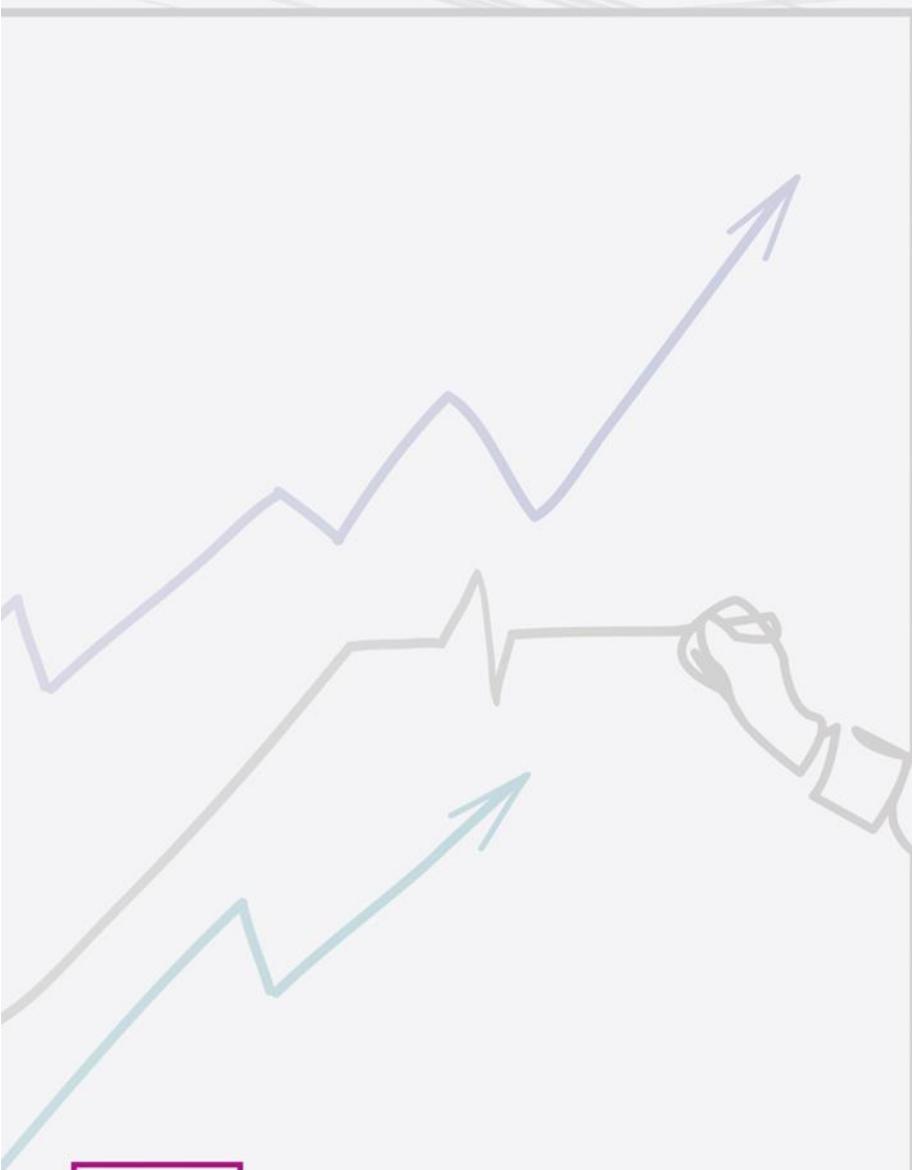


# Earnings Results

Second quarter

# 2019



DRAWING NEW ROADS

## QUÁLITAS REPORTS SECOND QUARTER 2019 RESULTS

**Mexico City, July 18<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 second quarter ended June 30<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.

### 2Q19 highlights

#### Operating figures

- During this quarter, Quálitas opened 4 new Development Offices (ODQ's) and 2 new service offices. In addition, 2 service offices became ODQ's
- Insured units increased 3.5% compared to the first quarter of the year, we reached more than 4 million insured vehicles. During this quarter, 139,154 units were added to the portfolio.
- According to AMIS latest figures, Quálitas kept its leading position in the Mexican Automobile Insurance Industry, with 25.9% market share.
- During the second quarter, Q\* stock increased 13%, and is up 30.3% year to date. We traded a daily average of 1.6 million USD or 624,436 shares.
- The company moved up to place #44 in the marketability index which makes us a high liquidity stock in the Mexican stock exchange. We will continue working towards further improving on this index.

#### Income Statement and Balance Sheet

- Written Premiums increased 4.1% for the quarter, despite a cumulative fall of 6.4% in new car sales in Mexico. Growth was driven by double digit growth on individual and fleets segments, 18% and 21.6% respectively. Total written premiums reached \$8,256 million; up \$328 million vs same period year ago.
- Earned premiums stands \$8,642 million for the quarter, representing 11.6% growth versus same period year ago.
- Our premiums duration continues to shift towards annual policies, going from 71.7% in 2Q18 to 81.6% in this quarter. This mix provides lower risk and more flexibility to adjust tariffs, which is more convenient during times of volatility.
- Loss ratio of the quarter stands at 59.3%, which compares to the 67.4% of last year; an 811 bp reduction. This result was driven by the effective risk prevention technological advances, as well as a decrease in robberies.

- The acquisition ratio ended at 21.6%, a decrease of 108 bp, driven by lower commissions paid to financial institutions. Operating cost, closed at 7.1% for the quarter, which is 160 bps higher than what reported in 2Q18, explained mostly by the increase of the “employee profit sharing” account and, to a lower extent, by increases on service offices director’s fees.
- This positive result led to a combined ratio of 88.1%, which is 759 bps below that of last year and well below our objective. Quálitas recorded an operating margin (underwriting result / earned premium) of 13.4%. Underwriting profit reached \$1,158 million, which represents 2.8 times of what we delivered same period year ago.
- The Comprehensive Financial Income delivered \$620 million, 2.5% increase than same period year ago, benefited from a higher fix rate which has been partially offset by a softer performance of our domestic equity. Cash per share reached \$71.01, which is 13% higher than the one registered same period last year.
- Net income for the quarter was \$1,303 million, 105.2% more versus same period year ago. Cumulative net income stands at \$2,500 million pesos, doubling versus 2Q18 and slightly ahead of our full 2018-year profit. All the above, resulting in a 12 months Return on Equity of 38.6%, well of our ongoing target of 18-24%.



## Financial highlights

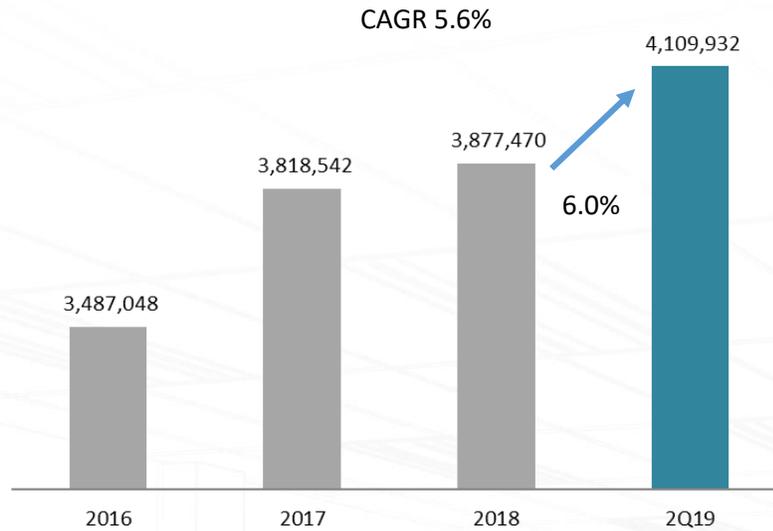
(MM MXN)

	Quarterly			Cumulative		
	2Q19	2Q18	Δ %/bp	6M19	6M18	Δ %/pb
<b>Income Statement</b>						
Premiums written	8,256	7,928	4.1%	16,642	16,973	(2.0%)
Net premiums written	8,195	7,854	4.3%	16,545	16,736	(1.1%)
Premiums earned	8,642	7,747	11.6%	16,685	15,422	8.2%
Acquisition cost	1,774	1,785	(0.6%)	3,622	3,807	(4.8%)
Loss cost	5,125	5,223	(1.9%)	10,023	10,082	(0.6%)
<b>Technical Result</b>	<b>1,743</b>	<b>739</b>	<b>135.9%</b>	<b>3,039</b>	<b>1,533</b>	<b>98.3%</b>
Operating expenses	589	438	34.4%	932	854	9.2%
<b>Underwriting Result</b>	<b>1,158</b>	<b>301</b>	<b>285.0%</b>	<b>2,112</b>	<b>679</b>	<b>211.0%</b>
Comprehensive financial income	620	605	2.5%	1,301	1,095	18.8%
Investment income	500	501	(0.2%)	1,055	883	19.4%
Income Taxes	475	271	75.3%	914	548	66.6%
<b>Net Result</b>	<b>1,303</b>	<b>635</b>	<b>105.2%</b>	<b>2,500</b>	<b>1,226</b>	<b>104.0%</b>
Controlling interest	1,302	633	105.7%	2,498	1,221	104.6%
Non-controlling interest	1	2	(33.7%)	2	5	(60.7%)
<b>Cost ratios</b>						
Acquisition ratio	21.6%	22.7%	(108)	21.9%	22.7%	(85)
Loss ratio	59.3%	67.4%	(811)	60.1%	65.4%	(530)
Operating ratio	7.1%	5.5%	160	5.6%	5.0%	57
Combined ratio	88.1%	95.7%	(759)	87.6%	93.2%	(558)
Combined ratio adjusted*	86.6%	96.1%	(947)	87.4%	95.6%	(822)
<b>Balance Sheet</b>						
Assets	57,225	53,204	7.6%	57,225	53,204	7.6%
Investments & Real Estate	29,154	28,435	2.5%	29,154	28,435	2.5%
Invested assets or float	30,181	28,405	6.3%	30,181	28,405	6.3%
Technical reserves	35,105	35,408	(0.9%)	35,105	35,408	(0.9%)
Total liabilities	46,038	45,169	1.9%	46,038	45,169	1.9%
Stockholders' equity	11,188	8,035	39.2%	11,188	8,035	39.2%
<b>Profitability ratios</b>						
Return on investments	6.7%	7.3%	(52)	7.1%	6.5%	64
ROE for the period	48.5%	31.5%	1,700	24.6%	30.7%	(609)
LTM ROE	38.6%	35.2%	347	38.6%	35.2%	347

\* 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: Compound Annual Growth Rate

Business line	2Q19	2Q18	Δ units	Δ %
Automobiles	2,708,127	2,644,980	63,147	2.4%
Trucks	1,082,275	1,018,275	64,000	6.3%
Tourists	85,237	72,641	12,596	17.3%
Motorcycles	134,346	115,088	19,258	16.7%
El Salvador	18,337	13,941	4,396	31.5%
Costa Rica	53,331	50,710	2,621	5.2%
USA	17,779	15,798	1,981	12.5%
Perú	10,500	NA	NA	NA
<b>Insured vehicles</b>	<b>4,109,932</b>	<b>3,931,433</b>	<b>178,499</b>	<b>4.5%</b>

According to the latest AMDA (Mexican Association of Automotive Distributors) figures, new cars sales in Mexico continues to fall, with a decrease of 11% during 2Q19 with 306 thousand vehicles sold, 37 thousand units less than same period 2018, reaching a cumulative decrease of 6.4% during the year.

Despite the weak performance, Quálitas regained written premiums growth. During this quarter, 139,154 units were added to our portfolio, reaching a new record of 4,109,932 insured units, a 3.5% increase compared to 1Q19.

## Written premiums

Segment	2Q19	2Q18	Δ \$	Δ %	6M19	6M18	Δ \$	Δ %
Individual	2,513	2,131	383	18.0%	5,177	4,397	780	17.7%
Fleets	2,631	2,164	467	21.6%	5,305	4,938	368	7.4%
Financial institutions	2,614	3,122	(509)	(16.3%)	5,229	6,679	(1,450)	(21.7%)
Foreign subsidiaries	483	462	21	4.5%	851	851	0	0.0%
Other	16	50	(34)	(68.0%)	80	49.0	31	63.4%
<b>Total</b>	<b>8,256</b>	<b>7,928</b>	<b>328</b>	<b>4.1%</b>	<b>16,642</b>	<b>16,973</b>	<b>(331)</b>	<b>(1.9%)</b>

Despite the drop in Mexico's new car sales, written premiums regained growth, reaching \$8,256 million, an increase of 4.5% or \$328 million in comparison to 2Q18; growth was driven by the increase in the traditional segment (fleet + individual). In cumulative terms, the result is -2.0%.

The traditional segment grew 19.8% compared to the same period of the previous year, while the issuance through financial institutions continued declining, down 16.3% versus 2Q18, in line with what we anticipated and consistent to our strategy of prioritizing profitability over volume. However, we expect that decline on this segment will stabilize in the next quarters.

Growth in the traditional segment, and the decrease through financial institutions, has allowed us to change the duration of our premiums portfolio, shifting towards annual policies. Today, our portfolio is composed of 82.5% of annual policies and 17.5% of multiannual policies, compared to a composition of 64% of annual policies and 36% of multiannual policies in 2Q17. This is highly relevant, since it allows us to adjust rates periodically and decrease our risk exposure.

On the other hand, our foreign subsidiaries start to reflect sustainable growth, reaching 5.8% of total written premiums as a whole. Although Mexico continues as our most important subsidiary and core business, United States and Costa Rica represented 3.5% and 1.5% respectively of total written premiums, contributing to the company's profitability.

## Ceded premiums, retained premiums and reinsurance

The company recorded ceded premiums for \$60 million during the quarter. It is worth mentioning that Quálitas has hired a catastrophic reinsurance for Quálitas México.

## Earned premiums

During the first quarter, earned premiums reached \$8,642 million, an increase of 11.6% compared to the \$7,747 million recorded during the same period of 2018. Cumulatively, earned premiums have grown 8.2%, standing at \$16,685 million. This increase is due to the recognition of multiannual policies issued in previous years, as well as double-digit growth in written premiums through the traditional segment.

## Net acquisition cost

Net acquisition cost was \$1,774 million, 0.6% lower than the \$1,785 million recorded in the second quarter of 2018. This contraction is directly related to the decrease of our participation through financial institutions, due to a lower payment by the use of facilities (UDI's), driven by the fall in sales through this segment.

The acquisition ratio for the quarter was 21.6% against 22.7% registered in the same period of the previous year, which means a reduction of 108 bp during this period.

## Net loss cost

From April to June of this year, a loss cost of \$5,125 million was recorded, which represents a decrease of 1.9% when compared to 2Q18. During this period of time, we attended 365,910 incidents, 2.5% fewer events when compared to the 375,252 reported in 2Q18.

In this regard, from January to June, insured vehicles theft in Mexico decreased 5.7% for the industry and 15.7% for the company according to OCRA (Coordinated Office of Assured Risks); in addition, we increased the recovery of our stolen units by 5% in comparison with the same period of the previous year.

Driven by what previously exposed, we had the lowest loss ratio in the last two years, standing at 59.3%, which represents an 811 bp reduction when compared to 2Q18. It is important to mention that due to a reduction in the capital requirement, we had a non-recurring impact of \$100 million, which is reflected in this ratio.

Our ratios drop is the result of years of implementing a strict cost control policy, as well as a risk prevention strategy through technological innovation, training and statistical analysis of information.

Through express adjustment, technological tool that allows us to offer a more efficient service to the policyholder, we attended 2.6% of total claims since the beginning of the year. We will continue promoting and improving this tool to reach the goal of 10% of the total claims attended at the end of the year.

## Operating expenses

Operating expenses stood at \$589 million; the operating ratio was 7.1%, which is 160 bp higher of same period 2018. It is important to mention, that within operating expenses, there is Employee Profit Sharing account (PTU as per its acronym in Spanish), which had an increase of 175.9% compared to 2Q18 and explains much of the increase in operating expenses. Likewise, within this we include fees paid to our regional directors, linked to the issuance and earned premiums.

## Underwriting result

The underwriting result reached \$1,158 million, which represents 2.8 times more the \$301 million recorded during same period last year. Thanks to this results, Quálitas recorded a combined ratio of 88.1%, well below of our year's goal. The company reported an operating margin (operating result / earned premium) of 13.4%.

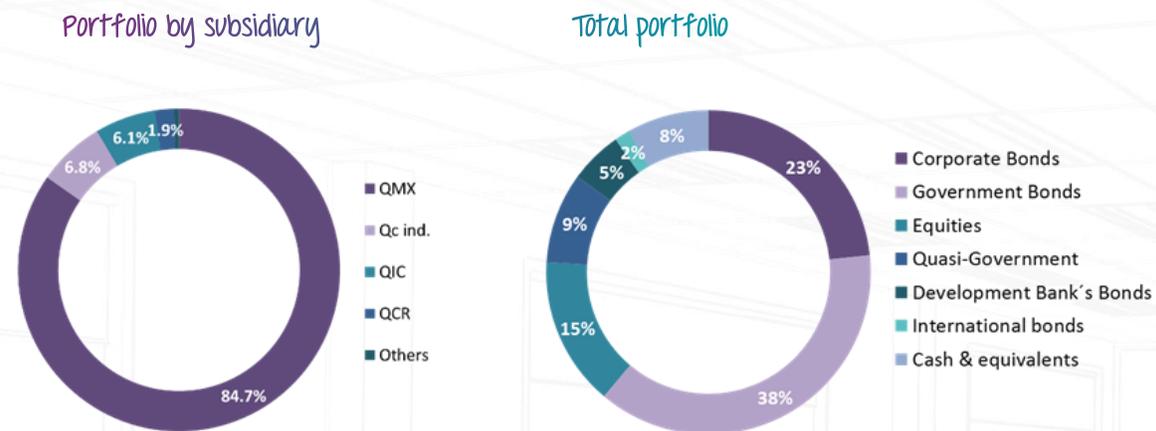
## Comprehensive financial income

The Comprehensive financial income for the quarter ended at \$620 million, an increase of 2.5% compared to the \$605 million in 2Q18. This result derives mainly from a disciplined management of the investment portfolio, the income represented by the premiums surcharge and the growth of the

invested assets or float by 6.3% compared to the same period of the previous year, ending at \$30,181 million during 2Q19.

During the quarter, we took advantage of high interest rates in Mexico, where most part of our portfolio is invested, although partially offset by a softer performance of our domestic equity. Our quarterly return on investments was 6.7%, lower than the reference rate of Mexico's Central Bank of 8.25%.

During the quarter, the proportion of the portfolio invested in variable income was 15%, lower than the internal limit established of 35%.



Rating differences in sovereign debt could vary between countries. Variations by exchange rate could generate differences

## Taxes

During the quarter the company registered a tax rate of 27.3%, which compares with the 24.9% reported in 2Q18.; \$475 million taxes were paid.

## Net income

As a result of the operating and financial income, net income for the quarter was \$1,303 million, an increase of 105.2% when compared to the same period previous year; the cumulative net income stands at \$2,500 million, doubling what reported in the same period year ago and slightly ahead of our full 2018-year profit. With this, Quálitas reported a L12M ROE of 38.6% well above of our long term target which is between 18-24%. ROE composed of an operating ROE of 24% and a financial ROE of 14.6%.

## Investments

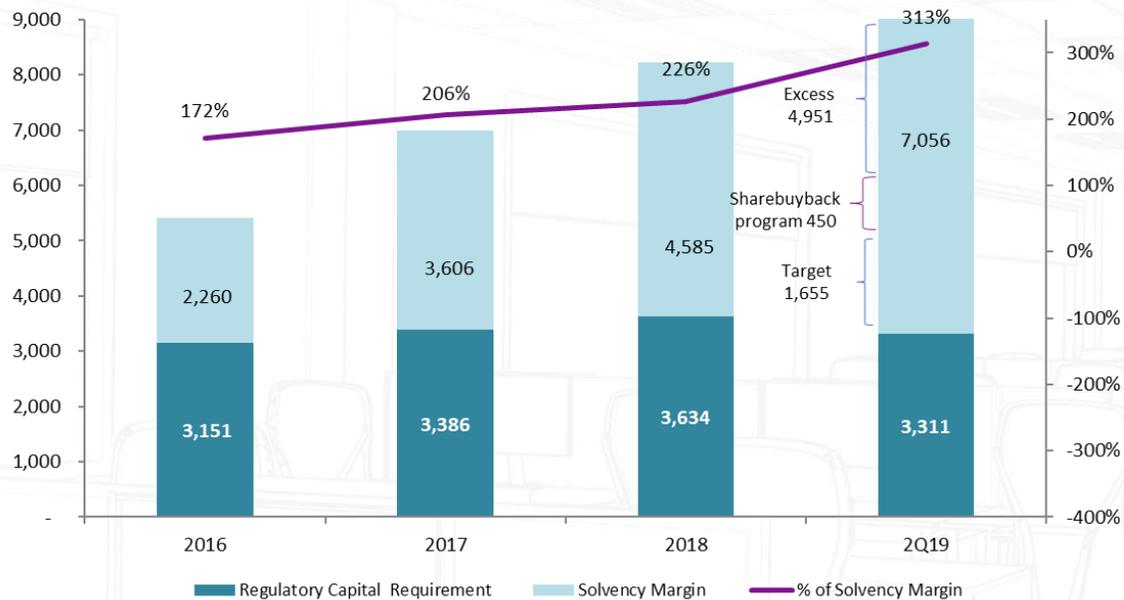
Investments reached \$29,154 million, a 2.5% growth. This item comprises securities, overnight, loans portfolio and real estate investments.

## Technical reserves

The technical reserves reached \$35,105 million, a decrease of 0.85% same period previous year, due to a decrease in the reserve for outstanding obligations.

## Solvency

The regulatory capital requirement stood at \$3,311 million, with a solvency margin of \$7,056 million and a %solvency margin of 313%. We are still waiting for changes from the regulator (National Insurance & Bonds Commission, CNSF as per its acronym in Spanish), so we expect changes in these figures during the course of the year.



## Share buyback program

The authorized amount for the share buyback program is \$650 million, reaching a maximum of \$700 million considering the surplus derived from the operations of the fund itself. During the period, we operated 7 million shares and repurchased 2.1 million, with a cumulative of 4.1 million shares during this year.

	2Q19	2Q18	Δ %
Shares traded in the period	7.0	15.2	(53.9%)
Balance of repurchased shares	4.1	10.1	(59.4%)
Operating profit	0.6	1.5	(60.0%)

## Stock performance (Q\*)

	Q*	Mexbol
2Q	13.0%	(0.3%)
6M19	30.3%	3.7%
12M	9.7%	(9.4%)

During this quarter, our stock performance was 13%, reaching a cumulative yield of 30%, both well above the Mexbol yield. Q\* moved up 2 places in the marketability index of the Mexican Stock Exchange, ended in #44 as June 2019.

	Traded Volume	Daily average*		
		Δ%	Volume (USD)	Δ%
2Q	624,436	(22.4%)	1,676,696	(24.9%)
6M	508,297	(37.1%)	1,317,785	(36.8%)
12M	457,921	(28.8%)	1,137,752	(22.0%)

Figures: traded volume is expressed in number of shares, peso and dollar volume in millions USD.  
Δ%: percentage change vs. the same period 2018

In addition, we had an average daily volume of 624,436 titles and an average daily amount of \$1.6 million dollars.

## Sustainability

Aware of environmental impact, we carry out actions to be a sustainable and socially responsible company, and how we can make substantial changes to improve our community and our country.

In this sense, during this second quarter we incorporated 63 more hybrid cars in our fleet of lawyers and claims officers, with the aim of reducing polluting emissions and generating efficiencies in the operation by reducing our gasoline consumption. On the other hand, in June we carried out our annual reforestation program among our employees and their families, where more than 1,200 people attended and 10,000 trees were planted.

Additionally, we seek to reduce paper consumption in our offices by using electronic formats in our processes and during claims attention. Likewise, we promote a responsible water consumption, and we have water treatment plants in 2 of our biggest offices in Mexico.

The sum of all these efforts allowed us to be part of the Sustainable Index (IPC) as of April 30<sup>th</sup>, 2019. The sustainable index seeks to measure Mexican issuers efforts in environmental, social and governance issues.



## 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.

**AMDA:** Mexican Association of Automotive Distributors.

**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.

**PTU:** Employee profit sharing.

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

**Premiums Surcharge:** 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

**Q P:** Quálitas Perú

**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 June 30th**  
 Figures in Mexican pesos

	2019	2018
<b>Assets</b>		
<b>Investments</b>	<u>29,153,653,213</u>	<u>28,435,327,428</u>
<b>Securities and Derivatives Transactions</b>	<u>23,147,373,052</u>	<u>25,486,969,788</u>
<b>Securities</b>	<u>23,147,373,052</u>	<u>25,486,969,788</u>
Government	10,233,999,857	12,783,781,322
Private Companies: Fixed Rate	8,136,933,069	7,887,486,388
Private Companies: Equity	4,433,140,371	4,609,213,134
Foreign	356,810,986	322,051,176
(-) Value Impairment	13,511,232	115,562,232
Restricted Securities	-	-
<b>Derivatives</b>	-	-
<b>Overnight</b>	4,186,107,428	1,187,135,918
<b>Loans Portfolio (Net)</b>	<u>335,119,738</u>	<u>356,249,731</u>
Current Loan Portfolio	335,899,649	329,222,654
Non-performing Loan	38,072,436	29,415,684
(-) Loan Loss Provisions	38,852,347	2,388,607
<b>Property (Net)</b>	1,485,052,995	1,404,971,992
<b>Investments Related to Labor Obligations</b>	67,134,610	62,051,819
<b>Cash and Cash Equivalents</b>	<u>2,632,526,190</u>	<u>1,474,819,157</u>
Cash and Banks	2,632,526,190	1,474,819,157
<b>Debtors</b>	<u>20,795,699,963</u>	<u>19,165,763,790</u>
Premiums	19,816,824,203	18,146,698,508
Premiums P&C Subsidy	-	-
Federal Agencies Debts	333,936,113	169,681,530
Agents and Claims Officers (Adjusters)	136,967,534	128,921,811
Accounts Receivable	0	4,695,000
Bonds for Claims Debtors	-	-
Other	677,727,529	836,326,040
(-) Allowance for Doubtful Accounts	169,755,416	120,559,099
<b>Reinsurers and Re-Bonding Companies</b>	<u>206,934,266</u>	<u>160,192,977</u>
Insurance and Bonds Intitutions	49,900,608	4,806,666
Retained deposits	-	-
Amounts Recoverable from Reinsurance	161,070,435	157,422,285
(-) Loan Loss Provisions for Foreign Reinsurers and Reinsurance and Bonding Brokers	2,191,200	1,871,944
(-) Provisions for Penalties	0	0
(-) Provisions for Penalties	1,845,577	164,030
<b>Permanent Investments</b>	<u>46,546,839</u>	<u>48,308,164</u>
Subsidiary	0	0
Associates	0	1,761,325
Other permanent investments	46,546,839	46,546,839
<b>Other Assets</b>	<u>4,322,693,173</u>	<u>3,857,745,510</u>
Furniture and Equipment (Net)	874,706,636	819,200,724
Miscellaneous	3,360,815,563	2,956,047,071
Amortizable Intangible Assets (Net)	53,884,475	50,007,236
Long-lived Intangible Assets (Net)	33,286,498	32,490,480
<b>Total Assets</b>	<u><u>57,225,188,253</u></u>	<u><u>53,204,208,845</u></u>

**QUALITAS CONTROLADORA, S.A.B. DE C.V.**  
**Consolidated Balance Sheet as of June 30th**  
 Figures in Mexican pesos

	2019	2018
<b>Liabilities</b>		
<b>Technical Reserves</b>	<b>35,105,171,862</b>	<b>35,407,856,988</b>
<b>Unearned Premiums</b>	<b>25,578,020,176</b>	<b>25,092,646,536</b>
Property and Casualty Insurance	25,578,020,176	25,092,646,536
<b>Reserve for Outstanding Obligations</b>	<b>9,527,151,686</b>	<b>10,315,210,452</b>
Expired Policies and Claims Occurred Pending of Payment	8,738,588,299	8,937,268,556
Occurred but not Reported and Adjustment Costs assigned to Claims	132,239,431	103,232,035
Deposit Premiums	656,323,956	1,274,709,861
<b>Reserves Related to Labor Obligations</b>	258,088,235	240,386,640
<b>Creditors</b>	<b>5,254,908,912</b>	<b>4,855,111,910</b>
Agents and Adjusters	1,529,145,322	1,507,860,600
Funds for Losses Management	8,866,120	7,729,302
Bonding for recognition of Liabilities Creditors	-	-
Miscellaneous	3,716,897,471	3,339,522,008
<b>Reinsurers and Re-Bonding Companies</b>	<b>94,948,062</b>	<b>93,342,678</b>
Insurance and Bond Companies	71,596,087	77,432,665
Retained Deposits	23,351,975	15,910,013
Other	-	-
<b>Funding Obtained</b>	-	-
<b>Other Liabilities</b>	<b>5,324,542,558</b>	<b>4,572,028,226</b>
Provisions for employee profit sharing	354,314,874	227,115,080
Income Tax Provisions	907,800,524	573,345,754
Other Obligations	3,178,297,895	2,908,806,737
Deferred Credits	884,129,265	862,760,655
<b>Total Liabilities</b>	<b>46,037,659,630</b>	<b>45,168,726,442</b>
<b>Stockholders' Equity</b>		
<b>Paid-in Capital</b>		
<b>Capital Stock</b>	<b>2,511,657,053</b>	<b>2,534,665,540</b>
Capital Stock	2,535,727,486	2,595,391,662
(-) Non Subscribed Capital Stock	-	-
(-) Non Displayed Capital Stock	-	-
(-) Repurchased Shares	24,070,432	60,726,121
<b>Earned Capital</b>		
<b>Reserves</b>	<b>1,083,337,787</b>	<b>524,046,791</b>
Legal	435,022,416	313,746,968
For Repurchase of shares	553,895,425	88,771,180
Other	94,419,946	90,490,685
<b>Valuation Surplus</b>	201,464,866	108,961,103
<b>Permanent Investments</b>	-	-
<b>Retained Earnings</b>	4,718,926,016	3,403,828,586
<b>Net Result</b>	2,498,189,939	1,220,746,038
<b>Translation effect</b>	163,235,058	188,193,566
<b>Non Monetary Assets Result</b>	-	-
<b>Remeasurements for Benefits granted to Employees</b>	5,262,929	7,613,329
<b>Controlling Interest</b>	11,182,073,647	7,988,054,954
<b>Non-Controlling Interest</b>	5,454,977	47,427,450
<b>Total Stockholders' Equity</b>	<b>11,187,528,624</b>	<b>8,035,482,404</b>
<b>Total Liabilities and Stockholders' Equity</b>	<b>57,225,188,253</b>	<b>53,204,208,845</b>

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

	2019	2018
<b>Premiums</b>		
Written	8,255,575,811	7,927,545,067
(-) Ceded	60,175,629	73,710,257
<b>Net Written Premiums</b>	<b>8,195,400,182</b>	<b>7,853,834,809</b>
(-) <b>Net Increase of Unearned Premiums Reserve</b>	<b>(446,994,093)</b>	106,440,980
<b>Earned Retained Premiums</b>	<b>8,642,394,275</b>	<b>7,747,393,829</b>
<b>(-) Net Acquisition Cost</b>	<b>1,774,008,747</b>	<b>1,785,197,181</b>
Agents Commissions	582,438,852	542,102,771
Agents' Additional Compensation	147,669,796	124,846,306
Reinsurance and Rebonding Commissions	-	-
(-) Reinsurance Commissions	768,298	1,770,221
Excess of Loss Coverage	1,463,809	2,552,989
Other	1,043,204,588	1,117,465,336
<b>(-) Net Claims Cost and Other Contractual Liabilities</b>	<b>5,125,089,959</b>	<b>5,223,208,092</b>
Claims and Other Contractual Obligations	5,172,459,288	5,223,208,092
(-) Losses on non-proportional reinsurance Claims	47,369,329	-
-	-	-
<b>Technical Income (Loss)</b>	<b>1,743,295,569</b>	<b>738,988,556</b>
<b>(-) Net Increase in Other Technical Reserves</b>	-	-
<b>Result of Analog and Related Operations</b>	<b>3,540,000</b>	
<b>Gross Income (Loss)</b>	<b>1,746,835,569</b>	<b>738,988,556</b>
<b>(-) Net Operating Expenses</b>	<b>588,879,690</b>	<b>438,288,063</b>
Administrative and Operating Expenses	172,330,782	154,853,917
Employees' compensation and benefits	314,124,486	187,231,468
Depreciation and Amortization	102,424,421	96,202,678
<b>Operating Income (Loss)</b>	<b>1,157,955,880</b>	<b>300,700,494</b>
<b>Comprehensive Financing Result</b>	<b>620,174,736</b>	<b>605,137,645</b>
Investments	270,200,014	276,742,269
Sale of Investments	7,043,768	<b>(4,988,984)</b>
Fair Valuation of Investments	<b>(24,339,737)</b>	28,633,142
Surcharges on Premiums	117,370,566	107,211,851
Debt Issuance	-	-
Financial Reinsurance	-	-
Loan Interests	11,462,137	18,833,166
(-) Preventive Penalties for Amounts Recoverable from Reinsura	538,490	298,029
(-) Preventive Penalties for Credit Risks	482,538	<b>(465,371)</b>
Other	243,411,106	141,964,618
Foreign Exchange Rate Fluctuation	<b>(3,952,090)</b>	36,574,241
(-) Monetary Position Result	-	-
<b>Participation in Permanent Investments Result</b>	-	-
<b>Income (Loss) Before Taxes</b>	<b>1,778,130,615</b>	<b>905,838,138</b>
<b>(-) Provision for Income Taxes</b>	<b>474,600,368</b>	<b>270,755,443</b>
<b>Income (Loss) Before Discontinued Operations</b>	<b>1,303,530,248</b>	<b>635,082,695</b>
<b>Discontinued Operations</b>	-	-
<b>Net Income (Loss)</b>	<b>1,303,530,248</b>	<b>635,082,695</b>
Controlling Interest	1,302,276,075	633,192,017
Non-Controlling Interest	1,254,172	1,890,678
<b>Net Income (Loss)</b>	<b>1,303,530,248</b>	<b>635,082,695</b>

**QUALITAS CONTROLADORA S.A.B. DE C.V.**  
**Consolidated Income statement for the six months ended June 30th**  
 Figures in Mexican pesos

	2019	2018
<b>Premiums</b>		
Written	16,642,407,667	16,973,483,345
(-) Ceded	<u>97,200,994</u>	<u>237,408,441</u>
<b>Net Written Premiums</b>	<b>16,545,206,673</b>	<b>16,736,074,904</b>
<b>(-) Net Increase of Unearned Premiums Reserve</b>	<b>0</b>	<b>0</b>
	<b>(139,743,536)</b>	<b>1,313,992,494</b>
<b>Earned Retained Premiums</b>	<b>16,684,950,209</b>	<b>15,422,082,411</b>
<b>(-) Net Acquisition Cost</b>	<b>3,622,453,360</b>	<b>3,806,755,881</b>
Agents Commissions	1,189,048,522	1,112,990,422
Agents' Additional Compensation	294,591,009	251,601,690
Reinsurance and Rebonding Commissions	-	-
(-) Reinsurance Commissions	1,721,527	5,016,075
Excess of Loss Coverage	2,903,005	3,685,457
Other	2,137,632,351	2,443,494,387
<b>(-) Net Claims Cost and Other Contractual Liabilities</b>	<b>10,022,651,922</b>	<b>10,082,213,776</b>
Claims and Other Contractual Obligations	10,070,021,250	10,082,213,776
(-) Losses on non-proportional reinsurance Claims	47,369,329	-
	-	-
<b>Technical Income (Loss)</b>	<b>3,039,844,927</b>	<b>1,533,112,754</b>
<b>(-) Net Increase in Other Technical Reserves</b>	<b>-</b>	<b>-</b>
<b>Result of Analog and Related Operations</b>	<b>5,409,723</b>	<b>-</b>
<b>Gross Income (Loss)</b>	<b>3,045,254,650</b>	<b>1,533,112,754</b>
<b>(-) Net Operating Expenses</b>	<b>932,390,616</b>	<b>853,791,141</b>
Administrative and Operating Expenses	118,108,803	260,097,436
Employees' compensation and benefits	616,327,958	406,432,585
Depreciation and Amortization	197,953,855	187,261,120
<b>Operating Income (Loss)</b>	<b>2,112,864,034</b>	<b>679,321,613</b>
<b>Comprehensive Financing Result</b>	<b>1,300,910,895</b>	<b>1,094,671,102</b>
Investments	582,696,907	583,365,892
Sale of Investments	16,344,999	113,090,237
Fair Valuation of Investments	<b>(38,719,376)</b>	<b>(137,473,533)</b>
Surcharges on Premiums	234,333,556	207,961,627
Debt Issuance	-	-
Financial Reinsurance	-	-
Loan Interests	19,723,072	30,896,453
(-) Preventive Penalties for Amounts Recoverable from Reinsurance	249,113	138,011
(-) Preventive Penalties for Credit Risks	<b>(2,386,452)</b>	<b>(1,003,586)</b>
Other	486,281,681	287,841,289
Foreign Exchange Rate Fluctuation	<b>(1,887,282)</b>	<b>8,123,562</b>
(-) Monetary Position Result	-	-
<b>Participation in Permanent Investments Result</b>	<b>-</b>	<b>-</b>
<b>Income (Loss) Before Taxes</b>	<b>3,413,774,930</b>	<b>1,773,992,715</b>
<b>(-) Provision for Income Taxes</b>	<b>913,703,740</b>	<b>548,460,862</b>
<b>Income (Loss) Before Discontinued Operations</b>	<b>2,500,071,190</b>	<b>1,225,531,854</b>
<b>Discontinued Operations</b>	<b>-</b>	<b>-</b>
<b>Net Income (Loss)</b>	<b>2,500,071,190</b>	<b>1,225,531,854</b>
Controlling Interest	2,498,189,939	1,220,746,038
Non-Controlling Interest	1,881,252	4,785,815
<b>Net Income (Loss)</b>	<b>2,500,071,190</b>	<b>1,225,531,854</b>

# 2Q19 Webcast Results

Friday, July 19<sup>th</sup>, 2019  
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/1164/30926>

To participate by telephone, please dial:

- » Mexico: 01 800 563-0645
- » USA & Canada: +1 (888) 339-2688
- » International: 617-847-3007
- » **Password: 739 926 28**

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

## About us:

Quálitas Controladora (Q) is the company with the largest market share in the auto insurance industry in Mexico and has presence in the United States, Peru, Costa Rica and El Salvador. Its unique business model, based on excellence service and a strict cost control policy, has allowed it to offer a first quality service under the largest coverage network in the country. Quálitas is listed on the Mexican Stock Exchange under the symbol "Q" (Bloomberg: Q \*: MM)

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*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
Merrill Lynch	Ernesto Gabilondo	<a href="mailto:ernesto.gabilondo@baml.com">ernesto.gabilondo@baml.com</a>	65.00 MXN	Buy
Miranda Global Research	Martín Lara	<a href="mailto:martin.lara@miranda-gr.com">martin.lara@miranda-gr.com</a>	60.00 MXN	Hold
BBVA Research	Martín Hernández	<a href="mailto:martin.hernandez.omelas@bbva.com">martin.hernandez.omelas@bbva.com</a>	58.25 MXN	Buy
Actinver	Enrique Mendoza	<a href="mailto:emendoza@actinver.com.mx">emendoza@actinver.com.mx</a>	58.00 MXN	Hold
Signum Research	Armando Rodríguez	<a href="mailto:armando.rodriguez@signumresearch.com">armando.rodriguez@signumresearch.com</a>	57.00 MXN	Buy
Bloomberg (consenso)			56.65 MXN	-
Nau Securities	Iñigo Vega	<a href="mailto:inigovega@nau-securities.com">inigovega@nau-securities.com</a>	56.00 MXN	Buy
Barclays	Gilberto Garcia	<a href="mailto:gilberto.garcia@barclays.com">gilberto.garcia@barclays.com</a>	55.00 MXN	-
Ve por más	Eduardo López	<a href="mailto:elopezp@vepormas.com">elopezp@vepormas.com</a>	-	-

## Investor relations

### 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