



**GRUPO ELEKTRA ANNOUNCES 13% EBITDA GROWTH
TO Ps.5,442 MILLION IN 4Q19**

**—Consolidated revenue increases 15% to Ps.33,477 million
as a result of the firm dynamism in both commercial and financial revenues—**

**—26% growth in consolidated deposits to Ps.154,977 million,
generates solid perspectives for the financial division—**

—Consolidated gross loan portfolio grows 14% to Ps.110,898 million—

Mexico City, February 25, 2020—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, today announced fourth quarter 2019 and full year 2019 financial results.

Consolidated Fourth Quarter Results

Consolidated revenue was Ps.33,477 million in the period, 15% above the Ps.29,182 million for the same quarter of the previous year. Costs and operating expenses were Ps.28,035 million, from Ps.24,373 million for the same period of 2018.

As a result, Grupo Elektra reported EBITDA of Ps.5,442 million, in comparison with Ps.4,809 million of the previous year's quarter; EBITDA margin was 16% for the period.

Operating profit was Ps.3,567 million this quarter, from Ps.3,948 million in the same period of 2018.

On a pro forma basis — without considering the application of IFRS 16 standard, which was adopted as of 2019, as previously detailed — in the fourth quarter of 2019 EBITDA for the period was Ps.4,515 million and operating profit was Ps.3,349 million.

The company reported net income of Ps.1,532 million, compared to net income of Ps.5,913 million a year ago.

	4Q 2018	4Q 2019	Change	
			Ps.	%
Consolidated revenue	\$29,182	\$33,477	\$4,296	15%
EBITDA	\$4,809	\$5,442	\$634	13%
Operating profit	\$3,948	\$3,567	\$(381)	-10%
Net result	\$5,913	\$1,532	\$(4,381)	-74%
Net result per share	\$25.99	\$6.71	\$(19.28)	-74%

Figures in millions of pesos

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

As of December 31, 2018, Elektra* outstanding shares were 227.5 million and as of December 31, 2019, were 228.4 million.

Revenues

Consolidated revenue increased 15%, as a result of an 18% growth in commercial sales and a 12% increase in financial revenues.

The increase in commercial division sales — to Ps.13,976 million, up from Ps.11,811 million last year — largely results from a solid increase in sales of *Italika* motorcycles — thanks to its innovative, safe models, which provide efficient transportation alternatives in fuel use and reduce travel times — as well as notable performance in telephony and appliances, commercialized in the most competitive market conditions.

The commercial business sales have added additional momentum with the launch of a new store format with a larger exhibition space that includes an extensive merchandise and services selection to satisfy an increasing number of customers. Similarly, Omnichannel operations — with the online store www.elektra.com.mx, which sells thousands of products at unparalleled prices from any device and at any time — further strengthens the performance of the division.

The increase in financial revenue — to Ps.19,501 million, from Ps.17,370 million the previous year — mainly reflects revenue growth of 13% at Banco Azteca Mexico, in the context of a strong rise in the gross portfolio and a notable dynamism in deposits.

Costs and expenses

Consolidated costs for the quarter were Ps.14,849 million, from Ps.12,189 million in the previous year, as a result of a 27% increase in financial costs — which reflects the higher interest paid, in the context of solid deposits growth, as well as the creation of loan loss reserves — and the 19% increase in commercial costs, congruent with the increase in commercial income.

Sales, administration, and marketing expenses grew 8% to Ps.13,186 million as a result of increases in both personnel and operating expenses. The growth of expenses is related to the implementation of both marketing and specialized customer service structures — which focuses on substantially boosting bank deposits, as well as the credit portfolio, with strong quality standards, the development of institutional and governmental banking that increases and diversifies Banco Azteca's top line, and an increasingly competitive structure in Afore Azteca, which allowed a 48% growth in assets under management in the year, to Ps.110,112 million as of December 31, 2019, and increase the client base 44% to 4.5 million, from 3.1 million a year ago.

Likewise, there is an impact on expenses coming from the development of systems to further strengthen the high standards of efficiency of digital banking — which currently has more than seven million users who made more than 670 million transactions during the year from the digital application, with higher levels of comfort, security and time savings — the Omnichannel sales efforts, and the maintenance expenses of the company's infrastructure, which includes the new Elektra stores.

Despite the firm development of the aforementioned initiatives, expenses grew to a lesser extent than consolidated revenues, reflecting strong strategies that drive the operational efficiency of Grupo Elektra.

EBITDA and net result

The EBITDA of the company increased 13% to Ps.5,442 million this quarter. Operating income declined 10% to Ps.3,567 million, from Ps.3,948 million for the same quarter of 2018.

The most significant change below EBITDA was a negative variation of Ps.5,389 million in other financial results, which reflects a 1% depreciation this quarter in the market value of underlying assets of financial instruments held by the company, and does not imply cash flow, in comparison to a 12% increase a year ago.

Congruent with the negative variation of other financial results, a decrease of Ps.2,003 million in the provision of taxes line was registered during the period.

Grupo Elektra reported net income of Ps.1,532 million, compared to a net income of Ps.5,913 million a year ago.

Unconsolidated Balance Sheet

In order to allow the visualization of the non-consolidated financial situation, a pro forma exercise of the balance sheet of Grupo Elektra is presented, excluding the net assets of the financial business, whose investment is valued under the equity method, in this case.

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

This proforma exercise provides greater clarity regarding the businesses that makes up the company and allows financial market participants to estimate the value of the company, considering only the relevant debt for such calculations.

In line with the above, debt with cost was Ps.24,686 million as of December 31, 2019, compared to Ps.21,635 million in the previous year.

The growth in the debt balance is derived mainly from the issuance of *Certificados Bursátiles* for Ps.2,500 million in the previous quarter, which were issued in order to continue with stimulus to capital investments related to improvement and growth of the distribution infrastructure and operations of the company.

In 2019, 60 new Elektra stores were opened, 39 existing stores were remodelled; in addition, the development of systems that optimize the operation of Banco Azteca and Tiendas Elektra was promoted.

The balance of cash and cash equivalents was Ps.20,450 million, from Ps.21,198 million from the previous year. As a result, net debt as of December 31, 2019, was Ps.4,236 million, in comparison with Ps.437 million a year ago.

The company's equity increased 16% to Ps.97,797 million, while the ratio of stockholders' equity to total liabilities was 1.5 times at the close of the quarter.

	As of December 31, 2018	As of December 31, 2019	Change Ps.	%
Cash & marketable fin. instr.	\$21,198	\$20,450	\$(748)	-4%
Inventories	\$9,375	\$11,093	\$1,718	18%
Other current assets	\$3,905	\$5,478	\$1,573	40%
Financial instruments	\$26,599	\$25,820	\$(779)	-3%
Accounts receivable	\$32,122	\$49,096	\$16,974	53%
Investments in shares	\$33,168	\$34,791	\$1,623	5%
Fixed assets	\$7,404	\$8,603	\$1,199	16%
Right of use assets	---	\$8,340	\$8,340	---
Other assets	\$2,105	\$1,406	\$(699)	-33%
Total assets	\$135,876	\$165,076	\$29,201	21%
Short-term debt	\$8,410	\$3,426	\$(4,985)	-59%
Short-term leasing	---	\$1,399	\$1,399	---
Other short-term liabilities	\$20,580	\$19,741	\$(839)	-4%
Long-term debt	\$13,225	\$21,260	\$8,035	61%
Long-term leasing	---	\$7,230	\$7,230	---
Other long-term debt	\$9,088	\$14,225	\$5,137	57%
Total liabilities	\$51,304	\$67,280	\$15,976	31%
Stakeholder's equity	\$84,572	\$97,797	\$13,225	16%
Liabilities and equity	\$135,876	\$165,076	\$29,201	21%

Figures in millions of pesos.

Consolidated Balance Sheet

Loan Portfolio and Deposits

Banco Azteca Mexico, Purpose Financial — corporate name for the Advance America brand — and Banco Azteca Latin America's consolidated gross portfolio as of December 31, 2019 grew 14% to Ps.110,898 million, from Ps.97,579 million for the previous year. The consolidated delinquency rate was 4.2% at the end of the period, compared to 4.1% in the previous year.

The gross portfolio of Banco Azteca Mexico grew 16% to Ps.93,253 million, from Ps.80,346 million a year ago.

The defaulting rate for the bank at the end of the quarter was 3.7%, in comparison with 3.5% for the previous year. The past-due loan portfolio is reserved 2.27 times, which reflects a past-due portfolio of Ps.3,416 million, in comparison to allowance for credit risks of Ps.7,758 million in the balance sheet, as of December 31, 2019.

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 fourth quarter.

Grupo Elektra's consolidated deposits were Ps.154,977 million, 26% higher than the Ps.123,463 million a year ago. Deposits of Banco Azteca Mexico were Ps.151,184 million, 24% higher than the Ps.122,182 million a year ago.

As of December 31, 2019, the capitalization index of Banco Azteca Mexico was 15.06%.

Infrastructure

Grupo Elektra currently has 7,250 storefronts, compared to 7,269 units a year ago.

In 2019, 60 new Elektra stores were opened at strategic locations throughout Mexico, with larger exhibition areas; which increase the offering of products and services and maximize customer shopping experiences.

The company has 4,781 storefronts in Mexico, 1,826 in the United States, and 643 in Central and South America. The extensive distribution network allows the company to maintain close contact with customers and grants a superior market positioning in the countries where it operates.

Twelve Month Results

Total consolidated revenue in 2019 grew 15% to Ps.119,010 million, from Ps.103,876 million for 2018, boosted by 17% and 13% growth in commercial and financial businesses, respectively.

EBITDA was Ps.19,095 million, 6% higher than the Ps.18,065 million for the same period a year ago; the EBITDA margin for 2019 was 16%. Operating profit decreased 21% to Ps.11,945 million.

The company reported net income of Ps.16,151 million, 10% higher to the net income of Ps.14,742 million a year ago. The change mainly results from a higher appreciation this period in the market value of underlying financial instruments that the company holds, which doesn't imply cash flow, compared to the prior year

	2018	2019	Change	
			Ps.	%
Consolidated revenue	\$103,876	\$119,010	\$15,134	15%
EBITDA	\$18,065	\$19,095	\$1,030	6%
Operating profit	\$15,077	\$11,945	\$(3,133)	-21%
Net result	\$14,742	\$16,151	\$1,408	10%
Net result per share	\$64.80	\$70.71	\$5.91	9%

Figures in millions of pesos

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

As of December 31, 2018, Elektra* outstanding shares were 227.5 million and as of December 31, 2019, were 228.4 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, Panama and Peru.

Grupo Elektra is a Grupo Salinas company (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 improve community wellbeing; and environmental value by reducing the negative impact of its business activities. Created by Mexican entrepreneur Ricardo B. Salinas (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; www.irtvazteca.com), Grupo Elektra (www.grupoelektra.com.mx), Banco Azteca (www.bancoazteca.com.mx), Advance America (www.advanceamerica.net), Afore Azteca (www.aforeazteca.com.mx), Seguros Azteca (www.segurosazteca.com.mx), Punto Casa de Bolsa (www.puntocasadebolsa.mx), Totalplay (www.totalplay.com.mx) and Totalplay Empresarial (totalplayempresarial.com.mx). TV Azteca and Grupo Elektra trade shares on the Mexican Stock Market and in Spain's 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.

Except for historical information, the matters discussed in this press release are concepts about the future that involve risks and uncertainty that may cause actual results to differ materially from those projected. Other risks that may affect TV Azteca and its subsidiaries are presented in documents sent to the securities authorities.

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

	4Q18		4Q19		Change	
Financial income	17,370	60%	19,501	58%	2,131	12%
Commercial income	11,811	40%	13,976	42%	2,165	18%
Income	29,182	100%	33,477	100%	4,296	15%
Financial cost	4,201	14%	5,335	16%	1,134	27%
Commercial cost	7,988	27%	9,514	28%	1,526	19%
Costs	12,189	42%	14,849	44%	2,660	22%
Gross income	16,993	58%	18,629	56%	1,636	10%
Sales, administration and promotion expenses	12,184	42%	13,186	39%	1,002	8%
EBITDA	4,809	16%	5,442	16%	634	13%
Depreciation and amortization	839	3%	1,143	3%	303	36%
Depreciation right of use asset	-	0%	744	2%	744	---
Other expense (income), net	21	0%	(11)	0%	(32)	---
Operating income	3,948	14%	3,567	11%	(381)	-10%
Comprehensive financial result:						
Interest income	361	1%	261	1%	(99)	-28%
Interest expense	(610)	-2%	(947)	-3%	(338)	-55%
Foreign exchange gain (loss), net	376	1%	(415)	-1%	(791)	---
Other financial results, net	4,925	17%	(463)	-1%	(5,389)	---
	5,052	17%	(1,564)	-5%	(6,616)	---
Participation in the net income of CASA and other associated companies	(22)	0%	305	1%	326	---
Income before income tax	8,979	31%	2,308	7%	(6,671)	-74%
Income tax	(2,742)	-9%	(739)	-2%	2,003	73%
Income before discontinued operations	6,237	21%	1,569	5%	(4,668)	-75%
Result from discontinued operations	(247)	-1%	(2)	0%	245	99%
Impairment of intangible assets	(76)	0%	(34)	0%	42	55%
Consolidated net income	5,913	20%	1,532	5%	(4,381)	-74%

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

	12M18		12M19		Change	
Financial income	65,429	63%	74,015	62%	8,585	13%
Commercial income	38,447	37%	44,996	38%	6,549	17%
Income	103,876	100%	119,010	100%	15,134	15%
Financial cost	15,426	15%	19,597	16%	4,171	27%
Commercial cost	25,219	24%	30,155	25%	4,935	20%
Costs	40,646	39%	49,752	42%	9,106	22%
Gross income	63,230	61%	69,258	58%	6,028	10%
Sales, administration and promotion expenses	45,165	43%	50,163	42%	4,998	11%
EBITDA	18,065	17%	19,095	16%	1,030	6%
Depreciation and amortization	2,998	3%	4,248	4%	1,251	42%
Depreciation right of use asset	-	0%	2,901	2%	2,901	---
Other (income) expense, net	(10)	0%	0	0%	10	---
Operating Income	15,077	15%	11,945	10%	(3,133)	-21%
Comprehensive financial result:						
Interest income	876	1%	1,250	1%	374	43%
Interest expense	(2,023)	-2%	(3,630)	-3%	(1,607)	-79%
Foreign exchange loss, net	(76)	0%	(425)	0%	(349)	---
Other financial results, net	7,770	7%	13,339	11%	5,569	-72%
	6,547	6%	10,534	9%	3,986	-61%
Participation in the net income of CASA and other associated companies	(188)	0%	303	0%	492	---
Income before income tax	21,436	21%	22,782	19%	1,345	6%
Income tax	(6,371)	-6%	(6,738)	-6%	(367)	-6%
Income before discontinued operations	15,065	15%	16,043	13%	978	6%
Result from discontinued operations	(247)	0%	160	0%	406	---
Impairment of intangible assets	(76)	0%	(52)	0%	24	32%
Consolidated net income	14,742	14%	16,151	14%	1,408	10%

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 December 31, 2018</u>			<u>At December 31, 2019</u>				
Cash and cash equivalents	8,407	17,776	26,183	4,379	21,635	26,014	(169)	-1%
Marketable financial instruments	22,645	56,382	79,027	16,071	79,964	96,035	17,008	22%
Performing loan portfolio	-	63,229	63,229	-	73,150	73,150	9,921	16%
Total past-due loans	-	3,694	3,694	-	4,117	4,117	423	11%
Gross loan portfolio	-	66,923	66,923	-	77,267	77,267	10,344	15%
Allowance for credit risks	-	8,025	8,025	-	8,602	8,602	577	7%
Loan portfolio, net	-	58,898	58,898	-	68,665	68,665	9,767	17%
Inventories	9,375	-	9,375	11,093	-	11,093	1,718	18%
Other current assets	20,462	10,132	30,594	14,548	8,231	22,780	(7,814)	-26%
Total current assets	60,890	143,187	204,077	46,091	178,496	224,586	20,509	10%
Financial instruments	16,745	282	17,027	25,820	266	26,086	9,059	53%
Performing loan portfolio	-	30,397	30,397	-	33,059	33,059	2,662	9%
Total past-due loans	-	259	259	-	572	572	312	120%
Gross loan portfolio	-	30,656	30,656	-	33,631	33,631	2,975	10%
Allowance for credit risks	-	760	760	-	1,455	1,455	695	91%
Loan portfolio	-	29,896	29,896	-	32,176	32,176	2,279	8%
Other non-current assets	2,836	188	3,023	27,598	189	27,787	24,764	819%
Investment in shares	1,933	-	1,933	2,050	-	2,050	116	6%
Property, furniture, equipment and investment in stores, net	7,404	4,918	12,323	8,603	7,243	15,847	3,524	29%
Intangible assets	633	6,694	7,327	697	6,714	7,412	84	1%
Right of use asset	-	-	-	8,340	2,050	10,390	10,390	----
Other assets	1,472	310	1,782	709	586	1,294	(488)	-27%
TOTAL ASSETS	91,913	185,476	277,389	119,908	227,720	347,628	70,239	25%
Demand and term deposits	-	123,463	123,463	-	154,977	154,977	31,514	26%
Creditors from repurchase agreements	-	6,237	6,237	-	13,536	13,536	7,299	117%
Short-term debt	8,410	63	8,473	3,370	245	3,615	(4,858)	-57%
Leasing	-	-	-	1,399	936	2,335	2,335	----
Short-term liabilities with cost	8,410	129,763	138,174	4,769	169,694	174,463	36,289	26%
Suppliers and other short-term liabilities	17,380	10,063	27,443	16,082	13,496	29,578	2,135	8%
Short-term liabilities without cost	17,380	10,063	27,443	16,082	13,496	29,578	2,135	8%
Total short-term liabilities	25,790	139,827	165,617	20,851	183,191	204,041	38,425	23%
Long-term debt	12,478	2,586	15,065	19,312	2,020	21,332	6,267	42%
Leasing	-	-	-	7,230	1,103	8,333	8,333	----
Long-term liabilities with cost	12,478	2,586	15,065	26,542	3,122	29,664	14,600	97%
Long-term liabilities without cost	9,088	3,048	12,136	14,225	1,900	16,125	3,989	33%
Total long-term liabilities	21,566	5,634	27,201	40,767	5,022	45,790	18,589	68%
TOTAL LIABILITIES	47,356	145,461	192,817	61,618	188,213	249,831	57,014	30%
TOTAL STOCKHOLDERS' EQUITY	44,557	40,015	84,572	58,290	39,507	97,797	13,225	16%
LIABILITIES + EQUITY	91,913	185,476	277,389	119,908	227,720	347,628	70,239	25%

INFRASTRUCTURE

	<u>4Q18</u>		<u>4Q19</u>		<u>Change</u>	
<u>Points of sale in Mexico</u>						
Elektra	1,113	15%	1,142	16%	29	3%
Salinas y Rocha	44	1%	38	1%	(6)	-14%
Banco Azteca	1,809	25%	1,838	25%	29	2%
Freestanding branches	1,652	23%	1,763	24%	111	7%
Total	4,618	64%	4,781	66%	163	4%
<u>Points of sale in Central and South America</u>						
Elektra	171	2%	172	2%	1	1%
Banco Azteca	385	5%	378	5%	(7)	-2%
Freestanding branches	95	1%	93	1%	(2)	-2%
Total	651	9%	643	9%	(8)	-1%
<u>Points of sale in North America</u>						
Purpose Financial	2,000	28%	1,826	25%	(174)	-9%
Total	2,000	28%	1,826	25%	(174)	-9%
TOTAL	7,269	100%	7,250	100%	(19)	0%
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<u>Floor space (m²)</u>	1,703	100%	1,761	100%	58	3%
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<u>Employees</u>						
Mexico	64,620	82%	74,154	83%	9,534	15%
Central and South America	8,655	11%	9,671	11%	1,016	12%
North America	5,685	7%	5,058	6%	(627)	-11%
Total employees	78,960	100%	88,883	100%	9,923	13%