



# Quálitas Controladora

## 4Q17 Webcast

Figures in this document are stated in million Mexican pesos except where otherwise specified and may vary due to rounding

# Quáalitas Controladora

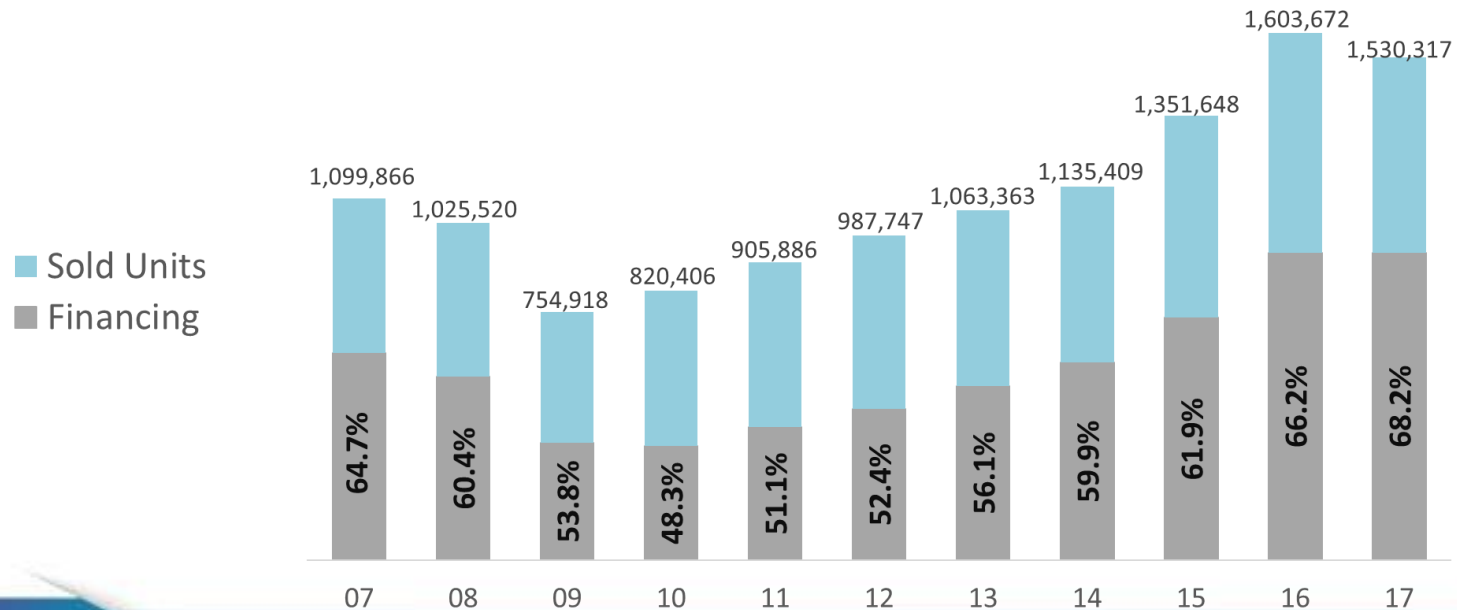
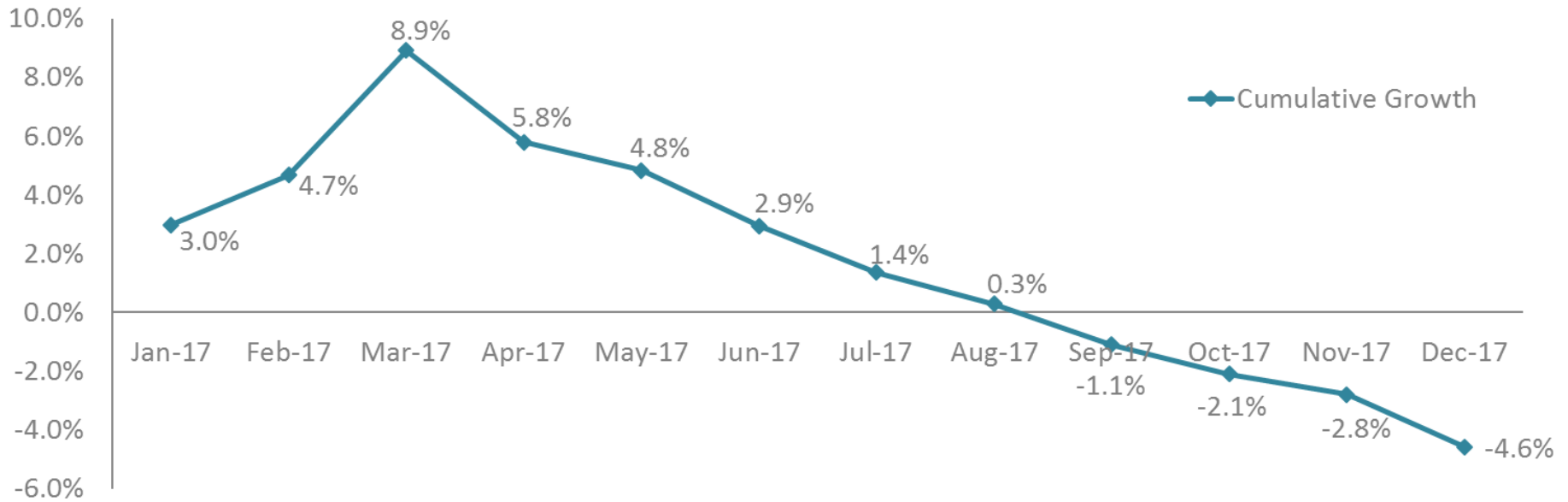
## 4Q17 Webcast



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. Quálitas undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

# What is happening?

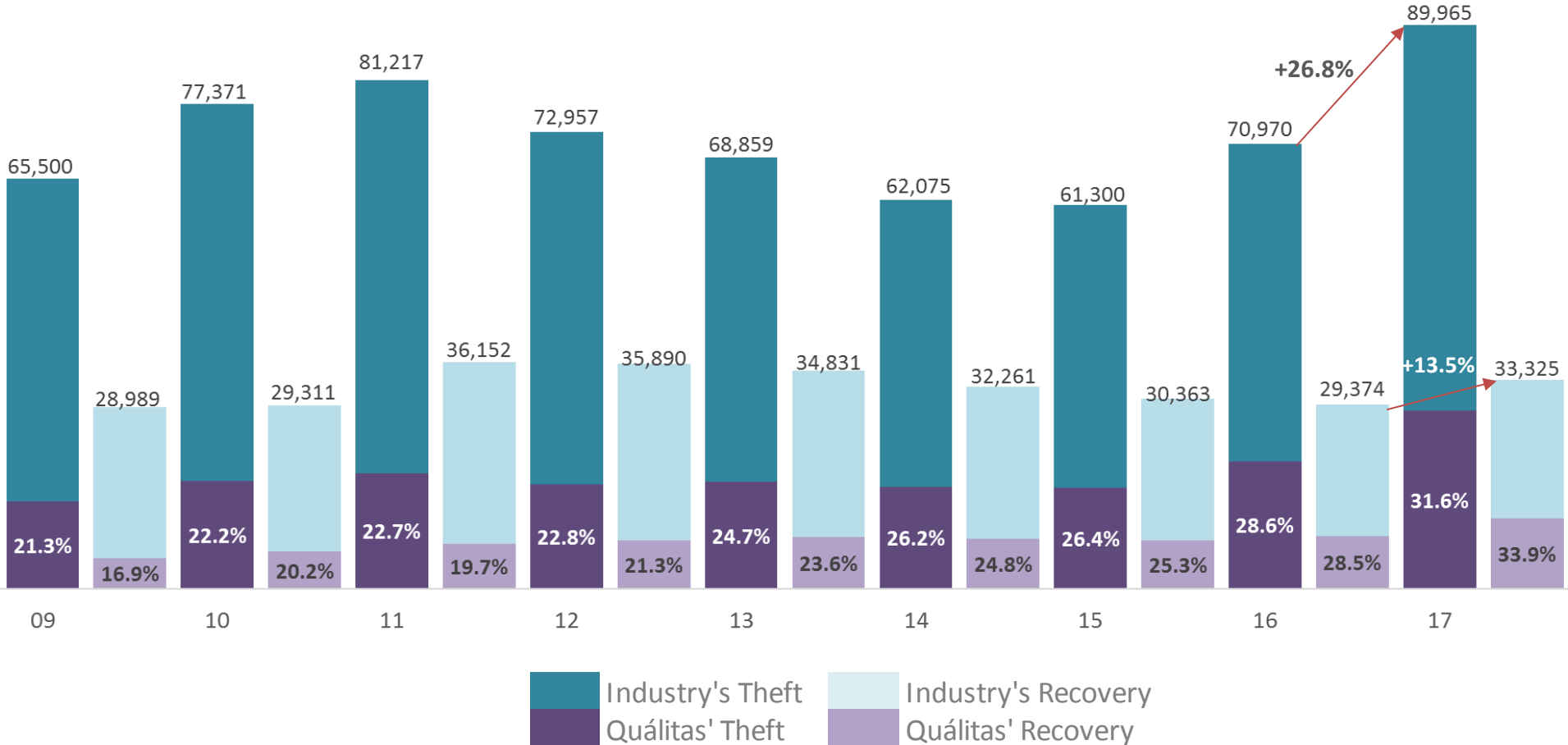
# New car sales growth 2017



# Theft in Mexico

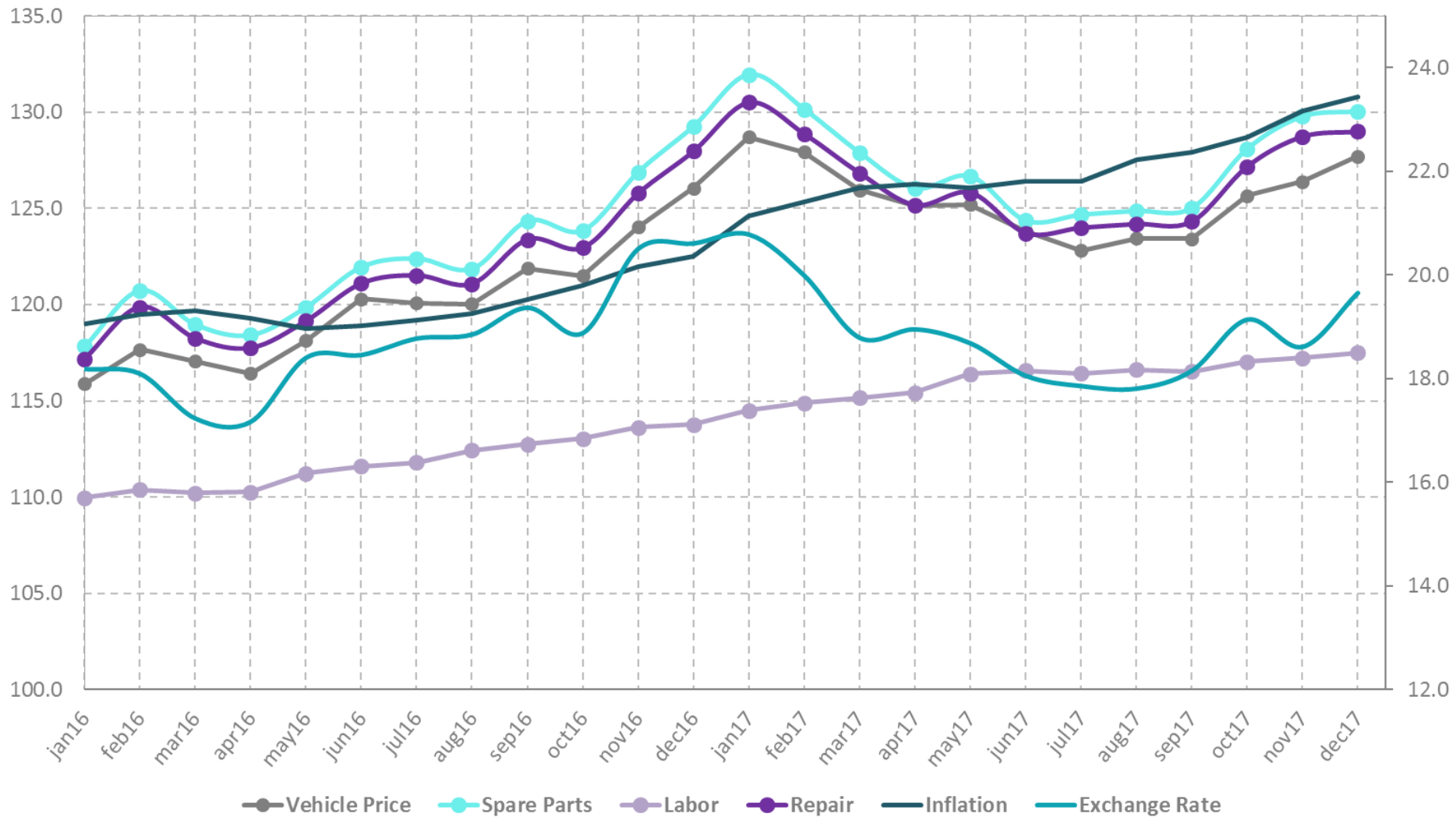


## Stolen Vehicles to the Insurance Industry (January – December)



Source: OCRA (Coordinating Office of Insured Risks)

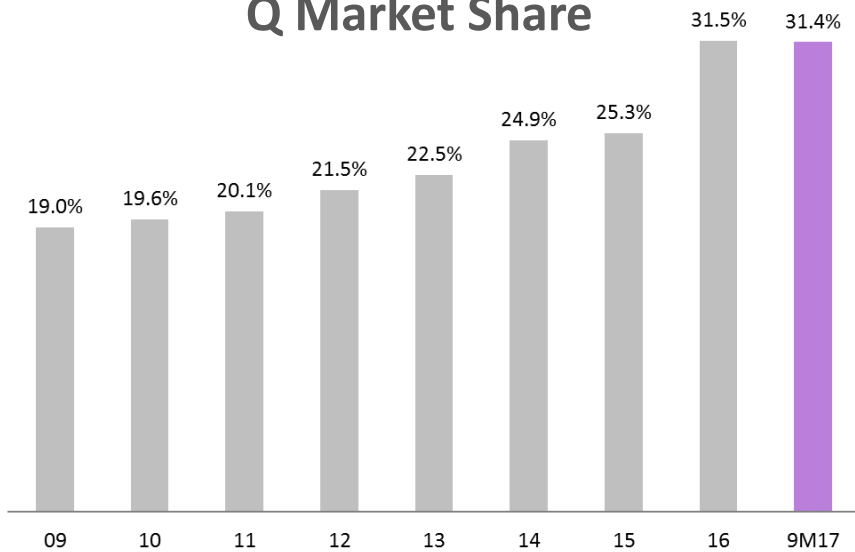
# Exchange rate vs. costs



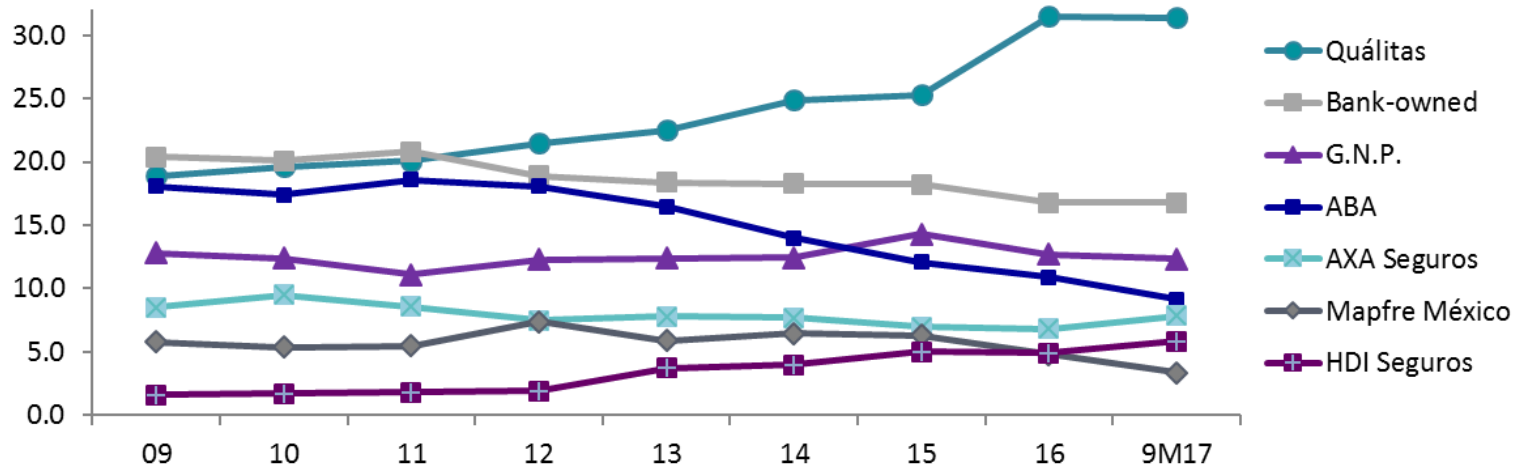
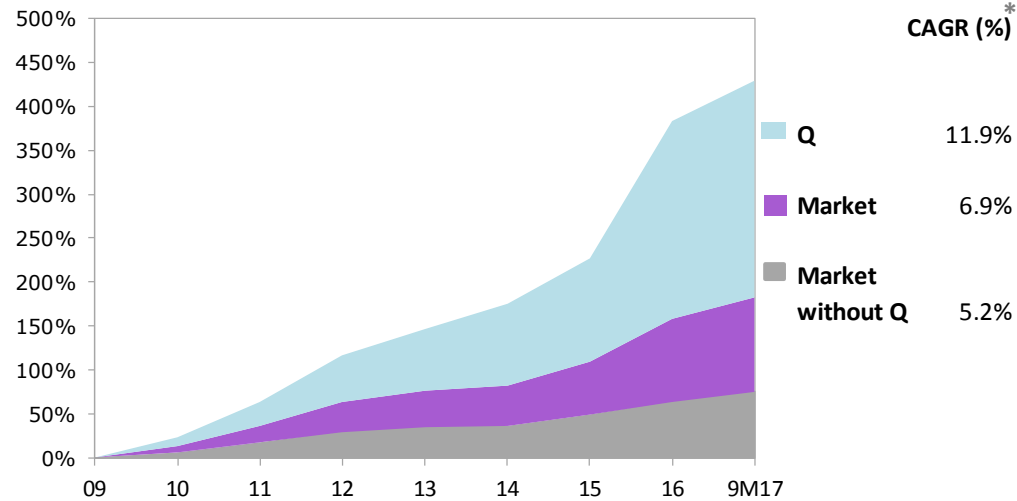
# Market Share and Growth 9M17



## Q Market Share



## Cumulative Growth



# What are we doing?

## New Car Sales

- Growth through various channels
- Focus on profitability rather than on increasing insured units

## Theft & Recovery

- Adjusting fees of higher risk units
- Pricing by zip code
- Physical inspection
- Use of technology
  - Encontract
  - Mobileye
  - Guardian

## Costs

- Q certified repair shops
- Costs Indicator Program

## Market Share

- Flexibility to meet client's needs
- Provide nationwide coverage
- ODQs



# Qualitas' Structure – 2017



220 ODDs



184 Service offices



3,818,542 Insured units



13,835 Agents



4,901 Employees



1,089 Claims officers  
402 Lawyers

## 2017

- + 16 ODDs

Mexico

## Daily

- +92 MXN million in written premiums
- +900 insured units
- + 4,200 received claims

# Income Statement unaudited figures

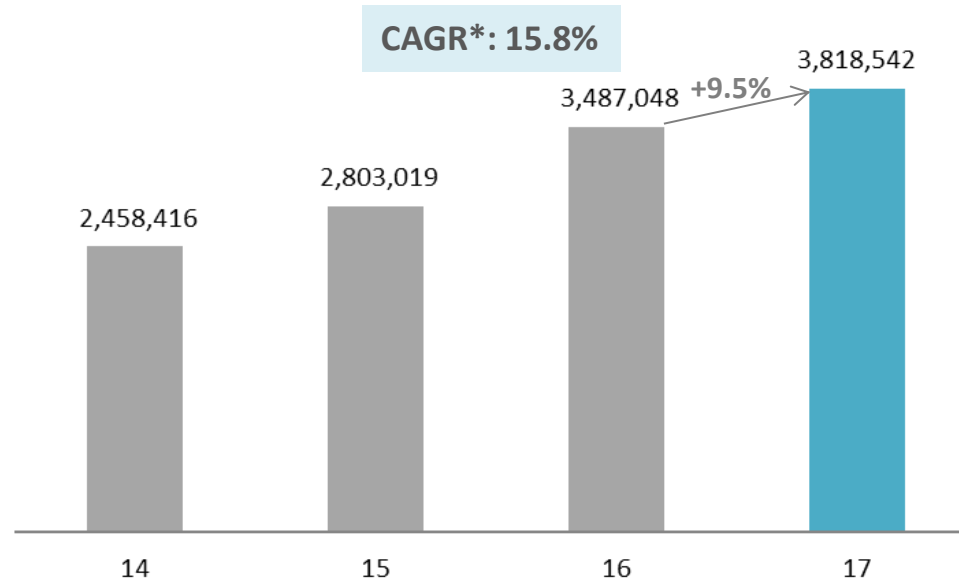
>> In 2016 Q MX began to operate under Solvency II (SII) quantitative model. Due to the adoption of this new methodology, during the first two quarters of 2016 the Company registered a benefit that affected some items of the Income Statement:

INCOME STATEMENT	QUARTERLY			CUMULATIVE			Without SII effect	
	4Q17	4Q16	Δ %/bp	2017	2016	Δ %/pb	2016	Δ %/pb
Written Premiums	9,596	9,231	4%	33,820	30,190	12%	30,190	12%
Net Written Premiums	9,517	9,231	3%	33,604	30,086	12%	30,086	12%
Earned Premiums	8,044	6,853	17%	28,668	23,825	20%	23,385	23%
Acquisition Cost	2,139	2,288	(6%)	7,851	7,257	8%	7,257	8%
Claims Cost	5,145	4,602	12%	19,184	14,710	30%	15,023	28%
<b>Technical Result</b>	<b>759</b>	<b>(37)</b>	<b>NA</b>	<b>1,633</b>	<b>1,858</b>	<b>(12%)</b>	<b>1,105</b>	<b>48%</b>
Operating Expenses	291	103	184%	855	751	14%	675	27%
<b>Underwriting Result</b>	<b>468</b>	<b>(140)</b>	<b>NA</b>	<b>778</b>	<b>1,107</b>	<b>(30%)</b>	<b>430</b>	<b>81%</b>
Integral Financing Result	479	42	NA	1,829	826	121%	826	121%
Investment Income	398	(41)	NA	1,518	583	160%	583	160%
Income Taxes	104	(3)	NA	544	633	(14%)	416	31%
<b>Net Result</b>	<b>843</b>	<b>(94)</b>	<b>NA</b>	<b>2,064</b>	<b>1,301</b>	<b>59%</b>	<b>840</b>	<b>146%</b>
Acquisition Ratio	22.5%	24.8%	(230)	23.4%	24.1%	(76)	24.1%	(76)
Claims Ratio	64.0%	67.2%	(319)	66.9%	61.7%	517	64.2%	268
Operating Ratio	3.0%	1.1%	193	2.5%	2.5%	4	2.2%	29
Combined Ratio	89.5%	93.0%	(357)	92.8%	88.3%	446	90.6%	221
Combined Ratio Adjusted	94.2%	102.0%	(786)	97.3%	95.4%	193	98.2%	(88)

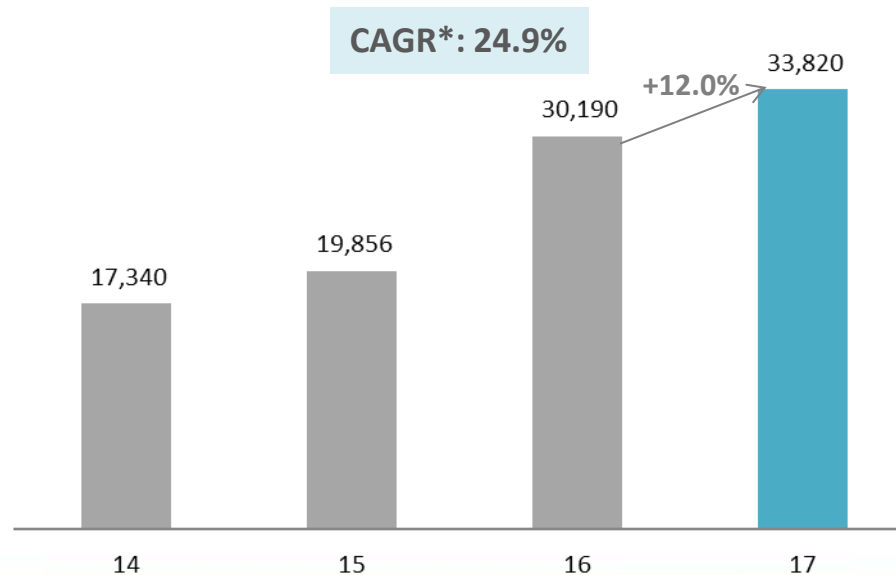
Affected figures are boxed in red.

# Written Premiums

**Insured Vehicles**  
(figures in units)



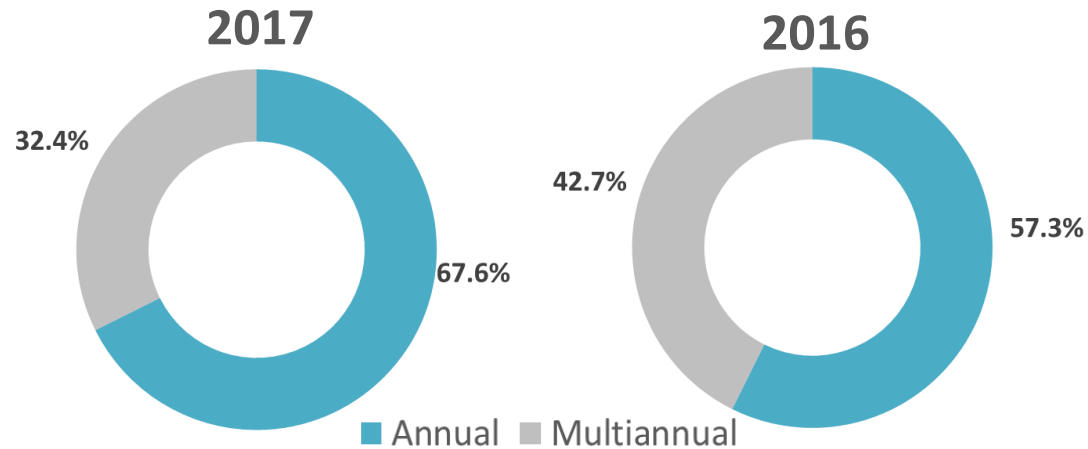
**Written Premiums**



\*CAGR: Compound Annual Growth Rate (basis 2014)

# Written Premiums

## By length



## Premium Written by Segment

Segment	4Q17	4Q16	Δ \$	Δ %	2017	2016	Δ \$	Δ %
Individual	2,022	1,707	315	18.4%	7,516	6,156	1,360	22.1%
Fleets	3,288	2,096	1,192	56.9%	9,303	6,754	2,549	37.7%
Financial Institutions	3,794	4,855	(1,061)	(21.8%)	14,656	15,272	(615)	(4.0%)
Foreign subsidiaries	292	412	(120)	(29.1%)	1,537	1,358	179	13.2%
Other	200	161	38	23.9%	807	649	158	24.3%
<b>Total</b>	<b>9,596</b>	<b>9,231</b>	<b>365</b>	<b>3.9%</b>	<b>33,820</b>	<b>30,190</b>	<b>3,630</b>	<b>12.0%</b>

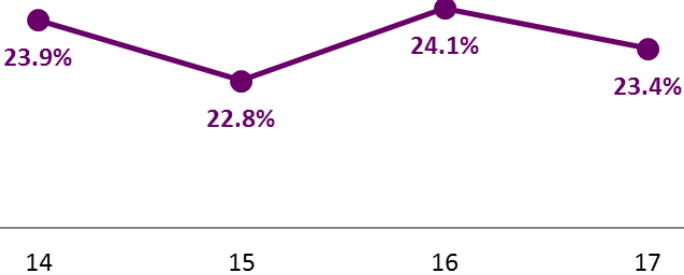
### Annual Growth in USD

	QIC	Q CR	Q ES
2017	11.7%	13.4%	12.2%

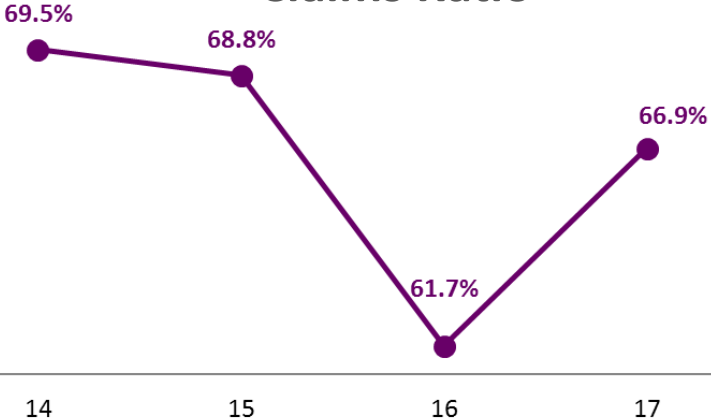
# Costs Ratios



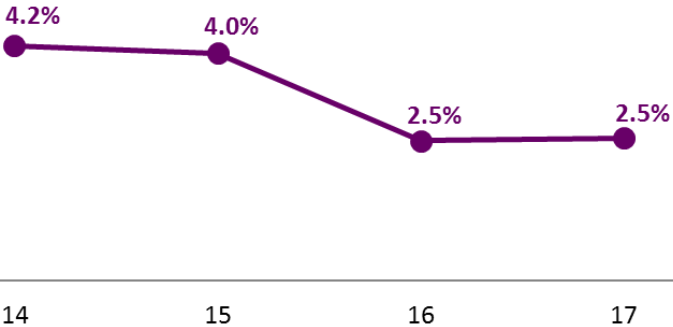
### Acquisition Ratio



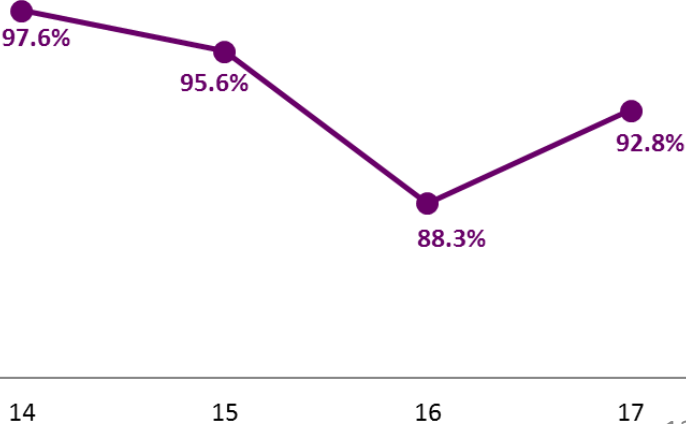
### Claims Ratio



### Operating Ratio

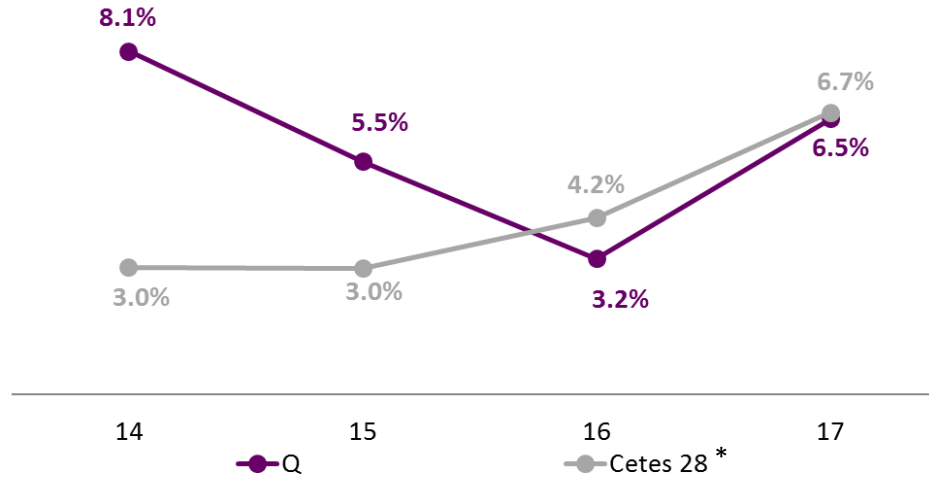


### Combined Ratio

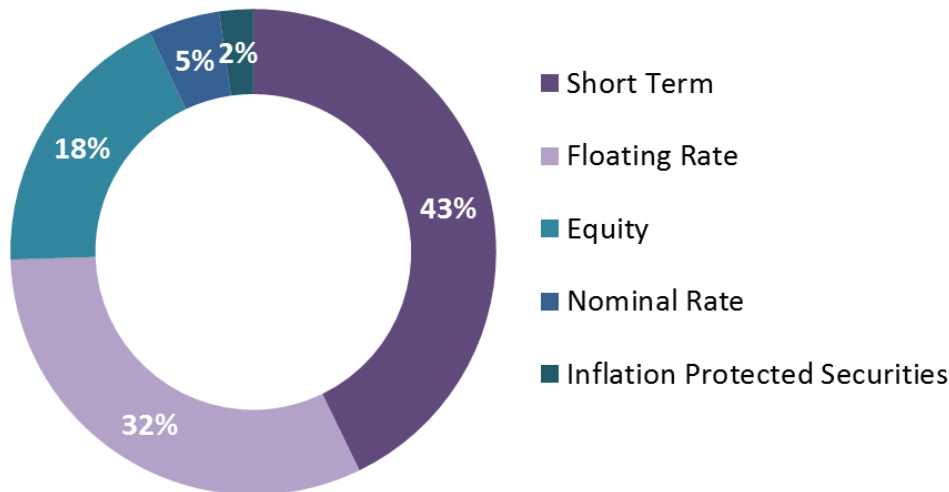


# Investment Income

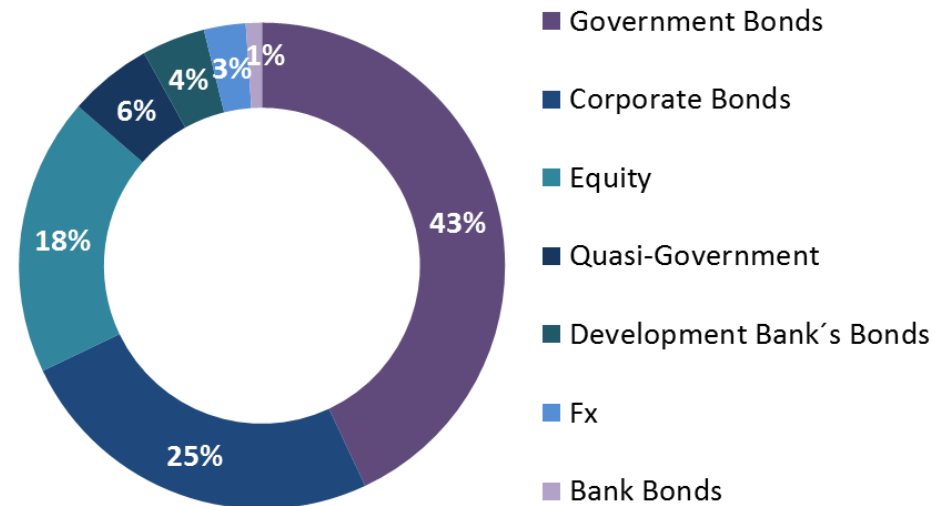
## Return on Investments



## Portfolio by Risk

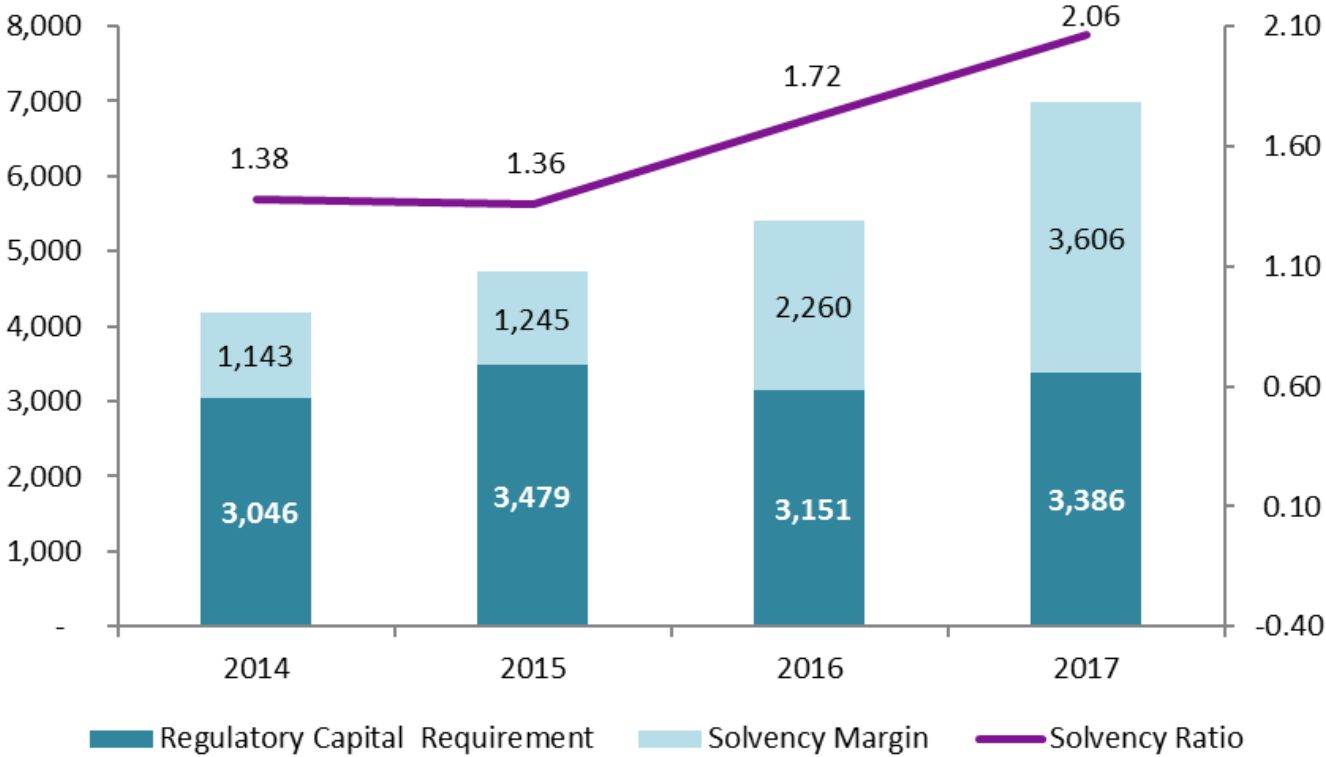


## Portfolio by Type of Issuer



\*28 day treasury bonds

# Solvency Margin



	2014	2015	2016	2017
Target capital (1.5x)	4,569	5,218	4,726	5,080
Excess over target	(380)	(494)	685	1,912
Dividend payments			225	270

\* Regulatory Capital Requirement computation differs in the countries where Quálitas has operations.

# Solvency Margin

## Solvency II

(based on each insurance company's experience, previously based on total industry's experience)



Healthy underwriting



Less reserves

Less capital requirement



Higher Profitability (ROE)

STRENGTH OF BALANCE SHEET

Investment Fund	2009	2010	2011	2012	2013	2014	2015	2016	2017	CAGR*
ACTIPAT	7.8	9.3	8.6	10.8	11.7	12.2	12.7	13.7	14.8	8.3%
GBMMOD	1.7	2.0	2.1	2.6	3.0	3.2	3.2	3.4	3.6	9.9%
VECTPA	1.3	1.6	1.4	1.7	1.7	1.6	1.6	1.7	1.9	4.6%
IXEBNP1	1.0	1.0	1.0	1.1	1.2	1.4	1.5	1.7	2.0	9.1%
BMERPAT	62.3	73.8	69.9	84.3	87.6	89.3	91.9	97.3	106.6	6.9%
SURPAT	8.5	9.9	9.6	12.2	12.8	13.3	13.4	14.5	16.0	8.3%
GOLD4MA	1.7	1.9	1.9	2.1	2.2	2.3	2.4	2.7	3.1	7.3%
Q*	13.7	13.9	17.2	21.0	23.0	27.32	33.34	46.39	57.68	19.7%

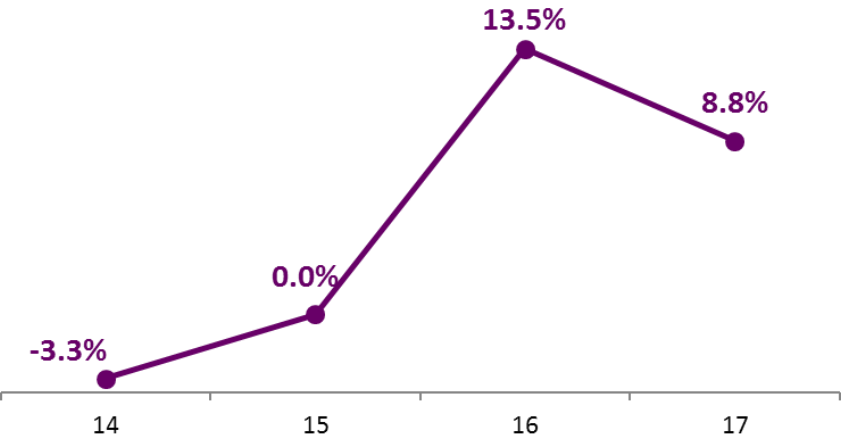
\*CAGR: Compound Annual Growth Rate (basis 2014)



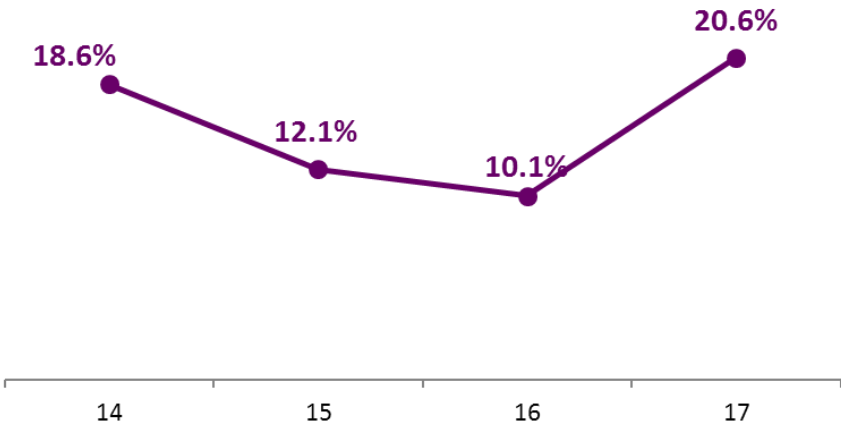
# LTM ROE



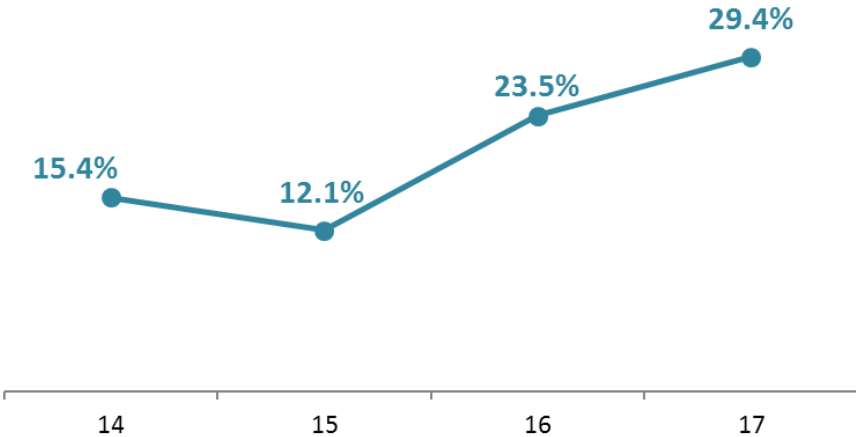
### Operating ROE



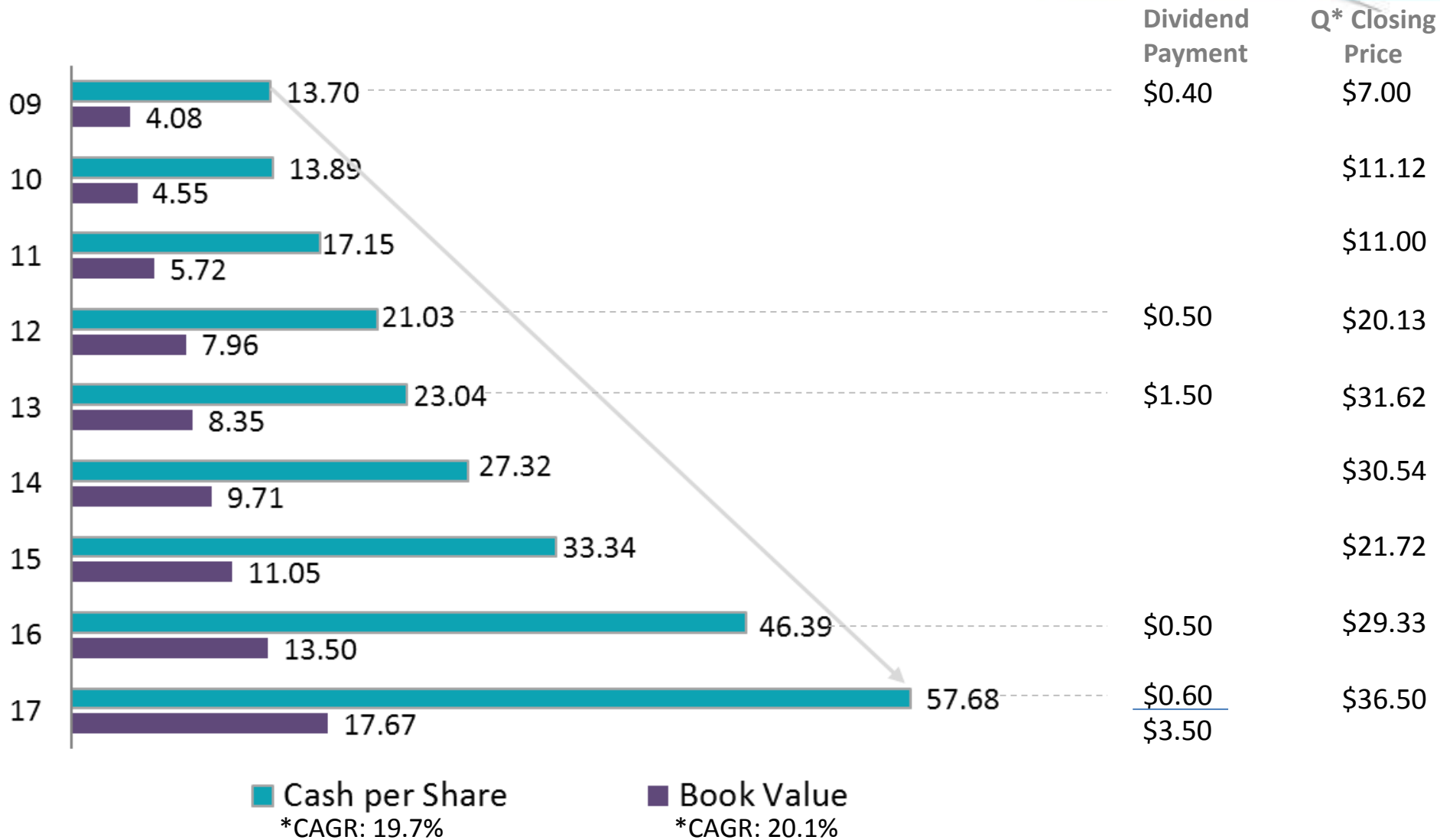
### Financing ROE



### Consolidated ROE



# Cash per Share



# Q\* 2017 performance



	Q*	Mexbol
4Q17	21.3%	-2.0%
2017	24.4%	8.1%

Daily average						
	Traded Volume	Δ%	Peso (MXN) Volume	Δ%	Dollar (USD) Volume	Δ%
Quarter	0.53	2.6%	17.0	3.0%	0.90	7.8%
Year	0.46	6.8%	14.4	25.4%	0.76	23.9%
Share Buyback Program			2017	2016	Δ%	
Balance of repurchased shares			8.6	10.2	-14.9%	
Shares traded in the quarter			9.4	3.6	161.4%	
Shares traded in the year			21.7	13.9	56.3%	
Invested Amount			262.8	274.9	-4.4%	

# Sustainability & Technology



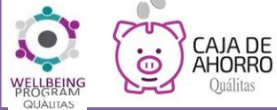
- Code of Ethics, Money Laundering Prevention and Personal Data Protection Courses



- Raising Campaign to support quake victims
- Support for quake affected employees (emotional & financial)



- Promote Quálitas' values and Code of Ethics



*Ajusta tus emociones* Program: Savings account for employees



- Books and toys donation campaign for children



- Continuous diffusion of the *Road Safety* Campaign



- Dow Jones Sustainability MILA Pacific Alliance Index entry

- Use of chatbots in the call center

- *Ajuste Express* (faster claim's support)

- Qualigarage

- Q Mobile

- Use of technologies to decrease claims:
  - Encontract
  - Mobileye
  - Guardian

# Guidance vs real 2017

	2017 guidance	2017 real
Written Premiums growth	15%	12%
Ratios		
Acquisition	24 - 25%	23.4%
Claims	67 - 68%	66.9%
Operating	2 - 3%	2.5%
Combined	93 - 96%	92.8%
Operating Margin <i>(op result/earned premiums)</i>	1.5 - 2%	2.7%
Return on Investments	Cetes 28 + 100bp	Cetes 28 - 17bp

*Cetes 28: 28 Day Treasury issued by Mexican Federal Government*

The following guidance was approved in the January 25, Board of Directors meeting:

	2018
Written Premiums growth	8 - 12%
Earned Premiums growth	16 - 20%
Ratios	
Acquisition	23 - 24%
Claims	68 - 69%
Operating	2 - 3%
Combined	93 - 96%
Operating Margin ( <i>op result/ earned premiums</i> )	1.5% - 2.5%
Return on Investments	Annual average of Banxico's interest rate*
Average Invested Assets, <i>float</i>	\$27,000 - \$28,000 million

\* As of the date of this report Banxico's interest is 7.25%.

Note: Guidance may vary due to changes in macroeconomic conditions of the countries in which Quálitas operates.

Institution	Analyst	E-mail	Target Price	Recommendation
Actinver	Enrique Mendoza	emendoza@actinver.com.mx	41.5 MXN	Buy
BBVA Research	Rodrigo Ortega	r.ortega@bbva.com	34.9 MXN	Buy
Grupo Bursátil Mexicano	Luis Willard	lrwillard@gbm.com.mx	-	-
Interacciones	Martín Hernández	mhernandez@interacciones.com	37.0 MXN	Buy
Merrill Lynch	Ernesto Gabilondo	ernesto.gabilondo@baml.com	43.0 MXN	Buy
Nau Securities	Iñigo Vega	inigovega@nau-securities.com	34.4 MXN	Buy
Signum Research	Armando Rodríguez	armando.rodriguez@signumresearch.com	37.3 MXN	Buy
Ve por Más	Dianna P. Íñiguez	diniguez@vepormas.com	-	-
Bloomberg (consensus)			39.1 MXN	-