

## Eventos Relevantes



FECHA: 26/03/2019

### BOLSA MEXICANA DE VALORES, S.A.B. DE C.V., INFORMA:

<b>CLAVE DE COTIZACIÓN</b>	Q
<b>RAZÓN SOCIAL</b>	QUÁLITAS CONTROLADORA, S.A.B. DE C.V.
<b>LUGAR</b>	Mexico City

### ASUNTO

Q\*-Automobile Insurance Industry Report 2018

### EVENTO RELEVANTE

Automobile Insurance Industry Report 2018

Auto Insurance Industry Report Mexico 2018

Figures in this document are stated in millions of Mexican pesos, except where otherwise specified, and they may vary due to rounding.

According to the Mexican Association of Insurance Institutions (AMIS), auto insurance industry in Mexico had a nominal growth of 7.1% in written premiums during 2018. It is worth mentioning that the annual GDP grew 2.0% and the annual inflation rate 4.8%.

Automobile financing registered 68.1% of new car sales, this mainly driven by the agencies and financial branches of automakers. New light vehicle sales slowed down by 7.1% compared to 2017, the commercialization of wholesale trucks increased 1.4% and retail showed a decrease of 1.0% during the year.

Regarding costs, the industry recorded a combined ratio of 94.3%, lower figure when compared to the 97.8% registered last year, which is mainly derived from a decrease in claims and acquisition ratios.

In order to have a better analysis of the industry, we subdivide bank-owned insurance companies. These companies, as they are part of financial groups, have cross selling with the bank's customers and have different costs structures.

#### Automobile Industry and Financing

##### Nationwide Sales of Vehicles

Sales of new units (automobiles & trucks) decreased 7.1% when compared to 2017, totaling 1,424,170 units.

##### Automobile Financing

Automobile credit reached 68.1% of light vehicles sales, compared to 67.7% of the same period of the previous year.

##### Financing Terms

At the end of 2018, loans granted at 36, 48 and 60 months represented 68.2% of the total allocations. This percentage is higher than the same period of 2017 which was 64.8%.

##### Automobile Financing Market

The main sources of financing to purchase a car were automakers and automotive agencies (captives) with a 68.2% of market

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share.

### Automobile Insurance Industry

The market recorded total written premiums of \$109,920 million in the year, a 7.1% increase in comparison to the same period of the previous year. Top 5 companies grew 8.8%, medium companies 0.9%, and small companies 24.5%.

Market's net profit was \$8,973 million, this is mainly explained by an operating result of \$5,564 million and an investment income of \$5,701 million.

### Market Share

The five largest companies in the industry accounted for 68.5% of automobile insurance market share. Compared to the same period of last year, large companies gained approximately 1.5 percentage points in terms of market share. Medium companies decreased their share by 1.7 percentage points and small companies gained 0.1 percentage points.

### Automobile Insurance Market Share

Q continues to be the leader in the automobile insurance market with 29.9% share and remains well positioned amongst key segments of the market. The Company is ranked in the first two places in every branch of the industry in terms of market share.

### Costs Ratios

The industry recorded lower claims ratio when compared to the same period of the previous year. Claims ratio of the five largest companies decreased from 68% to 65%, while Q's claims ratio dropped from 68% to 67%.

### Claims Ratio

Combined ratio for the industry was 94%, figure lower than the 98% registered by the end of 2017. The five largest companies recorded 94% combined ratio, and Q 93% during the period.

Combined ratio for the industry without bank-owned Insurance companies, reached 96%.

### About Quálitas:

Quálitas (Q) is the largest auto insurance company in Mexico in terms of market cap penetration, with operations in El Salvador, Costa Rica and USA. Its specialized business model, based exclusively in auto insurance, has allowed the Company to provide top quality service under the largest network in the country. Quálitas is listed on the Mexican Stock Exchange (BMV) under the ticker "Q" (Bloomberg: Q\*:MM).

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This document may include forward-looking statements that involve risks and uncertainties. Words such as "estimate," "project," "plan," "believe," "expect," "anticipate," "intend," and similar expressions may identify such forward-looking statements. The Company wants to caution readers that any forward-looking statement in this document or made by the company's management, involves risks and uncertainties that may change based on various important factors not under the Company's control. Forward-looking statements relate to the company's current situation only as of their dates of publication.

### Information sources:

- 1) AMIS. Asociación Mexicana de Instituciones de Seguros, A.C., (Mexican Association of Insurance Institutions); [www.amis.com.mx](http://www.amis.com.mx)
- 2) ANPACT. Asociación Nacional de Productores de Autobuses, Camiones y Tractocamiones, A.C., (National Association of Producers of Buses, Trucks and Tractors); [www.anpact.com.mx](http://www.anpact.com.mx)

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3) AMDA. Asociación Mexicana de Distribuidores de Automotores, A.C. (Mexican Association of Automotive Dealers) ;  
[www.amda.mx](http://www.amda.mx)

4) JATO Dynamics. <http://www.jato.com/Mexico>

If you wish to refer to another source, you may visit the Mexican Insurance Companies' Regulator (National Insurance and Bonds Commission) web page: [www.cnsf.gob.mx](http://www.cnsf.gob.mx)

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