



**GRUPO ELEKTRA STRONGLY DISAGREES WITH BLOOMBERG'S ARTICLE:  
"Mexican Billionaire's 168% Stock Surge Stokes Derivatives Debate"**

**—The note questions the company's right to be part of the Mexican Bolsa Index, although Grupo Elektra fully complies with all requirements and norms—**

**—The article states that stock gains stem in large part from a derivative instrument, and ignores seven consecutive quarters of double digit growth in operating profits—**

**—It indicates the company has violated IPC membership rules with a low float, overlooking Bloomberg's own systems that account for a float larger than required—**

**Mexico City, May 16, 2017—Grupo Elektra, S.A.B. de C.V. (BMV: ELEKTRA\*; Latibex: XEKT), Latin America's leading specialty retailer and financial services company and the largest non-bank provider of cash advance services in the United States, announced today that the company strongly disagrees with Bloomberg's article, "Mexican Billionaire's 168% Stock Surge Stokes Derivatives Debate" by Michelle Davis, dated May 12.**

*The article mentions that, "A decision by the exchange in coming months on whether Grupo Elektra SAB is allowed to stay on the index could help extend the rally or bring about a painful reckoning for investors."*

Grupo Elektra stresses on the fact that the requirements to be part of the Bolsa Index are not subjective; instead they are based on calculations according to the following elements:

Float is required to be at least 12% of a company's outstanding shares or have a market value of \$10 billion pesos. Grupo Elektra's float, disclosed in its 2016 annual report is 26%, equivalent to more than \$40 billion pesos.

Other requirements, as not to miss trading for five days within a three month period, and having a floating market cap above 0.1% of the sum of the members of the IPC, are broadly surpassed by the company.

Grupo Elektra complies with all requirements and norms of the Mexican Stock Exchange to be publicly listed and be included in the IPC. Using the new methodology, since September 2016 Grupo Elektra has consistently met quarterly criteria for inclusion in the index, and the company would expect to do the same in the following annual rebalance.

*The article further states that “the [stock] gains stem in large part from a derivative instrument...”*

There was no mention in the article of the company’s double digit operating profits increases in the last seven quarters—including an 87% increase in 2Q16—and the prepayment of all of its \$550 million dollar denominated bonds, which has substantially improved its capital structure.

Also, there was no comment on the recent corporate ratings increase from Fitch—at local scale from “A” to “A+” and at global scale from “BB-” to “BB”—reflecting higher profitability levels, a more solid balance sheet and the company’s proven flexibility to adapt to difficult economic scenarios.

*The note also indicates that “the company has stayed on the IPC, even though it has sometimes violated membership rules that require a minimum number of shares to circulate within the market...”*

Considering Bloomberg’s Average Trading Value, reported by its own system, on an annualized basis, we obtain a float in excess of 17%, well above the legal requirement.

*The text also indicates that, “The Bolsa sees Elektra as untouchable” and “would rather turn a blind eye to the issue to avoid getting into another drawn-out legal battle.”*

The implication of “turning a blind eye” is that something illegal was done; however there is nothing to prove such delicate statement.

*Finally, the article states that “The surge in Elektra this year has caught the attention of AMIB, Mexico’s brokerage association, which is planning to approach the banking and securities regulator with concerns about how the IPC is calculated, according to a person familiar with the matter...”*

Two people in a committee within the AMIB have voiced concerns regarding Grupo Elektra’s share prices at monthly meetings. Neither of them are analysts that belong to an institution member of AMIB, and neither of them is currently covering the company.

Grupo Elektra concludes that it is partial not to mention the operations of the company at all, which entail businesses in seven countries in the Americas, employing more than 70,000 people in financial and retailing operations, being one of the strongest tools for financial inclusion in Latin America.

Had there been any reference to operations, it could have been noted that the company has undergone a thorough restructuring over the past two years, which has strongly boosted its business performance.

The company believes that operating details could have been omitted because they would have invalidated the pre-established conclusion of the story that the increases in Grupo Elektra share prices “stem in large part from a derivative instrument.”

Grupo Elektra notes that if Bloomberg readers are not familiar with the term “immobilized shares,” it might be because it does not exist anywhere else in the world, and was a concept fabricated by the past administration of the Mexican Stock Exchange.

The company expects more serious analysis from Bloomberg, and believes anything less is a loss in the value proposition for the Bloomberg system.

Finally, Grupo Elektra considers that the market will continue to recognize the shareholders’ value that represents its solid operating trend and robust business perspectives.

**Company Profile:**

Grupo Elektra is Latin America’s leading financial services company and specialty retailer and the largest non-bank provider of cash advance services in the United States. The group operates more than 7,000 points of contact in Mexico, the United States, Guatemala, Honduras, Peru, Panama and El Salvador.

Grupo Elektra is a Grupo Salinas company ([www.gruposalinas.com](http://www.gruposalinas.com)), a group of dynamic, fast-growing, and technologically advanced companies focused on creating shareholder value, contributing to building the middle class of the countries in which they operate and improving society through excellence. Created by Mexican entrepreneur Ricardo B. Salinas ([www.ricardosalinas.com](http://www.ricardosalinas.com)), Grupo Salinas operates as a management development and decision forum for the top leaders of member companies. The companies include TV Azteca ([www.tvazteca.com](http://www.tvazteca.com); [www.irtvazteca.com](http://www.irtvazteca.com)), Azteca America ([us.azteca.com](http://us.azteca.com)), Grupo Elektra ([www.elektra.com.mx](http://www.elektra.com.mx); [www.grupoelektra.com.mx](http://www.grupoelektra.com.mx)), Banco Azteca ([www.bancoazteca.com.mx](http://www.bancoazteca.com.mx)), Advance America ([www.advanceamerica.net](http://www.advanceamerica.net)), Afore Azteca ([www.aforeazteca.com.mx](http://www.aforeazteca.com.mx)), Seguros Azteca ([www.segurosazteca.com.mx](http://www.segurosazteca.com.mx)), Totalplay ([www.totalplay.com.mx](http://www.totalplay.com.mx)) and Enlace TP ([enlacep.mx](http://enlacep.mx)). Each of the Grupo Salinas companies operates independently, with its own management, board of directors and shareholders. Grupo Salinas has no equity holdings. However, the member companies share a common vision, values and strategies for achieving rapid growth, superior results and world-class performance.

Except for historical information, the matters discussed in this press release are forward-looking statements and are subject to certain risks and uncertainties that could cause actual results to differ materially from those projected. Other risks that may affect Grupo Elektra and its subsidiaries are identified in documents sent to securities authorities.

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