

First Quarter 2017 Results

Mexico City, April 27 2017, Grupo Carso S.A.B. de C.V. ("El Grupo", BMV: GCARSO OTC: GPOVY) announced today its results for the first quarter of 2017.

RELEVANT EVENTS

- On March 13, 2017, Grupo Carso S.A.B de C.V. informed the investing public that closed **the financing for the construction of the Samalayuca-Sásabe gas pipeline** in the amount of USD \$535 million, replacing the existing bridge loan.
- On March 27, 2017, Grupo Carso S.A.B de C.V. informed investors that **an injunction was ruled in favor** of its subsidiary Carso Infraestructura y Construcción, S.A. de C.V. (CICSA) -with a 16.79% participation-, ICA and ALSTOM, against the unilateral liquidation of a public works contract related to the construction of Line 12 of the Mexico City Subway where the Mexico City Government (GCDMX) intended to charge an amount of \$2.177 billion pesos of conventional penalty and other concepts.
- At the Ordinary General Shareholders' Meeting of Grupo Carso, S.A.B de C.V. held today, **a dividend of \$0.90 (Ninety cents MXN) per share was decreed**, payable at the election of each shareholder, in cash or in Series A-1 shares or a combination of both, in two exhibits of \$0.45 (Forty-five cents MXN) each. From June 30 and November 30, 2017, respectively, considering as reference value per share, the last market event of the A-1 Series of Grupo Carso of the day before the opening of the trading session of the Mexican Stock Exchange, of 27 June and 27 November, 2017.

HIGHLIGHTS

SALES
+4.3%

- Grupo Carso's **sales** grew 4.3%, from \$21,249 million in the 1Q16, to \$22,164 million in the 1Q17. This was due to higher sales in the commercial and industrial divisions, which showed increases of 8.7% and 8.4%, respectively.

OP. INCOME
+1.6%

- **Operating income** for the quarter was 1.6% up, reaching \$2,695 million. Grupo Condumex stood out, whose profitability increased 15.2%, while that of Grupo Sanborns increased 5.8%.

EBITDA
+3.0%

- **EBITDA** amounted to \$3,253 million, being 3.0% higher than \$3,158 million reported in the 1Q16. The EBITDA margin was 14.7% in relation to sales.

NET INCOME
-1.7%

- o Due to the appreciation of the exchange rate in the first quarter of 2017, a comprehensive financing cost (CIF) of \$838 million was recorded, which compared unfavorably against a CIF of \$196 MM recorded in 1Q16.
- o **Net operating income** was \$1,601 million compared to \$1,630 million in the 1Q16. This reduction of 1.7% was explained by a higher financial cost, as discussed in the previous paragraph.
- o **Total debt** at March 31 was \$11,180 MM, decreasing 4.6% compared to the debt at the end of December 2016. **Net debt** was \$6,578 million, compared to a net debt of \$5,365 million at December 31, 2016.

The capital investments for the construction of Carso Energy's pipeline, as well as the opening of two new stores, an increase in inventories, the customer portfolio and share repurchases at the commercial division, explained the decrease of 27.6% in **cash and equivalents**.

The LTM EBITDA ratio was 0.45 times in the 1Q17, compared to 0.41 times in the 1Q16..The dual program of bond certificates for \$5 billion pesos was paid in full on the day of its expiration on march 16, 2017. We currently have a new dual program in force for up to \$10 billion pesos, with no issue at the end of the quarter.

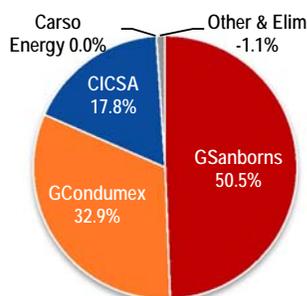
SUMMARY

Amounts in Million pesos MXN (MM)

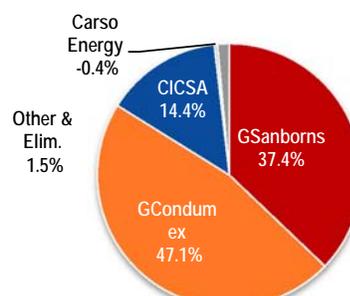
Consolidated Results	1Q17	1Q16	Var %
Sales	22,164	21,249	4.3%
Operating Income	2,695	2,651	1.6%
<u>Controlling Net Income</u>	1,601	1,630	-1.7%
EBITDA	3,253	3,158	3.0%
Operating Margin	12.2%	12.5%	
EBITDA Margin	14.7%	14.9%	

CONTRIBUTION TO CONSOLIDATED RESULTS BY SEGMENT

**1Q17
Sales Breakdown
by Segment**



**1Q17
Op. Income
Breakdown
by Segment**



FINANCIAL RESULTS

Financial Results	1Q17	1Q16	Var%
Interest Expenses	-160.9	-113.5	41.8%
Income (Loss) on derivatives net	-91.7	-166.0	NA
Interest Income	65.6	102.6	-36.0%
Interest (net)	-187.0	-176.8	NA
ForEx Results	-650.9	-18.9	3343.9%
CFC	-837.9	-195.7	328.1%
Income taxes	434.1	672.7	-35.5%
Earnings from non-consolidated companies	490.9	166.4	195.0%
Non-controlling participation in Net Income	312.4	320.0	-2.4%

NA= Not applicable

RESULTS OF ASSOCIATED COMPANIES

1Q17 Associated Companies	Holding		Stockholders Equity	Part. in Results (MM MXN)		
	%	Division		Sales	Op. Income	EBITDA
Elementia, S.A. de C.V. (Elementia)	36.20%	GCarso	8,006.6	1,565.6	111.1	224.7
FM Rail Holding, S.A. de C.V. (FM Rail)	16.75%	GCarso	5,901.6	1,396.0	377.1	579.6
Infraestructura y Transportes México, S.A. de C.V. (ITM)	16.75%	GCarso	1,435.4	0.0	0.0	0.0
Construction projects Consortia	-	CICSA	205.1	76.7	-6.9	-6.9
Inmuebles SROM, S.A. de C.V.	14.00%	Grupo Sanborns	1,953.9	54.0	44.4	44.5
Subtotal			19,747.7	3,190.0	612.9	929.1
Others investments in associated companies			1,463.6			
Total Investments in joint ventures ans associates			21,211.3			

Grupo Carso's investments in non-consolidated associated companies reported a net income of \$491 MM in the quarter, compared to \$166 MM in the 4Q16, being the main ones: GMéxico Transportes S.A. de C.V., Elementia S.A.B. de C.V., Enesa and Inmuebles SROM.

INTEREST-BEARING LIABILITIES

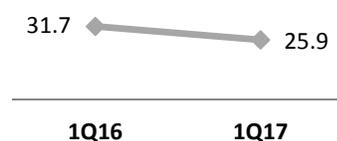
Total Debt by CURRENCY (Includes ForEx Hedges)

Pesos	Dollars
64%	36%

Total Debt by TERM

L Term	Short T
55%	45%

LTM EBITDA /Interest Expense



Net Debt (MM Ps)



RESULTS BY SEGMENT

RETAIL

Consolidated Results	1Q17	1Q16	Var %
Sales	11,183	10,285	8.7%
Operating Income	1,009	954	5.8%
Controlling Net Income	817	631	29.4%
EBITDA	1,320	1,221	8.2%
Operating Margin	9.0%	9.3%	
EBITDA Margin	11.8%	11.9%	



Contribution to
Consolidated Results
51% SALES
37% OP. INCOME
41% EBITDA

Note: For additional information please refer to the 1Q17 report of Grupo Sanborns, S.A.B. de C.V.

During the first quarter of the year, Grupo Sanborns' **total sales** amounted to \$11,183 million, an increase of 8.7% or \$899 million pesos more. The most dynamic categories were "big-ticket", personal care and technology. In addition, stores that were reopened after remodeling, as well as newly opened stores reported increased customer traffic.

Operating income was \$1,009, an increase of 5.8% during the 1Q17 with a margin of operation that fell from 9.3% to 9.0%. This was explained by a greater participation of "big-ticket" and technology within the sales mix, as well as by the pre-opening expenses of the newly opened stores in the Portal San Angel Shopping Center, greater depreciation and electricity costs.

Quarterly **EBITDA** increased 8.2% to \$1,320 million pesos, with a margin of 11.8% in 1Q17.

Net income increased 29.4% in the quarter to \$817 million pesos, compared to \$631 million pesos recorded in the 1Q16. This was due to better operating results, a lower effective tax rate, participation in subsidiaries in SROM Properties and a lower participation of minority shareholders.

INDUSTRIAL

Consolidated Results	1Q17	1Q16	Var %
Sales	7,287	6,724	8.4%
Operating Income	1,269	1,101	15.2%
<u>Controlling Net Income</u>	<u>582</u>	570	2.0%
<u>EBITDA</u>	<u>1,369</u>	1,191	15.0%
Operating Margin	17.4%	16.4%	
<u>EBITDA Margin</u>	<u>18.8%</u>	17.7%	



Contribution to
Consolidated Results
33% SALES
47% OP. INCOME
42% EBITDA

Grupo Condumex's **sales** increased from \$6,724 to \$7,287 million in the 1Q17, an increase of 8.4%. Greater volume of sales of telecom cables, harnesses, automotive cable and construction cables stood out.

The quarterly **operating income and EBITDA** of the industrial division were \$1,269 MM and \$1,369 MM, achieving solid growth of 15.2% and 15.0% compared to the figures of the 1Q16. This improvement in profitability was due to its good positioning in the automotive and telecom segment and the control of costs and expenses.

Grupo Condumex's net income increased 2.0%, from \$ 570 million in 1Q16 to \$ 582 million in 1Q17.

INFRAESTRUCTURE AND CONSTRUCTION

Consolidated Results	1Q17	1Q16	Var %
Sales	3,937	4,305	-8.5%
Operating Income	388	586	-33.8%
Controlling Net Income	237	352	-32.7%
EBITDA	525	730	-28.1%
Operating Margin	9.9%	13.6%	
EBITDA Margin	13.3%	17.0%	

carso
INFRAESTRUCTURA Y CONSTRUCCIÓN

Contribution to
Consolidated Results
18% SALES
14% OP. INCOME
16% EBITDA

The **sales** of Carso Infraestructura y Construcción (CICSA) decreased 8.5% to \$3,937 million in the first quarter of the year. This was mainly explained by the Manufacturing and Services for the Oil and Chemical Industry Sector, where the remaining volumes of land drilling and structures and equipment fell. In the same way, the Civil Construction and Infrastructure sectors reported lower sales due to the conclusion of several projects compared to last year.

The sector that maintained a positive behavior was the Pipeline Installation Sector with services for Telecom in Mexico and South America. Likewise, the new projects of the Infrastructure and Civil Construction divisions such as the Runway 3 and the Terminal Building of the new airport of Mexico City, which are in consortiums and therefore not consolidable. Its effect does not contribute to operating results, despite their relevance.

For the same reasons, CICSA's quarterly **Operating Income and EBITDA** decreased by 33.8% and 28.1%, respectively.

Net operating income decreased 32.7% from \$352 million in 1Q16 to \$237 million in 1Q17.

The **main projects of CICSA** currently are: the Eastern wastewater discharge tunnel, the Guadalajara and Mitla-Tehuantepec bypass roads (in revision for its startup), the Acapulco tunnel (recently inaugurated), the transport hub ETRAM Cuatro Caminos, the Nuevo Veracruz real estate development and Telecom installation services. Additionally, its participation in the consortia for the construction of runway 3 and the terminal building of the New Airport of Mexico City.

The **backlog** of CICSA totaled \$14,780 MM at March 31, 2017, compared to \$20,022 MM in the same period of last year. This figure does not include \$15,096 MM from projects that CICSA has in consortium with other companies; therefore, the backlog in the 1Q17 would have reached \$29,876 MM and increased 42.5%. This figure already includes the start of work on runway 3 and the terminal building of the New Airport of Mexico City.

CARSO ENERGY

Consolidated Results	1Q17	1Q16	Var %
Sales	0	0	0.0%
Operating Income	-10	-3	265.4%
Controlling Net Income	-83	38	NA
EBITDA	-8	-2	268.3%
Operating Margin	NA	NA	
EBITDA Margin	NA	NA	



Contribution to
Consolidated Results
0% SALES
-4% OP. INCOME
-2% EBITDA

From the first quarter of the year, the drilling activities of the Jack Up "Independencia I" started to be reported in Carso Infraestructura y Construcción; so its **sales** will no longer be reflected in Carso Energy. This division will begin to reflect income from the Samalayuca-Sásabe gas pipeline until the 1Q18.

The quarterly **results of operations and EBITDA** of the energy division were losses of \$10 MM and \$8 MM, compared to losses of \$3 MM and \$2 MM in 1Q16, respectively. This was due to the expenses incurred to start up the gas pipelines in Texas and Chihuahua.

It should be recalled that Carso Energy holds a 51.0% stake in the two companies responsible for the Waha-Presidio and Waha-San Elizario gas pipelines in Texas, United States. Its length will be 238 and 313 kilometers, respectively, with a diameter of 42 inches. The **Waha-Presidio** gas pipeline will be ready for service in the first half of 2017, after performing compression and interconnection tests of the pipeline with the CFE. It is estimated that the start-up of the **Waha-San Elizario** gas pipeline will take place during 1Q17.

Carso Energy has a 100.0% stake in the company responsible for the **Samalayuca-Sásabe** gas pipeline, between the states of Chihuahua and Sonora. Its length will be 624 kilometers with a diameter of 36 inches. At the end of the 1Q17, construction continued, with important advances in obtaining the right of way, technical studies for land use change and practically all the required tubes and valves. It is estimated that the entry into operation of this gas pipeline will be in 2018.

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INVITATION TO THE CONFERENCE CALL:

Date: Friday, April 28, 2017
 Time: 9:00-10:00 A.M. Mexico City Time/ 10:00 A.M.-11:00 A.M. NY Time (US EST)
 Access Number: +1 (412) 317-5456 (International and Mexico)
 US Toll Free: +1 (844) 846-8975
 Conference ID: Grupo Carso
 Replay: International and Mexico: +1 (412) 317-0088
 US Toll Free: +1 (877) 344-7529
 Canada Toll Free: 855-669-9658
 Replay Access Code: 10104849 (Available until May 10, 2017)

TABLAS ADICIONALES:

Financial Income Data					
Million PESOS (MXN)					
	1Q17		1Q16		Var %
GRUPO CARSO					
Revenues	22,164.4	100.0%	21,249.1	100.0%	4.3%
Operating Income	2,694.6	12.2%	2,651.5	12.5%	1.6%
EBITDA	3,252.7	14.7%	3,158.4	14.9%	3.0%
Financial Results	-837.9	-3.8%	-195.7	-0.9%	328.1%
Controlling Net Income	1,601.0	7.2%	1,629.5	7.7%	-1.7%
GRUPO SANBORNS					
Sales	11,183.3	100.0%	10,284.6	100.0%	8.7%
Operating Income	1,008.7	9.0%	953.6	9.3%	5.8%
EBITDA	1,320.5	11.8%	1,220.5	11.9%	8.2%
Controlling Net Income	816.9	7.3%	631.2	6.1%	29.4%
GRUPO CONDUMEX					
Sales	7,287.0	100.0%	6,723.7	100.0%	8.4%
Operating Income	1,268.8	17.4%	1,100.9	16.4%	15.2%
EBITDA	1,369.1	18.8%	1,190.9	17.7%	15.0%
Controlling Net Income	581.7	8.0%	570.4	8.5%	2.0%
CICSA					
Sales	3,936.7	100.0%	4,304.5	100.0%	-8.5%
Operating Income	387.9	9.9%	585.5	13.6%	-33.8%
EBITDA	524.7	13.3%	729.7	17.0%	-28.1%
Controlling Net Income	237.1	6.0%	352.3	8.2%	-32.7%
CARSO ENERGY					
Sales	0.0	NA	0.0	NA	0.0%
Operating Income	-10.3	NA	-2.8	NA	NA
EBITDA	-8.1	NA	-2.2	NA	268.3%
Controlling Net Income	-82.6	NA	38.3	NA	NA

Balance Sheet Data			
Million PESOS(MXN)			
	1Q17	4Q16	Var %
GRUPO CARSO			
Cash & Equivalents	3,535.0	4,857.9	-27.2%
Trade Receivables	19,528.0	21,323.8	-8.4%
Accounts Receivable to Related Parties	3,289.6	3,682.6	-10.7%
Other Accounts Receivable	3,806.1	4,081.2	-6.7%
Recoverable Taxes	748.8	832.9	-10.1%
Other Financial Assets	1,067.4	1,498.7	-28.8%
Inventories	15,921.7	15,766.9	1.0%
Current Assets	47,896.6	52,044.1	-8.0%
Other Non-Current Trade Receivables	10.1	10.1	0.0%
Non-Current Inventories	889.9	873.3	1.9%
Other Non-Current Financial Assets	277.7	359.5	-22.8%
Investments in Associates	21,211.3	19,816.8	7.0%
Property, Plant and Equipment	30,638.3	30,175.5	1.5%
Investment Properties	2,696.7	2,668.5	1.1%
Intangible Assets and Goodwill	713.1	663.4	7.5%
Deferred Tax Assets	2,266.9	2,048.5	10.7%
Other Non-Current Non-Financial Assets	895.7	896.6	0.2%
Non-Current Assets	59,599.7	57,512.2	3.6%
Total Assets	107,496.2	109,556.3	-1.9%
Suppliers	7,156.5	9,346.9	-23.4%
Other Current Trade Payables	7,247.6	7,874.3	-8.0%
Short-Term Taxes Payable	338.9	847.9	-60.0%
Short-Term Bank Debt	5,067.1	11,721.2	-56.8%
Other Current Financial Liabilities	226.6	69.3	227.1%
Other Current Non-Financial Liabilities	389.5	125.6	210.2%
Current Provisions	4,398.6	4,273.1	2.9%
Current Liabilities	24,824.9	34,258.3	-27.5%
Long-Term Taxes Payable	1,577.3	1,473.7	7.0%
Long-Term Bank Debt	6,113.0	0.0	NA
Other Long-Term Financial Liabilities	133.3	12.1	NA
Long-Term Provisions	435.6	404.2	7.8%
Deferred Tax Liabilities	1,745.8	1,827.9	-4.5%
Non-Current Liabilities	10,004.9	3,717.9	169.1%
Total Liabilities	34,829.8	37,976.2	-8.3%
Stockholder's Equity	72,666.4	71,580.2	1.5%
Shares Outstanding ('000)	2,263,709	2,264,900	-0.1%
Closing Stock Price	86.0	83.6	2.8%
NA=Not Applicable			