

Fourth Quarter 2016 Results

Mexico City, February 24, 2017. Grupo Carso S.A.B. de C.V. ("The Group, BMV: GCARSO OTC: GPOVY) announced today its results for the fourth quarter and full year 2016.

RELEVANT EVENTS

- On November 8, 2016, Grupo Carso S.A.B de C.V. informed the investing public that the previous day **signed the contract for the construction of runway 3 of the New Airport of Mexico City (NAICM)** being the winner through a public tender in consortium formed by 4 participants including its subsidiary Operadora CICSA, S.A. de C.V, Constructora y Edificadora Gia+A, S.A. de C.V., Promotora y Desarrolladora Mexicana, S.A. de C.V. and La Peninsular Compañía Constructora, S.A. de C.V.
- On February 9, 2017, Grupo Carso S.A.B de C.V. informed the investing public that it had **signed the contract related to the construction of the Terminal Building of the NAICM** in the amount of \$84,828 MM, project that was awarded on January 6, 2017. The consortium consists of 7 participants including its subsidiary Operadora CICSA, S.A. de C.V., and the construction companies ICA Constructora de Infraestructura, S.A. de C.V., Constructora y Edificadora GIA+A, S.A. de C.V., Promotora y Desarrolladora Mexicana, S.A. de C.V., La Peninsular Compañía Constructora, S.A. de C.V., Acciona Infraestructuras, S.A., and FCC Construcción, S.A.

HIGHLIGHTS

SALES

+8.6%

OP. INCOME

+18.8%

- Consolidated **sales** of Grupo Carso grew 8.6% from \$25,436 MM in the 4Q15 to \$27,632 MM in the 4T16. All the segments posted better sales as follows: Grupo Sanborns 9.1%, Grupo Condumex 7.8%, Carso Infraestructura y Construcción 15.8% and Carso Energy 0.7%.
Annual sales grew 7.9% reaching \$95,188 MM.
- **Operating Income** in the quarter posted a sound growth of 18.8% totaling \$4,002 MM. This was explained primarily by a better performance in all the divisions, standing out the industrial with a 19.7% growth, and to a lesser extent by \$122 MM pesos coming from the appraisal of investment properties carried out in the retail division.

EBITDA
+13.6%

In cumulative terms, all divisions of the Group reported a higher profitability, coupled with the recognition of \$1,141 MM in Grupo Sanborns due to the acquisition of 14% capital stock of Inmuebles SROM, S.A. de C.V. (owner of various commercial real estate assets). Therefore, operating income in 2016 increased 32.9% totaling \$13,726 MM.

Even without considering the aforementioned extraordinary effect, operating income grew 21.8% vs. 2015.

- For the EBITDA calculation, Other Expenses of \$44 MM from the impairment of assets and Other Income of \$144 MM from the appraisal of investment properties were not considered. Therefore, quarterly **EBITDA** increased 13.6% totaling \$4,447 million pesos, while its margin went up 70 basis points reaching 16.1%.

For the calculation of the **annual EBITDA**, Other Expenses of \$44 and Other Income of \$1,286 MM mentioned before were not considered, especially the extraordinary item of Grupo Sanborns. Therefore, EBITDA reached \$14,578 MM, with a margin of 15.3% which represented an expansion of 110 basis points compared to 2015.

- Due to the gain in Foreign Exchange exposure hedges, in the last quarter of the year a positive **Comprehensive Financial Result (CFR)** of \$907 MM was recorded, which compared favorably against a CFR of \$199 MM in the 4Q15. Annually, the CFR of \$715 MM compared favorably vs. a Comprehensive Financial Cost (CFC) of \$927 MM in 2015.

NET INCOME
+66.1%

- **Controlling Net Income** grew 66.1% in the 4TQ16 totaling \$3,162 MM driven by a sound operating and financial performance.

Cumulatively, controlling net income rose 53.7% from \$6,196 in 2015 to \$9,525 in 2016. Excluding the extraordinary effect registered in Grupo Sanborns mentioned previously, net income grew 35.3%.

- Due mainly to the bridge financing for the construction of the Samalayuca-Sasabe gas pipeline, **total debt** at December 31, 2016 reached \$11,721 MM, increasing 58.1% compared with the debt at the end of December 2015. Net debt was \$5,364 MM, compared to a negative net debt of \$3,351 MM at December 31, 2015.

The reduction of 40.9% in cash and equivalents was explained by the following reasons: (i) the payment of dividends, (ii) stock repurchases, (iii) supplies for the construction of gas pipelines by Carso Energy and (iv) the opening and remodeling of stores in Grupo Sanborns, as well as the acquisition of 14% shares of Sears Operadora Mexico and Inmuebles SROM, S.A. de C.V.

The Net-Debt to LTM EBITDA was 0.37 times in the 4Q16, compared to -0.27 times in the 4Q15. The dual bond program used in its entirety for \$5 billion pesos changed from long-term to short-term, with maturity expected for March 2017.

SUMMARY

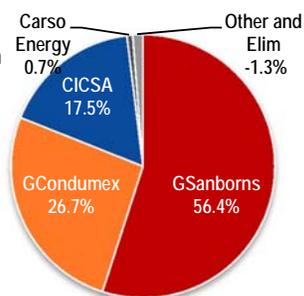
Amounts in Million pesos MXN (MM)

Consolidated Results	4Q16	4Q15	Var %	2016	2015	Var %
Sales	27,632	25,436	8.6%	95,188	88,224	7.9%
Operating Income	4,002	3,368	18.8%	13,726	10,329	32.9%
Controlling Net Income	3,162	1,904	66.1%	9,525	6,196	53.7%
EBITDA*	4,447	3,916	13.6%	14,578	12,571	16.0%
Operating Margin	14.5%	13.2%		14.4%	11.7%	
EBITDA Margin	16.1%	15.4%		15.3%	14.2%	

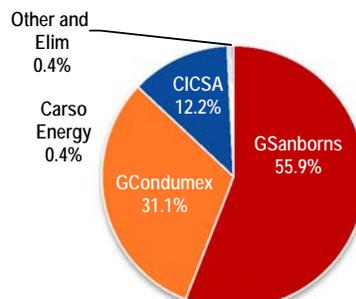
* In EBITDA Other Income and Expenses net, of \$100 MM in 4Q16, \$1,242 MM in 2016, (\$74) in 4T15 MM and (\$398) in 2015 were not included.

CONTRIBUTION TO CONSOLIDATED RESULTS BY SEGMENT

**4Q16
Revenue Breakdown
by Segment**



**4Q16
Op. Income
Breakdown by
Segment**



FINANCIAL RESULTS

Financial Results	4Q16	4Q15	Var%	2016	2015	Var%
Interest Expenses	-171.0	-99.1	72.6%	-518.5	-389.8	33.0%
Income (Loss) on derivatives net	445.4	-92.7	NA	-38.2	-1,046.9	-96.4%
Interest Income	112.7	152.7	-26.2%	377.8	473.1	-20.1%
Interest (net)	387.1	-39.1	NA	-178.9	-963.6	-81.4%
ForEx Results	520.3	237.9	118.7%	893.8	36.5	2350.4%
CFC	907.4	198.8	356.5%	714.9	-927.2	NA
Income taxes	1,887.8	1,296.8	45.6%	5,030.9	3,173.4	58.5%
Earnings from non-consolidated companies	711.8	188.6	277.4%	1,868.5	1,275.6	46.5%
Non-controlling participation in Net Income	570.5	555.1	2.8%	1,753.5	1,308.2	34.0%

NA= Not applicable

RESULTS OF ASSOCIATED COMPANIES

4Q16 Associated Companies	Holding %	Division	Stockholders Equity	Part. In Results (MM MXN)		
				Sales	Op. Income	EBITDA
Elementia, S.A. de C.V. (Elementia)	36.20%	GCarso	8,181.0	6,910.6	850.3	1,301.4
FM Rail Holding, S.A. de C.V. (FM Rail)	16.75%	GCarso	5,915.6	5,511.6	1,644.7	2,418.9
Infraestructura y Transportes México, S.A. de C.V. (ITM)	16.75%	GCarso	1,356.9	0.0	0.0	0.0
Construction projects Consortia (*)	-	CICSA	199.3	62.6	-229.3	-229.3
Trans-Pecos Pipeline, LLC (Gasoducto Waha-Presidio)	51.00%	Carso Energy	209.6	0.0	0.0	0.0
Comanche Trail Pipeline, LLC (Gasoducto Waha-San Elizario)	51.00%	Carso Energy	595.9	0.0	0.0	0.0
Inmuebles SROM, S.A. de C.V.	14.00%	Grupo Sanborns	1,912.2	90.7	69.5	69.7
Subtotal			18,370.5	12,575.5	2,335.2	3,560.7
Others investments in associated companies			1,446.3			
Total Investments in joint ventures and associates			19,816.8			

(*) Constituted in 2017

Grupo Carso's investments in non-consolidated associated companies reported a net income of \$712 MM in the quarter, compared to \$189 MM in the 4Q15, 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

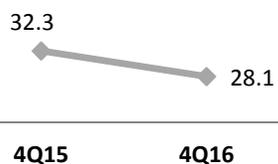
Total Debt by CURRENCY (Includes ForEx Hedges)

Pesos	Dollars
51%	49%

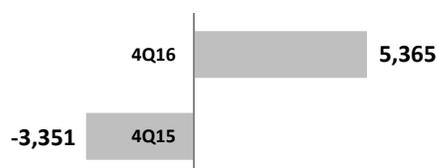
Total Debt by TERM

Short T
100%

LTM EBITDA /Interest
Expense



Net Debt (MM Ps)



SEGMENT RESULTS

COMERCIAL

Consolidated Results	4Q16	4Q15	Var %	2016	2015	Var %
Sales	15,582	14,288	9.1%	47,594	44,413	7.2%
Operating Income	2,239	2,057	8.8%	6,620	4,908	34.9%
Controlling Net Income	1,542	1,324	16.5%	4,466	3,090	44.5%
EBITDA	2,402	2,168	10.8%	6,465	5,707	13.3%
Operating Margin	14.4%	14.4%		13.9%	11.1%	
EBITDA Margin	15.4%	15.2%		13.6%	12.9%	



Contribution to
Consolidated Results
56% SALES
56% OP. INCOME
54% EBITDA

Note: For additional information please refer to the 4Q16 report of Grupo Sanborns, S.A.B. de C.V.

During the last quarter of the year, Grupo Sanborns increased \$1,294 its sales, a 9.1% increase reaching **total sales** of \$15,582 million. In cumulative terms, total sales grew 7.2% from \$44,413 million in 2015 to \$47,594 million in 2016.

Since the 4Q16 the sales figures are fully comparable, without considering the change in the revenue business model of mobile phones in Sears and Sanborns carried out in the first nine months of the year.

Operating income totaled \$2,239 MM, which meant an 8.8% increase during the 4Q16 explained by savings in expenses and the recording of \$122 MM coming from the appraisal of investment properties.

Cumulative operating income increased 34.9% totaling \$6,620 MM. This was due to a higher gross margin, and to the recognition of \$1,396 MM as Other Income where \$1,141 MM came from the surplus from the acquisition of an equity stake of 14.0% in Inmuebles SROM, S.A. de C.V. and \$122 MM from the appraisal of investment properties recorded in the 4Q16, among other items.

For the calculation of **EBITDA** we did not include the figures of Other Income mentioned previously; therefore, quarterly EBITDA increased 10.8% totaling \$2,402 million pesos with a margin of 15.4%.

Annual EBITDA went up 13.3% totaling \$6,465 MM.

Better operating results reflected in the **controlling net income**, which posted a 16.5% increase in the 4Q16, reaching \$1,542 million pesos, compared to \$1,324 million recorded in the 4Q15.

In cumulative terms, controlling net income grew 44.5% totaling \$4,466 million pesos.

INDUSTRIAL

Consolidated Results	4Q16	4Q15	Var %	2016	2015	Var %
Sales	7,383	6,848	7.8%	29,049	26,951	7.8%
Operating Income	1,244	1,039	19.7%	4,776	3,765	26.9%
Controlling Net Income	907	830	9.3%	3,249	2,231	45.6%
EBITDA	1,317	1,061	24.1%	5,127	4,053	26.5%
Operating Margin	16.8%	15.2%		16.4%	14.0%	
EBITDA Margin	17.8%	15.5%		17.7%	15.0%	



Contribution to
Consolidated Results
27% SALES
31% OP. INCOME
30% EBITDA

Sales of Grupo Condumex rose from \$6,848 to \$7,383 million pesos in the 4Q16, which meant an increase of 7.8%. Higher volumes of harnesses and cables stood out in the Automotive division, Telecom cables and cables for Construction. Accumulated sales in 2016 were \$29,049 MM, being 7.8% higher than those recorded in 2015 for \$26,951 MM.

Quarterly **operating income and EBITDA** of the industrial division were \$1,244 MM and \$1,317 MM, achieving solid growth of 19.7% and 24.1% compared to the 4Q15. This improvement was due to the mix of products, where the Automotive and Construction divisions gained share and contributed more to the profitability.

Annual operating income and EBITDA increased 26.9% and 26.5% respectively vs. 2015.

Grupo Condumex's **controlling net income** increased 9.3% in the quarter, while cumulatively increased 120.2% compared to the controlling net income in 2015.

INFRAESTRUCTURE AND CONSTRUCTION

Consolidated Results	4Q16	4Q15	Var %	2016	2015	Var %
Sales	4,822	4,164	15.8%	18,513	16,493	12.2%
Operating Income	489	475	3.0%	2,055	1,947	5.6%
Controlling Net Income	68	257	-73.7%	1,049	1,193	-12.0%
EBITDA	592	552	7.2%	2,449	2,297	6.6%
Operating Margin	10.1%	11.4%		11.1%	11.8%	
EBITDA Margin	12.3%	13.3%		13.2%	13.9%	



Contribution to
Consolidated Results
17% SALES
12% OP. INCOME
13% EBITDA

Sales of Carso Infraestructura y Construccion (CICSA) increased 15.8% reaching \$4,822 MM in the last quarter of the year. Higher volume of sales in the Pipeline Installations Sector explained this-with additional installation services for Telecom in Mexico and South America- as well as new Civil Construction projects.

Sales during 2016 were \$18,513, or 12.2% up. This increase was due to higher sales in Pipeline Installations, Civil Construction and Infrastructure, sectors that offset lower business volumes related to the oil industry.

CICSA's quarterly **operating income and EBITDA** increased 3.0% and 7.2% each, due to the mix of projects that were executed during the period. On a cumulative basis, operating income and EBITDA for 2016 increased 5.6% and 6.6%.

Quarterly and accumulated **net income** decreased 73.7% and 12.0%, respectively.

The **main projects of CICSA** currently are: the Eastern wastewater discharge tunnel, the Guadalajara and Mitla-Tehuantepec bypass roads, the Acapulco tunnel, 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 \$13,088 MM at December 31, 2016, compared to \$17,502 MM in the same period of last year. This figure does not include \$2,276 MM from projects that CICSA has in consortium with other companies; therefore the backlog in the 4Q16 would have reached \$15,814 MM, including the start of work on runway 3 of the New Airport of Mexico City, but not yet the terminal building.

CARSO ENERGY

Consolidated Results	4Q16	4Q15	Var %	2016	2015	Var %
Sales	200	199	0.7%	794	769	3.2%
Operating Income	16	-217	NA	216	-424	NA
Controlling Net Income	391	-309	NA	476	-544	NA
EBITDA	66	105	-37.0%	420	384	9.3%
Operating Margin	7.8%	-109.4%		27.2%	-55.2%	
EBITDA Margin	33.2%	53.0%		52.8%	49.9%	



Contribution to
Consolidated Results
1% SALES
0.4% OP. INCOME
2% EBITDA

Sales of Carso Energy increased 0.7% in the 4Q16, considering the leasing income from the "Jack-Up Independencia I", mainly. Cumulatively, sales grew 3.2% compared to 2015.

The quarterly and accumulated **operating income** was \$16 MM and \$216 MM respectively, which compared favorably against quarterly and accumulated losses of \$217 MM and \$424 MM in 2015, respectively.

EBITDA reached \$66 million in the 4Q16 with a margin of 33.2%. On a cumulative basis was \$420 million with a margin of 52.8%.

Carso Energy has 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 is ready to serve the CFE in the month of February 2017, after conducting compression testing of the pipeline and carrying out the corresponding interconnection. Additionally, it is estimated that the start-up of the Waha-San Elizario gas pipeline will take place during the 1Q17.

Carso Energy has a 100.0% stake in the company responsible for the **Samalayuca-Sasabe 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 4Q16 the construction continued on the right track, and counted already with important advances in the obtention of the rights of way, the technical studies for the change of land use and counts practically with the pipes and valves required. It is estimated that the entry into operation of this gas pipeline will be in 2018.

INVITATION TO THE CONFERENCE CALL:

Date: Monday, February 27, 2017
 Time: 10:00-11:00 A.M. Mexico City Time/ 11:00 A.M.-12:00 P.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: 10100660 (Available until March 9, 2017)

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ADDITIONAL CHARTS:

Financial Income Data										
Million PESOS (MXN)										
	4Q16		4Q15	Var %	2016	2015	Var %			
GRUPO CARSO										
Revenues	27,631.8	100.0%	25,435.7	100.0%	8.6%	95,187.6	100.0%	88,223.8	100.0%	7.9%
Operating Income	4,001.5	14.5%	3,368.1	13.2%	18.8%	13,725.9	14.4%	10,329.3	11.7%	32.9%
EBITDA	4,447.3	16.1%	3,915.7	15.4%	13.6%	14,578.1	15.3%	12,570.5	14.2%	16.0%
Financial Results	907.4	3.3%	198.8	0.8%	356.5%	714.9	0.8%	-927.2	-1.1%	NA
Controlling Net Income	3,162.4	11.4%	1,903.5	7.5%	66.1%	9,524.9	10.0%	6,196.2	7.0%	53.7%
GRUPO SANBORNS										
Sales	15,581.8	100.0%	14,287.8	100.0%	9.1%	47,593.8	100.0%	44,413.1	100.0%	7.2%
Operating Income	2,238.6	14.4%	2,056.8	14.4%	8.8%	6,620.3	13.9%	4,907.8	11.1%	34.9%
EBITDA	2,402.0	15.4%	2,168.1	15.2%	10.8%	6,465.5	13.6%	5,707.4	12.9%	13.3%
Controlling Net Income	1,541.7	9.9%	1,323.8	9.3%	16.5%	4,466.3	9.4%	3,090.0	7.0%	44.5%
GRUPO CONDUMEX										
Sales	7,382.7	100.0%	6,847.6	100.0%	7.8%	29,048.8	100.0%	26,951.0	100.0%	7.8%
Operating Income	1,243.6	16.8%	1,039.3	15.2%	19.7%	4,776.0	16.4%	3,764.6	14.0%	26.9%
EBITDA	1,316.9	17.8%	1,061.4	15.5%	24.1%	5,127.3	17.7%	4,052.7	15.0%	26.5%
Controlling Net Income	907.1	12.3%	829.9	12.1%	9.3%	3,248.6	11.2%	2,230.7	8.3%	45.6%
CICSA										
Sales	4,822.2	100.0%	4,164.5	100.0%	15.8%	18,512.9	100.0%	16,492.9	100.0%	12.2%
Operating Income	488.9	10.1%	474.9	11.4%	3.0%	2,055.1	11.1%	1,947.0	11.8%	5.6%
EBITDA	591.7	12.3%	552.2	13.3%	7.2%	2,448.8	13.2%	2,297.0	13.9%	6.6%
Controlling Net Income	67.7	1.4%	256.9	6.2%	-73.7%	1,049.4	5.7%	1,193.0	7.2%	-12.0%
CARSO ENERGY										
Sales	200.2	100.0%	198.7	100.0%	0.7%	794.3	100.0%	769.3	100.0%	3.2%
Operating Income	15.5	7.8%	-217.5	-109.4%	NA	215.8	27.2%	-424.4	-55.2%	NA
EBITDA	66.4	33.2%	105.4	53.0%	-37.0%	419.7	52.8%	384.1	49.9%	9.3%
Controlling Net Income	391.3	195.5%	-309.5	-155.7%	NA	475.9	59.9%	-544.2	-70.7%	NA

Balance Sheet Data			
Million PESOS(MXN)			
	4Q16	4Q15	Var %
GRUPO CARSO			
Cash & Equivalents	4,857.9	8,070.3	-39.8%
Trade Receivables	21,323.8	17,770.9	20.0%
Accounts Receivable to Related Parties	3,682.6	3,436.1	7.2%
Other Accounts Receivable	4,081.2	2,996.2	36.2%
Recoverable Taxes	832.9	515.5	61.6%
Other Financial Assets	1,498.7	2,692.0	-44.3%
Inventories	15,766.9	13,818.9	14.1%
Current Assets	52,044.1	49,300.0	5.6%
Other Non-Current Trade Receivables	10.1	27.5	-63.1%
Non-Current Inventories	873.3	790.9	10.4%
Other Non-Current Financial Assets	359.5	227.2	58.2%
Investments in Associates	19,816.8	13,938.6	42.2%
Property, Plant and Equipment	30,175.5	23,778.9	26.9%
Investment Properties	2,668.5	2,449.8	8.9%
Intangible Assets and Goodwill	663.4	560.9	18.3%
Deferred Tax Assets	2,048.5	2,143.2	-4.4%
Other Non-Current Non-Financial Assets	896.6	967.9	-7.4%
Non-Current Assets	57,512.2	44,884.9	28.1%
Total Assets	109,556.3	94,184.9	16.3%
Suppliers	9,346.9	8,399.6	11.3%
Other Current Trade Payables	7,874.3	6,754.9	16.6%
Short-Term Taxes Payable	847.9	733.6	15.6%
Short-Term Bank Debt	11,721.2	2,411.6	386.0%
Other Current Financial Liabilities	69.3	87.5	-20.9%
Other Current Non-Financial Liabilities	125.6	274.1	-54.2%
Current Provisions	4,273.1	3,227.3	32.4%
Current Liabilities	34,258.3	21,888.6	56.5%
Long-Term Taxes Payable	1,473.7	1,314.9	12.1%
Long-Term Bank Debt	0.0	5,000.0	NA
Other Long-Term Financial Liabilities	12.1	351.6	-96.5%
Long-Term Provisions	404.2	444.6	-9.1%
Deferred Tax Liabilities	1,827.9	1,390.9	31.4%
Non-Current Liabilities	3,717.9	8,501.9	-56.3%
Total Liabilities	37,976.2	30,390.5	25.0%
Stockholder's Equity	71,580.2	63,794.4	12.2%
Shares Outstanding ('000)	2,264,900	2,273,930	-0.4%
Closing Stock Price	83.6	71.0	17.8%
NA=Not Applicable			

