



**1Q15**

**Earnings Results**



**Quálitas**<sup>®</sup>

## QUÁLITAS REPORTS RESULTS FOR THE FIRST QUARTER OF 2015

**Mexico City, April 21, 2015** – Quálitas Controladora, S.A.B. de C.V. (“Quálitas”, “QC”, or “the Company”) (BMV: QC CPO), announces its unaudited financial results for the quarter ended March 31<sup>st</sup>, 2015.

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

### 1Q15 Highlights:

- Written premiums grew 3.8% and earned premiums grew 8.8% during the quarter, in comparison to 1Q14.
- Claims costs increased 8.8% during the quarter, in line with the growth in insured vehicles.
- Operating costs represented 3.6% of written premiums.
- The Company recorded Ps.173 million as operating result during the quarter, 12.0% above the figure registered during 1Q14.

<b>INCOME STATEMENT</b>	<b>1Q15</b>	<b>1Q14</b>	<b>Δ %/bp</b>
Written Premiums	4,836	4,658	3.8%
Earned Premiums	4,001	3,678	8.8%
Acquisition Cost	1,072	1,052	1.9%
Claims Cost	2,584	2,374	8.8%
Operating Expenses	173	97	77.2%
Operating Result	173	154	12.0%
Investment Income	132	183	-27.9%
Net Result	205	234	-12.4%
<b>BALANCE SHEET</b>			
Cash & Investments	13,057	11,044	18.2%
Total Assets	25,565	21,626	18.2%
Technical Reserves	16,474	14,099	16.8%
Stockholders' Equity	4,621	3,982	16.1%
<b>COST RATIOS</b>			
Acquisition Ratio	22.2%	22.6%	-42
Claims Ratio	64.6%	64.6%	2
Operating Ratio	3.6%	2.1%	148
Combined Ratio	90.3%	89.2%	108
<b>PROFITABILITY RATIOS</b>			
Return on Investments	3.2%	5.9%	-267
LTM ROE	13.7%	18.7%	-492

## Insured Vehicles

Business Line	1Q15	1Q14	Δ %
Automobiles	1,778,575	1,631,862	9.0%
Trucks	623,442	587,158	6.2%
<b>Subtotal</b>	<b>2,402,017</b>	<b>2,219,020</b>	<b>8.2%</b>
Tourists	88,692	99,992	-11.3%
Motorcycles	79,919	67,056	19.2%
El Salvador	16,619	14,655	13.4%
Costa Rica	19,891	14,392	38.2%
USA	1,714	0	NA
<b>Insured Vehicles</b>	<b>2,608,852</b>	<b>2,415,115</b>	<b>8.0%</b>

Insured vehicles increased 8.0% when compared to the previous year, reaching 2,608,852 units. The number of units insured during the quarter totaled 151,493.

## Written Premiums

Segment	1Q15	1Q14	Δ \$	Δ %
Individual	1,086	1,042	45	4.3%
Fleets	1,591	1,633	-42	-2.6%
<b>Sum of Traditional</b>	<b>2,677</b>	<b>2,674</b>	<b>3</b>	<b>0.1%</b>
Financial Institutions	1,917	1,816	101	5.6%
Subsidiaries	96	49	47	97.1%
Other	146	119	27	22.7%
<b>Total</b>	<b>4,836</b>	<b>4,658</b>	<b>178</b>	<b>3.8%</b>

Period	1Q15	%	1Q14	%
Annual	3,418	70.7%	3,356	72.0%
Multiannual	1,418	29.3%	1,302	28.0%

NA: Not applicable

Written premiums for the first quarter of 2015 were Ps.4,836 million, an increase of 3.8% in comparison to Ps.4,658 million recorded in 1Q14.

The Ps.178 million increase in this item was mainly driven by a 5.6% growth in Financial Institutions, along with a 4.3% growth as a result of the recovery in the Individual segment.

Written premiums in El Salvador had an increase of 27.2% and 88.7% in Costa Rica when compared to the same period last year.

Written premiums in QUIC totaled Ps.20 million, it continued operations under the Cross Border Program in Arizona, California and Texas and the Golden Program or Post – Border Program 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 8.8% during the quarter reaching Ps.4,001 million, in comparison to the Ps.3,678 million recorded in 1Q14.

## Net Acquisition Cost

Net acquisition cost totaled Ps.1,072 million, an increase of 1.9% in comparison to Ps.1,052 million registered during 1Q14.

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

## Net Claims Cost

Net claims cost totaled Ps.2,584 million, a 8.8% increase when compared to the Ps.2,374 million recorded during the same period last year. Such increase is explained by higher collision frequency, in line with the growth of insured vehicles, and to a lesser degree, higher tow trucks' fees.

## Operating Expenses

Operating expenses accounted for 3.6% of written premiums, reaching Ps.173 million, a 77.2% increase over the Ps.97 million recorded in 1Q14. Such increase is largely explained by Employee Profit Sharing that was not registered in 1Q14, and in a lesser degree, higher administrative costs.

However and partially offsetting this effect, policy fees maintained its positive trend, in line with written premiums.

Depreciation & Amortization charges increased 8.4% during the quarter.

## Operating Income

Operating Income for the quarter totaled Ps.173 million, a 12.0% increase when compared to the same period 2014.

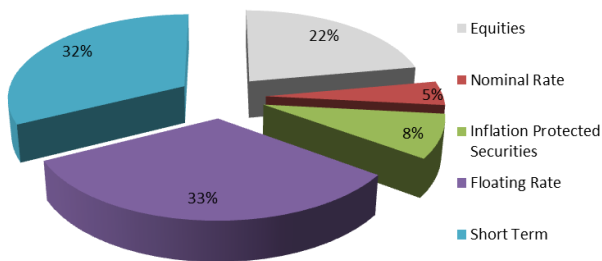


## Investment Income

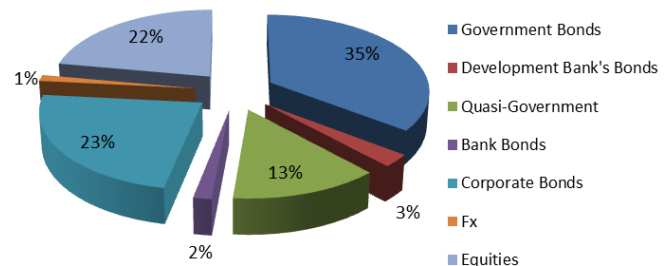
Investment Income for the quarter was Ps.132 million, a decrease when compared to the same period last year, which is explained by two main reasons, a lower CETES rate recorded during the quarter and the volatility on financial markets. This represented a yield of 3.2%, lower than the internal target of CETES plus 200 bp.

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

### Portfolio by Type of Risk



### Portfolio by Type of Issuer



## Taxes

During 1Q15 the Company recorded Taxes of Ps.99 million.

## Net Result

Net result for the quarter totaled Ps.205 million, a 12.4% decrease when compared to the same period 2014.

## Cash and Investments

Cash and Investments totaled Ps.13,057 million, a 18.2% increase over 1Q14's figure, as a consequence of the increase of LTM written premiums and LTM investment income.

## Technical Reserves

Technical Reserves reached Ps.16,474 million, 16.8% 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.1,325 million, which represents a ratio of 44.0%.

	Minimum Equity Requirement	Solvency Margin	Solvency Margin Ratio
Qmx	2,745	1,114	40.6%
Qsv	38	22	58.3%
Qcr	0	0	2.3%
QUIC	229	10	4.2%
<b>Total</b>	<b>3,013</b>	<b>1,145</b>	
QC Cash		180	
<b>QC</b>	<b>3,013</b>	<b>1,325</b>	<b>44.0%</b>

- FX Peso-USD March 2015: 15.2647
- FX Colon-USD March 2015: 527.36
- UD (Costa Rica) March 2015: 862.66

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

## Share Buyback Program:

CPOs traded in the quarter	801,150
Balance of repurchased stocks	1,863,340

The balance of repurchased stocks as of March 2015 was Ps.61.4 million and no shares have been cancelled.

**QUALITAS CONTROLADORA, S.A.B. DE C.V.**  
**Consolidated Balance Sheet as of March 31, 2015**

	<b>2015</b>	<b>2014</b>
<b>Assets</b>		
<b>Investments</b>	13,863,797,864	11,694,830,062
<b>Securities and Derivatives Transactions</b>	12,046,598,027	9,431,932,245
<b>Securities</b>	12,046,598,027	9,431,932,245
Government	3,827,784,987	1,381,455,672
Private Companies	7,265,417,523	7,296,371,558
Fixed Rate	5,305,127,636	5,753,378,605
Equity	1,960,289,887	1,542,992,953
Foreign	213,884,229	217,790,696
Net Valuation	714,196,997	519,317,730
Interest Receivable	24,632,522	16,996,589
<b>Overnight</b>	668,875,437	1,252,637,403
<b>Loans</b>	166,758,181	103,786,864
Secured	16,736,756	17,043,005
Discounts and Re-discounts	153,215,277	90,000,000
Interest Receivables	45,289	-
(-) Allowance for Doubtful Accounts	3,239,141	3,256,141
<b>Property</b>	981,566,218	906,473,550
Real Estate	599,900,437	566,566,591
Net Valuation	431,872,896	385,179,542
(-) Depreciation	50,207,115	45,272,583
<b>Investments Related to Labor Obligations</b>	64,303,817	62,407,677
<b>Cash and Cash Equivalents</b>	188,114,916	269,280,284
Cash and Banks	188,114,916	269,280,284
<b>Debtors</b>	9,716,751,965	7,851,224,389
Premiums	8,999,714,434	7,338,927,894
Agents and Adjusters	60,758,239	35,900,705
Accounts Receivable	57,055,635	83,320,282
Loans to Employees	12,302,794	30,432,192
Other	651,934,022	415,786,020
(-) Allowance for Doubtful Accounts	65,013,160	53,142,704
<b>Reinsurers and Re-Bonding Companies</b>	100,928,636	161,154,122
Insurance and Bonds Institutions	9,219,653	3,246,304
Equity Participation of Reinsurers in Outstanding Claims	47,214,512	62,316,003
Equity Participation of Reinsurers in Unearned Premiums	40,771,878	91,275,952
Other Equity Participations	3,722,593	4,315,863
<b>Permanent investments</b>	46,658,860	270,882,552
Subsidiaries	0	-
Associates	2,179,431	226,570,381
Other permanent investments	44,479,429	44,312,171
<b>Other Assets</b>	1,584,046,491	1,316,462,422
Furniture and Equipment	374,536,691	339,460,933
Miscellaneous	1,196,339,190	970,408,993
Amortizable Expenses	20,045,027	13,137,799
(-) Amortization	6,874,417	6,545,303
<b>Total Assets</b>	<b>25,564,602,548</b>	<b>21,626,241,508</b>

**QUALITAS CONTROLADORA, S.A.B. DE C.V.**  
**Consolidated Balance Sheet as of March 31, 2014**

	<b>2015</b>	<b>2014</b>
<b>Liabilities</b>		
<b>Technical Reserves</b>	16,473,868,779	14,099,423,360
<b>Unearned Premiums</b>	12,445,159,533	10,783,712,388
Casualties	12,445,159,533	10,783,712,388
<b>Contractual Obligations</b>	4,028,709,246	3,315,579,086
For Claims and Expirations	3,799,973,442	3,116,242,477
For Claims Incurred But Not Reported	106,500,025	98,522,738
For Policy Dividends	40,734,035	35,835,998
For Premiums on Deposit	81,501,744	64,977,873
<b>Preventive Reserve</b>	-	131,886
Catastrophic Risks	-	131,886
<b>Reserves Related to Labor Obligations</b>	140,949,972	124,972,748
<b>Creditors</b>	2,473,907,161	1,855,941,731
Agents and Adjusters	727,253,058	659,109,455
Funds for Losses Management	3,980,391	6,519,493
Miscellaneous	1,742,673,712	1,190,312,783
<b>Reinsurers and Re-Bonding Companies</b>	75,678,392	99,003,222
Insurance and Bond Companies	75,678,392	99,003,222
<b>Other Liabilities</b>	1,778,840,915	1,465,213,027
Provisions for employee profit sharing	60,953,322	5,837,906
Income Tax Provisions	89,731,638	167,177,475
Other Obligations	1,423,757,601	1,143,886,686
Deferred Credits	204,398,354	148,310,960
<b>Total Liabilities</b>	20,943,245,219	17,644,554,088
<b>Stockholders' Equity</b>		
<b>Capital Stock</b>	2,625,888,455	2,671,325,103
Capital Stock	2,684,887,926	2,684,887,926
(-) Repurchased Shares	58,999,471	13,562,823
<b>Reserves</b>	222,036,746	180,821,494
Legal	87,036,746	45,821,494
For repurchase of shares	135,000,000	135,000,000
<b>Valuation Surplus</b>	14,076,748	-9,050,635
<b>Permanent Investments</b>	-	-
<b>Retained Earnings</b>	1,473,874,604	884,723,236
<b>Net Result</b>	203,963,068	238,246,412
<b>Translation effect</b>	59,749,040	-103,266
<b>Non-Controlling Interest</b>	21,768,668	15,725,076
<b>Total Stockholders' Equity</b>	4,621,357,329	3,981,687,421
<b>Total Liabilities and Stockholders' Equity</b>	<b>25,564,602,548</b>	<b>21,626,241,508</b>



**QUÁLITAS CONTROLADORA, S.A.B. DE C.V.**  
**Consolidated Income Statements for the three months ended March 31, 2015**

	1Q15	1Q14
<b>Premiums</b>		
Written	4,836,306,467	4,658,266,046
(-) Ceded	-	-
<b>Net Written Premiums</b>	4,836,306,467	4,658,266,046
<b>(-) Net Increase of Unearned Premiums Reserve</b>	835,458,878	980,128,895
<b>Earned Retained Premiums</b>	4,000,847,590	3,678,137,151
<b>(-) Net Acquisition Cost</b>	1,071,851,100	1,052,127,701
Agents' Commissions	285,766,208	297,526,853
Agents' Additional Compensation	49,007,672	61,938,090
(-) Commissions on Ceded Reinsurance	785,153	702,286
Excess of Loss Coverage	8,867,817	3,611,262
Other	728,994,556	689,753,782
<b>(-) Net Claims Cost and Other Contractual Liabilities</b>	2,583,616,178	2,374,408,096
Claims and Other Contractual Obligations	2,583,616,178	2,348,818,214
<b>Technical Result</b>	345,380,312	251,601,354
<b>(-) Net increase in Other Technical Reserves</b>	-	-
<b>Gross Income (Loss)</b>	345,380,312	251,601,354
<b>(-) Net Operating Expenses</b>	172,670,408	97,441,447
Administrative and Operating expenses	25,943,491	3,500,837
Employees' compensation and benefits	103,568,661	54,143,800
Depreciation and Amortization	43,158,256	39,796,810
<b>Operating Income (Loss)</b>	172,709,904	154,159,907
<b>Comprehensive Financing Result</b>	131,814,897	182,827,213
Investments	100,134,851	104,916,279
Sale of Investments	17,349,709	24,396,048
Fair Valuation of Investments	-1,506,630	25,601,019
Surcharges on Premiums	31,795,486	29,106,989
Other	-1,350,983	-949,435
Foreign Exchange Rate Fluctuation	-14,607,536	-243,687
<b>Participation in Permanent Investments Result</b>	-	-
<b>Income (Loss) Before Taxes</b>	304,524,801	336,987,120
<b>(-) Provision for Income Taxes</b>	99,338,130	102,704,703
<b>Income (Loss) Before Discontinued Operations</b>	205,186,671	234,282,417
<b>Discontinued Operations</b>	-	-
<b>Net Income (Loss)</b>	205,186,671	234,282,417
Non-Controlling Interest	1,223,603	-3,963,995
Controlling Interest	203,963,068	238,246,412
<b>Net Income (Loss)</b>	<b>205,186,671</b>	<b>234,282,417</b>

## 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 =  $[(\text{End of Period Figure} / \text{Beginning of Period Figure})^{(1/ \text{Number of periods})}]$

**Cash & Investments:** Securities and Derivatives Transactions + Overnight + Cash and Cash Equivalents + Discounts & Re-discounts.

**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 (QC) 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 "QC" (Bloomberg: QC: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 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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