

## Second Quarter 2016 Results

Mexico City, July 21, 2016, Grupo Carso S.A.B. de C.V. ("The Group", BMV: GCARSO OTC: GPOVY) announced today its results for the second quarter of 2016.

### RELEVANT EVENTS

- o On July 15, 2016, Grupo Sanborns S.A.B de C.V. –main subsidiary of Grupo Carso S.A.B de C.V.- announced to investors that acquired from Sears Mexico Holdings Corp. (Sears USA) an equity stake of 14.0% in Sears Operadora Mexico, S.A. de C.V. (Sears Mexico) and also the 14.0% stake held in the real estate owner of some commercial properties, for an amount of USD\$106 million.

### HIGHLIGHTS

#### SALES

+7.9%

- o During the 2Q16, **consolidated** sales of Grupo Carso grew 7.9% reaching \$22,884 MM. This meant an additional \$1,669 million pesos, where all the divisions increased their sales as follows: Carso Infraestructura y Construcción 16.7%, Grupo Condumex 7.8% and Grupo Sanborns 5.4%.

#### OPERATING INCOME

+17.4%

- o **Operating income** for the quarter reported grew 17.4% reaching \$2,927 MM. The margin went up from 11.7% in the 2Q15 to 12.8% in the 2Q16. Higher profitability was observed in all divisions, mainly in Grupo Condumex, which increased 35.8% its operating income, followed by Carso Infraestructura y Construcción and Grupo Sanborns which increased 17.3% and 7.9% the same item, respectively.

#### EBITDA

+16.8%

- o **EBITDA** reached \$3,443 MM, being 16.8% higher than \$2,948 MM reported in the 2Q15. EBITDA margin went up from 13.9% to 15.0% in proportion to sales.
- o In the second quarter of the year, Grupo Carso recorded a **Comprehensive Financial Cost (CFC)** of \$147 MM which resulted mainly from the currency effects of the Company during the period. This CFC was higher compared with the CFC of \$13 MM recorded in the 2Q15.

- **Controlling net income** grew 24.7% in the 2Q16 totaling \$2,018 MM, with a net margin that rose from 7.6% to 8.8% in proportion to sales. This was due to the better operating performance
- Total debt at June 30, 2016 was \$6,381 MM, declining 13.9% compared with debt at the end of December 2015. Net-debt totaled \$134 MM, compared with a negative net-debt of \$3,351 MM at December 31, 2015. The reduction of 42.0% in cash and cash-equivalents was explained by the payment of dividends, the start of the construction of the gas pipelines by Carso Energy and the opening and renovation of stores at Grupo Sanborns. The ratio Net-debt to LTM EBITDA was of 0.01 times in the 2Q16, compared to -0.2 times in the 4Q15. The dual bond program that is used in its entirety for \$5,000 million pesos, changed from long-term to short-term.

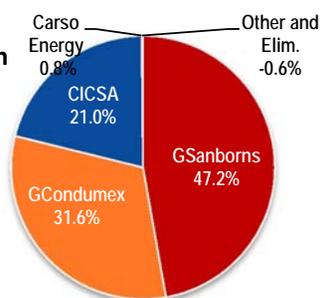
## SUMMARY

Amounts in million pesos MXN (MM)

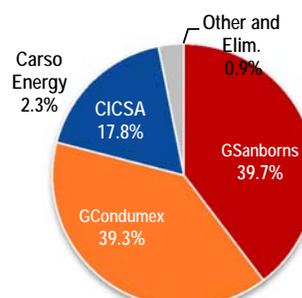
Consolidated Results	2Q16	2Q15	Var %	6M16	6M15	Var %
Sales	<b>22,884</b>	21,215	7.9%	<b>44,133</b>	41,725	5.8%
Operating Income	<b>2,927</b>	2,492	17.4%	<b>5,579</b>	4,800	16.2%
Controlling Net Income	<b>2,018</b>	1,618	24.7%	<b>3,647</b>	3,069	18.8%
EBITDA*	<b>3,443</b>	2,948	16.8%	<b>6,602</b>	5,709	15.6%
Operating Margin	<b>12.8%</b>	11.7%		<b>12.6%</b>	11.5%	
EBITDA Margin	<b>15.0%</b>	13.9%		<b>15.0%</b>	13.7%	

## CONTRIBUTION TO CONSOLIDATED RESULTS BY SEGMENT

**2Q16  
Revenue Breakdown  
by Segment**



**2Q16 Op. Income  
Breakdown**



## FINANCIAL RESULTS

Financial Results	2Q15	2Q14	Var%	6M16	6M15	Var%
Interest Expenses	-112.6	-95.9	17.5%	-226.1	-189.5	19.3%
Income (Loss) on derivatives net	-426.3	-34.2	1148.3%	-592.4	-291.4	103.3%
Interest Income	88.6	102.5	-13.6%	191.2	224.8	-14.9%
<b>Interest (net)</b>	<b>-450.4</b>	<b>-27.5</b>	<b>1538.1%</b>	<b>-627.2</b>	<b>-256.1</b>	<b>144.9%</b>
ForEx Results	303.0	14.2	2040.5%	284.1	-111.8	-354.2%
<b>CFC</b>	<b>-147.3</b>	<b>-13.3</b>	<b>1004.8%</b>	<b>-343.1</b>	<b>-367.9</b>	<b>-6.7%</b>
Income taxes	941.5	882.1	6.7%	1,614.2	1,488.6	8.4%
Earnings from non-consolidated companies	580.0	281.4	106.1%	746.4	631.7	18.2%
Non-controlling participation in Net Income	400.6	259.9	54.1%	720.5	506.7	42.2%

NA= Not applicable

## INTEREST-BEARING LIABILITIES

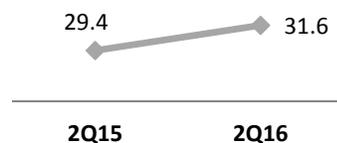
### Total Debt by CURRENCY (Includes ForEx Changes)

Pesos	Dollars
88%	12%

### Total Debt by TERM

Short T
100%

### LTM EBITDA/Interest Expense



### Net Debt (MM Ps)



SEGMENT RESULTS

RETAIL

Consolidated Results	2Q16	2Q15	Var %	6M16	6M15	Var %
Sales	<b>10,803</b>	10,245	5.4%	<b>21,088</b>	20,172	4.5%
Operating Income	<b>1,162</b>	1,076	7.9%	<b>2,115</b>	1,964	7.7%
Controlling Net Income	<b>681</b>	651	4.5%	<b>1,312</b>	1,209	8.5%
EBITDA	<b>1,435</b>	1,307	9.8%	<b>2,655</b>	2,419	9.8%
Operating Margin	<b>10.8%</b>	10.5%		<b>10.0%</b>	9.7%	
EBITDA Margin	<b>13.3%</b>	12.8%		<b>12.6%</b>	12.0%	



Contribution to  
Consolidated Results  
47% SALES  
40% OP. INCOME  
42% EBITDA

Note: For additional information, please refer to the 2Q16 Earnings Report of Grupo Sanborns, S.A.B. de C.V.

In the second quarter, total sales of Grupo Sanborns reached \$10,803 million, a 5.4% increase that meant \$558 million pesos more. It is important to remember that since the second half of September 2015, the revenue business model of mobile phones changed, recording the commission in the gross profit, which remained constant in pesos.

This change resulted in a reduction in total sales in the 2Q16 of \$392 million pesos. Without this change, the sales figure of Grupo Sanborns increased 9.3% from \$10,245 MM in the 2Q15 to \$11,194 MM in the 2Q16.

Gross profit increased 7.6% reaching \$4,400 MM. Gross margin expanded 80 basis points to 40.7%, due to the change in the revenue business model of mobile phones. This effect, coupled with a higher gross margin in Sears and Sanborns, offset a higher share of technology products in Promusa within the sales mix.

Regarding the operating income and EBITDA, these items totaled \$1,162 and \$1,435 million, posting increases of 7.9% and 9.8%, respectively. The operating margin improved to 10.8% of sales, while the EBITDA margin improved to 13.3%. Without considering the mobile phone business, the proportion of expenses to sales was 29.2%, being lower than 29.8% reported in the 2Q15.

Better operating results caused and increased of 4.5% in the controlling net income of the 2Q16, reaching \$681 million pesos, compared to \$651 millones recorded in the 2Q15.

**INDUSTRIAL**

<b>Consolidated Results</b>	<b>2Q16</b>	<b>2Q15</b>	<b>Var %</b>	<b>6M16</b>	<b>6M15</b>	<b>Var %</b>
Sales	<b>7,242</b>	6,715	7.8%	<b>13,966</b>	13,150	6.2%
Operating Income	<b>1,152</b>	848	35.8%	<b>2,253</b>	1,625	38.6%
Controlling Net Income	<b>808</b>	471	71.5%	<b>1,378</b>	939	46.8%
EBITDA	<b>1,245</b>	937	32.8%	<b>2,435</b>	1,802	35.1%
Operating Margin	<b>15.9%</b>	12.6%		<b>16.1%</b>	12.4%	
EBITDA Margin	<b>17.2%</b>	14.0%		<b>17.4%</b>	13.7%	



Contribution to  
Consolidated Results  
32% SALES  
39% OP. INCOME  
36% EBITDA

Sales of Grupo Condumex improved from \$6,715 to \$7,242 million pesos, posting a 7.8% increase. This was due to a better performance in all the sectors that comprise the industrial unit, where the products aimed for the automotive industry as well as the construction and telecom cables stood out, compared to the year ago figures.

Operating income and EBITDA rose 35.8% and 32.8%, reaching \$1,152 MM and \$1,245 MM, respectively. This improvement in profit was mainly due to the automotive sector, the reorganization of the cable business to increase productivity and efficiencies through distribution partnerships, and finally, to cost controls in a difficult macroeconomic environment.

Controlling net income of Grupo Condumex grew 71.5% from \$471 MM in the 2Q15 to \$808 MM in the 2Q16.

**INFRAESTRUCTURA AND CONSTRUCTION**

<b>Consolidated Results</b>	<b>2Q16</b>	<b>2Q15</b>	<b>Var %</b>	<b>6M16</b>	<b>6M15</b>	<b>Var %</b>
Sales	<b>4,803</b>	4,114	16.7%	<b>8,933</b>	8,167	9.4%
Operating Income	<b>522</b>	445	17.3%	<b>1,028</b>	969	6.1%
Controlling Net Income	<b>389</b>	276	41.0%	<b>686</b>	630	8.9%
EBITDA	<b>621</b>	534	16.3%	<b>1,225</b>	1,151	6.4%
Operating Margin	<b>10.9%</b>	10.8%		<b>11.5%</b>	11.9%	
EBITDA Margin	<b>12.9%</b>	13.0%		<b>13.7%</b>	14.1%	



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

Sales of Carso Infraestructura y Construcción (CICSA) increased 16.7% reaching \$4,803 MM from April to June 2016. This was mainly due to higher volumes in the installation services for the Telecom industry in Mexico and South America, and to a lesser extent by progress in various infrastructure projects. All this sales offsetting the fall in the oil industry related income.

The mix of projects implemented during the second quarter of the year within the portfolio of CICSA improved profitability versus the 2Q15; therefore, operating income and EBITDA increased 17.3% and 16.3%, respectively.

Controlling net income for the quarter improved 41.0% from \$276 MM in the 2Q15 to \$389 MM in the 2Q16.

The main projects of CICSA currently are: the Eastern wastewater discharge tunnel, the Tepic-Guadalajara and Mitla-Tehuantepec bypass roads, the elevated viaducts El Caminero and San Fernando, the Acapulco Tunnel, the subway transport hub ETRAM Toreo, the Nuevo Veracruz real estate development and Telecom installation services.

The backlog of CICSA totaled \$12,366 MM at June 30, 2016, compared to \$17,141 MM in the same period of last year. This figure does not include \$920 MM from projects that CICSA has in consortium with other companies; therefore, the backlog in the 2Q16 would have reached \$13,286 MM.

#### CARSO ENERGY

The **Waha-Presidio and Waha-San Elizario** gas pipelines in Texas, U.S.A, obtained the release of the rights of way and the presidential permit. Negotiations for supply contracts of pipes and valves continue, as well as the construction of the gas pipeline, which began in March 2016.

The **Samalayuca-Sásabe** gas pipeline, located between the states of Chihuahua and Sonora in Mexico, obtained the approvals of manifestation of social and environmental impacts, as well as the agreement signed with INAH (National Anthropology and History Institute). Technical studies for change in land use continue, as well as engineering developments and negotiations for supply contracts of pipes and valves. The construction began in the first half of 2016.

Our investments in associated companies, mainly GMéxico Transport, ITM, Elementia and Enesa, reported a net income of \$580.0 MM during the quarter.



Contribution to  
Consolidated Results  
1% SALES  
2% OP. INCOME  
3% EBITDA

**INVITATION TO THE CONFERENCE CALL:**

Date: Friday July 22, 2016  
 Time: 9:30-10:00 A.M. Mexico City Time/ 10:30 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: 10089147 (Available until August 3, 2016)

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**ADDITIONAL CHARTS:**

<b>Financial Income Data</b>														
Million PESOS (MXN)							(MM USD)							
	2Q16		2Q15		Var %		6M16		6M15		Var %	2Q16	2Q15	Var %
<b>GRUPO CARSO</b>														
Revenues	22,883.9	100.0%	21,214.6	100.0%	7.9%	44,132.9	100.0%	41,725.2	100.0%	5.8%	1,267.7	1,385.7	-8.5%	
Operating Income	2,927.2	12.8%	2,492.3	11.7%	17.4%	5,578.7	12.6%	4,800.3	11.5%	16.2%	162.2	162.8	-0.4%	
EBITDA	3,443.5	15.0%	2,947.7	13.9%	16.8%	6,601.9	15.0%	5,709.3	13.7%	15.6%	190.8	192.5	-0.9%	
Financial Results	-147.3	-0.6%	-13.3	-0.1%	1004.8%	-343.1	-0.8%	-367.9	-0.9%	-6.7%	-8.2	-0.9	837.0%	
Controlling Net Income	2,017.8	8.8%	1,618.4	7.6%	24.7%	3,647.3	8.3%	3,069.0	7.4%	18.8%	111.8	105.7	5.7%	
<b>GRUPO SANBORNS</b>														
Sales	10,803.0	100.0%	10,245.4	100.0%	5.4%	21,087.6	100.0%	20,172.1	100.0%	4.5%	598.4	669.2	-10.6%	
Operating Income	1,161.8	10.8%	1,076.5	10.5%	7.9%	2,115.3	10.0%	1,964.2	9.7%	7.7%	64.4	70.3	-8.5%	
EBITDA	1,434.8	13.3%	1,306.8	12.8%	9.8%	2,655.4	12.6%	2,418.5	12.0%	9.8%	79.5	85.4	-6.9%	
Controlling Net Income	681.0	6.3%	651.4	6.4%	4.5%	1,312.2	6.2%	1,209.2	6.0%	8.5%	37.7	42.5	-11.3%	
<b>GRUPO CONDUMEX</b>														
Sales	7,241.9	100.0%	6,714.8	100.0%	7.8%	13,965.6	100.0%	13,150.0	100.0%	6.2%	401.2	438.6	-8.5%	
Operating Income	1,151.8	15.9%	847.9	12.6%	35.8%	2,252.7	16.1%	1,624.8	12.4%	38.6%	63.8	55.4	15.2%	
EBITDA	1,244.5	17.2%	937.1	14.0%	32.8%	2,435.4	17.4%	1,802.4	13.7%	35.1%	68.9	61.2	12.6%	
Controlling Net Income	808.0	11.2%	471.2	7.0%	71.5%	1,378.4	9.9%	939.2	7.1%	46.8%	44.8	30.8	45.4%	
<b>CICSA</b>														
Sales	4,802.7	100.0%	4,113.8	100.0%	16.7%	8,932.6	100.0%	8,167.4	100.0%	9.4%	266.0	268.7	-1.0%	
Operating Income	522.2	10.9%	445.2	10.8%	17.3%	1,028.4	11.5%	969.4	11.9%	6.1%	28.9	29.1	-0.5%	
EBITDA	620.9	12.9%	533.8	13.0%	16.3%	1,225.0	13.7%	1,151.0	14.1%	6.4%	34.4	34.9	-1.3%	
Controlling Net Income	388.8	8.1%	275.8	6.7%	41.0%	686.1	7.7%	629.9	7.7%	8.9%	21.5	18.0	19.6%	

<b>Balance Sheet Data</b>						
Million PESOS(MXN)				(MM USD)		
	2Q16	4Q15	Var %	2Q16	4Q15	Var %
<b>GRUPO CARSO</b>						
Cash & Equivalents	5,137.4	8,070.3	-36.3%	284.6	481.8	-40.9%
Trade Receivables	18,866.9	17,782.3	6.1%	1,045.1	1,061.7	-1.6%
Accounts Receivable to Related Parties	3,350.5	3,436.1	-2.5%	185.6	205.1	-9.5%
Other Accounts Receivable	3,922.7	2,984.8	31.4%	217.3	178.2	21.9%
Recoverable Taxes	633.0	515.5	22.8%	35.1	30.8	13.9%
Other Financial Assets	1,110.0	2,692.0	-58.8%	61.5	160.7	-61.7%
Inventories	14,644.2	13,818.9	6.0%	811.2	825.0	-1.7%
<b>Current Assets</b>	<b>47,664.6</b>	<b>49,300.0</b>	<b>-3.3%</b>	<b>2,640.4</b>	<b>2,943.4</b>	<b>-10.3%</b>
Other Non-Current Trade Receivables	25.5	27.5	-7.3%	1.4	1.6	-14.0%
Non-Current Inventories	816.2	790.9	3.2%	45.2	47.2	-4.2%
Other Non-Current Financial Assets	107.0	227.2	-52.9%	5.9	13.6	-56.3%
Investments in Associates	14,316.9	13,938.6	2.7%	793.1	832.2	-4.7%
Property, Plant and Equipment	26,369.9	23,470.1	12.4%	1,460.8	1,401.2	4.2%
Investment Properties	2,759.4	2,758.7	0.0%	152.9	164.7	-7.2%
Intangible Assets and Goodwill	645.6	560.9	15.1%	35.8	33.5	6.8%
Deferred Tax Assets	2,640.6	2,143.2	23.2%	146.3	128.0	14.3%
Other Non-Current Non-Financial Assets	999.1	967.9	3.2%	55.3	57.8	-4.2%
<b>Non-Current Assets</b>	<b>48,680.3</b>	<b>44,884.9</b>	<b>8.5%</b>	<b>2,696.7</b>	<b>2,679.8</b>	<b>0.6%</b>
<b>Total Assets</b>	<b>96,344.8</b>	<b>94,184.9</b>	<b>2.3%</b>	<b>5,337.1</b>	<b>5,623.2</b>	<b>-5.1%</b>
Suppliers	7,854.6	8,399.6	-6.5%	435.1	501.5	-13.2%
Other Current Trade Payables	8,712.6	6,754.9	29.0%	482.6	403.3	19.7%
Short-Term Taxes Payable	470.3	733.6	-35.9%	26.1	43.8	-40.5%
Short-Term Bank Debt	6,381.3	2,411.6	164.6%	353.5	144.0	145.5%
Other Current Financial Liabilities	109.4	87.5	24.9%	6.1	5.2	15.9%
Other Current Non-Financial Liabilities	163.1	274.1	-40.5%	9.0	16.4	-44.8%
Current Provisions	3,886.1	3,227.3	20.4%	215.3	192.7	11.7%
<b>Current Liabilities</b>	<b>27,577.3</b>	<b>21,888.6</b>	<b>26.0%</b>	<b>1,527.7</b>	<b>1,306.8</b>	<b>16.9%</b>
Long-Term Taxes Payable	1,471.1	1,314.9	11.9%	81.5	78.5	3.8%
Long-Term Bank Debt	0.0	5,000.0	NA	0.0	298.5	NA
Other Long-Term Financial Liabilities	273.5	351.6	-22.2%	15.2	21.0	-27.8%
Long-Term Provisions	506.3	444.6	13.9%	28.0	26.5	5.7%
Deferred Tax Liabilities	1,433.6	1,390.9	3.1%	79.4	83.0	-4.4%
<b>Non-Current Liabilities</b>	<b>3,684.5</b>	<b>8,501.9</b>	<b>-56.7%</b>	<b>204.1</b>	<b>507.6</b>	<b>-59.8%</b>
<b>Total Liabilities</b>	<b>31,261.9</b>	<b>30,390.5</b>	<b>2.9%</b>	<b>1,731.8</b>	<b>1,814.4</b>	<b>-4.6%</b>
<b>Stockholder's Equity</b>	<b>65,082.9</b>	<b>63,794.4</b>	<b>2.0%</b>	<b>3,605.3</b>	<b>3,808.8</b>	<b>-5.3%</b>
Shares Outstanding ('000)	2,267,999	2,273,930	-0.3%	2,267,999	2,273,930	-0.3%
Closing Stock Price	78.0	71.0	9.9%	4.3	4.24	2.0%
NA=Not Applicable						