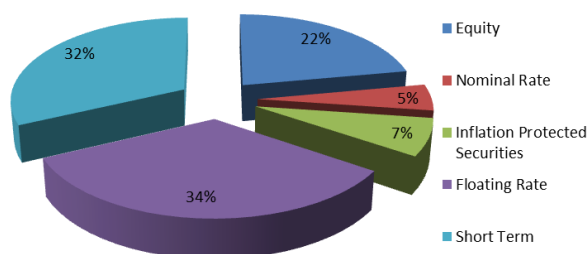
Operating Income for the quarter totaled Ps.71 million, a positive comparison with the Ps.55 million operating loss recorded during 2Q14, and Ps.244 million for the first half of the year, above the Ps.99 million recorded in the same period last year.

Investment Income

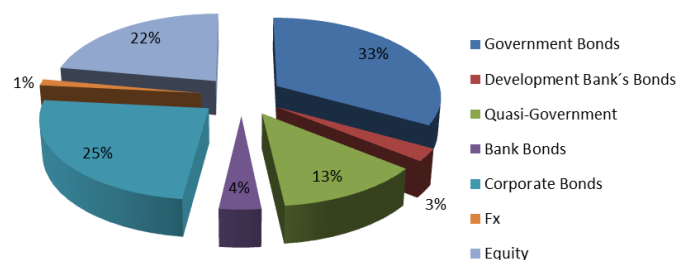
Investment Income for the quarter was Ps.189 million, a decrease when compared to the same period last year, which is largely explained by the volatility on financial markets related to geopolitical and external macroeconomic factors. This represented a yield of 4.8% lower than the internal target of CETES plus 200 bp. For the first half of the year the investment income was Ps.321 million, representing a yield of 4.0%. The yield is computed on the basis of return on financial assets that include Securities, Overnight, Discounts and Re-discounts and Cash.

The Company has not reached the 25% limit for equity investments.

Portfolio by Type of Risk



Portfolio by Type of Issuer



Taxes

During 2Q15 the Company recorded Taxes of Ps.88 million and Ps.187 for the first half of the year.

Net Result

Net result for the quarter totaled Ps.172 million and Ps.378 million for the first half of the year, a 5.7% decrease on a quarterly basis and 9.5% decrease on a cumulative basis.

Investments

Investments totaled Ps.14,207 million, a 19.0% increase over 2Q14's figure, as a consequence of the increase of LTM written premiums and LTM investment income. This item includes Securities, Overnight, Loans and Property.

Technical Reserves

Technical Reserves reached Ps.17,001 million, 18.3% higher when compared to the same period last year, as a result of the growth in LTM written premiums.

Solvency

Quálitas registered a solvency margin of Ps.1,453 million, which represents a ratio of 45.6%.

	Minimum Equity Requirement	Solvency Margin	Solvency Margin Ratio
Qmx	2,836	1,196	42.2%
Qsv	40	19	47.0%
Qcr	76	1	1.6%
QUIC	235	60	25.7%
Total	3,187	1,277	0
QC Cash	0	145	0
	0	0	0
QC	3,187	1,453	45.6%

*Minimum equity requirement computation differs in the countries where Quálitas has operations.

- » FX Peso-USD June 2015: 15.6854
- » FX Colon-USD June 2015: 528.71
- » UD (Costa Rica) June 2015: 861.106

Share Buyback Program

CPOs traded in the quarter	609,927
Balance of repurchased stocks	2,473,267

The balance of repurchased stocks as of June 2015 was Ps.78.4 million and no shares have been cancelled.

QUALITAS CONTROLADORA, S.A.B. DE C.V.
Consolidated Balance Sheet as of June 30, 2015

	2015	2014
Assets		
Investments	14,207,144,394	11,937,330,402
Securities and Derivatives Transactions	12,453,032,459	10,149,707,265
Securities	12,453,032,459	10,149,707,265
Government	3,676,133,403	2,017,881,761
Private Companies	7,769,269,582	7,230,242,742
Fixed Rate	5,779,914,321	5,584,720,260
Equity	1,989,355,261	1,645,522,482
Foreign	242,348,566	271,661,631
Net Valuation	744,933,915	615,851,612
Interest Receivable	15,694,295	14,069,519
Overnight	579,609,446	778,438,696
Loans	181,634,028	98,567,832
Secured	13,081,347	19,561,973
Discounts and Re-discounts	171,743,793	82,250,000
Interest Receivables	48,029	-
(-) Allowance for Doubtful Accounts	3,239,141	3,244,141
Property	992,868,461	910,616,609
Real Estate	612,516,316	572,106,591
Net Valuation	431,872,896	385,179,542
(-) Depreciation	51,520,751	46,669,524
Investments Related to Labor Obligations	64,767,354	62,941,343
Cash and Cash Equivalents	265,744,767	547,797,880
Cash and Banks	265,744,767	547,797,880
Debtors	10,249,914,039	8,060,628,953
Premiums	9,454,403,628	7,477,037,259
Agents and Adjusters	58,640,895	32,434,503
Accounts Receivable	56,430,562	69,436,845
Loans to Employees	11,989,532	11,482,945
Other	741,345,638	523,167,407
(-) Allowance for Doubtful Accounts	72,896,216	52,930,006
Reinsurers and Re-Bonding Companies	74,185,809	121,670,151
Insurance and Bonds Institutions	1,089,082	5,961,983
Equity Participation of Reinsurers in Outstanding Claims	43,641,292	33,496,230
Equity Participation of Reinsurers in Unearned Premiums	27,328,239	77,896,075
Other Equity Participations	2,127,196	4,315,863
Permanent investments	46,658,860	46,217,771
Subsidiaries	0	-
Associates	2,179,431	1,905,600
Other permanent investments	44,479,429	44,312,171
Other Assets	1,743,755,541	1,539,611,302
Furniture and Equipment	394,881,369	383,628,971
Miscellaneous	1,275,715,698	1,149,542,362
Amortizable Expenses	80,115,169	13,067,550
(-) Amortization	6,956,695	6,627,582
Total Assets	26,652,170,763	22,316,197,802

QUALITAS CONTROLADORA, S.A.B. DE C.V.
Consolidated Balance Sheet as of June 30, 2015

	2015	2014
Liabilities		
Technical Reserves	17,000,690,940	14,367,760,373
Unearned Premiums	12,873,295,226	11,008,742,089
Casualties	12,873,295,226	11,008,742,089
Contractual Obligations	4,127,395,714	3,358,886,398
For Claims and Expirations	3,899,560,952	3,164,642,531
For Claims Incurred But Not Reported	114,915,066	95,735,023
For Policy Dividends	36,960,632	31,924,335
For Premiums on Deposit	75,959,064	66,584,509
Preventive Reserve	-	131,886
Catastrophic Risks	-	131,886
Reserves Related to Labor Obligations	148,736,208	131,235,692
Creditors	2,742,000,403	1,935,101,863
Agents and Adjusters	804,452,055	695,175,694
Funds for Losses Management	7,299,469	6,743,810
Miscellaneous	1,930,248,879	1,233,182,358
Reinsurers and Re-Bonding Companies	43,089,080	93,986,894
Insurance and Bond Companies	43,089,080	93,986,894
Other Liabilities	1,931,431,517	1,620,866,250
Provisions for employee profit sharing	29,661,484	43,877,188
Income Tax Provisions	193,984,083	197,022,202
Other Obligations	1,491,764,054	1,224,258,913
Deferred Credits	216,021,896	155,707,947
Total Liabilities	21,865,948,148	18,148,951,072
Stockholders' Equity		
Capital Stock	2,608,942,276	2,665,580,463
Capital Stock	2,684,887,926	2,684,887,926
(-) Repurchased Shares	75,945,650	19,307,463
Reserves	222,036,746	222,036,746
Legal	87,036,746	87,036,746
For repurchase of shares	135,000,000	135,000,000
Valuation Surplus	13,564,255	0
Permanent Investments	0	-9,994,755
Retained Earnings	1,473,019,852	843,507,983
Net Result	374,849,483	429,991,056
Translation effect	70,486,617	-1,457,145
Non-Controlling Interest	23,323,385	17,582,382
Total Stockholders' Equity	4,786,222,615	4,167,246,730
Total Liabilities and Stockholders' Equity	26,652,170,763	22,316,197,802

QUÁLITAS CONTROLADORA, S.A.B. DE C.V.
Consolidated Income Statement for the Second Quarter

	2Q15	2Q14
Premiums		
Written	4,713,758,543	3,952,068,028
(-) Ceded	-	-
Net Written Premiums	4,713,758,543	3,952,068,028
(-) Net Increase of Unearned Premiums Reserve	496,070,088	274,822,610
Earned Retained Premiums	4,217,688,455	3,677,245,418
(-) Net Acquisition Cost	1,056,360,435	959,280,544
Agents' Commissions	276,084,482	233,666,814
Agents' Additional Compensation	42,654,910	51,813,167
Excess of Loss Coverage	16,528,935	9,040,588
Other	721,092,108	664,759,975
(-) Net Claims Cost and Other		
Contractual Liabilities	2,847,603,471	2,528,036,337
Claims and Other Contractual Obligations	2,847,603,471	2,500,813,961
Losses on non-proportional reinsurance	-	-
Claims	-	27,222,376
Technical Result	313,724,549	189,928,537
(-) Net increase in Other Technical Reserves	0	0
Gross Income (Loss)	313,724,549	189,928,537
(-) Net Operating Expenses	242,852,959	245,170,872
Administrative and Operating expenses	92,002,441	147,255,522
Employees' compensation and benefits	104,710,553	58,323,236
Depreciation and Amortization	46,139,965	39,592,114
Operating Income (Loss)	70,871,590	-55,242,336
Comprehensive Financing Result	189,208,200	340,615,116
Investments	130,532,395	125,418,107
Sale of Investments	13,587,230	91,253,764
Fair Valuation of Investments	30,875,524	96,572,173
Surcharges on Premiums	34,010,922	29,849,065
Other	-1,003,651	623,135
Foreign Exchange Rate Fluctuation	-18,794,219	-3,101,128
Participation in Permanent Investments Result	-	-
Income (Loss) Before Taxes	260,079,790	285,372,780
(-) Provision for Income Taxes	87,643,303	102,579,430
Income (Loss) Before Discontinued Operations	172,436,487	182,793,350
Discontinued Operations	-	-
Net Income (Loss)	172,436,487	182,793,350
Non-Controlling Interest	1,550,072	-8,951,294
Controlling Interest	170,886,415	191,744,644
Net Income (Loss)	172,436,487	182,793,350

QUÁLITAS CONTROLADORA, S.A.B. DE C.V.
Consolidated Income Statements for the six months ended June 30, 2015

	2015	2014
Premiums		
Written	9,550,065,010	8,610,334,074
(-) Ceded	-	-
Net Written Premiums	9,550,065,010	8,610,334,074
(-) Net Increase of Unearned Premiums Reserve	1,331,528,966	1,254,951,505
Earned Retained Premiums	8,218,536,045	7,355,382,569
(-) Net Acquisition Cost	2,128,211,534	2,011,408,245
Agents' Commissions	561,850,690	531,193,667
Agents' Additional Compensation	91,662,582	113,751,257
(-) Commissions on Ceded Reinsurance	785,153	702,286
Excess of Loss Coverage	25,396,751	12,651,850
Other	1,450,086,664	1,354,513,757
(-) Net Claims Cost and Other Contractual Liabilities	5,431,219,649	4,902,444,433
Claims and Other Contractual Obligations	5,431,219,649	4,849,632,175
Technical Result	659,104,861	441,529,891
(-) Net increase in Other Technical Reserves	-	-
Gross Income (Loss)	659,104,861	441,529,891
(-) Net Operating Expenses	415,523,368	342,612,319
Administrative and Operating expenses	117,945,932	150,756,360
Employees' compensation and benefits	208,279,215	112,467,036
Depreciation and Amortization	89,298,221	79,388,924
Operating Income (Loss)	243,581,494	98,917,571
Comprehensive Financing Result	321,023,098	523,442,329
Investments	230,667,246	230,334,386
Sale of Investments	30,936,939	115,649,812
Fair Valuation of Investments	29,368,894	122,173,192
Surcharges on Premiums	65,806,408	58,956,054
Other	-2,354,634	-326,301
Foreign Exchange Rate Fluctuation	-33,401,755	-3,344,815
Participation in Permanent Investments Result	-	-
Income (Loss) Before Taxes	564,604,591	622,359,900
(-) Provision for Income Taxes	186,981,433	205,284,133
Income (Loss) Before Discontinued Operations	377,623,158	417,075,767
Discontinued Operations	-	-
Net Income (Loss)	377,623,158	417,075,767
Non-Controlling Interest	2,773,675	-12,915,290
Controlling Interest	374,849,483	429,991,056
Net Income (Loss)	377,623,158	417,075,767

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 + Claims Ratio

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

CPO: Ordinary Participation Certificates. Each CPO comprises 3 series A shares and 2 series B shares.

EBTDA: Earnings before Taxes, Depreciation and Amortization. It differs from EBITDA in that, in EBTDA, the Investment Income is not subtracted, since it is part of the operation of insurance companies.

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

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

Claims Ratio: Claims Cost ÷ Net Earned Premiums.

Minimum Equity Requirement: Is the minimum equity level that an insurance company should maintain, according to legal requirements. In Mexico, in the automobile insurance industry, it is approximately calculated as 16.4% of written premiums in the last 12 months.

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.

Written Premiums: Premiums corresponding to policies underwritten.

Qcr: Quálitas Costa Rica

Qmx: Quálitas Mexico

Qsv: Quálitas El Salvador

QUIC: Quálitas Insurance Company

Solvency Margin: Stockholders' equity – Minimum Equity Requirement.

Solvency Margin Ratio: Solvency Margin ÷ Minimum Equity Requirement

Quálitas Controladora (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 involves 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.

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