



March 17<sup>th</sup>, 2020

**Message from the Chairman of the Board of Directors**

Dear Shareholders,

We celebrate Quálitas' first 25 years, a story of success and great achievement. We have grown as an insurance company specialized in the auto industry, with a focus on service and cost control; these values are part of our corporate culture. In these years, we have built the most extensive coverage network in the country, with the support of the service offices and the ODQs teams. With the effort of all our colleagues, we have been recognized as a reliable, efficient and very productive company.

The annual results are frankly outstanding. **Accumulated net income stood at \$5,358 million pesos**, more than double that obtained in 2018, and we closed with an **ROE of 47.3%**.

**The written premium increased by 5%** over the previous year, to \$36,196 million pesos; we ended the year with **4.2 million vehicles insured** which represents a 9% growth in the year. Although the increase in premiums was not very large, it should be noted that the portfolio mix had a significant growth in individual policies and fleets, compared to a decrease in policies generated by financial institutions, which gives us a stronger position by reducing our exposure and risks from multi-annual policies.

Although Mexico continues to be our main market, we continue with a diversification strategy, placing special emphasis on the management of insurance subsidiaries in other countries, which together, increased the written premium by 22.1% with respect to the previous year and now represent 5.3% of the total. The **growth in Peru** was outstanding, in only nine months of management, went from 10,500 to more than 31,000 insured units and doubled its market share.

In relation to the **earned premium, we reported a 10% increase**, exceeding the guidance we had set, also aligned with the rest of the outstanding financial results.

We closed the year with a **combined ratio of 86.5%**, against the 92.5% reported in 2018. This was driven by drop in vehicle theft in Mexico and the increase of the recovery by Quálitas Mexico, with a rate higher than the rest of the industry. It is also the result of our efforts in risk prevention and seeking the profitability of our portfolio.

It is also worth noting that we were the **best performing** issuer in the **Mexican Stock Exchange, delivering 92% profits** during 2019, improving 18 positions in the **marketability index**. In addition, Quálitas is now part of the **Sustainable IPC** as a result of the company's efforts in a management that integrates economic, environmental and social criteria.





Quálitas®

We continue to make progress in getting closer to policyholders and extending the **prevention culture**, with a network of more than 450 service offices and ODQs, which is 8% more than the previous year. Likewise, the relationship with our more than 15 thousand agents is key, due to the trust they place in our service.

As part of our commitment to service, this year, we took over the management of Outlet de Refacciones, Easy Car Glass and CristáFácil, three of our non-insurance subsidiaries. In this way, we seek to obtain greater efficiency in their operations and reinforce the synergies they have with our insurance subsidiary in Mexico.

**Technology** is an ally in our operation and we seek to maximize the potential offered by mobile connectivity and artificial intelligence. Hand in hand with the technological advances, we innovate our customer service towards insured and the relationship with our allies in the commercialization and provision of the service.

By the end of the year, **we reached 5,275 employees**, with the incorporation of personnel from non-insurance subsidiaries and the insurance company's team in Peru. We support their growth and professional development through the extensive training program offered at Universidad Quálitas. Also committed to the **well-being**, we are moving forward in Mexico and Central America with the implementation of the Adjust Your Emotions Program, which offers guidance and advice on different topics of work and personal life.

At Quálitas, we have been raising awareness about **responsible road behaviour**, through different alliances, which are added to the work of our adjusters within the framework of the Road Safety Management System. This year we wanted to go further, aware of the importance of values for citizen coexistence. To this end, we launched the campaign **#NosVemosEnLaEsquina**, as a call to convert public spaces and roads into spaces of harmony and safety.

At Quálitas, we are an active part of society and are committed to sustainability. We work on the implementation of the **10 Principles of the United Nations Global Compact** and contribute to the **Sustainable Development Goals (SDA)**.

The results obtained in 2019 and the journey of these first 25 years that we are celebrating, with an eye on the present and the future, encourage us to move forward, with the confidence of all our stakeholders.

Regards,

Joaquín Brockman Lozano

Chairman of the Board

Quálitas Controladora, S.A.B. de C.V.



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