



Earnings results Webcast

1st quarter 2020



Wilfrido Castillo Sánchez Mejorada

1941 - 2020



Quálitás Controladora

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

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All figures in this document are expressed in million Mexican pesos except when otherwise specified.



Earnings results webcast

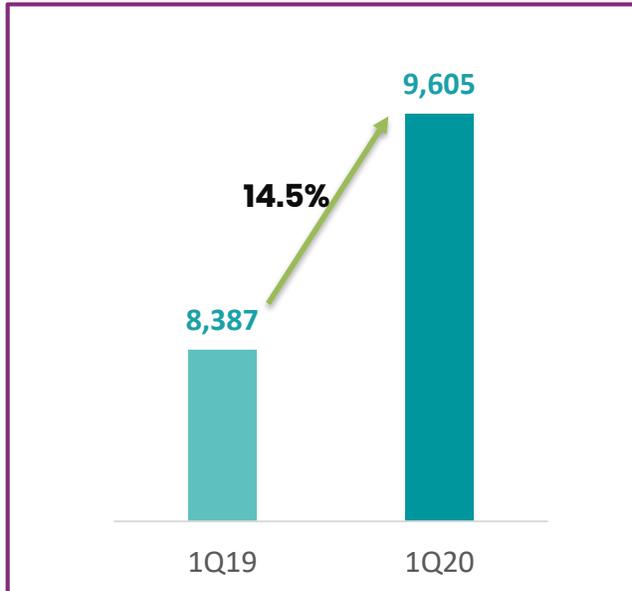
1st quarter
2020

Agenda

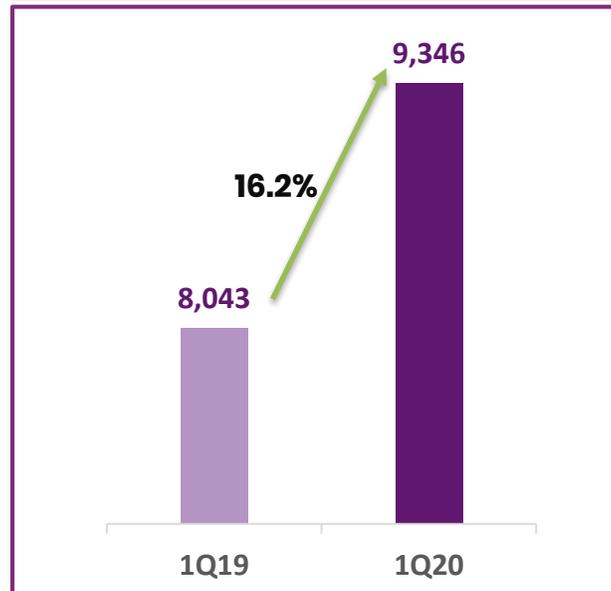
- 01 Financial highlights
- 02 Market landscape
- 03 Underwriting
- 04 Cost ratios
- 05 Solvency Margin
- 06 Q* performance
- 07 COVID-19 situation
- 08 Company's strengths and risks
- 09 Actions in place

01 Financial highlights 1Q

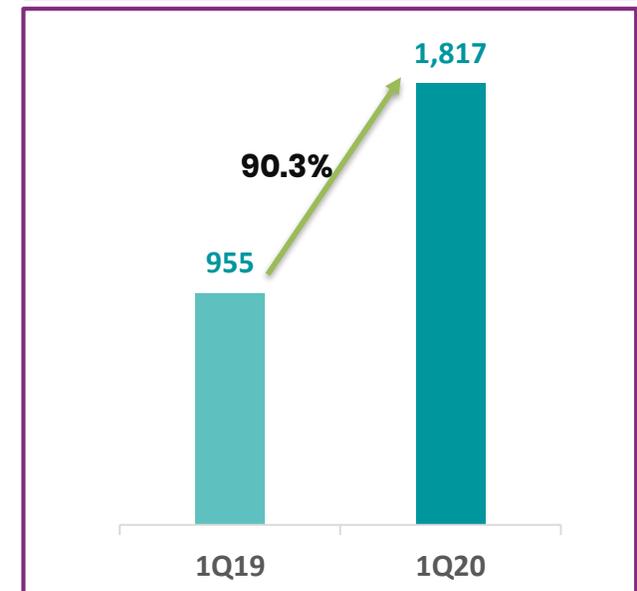
Written premiums



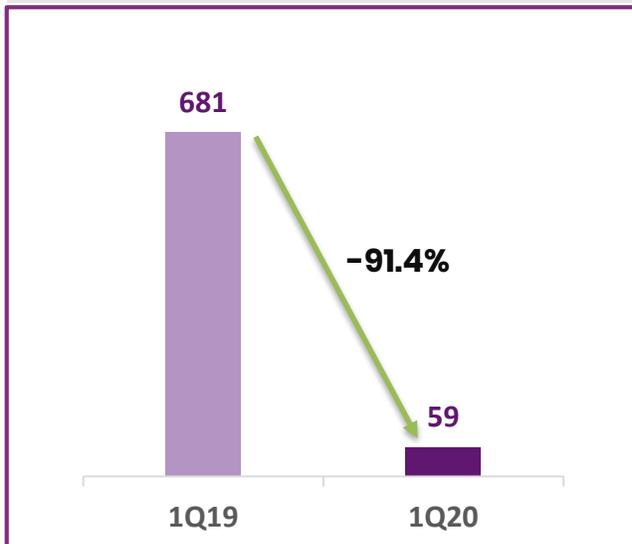
Earned premiums



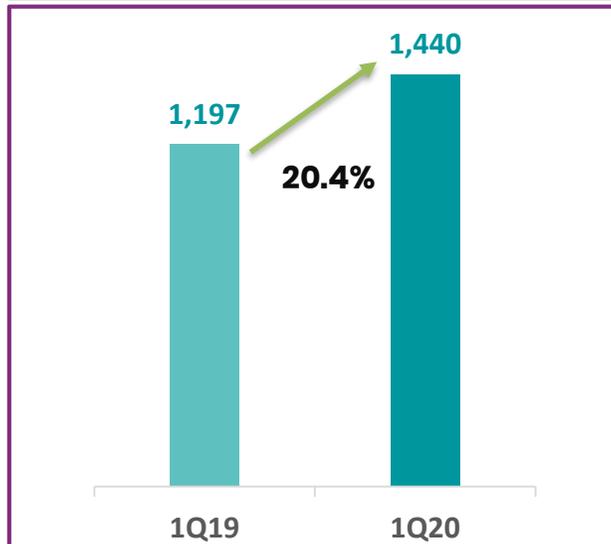
Underwriting result



Comprehensive financial income



Net income



\$13.18
EPS

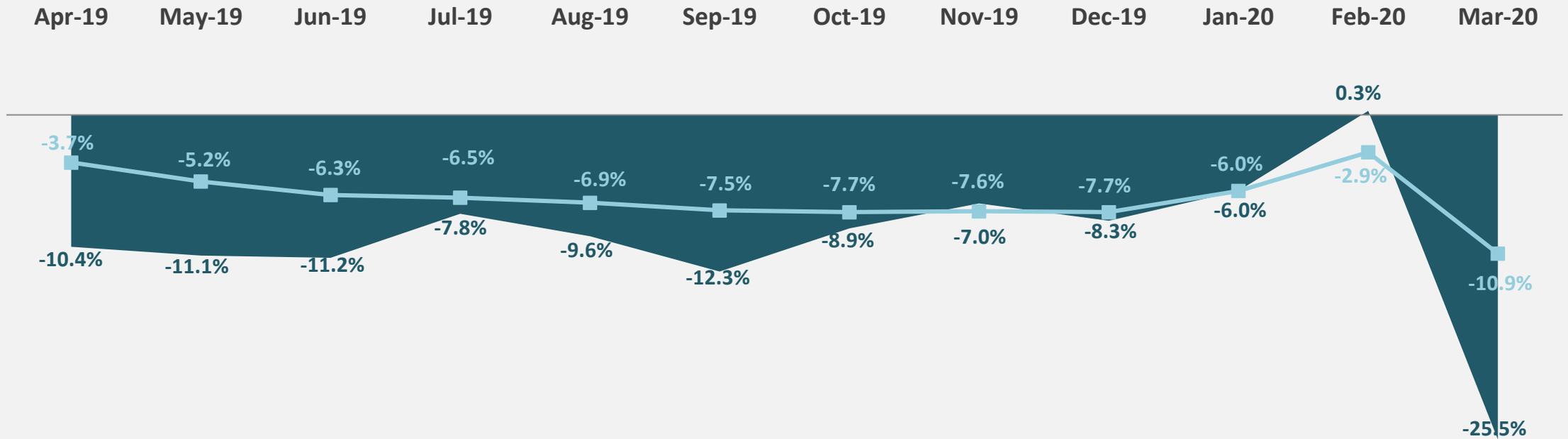
15.0%
Net margin

-0.8%
Cumulative ROI

43.8%
ROE

02 Market Landscape

New car sales in Mexico YTD



Monthly growth 2020 (%)
Cumulative growth 2020

Source: AMDA

Auto insurance penetration in Mexico



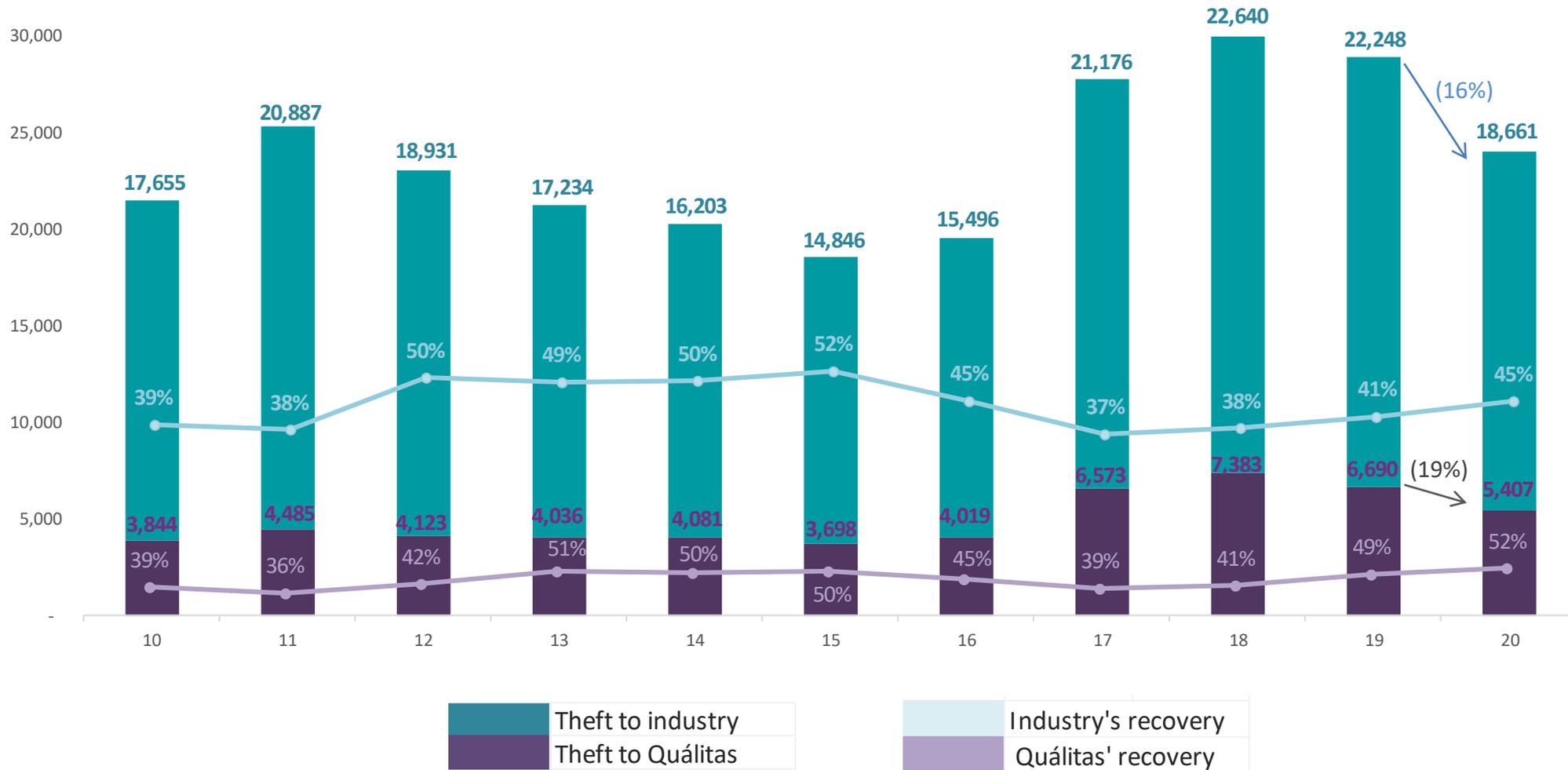
30%*

*Last number reported by INEGI

02 Market Landscape

Auto theft & recovery in Mexico

-19.3% theft to Quálitas **vs -16.2%** industry
52.5% Quálitas recovery, **vs 45%** industry



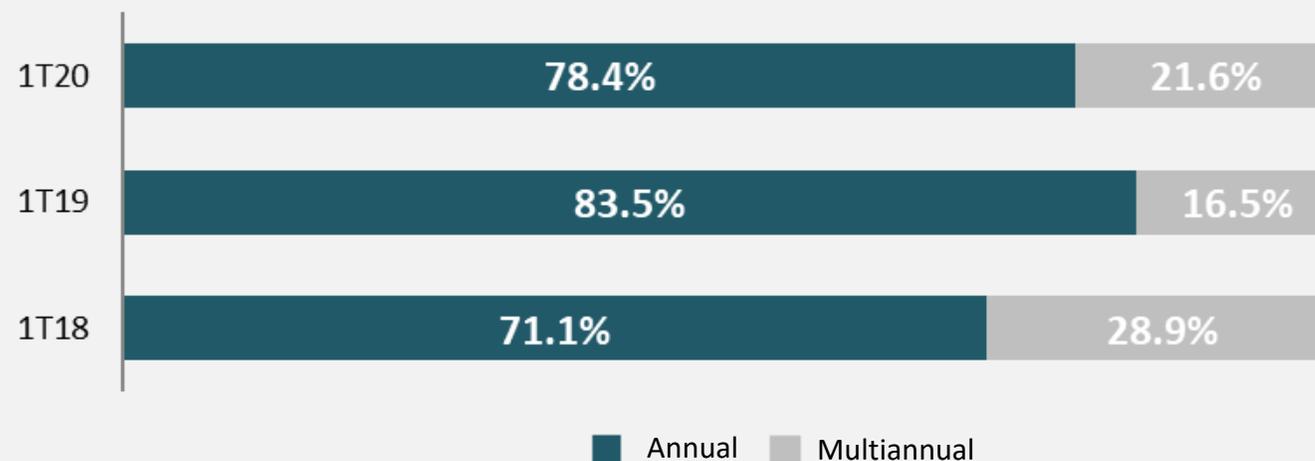
Source: OCRA, numbers Jan-Dec

03 Underwriting

Business line	1Q20	1Q19	Δ \$	Δ %
Traditional	5,806	5,337	469	8.8%
<i>Individual</i>	2,999	2,726	273	10.0%
<i>Fleets</i>	2,807	2,611	196	7.5%
Financial institutions	3,206	2,616	590	22.5%
Foreign subsidiaries	588	401	187	46.5%
Other	6	33	(27)	(82.3%)
Total	9,605	8,387	1,059	14.5%

Note: numbers may have variations for consolidation purposes. The numbers from 2018 may vary against previously reported due to a reclassification of accounts.

Our portfolio mix (Q MX)



04 Cost ratios

Combined

	2020	2019	Δbps
1Q	80.2%	87.1%	(695)

Adjusted combined ratio**

	2020	2019	Δbps
1Q	80.6%	88.2%	(759)

Loss

	2020	2019	Δbps
1Q	51.9%	60.9%	(896)

Acquisition

	2020	2019	Δbps
1Q	22.4%	22.1%	23

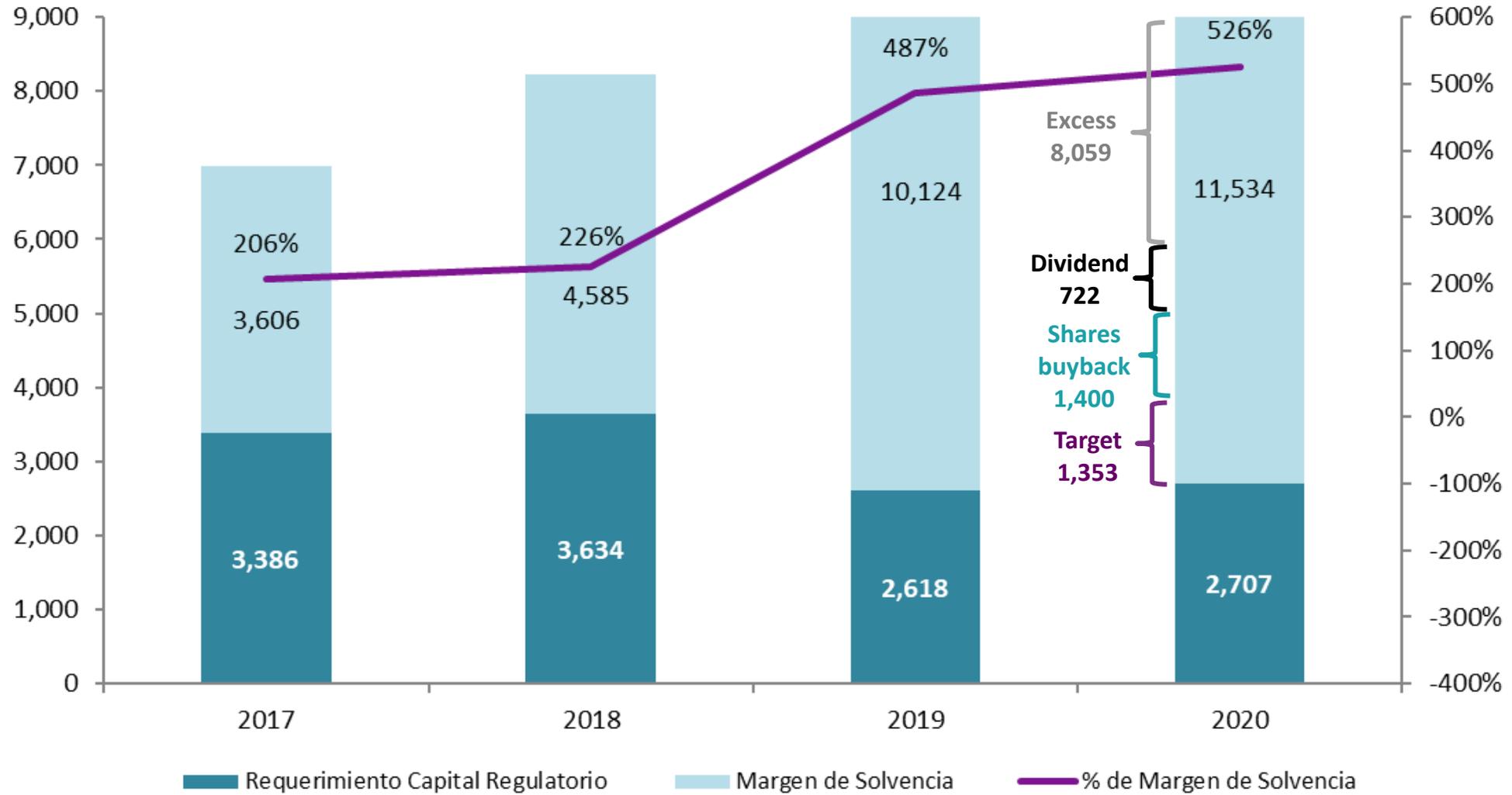
Operating

	2020	2019	Δbps
1Q	5.9%	4.1%	178
1Qexc*	3.7%	2.3%	138

* 4Qexc: Excluding Employee Profit Sharing EPS (PTU in Spanish)

**Adjusted Combined Ratio= (acquisition cost + operating expenses + claims cost) / earned premiums

05 Solvency margin



06 Q* performance

Q* performance

	Q*	MEXBOL
March	(30.2%)	(18.1%)
1Q20	(23.3%)	(20.6%)
12M	26.00%	(20.9%)

Traded volume (daily average)

	Traded Volume	\$ A.C.	Volume (MM MXN)	Volume (MM USD)
1Q19	383,556	47.71	17.8	0.9
1Q20	814,463	60.93	66.4	2.8

Marketability index

March 20 **28**

S&P IPC Index

Q* part of the
S&P/BMV IPC
(effective April 27th, 2020)



Key value metrics

EPS
\$13.18

P/E
4.62

P/BV
1.7

07 COVID-19 situation

March 11th - the Coronavirus health problem was declared a pandemic

**Oil prices to
historically low
levels**



**Worst market
performance
since 2008**

**Peso – USD
exchange rate up
25% in 1Q**

Economy slowdown

**Mexico's GDPe
-2% to -8%**

**Sovereign and
PEMEX downgrade**



08 Company's strengths

Liquidity & access to cash

- Zero debt
- Excess capital of \$9,416 millions

1

No bad debts

- Lower risk of uncollectible accounts
- Defined payment term, else policy cancelled

2

Less claims

- Less vehicles on the road
- 40-60% claims reduction

3

Q* healthy and strong

- Coming out from a record year
- Exposure reduction in annual & multiannual policies
- Lower risk investment portfolio

4

08 Company's risks

Economic slowdown	MXN depreciation	Safety	Reference rate cuts
<ul style="list-style-type: none">• New car sales drop• Consumer disposable income	<ul style="list-style-type: none">• ~30% of claims cost related to spare parts	<ul style="list-style-type: none">• Unemployment• Potential increase of robberies	<ul style="list-style-type: none">• Impact in the fixed income yield
1	2	3	4

09 Actions taken

- Actions to mitigate the COVID and economic crisis

Taking care of employees & stakeholders

- Protect our employees health
- Implemented BCP to guarantee operation
- Timely comply with all payments to our clients

1

Support our customers

- 10% discount in renewals.
- Payment flexibility and extension period for some accounts
- Technological innovation tools to assure excellent service

2

Cost control

- Hiring and salary freeze
- Cancelled all events, agent meetings or travels

3

Open for opportunities

- Open to analyze attractive business opportunities

4

Analysts

Actinver

Analyst:
Enrique Mendoza

E-mail:
emendoza@actinver.com.mx

Target price:
103.00 MXN

Recommendation:
Outperform

 **BARCLAYS**

Analyst:
Gilberto García

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gilberto.garcia@barclays.com

Target price:
82.00 MXN

Recommendation:
-

 **BBVA**

Analyst:
Martín Hernández

E-mail:
martin.hernandez.omelas@bbva.com

Target price:
90.00 MXN

Recommendation:
Outperform

NGR GLOBAL RESEARCH & FUNDRAISING

Analyst:
Martín Lara

E-mail:
martin.lara@miranda-gr.com

Target price:
100.00 MXN

Recommendation:
Buy

 **MERRILL LYNCH**

Analyst:
Ernesto Gabilondo

E-mail:
ernesto.gabilondo@baml.com

Target price:
95.00 MXN

Recommendation:
Buy

n a u

Analyst:
Iñigo Vega

E-mail:
inigovega@nau-securities.com

Target price:
110.00 MXN

Recommendation:
Buy

 **SIGNALUM**
RESEARCH

Analyst:
Armando Rodríguez

E-mail:
armando.rodriguez@signalumresearch.com

Target price:
86.76 MXN

Recommendation:
Buy

BX+

Analyst:
Eduardo López

E-mail:
elopez@vepormas.com

Target price:
104.10 MXN

Recommendation:
Buy

Bloomberg

Analyst:
-

E-mail:
-

Target price:
95.12 MXN

Recommendation:
-



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