



**GRUPO ELEKTRA REPORTS 6% EBITDA GROWTH  
TO Ps.4,397 MILLION IN 1Q18**

- Operating profit increases 4% to Ps.3,720 million during the period—
- Solid performance in both commercial and financial businesses generates 9% increase in consolidated revenue, to Ps.23,896 million—
- Firm increase of 11% in gross loan portfolio to Ps.90,582 million—

**Mexico City, April 24, 2018—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, reported today financial results for the first quarter of 2018.

**Consolidated first quarter results**

Consolidated revenue was Ps.23,896 million in the period, 9% above the Ps.22,006 million for the same quarter of the previous year. Costs and operating expenses were Ps.19,499 million, compared to Ps.17,872 million for the same period of 2017.

As a result, Grupo Elektra reported EBITDA of Ps.4,397 million, 6% higher than the Ps.4,134 million of the previous year's quarter; EBITDA margin was 18% for the period.

Operating profit grew 4% to Ps.3,720 million during the quarter, from Ps.3,587 million in the same period of 2017.

The company reported net loss of Ps.1,291 million, compared to net income of Ps.4,501 million a year ago.

	1Q 2017	1Q 2018	Change	
			Ps.	%
<b>Consolidated revenue</b>	\$22,006	<b>\$23,896</b>	<b>\$1,890</b>	<b>9%</b>
<b>EBITDA</b>	\$4,134	<b>\$4,397</b>	<b>\$263</b>	<b>6%</b>
<b>Operating profit</b>	\$3,587	<b>\$3,720</b>	<b>\$132</b>	<b>4%</b>
<b>Net result</b>	\$4,501	<b>\$(1,291)</b>	<b>\$(5,972)</b>	<b>---</b>
<b>Net result per share</b>	\$19.40	<b>\$(5.67)</b>	<b>\$(25.07)</b>	<b>---</b>

Figures in millions of pesos

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

As of March 31, 2017, Elektra\* outstanding shares were 232 million and as of March 31, 2018, were 227.7 million.

## Revenue

Consolidated revenue increased 9%, as a result of 8% and 9% growth in both financial revenues and commercial sales, respectively.

The increase in commercial division sales –to Ps.8,310 million compared to Ps.7,637 million last year– reflects strategies that focus on generating optimum value propositions for customers through lines of merchandise that best meet their needs, with world-class service, all under the most competitive conditions in the market.

In recent quarters, these strategies have an additional boost with the launch of a new, larger store format, which includes a greater selection of goods and services to satisfy a growing number of families. In October, Grupo Elektra also launched its omnichannel strategy, with its online store [www.elektra.com.mx](http://www.elektra.com.mx), through which hundreds of thousands of products are sold, at unparalleled prices, from any device and at all times, which further strengthens the company's business operations.

The increase in financial revenue –to Ps.15,586 million from Ps.14,369 million the previous year– reflects mainly revenue growth of 18% at Banco Azteca Mexico.

## Costs and expenses

Consolidated costs for the quarter increased 14% to Ps.8,825 million, from Ps.7,758 million in the previous year, as a result of a 6% increase in commercial costs, in line with the increase in commercial revenue, and 29% growth in financial cost. The increase in the financial cost results from the creation of loan-loss provisions and higher interest payments, in line with higher market interest rates, as well as increased consolidated deposits.

Sales, administration and promotion expenses increased 6% to Ps.10,674 million, as a result of higher personnel and operation expenditures. Expenses grew slower than consolidated revenue, reflecting strong strategies that drive Grupo Elektra's operating efficiency.

## **EBITDA and net result**

EBITDA grew 6% to Ps.4,397 million this quarter. Operating income increased 4% to Ps.3,720 million, from Ps.3,587 million for the same quarter of 2017.

The most significant variation below EBITDA was a negative variation of Ps.8,226 million in other financial results—which reflects a 27% reduction this quarter in the market value of the underlying assets of financial instruments held by the company, and does not imply cash flow— compared to a 68% increase a year ago.

Congruent with the negative variation of other financial results, a decrease of Ps.2,190 million in the provision of taxes was registered during the period.

Grupo Elektra reported a net loss of Ps.1,291 million, compared to a net profit of Ps.4,501 million a year ago.

## **Unconsolidated balance sheet**

A proforma exercise of the balance sheet of Grupo Elektra is presented, which allows visualizing the non-consolidated financial situation, excluding the net assets of the financial business, whose investment is valued in this case under the equity method.

This presentation shows the debt of the company—without considering the immediate and term deposits of Banco Azteca, which do not constitute debt with cost for Grupo Elektra. The proforma balance sheet also does not include the bank's gross loan portfolio.

This provides greater clarity regarding the businesses that make up the company, and allows participants in the financial markets to make estimates of the value of the company, considering only the relevant debt for such calculations.

Congruent with that, debt with cost was Ps.13,393 million as of March 31, 2018, compared to Ps.11,666 million for the previous year. The balance of cash and cash equivalents was Ps.14,795 million; as a result, the net cash balance excluding the amount of debt with cost as of March 31, 2018, was favorable at Ps.1,402 million.

The company's equity increased 7% to Ps.64,981 million; while the ratio of stockholders' equity to total liabilities is 1.9 times, as the close of the quarter.

	As of March 31, 2017	As of March 31, 2018	Change	
			Ps.	%
Cash & marketable fin. Instr.	\$10,845	\$14,795	\$3,951	36%
Inventories	\$7,369	\$9,760	\$2,391	32%
Other current assets	\$19,572	\$9,005	\$(10,567)	-54%
Financial instruments	\$16,806	\$16,558	\$(249)	-1%
Accounts receivable	\$3,391	\$11,869	\$8,478	---
Investment shares	\$27,363	\$30,780	\$3,417	12%
Fixed assets	\$3,723	\$5,357	\$1,634	44%
Other assets	\$1,692	\$1,455	\$(237)	-14%
<b>Total assets</b>	<b>\$90,761</b>	<b>\$99,580</b>	<b>\$8,819</b>	<b>10%</b>
Short-term debt	\$3,284	\$8,741	\$5,457	---
Other short-term liabilities	\$14,685	\$16,590	\$1,904	13%
Long-term debt	\$8,382	\$4,652	\$(3,729)	-44%
Other long-term liabilities	\$3,759	\$4,616	\$857	23%
<b>Total liabilities</b>	<b>\$30,110</b>	<b>\$34,599</b>	<b>\$4,489</b>	<b>15%</b>
<b>Stakeholders' equity</b>	<b>\$60,651</b>	<b>\$64,981</b>	<b>\$4,330</b>	<b>7%</b>
<b>Liabilities and equity</b>	<b>\$90,761</b>	<b>\$99,580</b>	<b>\$8,819</b>	<b>10%</b>

Figures in millions of pesos.

## Consolidated balance sheet

### Loan portfolio and deposits

Banco Azteca Mexico, Advance America and Banco Azteca Latin America's consolidated gross portfolio as of March 31, 2018 grew 11% to Ps.90,582 million, from Ps.81,547 million for the previous year. The consolidated delinquency rate was 4.8% at the end of the period, compared to 3.2% in the previous year.

The gross portfolio of Banco Azteca Mexico grew 13% to Ps.74,875 million, from Ps.66,531 million a year ago.

The delinquency rate for the bank at the end of the quarter was 4.6%, from 2.5% for the previous year. The past-due loan portfolio is reserved 2.2 times, which reflects a past-due portfolio of Ps.3,457 million, in comparison to allowance for credit risks of Ps.7,550 million in balance, as of March 31, 2018.

The average term of the credit portfolio for principal credit lines –consumer, personal loans and Tarjeta Azteca– was 62 weeks at the end of the first quarter.

Grupo Elektra consolidated deposits were Ps.112,658 million, 7% higher than the Ps.105,703 million a year ago. Deposits of Banco Azteca Mexico were Ps.110,397 million, 8% higher than the Ps.102,510 million a year ago.

As of March 31, 2018, the estimated capitalization index of Banco Azteca Mexico was 17.99%.

## **Infrastructure**

Grupo Elektra currently has 7,344 points of contact, compared to 7,391 units a year ago. The reduction is a result of strategies to focus on maximizing profitability of such units.

These strategies involve replacing contact points with the most profitable formats. During the year, this resulted in 56 new Elektra stores at strategic points across Mexico, with greater exhibition area, which increase the offer of products and services, and thereby maximize customer shopping experiences.

The company has 4,672 points of contact in Mexico, 2,028 in the United States, and 644 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.

### **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: economic value through market innovation and goods and services that improve standards of living; social value, to create social capabilities to improve the communities' conditions; and environmental value, by reducing the negative impact related to its business activities. 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. These companies include: TV Azteca ([www.TVazteca.com](http://www.TVazteca.com); [www.irtvazteca.com](http://www.irtvazteca.com)), Grupo Elektra ([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)), Punto Casa de Bolsa ([www.puntocasadebolsa.mx](http://www.puntocasadebolsa.mx)), Totalplay ([www.totalplay.com.mx](http://www.totalplay.com.mx)) and Totalplay Empresarial (<http://totalplayempresarial.com.mx>). TV Azteca and Grupo Elektra trade shares on the Mexican Stock Market and in Spains' Latibex market. Each of the Grupo Salinas companies operates independently, with its own management, board of directors and shareholders. Grupo Salinas has no equity holdings. The group of companies shares a common vision, values and strategies for achieving rapid growth, superior results and world-class performance.

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

	1Q17		1Q18		Change	
Financial income	14,369	65%	15,586	65%	1,218	8%
Commercial income	7,637	35%	8,310	35%	672	9%
<b>Income</b>	<b>22,006</b>	<b>100%</b>	<b>23,896</b>	<b>100%</b>	<b>1,890</b>	<b>9%</b>
Financial cost	2,601	12%	3,362	14%	761	29%
Commercial cost	5,157	23%	5,463	23%	306	6%
<b>Costs</b>	<b>7,758</b>	<b>35%</b>	<b>8,825</b>	<b>37%</b>	<b>1,067</b>	<b>14%</b>
<b>Gross income</b>	<b>14,248</b>	<b>65%</b>	<b>15,071</b>	<b>63%</b>	<b>823</b>	<b>6%</b>
<b>Sales, administration and promotion expenses</b>	<b>10,114</b>	<b>46%</b>	<b>10,674</b>	<b>45%</b>	<b>560</b>	<b>6%</b>
<b>EBITDA</b>	<b>4,134</b>	<b>19%</b>	<b>4,397</b>	<b>18%</b>	<b>263</b>	<b>6%</b>
Depreciation and amortization	537	2%	667	3%	130	24%
Other expense, net	10	0%	11	0%	0	3%
<b>Operating income</b>	<b>3,587</b>	<b>16%</b>	<b>3,720</b>	<b>16%</b>	<b>132</b>	<b>4%</b>
Comprehensive financial result:						
Interest income	142	1%	128	1%	(14)	-10%
Interest expense	(468)	-2%	(346)	-1%	123	26%
Foreign exchange loss, net	(936)	-4%	(834)	-3%	102	-11%
Other financial results, net	3,869	18%	(4,357)	-18%	(8,226)	----
	<b>2,606</b>	<b>12%</b>	<b>(5,409)</b>	<b>-23%</b>	<b>(8,015)</b>	<b>----</b>
Participation in the net income of CASA and other associated companies	66	0%	(26)	0%	(92)	----
<b>Income (loss) before income tax</b>	<b>6,259</b>	<b>28%</b>	<b>(1,716)</b>	<b>-7%</b>	<b>(7,975)</b>	<b>-127%</b>
Income tax	(1,760)	-8%	429	2%	2,190	124%
<b>Income (loss) before discontinued operations</b>	<b>4,499</b>	<b>20%</b>	<b>(1,286)</b>	<b>-5%</b>	<b>(5,785)</b>	<b>-129%</b>
Result from discontinued operations	2	0%	(5)	0%	(7)	351%
Impairment of intangible assets	-	0%	-	0%	-	----
<b>Consolidated net income (loss)</b>	<b>4,501</b>	<b>20%</b>	<b>(1,291)</b>	<b>-5%</b>	<b>(5,792)</b>	<b>-129%</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 March 31, 2017</u>			<u>At March 31, 2018</u>				
Cash and cash equivalents	2,199	20,757	22,956	5,075	17,678	22,753	(203)	-1%
Marketable financial instruments	8,646	45,829	54,474	9,720	52,291	62,012	7,537	14%
Performing loan portfolio	-	53,866	53,866	-	58,428	58,428	4,562	8%
Total past-due loans	-	2,474	2,474	-	4,097	4,097	1,623	66%
Gross loan portfolio	-	56,341	56,341	-	62,526	62,526	6,185	11%
Allowance for credit risks	-	6,732	6,732	-	8,235	8,235	1,502	22%
Loan portfolio, net	-	49,609	49,609	-	54,291	54,291	4,682	9%
Inventories	7,389	-	7,389	9,802	-	9,802	2,412	33%
Other current assets	8,671	8,617	17,287	7,148	7,880	15,028	(2,260)	-13%
<b>Total current assets</b>	<b>26,905</b>	<b>124,811</b>	<b>151,715</b>	<b>31,745</b>	<b>132,139</b>	<b>163,884</b>	<b>12,169</b>	<b>8%</b>
Financial instruments	16,806	302	17,109	16,558	295	16,852	(256)	-1%
Performing loan portfolio	-	24,793	24,793	-	27,790	27,790	2,997	12%
Total past-due loans	-	113	113	-	266	266	152	134%
Gross loan portfolio	-	24,906	24,906	-	28,056	28,056	3,150	13%
Allowance for credit risks	-	-	-	-	757	757	757	n.a.
Loan portfolio	-	24,906	24,906	-	27,299	27,299	2,393	10%
Other non-current assets	102	673	774	1,729	656	2,385	1,611	208%
Investment in shares	2,796	-	2,796	1,982	-	1,982	(814)	-29%
Property, furniture, equipment and investment in stores, net	3,723	2,793	6,515	5,357	3,211	8,568	2,053	32%
Intangible assets	662	6,330	6,992	694	6,228	6,922	(70)	-1%
Other assets	1,030	392	1,422	761	283	1,044	(378)	-27%
<b>TOTAL ASSETS</b>	<b>52,024</b>	<b>160,206</b>	<b>212,230</b>	<b>58,826</b>	<b>170,111</b>	<b>228,937</b>	<b>16,707</b>	<b>8%</b>
Demand and term deposits	-	105,703	105,703	-	112,658	112,658	6,955	7%
Creditors from repurchase agreements	-	3,555	3,555	-	6,319	6,319	2,764	78%
Short-term debt	3,284	1,022	4,306	8,741	58	8,799	4,493	104%
<b>Short-term liabilities with cost</b>	<b>3,284</b>	<b>110,280</b>	<b>113,564</b>	<b>8,741</b>	<b>119,035</b>	<b>127,776</b>	<b>14,212</b>	<b>13%</b>
Suppliers and other short-term liabilities	12,198	9,614	21,812	14,477	9,529	24,006	2,194	10%
<b>Short-term liabilities without cost</b>	<b>12,198</b>	<b>9,614</b>	<b>21,812</b>	<b>14,477</b>	<b>9,529</b>	<b>24,006</b>	<b>2,194</b>	<b>10%</b>
<b>Total short-term liabilities</b>	<b>15,482</b>	<b>119,894</b>	<b>135,376</b>	<b>23,218</b>	<b>128,564</b>	<b>151,782</b>	<b>16,406</b>	<b>12%</b>
Long-term debt	7,751	969	8,720	4,065	945	5,010	(3,710)	-43%
<b>Long-term liabilities with cost</b>	<b>7,751</b>	<b>969</b>	<b>8,720</b>	<b>4,065</b>	<b>945</b>	<b>5,010</b>	<b>(3,710)</b>	<b>-43%</b>
<b>Long-term liabilities without cost</b>	<b>3,759</b>	<b>3,724</b>	<b>7,483</b>	<b>4,616</b>	<b>2,549</b>	<b>7,165</b>	<b>(318)</b>	<b>-4%</b>
<b>Total long-term liabilities</b>	<b>11,510</b>	<b>4,693</b>	<b>16,203</b>	<b>8,681</b>	<b>3,494</b>	<b>12,175</b>	<b>(4,028)</b>	<b>-25%</b>
<b>TOTAL LIABILITIES</b>	<b>26,992</b>	<b>124,587</b>	<b>151,579</b>	<b>31,899</b>	<b>132,058</b>	<b>163,956</b>	<b>12,377</b>	<b>8%</b>
<b>TOTAL STOCKHOLDERS' EQUITY</b>	<b>25,032</b>	<b>35,619</b>	<b>60,651</b>	<b>26,927</b>	<b>38,053</b>	<b>64,981</b>	<b>4,330</b>	<b>7%</b>
<b>LIABILITIES + EQUITY</b>	<b>52,024</b>	<b>160,206</b>	<b>212,230</b>	<b>58,826</b>	<b>170,111</b>	<b>228,937</b>	<b>16,707</b>	<b>8%</b>

**INFRASTRUCTURE**

	<u>1Q17</u>		<u>1Q18</u>		<u>Change</u>	
<b><u>Points of sale in Mexico</u></b>						
Elektra	1,000	14%	1,056	14%	56	6%
Salinas y Rocha	49	1%	47	1%	(2)	-4%
Banco Azteca	1,244	17%	1,287	18%	43	3%
Freestanding branches	2,319	31%	2,282	31%	(37)	-2%
<b>Total</b>	<b>4,612</b>	<b>62%</b>	<b>4,672</b>	<b>64%</b>	<b>60</b>	<b>1%</b>
<b><u>Points of sale in Central and South America</u></b>						
Elektra	164	2%	164	2%	-	0%
Banco Azteca	164	2%	164	2%	-	0%
Freestanding branches	351	5%	316	4%	(35)	-10%
<b>Total</b>	<b>679</b>	<b>9%</b>	<b>644</b>	<b>9%</b>	<b>(35)</b>	<b>-5%</b>
<b><u>Points of sale in North America</u></b>						
Advance America	2,100	28%	2,028	28%	(72)	-3%
<b>Total</b>	<b>2,100</b>	<b>28%</b>	<b>2,028</b>	<b>28%</b>	<b>(72)</b>	<b>-3%</b>
<b>TOTAL</b>	<b>7,391</b>	<b>100%</b>	<b>7,344</b>	<b>100%</b>	<b>(47)</b>	<b>-1%</b>
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<b><u>Floor space (m<sup>2</sup>)</u></b>	<b>1,502</b>	<b>100%</b>	<b>1,597</b>	<b>100%</b>	<b>95</b>	<b>6%</b>
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<b><u>Employees</u></b>						
Mexico	50,321	78%	58,329	80%	8,008	16%
Central and South America	8,624	13%	8,789	12%	165	2%
North America	5,921	9%	5,677	8%	(244)	-4%
<b>Total employees</b>	<b>64,866</b>	<b>100%</b>	<b>72,795</b>	<b>100%</b>	<b>7,929</b>	<b>12%</b>