



**GRUPO ELEKTRA ANNOUNCES 32% GROWTH IN OPERATING PROFIT  
TO Ps.3,895 MILLION IN 2Q17**

**—EBITDA increases 25% to Ps.4,493 million during the period—**

**—Notable performance in both commercial and financial businesses generates  
increase of 17% in consolidated revenues, to Ps.22,794 million—**

**— Gross portfolio of Banco Azteca Mexico grows 28%, to Ps.69,850 million,  
and its delinquency rate decreases to 2.5%—**

**Mexico City, July 20, 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 its financial results for the second quarter of 2017.**

**Consolidated second quarter results**

Consolidated revenue was Ps.22,794 million in the period, 17% above the Ps.19,510 million for the same quarter of previous year. Costs and operating expenses were Ps.18,301 million, compared to Ps.15,909 million for the same period of 2016.

As a result, Grupo Elektra reported EBITDA of Ps.4,493 million, 25% higher than the Ps.3,601 million of the previous year's quarter; EBITDA margin was 20% this period, two percentage points above the previous year.

Operating profit grew 32% to Ps.3,895 million during the quarter, from Ps.2,952 million in same period of 2016.

The company reported net income of Ps.7,137 million, compared to net loss of Ps.79 million a year ago.

	2Q 2016	2Q 2017	Change	
			Ps.	%
<b>Consolidated revenue</b>	\$19,510	<b>\$22,794</b>	<b>\$3,285</b>	<b>17%</b>
<b>EBITDA</b>	\$3,601	<b>\$4,493</b>	<b>\$892</b>	<b>25%</b>
<b>Operating profit</b>	\$2,952	<b>\$3,895</b>	<b>\$943</b>	<b>32%</b>
<b>Net result</b>	\$(79)	<b>\$7,137</b>	<b>\$7,216</b>	<b>----</b>
<b>Net result per share</b>	\$(0.33)	<b>\$30.78</b>	<b>\$31.11</b>	<b>----</b>

Figures in millions of pesos

EBITDA: Earnings Before Interest, Taxes, Depreciation and Amortization.

As of June 30, 2016, Elektra\* outstanding shares were 237.9 million and as of June 30, 2017, were 231.9 million.

## Revenue

Consolidated revenue increased 17%, as a result of a 17% growth in both financial revenues and commercial sales, respectively.

The increase in commercial division sales –to Ps.8,597 million compared to Ps.7,337 million last year– reflects strategies that focus on generating optimum value propositions for the customers, through lines of merchandise that best meet their needs, with world-class service and under the most competitive market conditions.

The increase in financial revenue –to Ps.14,197 million from Ps.12,172 million from the previous year– reflect mainly a 21% growth in revenue of Banco Azteca Mexico.

## Costs and expenses

Consolidated costs for the quarter increased 15% to Ps.8,563 million, from Ps.7,419 million in the previous year, as a result of a 19% increase in commercial costs, in line with the increase in commercial revenue, and 9% growth in financial cost. The increase in financial cost is less than the increase in financial revenue, which reflects a moderate growth in loan-loss provisions, in line with greater strength in asset quality.

Sales, administration and promotion expenses increased 15% to Ps.9,738 million, as a result of higher personnel expenses due to higher compensation plans that encourage productivity; an increase in advertising, which achieves a better positioning of Grupo Elektra brands, and an increase in operating expenses.

## EBITDA and net result

The Company's EBITDA grew 25% to Ps.4,493 million this quarter. Operating income increased 32% to Ps.3,895 million, from Ps.2,952 million for the same quarter of 2016.

The most significant change below EBITDA was a positive variation of Ps.9,407 million in other financial results, as a consequence of a gain this period in the market value

of the underlying assets of financial instruments owned by the company –which does not imply cash flow– compared to a reduction of the previous year.

Grupo Elektra reported net income of Ps.7,137 million, compared to a net loss of Ps.79 million a year ago.

### **Consolidated balance sheet**

#### **Loan portfolio and deposits**

Banco Azteca Mexico, Advance America and Banco Azteca Latin America's consolidated gross portfolio as of June 30, 2017 grew 24% to Ps.85,050 million, from Ps.68,440 million for the previous year. Consolidated delinquency rate was 3.1% at the end of the period, compared to 3.7% in the previous year.

The gross portfolio of Banco Azteca Mexico grew 28% to Ps.69,850 million, from Ps.54,515 million a year ago.

The delinquency rate for the bank at the end of the quarter was 2.5%, from 2.9% of the previous year. Past-due loan portfolio is reserved 3.2 times, which reflects a past-due portfolio of Ps.1,729 million, in comparison to allowance for credit risks of Ps.5,475 million in balance, as of June 30, 2017.

The average term of the credit portfolio for principal credit lines – consumer, personal loans and Tarjeta Azteca – was 63 weeks at the end of the second quarter.

Grupo Elektra consolidated deposits were Ps.103,896 million, from Ps.102,496 million a year ago. Deposits of Banco Azteca Mexico were Ps.102,538 million, 5% higher than the Ps.97,588 million a year ago.

As of June 30, 2017, the estimated capitalization index of Banco Azteca Mexico was 16.9%.

#### **Debt**

Consolidated debt with cost as of June 30, 2017, was Ps.12,935 million, 29% less than the Ps.18,303 million for the prior year.

Consolidated debt was comprised of Ps.11,054 million for the commercial business, and Ps.1,881 million for the financial business. The total balance of cash, cash equivalents and marketable securities for the commercial business was Ps.12,193 million at the end of the period; as a result, the net cash balance of the commercial business, excluding debt with cost, recorded a favourable amount of Ps.1,139 million.

As previously announced, during the last twelve months, Grupo Elektra paid in advance its senior notes of US\$550 million due in 2018.

To cover the payments, Grupo Elektra issued three certificates in local currency for a total of Ps.6,000 million, and used cash generated by the company, within the framework of solid financial performance.

Through these amortizations, the company ceased to hold dollar-denominated bonds, and the debt transactions reflect Grupo Elektra's firm strategy to further strengthen its strong capital structure.

### **Infrastructure**

Grupo Elektra currently has 7,181 points of contact, compared to 7,492 units a year ago. The reduction is a result of strategies to focus on maximizing profitability of such units.

The company has 4,423 points of contact in Mexico, 2,086 in the United States, and 672 in Central and South America. The extensive distribution network allows the company to maintain close contact with clients, granting superior market positioning in the countries where it operates.

### **Six months consolidated results**

Total consolidated revenue in the first six months of the year grew 19% to Ps.44,801 million, from Ps.37,763 million for the same period of 2016, boosted by 19% and 18% growth in both financial and commercial businesses, respectively.

EBITDA was Ps.8,628 million, 21% higher than the Ps.7,105 million for the same period a year ago; the EBITDA margin in the first six months of 2017 was 19%. Operating profit grew 26% to Ps.7,491 million during the period.

The company reported net income of Ps.11,638 million, compared to Ps.1,080 million a year ago, mainly due an appreciation this quarter in the market value of underlying financial instruments that the company holds, which doesn't imply cash flow, compared to depreciation the prior year.

	6M 2016	6M 2017	Change	
			Ps.	%
<b>Consolidated revenue</b>	\$37,763	<b>\$44,801</b>	<b>\$7,037</b>	<b>19%</b>
<b>EBITDA</b>	\$7,105	<b>\$8,628</b>	<b>\$1,523</b>	<b>21%</b>
<b>Operating profit</b>	\$5,930	<b>\$7,491</b>	<b>\$1,560</b>	<b>26%</b>
<b>Net result</b>	\$1,080	<b>\$11,638</b>	<b>\$10,559</b>	<b>----</b>
<b>Net result per share</b>	\$4.54	<b>\$50.19</b>	<b>\$45.65</b>	<b>----</b>

Figures in millions of pesos

EBITDA: Earnings Before Interest, Taxes, Depreciation and Amortization.

As of June 30, 2016, Elektra\* outstanding shares were 237.9 million and as of June 30, 2017, were 231.9 million.

**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 ([enlacetp.mx](http://enlacetp.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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**CONSOLIDATED INCOME STATEMENTS**  
**MILLIONS OF MEXICAN PESOS**

	2Q16		2Q17		Change	
Financial income	12,172	62%	14,197	62%	2,025	17%
Commercial income	7,337	38%	8,597	38%	1,260	17%
<b>Income</b>	<b>19,510</b>	<b>100%</b>	<b>22,794</b>	<b>100%</b>	<b>3,285</b>	<b>17%</b>
Financial cost	2,673	14%	2,926	13%	253	9%
Commercial cost	4,746	24%	5,637	25%	891	19%
<b>Costs</b>	<b>7,419</b>	<b>38%</b>	<b>8,563</b>	<b>38%</b>	<b>1,144</b>	<b>15%</b>
<b>Gross income</b>	<b>12,091</b>	<b>62%</b>	<b>14,232</b>	<b>62%</b>	<b>2,140</b>	<b>18%</b>
<b>Sales, administration and promotion expenses</b>	<b>8,490</b>	<b>44%</b>	<b>9,738</b>	<b>43%</b>	<b>1,248</b>	<b>15%</b>
<b>EBITDA</b>	<b>3,601</b>	<b>18%</b>	<b>4,493</b>	<b>20%</b>	<b>892</b>	<b>25%</b>
Depreciation and amortization	642	3%	537	2%	(105)	-16%
Other expense, net	7	0%	61	0%	54	----
<b>Operating income</b>	<b>2,952</b>	<b>15%</b>	<b>3,895</b>	<b>17%</b>	<b>943</b>	<b>32%</b>
Comprehensive financial result:						
Interest income	162	1%	135	1%	(27)	-17%
Interest expense	(334)	-2%	(327)	-1%	6	2%
Foreign exchange gain (loss), net	116	1%	(394)	-2%	(511)	----
Other financial results, net	(2,796)	-14%	6,611	29%	9,407	----
	<b>(2,852)</b>	<b>-15%</b>	<b>6,024</b>	<b>26%</b>	<b>8,876</b>	<b>----</b>
Participation in the net income of CASA and other associated companies	(145)	-1%	(8)	0%	137	----
<b>(Loss) income before income tax</b>	<b>(45)</b>	<b>0%</b>	<b>9,911</b>	<b>43%</b>	<b>9,956</b>	<b>----</b>
Income tax	14	0%	(2,728)	-12%	(2,742)	----
<b>(Loss) income before discontinued operations</b>	<b>(31)</b>	<b>0%</b>	<b>7,183</b>	<b>32%</b>	<b>7,214</b>	<b>----</b>
Result from discontinued operations	(48)	0%	(45)	0%	3	6%
Impairment of intangible assets	-	0%	-	0%	-	----
<b>Consolidated net (loss) income</b>	<b>(79)</b>	<b>0%</b>	<b>7,137</b>	<b>31%</b>	<b>7,216</b>	<b>----</b>

**GRUPO ELEKTRA, S.A.B. DE C.V. AND SUBSIDIARIES**  
**CONSOLIDATED INCOME STATEMENTS**  
**MILLIONS OF MEXICAN PESOS**

	6M16		6M17		Change	
Financial income	23,956	63%	28,566	64%	4,610	19%
Commercial income	13,808	37%	16,234	36%	2,427	18%
<b>Income</b>	<b>37,763</b>	<b>100%</b>	<b>44,801</b>	<b>100%</b>	<b>7,037</b>	<b>19%</b>
Financial cost	4,968	13%	5,527	12%	559	11%
Commercial cost	8,974	24%	10,794	24%	1,820	20%
<b>Costs</b>	<b>13,941</b>	<b>37%</b>	<b>16,321</b>	<b>36%</b>	<b>2,380</b>	<b>17%</b>
<b>Gross income</b>	<b>23,822</b>	<b>63%</b>	<b>28,480</b>	<b>64%</b>	<b>4,658</b>	<b>20%</b>
<b>Sales, administration and promotion expenses</b>	<b>16,717</b>	<b>44%</b>	<b>19,852</b>	<b>44%</b>	<b>3,135</b>	<b>19%</b>
<b>EBITDA</b>	<b>7,105</b>	<b>19%</b>	<b>8,628</b>	<b>19%</b>	<b>1,523</b>	<b>21%</b>
Depreciation and amortization	1,182	3%	1,074	2%	(109)	-9%
Other (income) expense, net	(8)	0%	63	0%	71	----
<b>Operating Income</b>	<b>5,930</b>	<b>16%</b>	<b>7,491</b>	<b>17%</b>	<b>1,560</b>	<b>26%</b>
Comprehensive financial result:						
Interest income	395	1%	276	1%	(119)	-30%
Interest expense	(662)	-2%	(796)	-2%	(134)	-20%
Foreign exchange gain (loss), net	172	0%	(1,330)	-3%	(1,503)	----
Other financial results, net	(4,004)	-11%	10,480	23%	14,484	----
	<b>(4,098)</b>	<b>-11%</b>	<b>8,630</b>	<b>19%</b>	<b>12,729</b>	<b>----</b>
Participation in the net income of CASA and other associated companies	(216)	-1%	57	0%	273	----
<b>Income before income tax</b>	<b>1,616</b>	<b>4%</b>	<b>16,178</b>	<b>36%</b>	<b>14,562</b>	<b>----</b>
Income tax	(438)	-1%	(4,489)	-10%	(4,051)	----
<b>Income before discontinued operations</b>	<b>1,179</b>	<b>3%</b>	<b>11,689</b>	<b>26%</b>	<b>10,511</b>	<b>----</b>
Result from discontinued operations	(99)	0%	(43)	0%	56	56%
Impairment of intangible assets	-	0%	(8)	0%	(8)	----
<b>Consolidated net income</b>	<b>1,080</b>	<b>3%</b>	<b>11,638</b>	<b>26%</b>	<b>10,559</b>	<b>----</b>

**GRUPO ELEKTRA, S.A.B. DE C.V. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEET**  
**MILLIONS OF MEXICAN PESOS**

	Commercial Business	Financial Business	Grupo Elektra	Commercial Business	Financial Business	Grupo Elektra	Change	
	<u>At June 30, 2016</u>			<u>At June 30, 2017</u>				
Cash and cash equivalents	2,011	18,899	20,911	2,770	18,008	20,778	(132)	-1%
Marketable financial instruments	21,471	53,850	75,321	9,423	46,917	56,340	(18,981)	-25%
Performing loan portfolio	-	48,196	48,196	-	56,515	56,515	8,319	17%
Total past-due loans	-	2,473	2,473	-	2,563	2,563	90	4%
Gross loan portfolio	-	50,669	50,669	-	59,077	59,077	8,409	17%
Allowance for credit risks	-	6,426	6,426	-	6,960	6,960	534	8%
Loan portfolio, net	-	44,243	44,243	-	52,117	52,117	7,875	18%
Inventories	7,059	-	7,059	8,000	-	8,000	942	13%
Other current assets	6,955	8,007	14,962	7,067	7,170	14,237	(725)	-5%
<b>Total current assets</b>	<b>37,495</b>	<b>124,999</b>	<b>162,494</b>	<b>27,260</b>	<b>124,212</b>	<b>151,473</b>	<b>(11,021)</b>	<b>-7%</b>
Financial instruments	8,390	292	8,682	16,202	291	16,493	7,810	90%
Performing loan portfolio	-	17,686	17,686	-	25,857	25,857	8,172	46%
Total past-due loans	-	85	85	-	116	116	30	36%
Loan portfolio	-	17,771	17,771	-	25,973	25,973	8,202	46%
Other non-current assets	-	764	764	7,200	672	7,872	7,108	930%
Investment in shares	3,036	-	3,036	2,712	-	2,712	(325)	-11%
Property, furniture, equipment and investment in stores, net	3,767	2,660	6,427	4,104	2,744	6,848	421	7%
Intangible assets	611	5,619	6,229	686	6,097	6,784	555	9%
Other assets	1,116	571	1,687	804	405	1,210	(477)	-28%
<b>TOTAL ASSETS</b>	<b>54,416</b>	<b>152,675</b>	<b>207,090</b>	<b>58,968</b>	<b>160,395</b>	<b>219,363</b>	<b>12,273</b>	<b>6%</b>
Demand and term deposits	-	102,496	102,496	-	103,896	103,896	1,400	1%
Creditors from repurchase agreements	-	3,818	3,818	-	5,785	5,785	1,966	52%
Short-term debt	66	534	599	3,278	971	4,249	3,650	609%
<b>Short-term liabilities with cost</b>	<b>66</b>	<b>106,848</b>	<b>106,914</b>	<b>3,278</b>	<b>110,652</b>	<b>113,930</b>	<b>7,016</b>	<b>7%</b>
Suppliers and other short-term liabilities	16,814	6,483	23,298	12,900	8,561	21,461	(1,837)	-8%
<b>Short-term liabilities without cost</b>	<b>16,814</b>	<b>6,483</b>	<b>23,298</b>	<b>12,900</b>	<b>8,561</b>	<b>21,461</b>	<b>(1,837)</b>	<b>-8%</b>
<b>Total short-term liabilities</b>	<b>16,880</b>	<b>113,331</b>	<b>130,211</b>	<b>16,178</b>	<b>119,213</b>	<b>135,391</b>	<b>5,180</b>	<b>4%</b>
Long-term debt	15,917	1,787	17,704	7,776	910	8,686	(9,017)	-51%
<b>Long-term liabilities with cost</b>	<b>15,917</b>	<b>1,787</b>	<b>17,704</b>	<b>7,776</b>	<b>910</b>	<b>8,686</b>	<b>(9,017)</b>	<b>-51%</b>
<b>Long-term liabilities without cost</b>	<b>1,977</b>	<b>3,903</b>	<b>5,879</b>	<b>5,351</b>	<b>3,296</b>	<b>8,647</b>	<b>2,768</b>	<b>47%</b>
<b>Total long-term liabilities</b>	<b>17,893</b>	<b>5,690</b>	<b>23,583</b>	<b>13,127</b>	<b>4,206</b>	<b>17,333</b>	<b>(6,250)</b>	<b>-27%</b>
<b>TOTAL LIABILITIES</b>	<b>34,773</b>	<b>119,021</b>	<b>153,794</b>	<b>29,305</b>	<b>123,419</b>	<b>152,724</b>	<b>(1,070)</b>	<b>-1%</b>
<b>TOTAL STOCKHOLDERS' EQUITY</b>	<b>19,642</b>	<b>33,654</b>	<b>53,296</b>	<b>29,663</b>	<b>36,976</b>	<b>66,639</b>	<b>13,343</b>	<b>25%</b>
<b>LIABILITIES + EQUITY</b>	<b>54,416</b>	<b>152,675</b>	<b>207,090</b>	<b>58,968</b>	<b>160,395</b>	<b>219,363</b>	<b>12,273</b>	<b>6%</b>



**INFRASTRUCTURE**

	<u>2Q16</u>		<u>2Q17</u>		<u>Change</u>	
<b><u>Points of sale in Mexico</u></b>						
Elektra	969	13%	1,011	14%	42	4%
Salinas y Rocha	51	1%	48	1%	(3)	-6%
Banco Azteca	1,221	16%	1,251	17%	30	2%
Freestanding branches	2,314	31%	2,113	29%	(201)	-9%
<b>Total</b>	<b>4,555</b>	<b>61%</b>	<b>4,423</b>	<b>62%</b>	<b>(132)</b>	<b>-3%</b>
<b><u>Points of sale in Central and South America</u></b>						
Elektra	193	3%	164	2%	(29)	-15%
Banco Azteca	193	3%	164	2%	(29)	-15%
Freestanding branches	343	5%	344	5%	1	0%
<b>Total</b>	<b>729</b>	<b>10%</b>	<b>672</b>	<b>9%</b>	<b>(57)</b>	<b>-8%</b>
<b><u>Points of sale in North America</u></b>						
Advance America	2,208	29%	2,086	29%	(122)	-6%
<b>Total</b>	<b>2,208</b>	<b>29%</b>	<b>2,086</b>	<b>29%</b>	<b>(122)</b>	<b>-6%</b>
<b>TOTAL</b>	<b>7,492</b>	<b>100%</b>	<b>7,181</b>	<b>100%</b>	<b>(311)</b>	<b>-4%</b>
<hr/>						
<b><u>Floor space (m<sup>2</sup>)</u></b>	<b>1,483</b>	<b>100%</b>	<b>1,512</b>	<b>100%</b>	<b>29</b>	<b>2%</b>
<hr/>						
<b><u>Employees</u></b>						
Mexico	47,415	76%	50,881	78%	3,466	7%
Central and South America	8,576	14%	8,730	13%	154	2%
North America	6,219	10%	5,818	9%	(401)	-6%
<b>Total employees</b>	<b>62,210</b>	<b>100%</b>	<b>65,429</b>	<b>100%</b>	<b>3,219</b>	<b>5%</b>