

# QUÁLITAS

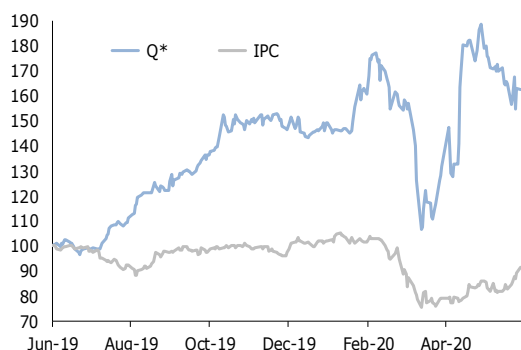
## 1Q20 Automobile Insurance Industry Report

**BUY**

2020E Target Price (MXN\$)	\$ 100.00
Current Price (MXN\$)	\$ 85.00
Min / Max (L12M)	\$ 52.42 - 102.22
Expected Dividend (MXN\$)	\$ 1.70
Expected Return	19.6%
Market Cap (MXN\$ Mn)	35,105
Outstanding Shares (Mn)	413.0
Float	43.1%
6-month ADTV (MXN\$ Mn)	\$ 81.8

The Mexican Association of Insurance Institutions (AMIS) released the 1Q20 Automobile Insurance Industry Report. These are the main points:

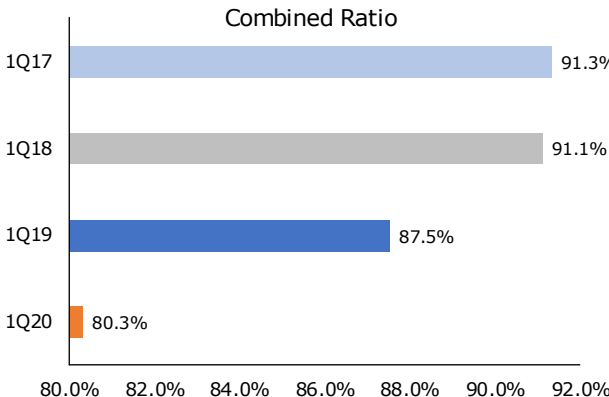
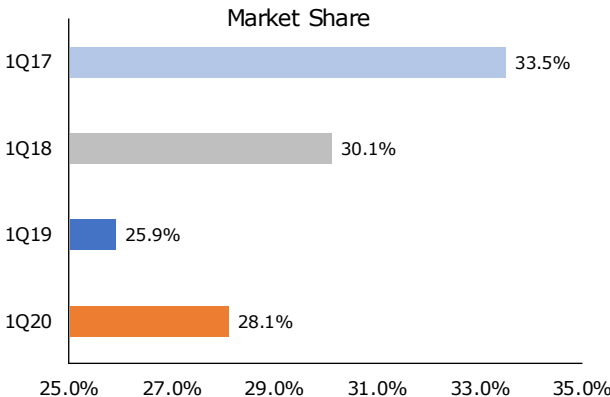
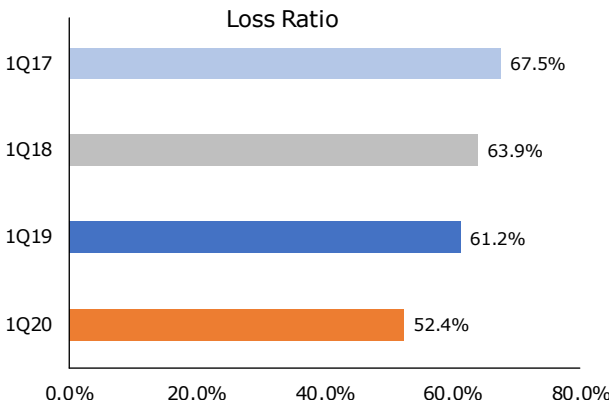
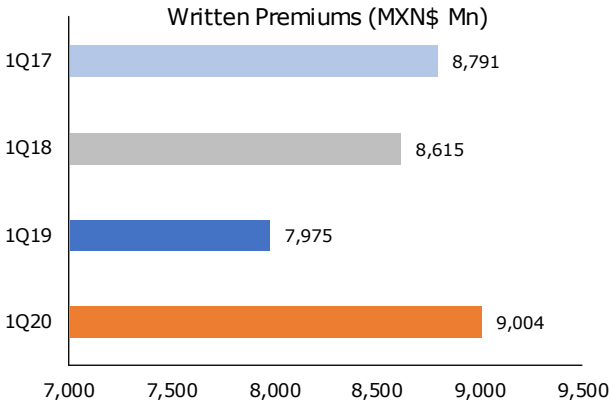
- QUÁLITAS 1Q20 premiums written grew 12.9% YoY, as previously reported. The new information is that the industry's premiums written only rose 4.7%, which included a 6.2% increase for the big 5 and 0.9% for the medium-sized ones.
- As a result, QUÁLITAS' market share was 28.1% in 1Q20, higher than last year's 25.9%. The company remained in first place in the industry, as well as in the automobile and truck segments, second place in tourists, and third in others. Regarding premiums earned, QUALITAS' market share was 32.2% in 1Q20, compared to 30.3% in the same period of the previous year. In addition, the company's operating profit and net profits represented 40% and 34% of the sector's total in 1Q20, respectively.
- The company remained one of the most profitable in the car insurance sector, with a combined ratio of 80.3% in 1Q20 (vs. 87.5% in 1Q19), second only to AXA Seguros and Banorte. This index has consistently improved in recent years as a result of a continuous drop in the loss ratio, which stood at 52.4% in the quarter in question (vs. 61.2% in 1Q19). Meanwhile, the industry's combined index decreased to 83.5% in 1Q20 (vs. 87.5% in 1Q19), mainly due to a reduction in the loss ratio to 55.8% (vs. 61.2% in 1Q19).
- On the other hand, new car sales fell 10.9% YoY to 296,677 units in the quarter. However, automotive credit penetration continued to increase, reaching 72.5% in 1Q20, from 67.6% in 1Q19.



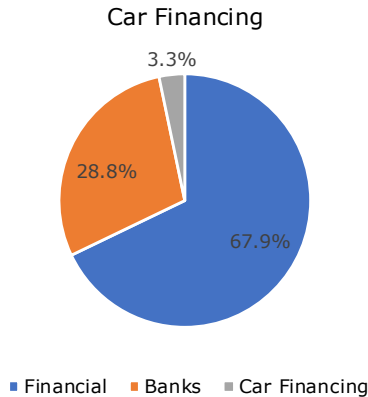
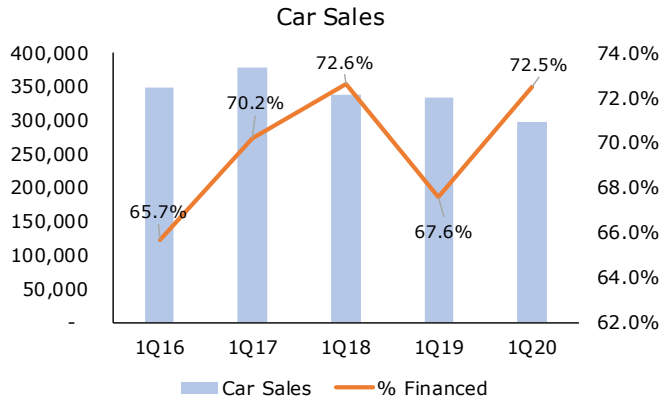
We believe that 2Q20 will be a difficult period for the insurance industry due to low new car sales and the prevailing macroeconomic situation. However, we expect a gradual recovery from 3Q20.

# QUÁLITAS: 1Q20 Automobile Insurance Industry Report

## Quálitas México



## New Car Sales



## QUÁLITAS: 1Q20 Automobile Insurance Industry Report

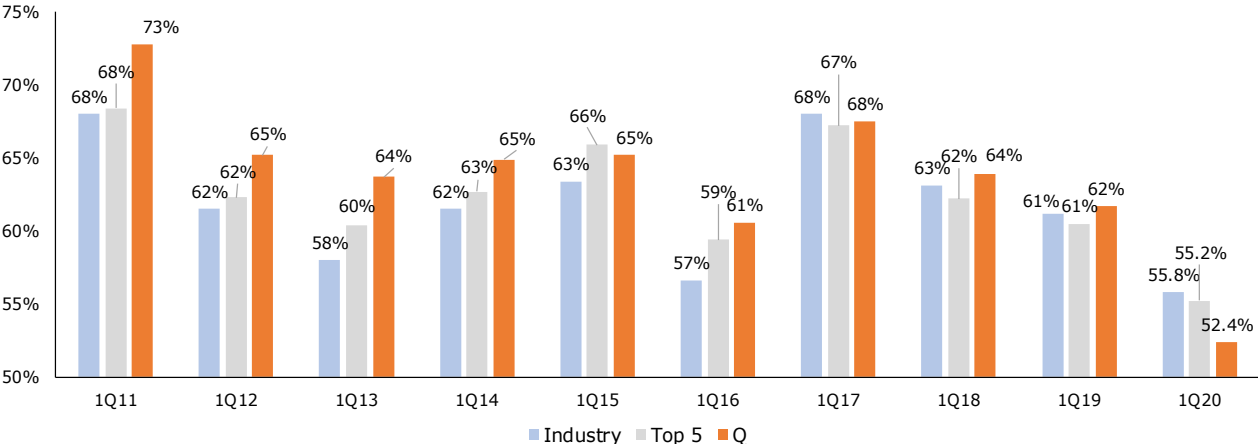
Company	Written Premiums (MXN\$ Mn)	Market Share	Growth 1Q20 vs 1Q19	Earned Premiums	Market Share
<b>Quálitas</b>	<b>9,004</b>	<b>28.1%</b>	<b>12.9%</b>	<b>8,973</b>	<b>32.2%</b>
G.N.P	4,361	13.6%	20.0%	3,887	14.0%
Chubb	4,141	12.9%	5.3%	1,604	5.8%
Axa Seguros	2,919	9.1%	-8.4%	2,828	10.2%
HDI Seguros	1,986	6.2%	-5.6%	1,832	6.6%
<b>Top 5</b>	<b>22,411</b>	<b>70.0%</b>	<b>6.2%</b>	<b>19,124</b>	<b>68.7%</b>
Banorte	1,585	4.9%	-0.7%	1,399	5.0%
BBVA Bancomer	1,541	4.8%	11.2%	1,116	4.0%
Mapfre México	765	2.4%	0.8%	870	3.1%
Inbursa	868	2.7%	-17.9%	972	3.5%
Atlas	915	2.9%	2.8%	837	3.0%
Zurich Daños	641	2.0%	-11.4%	641	2.3%
Afirme	772	2.4%	12.1%	652	2.3%
ANA	681	2.1%	24.4%	480	1.7%
Seguros SURA	306	1.0%	11.1%	303	1.1%
General de Seguros	331	1.0%	-3.6%	313	1.1%
<b>Medium</b>	<b>8,405</b>	<b>26.2%</b>	<b>0.9%</b>	<b>7,583</b>	<b>27.3%</b>
Other	1,206	3.8%	4.7%	1,118	4.0%
<b>Total Market (34 Companies)</b>	<b>32,022</b>	<b>100.0%</b>	<b>4.7%</b>	<b>27,825</b>	<b>100.0%</b>

Company	Operating Result (MXN\$ Mn)	Investment Income (MXN\$ Mn)	Net Result (MXN\$ Mn)	Loss Ratio	Combined Ratio
<b>Quálitas</b>	<b>1,792</b>	<b>401</b>	<b>1,622</b>	<b>52.4%</b>	<b>80.3%</b>
G.N.P	366	277	461	54.3%	85.9%
Chubb	75	28	23	66.0%	97.3%
Axa Seguros	1,011	301	1,070	49.9%	63.8%
HDI Seguros	- 13	119	75	68.9%	103.8%
<b>Top 5</b>	<b>3,231</b>	<b>1,126</b>	<b>3,205</b>	<b>55.2%</b>	<b>82.8%</b>
Banorte	484	136	540	47.8%	63.3%
BBVA Bancomer	78	517	445	75.4%	88.2%
Mapfre México	46	50	92	56.5%	100.1%
Inbursa	208	- 6	234	56.2%	81.2%
Atlas	89	115	171	59.8%	86.8%
Zurich Daños	108	- 87	23	60.0%	95.4%
Afirme	73	33	77	51.0%	82.9%
ANA	65	12	54	48.2%	82.3%
Seguros SURA	35	12	3	56.6%	90.6%
General de Seguros	- 54	- 267	326	84.9%	115.5%
<b>Medium</b>	<b>1,132</b>	<b>515</b>	<b>1,313</b>	<b>58.5%</b>	<b>83.8%</b>
Other	77	182	212	48.5%	96.8%
<b>Total Market (34 Companies)</b>	<b>4,440</b>	<b>1,823</b>	<b>4,730</b>	<b>55.8%</b>	<b>83.5%</b>

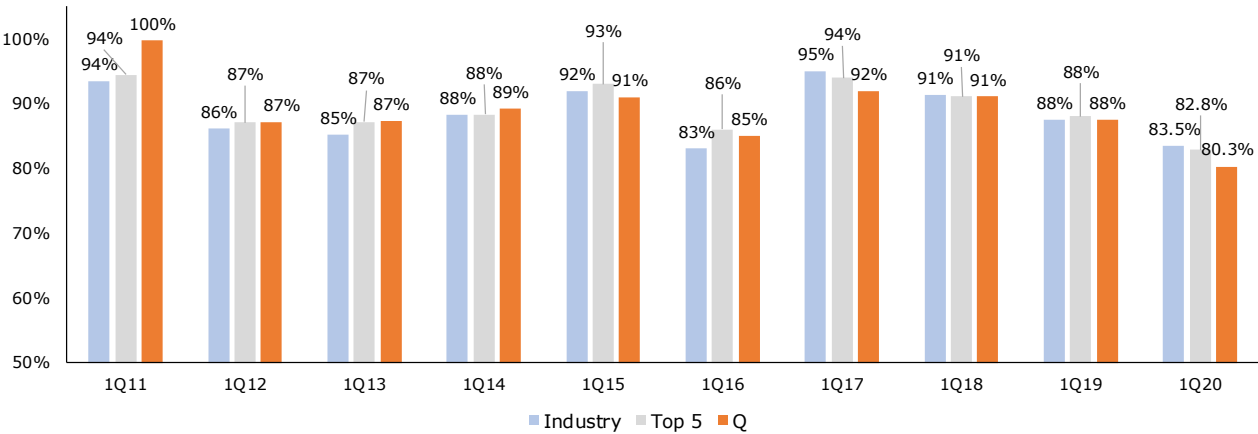
Source: AMIS

# QUÁLITAS: 1Q20 Automobile Insurance Industry Report

Loss Ratio



Combined Ratio



# Disclaimer

The current report was prepared by Miranda Global Research ("Miranda GR") for Vector Casa de Bolsa, S.A. de C.V. The information is presented in summarized form and is not meant to be complete. There are no declarations or guarantees, expressed or implicit, in respect to the accuracy, impartiality or integrity of the information.

Miranda GR, in accordance to applicable legislation, has made sure that the presented personalized recommendation is reasonable to the client, as it has verified congruency between the client's profile and the profile of the financial product. Under no circumstance should it be understood that the fulfillment of the previously mentioned recommendation, guarantees the result or the success of the proposed strategies in the presented document.

The information included in this presentation was obtained from public and/or private sources. Projections or previsions included in this presentation, are a generalized recommendation and are based on subjective assumptions and estimations about events and circumstances that have not yet happened and are subjected to significant variations. Therefore, it is not possible to guarantee that any of the results included in the current report will happen in the future, in other words, it does not guarantee the result or the success of the posed strategies.

This report has been prepared solely with informational purposes. No declarations are made in respects to precision, sufficiency, veracity or accuracy of the information and opinions hereby included. Miranda GR will not answer (either because of negligence or for any other reason) for any damage or detriment derived or related to the use of this report or its content, or any connection to the report. Miranda GR is not responsible for the use or association with this report, including but not limited to, any declaration, expressed or implicit or guarantees or omissions included in this information.

This report is based on facts and/or events that have happened up to this date, consequently any future facts and/or events can impair the conclusions hereby expressed. Miranda GR does not assume any responsibility to update, review, rectify or invalidate this report based on any future occurrence.

The opinions related to this report eventually expressed by Miranda GR, should be considered only as suggestions/recommendations to better operate various topics related to the presentation.

This report and its contents are property of Miranda GR and cannot be reproduced or broadcast in part or in its entirety without the previous written consent of Miranda GR.

Miranda Global Research receives fees from Quálitas Controladora, S.A.B. de C.V. for independent analyst services.