

Grupo Elektra SAB de CV XEKT ★★★^Q 22 Sep 2020 02:00 UTC

Last Close
22 Sep 2020
47.00

Fair Value^Q
22 Sep 2020 02:00 UTC
43.17

Market Cap
22 Sep 2020
11,752.7 Mil

Sector
Financial Services

Industry
Financial Conglomerates

Country of Domicile
MEX Mexico

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Company Profile

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

Quantitative Scores

		Scores		
		All	Rel Sector	Rel Country
Quantitative Moat	Narrow	97	97	95
Valuation	Overvalued	4	2	4
Quantitative Uncertainty	High	94	99	88
Financial Health	Strong	94	52	79



Valuation

	Current	5-Yr Avg	Sector Median	Country Median
Price/Quant Fair Value	1.09	0.97	0.87	0.95
Price/Earnings	112.0	24.7	12.7	16.3
Forward P/E	—	—	10.5	14.3
Price/Cash Flow	5.5	6.7	9.5	8.7
Price/Free Cash Flow	6.6	8.9	10.9	13.5
Trailing Dividend Yield %	0.39	0.59	3.64	2.06
Price/Book	2.9	2.3	1.1	1.8
Price/Sales	2.3	1.6	2.9	1.2

Profitability

	Current	5-Yr Avg	Sector Median	Country Median
Return on Equity %	2.5	12.1	10.1	12.2
Return on Assets %	0.7	3.5	1.4	4.6
Revenue/Employee (Mil)	1.5	1.2	0.8	2.8

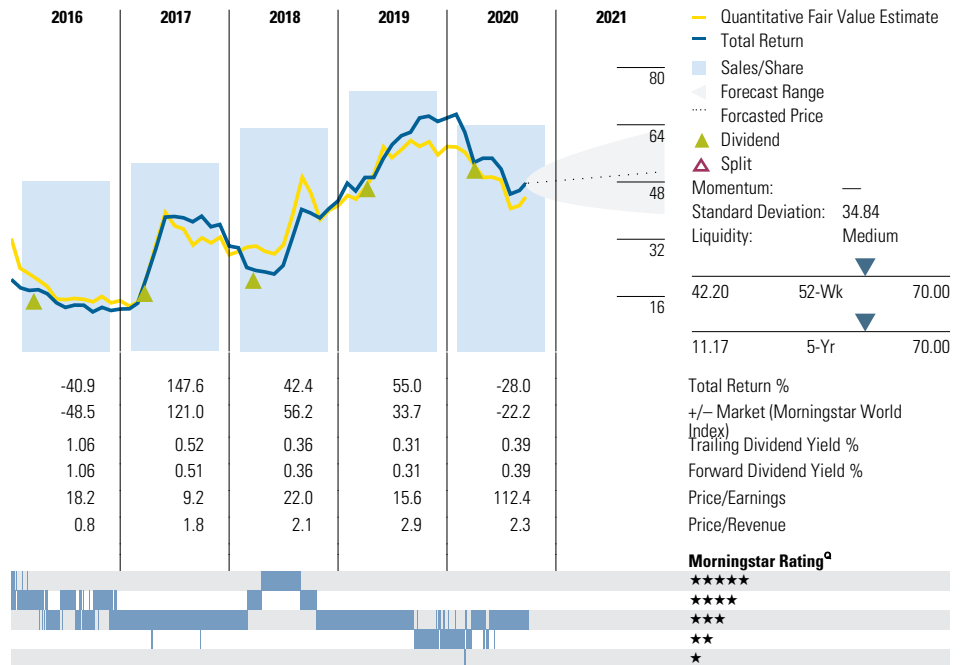
Financial Health

	Current	5-Yr Avg	Sector Median	Country Median
Distance to Default	0.7	0.6	0.8	0.7
Solvency Score	—	—	503.7	504.4
Assets/Equity	3.6	3.5	3.7	2.3
Long-Term Debt/Equity	0.2	0.2	0.3	0.4

Growth Per Share

	1-Year	3-Year	5-Year	10-Year
Revenue %	14.5	13.3	9.9	10.5
Operating Income %	-20.7	1.7	16.8	12.6
Earnings %	6.3	44.1	16.0	12.3
Dividends %	25.0	20.5	—	11.3
Book Value %	15.6	18.3	12.3	10.1
Stock Total Return %	-27.4	7.5	24.9	5.8

Price vs. Quantitative Fair Value

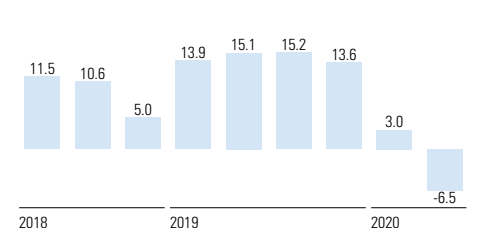


	2015	2016	2017	2018	2019	TTM	Financials (Fiscal Year in Mil)
Revenue	75,377	80,822	94,306	102,542	117,278	118,258	Revenue
% Change	2.5	7.2	16.7	8.7	14.4	0.8	% Change
Operating Income	8,194	11,371	14,484	15,127	11,945	4,715	Operating Income
% Change	49.4	38.8	27.4	4.4	-21.0	-60.5	% Change
Net Income	-5,115	5,334	15,398	14,742	16,150	2,395	Net Income
Operating Cash Flow	19,973	4,880	13,779	23,006	41,074	49,274	Operating Cash Flow
Capital Spending	-1,611	-2,721	-4,687	-4,453	-8,816	-8,449	Capital Spending
Free Cash Flow	18,362	2,159	9,092	15,552	32,258	40,825	Free Cash Flow
% Sales	24.4	2.7	9.6	15.2	27.5	34.5	% Sales
EPS	-21.73	22.86	66.56	64.80	70.70	10.50	EPS
% Change	-168.1	—	191.2	-2.6	9.1	-85.1	% Change
Free Cash Flow/Share	6.36	0.87	-0.94	5.05	4.70	6.90	Free Cash Flow/Share
Dividends/Share	2.40	2.50	3.20	3.50	4.37	4.81	Dividends/Share
Book Value/Share	10.87	10.23	12.09	13.93	18.66	15.41	Book Value/Share
Shares Outstanding (K)	245,584	245,584	245,584	245,584	245,584	245,584	Shares Outstanding (K)
Return on Equity %	-9.6	9.6	23.8	19.1	17.7	2.5	Return on Equity %
Return on Assets %	-2.6	2.6	6.8	5.8	5.2	0.7	Return on Assets %
Net Margin %	-6.8	6.6	16.3	14.4	13.8	2.0	Net Margin %
Asset Turnover	0.38	0.39	0.41	0.40	0.38	0.33	Asset Turnover
Financial Leverage	3.8	3.7	3.4	3.3	3.6	4.0	Financial Leverage
Gross Margin %	55.9	62.1	60.5	37.8	33.6	26.8	Gross Margin %
Operating Margin %	10.9	14.1	15.4	14.8	10.2	4.0	Operating Margin %
Long-Term Debt	11,932	14,992	10,765	15,065	20,940	14,392	Long-Term Debt
Total Equity	51,675	59,074	70,215	84,570	97,794	97,941	Total Equity
Fixed Asset Turns	11.4	12.9	13.0	10.1	6.1	4.7	Fixed Asset Turns

Quarterly Revenue & EPS

Revenue (Bil)	Mar	Jun	Sep	Dec	Total
2020	28.2	25.6	—	—	—
2019	27.4	27.4	27.6	36.8	117.3
2018	24.0	23.8	24.0	32.4	102.5
2017	20.4	21.4	21.7	30.9	94.3
Earnings Per Share (€)					
2020	0.62	-15.46	—	—	—
2019	20.41	24.94	18.65	6.69	70.70
2018	-5.67	16.19	28.38	25.91	64.80
2017	19.40	30.77	12.33	4.03	66.56

Revenue Growth Year On Year %



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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, and the Quantitative Uncertainty Rating. The rating is expressed as One-Star, Two-Star, Three-Star, Four-Star, and Five-Star.

One-Star – the stock is overvalued with a reasonable margin of safety.

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

Two-Star – the stock is somewhat overvalued.

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

Three-Star – the stock is approximately fairly valued.

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

Four-Star – the stock is somewhat undervalued.

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

Five-Star – the stock is undervalued with a reasonable margin of safety.

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

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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.

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

Strong – assigned when Quantitative Financial Health > 0.7

Other Definitions

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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.

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