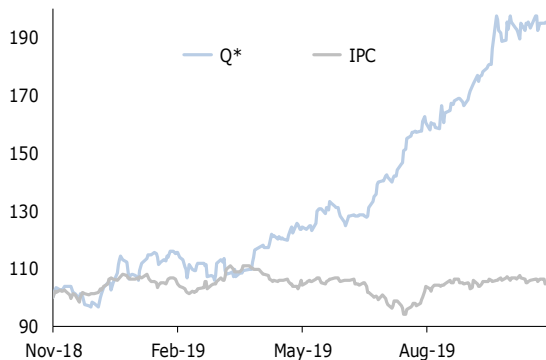


QUÁLITAS

Automobile Insurance Industry Report 9M19

BUY

2020E Target Price (MXN\$)	\$ 95.00
Current Price (MXN\$)	\$ 82.19
Min / Max (L12M)	\$ 40.00 - 85.35
Expected Dividend (MXN\$)	\$ 0.85
Expected Return	16.6%
Market Cap (MXN\$ Mn)	34,931
Outstanding Shares (Mn)	425.0
Float	43.1%
ADTV (MXN\$ Mn)	\$ 61.9



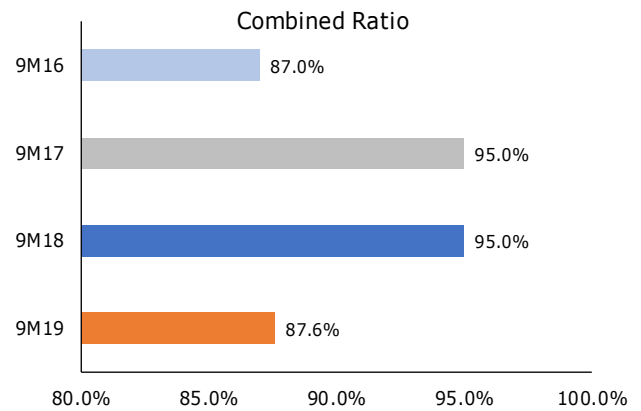
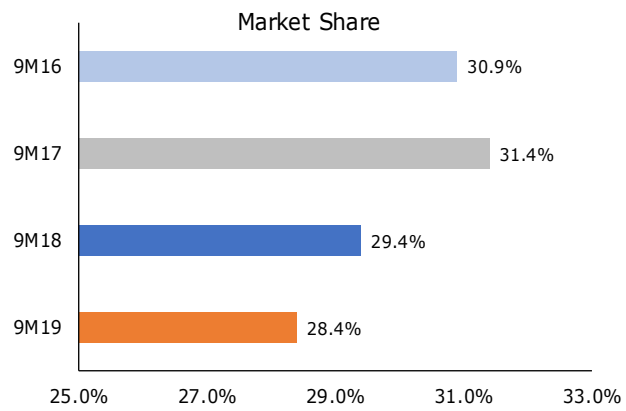
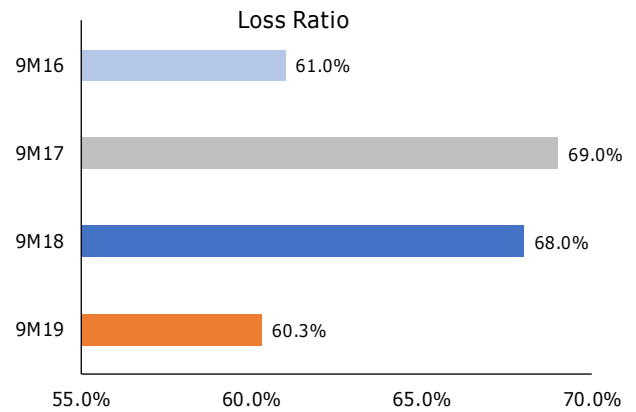
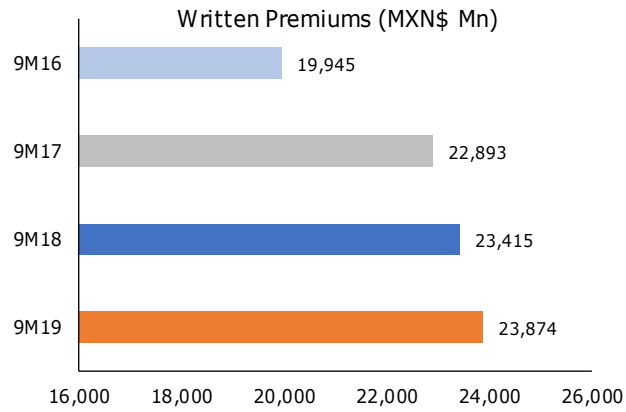
The Mexican Association of Insurance Institutions (AMIS) released the Automobile Insurance Industry Report corresponding to the first nine months of this year, which highlights the following points:

- Written premiums for the automotive segment grew 5.4% YoY to MXN\$83,971 million. This included an increase of 6.4% YoY of independent insurers and 0.2% YoY of bank insurers. By size, large insurers grew 7.3% YoY, the medium ones 0.9% YoY and the small ones 6.5% YoY;
- The sector's favorable performance took place despite the fact that sales of new cars and trucks declined 7.5% YoY to 955,395 units in the reference period. Auto financing accounted for 59.6% of new vehicle sales in 9M19, compared with 61.5% in 9M18;
- Quálitas had previously reported that its written premiums had risen 2.0% YoY. As a result, its market share was 28.4% in 9M19, from 29.4% in the same period last year, with which the company remained as the leader in the sector. However, this indicator continued to improve compared to 25.9% in 1Q19 and 27.6% in 6M19, which we believe is excellent news;
- By segment, Quálitas registered a 20.0% market share in cars (1st place), 45.6% in trucks (1st place), 18.7% in tourists (2nd place) and 23.1% in others (2nd place);
- Quálitas' combined ratio was 87.6% in 9M19, one of the best in the industry and well below the sector's 90.9%. This was mainly due to the fact that the company's loss ratio was also one of the lowest, at 60.3%, against the sector's 62.4%;
- Quálitas was by far the most profitable insurance company of the period both in terms of operating result and investment income. These two indicators represented 39% and 33%, respectively, of the sector's total;
- For more information, please refer to the following link: <http://qinversionistas.qualitas.com.mx/portal/wp-content/uploads/Industry-report-9M19.pdf>.

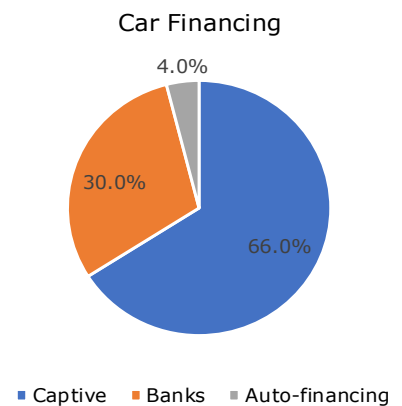
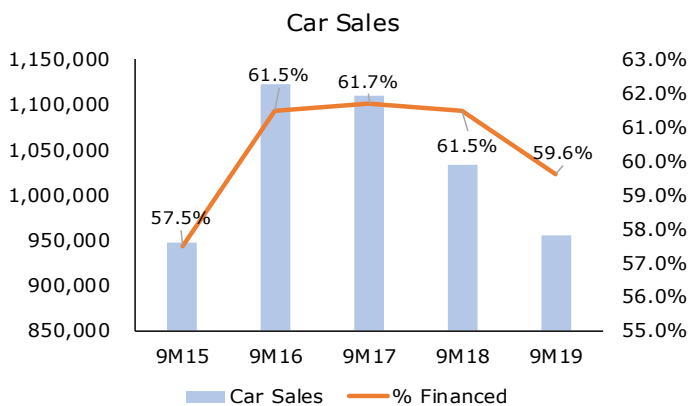
This information reinforces our optimistic view on Quálitas. We thus reiterate our BUY recommendation with a target price of MXN\$95.00 per share.

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Quálitas México



New Car Sales



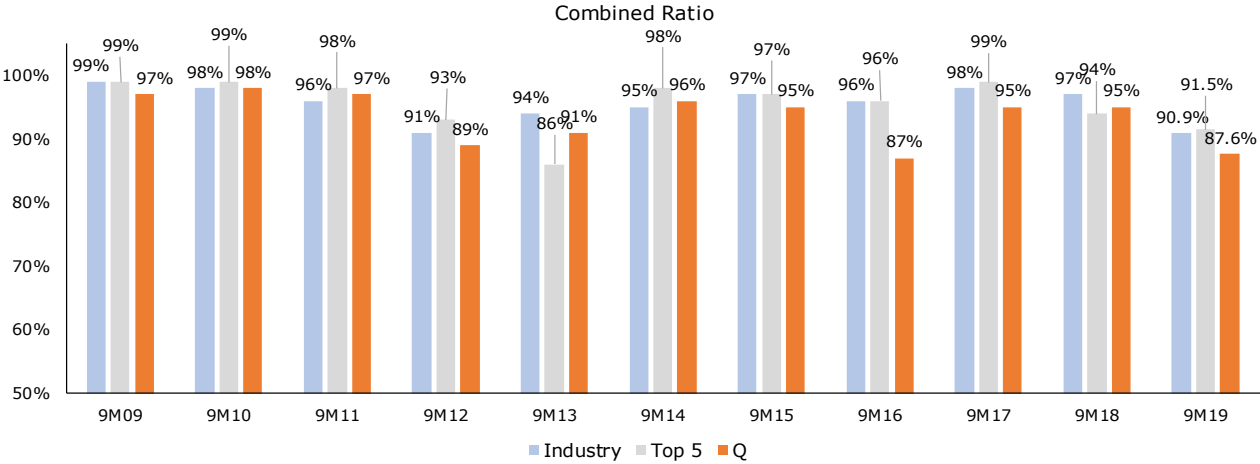
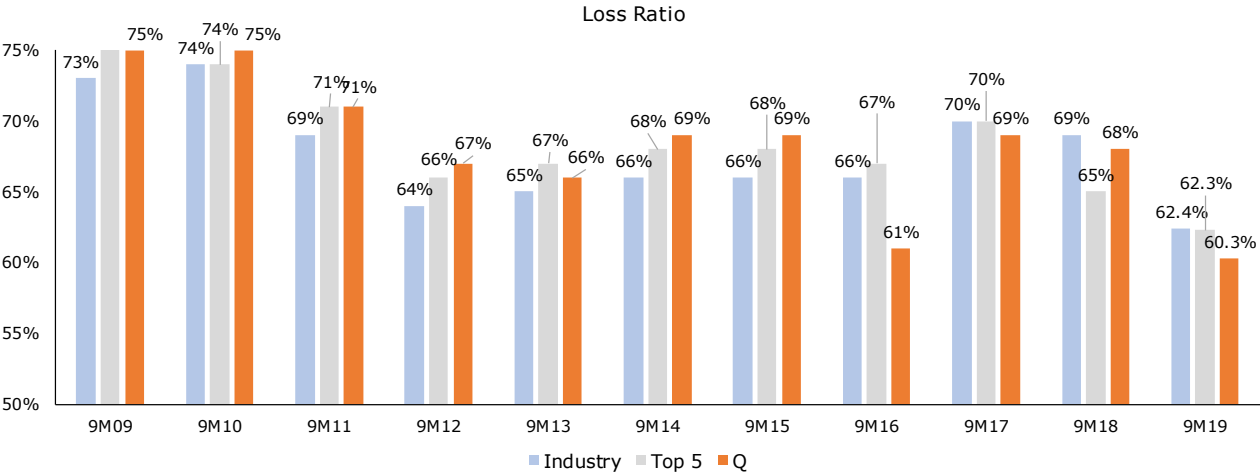
QUÁLITAS: Automobile Insurance Industry Report 9M19

Company	Written Premiums (MXN\$ Mn)	Market Share	Growth 9M19 vs 9M18	Earned Premiums	Market Share
Quálitas	23,874	28.4%	2.0%	24,616	31.5%
G.N.P	10,652	12.7%	15.9%	10,240	13.1%
Chubb	10,068	12.0%	15.7%	4,244	5.4%
Axa Seguros	7,707	9.2%	12.1%	8,002	10.2%
HDI Seguros	5,435	6.5%	-3.7%	4,994	6.4%
Top 5	57,736	68.8%	7.3%	52,096	66.6%
Banorte	4,333	5.2%	1.2%	4,318	5.5%
BBVA Bancomer	3,462	4.1%	9.3%	3,317	4.2%
Inbursa	2,521	3.0%	-19.9%	2,964	3.8%
Zurich Daños	1,984	2.4%	-16.7%	1,937	2.5%
Mapfre México	2,767	3.3%	8.0%	2,908	3.7%
Atlas	2,460	2.9%	13.2%	2,467	3.2%
Afirme	1,689	2.0%	6.8%	1,652	2.1%
ANA	1,664	2.0%	27.7%	1,220	1.6%
General de Seguros	926	1.1%	-4.3%	957	1.2%
Seguros SURA	945	1.1%	14.3%	989	1.3%
Medium	22,751	27.1%	0.9%	22,729	29.1%
Other	3,483	4.1%	7.5%	3,406	4.4%
Total Market (34 Companies)	83,970	100.0%	5.4%	78,231	100.0%

Company	Operating Result (MXN\$ Mn)	Investment Income (MXN\$ Mn)	Net Result (MXN\$ Mn)	Loss Ratio	Combined Ratio
Quálitas	3,256	1,804	3,659	60.3%	87.6%
G.N.P	810	524	959	62.5%	94.3%
Chubb	235	379	412	67.2%	98.5%
Axa Seguros	971	585	1,335	62.6%	88.8%
HDI Seguros	51	295	242	67.3%	10.2%
Top 5	5,323	3,587	6,607	62.3%	91.5%
Banorte	871	420	1,287	63.8%	79.8%
Inbursa	473	105	429	58.0%	88.6%
BBVA Bancomer	392	493	462	75.4%	87.7%
Zurich Daños	310	27	335	60.5%	94.3%
Mapfre México	159	100	182	64.2%	96.1%
Atlas	350	169	444	62.8%	86.0%
Afirme	34	124	116	59.9%	97.0%
ANA	75	65	99	54.6%	91.2%
General de Seguros	-	107	50	74.1%	112.4%
Seguros SURA	168	29	199	64.2%	85.7%
Medium	2,725	1,689	3,603	63.8%	89.3%
Other	357	266	511	55.2%	91.5%
Total Market (34 Companies)	8,405	5,542	10,721	62.4%	90.9%

Source: AMIS

QUÁLITAS: Automobile Insurance Industry Report 9M19



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