

# QUÁLITAS: 3Q21 Preview

The Claims Normalization Process Will Continue

Q*	BUY
Target Price (MXN\$)	\$ 120.00
Current Price (MXN\$)	\$ 94.62
Min / Max (L12M)	\$ 83.88 - 117.96
Expected Dividend (MXN\$)	\$ 4.00
Expected Return	31.1%
Market Cap (MXN\$ Mn)	39,078
Outstanding Shares (Mn)	413.0
Float	47.0%
6-month ADTV (MXN\$ Mn)	\$ 106.2

## Opinion and Recommendation

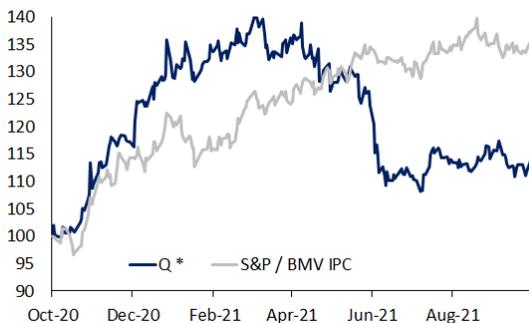
We expect QUALITAS to report quarterly results that will continue showing a normalized claims ratio due to greater mobility, which will likely offset the growth in written premiums. Financial gains will likely remain stable. Net profits will decrease 45.3% YoY. We believe that these results have already been discounted by the markets given the low valuation of QUÁLITAS shares with a P/BV of 2.1x and a 2022 projected P/E for 2022 of 8.1x, below its international counterparts.

## 3Q21 Preview

We expect QUALITAS written premiums to rise 6% YoY to nearly MXN\$9.2 billion. They will be driven by single-digit growth in the individual, freight and financial segments, in conjunction with a 15% increase in foreign subsidiaries. The company has been gradually raising prices given the stronger macroeconomic environment. It intends to adjust them by around 10%.

However, we anticipate that the loss ratio will normalize due to increased mobility, reaching 65.0% in the current quarter, compared to 51.7% in the same period of the previous year. The acquisition rate will remain practically unchanged at 23.0%, while the operating rate will decrease to 4.5% due to a lower profit sharing level. This will translate into a 92.5% combined ratio in 3Q21, up from 81.6% the previous year.

Financial gains will remain at around MNX\$539 million, despite lower interest rates. This will result in a MXN\$906 million net profit in 3Q21, while the ROE will contract to 23.7%, from 45.7% the previous year.



October 13th, 2021

**Martin Lara**  
 +5255-6413-8563  
 martin.lara@miranda-gr.com

**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.

---