

# QUÁLITAS

## Market Share Continued to Improve in 9M21 Reaching 32.2%; Offset by a Higher Claims Ratio

Q*	BUY
Target Price (MXN\$)	\$ 120.00
Current Price (MXN\$)	\$ 95.25
Min / Max (L12M)	\$ 89.09 - 119.30
Expected Dividend (MXN\$)	\$ 4.00
Expected Return	30.2%
Market Cap (MXN\$ Mn)	39,338
Outstanding Shares (Mn)	413.0
Float	47.0%
6-month ADTV (MXN\$ Mn)	\$ 107.7



The Mexican Association of Insurance Institutions (AMIS) released the Auto Insurance Industry Report for the 9M21. These were the main points:

- QUÁLITAS outgrows the industry.** QUÁLITAS' written premiums grew 8.5% YoY in 9M21, above the 3.7% market expansion, fueled by the recovery of the domestic automotive market, which registered a 14.1% increase in units sold. 59.4% of such vehicles were acquired through financing (77.4% of which was provided by non-bank financial companies), down from 62.6% in the same period of the previous year.
- QUÁLITAS' market share continued to rise despite price increases.** QUÁLITAS' market share continued to improve, reaching 32.2% at the end of September 2021, slightly higher than the 32.0% in June and 31.2% in March of this year. It was also higher than the 30.5% in September of the previous year. The company remained the leader in cars and trucks, and in the second position in tourists and others. The market share gain took place despite the fact that QUÁLITAS began to raise prices since last June in order to face the higher loss ratio.
- Higher loss ratio, both at QUÁLITAS and the industry, due to increased mobility levels.** QUÁLITAS' loss ratio reached 61.6% in 9M21, higher than 49.5% in 9M20 and 60.3% in 9M19, due to a 14.8% increase in private mobility. This was partially offset by an 8.6% drop in the number of thefts that the company experienced (vs. 13.4% for the industry) and a greater recovery (+1.7 percentage points, which exceeded the industry's performance). It is worth mentioning that QUÁLITAS's loss ratio had decreased more than the industry's during the health emergency.

November 25<sup>th</sup>, 2021

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

- The industry's loss ratio stood at 61.3% in 9M21, higher than 53.0% in 9M20, but still lower by 1.1 percentage points compared to pre-pandemic levels.

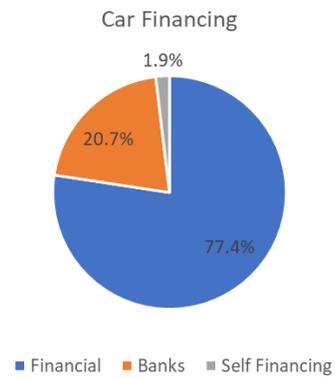
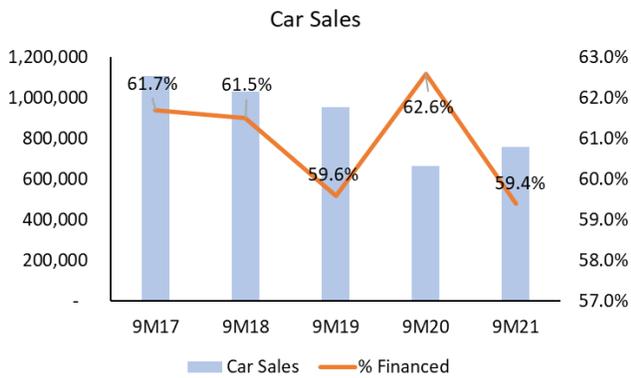
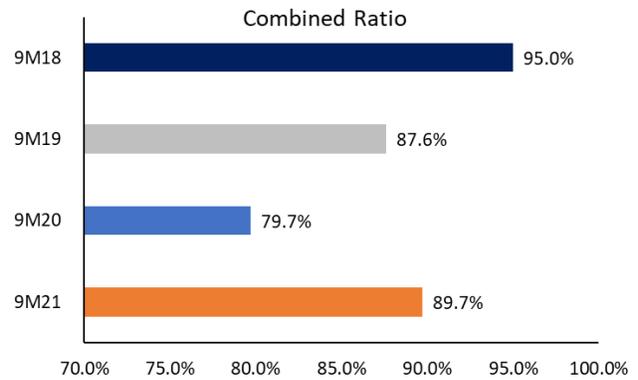
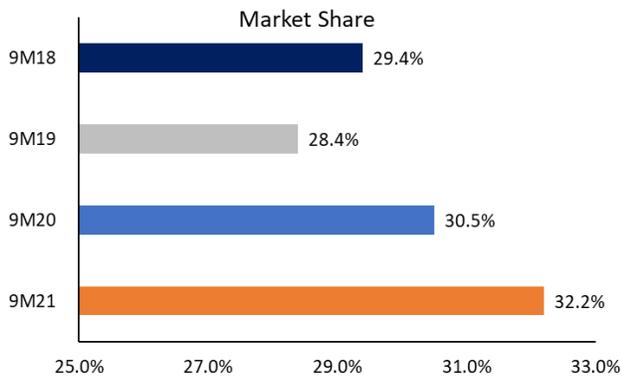
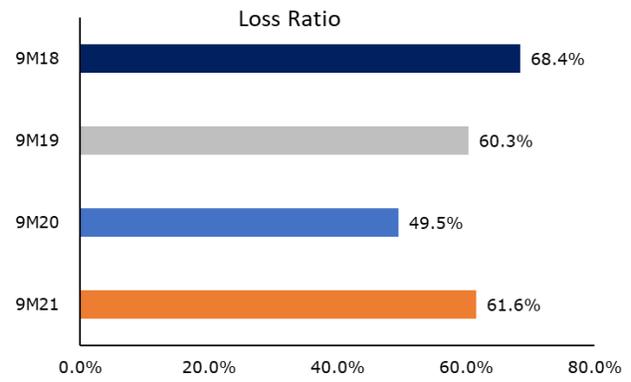
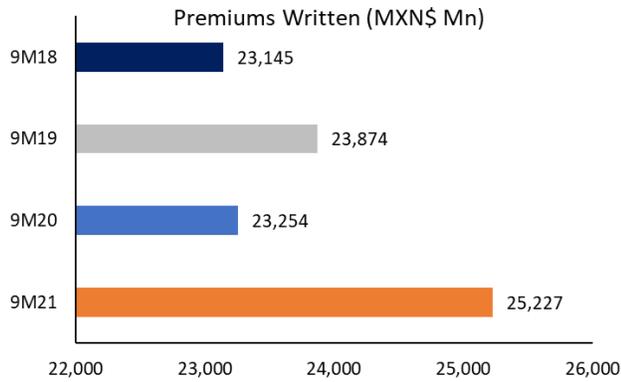
We continue with a BUY recommendation on QUÁLITAS's shares mainly due to its low valuation, with a 2022E estimated P/E of 8.1x and a P/BV of 2.0x, and strong fundamentals. We believe that these multiples already reflect the increase in claims during the current year, which will likely last for one additional quarter.

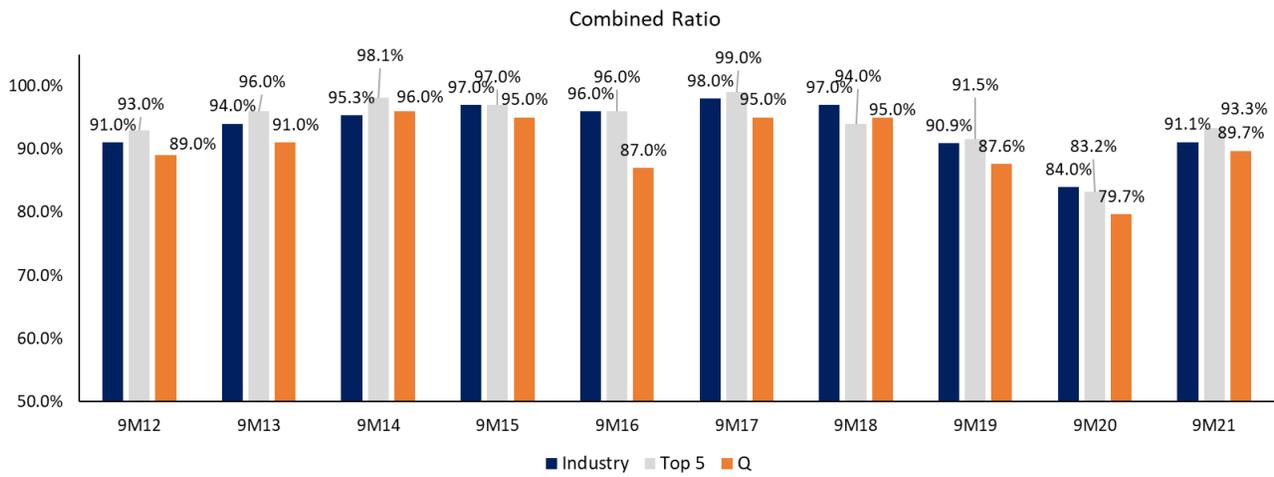
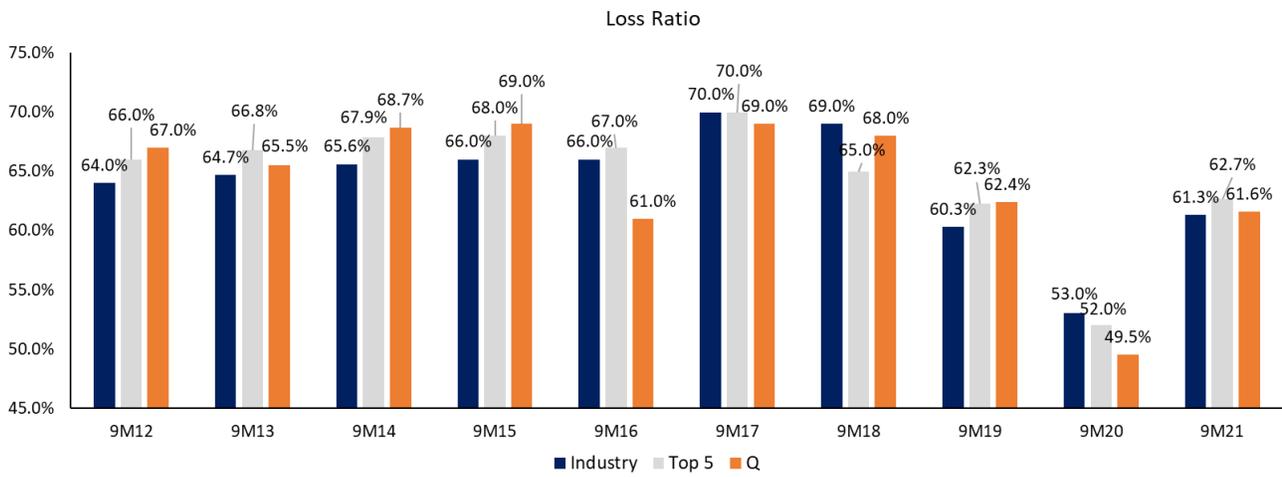
---

Company	Written Premiums (MXN\$ Mn)	Growth 9M21 vs. 9M20	Market Share	Earned Premiums (MXN\$ Mn)	Market Share
<b>Quálitas</b>	<b>25,227</b>	<b>8.5%</b>	<b>32.2%</b>	<b>24,978</b>	<b>33.4%</b>
G.N.P	9,709	-9.0%	12.4%	10,623	14.2%
Chubb	8,136	1.0%	10.4%	4,079	5.5%
Axa Seguros	6,677	1.9%	8.5%	6,816	9.1%
HDI Seguros	4,984	9.5%	6.4%	4,935	6.6%
<b>5 Largest</b>	<b>54,733</b>	<b>3.1%</b>	<b>69.8%</b>	<b>51,431</b>	<b>68.7%</b>
BBVA Seguros	3,988	9.2%	5.1%	3,655	4.9%
Banorte	3,500	-5.2%	4.5%	3,617	4.8%
Inbursa	2,756	20.9%	3.5%	2,751	3.7%
Atlas	2,180	2.7%	2.8%	2,246	3.0%
Mapfre México	2,040	2.8%	2.6%	2,368	3.2%
ANA	1,981	14.9%	2.5%	1,527	2.0%
Afirme	1,818	-2.7%	2.3%	1,828	2.4%
Zurich Daños	1,530	12.7%	2.0%	1,703	2.3%
General de Seguros	821	3.4%	1.0%	826	1.1%
El Potosí	711	-4.1%	0.9%	715	1.0%
<b>Medium</b>	<b>21,324</b>	<b>5.5%</b>	<b>27.2%</b>	<b>21,234</b>	<b>28.4%</b>
Other	2,352	2.4%	3.0%	2,147	2.9%
<b>Total Market (32 Companies)</b>	<b>78,409</b>	<b>3.7%</b>	<b>100.0%</b>	<b>74,812</b>	<b>100.0%</b>

Company	Underwriting Result (MXN\$ Mn)	Investment Income (MXN\$ Mn)	Net Result (MXN\$ Mn)	Loss Ratio	Combined Ratio
<b>Quálitas</b>	<b>2,506</b>	<b>1,092</b>	<b>2,738</b>	<b>61.6%</b>	<b>89.7%</b>
G.N.P	526	505	759	64.2%	97.9%
Chubb	489	111	480	68.2%	99.2%
Axa Seguros	748	552	1,145	59.4%	90.2%
HDI Seguros	198	337	374	64.6%	101.9%
<b>5 Largest</b>	<b>4,467</b>	<b>2,596</b>	<b>5,496</b>	<b>62.7%</b>	<b>93.3%</b>
BBVA Seguros	513	483	876	71.0%	84.7%
Banorte	1,468	199	2,049	43.3%	59.9%
Inbursa	395	134	428	59.2%	85.6%
Atlas	499	113	609	57.8%	78.6%
Mapfre México	321	74	279	57.3%	91.1%
ANA	150	34	125	54.2%	89.4%
Afirme	160	58	163	58.2%	91.4%
Zurich Daños	162	55	262	60.4%	101.8%
General de Seguros	- 92	274	171	74.3%	111.3%
El Potosí	61	21	84	61.7%	92.7%
<b>Medium</b>	<b>3,637</b>	<b>1,444</b>	<b>5,047</b>	<b>58.5%</b>	<b>83.8%</b>
Otras	- 130	124	48	49.9%	105.4%
<b>Total Market (32 companies)</b>	<b>7,974</b>	<b>4,164</b>	<b>10,494</b>	<b>61.3%</b>	<b>91.1%</b>

Source: AMIS





---

## **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.

---