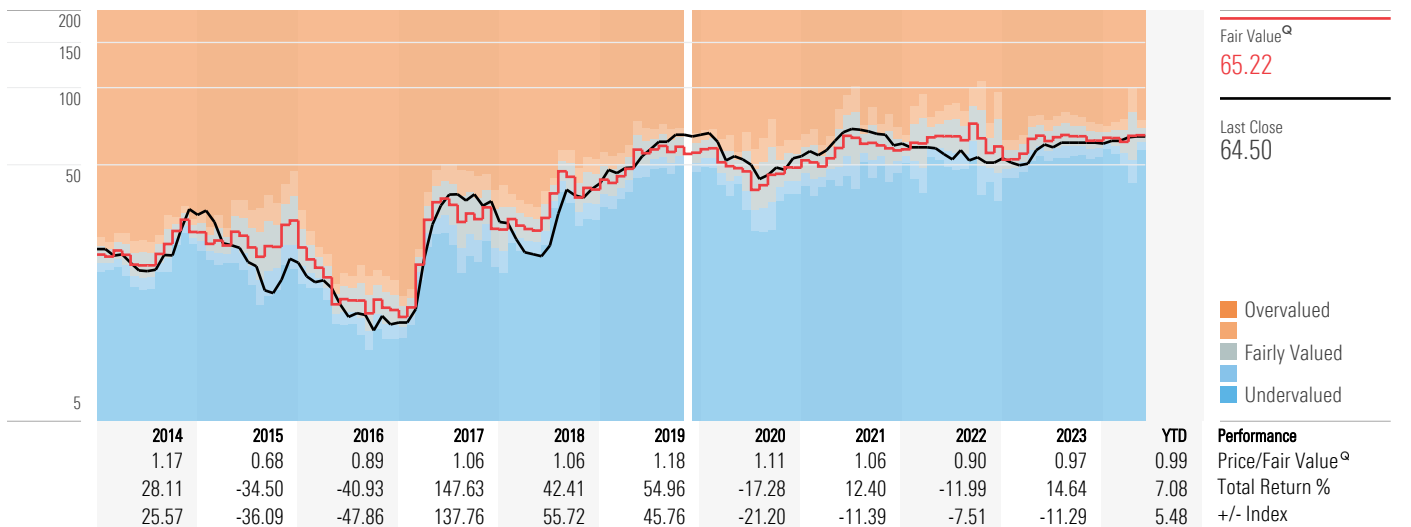


Grupo Elektra SAB de CV XEKT ★★★ Q 1 May 2024, 22:38 UTC

Economic Moat ^Q	Uncertainty ^Q	Price/Fair Value ^Q	ESG Risk Rating Assessment ¹	Trailing Dividend Yield %	Market Cap	Investment Style	Sector	Industry
Narrow	Medium	1.0	1 May 2024 05:00, UTC	0.44	13.3746 Bil	Large Core	Financial Services	Financial Conglomerates



As of 30 Apr 2024 | Index: Morningstar Mexico GR MXN. Fair Value data as of 1 May 2024, 22:38 UTC.

¹The ESG Risk Rating Assessment is a representation of Sustainalytics' ESG Risk Rating. Lee Davidson, Chief Analytics Officer for Morningstar, Inc, oversees the methodology that supports Quantitative Fair Value Estimates and Quantitative Star Ratings. Mr. Davidson is guided by the Morningstar, Inc. Code of Ethics in carrying out his responsibilities. For information regarding Conflicts of Interests, visit <http://global.morningstar.com/equitydisclosures>.

Key Metrics as of 30 Apr 2024

Metrics	Value	Percentile in Sector
Earnings Yield (%)	3.0	30.0
Sales Yield (%)	76.1	78.0
Book Value Yield (%)	37.2	20.0
Return on Assets (%)*	1.4	61.0
Revenue(Bil)*	10.8	87.0
Market Value (Bil)	14.4	84.0
Enterprise Value (Bil)	10.0	92.0
EVMV Ratio	0.7	50.0
Volatility TTM (%)	10.3	9.0
Drawdown TTM (%)	12.3	29.0
Volume (K)	50.4	40.0

*31 Dec 2023

Business Description

Grupo Elektra SAB de CV is a Mexican specialty retailer and financial services provider. It operates in South and Central America and the United States. The firm's main customers are found at the base of the socioeconomic pyramid. The firm's operations are split into the commercial division and the financial division. The commercial division offers electronics, appliances, and furniture, among other things. The financial division includes Banco Azteca (Mexico, Guatemala, El Salvador, Honduras, Peru), Advance America (U.S.), Afore Azteca, Seguros Azteca, and Punto Casa de Bolsa.

Valuation^Q as of 1 May 2024

Morningstar maintains a 3-star quantitative star rating for Grupo Elektra, derived from the firm's valuation and uncertainty scores. The company's shares last closed at 64.50, in-line with our quantitative fair value estimate of 64.86. These shares have traded between a 10.08% discount and 4.14% premium to their fair value estimate over the past year. In Morningstar's equity coverage universe for this methodology, the company's valuation rating lands at the 90th percentile; in the financial services sector, the firm's score lies at the 92nd percentile (meaning the shares are more undervalued than 92% of stocks in the sector).

Furthermore, Grupo Elektra maintains a quantitative valuation uncertainty rating of Very High. The company has held this star rating over the past year. The uncertainty rating for Grupo Elektra has remained Very High since the previous rating of Medium, which was last assigned on 04/24/2024. The key factors behind these ratings are the company's earnings yield and volume. The earnings yield is 2.96%, and its maximum trailing 12-month average volume (primary share) is 69,310 shares.

The earnings yield falls at the 30th percentile in the financial services sector while the volume is at the 40th percentile. Over the past year, the company's earnings yield has been between -2.91% and 8.33%; its volume has ranged between 50,168 shares and 69,310 shares.


Economic Moat^Q as of 1 May 2024

Quantitatively, we believe Grupo Elektra has a Narrow economic moat. Its moat score of 0.99 sits above the 95th percentile in the financial services sector, but is not high enough to earn a Wide moat rating. Furthermore, this rating last differed from its previous rating of Wide on 04/03/2024, and the company's moat score is at its maximum of 0.99 (score of 1 indicates greatest economic moat). The company also maintains a quantitative financial health rating of Strong. Its score sits at the 95th percentile overall and the 82nd percentile in the sector. Examining the company's financials and market statistics, we find these ratings are principally driven by its enterprise value and annualized trailing 12-month volatility. The enterprise value is 10 billion, sitting at the 92nd percentile in the financial services sector. The company's annualized trailing 12-month volatility is 10.30%, corresponding to below the 5th percentile in the equity coverage universe and at the 9th percentile in the sector.

Fundamentals as of 1 May 2024

The earnings per share for Grupo Elektra is 27.13. The company earns a return on invested capital of 6.09%, falling at the 63rd percentile in the financial services sector. The firm maintains a dividend yield of 0.44%. We calculate the above figures over a trailing 12-month period. Examining valuation further, we find Grupo Elektra

Grupo Elektra SAB de CV XEKT ★★★ Q 1 May 2024, 22:38 UTC

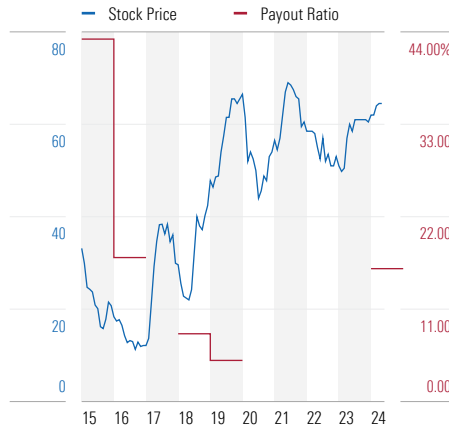
Economic Moat ^Q Narrow	Uncertainty ^Q Medium	Price/Fair Value ^Q 1.0	ESG Risk Rating Assessment ¹  1 May 2024 05:00, UTC	Trailing Dividend Yield % 0.44	Market Cap 13.3746 Bil	Investment Style Large Core	Sector Financial Services	Industry Financial Conglomerates
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Earnings as of 30 Apr 2024

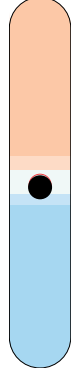
Earnings	%	■ Percentile in Sector
Dividend Yield*	0.4	4.0
Payout Ratio*	15.8	18.0
Price to Earnings	36.1	88.0
Price to Cash Flow	17.8	73.0
ROIC**	6.1	63.0

*30 Apr 2024
**31 Dec 2023

Dividends as of 1 May 2024



Valuation^Q as of 1 May 2024



Fair Value^Q
65.22

Uncertainty^Q :
Medium

Last Close
64.50

XEKT is trading within a range we consider fairly valued..

Economic Moat^Q
Narrow

Financial Health^Q
Strong

1-Star Price^Q
> 74.46

5-Star Price^Q
< 57.12

holds a price-to-earnings ratio of 36.07, a figure greater than 88% of its sector peers. The company's price-to-free cash flow ratio is 17.78, greater than 73% of its sector peers. These values are calculated using the stock's price at last market close.

Contact

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<http://www.grupoelektra.com.mx>

Financials as of 1 May 2024 (Fiscal Year End 31 Dec 2019)

2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	YTD	Fiscal
74	74	81	95	104	115	121	146	165	184	184	Revenue (Bil)
5.50	8.39	11.37	14.48	15.07	12.32	1.63	13.57	8.02	11.70	11.70	Operating Income (Bil)
7.47	11.28	14.0	15.25	14.51	10.7	1.35	9.29	4.87	6.36	6.36	Operating Margin (%)
7.56	-5.11	5.33	15.40	14.74	16.15	-1.91	12.94	-7.35	5.99	5.99	Net Income (Bil)
31.90	-21.73	22.86	66.56	64.80	70.70	-8.42	56.91	-33.16	27.13	27.13	Diluted Earnings/Share
23.41	19.97	4.88	13.78	23.01	40.63	18.22	24.82	4.68	20.18	20.18	Operating Cash Flow (Bil)
-2.39	-1.61	-2.72	-4.69	-7.45	-8.82	-5.91	-7.26	-12.96	-5.46	-5.46	Capital Spending (Bil)
21.02	18.36	2.16	9.09	15.55	31.81	12.32	17.56	-8.28	14.72	14.72	Free Cash Flow (Bil)
237	235	233	231	228	228	227	227	222	221	221	Avg Shares Outstand(Mil)

Valuation as of 1 May 2024

2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Current	Calendar
1.17	0.68	0.89	1.06	1.06	1.18	1.11	1.06	0.90	0.97	0.99	Price/Fair Value ^Q
1.86	1.21	0.80	1.76	2.14	2.82	2.47	2.35	1.56	1.38	1.39	Price/Sales
55.85	70.42	18.22	9.18	21.97	15.56	—	21.64	—	38.84	35.78	Price/Earnings
6.27	3.06	9.34	—	6.72	10.23	11.18	10.46	—	14.43	12.86	Price/Cash Flow
3.00	1.91	1.19	2.47	3.04	3.51	3.45	3.32	2.58	2.75	2.85	Price/Book

Operating Performance as of 1 May 2024 (Fiscal Year End 31 Dec 2019)

2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Q3	Fiscal (%)
4.08	-2.59	2.55	6.77	5.75	5.16	-0.53	3.26	-1.73	1.38	0.18	Return on Assets
15.02	-9.61	9.63	23.82	19.05	17.71	-2.0	13.0	-7.51	6.6	0.85	Return on Equity
11.84	-6.31	7.9	19.68	16.12	14.76	-0.08	10.68	-3.27	6.09	0.55	Rtn on Invested Capital

Dividends as of 1 May 2024

2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Current	Calendar (%)
—	2.40	2.50	3.20	3.50	4.37	4.81	4.83	5.20	5.20	0.28	Dividend Per Share
0.4	0.7	1.06	—	0.36	0.31	0.34	—	0.47	—	0.44	Trailing Dividend Yield
0.12	1.05	0.44	—	1.0	—	0.38	—	0.82	—	0.35	Buyback Yield

Appendix

Economic Moat [®]History as of 1 May 2024 (No Moat: 0.00-0.70, Narrow Moat: 0.70-0.99, Wide Moat: 0.99-1.00)

Year	January	February	March	April	May	June	July	August	September	October	November	December
2024	0.84	0.99	0.97	0.99	0.97	—	—	—	—	—	—	—
2023	0.75	0.77	0.74	0.94	0.96	0.93	0.96	0.97	0.97	0.86	0.94	0.94
2022	0.98	0.99	0.99	0.98	0.97	0.98	0.94	0.88	0.94	0.94	0.88	0.83
2021	0.98	0.99	0.98	0.99	0.98	0.99	0.99	0.99	0.99	0.98	0.98	0.98
2020	0.96	0.98	0.98	0.97	0.95	0.96	0.96	0.94	0.97	0.97	0.97	0.97
2019	0.95	0.93	0.93	0.96	0.98	0.97	0.95	0.96	0.93	0.96	0.96	0.96

Quantitative Equity Report Overview

The quantitative report on equities consists of data, statistics and quantitative equity ratings on equity securities. Morningstar, Inc.'s quantitative equity ratings are forward looking and are generated by a statistical model that is based on Morningstar Inc.'s analyst-driven equity ratings and quantitative statistics. Given the nature of the quantitative report and the quantitative ratings, there is no one analyst in which a given report is attributed to; however, Mr. Lee Davidson, Head of Quantitative Research for Morningstar, Inc., is responsible for overseeing the methodology that supports the quantitative equity ratings used in this report. As an employee of Morningstar, Inc., Mr. Davidson is guided by Morningstar, Inc.'s Code of Ethics and Personal Securities Trading Policy in carrying out his responsibilities.

Quantitative Equity Ratings

Morningstar's quantitative equity ratings consist of: (i) Quantitative Fair Value Estimate, (ii) Quantitative Star Rating, (iii) Quantitative Uncertainty, (iv) Quantitative Economic Moat, and (v) Quantitative Financial Health (collectively the "Quantitative Ratings").

The Quantitative Ratings are calculated daily and derived from the analyst-driven ratings of a company's peers as determined by statistical algorithms. Morningstar, Inc. ("Morningstar", "we", "our") calculates Quantitative Ratings for companies whether or not it already provides analyst ratings and qualitative coverage. In some cases, the Quantitative Ratings may differ from the analyst ratings because a company's analyst-driven ratings can significantly differ from other companies in its peer group.

i. **Quantitative Fair Value Estimate:** Intended to represent Morningstar's estimate of the per share dollar amount that a company's equity is worth today. Morningstar calculates the Quantitative Fair Value Estimate using a statistical model derived from the Fair Value Estimate Morningstar's equity analysts assign to companies. Please go to <http://global.morningstar.com/equitydisclosures> for information about Fair Value Estimate Morningstar's equity analysts assign to companies.

ii. **Quantitative Economic Moat:** Intended to describe the strength of a firm's competitive position. It is calculated using an algorithm designed to predict the Economic Moat rating a Morningstar analyst would assign to the stock. The rating is expressed as Narrow, Wide, or None.

Narrow – assigned when the probability of a stock receiving a "Wide Moat" rating by an analyst is greater than 70% but less than 99%.

Wide – assigned when the probability of a stock receiving a "Wide Moat" rating by an analyst is greater than 99%.

None – assigned when the probability of an analyst receiving a "Wide Moat" rating by an analyst is less than 70%.

iii. **Quantitative Star Rating:** Intended to be the summary rating based on the combination of our Quantitative Fair Value Estimate, current market price, Quantitative Uncertainty Rating, and momentum. The rating is expressed as One-Star, Two-Star, Three-Star, Four-Star, and Five-Star.

★ – the stock is overvalued with a reasonable margin of safety.

*Log (Quant FVE/Price) < -1*Quantitative Uncertainty*

*Micro-Caps: Log (Quant FVE/Price) < -1.5*Quantitative Uncertainty*

★★ – the stock is somewhat overvalued.

*Log (Quant FVE/Price) between (-1*Quantitative Uncertainty, -0.5*Quantitative Uncertainty)*

*Micro-Caps: Log (Quant FVE/Price) between (-1.5*Quantitative Uncertainty, -0.75*Quantitative Uncertainty)*

★★★ – the stock is approximately fairly valued.

*Log (Quant FVE/Price) between (-0.5*Quantitative Uncertainty, 0.5*Quantitative Uncertainty)*

*Micro-Caps: Log (Quant FVE/Price) between (-0.75*Quantitative Uncertainty, 0.75*Quantitative Uncertainty)*

★★★★ – the stock is somewhat undervalued.

*Log (Quant FVE/Price) between (0.5*Quantitative Uncertainty, 1*Quantitative*

Uncertainty)

*Micro-Caps: Log (Quant FVE/Price) between (0.75*Quantitative Uncertainty, 1.5*Quantitative Uncertainty)*

★★★★★ – the stock is undervalued with a reasonable margin of safety.

*Log (Quant FVE/Price) > 1*Quantitative Uncertainty*

*Micro-Caps: Log (Quant FVE/Price) > 1.5*Quantitative Uncertainty*

After the initial calculation for the star rating, there is a final filtering step based on the momentum of the company. We rank the companies based on their 12-1 month momentum, then restrict those below the 30th percentile to a maximum of 3 stars.

iv. **Quantitative Uncertainty:** Intended to represent Morningstar's level of uncertainty about the accuracy of the Quantitative Fair Value Estimate. Generally, the lower the Quantitative Uncertainty, the narrower the potential range of outcomes for that particular company. The rating is expressed as Low, Medium, High, Very High, and Extreme.

Low – the interquartile range for possible fair values is less than 10%

Medium – the interquartile range for possible fair values is less than 15% but greater than 10%

High – the interquartile range for possible fair values is less than 35% but greater than 15%

Very High – the interquartile range for possible fair values is less than 80% but greater than 35%

Extreme – the interquartile range for possible fair values is greater than 80%

v. **Quantitative Financial Health:** Intended to reflect the probability that a firm will face financial distress in the near future. The calculation uses a predictive model designed to anticipate when a company may default on its financial obligations. The rating is expressed as Weak, Moderate, and Strong.

Weak – assigned when Quantitative Financial Health < 0.2

Moderate – assigned when Quantitative Financial Health is between 0.2 and 0.7

Strong – assigned when Quantitative Financial Health > 0.7

Other Definitions

i. **Last Close** – Price of the stock as of the close of the market of the last trading day before date of the report.

ii. **Quantitative Valuation** – Using the below terms, intended to denote the relationship between the security's **Last Price** and Morningstar's quantitative fair value estimate for that security.

Undervalued – Last Price is below Morningstar's quantitative fair value estimate.

Fairly Valued – Last Price is in line with Morningstar's quantitative fair value estimate.

Fairly Valued – Last Price is in line with Morningstar's quantitative fair value estimate.

Overvalued – Last Price is above Morningstar's quantitative fair value estimate.

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Sustainalytics analyzes over 1,300 data points to assess a company's exposure to and management of ESG risks. In other words, ESG Risk Ratings measures a company's unmanaged ESG Risks represented as a quantitative score. Unmanaged Risk is measured on an open-ended scale starting at zero (no risk) with lower scores representing less unmanaged risk and, for 95% of cases, the unmanaged ESG Risk score is below 50.

Based on their quantitative scores, companies are grouped into one of five Risk Categories (negligible, low, medium, high, severe). These risk categories are absolute, meaning that a 'high risk' assessment reflects a comparable degree

of unmanaged ESG risk across all subindustries covered.

The ESG Risk Rating Assessment is a visual representation of Sustainalytics ESG Risk Categories on a 1 to 5 scale. Companies with Negligible Risk = 5 Globes, Low Risk = 4, Medium Risk = 3 Globes, High Risk = 2 Globes, Severe Risk = 1 Globe. For more information, please visit sustainalytics.com/esg-ratings/

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