
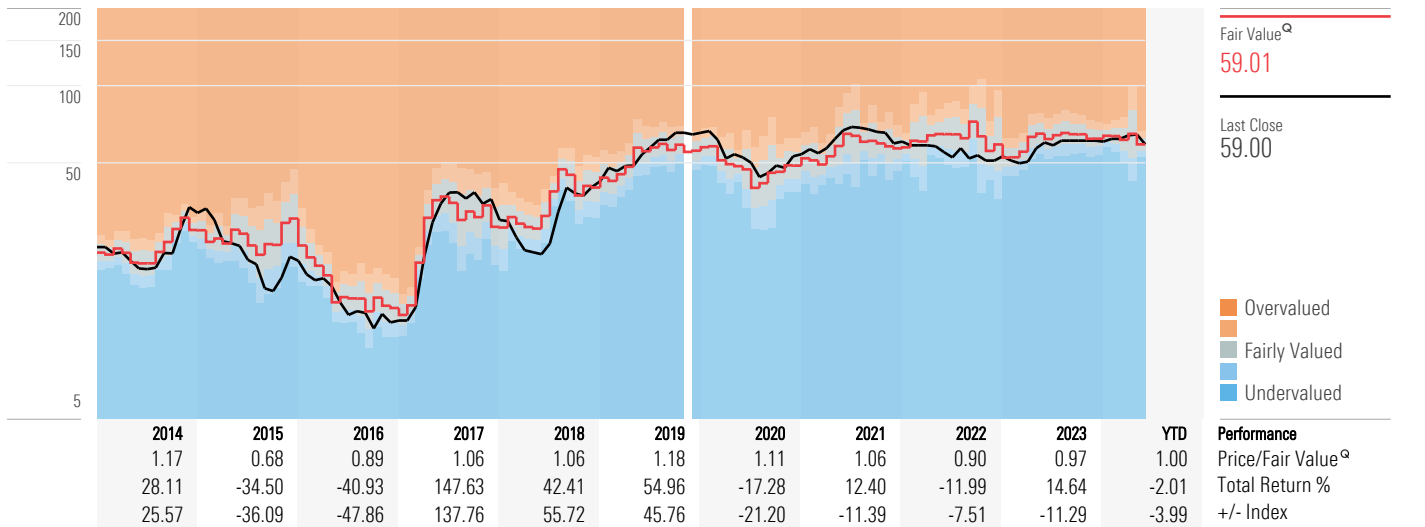


Grupo Elektra SAB de CV XEKT ★★★ Q 10 May 2024, 22:41 UTC

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 % 0.48	Market Cap 13.4466 Bil	Investment Style Large Core	Sector Financial Services	Industry Financial Conglomerates
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As of 10 May 2024 | Index: Morningstar Mexico GR MXN. Fair Value data as of 10 May 2024, 22:41 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 9 May 2024

Metrics		Percentile in Sector
Earnings Yield (%)	3.0	31.0
Sales Yield (%)	76.4	79.0
Book Value Yield (%)	37.3	20.0
Return on Assets (%)*	1.4	61.0
Revenue(Bil)*	10.9	87.0
Market Value (Bil)	14.5	84.0
Enterprise Value (Bil)	10.1	91.0
EVMV Ratio	0.7	52.0
Volatility TTM (%)	9.9	9.0
Drawdown TTM (%)	12.3	28.0
Volume (K)	50.1	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 10 May 2024

Grupo Elektra achieves a 3-star quantitative star rating based on Morningstar's equity model. This reflects the company's valuation and uncertainty scores under this assessment system.

The Quantitative Fair Value estimate is 58.69, in-line with the previous closing price of 59.00. The stock has been trading between a 10.08% discount and 4.14% premium to its quantitative fair value over the past year. The stock's current valuation rating sits at the 90th percentile in the coverage universe and 92nd percentile in the financial services sector (higher percentile indicates more undervalued).

The quantitative uncertainty rating for Grupo Elektra is High.

Our quantitative star rating remains unchanged over the past year; the uncertainty rating last differed on 05/08/2024, when it was Medium.

The main drivers of the company's valuation and uncertainty are its earnings yield and volatility. The earnings yield of 2.97% falls at the 52nd percentile in the equity universe and the 31st percentile in its sector. The annualized trailing 12-month volatility of 9.90% corresponds to the 5th percentile overall

and the 9th percentile in the industry.

Economic Moat^Q as of 10 May 2024

With a Narrow Morningstar quantitative moat rating, the quantitative moat score for Grupo Elektra falls above the 95th percentile in both the equity coverage universe and sector. The company has maintained its Narrow quantitative moat rating since after 04/03/2024, when it was downgraded from Wide.

We also assign a Strong quantitative financial health rating to Grupo Elektra. The company's raw score on this metric, termed Distance to Default, ranks at the 95th percentile overall and 81st in the financial services sector. Furthermore, this financial health rating most recently changed from Moderate after 02/21/2024.

Supporting these ratings are the company's enterprise value and annualized trailing 12-month volatility. The enterprise value of 10 billion, ranks at the 86th percentile in the covered equity universe and at the 91st percentile among its peers. Meanwhile, its annualized trailing 12-month volatility of 9.90%, falls at the 5th percentile in the universe and the 9th percentile in the financial services sector.

Fundamentals as of 10 May 2024

Grupo Elektra maintains earnings per share of 27.13. The company further earns a return on invested capital of 6.09%. The shares offer a dividend yield of 0.44%. These values are calculated over a trailing 12-month period.

As of last market close, Grupo Elektra has a price-to-earnings ratio of 32.63, falling below the 87th percentile in its sector (where a lower percentile means a lower ratio) and ranging between 32.63 and 62.9 over the past year. The company's price-to-free cash flow ratio is 16.08, falling at the 70th

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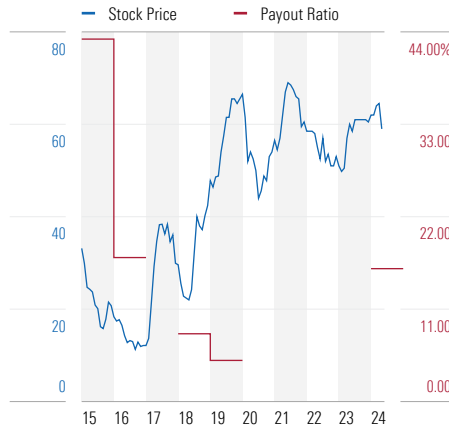
Economic Moat ^Q	Uncertainty ^Q	Price/Fair Value ^Q	ESG Risk Rating Assessment ¹	Trailing Dividend Yield %	Market Cap	Investment Style	Sector	Industry
Narrow	Medium	1.0	1 May 2024 05:00, UTC	0.48	13.4466 Bil	Large Core	Financial Services	Financial Conglomerates

Earnings as of 9 May 2024

Earnings	%	■ Percentile in Sector
Dividend Yield*	0.4	4.0
Payout Ratio*	15.8	18.0
Price to Earnings	32.6	87.0
Price to Cash Flow	16.1	70.0
ROIC**	6.1	63.0

*30 Apr 2024
**31 Dec 2023

Dividends as of 10 May 2024



Valuation ^Q as of 10 May 2024

Fair Value ^Q
59.01

Uncertainty ^Q :
Medium

Last Close
59.00

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

Economic Moat ^Q
 Narrow

Financial Health ^Q
Strong

1-Star Price ^Q
> 66.24

5-Star Price ^Q
< 52.57

percentile in its sector and ranging between 16.08 and 79.32 over the past year.

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Financials as of 10 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 10 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	1.00	Price/Fair Value ^Q
1.86	1.21	0.80	1.76	2.14	2.82	2.47	2.35	1.56	1.38	1.27	Price/Sales
55.85	70.42	18.22	9.18	21.97	15.56	—	21.64	—	38.84	32.64	Price/Earnings
6.27	3.06	9.34	—	6.72	10.23	11.18	10.46	—	14.43	11.73	Price/Cash Flow
3.00	1.91	1.19	2.47	3.04	3.51	3.45	3.32	2.58	2.75	2.60	Price/Book

Operating Performance as of 10 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 10 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	—	0.48	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 10 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	0.99	—	—	—	—	—	—	—
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

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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

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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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