

## Second Quarter 2014 Results

Mexico City, July 24, 2014 Grupo Carso S.A.B. de C.V. (BMV: GCARSO OTC: GPOVY) announced today its results for the second quarter of 2014.

### Highlights

- **Total consolidated sales** amounted \$19,340 MM Ps in the 2Q14.
- Sales of Grupo Sanborns and Grupo Condumex reached \$9,485 and \$6,523 million pesos, representing increases of 0.7% and 2.4%, respectively.
- **Cumulative EBITDA** for the first half of the year totaled \$4,839 million pesos, while its margin was 12.7% of sales, improving 0.2 percentage points over the same period last year.

### Summary

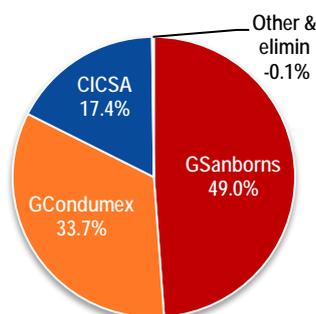
Amounts in million pesos (MM Ps)

Consolidated Results	2Q14	2Q13	Var %	2014	2013	Var %
Sales	<b>19,340</b>	20,536	-5.8%	<b>38,154</b>	40,237	-5.2%
Operating Income	<b>1,913</b>	2,271	-15.8%	<b>3,978</b>	4,269	-6.8%
Controlling Net Income	<b>1,275</b>	1,906	-33.1%	<b>2,964</b>	3,306	-10.4%
EBITDA	<b>2,347</b>	2,654	-11.6%	<b>4,839</b>	5,025	-3.7%
Operating Margin	<b>9.9%</b>	11.1%		<b>10.4%</b>	10.6%	
EBITDA Margin	<b>12.1%</b>	12.9%		<b>12.7%</b>	12.5%	

### CONSOLIDATED RESULTS

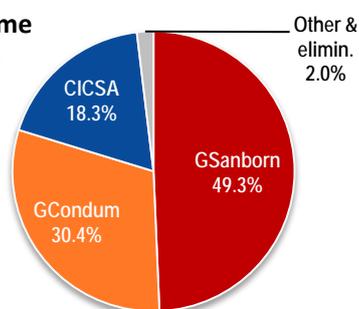
#### Revenues

#### 2Q14 Revenue Breakdown

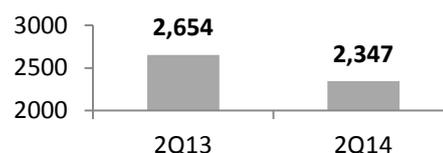


## Operating Income and EBITDA

### 2Q14 Op. Income Breakdown



### EBITDA (MM Ps)



## Financial Results

Financial Results	2Q14	2Q13	Var%	2014	2013	Var%
Interest Expenses	-112.3	-138.4	-18.8%	-239.5	-292.4	-18.1%
Income (Loss) on derivatives net	-100.9	229.6	NA	-62.0	53.0	NA
Income (Loss) change in value of fin. instrum.	0.0	0.0	0.0%	0.0	0.0	0.0%
Interest Income	98.9	123.1	-19.7%	194.8	192.2	1.3%
<b>Interest (net)</b>	<b>-114.4</b>	<b>214.3</b>	<b>NA</b>	<b>-106.8</b>	<b>-47.2</b>	<b>126.2%</b>
ForEx Results	24.8	81.7	-69.6%	-1.3	143.5	NA
<b>CFR</b>	<b>-89.6</b>	<b>296.0</b>	<b>NA</b>	<b>-108.1</b>	<b>96.3</b>	<b>NA</b>
Income taxes	629.9	786.8	-19.9%	1,261.4	1,341.1	-5.9%
Earnings from non-consolidated companies	308.6	376.4	-18.0%	792.5	695.6	13.9%
Non-controlling participation in Net Income	227.4	250.3	-9.2%	437.8	413.3	5.9%

NA= Not applicable

## Net Income

Controlling net income totaled \$1,275 MM Ps during the second quarter of the year, recording a 33.1% decrease compared to the net income recorded in the 2Q13. This was attributable to: i) lower sales in the Infrastructure and Construction division, ii) a reduction of 1.2 percentage points in the operating margin, due to the combination of business, and lastly iii) a comprehensive financial cost (CFC) of \$90 million pesos.

## Interest-bearing Liabilities

Total debt at June 30, 2014 was \$6,383 MM Ps, a reduction of 28.1% compared with a total debt of \$8,883 MM Ps at the end of December 2013. Net debt was negative by \$2,885 MM Ps, compared to a negative net debt of \$1,671 MM Ps at December 31, 2013.

Net debt to LTM EBITDA remained stable at (0.2) times compared to December 2013. Additionally, the ratio LTM EBITDA to Interest Expense was 34.8 times in the 2Q14 compared to 14.7 times recorded in the 2Q13.

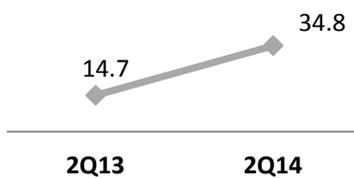
**Total Debt by CURRENCY**  
(Includes ForEx Hedges)

Pesos	Dollars
83%	17%

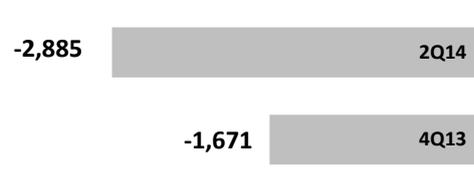
**Total bank Debt by TERM**

Long T	Short T
79%	21%

**LTM EBITDA/Interest Expense**



**Net Debt (MM Ps)**



SEGMENT RESULTS

RETAIL

Consolidated Results	2Q14	2Q13	Var %	2014	2013	Var %
Sales	9,485	9,417	0.7%	18,509	18,490	0.1%
Operating Income	944	1,097	-14.0%	1,783	2,062	-13.5%
Controlling Net Income	574	755	-24.0%	1,123	1,407	-20.2%
EBITDA	1,148	1,270	-9.6%	2,179	2,406	-9.4%
Operating Margin	10.0%	11.7%		9.6%	11.2%	
EBITDA Margin	12.1%	13.5%		11.8%	13.0%	



Contribution to Consolidated Results  
49% SALES  
49% OP. INCOME  
49% EBITDA

During the 2Q14, the consolidated sales of Grupo Sanborns totaled \$9,485 MM Ps, which meant an increase of 0.7%.

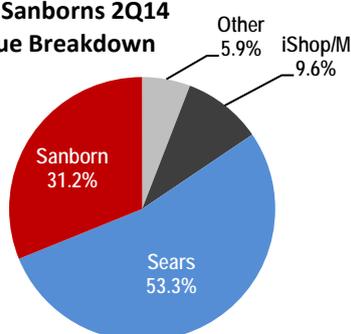
Sears increased 1.4% its **total sales (TS)** but decreased 1.2% its **same store sales (SSS)**, Sanborns kept stable its total sales by 0.03% but decreased 0.7% its SSS, while iShop/Mixup increased 2.0% its TS but decreased 4.9% its SSS.

Even when special promotions were held for Mother's Day, Father's Day and the Soccer World Cup, SSS decreased due to the following reasons: i) the partial closure of stores being remodeled and iii) the negative impact on sales at the stores located at the border areas due to the VAT increase.

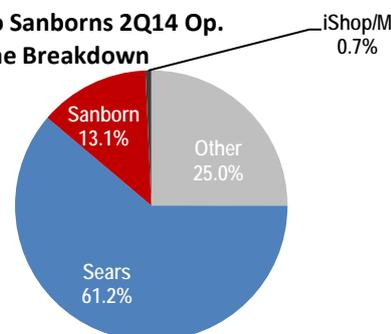
Cost as percentage of sales increased one percentage point, affecting the gross margin, which fell from 40.9% to 39.9%. Additionally operating expenses represented 30.6% of sales, reflecting wage increases, higher depreciation, higher NPLs and an increase in the provision of advertising expenses. Therefore **operating income** and **EBITDA** were \$944 and \$1,148 million pesos, showing reductions of 14.0% and 9.6%, respectively.

Similarly, controlling **net income** totaled \$574 MM Ps representing a 24.0% reduction compared to the net income recorded from April to June 2013, which was \$755 MM Ps.

Grupo Sanborns 2Q14 Revenue Breakdown



Grupo Sanborns 2Q14 Op. Income Breakdown



Note: For additional information please refer to Grupo Sanborns S.A.B. de C.V. 2014 Earnings Report.

SEGMENT RESULTS

INDUSTRIAL



Contribution to  
Consolidated Results  
**34% SALES**  
**30% OP. INCOME**  
**29% EBITDA**

Consolidated Results	2Q14	2Q13	Var %	2014	2013	Var %
Sales	<b>6,523</b>	6,373	2.4%	<b>12,858</b>	12,915	-0.4%
Operating Income	<b>582</b>	376	54.8%	<b>1,195</b>	813	47.1%
Net Income	<b>330</b>	311	6.2%	<b>850</b>	705	20.6%
EBITDA	<b>680</b>	470	44.6%	<b>1,390</b>	1,001	38.9%
Operating Margin	<b>8.9%</b>	5.9%		<b>9.3%</b>	6.3%	
EBITDA Margin	<b>10.4%</b>	7.4%		<b>10.8%</b>	7.8%	

**Sales** of Grupo Condumex reached \$6,523 MM Ps, increasing 2.4% or \$150 million pesos more compared to the 2Q13.

The sectors that contributed to this performance were: i) Telecom with a 23.6% growth due to higher volumes of fiber optic and copper cables and ii) the Automotive sector, which increased 19.8%.

Construction and Energy declined 12.6% due to the slowdown in turnkey projects and energy cables; while the line of transformers continued the recovery shown in the previous quarter, increasing its sales.

Adjustments in the business strategies as well as savings in costs and expenses caused the **operating income** and **EBITDA** to reach \$582 and \$680 million pesos, posting increases of 54.8% and 44.6% respectively, compared to the second quarter of the previous year. This was reflected in an expansion of 3.0 percentage points in both the operating and EBITDA margins, being 8.9% and 10.4% of revenues.

The improvement in operating results was reflected in a **controlling net income** of \$330 MM Ps, representing an increase of 6.2% over the net income of \$311 MM Ps recorded a year ago.

Revenue Breakdown by Business Sector

	Var% 2Q14 vs. 2Q13	Var% 2014 vs. 2013
Telecom	23.6%	10.5%
Automotive	19.8%	23.6%
Construction and Energy	-12.6%	-10.4%
Industrial Metals	-7.2%	-14.0%

SEGMENT RESULTS

INFRAESTRUCTURE AND CONSTRUCTION



Contribution to  
Consolidated Results  
17% SALES  
18% OP. INCOME  
21% EBITDA

Consolidated Results	2Q14	2Q13	Var %	2014	2013	Var %
Sales	3,371	4,802	-29.8%	6,851	8,922	-23.2%
Operating Income	351	729	-51.9%	937	1,309	-28.4%
Controlling Net Income	269	509	-47.3%	720	923	-22.0%
EBITDA	483	841	-42.6%	1,207	1,527	-20.9%
Operating Margin	10.4%	15.2%		13.7%	14.7%	
EBITDA Margin	14.3%	17.5%		17.6%	17.1%	

CICSA's **sales** were \$3,371 MM Ps, representing a reduction of 29.8% compared to the same period of 2013. The sectors that recorded higher sales were: Civil Construction, Housing and Ducts Installations, which grew 26.3%, 29.7% and 2.7%, respectively. This was due to the progress in the construction of various projects such as shopping centers, apartments and office buildings, as well as facilities for telecom customers and natural gas networks.

Manufacture and Services for the Oil & Chemical Industries was one of the sectors that showed reductions in its revenues, being this of -71.9% mainly due to the lack of new tenders. It is important to remember also that in the 2Q13 the levels of drilling were extraordinary because of the expansion in existing contracts.

The other sector that showed lower sales was Infrastructure, which decreased 5.9%. It is noteworthy that in the 2Q13 the projects included the Culiacan bypass road as well as various mining projects which were completed. Currently the Company participates in bids for new projects while existing projects include the Emisor Oriente Tunnel, the Guadalajara bypass road and the Atotonilco wastewater treatment plant, among others.

As a consequence of lower sales and less absorption of fixed expenses, **operating income** and **EBITDA** decreased 51.9% and 42.6% in the 2Q14, while margins were 10.4% and 14.3, respectively.

**Controlling net income** fell 47.3% from \$509 to \$269 million pesos in the 2Q14, as a result of the deterioration in the operating results mentioned before.

CICSA's **backlog** was \$19,722 MM Ps at June 30, 2014, decreasing 23.6% compared to the backlog reported in the same period a year ago. It is important to highlight that this figure does not include \$2,534 MM pesos from projects in consortium with other companies, such as the Atotonilco wastewater plant and the Mitla-Tehuantepec highway.

### Forward Looking Statements

Certain statements in this earnings release may be related to expectations about future events of Grupo Carso. The phrases "will allow," "will," "estimate," "expect," "intend," "might," "should" and similar expressions generally indicate comments based on financial information, operating levels and conditions of the market to date. These statements are subject to factors such as volatility in metals prices, energy inputs and other inputs, the possibility of cyclical or seasonal business or consumer slowdown risks that are detailed in the Company's annual report and may cause actual results to differ materially from current expectations. Grupo Carso undertakes no obligation to publish a review on these forward-looking statements to reflect events or circumstances occurring after the date of publication of this release.

### Invitation to the Conference Call

Date: Friday, July 25, 2014  
 Time: 9:00-9:30 A.M. Mexico City Time/10:00-10:30 A.M. NY Time (US EST)  
 Access Number: +1 (412) 317-6776 (International and Mexico)  
 Conference ID: Grupo Carso

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### ADDITIONAL CHARTS:

Financial Income Data						Million DOLLARS							
Million PESOS													
	2014		2013	Var %		2014		2013	Var %	2014	2013	Var %	
<b>GRUPO CARSO</b>													
Revenues	19,340.4	100.0%	20,536.3	100.0%	-5.8%	38,154.0	100.0%	40,237.2	100.0%	-5.2%	1,487.4	1,647.4	-9.7%
Operating Income	1,912.8	9.9%	2,270.9	11.1%	-15.8%	3,978.4	10.4%	4,268.9	10.6%	-6.8%	147.1	182.2	-19.2%
EBITDA	2,347.3	12.1%	2,653.9	12.9%	-11.6%	4,839.1	12.7%	5,025.2	12.5%	-3.7%	180.5	212.9	-15.2%
Financial Results	-89.6	-0.5%	296.0	1.4%	NA	-108.1	-0.3%	96.3	0.2%	NA	-6.9	23.7	NA
Controlling Net Income	1,274.5	6.6%	1,906.1	9.3%	-33.1%	2,963.6	7.8%	3,306.0	8.2%	-10.4%	98.0	152.9	-35.9%
<b>GRUPO SANBORNS</b>													
Sales	9,484.9	100.0%	9,417.0	100.0%	0.7%	18,509.0	100.0%	18,490.5	100.0%	0.1%	729.5	755.4	-3.4%
Operating Income	943.6	9.9%	1,096.6	11.6%	-14.0%	1,783.4	9.6%	2,061.7	11.1%	-13.5%	72.6	88.0	-17.5%
EBITDA	1,147.9	12.1%	1,270.0	13.5%	-9.6%	2,179.1	11.8%	2,405.5	13.0%	-9.4%	88.3	101.9	-13.3%
Controlling Net Income	573.9	6.1%	755.3	8.0%	-24.0%	1,123.0	6.1%	1,406.5	7.6%	-20.2%	44.1	60.6	-27.2%
<b>GRUPO CONDUMEX</b>													
Sales	6,523.2	100.0%	6,372.8	100.0%	2.4%	12,857.8	100.0%	12,915.3	100.0%	-0.4%	501.7	511.2	-1.9%
Operating Income	582.2	8.9%	376.1	5.9%	54.8%	1,195.4	9.3%	812.8	6.3%	47.1%	44.8	30.2	48.4%
EBITDA	679.7	10.4%	470.1	7.4%	44.6%	1,390.3	10.8%	1,001.2	7.8%	38.9%	52.3	37.7	38.6%
Controlling Net Income	329.9	5.1%	310.7	4.9%	6.2%	850.1	6.6%	704.7	5.5%	20.6%	25.4	24.9	1.8%
<b>CICSA</b>													
Sales	3,371.1	100.0%	4,801.9	100.0%	-29.8%	6,851.1	100.0%	8,921.6	100.0%	-23.2%	259.3	385.2	-32.7%
Operating Income	350.9	10.4%	728.9	15.2%	-51.9%	937.5	13.7%	1,308.7	14.7%	-28.4%	27.0	58.5	-53.8%
EBITDA	483.4	14.3%	841.4	17.5%	-42.6%	1,207.0	17.6%	1,526.6	17.1%	-20.9%	37.2	67.5	-44.9%
Controlling Net Income	268.5	8.0%	509.3	10.6%	-47.3%	720.2	10.5%	923.3	10.3%	-22.0%	20.7	40.9	-49.5%

<b>Balance Sheet Data</b>						
Million PESOS			Million DOLLARS			
	2014	4Q13	Var %	2014	4Q13	Var %
<b>GRUPO CARSO</b>						
Cash & Equivalents	6,181.8	6,898.5	-10.4%	475.4	529.5	-10.2%
Short Term Investments	3,086.0	3,655.0	-15.6%	237.3	280.5	-15.4%
Trade Receivables, Net	19,232.9	21,337.4	-9.9%	1,479.2	1,637.7	-9.7%
Inventories	13,329.9	14,326.5	-7.0%	1,025.2	1,099.6	-6.8%
Other current assets	4,631.0	4,867.9	-4.9%	356.2	373.6	-4.7%
<b>Current Assets</b>	<b>46,461.5</b>	<b>51,085.3</b>	<b>-9.1%</b>	<b>3,573.3</b>	<b>3,921.0</b>	<b>-8.9%</b>
Accounts Receivable, Net	59.6	59.6	0.0%	4.6	4.6	0.2%
Investments in Associates	12,713.8	12,004.8	5.9%	977.8	921.4	6.1%
PP&E, Net	20,382.5	20,311.6	0.3%	1,567.6	1,559.0	0.6%
Investment Property	2,249.9	2,249.5	0.0%	173.0	172.7	0.2%
Intangible Assets, Net	287.6	302.2	-4.8%	22.1	23.2	-4.6%
Other Non-Current Assets	4,443.4	4,167.8	6.6%	341.7	319.9	6.8%
<b>Non-Current Assets</b>	<b>40,136.8</b>	<b>39,095.5</b>	<b>2.7%</b>	<b>3,086.9</b>	<b>3,000.8</b>	<b>2.9%</b>
<b>Total Assets</b>	<b>86,598.4</b>	<b>90,180.8</b>	<b>-4.0%</b>	<b>6,660.1</b>	<b>6,921.8</b>	<b>-3.8%</b>
Short-Term Bank Loans	1,381.5	3,149.5	-56.1%	106.2	241.7	-56.0%
Trade Payables	6,247.9	9,086.0	-31.2%	480.5	697.4	-31.1%
Taxes Payable	3,326.3	3,488.5	-4.7%	255.8	267.8	-4.5%
Other Current Liabilities	8,317.0	7,484.0	11.1%	639.6	574.4	11.4%
<b>Current Liabilities</b>	<b>19,272.7</b>	<b>23,208.0</b>	<b>-17.0%</b>	<b>1,482.2</b>	<b>1,781.3</b>	<b>-16.8%</b>
Long-Term Bank Loans	5,001.0	5,733.4	-12.8%	384.6	440.1	-12.6%
Deferred Tax Liabilities	1,661.8	1,747.0	-4.9%	127.8	134.1	-4.7%
Other Non-Current Liabilities	2,995.9	2,851.4	5.1%	230.4	218.9	5.3%
<b>Non-Current Liabilities</b>	<b>9,658.7</b>	<b>10,331.8</b>	<b>-6.5%</b>	<b>742.8</b>	<b>793.0</b>	<b>-6.3%</b>
<b>Total Liabilities</b>	<b>28,931.4</b>	<b>33,539.8</b>	<b>-13.7%</b>	<b>2,225.1</b>	<b>2,574.3</b>	<b>-13.6%</b>
<b>Stockholder's Equity</b>	<b>57,667.1</b>	<b>56,641.0</b>	<b>1.8%</b>	<b>4,435.1</b>	<b>4,347.4</b>	<b>2.0%</b>
Shares Outstanding ( '000)	2,289,801	2,289,801	0.0%	2,289,801	2,289,801	0.0%
Stock Price	67.5	69.5	-2.9%	5.19	5.33	-2.7%
NA=Not Applicable						